

TO: BOARD OF DIRECTORS  
FROM: MICHAEL S. LEBRUN *MSL*  
GENERAL MANAGER  
DATE: NOVEMBER 7, 2014

**AGENDA ITEM  
E-1  
NOVEMBER 12, 2014**

**FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2013-2014**

**ITEM**

Review financial Audit Report for Fiscal Year 2013-2014 [RECOMMEND BY MOTION AND ROLL CALL VOTE ACCEPT AND DIRECT STAFF TO FILE 2013-2014 AUDIT REPORT]

**BACKGROUND**

The District is required by law to have an independent audit performed annually on its financial statements. Robert Crosby, Certified Public Accountant, of Crosby Company conducted the annual audit for the fiscal year ending June 30, 2014, 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 received this prestigious award last year for its 2012-2013 CAFR.

On October 9, 2014, the Finance and Audit Committee (Director Vierheilg and Director Armstrong), Mr. Crosby, and District Staff met and reviewed the report in detail.

Mr. Crosby 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 2013-2014.

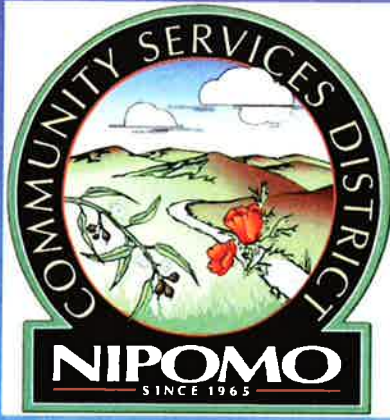
**ATTACHMENT**

- A. Audit Report for Fiscal Year 2013-2014

November 12, 2014

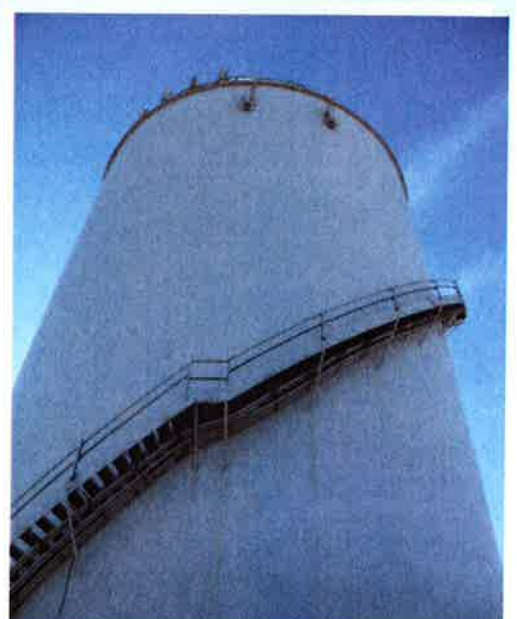
ITEM E-1

ATTACHMENT A



# Nipomo Community Services District

## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2014



## 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 End June 30, 2014**

**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 Bognuda, Finance Director**

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# INTRODUCTORY SECTION



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# NIPOMO COMMUNITY

## BOARD MEMBERS

CRAIG ARMSTRONG, **PRESIDENT**  
JAMES HARRISON, **VICE PRESIDENT**  
LARRY VIERHEILIG, **DIRECTOR**  
DAN GADDIS, **DIRECTOR**  
BOB BLAIR, **DIRECTOR**



*Serving the Community Since 1965*

# SERVICES DISTRICT

## STAFF

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

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

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August 14, 2014

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

California law requires that every local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2014.

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.

The Crosby Company, Certified Public Accountant, have issued an unqualified ("clean") opinion on the Nipomo Community Services District's financial statements for the year ended June 30, 2014. 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 ("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 11,850 and provides water service to approximately 4,300 customers and provides sewer service to approximately 3,500 customers under two separate wastewater systems, the Town Sewer Division and the Blacklake Sewer Division.

The District has operated under the board-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**

The economy continues to recover at a slow pace in San Luis Obispo County. Nipomo is considered a "bedroom" community with limited commercial development. Residents generally work and shop to the north in Arroyo Grande or San Luis Obispo or to the south in Santa Maria which is located in Santa Barbara County.

Residential water and sewer connections increased modestly during FY 2013-2014.

### **Relevant Financial Policies**

The Board formally adopted a Cash Reserve Policy on December 12, 2012 to ensure that sufficient funding is available for current and future operating, capital and debt service needs. As part of this policy, the District approved and funded Water and Sewer Rate Stabilization Funds.

### **Major Initiatives**

The District is under construction to build Phase 1 of the Supplemental Water Project. Phase 1 improvements will interconnect the District's water distribution system with the water distribution system of the City of Santa Maria. The Phase 1 improvements will be capable of initially delivering 650 Acre Feet per Year (AFY) of supplemental water to the District increasing to a potential of approximately 1,000 AFY of supplemental water depending on flow control adjustments. Deliveries of water are expected to begin Summer 2015.

