

**FAIRBANKS RANCH
COMMUNITY SERVICES DISTRICT**

**SPECIAL BOARD MEETING
held at**

**FAIRBANKS RANCH CLUBHOUSE
17651 CIRCA DEL NORTE
RANCHO SANTA FE, CA 92067**

BOARD MEETING AGENDA

**for
Monday, February 23, 2015
6:00 p.m.**

**FAIRBANKS RANCH
COMMUNITY SERVICES DISTRICT**

**AGENDA
BOARD OF DIRECTORS SPECIAL MEETING**

Monday, February 23, 2015, 6:00 p.m.

Fairbanks Ranch Clubhouse, 17651 Circa Del Norte, Rancho Santa Fe

1. Call Meeting to Order and Roll Call.

Board Members:	President:	Rich Sparber
	Vice President:	Vacant
	Director:	Joleene Cannon
	Director:	Julie Feld
	Director:	Rick Heymann

Staff:	General Manager:	Chuck Duffy
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2. Public Comment.

Communication from the public concerning matters not on the agenda.

AGENDA

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- | | |
|--|--------------|
| 3. Consideration of Appointment of New Director.
Recommendation: To be made by the Board. | 4 |
| 4. Election of Board President and Vice President.
Recommendation: To be made by the Board. | (--) |
| 5. Minutes of the October 13, 2014 Special Meeting.
Recommendation: Approve as submitted. | 5-6 |
| 6. December 2014 and January 2015 Dudek Invoices.
Recommendation: To be made by the Board. | 7-14 |
| 7. Consideration of a Policy Establishing the Time and Place of Regular Meetings.
Recommendation: To be made by the Board. | 15-16 |
| 8. Consideration of FY 2013/2014 Draft Audited Financial Statements.
Recommendation: Approve the audited financial statements as presented. | 17-37 |

9. Monthly Flow Report.	38
10. District Financial Reports.	
a. Revenue and Expenditure Report. (Unaudited).	40-41
b. Balance Sheet.	42
c. LAIF Monthly Update.	43-44
11. General Manager's Report.	
a. Treatment plant operational report.	45
b. Recycled Water update.	(--)
12. Upcoming Seminars/Conferences.	(--)

CONSIDERATION OF CORRESPONDENCE

An Informational package containing copies of all pertinent correspondence to and from the District for the months of December 2014 and January 2015 will be given to each Board member along with the Agenda.

Adjournment.

This meeting is accessible to people with disabilities. Individuals who require special assistance to participate may request an alternative format of the agenda and packet materials. Notification in advance of the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it. To request a disability-related modification or accommodation, please call (760) 479-4150.



**FAIRBANKS RANCH
COMMUNITY SERVICES DISTRICT**

GENERAL MANAGER
CHUCK DUFFY

BOARD OF DIRECTORS
JOLEENE CANNON
JULIE FELDMAN
RICK HEYMANN
RICHARD SPARBER

MEMORANDUM

To: Board of Directors
From: Chuck Duffy, General Manager
Subject: Appointment of New Director
Date: February 23, 2015

In accordance with State law, District staff has posted the required Notices of Vacancy for the board seat recently vacated by Linda Kaeser. The noticing period has now concluded.

We have heard from one applicant for the vacant board seat, Stephen Charlton. I would therefore recommend that your board appoint Stephen Charlton to the Fairbanks Ranch CSD Board of Directors.

**FAIRBANKS RANCH
COMMUNITY SERVICES DISTRICT**

MINUTES

BOARD OF DIRECTORS SPECIAL MEETING

Monday, October 13, 2014 5:30 p.m.

Fairbanks Ranch Clubhouse, 17651 Circa Del Norte, Rancho Santa Fe, CA

PRESENT

Rich Sparber
Joleene Cannon
Julie Feld
Rick Heymann
Linda Kaeser

ABSENT

GUESTS

Deborah Baker, G.M.
Fairbanks Ranch Assoc.
Dr. Dennis Caplain
Lori Conger
Marlene King

STAFF

Chuck Duffy, G.M.
Paula Melendrez

President Sparber called the regular meeting of the Board of Directors of the Fairbanks Ranch Community Services District to order.

1. Call Meeting to Order and Roll Call.

2. Public Comment.

BOARD ITEMS

3. Minutes of the August 4, 2014 Regular Meeting.

ACTION: Director Cannon moved to approve the minutes as submitted. Director Kaeser seconded. Motion carried 4-0.

4. July and August 2014 Dudek Invoices.

ACTION: Director Kaeser moved to approve the invoices as presented. Director Heymann seconded. Motion carried 4-0.

5. Consideration of Recycled Water Report by Dexter Wilson Engineering: Alternatives Analysis For Tertiary Recycled Water Improvements.

The General Manager gave a summary of the report on tertiary recycled water options for the Fairbanks Ranch CSD, as well as a potential joint tertiary recycled water project with the Whispering Palms CSD and the Rancho Santa Fe CSD. There was a general consensus among the Board to not pursue a recycled water project at this time.

6. Consideration of a Proposal for Updating the District's Sewer System Management Plan.

ACTION: Director Kaeser moved to approve the proposal by Dexter Wilson Engineering as presented. Director Cannon seconded. Motion carried 5-0.

7. Monthly Flow Report – Noted and filed.

8. District Financial Reports.

- a. Revenue and Expenditure Reports. (Unaudited) – Noted and filed.
- b. Balance Sheet – Noted and filed.
- c. LAIF Monthly Update– Noted and filed.

9. General Manager's Report.

- a. Treatment plant operational report – No issues to report.

10. Upcoming Seminars/Conferences – None.

Adjournment.

There being no further business of the Fairbanks Ranch Community Services District Board of Directors, the October 13, 2014 special meeting was adjourned by Board President Sparber.

PREPARED BY:

APPROVED BY:

Chuck Duffy, General Manager

Rich Sparber, President

Approved: February 23, 2015



**FAIRBANKS RANCH
COMMUNITY SERVICES DISTRICT**

GENERAL MANAGER
CHUCK DUFFY

BOARD OF DIRECTORS
JOLEENE CANNON
JULIE FELD
RICK HEYMANN
RICHARD SPARBER

February 23, 2015

Board of Directors
Fairbanks Ranch Community Services District

Re: December 2014 Invoices

Dear Board Members:

The attached invoices covering the month of December are submitted for your review and approval.

A. (350-1120) Management total (incl. expenses):	\$4,940.00
B. (350-1121) Operations total (incl. expenses):	\$14,200.00

The work accomplished includes: filing, correspondence, agenda preparation, invoice review, budgeting, phone calls, word processing, meetings, site visits, treatment plant operations, research, and permit issuance.

