CARPINTERIA VALLEY WATER DISTRICT
June 30, 2015
FINANCIAL STATEMENTS

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

CARPINTERIA VALLEY
WATER DISTRICT

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Carpinteria Valley Water District:

Report on the Financial Statements

We have audited the accompanying general purpose financial statements of the Carpinteria Valley Water District (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Carpinteria Valley Water District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and state regulations governing special districts; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

1123 Chapala Street • Santa Barbara, CA 93101 • Tel: (805) 963-7811 • Fax: (805) 564-2103 • www.bpw.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Carpinteria Valley Water District, 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, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Emphasis of a Matter

As discussed in Note 1 and Note 13 to the basic financial statements, the District has implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, during fiscal year 2015. The adoption of this standard required retrospective application resulting in a $3,018,287 reduction of net position as of July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 13, the California Public Employees' Retirement System Schedules of Carpinteria Valley Water District's Proportionate Share of the Net Pension Liability on page 45, the California Public Employees' Retirement System Schedules of Carpinteria Valley Water District's Contributions on page 46, and the Other Postemployment Benefits (OPEB) Plan Schedule of Funding Progress on page 47, 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.

Bartlett, Pringle & Wolf, LLP

Santa Barbara, California
December 9, 2015

Management's discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2015. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL STATEMENTS

This discussion and analysis provides an introduction and a brief description of the District's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The District's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements

The statement of net position includes all the District's assets and liabilities, with the difference between the two reported as net position. Net position may be displayed in the categories:

- Net Investment in Capital Assets
- Restricted
- Unrestricted

The statement of net position provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The statement of revenues, expenses and changes in net position presents information which shows how the District's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net position measures the success of the District's operations over the past year and determines whether the District has recovered its costs through user fees and other charges.

The statement of cash flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operations
- Noncapital financing
- Capital and related financing
- Investing

This statement differs from the statement of revenues, expenses and changes in net position because the statement accounts only for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

FINANCIAL HIGHLIGHTS

During the year ended June 30, 2015, the District's total net position decreased by $(1,878,852). The District's operating revenues decreased $(926,795), (or 7.64%) and operating expenses increased $30,196 (or 0.29%). Net non-operating income increased in the current year by $1,049,504 (or 145.21%) and capital contributions increased by $141,505 (or 483.41%).

Pension Plan Accounting

During the year ended June 30, 2015, the District adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) related to pension activity: Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

The significant impact of GASB 68 is the required reporting of the unfunded net pension liability on the District's statement of net position. In order to implement GASB 68, a prior year adjustment of $(3,018,287) was made to the District's July 1, 2014 net position. Certain amounts necessary to fully restate fiscal year 13/14 financial information were not available at the time of the issuance of these financial statements. Because all of the information required to restate prior year was not available at the time the financial statements were available to be issued, prior year values are not presented in a comparable manner. Refer to Note 6 for a discussion of the District's defined benefit pension plan and to Note 13 for a discussion of the prior year adjustment.

FINANCIAL ANALYSIS OF THE FINANCIAL STATEMENTS

Certain reclassifications have been made to the prior year balances within the MD&A in order to conform to the current year presentation.

Statement of Net Position – Summarized

	June 30, 2015	June 30, 2014	% Change FYE 2015 and 2014
Assets and Deferred Outflows:			
Current assets:			
Unrestricted cash and cash equivalents	$ 9,860,006	$ 9,551,671	3.23%
Restricted cash and investments	1,622,043	1,678,050	-3.34%
Other current assets	6,637,731	5,855,820	13.35%
Noncurrent assets:			
Restricted cash and investments	2,307,932	2,229,758	3.51%
Capital assets, net of depreciation	36,211,614	36,674,775	-1.26%
Capacity rights, net of amortization	6,487,261	6,998,505	-7.31%
Intangible assets, net of amortization	163,094	164,917	-1.11%
Total Assets	63,289,681	63,153,496	0.22%
Deferred outflows of resources	787,918	484,681	62.56%
Total Assets and Deferred Outflows	$ 64,077,599	$ 63,638,177	0.69%
Liabilities and Deferred Inflows:			
Current liabilities	$ 2,409,042	$ 2,798,854	-13.93%
Long term liabilities	3,294,900	412,300	699.15%
Long term debt	30,195,043	30,893,184	-2.26%
Total Liabilities	35,898,985	34,104,338	5.26%
Deferred inflows of resources	523,627	-	100.00%
Total Liabilities and Deferred Inflows	$ 36,422,612	$ 34,104,338	6.80%

Statement of Net Position – Summarized (Continued)

The increase in other current assets of $781,911 is primarily related to increases in prepaid expenses, inventory and accounts receivable at June 30, 2015. The decrease in capital assets net of depreciation of $(463,161) is a result of total current year improvements not exceeding current year depreciation expense. The decrease in capacity rights net of amortization of $(511,244) is a result of total current year acquisitions not exceeding current year amortization expense. The increase of $303,237 in deferred outflow of resources is primarily due to the new pension liability reporting requirements of GASB 68 and 71 (Note 6).

The decrease in current liabilities of $(389,812) is primarily related to a decrease in construction advances at June 30, 2015. The increase in long term liabilities of $2,882,600 is primarily due to new GASB 68 pension reporting requirements (Note 6). The decrease in long term debt of $(698,141) is primarily the result of principal repayments made during the year.

	June 30, 2015	June 30, 2014	% Change FYE 2015 and 2014
Net Position:			
Net investment in capital assets	$ 13,423,794	$ 13,770,276	-2.52%
Restricted net position	3,017,358	2,963,713	1.81%
Unrestricted	11,213,835	12,799,850	-12.39%
Total Net Position	$ 27,654,987	$ 29,533,839	-6.36%

The decrease of $(346,482) in net investment in capital assets consists primarily of principal repayments during the year. The increase in restricted net position of $53,645 consists primarily of an increase in bond reserve funds. The decrease in unrestricted net assets of $(1,586,015) primarily results from the changes in net investment in capital assets and restricted net assets, combined with the current year change in net position of $1,139,435 and offset by the GASB 68 prior year adjustment of $(3,018,287) (Note 13).

Statement of Revenues, Expenses and Changes in Net Position

The District reported a change in net position of $1,139,435 for the year ended June 30, 2015, an increase of $234,018 when compared to the year ended June 30, 2014. This increase results primarily from a drought-related decrease in operating income of $(926,795), an increase in operating expenses of $30,196, an increase in net non-operating income of $1,049,504, and an increase in capital contributions of $141,505.

As required by GASB 34, capital contributions are presented as a component of Change in Net Position on the Statement of Revenues, Expenses and Changes in Net Position.

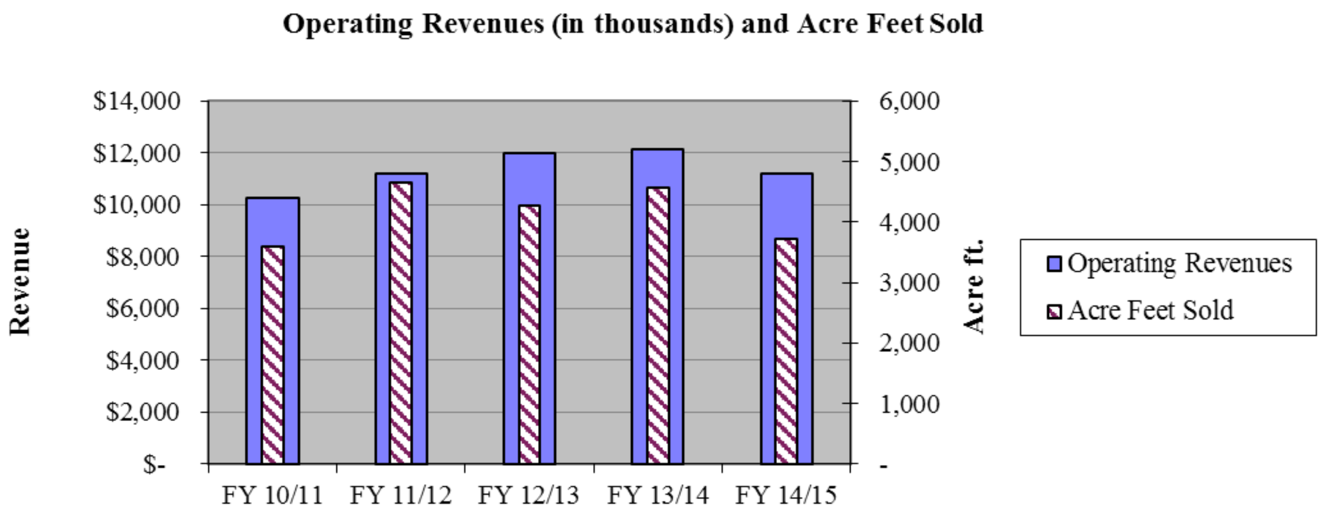
Statement of Revenues, Expenses and Changes in Net Position (Continued)

Detailed schedules of operating revenues, operating expenses, and non-operating revenues and expenses, for the last five years including discussion of the significant trends and variances are as follows:

Operating Revenues

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Water Sales	$ 9,840,891	$ 10,353,227	$ 10,798,634	$ 11,229,175	$ 10,799,713
Capital Recovery Fees	77,787	496,558	855,845	613,972	134,208
Fire Protection	224,061	221,989	221,131	228,640	231,330
Other Operating Revenues	123,361	109,220	128,631	63,429	43,170
Total Operating Revenues	$ 10,266,100	$ 11,180,994	$ 12,004,241	$ 12,135,216	$ 11,208,421

In fiscal year 14/15, a drought-related increase in water rates was offset by a drought-related decrease in water usage, resulting in decrease in water sales revenue of approximately $(429,462). This decrease in water sales revenue, combined with a decrease in capital cost recovery fees of $(479,764) and a combined decrease in other operating and fire protection revenues of $(17,569), resulted in a net decrease in operating revenues of $(926,795).