### **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, 2013. This was the first year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District had to 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,



**Michael S. LeBrun**  
General Manager



**Lisa S. Bognuda**  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

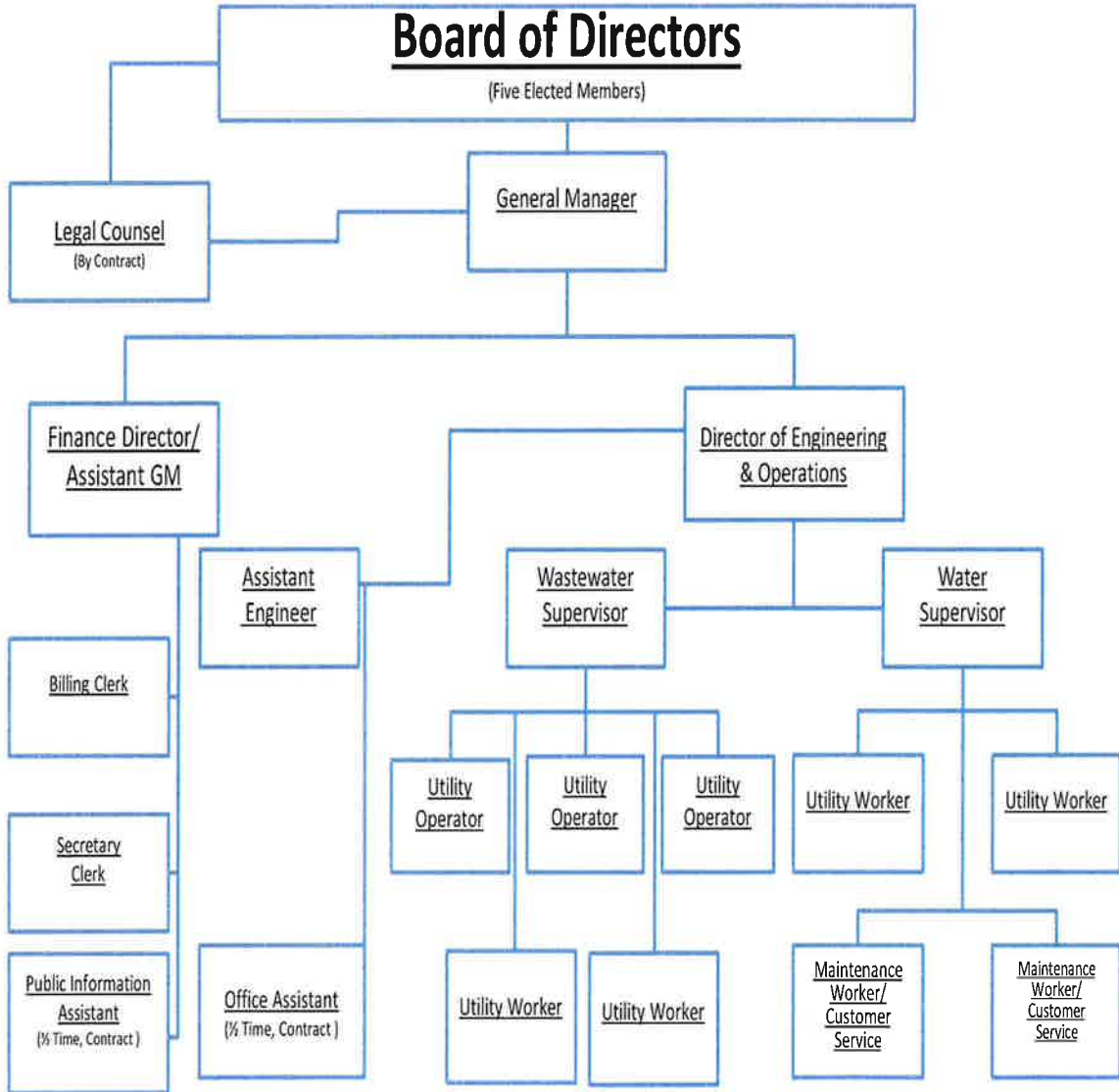
**Nipomo Community Services District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