BUDGET SUMMARY

	<u>Annual Budget</u>	<u>December 2014 Billing</u>	<u>Billed to Date</u>	<u>% of Annual Budget</u>	<u>% of Year Elapsed</u>	<u>YTD Over/(Under) Budget</u>
Management	\$59,280.00	\$4,940.00	\$29,640.00	50.00%	50.00%	\$0.00
Operations	\$170,400.00	\$14,200.00	\$85,200.00	50.00%	50.00%	\$0.00

Sincerely,

Chuck Duffy, General Manager

DUDEK

605 3rd Street
Encinitas, CA 92024
T (760) 942-5147
F (760) 632-0164

January 15, 2015
Project No: 350.1420
Invoice No: 20146574

Fairbanks Ranch CSD
c/o Dudek
605 Third Street
Encinitas, CA 92024

Project Manager Charles Duffy

Project 350.1420 SID Management

Professional Services for the Period: November 29, 2014 to December 26, 2014

Total Fee	29,640.00		
		Total Earned	29,640.00
		Previous Fee Billing	24,700.00
		Current Fee Billing	4,940.00
		Total Fee	4,940.00
		Total Project Invoice Amount	\$4,940.00

Billing Summary

	Current	Prior	Total
Fee	4,940.00	24,700.00	29,640.00
Totals	4,940.00	24,700.00	29,640.00

Contract Maximum:	59,280.00
Previous Billings Against Maximum:	24,700.00
Current Billings Against Maximum:	4,940.00
Balance After This Invoice:	29,640.00

Authorized
By: _____

Date: _____

Charles Duffy

DUDEK

605 3rd Street
Encinitas, CA 92024
T (760) 942-5147
F (760) 632-0164

January 15, 2015
Project No: 350.1421
Invoice No: 20146575

Fairbanks Ranch CSD
c/o Dudek
605 Third Street
Encinitas, CA 92024

Project Manager Charles Duffy

Project 350.1421 Operations

Professional Services for the Period: November 29, 2014 to December 26, 2014

Total Fee	85,200.00			
		Total Earned	85,200.00	
		Previous Fee Billing	71,000.00	
		Current Fee Billing	14,200.00	
		Total Fee		14,200.00
		Total Project Invoice Amount		\$14,200.00

Billing Summary

	Current	Prior	Total
Fee	14,200.00	71,000.00	85,200.00
Expense	0.00	399.05	399.05
Totals	14,200.00	71,399.05	85,599.05

Contract Maximum:	170,799.05
Previous Billings Against Maximum:	71,399.05
Current Billings Against Maximum:	14,200.00
Balance After This Invoice:	85,200.00

Authorized
By: _____

Date: _____

Charles Duffy



**FAIRBANKS RANCH
COMMUNITY SERVICES DISTRICT**

GENERAL MANAGER
CHUCK DUFFY

BOARD OF DIRECTORS
JOLEENE CANNON
JULIE FELD
RICK HEYMANN
RICHARD SPARBER

February 23, 2015

Board of Directors
Fairbanks Ranch Community Services District

Re: January 2015 Invoices

Dear Board Members:

The attached invoices covering the month of January are submitted for your review and approval.

A. (350-1120) Management total (incl. expenses):	\$4,940.00
B. (350-1121) Operations total (incl. expenses):	\$14,200.00

The work accomplished includes: filing, correspondence, agenda preparation, invoice review, budgeting, phone calls, word processing, meetings, site visits, treatment plant operations, research, and permit issuance.

BUDGET SUMMARY

	<u>Annual Budget</u>	<u>January 2015 Billing</u>	<u>Billed to Date</u>	<u>% of Annual Budget</u>	<u>% of Year Elapsed</u>	<u>YTD Over/(Under) Budget</u>
Management	\$59,280.00	\$4,940.00	\$34,580.00	58.33%	58.33%	\$0.00
Operations	\$170,400.00	\$14,200.00	\$99,400.00	58.33%	58.33%	\$0.00

Sincerely,

Chuck Duffy, General Manager

DUDEK

605 3rd Street
Encinitas, CA 92024
T (760) 942-5147
F (760) 632-0164

February 18, 2015
Project No: 350.1420
Invoice No: 20150446

Fairbanks Ranch CSD
c/o Dudek
605 Third Street
Encinitas, CA 92024

Project Manager Charles Duffy

Project 350.1420 SID Management

Professional Services for the Period: December 27, 2014 to January 30, 2015

Total Fee	34,580.00		
		Total Earned	34,580.00
		Previous Fee Billing	29,640.00
		Current Fee Billing	4,940.00
		Total Fee	4,940.00
		Total Project Invoice Amount	\$4,940.00

Billing Summary

	Current	Prior	Total
Fee	4,940.00	29,640.00	34,580.00
Totals	4,940.00	29,640.00	34,580.00

Contract Maximum:	59,280.00
Previous Billings Against Maximum:	29,640.00
Current Billings Against Maximum:	4,940.00
Balance After This Invoice:	24,700.00

Authorized
By: _____

Date: _____

Charles Duffy

DUDEK

605 3rd Street
Encinitas, CA 92024
T (760) 942-5147
F (760) 632-0164

February 18, 2015
Project No: 350.1421
Invoice No: 20150447

Fairbanks Ranch CSD
c/o Dudek
605 Third Street
Encinitas, CA 92024

Project Manager Charles Duffy

Project 350.1421 Operations

Professional Services for the Period: December 27, 2014 to January 30, 2015

Total Fee	99,400.00		
		Total Earned	99,400.00
		Previous Fee Billing	85,200.00
		Current Fee Billing	14,200.00
		Total Fee	14,200.00
		Total Project Invoice Amount	\$14,200.00

Billing Summary

	Current	Prior	Total
Fee	14,200.00	85,200.00	99,400.00
Expense	0.00	399.05	399.05
Totals	14,200.00	85,599.05	99,799.05

Contract Maximum:	170,799.05
Previous Billings Against Maximum:	85,599.05
Current Billings Against Maximum:	14,200.00
Balance After This Invoice:	71,000.00

Authorized
By: _____

Date: _____

Charles Duffy



**FAIRBANKS RANCH
COMMUNITY SERVICES DISTRICT**

GENERAL MANAGER
CHUCK DUFFY

BOARD OF DIRECTORS
JOLEENE CANNON
JULIE FELDMAN
RICK HEYMANN
RICHARD SPARBER

MEMORANDUM

To: Board of Directors
From: Chuck Duffy, General Manager
Subject: Regular Board Meeting Date Policy
Date: February 23, 2015

The current policy for Regular Board Meeting dates is to meet four times per year on the first Monday of February, May, August, and November. The meeting dates set in the policy are based on input from board members, as well as past experience with the District calendar and conflicts, but are open to change based on our discussion at the meeting itself. I have therefore placed this item on the agenda to allow your Board to confirm the current policy, or amend it as needed.

