TO: BOARD OF DIRECTORS

REVIEWED: MARIO IGLESIAS
GENERAL MANAGER

FROM: LISA BOGNUDA
FINANCE DIRECTOR

DATE: NOVEMBER 4, 2016

AGENDA ITEM
E-4
NOVEMBER 9, 2016

AMENDED

FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2015-2016

ITEM

Review financial Audit Report for Fiscal Year 2015-2016 [RECOMMEND BY MOTION AND ROLL CALL VOTE ACCEPT AND DIRECT STAFF TO FILE 2015-2016 AUDIT REPORT]

BACKGROUND

The District is required by law to have an independent audit performed annually on its financial statements. Rogers, Anderson, Malody & Scott, LLP (RAMS) conducted the annual audit for the fiscal year ending June 30, 2016, in accordance with Generally Accepted Accounting Principles.

The audit report has been completed in the Comprehensive Annual Financial Report (CAFR) format. The completed audit will be submitted to the Government Finance Officers Association (GFOA) for review and consideration for a Certificate of Achievement for Excellence in Financial Reporting. The District's audit report received this prestigious recognition of accounting excellence the past three consecutive years.

On October 17, 2016, the Finance and Audit Committee (Director Gaddis and Director Armstrong), Mr. Crosby, and District Staff met and reviewed the report in detail with the managing partner of the audit, Mr. Terry Shea CPA . The Committee suggested minor edits to the report.

Mr. Shea will present the attached audit report to your Honorable Board and will answer any questions you may have regarding the audit.

RECOMMENDATION

Upon completion of the presentation and public comments, a motion would be in order to accept and file the Audit Report for Fiscal Year 2015-2016.

ATTACHMENT

A. Audit Report for Fiscal Year 2015-2016
B. Post Audit Letter
C. Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
D. Independent Accountant's Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheets

November 9, 2016

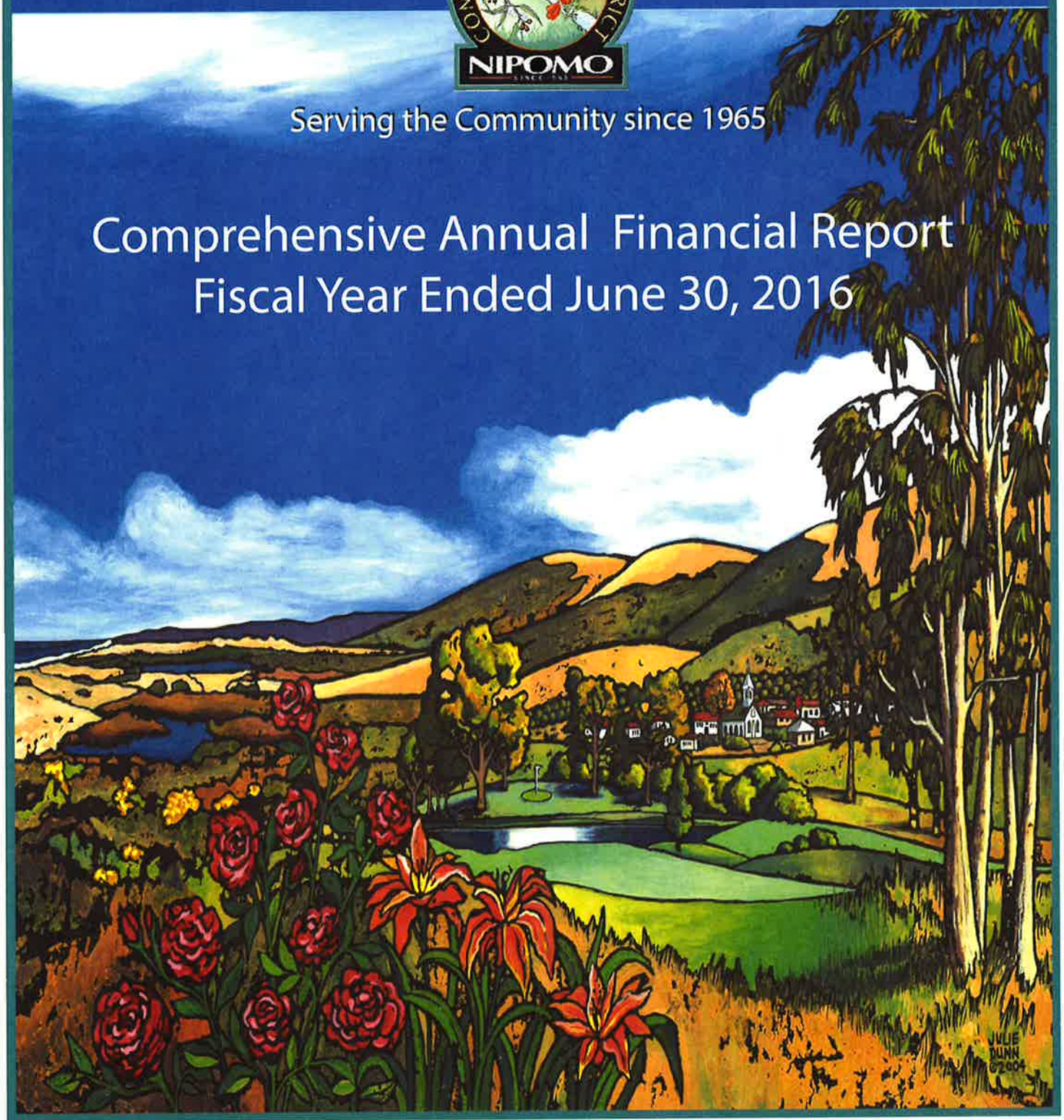
ITEM E-4

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT

Serving the Community since 1965

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016



148 S. Wilson Street | P.O. Box 326 | Nipomo, California 93444 | www.ncsd.ca.gov

MISSION STATEMENT

The Nipomo Community Services District's mission is to provide our customers with reliable, quality, and cost-effective services now and in the future.

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

NIPOMO COMMUNITY SERVICES DISTRICT

148 South Wilson Street
Nipomo, California 93444

(805) 929-1133

www.ncsd.ca.gov

Prepared by:

The Finance and Administration Department
Lisa S. Bognuda, Finance Director

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Nipomo Community Services District

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INTRODUCTORY SECTION

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NIPOMO COMMUNITY SERVICES DISTRICT

BOARD MEMBERS
CRAIG ARMSTRONG, **PRESIDENT**
DAN GADDIS, **VICE PRESIDENT**
BOB BLAIR, **DIRECTOR**
ED EBY, **DIRECTOR**
DAN WOODSON, **DIRECTOR**

STAFF
MARIO IGLESIAS, **GENERAL MANAGER**
LISA BOGNUDA, **FINANCE DIRECTOR**
PETER SEVCIK, P.E., **DIRECTOR OF ENG. & OPS.**
MICHAEL W. SEITZ, **GENERAL COUNSEL**

Serving the Community since 1965

148 SOUTH WILSON STREET POST OFFICE BOX 326 NIPOMO, CA 93444 - 0326
(805) 929-1133 FAX (805) 929-1932 Website address: ncsd.ca.gov

October 31, 2016

To the Board of Directors and Citizens of the Nipomo Community Services District:

We are pleased to present the Nipomo Community Services District's (hereinafter referred to as "the District") Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016. The purpose of this report is to provide the Board of Directors, customers, investors, the public and other interested parties with reliable financial information about the District.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Nipomo Community Services District's financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the District

Nipomo Community Services District was organized January 28, 1965 under the provisions of the California Community Services District Law (Sections 61000 et seq. of the Government Code of the State of California) for purposes of supplying water for domestic, irrigation, sanitation, industrial, commercial, recreation and fire suppression use. The District is located off of Highway 101 on the central coast of California between San Francisco and Los Angeles, in San Luis Obispo County. The District includes approximately 4,450 acres of land comprising seven square miles. The District's service area includes portions of the unincorporated area of Nipomo and currently serves a population of approximately 13,300. The District provides water service to approximately 4,300 customer accounts and provides sewer service to approximately 3,500 customer accounts under two separate wastewater systems, the Town Sewer Division and the Blacklake Sewer Division.

The District has operated under the Board of Director-General Manager form of government since its inception. Policy-making and legislative authority are vested in a governing board (Board) consisting of five members elected on a non-partisan basis by qualified voters in the District to four-year terms. Board members serve overlapping four-year terms. The Board employs the General Manager who is responsible for carrying out the policies of the Board, for overseeing the day-to-day operations of the District and the hiring of all District employees. Under law, community services districts may perform a variety of municipal services if authorized to do so by the residents thereof. The District provides water, sewer, solid waste, limited street lighting, limited street landscape maintenance and limited drainage and general administrative services.

The District's Board annually adopts a budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting, control of financial operations and accountability for the District's enterprise operations and capital projects. Quarterly financial reports are also presented to the Board.

Economic Conditions

On July 2, 2015, the District began purchasing supplemental water from the City of Santa Maria ("City") pursuant to the May 7, 2013, Wholesale Water Supply Agreement ("Agreement"). The Agreement has a term end date of June 30, 2085, at which time parties can elect to extend the Agreement. The terms of the Agreement between the District and the City are subject to the contract renewal between the City and the Central Coast Water Authority of which the City is a member.

During fiscal year 2015, the District paid a volumetric charge of $1,518.69 per acre-foot (AF) on imported water plus a volumetric operational cost of $123.23 per AF. For fiscal year 2015, the District purchased 659.62 AF of water from the City. Of this amount, the District sold 219.79 (33.32%) AF of the supplemental water to Woodlands Mutual Water Company and Golden State Water, and retained 439.83 AF for use by District customers.

Supplemental Water rates went into effect on July 2, 2015, and all District customers pay a supplemental water fixed charge based on the water meter size and a volumetric charge based on the number of units used.

Relevant Financial Policies – Drought Response

In 2014 the Board of Directors adopted a Water Shortage Management and Response Plan (WSMRP). The WSMRP defines water conservation response measures to be implemented under certain water shortage conditions. On May 19, 2015 the Board of Directors declared a Stage III water shortage condition. Stage III water shortage conditions restrict the District from accepting new applications for water service, but they do not restrict service to those applicants previously in the application process prior to the Stage III declaration.

On June 23, 2016, a group of scientists overseeing the health of the Nipomo Mesa groundwater basin, (the Nipomo Mesa Management Area Technical Group) announced that for the second consecutive year the Spring 2016 Key Well Index was in Severe Water Condition. In accordance with the WSMRP, the Board of Directors declared a Stage IV water shortage condition. In Stage IV, the District must reduce its groundwater pumping by fifty percent (50%). The District should reach this objective through community water conservation efforts and use of the available imported supplemental water supply. Stage IV restrictions will be reviewed by the Board of Directors at its first meeting in January 2017, to determine if further restrictions are necessary to meet the pumping reduction objective.

Major Initiatives

Construction of Phase 1 of the Supplemental Water Project was completed during fiscal year 2015. Phase 1 improvements interconnected the District's water distribution system with the water distribution system of the City of Santa Maria and are capable of delivering 650 Acre Feet per Year (AFY) of supplemental water. Beginning July 1, 2016 through June 30, 2020, the District has contracted to purchase 800 acre feet of water from the City of Santa Maria. To increase delivery capacity from 650 to 800 AFY, the District is constructing a 500,000 gallon concrete reservoir at the Joshua Road Pump Station at a cost of $2,463,375. Construction is scheduled to be completed in January 2017.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Excellence in Financial Reporting* to Nipomo Community Services District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the third consecutive year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Nipomo Community Services District's fiscal policies.