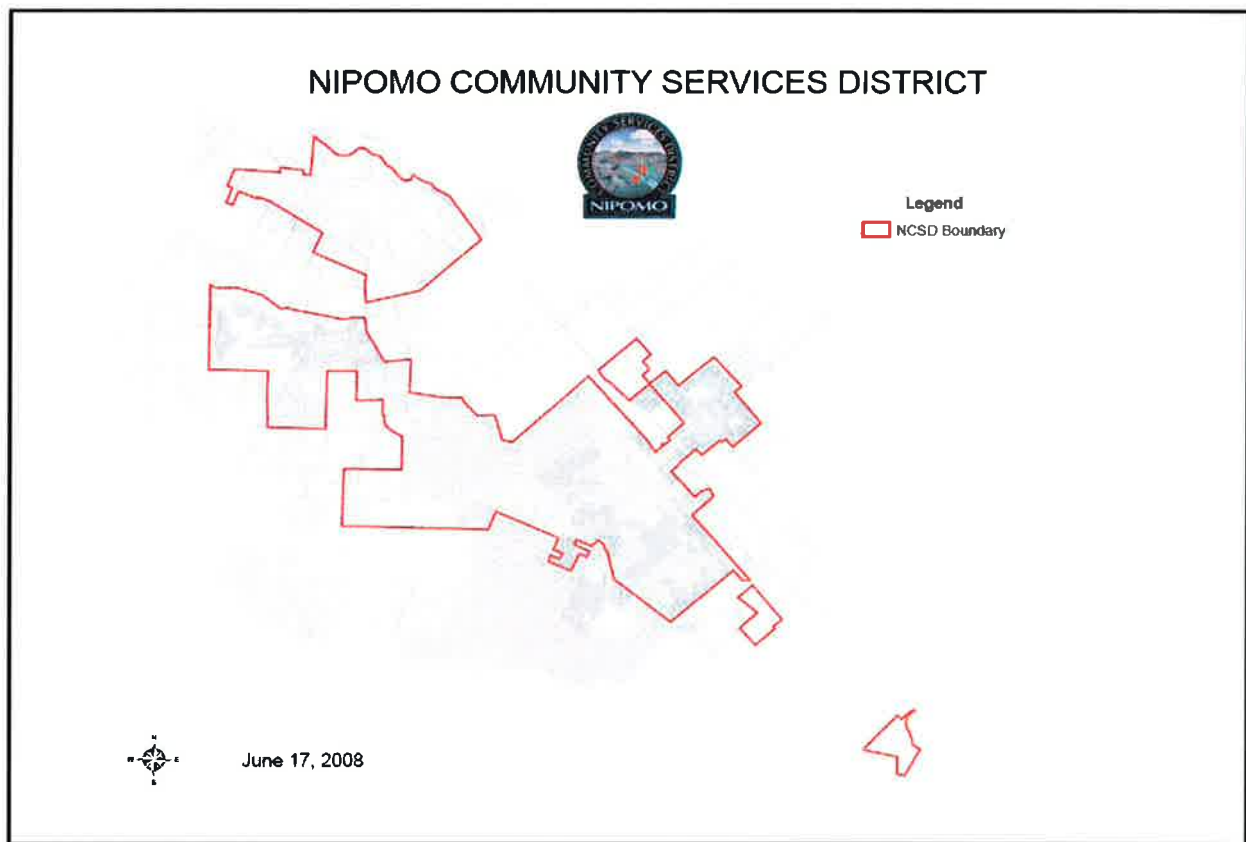
**NIPOMO COMMUNITY  
SERVICES DISTRICT  
ORGANIZATIONAL CHART**



As of June 30, 2014

# 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
James Harrison	Vice President	12/10 – 12/14
Larry Vierheilig	Director	12/10 – 12/14
Dan Gaddis	Director	12/10 – 12/14
Bob Blair	Director	12/12 – 12/16

### MANAGEMENT

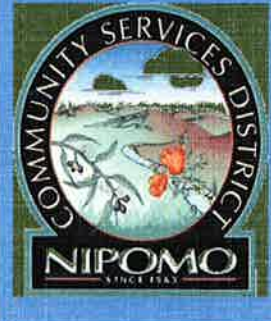
Michael S. LeBrun	General Manager
Lisa Bognuda	Finance Director
Peter Sevcik, P.E.	Director of Engineering and Operations

### LEGAL COUNSEL

Michael W. Seitz	Shipsey & Seitz, Inc.
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**FINANCIAL SECTION**



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CROSBY COMPANY, CERTIFIED PUBLIC ACCOUNTANT

1457 MARSH STREET, SUITE 100 - SAN LUIS OBISPO, CA 93401  
PHONE: (805)543-6100 FAX: (805)858-9505

**Independent Auditor's Report**

To the Management of  
Nipomo Community Services District  
Nipomo, California 93444

**Report on the Financial Statements**

I have audited the accompanying financial statements of the business-type activities of the Nipomo Community Services District (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of June 30, 2014, and the respective 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.

**INDEPENDENT AUDITOR'S REPORT**  
(Continued)

**Other Matters**  
***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 19, and the schedule of funding progress listed on page 44, 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. I 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 I obtained during my audit of the basic financial statements. I 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 Supplemental Information**

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Nipomo Community Services District basic financial statements. The combining financial statement schedules listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**CROSBY COMPANY**  
**Certified Public Accountant**  
**San Luis Obispo, California**

August 14, 2014

**Nipomo Community Services District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2014

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The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Nipomo Community Services District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2014. 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**

- The District's Net Position increased 7.2% to \$62 million.
- During the year the District's operating revenue increased 6%, while operating expenses increased 7.5%.
- The District was awarded a grant of \$2.2 million to aid in construction of the Supplemental Water Project Phase 1.

**Required Financial Statements**

This annual report consists of a series of financial statements. The Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the audited year's revenue and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness.

The final required financial statement is the Statements of Cash Flows, which provides information about the District's cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**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 Statements of Net Position and the Statements 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

**Nipomo Community Services District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2014

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 liabilities – 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 non-financial 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 24 through 41.

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

	<u>2014</u>	<u>2013</u>	<u>Current Year Increase/ (Decrease)</u>	<u>2012</u>
<b><u>Assets</u></b>				
Current and other assets	\$27,313,493	\$38,556,931	\$(11,243,438)	\$33,468,576
Capital assets, net	<u>59,446,757</u>	<u>44,093,969</u>	<u>15,352,788</u>	<u>33,233,604</u>
Total Assets	<u>86,760,250</u>	<u>82,650,900</u>	<u>4,109,350</u>	<u>66,702,180</u>
<b><u>Liabilities</u></b>				
Current liabilities	2,036,971	1,855,687	181,284	680,120
Long term debt outstanding	<u>22,650,407</u>	<u>22,914,535</u>	<u>(264,128)</u>	<u>14,017,323</u>
Total Liabilities	<u>24,687,378</u>	<u>24,770,222</u>	<u>(82,844)</u>	<u>14,697,443</u>
<b><u>Net Position</u></b>				
Net investment in capital assets	36,796,349	21,117,250	15,679,099	19,736,453
Restricted	11,474,442	26,519,323	(15,044,881)	22,237,879
Unrestricted	<u>13,802,081</u>	<u>10,244,105</u>	<u>3,557,976</u>	<u>10,030,405</u>
Total Net Position	<u>\$62,072,872</u>	<u>\$57,880,678</u>	<u>\$4,192,194</u>	<u>\$52,004,737</u>