**POLICY OF THE
FAIRBANKS RANCH COMMUNITY SERVICES DISTRICT
REGARDING REGULAR MEETING DATES**

Policy

It shall be the policy of the Fairbanks Ranch Community Services District that the regular meetings of the Board of Directors shall be conducted four times per year on the first Monday of each of the following months: February, May, August, and November.

This policy shall replace all previous policies and resolutions with regards to the regular meeting dates.

Approved by a vote of the Board of Directors of the Fairbanks Ranch Community Services District on February 23, 2015.

ATTEST:

By: _____
Chuck Duffy, General Manager
Fairbanks Ranch Community Services District



**FAIRBANKS RANCH
COMMUNITY SERVICES DISTRICT**

GENERAL MANAGER
CHUCK DUFFY

BOARD OF DIRECTORS
JOLEENE CANNON
JULIE FELD
RICK HEYMANN
RICHARD SPARBER

MEMORANDUM

To: Board of Directors
From: Chuck Duffy, General Manager
Subject: FY 2103/14 Audited District Financial Statements
Date: February 23, 2015

Attached for your review are the District's Fiscal Year 2013/14 Audited Financial Statements. The auditors encountered no substantive issues with the District's financial statements. It is therefore staff's recommendation that the Board approve the District's Fiscal Year 2014/15 Audited Financial Statements as presented.

**FAIRBANKS RANCH
COMMUNITY SERVICES DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

DRAFT



Leaf & Cole, LLP
Certified Public Accountants

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Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 18

DRAFT



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Steven W. Northcote, C.P.A.
Michael S. Schreibman, C.P.A.
Michael J. Zizzi, C.P.A.
Julie A. Firl, C.P.A.
Nicholas M. Gines, C.P.A.

Members
American Institute of Certified Public Accountants
California Society of Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Fairbanks Ranch Community Services District
750 Second Street
Encinitas, California 92024

Report on Financial Statements

We have audited the accompanying financial statements of Fairbanks Ranch Community Services District, which comprise the statements of net position as of June 30, 2014 and 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

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 audits. We conducted our audits 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 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fairbanks Ranch Community Services District, as of June 30, 2014 and 2013, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 6 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 the 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 on inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

San Diego, California
_____, 2014

DRAFT

Our discussion and analysis of the financial performance of Fairbanks Ranch Community Services District (District) provides an overview of the District's financial activities for the year ended June 30, 2014. Please read it in conjunction with the District's financial statements, which begin on page 7.

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:

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

The statement of net position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 its liquidity and financial flexibility.

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 sewer service charges.

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

- Operations
- Capital and related financing
- Noncapital 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

- The District's net position decreased by \$33,473 to \$6,860,666 for the year ended June 30, 2014.
- The District's total revenues decreased from \$626,469 for the year ended June 30, 2013, to \$623,613 for the year ended June 30, 2014. The decrease in interest earnings accounts for the majority of the decrease.
- The District's total expenses increased from \$613,232 for the year ended June 30, 2013, to \$657,086 for the year ended June 30, 2014. This was driven by an increase in sewage collection and treatment, and increased depreciation.

Financial Analysis of the District

Net Position

The following is a summary of the District's statement of net position at June 30:

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Assets:</u>				
Current assets	\$ 3,320,692	\$ 3,391,390	\$ (70,698)	(2.08)
Capital assets	3,911,731	3,926,679	(14,948)	(0.38)
Total Assets	<u>\$ 7,232,423</u>	<u>\$ 7,318,069</u>	<u>\$ (85,646)</u>	(1.17)
<u>Deferred Outflows of Resources:</u>				
<u>Liabilities:</u>				
Current liabilities	\$ 252,435	\$ 189,171	\$ 63,264	33.44
Noncurrent liabilities	119,322	234,759	(115,437)	(49.17)
Total liabilities	<u>\$ 371,757</u>	<u>\$ 423,930</u>	<u>\$ (52,173)</u>	(12.31)
<u>Deferred Inflows of Resources:</u>				
<u>Net Position:</u>				
Net investment in capital assets	\$ 3,619,110	\$ 3,578,677	\$ 40,433	1.13
Unrestricted	3,241,556	3,315,462	(73,906)	(2.23)
Total Net Position	<u>\$ 6,860,666</u>	<u>\$ 6,894,139</u>	<u>\$ (33,473)</u>	(0.49)

As you can see from the table above, net position decreased by \$33,473 from fiscal year 2013 to 2014. Looking more carefully you will note that this is being driven by unrestricted net position (that which can be used to finance day-to-day operations) which decreased \$73,906. This is due to a decrease in net working capital, resulting from the use of cash to fund capital projects and service debt.

Net investment in capital assets increased \$40,433 in fiscal year 2014. This increase is the result of principal paid on the District's long-term debt and its investment in capital assets, net of depreciation expense.

Financial Analysis of the District (Continued)

Revenues, Expenses and Changes in Net Position

The following is a summary of the District's revenues, expenses and changes in net position for the years ended June 30:

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating revenues	\$ 615,916	\$ 616,712	\$ (796)	(0.1)
Nonoperating revenues	<u>7,697</u>	<u>9,757</u>	<u>(2,060)</u>	(21.1)
Total Revenues	<u>623,613</u>	<u>626,469</u>	<u>(2,856)</u>	(0.5)
Depreciation expense	171,337	153,257	18,080	11.8
Other operating expense	480,363	452,411	27,952	6.2
Nonoperating expense	<u>5,386</u>	<u>7,564</u>	<u>(2,178)</u>	(28.8)
Total Expenses	<u>657,086</u>	<u>613,232</u>	<u>43,854</u>	7.2
Change in Net Position	(33,473)	13,237	(46,710)	(352.9)
Net Position at Beginning of Year	<u>6,894,139</u>	<u>6,880,902</u>		
Net Position at End of Year	<u>\$ 6,860,666</u>	<u>\$ 6,894,139</u>		

The District's operating revenues decreased by \$796 in fiscal year 2014. Nonoperating revenues decreased by \$2,060 in fiscal year 2014 due to a decrease in investment income as a result of a decreased interest earnings rate on cash equivalent balances. Operating costs, exclusive of depreciation, increased \$27,952 in fiscal year 2014 due to less sewer cleaning, tree trimming and brush removal costs incurred.