Operating Expenses

DEFINITIONS:

- Cost of Purchased Water: Water purchased from the Cachuma Project as well as Central Coast Water Authority (CCWA) and Department of Water Resources variable costs.
- CCWA Source of Supply: CCWA bond principal & interest, operating expenses and Department of Water Resources costs.
- Cachuma Operating Expense: COMB Operating, special projects, storm damage, and safety of dams (SOD).

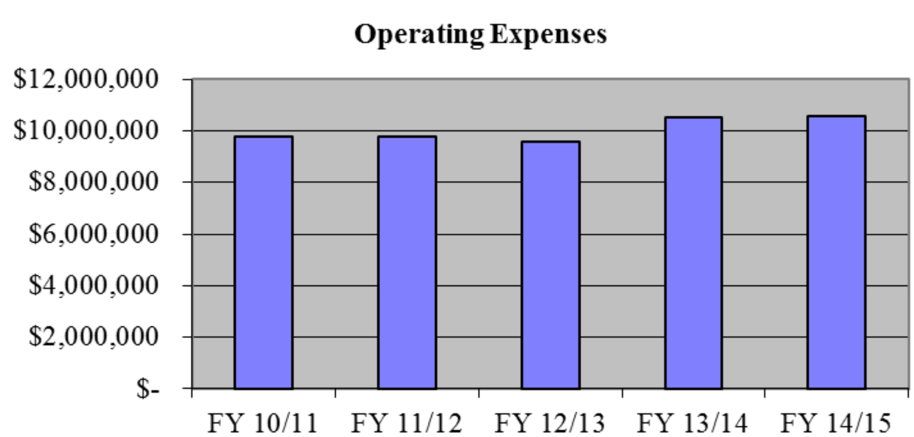
Statement of Revenues, Expenses and Changes in Net Position (Continued)

Operating Expenses - Definitions (Continued)

- Pumping Expense: Maintenance of wells and pumping equipment as well as power and telephone for pumping.
- Water Treatment: Cater Treatment Plant, chlorination, AB3030, water quality and water tests.
- Transmission & Distribution: Maintenance of mains, hydrants and meters, engineering expenses, vehicle expenses, cross connection expenses and other miscellaneous.
- Customer Accounting and Service: Meter reading and customer orders, uncollectible accounts.
- General & Administrative: Salaries and benefits, legal expenses, administration utilities, water conservation, Cachuma Conservation Release Board cost share, auditor fees, public information.
- Depreciation and Amortization: Depreciation and amortization of District capital and intangible assets.
- Overhead charged to Customers: Overhead on work orders.

Operating Expenses

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Cost of Purchased Water	$ 414,717	$ 323,548	$ 354,603	$ 665,351	$ 475,919
CCWA Source of Supply	2,971,245	2,978,486	2,812,371	3,066,986	3,140,228
Cachuma Operating Expense	304,882	409,972	498,379	541,839	483,741
Pumping Expense	249,027	285,050	225,971	287,174	459,277
Water Treatment	935,478	944,251	949,594	1,006,344	698,525
Transmission and Distribution	833,022	927,733	899,177	931,836	981,118
Customer Accounting and Service	61,542	67,025	47,448	75,315	39,676
General and Administrative	2,172,510	2,093,291	2,125,924	2,203,554	2,328,957
Depreciation and Amortization	1,837,803	1,776,991	1,691,401	1,814,851	2,014,314
Overhead Charged to Customers	(29,203)	(33,843)	(23,367)	(56,940)	(55,249)
Total Operating Expenses	$ 9,751,023	$ 9,772,504	$ 9,581,501	$ 10,536,310	$ 10,566,506



Statement of Revenues, Expenses and Changes in Net Position (Continued)

Operating Expenses (Continued)

Overall operating expenses increased by $30,196 in the 14/15 fiscal year as follows:

- A decrease in cost of purchased water of $(189,432) related to a reduction in water deliveries from Lake Cachuma partially offset by increases in CCWA and Department of Water Resources (DWR) variable costs.
- A $172,103 increase in pumping costs related to replacing Lake Cachuma deliveries with increased groundwater production.
- A decrease in water treatment costs of $(307,819) resulting from reduced Lake Cachuma deliveries.
- An increase in depreciation and amortization of $199,463 primarily due to the completion of the Cater Treatment Plant Ozone and Booster Pump project and the resultant amortization of construction costs.

Change in Net Position

	June 30, 2015	June 30, 2014	% Change FYE 2015 and 2014
Operating revenues	$ 11,208,421	$ 12,135,216	-7.64%
Operating expenses	10,566,506	10,536,310	0.29%
Operating income	641,915	1,598,906	-59.85%
Net non-operating income (expense)	326,743	(722,761)	145.21%
Capital contributions	170,777	29,272	483.41%
Change in net position	1,139,435	905,417	25.85%
Net position, beginning of year, as previously stated	29,533,839	28,628,422	3.16%
Effect of prior period adjustment (Note 13)	(3,018,287)	-	-100.00%
Net position, beginning of year	26,515,552	28,628,422	-7.38%
Net position, end of year	$ 27,654,987	$ 29,533,839	-6.36%

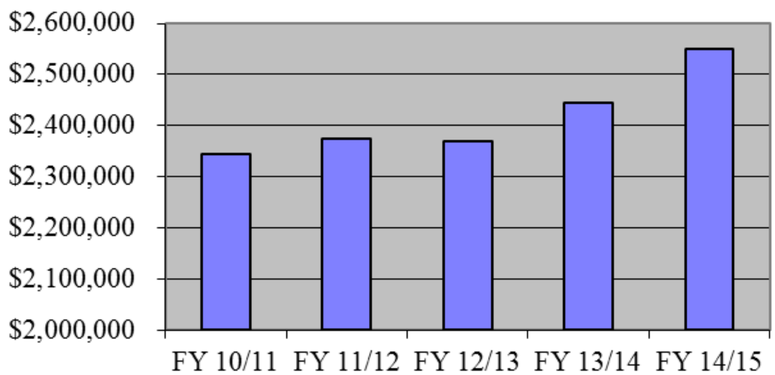
Net non-operating income includes interest income of $24,178, interest expense of $(759,393) and gain from litigation settlement of $1,061,958. Capital contributions increased $141,505, primarily arising from the completion of two multi-dwelling construction projects. The prior year adjustment is the result of implementing the provisions of GASB 68 (Note 13).

SALARIES AND BENEFITS

The following table summarizes the amounts expended for salaries and benefits for the last five years:

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Salaries	$ 1,452,182	$ 1,490,543	$ 1,495,950	$ 1,580,595	$ 1,706,343
Social Security	105,768	108,716	112,610	112,202	127,141
Employee Retirement-PERS	369,332	364,177	320,802	293,436	299,473
Employee Group Insurance	393,344	385,181	412,792	429,537	382,180
Deferred Compensation	23,951	25,510	28,204	28,906	35,951
Total	$ 2,344,577	$ 2,374,127	$ 2,370,358	$ 2,444,676	$ 2,551,088

Salaries and Benefits



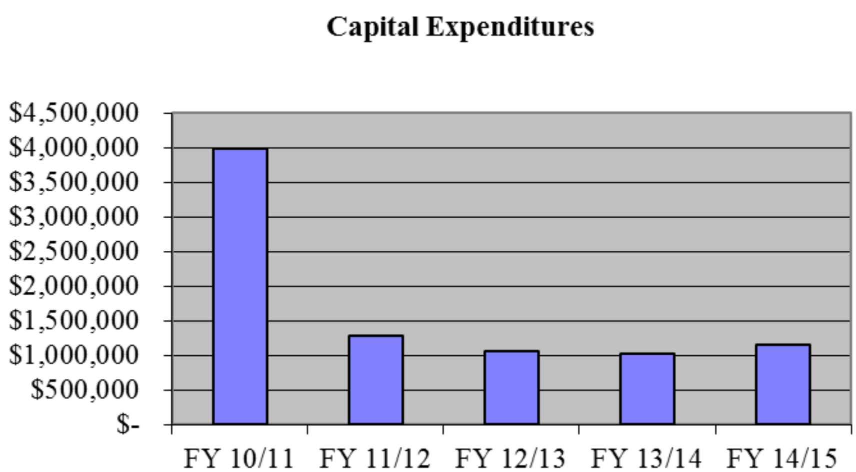
In FY 14/15, salaries and benefits expenses increased $106,412 from the prior year. Employee Group Insurance decreased by $(47,357) as a result of employee plan changes. The salary increase of $125,748 includes a salary cost of living increase and filling one of two previously vacant positions.