**Nipomo Community Services District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2014

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

	<u>2014</u>	<u>2013</u>	<u>Current Year Increase/ (Decrease)</u>	<u>2012</u>
<b><u>Operating Revenues</u></b>				
Charges for services	\$5,987,673	\$5,649,025	\$338,648	\$5,210,119
Miscellaneous	674,799	634,948	39,851	221,853
Total Operating Revenues	<u>6,662,472</u>	<u>6,283,973</u>	<u>378,499</u>	<u>5,431,972</u>
<b><u>Operating Expenses</u></b>				
Water	2,985,486	2,755,195	230,291	2,822,240
Sewer	1,678,002	1,572,634	105,368	1,440,153
Other	569,613	540,621	28,992	139,596
Total Operating Expenses	<u>5,233,101</u>	<u>4,868,450</u>	<u>364,651</u>	<u>4,401,989</u>
<b><u>Non-Operating Revenues and (Expenses)</u></b>				
Interest income	82,277	102,610	(20,333)	98,657
Miscellaneous revenues	565,652	551,164	14,488	536,105
Miscellaneous expense	(27,750)	0	(27,750)	(3,264)
Interest expense	(510,756)	(549,507)	38,751	(178,647)
Debt issuance costs	(71,725)	(745,261)	673,536	(353,361)
Abandoned project	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,671,990)</u>
Total Non-operating revenues (expenses)	<u>37,698</u>	<u>(640,994)</u>	<u>678,692</u>	<u>(1,572,500)</u>
Income before Contributions	<u>1,467,069</u>	<u>774,529</u>	<u>692,540</u>	<u>(542,517)</u>
Capital Contributions and grants	<u>2,725,125</u>	<u>5,101,412</u>	<u>(2,376,287)</u>	<u>88,674</u>
Change in Net Position	<u>4,192,194</u>	<u>5,875,941</u>	<u>(1,683,747)</u>	<u>(453,843)</u>
Net position – Beginning	<u>57,880,678</u>	<u>52,004,737</u>	<u>5,875,941</u>	<u>52,458,580</u>
Net position – Ending	<u>\$62,072,872</u>	<u>\$57,880,678</u>	<u>\$4,192,194</u>	<u>\$52,004,737</u>

**Nipomo Community Services District**  
*Management's Discussion and Analysis*  
 For the Fiscal Year Ended June 30, 2014

**TABLE 3**  
**Capital Assets**

	<u>2014</u>	<u>2013</u>	<u>Current Year Increase/ (Decrease)</u>	<u>2012</u>
Non-depreciable assets	\$28,579,070	\$12,474,215	\$16,104,855	\$7,093,217
Depreciable assets	48,817,992	48,334,431	483,561	42,032,619
Accumulated depreciation	<u>(17,950,305)</u>	<u>(16,714,677)</u>	<u>(1,235,628)</u>	<u>(15,892,232)</u>
Total capital assets, net	<u>\$59,446,757</u>	<u>\$44,093,969</u>	<u>\$15,352,788</u>	<u>\$33,233,604</u>

More information about the District's Capital assets is presented in Note 4 of the Notes to Basic Financial Statements.

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

	<u>2014</u>	<u>2013</u>	<u>Current Year Increase/ (Decrease)</u>	<u>2012</u>
Certificates of Participation Series 2013	\$9,660,000	\$9,660,000	\$0	\$0
Refunding Revenue Bonds Series 2013A	2,845,000	2,845,000	0	0
Certificates of Participation Series 2012	9,490,000	9,635,000	(145,000)	9,795,000
Inter-Fund Loan (2009)	119,418	141,233	(21,815)	162,403
Inter-Fund Loan (2009)	108,565	128,830	\$20,265)	148,399
Certificates of Participation (2003)	0	0	0	3,330,000
State Revolving Fund Loan (1999)	253,082	295,262	(42,180)	337,442
State Revolving Fund Loan (1998)	<u>174,342</u>	<u>209,210</u>	<u>(34,868)</u>	<u>244,079</u>
Total Long-term Debt	<u>\$22,650,407</u>	<u>\$22,914,535</u>	<u>\$(264,128)</u>	<u>\$14,017,323</u>

The District received "AA" ratings from Standard & Poor's on the Certificates of Participation 2013, Refunding Revenue Bonds Series 2013A and the Certificates of Participation Series 2012.

Additional information on long term debt is presented in Note 5 of the Notes to Basic Financial Statements.

**Economic Factors and Next Year's Budgets and Rates**

The District has experienced slow steady growth this past year which is expected to continue over the next 5 years. The pace of growth may increase as the economy recovers. This growth creates increased demand for water supply, wastewater treatment capabilities and additional capital facilities.

The fiscal year 2013-2014 Budget included continued construction of the Southland Wastewater Treatment Facilities Upgrade and initiation of the construction of Phase 1 of the Supplemental Water Project.

