

JAMES MARTA & COMPANY LLP

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

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CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

DECEMBER 31, 2015

EXECUTIVE COMMITTEE

Steve Perez
President

Noelle Mattock
Past President

William Nelson
Vice President

Greg Orsini
Treasurer

Vincent Ferrante
Secretary

* * * *

Neil McCormick
Chief Executive Officer

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Special Districts Association
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the California Special Districts Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities, 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 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

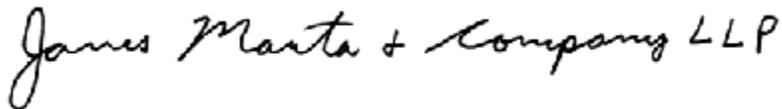
As further discussed in Note 7, Financial Accounting Standards Board Statement No. 158 *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* requires non-profit employers to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position. The actuarially determined liability has been recorded in these financial statements based on the most recent estimated valuation date of June 30, 2014.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Special Districts Association as of December 31, 2015 and 2014, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Funding Progress is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Financial Accounting Standards Board. The Graphical Presentation of Revenues and the Graphical Presentation of Expenses are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "James Marta & Company LLP".

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
February 22, 2016

BASIC FINANCIAL STATEMENTS

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 4,087,705	\$ 3,716,193
Accounts receivable, net	44,995	136,751
Prepaid expenses	85,141	53,255
Total Current Assets	<u>4,217,841</u>	<u>3,906,199</u>
Noncurrent Assets		
Deposits	903	648
Capital assets, net of accumulated depreciation (Note 4)	72,889	105,764
Total Noncurrent Assets	<u>73,792</u>	<u>106,412</u>
Total Assets	<u>\$ 4,291,633</u>	<u>\$ 4,012,611</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and other liabilities	\$ 26,102	\$ 79,464
Accrued expenses	65,081	64,441
Deferred revenue	2,303,632	2,182,622
Total Current Liabilities	<u>2,394,815</u>	<u>2,326,527</u>
Noncurrent Liabilities		
Pension liability (Note 7)	<u>58,035</u>	<u>208,993</u>
Total Liabilities	<u>2,452,850</u>	<u>2,535,520</u>
Net Assets		
Unrestricted (Note 6)	<u>1,838,783</u>	<u>1,477,091</u>
Total Liabilities and Net Assets	<u>\$ 4,291,633</u>	<u>\$ 4,012,611</u>

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
REVENUES		
Membership dues	\$ 2,427,650	\$ 2,197,421
Nonprofit administration	99,624	131,531
Publications	16,056	23,446
Educational seminars	128,228	122,944
Special Districts Legislative Days	33,835	32,430
Special District Leadership Academy	63,400	53,562
Board Secretary / Clerk Conference	184,215	99,815
General Manager Leadership Summit	118,277	89,856
Annual Conference	388,548	343,548
Magazine advertising	57,869	56,589
Alliance contribution	56,332	55,596
Sponsored programs	141,175	97,569
Interest	18,642	13,238
	<u>3,733,851</u>	<u>3,317,545</u>
Total Revenues		
EXPENSES		
Salaries and benefits	2,015,963	1,746,166
Change in pension liability	(50,958)	153,802
Professional fees (Note 8)	74,417	83,924
Legislative advocacy	69,598	32,309
Educational seminars	37,562	29,200
Special Districts Legislative Days	27,686	27,566
Special District Leadership Academy	33,852	41,383
Board Secretary / Clerk Conference	80,502	33,280
General Manager Leadership Summit	88,307	67,877
Annual Conference	282,358	249,497
Publications for resale	9,228	10,073
Alliance branding	37,484	32,452
Marketing and recruitment	116,219	132,033
Administration	392,912	429,587
Interest	1,506	1,408
Organization and governance	109,960	98,026
Depreciation	45,537	42,811
	<u>3,372,159</u>	<u>3,211,394</u>
Total Expenses		
Change in Net Assets	361,692	106,151
Net Assets, Beginning of Year	<u>1,477,091</u>	<u>1,370,940</u>
Net Assets, End of Year	<u>\$ 1,838,783</u>	<u>\$ 1,477,091</u>