Capital Assets

Capital assets consist of the following at June 30:

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ <u>1,121,000</u>	\$ <u>1,121,000</u>	\$ -	-
Total Capital Assets Not Being Depreciated	<u>1,121,000</u>	<u>1,121,000</u>	<u>-</u>	-
<u>Capital Assets Being Depreciated:</u>				
Structures and improvements	5,448,936	5,448,936	-	-
Equipment	1,788,010	1,631,621	156,389	9.58
Service vehicle	<u>18,443</u>	<u>18,443</u>	<u>-</u>	-
Total Capital Assets Being Depreciated	<u>7,255,389</u>	<u>7,099,000</u>	<u>156,389</u>	2.20
Less: Accumulated depreciation	<u>(4,464,658)</u>	<u>(4,293,321)</u>	<u>(171,337)</u>	3.99
Net Capital Assets Being Depreciated	<u>2,790,731</u>	<u>2,805,679</u>	<u>(14,948)</u>	(0.53)
Net Capital Assets	<u>\$ 3,911,731</u>	<u>\$ 3,926,679</u>	<u>\$ (14,948)</u>	(0.38)

The net additions of capital assets being depreciated for fiscal year 2014 totaled \$156,389. Capital asset additions consisted of a conveyor assembly, sewer lift station rehabilitation, digester aeration rail system and miscellaneous capital acquisitions.

Financial Analysis of the District (Continued)

Noncurrent Liabilities

The following is a summary of noncurrent liabilities at June 30:

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Note payable	\$ <u>234,759</u>	\$ <u>348,002</u>	\$ <u>(113,243)</u>	(32.54)

The District reduced its debt outstanding by \$113,243 during the year ended June 30, 2014. No new debt has been issued.

Economic Factors and Next Year’s Budget and Rates

The District’s Board of Directors and management consider many factors when setting the fiscal year budget. In a comparison of the 2015 and 2014 budgets, operating revenues remain relatively similar. Operating expenses will also remain similar to prior year.

Contacting the District’s Financial Manager

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Fairbanks Ranch Community Services District General Manager, Chuck Duffy, at (760) 942-5147 or email cduffy@dudek.com.

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
<u>Current Assets:</u> (Notes 1 and 2)		
Cash and cash equivalents	\$ 3,303,770	\$ 3,389,257
Accounts receivable	15,165	129
Accrued interest receivable	1,757	2,004
Total Current Assets	<u>3,320,692</u>	<u>3,391,390</u>
<u>Noncurrent Assets:</u> (Notes 1 and 3)		
Capital Assets:		
Nondepreciable	1,121,000	1,121,000
Depreciable, net of accumulated depreciation	<u>2,790,731</u>	<u>2,805,679</u>
Total Capital Assets, net	<u>3,911,731</u>	<u>3,926,679</u>
Total Noncurrent Assets	<u>3,911,731</u>	<u>3,926,679</u>
TOTAL ASSETS	<u>\$ 7,232,423</u>	<u>\$ 7,318,069</u>
 <u>LIABILITIES</u>		
<u>Current Liabilities:</u> (Notes 1 and 4)		
Accounts payable	\$ 134,146	\$ 71,705
Interest payable	2,852	4,223
Current portion of note payable	<u>115,437</u>	<u>113,243</u>
Total Current Liabilities	<u>252,435</u>	<u>189,171</u>
<u>Noncurrent Liabilities:</u> (Notes 1 and 4)		
Note payable, net of current portion	<u>119,322</u>	<u>234,759</u>
Total Liabilities	<u>371,757</u>	<u>423,930</u>
<u>Contingencies</u> (Note 5)		
<u>NET POSITION:</u>		
Net investment in capital assets	3,619,110	3,578,677
Unrestricted	<u>3,241,556</u>	<u>3,315,462</u>
Total Net Position	<u>\$ 6,860,666</u>	<u>\$ 6,894,139</u>

The accompanying notes are an integral part of the financial statements.

	<u>2014</u>	<u>2013</u>
<u>Operating Revenues:</u>		
Sewer service charges	\$ <u>615,916</u>	\$ <u>616,712</u>
<u>Operating Expenses:</u>		
Sewage collection and treatment	377,605	357,050
Administrative expenses	102,758	95,361
Depreciation	<u>171,337</u>	<u>153,257</u>
Total Operating Expenses	<u>651,700</u>	<u>605,668</u>
Operating (Loss) Income	<u>(35,784)</u>	<u>11,044</u>
<u>Nonoperating Revenues and (Expenses):</u>		
Investment income	7,522	9,757
Other revenue	175	-
Interest expense	<u>(5,386)</u>	<u>(7,564)</u>
Total Nonoperating Revenues and (Expenses)	<u>2,311</u>	<u>2,193</u>
Change in Net Position	(33,473)	13,237
Net Position at Beginning of Year	<u>6,894,139</u>	<u>6,880,902</u>
NET POSITION AT END OF YEAR	<u><u>\$ 6,860,666</u></u>	<u><u>\$ 6,894,139</u></u>

The accompanying notes are an integral part of the financial statements.

	<u>2014</u>	<u>2013</u>
<u>Cash Flow From Operating Activities:</u>		
Receipts from customers	\$ 600,880	\$ 617,076
Payments to suppliers	(475,784)	(435,706)
Net Cash Provided by Operating Activities	<u>125,096</u>	<u>181,370</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Principal paid on note payable	(113,243)	(111,091)
Interest paid	(6,757)	(8,909)
Net Cash Used in Capital and Related Financing Activities	<u>(120,000)</u>	<u>(120,000)</u>
<u>Cash Flows From Investing Activities:</u>		
Acquisition and construction of capital assets	(98,527)	(155,193)
Investment income	7,769	10,691
Other revenue	175	-
Net Cash Used in Investing Activities	<u>(90,583)</u>	<u>(144,502)</u>
Net Decrease in Cash and Cash Equivalents	(85,487)	(83,132)
Cash and Cash Equivalents at Beginning of Year	<u>3,389,257</u>	<u>3,472,389</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,303,770</u>	<u>\$ 3,389,257</u>
<u>Reconciliation of Operating (Loss) Income to Net</u>		
<u>Cash Provided by Operating Activities:</u>		
Operating (loss) income	\$ (35,784)	\$ 11,044
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation	171,337	153,257
Change in current assets and liabilities:		
Decrease (Increase) in accounts receivable	(15,036)	364
Increase in accounts payable	4,579	16,705
Net Cash Provided by Operating Activities	<u>\$ 125,096</u>	<u>\$ 181,370</u>
<u>Supplemental Disclosures of Cash Flow Information:</u>		
Acquisition and construction of capital assets held in accounts payable	<u>\$ 57,862</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

Note 1 - Organization and Significant Accounting Policies:

Organization

The Fairbanks Ranch Community Services District (the “District”) was formed in 1987 as the result of a reorganization involving the dissolution of the Fairbanks Ranch Sanitation District (FRSD). As a successor agency, the District encompasses the boundaries of the FRSD. The service boundary encompasses over 1,200 acres located near the intersection of San Dieguito Road and El Apajo Road, and serves approximately 610 homes, along with the Fairbanks Plaza, the Solana Santa Fe Elementary School, Fairbanks Ranch Association and the Fairbanks Ranch Fire Station. These services are funded by an annual sewer service charge levied on each parcel receiving sewer service.