CAPITAL ASSETS

At June 30, 2015 the District had $36,211,614 invested in net capital assets, including construction in progress. This amount represents a decrease of $(463,161) (or 1.26%) over the prior year. See Note 4 for a summary of the capital assets by asset type.

Capital expenditures for the last five fiscal years were as follows:

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Capital Expenditures	$ 3,998,369	$ 1,289,799	$ 1,071,945	$ 1,020,186	$ 1,164,876



The increase in capital expenditures in FY 10/11 was related to the El Carro Well Rehabilitation project, the Central Zone Main project, land purchase, and litigation costs associated with the Ortega Reservoir Cover Project. The decrease in capital expenditures in FY 11/12 was due to the El Carro Well Rehabilitation project and the Central Zone Main project winding down. The decrease in FY 12/13 was due to the completion of major projects in prior years. FY 14/15 was consistent with the two prior years.

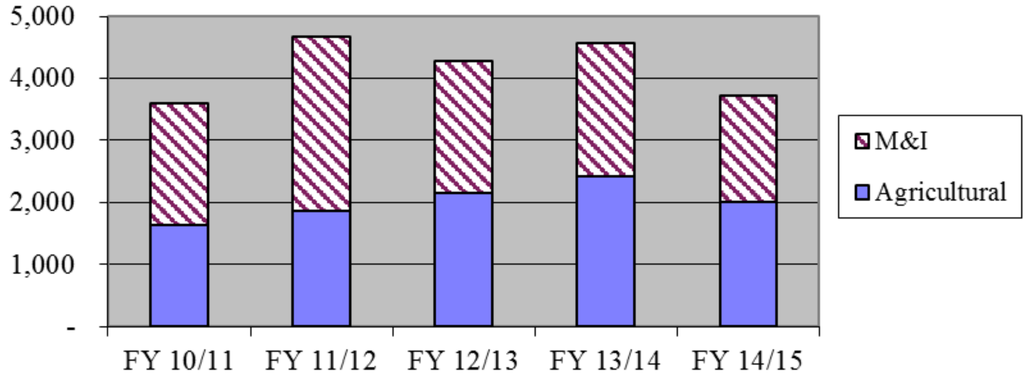
WATER SOLD AND SOURCE OF WATER SUPPLY

The following tables show how much water the District has sold over the past five fiscal years, and provides information regarding the source of the District's water. One acre foot (AF) is equal to 325,900 gallons.

WATER SOLD AND SOURCE OF WATER SUPPLY (Continued)

Water Sold (AF)

Fiscal Year	Residential	Commercial	Authority	Industrial	Agricultural	Total
FY 10/11	1,407	356	135	71	1,633	3,602
FY 11/12	2,213	354	144	86	1,865	4,662
FY 12/13	1,518	375	151	89	2,142	4,275
FY 13/14	1,525	377	170	87	2,413	4,572
FY 14/15	1,241	280	129	75	2,004	3,729



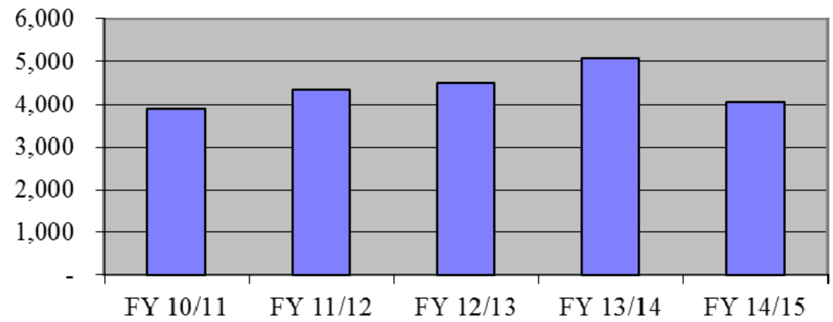
The increase in FY 11/12 water sales is attributed to drier conditions which resulted in increased irrigation demand as well as the sale of 800 AF of water to neighboring water agencies. The decrease in FY 12/13 is primarily due to decreased residential demand due to drought conservation. The increase in FY 13/14 reflects the decrease in residential water sales being offset by increased agricultural water sales above average sales. The decrease in FY 14/15 is due to increased conservation from all user classes as well as water use restrictions that were implemented.

Source of Water Supply (AF)

Fiscal Year	Groundwater	State Water	Cachuma Project	Total
FY 10/11	797	-	3,100	3,897
FY 11/12	1,174	-	3,149	4,323
FY 12/13	864	-	3,648	4,512
FY 13/14	754	846	3,490	5,090
FY 14/15	2,204	797	1,060	4,061

<u>WATER SOLD AND SOURCE OF WATER SUPPLY</u> (Continued)

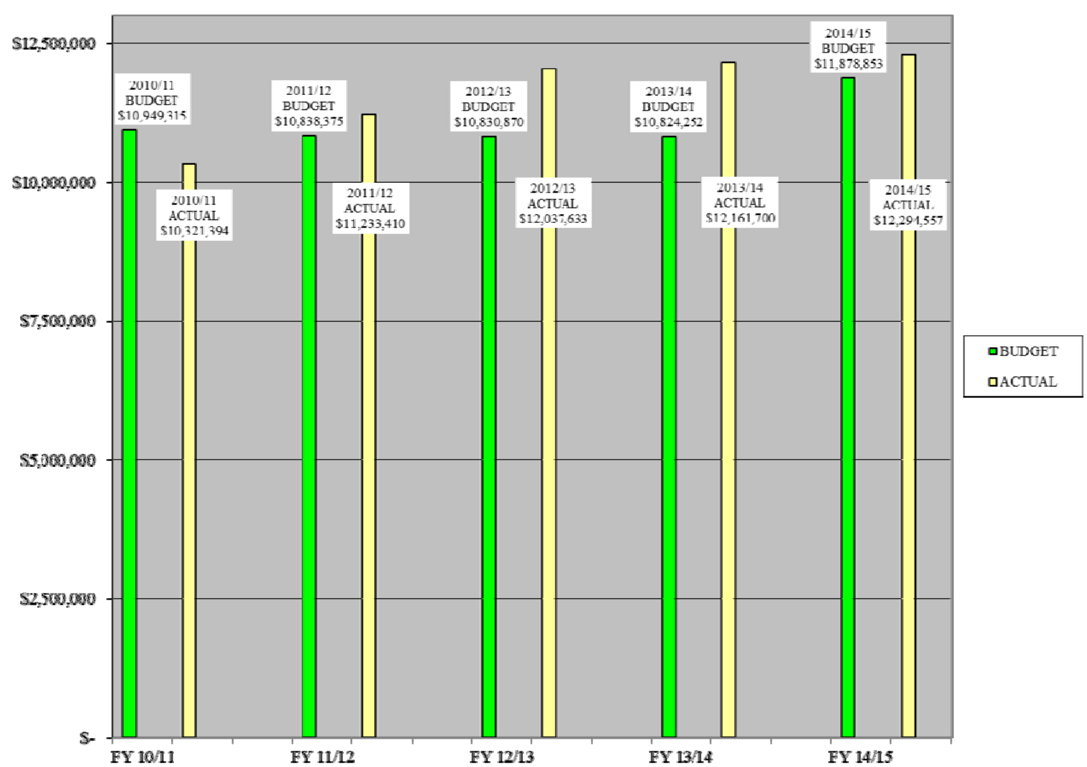
<u>Source of Water Supply</u> (AF)



Sources of water supply include groundwater, Lake Cachuma and State Water. The FY 14/15 decrease includes State Water deliveries of 797 AF. Lake Cachuma deliveries of 1,060 AF were 2,430 AF lower than FY13/14 deliveries of 3,490 AF.