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Cash received from members	\$ 3,771,764	\$ 3,521,647
Cash received from administrative services	155,956	187,127
Cash paid for goods and services	(1,444,719)	(1,255,040)
Cash paid for salaries and benefits	(2,115,963)	(1,746,166)
Interest income received	18,642	13,238
Interest paid	(1,506)	(1,408)
Net Cash Flows Provided (Used) by Operating Activities	<u>384,174</u>	<u>719,398</u>
Cash Flows From Investing Activities		
Purchase of capital assets	<u>(12,662)</u>	<u>(119,403)</u>
Net Cash Flows Provided (Used) by Investing Activities	<u>(12,662)</u>	<u>(119,403)</u>
Net Increase in Cash and Cash Equivalents	371,512	599,995
Beginning Cash and Cash Equivalents	<u>3,716,193</u>	<u>3,116,198</u>
Ending Cash and Cash Equivalents	<u>\$ 4,087,705</u>	<u>\$ 3,716,193</u>
Reconciliation of Change in Net Assets to Net Cash		
Provided by Operating Activities		
Change in Net Assets	\$ 361,692	\$ 106,151
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	45,537	42,811
(Increase) Decrease in:		
Accounts receivable	91,756	(88,609)
Prepaid expenses	(31,886)	11,017
Deposits	(255)	499
Increase (Decrease) in:		
Accounts payable and other liabilities	(53,362)	(17,621)
Accrued expenses	640	18,771
Deferred revenue	121,010	492,577
Pension liability	(150,958)	153,802
Net Cash Provided (Used) by Operating Activities	<u>\$ 384,174</u>	<u>\$ 719,398</u>

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

California Special Districts Association (CSDA) is a statewide nonprofit organization whose purpose is to initiate, sponsor, promote and carry out plans, policies, and activities in furtherance of subjects relating to special districts in California. CSDA's membership consisted of approximately 1,088 and 1,049 special districts and professional members throughout California as of December 31, 2015 and 2014, respectively. CSDA provides legislative advocacy regarding matters concerning member interests. CSDA also provides conferences, seminars, workshops, and a forum for an interchange of ideas concerning matters relating to districts.

B. BASIS OF ACCOUNTING

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principals generally accepted in the United States of America. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses and the related liabilities are recognized when the obligation is incurred.

C. INCOME TAXES

CSDA is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code and section 23701(e) of the California Revenue and Taxation Code. Accordingly, the accompanying financial statements include no provision for income taxes.

D. CASH AND CASH EQUIVALENTS

CSDA considers all highly liquid temporary investments with maturities of three months or less, investment in the Local Agency Investment Fund and investment in CalTRUST to be cash equivalents for the purpose of the statements of financial position and cash flows.

E. ACCOUNTS RECEIVABLE

Accounts receivable consists primarily of amounts due from the related affiliates. CSDA considers the remaining accounts receivable balance to be fully collectible.

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. CAPITAL ASSETS

CSDA's capital assets are recorded at acquisition cost. Depreciation on CSDA's capital assets is computed using the straight-line method with lives ranging from 3-7 years. Maintenance and repair costs are expensed as incurred and expenditures for additions and improvements over \$5,000 are capitalized. Upon retirement or other disposition of capital assets, any gain or loss is included in earnings. Impairment tests on long-lived assets are made when conditions indicate a possible loss. Such impairment tests are based on a comparison of undiscounted cash flows to the recorded value of the asset. If an impairment is indicated, the asset value is written down to its fair market value.

G. DEFERRED REVENUES

Deferred revenues consist of membership dues and seminar registration fees received during the year for the subsequent year. The dues and fees will be used to support the general activities of CSDA.

H. REVENUES

Revenues are principally from membership dues, administrative fees, and program activities, which consist of conferences, seminars and workshop fees. Dues are based on each member's operating budget and are assessed to agency members for the unrestricted general activities of CSDA. Fees for attendance at conferences, seminars, and workshops produced by CSDA are reported at the gross amount received.

I. ADMINISTRATIVE FEES

CSDA provides administrative services for various affiliated parties. The administrative fees are based on pre-set annual amounts and on a pro rata share of administrative overhead expenses, as well as a percentage of personnel costs and premiums paid by its members.