**Nipomo Community Services District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2014

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The water enterprise is in the third year of a rate schedule initiated in November 2011. The schedule provides for a 9.5% rate increase in each of the five years. The District is currently considering revising the water rate structure to take into account increased operations and maintenance costs as well as costs which will be incurred when supplemental water deliveries commence in 2015. The Town Division wastewater enterprise has not had a rate increase since January 1, 2010. The Blacklake Sewer Division has not had a rate increase since January 1, 2013. Upon completion of the Southland Wastewater Treatment Facility Upgrade and completion of the Blacklake Sewer Master Plan, the District will complete a sewer rate study for each sewer enterprise.

**Requests for Information**

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

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**NIPOMO COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
As of June 30, 2014

(With Comparative Totals for the year Ended June 30, 2013)

	Enterprise Funds	
	2014	2013
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 23,722,985	\$ 37,072,346
Accounts receivable	224,552	256,290
Unbilled utilities receivable	869,000	887,000
Accrued interest receivable	11,725	13,429
Prepaid expense	4,853	2,508
Accrued franchise fees	14,894	17,795
Due from the State	2,200,000	0
Notes receivable (current portion)	43,461	42,079
Total current assets	27,091,470	38,291,447
Noncurrent Assets		
Capital assets:		
Land and construction in progress	28,579,070	12,474,215
Capital assets, net	30,867,687	31,619,754
Total noncurrent assets	59,446,757	44,093,969
Other Assets		
Notes receivable (less current portion)	184,523	227,984
Deposits and other assets	37,500	37,500
Total other assets	222,023	265,484
Total assets	\$ 86,760,250	\$ 82,650,900
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 657,768	\$ 756,080
Accrued liabilities	622,041	465,308
Deposits	757,162	634,299
Current portion long term debt	500,510	264,128
Total current liabilities	2,537,481	2,119,815
Noncurrent Liabilities		
Long term debt	22,149,897	22,650,407
Total noncurrent liabilities	22,149,897	22,650,407
Total liabilities	\$ 24,687,378	\$ 24,770,222
<b>NET POSITION</b>		
Net investment in capital assets	\$ 36,796,349	\$ 21,117,250
Restricted for system expansion and replacement	11,474,442	26,519,323
Unrestricted	13,802,081	10,244,105
Total net position	\$ 62,072,872	\$ 57,880,678

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**  
As of June 30, 2014

(With Comparative Totals for the Year Ended June 30, 2013)

	Enterprise Funds	
	<u>2014</u>	<u>2013</u>
Operating Revenues		
Charges for services	\$ 5,987,673	\$ 5,649,025
Miscellaneous	674,799	634,948
Total operating revenues	6,662,472	6,283,973
Operating expenses		
Personnel	1,532,776	1,557,146
Contractual services	354,297	224,616
Utilities	670,413	578,766
Repairs and maintenance	194,435	229,699
Other supplies and expenses	1,161,271	1,028,433
Insurance	69,609	75,207
Depreciation	1,250,300	1,174,583
Total operating expenses	5,233,101	4,868,450
Operating income (loss)	1,429,371	1,415,523
Non operating revenues (expenses)		
Interest	82,277	102,610
Property taxes	515,399	494,457
Cell site	35,883	34,839
Miscellaneous income	14,370	21,868
Debt issuance costs	(71,725)	(745,261)
Miscellaneous expense	(27,750)	0
Interest expense	(510,756)	(549,507)
Total non operating revenues (expenses)	37,698	(640,994)
Income (loss) before contributions And transfers	1,467,069	774,529
Capital contributions and grants	2,725,125	5,101,412
Change in Net position	4,192,194	5,875,941
Total net position – beginning	57,880,678	52,004,737
Total net position – ending	\$ 62,072,872	\$ 57,880,678

The accompanying notes are an integral part of these financial statements

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
As of June 30, 2014

(With comparative Totals for the Year Ended June 30, 2013)

	Enterprise Funds	
	2014	2013
Cash flows from operating activities		
Cash received from operating revenue	\$ 6,694,210	\$ 6,248,037
Payments to suppliers	(4,378,653)	(1,030,981)
Payments to employees	(1,532,776)	(1,557,146)
Net cash provided by operating activities	782,781	3,659,910
Cash flows from non-capital financing activities		
Property tax revenues	515,399	494,457
Other cash flows	22,503	56,707
Net cash provided by non-capital operating activities	537,902	551,164
Cash flows from capital and related financing activities		
Capital contributions	2,725,125	5,101,412
Acquisition of capital assets	(16,630,837)	(12,034,948)
Proceeds from capital debt	0	12,505,000
Debt issuance costs	(71,725)	(745,261)
Principal paid on capital debt	(264,128)	(3,607,788)
Interest paid on capital debt	(510,756)	(549,507)
Net cash provided (used) by capital and related financing activities	(14,752,321)	668,908
Cash flows from investing activities		
Interest income	82,277	102,610
Net cash provided by investing activities	82,277	102,610
Net change in cash	(13,349,361)	4,982,592
Cash and cash equivalents – beginning	37,072,346	32,089,754
Cash and cash equivalents – ending	\$ 23,722,985	\$ 37,072,346
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,429,371	\$ 1,415,523
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	1,250,300	1,174,583
Loss on disposal of fixed assets	27,749	0
Net changes in assets and liabilities		
Accounts receivable	31,738	(35,936)
Unbilled utility receivable	18,000	(126,000)
Accrued interest receivable	1,704	5,403
Prepaid expenses	(2,345)	1,190
Accrued franchise fees	2,901	(5,159)
Due from the State	(2,200,000)	0
Notes receivable	42,079	40,739
Deposits and other assets	0	14,000
Accounts payable	(98,312)	444,761
Accrued liabilities	156,733	219,114
Deposits	122,863	511,692
Net cash provided by operating activities	\$ 782,781	\$ 3,659,910

The accompanying notes are an integral part of these financial statements

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2014

**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. The proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

***Comparative Information***

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information is presented for comparative purposes only. Additional detailed information is presented in the prior year financial statements from which the summarized information was derived.

