



# Sonnenberg & Company, CPAs

A Professional Corporation

5190 Governor Drive, Suite 201, San Diego, California 92122

Phone: (858) 457-5252 • (800) 464-4HOA • Fax: (858) 457-2211 • (800) 303-4FAX



Leonard C. Sonnenberg, CPA

## Coachella Sanitary District Component Unit Financial Report Year Ended June 30, 2015

### TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>BASIC FINANCIAL STATEMENTS</b>	2
Statement of Net Position	
Statement of Revenues, Expenses and Changes in Net Position	3
Statement of Cash Flows	4
Notes to Financial Statements	5-14



# Sonnenberg & Company, CPAs

A Professional Corporation

5190 Governor Drive, Suite 201, San Diego, California 92122

Phone: (858) 457-5252 • (800) 464-4HOA • Fax: (858) 457-2211 • (800) 303-4FAX



Leonard C. Sonnenberg, CPA

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
**Coachella Sanitary District**  
Coachella, California

We have audited the accompanying financial statements of the business-type activities of Coachella Sanitary District (the "District"), a component unit of the City of Coachella, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Coachella Sanitary District, a component unit of the City of Coachella, California, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

December 18, 2015

  
Sonnenberg & Company, CPAs

**Coachella Sanitary District**  
**Statement of Net Position**  
June 30, 2015

**ASSETS**

Current Assets:

Restricted Cash and Investments	\$	6,636,772
Accounts Receivable (Net of Allowance for Uncollectible of \$253,342)		561,307
Due from Other Governments		920
		920
Total Current Assets		7,198,999

Noncurrent Assets:

Capital Assets Not Being Depreciated		452,919
Capital Assets Being Depreciated		61,860,435
Less: Accumulated Depreciation		(24,307,335)
		(24,307,335)
Total Noncurrent Assets		38,006,019
Total Assets	\$	45,205,018

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Amount From Debt Refunding		167,194
Deferred Amount From Pension		305,771
		305,771
Total Deferred Outflow of Resources	\$	472,965

**LIABILITIES**

Current Liabilities:

Accounts Payable	\$	152,856
Accrued Wages		107,307
Accrued Interest Payable		207,216
Compensated Absences - Current Portion		81,069
Bonds Payable - Current Portion		218,032
Loans Payable - Current Portion		1,195,784
		1,195,784
Total Current Liabilities		1,962,264

Noncurrent Liabilities:

Compensated Absences - Less Current Portion		81,069
Net OPEB Obligation		185,366
Net Pension Liability		2,030,741
Bonds Payable - Less Current Portion		8,705,330
Loans Payable - Less Current Portion		17,214,036
		17,214,036
Total Noncurrent Liabilities		28,216,542
Total Liabilities	\$	30,178,806

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows from Pension		551,908
		551,908

**NET POSITION**

Net Investment in Capital Assets		11,145,802
Restricted for:		
Capital Projects		6,636,772
Unrestricted Deficit		(2,835,305)
		(2,835,305)
Total Net Position	\$	14,947,269

The accompanying notes are an integral part of this financial statement.

**Coachella Sanitary District**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
Year Ended June 30, 2015

**OPERATING REVENUES**

Charges for Services	\$ 5,137,358
Connection Charges	238,414
Other	104,408
	104,408
Total Operating Revenues	5,480,180

**OPERATING EXPENSES**

Salaries and Benefits	1,135,870
Administrative and General	850,406
Professional Services	258,188
Materials and Supplies	264,839
Repairs and Maintenance	125,693
Utilities	330,385
Depreciation and Amortization	1,399,609
	1,399,609
Total Operating Expenses	4,364,990

Operating Income	1,115,190
------------------	-----------

**NON-OPERATING REVENUES (EXPENSES)**

Property Taxes	119,244
Interest Income	65,143
Interest Expense and Fiscal Charges	(841,589)
	(841,589)

Total Non-Operating Revenues (Expenses)	(657,202)
---	-----------

Income Before Contributions	457,988
-----------------------------	---------

Contributions to the City of Coachella	(584,060)
	(584,060)

Total Contributions	(584,060)
---------------------	-----------

Change in Net Position	\$ (126,072)
------------------------	--------------

Net Position, Beginning of Year, Unadjusted	17,424,861
Prior Period Adjustment	(2,351,520)
Net Position, Beginning of Year, Adjusted	15,073,341

Net Position, End of Year	\$ 14,947,269
---------------------------	---------------

The accompanying notes are an integral part of this financial statement.