J. USE OF 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 amount of assets, liabilities, revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

2. AFFILIATED PARTIES

CSDA provides administrative and marketing services for California Special Districts Association Finance Corporation (CSDAFC) and Special District Leadership Foundation (SDLF). CSDAFC paid \$1,718 and \$34,165 to CSDA in 2015 and 2014, respectively. SDLF paid \$10,000 to CSDA in 2015 and 2014.

CSDA provides marketing products, services and sponsorships to the Special District Risk Management Authority (SDRMA). SDRMA paid \$137,000 to CSDA in 2015 and 2014, of which \$50,000 went to SDLF each year.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2015 and 2014 consisted of the following:

<u>Account</u>	<u>2015</u>	<u>2014</u>
Petty Cash	\$ 300	\$ 300
Wells Fargo Bank	1,186,971	2,075,983
Local Agency Investment Fund	247,081	396,022
CalTRUST	2,653,353	1,243,888
Total	<u>\$ 4,087,705</u>	<u>\$ 3,716,193</u>

Cash in Bank

Cash balances held in banks were insured up to \$250,000 during 2015 and 2014 by the Federal Depository Insurance Corporation (FDIC). As of December 31, 2015 and 2014, CSDA's bank balances were \$957,622 and \$1,839,089, respectively. Of these balances, \$250,000 in each year were insured and the remaining \$707,622 and \$1,589,089 were uninsured, respectively.

Local Agency Investment Fund

CSDA is a voluntary participant in Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other agencies in the state and invests the cash. The fair value of CSDA's investment in this pool is reported in the accompanying financial statements based upon CSDA'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 monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the general operating account within twenty-four hours notice.

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

3. CASH AND CASH EQUIVALENTS - CONTINUED

Local Agency Investment Fund – Continued

Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The average annual interest yield was approximately 0.31% and 0.25% at December 31, 2015 and 2014, respectively. As of December 31, 2015, LAIF was unrated and had a weighted average maturity of 200 days.

LAIF is administered by the State Treasurer and is audited annually by the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives and their goal is for safety, liquidity, and yield of the investments.

CalTRUST

CalTRUST is a Joint Powers Authority created by public agencies to provide a convenient method for agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. Following the investment policy direction established by the Board of Trustees, the primary objective of the investment manager is to safeguard the principal. The secondary objective shall be to meet the liquidity needs of the participants and the final objective shall be to maximize the yield in a manner consistent with the first two objectives. The objective of the investment policy is to obtain the best possible return commensurate with the degree of risk that participants are willing to assume in obtaining such return. CSDA invests in the CalTRUST Medium and Short Term Funds. The average annual interest yield for the Medium Term Fund was approximately .83% and .72% and the weighted average maturity was 1.97 years and 2 years at December 31, 2015 and 2014, respectively. The average annual interest yield for the Short Term Fund was approximately .49% and .39% and the weighted average maturity was .96 years and 1.37 years at December 31, 2015 and 2014, respectively.

Fair Value Measurement

Assets measured at fair value are recorded in accordance with ASC 820, which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- | | |
|----------------|---|
| Level 1 Inputs | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. |
| Level 2 Inputs | Inputs other than quoted prices in active markets that are observable either directly or indirectly |

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

3. CASH AND CASH EQUIVALENTS – CONTINUED

Level 3 Inputs Unobservable inputs in which there is little or no market data, which requires management to develop their own assumptions.

The Association's investments consist of the LAIF and CalTRUST investment pools, which are classified within Level 2 of the fair value hierarchy because they are valued using alternative pricing methods using observable information inputs, such as current interest rates.