Respectfully submitted,

Mario Iglesias
General Manager and
Secretary to the Board of Directors

Lisa S. Bognuda
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Nipomo Community Services District

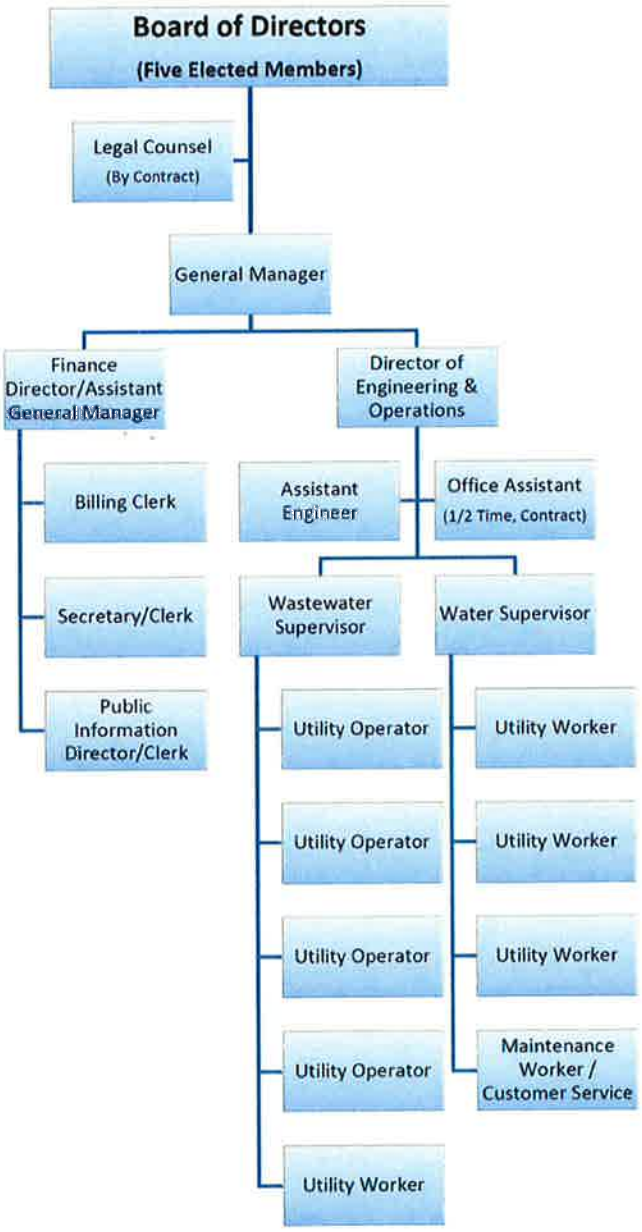
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

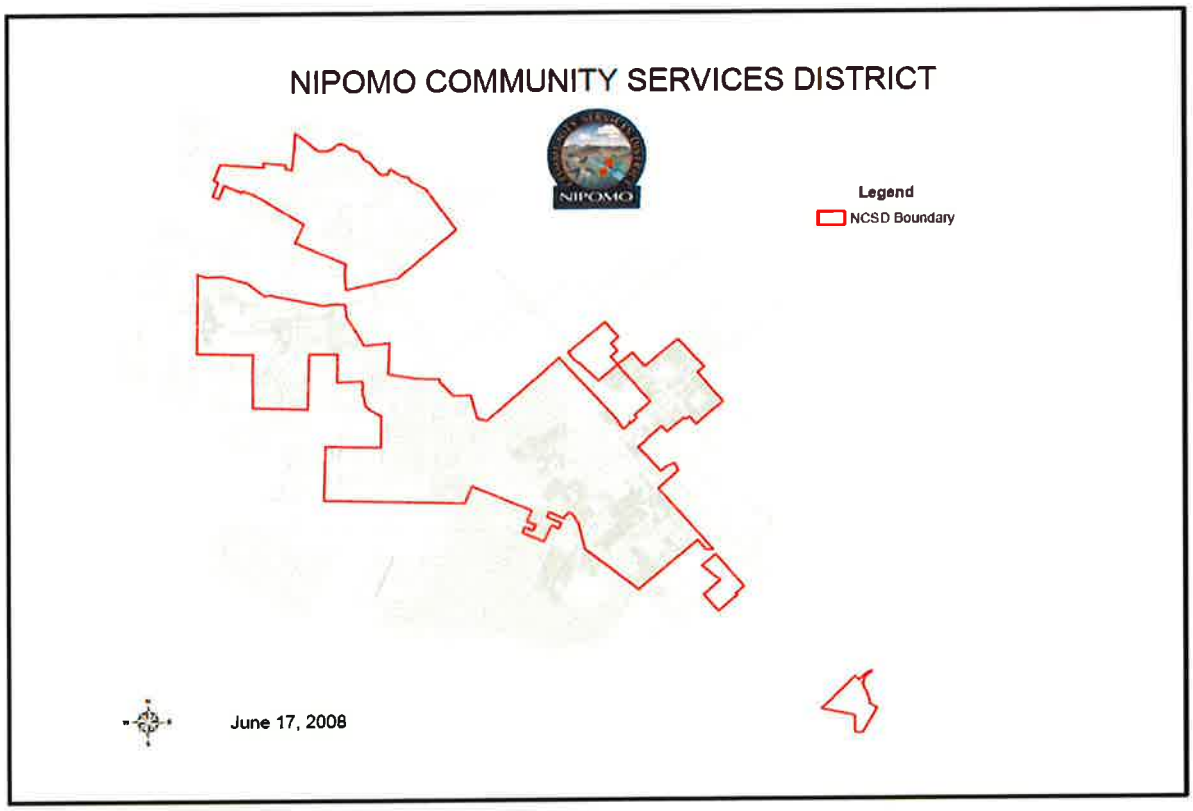
Executive Director/CEO

NIPOMO COMMUNITY SERVICES DISTRICT
ORGANIZATIONAL STRUCTURE
2016-2017



NIPOMO COMMUNITY SERVICES DISTRICT

MAP OF SERVICE AREA



NIPOMO COMMUNITY SERVICES DISTRICT

DISTRICT OFFICERS

BOARD OF DIRECTORS

Name	Title	Current Term
Craig Armstrong	President	12/12 - 12/16
Dan Gaddis	Vice President	12/14 - 12/18
Bob Blair	Director	12/12 - 12/16
Ed Eby	Director	12/14 - 12/18
Dan Woodson	Director	12/14 - 12/18

MANAGEMENT

Mario Iglesias	General Manager and Secretary to the Board of Directors
Lisa Bognuda	Finance Director
Peter Sevcik, P.E.	Director of Engineering and Operations

LEGAL COUNSEL

Michael W. Seitz	Shipsey & Seitz, Inc.

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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF
Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Nathan Statham, CPA, MBA
Gardenya Duran, CPA
Ivan Gonzales, CPA, MSA
Brianna Schultz, CPA
Daniel Hernandez, CPA, MBA
Lisa Dongxue Guo, CPA, MSA

MEMBERS
American Institute of
Certified Public Accountants

PCPS The AICPA Alliance for CPA Firms

Governmental Audit Quality Center

California Society of
Certified Public Accountants

Independent Auditor's Report

Board of Directors
Nipomo Community Services District

Report on the Financial Statements

We have audited the accompanying financial statements of the Nipomo Community Services District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Nipomo Community Services 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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.

STABILITY. ACCURACY. TRUST.

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 Nipomo Community Services District as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, other post-employment benefits (OPEB) – schedule of funding progress, schedule of District's proportionate share of the plan's net pension liability and related ratios as of the measurement date, and schedule of plan contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Nipomo Community Services District's basic financial statements. The introductory sections, combining financial schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016 on our consideration of Nipomo Community Services District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nipomo Community Services District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP

San Bernardino, California
October 31, 2016

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The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Nipomo Community Services District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- After restatements, the District's Net Position increased 12% to $65.2 million.
- During the year the District's operating revenues increased 13%, while operating expenses increased 25%. 22% of the 25% increase in expenses is attributable to the purchase of supplemental water ($1,001,760) and the operations and maintenance of the related facilities ($81,287).
- Other revenue of $5,742,576 is attributable to Contracts Receivable from Woodlands Mutual Water Company and Golden State Water Company pursuant to the Supplemental Water Management and Groundwater Replenishment Agreement dated October 16, 2015.

Required Financial Statements

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles, which are generally accepted in the United States of America and consist of three interrelated statements designed to provide the reader with the relevant, understandable data on the District's financial condition and operating results. They are 1) the Statement of Net Position, 2) the Statement of Revenues, Expenses and Changes in Net Position, and 3) the Statement of Cash Flows.

The *Statement of Net Positon* includes information on the District's assets, deferred outflow of resources, liabilities, and deferred inflow of resources, which provide information about the nature and amounts of investments in resources (assets), the obligations to District creditors (liabilities), and is one way to measure financial health or financial position. Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in economic conditions, population growth, and new or changed government legislation must also be considered.

The *Statement of Revenues, Expenses, and Changes in Net Position* identifies the District's revenues and expenses for the fiscal year ended June 30, 2016. This statement provides information on the District's operations over the past fiscal year and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges.

The *Statement of Cash Flows* provides information on the District's cash receipts, cash payments, and changes in cash resulting from operations, investments and financing activities. From the Statement of Cash Flows, the reader can obtain information on the source and use of cash and the change in the cash balance of the last fiscal year.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District, as a whole, better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid. These two statements report the Districts net position and changes in net position. You can think of the District's net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other nonfinancial factors such as changes in economic conditions, population growth, zoning, and new and changed government legislation.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 15 through 42.

TABLE 1
Condensed Statements of Net Position

	2016	2015	Current Year Increase/ (Decrease)
Assets			
Current and other assets	$ 25,569,945	$ 20,208,197	$ 5,361,748
Capital assets, net	64,238,255	63,528,451	709,804
Total Assets	89,808,200	83,736,648	6,071,552
Deferred Outflows	373,960	221,402	152,558
Liabilities			
Current liabilities	2,583,164	2,719,727	(136,563)
Noncurrent liabilities	22,222,666	22,472,158	(249,492)
Total Liabilities	24,805,830	25,191,885	(386,055)
Deferred Inflows	173,064	316,193	(143,129)
Net Position			
Net investment in capital assets	42,717,685	41,378,553	1,339,132
Restricted	11,831,772	9,817,048	2,014,724
Unrestricted	10,653,809	7,254,371	3,399,438
Total Net Position	$ 65,203,266	$ 58,449,972	$ 6,753,294

The District's net position at fiscal year June 30, 2016 increased $6,753,294 (12%) when compared to fiscal year end June 30, 2015. The contributing factor to this increase is the Contract Receivable totaling $5,742,576 from Woodlands Mutual Water Company and Golden State Water Company.

TABLE 2
Condensed Statements of Revenues, Expenses and Changes in Net Position

	2016	2015	Current Year Increase/ (Decrease)
Operating Revenues			
Charges for services	$ 6,834,983	$ 5,697,184	$ 1,137,799
Miscellaneous	324,333	626,302	(301,969)
Total Operating Revenues	7,159,316	6,323,486	835,830
Operating Expenses			
Water	4,196,497	3,002,107	1,194,390
Sewer	2,001,795	1,958,381	43,414
Other	808,353	661,141	147,212
Total Operating Expenses	7,006,645	5,621,629	1,385,016
Non-Operating Revenues and Expenses			
Interest income	447,364	64,580	382,784
Miscellaneous revenues	625,046	601,037	24,009
Other revenue-purveyor	5,742,576	-	5,742,576
Interest expense	(883,201)	(501,373)	(381,828)
Loss on disposal of capital assets	-	(3,685,588)	3,685,588
Total Non-Operating Revenues (Expenses)	5,931,785	(3,521,344)	9,453,129
Income before Contributions	6,084,456	(2,819,487)	8,903,943
Capital contributions and grants	668,838	53,464	615,374
Change in Net Position	6,753,294	(2,766,023)	9,519,317
Net Position - Beginning as Restated	58,449,972	61,215,995	(2,766,023)
Net position - Ending	$ 65,203,266	$ 58,449,972	$ 6,753,294

The District's Charges for Service increased $1,137,799 (20%). Water sales decreased by $202,795 (6.4%) during the fiscal year. The water sales decrease was primarily a result of customer reactions to the Statewide drought and the District's declaration of a State III water shortage with a 30% conservation target. Even though water sales decreased, the increase in operating revenues is attributable to the collection of supplemental water charges beginning July 2, 2015 of $886,567 from District customers, the sale of 109.89 acre feet of supplemental water to Woodlands Mutual Water Company and Golden State Water of $418,706, and the increase in Town Division sewer rates that went into effect on January 1, 2016.

Operating Expenses increased $1,385,016 (25%). 22% of the 25% increase in expenses is attributable to the purchase of 659.62 acre feet of supplemental water at a cost of $1,001,760 and $81,287 for the operation and maintenance of the supplemental water facilities.

District non-operating revenues increased $6,149,369 (97%) primarily due to the Contract Receivable of $5,742,576 and interest income of $358,910 received from Woodlands Mutual Water Company and Golden State Water Company pursuant to the Supplemental Water Management and Groundwater Replenishment Agreement dated October 16, 2015.

TABLE 3
Capital Assets

More information about the District's Capital assets is presented in Note 5 of the Notes to Basic Financial Statements.

	2016	2015	Current Year Increase/ (Decrease)
Non-depreciable assets	$ 2,782,904	$ 21,109,899	$(18,326,995)
Depreciable assets	78,974,567	58,192,151	20,782,416
Accumulated depreciation	(17,519,216)	(15,773,599)	(1,745,617)
Total capital assets, net	$ 64,238,255	$ 63,528,451	$ 709,804

The increase in depreciable assets and decrease in non-depreciable assets is attributable to the supplemental water project being placed in service on July 2, 2015.

TABLE 4
Long Term Debt

	2016	2015	Current Year Increase/ (Decrease)
Certificates of Participation Series 2013	$ 9,385,000	$ 9,525,000	$ (140,000)
Refunding Revenue Bonds Series 2013A	2,645,000	2,745,000	(100,000)
Certificates of Participation Series 2012	9,195,000	9,345,000	(150,000)
State Revolving Fund Loan (1999)	168,721	210,902	(42,181)
State Revolving Fund Loan (1998)	104,605	139,474	(34,869)
Total long-term debt	$ 21,498,326	$ 21,965,376	$ (467,050)

Standard & Poor's Rating Service reviewed the Certificates of Participation Series 2013 and Refunding Revenue Bonds Series 2013A in October 2015 and affirmed the "A" rating.

Standard & Poor's Rating Service reviewed the Certificates of Participation Series 2012 in October 2015 and downgraded the credit rating from "AA" to "AA-".

The S & P rationales are available for review upon request.

Additional information on long term debt is presented in Note 7 of the Notes to Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The District is governed by provisions of the California Special District Code that require rate-based revenues must cover the cost of Operations, Maintenance and Repairs (OM&R) and capital improvement projects. The District is not subject to general economic conditions such as increases or reductions in property tax values or other types of revenues, such as sales taxes, that vary with economic conditions. Accordingly, the District sets its rates to its users to cover the costs of OM&R, capital improvement projects, plus any increments for known or anticipated changes in enterprise costs.