**Coachella Sanitary District**  
**Statement of Cash Flows**  
Year Ended June 30, 2015

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers	\$ 5,465,962
Payments to Suppliers	(1,791,565)
Payments to Employees	(1,153,893)
	<u>2,520,504</u>
Net Cash Provided by Operating Activities	<u>2,520,504</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Property Taxes	119,244
	<u>119,244</u>
Net Cash Provided by Noncapital Financing Activities	<u>119,244</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Principal Paid on Long-term Debt	(1,370,937)
Interest Paid on Long-term Debt	(807,343)
Contributions to/ from Other Government	(584,060)
	<u>(2,762,340)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(2,762,340)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on Investments	65,143
	<u>65,143</u>
Net Cash Provided by Investing Activities	<u>65,143</u>
Net Change in Cash and Cash Equivalents	(57,449)
Cash and Cash Equivalents - Beginning of the Year	<u>6,694,221</u>
Cash and Cash Equivalents - End of the Year	<u><u>\$ 6,636,772</u></u>

**Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:**

Operating Income	\$ 1,115,190
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	1,399,609
Change in Assets and Liabilities:	
Decrease (Increase) in Accounts Receivable	(14,218)
Increase (Decrease) in Accounts Payable	37,946
Increase (Decrease) in Accrued Payroll	17,710
Increase (Decrease) in Compensated Absences	(4,025)
Increase (Decrease) in Net Pension Liability	(74,642)
Increase (Decrease) in Net OPEB Obligation	42,934
	<u>42,934</u>

Net Cash Provided By Operating Activities	<u><u>\$ 2,520,504</u></u>
---	----------------------------

**Noncash Investing, Capital and Financing Activities**

Amortization of (Premium)/Discount on Bonds	<u><u>\$ 3,430</u></u>
---	------------------------

The accompanying notes are an integral part of this financial statement.

**Coachella Sanitary District**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

<u>Note</u>	<u>Description</u>	<u>Page</u>
1	Summary of Significant Accounting Policies	6 - 9
2	Property Tax Calendar	9
3	Cash and Investments	9
4	Capital Assets	10
5	Long-Term Liabilities	11
6	Compensated Absences	11
7	Loans Payable	11 - 12
8	Revenue Bonds	12 -13
9	Other Information	13 - 14
10	Post-Employment Benefits	14
11	Contingencies and Commitments	14
12	Cumulative Effect of Change in Accounting Principle	14

**Coachella Sanitary District**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Reporting Entity**

The Coachella Sanitary District’s (the District) General Fund is classified as an enterprise fund in the City of Coachella’s (the City) basic financial statements. The City’s council members serve as the Board of Directors for the District.

The District is an integral part of the reporting entity of the City of Coachella. The funds of the District have been blended within the financial statements of the City of Coachella because the Board of Directors is the governing board of the District and exercises control over the operations of the District. Only the funds of the District are included herein, therefore, these financial statements do not purport to represent the financial position or results of operations of the City of Coachella, California.

The District’s office and records are located at 1515 Sixth Street, Coachella, California 92236.

The Board of Directors are as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steven Hernandez	President	November 2016
Manuel Pérez	Vice President	November 2018
Beatriz “Betty” Sanchez	Director	November 2018
Emmanuel Martinez	Director	November 2016
Philip Bautista	Director	November 2016

**B) Measurement Focus, Basis of Accounting and Financial Statement 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 District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in 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’s financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from those revenues and expenses that are non-operating. Operating revenues are those revenues that are generated by utility services while operating expenses pertain directly to 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 utility services.

**Coachella Sanitary District**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**B) Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued**

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.

The accounting policies of the District conform to generally accepted accounting principles as applicable to enterprise funds. In accordance with GASB statement 20, the District has elected to apply all financial Accounting Standards Board statements and Interpretations issued after November 30, 1989, with the exception of those that conflict with or contradict GASB Pronouncements.

**C) Cash and Investment**

Effective July 1, 1997, the District adopted the provisions of Governmental Accounting standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Pools", which require governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the District has reported certain investments at fair value.

The District's cash and investments are in short-term highly liquid instruments, with original maturities of three months or less. For the purposes of the statement of cash flows, all cash and investments are considered to be short term and, accordingly, are classified as cash and cash equivalents.