The District is regulated under the provisions of Section 61000 of the California Government Code and is governed by a locally elected, five member board of directors. At the time of its formation, the District was granted the ability to provide wastewater service, public street lighting maintenance, roadside landscape maintenance, and water reclamation.

The District operates the Fairbanks Ranch Water Pollution Control Facility. The facility treats an average wastewater flow of 163,000 gallons per day (gpd), with a maximum rated capacity of 275,000 gpd.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Cod. Sec. 2100, “Defining the Financial Reporting Entity”. The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit’s board, or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has no component units.

Significant Accounting Policies

A summary of the District’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Method of Accounting

The District utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, the statements of net position and the statements of revenues, expenses and changes in net position have been prepared using the economic resources measurement focus and the accrual basis of accounting.

The District has not elected to apply the option allowed in GASB Cod. Sec. P80.103, “Proprietary Fund Accounting and Financial Reporting” and as a consequence will continue to apply GASB statements and interpretations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources 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.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Revenue Recognition

The District recognizes revenues from sewer service charges when they are earned. Operating activities generally result from providing services and producing and delivering goods. As such, the District considers sewer service charges to be operating revenues.

Investments

Investments are stated at their fair value which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

Allowance for Doubtful Accounts

Management believes that all accounts receivable are fully collectible; therefore no allowance for doubtful accounts was recorded as of June 30, 2014 and 2013.

Taxes and Assessments

Sewer service charges are billed with property taxes and assessments by the County of San Diego to property owners. The District's property tax calendar for the fiscal year ended June 30, 2014 was as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment - November 1 Second Installment - February 1
Delinquent Date:	First Installment - December 10 Second Installment - April 10

The County collects the sewer service charges from the property owners and remits the funds to the District periodically during the year. The District has an arrangement (Teeter Plan) with the County whereby the County remits sewer service charges which are delinquent as of each June 30 to the District in exchange for the right to retain the delinquent charges, penalties, and interest when these amounts are subsequently collected.

Capital Assets

Capital assets purchased or acquired with a cost exceeding \$5,000 and an estimated useful life of more than one year are reported at historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is calculated on the straight-line method over the following estimated useful lives:

Structures and improvements	15 - 50 years
Equipment	3 - 20 years
Service vehicle	20 years

Depreciation aggregated \$171,337 and \$153,257 for the years ended June 30, 2014 and 2013, respectively.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Interest

The District incurred interest charges on noncurrent liabilities. No interest was capitalized as a cost of construction for the years ended June 30, 2014 and 2013.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District pays an annual premium for commercial insurance covering bodily injury, property damage, personal injury, automobile liability, and public official's errors and omissions. In addition, the District carries commercial insurance for other risks of loss such as fire damage liability and crime coverage, as well as workmen's compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Economic Dependency

Virtually all of the District's revenues are derived from sewer service charges, which are billed on the County's property tax roll to approximately 610 homes, Fairbanks Plaza, the Solana Santa Fe Elementary School, Fairbanks Ranch Association and the Fairbanks Ranch Fire Station. Interruption of this source of revenue would impact the District negatively.

Cash and Cash Equivalents

For purposes of statement of cash flows, the District considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through _____, 2015, the date the financial statements were available to be issued.

Note 2 - Cash and Investments:

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

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

Note 2 - Cash and Investments: (Continued)

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Quality Requirements</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
US Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	A1
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes (Corporation Debt Investment Grade)	5 years	30%	A Rating
Mutual Funds	N/A	20%	Multiple
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA Rating
Time Deposits	5 years	None	None
California Local Agency Investment Funds (LAIF)	N/A	None	None
County Pooled Investments	N/A	None	None

The District's Investment Policy is more restrictive than the California Government Code. The policy restricts the District from investing in anything other than the California Local Agency Investment Fund or money market deposits that are FDIC insured or collateralized.

Cash and cash equivalents held by the District were comprised of the following at June 30:

	<u>Mature in 1 Year or Less</u>	<u>2014 Total</u>	<u>2013 Total</u>
California Local Agency Investment Fund (LAIF)	\$ 3,186,140	\$ 3,186,140	\$ 3,353,372
Deposits with financial institutions	117,630	117,630	35,885
Total Cash and Cash Equivalents	<u>\$ 3,303,770</u>	<u>\$ 3,303,770</u>	<u>\$ 3,389,257</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by only investing in the California Local Agency Investment Fund or deposits with financial institutions that are FDIC insured or collateralized and by timing cash flows from maturities so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations.

Note 2 - Cash and Investments: (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided in the previous table that shows the distribution of the District's investments by maturity as of June 30, 2014.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of the year end for each investment type.

<u>Investment</u>	<u>Rating as of Year End Standard & Poor's</u>
California Local Agency Investment Fund	Not Rated

Concentration of Credit Risk

Concentration of credit is the risk of loss attributed to the magnitude of the District's investment in a single issue.

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. The District holds no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) the District 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 deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local 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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2014, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. At June 30, 2014, no District investments were held by the same broker-dealer (counterparty) that was used by the District to buy the securities.

Note 2 - Cash and Investments: (Continued)

Investment in State Investment Pool

The District is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at 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.

