



Board of Directors:

KRISTINA BREWER, President
BOB NAST, Vice President
MARCIA MARCUS, Director
JARED BOUCHARD, Director
SEAN DEBLEY, Director

AKBAR ALIKHAN
General Manager

353 Santa Monica Drive · Channel Islands Beach, CA · 93035-4473 · (805) 985-6021 · FAX (805) 985-7156
A PUBLIC ENTITY SERVING CHANNEL ISLANDS BEACHES AND HARBOR · CIBCS.D.COM

BOARD OF DIRECTORS REGULAR BOARD MEETING NOTICE & AGENDA

NOTICE IS HEREBY GIVEN that the Board of Directors of the Channel Islands Beach Community Services District will hold A Regular Meeting beginning at 6:00 PM on Tuesday, February 12, 2019. The Meeting will be held at the **District Office Conference Room, 353 Santa Monica Drive, Channel Islands Beach, CA 93035.** The Agenda is as follows:

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

B. PUBLIC COMMENTS:

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

C. CONSENT CALENDAR:

1. Approve the Agenda Order
2. Financial Reports:
 - a. Cash Disbursal & Receipt Report –January 2019
3. Minutes
 - a. January 8, 2016 Regular Board Meeting

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

	Account Number	Water Relief	Sewer Relief	Total Relief
a.	07400-06	\$227.67	\$596.06	\$823.73
b.	32000-04	\$11.64	\$43.75	\$55.39
c.	04320-01	\$11.55	\$27.34	\$38.89
d.	04470-01	\$6.42	\$27.34	\$33.76
e.	06190-02	\$20.79	\$49.22	\$70.01
f.	03710-01	\$4.11	\$21.87	\$25.98
g.	03991-01	\$21.99	\$60.15	\$82.14
h.	05460-01	\$52.62	\$142.18	\$194.80
i.	16350-03	\$2.91	\$10.94	\$13.85
j.	16180-03	\$1.20	\$16.41	\$17.61
k.	07960-01	\$13.26	\$27.34	\$40.60
l.	18610-01	\$20.88	\$87.49	\$108.37
m.	08200-02	\$0.00	\$21.87	\$21.87
n.	20240-06	\$42.78	\$109.37	\$152.15
o.	09440-01	\$6.42	\$43.75	\$50.17
				\$1729.32

D. OPERATIONS AND MAINTENANCE REPORT

E. ACTION CALENDAR

1. Annual Audit Report

Recommendation:

- 1) Approve Allocations (transfers) for June 30, 2018
- 2) Approve the Channel Islands Beach Community Services District Annual Audit Report for the Fiscal Year Ended June 30, 2018
- 3) Authorize staff to present a Final Audit Report only if there are substantive changes between the Draft and Final Audit Report

2. Second Amendment to Wastewater Transportation Agreement and Flow Meter Scope

Recommendation:

- 1) Consider and approve Second Amendment to the Wastewater Transportation Agreement (A-7864) with the City of Oxnard
- 2) Approve Agreement with Gannett Fleming for Engineering and Consulting Services

3. Authorization to Bid- CI 207 CCTV

Recommendation:

- 1) Authorize staff to solicit bids for CCTV Inspection and Cleaning of Sanitary Sewer System (MI 204)

4. Consent of Joint Representation

Recommendation:

- 1) Authorize General Manager to sign Consent of Joint Representation

5. Agreement with Sourcewell

Recommendation:

- 1) Authorize General Manager to enter into agreement with Sourcewell

6. Agreement for Architectural Design Services

Recommendation:

- 1) Authorize General Manager to enter into agreement with Architects Orange for architectural design services, not to exceed \$30,000
- 2) Select date for Facilities Committee meeting to host design meeting with neighbors

F. INFORMATION CALENDAR

1. PHWA February Agenda
2. ACWA/JPIA Presidential Award
3. Report from Board Members of any meeting or conference where compensation from the District for attendance was received
4. Update on GSP Development

G. BOARD MEMBER COMMENTS

H. GENERAL COUNSEL & GENERAL MANAGER COMMENTS

AGENDA POSTING CERTIFICATION

This agenda was posted Friday, February 8, 2019 by 5:00 PM. The agenda is posted at the District Office and two public notice bulletin boards, which are accessible 24 hours per day. The locations include:

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

Agendas are also posted on the District's website at www.cibcsd.com.



Akbar Alikhan
General Manager

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

Channel Islands Beach 2013

2/8/2019 10:13 AM

Register: 1002 · Checking Pacific Western

From 01/01/2019 through 01/31/2019

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
01/02/2019	To Print	Akbar Alikhan	-split-	Direct Deposit		X		273,217.46
01/02/2019	To Print	Carol J Dillon	-split-	Direct Deposit		X		273,217.46
01/02/2019	To Print	Casey D Johnson	-split-	Direct Deposit		X		273,217.46
01/02/2019	To Print	E.D. Brock	-split-	Direct Deposit		X		273,217.46
01/02/2019	To Print	Erika F Davis	-split-	Direct Deposit		X		273,217.46
01/02/2019	To Print	Keila E Wilson	-split-	Direct Deposit		X		273,217.46
01/02/2019	To Print	Mark A Espinosa	-split-	Direct Deposit		X		273,217.46
01/02/2019	To Print	Peter A. Martinez	-split-	Direct Deposit		X		273,217.46
01/08/2019	5519	A to Z Law, LLP	2000 - Accounts Payable		2,068.00			271,149.46
01/08/2019	5520	B.L. Wallace Distrib...	2000 - Accounts Payable		78.58			271,070.88
01/08/2019	5521	Badger Meter	2000 - Accounts Payable		1,579.75			269,491.13
01/08/2019	5522	Cardmember Service	2000 - Accounts Payable		5,300.95			264,190.18
01/08/2019	5523	Casey Johnson	2000 - Accounts Payable	Reimbursement...	310.00			263,880.18
01/08/2019	5524	County of Ventura - ...	2000 - Accounts Payable		2,030.00			261,850.18
01/08/2019	5525	CUSI	2000 - Accounts Payable	Monthly Messa...	102.28			261,747.90
01/08/2019	5526	CWEA	2000 - Accounts Payable	Memembership ...	188.00			261,559.90
01/08/2019	5527	Document Systems, I...	2000 - Accounts Payable	Office HP	67.97			261,491.93
01/08/2019	5528	Elecsys Corporation	2000 - Accounts Payable		223.50			261,268.43
01/08/2019	5529	FGL Environmental I...	2000 - Accounts Payable		567.00			260,701.43
01/08/2019	5530	Hollister & Brace	2000 - Accounts Payable		19,937.50			240,763.93
01/08/2019	5531	ImageSource	2000 - Accounts Payable		234.34			240,529.59
01/08/2019	5532	KEH & Associates, I...	2000 - Accounts Payable		4,954.41			235,575.18
01/08/2019	5533	Keila Wilson	2000 - Accounts Payable	2018 Education...	2,000.00			233,575.18
01/08/2019	5534	Miguel Zavalza	2000 - Accounts Payable	gardener	225.00			233,350.18
01/08/2019	5535	Mission Linen & Uni...	2000 - Accounts Payable		156.44			233,193.74
01/08/2019	5536	Nationwide Retirement	2000 - Accounts Payable		1,650.39			231,543.35
01/08/2019	5537	Pacific Couriers	2000 - Accounts Payable		222.15			231,321.20
01/08/2019	5538	Pete Martinez	2000 - Accounts Payable	7/1/18 to 12/31...	4,000.00			227,321.20
01/08/2019	5539	Pitney Bowes Inc.	2000 - Accounts Payable		144.16			227,177.04
01/08/2019	5540	Rockwell Engineerin...	2000 - Accounts Payable		697.13			226,479.91
01/08/2019	5541	SCE- Office	2000 - Accounts Payable		250.70			226,229.21
01/08/2019	5542	SEIU, Local 721	2000 - Accounts Payable		167.50			226,061.71
01/08/2019	5543	SOPHISTICATED I...	2000 - Accounts Payable	CUSTOMER ...	15.53			226,046.18
01/08/2019	5544	Spectrum	2000 - Accounts Payable		43.90			226,002.28
01/08/2019	5545	Streamline	2000 - Accounts Payable	Annual fee for ...	2,400.00			223,602.28
01/08/2019	5546	SWRCB	2000 - Accounts Payable	Annual fee	10,014.50			213,587.78
01/08/2019	5547	Tampa Hardware 2	2000 - Accounts Payable		69.24			213,518.54
01/08/2019	5548	Underground Service...	2000 - Accounts Payable		13.20			213,505.34
01/08/2019	5549	Xpress Lube	2000 - Accounts Payable	oil change 201...	45.99			213,459.35
01/11/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	dep 1/10			174.55	213,633.90

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Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
01/11/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/11			705.01	214,338.91
01/11/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	dep 1/11			9,831.42	224,170.33
01/11/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/8			128.74	224,299.07
01/11/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/8			561.95	224,861.02
01/11/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/11			874.00	225,735.02
01/11/2019	DEP	QB:DEPOSIT	2050 - Customer Depo...	Dep 1/7			300.00	226,035.02
01/11/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/8			287.07	226,322.09
01/11/2019	DEP	QB:DEPOSIT	2050 - Customer Depo...	Dep 1/7			150.00	226,472.09
01/11/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/7			7,310.67	233,782.76
01/11/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/9			111.00	233,893.76
01/11/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/9			4,758.22	238,651.98
01/11/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/10			8,780.58	247,432.56
01/14/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	e-checks			3,203.69	250,636.25
01/15/2019	5551	Karpet King	2000 - Accounts Payable	Office Carpet ...	463.65			250,172.60
01/15/2019		QuickBooks Payroll ...	-split-	Created by Pay...	28,747.93			221,424.67
01/16/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1-16-19			16,996.12	238,420.79
01/16/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/15			8,471.42	246,892.21
01/16/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/15			20,809.97	267,702.18
01/16/2019	DEP	QB:DEPOSIT	2050 - Customer Depo...	Dep 1/8			150.00	267,852.18
01/16/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/16			2,022.50	269,874.68
01/16/2019	To Print	Akbar Alikhan	-split-	Direct Deposit		X		269,874.68
01/16/2019	To Print	Carol J Dillon	-split-	Direct Deposit		X		269,874.68
01/16/2019	To Print	Casey D Johnson	-split-	Direct Deposit		X		269,874.68
01/16/2019	To Print	E.D. Brock	-split-	Direct Deposit		X		269,874.68
01/16/2019	To Print	Erika F Davis	-split-	Direct Deposit		X		269,874.68
01/16/2019	To Print	Keila E Wilson	-split-	Direct Deposit		X		269,874.68
01/16/2019	To Print	Mark A Espinosa	-split-	Direct Deposit		X		269,874.68
01/16/2019	To Print	Peter A. Martinez	-split-	Direct Deposit		X		269,874.68
01/17/2019		QuickBooks Payroll ...	-split-	Created by Pay...	99.50			269,775.18
01/19/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/17			7,680.42	277,455.60
01/19/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/17			10,191.58	287,647.18
01/19/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/18			316.97	287,964.15
01/25/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/22			18,537.39	306,501.54
01/25/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/22			157.72	306,659.26
01/25/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/22			7,737.55	314,396.81
01/25/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	dep 1/22			12,773.95	327,170.76
01/25/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/22			18,586.85	345,757.61
01/25/2019	DEP	QB:DEPOSIT	2050 - Customer Depo...	Dep 1/23			150.00	345,907.61
01/25/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/23			22,980.22	368,887.83
01/25/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/24			321.23	369,209.06

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01/25/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	dep 1/18			283.82	369,492.88
01/25/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/24			4,233.44	373,726.32
01/25/2019	DEP	QB:DEPOSIT	2050 - Customer Depo...	Dep 1/23			300.00	374,026.32
01/25/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/25			5,017.04	379,043.36
01/25/2019	5552	ACWA/Joint Powers...	2000 - Accounts Payable	Worker's Comp...	2,819.77			376,223.59
01/25/2019	5553	ACWA/JPIA Health ...	2000 - Accounts Payable		958.97			375,264.62
01/25/2019	5554	Aflac	2000 - Accounts Payable		235.70			375,028.92
01/25/2019	5555	America's Tire	2000 - Accounts Payable	2012 Colorado ...	793.26			374,235.66
01/25/2019	5556	AT & T	2000 - Accounts Payable		509.84			373,725.82
01/25/2019	5557	AWA	2000 - Accounts Payable	Pete, Mark, Da...	175.00			373,550.82
01/25/2019	5558	Bay Alarm Company	2000 - Accounts Payable	103152	292.42			373,258.40
01/25/2019	5559	City of Port Hueneme	2000 - Accounts Payable	serv. for 10/19 ...	6,362.14			366,896.26
01/25/2019	5560	EJ Harrison & Sons, ...	2000 - Accounts Payable	pr pd 11/16/19 ...	42,892.83			324,003.43
01/25/2019	5561	Famcon Pipe and Su...	2000 - Accounts Payable		1,280.03			322,723.40
01/25/2019	5562	FGL Environmental I...	2000 - Accounts Payable		1,085.00			321,638.40
01/25/2019	5563	Frontier	2000 - Accounts Payable		442.71			321,195.69
01/25/2019	5564	Frontier-Office	2000 - Accounts Payable		131.59			321,064.10
01/25/2019	5565	ImageSource	2000 - Accounts Payable		462.92			320,601.18
01/25/2019	5566	Nationwide Retirement	2000 - Accounts Payable		3,458.36			317,142.82
01/25/2019	5567	Office Depot	2000 - Accounts Payable		161.74			316,981.08
01/25/2019	5568	PHWA	2000 - Accounts Payable		37,222.59			279,758.49
01/25/2019	5569	Proven Print Services	2000 - Accounts Payable	stmts	1,044.98			278,713.51
01/25/2019	5570	SCE- Office	2000 - Accounts Payable		259.39			278,454.12
01/25/2019	5571	Secretary of State	2000 - Accounts Payable	Statement of fa...	6.00			278,448.12
01/25/2019	5572	So. California Edison...	2000 - Accounts Payable		1,274.44			277,173.68
01/25/2019	5573	Soares, Sandall, Bern...	2000 - Accounts Payable		1,265.00			275,908.68
01/25/2019	5574	Spectrum	2000 - Accounts Payable		427.19			275,481.49
01/25/2019	5575	Tampa Hardware 2	2000 - Accounts Payable		284.61			275,196.88
01/25/2019	5576	United States Postal ...	2000 - Accounts Payable		9,000.00			266,196.88
01/25/2019	5577	United Water Conser...	2000 - Accounts Payable		12.34			266,184.54
01/25/2019	5578	Xerox Financial Serv...	2000 - Accounts Payable		260.91			265,923.63
01/25/2019	5579	Xpress Bill Pay	2000 - Accounts Payable	VOID:		X		265,923.63
01/25/2019	5580	Philip's Janitorial Ser...	2000 - Accounts Payable		205.00			265,718.63
01/25/2019	5581	SEIU, Local 721	2000 - Accounts Payable	Jan. Dues	167.50			265,551.13
01/25/2019	5582	CIBCSO-Petty Cash	2000 - Accounts Payable		327.27			265,223.86
01/29/2019		QuickBooks Payroll ...	-split-	Created by Pay...	23,411.23			241,812.63
01/30/2019	DD	Akbar Alikhan	-split-	Direct Deposit		X		241,812.63
01/30/2019	DD	Carol J Dillon	-split-	Direct Deposit		X		241,812.63
01/30/2019	DD	Casey D Johnson	-split-	Direct Deposit		X		241,812.63
01/30/2019	DD	E.D. Brock	-split-	Direct Deposit		X		241,812.63

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Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
01/30/2019	DD	Erika F Davis	-split-	Direct Deposit		X		241,812.63
01/30/2019	DD	Keila E Wilson	-split-	Direct Deposit		X		241,812.63
01/30/2019	DD	Mark A Espinosa	-split-	Direct Deposit		X		241,812.63
01/30/2019	DD	Peter A. Martinez	-split-	Direct Deposit		X		241,812.63
01/31/2019	DEp	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/31			186.50	241,999.13
01/31/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/31			2,559.26	244,558.39
01/31/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/23			1,618.69	246,177.08
01/31/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/30			446.29	246,623.37
01/31/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/10			225.00	246,848.37
01/31/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/29			3,883.60	250,731.97
01/31/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/25			24,764.61	275,496.58
01/31/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/28			563.71	276,060.29
01/31/2019	DEP	QB:DEPOSIT	1200 - Accounts Recei...	Dep 1/28			5,550.95	281,611.24
01/31/2019	5583	VCSDA	2000 - Accounts Payable	A. Alikhan Din...	55.00			281,556.24

MINUTES OF THE
CHANNEL ISLANDS BEACH COMMUNITY SERVICES DISTRICT
REGULAR BOARD MEETING, January 8, 2019

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

President Brewer called the meeting to order at 6:00 P.M. and led everyone in attendance in the Pledge of Allegiance. In attendance Vice President Nast, Director Marcus, Director Bouchard, Director Debley, General Manager, Akbar Alikhan, Clerk of the Board, Erika Davis, General Counsel, John Mathews, Office Manager, CJ Dillon, and Deputy General Manager/ Operations Manager Pete Martinez.