The District's funds are pooled with the City of Coachella's cash and investments in order to generate optimum investment return.

**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 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) Capital Assets**

The cost of additions to the utility plant and major replacements of retired units of property is capitalized. The District defines capital assets as those with initial, individual cost of more than \$5,000. Costs include direct labor, outside services, materials and transportation, employee fringe benefits, overhead, and interest on funds borrowed to finance construction. The cost and accumulated depreciation of property sold or retired is deducted from capital assets, and any gain or loss resulting from the disposal is credited or charged in the statement of revenues, expenses and changes in net assets. The cost of current repairs, maintenance, and minor replacements is charged to expense. Construction-in-progress primarily relates to ongoing projects that have not been placed in service at year end. The City does not believe that any of its capital assets have been impaired.

**Coachella Sanitary District**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**E) Capital Assets – Continued**

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Buildings	45 years
Machinery	5-30 years
Office Equipment	5-10 years
Sewer Improvements	25-100 years

**F) Budgetary Accounting**

Although the District prepares and adopts an annual budget, budgetary information is not presented because the District is not legally required to adopt a budget.

**G) Uncollectible Accounts**

Uncollectible accounts are determined by the allowance method, based upon prior experience and management's assessment of the collectability of existing specific accounts.

**H) Long-Term Debt and Related Costs**

Long-Term debt is reported at face value, net applicable discounts, premiums, deferred losses on refunding. Costs related to the issuance of debt are expensed when incurred in accordance with GASB 65. Losses occurring from advance and current refunding of debt are deferred outflows of resources and are amortized as interest expense over the remaining life of the bonds.

**I) Compensated Absences**

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation, sick and other leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either time off taken by employees or payment upon termination or retirement.

**J) Net Position**

Net position is comprised of the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components:

*Net Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent capital related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

**Coachella Sanitary District  
Notes to Financial Statements  
Year Ended June 30, 2015**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**J) Net Position – Continued**

*Restricted* – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At June 30, 2015, restricted net position consists of certain resources set aside for the reserve requirements and repayment of long-term debt, as well as monies received and unspent from developers for construction.

*Unrestricted Net Position* – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

**2) PROPERTY TAX CALENDAR**

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

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

**3) CASH AND INVESTMENTS**

The District’s cash is pooled with the City of Coachella’s funds for investment purposes, with interest being allocated on the basis of the District’s overall percentage of participation. Investment policies and associated risk factors applicable to the District’s funds are those of the City and are included in the City’s financial statements. Cash and investments of the District as of June 30, 2015 are as follows:

Statement of Net Position:

Cash and Investments - Pooled Cash	\$ -
Restricted:	
Cash and Investments	<u>6,636,772</u>
Total Cash and Investments	<u>\$ 6,636,772</u>

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. Fiscal agents are mandated by bond indentures as to the types of investments in which debt proceeds can be invested.

**Coachella Sanitary District**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**4) CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital Assets, Not Depreciated:					
Land	\$ 452,919	\$	\$	\$	\$ 452,919
Construction in Progress	-				-
Total Capital Assets, Not Depreciated	<u>452,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>452,919</u>
Capital Assets Being Depreciated:					
Buildings	760,085				760,085
Machinery and Equipment	5,209,933				5,209,933
Infrastructure	55,890,417				55,890,417
Total Capital Assets Being Depreciated	<u>61,860,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,860,435</u>
Less Accumulated Depreciation:					
Buildings	(308,685)		(20,856)		(329,541)
Machinery and Equipment	(3,637,347)		(115,888)		(3,753,235)
Infrastructure	(18,973,961)		(1,250,598)		(20,224,559)
Total Accumulated Depreciation	<u>(22,919,993)</u>	<u>-</u>	<u>(1,387,342)</u>	<u>-</u>	<u>(24,307,335)</u>
Total Capital Assets Being Depreciated, Net	<u>38,940,442</u>	<u>-</u>	<u>(1,387,342)</u>	<u>-</u>	<u>37,553,100</u>
Business-Type Activities Capital Assets, Net of Depreciation	<u>\$ 39,393,361</u>	<u>\$ -</u>	<u>\$ (1,387,342)</u>	<u>\$ -</u>	<u>\$ 38,006,019</u>

Depreciation expense in the amount of \$1,387,342 is included in the operating expenses.