The statement of cash flows has been prepared by considering all investment instruments purchased with a maturity of three months or less to be cash equivalents. Following is a detail:

	<u>2014</u>	<u>2013</u>
California Local Agency Investment Fund (LAIF)	\$ 3,186,140	\$ 3,353,372
Deposits with financial institutions	<u>117,630</u>	<u>35,885</u>
Total	<u>\$ 3,303,770</u>	<u>\$ 3,389,257</u>

Note 3 - Capital Assets:

Capital assets consist of the following at June 30:

	<u>2014</u>			
	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
Capital Assets Not Being Depreciated:				
Land	\$ 1,121,000	\$ -	\$ -	\$ 1,121,000
Total Capital Assets Not Being Depreciated	<u>1,121,000</u>	<u>-</u>	<u>-</u>	<u>1,121,000</u>
Capital Assets Being Depreciated:				
Structures and improvements	5,448,936	-	-	5,448,936
Equipment	1,631,621	156,389	-	1,788,010
Service vehicle	18,443	-	-	18,443
Total Capital Assets Being Depreciated	<u>7,099,000</u>	<u>156,389</u>	<u>-</u>	<u>7,255,389</u>
Less Accumulated Depreciation For:				
Structures and improvements	(2,955,724)	(123,351)	-	(3,079,075)
Equipment	(1,333,145)	(47,065)	-	(1,380,210)
Service vehicle	(4,452)	(921)	-	(5,373)
Total Accumulated Depreciation	<u>(4,293,321)</u>	<u>(171,337)</u>	<u>-</u>	<u>(4,464,658)</u>
Net Capital Assets Being Depreciated	<u>2,805,679</u>	<u>(14,948)</u>	<u>-</u>	<u>2,790,731</u>
Net Capital Assets	<u>\$ 3,926,679</u>	<u>\$ (14,948)</u>	<u>\$ -</u>	<u>\$ 3,911,731</u>

Note 3 - Capital Assets: (Continued)

	2013			
	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013
Capital Assets Not Being Depreciated:				
Land	\$ 1,121,000	\$ -	\$ -	\$ 1,121,000
Construction-in-progress	25,479	-	(25,479)	-
Total Capital Assets Not Being Depreciated	<u>1,146,479</u>	<u>-</u>	<u>(25,479)</u>	<u>1,121,000</u>
Capital Assets Being Depreciated:				
Structures and improvements	5,448,936	-	-	5,448,936
Equipment	1,450,969	180,672	-	1,631,621
Service vehicle	18,443	-	-	18,443
Total Capital Assets Being Depreciated	<u>6,918,328</u>	<u>180,672</u>	<u>-</u>	<u>7,099,000</u>
Less Accumulated Depreciation For:				
Structures and improvements	(2,832,374)	(123,350)	-	(2,955,724)
Equipment	(1,304,159)	(28,986)	-	(1,333,145)
Service vehicle	(3,531)	(921)	-	(4,452)
Total Accumulated Depreciation	<u>(4,140,064)</u>	<u>(153,257)</u>	<u>-</u>	<u>(4,293,321)</u>
Net Capital Assets Being Depreciated	<u>2,778,264</u>	<u>27,415</u>	<u>-</u>	<u>2,805,679</u>
Net Capital Assets	<u>\$ 3,924,743</u>	<u>\$ 27,415</u>	<u>\$ (25,479)</u>	<u>\$ 3,926,679</u>

Note 4 - Noncurrent Liabilities:

Noncurrent liabilities consist of the following at June 30:

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014	Due Within One Year
Note payable	\$ 348,002	\$ -	\$ (113,243)	\$ 234,759	\$ 115,437

Note payable consists of the following at June 30:

	2014	2013
In June 1994, the District entered into a loan agreement through the State Revolving Fund (SRF) loan program. The District's SRF loan was disbursed to the District based upon project expenditures that were submitted to the State Water Board. The SRF loan is payable in annual installments of \$120,000 each November 15 th for 20 years, including imputed interest at 1.92%. The SRF loan matures November 15, 2015 and is secured by a pledge of sewer service charge assessments.	\$ 234,759	\$ 348,002
Less: Current portion	(115,437)	(113,243)
Total Note Payable	<u>\$ 119,322</u>	<u>\$ 234,759</u>

Note 4 - Noncurrent Liabilities: (Continued)

Debt service requirements on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 115,437	\$ 4,563	\$ 120,000
2016	119,322	678	120,000
Total	<u>\$ 234,759</u>	<u>\$ 5,241</u>	<u>\$ 240,000</u>

Note 5 - Contingencies:

Legal claims and lawsuits arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the District's financial position.

Note 6 - New Governmental Accounting Standards:

GASB No. 66

In March 2012, the Governmental Accounting Standards Board issued Statement No. 66, "Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62". This pronouncement is effective for periods beginning after December 15, 2012. This statement resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". This Statement amends Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) service fee rate. These changes clarify how to apply Statement No. 13, "Accounting for Operating Leases with Scheduled Rent Increases", and result in guidance that is consistent with the requirements in Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", respectively. This pronouncement did not have a material effect on the financial statements of the District in the year of implementation.

GASB No. 67

In June 2012, the Governmental Accounting Standards Board issued Statement No. 67, "Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25". This pronouncement is effective for periods beginning after June 15, 2013. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", and No. 50, "Pension Disclosures", as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This pronouncement did not have a material effect on the financial statements of the District in the year of implementation.

Note 11 - New Governmental Accounting Standards: (Continued)

GASB No. 68

In June 2012, the Governmental Accounting Standards Board issued Statement No. 68, "Accounting and Financial Reporting for Pensions". This pronouncement is effective for periods beginning after June 15, 2014. This pronouncement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans, as well as for nonemployer governments that have a legal obligation to contribute to those plans. The District has not determined the effects of this pronouncement on the financial statements of the District in the year of implementation.

GASB No. 69

In January 2013, The Governmental Accounting Standard Board issued Statement No. 69, "Government Combinations and Disposals of Government Operations." This pronouncement is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis. Earlier application is encouraged. This statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, this statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This pronouncement is not anticipated to have a material effect on the financial statements of the District.