***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.



**NIPOMO COMMUNITY SERVICES DISTRICT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

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

***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 and liabilities associated with an enterprise fund's activities are included on the balance sheet.

***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.

# NIPOMO COMMUNITY SERVICES DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2014

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### ***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.

#### ***Accounts Receivable***

Water and sewer charges are billed bi-monthly for all residential and commercial customers. Customer accounts receivable are placed on the tax roll when the receivable is deemed uncollectible by the District. The District did not experience any significant bad debt losses and therefore a zero 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. Receipt of the full grant is contingent upon the District providing a Cost Share (Funding Match) estimated to be \$9,124,000.00. The project will be completed in the next fiscal year.

#### ***Capital Assets***

All fixed assets are valued at historical cost or estimated historical cost if actual costs are not available. Other donated fixed 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 services, 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.

# NIPOMO COMMUNITY SERVICES DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2014

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

3. Payment of the compensation is probable.
4. The amount can be reasonable 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.

#### ***Capital Contributions and Grants***

Capital contributions are recorded when cash for capacity fees or fixed 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.

#### ***Future Government Accounting Standards Board (GASB) Statements***

GASB Statements Nos. 68-71 listed below will be implemented in future financial statements:

Statement No. 68	Accounting and Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27	The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.
Statement No. 69	Accounting and Financial Reporting for Government Combinations and Disposals of Government Operations	The provisions of this Statement are effective for financial statements beginning after December 15, 2013.
Statement No. 70	Accounting and Financial Reporting for Non-exchange Financial Guarantees	The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013.
Statement No. 71	Pension Transition for Contributions Made after the Measurement Date of a Government's beginning net pension	The provisions of this Statement are effective simultaneously with the provisions of Statement 68.

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2014

**NOTE 2: CASH AND CASH EQUIVALENTS**

The values of cash and cash equivalents at June 30, 2014 are summarized as follows:

Cash on hand	\$	350
Bank deposits		488,887
Deposits with bond trustees		2,685,683
Cash and investments in pooled funds		20,628,769
Less: Cash held in Trust in pooled funds		<u>(80,704)</u>
 Total	 \$	 <u><u>23,772,985</u></u>

The California Government Code requires California banks and savings and loan associations to secure a district's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a district's deposits. California law also allows financial institutions to secure district deposits by pledging first trust deed mortgage notes having a value of 150% of a district's total deposits. The District may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

***Credit Risk, Carrying Amount, and Market Value***

Cash is classified in three categories of credit risk as follows:

- Category 1 -insured or collateralized with securities held by the entity or by its agent in the entity's name;
- Category 2 -collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name; and
- Category 3 -uncollateralized.

Investments in pools managed by other governments, Local Agency Investment Fund (LAIF), or in mutual funds are not required to be categorized.

As of June 30, 2014, the carrying amount of the District's cash deposits was \$3,174,570. The bank's balance was \$3,280,323. This difference is due to the normal deposits in transit and outstanding checks. District cash deposits by category as of June 30, 2014, are as follows:

		<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>		<u>Balance</u>	<u>Amount</u>
Bank accounts	\$ <u>3,280,323</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$	<u>3,280,323</u>	\$ <u>3,174,570</u>

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2014

**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 insurance 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.

***Investments Authorized by Debt Agreements***

Investment of debt proceeds held by 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 the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The weighted average maturity of the investment contained in the LAIF investment pool is approximately 9 months.

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

	<u>Maturity Date</u>
State investment pool	\$ <u>20,628,769</u> 9 months average maturity

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2014

**NOTE 3: INVESTMENTS (continued)**

***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.

***Disclosures Relating to Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

***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 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).

# NIPOMO COMMUNITY SERVICES DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2014

### **NOTE 3: INVESTMENTS (continued)**

#### ***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 as stipulated by the California Government Code. As of June 30, 2014 the District's deposit portfolio with government agencies, LAIF, was 100%.