<u>BUDGET TO ACTUAL INFORMATION</u>

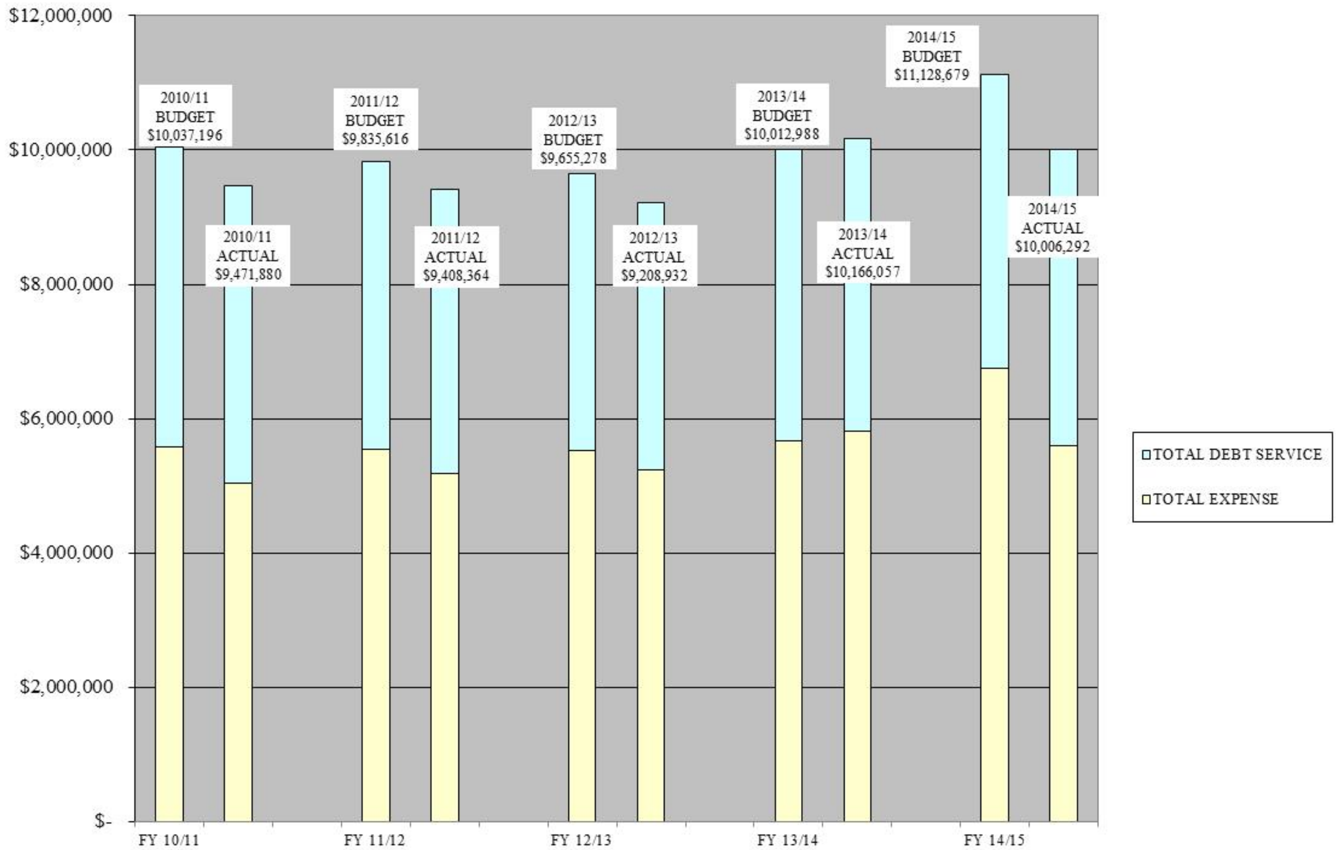
The following table compares total annual revenues to budgeted amounts for the last five fiscal years:



For FY 12/13 through FY 13/14 annual revenues were greater than budgeted revenues primarily due to higher than expected water sales revenue arising from extreme drought conditions. In FY 14/15, actual revenues were 3.5% higher than budgeted revenues.

BUDGET TO ACTUAL INFORMATION (Continued)

The following table compares total annual expenses and debt service payments to budgeted amounts for the last five fiscal years:



For FY 10/11 through FY 12/13, actual annual expenses and debt service payments were approximately 5% under budgeted amount. In FY 13/14 actual annual expenses and debt service payments were within approximately 1% of budgeted amounts. In FY 14/15 annual expenses and debt service payments were approximately 10% under budgeted amounts.

CARPINTERIA VALLEY WATER DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

		2015
ASSETS:		
Current Assets:		
Cash and cash equivalents	$	9,860,006
Restricted cash and investments		1,622,043
Accounts receivable:		
Water sales		1,181,491
Other		363,834
Annexation fees receivable		49,338
Inventories:		
Materials and meters		126,482
Water in storage		306,233
Prepaid expenses		3,688,800
Deposits with CCWA		921,553
Total current assets		18,119,780
Non-Current Assets:		
Restricted cash and investments		2,307,932
Capital Assets:		
Property and equipment		56,791,259
Less: accumulated depreciation		(20,871,861)
Construction in progress		292,216
Capacity rights, net of amortization		6,487,261
Intangible assets, net of amortization		163,094
Net capital assets		42,861,969
Total non-current assets		45,169,901
Total assets		63,289,681
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred pensions		332,879
Deferred loss on refunding		455,039
Total deferred outflows of resources		787,918
Total assets and deferred outflows of resources	$	64,077,599

See accompanying notes

CARPINTERIA VALLEY WATER DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

		2015
LIABILITIES:		
Current Liabilities:		
Accounts payable	$	997,115
Customer deposits		129,721
Interest payable		339,320
Advances for construction		282,811
Current portion of long term debt		660,075
Total current liabilities		2,409,042
Long-term Liabilities:		
Revenue Certificates of Participation Series 2006A		8,260,888
Revenue Certificates of Participation Series 2010A		8,475,844
Department of Water Resources loan contracts		11,474,883
Compensated absences payable		324,861
Net pension liability		2,822,007
Cater Treatment Plant Expansion Project financing agreement		1,983,428
Non-current portion of post-retirement health benefits payable		148,032
Total long-term liabilities		33,489,943
DEFERRED INFLOWS OF RESOURCES:		
Deferred pensions		523,627
Total liabilities and deferred inflows of resources		36,422,612
NET POSITION:		
Net investment in capital assets		13,423,794
Restricted for debt service		3,017,358
Unrestricted		11,213,835
Total net position	$	27,654,987

See accompanying notes

CARPINTERIA VALLEY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended June 30, 2015

	2015
Operating Revenues:	
Water sales	$ 10,799,713
Capital recovery fees	134,208
Fire protection	231,330
Other revenue	43,170
Total operating revenues	11,208,421
Operating Expenses:	
CCWA source of supply	3,140,228
Cost of purchased water	475,919
Cachuma operating expense	483,741
Pumping expense	459,277
Water treatment	698,525
Transmission and distribution	981,118
Customer accounting and service	39,676
General and administrative	2,328,957
Amortization	559,316
Depreciation	1,454,998
Overhead charged to customers	(55,249)
Total operating expenses	10,566,506
Operating income	641,915
Non-operating Income (Expenses):	
Gain from litigation settlement	1,061,958
Investment income	24,178
Interest expense	(759,393)
Net non-operating income	326,743
Income before contributions	968,658
Capital Contributions	170,777
Change in net position	1,139,435
Net position, beginning of year, as previously stated	29,533,839
Effect of prior period adjustment (Note 13)	(3,018,287)
Net position, beginning of year	26,515,552
Net position, end of year	$ 27,654,987

See accompanying notes

CARPINTERIA VALLEY WATER DISTRICT
STATEMENT OF CASH FLOWS
For the year ended June 30, 2015

	2015
Cash Flows from Operating Activities:	
Cash received from customers	$ 10,286,120
Cash payments to suppliers for goods and services	(7,128,840)
Cash payments to employees for services	(1,596,978)
Net cash and cash equivalents provided by operating activities	1,560,302
Cash Flows from Noncapital Financing Activities:	
Net increase in customer deposits	5,293
Proceeds from litigation settlement	1,061,958
Net cash and cash equivalents provided by noncapital financing activities	1,067,251
Cash Flows from Capital and Related Financing Activities:	
Repayments of long-term debt	(694,705)
Interest payments	(742,348)
Capital assets purchased	(837,927)
Investment in water facilities	(46,249)
Net cash and cash equivalents used by capital and related financing activities	(2,321,229)
Cash Flows from Investing Activities:	
Interest received	24,178
Net cash and cash equivalents provided by investing activities	24,178
Increase in cash and cash equivalents	330,502
Cash and cash equivalents, beginning of year	13,459,479
Cash and cash equivalents, end of year	$ 13,789,981

Cash and cash equivalents are reported in the Statement of Net Position as follows:

Unrestricted cash and cash equivalents	$ 9,860,006
Restricted cash and investments - current	1,622,043
Restricted cash and investments - non-current	2,307,932
	$ 13,789,981

See accompanying notes

CARPINTERIA VALLEY WATER DISTRICT
STATEMENT OF CASH FLOWS
For the year ended June 30, 2015

	2015
Cash Flows from Operating Activities:	
Operating income	$ 641,915
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,454,998
Amortization	559,316
(Increase) decrease in:	
Accounts receivable	(334,785)
Inventories	(229,534)
Prepaid expenses	(218,174)
Deposit with CCWA	582
Loss on disposal of assets	25,996
Deferred outflows of resources	(332,879)
Increase (decrease) in:	
Accounts payable	213,608
Compensated absences payable	36,249
Accrued post retirement benefit	29,757
Deferred inflows of resources	523,627
Net pension liability	(196,280)
Advances for construction	(614,094)
Net cash and cash equivalents provided by operating activities	$ 1,560,302

Supplemental Schedule of Noncash Investing and Financing Activities:

Property in the amount of $170,777 was contributed by developers during the year ended June 30, 2015.