On May 7, 2013, the District entered into a Wholesale Water Supply Agreement that provides a mechanism through which the District will purchase supplemental water from the City of Santa Maria. The District is obligated to purchase minimum quantities of water each year regardless of the District's ability to accept and deliver said water. The District's current infrastructure will need to be expanded within the next five years to meet the minimum delivery volumes required by agreement. The first year cost of the supplemental water and operations and maintenance was $1,083,047. The annual cost in year eleven (when the minimum delivery requirement reaches 2,500 acre feet, the highest level in the purchase agreement) is projected to be $6.25 million.

A court judgment issued in connection with litigation regarding the Santa Maria groundwater basin requires Golden State Water Company, Rural Water Company (subsequently purchased by Golden State Water in 2015), and Woodlands Mutual Water Company to pay their respective shares of the costs of the supplemental water being purchased from Santa Maria and the infrastructure improvements required for the delivery of the supplemental water to the Nipomo Mesa. The Nipomo Supplemental Water Project Supplemental Water Management and Groundwater Replenishment Agreement was executed on October 16, 2015. This agreement obligates those three companies to pay 33.32% of the supplemental water costs and related project capital costs beginning as of July 2, 2015.

The water enterprise completed the fifth and final year of a rate schedule initiated in November 2011. The schedule provided for a 9.5% rate increase in each of the five prior years. The District adopted a three year Supplemental Water Rate schedule that went into effect on July 1, 2015 to pay for the delivery of supplemental water that began on July 2, 2015. The District will initiate a new water rate study in fiscal year 16-17.

The Town Division wastewater enterprise's last rate increase was January 1, 2010. During fiscal year 15-16 a wastewater rate study was adopted and new rates went into effect on January 1, 2016. The Blacklake Sewer Division has not had a rate increase since January 1, 2013. Upon completion of the Blacklake Sewer Master Plan, the District will initiate a sewer rate study for the Blacklake Sewer Division.

Requests for Information

This financial report is designed to provide the District's elected officials, customers, investors, creditors and other interested parties with an overview of the District's financial condition, as well as insight into current fiscal practices and management. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Finance Department, at 148 South Wilson Street, Nipomo, CA 93444 or (805) 929-1133.

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Nipomo Community Services District

Statement of Net Position
Proprietary Funds
June 30, 2016

ASSETS	
Current assets:	
Cash and cash equivalents	$ 17,399,364
Accounts receivable	397,839
Unbilled utilities receivable	937,000
Accrued interest receivable	111,890
Accrued franchise fees	10,072
Due from the State	110,000
Due from County	10,002
Contract receivable, current portion	70,036
Total current assets	19,046,203
Noncurrent assets:	
Restricted cash - funded replacement	155,284
Cash with fiscal agent	604,648
Deposits and other assets	70,657
Contract receivable, less current portion	5,620,013
Net OPEB asset	73,140
Capital assets:	
Capital assets, not being depreciated	2,782,904
Depreciable capital assets, net	61,455,351
Total noncurrent assets	70,761,997
Total assets	89,808,200
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	373,960
LIABILITIES	
Current liabilities:	
Accounts payable	722,181
Deposits	1,016,658
Accrued liabilities	372,276
Current portion of long-term debt	472,049
Total current liabilities	2,583,164
Noncurrent liabilities:	
Net pension liability	1,174,145
Long-term debt, less current portion	21,048,521
Total noncurrent liabilities	22,222,666
Total liabilities	24,805,830
DEFERRED INFLOWS OF RESOURCES	
Pension related	173,064
NET POSITION	
Net investment in capital assets	42,717,685
Restricted for system expansion, replacement and debt service	11,831,772
Unrestricted	10,653,809
Total net position	$ 65,203,266

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

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

Operating revenues		
Charges for services	$	6,416,277
Charges for services-purveyors		418,706
Other operating revenue		324,333
Total operating revenues		7,159,316
Operating expenses		
Purchased water		872,439
Purchased water- purveyors		129,321
Personnel		1,764,935
Contractual services		350,413
Utilities		573,298
Repairs and maintenance		370,546
Other supplies and expenses		1,052,134
Insurance		79,814
Depreciation		1,813,745
Total operating expenses		7,006,645
Operating income		152,671
Non-operating revenues (expenses)		
Interest income		447,364
Property taxes		586,899
Cell site rental income		38,147
Interest expense		(883,201)
Other revenue-purveyor		5,742,576
Total non-operating revenues (expenses)		5,931,785
Income before contributions		6,084,456
Capital contributions		668,838
Change in net position		6,753,294
Total net position - beginning, as restated		58,449,972
Total net position - ending	$	65,203,266

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

Nipomo Community Services District

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from operating revenue	$ 6,784,161
Payments to suppliers	(3,239,499)
Payments to employees	(2,008,467)
Net cash provided by operating activities	1,536,195
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Property tax revenues	576,897
Cell site rental income	38,147
Net cash provided by non-capital financing activities	615,044
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	668,838
Receipt of grant funds	37,135
Acquisition of capital assets	(2,523,549)
Principal received on contract receivable	52,527
Interest received on contract receivable	269,183
Principal paid on capital debt	(467,047)
Interest paid on capital debt	(886,168)
Net cash used by capital and related financing activities	(2,849,081)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	79,120
Net cash provided by investing activities	79,120
Net decrease in cash and cash equivalents	(618,722)
Cash and cash equivalents - beginning	18,778,018
Cash and cash equivalents - ending	$ 18,159,296
Reconcilation to the Statement of Net Position:	
Current assets:	
Cash and cash equivalents	$ 17,399,364
Noncurrent assets:	
Restricted cash - funded replacement	155,284
Cash with fiscal agent	604,648
	$ 18,159,296

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

Statement of Cash Flows, (Continued)
Proprietary Funds
For the Year Ended June 30, 2016

Reconciliation of operating income to net cash provided by operating activities:

Operating income	$	152,671
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		1,813,745
Actuarial pension expense		(197,022)
Changes in assets and liabilities:		
Accounts receivable		(188,936)
Unbilled utilities receivable		(187,000)
Accrued franchise fees		5,792
Deposits and other assets		37,482
Net OPEB asset		(73,140)
Accounts payable		150,984
Deposits		(5,011)
Accrued liabilities		26,630
Net cash provided by operating activities	$	1,536,195

Noncash investing, capital, and financing activities:		
Transfer of prior years' construction in progress to depreciable capital assets and land	$	20,250,163

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Nipomo Community Services District (District) is a multi-purpose special district and was formed on January 28, 1965 and began operations in November 1966. The District is a political subdivision of the State of California and operates under a Board of Directors - General Manager form of government. The District provides water, sewer, street lighting, solid waste, street landscape maintenance, drainage and general administrative services.

The District complies with U.S. Generally Accepted Accounting Principles (GAAP) and all relevant U.S. Governmental Accounting Standards Board (GASB) pronouncements. These technical pronouncements establish criteria for determining the organization's activities and functions that are included in the financial statements of a governmental unit.

Reporting Entity

For financial reporting purposes, the District would include in this report all funds and account groups of all agencies and boards that are controlled by, or dependent upon, the District's legislative body. The criteria of control is determined on the basis of financial accountability, imposition of will, and financial benefit or burden.

The Nipomo Community Services District Public Facilities Corporation is a component unit of the District. This Corporation was formed in 2003 to issue Revenues Certificates of Participation (COP'S). COP's were issued in 2003, 2012 and 2013. The financial activity of the corporation is blended into the financial statements of the District.

The District is a member of the Special District Authority Risk Management Joint Powers Agency, which was organized for the purpose of providing general liability, automobile, errors and omissions, and property loss insurance coverage to special districts. This organization is financed through premium charges to each member. This organization does not meet the aforementioned reporting entity criteria and therefore is not included in the accompanying financial statements.

Proprietary Fund Financial Statements

The accounts of the District are organized into proprietary/enterprise funds. Enterprise funds use the economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and cash flows. All assets, deferred outflows of resources and liabilities, deferred inflows of resources associated with an enterprise fund's activities are included on the statement of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting

The enterprise funds of the District are accounted for using the accrual basis of accounting. Revenues, including user fees and service charges, are recognized when earned, and expenses are recognized when incurred.

Budgets and Budgetary Accounting

An annual budget is adopted by the Board of Directors at the start of each fiscal year. Any changes or revisions to that budget throughout the year must be approved by the Board of Directors.

Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Operating Revenues and Expenses

Operating revenues, such as charges for services (water and wastewater fees), result from exchange transactions associated with the principal activities of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as property taxes and investment income, result from non-exchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange.

Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Accounts Receivable

Water and sewer charges are billed bi-monthly for all residential and commercial customers. Property liens are placed when customer account receivables are deemed uncollectible by the District. The District did not experience any significant bad debt losses and therefore no provision has been made for doubtful accounts. Accounts receivable is shown at full value.

Due from the State

A Funding Agreement with the San Luis Obispo County Flood Control and Water Conservation District and the California Department of Water Resources resulted in the District being awarded a grant of $2,200,000 for the Supplemental Water Project in 2014. The project has been completed and the remaining amount due from the State as of June 30, 2016 is $110,000.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual costs are not available. Other donated capital assets are valued at their estimated fair market value on the date received. The capitalization threshold for all capital assets is $5,000. Depreciation has been provided over the estimated useful life of the asset using the straight-line method. The estimated useful lives are as follows:

Wastewater Treatment Plant and Collection System	50 years
Water Supply/Distribution System	20-50 years
Buildings/Blowers	20 years
General Plant Machinery and Equipment	5-10 years

Compensated Absences

Depending on the length of continuous service, a range of 10-20 vacation and 12 days of sick leave per year may be accumulated by each employee. The District accrues a liability for compensated absences which meet the following criteria:

1. The District's obligation relating to employee's rights to receive compensation for future absences is attributable to employee's services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the District has accrued a liability for vacation and sick pay which has been earned but not taken by District employees.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Capital Contributions and Grants

Capital contributions are recorded when cash for capacity fees or capital assets is received from developers, customers, or other governmental entities, and the purpose is for other than operating expenses.

Property Taxes

The County of San Luis Obispo bills and collects property taxes for the District. The County charges the District for these services. Tax revenues are recognized by the District in the year received.

Special Assessment Debt

In July 1994, the District issued Assessment District No. 93-1 bonds in the amount of $1,752,938. The bonds are not secured by the general taxing power of the District. The bonds are secured by the unpaid assessment on each parcel of land. The District is not obligated in any manner. The balance outstanding at June 30, 2016 is $485,000.

Implementation of New Pronouncements

The District implemented GASB Statement No. 72, *Fair Value Measurement and Application.* The objective of this statement is to address accounting and financial reporting issues related to fair value measurement. The statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants. This statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District implemented GASB Statement No. 82, *Pension Issues*. The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* The statement addresses the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes and the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2016, are classified as follows:

Current assets:		
Cash and cash equivalents	$	17,399,364
Noncurrent assets:		
Restricted cash - funded replacement		155,284
Cash with fiscal agent		604,648
Total cash and cash equivalents	$	18,159,296

Cash and cash equivalents at June 30, 2016, consist of the following:

Cash on hand	$	400
Bank deposits		1,188,953
Deposits with bond trustees		604,648
Local Agency Investment Fund (LAIF)		16,464,114
Less: Cash held in Trust in pooled funds		(98,819)
Total cash and cash equivalents	$	18,159,296

NOTE 3: INVESTMENTS

Investments Authorized by the District's Investment Policy

The District is authorized to invest in the following institutions:

1. County pooled funds (California Government Code Section 61730)
2. The Local Agency Investment Fund (LAIF) created by the California State Treasury (California Government Code Section 16429.1)
3. One or more FDIC insured banks and/or savings and loan associations that are designated as District depositories by resolution of the Board of Directors (California Government Code Section 61737.02)
4. Such other financial institutions or securities that may be designated by the Board of Directors from time to time in compliance with California and Federal law.

The District's investment policy contains specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

NOTE 3: INVESTMENTS, (continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity
Money Market Mutual Funds	N/A

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may 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 weighted average maturity of the investments contained in the LAIF investment pool is approximately 9 months.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

		Maturity Date
Local Agency Investment Fund	$ 16,464,114	9 months average maturity

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 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 entity'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 costs basis.

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. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

NOTE 3: INVESTMENTS, (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by the 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 mortgages notes having a value of 150% of the secured public deposits. The District may waive collateral requirements for deposits which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC).

As of June 30, 2016, $1,057,604 of the District's deposits with financial institutions, were in excess of the Federal Deposit Insurance Corporation (FDIC) limits.

The custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Concentration of Risk

The District's investment policy does not contain various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer beyond that as stipulated by the California Government Code. As of June 30, 2016 the District's deposit portfolio with government agencies, LAIF, was 100%.

NOTE 3: INVESTMENTS, (continued)

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

The District's investment in the Local Agency Investment Fund of $16,464,114 is measured at Net Asset Value (NAV).

