

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**

**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

November 9, 2016

ITEM E-4

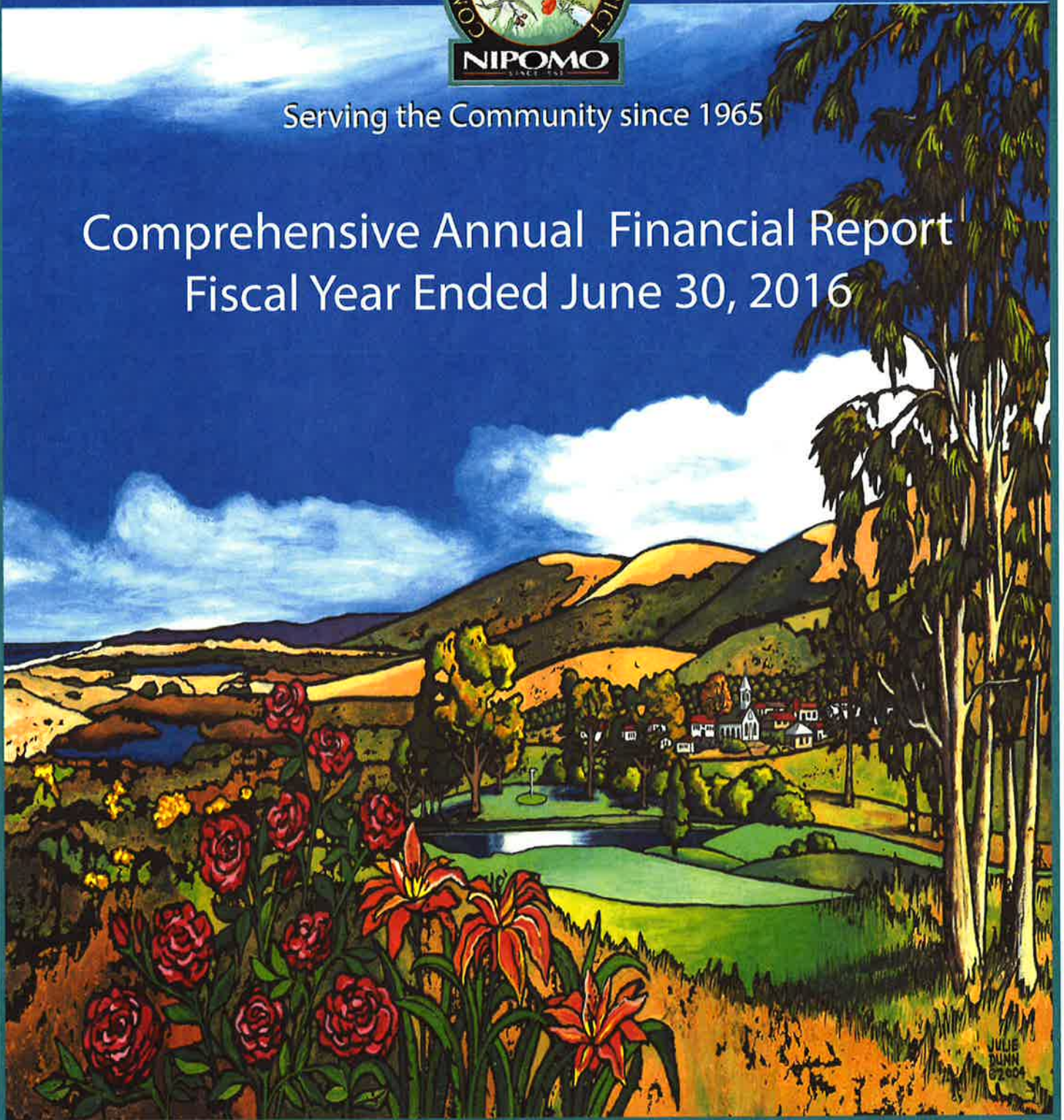
ATTACHMENT A

# NIPOMO COMMUNITY SERVICES DISTRICT



Serving the Community since 1965

## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2016



## **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](http://www.ncsd.ca.gov)

Prepared by:

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

**This page intentionally left blank**

# *Nipomo Community Services District*

## **Table of Contents For the Fiscal Year Ended June 30, 2016**

---

|                                                                                                                                       | <u><b>PAGE</b></u> |
|---------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <br><b><u>INTRODUCTORY SECTION:</u></b>                                                                                               |                    |
| Letter of Transmittal .....                                                                                                           | i                  |
| GFOA Certificate of Achievement .....                                                                                                 | iv                 |
| Organizational Chart .....                                                                                                            | v                  |
| Map of Service Area .....                                                                                                             | vi                 |
| List of Principal Officials .....                                                                                                     | vii                |
| <br><b><u>FINANCIAL SECTION:</u></b>                                                                                                  |                    |
| Independent Auditor's Report .....                                                                                                    | 1                  |
| Management's Discussion and Analysis .....                                                                                            | 4                  |
| Basic Financial Statements:                                                                                                           |                    |
| Proprietary Funds:                                                                                                                    |                    |
| Statement of Net Position .....                                                                                                       | 11                 |
| Statement of Revenues, Expenses and Changes in Net Position .....                                                                     | 12                 |
| Statement of Cash Flows .....                                                                                                         | 13                 |
| Notes to Financial Statements .....                                                                                                   | 15                 |
| <br><b>Required Supplementary Information:</b>                                                                                        |                    |
| Other Post-Employment Benefits (OPEB) - Schedule of Funding Progress .....                                                            | 44                 |
| Schedule of District's Proportionate Share of the Plan's Net Pension Liability<br>and Related Ratios as of the Measurement Date ..... | 45                 |
| Schedule of Plan Contributions .....                                                                                                  | 46                 |
| <br><b>Other Supplementary Information:</b>                                                                                           |                    |
| Combining Schedule of Net Position .....                                                                                              | 48                 |
| Combining Schedule of Revenues, Expenses and Changes in Net Position .....                                                            | 50                 |
| Combining Schedule of Other Supplies and Expenses .....                                                                               | 52                 |