4. CAPITAL ASSETS

Capital assets as of December 31, 2015 and 2014 consisted of the following:

	<u>Equipment</u>	<u>Leasehold Improvements</u>	<u>Total Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Balance</u>
Balance - December 31, 2013	\$ 276,343	\$ 86,242	\$ 362,585	\$ (333,413)	\$ 29,172
Additions	108,463	10,940	119,403	(42,811)	76,592
Deletions	-	-	-	-	-
Balance - December 31, 2014	<u>384,806</u>	<u>97,182</u>	<u>481,988</u>	<u>(376,224)</u>	<u>105,764</u>
Additions	11,831	831	12,662	(45,537)	(32,875)
Deletions	-	-	-	-	-
Balance - December 31, 2015	<u>\$ 396,637</u>	<u>\$ 98,013</u>	<u>\$ 494,650</u>	<u>\$ (421,761)</u>	<u>\$ 72,889</u>

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

5. OPERATING LEASE

CSDA leases office space under a non-cancelable operating lease which was originally set to expire in February 2019. In August 2011, due to market conditions, CSDA renegotiated their lease. The renegotiated lease expires in 2021. On November 27, 2013 CSDA added amendment #1 to the lease. The amendment adds suite 250 (across the hall from CSDA's current office space) for a period of five years beginning April 1, 2014 through March 31, 2019.

The annual lease payments related to the office space were \$160,260 and \$143,206 for the years ended December 31, 2015 and 2014, respectively.

The future minimum lease payments are as follows:

<u>Year</u>	<u>Payments</u>
2016	\$ 166,109
2017	173,419
2018	179,755
2019	132,986
2020	118,373
2021	120,324
Total	<u>\$ 890,966</u>

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

6. UNRESTRICTED NET ASSETS

The Board has designated amounts of unrestricted net assets to provide for the future needs of CSDA. The following designations have been identified:

<u>Designated for:</u>	<u>Minimum Target Balance</u>	<u>Balance December 31, 2015</u>
Special Task Force Fund	\$ 200,000	\$ 200,000
Building Fund	200,000	56,395
Capital Technology Fund	50,000	51,676
Capital Replacement Fund	50,000	51,676
Advocacy Fund	250,000	256,732
Operating Reserves Fund	1,725,638	860,612
Total	<u>\$2,475,638</u>	<u>\$ 1,477,091</u>

The Board designated balances listed above do not include \$361,692 of unrestricted net assets that will be subject to allocation by the Board at a future meeting.

Advocacy Fund

Per Policy 5.15, CSDA is required to maintain an Advocacy Fund. No revenue that is considered public funds shall be deposited into or be a part of this fund. The sole source of the Advocacy Fund shall be from private income received from all revenues considered to be private such as those received for administrative services, advertising, sponsorships and dues from business affiliates.

7. EMPLOYEE RETIREMENT PLAN

A. PLAN DESCRIPTION

CSDA's defined benefit pension plan provides retirement and disability benefits, and death benefits to plan members and beneficiaries. CSDA's retirement plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating agencies within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. CSDA selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board approval. All regular full-time employees are eligible to participate upon their hire date. Part-time employees are eligible once they have worked a minimum of 1,000 hours. Employees vest after five years in the plan and there is no partial vesting. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

7. EMPLOYEE RETIREMENT PLAN - CONTINUED

B. FUNDING POLICY

CSDA is required to contribute the actuarially determined amounts necessary to fund the benefits for its employees. The actuarial methods and assumptions used are those by the CalPERS Board of Administration. The required employer contribution rate for July 2014 through June 2015 was 8.005%, and for July 2015 through June 2016 was 6.709% for most employees. CSDA also contributes the employee's share which was 7% for both 2015 and 2014. However, 6 employees participate in the Public Employees' Pension Reform Act (PEPRA) and the employees are required to contribute 6.25%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

C. ANNUAL PENSION COST

For 2015, CSDA's annual required contribution was \$103,955 and they also paid the employees share of \$79,599 for a total pension expense of \$183,554. For 2014, CSDA's annual required contribution was \$98,909 and they also paid the employees share of \$73,418 for a total pension expense of \$172,327. The required contribution for 2015 was determined as part of the June 30, 2013 actuarial valuation. A summary of principle assumptions and methods used to determine the annual required contribution is shown on the following page.