NOTE 4: CONTRACT RECEIVABLE

On October 16, 2015, the Supplemental Water Management and Groundwater Replenishment Agreement (the Agreement) was made between the Nipomo Community Services District, Rural Water Company, the Woodland Mutual Water Company of San Luis Obispo County and Golden State Water Company, effective July 1, 2015. The Parties, along with hundreds of other individuals and entities are parties to a certain legal proceedings entitled Santa Maria Valley Water Conservation District v. City of Santa Maria, et al., Superior Court of the State of California, County of Santa Clara, Consolidated Cases CV770214 (Santa Maria Litigation), regarding the respective rights of the litigants to groundwater resources in the Santa Maria Ground Water Basin. After lengthy proceedings, the court entered into an amended judgment on April 17, 2014 which provides for the long-term management of the Basin water resources. The Judgment requires NCSD to purchase and transmit a minimum of 2,500 acre-feet of Nipomo Supplemental Water each year. The District is further required to employ its best efforts to timely implement the Nipomo Supplemental Water Project. The Judgment further provides that once the Nipomo Supplemental Water is capable of being delivered, the Parties to the Agreement are to purchase designated portions of the Nipomo Supplemental Water each year to offset ground water pumping in the Nipomo Mesa Management Area. Nipomo has entered into a Wholesale Water Supply Agreement with the City of Santa Maria dated May 7, 2013. The District and City of Santa Maria's agreement provides a mechanism through which the District may purchase Nipomo Supplemental Water for sale and distribution in the Nipomo Supplemental Water Project, consistent with obligations in the Judgment. The District has completed construction of the first stage of the Nipomo Supplemental Water Project and the District began taking delivery of Nipomo Supplemental Water as of July 1, 2015. On or about June 25, 2015, the California Public Utilities Commission approved Golden State Water Company's acquisition of Rural Water Company. The Golden State Water Company will assume the entirety of Rural Water Company's benefits and obligations under such Agreement. The purpose of the Agreement is to enable the Parties to meet their respective obligations under the Judgement, provide payment to NCSD for each Party's allocation of costs, and for the distribution and use of Nipomo Supplemental Water. Per the Agreement, the District is to operate the Nipomo Supplemental Water Agreement as an enterprise fund, separating all costs associated to Nipomo Supplemental Water Project within and only to that fund. The amortization period for capital costs is 30 years beginning July 1, 2015. Interest will be charged monthly on the remaining unamortized balance as of the prior month end. As of June 30, 2016, the Contract Receivable associated with the Agreement is $5,690,049.

NOTE 5: CAPITAL ASSETS

Changes in capital assets for the current year were as follows:

	June 30, 2015	Additions	Deletions/ Transfers	June 30, 2016
Non-depreciable capital assets:				
Land	$ 735,401	$ 262,314	$ -	$ 997,715
Construction in progress	20,374,498	1,841,618	(20,430,927)	1,785,189
Total non-depreciable capital assets	21,109,899	2,103,932	(20,430,927)	2,782,904
Depreciable capital assets:				
Buildings and improvements	55,958,405	20,551,693	-	76,510,098
Equipment	2,233,746	298,851	(68,128)	2,464,469
Total depreciable capital assets	58,192,151	20,850,544	(68,128)	78,974,567
Less accumulated depreciation:				
Buildings and improvements	(14,345,110)	(1,562,264)	-	(15,907,374)
Equipment	(1,428,489)	(251,481)	68,128	(1,611,842)
	(15,773,599)	(1,813,745)	68,128	(17,519,216)
Net depreciable capital assets	42,418,552	19,036,799	-	61,455,351
Total capital assets, net	$ 63,528,451	$ 21,140,731	$ (20,430,927)	$ 64,238,255

Depreciation expense for the period ended June 30, 2016 was $1,813,745.

NOTE 6: INTERFUND LOAN PAYABLE AND RECEIVABLE

The District adopted a water rate adjustment and buy-in charge of $277,742 for the merger of the Blacklake and Town Division on June 1, 2009, for the purposes of meeting operation, maintenance and capital replacement expenses for providing water service for the merged water systems. A loan of $222,243 shall be repaid through a bi-monthly surcharge applied to Blacklake customers' water utility bills for a ten year period with interest rate at 3%. Annual principal payments range from $19,353 to $25,313. As of June 30, 2016, the balance of the interfund loan receivable and payable was $73,784.

The District entered into an Inter-Fund Loan for $275,000 on April 1, 2009, with the Blacklake Sewer Division for the operation, maintenance and the replacement of existing sewer facilities. A loan of $206,501 shall be repaid through a bi-monthly surcharge applied to Blacklake customers' sewer utility bills for a ten-year period with interest rate at 3.5%. Annual principal payments range from $17,624 to $23,301. As of June 30, 2016, the balance of the interfund loan payable and receivable was $65,850.

NOTE 7: LONG TERM DEBT

The summary of changes in long-term debt for the year ended June 30, 2016 is as follows:

	June 30, 2015	Additions	Deletions	June 30, 2016	Due Within One Year
Certificates of Participation:					
Revenue COP's Series 2012	$ 9,345,000	$ -	$ (150,000)	$ 9,195,000	$ 155,000
Unamortized premium	67,475	-	(2,499)	64,976	-
Revenue COP's Series 2013	9,525,000	-	(140,000)	9,385,000	135,000
Unamortized discount	(241,282)	-	8,617	(232,665)	-
Total COP's	18,696,193	-	(283,882)	18,412,311	290,000
Revenue Bonds 2013A	2,745,000	-	(100,000)	2,645,000	105,000
Unamortized premium	201,802	-	(11,869)	189,933	-
Total Revenue Bonds	2,946,802	-	(111,869)	2,834,933	105,000
State Revolving Fund Loans:					
Phase - I	139,474	-	(34,869)	104,605	34,869
Phase - II	210,902	-	(42,181)	168,721	42,180
Total Loans	350,376	-	(77,050)	273,326	77,049
Total long-term debt	$ 21,993,371	$ -	$ (472,801)	$ 21,520,570	$ 472,049

NOTE 7: LONG TERM DEBT, (continued)

Certificates of Participation

Revenue Certificates of Participation – Series 2012

The District issued $9,795,000 of Revenue Certificate of Participation (COP's) to be used for Southland Wastewater Treatment Facility Upgrade. The COP's bear interest ranging from 2.00% to 4.125% per annum. Principal is to be paid annually starting June 1, 2013 through June 1, 2042. Annual principal payments range from $145,000 to $570,000.

Year Ending June 30,	Principal	Interest	Total
2017	$ 155,000	$ 362,454	$ 517,454
2018	160,000	357,648	517,648
2019	165,000	352,448	517,448
2020	175,000	345,848	520,848
2021	215,000	338,848	553,848
2022-2026	1,425,000	1,555,242	2,980,242
2027-2031	1,710,000	1,272,046	2,982,046
2032-2036	2,080,000	901,408	2,981,408
2037-2041	2,540,000	440,344	2,980,344
2042	570,000	23,512	593,512
	$ 9,195,000	$ 5,949,798	$ 15,144,798

NOTE 7: LONG TERM DEBT, (continued)

Certificates of Participation, (continued)

Revenue Certificates of Participation – Series 2013

The District issued $9,660,000 of Revenue Certificate of Participation (COP's) on June 21, 2013. The proceeds are to be used for the Supplemental Water Project Phase 1. The COP's bear interest ranging from 1.0% to 4.625% per annum. Principal is to be paid annually starting September 1, 2014 through September 1, 2043. Annual principal payments range from $135,000 to $725,000.

Year Ending June 30,	Principal	Interest	Total
2017	$ 135,000	$ 394,508	$ 529,508
2018	140,000	392,405	532,405
2019	140,000	389,640	529,640
2020	145,000	386,287	531,287
2021	150,000	382,412	532,412
2022-2026	815,000	1,836,225	2,651,225
2027-2031	975,000	1,663,169	2,638,169
2032-2036	1,910,000	1,387,773	3,297,773
2037-2041	2,900,000	823,534	3,723,534
2042-2044	2,075,000	146,962	2,221,962
	$9,385,000	$7,802,915	$17,187,915

NOTE 7: LONG TERM DEBT, (continued)

Revenue Bonds

Revenue Bonds 2013A

The District issued $2,845,000 of Refunding Revenue Bonds, Series 2013A on May 30, 2013. The proceeds were used to refund the Revenue Certificate of Participation (COP's) that were originally issued on May 1, 2003. The Refunding Revenue Bonds bear interest ranging from 3.7% to 4.8% per annum. Principal is to be paid annually starting September 1, 2014 through September 1, 2032. Annual payments range from $105,000 to $210,000.

Year Ending June 30,	Principal	Interest	Total
2017	$ 105,000	$ 118,050	$ 223,050
2018	110,000	113,750	223,750
2019	115,000	108,675	223,675
2020	120,000	102,800	222,800
2021	125,000	96,675	221,675
2022-2026	725,000	381,125	1,106,125
2027-2031	925,000	182,850	1,107,850
2032-2033	420,000	16,800	436,800
	$2,645,000	$1,120,725	$3,765,725

State Revolving Fund Loans

State Revolving Fund Loans – Phase I

The District entered into a loan contract for $697,367 on April 30, 1998 with the State Water Resource Control Board for the construction of the Southland Wastewater Treatment Plant Expansion - Phase I. The loan was funded during the year ended June 30, 1999. Loan interest is zero percent, however, a loan fee of 16.667% was charged. The loan is payable over 20 years. It calls for annual payments of $34,868 starting May 1, 2000.

Year Ending June 30,	Principal	Interest	Total
2017	$ 34,869	$ -	$ 34,869
2018	34,868	-	34,868
2019	34,868	-	34,868
	$ 104,605	$ -	$ 104,605

NOTE 7: LONG TERM DEBT, (continued)

State Revolving Fund Loans, (continued)

State Revolving Fund Loans – Phase II

The District entered into a loan contract for $843,605 on February 24, 1999 with the State Water Resources Control Board for the construction of Southland Wastewater Expansion - Phase II. The loan was funded during the year ended June 30, 2000. The loan interest is zero percent, however, a loan fee of 16.667% was charged. The loan is payable over 20 years. It calls for annual payments of $42,180 starting March 1, 2001.

Year Ending June 30,	Principal	Interest	Total
2017	$ 42,180	$ -	$ 42,180
2018	42,180	-	42,180
2019	42,180	-	42,180
2020	42,181	-	42,181
	$ 168,721	$ -	$ 168,721

NOTE 8: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description

The Plan is a cost-sharing, multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. The actuarial valuation report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

A. General Information about the Pension Plan, (continued)

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect during the year ended June 30, 2016 are summarized as follows:

Hire Date	Miscellaneous Tier I	Miscellaneous Tier II	Miscellaneous PEPRA
Benefit formula	3.0% @ 60	3.0% @ 60	2% @62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 and up	50 and up	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 3.0%	1.0% to 2.5%
Required employee contribution rates	8.0%	8.0%	6.5%
Required employer contribution rates	12.76%	12.11%	6.73%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The District's required contribution for the unfunded liability was $91,421.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by Miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015 (the measurement date), the average active employee contribution rate for the plan is 8.0 percent of annual pay, and the employer's contribution rate is 20.85 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. Employer Contributions for the measurement period ended June 30, 2015 are $190,106. The actual employer payments of $190,106 made to CalPERS by the District during the measurement period ended June 30, 2015 differed from the District's proportionate share of the employer's contributions of $158,571 by $31,535, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

B. Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases (1)	3.3-14.2%
Investment Rate of Return (2)	7.65%
Mortality Rate Table (3)	Derived using CalPERS' membership data for all Funds
Post Retirement Benefit Increase (4)	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increase vary by category, entry age, and duration of service

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

B. Net Pension Liability (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

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

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

B. Net Pension Liability (continued)

Discount Rate, (continued)

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Year 11 + (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100%		

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

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

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

C. Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2014 (VD)	$ 5,409,110	$ 4,333,630	$ 1,075,480
Balance at: 6/30/2015 (MD)	5,758,325	4,584,180	1,174,145
Net Changes during 2014-15	349,215	250,550	98,665

Valuation Date (VD), Measurement Date (MD)

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The Districts proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

Proportionate Share of NPL - June 30, 2014	0.04352%
Proportionate Share of NPL - June 30, 2015	0.04280%
Change - Increase (Decrease)	(0.00072%)

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

C. Proportionate Share of Net Pension Liability, (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Miscellaneous Plan's Net Pension Liability	$ 1,958,353	$ 1,174,145	$ 526,691

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

C. Proportionate Share of Net Pension Liability, (continued)

The EARSL for the PERF C for the June 30, 2015 measurement period is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of the active employees) by 122,410 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2014), the net pension liability for the plan is $1,075,480 (the net pension liability of the aggregate plan as of June 30, 2014 is $3,750,976,838).

For the measurement period ending June 30, 2015 (the measurement date), the Agency incurred a pension expense of $17,763 for the Plan (the pension expense for the aggregate plan for the measurement period is $169,012,983).

As of June 30, 2015, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 12,184	$ -
Changes of Assumptions	-	(115,275)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(57,789)
Change in Employer's Proportion	103,636	-
Difference in Actual vs Projected Contributions	43,355	-
Pension Contributions Subsequent to Measurement Date	214,785	
Total	**$ 373,960**	**$ (173,064)**

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (continued)

The amounts above are net of outflows and inflows recognized in the 2014-15 measurement period expense. The $214,785 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2016	$ (15,743)
2017	(16,658)
2018	(22,854)
2019	41,366
2020	-
Remaining	-

E. Payable to the Pension Plan

At June 30, 2016, the District reported a payable of $8,967 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to pension benefits, the District provides post-retirement health care benefits through the California Public Employees' Retirement System. In general, to be eligible for retiree medical benefits, an employee must retire from CALPERS on or after age 50 with at least 5 years of District service. For employees hired prior to February 1, 2006, the District's financial obligation is to pay 100% of the cost of coverage for the eligible retiree and any eligible dependents. For employees hired on or after February 1, 2006, the District's contribution percentage is based on the employee's years of CALPERS eligible service at retirement starting at 50% for employees with 10 years increasing by 5% per year of service up to 100% at 20 years of service. The District's maximum contribution is based on this contribution percentage applied to the average weighted premium rates established annually by CALPERS.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)

OPEB Funding Policy

The District's current funding policy is to fund 100% of the annual required contribution as determined under GASB Statement No. 45 through the California Employers' Retiree Benefit Trust (CERBT). The market value of assets in CERBT as of June 30, 2016 is $1,192,839.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over the remaining period of 26 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in its net OEPB obligation to the Retiree Health Plan:

Annual required contribution	$	87,193
Interest on net OPEB obligation (asset)		(691)
Adjustment to annual required contribution		619
Annual OPEB cost (expense)	$	87,121
Actual contributions made		(150,871)
Decrease in net OPEB obligation		(63,750)
Net OPEB obligation (asset) - beginning of year		(9,390)
Net OPEB obligation (asset) - end of year	$	(73,140)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the past four years is as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2016	$ 87,121	173%	$ (73,140)
2015	109,705	104%	(9,390)
2014	109,705	104%	(4,695)

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the actuarial value of plan assets was $1,063,957 while the actuarial accrued liability (AAL) was $1,504,982, resulting in an unfunded liability of $441,025, or a funded ratio of 71%. Annual covered payroll was $1,069,294 while the ratio of the total unfunded liability to annual covered payroll was 41.2%. The Schedule of Funding Progress is presented as Required Supplementary Information following the notes to the financial statements.