# *Nipomo Community Services District*

## **Table of Contents For the Fiscal Year Ended June 30, 2016**

---

|                                                                        | <u>PAGE</u> |
|------------------------------------------------------------------------|-------------|
| <b><u>STATISTICAL SECTION:</u></b>                                     |             |
| Table of Contents .....                                                | 55          |
| Net Position by Component .....                                        | 56          |
| Changes in Net Position .....                                          | 57          |
| Active Water Customers by Type.....                                    | 59          |
| Bi-Monthly Water Availability Charges .....                            | 60          |
| Bi-Monthly Water Rates .....                                           | 61          |
| Water Capacity Charges .....                                           | 62          |
| Sewer Customers (Town Division).....                                   | 63          |
| Sewer Customers (Blacklake Division) .....                             | 64          |
| Residential Sewer Rates.....                                           | 65          |
| Commercial Sewer Rates (Town Division).....                            | 66          |
| Commercial Sewer Rates (Blacklake Division).....                       | 67          |
| Sewer Capacity Charges (Town Division).....                            | 68          |
| Outstanding Debt by Type .....                                         | 69          |
| Combined Pledged Revenue Coverage.....                                 | 70          |
| Historical Assessed Valuation.....                                     | 71          |
| Property Tax Rates - Typical Total Tax Rate .....                      | 72          |
| Direct and Overlapping Debt Statement .....                            | 73          |
| Population of San Luis Obispo County and Incorporated Cities .....     | 74          |
| Civilian Labor Force, Employment and Unemployment Annual Average ..... | 75          |
| Major Employers in County of San Luis Obispo.....                      | 76          |
| District Employees .....                                               | 77          |
| Operating and Capital Indicators.....                                  | 78          |
| Annual Water and Sewer Capacity Fees Report .....                      | 79          |



## **INTRODUCTORY SECTION**

**This page intentionally left blank**

# NIPOMO COMMUNITY

## **BOARD MEMBERS**

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



# SERVICES DISTRICT

## **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](http://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.

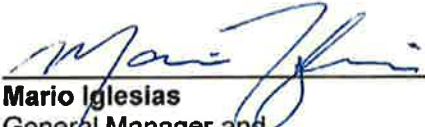
## Awards and Acknowledgements

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**

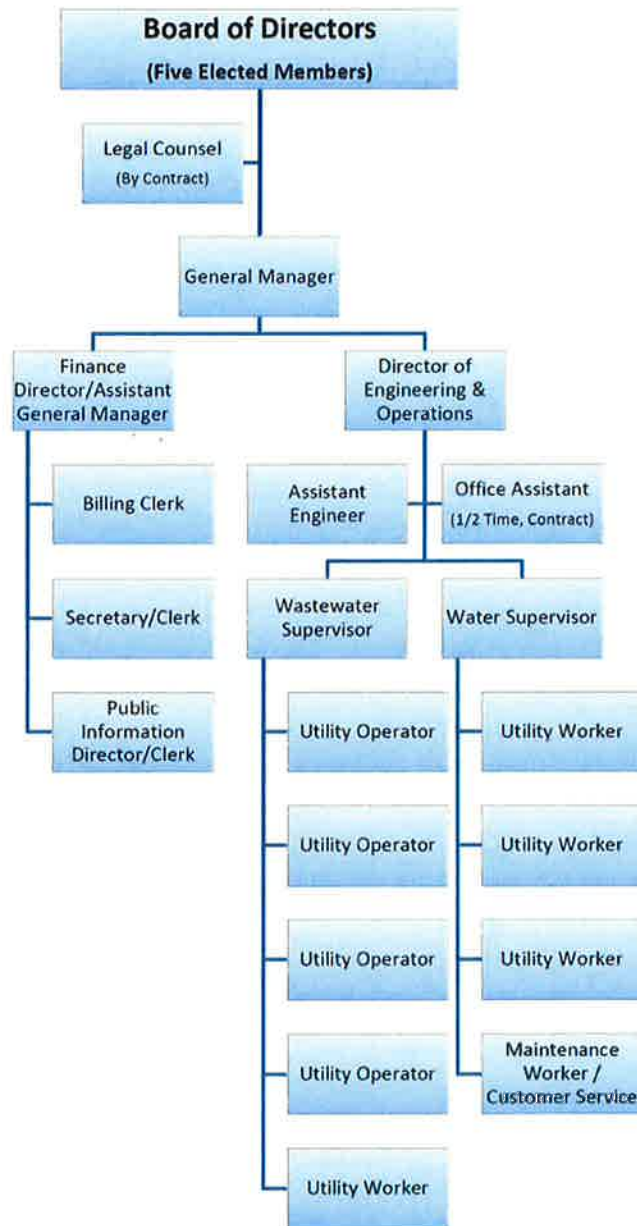
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is written in a cursive style.