**Coachella Sanitary District**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**5) LONG-TERM LIABILITES**

The following is a summary of the changes in long-term liabilities for the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 166,163	\$	(4,025)	\$ 162,138	\$ 81,069
OPEB Obligation	142,432	42,934		185,366	
Net Pension Liability	2,589,418		(558,677)	2,030,741	
Loans Payable	19,579,843		(1,170,023)	18,409,820	1,195,784
Revenue Bonds					
2005A Wastewater	4,670,000		(140,000)	4,530,000	145,000
2005B Wastewater	4,531,217		(70,110)	4,461,107	73,032
Total Revenue Bonds	<u>9,201,217</u>	<u>-</u>	<u>(210,110)</u>	<u>8,991,107</u>	<u>218,032</u>
Less:					
Bond Discounts	<u>(71,175)</u>	<u>3,430</u>		<u>(67,745)</u>	
Total	<u>\$ 31,607,898</u>	<u>\$ 46,364</u>	<u>\$ (1,942,835)</u>	<u>\$ 29,711,427</u>	<u>\$ 1,494,885</u>

**6) COMPENSATED ABSENCES**

For the Sanitary District, accumulated vacation, sick and administrative leave benefits payable in future years amounted to \$162,138 at June 30, 2015. The City has estimated that \$81,069 will be paid in the next year and is reflected as a current liability. The City has estimated that \$81,069 will not be paid in the next year and is reflected as a noncurrent liability.

**7) LOANS PAYABLE**

On September 26, 2005 the Coachella Sanitary District entered into a loan payable from the State of California State Water Resources Control Board. The terms of this loan provide for drawing funds for the expansion of the sewer treatment plant up to \$23,658,615. As of April 2008 the full amount of \$23,658,615 was withdrawn. Repayment of this loan shall be paid in annual installments commencing on twenty years after completion of construction. The estimated completion date was March 31, 2007 but the project was not completed until April 2008. The interest rate on this note is 2.3%.

\$ 15,629,213

On September 14, 2011 the Coachella Sanitary District entered into a loan payable from the United States Department of Agriculture. The terms of this loan provide for drawing funds for the expansion of the sewer treatment plant up to \$3,000,000. As of June 30, 2015 only \$2,780,607 was withdrawn. Repayment of this loan shall be paid in annual installments through October 1, 2050. The project was completed on September 4, 2012. The interest rate on this note is 2.375%.

\$ 2,780,607

Total Loans

\$ 18,409,820

**Coachella Sanitary District**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**7) LOANS PAYABLE - Continued**

The future debt requirements of the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,195,784	445,425	1,641,209
2017	1,222,137	418,330	1,640,467
2018	1,249,096	390,637	1,639,733
2019	1,281,675	362,336	1,644,011
2020	1,309,889	333,351	1,643,240
2021-2025	7,010,888	1,208,006	8,218,894
2026-2030	3,234,744	428,876	3,663,620
2031-2035	365,000	213,584	578,584
2036-2040	410,000	168,577	578,577
2041-2045	465,000	117,931	582,931
2046-2050	520,000	60,931	580,931
2051-2052	145,607	6,916	152,523
<b>Total</b>	<b>\$ 18,409,820</b>	<b>\$ 4,154,900</b>	<b>\$ 22,564,720</b>

**8) REVENUE BONDS**

On March 30, 2005, the Coachella Financing Authority issued \$5,725,000 Wastewater Revenue Refunding Bonds; Series 2005A for the Coachella Sanitary District, to advance refund the outstanding amount of the Coachella Sanitary District Wastewater Revenue Refunding Certificates of Participation Series 1995 and to finance on-going capital improvements to the Wastewater Enterprise. Interest on the bonds is payable October 1 and April 1 of each year. Interest on the bonds accrues at rates varying from 3.00% to 4.70% per annum. Principal on serial and term bonds is payable in annual installments ranging from \$105,000 to \$335,000 commencing April 1, 2006, through April 1, 2035. At June 30, 2015, the cash reserve balance for debt service is \$354,239 which is sufficient to cover the Bond Indenture Reserve Requirement. The District, with the issuance of the bonds, entered into a rate covenant agreement. For the year ended June 30, 2015, the District met the rate covenant as required by the bond indenture.