GASB No. 70

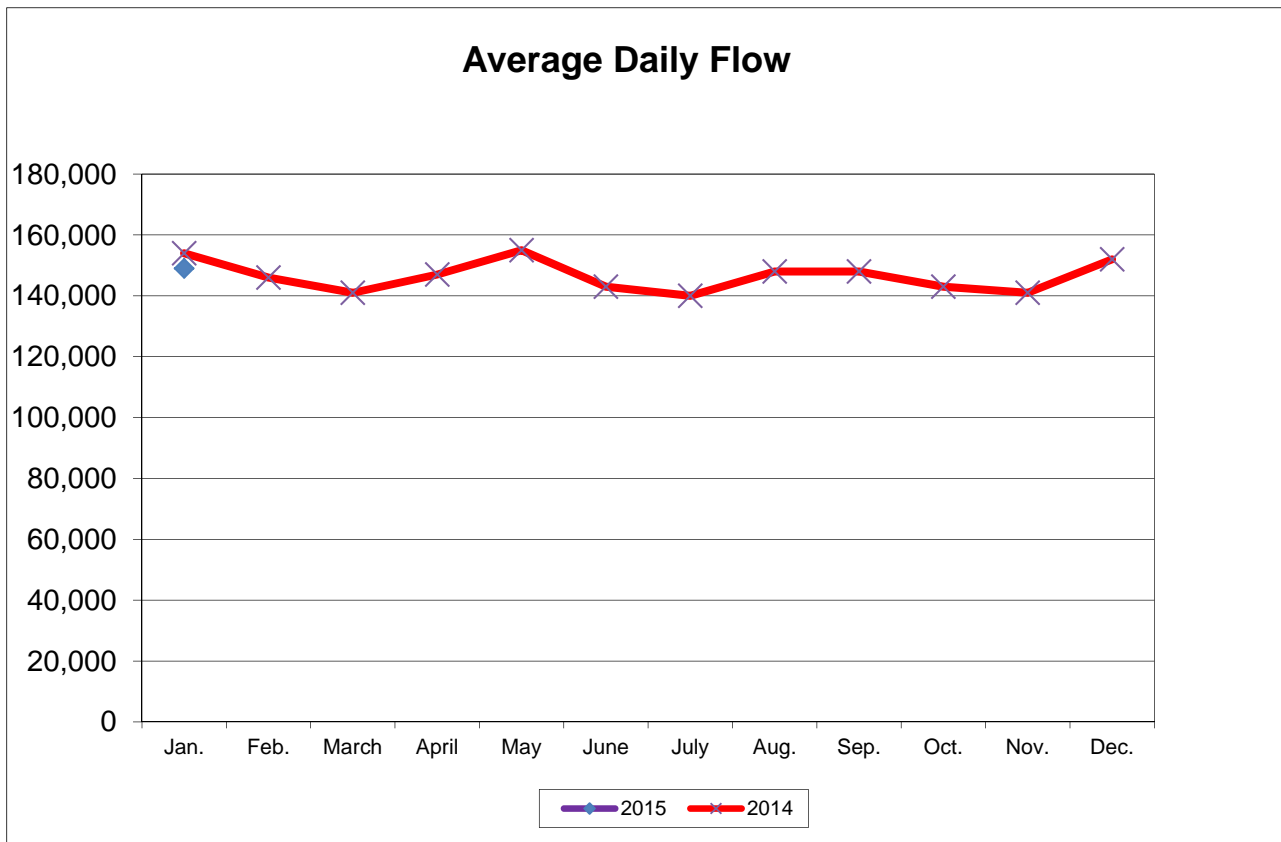
In April 2013, The Governmental Accounting Standard Board issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees." This pronouncement is effective for financial reporting periods beginning after June 15, 2013. Earlier application is encouraged. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that the government will be required to make a payment on the guarantee. The Government that issued the obligation guaranteed in a nonexchange transaction should recognize revenue to the extent that its guaranteed obligations have been reduced. If that government is required to repay a guarantor for making a payment, they should continue to reflect the liability until legally released as an obligor. The District has not extended any nonexchange financial guarantees at the date of these financial statements.

GASB No. 71

In November 2013, The Governmental Accounting Standards Board issue Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68. This pronouncement is effective simultaneously with the implementation of Statement 68. This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The District has not determined the effects of this pronouncement on the financial statements of the District in the year of implementation.

FAIRBANKS RANCH CSD
2015 TREATMENT PLANT FLOW REPORT
275,000 GPD CAPACITY

Month	New EDU'S Issued This Month	Vacant Lots Remaining	Average Daily Flow	
			2015	2014
Jan.	0.00	15	149,000	154,000
Feb.				146,000
March				141,000
April				147,000
May				155,000
June				143,000
July				140,000
Aug.				148,000
Sep.				148,000
Oct.				143,000
Nov.				141,000
Dec.				152,000



**FAIRBANKS RANCH
COMMUNITY SERVICES DISTRICT**

Sewer Improvement District #1

FINANCIAL STATEMENTS

January 31, 2015

**Fairbanks Ranch CSD
Revenues and Expenditures
7/1/2014-1/31/2015**

	July 1, 2014 thru January 31, 2015	Expected To Date	Variance Favorable/ (Unfavorable)	2014/2015 Budget
Revenues:				
4100 Sewer Service Charges	\$399,643	\$375,000	\$24,643	\$615,000
4200 Interest on Reserves	\$3,760	\$4,000.00	(\$240)	\$8,000
4300 Other Income	\$0	\$0	\$0	\$0
Total Revenues	\$403,404	\$379,000	\$24,404	\$623,000
Operations:				
5100 Treatment Plant Labor	\$99,400	\$99,400	\$0	\$170,400
5120 Power	\$62,636	\$46,667	(\$15,969)	\$80,000
5140 Water	\$5,699	\$5,250	(\$449)	\$9,000
5160 Telephone & Alarm Monitoring	\$1,870	\$1,575	(\$295)	\$2,700
5180 Laboratory Services	\$5,271	\$4,667	(\$604)	\$8,000
5200 Permit Fees	\$17,484	\$18,000	\$516	\$18,000
5220 Sewer Cleaning & Dig Alert	\$9,073	\$10,000	\$928	\$25,000
5240 Sludge Disposal	\$7,920	\$7,583	(\$337)	\$13,000
5260 Chemicals & Consumables	\$816	\$3,558	\$2,743	\$6,100
5280 Equipment Repair & Maint.	\$28,205	\$11,667	(\$16,538)	\$20,000
5300 Landscape/Weed Abatement	\$4,596	\$4,667	\$70	\$8,000
5320 Vehicle Expense	\$2,073	\$2,217	\$143	\$3,800
5340 Contingency/Misc	\$0	\$0	\$0	\$500
Total Operations Expenses	\$245,043	\$215,250	(\$29,793)	\$364,500
Administrative Expenses:				
6100 Management Fees	\$34,580	\$34,580	\$0	\$59,280
6110 Pub's, Notices, Dues, Fee	\$2,732	\$1,867	(\$865)	\$3,200
6130 Insurance Expense	\$19,702	\$20,000	\$298	\$20,000
6140 Professional Services	\$6,057	\$3,500	(\$2,557)	\$6,000
6150 Auditing Fees	\$11,250	\$12,000	\$750	\$12,000
6160 Directors Compensation	\$1,150	\$583	(\$567)	\$1,000
6170 Transfer to Wastewater Cap.Re	\$7,000	\$7,000	\$0	\$12,000
6180 SWRCB Loan Payment	\$120,000	\$120,000	\$0	\$120,000
6192 Bank Fees	\$60	\$58	(\$2)	\$100
Total Administrative Expenses	\$202,531	\$199,588	(\$2,943)	\$233,580
Net Gain/(Loss)	(\$44,170)	(\$35,838)	\$57,140	\$24,920