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

7. EMPLOYEE RETIREMENT PLAN - CONTINUED

Annual Required Contribution

Valuation Date:	June 30, 2013
Actuarial Cost Method:	Entry Age Normal Cost Method
Amortization Method:	Level Percent of Payroll
Asset Valuation Method:	15 Year Smoothed Market
Actuarial Assumptions:	
Inflation Rate:	2.75%
Investment Rate of Return:	7.5% (net of administrative expenses)
Projected Salary Increases:	3.30% to 14.20% depending on Age, Service, and type of employment
Payroll Growth:	3.00%
Individual Salary Growth:	A merit scale varying by duration of employment coupled with an assumed inflation growth of 2.75% and an annual production growth of 0.25%.

Three Year Trend Information - CSDA Retirement Plan

Year Ended	Annual Pension		
	Cost (APC)	% of APC Contributed	Net Pension Obligation
12/31/2013	\$ 80,992	100%	\$ 55,191
12/13/2014	\$ 98,909	100%	\$ 208,993
12/31/2015	\$103,955	100%	\$ 58,035

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

8. PROFESSIONAL FEES

Professional fees for the year ended December 31 consisted of the following:

	<u>2015</u>	<u>2014</u>
Audit fees	\$ 11,700	\$ 12,500
Legal fees	<u>62,717</u>	<u>71,424</u>
Total	<u>\$ 74,417</u>	<u>\$ 83,924</u>

9. SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended December 31, 2015 through February 22, 2016, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements other than what is disclosed.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

SCHEDULE OF FUNDING PROGRESS

DECEMBER 31, 2015

The schedule below is funding progress for CalPERS in conjunction with footnote 7.

Valuation Date	Accrued Liability	Actuarial Asset Value	Under/(Over) Funded Liability	Funded Ratio	Covered Payroll	Under(Over) Funded Liability as % of payroll
6/30/2012	\$ 1,074,816	\$ 1,019,625	\$ 55,191	94.9%	\$ 948,942	5.8%
6/30/2013	\$ 1,332,497	\$ 1,123,504	\$ 208,993	84.3%	\$ 1,001,365	20.9%
6/30/2014	\$ 1,769,423	\$ 1,613,865	\$ 155,558	91.2%	\$ 1,057,761	14.7%