The projection of future benefit payments for an on-going plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.

Mortality - Life expectancies at the calculation date are based on the most recent mortality tables published by the national Center for Health Statistics website (www.cdc.gov). The calculations of OPES liability for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables.

Turnover - The probability that an employee will remain employed until the assumed retirement age was determined using non-group-specific age-based turnover data provided in Table 1 in paragraph 35 of GASS Statement No. 45. In addition, the expected future working lifetimes of employees were determined using Table 2 in paragraph 35c of GASB Statement No. 45.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)

Healthcare cost trend rate - Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment. The ultimate trend rate was 4%.

Health insurance premiums - The 2013 CalPERS Southern California regional health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits paid. An employee is assumed to continue with the same medical plan upon retirement.

Medicare Coordination - Medicare was assumed as the primary payer for current and future retirees at age 65.

Payroll increase - Changes in the payroll for current employees are expected to increase at a rate of approximately 3% annually.

Discount rate - The calculation uses the CalPERS Strategy 1 annual discount rate of 7.36%. This is based on the assumed long-term return on plan assets.

Actuarial cost method - The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of the projected payroll on a closed basis. The remaining amortization at July 1, 2013 was 26 years.

NOTE 10: RESTRICTED/DESIGNATED NET POSITION

At June 30, 2016, net position was restricted or designated by the District as follows:

Restricted Funding Source	Use	
Water capacity charges and supplemental water	For the expansion of the water system	$ 10,692,482
Town Sewer capacity charges	For the expansion of the sewer system	328,876
Town Sewer cash with fiscal agent	Cash held with fiscal agent for debt service	603,413
Nipomo Supplemental Water Project (NSWP)	For the replacement/repair of the supplemental water project	207,001
	Totals	$ 11,831,772

Unrestricted Funding Source	Use	
Designated reserve	District operating expenses	$ 10,653,809
	Totals	$ 10,653,809

NOTE 11: JOINT POWERS AUTHORITY

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2016, the District participated in the liability and property programs of the SDRMA as follows:

General Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201516. This covers $10,000,000 per occurrence.

Public Officials and Employees Errors: Special District Risk Management Authority, coverage number LCA SDRMA 201516. This covers $10,000,000 per occurrence/general aggregate.

Personal Liability Coverage for Board Members: Special District Risk Management Authority, coverage number LCA SDRMA 201516. This covers $500,000 per occurrence/general aggregate.

Employment Practices Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201516. This covers $10,000,000 per wrongful employment practice/aggregate limits per member.

Employee Benefits Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201516. This covers $10,000,000 per occurrence/general aggregate.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 201516. This policy includes a $1,000,000 Public Employees Dishonesty Blanket Coverage.

Auto Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201516. This policy covers $10,000,000 per occurrence with personal injury and property damage.

Automobile Physical Damage: Special District Risk Management Authority, coverage number LCA SDRMA 201516. The coverage is on file with SDRMA.

Uninsured/Under Insured Motorist: Special District Risk Management Authority, coverage number UMI SDRMA 201516. This covers $1,000,000 each accident.

Trailer Coverage: District Risk Management Authority, coverage number LCA SDRMA 201516. The coverage is on file with SDRMA.

NOTE 11: JOINT POWERS AUTHORITY, (continued)

Property Coverage: Special District Risk Management Authority, coverage number PPC SDRMA 201516. This policy covers the replacement cost for scheduled property, $1,000,000,000 per occurrence. Deductible is on file with SDRMA.

Boiler and Machinery: Special District Risk Management Authority, coverage number BMC SDRMA 201516. This covers the replacement cost for scheduled property, $100,000,000 per occurrence. Deductible is on file with SDRMA.

Workers Compensation Coverage and Employer's Liability: Special District Risk Management Authority, coverage number WCP SDRMA 201516. This coverage is statutory per occurrence, respectively for workers' compensation and $5,000,000 for employers' liability coverage.

Settled claims have not exceeded any of the coverages in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2016, 2015 and 2014. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2016, 2015 and 2014.

NOTE 12: PRIOR PERIOD RESTATEMENT

A total prior period adjustment of $532,472 was made to increase beginning net position. A prior period adjustment of $221,402 was made to account for deferred outflows of resources related to pension contributions made during the fiscal year ended June 30, 2015 (and subsequent to the June 30, 2014 measurement date) and to account for deferred outflows of resources related to actual pension contributions exceeding actuarially determined pension contributions made during the fiscal year ended June 30, 2014. A prior period adjustment of $69,788 was made to account for bond insurance premium expenses written off as part of the District's implementation of GASB 65. A prior period adjustment of $241,282 was made to account for the bond discount related to Series 2013 Certificates of Participation previously written off. Both the bond discount and bond insurance premiums are scheduled to be amortized over the lives of the pertinent bonds. The restatement of beginning position is summarized as follows:

Beginning net position, as previously stated	$ 57,917,500
Prior period adjustments:	
Correction of an error, GASB 68 implementation	221,402
Correction of an error, GASB 65 implementation	69,788
Correction of an error, bond discount adjustment	241,282
Beginning net position, as restated	$ 58,449,972

NOTE 13: CONTINGENCIES

Santa Maria Valley Water Conservation District v. City of Santa Maria, et al., Santa Clara County Superior Court, Case No. CV 770214.

This case relates to the District's right to produce water from the Santa Maria groundwater basin. The District is a defendant and cross-defendant in the case and has filed its own cross-complaint.

Issues brought forth in the case include claimed priority to the right to produce water from the subject water basin, rights to store and produce native and imported water in and from the basin, and a call for a court-ordered management plan (physical solution) to manage storage in and water production from the basin while preserving the basin as a resource.

There are more than 1,500 involved parties in the action. The litigation does not involve claims for current or past liability, but it may result in a rise in the cost of water production and distribution to District customers or a decline in the amount of water available in areas serviced by the District. A number of parties, including the District, have stipulated to a settlement in the case. Final judgement has now been entered, and two published decisions have been issued by the Court of Appeal related to the final judgment and its interpretation: (1) *City of Santa Maria v. Adam* (2012) 211 Cal.App.4th 266; and (2) *City of Santa Maria v. Adam* (2016) 218 Cal.App.4th 504. The trial court continues to have jurisdiction over this matter, and has scheduled a Case Management Conference (CMC) every three or four months. The next Case Management Conference is set for December 16, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Other Post-Employment Benefits (OPEB) - Schedule of Funding Progress
June 30, 2016

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) Entry Age (a)	Actuarial Value of Assets (b)	Unfunded Liability (UAAL) (a-b)	Funded Status (b/a)	Annual Covered Payroll (c)	UAAL as a % of Payroll ([a-b]/c)
7/1/2015	$ 1,504,982	$ 1,063,957	$ 441,025	71%	$ 1,069,294	41.2%
7/1/2013	$ 1,520,862	$ 699,641	$ 821,221	46%	$ 825,340	99.5%
7/1/2011	$ 1,328,814	$ 415,459	$ 913,355	31%	$ 761,000	120.0%

Required Supplementary Information
Schedule of District's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date
Last Ten Years*
As of June 30, 2016

	Measurement Date 6/30/2014	Measurement Date 6/30/2015
Employer's proportion of the collective net pension liability[1]	0.04352%	0.04280%
Employer's proportionate share of the collective net pension liability	$ 1,075,480	$ 1,174,145
Employer's covered payroll[2]	$ 850,732	$ 1,107,430
Employer's proportionate share of the net pension liability as a percentage of covered payroll	126.42%	106.02%
Pension Plan's fiduciary net position as a percentage of the plan's total pension liability	80.12%	79.61%

[1] Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

[2] Covered payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

* Measurement period 2013-2014 (fiscal year 2014-2015) was the first year of implementation.

Required Supplementary Information
Schedule of Plan Contributions
Last Ten Years*
June 30, 2016

	Measurement Period 2013-14	Measurement Period 2014-15
Contractually determined contributions	$ 159,661	$ 190,106
Contributions in relation to the contractually determined contributions	(159,661)	(190,106)
Contributions deficiency (excess)	$ -	$ -
Employer's covered payroll[1]	$ 850,732	$ 1,107,430
Contributions as a percentage of covered-employee payroll	18.77%	17.17%

[1] Covered payroll is defined as the payroll on which contributions to a pensionplan are based, in accordance with GASB 82.

Notes to Schedule:
Change in benefit terms: None

Change in assumptions: The discount rate that was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.
*Measurement period 2013-2014 (fiscal year 2014-2015) was the first year of implementation.

OTHER SUPPLEMENTAL INFORMATION

Combining Schedule of Net Position
Proprietary Funds
June 30, 2016

	Business Type Activities - Enterprise Funds				
	Administration	Water	Town Sewer	Blacklake Sewer	Blacklake Lighting
ASSETS					
Current assets:					
Cash and cash equivalents	$ 772,536	$ 10,103,979	$ 4,770,464	$ 1,080,504	$ 29,238
Accounts receivable	82	177,305	73,000	40,267	41
Unbilled utilities receivable	-	671,000	225,000	41,000	-
Accrued interest receivable	-	103,536	6,559	1,426	-
Accrued franchise fees	-	-	-	-	-
Due from the State	-	110,000	-	-	-
Due from County	-	-	-	-	253
Due from other funds	21,955	-	-	-	-
Contract receivable, current portion	-	70,036	-	-	-
Total current assets	794,573	11,235,856	5,075,023	1,163,197	29,532
Noncurrent assets:					
Interfund loan receivable	-	73,784	-	-	-
Restricted cash - funded replacement	-	-	-	-	-
Cash with fiscal agent	-	1,235	603,413	-	-
Deposits and other assets	3,656	55,043	-	-	-
Contract receivable, less current portion	-	5,620,013	-	-	-
Net OPEB asset	73,140	-	-	-	-
Capital assets:					
Capital assets, not being depreciated	-	2,218,271	470,662	93,971	-
Depreciable capital assets, net	68,506	33,056,850	25,375,799	1,474,895	-
Total noncurrent assets	145,302	41,025,196	26,449,874	1,568,866	-
Total assets	939,875	52,261,052	31,524,897	2,732,063	29,532
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	28,038	247,326	77,302	21,294	-
LIABILITIES					
Current liabilities:					
Accounts payable	10,261	395,290	43,501	14,182	-
Due to other funds	-	222,313	-	-	-
Deposits	1,011,000	2,000	-	-	-
Accrued liabilities	24,228	231,991	64,016	10,737	-
Current portion of long-term debt	-	135,000	232,049	-	-
Total current liabilities	1,045,489	986,594	339,566	24,919	-
Noncurrent liabilities:					
Interfund loan payable	-	73,784	-	65,850	-
Net pension liability	88,037	776,544	242,709	66,855	-
Long-term debt, less current portion	-	9,017,335	9,301,254	-	-
Total noncurrent liabilities	88,037	9,867,663	9,543,963	132,705	-
Total liabilities	1,133,526	10,854,257	9,883,529	157,624	-
DEFERRED INFLOWS OF RESOURCES					
Pension related	12,976	114,459	35,775	9,854	-
NET POSITION					
Net investment in capital assets	68,506	26,122,786	16,313,158	1,568,866	-
Restricted for system expansion and replacement and debt service	-	10,692,482	932,289	-	-
Unrestricted	(247,095)	4,724,394	4,437,448	1,017,013	29,532
Total net position	$ (178,589)	$ 41,539,662	$ 21,682,895	$ 2,585,879	$ 29,532