B. PUBLIC COMMENTS:

Bill Higgins commended Ellen Spiegel and Susie Koesterer and thanked them for their service on the Board. Mr. Higgins also welcomed Director Bouchard and Director Debley to the Board.

Sheriff Todd Inglis introduced himself and explained that the District has its own beat coordinator which should be helpful to the residents.

C. CONSENT CALENDAR:

Director Marcus moved to approve the Consent Calendar and President Brewer seconded the motion. The motion passed with Director Bouchard abstaining.

Brewer, Nast, Marcus, Debley 4 - Yes 0 -No

D. OPERATIONS AND MAINTENANCE REPORT:

Deputy General Manager/ Operations Manager (DGM/OM) Pete Martinez presented the Operations and Maintenance Report. DGM/OM Pete Martinez using a PowerPoint presentation explained installation of a chopper pump at Panama Station, water line repairs in the District, integration of SCADA and XiO systems, update on the District's 95% completion of the Smart Water Meter Project, leaks detected in the District, water meter endpoint communication percentages and summarized the District calls during the furlough period.

E. ACTION CALENDAR

1. Board Reorganization for Calendar Year 2019

Director Bouchard moved to nominate Vice President Brewer for President for the 2019 Calendar year. Director Marcus seconded the motion and the motion passed unanimously.

Brewer, Nast, Marcus, Bouchard, Debley 5 - Yes 0 -No

Director Marcus moved to nominate Director Nast for Vice President for the 2019 Calendar year and President Brewer seconded the motion and the motion passed unanimously.

Brewer, Nast, Marcus, Bouchard, Debley 5 - Yes 0 -No

Director Marcus moved to appoint the members of the Board to represent the District Calendar year 2019 and called for a vote by acclamation. President Brewer stated that seeing no objection to vote by acclamation, the motion passes. Board assignments were made. See attached sheet.

2. Scheduling of Goal Setting Workshop

The Board agreed to schedule the Goal Setting Workshop on Saturday, February 9, 2019 at 9:00 am at the District office.

3. Additional Requests for Baseline Testing

General Manager Alikhan explained this was a request by Director Nast to ask for additional baseline testing. After Board Discussion Director Bouchard made the motion to reject both recommendations proposed for additional baseline testing and President Brewer seconded the motion. The motion passed with Director Nast abstaining.

Brewer, Marcus, Bouchard, Debley 0 - Yes 4 -No

F. INFORMATION CALENDAR

1. LAFCO Board Election Results

General Manager Alikhan announced the LAFCO Board Election Results. The elected Regular Member was Elaine Freeman, of Rancho Simi Recreation and Park District, and the elected alternate member was John (Jack) Curtis, of the Ojai Valley Sanitary District.

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

Director Nast attended the VRSD meeting. Director Nast suggested a visit to the EJ Harrison facility to see what the operations look like. Director Nast stated that Trash service is an important service the District provides and should not be overlooked.

G. BOARD MEMBER COMMENTS

Director Debley stated that Gold Coast Recycling has undergone a Capital Improvement Plan for the benefit of producing cleaner recyclables. He agreed with Director Nast about the importance of the Trash service that the

District provides. Board directed the General Manager to come up with three possible dates for the Board to visit the EJ Harrison trash facilities.

Director Debley stated that he looked forward to serving on the Board and as a Ventura County employee he thinks he can offer a beneficially different perspective.

Director Bouchard thanked the District and Community and said he looked forward to serving on the Board.

Director Marcus said the City of Oxnard has an impressive new financial team.

Director Marcus shared an article regarding the Clean Power Alliance. She stated that if residents do not want to be a part of this alternative energy provider they need to go to the website and OPT out.

Director Marcus stated her concern that there was a post on Next Door discussing the confusion with the new billing system and the credit card third party fee.

Director Marcus wished everyone a Happy New Year.

G. GENERAL COUNSEL & GENERAL MANAGER COMMENTS

General Counsel had no comments.

General Manager said the District is going through the LAFCO review which happens every 5 years.

General Manager updated the Board on the sale of the Las Palmas property and said escrow should close in roughly a week.

General Manager said the GSP Ordinance is set to be adopted January 23rd.

General Manager said he will be meeting with the GSP on January 15th to see how the new Ordinance will impact the District.

General Manager recapped 2018 stating the District accomplishments which included adding two new team members, mockups made up of the District building, the sale of the Las Palmas property, the District's enrollment in CalPers retirement, installation of Smart Covers, implementation of the SCADA system, installation of 1800 new Smart Meters, assignment of General Manager Alikhan to PHWA, approval of a new Union Contract, and implementation of a new billing system.

The Board Meeting adjourned at 7:55 P.M.

BOARD POSITIONS 2019

Organization	Member(s)	Alternate
Board Positions		
President	Kristina Brewer	n/a
Vice President	Bob Nast	n/a
Committee Assignments		
Finance Committee	Jared Bouchard, Marcia Marcus	President
Facilities Committee	Bob Nast, Sean Debley	President
Water Rate Review Committee	Jared Bouchard	Marcia Marcus
Outside Agency Seats		
PHWA, Board of Directors	Jared Bouchard, Marcia Marcus	Sean Debley
VRSD, Board of Directors	Bob Nast	Marcia Marcus
Professional Associations		
ACWA/JPIA	Kristina Brewer	Marcia Marcus
ACWA	Kristina Brewer	Marcia Marcus
VCSDA	Sean Debley	Bob Nast
CSDA	Jared Bouchard	Kristina Brewer
CASA	Sean Debley	Jared Bouchard



Board of Directors:

KRISTINA BREWER, President
BOB NAST, Vice President
MARCIA MARCUS, Director
JARED BOUCHARD, Director
SEAN DEBLEY, Director

AKBAR ALIKHAN
General Manager

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Regular Board Meeting, February 12, 2019

To: Board of Directors
From: Akbar Alikhan, *General Manager*
Subject: FY 2017 – 2018 Annual Audit Report
Item No. E-1

RECOMMENDATION:

1. Approve Allocations (transfers) for June 30, 2018.
2. Approve the Channel Islands Beach Community Services District Annual Audit Report for Fiscal Year Ended June 30, 2018.
3. Authorize staff to present a Final Audit Report only if there are substantive changes between the Draft and Final Audit Report.

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

BACKGROUND/DISCUSSION:

Attached for Board review is the Draft FY 2017 – 2018 Audit Report prepared by Teaman, Ramirez, & Smith, Inc. The auditing team has indicated there are no anticipated changes of note between the Draft and Final Audit reports.

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

Enterprise/Account	Performance	Page
Water Enterprise	\$356,740	Page 43
Sewer Enterprise	\$493,693	Page 46
Solid Waste Enterprise	\$7,255	Page 48
Community Service	\$48,974	Page 50

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

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

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

ATTACHMENTS:

1. Allocations for June 30, 2018
2. Draft 2018 Financial Statements
3. Draft 2018 Internal Control Report

CIB COMMUNITY SERVICES DISTRICT
 INCOME & INTEREST ALLOCATION
 Year Ended June 30, 2018

	UNRESTRICTED					BOARD RESTRICTED										OUTSIDE RESTRICTED						
	TOTAL	WATER	SEWER	TRASH	COMMUNITY SERVICE	WATER OP RESERVE	WATER RM RESERVE	WATER RATE STAB	WATER Debt Service	SEWER OP RESERVE	SEWER RM RESERVE	SEWER RATE STAB	Sewer Debt Service	TRASH OP RESERVE	TRASH RATE STAB	Trash Capital/RM	Comm Serv Operating	Comm Serv Capital/RM	WATER	SEWER	TRASH	
Audited Income B4																						
Int *	842,176	334,170	458,226	806	48,974																0	
Add:																						
Depreciation	264,808	135,052	121,812	7,944																	264,808	
Amortization	41,561	47,197	(5,636)																		41,561	
Loss on Joint Venture	88,169	88,169																			88,169	
Decrease in Customer Deposit	(2,797)																				(2,797)	
Increase in Pension related deferral	(5,985)	(2,334)	(2,394)	(1,137)	(120)														(933)	(932)	(932)	(5,985)
Principle Pymts LTD	(367,961)	(272,961)	(95,000)																			
Pymts on CIP																					(367,961)	
Purchase of Assets	(370,797)	(144,611)	(174,275)	(51,912)																	(370,797)	
Development Impact Fees	12,128	12,128																			12,128	
Proceed on sale of assets	8,500	3,740	2,720	1,700	340																8,500	
LESS: Gain included in Audit Income	(8,500)	(3,740)	(2,720)	(1,700)	(340)																(8,500)	
Change in PP & Accruals	258,281	42,839	152,128	63,652	(338)																258,281	
Adj net income to draft financials	17	6	6	6																	17	
Alloc of CS	0																				0	
Net inc(dec) in cash B4 int	759,600	239,655	454,867	19,359	48,516	0	0	0	0	0	0	0	0	0	0	0	0	(933)	(932)	(932)	759,600	
Cash beginning of year	5,487,344	35,000	35,000	35,000	0	363,300	2,187,579	187,900		444,600	1,619,888	206,700		144,800	153,998			23,241	27,097	23,241	5,487,344	
Cash @ 6/30/18 B4 int	6,246,944	274,655	489,867	54,359	48,516	363,300	2,187,579	187,900		444,600	1,619,888	206,700		144,800	153,998			22,308	26,165	22,309	6,246,944	
AVERAGE CASH	5,867,144	154,827	262,434	44,679	24,258	363,300	2,187,579	187,900		444,600	1,619,888	206,700		144,800	153,998			22,775	26,631	22,775	5,867,144	
Interest Allocation:																						
Direct Interest	64,468	1,722	2,920	497	270	4,042	24,336	2,090		4,946	18,021	2,300		1,611	1,713						64,468	
Total Interest	64,468	1,722	2,920	497	270	4,042	24,336	2,090		4,946	18,021	2,300		1,611	1,713			0	0	0	64,468	
Cash @ 6/18 B4 Brd Trans	6,311,412	276,377	492,787	54,856	48,786	367,342	2,211,915	189,990		449,546	1,637,909	209,000		146,411	155,711			22,308	26,165	22,309	6,311,412	
TRANSFERS		(241,377)	(457,787)	(19,856)	(48,786)	(50,714)	28,429	(49,339)	313,000	(99,112)	424,583	(54,827)	191,000	15,692	(76,870)	81,034	7,423	41,363	(3,857)		(1)	
ACTUAL CASH @ 6/30/18	6,311,412	35,000	35,000	35,000	0	316,628	2,240,344	140,651	313,000	350,434	2,062,492	154,173	191,000	162,103	78,841	81,034	7,423	41,363	22,308	22,308	22,309	6,311,412

CIB COMMUNITY SERVICES DISTRICT
 CASH ACCOUNTS
 June 30, 2018

	UNRESTRICTED				BOARD RESTRICTED				OUTSIDE RESTRICTED			Amount Allocated	Differene from WTB	
	TOTAL	WATER	SEWER	TRASH	COMMUNITY SERVICE	WATER	SEWER	TRASH	COMMUNITY SERVICE	WATER	SEWER			TRASH
Petty Cash	500	500	0	0	0								500	0
Pac Western Bank	742,810	34,500	35,000	35,000	0	638,310							742,810	0
Wilmington Trust	0									0			0	
County of Ventura:														
Customer Deposits	79,750									22,308	22,308	22,309	66,925	-12,825
Board Restricted-Op Reserves	280,000					316,628	350,434	162,103	7,423				836,588	556,588
Board Reserved-Sewer	1,033,450						#####						2,407,665	1,374,215
Board Reserved-Water	2,054,129					2,055,686							2,055,686	1,557
Board Reserved-Trash	1,230,801							159,876					159,876	-1,070,925
Board Reserved - Community									41,363				41,363	41,363
Unrestricted	889,972												0	-889,972
Total County of Ventura	<u>5,568,102</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,372,313</u>	<u>#####</u>	<u>321,979</u>	<u>48,786</u>	<u>22,308</u>	<u>22,308</u>	<u>22,309</u>	<u>5,568,102</u>	<u>0</u>
Total Cash Accounts	<u>6,311,412</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>0</u>	<u>3,010,623</u>	<u>#####</u>	<u>321,979</u>	<u>48,786</u>	<u>22,308</u>	<u>22,308</u>	<u>22,309</u>	<u>6,311,412</u>	<u>0</u>
			105,000					6,139,487					66,925	6,311,412
														6,311,412
														0

CIB COMMUNITY SERVICES DISTRICT
 CASH ACCOUNT SUMMARY
 30-Jun-18

	WATER	SEWER	TRASH	COMMUNITY SERVICE	TOTAL
Unrestricted	35,000	35,000	35,000	-	105,000
Board Restricted	3,010,623	2,758,099	321,979	48,786	6,139,487
Outside Restricted	22,308	22,308	22,309	-	66,925
Total Cash	3,067,931	2,815,407	379,288	48,786	6,311,412

Reserve calculation at 6/30/2018
Based on 2018/2019 budget

Operating and Rate Stabilization Reserves

	Operating budget 2018/2019	Operating reserve 25% of operating budget	Rate stabilization reserve 10% of operating reserve
Water Enterprise	1,406,510	351,628	140,651
Sewer Enterprise	1,541,734	385,434	154,173
Solid Waste Enterprise	788,413	197,103	78,841
Community Service Enterprise	29,692	7,423	

Community service enterprise do not bill to the rate payers, hence no rate stabilization reserve is required.