**Fairbanks Ranch CSD
Revenues and Expenditures
7/1/2014-1/31/2015**

	July 1, 2014 thru January 31, 2015	Expected To Date	Variance Favorable/ (Unfavorable)	2014/2015 Budget
Capital Projects:				
1415-1 Spare Digester Aerator	\$29,907	\$35,000	\$5,093	\$35,000
1415-2 Oxidation Ditch Aerator	\$47,440	\$15,000	(\$32,440)	\$15,000
FY 14-15 Unbudgeted Capital Items	\$0	\$0	\$0	\$10,000
Total Capital Projects	\$77,347	\$50,000	(\$27,347)	\$60,000

Fairbanks Ranch Community Services District
Balance Sheet
 As of January 31, 2015

	Jan 31, 15
ASSETS	
Current Assets	
Checking/Savings	
1001 · Cash-Checking	72,210.10
1010 · LAIF-Invesmtment Fund	3,016,657.56
Total Checking/Savings	3,088,867.66
Accounts Receivable	
11000 · *Accounts Receivable	40,550.64
Total Accounts Receivable	40,550.64
Total Current Assets	3,129,418.30
Fixed Assets	
1540 · Sevice Vehicle	18,442.98
1510 · Land	1,121,000.00
1520 · Structures & Improvements	5,448,936.00
1530 · Equipment	1,788,011.66
1590 · Accumulated Depreciation	-4,464,658.99
Total Fixed Assets	3,911,731.65
TOTAL ASSETS	7,041,149.95
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · *Accounts Payable	38,250.59
Total Accounts Payable	38,250.59
Other Current Liabilities	
2001 · Loan Interest Payable	2,852.00
2105 · Current Portion of Long-Term De	115,437.00
Total Other Current Liabilities	118,289.00
Total Current Liabilities	156,539.59
Long Term Liabilities	
2500 · State Loan Payable	234,759.46
2506 · Current Portion of LT Debt	-115,437.00
Total Long Term Liabilities	119,322.46
Total Liabilities	275,862.05
Equity	
3600 · Contributed Capital	2,447,727.00
3000 · Operating Fund	4,269,938.68
3100 · Wasterwater Capital Reserve Fd	143,000.00
Net Income	-95,377.78
Total Equity	6,765,287.90
TOTAL LIABILITIES & EQUITY	7,041,149.95

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif/laif.asp

February 19, 2015

FAIRBANKS RANCH COMMUNITY SERVICES
DISTRICT
GENERAL MANAGER
605 THIRD STREET
ENCINITAS, CA 92024

PMIA Average Monthly Yields

Account Number:
16-37-005

Tran Type Definitions

January 2015 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
1/15/2015	1/14/2015	QRD	1456893	SYSTEM	1,853.38
1/30/2015	1/30/2015	RD	1458610	PAULA MELENDREZ	175,000.00

Account Summary

Total Deposit:	176,853.38	Beginning Balance:	2,839,804.18
Total Withdrawal:	0.00	Ending Balance:	3,016,657.56



**JOHN CHIANG
TREASURER
STATE OF CALIFORNIA**



PMIA Performance Report

LAIF Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
02/05/15	0.26	0.26	201
02/06/15	0.26	0.26	205
02/07/15	0.26	0.26	205
02/08/15	0.26	0.26	205
02/09/15	0.27	0.26	208
02/10/15	0.27	0.26	210
02/11/15	0.27	0.26	209
02/12/15	0.27	0.26	209
02/13/15	0.27	0.26	210
02/14/15	0.27	0.26	210
02/15/15	0.27	0.26	210
02/16/15	0.27	0.26	210
02/17/15	0.27	0.26	204
02/18/15	0.27	0.26	207

Quarter Ending 12/31/14

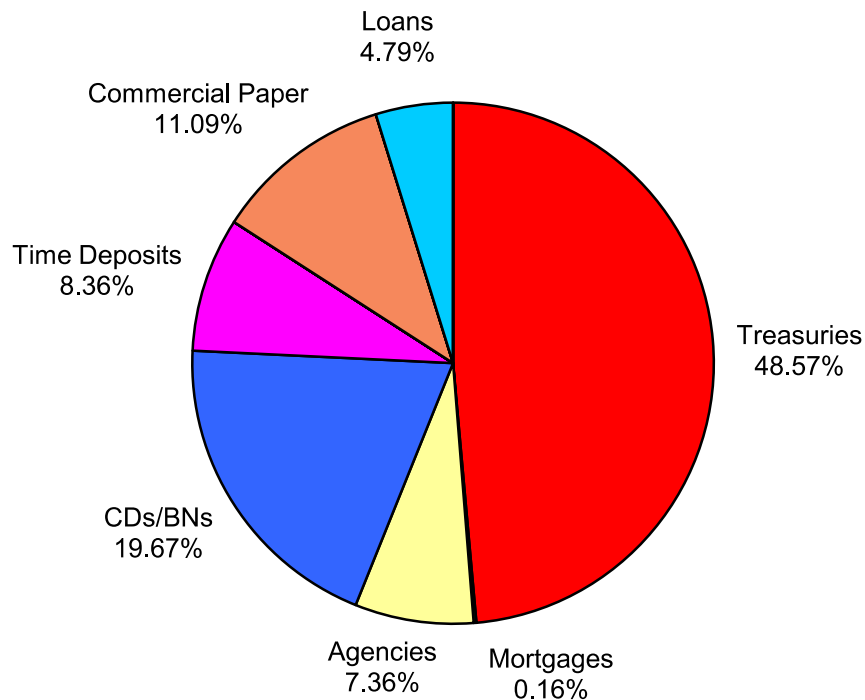
Apportionment Rate: 0.25%
 Earnings Ratio: 0.00000696536180771
 Fair Value Factor: 0.99998038
 Daily: 0.26%
 Quarter To Date: 0.26%
 Average Life: 200

PMIA Average Monthly Effective Yields

JAN 2015 0.262%
 DEC 2014 0.267%
 NOV 2014 0.261%

*Daily yield does not reflect capital gains or losses

**Pooled Money Investment Account
Portfolio Composition
\$61.3 billion
1/31/15**





**FAIRBANKS RANCH
COMMUNITY SERVICES DISTRICT**

GENERAL MANAGER
CHUCK DUFFY

BOARD OF DIRECTORS
JOLEENE CANNON
JULIE FELD
RICK HEYMANN
RICHARD SPARBER

MEMORANDUM

To: Board of Directors
From: Chuck Duffy, General Manager
Subject: Treatment Plant, Pump Station and Sewer System Operations Report
Date: February 23, 2015

During the months of October through January, the Fairbanks Ranch treatment plant operated normally and in compliance with the parameters of its waste discharge permit. There were no sewer overflows during this period. Staff did not receive any odor complaints during this period.