Executive Director/CEO

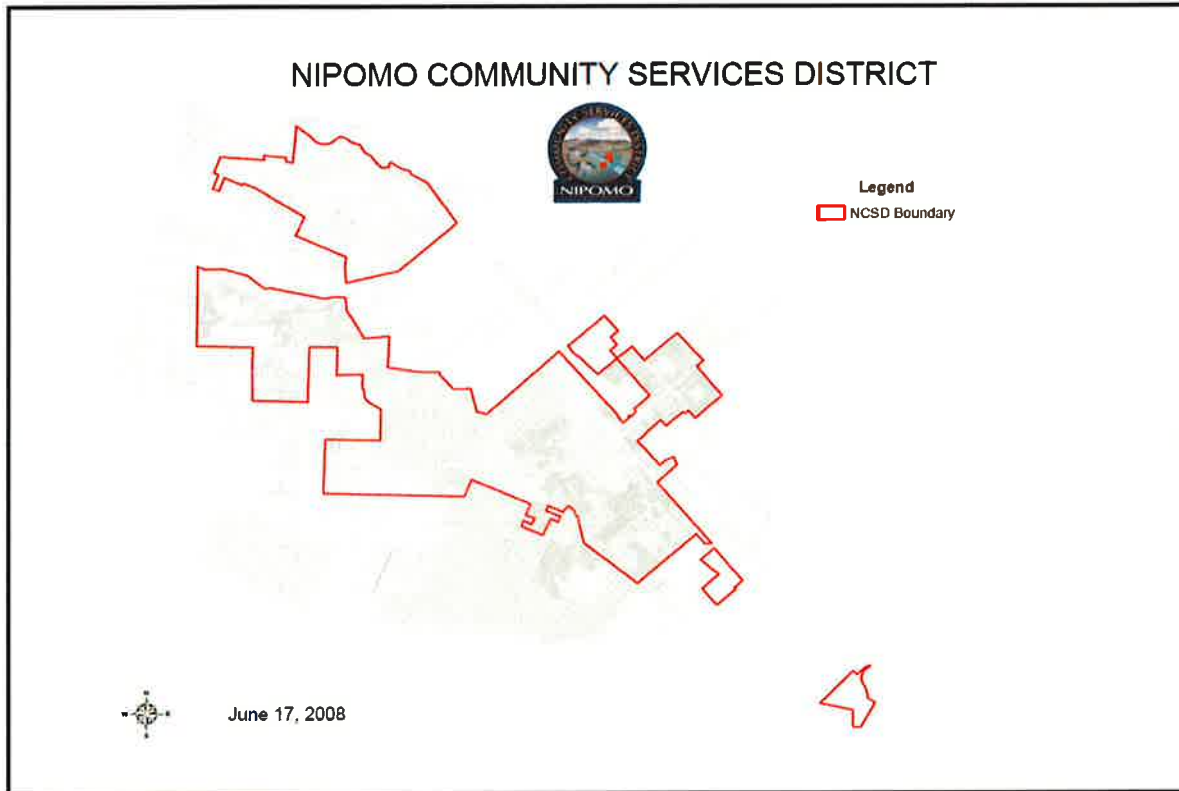
**NIPOMO COMMUNITY SERVICES DISTRICT  
ORGANIZATIONAL STRUCTURE  
2016-2017**





# NIPOMO COMMUNITY SERVICES DISTRICT

## MAP OF SERVICE AREA



# NIPOMO COMMUNITY SERVICES DISTRICT

## DISTRICT OFFICERS

### BOARD OF DIRECTORS

| <u>Name</u>     | <u>Title</u>   | <u>Current Term</u> |
|-----------------|----------------|---------------------|
| 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.

**This page intentionally left blank**

## **FINANCIAL SECTION**

**This page intentionally left blank**



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscpa.net

## ***Independent Auditor's Report***

### **PARTNERS**

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Kirk A. Franks, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradford 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

**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.

### **MEMBERS**

American Institute of  
Certified Public Accountants

PCPS The AICPA Alliance  
for CPA Firms

Governmental Audit  
Quality Center

California Society of  
Certified Public Accountants

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



**This page intentionally left blank**

## *Nipomo Community Services District*

### **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016**

---

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 Position* 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.

## *Nipomo Community Services District*

### **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016**

---

#### **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 District's 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.

*Nipomo Community Services District*

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

---

**TABLE 1**  
**Condensed Statements of Net Position**

|                                  | <u>2016</u>          | <u>2015</u>          | <u>Current Year<br/>Increase/<br/>(Decrease)</u> |
|----------------------------------|----------------------|----------------------|--------------------------------------------------|
| <b><u>Assets</u></b>             |                      |                      |                                                  |
| Current and other assets         | \$ 25,569,945        | \$ 20,208,197        | \$ 5,361,748                                     |
| Capital assets, net              | <u>64,238,255</u>    | <u>63,528,451</u>    | <u>709,804</u>                                   |
| Total Assets                     | <u>89,808,200</u>    | <u>83,736,648</u>    | <u>6,071,552</u>                                 |
| Deferred Outflows                | <u>373,960</u>       | <u>221,402</u>       | <u>152,558</u>                                   |
| <b><u>Liabilities</u></b>        |                      |                      |                                                  |
| Current liabilities              | 2,583,164            | 2,719,727            | (136,563)                                        |
| Noncurrent liabilities           | <u>22,222,666</u>    | <u>22,472,158</u>    | <u>(249,492)</u>                                 |
| Total Liabilities                | <u>24,805,830</u>    | <u>25,191,885</u>    | <u>(386,055)</u>                                 |
| Deferred Inflows                 | <u>173,064</u>       | <u>316,193</u>       | <u>(143,129)</u>                                 |
| <b><u>Net Position</u></b>       |                      |                      |                                                  |
| 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                     | <u>10,653,809</u>    | <u>7,254,371</u>     | <u>3,399,438</u>                                 |
| Total Net Position               | <u>\$ 65,203,266</u> | <u>\$ 58,449,972</u> | <u>\$ 6,753,294</u>                              |

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.