Capital Reserves

Total Fixed Assets @ 6/30/2018		10,486,559
Capital reserve 3.5% of assets	3.50%	367,030
Allocated between:		
Water:	51%	187,185
Sewer:	46%	168,834
Solid Waste:	3%	11,011

Debt Service Reserves

Water Revenue Bonds	100%	313,000
Sewer Refunding Bonds	100%	191,000

Total Cash Available in each Enterprise

	Water	Sewer	Solid Waste	Community Service	Total
Total available @ 6/30/2018	3,067,932	2,815,407	379,287	48,786	6,311,412
Less, Unrestricted cash	(35,000)	(35,000)	(35,000)		(105,000)
Less, Outside restricted	(22,308)	(22,308)	(22,309)		(66,925)
Less, board designated reserves:					
Operating reserve	(316,628)	(350,434)	(162,103)	(7,423)	(836,587)
Rate stabilization reserve	(140,651)	(154,173)	(78,841)		(373,666)
Capital reserve	(2,240,345)	(2,062,492)	(81,034)	(41,363)	(4,425,234)
Debt service reserve	(313,000)	(191,000)			(504,000)
Undesignated reserves	<u>0</u>	<u>0</u>	<u>(0)</u>	<u>-</u>	<u>0</u>

	<u>As of June 30, 2018</u>	<u>As of June 30, 2017</u>
Assets		
Current Assets	\$ 7,051,804	\$ 6,617,453
Restricted Assets	66,925	73,578
Capital Assets, Net	5,706,785	5,600,796
Other Assets	<u>3,164,007</u>	<u>3,269,114</u>
TOTAL ASSETS	<u>\$ 15,989,521</u>	<u>\$ 15,560,941</u>
Deferred Outflows of Resources		
Pension Related Items	\$ 5,985	\$ -
Deferred Amount on Refunding	<u>200,244</u>	<u>250,144</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 200,244</u>	<u>\$ 250,144</u>
Liabilities		
Current Liabilities	\$ 1,081,473	\$ 1,203,989
Long-Term Debt	<u>3,439,055</u>	<u>3,833,726</u>
TOTAL LIABILITIES	<u>\$ 4,520,528</u>	<u>\$ 5,037,715</u>
Net Position		
Net Investment in Capital Assets	\$ 2,226,184	\$ 1,802,133
Unrestricted	<u>9,449,038</u>	<u>8,971,237</u>
TOTAL NET POSITION	<u>\$ 11,675,222</u>	<u>\$ 10,773,370</u>

As of June 30, 2016

\$ 6,632,275
393,380
5,850,525
3,366,443

\$ 16,242,623

\$ -
247,783

\$ 247,783

\$ 1,999,458
4,290,840

\$ 6,290,298

\$ 1,690,147
8,509,961

\$ 10,200,108

	<u>2018</u>	<u>2017</u>
Revenues		
Charges for Operating Services	\$ 4,727,017	\$ 4,361,931
Interest	64,486	35,874
Other Non-Operating Revenues*	(7,793)	(15,484)
Development impact fee	12,128	43,242
TOTAL REVENUES	<u>\$ 4,795,838</u>	<u>\$ 4,425,563</u>
Expenses		
Operating Expenses	\$ 3,756,793	\$ 3,577,348
Other Non-Operating Expenses	120,255	258,015
Depreciation on Contributed Assets	16,938	16,938
TOTAL EXPENSES	<u>\$ 3,893,986</u>	<u>\$ 3,852,301</u>
Change in Net Position	\$ 901,852	\$ 573,262
Net Position at Beginning of Year	<u>\$ 10,773,370</u>	<u>\$ 10,200,108</u>
Net Position at End of Year	<u><u>\$ 11,675,222</u></u>	<u><u>\$ 10,773,370</u></u>

2016

\$	3,962,528
	22,317
	(20,497)
	47,632
<hr/>	
\$	4,011,980

\$	3,336,451
	200,773
	16,938

\$	3,554,162
----	-----------

\$	457,818
----	---------

\$	9,742,290
----	-----------

\$	10,200,108
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	<u>Cost</u>	<u>Less Accumulated Depreciation</u>	<u>Net Depreciable Assets</u>
2016	\$ 10,154,820	\$ (4,304,295)	\$ 5,850,525
2017	\$ 10,164,277	\$ (4,563,481)	\$ 5,600,796
2018	\$ 10,486,560	\$ (4,779,775)	\$ 5,706,785

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Channel Islands Beach Community Services District, we offer readers of the Channel Islands Beach Community Services District's financial statements this narrative overview and analysis of the Channel Islands Beach Community Services District and its financial activities for the fiscal year ended June 30, 2018.

OVERVIEW

FINANCIAL STATEMENTS

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

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

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

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

FINANCIAL HIGHLIGHTS

SIGNIFICANT EVENTS AND TRANSACTIONS

The Board of Directors restricted the following amounts to their respective utilities:

- ◆ Water - \$2,240,345 for Capital and future unanticipated repairs and maintenance of the water distribution system, \$316,628 operating reserve, \$313,000 for debt service and \$140,651 for rate stabilization.
- ◆ Sewer - \$2,062,492 for Capital and future unanticipated repairs and maintenance of sewer system, 350,434 operating reserve, \$191,000 for debt service and \$154,173 for rate stabilization.
- ◆ Trash - \$81,034 for Capital and future unanticipated repairs and maintenance, \$162,103 for operating reserve and \$78,841 for rate stabilization.
- ◆ Community service - \$41,363 for Capital and future unanticipated repairs and maintenance and \$7,423 for operating reserve.
 - Other receivable has decreased by \$338,302 and accounts payable has decreased by 164,750 most of which is related to receipt and payment of accrued waste water charges from and to the City of Oxnard.

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

FINANCIAL STATEMENTS

NET POSITION

The District's Net Position as of June 30, 2018, 2017 and 2016 totaled \$11,675,222, \$10,773,370 and \$10,200,108 respectively. At the end of the current year, the District is able to report positive balances in all categories of net position. The District's net position increased by \$901,852 from the prior year.

FIGURE 1. NET POSITION

	<u>As of June 30, 2018</u>	<u>As of June 30, 2017</u>	<u>As of June 30, 2016</u>
Assets			
Current Assets	\$ 7,051,804	\$ 6,617,453	\$ 6,632,275
Restricted Assets	66,925	73,578	393,380
Capital Assets, Net	5,706,785	5,600,796	5,850,525
Other Assets	<u>3,164,007</u>	<u>3,269,114</u>	<u>3,366,443</u>
TOTAL ASSETS	<u>\$ 15,989,521</u>	<u>\$ 15,560,941</u>	<u>\$ 16,242,623</u>
Deferred Outflows of Resources			
Pension Related Items	\$ 5,985	\$ -	\$ -
Deferred Amount on Refunding	<u>200,244</u>	<u>250,144</u>	<u>247,783</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 200,244</u>	<u>\$ 250,144</u>	<u>\$ 247,783</u>
Liabilities			
Current Liabilities	\$ 1,081,473	\$ 1,203,989	\$ 1,999,458
Long-Term Debt	<u>3,439,055</u>	<u>3,833,726</u>	<u>4,290,840</u>
TOTAL LIABILITIES	<u>\$ 4,520,528</u>	<u>\$ 5,037,715</u>	<u>\$ 6,290,298</u>
Net Position			
Net Investment in Capital Assets	\$ 2,226,184	\$ 1,802,133	\$ 1,690,147
Unrestricted	<u>9,449,038</u>	<u>8,971,237</u>	<u>8,509,961</u>
TOTAL NET POSITION	<u>\$ 11,675,222</u>	<u>\$ 10,773,370</u>	<u>\$ 10,200,108</u>

Total assets increased by \$428,580, which is mostly due to increase in cash account due to current year's operating surplus and settlement of receivable from City of Oxnard. Total liabilities decreased by \$517,187 which is due to

a combination of decrease in long-term debt due to principal payments made on outstanding sewer and water bonds, and settlement of payable to City of Oxnard.

REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

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

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

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

Total revenues increased by \$370,275. Most of the increase is due to an increase in charges for water and increase in sewer revenue from City of Oxnard.

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

CAPITAL ASSETS

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

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

During the current year, the District capitalized various operating assets totaling \$370,797 and retired previously capitalized assets totaling \$48,514. Please refer to Note 4, *Capital Assets*, presented in the Notes to Financial Statements for additional detail regarding the District's Capital Assets.

LONG-TERM DEBT

At the end of the current fiscal year, the District had \$3,825,387 total long-term debt outstanding. For 2017 and 2016, the District had \$4,201,687 and \$4,644,470 total long-term debt outstanding. Please refer to Note 5, *Long-Term Debt*, presented in the Notes to Financial Statements for additional detail regarding the District's Long-Term Debt.

ECONOMIC FACTORS AND BUDGET

The District does not anticipate any increase in business or water consumption within the Harbor for Fiscal Year 2018-19. However, when the economic climate improves, the District anticipates significant redevelopment or new development to occur within the Channel Islands Harbor resulting in increased consumption and revenues. The District will take that into consideration in future budget years.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

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

TABLE OF CONTENTS

	PAGE
I. INDEPENDENT AUDITORS' REPORT	1 - 2
II. MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 6
III. BASIC FINANCIAL STATEMENTS	
Statements of Net Position	7 - 8
Statements of Revenues, Expenses and Changes in Net Position	9 - 11
Statements of Cash Flows	12 - 13
Notes to Financial Statements	14 - 35
IV. REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the District's Proportionate Share of the Net Pension Liability	
CalPERS Pension Plan	36
Schedule of Contributions	
CalPERS Pension Plan	37
IV. SUPPLEMENTAL INFORMATION SECTION	
Schedule of Revenues and Expenses - Budget to Actual - All Activities	38 - 40
Schedule of Revenues and Expenses - Budget to Actual - Water	41 - 43
Schedule of Revenues and Expenses - Budget to Actual - Wastewater	44 - 46
Schedule of Revenues and Expenses - Budget to Actual - Solid Waste Disposal	47 - 48
Schedule of Revenues and Expenses - Budget to Actual - Community Service	49 - 50

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Channel Islands Beach Community Services District (the "District"), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Channel Islands Beach Community Services District, as of June 30, 2018 and 2017, and the respective changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary section on pages 3 - 6 and 36 - 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reported dated _____ __, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Riverside, California
_____, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Channel Islands Beach Community Services District, we offer readers of the Channel Islands Beach Community Services District's financial statements this narrative overview and analysis of the Channel Islands Beach Community Services District and its financial activities for the fiscal year ended June 30, 2018.

OVERVIEW

FINANCIAL STATEMENTS

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

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

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

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

FINANCIAL HIGHLIGHTS

SIGNIFICANT EVENTS AND TRANSACTIONS

The Board of Directors restricted the following amounts to their respective utilities:

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

- Other receivable has decreased by \$338,302 and accounts payable has decreased by \$164,750 most of which is related to receipt and payment of accrued waste water charges from and to the City of Oxnard.
- The District had not revised the rate structure for services in recent years; recently the district hired an outside consultant to conduct a rate study to calculate the cost of providing services, cost of future maintenance requirements of the District's infrastructures and cost of future capital expenditure needs. Based on the recommendation of the outside consultants the board of directors has initiated a rate increase with effect from the billing period starting July 15, 2018. There was an increase of 5% on water rate, increase of 6% on waste water rate and 2.5% on solid waste removal rate. The board anticipates more changes in rate structure will take place in the near term to maintain the level of services provided by the District.

FINANCIAL STATEMENTS

NET POSITION

The District's Net Position as of June 30, 2018, 2017 and 2016 totaled \$11,675,222, \$10,773,370 and \$10,200,108 respectively. At the end of the current year, the District is able to report positive balances in all categories of net position. The District's net position increased by \$901,852 from the prior year.

FIGURE 1. NET POSITION

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

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

REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

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

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

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

Total revenues increased by \$370,275. Most of the increase is due to an increase in charges for water and increase in sewer revenue from City of Oxnard.

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

CAPITAL ASSETS

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

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

During the current year, the District capitalized various operating assets totaling \$370,797 and retired previously capitalized assets totaling \$48,514. Please refer to Note 4, *Capital Assets*, presented in the Notes to Financial Statements for additional detail regarding the District's Capital Assets.

LONG-TERM DEBT

At the end of the current fiscal year, the District had \$3,825,387 total long-term debt outstanding. For 2017 and 2016, the District had \$4,201,687 and \$4,644,470 total long-term debt outstanding. Please refer to Note 5, *Long-Term Debt*, presented in the Notes to Financial Statements for additional detail regarding the District's Long-Term Debt.

ECONOMIC FACTORS AND BUDGET

The District does not anticipate any increase in business or water consumption within the Harbor for Fiscal Year 2018-19. However, when the economic climate improves, the District anticipates significant redevelopment or new development to occur within the Channel Islands Harbor resulting in increased consumption and revenues. The District will take that into consideration in future budget years.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

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

The accompanying notes are an integral part of these statements.

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

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

The accompanying notes are an integral part of these statements.

Channel Islands Beach Community Services District
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2018 and 2017

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

The accompanying notes are an integral part of these statements.

Channel Islands Beach Community Services District
Statements of Revenues, Expenses and Changes in Net Position - Continued
Years Ended June 30, 2018 and 2017

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

The accompanying notes are an integral part of these statements.

Channel Islands Beach Community Services District
Statements of Revenues, Expenses and Changes in Net Position - Continued
Years Ended June 30, 2018 and 2017

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

The accompanying notes are an integral part of these statements.

Channel Islands Beach Community Services District

Statements of Cash Flows

Years Ended June 30, 2018 and 2017

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

The accompanying notes are an integral part of these statements.

Channel Islands Beach Community Services District
Statements of Cash Flows - Continued
Years Ended June 30, 2018 and 2017

	2018	2017
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating Income	\$ 970,224	\$ 784,583
ADJUSTMENTS TO RECONCILE NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and Amortization	306,369	302,625
Bad Debt Expense	1,525	2,440
(Increase) Decrease in Accounts and Other Receivables	301,702	532,967
(Increase) Decrease in Prepaid Items	112,667	64,269
(Increase) Decrease in Inventory	180	1,541
(Increase) Decrease in Deferred Outflows - Pension Related Items	(5,985)	-
Increase (Decrease) in Accounts Payable and Other Liabilities	(164,989)	(755,000)
Increase (Decrease) in Accrued Payroll, Taxes and Benefits	29,991	(39,517)
Increase (Decrease) in Customer Deposits	(2,797)	(2,973)
TOTAL ADJUSTMENTS	578,663	106,352
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 1,548,887	\$ 890,935
SUPPLEMENTAL DISCLOSURES		
Cash and Cash Equivalents		
Unrestricted Cash	\$ 105,000	\$ 105,000
Board Restricted Cash and Cash Equivalents	6,139,487	5,308,766
Restricted Cash and Cash Equivalents	66,925	73,578
Total	\$ 6,311,412	\$ 5,487,344
Non-cash Investing and Financing Activities consisted of the following:		
Amortization Related to Long-term Debt	\$ 41,561	\$ 43,439
Amortization on Contributed Capital	\$ 16,938	\$ 16,938

The accompanying notes are an integral part of these statements.

