Coachella Sanitary District  
Component Unit Financial Report  
Year Ended June 30, 2017

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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, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express 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 financial position of the business-type activities of Coachella Sanitary District, a component unit of the City of Coachella, California, as of June 30, 2017, and the 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.
## Coachella Sanitary District
### Statement of Net Position
#### June 30, 2017

**ASSETS**

Current Assets:
- Restricted Cash and Investments
  $5,884,004
- Accounts Receivable (Net of Allowance for Uncollectible of $252,720)
  $299,881
- Prepaid Bond Insurance
  $26,987
- Due from Other Governments
  $49,886
  
  Total Current Assets
  $6,260,758

Noncurrent Assets:
- Capital Assets Not Being Depreciated
  $489,843
- Capital Assets Being Depreciated
  $62,158,652
- Less: Accumulated Depreciation
  $(27,075,000)
  
  Total Noncurrent Assets
  $35,573,495

Total Assets
$41,834,253

**DEFERRED OUTFLOWs OF RESOURCES**

Deferred Amount From Debt Refunding
$215,993

Deferred Amount From Pension
$499,963

Total Deferred Outflow of Resources
$715,956

**LIABILITIES**

Current Liabilities:
- Accounts Payable
  $174,782
- Accrued Wages
  $25,158
- Accrued Interest Payable
  $177,369
- Compensated Absences - Current Portion
  $97,057
- Bonds Payable - Current Portion
  $239,246
- Loans Payable - Current Portion
  $1,249,096
  
  Total Current Liabilities
  $1,962,708

Noncurrent Liabilities:
- Compensated Absences - Less Current Portion
  $82,524
- Net OPEB Obligation
  $392,271
- Net Pension Liability
  $2,744,292
- Bonds Payable - Less Current Portion
  $8,261,594
- Loans Payable - Less Current Portion
  $14,742,802
  
  Total Noncurrent Liabilities
  $26,223,483

Total Liabilities
$28,186,191

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows from Pension

**NET POSITION**

Net Investment in Capital Assets
$11,296,750

Restricted for:
- Capital Projects
  $5,884,004
- Unrestricted Deficit
  $(2,816,736)
  
  Total Net Position
  $14,364,018

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, 2017

OPERATING REVENUES
Charges for Services $ 5,312,468
Connection Charges 451,422
Total Operating Revenues 5,763,890

OPERATING EXPENSES
Salaries and Benefits 983,756
Administrative and General 968,052
Professional Services 559,932
Materials and Supplies 185,245
Repairs and Maintenance 143,278
Utilities 363,863
Depreciation and Amortization 1,462,086
Total Operating Expenses 4,666,212
Operating Income 1,097,678

NON-OPERATING REVENUES (EXPENSES)
Property Taxes 140,354
Interest Income (9,413)
Interest Expense and Fiscal Charges (721,230)
Total Non-Operating Revenues (Expenses) (590,289)
Income Before Contributions 507,389
Contributions to the City of Coachella (621,524)
Total Contributions (621,524)

Change in Net Position $ (114,135)
Net Position, Beginning of Year 14,478,153
Net Position, End of Year $ 14,364,018

The accompanying notes are an integral part of this financial statement.
Coachella Sanitary District  
Statement of Cash Flows  
Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES  
Receipts from Customers $ 5,691,817  
Payments to Suppliers (2,179,919)  
Payments to Employees (1,010,798)  

Net Cash Provided by Operating Activities 2,501,100

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES  
Property Taxes 140,354

Net Cash Provided by Noncapital Financing Activities 140,354

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES  
Principal Paid on Long-term Debt (1,540,316)  
Interest Paid on Long-term Debt (739,050)  
Acquisition and Construction of Capital Assets (36,924)  
Contributions to/ from Other Government (621,524)  

Net Cash Used by Capital and Related Financing Activities (2,937,814)

CASH FLOWS FROM INVESTING ACTIVITIES  
Interest on Investments (9,413)  

Net Cash Provided by Investing Activities (9,413)  

Net Change in Cash and Cash Equivalents (305,773)

Cash and Cash Equivalents - Beginning of the Year 6,189,777

Cash and Cash Equivalents - End of the Year $ 5,884,004

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:  
Operating Income $ 1,097,677  
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:  
Depreciation and Amortization 1,462,087  
Change in Assets and Liabilities:  
  Decrease (Increase) in Accounts Receivable (72,073)  
  Increase (Decrease) in Accounts Payable 40,451  
  Increase (Decrease) in Accrued Payroll (1,947)  
  Increase (Decrease) in Compensated Absences (10,402)  
  Increase (Decrease) in Net Pension Liability (63,888)  
  Increase (Decrease) in Net OPEB Obligation 49,195  

Net Cash Provided By Operating Activities $ 2,501,100

Noncash Investing, Capital and Financing Activities  
Amortization of (Premium)/Discount on Bonds $ (11,368)

The accompanying notes are an integral part of this financial statement.
<table>
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<th>Description</th>
<th>Page</th>
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Coachella Sanitary District
Notes to Financial Statements
Year Ended June 30, 2017

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:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steven Hernandez</td>
<td>President</td>
<td>November 2018</td>
</tr>
<tr>
<td>Manuel Pérez</td>
<td>Vice President</td>
<td>November 2018</td>
</tr>
<tr>
<td>Beatriz “Betty” Sanchez</td>
<td>Director</td>
<td>November 2018</td>
</tr>
<tr>
<td>Emmanuel Martinez</td>
<td>Director</td>
<td>November 2020</td>
</tr>
<tr>
<td>Philip Bautista</td>
<td>Director</td>
<td>November 2020</td>
</tr>
</tbody>
</table>

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.
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 Investments

Effective July 1, 1997, the District adopted 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 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 did not have any investments at June 30, 2017.