*Nipomo Community Services District*

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

---

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

|                                                    | <b>2016</b>          | <b>2015</b>          | <b>Current Year<br/>Increase/<br/>(Decrease)</b> |
|----------------------------------------------------|----------------------|----------------------|--------------------------------------------------|
| <b>Operating Revenues</b>                          |                      |                      |                                                  |
| Charges for services                               | \$ 6,834,983         | \$ 5,697,184         | \$ 1,137,799                                     |
| Miscellaneous                                      | 324,333              | 626,302              | (301,969)                                        |
| <b>Total Operating Revenues</b>                    | <b>7,159,316</b>     | <b>6,323,486</b>     | <b>835,830</b>                                   |
| <b>Operating Expenses</b>                          |                      |                      |                                                  |
| 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                                          |
| <b>Total Operating Expenses</b>                    | <b>7,006,645</b>     | <b>5,621,629</b>     | <b>1,385,016</b>                                 |
| <b>Non-Operating Revenues and<br/>Expenses</b>     |                      |                      |                                                  |
| 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                                        |
| <b>Total Non-Operating Revenues<br/>(Expenses)</b> | <b>5,931,785</b>     | <b>(3,521,344)</b>   | <b>9,453,129</b>                                 |
| <b>Income before Contributions</b>                 | <b>6,084,456</b>     | <b>(2,819,487)</b>   | <b>8,903,943</b>                                 |
| <b>Capital contributions and grants</b>            | <b>668,838</b>       | <b>53,464</b>        | <b>615,374</b>                                   |
| <b>Change in Net Position</b>                      | <b>6,753,294</b>     | <b>(2,766,023)</b>   | <b>9,519,317</b>                                 |
| <b>Net Position - Beginning<br/>as Restated</b>    | <b>58,449,972</b>    | <b>61,215,995</b>    | <b>(2,766,023)</b>                               |
| <b>Net position - Ending</b>                       | <b>\$ 65,203,266</b> | <b>\$ 58,449,972</b> | <b>\$ 6,753,294</b>                              |

## *Nipomo Community Services District*

### **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016**

---

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.

|                           | <u>2016</u>          | <u>2015</u>          | <u>Current Year<br/>Increase/<br/>(Decrease)</u> |
|---------------------------|----------------------|----------------------|--------------------------------------------------|
| 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  | <u>(17,519,216)</u>  | <u>(15,773,599)</u>  | <u>(1,745,617)</u>                               |
| Total capital assets, net | <u>\$ 64,238,255</u> | <u>\$ 63,528,451</u> | <u>\$ 709,804</u>                                |

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.

*Nipomo Community Services District*

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

---

**TABLE 4**  
**Long Term Debt**

|                                           | <u>2016</u>          | <u>2015</u>          | <u>Current Year<br/>Increase/<br/>(Decrease)</u> |
|-------------------------------------------|----------------------|----------------------|--------------------------------------------------|
| 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                      | <u>\$ 21,498,326</u> | <u>\$ 21,965,376</u> | <u>\$ (467,050)</u>                              |

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.

## *Nipomo Community Services District*

### **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016**

---

#### **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.



**This page intentionally left blank**

# *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                 | <u>19,046,203</u> |

#### **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           | <u>61,455,351</u> |
| Total noncurrent assets                   | <u>70,761,997</u> |

|              |                   |
|--------------|-------------------|
| Total assets | <u>89,808,200</u> |
|--------------|-------------------|

### **DEFERRED OUTFLOWS OF RESOURCES**

|                 |                |
|-----------------|----------------|
| Pension related | <u>373,960</u> |
|-----------------|----------------|

### **LIABILITIES**

#### **Current liabilities:**

|                                   |                  |
|-----------------------------------|------------------|
| Accounts payable                  | 722,181          |
| Deposits                          | 1,016,658        |
| Accrued liabilities               | 372,276          |
| Current portion of long-term debt | <u>472,049</u>   |
| Total current liabilities         | <u>2,583,164</u> |

#### **Noncurrent liabilities:**

|                                      |                   |
|--------------------------------------|-------------------|
| Net pension liability                | 1,174,145         |
| Long-term debt, less current portion | <u>21,048,521</u> |
| Total noncurrent liabilities         | <u>22,222,666</u> |
| Total liabilities                    | <u>24,805,830</u> |

### **DEFERRED INFLOWS OF RESOURCES**

|                 |                |
|-----------------|----------------|
| Pension related | <u>173,064</u> |
|-----------------|----------------|

### **NET POSITION**

|                                                               |                      |
|---------------------------------------------------------------|----------------------|
| Net investment in capital assets                              | 42,717,685           |
| Restricted for system expansion, replacement and debt service | 11,831,772           |
| Unrestricted                                                  | <u>10,653,809</u>    |
| Total net position                                            | <u>\$ 65,203,266</u> |

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

## *Nipomo Community Services District*

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

---

|                                             |                      |
|---------------------------------------------|----------------------|
| <b>Operating revenues</b>                   |                      |
| Charges for services                        | \$ 6,416,277         |
| Charges for services-purveyors              | 418,706              |
| Other operating revenue                     | 324,333              |
| Total operating revenues                    | <u>7,159,316</u>     |
| <b>Operating expenses</b>                   |                      |
| 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                    | <u>7,006,645</u>     |
| Operating income                            | <u>152,671</u>       |
| <b>Non-operating revenues (expenses)</b>    |                      |
| 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)     | <u>5,931,785</u>     |
| Income before contributions                 | 6,084,456            |
| Capital contributions                       | <u>668,838</u>       |
| Change in net position                      | 6,753,294            |
| Total net position - beginning, as restated | <u>58,449,972</u>    |
| Total net position - ending                 | <u>\$ 65,203,266</u> |

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 | <u>1,536,195</u> |

#### **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 | <u>615,044</u> |

#### **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 | <u>(2,849,081)</u> |

#### **CASH FLOWS FROM INVESTING ACTIVITIES**

|                                           |               |
|-------------------------------------------|---------------|
| Interest income                           | 79,120        |
| Net cash provided by investing activities | <u>79,120</u> |

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

#### **Reconciliation 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              |
|                                      | <u>\$ 18,159,296</u> |

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

*Nipomo Community Services District*

**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<br>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                                                  | \$ | <u>1,536,195</u> |

**Noncash investing, capital, and financing activities:**

|                                                                                             |    |                   |
|---------------------------------------------------------------------------------------------|----|-------------------|
| Transfer of prior years' construction in progress to depreciable<br>capital assets and land | \$ | <u>20,250,163</u> |
|---------------------------------------------------------------------------------------------|----|-------------------|

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

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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.