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

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

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

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

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

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

B) Basis of Presentation

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

C) Basis of Accounting and Measurement Focus

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

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

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

C) Basis of Accounting and Measurement Focus - Continued

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

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

D) Use of Estimates

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

E) Budgetary Data

Formal budgetary accounting is employed as a management control for the District. Annual operating budgets are adopted each fiscal year on the budgetary basis in accordance with existing legal requirements. Budgetary control is exercised at the utility enterprise divisional program level. The District did not modify their adopted budget for the year ended June 30, 2018.

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

F) Investments

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

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

- 1) Fair value is based on quoted market prices as of the valuation date;
- 2) The portfolio did not hold investments in any of the following:
 - a) Items required to be reported at amortized cost,
 - b) Items in external pools that are not SEC registered,
 - c) Items subject to involuntary participation in an external pool,
 - d) Items associated with a fund other than the fund to which the income is assigned;

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

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

F) Investments - Continued

- 3) The gain/loss resulting from valuation will be reported within the revenue account “investment earnings” on the Statement of Revenues and Expenses.

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

G) Accounts Receivable

Accounts receivable include \$166,504 and \$169,367 of unbilled utility services as of June 30, 2018 and 2017, respectively, which is attributable to the second half of the June 30th service period billed in July. The District has established a reserve for doubtful accounts based on the prior three years of bad debts. The amount of the reserve for doubtful accounts at June 30, 2018 and 2017 was \$5,000 and \$5,000 respectively. The Bad Debt expense was \$1,525 and \$2,440 as of June 30, 2018 and 2017, respectively.

H) Other Receivables and Other Liabilities

Other receivables include \$213,360 and \$551,662 from the City of Oxnard as of June 30, 2018 and 2017. The District and the City of Oxnard share a pipeline for wastewater transportation and treatment in which the City of Oxnard reimburses the District for the estimated cost for their portion of the use of the pipeline. Other liabilities include amounts accrued for trash services of \$20,258 and \$20,744 respectively, as of June 30, 2018 and 2017. Also, included in other liabilities, for June 30, 2018 is \$277 for other expenses.

I) Inventory and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. Prepaid items include \$14,746 for insurance and dues, \$16,331 for water purchases (Port Hueneme Water Agency true-up), as of June 30, 2018. Prepaid items include \$14,699 for insurance and dues, \$126,045 for water purchases (Port Hueneme Water Agency true-up), and \$3,000 in other prepaids, as of June 30, 2017.

J) Deferred Outflows/Inflows of Resources

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

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

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

J) Deferred Outflows/Inflows of Resources - Continued

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

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

K) Compensated Absences

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

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

L) Bond Discounts and Premiums

The District amortizes bond discounts and premiums using the straight-line method over the term of the related bond issue. The current related bond issue is the 2016 Wastewater Refunding Bond Series.

M) Pensions

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

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

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

N) Net Position

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

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

O) County Tax Apportionment

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

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

P) Contributed Capital

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

Q) Reclassifications

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

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

2) CASH AND INVESTMENTS

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

The District participates in the County Pool Investment Program with interest being allocated on the basis of deposit in the Treasury. Investment policies and associated risk factors applicable to District monies are those of the County of Ventura and are included in the County's Annual Financial Report. The carrying value and estimated market value of the County of Ventura Pool at June 30, 2018, were \$2,442,085,809 and \$2,447,381,120, respectively. The District's share of the Pool at June 30, 2018, was approximately 0.228 percent.

The District utilized a commercial bank for all operational transactions. The District invests cash with the County Treasurer and in Union Bank (fiscal agent for proceeds of debt). At June 30, 2018 and 2017 the carrying amount of the District's petty cash, deposits and investments were \$6,311,412 and \$5,487,344 and are broken down as follows:

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

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

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

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

Cash and investments consist of the following:

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

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

2) CASH AND INVESTMENTS - Continued

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

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

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

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

Investments Authorized by Debt Agreements

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

Disclosures Relating to Interest Rate Risk

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

As of June 30, 2018, the District had the following investments:

	<u>Maturity Date</u>
Ventura County Treasurer's Pooled Investments	N/A
Total	N/A

Disclosures Relating to Credit Risk

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

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

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

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Credit Risk - Continued

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

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

As of June 30, 2018, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Cash and Investments with Fiscal Agent - Restricted Assets

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

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

2) CASH AND INVESTMENTS - Continued

Board Restricted Cash

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

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

Restricted Cash

Cash is restricted for the following:

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

3) FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

3) FAIR VALUE MEASUREMENTS - Continued

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

	2018		
	Fair Value	Significant Unobservable Inputs (Level 3)	Uncategorized
Investments:			
Ventura County Treasurer's Pooled Investments	\$ 5,568,102	\$ -	\$ 5,568,102
Total Investments	\$ 5,568,102	\$ -	\$ 5,568,102
Other Assets:			
Investment in Water JPA, Net of Accumulated Depreciation	\$ 3,164,007	\$ 3,164,007	\$ -
	2017		
	Fair Value	Significant Unobservable Inputs (Level 3)	Uncategorized
Investments:			
Ventura County Treasurer's Pooled Investments	\$ 4,401,461	\$ -	\$ 4,401,461
Held by Bond Trustee: Money Market Funds	3,856	-	3,856
Total Investments	\$ 4,405,317	\$ -	\$ 4,405,317
Other Assets:			
Investment in Water JPA, Net of Accumulated Depreciation	\$ 3,269,114	\$ 3,269,114	\$ -

The Ventura County Treasurer's Pooled Investments and money market funds and money market mutual funds are exempt under GASB No. 72 fair value measurements. The Investment in Water JPA, Net of Accumulated Depreciation, classified in Level 3 is valued using the equity method. See Note 11.

4) CAPITAL ASSETS

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

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

4) CAPITAL ASSETS - Continued

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

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

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

	2018			
	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Depreciated:				
Land	\$ 42,060	\$ -	\$ -	\$ 42,060
Total Capital Assets, Not Depreciated	42,060	-	-	42,060
Capital Assets, Being Depreciated:				
Office Furniture and Equipment	96,367	8,120	18,343	86,144
Vehicles	175,867	-	-	175,867
Tools and Shop Equipment	250,819	56,207	29,896	277,130
Office Building	96,393	12,938	275	109,056
1911 Act Sewer Line	6,544,017	293,532	-	6,837,549
Water Distribution System	2,958,754	-	-	2,958,754
Total Capital Assets, Being Depreciated	10,122,217	370,797	48,514	10,444,500
Less Accumulated Depreciation:				
Office Furniture and Equipment	(70,686)	(7,317)	(18,343)	(59,660)
Vehicles	(150,625)	(12,178)	-	(162,803)
Tools and Shop Equipment	(210,440)	(7,996)	(29,896)	(188,540)
Office Building	(82,851)	(1,567)	(275)	(84,143)
1911 Act Sewer Line	(1,761,585)	(148,526)	-	(1,910,111)
Water Distribution System	(2,287,294)	(87,224)	-	(2,374,518)
Total Accumulated Depreciation	(4,563,481)	(264,808)	(48,514)	(4,779,775)
Total Capital Assets, Being Depreciated, Net	5,558,736	105,989	-	5,664,725
Capital Assets, Net of Depreciation	\$ 5,600,796	\$ 105,989	\$ -	\$ 5,706,785

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

4) CAPITAL ASSETS - Continued

	2017			
	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Depreciated:				
Land	\$ 42,060	\$ -	\$ -	\$ 42,060
Total Capital Assets, Not Depreciated	42,060	-	-	42,060
Capital Assets, Being Depreciated:				
Office Furniture and Equipment	86,910	9,457	-	96,367
Vehicles	175,867	-	-	175,867
Tools and Shop Equipment	250,819	-	-	250,819
Office Building	96,393	-	-	96,393
1911 Act Sewer Line	6,544,017	-	-	6,544,017
Water Distribution System	2,958,754	-	-	2,958,754
Total Capital Assets, Being Depreciated	10,112,760	9,457	-	10,122,217
Less Accumulated Depreciation:				
Office Furniture and Equipment	(64,962)	(5,724)	-	(70,686)
Vehicles	(138,447)	(12,178)	-	(150,625)
Tools and Shop Equipment	(203,850)	(6,590)	-	(210,440)
Office Building	(81,770)	(1,081)	-	(82,851)
1911 Act Sewer Line	(1,615,196)	(146,389)	-	(1,761,585)
Water Distribution System	(2,200,070)	(87,224)	-	(2,287,294)
Total Accumulated Depreciation	(4,304,295)	(259,186)	-	(4,563,481)
Total Capital Assets, Being Depreciated, Net	5,808,465	(249,729)	-	5,558,736
Capital Assets, Net of Depreciation	\$ 5,850,525	\$ (249,729)	\$ -	\$ 5,600,796

5) LONG-TERM DEBT

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

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

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

5) LONG-TERM DEBT - Continued

Changes in Long-Term Debt	2017				
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2005A Sewer Revenue Bonds Series	\$ 2,915,000	\$ -	\$ 2,915,000 ⁽¹⁾	\$ -	\$ -
2012 Water Refunding Bonds Series	1,707,436	-	263,630	1,443,806	272,961
2016 Wastewater Refunding Bonds Series		2,605,000	-	2,605,000	95,000
Premiums on Bonds	22,034	158,441	27,594	152,881	-
Total	\$ 4,644,470	\$ 2,763,441	\$ 3,206,224	\$ 4,201,687	\$ 367,961

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

Bonds Payable

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

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

Future debt requirements are as follows:

Year Ending June 30,	Water Bond Series 2012		Wastewater Bond Series 2016		Total Debt Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 281,332	\$ 31,420	\$ 105,000	\$ 81,531	\$ 386,332	\$ 112,951
2020	289,240	22,719	110,000	78,831	399,240	101,550
2021	296,669	13,784	105,000	75,606	401,669	89,390
2022	303,604	4,630	110,000	72,381	413,604	77,011
2023	-	-	115,000	68,431	115,000	68,431
2024-2028	-	-	650,000	267,656	650,000	267,656
2029-2033	-	-	785,000	134,791	785,000	134,791
2034-2036	-	-	530,000	23,781	530,000	23,781
Total	\$ 1,170,845	\$ 72,553	\$ 2,510,000	\$ 803,008	\$ 3,680,845	\$ 875,561

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

5) LONG-TERM DEBT - Continued

Revenues Pledged

The District has pledged a portion of water revenues and a portion of investment earnings to repay the District's Water Revenue Refunding Bonds Series 2012. The District's Water Revenue Refunding Bonds are payable solely from water revenues and a portion of investment earnings. Total principal and interest remaining on the Water Revenue Refunding Bonds are \$1,243,398, payable through fiscal year 2022. For the current year, principal and interest paid by water revenues and investment earnings were \$272,961 and \$39,873, respectively.

The District has pledged a portion of future sewer revenues and a portion of investment earnings to repay the District's Wastewater Revenue Refunding Bonds Series 2016. The District's Wastewater Revenue Refunding Bonds are payable solely from sewer revenues and a portion of investment earnings. Total principal and interest remaining on the Wastewater Revenue Refunding Bonds are \$3,313,008, payable through fiscal year 2036. For the current year, principal and interest paid by sewer revenues and investment earnings was \$95,000 and \$83,531, respectively.

6) NET POSITION

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

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

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

⁽²⁾ As of June 30, 2017, \$250,144 of deferred outflows of resources and \$(4,048,806) of capital related debt were included in the net investment in capital assets.

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

7) CALPERS RETIREMENT PLAN

A) General Information about the Pension Plans

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

Plan Description

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

Benefits Provided

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

Benefits Provided - Continued

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

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

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

7) CALPERS RETIREMENT PLAN - Continued

A) General Information about the Pension Plans - Continued

Contributions

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

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

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

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

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

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

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

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

7) CALPERS RETIREMENT PLAN - Continued

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

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

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

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

Actuarial Assumptions

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

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

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

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

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

7) CALPERS RETIREMENT PLAN - Continued

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

Change of Assumptions

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

Discount Rate

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

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

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

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

7) CALPERS RETIREMENT PLAN - Continued

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

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

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

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

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

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

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

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

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

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

7) CALPERS RETIREMENT PLAN - Continued

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

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2018, the District reported, in accounts payable and accrued liabilities, a payable of \$4,668 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

8) DEFERRED COMPENSATION

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

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

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

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

9) INCOME TAX

The District is exempt from income taxes.

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

10) JOINT POWERS AGENCY (ACWAJPIA)

The District is a member of the Association of California Water Agency Joint Powers Insurance Authority (ACWAJPIA). The District receives the benefits of the pooled insurance risk program, but not as an equity member of the authority. Total insurance payments for the year ended June 30, 2018 and 2017 were \$34,934 and \$28,340, respectively.

11) PORT HUENEME WATER AGENCY/JOINT VENTURE

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

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

CIBCSO's percentage share in PHWA's cost of the improvements and related liabilities varies from 0% to 86%, based on each party's share of the facilities - overall the total cost of improvements through June 30, 2018 was \$14,675,748, of which CIBCSO's share was \$2,900,140. CIBCSO's share in ongoing operating costs vary from 12% to 16% for certain fixed costs; other variable operating costs are allocated based on the volume of water delivered to each party.

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

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

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

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

11) PORT HUENEME WATER AGENCY/JOINT VENTURE - Continued

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

12) SUBSEQUENT EVENT

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Notes to Schedule:

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

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

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

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

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

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

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

SUPPLEMENTAL INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Channel Islands Beach Community Services District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated _____, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Riverside, California
_____, 2019

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

We have audited the financial statements of the Channel Islands Beach Community Services District (the “District”) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 26, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2018 fiscal year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management’s estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of capital assets depreciation is based on historical estimates of each capitalized item’s useful life. We evaluated the key factors and assumptions used to develop the capital assets depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of the investment in the Port Hueneme Water Agency is based on a percentage from financial information provided by the agency. We evaluated the key factors and assumptions used to develop the investment in the Port Hueneme Water Agency in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of debt related amortizations (premiums, discounts and on refunding) are based on the terms and amounts included in the debt documents. We evaluated the key factors and assumptions used to develop the debt related amortizations in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and related pension deferred outflows and inflows of resources are based on an actuarial valuation and pension contributions made during the year. We evaluated the key factors and assumptions used to develop the net pension liability and related pension deferred outflows and inflows of resources in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the fair value of investments in Notes 2 and 3 to the financial statements represents amounts susceptible to market fluctuation.

The disclosure of capital assets in Note 4 to the financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the Port Hueneme Water Agency/Joint Venture in Note 11 to the financial statements is based on financial information provided by the agency which could differ from actual results.

The disclosure of debt related amortizations (premiums, discounts and on refundings) in Notes 1.J, 1.L, and 5 to the financial statements are based on the terms and amounts included in the related debt documents which could differ from actual results.

The disclosure of the employees' retirement, net pension liability and related pension deferred outflows and inflows of resources in Note 7 to the financial statements represents management's estimate based on an actuarial valuation and pension contributions made during the year. Actual results could differ depending on the key factors and assumptions used for the actuarial valuation.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. However, the audit was delayed in waiting for financial information from the Port Hueneme Water Agency.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated, _____, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management’s discussion and analysis and the required supplementary section which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental information section, which accompany the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

As part of the audit, we assisted with the preparation of the financial statements and related notes and the calculation of the investment in the Port Hueneme Water Agency. However, these services, does not constitute an audit under Government Auditing Standards and are considered nonaudit services. Management has reviewed, approved, and accepted responsibility for the results of these services.