\$ 4,530,000

On September 26, 2005, the Coachella Financing Authority issued \$5,000,000 Wastewater Revenue Refunding Bonds (USDA), Series 2005B for the Coachella Sanitary District, to finance on-going capital improvements to the Wastewater Enterprise. Interest on the bonds is payable September 26 and March 26 of each year. Interest on the bonds accrues at 4.125% per annum. Principal on the bonds is payable in annual installments ranging from \$50,573 to \$248,591, commencing September 26, 2006, through September 26, 2045.

\$ 4,461,107

Total Revenue Bonds

\$ 8,991,107

**Coachella Sanitary District**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**8) REVENUE BONDS - Continued**

The future debt requirements of revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 218,032	\$ 394,770	\$ 612,802
2017	226,075	386,137	612,212
2018	239,246	377,141	616,387
2019	247,548	367,590	615,138
2020	255,989	357,344	613,333
2021-2025	1,466,779	1,615,520	3,082,299
2026-2030	1,822,028	1,271,994	3,094,022
2031-2035	2,267,244	849,608	3,116,852
2036-2040	935,514	400,914	1,336,428
2041-2045	1,147,395	201,468	1,348,863
2046	165,257	14,942	180,199
<b>Total</b>	<b>\$ 8,991,107</b>	<b>\$ 6,237,428</b>	<b>\$ 15,228,535</b>

**9) OTHER INFORMATION**

**A) Employee Retirement System and Pension Plans**

The District, through the City, is a participant in the Public Employee’s Retirement System of the State of California covering all of its permanent employees. The net pension liability of \$2,030,741 in the Statement of Net Position is the amount of the City’s total net pension liability that is allocated to the District. See the City’s financial statements for more information, including the required note disclosures.

**B) Risk Management**

The District, through the City, is a member of the Public Entity Risk Management Authority (PERMA) formerly Coachella Valley Joint Powers Insurance District (CVJPIA), a joint powers Authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. The District is currently comprised of thirty-four participating member agencies.

The City participates in the liability, worker’s compensation and long-term disability insurance programs of PERMA.

The Liability Program is a risk sharing pool with a deductible option. At June 30, 2015, coverage is provided from \$125,000 to \$10,000,000 per occurrence. This coverage represents a transfer of risk from the members of the Authority for those losses in excess of the member’s self insured retentions (SIR). The City has a SIR of \$125,000. Covered losses include losses resulting from any one occurrence because of personal injury, property damage or public officials’ errors and omissions. Member premiums are subject to retrospective rating adjustments.

**Coachella Sanitary District**  
**Notes to Financial Statements**  
Year Ended June 30, 2015

**9) OTHER INFORMATION - Continued**

**B) Risk Management – Continued**

For those members choosing to establish deductibles under the liability program, losses in excess of the deductible amounts are paid by the Authority from separated accounts maintained for each participant. The deductible feature of the program acts as claims servicing type of public entity risk pool and does not represent an additional transfer of risk. The City does not participate in the deductible pool. At June 30, 2015, the City and the District did not have a liability to the Authority for claims losses.

The Worker's Compensation Insurance Program is a claims servicing pool, a banking pool and an insurance purchasing pool. As an insurance purchasing pool, the program allows participating members to benefit from the economies of scale in securing excess worker's compensation coverage. Coverage is provided from \$250,000 to \$10,000,000 for each accident or employee. The program, as a claims servicing pool maintains separate accounts for each program member from which that member's losses are paid. The worker's compensation insurance program does not provide for a transfer of risk and advance funds to pay member losses in excess of member funds on deposit in the manner of a banking pool. Participant premium deposits are subject to retroactive rating adjustments. At June 30, 2015, the City and the District did not have a liability to the Authority for worker's compensation losses.

**10) POST-EMPLOYMENT BENEFITS**

The District, through the City, offers post-employment benefits to eligible employees. The Net OPEB Obligation of \$185,366 in the Statement of Net Position is the amount of the City's total Net OPEB Obligation that is allocated to the District. See the City's financial statements for more information, including the required note disclosures.

**11) CONTINGENCIES AND COMMITMENTS**

At June 30, 2015, in the opinion of the District's Administration, there are no outstanding matters which could have a significant effect on the financial position of the District.

**12) CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE**

In accordance with the implementation of GASB 68, the District recorded an adjustment to its net position at June 30, 2014. The adjustment decreased net position by \$2,351,520 and deferred outflows of resources by \$237,898 and increased net pension liability by \$2,589,418.