Business Type Activities - Enterprise Funds						
Solid Waste	Drainage	Landscape Maintenance	Property Taxes	Supplemental Water	Eliminations	Total
$ 280,735	$ 47,735	$ 23,081	$ 291,092	$ -	$ -	$ 17,399,364
365	-	-	-	106,779	-	397,839
-	-	-	-	-	-	937,000
-	61	30	278	-	-	111,890
10,072	-	-	-	-	-	10,072
-	-	-	-	-	-	110,000
590	247	-	8,912	-	-	10,002
-	-	-	-	222,313	(244,268)	-
-	-	-	-	-	-	70,036
291,762	48,043	23,111	300,282	329,092	(244,268)	19,046,203
-	-	-	65,850	-	(139,634)	-
-	-	-	-	155,284	-	155,284
-	-	-	-	-	-	604,648
-	-	-	11,958	-	-	70,657
-	-	-	-	-	-	5,620,013
-	-	-	-	-	-	73,140
-	-	-	-	-	-	2,782,904
-	-	-	1,479,301	-	-	61,455,351
-	-	-	1,557,109	155,284	(139,634)	70,761,997
291,762	48,043	23,111	1,857,391	484,376	(383,902)	89,808,200
-	-	-	-	-	-	373,960
2,561	-	966	-	255,420	-	722,181
-	-	-	-	21,955	(244,268)	-
-	-	-	3,658	-	-	1,016,658
586	-	-	40,718	-	-	372,276
-	-	-	105,000	-	-	472,049
3,147	-	966	149,376	277,375	(244,268)	2,583,164
-	-	-	-	-	(139,634)	-
-	-	-	-	-	-	1,174,145
-	-	-	2,729,932	-	-	21,048,521
-	-	-	2,729,932	-	(139,634)	22,222,666
3,147	-	966	2,879,308	277,375	(383,902)	24,805,830
-	-	-	-	-	-	173,064
-	-	-	(1,355,631)	-	-	42,717,685
-	-	-	-	207,001	-	11,831,772
288,615	48,043	22,145	333,714	-	-	10,653,809
$ 288,615	$ 48,043	$ 22,145	$ (1,021,917)	$ 207,001	$ -	$ 65,203,266

Combining Schedule of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business Type Activities - Enterprise Funds				
	Administration	Water	Town Sewer	Blacklake Sewer	Blacklake Lighting
Operating revenues					
Charges for services	$ -	$ 4,054,172	$ 1,862,404	$ 475,193	$ 24,508
Charges for services-purveyors	-	-	-	-	-
Other operating revenue	19,838	174,375	-	24,586	-
Total operating revenues	19,838	4,228,547	1,862,404	499,779	24,508
Operating expenses					
Purchased water	-	872,439	-	-	-
Purchased water-purveyors	-	-	-	-	-
Personnel	164,624	1,058,053	430,790	111,468	-
Contractual services	29,502	310,528	9,392	991	-
Utilities	17,764	327,685	134,394	41,316	24,015
Repairs and maintenance	11,176	147,722	194,508	15,911	-
Other supplies and expenses	82,282	495,990	176,206	80,032	103
Insurance	14,896	44,357	13,307	2,227	500
Depreciation	46,847	939,723	697,102	94,151	-
Total operating expenses	367,091	4,196,497	1,655,699	346,096	24,618
Operating income (loss)	(347,253)	32,050	206,705	153,683	(110)
Non-operating revenues (expenses)					
Interest income	814	409,702	25,087	4,799	145
Property taxes	-	-	-	-	-
Cell site rental income	4,814	33,333	-	-	-
Interest expense	-	(406,860)	(364,080)	(2,751)	-
Other revenue-purveyor customers	-	5,742,576	-	-	-
Total non-operating revenues	5,628	5,778,751	(338,993)	2,048	145
Income (loss) before contributions and transfers	(341,625)	5,810,801	(132,288)	155,731	35
Capital contributions	-	332,632	336,206	-	-
Transfers in	383,002	834,850	-	-	-
Transfer out	-	(276,015)	(78,204)	(13,802)	-
Change in net position	41,377	6,702,268	125,714	141,929	35
Total net position - beginning, as restated	(219,966)	34,837,394	21,557,181	2,443,950	29,497
Total net position - ending	$ (178,589)	$ 41,539,662	$ 21,682,895	$ 2,585,879	$ 29,532

Business Type Activities - Enterprise Funds						
Solid Waste	Drainage	Landscape Maintenance	Property Taxes	Supplemental Water	Eliminations	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 6,416,277
-	-	-	-	1,291,145	(872,439)	418,706
95,454	-	10,080	-	-	-	324,333
95,454	-	10,080	-	1,291,145	(872,439)	7,159,316
-	-	-	-	-	-	872,439
-	-	-	-	1,001,760	(872,439)	129,321
-	-	-	-	-	-	1,764,935
-	-	-	-	-	-	350,413
-	-	122	-	28,002	-	573,298
-	-	-	-	1,229	-	370,546
144,314	15,100	5,088	2,250	50,769	-	1,052,134
2,009	-	-	-	2,518	-	79,814
-	-	-	35,922	-	-	1,813,745
146,323	15,100	5,210	38,172	1,084,278	(872,439)	7,006,645
(50,869)	(15,100)	4,870	(38,172)	206,867	-	152,671
1,381	229	99	4,974	134	-	447,364
-	15,825	-	571,074	-	-	586,899
-	-	-	-	-	-	38,147
-	-	-	(109,510)	-	-	(883,201)
-	-	-	-	-	-	5,742,576
1,381	16,054	99	466,538	134	-	5,931,785
(49,488)	954	4,969	428,366	207,001	-	6,084,456
-	-	-	-	-	-	668,838
-	-	-	-	-	(1,217,852)	-
(14,981)	-	-	(834,850)	-	1,217,852	-
(64,469)	954	4,969	(406,484)	207,001	-	6,753,294
353,084	47,089	17,176	(615,433)	-	-	58,449,972
$ 288,615	$ 48,043	$ 22,145	$ (1,021,917)	$ 207,001	$ -	$ 65,203,266

Nipomo Community Services District

Combining Schedule of Other Supplies and Expenses
Proprietary Funds
For the Year Ended June 30, 2016

	Business Type Activities - Enterprise Funds				
	Administration	Water	Town Sewer	Blacklake Sewer	Blacklake Lighting
Other supplies and expenses					
Bank charges and fees	$ 3,365	$ -	$ -	$ -	$ -
Bond administration	-	750	2,500	-	-
Bond insurance premium expense	-	2,039	-	-	-
Chemicals	-	34,960	3,583	18,507	-
Computer expenses	16,619	61,940	17,251	4,197	-
Conservation program	-	35,992	-	-	-
Credit card fees	-	3,110	-	-	-
Dues and subscriptions	2,740	9,163	4,412	317	-
Education and training	6,026	1,065	2,931	394	-
Fuel	-	20,382	6,556	3,944	-
Lab testing	-	25,482	24,515	22,741	-
LAFCO funding	24,216	-	-	-	-
Landscape and janitorial	2,834	8,503	2,409	425	-
Landscape maintenance	-	-	-	-	-
Meters	-	14,580	-	-	-
Miscellaneous	10,475	11,744	-	-	-
NCSD labor charges	-	-	-	-	-
NCSD overhead charges	-	-	-	-	-
Newsletters and mailers	1,042	7,483	886	156	-
Office supplies	3,009	9,446	2,147	379	-
Operating supplies	-	107,151	52,695	7,661	-
Outside services	2,275	77,512	27,649	8,260	-
Paging service	-	4,661	1,554	847	-
Permits and operating fees	-	19,994	9,307	7,638	-
Postage	1,237	16,163	7,313	984	-
Property taxes	-	1,181	-	-	-
Public notices	1,119	1,191	1,820	4	103
Safety program	-	4,177	1,392	759	-
Solid waste program	-	-	-	-	-
Telephone	1,659	4,710	1,335	825	-
Travel and mileage	5,666	2,985	2,742	244	-
Uniforms	-	9,626	3,209	1,750	-
Total other supplies and expenses	$ 82,282	$ 495,990	$ 176,206	$ 80,032	$ 103

Business Type Activities - Enterprise Funds					
Solid Waste	Drainage	Landscape Maintenance	Property Taxes	Supplemental Water	Total
$ -	$ -	$ -	$ -	$ -	$ 3,365
-	-	-	2,250	-	5,500
-	-	-	-	-	2,039
-	-	-	-	13,891	70,941
-	-	-	-	-	100,007
-	-	-	-	-	35,992
-	-	-	-	-	3,110
-	-	-	-	-	16,632
-	-	-	-	-	10,416
-	-	-	-	-	30,882
-	-	-	-	-	72,738
-	-	-	-	-	24,216
-	-	-	-	-	14,171
-	-	4,677	-	-	4,677
-	-	-	-	-	14,580
-	-	-	-	-	22,219
-	-	-	-	19,006	19,006
-	-	-	-	10,763	10,763
-	-	-	-	-	9,567
-	-	-	-	-	14,981
-	-	-	-	5,422	172,929
-	15,100	-	-	-	130,796
-	-	-	-	-	7,062
-	-	-	-	1,687	38,626
-	-	-	-	-	25,697
-	-	-	-	-	1,181
257	-	411	-	-	4,905
-	-	-	-	-	6,328
144,057	-	-	-	-	144,057
-	-	-	-	-	8,529
-	-	-	-	-	11,637
-	-	-	-	-	14,585
$ 144,314	$ 15,100	$ 5,088	$ 2,250	$ 50,769	$ 1,052,134

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the Nipomo Community Services District's (the "District") comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the District's overall financial health.

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Financial Trends
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. 56-59

Revenue Capacity
These schedules contain information to help the reader assess the District's two most significant revenue sources, water and sewer sales. 60-68

Debt Capacity
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. 69-73

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. 74-77

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. 78-80

Net Position by Component
Last Ten Fiscal Years

	2007	2008	2009	2010	2011
Net Position					
Net investment in capital assets	$ 19,758,349	$ 22,985,210	$ 29,702,586	$ 26,400,186	$ 28,120,434
Restricted	14,862,877	15,786,714	16,189,675	15,349,110	14,429,872
Unrestricted	6,877,417	8,830,148	4,145,274	9,682,695	10,092,022
Total Net Position	$ 41,498,643	$ 47,602,072	$ 50,037,535	$ 51,431,991	$ 52,642,328

	2012	2013	2014	2015	2016
Net Position					
Net investment in capital assets	$ 19,736,453	$ 21,117,250	$ 36,796,349	$ 41,378,553	$ 42,717,685
Restricted	22,237,879	26,519,323	11,474,442	9,817,048	11,619,723
Unrestricted	10,030,405	10,244,105	13,802,081	6,721,899	10,865,858
Total Net Position	$ 52,004,737	$ 57,880,678	$ 62,072,872	$ 57,917,500	$ 65,203,266

Source: Nipomo Community Services District

Changes in Net Position
Last Ten Fiscal Years

	2007	2008	2009	2010
OPERATING REVENUES:				
Water	$ 2,648,718	$ 2,979,529	$ 2,987,268	$ 2,938,162
Waste-water	1,065,762	1,153,024	1,582,391	1,952,618
Other	504,524	606,664	185,125	183,638
Total Operating Revenues	4,219,004	4,739,217	4,754,784	5,074,418
Non-Operating Revenues				
Property taxes	517,110	546,975	554,660	520,576
Interest income	1,045,604	961,860	537,985	167,857
Other	32,659	29,889	30,907	251,282
Total Non-Operating Revenues	1,595,373	1,538,724	1,123,552	939,715
Total Revenues	5,814,377	6,277,941	5,878,336	6,014,133
OPERATING EXPENSES:				
Purchased water	-	-	-	-
Purchased water - purveyors	-	-	-	-
Personnel	888,097	1,197,427	1,337,120	1,448,688
Contractual services	496,449	1,005,913	597,134	468,541
Utilities	595,073	557,310	534,252	607,219
Repairs & maintenance	324,286	345,266	393,744	296,920
Other supplies & expenses	742,136	919,878	533,907	614,681
Insurance	32,992	38,808	41,208	58,191
Depreciation & amortization	968,806	1,046,861	1,077,946	1,114,447
Total Operating Expenses	4,047,839	5,111,463	4,515,311	4,608,687
Total Non-Operating Expenses	178,613	176,525	189,841	179,462
Total Expenses:	4,226,452	5,287,988	4,705,152	4,788,149
Income (Loss) Before Contributions	1,587,925	989,953	1,173,184	1,225,984
Capital Contributions	1,017,957	5,113,496	1,262,279	168,472
Change In Net Position	$ 2,605,882	$ 6,103,449	$ 2,435,463	$ 1,394,456

Source: Nipomo Community Services District

2011	2012	2013	2014	2015	2016
$ 2,771,928	$ 2,978,557	$ 3,318,232	$ 3,720,667	$ 3,361,276	$ 4,054,172
2,162,005	2,212,658	2,311,889	2,242,497	2,311,400	2,337,597
227,132	240,757	653,852	699,308	650,810	767,547
5,161,065	5,431,972	6,283,973	6,662,472	6,323,486	7,159,316
557,041	501,739	494,457	515,399	549,693	586,899
125,994	98,657	102,610	82,277	64,580	447,364
52,408	34,366	56,707	50,253	51,344	5,780,723
735,443	634,762	653,774	647,929	665,617	6,814,986
5,896,508	6,066,734	6,937,747	7,310,401	6,989,103	13,974,302
-	-	-	-	-	872,439
-	-	-	-	-	129,321
1,475,273	1,420,129	1,557,146	1,532,776	1,774,347	1,764,935
518,736	288,956	224,616	354,297	272,964	350,413
556,145	652,296	578,766	670,413	604,890	573,298
316,935	225,362	229,699	194,435	188,512	370,546
624,970	642,025	1,028,433	1,161,271	1,294,354	1,052,134
79,754	77,796	75,207	69,609	76,012	79,814
1,158,947	1,095,425	1,174,583	1,250,300	1,410,550	1,813,745
4,730,760	4,401,989	4,868,450	5,233,101	5,621,629	7,006,645
181,873	2,207,262	1,294,768	610,231	4,186,961	883,201
4,912,633	6,609,251	6,163,218	5,843,332	9,808,590	7,889,846
983,875	(542,517)	774,529	1,467,069	(2,819,487)	6,084,456
226,462	88,674	5,101,412	2,725,125	53,464	668,838
$ 1,210,337	$ (453,843)	$ 5,875,941	$ 4,192,194	$ (2,766,023)	$ 6,753,294