Restrictions on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Board of Directors:

KRISTINA BREWER, President
BOB NAST, Vice President
MARCIA MARCUS, Director
JARED BOUCHARD, Director
SEAN DEBLEY, Director

AKBAR ALIKHAN
General Manager

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Regular Board Meeting, February 12, 2019

To: Board of Directors
From: Pete Martinez, *Deputy General Manager*
Subject: Second Amendment to Wastewater Transportation and Treatment Agreement and Agreement for Engineering Support Related to Negotiation of New Agreement
Item No. E-2

RECOMMENDATION:

1. Consider and approve Second Amendment to the Wastewater Transportation Agreement (A-7864) with the City of Oxnard.
2. Approve agreement with Gannett Fleming for Engineering and Consulting Services.

FINANCIAL IMPACT: Funding is available in the FY 2018-19 Wastewater Budget to fund the agreement with Gannett Fleming for Engineering and Consulting Services. The District will be responsible for funding 47 percent of the total contract in the amount of \$18,113.80 per agreement. The City of Oxnard will reimburse the District the remaining 53 percent in the amount of \$20,426.20 for a total contract amount with Gannett Fleming of \$38,540.

BACKGROUND:

In 2006, the District entered into the original agreement with the City of Oxnard for transporting and treating wastewater from the District service area. Since inception of the 2006 agreement, there have been amendments in 2008 and 2013. The first amendment (2008), was created to establish a methodology of cost sharing of the Victoria Trunk Sewer project and the second amendment (2013) was an extension of the existing agreement to allow for deliberative discussion between both agencies with the intent to update the compensation structure for transporting District and Oxnard flows. A timeline of the District's current and prior agreement with Oxnard for wastewater treatment is shown in the table below.

Timeline of Wastewater Transportation and Treatment Agreements with the City of Oxnard:

Agreement	Agreement No.	Date	Purpose
Original	A-6680	7/11/2006	Expiry of wastewater transportation through CPH collection system. Flows now transported through the City of Oxnard's collection system
1st Amendment	A-6680	12/16/2008	To capture cost sharing for Victoria Trunk Sewer project
2nd Amendment	A-6680	7/30/2013	Extension of existing agreement and negotiation of new agreement based on measurable flow and strength in comparison to historical averages
New Agreement	A-7864	5/17/2016	Incorporation of expired A-6680 agreement to provide payment for both parties. The terms of the new agreement were that both parties would negotiate a new agreement by December 31, 2016.
1st Amendment	A-7864	11/30/2016	Time extension
2nd Amendment	A-7864	2/5/2019	Proposed time extension to allow third party consultant to develop a new Wastewater Transportation and Treatment agreement proposal.

The current compensation structure is summarized as follows:

1. District pays Oxnard for an assumed flow, Total Suspended Solids (TSS) and Biochemical Oxygen Demand (BOD). The set requirements are 27.73 million gallons per month, 50.87 thousand pounds per month and 52.9 thousand pounds per month, respectively.
2. District pays Oxnard an operations and maintenance fee for use of District flows through Oxnard's Victoria, Hemlock and Redwood Trunk line and Lift Station No. 29.
3. Oxnard pays District 91 percent of collected sewer charges on a quarterly basis for use of District infrastructure. This fixed charge is proportionally increased based on corresponding changes in Oxnard sewer rates.

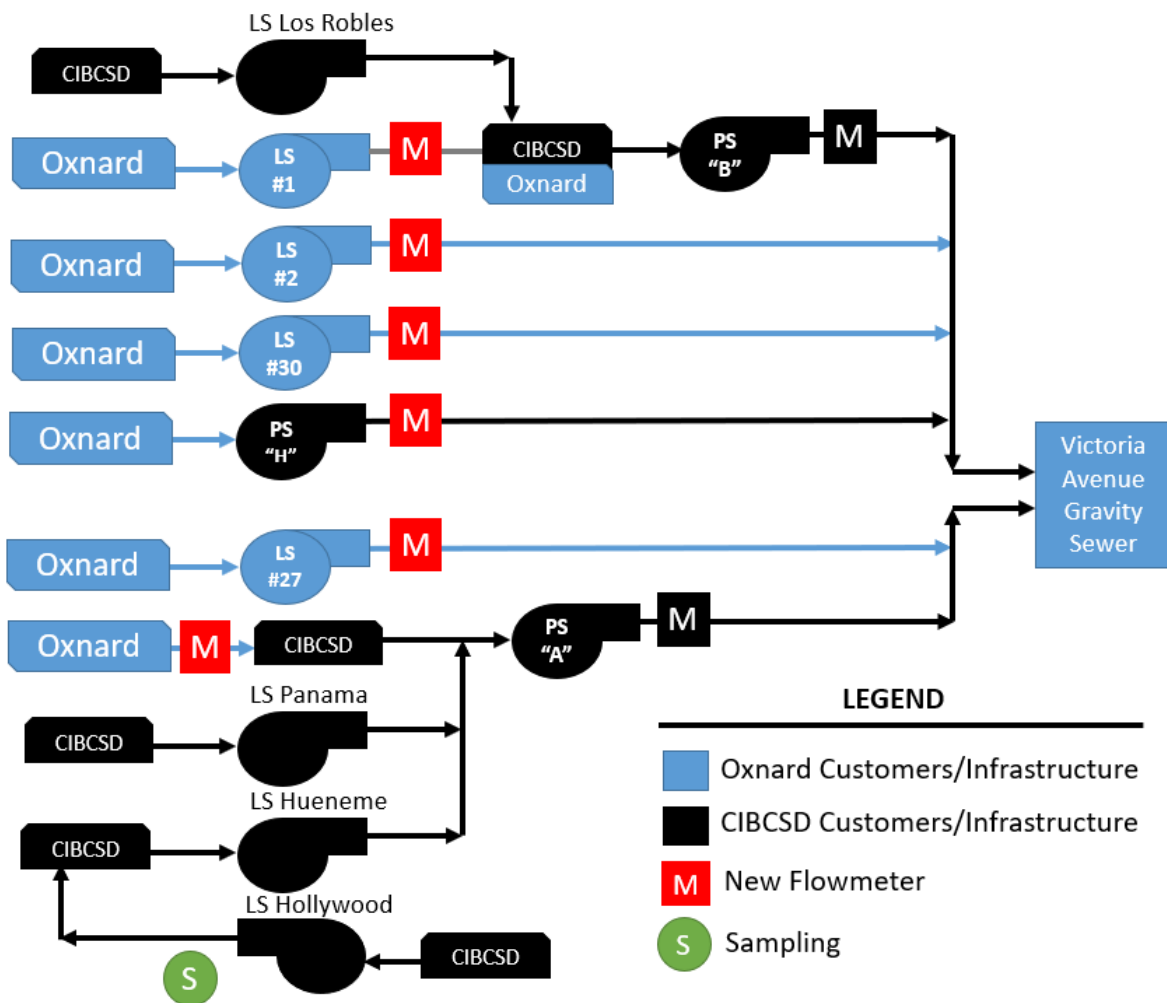
Outlined below are the potential terms for a new agreement that are identified in the existing agreement.

1. District pays Oxnard for actual flows measured at Station A and B. Influent from Oxnard at these two stations will be measured (or calculated using mutually agreed upon methodology) and removed from billing. District shall install meters at Station A and B, and Oxnard shall install a metering device at Lift Station No. 1.

2. District shall pay Oxnard a facility operations fee for use of Oxnard infrastructure. The amount shall be calculated based on actual historical costs.
3. District shall transfer ownership and operation of Lift Station H to Oxnard.
4. Since the portion of Oxnard flow is being removed from District billings per Item 1 above, Oxnard will no longer pay District a portion of collected sewer rates in the vicinity. Instead, Oxnard will pay, monthly, the proportion of operations and maintenance costs based on actual use. This fee will also be calculated to include a portion of repair, rehabilitation and replacement costs for infrastructure used by Oxnard.

The existing infrastructure in the neighboring service areas is complicated due to both agencies utilizing the other agency's infrastructure. The figure below illustrates the general configuration of the Oxnard and District infrastructure for their respective service areas.

CIBCSO AND OXNARD WASTEWATER INFRASTRUCTURE

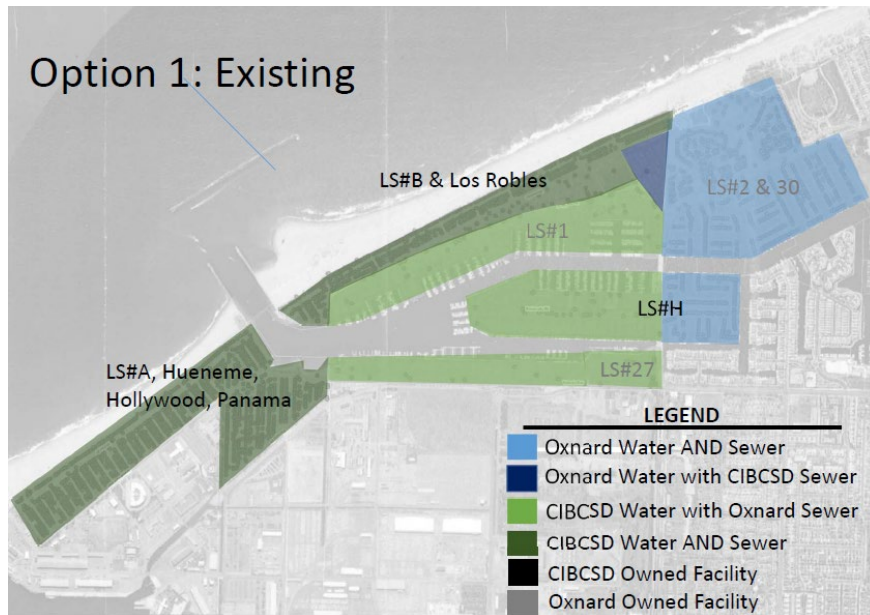


DISCUSSION:

Attached for Board consideration is the Second Amendment to Agreement No. A-7864 for Wastewater and Transportation with the City of Oxnard. The primary purpose of this amendment is for a time extension to allow the District and City to develop a new agreement to replace the existing one.

Also attached is a proposal from Gannett Fleming to prepare three concepts for the new wastewater agreement to be considered by the District and the City of Oxnard. The guiding principles are to simplify the arrangement and promote fairness by correctly assigning costs to the appropriate agency. The concepts range from maintaining the status quo to a re-assignment of services areas/customers. In the areas surrounding the District’s service area and Harbor, customers can be categorized into one of the following four groups:

1. CIBCSD full service (e.g. Silverstrand, Hollywood by the Sea, Hollywood Beach)
2. CIBCSD Water / Oxnard Sewer (e.g. Channel Islands Harbor)
3. Oxnard Water / CIBCSD Sewer (Hollywood Beach Mobile Home Park)
4. Oxnard full service (e.g. Seabridge)



Staff recommends approval of the Wastewater Transportation Agreement with the City of Oxnard and the attached letter proposal from Gannett Fleming.

ATTACHMENT(S):

1. Agreement No. A-7864 - Second Amendment to Agreement for Wastewater Transportation and Treatment
2. WW Agreement Proposal – Gannett Fleming

**SECOND AMENDMENT TO AGREEMENT FOR WASTEWATER
TRANSPORTATION AND TREATMENT**

This First Amendment (“First Amendment”) to the Agreement for Wastewater Transportation and Treatment (“Agreement”) is made and entered into in the County of Ventura, State of California, this _____ day of _____, 2018, by and between the City of Oxnard, a municipal corporation (“City”), and the Channel Islands Beach Community Services District, a community services district formed pursuant to California Government Code section 61000 *et seq.* (“Channel Islands”). This Second Amendment amends the Agreement entered into on May 17, 2016 by City and Channel Islands. The Agreement previously has been amended on November 30, 2016.

City and Channel Islands agree as follows:

1. Throughout the Agreement, the date “December 31, 2018,” is replaced with the date “December 31, 2020.”

2. Section 11 of the Agreement is amended to state:

“The Parties shall engage in good faith negotiations to finalize a new wastewater and transportation agreement that will supersede this Agreement with the intent of executing a new agreement on or before December 31, 2020. The Parties shall develop a schedule for the time period between December 31, 2018 and December 31, 2020 for the purpose of engaging in such negotiations and finalizing the new agreement. The Parties shall attempt to adhere in good faith to that schedule.”

3. As so amended, the Agreement remains in full force and effect.

[Signatures on next page]

IN WITNESS WHEREOF, the parties hereto have executed the Amendment on the date first written above.

CITY OF OXNARD

**CHANNEL ISLANDS BEACH
COMMUNITY SERVICES DISTRICT**

<input type="checkbox"/>	Tim Flynn, Mayor ¹	_____	Date
<input checked="" type="checkbox"/>	Alexander Nguyen, City Manager	_____	
<input type="checkbox"/>	Lisa Boerner, Purchasing Manager	_____	
<input type="checkbox"/>	____NA_____, Buyer	_____	

_____	Date
Akbar Alikhan,	
General Manager	

APPROVED AS TO FORM:

_____	_____
Stephen M. Fischer, City	Date
Attorney (always required)	

¹ The City Council must authorize and the Mayor must sign the amendment if the original contract and all amendments collectively total over \$175,000 annually. The City Manager may authorize and sign the amendment if the original contract and all amendments collectively total over \$100,000 but up to \$175,000 annually. The Purchasing Manager may authorize and sign the amendment if the original contract and all amendments collectively total up to \$100,000 annually. A Buyer may authorize and sign the amendment if the original contract and all amendments collectively total up to \$25,000 annually.



Gannett Fleming, Inc.
2901 N. Ventura Road, Ste. 180
Oxnard, CA 93036
P: (805) 981-1000

January 24, 2019

Akbar Alikhan
General Manager
Channel Islands Beach Community Services District
353 Santa Monica Drive
Channel Islands Beach, CA 93035

Subject: Proposal for Engineering Support Related to Negotiation of Wastewater Agreement

Dear Mr. Alikhan:

Based on our discussions with the City of Oxnard (Oxnard) and Channel Islands Beach Community Services District (District) in May 2018, we are pleased to provide the following proposal. Gannett Fleming (GF) has been involved with both parties to the existing Wastewater Treatment and Transportation Agreement (Agreement), and we have the necessary agency background to efficiently support an updating of this Agreement.

BACKGROUND

Oxnard and District entered into the original Agreement on July 11, 2006 for transporting and treating wastewater from the District service. The Agreement has been amended twice since its signing, the first in 2008 was used to develop methodology for cost sharing of the Victoria Trunk Sewer project and the second in 2013 for extending the existing agreement and updating the compensation structure for transporting and treating District wastewater. The second amendment was intended to be temporary with a target date for renegotiation by December 31, 2013.