### **NOTE 4: CAPITAL ASSETS**

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

Business-type activities	June 30, <u>2013</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	June 30, <u>2014</u>
Non-depreciable capital assets				
Land	\$ 735,401	\$ -	\$ -	\$ 735,401
Construction in progress	<u>11,738,814</u>	<u>16,398,013</u>	<u>(293,158)</u>	<u>27,843,669</u>
<b>Total non-depreciable Capital assets</b>	<u>12,474,215</u>	<u>16,398,013</u>	<u>(293,158)</u>	<u>25,579,070</u>
Depreciable capital assets				
Buildings and improvements	46,219,462	491,282	(42,421)	46,668,323
Equipment	<u>2,114,969</u>	<u>34,700</u>	<u>-</u>	<u>2,149,669</u>
<b>Total depreciable capital assets</b>	48,334,431	525,982	(42,421)	48,817,992
Less accumulated depreciation				
Buildings and improvements	(15,594,970)	(1,019,760)	14,672	(16,600,058)
Equipment	<u>(1,119,707)</u>	<u>(230,540)</u>	<u>-</u>	<u>(1,350,247)</u>
	<u>(16,714,677)</u>	<u>(1,250,300)</u>	<u>14,672</u>	<u>(17,950,305)</u>
<b>Net depreciable capital assets</b>	<u>31,619,754</u>	<u>(724,318)</u>	<u>(27,749)</u>	<u>30,867,687</u>
<b>Total capital assets, net</b>	<u>\$ 44,093,969</u>	<u>\$ 15,673,695</u>	<u>\$ (320,907)</u>	<u>\$ 59,446,757</u>

Depreciation expense for the period ended June 30, 2014 was \$1,250,300.

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2014

**NOTE 5: LONG TERM DEBT**

Long term debt consisted of the following:

	Balance at June 30, <u>2013</u>	<u>Payments</u>	Balance at June 30, <u>2014</u>
<u>Certificates of Participation</u>			
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.	\$ 9,660,000	\$ -	\$ 9,660,000
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 \$225,000.	9,635,000	(145,000)	9,490,000
<u>Revenue Bonds</u>			
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 \$100,000 to \$210,000.	2,845,000	-	2,845,000
<u>Notes Payable</u>			
The District adopted a water rate adjustment and Buy-In Charge of \$277,742 for the merger of Blacklake and Town Water 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.	141,233	(21,815)	119,418



**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2014

**NOTE 5: LONG TERM DEBT (continued)**

	<u>Balance at June 30, 2013</u>	<u>Payments</u>	<u>Balance at June 30, 2014</u>
<u>Notes Payable (continued)</u>			
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 \$20,024.	128,830	(20,265)	108,565
<u>State Revolving Fund Loans</u>			
The District entered into a loan contract for \$697,367 on April 30, 1998 with the State Water Resources 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.	209,210	(34,868)	174,342
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.	295,262	(42,180)	253,082
	22,914,535		22,650,407
Total long term debt	22,914,535		22,650,407
Less current maturities	264,128		500,510
Total long term maturities	\$ 22,650,407		\$ 22,149,897

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2014

**NOTE 5: LONG TERM DEBT (continued)**

Future required principal and interest payments are as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 500,510	\$ 900,283	\$ 1,400,793
2016	511,937	890,095	1,402,032
2017	518,413	878,907	1,397,320
2018	534,937	866,176	1,401,113
2019	542,430	851,538	1,393,968
2020 – 2024	2,682,180	3,983,844	6,666,024
2025 – 2029	3,335,000	3,400,681	6,735,681
2030 – 2034	4,070,000	2,652,856	6,722,856
2035 – 2039	4,995,000	1,712,111	6,707,111
2040 – 2045	<u>4,960,000</u>	<u>534,369</u>	<u>5,494,369</u>
Totals	<u>\$ 22,650,407</u>	<u>\$ 16,670,860</u>	<u>\$ 39,321,267</u>

**NOTE 6: RESTRICTED/DESIGNATED NET ASSETS**

At June 30, 2014, net assets were restricted or designated by the District as follows:

<u>Restricted Funding Source</u>	<u>Use</u>	
Water capacity charges	For the expansion of the water system	\$ 1,709,226
Water sales	Funded replacement	5,036,909
Certificates of Participation	Supplemental water project (Phase 1)	2,085,656
Town Sewer capacity charges	For the expansion of sewer system	286,160
Town Sewer sales	Funded replacement	1,903,775
Blacklake sewer sales	Funded replacement	<u>452,716</u>
	Totals	<u>\$ 11,474,442</u>
<u>Unrestricted Funding Source</u>	<u>Use</u>	
Designated capital improvements	Town water and sewer upgrades	\$ 1,875,558
Designated reserve	Current year operating expenses	6,049,410
Designated reserve	Current year non operating expenses	2,412,134
Undesignated		<u>3,464,979</u>
	Totals	<u>\$ 13,802,081</u>

# NIPOMO COMMUNITY SERVICES DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2014

### **NOTE 7: 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, 2014, 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 201314. This covers \$10,000,000 per occurrence.

Public Officials and Employees Errors: Special District Risk Management Authority, coverage number LCA SDRMA 201314. This covers \$10,000,000 per occurrence/general aggregate.

Personal Liability Coverage for Board Members: Special District Risk Management Authority, coverage number LCA SDRMA 201314. This covers \$500,000 per occurrence/general aggregate.

Employment Practices Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201314. 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 201314. This covers \$10,000,000 per occurrence/general aggregate.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 201314. This policy includes a \$400,000 Public Employees Dishonesty Blanket Coverage.

Auto Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201314. 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 201314. The coverage is on file with SDRMA.

Uninsured/Under Insured Motorist: Special District Risk Management Authority, coverage number UMI SDRMA 201314. This covers \$750,000 each accident.

Trailer Coverage: District Risk Management Authority, coverage number LCA SDRMA 201314. The coverage is on file with SDRMA.