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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.

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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.



## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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.

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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               | <u>604,648</u>       |
| Total cash and cash equivalents      | <u>\$ 18,159,296</u> |

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 | <u>(98,819)</u>      |
| Total cash and cash equivalents          | <u>\$ 18,159,296</u> |

#### **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.

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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.

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> |
|-----------------------------------|-------------------------|
| 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:

|                              |                      | <u>Maturity Date</u>      |
|------------------------------|----------------------|---------------------------|
| Local Agency Investment Fund | <u>\$ 16,464,114</u> | 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.

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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%.

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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 Judgment, 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.

# *Nipomo Community Services District*

## **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

### **NOTE 5: CAPITAL ASSETS**

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

|                                      | June 30,<br>2015 | Additions     | Deletions/<br>Transfers | June 30,<br>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.

# *Nipomo Community Services District*

## **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

### **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,<br>2015     | Additions   | Deletions           | June 30,<br>2016     | Due Within<br>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                    | <u>18,696,193</u>    | <u>-</u>    | <u>(283,882)</u>    | <u>18,412,311</u>    | <u>290,000</u>         |
| Revenue Bonds 2013A            | 2,745,000            | -           | (100,000)           | 2,645,000            | 105,000                |
| Unamortized premium            | 201,802              | -           | (11,869)            | 189,933              | -                      |
| Total Revenue Bonds            | <u>2,946,802</u>     | <u>-</u>    | <u>(111,869)</u>    | <u>2,834,933</u>     | <u>105,000</u>         |
| 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                    | <u>350,376</u>       | <u>-</u>    | <u>(77,050)</u>     | <u>273,326</u>       | <u>77,049</u>          |
| Total long-term debt           | <u>\$ 21,993,371</u> | <u>\$ -</u> | <u>\$ (472,801)</u> | <u>\$ 21,520,570</u> | <u>\$ 472,049</u>      |

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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<br>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             |
|                         | <u>\$9,195,000</u> | <u>\$5,949,798</u> | <u>\$15,144,798</u> |



## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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<br>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           |
|                         | <u>\$9,385,000</u> | <u>\$7,802,915</u> | <u>\$17,187,915</u> |

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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<br>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            |
|                         | <u>\$2,645,000</u> | <u>\$1,120,725</u> | <u>\$3,765,725</u> |

##### **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<br>June 30, | Principal         | Interest    | Total             |
|-------------------------|-------------------|-------------|-------------------|
| 2017                    | \$ 34,869         | \$ -        | \$ 34,869         |
| 2018                    | 34,868            | -           | 34,868            |
| 2019                    | 34,868            | -           | 34,868            |
|                         | <u>\$ 104,605</u> | <u>\$ -</u> | <u>\$ 104,605</u> |

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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<br>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            |
|                         | <u>\$ 168,721</u> | <u>\$ -</u> | <u>\$ 168,721</u> |

#### **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](http://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.

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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:

|                                                   | Miscellaneous<br>Tier I | Miscellaneous<br>Tier II | Miscellaneous<br>PEPRA |
|---------------------------------------------------|-------------------------|--------------------------|------------------------|
| Hire Date                                         |                         |                          |                        |
| 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.

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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.

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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.

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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<br>Allocation | Real Return<br>Years 1-10 (a) | Real Return<br>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](http://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.

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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<br>(a) | Plan Fiduciary Net Position<br>(b) | Plan Net Pension Liability<br>(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](http://www.calpers.ca.gov). The District's 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)               | <u>(0.00072%)</u> |



## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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:

|                                               | <b>Discount Rate<br/>-1% (6.65%)</b> | <b>Current Discount<br/>Rate (7.65%)</b> | <b>Discount Rate<br/>+1% (8.65%)</b> |
|-----------------------------------------------|--------------------------------------|------------------------------------------|--------------------------------------|
| Miscellaneous Plan's<br>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).

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)**

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

The EARS L 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:

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

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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:

| <b>Measurement Period<br/>Ended June 30:</b> | <b>Deferred<br/>Outflows/(Inflows)<br/>of Resources, Net</b> |
|----------------------------------------------|--------------------------------------------------------------|
| 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.

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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 OPEB 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:

| <u>Fiscal Year</u> | <u>Annual OPEB<br/>Cost</u> | <u>Percentage<br/>of Annual OPEB<br/>Cost Contributed</u> | <u>Net OPEB<br/>Obligation (Asset)</u> |
|--------------------|-----------------------------|-----------------------------------------------------------|----------------------------------------|
| 2016               | \$ 87,121                   | 173%                                                      | \$ (73,140)                            |
| 2015               | 109,705                     | 104%                                                      | (9,390)                                |
| 2014               | 109,705                     | 104%                                                      | (4,695)                                |

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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](http://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.