See accompanying notes

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

A) Reporting Entity

The Carpinteria Valley Water District (the "District") (formerly known as Carpinteria County Water District) was incorporated on February 13, 1941 under authority of the California County Water Districts Act. By contract dated April 17, 1953, the District entered into an agreement with the U.S. Bureau of Reclamation for the construction of a distribution system to serve approximately 96% of the District, thereby creating Improvement District #1. The District is governed by a Board of Directors consisting of five members elected from voters of the District.

B) Accounting Basis

The District reports its activities as an enterprise fund, which is used to account for operations where the intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues and expenses are recognized on the accrual basis, as such, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

An enterprise fund is accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included on the statement of net position.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and the producing and delivering of goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for water sales. Operating expenses of the District include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C) Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity period, at purchase, of three months or less to be cash equivalents.

D) Basis for Recording Accounts Receivable and Allowance for Doubtful Accounts

The District grants credit to its customers, substantially all of whom are residents and businesses in Carpinteria, California. The District charges doubtful accounts arising from water receivables to bad debt expense when it is probable that the accounts will be uncollectible.

E) Inventories

The District's inventories are recorded at cost on the first-in, first-out basis.

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

F) Restricted Assets

These assets consist of cash and other monetary assets restricted by outside parties for various purposes.

G) Long Term Assets

Property, plant and equipment and intangible assets are valued at cost. The capitalization threshold for all capital asset purchases is $1,000. Donated property is valued at estimated fair value on the date donated. The assets, excluding land, are depreciated or amortized using the straight line method over estimated useful lives.

Estimated useful lives are:

Transmission and distribution lines, wells	30 years
Buildings, fire hydrants, meters and service connections, tanks and reservoirs	25 years
Water treatment facilities, general equipment and tools	20 years
Corrosion control equipment	15 years
Pumping equipment	10 years
Office and automotive equipment	5 years
Intangible assets	10-30 years

H) Interest Costs

Applicable interest charges incurred during construction of new facilities are capitalized as one of the elements of cost and are amortized over the asset's estimated useful life. All other interest costs are expensed as incurred.

I) Intangible Assets

Intangible assets consist of contract renegotiation costs and bond issuance costs. These costs are being amortized over a period ranging from 10 to 30 years.

J) Budgetary Procedures

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

K) Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Cash payment of unused vacation and sick leave is available to those qualified employees when retired or terminated.

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

L) Concentration of Credit Risk

The District grants credit to its customers, substantially all of whom are residents and businesses of the Carpinteria Valley.

M) Construction Advances

Construction advances represent deposits received in advance of construction, which are refundable if the applicable construction does not take place. Construction advances are transferred to contributed capital when the applicable construction is completed.

N) Prepaid expenses

Prepaid expenses consist primarily of water purchases through the Central Coast Water Authority.

O) Pensions

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

P) Implementation of New Accounting Pronouncements

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

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

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

P) Implementation of New Accounting Pronouncements (Continued)

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

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

Q) Net Position

Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows, and is classified into three components as follows:

Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

It is the District's policy to first apply restricted resources when expenses are incurred for purposes for which both restricted and unrestricted resources are available.

R) 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, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Investments

Investments are carried at fair value as determined by the external investment pool sponsor. On June 30, 2015, the District had the following cash and investments on hand:

Cash in banks and on hand	$ 2,075,296
Cash with fiscal agent	3,018,152
Local Agency Investment Fund	8,497,460
Local Agency Investment Fund-Certificates of Participation	199,073
Total cash and investments	$ 13,789,981

Investments Authorized by the District's Investment Policy

The District's investment policy only authorizes investment in the local government investment pool administered by the State of California (LAIF). The District's investment policy generally limits deposits to the previous FDIC determined limit of $100,000. This limitation does not apply to LAIF or amounts held with fiscal agents. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk or credit risk. Investments in LAIF are not rated by a national rating agency.

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 rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

Investment Type	Carrying Amount	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
Investments with fiscal agent	$ 3,018,152	$ 3,018,152	$ -	$ -	$ -
Local Agency Investment Fund	8,497,460	8,497,460			
Local Agency Investment Fund-Certificates of Participation	199,073	199,073			
Total	$ 11,714,685	$ 11,714,685	$ -	$ -	$ -

Note 2 - Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the District's investment policy, and the actual rating as of June 30, 2015 for each investment type.

	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End AAA	Aa	Not Rated
Investments with fiscal agent	$ 3,018,152	N/A	$ -	$ 3,018,152	$ -	$ -
Local Agency Investment Fund	8,497,460	N/A	8,497,460			
Local Agency Investment Fund- Certificates of Participation	199,073	N/A	199,073			
Total	$11,714,685		$ 8,696,533	$ 3,018,152	$ -	$ -

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments (other than investments guaranteed by the U.S. Government or investments in external investment pools).

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 California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Note 2 - Cash and Investments (Continued)

Custodial Credit Risk (Continued)

None of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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 District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

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

Note 3 - Restricted Cash and Investments

Restricted cash and investments consisted of the following at June 30, 2015:

Restricted for capital improvements	$ 713,544
Restricted for capital improvements from the Certificates of Participation	199,073
Restricted for debt service payments	3,017,358
Total restricted assets	$ 3,929,975
Restricted cash and investments - current	$ 1,622,043
Restricted cash and investments - non current	2,307,932
	$ 3,929,975

Note 4 - Capital Assets

A schedule of changes in capital assets, as well as depreciation and amortization for the fiscal year ended June 30, 2015, is shown below:

	Balance June 30, 2014	Additions	Disposals	Transfers	Balance June 30, 2015
Capital assets, non-depreciable:					
Land and land rights	$ 1,034,008	$ -	$ -	$ -	$ 1,034,008
Construction in progress	439,274	735,000		(882,058)	292,216
Total capital assets, non-depreciable	1,473,282	735,000	-	(882,058)	1,326,224
Capital assets, depreciable/amortizable:					
Pumping equipment	668,204				668,204
Transportation & distribution equipment	5,400,702			269,368	5,670,070
Meters & services	3,200,374	226,269		26,438	3,453,081
Hydrants	880,804	14,784			895,588
Corrosion control	45,885				45,885
Administration building	537,088				537,088
Maintenance center	281,460			2,840	284,300
Office equipment & furniture	832,044				832,044
Automotive equipment	534,786	2,003			536,789
Other equipment & tools	505,378	14,114			519,492
Wells	6,520,759	345	(27,835)	145,875	6,639,144
Tanks and reservoirs	477,565			11,106	488,671
Water treatment equipment	1,184,476	11,498		9,269	1,205,243
Facilities/grounds equipment	332,732	7,676		37,957	378,365
Distribution system	1,333,951				1,333,951
Storage tank	11,692,334	1,156		101,982	11,795,472
Headquarters well	3,108,971			11,042	3,120,013
Reservoir covers	17,082,696	4,974		266,181	17,353,851
Capacity rights	12,895,919	46,249			12,942,168
Contract renegotiation costs	316,772				316,772
Deferred expenses	45,564				45,564
Total capital assets, depreciable/amortizable	67,878,464	329,068	(27,835)	882,058	69,061,755
Accumulated depreciation	(19,418,716)	(1,454,998)	1,853	-	(20,871,861)
Accumulated amortization	(6,094,833)	(559,316)	-	-	(6,654,149)
Net capital assets	$ 43,838,197	$ (950,246)	$ (25,982)	$ -	$ 42,861,969

Note 5 - Long-Term Debt

Long-term debt of the District is as follows:

	Balance June 30, 2014	Additions	(Retirements)/ Amortization	Balance June 30, 2015	Due Within One Year
Series 2006A Certificates of Participation	$ 8,555,000	$ -	$ (115,000)	$ 8,440,000	$ 110,000
Unamortized bond discount	(72,951)		3,839	(69,112)	-
Total Series 2006A Certificates of Participation	8,482,049	-	(111,161)	8,370,888	110,000
Series 2010A Certificates of Participation	8,475,844	-	-	8,475,844	-
Total Series 2010A Certificates of Participation	8,475,844	-	-	8,475,844	-
Department of Water Resources Loan Contracts	12,281,785	-	(398,413)	11,883,372	408,489
Cater Treatment Plant Financing Agreement	2,257,019	-	(181,292)	2,075,727	92,299
Compensated absences	337,899	204,056	(167,807)	374,148	49,287
Long-term debt	$ 31,834,596	$ 204,056	$ (858,673)	$ 31,179,979	$ 660,075

A) Revenue Certificates of Participation

Series 2006A:

In June 2006, the District issued the Refunding Revenue Certificates of Participation, Series 2006A (“2006A COPs”) in the amount of $10,025,000 with interest rates ranging from 3.625% to 4.50%. The Certificates were executed and delivered to refund the $9,015,000 outstanding aggregate principal amount of Series 2000 Revenue Certificates of Participation, and to pay for the costs to reconstruct the existing El Carro well.

In accordance with District’s refunding plan, $8,835,290 was deposited with an escrow agent to provide for payment when due of all interest with respect to the 2000 Refunded Certificates on and prior to July 1, 2010 and to pay the prepayment price on July 1, 2010 of the 2000 Refunded Certificates maturing after July 1, 2010. On July 1, 2010 the final payment from the escrow account was made. The refunding resulted in an economic gain of approximately $883,000 and decreased total debt service payments by approximately $772,000, excluding amounts related to servicing of the $1,000,000 to be applied to El Carro well.

Note 5 - Long-Term Debt (Continued)

A) Revenue Certificates of Participation (Continued)

Total annual requirements to amortize the Series 2006A COPs are as follows:

Fiscal Year End	Principal	Interest	Total
2016	$ 110,000	$ 377,788	$ 487,788
2017	355,000	367,600	722,600
2018	370,000	351,288	721,288
2019	385,000	334,781	719,781
2020	405,000	317,994	722,994
2021-2025	2,280,000	1,304,675	3,584,675
2026-2030	2,835,000	731,844	3,566,844
2031-2033	1,700,000	113,080	1,813,080
	$ 8,440,000	$ 3,899,050	$ 12,339,050

Series 2010A:

In March 2010, the District issued the Refunding Revenue (Capital Appreciation) Certificates of Participation, Series 2010A ("2010A COPs") in the amount of $8,475,844 with interest rates ranging from 5.75% to 6.86%. The Certificates were executed and delivered 1) to refund a portion of the outstanding aggregate principal amount of the 2006A COPs, constituting a portion of the 2006A COPs maturing on July 1, 2010 and each July 1 thereafter through July 1, 2015, inclusive, 2) to refund a portion of the District's obligations under the Safe Drinking Water State Revolving Fund Contract #SRF99CX125 maturing on July 1, 2010 and each January and July 1 thereafter through July 1, 2017, inclusive, and 3) to fund certain improvements to the City of Santa Barbara's Cater Water Treatment Plant which serves the District.

In accordance with District's refunding plan, $1,079,808 was deposited with an escrow agent to provide for payment when due (through July 2015) of all principal and interest with respect to the 2006A Refunded Certificates. The total payments made on the 2006A Refunded Certificates from escrow funds will be $1,000,000 in principal and $142,800 in interest. The refunding resulted in increased total debt service payments from $1,142,800 to $3,300,000, including only amounts related to the 2006A Refunded Certificates. This increased cash flow created an economic loss of approximately $133,052 when discounted at the 2010A COPs' effective interest rate of 6.61769%. At June 30, 2015 there was $230,000 of defeased Series 2006A Refunded Certificates outstanding, to be paid from escrow funds.

Note 5 - Long-Term Debt (Continued)

A) Revenue Certificates of Participation (Continued)

Total annual requirements to amortize the Series 2010A COPs are as follows:

Fiscal Year End	Principal	Interest	Total
2016	$ -	$ -	$ -
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021-2025	1,265,833	1,449,166	2,714,999
2026-2030	3,176,328	6,233,672	9,410,000
2031-2035	3,306,106	11,088,894	14,395,000
2036	727,577	3,262,424	3,990,001
	$ 8,475,844	$ 22,034,156	$ 30,510,000

B) Safe Drinking Water State Revolving Fund Contracts

Contract # SRF99CX125:

The Safe Drinking Water State Revolving Fund Contract was issued February 9, 2004. The purpose of the loan was to assist in financing various capital improvements which will enable the District to meet certain safe drinking water standards. The contract provides for a 20 year loan bearing an interest rate of approximately 2.5%. The District will be required to maintain a reserve fund equal to two semi-annual loan payments during the first ten years of the repayment period. The loan requires semi-annual payments of interest and principal due on January 1 and July 1 of each year commencing after the completion of the projects.

Contract # SRF99CX121:

The Safe Drinking Water State Revolving Fund Contract was issued March 19, 2004. The purpose of the loan was to assist in financing various capital improvements which will enable the District to meet certain safe drinking water standards. The contract provides for a 20 year loan bearing an interest rate of approximately 2.5%. This loan was issued to both this District and the Montecito Water District in order to finance the capital improvements to the Ortega Reservoir. Each District will be legally liable for half of the joint loan proceeds. Carpinteria Valley Water District's portion of the principal balance was $9,236,658, and requires semi-annual payments of interest and principal due on January 1 and July 1 of each year commencing in July 2010. Interest payments during the construction period were due semi-annually based on the funds disbursed. The District will be required to maintain a reserve fund equal to two semi-annual loan payments during the first ten years of the repayment period.

Note 5 - Long-Term Debt (Continued)

B) Safe Drinking Water State Revolving Fund Contracts (Continued)

The annual estimated requirements to amortize the Safe Drinking Water State Revolving Fund Contract #SRF99CX125 are as follows:

Fiscal Year End	Principal	Interest	Total
2016	$ -	$ 114,172	$ 114,172
2017	-	114,172	114,172
2018	374,918	109,907	484,825
2019	418,210	102,139	520,349
2020	428,786	91,562	520,348
2021-2025	2,312,181	289,561	2,601,742
2026-2027	1,008,807	31,890	1,040,697
Total	$ 4,542,902	$ 853,403	$ 5,396,305

The annual estimated requirements for the District to amortize the Safe Drinking Water State Revolving Fund Contract #SRF99CX121 are as follows:

Fiscal Year End	Principal	Interest	Total
2016	$ 408,489	$ 181,930	$ 590,419
2017	418,820	171,599	590,419
2018	429,412	161,008	590,420
2019	440,271	150,148	590,419
2020	451,406	139,013	590,419
2021-2025	2,434,154	517,942	2,952,096
2026-2030	2,757,918	194,177	2,952,095
Total	$ 7,340,470	$ 1,515,817	$ 8,856,287

C) Cater Treatment Plant Expansion Project Financing Agreement

The District entered into a financing agreement with the City of Santa Barbara dated February 27, 2002, which requires the District to pay twenty percent of a loan obligation between the City of Santa Barbara and the California Drinking Water State Revolving Fund. The loan proceeds were used to finance certain improvements to the Cater Treatment Plant in order to meet new water quality standards imposed on public agencies. The loan provides for a 20 year loan amortization maturing on July 1, 2025, bearing an interest rate of approximately 2.5%. The improvements were completed in January 2005 and the District's portion of the loan in the amount of $3,580,170 was recorded on the statement of net position at June 30, 2005.

Note 5 - Long-Term Debt (Continued)

C) Cater Treatment Plant Expansion Project Financing Agreement (Continued)

The District is required to make semi-annual payments of interest and principal in the amount of $114,425 payable to the City of Santa Barbara on December 15th and June 15th each year.

The annual requirements to amortize the Cater Treatment Plant Expansion financing agreement are as follows:

Year End	Principal	Interest	Total
2016	$ 92,299	$ 25,289	$ 117,588
2017	187,972	47,203	235,175
2018	192,566	42,609	235,175
2019	197,275	37,899	235,174
2020	202,105	33,070	235,175
2021-2025	1,087,344	88,530	1,175,874
2026	116,166	1,420	117,586
Total	$ 2,075,727	$ 276,020	$ 2,351,747

Note 6 - Defined Benefit Pension Plan

General Information about the Pension Plans

Plan Descriptions **–**All qualified employees are eligible to participate in Carpinteria Valley Water District’s Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and local government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Eligible employees hired after January 1, 2013 that are considered new members as defined by the Public Employees’ Pension Reform Act (PEPRA) are participating in the PEPRA Miscellaneous Plan.