The District’s funds are pooled with the City of Coachella’s cash and investments in order to generate optimum investment return. Investments are stated at fair value (quoted market price or the best available estimate thereof), as applicable.

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.
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:

<table>
<thead>
<tr>
<th></th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>45 years</td>
</tr>
<tr>
<td>Machinery</td>
<td>5-30 years</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>5-10 years</td>
</tr>
<tr>
<td>Sewer Improvements</td>
<td>25-100 years</td>
</tr>
</tbody>
</table>

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.
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, 2017, 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:

<table>
<thead>
<tr>
<th>Lien Date</th>
<th>January 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levy Date</td>
<td>July 1 to June 30</td>
</tr>
<tr>
<td>Due Date</td>
<td>1st Installment – November 1</td>
</tr>
<tr>
<td>Delinquent Date</td>
<td>2nd Installment – March 1</td>
</tr>
<tr>
<td></td>
<td>1st Installment – December 10</td>
</tr>
<tr>
<td></td>
<td>2nd Installment – April 10</td>
</tr>
</tbody>
</table>

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, 2017 are as follows:

Statement of Net Position:
- Cash and Investments - Pooled Cash $ -
- Restricted:
  - Cash and Investments 5,884,004
- Total Cash and Investments $ 5,884,004

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.
4) CAPITAL ASSETS

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

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Deletions</th>
<th>Transfers</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Assets, Not Depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$ 452,919</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$ 452,919</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>264,168</td>
<td>36,924</td>
<td></td>
<td>(264,168)</td>
<td>36,924</td>
</tr>
<tr>
<td>Total Capital Assets, Not Depreciated</td>
<td>717,087</td>
<td>36,924</td>
<td></td>
<td>(264,168)</td>
<td>489,843</td>
</tr>
<tr>
<td>Capital Assets Being Depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>760,085</td>
<td></td>
<td></td>
<td></td>
<td>760,085</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>5,243,982</td>
<td></td>
<td></td>
<td></td>
<td>5,243,982</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>55,890,417</td>
<td></td>
<td></td>
<td></td>
<td>56,154,585</td>
</tr>
<tr>
<td>Total Capital Assets Being Depreciated</td>
<td></td>
<td></td>
<td></td>
<td>264,168</td>
<td>62,158,652</td>
</tr>
<tr>
<td>Less Accumulated Depreciation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>(421,634)</td>
<td>(20,856)</td>
<td></td>
<td></td>
<td>(371,254)</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>(3,869,121)</td>
<td>(117,386)</td>
<td></td>
<td></td>
<td>(3,986,507)</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>(21,322,159)</td>
<td>(1,323,844)</td>
<td></td>
<td></td>
<td>(22,717,239)</td>
</tr>
<tr>
<td>Total Accumulated Depreciation</td>
<td>(25,612,914)</td>
<td>(1,462,086)</td>
<td></td>
<td></td>
<td>(27,075,000)</td>
</tr>
<tr>
<td>Total Capital Assets Being Depreciated, Net</td>
<td></td>
<td></td>
<td></td>
<td>264,168</td>
<td>35,083,652</td>
</tr>
<tr>
<td>Business-Type Activities Capital Assets, Net of Depreciation</td>
<td>$ 36,998,657</td>
<td>(1,425,162)</td>
<td>$</td>
<td>$</td>
<td>$ 35,573,495</td>
</tr>
</tbody>
</table>

Depreciation expense in the amount of $1,462,086 is included in the operating expenses.
5) LONG-TERM LIABILITIES

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

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensated Absences</td>
<td>$189,983</td>
<td>$</td>
<td>(10,402)</td>
<td>$179,581</td>
<td>$97,057</td>
</tr>
<tr>
<td>OPEB Obligation</td>
<td>343,076</td>
<td>49,195</td>
<td></td>
<td>392,271</td>
<td></td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>2,335,692</td>
<td>408,600</td>
<td></td>
<td>2,744,292</td>
<td></td>
</tr>
<tr>
<td>Loans Payable</td>
<td>17,214,035</td>
<td>(1,222,137)</td>
<td>15,991,898</td>
<td>1,249,096</td>
<td></td>
</tr>
<tr>
<td>Bond Premiums</td>
<td>225,095</td>
<td>(11,255)</td>
<td>213,840</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015A Wastewater</td>
<td>4,125,000</td>
<td>(150,000)</td>
<td>3,975,000</td>
<td>160,000</td>
<td></td>
</tr>
<tr>
<td>2005B Wastewater</td>
<td>4,388,075</td>
<td>(76,075)</td>
<td>4,312,000</td>
<td>79,246</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$28,820,956</td>
<td>457,795</td>
<td>(1,469,869)</td>
<td>$27,808,882</td>
<td>$1,585,399</td>
</tr>
</tbody>
</table>