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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:

| <u>Restricted Funding Source</u>              | <u>Use</u>                                                   |                      |
|-----------------------------------------------|--------------------------------------------------------------|----------------------|
| 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                                                       | <u>\$ 11,831,772</u> |
| <u>Unrestricted Funding Source</u>            | <u>Use</u>                                                   |                      |
| Designated reserve                            | District operating expenses                                  | \$ 10,653,809        |
|                                               | Totals                                                       | <u>\$ 10,653,809</u> |

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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.

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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              | <u>\$ 58,449,972</u> |



## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2016**

---

#### **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.4<sup>th</sup> 266; and (2) *City of Santa Maria v. Adam* (2016) 218 Cal.App.4<sup>th</sup> 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**

## *Nipomo Community Services District*

### **Required Supplementary Information**

### **Other Post-Employment Benefits (OPEB) - Schedule of Funding Progress**

**June 30, 2016**

---

| Actuarial<br>Valuation<br>Date | Actuarial Accrued<br>Liability (AAL)<br>Entry Age<br>(a) | Actuarial<br>Value of<br>Assets<br>(b) | Unfunded<br>Liability<br>(UAAL)<br>(a-b) | Funded<br>Status<br>(b/a) | Annual<br>Covered<br>Payroll<br>(c) | UAAL<br>as a %<br>of Payroll<br>([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%                                    |

## *Nipomo Community Services District*

**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<br>6/30/2014 | Measurement Date<br>6/30/2015 |
|------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| Employer's proportion of the collective net pension liability <sup>1</sup>                     | 0.04352%                      | 0.04280%                      |
| Employer's proportionate share of the collective net pension liability \$                      | 1,075,480                     | \$ 1,174,145                  |
| Employer's covered payroll <sup>2</sup> \$                                                     | 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%                        |

<sup>1</sup> 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.

<sup>2</sup> 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.

## *Nipomo Community Services District*

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

---

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

<sup>1</sup> Covered payroll is defined as the payroll on which contributions to a pension plan 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**

# Nipomo Community Services District

## Combining Schedule of Net Position Proprietary Funds June 30, 2016

|                                                                  | Business Type Activities - Enterprise Funds |               |               |                 |                    |
|------------------------------------------------------------------|---------------------------------------------|---------------|---------------|-----------------|--------------------|
|                                                                  | Administration                              | Water         | Town Sewer    | Blacklake Sewer | Blacklake Lighting |
| <b>ASSETS</b>                                                    |                                             |               |               |                 |                    |
| <b>Current assets:</b>                                           |                                             |               |               |                 |                    |
| 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             |
| <b>Noncurrent assets:</b>                                        |                                             |               |               |                 |                    |
| 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                                      | -             | -             | -               | -                  |
| <b>Capital assets:</b>                                           |                                             |               |               |                 |                    |
| 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             |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                            |                                             |               |               |                 |                    |
| Pension related                                                  | 28,038                                      | 247,326       | 77,302        | 21,294          | -                  |
| <b>LIABILITIES</b>                                               |                                             |               |               |                 |                    |
| <b>Current liabilities:</b>                                      |                                             |               |               |                 |                    |
| 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          | -                  |
| <b>Noncurrent liabilities:</b>                                   |                                             |               |               |                 |                    |
| 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         | -                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                             |                                             |               |               |                 |                    |
| Pension related                                                  | 12,976                                      | 114,459       | 35,775        | 9,854           | -                  |
| <b>NET POSITION</b>                                              |                                             |               |               |                 |                    |
| 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 |



# *Nipomo Community Services District*

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

|                                                  | <b>Business Type Activities - Enterprise Funds</b> |               |                   |                        |                           |
|--------------------------------------------------|----------------------------------------------------|---------------|-------------------|------------------------|---------------------------|
|                                                  | <b>Administration</b>                              | <b>Water</b>  | <b>Town Sewer</b> | <b>Blacklake Sewer</b> | <b>Blacklake Lighting</b> |
| <b>Operating revenues</b>                        |                                                    |               |                   |                        |                           |
| 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                    |
| <b>Operating expenses</b>                        |                                                    |               |                   |                        |                           |
| 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                         | 367,081                                            | 4,196,497     | 1,655,699         | 346,096                | 24,618                    |
| Operating income (loss)                          | (347,253)                                          | 32,050        | 206,705           | 153,683                | (110)                     |
| <b>Non-operating revenues (expenses)</b>         |                                                    |               |                   |                        |                           |
| 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**

|                                          | <b>Business Type Activities - Enterprise Funds</b> |                   |                       |                            |                               |
|------------------------------------------|----------------------------------------------------|-------------------|-----------------------|----------------------------|-------------------------------|
|                                          | <b>Administration</b>                              | <b>Water</b>      | <b>Town<br/>Sewer</b> | <b>Blacklake<br/>Sewer</b> | <b>Blacklake<br/>Lighting</b> |
| <b>Other supplies and expenses</b>       |                                                    |                   |                       |                            |                               |
| 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                      | -                             |
| <b>Total other supplies and expenses</b> | <b>\$ 82,282</b>                                   | <b>\$ 495,990</b> | <b>\$ 176,206</b>     | <b>\$ 80,032</b>           | <b>\$ 103</b>                 |

| 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 |

**This page is intentionally left blank**

## **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.

| <b>Table of Contents</b>                                                                                                                                                                                                                                          | <b>Page</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>Financial Trends</b><br><i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>                                                                         | 56-59       |
| <b>Revenue Capacity</b><br><i>These schedules contain information to help the reader assess the District's two most significant revenue sources, water and sewer sales.</i>                                                                                       | 60-68       |
| <b>Debt Capacity</b><br><i>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.</i>                            | 69-73       |
| <b>Demographic and Economic Information</b><br><i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</i>                                        | 74-77       |
| <b>Operating Information</b><br><i>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.</i> | 78-80       |