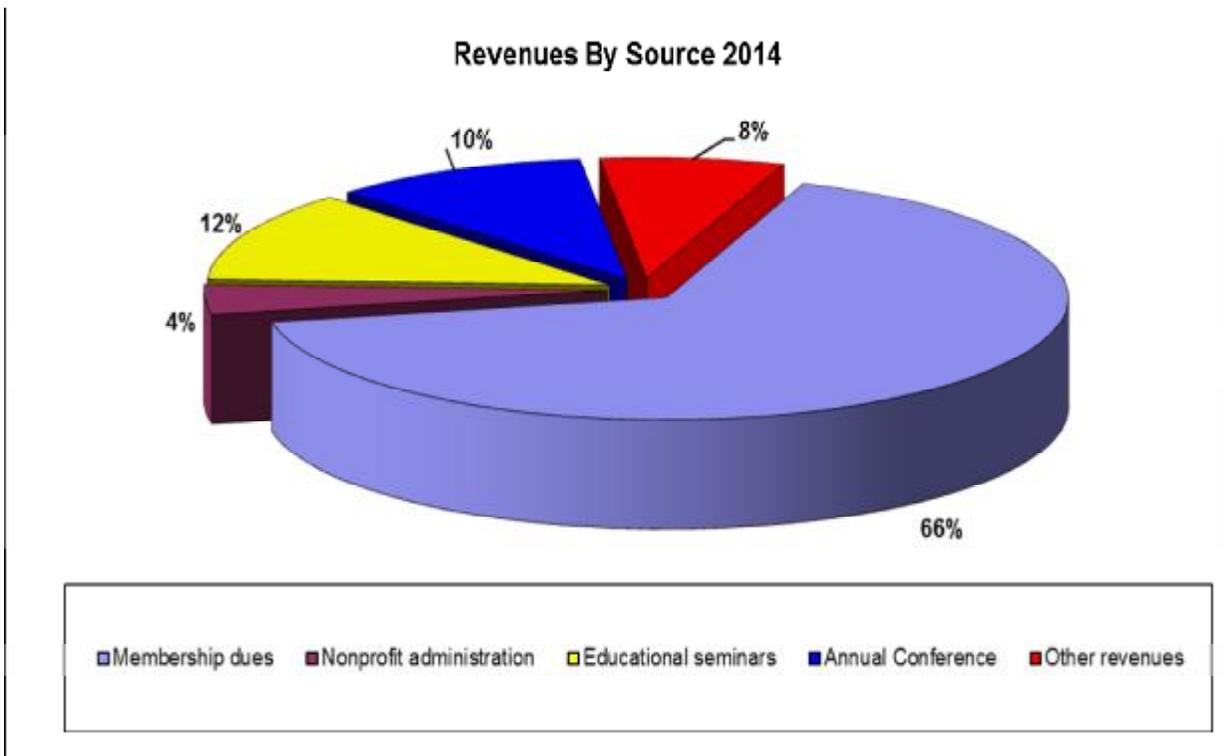
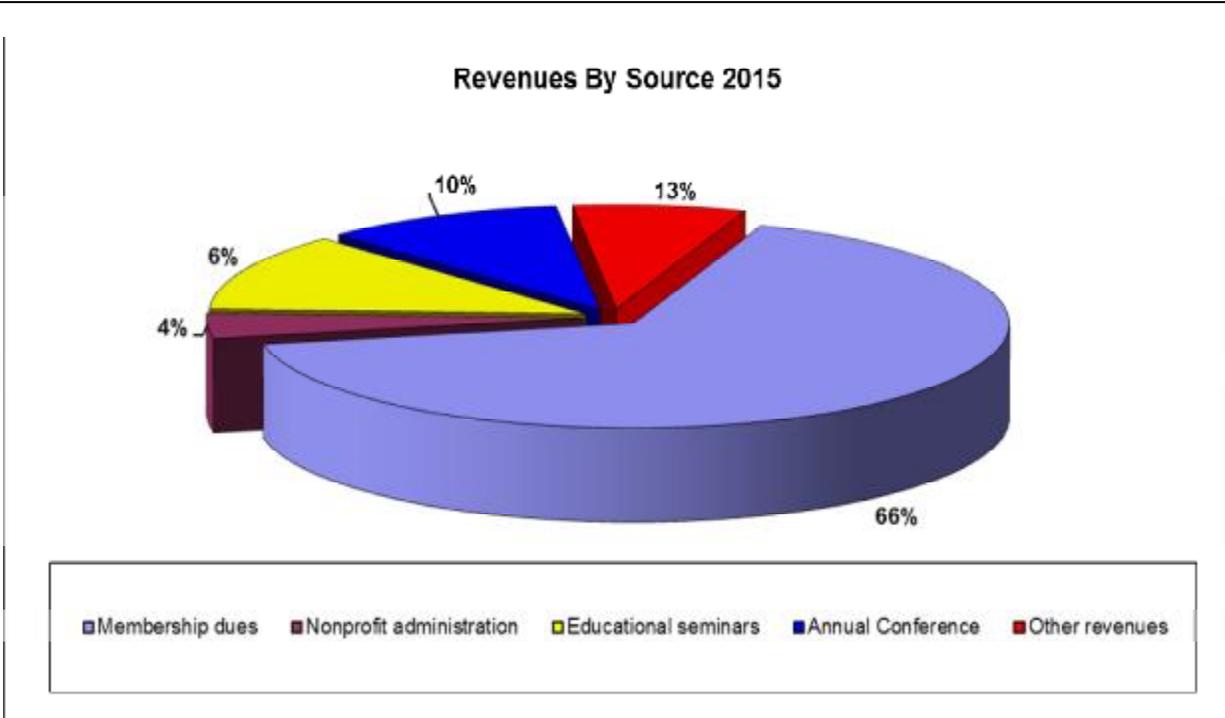
* Note: The Under/(Over) Funded Liability does match the net pension obligation amount for 12/31/2015, due to \$100,000 payment made to CalPERS in June 2015.

SUPPLEMENTAL INFORMATION

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

GRAPHICAL PRESENTATION OF REVENUES

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014



CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

GRAPHICAL PRESENTATION OF EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