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

Note 6 - Defined Benefit Pension Plan (Continued)

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

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
Hire date	Prior to February 10, 2011	Prior to January 1, 2013	On or after January 1,2013
Benefit formula	2% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	6.9%	6.9%	6.3%
Required employer contribution rates	19.5%	10.3%	6.3%

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

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

	Miscellaneous	
	Tiers 1 & 2	PEPRA
Employer Paid Member Contributions	$ 98,777	$ 5,067

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Tiers 1 & 2	$ 2,821,892
Miscellaneous PEPRA	115
Total Net Pension Liability	$ 2,822,007

Note 6 - Defined Benefit Pension Plan (Continued)

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

	Miscellaneous	
	Tiers 1 & 2	PEPRA
Proportion - June 30, 2013	0.10012%	0.00000%
Proportion - June 30, 2014	0.11418%	0.00000%
Change - Increase (Decrease)	0.01406%	0.00000%

For the year ended June 30, 2015, the District recognized pension expense of $299,473. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous					
	Tiers 1 & 2		PEPRA		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 270,904	$ -	$ 10,934	$ -	$ 281,838	$ -
Differences between actual and expected experience	-	-	-	-	-	-
Changes in assumptions	-	-	-	-	-	-
Changes in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	47,307	(31,664)	3,734	(955)	51,041	(32,619)
Net differences between projected and actual earnings on plan investments	-	(490,969)	-	(39)	-	(491,008)
	$ 318,211	$ (522,633)	$ 14,668	$ (994)	$ 332,879	$ (523,627)

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

Note 6 - Defined Benefit Pension Plan (Continued)

$281,838 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Miscellaneous	
Year Ended June 30:	Tiers 1 & 2	PEPRA
2016	$ (117,155)	$ 983
2017	(117,155)	983
2018	(118,273)	783
2019	(122,743)	(9)
2020	-	-
Thereafter	-	-
	$ (475,326)	$ 2,740

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

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

(1) Depending on age, service and type of employment
(2) Net of pension plan investment and administrative expenses, including inflation

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

Note 6 - Defined Benefit Pension Plan (Continued)

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

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

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

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

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

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

Note 6 - Defined Benefit Pension Plan (Continued)

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

(a) An expected inflation of 2.5% used for this period
(b) An expected inflation of 3.0% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability for all Plans, calculated using the discount rate for all Plans, 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:

	Miscellaneous		
	Tiers 1 & 2	PEPRA	Total
1% Decrease	6.5%	6.5%	6.5%
Net Pension Liability	$ 4,144,476	$ 206	$ 4,144,682
Current Discount Rate	7.5%	7.5%	7.5%
Net Pension Liability	$ 2,821,892	$ 115	$ 2,822,007
1% Increase	8.5%	8.5%	8.5%
Net Pension Liability	$ 1,724,245	$ 40	$ 1,724,285

Pension Plan Fiduciary Net Position – Detailed information about all pension plan fiduciary net positions is available in the separately issued CalPERS financial reports.

Note 7 - Post-Employment Health Care Benefits

Plan Description

The District provides retiree medical, dental, vision, and prescription drug coverage to current and future eligible retirees and their spouse. Under the Plan, retired employees who attain age 60 with at least 20 years of service are eligible to receive benefits. Spouses may be covered with certain limitations.

Note 7 - Post-Employment Health Care Benefits (Continued)

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and its board of directors. The required contribution is based on projected pay-as-you-go financing requirements. The District pays 100% of the premium for pre-65 retirees, and contributes up to 5% of a retiree's PERS benefit toward the cost of medical coverage for post-65 retirees.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan, and the changes in the District's net OPEB obligation for plan benefits:

Annual required contribution	$ 47,714
Interest on Net OPEB obligation	4,738
Adjustment to ARC	(4,526)
Annual OPEB cost	47,926
Contributions made	(18,169)
Increase in net OPEB	29,757
Net OPEB obligation - beginning of year	118,275
Net OPEB obligation - end of year	$ 148,032

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year 2015 and the two preceding fiscal years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/13	$43,673	40%	$ 90,508
06/30/14	$45,748	39%	$ 118,275
06/30/15	$47,926	38%	$ 148,032

Note 7 - Post-Employment Health Care Benefits (Continued)

Funded Status and Funding Progress

As of June 30, 2015, based on the last valuation performed the actuarial accrued liability for benefits was $554,270, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $1,557,756, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 36%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented within Required Supplementary Information and presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Valuation Date	July 1, 2012
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Amortization Period for UAAL	Open period of 30.0 years
Actuarial Assumptions	
Rate of return on investments	4.00%
Expected rate of return on plan assets	7.50%
Payroll growth	3.00%
Inflation	2.75%
Healthcare cost trend rate	5.00%-7.00%

Note 8 - Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits participating employees to defer a portion of their salary until future years. The District matches employee contributions up to 2.5% of a contributing employee's annual salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

On June 8, 1997 the District amended the plan in accordance with the provisions of IRC Section 457(g). On that date, assets of the plan were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRC Section prescribes that the District no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the District's financial statements. Contributions to the Plan for the year ended June 30, 2015 were $35,951.

Note 9 - Lease Obligations

The District has lease obligations for two of its well sites.

The High School Well lease, dated March 1, 1989 and amended April 23, 2008 is for a term of thirty years, terminating July 1, 2030. There are no lease payments associated with this lease. In return the District provides the School District with the Irrigation water rate for specific water accounts.

During 2011, the District purchased a permanent easement from the City for the land that contains the El Carro Well. Prior to the purchase of the easement, the District had a lease with the City, dated November 16, 1990, for the useful life of the well. As "in-lieu of rent" for the first twenty year period, the District installed, at a cost of $40,085, water line and fire hydrant facilities to accommodate future development of the property adjoining the well site.

Note 10 - Cachuma Project Authority

This joint exercise of powers authority was created by the participating agencies for the purpose of renegotiating with the United States Bureau of Reclamation (USBR) the contract for the operation of the Cachuma reservoir. Through the authority, the agencies collectively issued revenue bonds to refinance certain obligations each agency had incurred to finance its share of the expansion of the shared Water Treatment Plant. The District's share of these revenue bonds is shown as a liability on the statement of net position.

The Cachuma Project Authority successfully renegotiated a contract with the USBR. The Authority, effective September 30, 1996 merged into the Cachuma Operations and Maintenance Board (COMB), which is responsible for all operational aspects of the Cachuma reservoir. All assets and liabilities of the Authority were transferred to COMB. The District continues to contribute its share of the operating expenses. The accumulated contract renegotiation costs are being amortized over the term of the new contract, which is twenty-five years.

Note 11 - Joint Powers Insurance Authority

The District participates in the property and liability program organized by the Association of California Water Agencies/Joint Powers Insurance Authority ("ACWA/JPIA"). ACWA/JPIA is a Joint Powers Authority created to provide a self-insurance program to water agencies in the State of California. The ACWA/JPIA is not a component unit of the District for financial reporting purposes, as explained below.

ACWA/JPIA provides liability, property and workers' compensation insurance for approximately 265 water agencies for losses in excess of the member districts' specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial carriers. ACWA/JPIA is governed by a separate board comprised of members from participating districts. The board controls the operations of ACWA/JPIA, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board. Each member shares surpluses and deficiencies proportionately to its participation in ACWA/JPIA.

Based on financial information at September 30, 2014, ACWA/JPIA had total assets, liabilities and net position of $195,584,006, $107,626,833 and $87,957,173, respectively. The District paid premiums of $64,955 to ACWA/JPIA for property and liability insurance, and $51,354 for workers' compensation during the year ended June 30, 2015.

Note 12 - Commitments and Contingencies

A) Central Coast Water Authority

In 1991, the voters of the District elected to participate in the State Water Project (SWP). As a result, the District joined in the formation of the Central Coast Water Authority (CCWA) in August 1991. The purpose of the Central Coast Water Authority is to provide for the financing, construction, operation, and maintenance of certain local (non-state owned) facilities required to deliver water from the SWP to certain water purveyors and users in Santa Barbara County.

Each project participant, including the District, has entered into a Water Supply Agreement to provide for the development, financing, construction, operation and maintenance of the CCWA Project. The purpose of the Water Supply Agreement is to assist in carrying out the purposes of CCWA with respect to the CCWA Project by:

1) requiring CCWA to sell, and the project participants to buy, a specified amount of water from CCWA ("take or pay"); and
2) assigning the Santa Barbara project participant's entitlement rights in the State Water project to CCWA.