Active Water Customers By Type
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Single Family	3,445	3,481	3,479	3,484	3,492	3,504	3,556	3,580	3,592	3,603
%	86%	85%	85%	84%	84%	84%	84%	84%	84%	84%
Multi-Family	390	412	421	462	473	495	494	500	497	497
%	10%	10%	10%	11%	11%	12%	12%	12%	12%	12%
Commercial	96	93	100	97	95	95	94	97	99	102
%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Irrigation	83	89	90	91	91	78	93	90	96	97
%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Agriculture	3	2	2	2	2	1	1	1	1	1
%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total	4,017	4,077	4,092	4,136	4,153	4,173	4,238	4,268	4,285	4,300
Total %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Nipomo Community Services District

Bi-Monthly Water Availability Charges
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Meter Size										
1 inch and Less	$ 26.96	$ 29.03	$ 30.84	$ 30.84	$ 30.84	$ 33.17	$ 35.72	$ 38.51	$ 41.57	$ 44.92
1 1/2 Inch	72.96	78.82	83.97	83.97	83.97	90.58	97.82	105.75	114.43	123.94
2 Inch	112.73	122.01	130.17	130.17	130.17	140.64	152.11	164.67	178.42	193.48
3 Inch	200.60	217.87	233.07	233.07	233.07	252.56	273.90	297.27	322.86	350.88
4 Inch	322.77	351.45	376.68	376.68	376.68	409.04	444.40	483.29	525.78	572.31
6 Inch	631.31	688.49	730.80	730.80	730.80	803.33	873.99	951.36	1,036.08	1,128.85
8 Inch	981.81	1,073.29	1,153.71	1,153.71	1,153.71	1,256.84	1,369.77	1,493.43	1,628.84	1,777.11
Supplemental water										
Meter Size										
1 inch and Less	-	-	-	-	-	-	-	-	-	13.20
1 1/2 Inch	-	-	-	-	-	-	-	-	-	39.60
2 Inch	-	-	-	-	-	-	-	-	-	63.36
3 Inch	-	-	-	-	-	-	-	-	-	118.80
4 Inch	-	-	-	-	-	-	-	-	-	198.00
6 Inch	-	-	-	-	-	-	-	-	-	396.00

Source: Nipomo Community Services District

Bi-Monthly Water Rates
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Single Family & Multi-Family										
Tier I	$1.38	$1.52	$1.64	$1.64	$1.64	$1.64	$1.80	$1.97	$2.16	$2.37
Tier II	2.35	2.59	2.80	2.80	2.80	2.05	2.25	2.46	2.69	2.95
Tier III						2.88	3.15	3.45	3.78	4.14
Tier IV						4.93	5.40	5.91	6.47	7.08
Commercial & Irrigation										
Tier I						2.05	2.25	2.46	2.69	2.95
Tier II						2.88	3.15	3.45	3.78	4.14
Agriculture and all Other	1.74	1.91	2.06	2.06	2.06	2.37	2.59	2.84	3.11	3.41
Supplemental Water										0.77

Source: Nipomo Community Services District

Water Capacity Charges
Last Ten Fiscal Years

Meter Size	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1 inch and Less	$ 2,599	$ 2,713	$ 3,022	$ 3,124	$ 3,192	$ 3,293	$ 3,385	$ 3,468	$ 2,921	$ 2,976
Supplemental Water	11,556	12,062	13,404	13,858	14,160	14,605	15,015	15,381	7,570	7,711
1 1/2 Inch	7,788	8,129	9,065	9,372	9,577	9,877	10,155	10,402	8,764	8,928
Supplemental Water	34,634	36,151	40,211	41,573	42,479	43,814	45,045	46,141	22,710	23,134
2 Inch	12,465	13,011	14,503	14,994	15,321	15,802	16,247	16,642	14,022	14,284
Supplemental Water	55,436	57,864	64,337	66,516	67,966	70,101	72,072	73,825	36,336	37,015
3 Inch	23,387	24,411	27,194	28,115	28,728	29,630	30,463	31,204	26,291	26,782
Supplemental Water	104,007	108,562	120,632	124,719	127,436	131,440	135,135	138,422	68,130	69,403
4 Inch	38,986	40,694	45,323	46,858	47,879	49,384	50,772	52,007	43,819	44,638
Supplemental Water	173,379	180,973	201,054	207,866	212,393	219,067	225,225	230,704	113,550	115,671
6 Inch	77,949	81,363	90,646	93,717	95,758	98,767	101,544	104,014	87,638	89,275
Supplemental Water	346,654	361,838	402,108	415,731	424,787	438,134	450,450	461,408	227,100	231,342

Source: Nipomo Community Services District

Sewer Customers (Town Division)
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Single Family										
Accounts	1,903	1,966	1,990	1,995	1,991	2,008	2,024	2,096	2,098	2,109
DUE's	1,903	1,966	1,990	1,995	1,991	2,008	2,024	2,096	2,098	2,109
Single Family County										
Accounts	457	460	460	460	460	460	461	463	468	469
DUE's	457	460	460	460	460	460	461	463	468	469
Multi-Family										
Accounts	313	336	359	349	365	367	371	375	374	374
DUE's	608	684	710	764	770	766	771	766	777	816
Commercial										
Accounts	66	66	71	71	71	79	80	80	82	110
DUE's	69	69	75	65	74	82	80	80	82	110
Total										
Accounts	2,739	2,828	2,880	2,875	2,887	2,914	2,936	3,014	3,022	3,062
DUE's	3,037	3,179	3,235	3,284	3,295	3,316	3,336	3,405	3,425	3,504

Source: Nipomo Community Services District
DUE = Dwelling Unit Equivalent

Sewer Customers (Blacklake Division)
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Single Family										
Accounts	486	487	484	484	485	485	487	487	487	487
DUE's	486	487	484	484	485	485	487	487	487	487
Multi-Family										
Accounts	69	69	69	69	68	67	68	68	68	68
DUE's	69	69	69	69	68	67	68	68	68	68
Commercial										
Accounts	2	2	4	4	3	3	4	4	4	4
DUE's	2	2	4	4	3	3	4	4	4	4
Total										
Accounts	557	558	557	557	556	555	559	559	559	559
DUE's	557	558	557	557	556	555	559	559	559	559

Source: Nipomo Community Services District
DUE = Dwelling Unit Equivalent

Residential Sewer Rates
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Town										
Single Family	$ 45.00	$ 56.53	$ 70.66	$ 88.32	$ 88.32	$ 88.32	$ 88.32	$ 88.32	$ 88.32	$ 88.93
Multi Family	34.80	43.09	53.86	67.33	67.33	67.33	67.33	67.33	67.33	74.18
Black Lake										
Single Family	77.55	80.65	107.12	118.90	131.98	138.58	145.51	145.51	145.51	145.51
Multi Family	41.56	43.22	69.99	77.69	86.24	90.55	95.08	95.08	95.08	95.08

Source: Nipomo Community Services District

DUE - Dwelling Unit Equivalent

Commercial Sewer Rates (Town Division)
Last Ten Fiscal Years

Bi-Monthly Service Charge

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1 inch and Less	$ 16.72	$ 17.39	$ 27.25	$ 34.07	$ 34.07	$ 34.07	$ 34.07	$ 34.07	$ 34.07	$ 35.12
1 1/2 Inch	47.85	49.77	78.87	98.59	98.59	98.59	98.59	98.59	98.59	101.94
2 Inch	75.91	78.95	125.33	156.66	156.66	156.66	156.66	156.66	156.66	162.08
3 Inch	141.43	147.09	233.73	292.16	292.16	292.16	292.16	292.16	292.16	302.40
4 Inch	235.01	244.41	388.58	485.72	485.72	485.72	485.72	485.72	485.72	502.87
6 Inch	468.75	487.50	775.71	969.64	969.64	969.64	969.64	969.64	969.64	1,004.03

Bi-Monthly Usage Rate

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Low	$ 1.27	$ 1.32	$ 2.31	$ 2.89	$ 2.89	$ 2.89	$ 2.89	$ 2.89	$ 2.89	$ 3.43
Medium	1.40	1.46	2.56	3.20	3.20	3.20	3.20	3.20	3.20	3.81
High	1.82	1.89	3.31	4.14	4.14	4.14	4.14	4.14	4.14	4.93

Source: Nipomo Community Services District

Commercial Sewer Rates (Blacklake Division)
Last Ten Fiscal Years

Bi-Monthly Service Charge

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1 inch and Less	$ 36.86	$ 38.33	$ 36.86	$ 38.33	$ 59.43	$ 62.40	$ 62.52	$ 65.52	$ 65.52	$ 65.52
1 12 Inch	106.01	110.25	106.01	110.25	169.16	177.62	186.50	186.50	186.50	186.50
2 Inch	168.34	175.08	168.34	175.08	267.91	281.13	295.38	295.38	295.38	295.38
3 Inch	313.89	326.45	313.89	326.45	498.35	523.26	549.43	549.43	549.43	549.43
4 Inch	521.77	542.64	521.77	542.64	827.54	868.91	912.36	912.36	912.36	912.36
6 Inch	1,041.00	1,082.64	1,041.00	1,082.64	1,650.51	1,733.03	1,819.68	1,819.68	1,819.68	1,819.68

Bi-Monthly Usage Rate

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Low	$ 1.49	$ 1.55	$ 2.62	$ 2.91	$ 3.23	$ 3.39	$ 3.56	$ 3.56	$ 3.56	$ 3.56
Medium	2.03	2.11	3.53	3.92	4.35	4.57	4.80	4.80	4.80	4.80
High	3.24	3.37	5.59	6.20	6.89	7.23	7.59	7.59	7.59	7.59

Source: Nipomo Community Services District

Sewer Capacity Charges (Town Division)
Last Ten Fiscal Years

Meter Size	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1 inch and Less	$ 6,927	$ 4,314	$ 6,927	$ 7,462	$ 7,625	$ 7,864	$ 8,085	$ 8,282	$ 8,526	$ 8,685
1 1/2 Inch	20,781	12,927	20,781	22,387	22,874	23,593	24,256	24,846	25,577	26,055
2 Inch	33,250	20,692	33,250	35,819	36,598	37,749	38,810	39,755	40,924	41,689
3 Inch	62,343	38,823	62,343	67,160	68,621	70,779	72,769	74,539	76,732	78,166
4 Inch	103,905	64,718	103,905	111,934	114,368	117,965	121,281	124,232	127,887	130,276
6 Inch	207,810	129,396	207,810	223,867	228,736	235,931	242,562	248,463	255,774	260,552

Source: Nipomo Community Services District

Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Certificates of Participation	State Revolving Loan Funds	Notes Payable	Total	Debt to Assessed Value (1)	Debt Per Capita (2)
2016	$ 2,645,000	$ 18,580,000	$ 273,326	$ 139,634	$ 21,637,960	1.45%	$ 5,005
2015	2,745,000	18,870,000	350,376	184,522	22,149,898	1.59%	5,169
2014	2,845,000	19,150,000	427,424	227,983	22,650,407	1.71%	5,307
2013	2,845,000	19,295,000	504,472	270,063	22,914,535	1.78%	5,407
2012	-	13,125,000	581,521	310,802	14,017,323	1.08%	3,359
2011	76,000	3,420,000	658,569	520,419	4,674,988	0.35%	1,126
2010	100,000	3,510,000	735,618	596,989	4,942,607	0.36%	1,195
2009	110,000	3,595,000	812,666	-	4,517,666	0.32%	1,104
2008	120,000	3,680,000	889,715	-	4,689,715	0.34%	1,150
2007	129,000	3,765,000	966,764	-	4,860,764	0.39%	1,210

(1) Assessed Values can be found on the Historical Assessed Valuation table.

(2) Per Capita is based on number of District water customers found in the Active Water Customers by Type Table

Combined Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	(1) Operating Expenses	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage Ratio
2016	$ 6,487,650	$ (4,386,403)	$ 2,101,247	$ 390,000	$ 884,724	$ 1,274,724	1.65x
2015	5,748,796	(3,332,064)	2,416,732	380,000	895,659	1,275,659	1.89x
2014	6,005,862	(3,205,780)	2,800,082	145,000	904,238	1,049,238	2.67x
2013	5,662,298	(2,844,591)	2,817,707	332,049	508,204	840,253	3.35x
2012	5,251,643	(2,977,782)	2,273,861	167,049	153,545	320,594	7.09x
2011	5,088,811	(3,301,897)	1,786,914	172,049	158,545	330,594	5.40x
2010	5,021,126	(3,159,949)	1,861,177	172,049	164,489	336,538	5.53x
2009	4,267,481	(2,720,943)	1,546,538	172,049	167,199	339,248	4.55x
2008	4,027,943	(3,280,391)	747,552	171,049	169,583	340,632	2.19x
2007	3,634,665	(2,468,373)	1,166,292	164,049	172,125	336,174	3.46x

Source: Nipomo Community Services District
(1) Excludes depreciation.