The current compensation structure is summarized as follows:

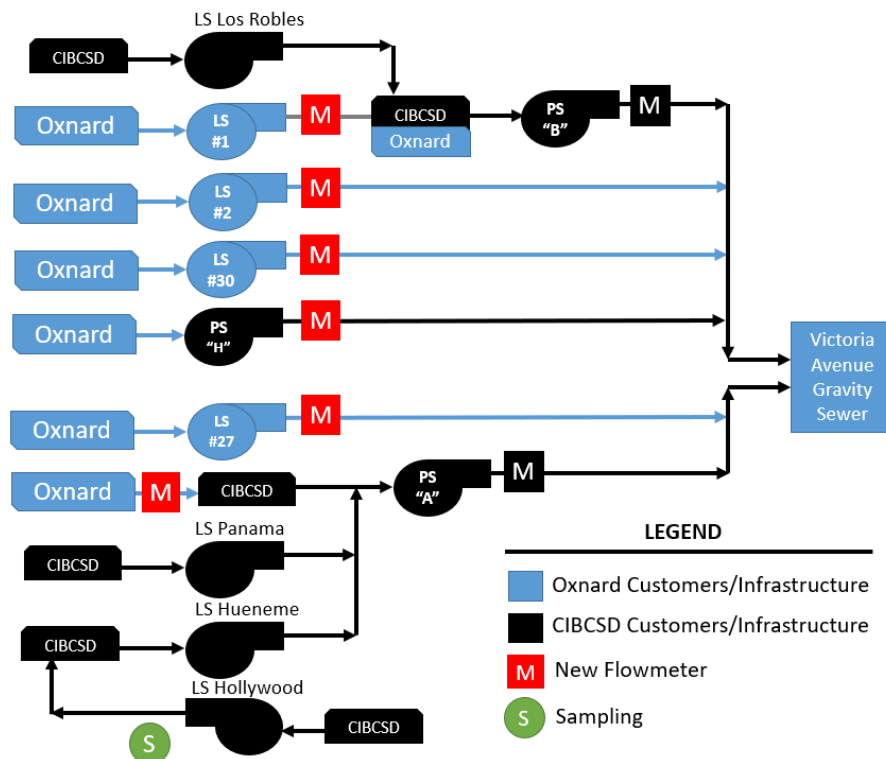
1. District pays Oxnard for an assumed flow, Total Suspended Solids (TSS) and Biochemical Oxygen Demand (BOD). The set requirements are 27.73 million gallons per month, 50.87 thousand pounds per month and 52.9 thousand pounds per month, respectively.
2. District pays Oxnard an operations and maintenance fee for use of District flows through Oxnard's Victoria, Hemlock and Redwood Trunk line and Lift Station No. 29.
3. Oxnard pays District 90 percent of collected sewer charges on a quarterly basis for use of District infrastructure. This fixed charge is proportionally increased based on corresponding changes in Oxnard sewer rates.

The agreement also identifies potential terms for a new agreement to replace the existing one. The proposed terms outlined in the second amendment include the following:

1. District pays Oxnard for actual flows measured at Station A and B. Influent from Oxnard at these two stations will be measured (or calculated using mutually agreed upon methodology) and removed from billing. District shall install meters at Station A and B, and Oxnard shall install a metering device at List Station No. 1.
2. District shall pay Oxnard a facility operations fee for use of Oxnard infrastructure. The amount shall be calculated based on actual historical costs.
3. District shall transfer ownership and operation of Lift Station H to Oxnard.
4. Since the portion of Oxnard flow is being removed from District billings per Item 1 above, Oxnard will no longer pay District a portion of collected sewer rates in the vicinity. Instead, Oxnard will pay, monthly, the proportion of operations and maintenance costs based on actual use. This fee will also be calculated to include a portion of repair, rehabilitation and replacement costs for infrastructure used by the Oxnard.

The existing agreement is understood by both parties to need further updating, either in the form provided in the second amendment or other form. The existing infrastructure in this vicinity is complicated, in that both agencies utilize in part the others infrastructure. **Figure 1** illustrates the general configuration of Oxnard and District infrastructure in the service area.

**FIGURE 1
OXNARD AND DISTRICT WASTEWATER INFRASTRUCTURE**



PROJECT APPROACH

Based on discussions with Oxnard and District staff, both parties intend to develop a new agreement to replace the existing one. The guiding principles of the new agreement are stated as follows:

1. Simplify the arrangement
2. Promote fairness

Based on these principles, two goals of the new agreement are to: (1) reduce back and forth payments between both agencies, and (2) align customers to a single water and wastewater service provider where possible.

The agencies intend to complete the necessary studies and related analysis to complete the updates using a provision in the second amendment, which shares the cost of the related efforts on a 53 and 47 split for the District and Oxnard, respectively¹.

GF has prepared a phased approach and schedule for completing the new agreement. The efforts are summarized in **Table 1**.

**TABLE 1
AGREEMENT DEVELOPMENT**

Phase	Tasks	Duration
Phase 1 – Concept Development	<ul style="list-style-type: none"> • Oxnard/District complete cost sharing MOU • Oxnard/District extend existing agreement to 2021 • GF prepare three (3) concepts for review and discussion • GF to review District capacity ownership and provide input on modification based on actual and estimated future use • Oxnard/District review internally and provide feedback 	<ul style="list-style-type: none"> • NTP in February 2018 • 3 months • Complete in May 2019
Phase 2 – Concept Refinement	<ul style="list-style-type: none"> • Oxnard/District select concept for further development • GF prepare detailed analysis of selected concept (expand on Phase 1 efforts) • Oxnard/District complete data gathering, and flow meter installation as required based on selected approach 	<ul style="list-style-type: none"> • 12 months • Complete in May 2020
Phase 3 – Contract Development and Completion	<ul style="list-style-type: none"> • GF review data and finalize TM detailing results and recommendation • GF to support Contract development • Oxnard/District finalize and approve Contract 	<ul style="list-style-type: none"> • 3 months to complete • 3 months to approve • Complete by November 2020

¹ Item 8 of the Second Agreement defines the cost sharing methodology.

January 24, 2019



The three concepts will be detailed as part of Phase 1, but are generally understood to include the following:

- **Concept 1 – Baseline:** Utilize the approach defined in the second amendment.
- **Concept 2 – Re-assignment of Service Areas:** Several areas in the vicinity have customers from one agency which utilize infrastructure from the other agency. In lieu of developing a methodology for calculating the cost of service for this mixed infrastructure, another approach could be to “re-assign” the customer. Using this approach, the customer would receive service from the other entity entirely instead of requiring cost sharing between the two entities. The intent of this is to simplify ongoing operation for both entities and avoid complicated payment structures that require ongoing administrative oversight.

This concept would require valuation of any transferred infrastructure, and payment by the acquiring agency. In addition, an evaluation of impact on rates for both agencies would be needed.

- **Concept 3 – Expanded Re-assignment of Service Areas:** Similar to Concept 2, this alternative would expand on the areas for re-assignment.

Based on the approach outlined above, we have prepared a detailed scope of work for Phase 1 which is provided as **Exhibit A**. An estimated level of effort has been prepared, provided as **Exhibit B**, and is based on our 2018 Rates (**Exhibit C**).

It is currently estimated that the entire effort for all three Phases shall not exceed \$100,000. The detailed scope for Phase 2 and 3 will be developed following completion of Phase 1. This is necessary due to the unknowns associated with the selected approach.

Sincerely,
Gannett Fleming, Inc.

A handwritten signature in black ink, appearing to read "R. Gallagher".

Ryan Gallagher
Vice President

Enclosures:

- Exhibit A – Scope of Work
- Exhibit B – Level of Effort
- Exhibit C – Gannett Fleming Rate Sheet

Wastewater Agreement Development Exhibit A - Scope of Work

Scope of Work

Phase 1 – Concept Development

Task 1 – Project Management and QA/QC

Overall project management, which includes supervision of in-house staff, planning and monitoring of contract budget and schedule, and coordination with the District and Consultant’s project team will be conducted by the Consultant Project Manager. The Project Manager will review the status of budget, schedule, and relevant project issues with the District’s Project Manager on a bi-weekly basis via email or telephone.

Consultant will provide senior technical review and implement our quality assurance and quality control (QA/QC) measures throughout the project.

Task 2 – Meetings

Consultant has included three (3) meetings as part of this scope of services. The following meetings are included:

1. Kick Off Meeting (PM) – this meeting will be held to review scope, fee and schedule. The data request will be discussed and the report outline and content will be confirmed.
2. Initial Findings (PM) – Gannett Fleming to present initial findings and solicit feedback for incorporation into the Draft TM.
3. Draft Review (PM) – Review the Draft Document.

Deliverable – Meeting Agendas/Meeting Minutes (3 total).

Task 3 – Data Request and Review

Consultant will prepare and submit a data request form for information needed from the City of Oxnard and District including, but not limited to, the following items:

- Existing agreement (2006 original and two amendments)
- GIS data (infrastructure and customers)
- Age and material for piping in re-assignment areas
- Wastewater Model (Oxnard and District) – GIS may be suitable if adequate detail is provided
- Historical O&M cost for related facilities (if available)
- Historical flow data
- As-Built drawings for infrastructure to be re-assigned, as available
- Historical billing data for re-assigned areas
- Current and proposed rate schedules

Deliverable – Data Request Letter.

Task 4 – Concept Development

Gannett Fleming will prepare three (3) concepts for the new wastewater agreement. The concepts shall be prepared and summarized in a Technical Memorandum (TM), which shall include the following:

1. Section 1 – Introduction, Background and Objective
2. Section 2 – Summary of Previous Reports and Agreements
3. Section 3 – Concept 1: Baseline. Section includes description, figures illustrating the concept, concept level cost estimates for payments based on available data, advantages/disadvantages and additional studies or data needs for finalization.
4. Section 4 – Concept 2: Re-assignment. Same as Section 3.
5. Section 5 – Concept 3: Expanded Re-assignment. Same as Section 3.
6. Section 6 – District Capacity. Gannett Fleming shall evaluate existing District capacity and compare to existing and estimated future needs.

Gannett Fleming shall prepare a PDF and Word Document of the Draft TM and distribute for review. Following completion of the draft review meeting (Task 2) and receipt of comments, Gannett Fleming shall finalize the TM and distribute a PDF. It is anticipated the agencies will review the final TM internally and select an alternative prior to Phase 2.

Deliverable – Draft/Final TM.

SCHEDULE

The anticipated schedule for Phase 1 is as follows:

- Deliver data request 1 week following notice to proceed
- Kickoff Meeting 2 weeks following notice to proceed
- Receive data 3 weeks following delivery of data request
- Deliver Draft TM 5 weeks following receipt of data
- Draft review meeting and receipt of comments within 2 weeks of draft delivery
- Final TM delivered 2 weeks following Draft Review Meeting
- Final TM Presentation 1 weeks following delivery of Final

The total duration is **14 weeks** from notice to proceed.

Gannett Fleming shall not be responsible for delays due to causes beyond Gannett Fleming's reasonable control. In the case of any such delay, the time of completion shall be extended accordingly. In the event that Gannett Fleming's services hereunder are by delayed by the DISTRICT/OXNARD or others for a period in excess of six (6) months, Gannett Fleming's compensation as identified herein may be subject to renegotiation.

SPECIAL PROVISIONS

Entitled to Rely: Consistent with the professional standard of care and unless otherwise specifically provided herein, Design Professional shall be entitled to rely upon the accuracy of data and information provided by DISTRICT/OXNARD or others without independent review or evaluation.

Opinions of Construction Cost: Any Opinion of the Construction Cost prepared by Design Professional represents its judgment as a design professional and is supplied for the general guidance of DISTRICT/OXNARD. Since Design Professional has no control over the cost of labor and material, or over competitive bidding or market conditions, Design Professional does not guarantee the accuracy of such opinions as compared to contractor bids or actual cost to DISTRICT/OXNARD.

CADD: The documents, drawings, specifications, and electronic information/data, including computer aided drafting and design (“CADD”), prepared by Gannett Fleming pursuant to this agreement are not intended or represented to be suitable for reuse by the DISTRICT/OXNARD or others on extensions of the Project or on any other project. Any use of completed documents for other projects and any use of incomplete documents without specific written authorization from Gannett Fleming will be at the DISTRICT/OXNARD’s sole risk and without liability to Gannett Fleming. The DISTRICT/OXNARD assumes full responsibility for such changes unless the DISTRICT/OXNARD has given Gannett Fleming prior notice and has received from Gannett Fleming written consent for such changes. Electronic data delivered to the DISTRICT/OXNARD is for the DISTRICT/OXNARD’s convenience and shall not include the professional stamp or signature of an engineer or architect. The DISTRICT/OXNARD agrees that Gannett Fleming shall not be liable for claims, liabilities, or losses arising out of, or connected with the decline of accuracy or readability of electronic data due to inappropriate storage conditions or duration.

Exclusions/Assumptions

- District/Oxnard will supply data requested
- District will coordinate the noted meetings



Exhibit B
Channel Islands Beach Community Services District
Fee Estimate for Wastewater Agreement - Phase 1

1/29/2019

LABOR HOUR BREAKDOWN								
Task Description	Managing Engineer	Senior Engineer	Associate Eng	Designer GIS	Project Accountant	Labor Hours	Labor Cost	Total Cost
<i>Hourly Rates</i>	\$235	\$195	\$145	\$155	\$108			
Task 1 - Project Management and Qa/Qc								
Project Management (3 months)	10				5	15	\$2,890	\$2,890
QA/QC (TM draft/final)	5					5	\$1,175	\$1,175
Subtotal Task 1	15	0	0	0	5	20	\$4,065	\$4,065
Task 2 - Meetings								
Meetings (3 total)	9					9	\$2,115	\$2,115
Subtotal Task 2	9	0	0	0	0	9	\$2,115	\$2,115
Task 3 - Data Request and Review								
Prepare request, and review data	8		8	8		24	\$4,280	\$4,280
Subtotal Task 3	8	0	8	8	0	24	\$4,280	\$4,280
Task 4 - Concept Development TM								
Section 1 - Intro, Background and Objective	2		4			6	\$1,050	\$1,050
Section 2 - Summary of Reports/agreements	2		8			10	\$1,630	\$1,630
Section 3 - Concept 1	6	12	12	8		38	\$6,730	\$6,730
Section 4 - Concept 2	6	12	12	12		42	\$7,350	\$7,350
Section 5 - Concept 3	6	12	12	12		42	\$7,350	\$7,350
Section 6 - District Capacity	6	8				14	\$2,970	\$2,970
Subtotal Task 4	28	44	48	32	0	152	\$27,080	\$27,080
Subtotal Tasks 1 to 5	60	44	56	40	5	205	\$37,540	\$37,540
							Direct Expenses	\$1,000
							Total Cost	\$38,540

EXHIBIT C 2019 RATE SCHEDULE

Classification / Billing Title	Hourly Billing Rates
Principal	\$265.00
Managing Engineer	\$240.00
Senior Project Manager	\$230.00
Project Manager	\$210.00
Senior Engineer	\$200.00
Senior Operator	\$185.00
Project Engineer	\$185.00
Engineer	\$165.00
Associate Engineer	\$150.00
CADD Designer	\$155.00
Senior Drafter	\$150.00
Drafter	\$135.00
Field Inspector	\$120.00
Project Accountant	\$108.00
Project Coordinator	\$105.00

Professional Reimbursement

The hourly billing rates include the cost of salaries of the KEH employees, plus sick leave, vacation, holiday and other fringe benefits. The percentage added to salary costs includes indirect overhead costs and fee. All employees classified as “non-exempt” by the U.S. Department of Labor will be compensated at 1½ times salary, as per State and Federal wage and hour laws. Billing rates will be calculated according for these overtime hours.