Note 12 - Commitments and Contingencies (Continued)

A) Central Coast Water Authority (Continued)

Although the District does have an ongoing financial interest pursuant to the Water Supply Agreement between the District and CCWA, the District does not have an equity interest as defined by GASB Code Sec. J50.105.

Each project participant is required to pay to CCWA an amount equal to its share of the total cost of "fixed project costs" and certain other costs in the proportion established in the Water Supply Agreement. This includes the project participant's share of payments to the State Department of Water Resources (DWR) under the State Water Supply Contract (including capital, operation, maintenance, power and replacement costs of the DWR facilities) debt service on CCWA bonds and all CCWA operating and administrative costs.

Each project participant is required to make payments under its Water Supply Agreement solely from the revenues of its water system. Each project participant has agreed in its Water Supply Agreement to fix, prescribe and collect rates and charges for its water system which will be at least sufficient to yield each fiscal year net revenues equal to 125% of the sum of (1) the payment required pursuant to the Water Supply Agreement, and (2) debt service on any existing participant obligation for which revenues are also pledged.

CCWA is composed of eight members, all of which are public agencies. CCWA was organized and exists under a joint exercise of power agreement among the various participating public agencies. The Board of Directors is made up of one representative from each participating entity. Votes on the Board are approximately apportioned between the entities based upon each entity’s allocation of State water entitlement. The Carpinteria Valley Water District share of the project, based upon number of acre-feet of water, is 10.487%.

Operating and capital expenses are allocated among the members based upon various formulas recognizing the benefits of the various project components to each member.

On October 1, 1992, CCWA sold $177,120,000 in revenue bonds at a true interest cost of 6.64% to enable CCWA to finance a portion of the costs of constructing a water treatment plant to treat State water for use by various participating water purveyors and users within Santa Barbara and San Luis Obispo Counties, a transmission system to deliver such water to the participating water purveyors and users within Santa Barbara County, and certain local improvements to the water systems of some of the participating purveyors.

In November 1996, CCWA sold $198,015,000 of revenue bonds at a true interest cost of 5.55% to defease CCWA’s $177,120,000 1992 revenue bonds and to pay certain costs of issuing the bonds. The 1996 bonds were issued in two series: Series A of $173,015,000 and Series B of $25,000,000. The Series B bonds are subject to mandatory redemption from amounts transferred from the Construction Fund and the Reserve Fund upon completion of the construction of CCWA facilities.

Note 12 - Commitments and Contingencies (Continued)

A) Central Coast Water Authority (Continued)

In August 2006, CCWA issued the Series 2006A Refunding Revenue Bonds for $123,190,000 at a true interest cost of 4.24% to defease the 1996 Revenue Bonds. A portion of the bond proceeds together with other funds were placed into an escrow account invested in securities which will provide sufficient funds to pay the regularly scheduled principal of and interest on the refunded bonds on October 1, 2006, and to pay on October 3, 2006 the principal of and accrued interest to the date of redemption, and redemption premium, if any, on the refunded bonds maturing on and after October 1, 2006.

The Carpinteria Valley Water District estimated minimum State water payments for the next five fiscal years are summarized below:

Fiscal Year Ending June 30,	Fixed Costs	Variable Costs	Debt Service	Total
2016	$ 2,260,644	$ 610,897	$ 1,156,681	$ 4,028,222
2017	2,147,734	466,381	1,157,270	3,771,385
2018	2,136,563	563,909	1,160,708	3,861,180
2019	2,076,416	578,303	1,155,532	3,810,251
2020	2,075,965	593,128	1,154,611	3,823,704
Thereafter (through 2035)	31,576,794	-	2,312,501	33,889,295
Total	$ 42,274,116	$ 2,812,618	$ 8,097,303	$ 53,184,037

B) Cater Advanced Treatment Project

The City of Santa Barbara made improvements to the Cater Treatment Plant with a total estimated cost of approximately $20,000,000. The project was completed during 2014 and began amortization during the current fiscal year. As of the date of these financial statements, the District’s portion of the expenditures incurred amounted to approximately $4,326,000.

C) Ortega Reservoir

The Ortega Reservoir has construction defects to its basin. Although the reservoir is not a capital asset of the District, the District, along with Montecito Water District, will be required to pay for the repairs, which may be significant. The total cost of the repairs cannot be estimated.

Note 12 - Commitments and Contingencies (Continued)

D) Bradbury Dam

The District, as a member of the Cachuma Operations and Maintenance Board (COMB), is responsible for a portion of costs associated with certain capital improvements to the Bradbury Dam. The improvements are required to meet certain earthquake and seismic safety standards imposed by public agencies. Pursuant the "Bradbury Dam SOD ACT Repayment Agreement", between COMB and the Bureau of Reclamation, the District will be required to make annual payments of $18,037 commencing October 2002 through 2015, annual payments of $28,649 commencing October 2016 through 2026 and annual payments of $10,612 commencing October 2027 through 2051 to finance the project.

The District's future obligations are as follows:

Year Ended June 30:		
2016	$	18,037
2017		28,649
2018		28,649
2019		28,649
2020		28,649
Thereafter		465,843
Total	$	598,476

E) Emergency Drought Pumping Commitment

On July 25, 2014, the District guaranteed $608,000 of the seven year $3,200,000 line of credit of the Cachuma Operations and Maintenance Board (COMB), a legally separate entity in which the District is a member agency. On July 25, 2014, COMB secured a $2,000,000 non-revolving line-of-credit and a $1,200,000 revolving line-of credit to finance an emergency pumping project resulting from current severe drought conditions. Both lines-of-credit mature on July 25, 2021, with quarterly interest payments. In the event that COMB is unable to make a payment, the District will be required to make that payment up to its guarantee amount of $608,000. As a guarantor, the District is subject to certain financial covenants.

Note 13 - Prior Period Adjustment

Note 1 describes the GASB pronouncements the District is adopting for this and the prior fiscal year. There is a financial impact for the adoption of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27."

Note 13 - Prior Period Adjustment (Continued)

Net Pension Liability

Implementation of GASB Statement No. 68 recognizes a liability for the District's proportionate share of the net pension liability of all employers for benefits provided through the California Public Employees' Retirement System (CalPERS). Additionally, the District is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows or resources and deferred inflows of resources related to pensions. The effect of this adjustment can be seen below.

Because all of the information required to restate prior year was not available at the time the financial statements were available to be issued, prior year values are not presented.

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

Net position, at July 1, 2014, as originally stated	$	29,533,839
Decrease in net position due to net pension liability		(3,018,287)
Net position, at July 1, 2014, as restated	$	26,515,552

Note 14 - Subsequent Events

Subsequent events have been evaluated through December 9, 2015, the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CARPINTERIA VALLEY WATER DISTRICT
A COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
AS OF JUNE 30, 2015
LAST 10 YEARS*

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CARPINTERIA VALLEY WATER DISTRICT'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Miscellaneous Tier 1 2015	Miscellaneous Tier 2 2015	Miscellaneous PEPRA 2015
Proportion of the net pension liability	0.04518%	0.00017%	0.00000%
Proportionate share of the net pension liability	$ 2,811,504	$ 10,388	$ 115
Covered - employee payroll	$ 1,231,136	$ 334,143	$ 47,670
Proportionate share of the net pension liability as a percentage of covered-employee payroll	228.37%	3.11%	0.24%
Plan fiduciary net position as a percentage of the total pension liability	71.63%	83.03%	83.14%

Notes to Schedule:

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

CARPINTERIA VALLEY WATER DISTRICT
A COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
AS OF JUNE 30, 2015
LAST 10 YEARS*

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CARPINTERIA VALLEY WATER DISTRICT'S CONTRIBUTIONS

	Miscellaneous Tier 1 2015	Miscellaneous Tier 2 2015	Miscellaneous PEPRA 2015
Contractually required contribution (actuarially determined)	$ 229,989	$ 27,500	$ 5,083
Contributions in relation to the actuarially determined contributions	$ 229,989	$ 27,500	$ 5,083
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 1,231,136	$ 334,143	$ 47,670
Contributions as a percentage of covered-employee payroll	18.68%	8.23%	10.66%

Notes to Schedule:

Valuation date:	6/30/2013	6/30/2013	6/30/2013

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

CARPINTERIA VALLEY WATER DISTRICT
OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN
SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ending	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b -a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/13	7/1/2012	-	497,496	497,496	0%	1,468,334	34%
6/30/14	7/1/2012	-	525,049	525,049	0%	1,512,384	35%
6/30/15	7/1/2012	-	554,270	554,270	0%	1,557,756	36%

Notes to Schedule:

This information is intended to help users assess the District's OPEB plan's status on a going-concern basis and assess progress made in accumulating assets to pay benefits when due.