## *Nipomo Community Services District*

### **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               | <u>\$ 41,498,643</u> | <u>\$ 47,602,072</u> | <u>\$ 50,037,535</u> | <u>\$ 51,431,991</u> | <u>\$ 52,642,328</u> |

|                                  | 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               | <u>\$ 52,004,737</u> | <u>\$ 57,880,678</u> | <u>\$ 62,072,872</u> | <u>\$ 57,917,500</u> | <u>\$ 65,203,266</u> |

Source: Nipomo Community Services District



## *Nipomo Community Services District*

### **Changes in Net Position Last Ten Fiscal Years**

|                                        | 2007         | 2008         | 2009         | 2010         |
|----------------------------------------|--------------|--------------|--------------|--------------|
| <b>OPERATING REVENUES:</b>             |              |              |              |              |
| 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    |
| <br>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      |
| <br>Total Revenues                     | 5,814,377    | 6,277,941    | 5,878,336    | 6,014,133    |
| <br><b>OPERATING EXPENSES:</b>         |              |              |              |              |
| 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    |
| <br>Total Non-Operating Expenses       | 178,613      | 176,525      | 189,841      | 179,462      |
| <br>Total Expenses:                    | 4,226,452    | 5,287,988    | 4,705,152    | 4,788,149    |
| <br>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      |
| <br>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 |

## *Nipomo Community Services District*

### **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

## Nipomo Community Services District

### Bi-Monthly Water Availability Charges Last Ten Fiscal Years

|                           | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     | 2015     | 2016     |
|---------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>Meter Size</b>         |          |          |          |          |          |          |          |          |          |          |
| 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   | 686.49   | 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 | 1,389.77 | 1,493.43 | 1,628.84 | 1,777.11 |
| <b>Supplemental water</b> |          |          |          |          |          |          |          |          |          |          |
| <b>Meter Size</b>         |          |          |          |          |          |          |          |          |          |          |
| 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

## *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

## *Nipomo Community Services District*

### **Water Capacity Charges Last Ten Fiscal Years**

| <b>Meter Size</b>  | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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

## *Nipomo Community Services District*

### **Sewer Customers (Town Division) Last Ten Fiscal Years**

---

|                             | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <u>Single Family</u>        |       |       |       |       |       |       |       |       |       |       |
| 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 |
| <u>Single Family County</u> |       |       |       |       |       |       |       |       |       |       |
| Accounts                    | 457   | 460   | 460   | 460   | 460   | 460   | 461   | 463   | 468   | 469   |
| DUE's                       | 457   | 460   | 460   | 460   | 460   | 460   | 461   | 463   | 468   | 469   |
| <u>Multi-Family</u>         |       |       |       |       |       |       |       |       |       |       |
| Accounts                    | 313   | 336   | 359   | 349   | 365   | 367   | 371   | 375   | 374   | 374   |
| DUE's                       | 608   | 684   | 710   | 764   | 770   | 766   | 771   | 766   | 777   | 816   |
| <u>Commercial</u>           |       |       |       |       |       |       |       |       |       |       |
| Accounts                    | 66    | 66    | 71    | 71    | 71    | 79    | 80    | 80    | 82    | 110   |
| DUE's                       | 69    | 69    | 75    | 65    | 74    | 82    | 80    | 80    | 82    | 110   |
| <u>Total</u>                |       |       |       |       |       |       |       |       |       |       |
| 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

## *Nipomo Community Services District*

### **Sewer Customers (Blacklake Division)**

#### **Last Ten Fiscal Years**

---

|                      | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------|------|------|------|------|------|------|------|------|------|------|
| <u>Single Family</u> |      |      |      |      |      |      |      |      |      |      |
| Accounts             | 486  | 487  | 484  | 484  | 485  | 485  | 487  | 487  | 487  | 487  |
| DUE's                | 486  | 487  | 484  | 484  | 485  | 485  | 487  | 487  | 487  | 487  |
| <u>Multi-Family</u>  |      |      |      |      |      |      |      |      |      |      |
| Accounts             | 69   | 69   | 69   | 69   | 68   | 67   | 68   | 68   | 68   | 68   |
| DUE's                | 69   | 69   | 69   | 69   | 68   | 67   | 68   | 68   | 68   | 68   |
| <u>Commercial</u>    |      |      |      |      |      |      |      |      |      |      |
| Accounts             | 2    | 2    | 4    | 4    | 3    | 3    | 4    | 4    | 4    | 4    |
| DUE's                | 2    | 2    | 4    | 4    | 3    | 3    | 4    | 4    | 4    | 4    |
| <u>Total</u>         |      |      |      |      |      |      |      |      |      |      |
| 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



## *Nipomo Community Services District*

### **Residential Sewer Rates Last Ten Fiscal Years**

---

|                   | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     | 2015     | 2016     |
|-------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <u>Town</u>       |          |          |          |          |          |          |          |          |          |          |
| 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    |
| <u>Black Lake</u> |          |          |          |          |          |          |          |          |          |          |
| 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

## *Nipomo Community Services District*

### **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

## *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 1/2 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

## *Nipomo Community Services District*

### **Sewer Capacity Charges (Town Division) Last Ten Fiscal Years**

---

| <b>Meter Size</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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

## *Nipomo Community Services District*

### **Outstanding Debt by Type Last Ten Fiscal Years**

---

| <u>Fiscal Year</u> | <u>Revenue Bonds</u> | <u>Certificates of Participation</u> | <u>State Revolving Loan Funds</u> | <u>Notes Payable</u> | <u>Total</u>  | <u>Debt to Assessed Value (1)</u> | <u>Debt Per Capita (2)</u> |
|--------------------|----------------------|--------------------------------------|-----------------------------------|----------------------|---------------|-----------------------------------|----------------------------|
| 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

## *Nipomo Community Services District*

### **Combined Pledged Revenue Coverage Last Ten Fiscal Years**

---

| <b>Fiscal<br/>Year</b> | <b>Gross<br/>Revenue</b> | <b>(1)<br/>Operating<br/>Expenses</b> | <b>Net Revenue<br/>Available<br/>For Debt<br/>Service</b> | <b>Principal</b> | <b>Interest</b> | <b>Total</b> | <b>Coverage<br/>Ratio</b> |
|------------------------|--------------------------|---------------------------------------|-----------------------------------------------------------|------------------|-----------------|--------------|---------------------------|
| 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.