6) COMPENSATED ABSENCES

For the Sanitary District, accumulated vacation, sick and administrative leave benefits payable in future years amounted to $179,581 at June 30, 2017. The City has estimated that $97,057 will be paid in the next year and is reflected as a current liability. The City has estimated that $82,524 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 2.33%.

$13,311,292

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, 2017, 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%.

$2,680,606

Total Loans

$15,991,898
7) LOANS PAYABLE - Continued

The future debt requirements of the loan are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$1,249,096</td>
<td>390,637</td>
<td>1,639,733</td>
</tr>
<tr>
<td>2019</td>
<td>1,281,675</td>
<td>362,336</td>
<td>1,644,011</td>
</tr>
<tr>
<td>2020</td>
<td>1,309,889</td>
<td>333,351</td>
<td>1,643,240</td>
</tr>
<tr>
<td>2021</td>
<td>1,338,751</td>
<td>303,669</td>
<td>1,642,420</td>
</tr>
<tr>
<td>2022</td>
<td>1,368,277</td>
<td>273,334</td>
<td>1,641,611</td>
</tr>
<tr>
<td>2023-2027</td>
<td>7,338,604</td>
<td>912,170</td>
<td>8,250,774</td>
</tr>
<tr>
<td>2028-2032</td>
<td>340,000</td>
<td>238,225</td>
<td>578,225</td>
</tr>
<tr>
<td>2033-2037</td>
<td>385,000</td>
<td>196,187</td>
<td>581,187</td>
</tr>
<tr>
<td>2038-2042</td>
<td>430,000</td>
<td>149,102</td>
<td>579,102</td>
</tr>
<tr>
<td>2043-2047</td>
<td>485,000</td>
<td>95,843</td>
<td>580,843</td>
</tr>
<tr>
<td>2048-2052</td>
<td>465,606</td>
<td>36,291</td>
<td>501,897</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$15,991,898</strong></td>
<td><strong>$3,291,145</strong></td>
<td><strong>$19,283,043</strong></td>
</tr>
</tbody>
</table>

8) REVENUE BONDS

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.

$4,312,000

On October 15, 2015, the Coachella Sanitary District issued $4,260,000 Wastewater Revenue Refunding Bonds; Series 2015A, to advance refund the outstanding amount of the Coachella Sanitary District Wastewater Revenue Refunding Certificates of Participation Series 2005A. Interest on the bonds is payable October 1 and April 1 of each year. Interest on the bonds accrues at rates varying from 2.00% to 5.00% per annum. Principal on serial and term bonds is payable in annual installments ranging from $135,000 to $295,000 commencing April 1, 2016, through April 1, 2035. The District, with the issuance of the bonds, entered into a rate covenant agreement. For the year ended June 30, 2017, the District met the rate covenant as required by the bond indenture.

$3,975,000

Total Revenue Bonds

$8,287,000
8) REVENUE BONDS - Continued

The future debt requirements of revenue bonds are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$239,246</td>
<td>$328,527</td>
<td>$567,773</td>
</tr>
<tr>
<td>2019</td>
<td>242,548</td>
<td>322,089</td>
<td>564,637</td>
</tr>
<tr>
<td>2020</td>
<td>250,989</td>
<td>313,916</td>
<td>564,905</td>
</tr>
<tr>
<td>2021</td>
<td>259,572</td>
<td>305,452</td>
<td>565,024</td>
</tr>
<tr>
<td>2022</td>
<td>268,305</td>
<td>294,991</td>
<td>563,296</td>
</tr>
<tr>
<td>2023-2027</td>
<td>1,553,198</td>
<td>1,273,233</td>
<td>2,826,431</td>
</tr>
<tr>
<td>2028-2032</td>
<td>1,912,828</td>
<td>912,983</td>
<td>2,825,811</td>
</tr>
<tr>
<td>2033-2037</td>
<td>1,663,610</td>
<td>560,481</td>
<td>2,224,091</td>
</tr>
<tr>
<td>2038-2042</td>
<td>1,015,115</td>
<td>325,984</td>
<td>1,341,099</td>
</tr>
<tr>
<td>2043-2046</td>
<td>881,589</td>
<td>109,565</td>
<td>991,154</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,287,000</strong></td>
<td><strong>$4,747,221</strong></td>
<td><strong>$13,034,221</strong></td>
</tr>
</tbody>
</table>

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 $2,744,292 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, 2017, 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.
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, 2017, the City and the District did not have a liability to the Authority for claims losses.

The Worker’s Compensation Insurance Program is a claim 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, 2017, 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 $392,271 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, 2017, 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.