Direct Expenses

Reimbursement for direct expenses, as listed below, incurred in connection with the work, will be at cost plus ten percent for items such as:

- a. Maps, photographs, reproductions, printing, equipment rental and special supplies related to the work.
- b. Consultants, soils engineers, surveyors, contractors, and other outside services.
- c. Rented vehicles, local public transportation and taxis, travel and subsistence.
- d. Specific telecommunications and delivery charges.
- e. Special fees, insurance, permits, and licenses applicable to the work.
- f. Outside computer processing, computation, and proprietary programs purchased for the work.

Reimbursement for employee-owned vehicles used in connection with the work will be at the rate per mile equal to the Privately Owned Vehicle (POV) Mileage Reimbursement Rate as established by the United States General Services Administration for the dates the POV is in use.

The foregoing Schedule of Charges is effective January 1, 2019 through December 31, 2019.



Board of Directors:

KRISTINA BREWER, President
BOB NAST, Vice President
MARCIA MARCUS, Director
JARED BOUCHARD, Director
SEAN DEBLEY, Director

AKBAR ALIKHAN
General Manager

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Regular Board Meeting, February 12, 2019

To: Board of Directors
From: Akbar Alikhan, *General Manager*
Subject: Authorization to Solicit RFP for CCTV Inspection and Cleaning of Sanitary Sewer System (MI 204)
Item No. E-3

RECOMMENDATION:

1. Authorize staff to solicit bids for CCTV Inspection and Cleaning of Sanitary Sewer System (MI 204)

FINANCIAL IMPACT: Estimated project costs of \$70,000 have been programmed into the adopted FY 2018 – 2019 Capital Improvement Budget

BACKGROUND:

The District maintains 43,000 lineal feet of gravity sewer line to service its nearly 2,000 wastewater customers. The gravity sewer lines are responsible for conveying sewer flows from homes and businesses to one of the District's seven sewer lift stations, where sewage ultimately travels through a pressurized force main into the City of Oxnard's collection system.

Over time, sewer lines may start to break or crack due to age, environmental conditions, normal use, root infiltration, corrosion, or shifting soils. Segments of pipe with breaks and cracks present can lead to inflow and infiltration. Infiltration occurs when the groundwater table rises, typically after a storm event, and groundwater enters the sewer collection system through cracks or leaky pipe joints. Inflow is stormwater that enters the sewer system through manhole covers or other entry points to the collection system. Together, inflow and infiltration place an additional burden on the collection system and increases pumping and treatment costs.

To reduce inflow and infiltration (I&I), repairs need to be made to the sewer lines either by spot repairs or the complete relining of sewer line segments. Rather than blindly reline segments, sewer agencies routinely perform CCTV inspections of the sewer collection systems to identify where problem areas exist. The CCTV footage captures issues such as root intrusion, offset joints, corrosion, blockages, or punctures. Based on the results of the CCTV inspection, the District is then able to focus on problem areas and best utilize its financial resources.

DISCUSSION:

It is common practice to perform a CCTV inspection once every five years. The District’s most recent CCTV inspection was performed in 2015 by the City of Port Hueneme. Prior to the District’s I&I Reduction – Gravity Line Improvements project (CI 201) programmed for FY 2019 – 2020, staff felt it was prudent reexamine the sewer collection system to see if other problem areas have developed. Furthermore, new technologies in CCTV inspection have emerged that will allow staff to integrate the video footage with its GIS Mapping platform and analyze specific segments of pipe in map format.

Beginning in 2020, the District’s flows to the City of Oxnard will be measured periodically to develop a flow and strength. The recorded strength and flow will be the basis for the District’s wastewater treatment costs in the future. Therefore, it will be a high priority for the District to address problem areas in its collection system to reduce I&I, thereby minimizing treatment costs.

Provided under separate cover from the Board Clerk is the request for proposal for the CCTV Inspection and Cleaning project. In addition to videoing the entirety of the District’s collection system, the scope of work includes cleaning sewer lines in advance of video inspection to get an accurate recording of issues that may be obscured by buildup in the pipe.

If approved, the proposed schedule is as follows:

February 15, 2019	RFP release
February 27, 2019	Questions due
March 15, 2019	Submittals due
April 9, 2019	Award of contract
May 2019	Work begins
June 30, 2019	Completion

Staff recommends authorization to solicit the RFP for the CCTV Inspection and Cleaning project.

ATTACHMENT(S):

1. Request for Proposals for MI 204 is available under separate cover from the Board Clerk



Board of Directors:

KRISTINA BREWER, President
BOB NAST, Vice President
MARCIA MARCUS, Director
JARED BOUCHARD, Director
SEAN DEBLEY, Director

AKBAR ALIKHAN
General Manager

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Regular Board Meeting, February 12, 2019

To: Board of Directors
From: Akbar Alikhan, *General Manager*
Subject: Consent of Joint Representation
Item No. E-4

RECOMMENDATION:

1. Authorize General Manager to sign Consent of Joint Representation

FINANCIAL IMPACT: Possible reduction of legal fees incurred by District.

BACKGROUND:

In 2016, the District retained the services of Peter Candy of Hollister & Brace (Santa Barbara, CA) for legal counsel on matters related to the development of the Groundwater Sustainability Plan (GSP) and the negotiation of the Oxnard-Hueneme (OH) Pipeline Agreement. On behalf of the Beach District, Mr. Candy has been a valuable participant in the Municipal & Industrial (M&I) group discussions and has represented the Beach District at several meetings with the Fox Canyon Groundwater Management Agency (GMA).

In May of 2018, the District's General Manager was named as the Assistant Executive Director the Port Hueneme Water Agency and has represented the Agency at all regional meetings concerning the GSP. Since then, much of Mr. Candy's work has been for the benefit of all PHWA member agencies.

Given the great degree of alignment between PHWA member agencies on all GSP-related issues, Agency management felt it was appropriate to expand Mr. Candy's role to represent all of PHWA. At the PHWA January 19, Board Meeting, the Board approved an agreement for representation with Hollister & Brace. The agreement included a conflict of interest waiver, which would allow Mr. Candy to represent the District in the future, in the event that the District wishes to retain Mr. Candy for any issues regarding PHWA or the GSP process.

DISCUSSION:

Attached for Board consideration is a consent waiver agreement allowing Mr. Candy to jointly represent the District and PHWA. Given that the District is a member agency of PHWA and receives the entirety of its water supply for PHWA, the legal interests of both the District and PHWA are highly aligned. Furthermore, joint representation will offer some practical advantages

to the District in the way of reduced legal services costs and building a coalition of agencies to address issues that impact all PHWA members. Staff recommends authorizing the General Manager to sign the attached Consent of Joint Representation.

ATTACHMENT(S):

1. Consent of Joint Representation

Richard C. Monk
Steven Evans Kirby
Bradford F. Ginder
Paul A. Roberts
Peter Susi
Susan H. McCollum
Marcus S. Bird
Peter L. Candy
Michael P. Denver
Kevin R. Nimmons
Gisele M. Goetz
Sarah Berkus Gower
Thomas G. Thornton



ATTORNEYS AT LAW

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FAX (805) 688-3587

January 18, 2019

www.hbsb.com

Via E-mail & U.S. Mail

Mr. Akbar Alikhan
General Manager
Channel Islands Beach Community Services District
353 Santa Monica Drive
Channel Islands Beach, CA 93035

Re: Consent Regarding Joint Representation and Potential Conflicts of Interest

Dear Akbar:

The Port Hueneme Water Agency (“PHWA” or “Agency”) has asked the law firm of Hollister & Brace, and specifically the undersigned (collectively “Attorneys”), to serve as special legal counsel to PHWA providing legal representation and advice on matters concerning the Agency’s water rights and related water entitlements.

The scope of legal services contemplated by PHWA is anticipated to include, without limitation, providing the Agency legal representation and advice on matters concerning: (i) the right of PHWA member agencies to extract groundwater from the Oxnard-Pleasant Valley Groundwater Basin; (ii) PHWA’s right to obtain water deliveries in-lieu of groundwater pumping from United Water Conservation District (“United”); and (iii) ongoing efforts by the Fox Canyon Groundwater Management Agency (“FCGMA”) to adopt and implement a new groundwater allocation ordinance for the Oxnard-Pleasant Valley Groundwater Basin.

The scope of legal services may also include, if requested by the PHWA Board, representation of the Agency in legal proceedings instituted by or against the Agency arising out of or in connection with matters affecting its groundwater allocations under existing or proposed future allocation ordinances, and/or the groundwater rights of its member agencies. Said legal proceedings could arise in the context of a basin-wide adjudication of water rights (should such an adjudication occur) and/or litigation surrounding efforts by FCGMA to implement a Groundwater Sustainability Plan (“GSP”) for the Oxnard-Pleasant Valley Groundwater Basin.

Attorneys currently serve as special legal counsel to the Beach District (“District”), representing the District’s interests on the same or similar matters as those described above. Given that the District is a member agency of PHWA, and presently the District receives the entirety of its water supply through PHWA, the legal interests of both the District and PHWA are aligned.

It is not unusual for two or more clients with aligned interests to request joint representation by a single attorney in a matter. Joint representation offers practical advantages to clients with aligned legal interests, such as increased efficiency, and ensuring that the joint clients present a united front as against a common adversary. However, joint representation also presents its own unique ethical challenges, particularly when the joint clients’ seemingly aligned legal interests ultimately diverge. Joint representation is not per se ethically prohibited. An attorney may ethically represent more than one client in the same matter, provided that the attorney keeps certain ethical considerations in mind.

The California Rules of Professional Conduct, Rule 3-310 (C)(1) and (C)(2) proscribe that “[a] member [attorney] shall not, without the informed written consent of each client...[a]ccept representation of more than one client in a matter in which the interests of the clients potentially conflict...[or] accept or continue representation of more than one client in the same matter in which the interests of the client actually conflict.” Although framed in the negative, Rule 3-310 (C)(1) and (C)(2) allows an attorney, in most circumstances, to jointly represent more than one client whose interests either potentially or actually conflict in the same matter after obtaining each clients’ informed written consent.

Rule 3-310(A)(2) defines “informed written consent” as obtaining the client’s written agreement to the representation following written disclosure. Rule 3-310(A)(1) defines “disclosure” as “informing the client... of the relevant circumstances and of the actual and reasonably foreseeable adverse consequences to the client....”

The City of Port Hueneme and the District both agreed over two decades ago to cease pumping their coastal groundwater wells in exchange for receiving in-lieu water deliveries pumped by United inland at its El Rio well field. The two agencies agreed to accept in-lieu water deliveries from United for the collective benefit of all water users in the Oxnard-Pleasant Valley Basin. PHWA was formed by the City of Port Hueneme and the District, in part, to facilitate this transition. As such, with regard, to the scope of representation described above, the legal interests of PHWA and the District are aligned. This does not mean, however, that certain adverse foreseeable consequences to the joint representation will not arise, or that the parties’ legal interests will not diverge in the future.

The following are the reasonably foreseeable adverse consequences of Attorneys jointly representing both PHWA and the District: (i) the potential for disagreements between PHWA and the District to arise concerning strategy; (ii) the potential for Attorneys to receive conflicting client instructions or demands from both PHWA and the District; (iii) the potential for PHWA and the District to have inconsistent expectations and/or divergent objectives with respect to the

Mr. Akbar Alikhan
Channel Islands Beach Community Services District
January 18, 2019
Page 3

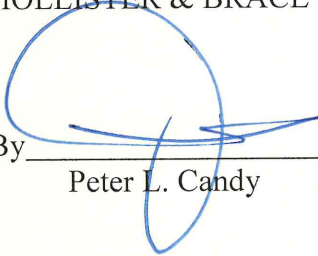
matters described in Section 1; and (iv) the potential for disagreements to arise between PHWA and the District regarding whether to settle a case, or to pursue a matter through trial. In addition, in certain situations, Attorney's effective advancement of one client's cause could ultimately be detrimental to the other client. Furthermore, Attorneys joint representation of both PHWA and the District will obviate the attorney-client privilege within the joint client relationship. While Attorneys will owe both clients a duty of confidentiality with respect to outside parties, within the joint client relationship, anything that one client discloses to Attorneys is subject to disclosure to the other client.

If a conflict or unresolvable disagreement develops between PHWA and the District in the future, Attorneys will not be able to represent both agencies. In such an event, Attorneys will continue to represent the District, but not PHWA, on the matters described above. With proper informed consent and waivers by both PHWA and the District, Attorneys may continue to represent the District. California courts have allowed in certain circumstances for an attorney to obtain advance waivers from joint clients for the purpose of identifying which of the joint clients the attorney will continue representing in the event that an actual conflict develops between the joint clients. (See generally *Zador Corp. v. Kwan* (1995) 31 Cal.App.4th 1285.)

If you should have any question at any time concerning the representation by our firm of either the District or PHWA, please call. If the foregoing terms of this letter agreement are satisfactory, please sign the enclosed copy of this Consent and return it to us via U.S. mail or email. Please retain the original of this Consent for the District's records.

Very truly yours,

HOLLISTER & BRACE

By  _____
Peter L. Candy

[The rest of this page intentionally left blank.]

Mr. Akbar Alikhan
Channel Islands Beach Community Services District
January 18, 2019
Page 4

CONSENT

Attorneys have explained to District that there exist potential conflicting interests in the above-described matter and has informed District of the possible consequences of these conflicts. District also understands that it has the right, and has been encouraged, to consult independent counsel before signing this Agreement and consent. District nevertheless desires representation by Attorneys to the extent described above and, therefore, consents and gives approval to such representation.

CHANNEL ISLANDS BEACH COMMUNITY
SERVICES DISTRICT

Dated: _____

By _____
Akbar Alikhan
General Manager



Board of Directors:

KRISTINA BREWER, President
BOB NAST, Vice President
MARCIA MARCUS, Director
JARED BOUCHARD, Director
SEAN DEBLEY, Director

AKBAR ALIKHAN
General Manager

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Regular Board Meeting, February 12, 2019

To: Board of Directors
From: Akbar Alikhan, *General Manager*
Subject: Cooperative Purchasing Agreement with Sourcewell
Item No. E-5

RECOMMENDATION:

1. Authorize General Manager to enter into agreement with Sourcewell

FINANCIAL IMPACT: No impact to District Budget.

BACKGROUND:

Sourcewell (formerly the National Joint Powers Alliance [NJPA]) is a Minnesota-based municipal government contracting agency which develop specifications, and conducts competitive bid that other government agencies can take part in. The network of agencies allows Sourcewell and its partners to take advantage of volume pricing that may otherwise not be available to individual agencies.

In consideration of the administrative costs of procurement, source selection, specifications, advertising, staff reports, awarding, protest, and administration of the contract, it is typically more cost-effective to eliminate the cost and time spent on these administrative processes and purchase items and services through a cooperative purchasing program.

Sourcewell's catalog of offerings includes everything from office supplies to construction services. To take advantage of Sourcewell's offerings, the District must first become a member. The cooperative purchasing arrangement complies with the California Public Contract Code requirements, via Government Code Section 6500, outlining the powers granted to Joint Powers Agencies. Sourcewell, a public agency created by the Minnesota legislature, is explicitly authorized to provide cooperative purchasing services to eligible members.

Dozens of agencies throughout California are already members, including the Port of Hueneme, City of Port Hueneme, City of Simi Valley, Casitas Municipal Water District, and Ventura County Area Housing Authority. In addition, many more Ventura County agencies belong to State or regional cooperative purchasing arrangements, similar to Sourcewell.