## *Nipomo Community Services District*

### **Historical Assessed Valuation Last Ten Fiscal Years**

---

| <b>Fiscal Year</b> | <b>Grossed Secured<br/>Assessed<br/>Valuation</b> | <b>Gross Unsecured<br/>Assessed<br/>Valuation</b> | <b>Homeowners'<br/>Exemption</b> | <b>Adjusted<br/>Assessed<br/>Valuation</b> |
|--------------------|---------------------------------------------------|---------------------------------------------------|----------------------------------|--------------------------------------------|
| 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

## *Nipomo Community Services District*

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

---

| <u>Fiscal Year</u> | <u>General</u> | <u>State<br/>Water<br/>Project</u> | <u>Lucia Mar<br/>Unified<br/>School<br/>District</u> | <u>San Luis Obispo<br/>Community<br/>College<br/>District</u> | <u>Total</u> |
|--------------------|----------------|------------------------------------|------------------------------------------------------|---------------------------------------------------------------|--------------|
| 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.



# *Nipomo Community Services District*

## **Direct and Overlapping Debt Statement As of June 30, 2016**

---

### 2015-2016 Assessed Valuation:

| <u>Overlapping Tax and Assessment Debt</u>                          | <u>Total Debt 6/30/16</u> | <u>% Applicable</u> | <u>District's Share of Debt 6/30/16</u> |
|---------------------------------------------------------------------|---------------------------|---------------------|-----------------------------------------|
| 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%                | <u>275,500</u>                          |
| 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 overlapping 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 services 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.

## *Nipomo Community Services District*

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

---

| <b>Area</b>            | <b>2007</b>    | <b>2008</b>    | <b>2009</b>    | <b>2010</b>    | <b>2011</b>    | <b>2012</b>    | <b>2013</b>    | <b>2014</b>    | <b>2015</b>    | <b>2016</b>    |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 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) | <u>44,239</u>  | <u>44,521</u>  | <u>44,829</u>  | <u>45,119</u>  | <u>45,269</u>  | <u>45,308</u>  | <u>45,541</u>  | <u>45,473</u>  | <u>45,802</u>  | <u>46,117</u>  |
| Subtotal               | 150,356        | 152,012        | 152,962        | 151,519        | 152,269        | 152,412        | 153,372        | 153,085        | 154,060        | 158,425        |
| Unincorporated         | <u>114,544</u> | <u>116,278</u> | <u>117,939</u> | <u>118,118</u> | <u>118,036</u> | <u>119,071</u> | <u>118,805</u> | <u>119,272</u> | <u>120,233</u> | <u>119,552</u> |
| Total                  | <u>264,900</u> | <u>268,290</u> | <u>270,901</u> | <u>269,637</u> | <u>270,305</u> | <u>271,483</u> | <u>272,177</u> | <u>272,357</u> | <u>274,293</u> | <u>277,977</u> |

Source: State of California, Department of Finance

## *Nipomo Community Services District*

### **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

| <u>Year and Area</u> | <u>Labor Force</u> | <u>Civilian<br/>Employment</u> | <u>Unemployment</u> | <u>Unemployment<br/>Rate</u> |
|----------------------|--------------------|--------------------------------|---------------------|------------------------------|
| <b>2007</b>          |                    |                                |                     |                              |
| 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%                         |
| <b>2008</b>          |                    |                                |                     |                              |
| 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%                         |
| <b>2009</b>          |                    |                                |                     |                              |
| 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%                         |
| <b>2010</b>          |                    |                                |                     |                              |
| 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%                         |
| <b>2011</b>          |                    |                                |                     |                              |
| 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%                         |
| <b>2012</b>          |                    |                                |                     |                              |
| 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%                         |
| <b>2013</b>          |                    |                                |                     |                              |
| 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%                         |
| <b>2014</b>          |                    |                                |                     |                              |
| 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%                         |
| <b>2015</b>          |                    |                                |                     |                              |
| 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%                         |
| <b>2016</b>          |                    |                                |                     |                              |
| 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.

## *Nipomo Community Services District*

### **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.

| <u>Firm</u>                       | <u>Product or Service</u> | <u>Estimated FTE<br/>Employment</u> |
|-----------------------------------|---------------------------|-------------------------------------|
| 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

## *Nipomo Community Services District*

### **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

## 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

## *Nipomo Community Services District*

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

---

|                                            | <u>Fund #500<br/>Supplemental<br/>Water</u> | <u>Fund #700<br/>Water Capacity</u> | <u>Fund #710<br/>Town Sewer<br/>Capacity</u> |
|--------------------------------------------|---------------------------------------------|-------------------------------------|----------------------------------------------|
| 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:

| <u>Capital Improvement<br/>Project</u> | <u>Amount of the<br/>expenditure for each<br/>Improvement</u> | <u>Fund #</u> | <u>Project<br/>completed<br/>during fiscal<br/>year</u> |
|----------------------------------------|---------------------------------------------------------------|---------------|---------------------------------------------------------|
| Supplemental Water<br>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 outlining the Capital Improvement Plan.