Historical Assessed Valuation
Last Ten Fiscal Years

Fiscal Year	Grossed Secured Assessed Valuation	Gross Unsecured Assessed Valuation	Homeowners' Exemption	Adjusted Assessed Valuation
2016	$ 1,487,428,335	$ 13,828,632	$ (16,739,800)	$ 1,484,517,167
2015	1,386,410,743	15,592,808	(16,675,400)	1,385,328,151
2014	1,323,642,210	14,660,628	(16,577,400)	1,321,725,438
2013	1,284,304,321	13,406,138	(16,833,600)	1,280,876,859
2012	1,301,667,173	12,993,551	(16,900,800)	1,297,759,924
2011	1,333,639,941	13,353,669	(16,973,600)	1,330,020,010
2010	1,360,374,058	11,351,617	(16,891,000)	1,354,834,675
2009	1,412,360,063	10,466,326	(16,921,800)	1,405,904,589
2008	1,395,028,513	10,852,525	(16,611,000)	1,389,270,038
2007	1,262,958,365	10,909,262	(16,352,000)	1,257,515,627

Source: County of San Luis Obispo Assessor

Property Tax Rates
Typical Total Tax Rate (TRA 52-98)
Last Ten Fiscal Years

Fiscal Year	General	State Water Project	Lucia Mar Unified School District	San Luis Obispo Community College District	Total
2016	1.00000	0.00374	0.04094	0.01925	1.06393
2015	1.00000	0.00400	0.04094	-	1.04494
2014	1.00000	0.00400	0.03994	-	1.04394
2013	1.00000	0.00400	0.03954	-	1.04354
2012	1.00000	0.00300	0.02984	-	1.03284
2011	1.00000	0.00290	0.02914	-	1.03204
2010	1.00000	0.00220	0.02854	-	1.03074
2009	1.00000	0.00220	0.02854	-	1.03074
2008	1.00000	0.00220	0.02364	-	1.02584
2007	1.00000	0.00221	0.01934	-	1.02155

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt Statement
As of June 30, 2016

2015-2016 Assessed Valuation:

Overlapping Tax and Assessment Debt	Total Debt 6/30/16	% Applicable	District's Share of Debt 6/30/16
San Luis Obispo County Community College District	$75,000,000	3.287%	$2,465,250
Lucia Mar Unified School District	26,310,417	11.921%	3,136,465
Nipomo Community Services District, Reassessment District No. 93-1R	275,500	100%	275,500
Total Direct and Overlapping Tax and Assessment Debt			$5,877,215
Direct and Overlapping General Fund Debt			
San Luis Obispo County Certificates of Participation	$27,005,000	3.301%	$891,435
San Luis Obispo County Pension Obligation Bonds	100,489,398	3.301%	3,317,155
San Luis Obispo County Community College District Certificates of Participation	7,630,000	3.287%	250,798
Lucia Mar Unified School District Certificates of Participation	7,730,000	11.921%	921,493
*Nipomo Community Services District	-	100%	-
Total Direct and Overlapping General Fund Debt			$5,380,881
Total Direct Debt			-
Total Overlapping Debt			$11,258,096
**Combined Total Debt			$11,258,096

Ratios to 2015-2016 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 0.39%
Total Direct Debt..... 0%
Combined Total Debt..... 0.75%

*The percentage of overlaping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping District's assessed value that is within the boundaries of the community serives district divided by the overlapping District's total taxable assessed value.

** Excludes tax and revenue anticipation notes, enterprise notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Population of San Luis Obispo County and Incorporated Cities (as of January 1)

Area	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Arroyo Grande	16,759	16,968	17,110	17,252	17,306	17,291	17,395	17,334	17,428	17,731
Atascadero	27,778	28,477	28,488	28,310	28,601	28,477	28,687	28,675	29,169	30,879
El Paso de Robles	29,514	29,813	30,004	29,793	29,918	30,225	30,504	30,469	30,522	31,398
Grover Beach	13,085	13,159	13,278	13,156	13,199	13,162	13,211	13,153	13,144	13,397
Morro Bay	10,436	10,506	10,576	10,234	10,294	10,274	10,317	10,276	10,284	10,722
Pismo Beach	8,545	8,568	8,677	7,655	7,682	7,675	7,717	7,705	7,711	8,181
San Luis Obispo (city)	44,239	44,521	44,829	45,119	45,269	45,308	45,541	45,473	45,802	46,117
Subtotal	150,356	152,012	152,962	151,519	152,269	152,412	153,372	153,085	154,060	158,425
Unincorporated	114,544	116,278	117,939	118,118	118,036	119,071	118,805	119,272	120,233	119,552
Total	264,900	268,290	270,901	269,637	270,305	271,483	272,177	272,357	274,293	277,977

Source: State of California, Department of Finance

San Luis Obispo Civilian Labor Force, Employment and Unemployment Annual Average Last Ten Calendar Years (amounts expressed in thousands except population and per capita)

The following Table compares estimates of the labor force, civilian employment and unemployment for County Residents, State Residents and United States Residents between 2006 and 2015

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2007				
County	134,200	128,500	5,700	4.2%
State	17,921,000	16,960,700	960,300	5.4%
United States	153,124,000	146,047,000	7,077,000	4.6%
2008				
County	138,100	130,200	7,900	5.7%
State	18,191,000	16,883,400	1,307,600	7.2%
United States	154,287,000	145,362,000	8,925,000	5.8%
2009				
County	137,600	125,300	12,300	8.9%
State	18,204,200	16,141,500	2,062,700	11.3%
United States	154,142,000	139,877,000	14,265,000	9.3%
2010				
County	136,100	122,300	13,800	10.1%
State	18,176,200	15,916,300	2,259,900	12.4%
United States	153,889,000	139,064,000	14,825,000	9.6%
2011				
County	138,700	125,800	12,900	9.3%
State	18,384,900	16,226,600	2,158,300	11.7%
United States	154,395,000	141,637,000	12,758,000	8.3%
2012				
County	143,100	131,500	11,600	8.1%
State	18,494,900	16,560,300	1,934,600	10.5%
United States	154,975,000	142,469,000	12,506,000	8.1%
2013				
County	141,100	131,700	9,400	6.7%
State	18,596,800	16,933,300	1,663,500	8.9%
United States	155,971,000	144,509,000	11,462,000	7.3%
2014				
County	139,900	132,000	7,900	5.6%
State	18,811,400	17,397,100	1,414,300	7.5%
United States	156,715,000	148,800,000	7,915,000	5.1%
2015				
County	142,700	135,700	7,000	4.9%
State	18,956,000	17,794,000	1,162,000	6.1%
United States	156,984,000	151,097,000	5,887,000	3.8%
2016				
County	147,200	140,600	6,600	4.5%
State	19,102,000	18,079,000	1,023,000	5.4%
United States	158,880,000	151,097,000	7,783,000	4.9%

Data is seasonally adjusted. The unemployment data for the County and State is calculated using unrounded data.
Source: State Employment Development Department, Labor Market Information Division, and U.S. Bureau of Labor Statistics.

Major Employers in
County of San Luis Obispo

The following Table provides a listing of major employers headquartered or located in the County and their estimated full-time equivalent (FTE) employment levels.

Firm	Product or Service	Estimated FTE Employment
Cal Poly State University, SLO	Education	3,055
County of San Luis Obispo	Government	2,800
Atascadero State Hospital	Health Services	2,000
California Men's Colony	Correction Institution	1,540
Pacific Gas and Electric Company	Utility	1,900
Cal Poly Corporation	Education	1,400
Tenet Healthcare	Health Services	1,272
Compass Health Inc.	Health Services	1,200
Lucia Mar Unified School District	Education	1,000
Paso Robles Public Schools	Education	935

Source: County of San Luis Obispo 2014-15 Comprehensive Financial Report

District Employees
Last Ten Fiscal Years

(Actual on Payroll at June 30)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Manager	1	1	1	1	1	1	1	1	1	1
Administrative Staff	4	4	4	4	3	3	3	3	4	4
Operations Staff	8	9	9	10	8	9	8	8	10	12
Total	13	14	14	15	12	13	12	12	15	17

Source: Nipomo Community Services District

Operating and Capital Indicators
Last Ten Calendar Years

	* Water System									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
No. of Wells	9	9	9	9	9	9	9	9	5	5
No. of Reservoirs	6	6	6	6	6	6	6	6	5	5
Max Reservoir Capacity (MG)	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.0	4.0
Total Well Production (Acre Feet)	2,727	2,856	2,755	2,698	2,367	2,488	2,473	2,541	2,160	1,162
Total Water Purchased (Acre Feet) **	-	-	-	-	-	-	-	-	-	653
Total Deliveries (Acre Feet)	2,608	2,849	2,732	2,497	2,293	2,276	2,360	2,518	2,110	1,815
No. of Service Connections	4,017	4,077	4,092	4,136	4,153	4,173	4,238	4,268	4,285	4,300

	Sewer System-Town Division									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
No. of Lift Stations	9	10	10	10	10	10	10	10	10	10
Daily Capacity of Treatment Plant (MG)	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
No. of Sewer Connections	2,739	2,828	2,880	2,875	2,887	2,914	2,936	3,014	3,022	3,062
Annual Flow Treated (MG)	203	215	210	205	174	232	237	236	229	201

	Sewer System-Blacklake Division									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
No. of Lift Stations	3	3	3	3	3	3	3	3	3	3
Daily Capacity of Treatment Plant (MG)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
No. of Sewer Connections	557	558	557	557	556	555	559	559	559	559
Annual Flow Treated (MG)	33	27	27	23	27	23	20	19	16	16

Source: Nipomo Community Services District

* Town and Blacklake Water systems merged in 2009

** Nipomo Community Services District began purchasing supplemental water from the City of Santa Maria on July 2, 2015.

MG = million gallons

Annual Water and Sewer Capacity Fees Report
Required Disclosure Under Government Code Section 66013

	Fund #500 Supplemental Water	Fund #700 Water Capacity	Fund #710 Town Sewer Capacity
Beginning Balance July 1, 2015	$ 1,768,093	$ 1,512,789	$ 187,398
Ending Balance June 30, 2016	3,585,906	1,593,211	328,237
Interest Earned	367,469	6,408	1,049
Amount of charges collected in fiscal year	92,229	75,083	217,126

Public Improvements on which charges were expended and the amount of the expenditure for each improvement:

Capital Improvement Project	Amount of the expenditure for each Improvement	Fund #	Project completed during fiscal year
Supplemental Water Project Phase 1	$ 1,580,431	500	No

Source: Nipomo Community Services District

Anticipated Capital Improvement Projects for 2016-2017 fiscal Year:

Supplemental Water
Project Phase 2A

Water Master Plan

Southland WWTF

Note:
California Government Code (CGC) Section 66013(d) requires the District to make certain information available to the public within 180 days after the close of each fiscal year. CGC Section 66013(e) allows the required information to be included in the District's annual financial report. The Annual Water and Sewer Capacity Report shown above meets this requirement.

The District has a plan in the next five years to utilize these capacity fees as outling the Capital Improvement Plan.

November 9, 2016

ITEM E-4

ATTACHMENT B

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October 31, 2016

To the Board of Directors
Nipomo Community Services District
148 South Wilson Street
Nipomo, California 93444

We have audited the financial statements of Nipomo Community Services District (the District) as of and for the year ended June 30, 2016, and have issued our report thereon dated October 31, 2016. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 28, 2016, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Agency is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the entity changed its method of accounting for fair value disclosures and pension related issues by adopting Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application and GASB Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73. All changes have been applied on a prospective basis. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of capital asset depreciation is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole

The estimate of the other postemployment benefits is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

The disclosure of accumulated depreciation in Note 5 to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of the other post-employment benefits (OPEB) in Note 9 to the basic financial statements identifies the annual OPEB cost and the funded status of the actuarial accrued liability. The information disclosed is based on actuarial assumptions which could differ from actual costs.

The disclosure of net pension liability in Note 8 to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management in a letter dated October 31, 2016.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have applied certain limited procedures to Management's Discussion and Analysis, as well as, the OPEB – Schedule of Funding Progress, the Schedule of the District's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date and the Schedule of Plan Contributions. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the Required Supplementary Information (RSI) and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Directors and Management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Rogers, Anderson, Malody & Scott, LLP

San Bernardino, CA
October 31, 2016

November 9, 2016

ITEM E-4

ATTACHMENT C

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Board of Directors
Nipomo Community Services District
Nipomo, California

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Nipomo Community Services District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Nipomo Community Services District's basic financial statements, and have issued our report thereon dated October 31, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nipomo Community Services District's (District) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nipomo Community Services District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP

San Bernardino, California
October 31, 2016

November 9, 2016

ITEM E-4

ATTACHMENT D

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To the Board of Directors
Nipomo Community Services District

INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS

We have performed the procedures enumerated below to the accompanying Appropriations Limit worksheet of the Nipomo Community Services District (the District) for the year ended June 30, 2016. These procedures, which were agreed to by the District and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution),* were performed solely to assist the District in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The District's management is responsible for the Appropriations Limit worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the Board of Directors. We also compared the population and inflation options included in the aforementioned documents to those that were selected by a recorded vote of the Board of Directors.

   Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit worksheet, we added last year's limit to total adjustments and agreed the resulting amount to this year's limit.

   Finding: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit worksheet to the other documents referenced in #1 above.

   Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet to the prior year appropriations limit adopted by the Board of Directors during the prior year.

   Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by the League publication entitled *Article XIII-B of the California Constitution*.

This report is intended solely for the information and use of the Board of Directors and management of the Nipomo Community Services District and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Rogers, Anderson, Malody & Scott, LLP

San Bernardino, California
October 31, 2016

Nipomo Community Services District
APPROPRIATIONS LIMIT COMPUTATION
2015 – 2016

		2015 - 2016
Per Capita Personal Income Change		3.82%
Population Change County Population Growth		0.78%
CPI Change Converted to a Ratio		1.0382
Population Change Converted to a Ratio		1.0078
Calculation of Growth Factor		1.0475
2014 – 2015 Limit	$ 5,142,565	
2015 – 2016 Appropriations Limit ($5,142,565 X 1.0475)	$ 5,386,837	