DISCUSSION:

Attached for Board consideration is the enrollment agreement for the District to become a Sourcewell member and take advantage of cooperative purchasing agreements. If approved,

Sourcewell would be used for projects and/or commodity items for which it is best-suited. For specialized services or items not offered by Sourcewell, the District would continue to use conventional bidding practices, in compliance with State law and District policy.

ATTACHMENT(S):

1. Agreement with Sourcewell

SOURCEWELL AGREEMENT

This Agreement, made effective on the date hereof, by and between Sourcewell (formerly known as National Joint Powers Alliance) and _____ (hereinafter referred to as the "Member").

Agreement

1. Sourcewell, a public entity whose creation was authorized by Minn. Stat. § 123A.21, has followed procurement procedures for products and services offered by this Agreement in accordance with Minn. Stat. § 471.345. Sourcewell is permitted to engage in cooperative purchasing pursuant to Minn. Stat. § 123A.21 Subd. 7(23).
2. It is the sole responsibility of each Member to follow state and local procurement statutes and rules as it pertains to cooperative purchasing or joint power Agreements with in-state or out-of-state public agencies.
3. Sourcewell makes cooperative purchasing contracts available to Members "as is," and is under no obligation to revise the terms, conditions, scope, price, and/or any other conditions of the contract for the benefit of the Member. Members are permitted to negotiate and agree to additional terms and conditions with Vendors directly.
4. Each party shall be responsible for its acts and the results thereof, to the extent authorized by law, and will not be responsible for the acts of the other party and the results thereof. The Member will be responsible for all aspects of its purchase, including ordering its goods and/or services, inspecting and accepting the goods and/or services, and paying the Vendor who will have directly billed the Member placing the order.
5. The use of each contract by the Member will adhere to the terms and conditions of the Sourcewell contract.
6. Any dispute which may arise between the Member and the Vendor are to be resolved between the Member and the Vendor.
7. This Agreement incorporates all Agreements, covenants and understandings between Sourcewell and the Member. No prior Agreement or understanding, verbal or otherwise, by the parties or their agents, shall be valid or enforceable unless embodied in this Agreement. This Agreement shall not be altered, changed or amended except by written amendment executed by both parties.

Member Name

Sourcewell

By _____
Its _____
TITLE

TITLE

DATE

DATE

Rev. 5/2018

MEMBER INFORMATION

Indicate an address to which correspondence may be delivered.

Organization Name* _____

Address* _____

City _____

State/Province Code _____ ZIP code* _____

Country _____

Employer Identification Number _____

Website _____

Contact person* (First, Last) _____

Job Title* _____

Job Role* _____

E-mail* _____

Phone* _____

Organization Type:

Government

- Federal
- State
- County
- Municipality
- Tribal
- Township
- Special District

Education

- Pre-K
- Public K-12
- Private K-12
- Public Higher Ed
- Private Higher Ed

Non-Profit (Please include documentation demonstrating non-profit status)

- Church
- Medical Facility
- Other

REFERRED BY

- Advertisement
- Colleague/Friend
- Vendor Representative
- Conference/Trade Show _____
- Search Engine/Web Search

RETURN COMPLETED AGREEMENT TO:

Sourcewell
202 12th Street NE
P.O. Box 219
Staples, MN 56479

877-585-9706
membership@sourcewell-mn.gov

**Denotes required information*



Board of Directors:

KRISTINA BREWER, President
BOB NAST, Vice President
MARCIA MARCUS, Director
JARED BOUCHARD, Director
SEAN DEBLEY, Director

AKBAR ALIKHAN
General Manager

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Regular Board Meeting, February 12, 2019

To: Board of Directors
From: Akbar Alikhan, *General Manager*
Subject: Agreement for Architectural Design Services
Item No. E-6

RECOMMENDATION:

1. Authorize General Manager to enter into agreement with Architects Orange for architectural design services, not to exceed \$30,000
2. Select date for Facilities Committee meeting to host design meeting with neighbors

FINANCIAL IMPACT: Costs have been programmed into Capital Improvement Budget – Building and Yard Redesign (CI 402)

BACKGROUND:

In February 2018, the District retained the services of Architects Orange (AO) to evaluate the District's existing facility, consult staff about future intended use of the property, and develop feasible concepts for any potential redesign. In May 2018, after developing six different site plans, AO provided the District with two feasible alternatives.

The first alternative included minimal expansion of the existing structure with significant remodeling of the interior space to meet current ADA and other code requirements. The second alternative included construction of a new structure on the western portion of the property that met the District's future needs and all ADA and code requirements.

The initial concept designs were intended to document staff current and future operational needs of the facility. At this juncture, it is appropriate to incorporate feedback from the Facilities Committee and the immediate surrounding neighbors. Prior to finalizing a conceptual design, it would be good practice to address concerns and requests from local residents.

DISCUSSION:

Attached for Board consideration is a scope of work from Architects Orange to arrive at a final conceptual design. Once a conceptual design is complete, the District's entitlement processor, Elevated Entitlements, can begin the plan submittal process with County Resource Management Agency.

Broadly, the scope of work includes:

- Participation in the Facilities Committee meeting
- Incorporating feedback from the meeting in a final concept design
- Providing architectural elements of the plan submittal to Elevated Entitlements
- Attendance at the County Board of Supervisors meeting

If approved, AO would begin preparing for the Facilities Committee meeting at a date set by the Board. Final conceptual design would likely be delivered to the District within two months after holding the Facilities Committee meeting.

ATTACHMENT(S):

1. Letter Agreement with Architects Orange for Architectural Design Services



January 30, 2019

Attn: Akbar Alikhan, General Manager
Channel Islands Beach – Community Services District
353 Santa Monica Drive
Channel Islands Beach, CA 93035
(805)985-6021

Re: Channel Islands Beach – Community Services Building Remodel

As outlined here and further below, Architects Orange will provide site / landscape and building design concepts for the enhancement of the Community Services Property.

Conceptual Design Services:

- 1) Participation in community outreach meeting.
- 2) Incorporate any additional comments in the conceptual design renderings and site plan based on community input.
- 3) Informally meet with city to review conceptual design package.

Discretionary Entitlement Application Requirements (CUP Extension):

- 4) Architectural – Conceptual site plan, colored elevations, floor plans, material board. (AO)
- 5) No Grading Plan Required
- 6) No Tentative Subdivision Map Required
- 7) Civil Plan will be required during final building permit review
- 8) Landscape – Conceptual landscape plan (Illustrate new trees, including proposed type and size. Describe any landscape design elements and provide site distance triangles at street intersections). (Under AO Contract)
- 9) Attend (1) County Board of Supervisors meeting. (AO)
- 10) Elevated Entitlements to prepare the following supporting items for the Discretionary Entitlement Application: (Not included in below fees)
 - a) Vicinity Map
 - b) General Plan and Zoning Map of the project site and adjacent properties

The scope includes a time and materials estimate for site design and building design, review meetings and follow up phone calls as well as the discretionary application submittal.

Compensation is as follows:

Architectural Services

Conceptual Design (Hourly, not to exceed):	\$12,000
Entitlement Package (Hourly, not to exceed):	\$12,000
Landscape Services (Hourly, not to exceed):	<u>\$6,000</u>
Total:.....	\$30,000

Refer to the original contract dated January 5th, 2018 for all general provisions.

Thanks again,



Scott Jones
Associate

In accordance with the written Agreement dated as of January 5, 2018
between the parties designated below for **THE PROJECT**:

**Channel Islands Beach / Community Services Building Remodel
Oxnard, CA**

The Client hereby authorizes the Architect to:

- Proceed with Additional Services
- Proceed with revised scope of services
- Incur Reimbursable Expenses

as follows:

As outlined here and further below, Architects Orange will provide site / landscape and building design concepts for the enhancement of the Community Services Property.

Conceptual Design Services:

- 1) Participation in community outreach meeting.
- 2) Incorporate any additional comments in the conceptual design renderings and site plan based on community input.
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- 9) Attend (1) County Board of Supervisors meeting. (AO)
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The scope includes a time and materials estimate for site design and building design, review meetings and follow up phone calls as well as the discretionary application submittal.

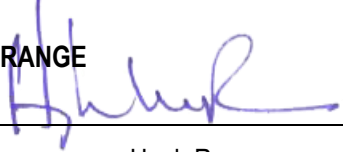
Compensation is as follows:

Architectural Services

Conceptual Design (Hourly, not to exceed):.....	\$12,000
Entitlement Package (Hourly, not to exceed):	\$12,000
Landscape Services (Hourly, not to exceed):.....	<u>\$6,000</u>
Total:.....	<u>\$30,000</u>

Upon return of a fully executed authorization, the service shall become a part of the Agreement identified above.

APPROVED BY:
CHANNEL ISLANDS BEACH
NAME _____
BY _____
TITLE _____
DATE _____

APPROVED BY:
ARCHITECTS ORANGE
NAME  _____
BY Hugh Rose
TITLE Partner
DATE 01/30/2019



Board of Directors:

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BOB NAST, Vice President
MARCIA MARCUS, Director
JARED BOUCHARD, Director
SEAN DEBLEY, Director

AKBAR ALIKHAN
General Manager

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Regular Board Meeting, February 12, 2019

To: Board of Directors
From: Akbar Alikhan, *General Manager*
Subject: PHWA Agenda Review
Item No. F-1

INFORMATION:

The following items are slated for consideration at the next PHWA Board Meeting. The following is not an official agenda or notice, and is subject to change.

Date: Tuesday, February 19, 2019

Time: 4:00 PM

Location: City Council Chambers - 250 North Ventura Road, Port Hueneme, CA 93041

Items for Consideration:

1. Special Presentation – Update on Iron & Manganese Removal Facility Project by Robert Richardson, Associate Engineer for United Water Conservation District
2. BWRDF Operational Report
3. Update on Groundwater Sustainability Plan Development
4. Agreement for Facility Condition Assessment with Gannett Fleming
5. Closed Session – Real Property Negotiation



Board of Directors:

KRISTINA BREWER, President
BOB NAST, Vice President
MARCIA MARCUS, Director
JARED BOUCHARD, Director
SEAN DEBLEY, Director

AKBAR ALIKHAN
General Manager

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Regular Board Meeting, February 12, 2019

To: Board of Directors
From: Akbar Alikhan, *General Manager*
Subject: ACWA/JPIA Presidential Award
Item No. F-2

Item content on following page(s)



YOUR BEST PROTECTION

ACWA JPIA

P. O. Box 619082
Roseville, CA 95661-9082

phone
916.786.5742
800.231.5742

direct line
916.774.7050
800.535.7899

fax
916.774.7040

claims fax
916.786.0209

www.acwajpia.com

President

E.G. "Jerry" Gladbach

Vice President

Tom Cuquet

Chief Executive Officer

Walter "Andy" Sells

Executive Committee

Tom Cuquet

David Drake

E.G. "Jerry" Gladbach

David T. Hodgkin

W.D. "Bill" Knutson

Steven LaMar

Melody A. McDonald

J. Bruce Rupp

Kathleen Tiegs

January 10, 2019

Channel Islands Beach Community Services District (C012)
Akbar Alikhan
353 Santa Monica Drive
Channel Islands Beach, CA 93035-8598

Dear Akbar:

Each year at Fall Conference, the JPIA recognizes members that have a Loss Ratio of 20% or less in either of the Liability, Property, or Workers' Compensation programs (loss ratio = total losses / total premiums).

The members with this distinction receive the "**President's Special Recognition Award**" certificate for each Program that they qualify in.

The JPIA is extremely pleased to present Channel Islands Beach Community Services District (C012) with this special recognition and commends the District on the hard work in reducing claims.

Congratulations to you, your staff, Board, and District. Keep up the good work!

The JPIA wishes you the best in 2019.

Sincerely,

E.G. "Jerry" Gladbach
President

Enclosure: President's Special Recognition Award(s)

President's Special Recognition Award

*The President of the
ACWA JPIA
hereby gives Special Recognition to*

Channel Islands Beach Community Services District

*for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"
in the Liability Program for the period 10/01/2014 - 09/30/2017
announced at the Board of Directors' Meeting in San Diego.*

E. G. "Jerry" Gladbach

E. G. "Jerry" Gladbach, President



November 26, 2018

President's Special Recognition Award

*The President of the
ACWA JPIA
hereby gives Special Recognition to*

Channel Islands Beach Community Services District

*for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"
in the Property Program for the period 04/01/2014 - 03/31/2017
announced at the Board of Directors' Meeting in San Diego.*

E. G. "Jerry" Gladbach

E. G. "Jerry" Gladbach, President



November 26, 2018

President's Special Recognition Award

*The President of the
ACWA JPIA
hereby gives Special Recognition to*

Channel Islands Beach Community Services District

*for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"
in the Workers' Compensation Program for the period 07/01/2014 - 06/30/2017
announced at the Board of Directors' Meeting in San Diego.*

E. G. "Jerry" Gladbach

E. G. "Jerry" Gladbach, President



November 26, 2018



Board of Directors:

KRISTINA BREWER, President
BOB NAST, Vice President
MARCIA MARCUS, Director
JARED BOUCHARD, Director
SEAN DEBLEY, Director

AKBAR ALIKHAN
General Manager

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Regular Board Meeting, February 12, 2019

To: Board of Directors
From: Akbar Alikhan, *General Manager*
Subject: Upcoming Meetings
Item No. F-3

INFORMATION:

Item Content on following page.

Upcoming Meetings

AWA Water Issues	Tue. 02/19, 7:30 am	AWA Conference Room 5156 McGrath St., Ventura
PHWA Board Meeting	Tue. 02/19, 4:00 pm	City of Port Hueneme City Hall
AWA WaterWise Breakfast – Weather Update from NOAA*	Thu. 02/21, 7:15 am	Los Robles Banquet Center, 299 S. Moorpark Rd., T.O.
AWA-CCWUC Educational Luncheon*	Wed. 02/27, 11:30 am	Sterling Hills Golf Course 901 Sterling Hills Drive, Camarillo
Board Meeting	Wed. 03/12, 6:00 pm	District office
Ethics & Harassment Training	Thu. 03/14, 5:00 pm	District office
PHWA Board Meeting	Mon. 03/18, 4:00 pm	City of Port Hueneme City Hall
AWA Water Issues	Tue. 03/19, 7:30 am	AWA Conference Room 5156 McGrath St., Ventura
AWA WaterWise Breakfast*	Thu. 03/21, 7:15 am	Courtyard by Marriott, Oxnard
AWA-CCWUC Educational Luncheon*	Wed. 03/27, 11:30 am	Sterling Hills Golf Course 901 Sterling Hills Drive, Camarillo
Board Meeting	Wed. 04/09, 6:00 pm	District office
PHWA Board Meeting	Mon. 04/15, 4:00 pm	City of Port Hueneme City Hall
AWA Water Symposium & Exposition*	Thu. 04/18, 7:15 am	Courtyard by Marriott, Oxnard

** Reservations required. Contact CJ if you would like to attend.*



Board of Directors:

KRISTINA BREWER, President
BOB NAST, Vice President
MARCIA MARCUS, Director
JARED BOUCHARD, Director
SEAN DEBLEY, Director

AKBAR ALIKHAN
General Manager

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Regular Board Meeting, February 12, 2019

To: Board of Directors
From: Akbar Alikhan, *General Manager*
Subject: Update on Groundwater Sustainability Plan
Item No. F-4

INFORMATION:

Item to be delivered via verbal presentation.