# NIPOMO COMMUNITY SERVICES DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2014

### **NOTE 7: JOINT POWERS AUTHORITY (continued)**

Property Coverage: Special District Risk Management Authority, coverage number PPC SDRMA 201314. 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 201314. 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 201314. 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 are no reductions in insurance coverage in fiscal year 2014, 2013 and 2012. 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, 2014, 2013 and 2012.

### **NOTE 8: DEFINED BENEFIT PENSION PLAN**

#### ***Plan Description***

The Nipomo Community Services District contributes to the California Public Employees' Retirement System (CALPERS), an agent multiple-employer public employee defined benefit pension plan. CALPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CALPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and District ordinance. Copies of CALPERS' annual financial report may be obtained from their Executive Office – 400 P Street, Sacramento, CA 95814.

Employee membership in CALPERS is compulsory for all regular full-time and part-time employees except those specifically excluded.

Benefits fully vest on reaching five years of service. Employees who retire at or after age 60 (Tier 1 and Tier II) and age 62 (PEPRA) with five years of credited service, are entitled to a retirement benefit payable monthly for life. An employee's monthly service benefit is

# NIPOMO COMMUNITY SERVICES DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2014

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

determined by computing the product: years of credited service multiplied by three percent multiplied by final-average monthly compensation for employees hired prior to June 18, 2011 and three year final compensation for employees hired on or after June 18, 2011. Final-average monthly compensation is the employee's average monthly salary during the last year of credited services, or the last three years, whichever is greater. Vested employees may retire at or after age 50 and receive reduced retirement benefits. CALPERS also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute. Employees are required to contribute to the plan based upon the funding policy outlined below. The District is required to contribute the remaining amounts necessary to fund CALPERS, using the actuarial basis specified by statute.

#### ***Funding Policy***

##### **Employees hired prior to June 18, 2011**

Participants are required to contribute 8% of their annual covered salary. The District makes the contribution required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the current rate is 21.135% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by CALPERS.

##### **Employees hired on or after June 18, 2011**

Participants are required to contribute 8% of their annual covered salary. The District does not make the required contribution of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the current rate is 16.133% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by CALPERS.

##### **Employees hired on or after January 1, 2013**

Participants are required to contribute 6.5% of their annual covered salary. The District does not make the required contribution of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the current rate is 6.7% of the annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by CALPERS.

#### ***Actual Pension Cost***

For the fiscal year ending June 30, 2014, the District's annual pension cost of \$204,384 for CALPERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method with contributions determined as a percent of pay.

Because the district has less than 100 active members, it is required to participate in the

# NIPOMO COMMUNITY SERVICES DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2014

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

Miscellaneous 3% at 60 Risk Pool. The District's employer contribution rate is calculated using a combination of the District's individual plan cost components and the risk pool's cost components. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.3 % to 14.20% depending on Age, Service and type of employment, and (c) 3% cost-of-living adjustment. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of the Risk Pool's plan assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The Risk Pool's unfunded actuarial accrued liability is being amortized as a level percentage of the projected payroll on a closed basis.

#### ***Three Year Trend Information***

Actuarial information concerning this pension plan is now combined with other local districts and individual district information and three year trend information is no longer made available to the Nipomo Community Services District.

#### ***Annual Pension Costs***

<u>Fiscal</u> <u>Year</u>		<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>		<u>Net Pension</u> <u>Obligation</u>
2014	\$	204,384	100%	\$	-
2013		211,520	100%		-
2012		215,945	100%		-

#### ***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

June 30, 2014

**NOTE 8: DEFINED BENEFIT PENSION PLAN (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, 2014 is \$699,641.

***Annual OPEB Cost and Net OPEB Obligation***

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

Annual required contribution	\$ 109,705
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>\$ 109,705</u>
Actual contributions made	\$ 114,400
Increase in net OPEB obligation	\$ (4,695)
Net OPEB obligation (asset) – beginning of year	0
Net OPEB obligation (asset) – end of year	<u>\$ (4,695)</u>

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</u> <u>Year</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>of Annual OPEB</u> <u>Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation (Asset)</u>
2014	\$ 109,705	104%	\$ (4,695)
2013	114,400	100%	0
2012	114,400	90%	238
2011	102,298	101%	(11,168)

# NIPOMO COMMUNITY SERVICES DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2014

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

#### ***Funding Status and Funding Progress***

As of July 1, 2013, the actuarial accrued liability (AAL) for benefits was \$1,520,862, of which \$821,221 is unfunded.

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 OPEB 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 GASB 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

June 30, 2014

### **NOTE 8: DEFINED BENEFIT PENSION PLAN (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 4.61%. 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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**



**NIPOMO COMMUNITY SERVICES DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION-**  
**SCHEDULE OF FUNDING PROGRESS**  
As of June 30, 2014

**SCHEDULE OF FUNDING PROGRESS**

The schedule of funding progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the Unfunded Actuarial Accrued Liability (UAAL) to payroll for the District's OPEB plan.

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN**

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) Entry Age	Actuarial Value of Assets	Unfunded Liability (Excess Assets) (UAAL)	Funded Status	Annual Covered Payroll	UAAL as a Percentage of Payroll
7/1/2013	\$1,520,862	\$ 699,641	\$ 821,221	46%	\$ 825,340	99.5%
7/1/2011	\$ 1,328,814	\$ 415,419	\$ 913,355	31%	\$ 761,000	120.0%
1/1/2010	\$ 1,157,759	\$ 200,169	\$ 957,595	17%	\$ 638,000	150.1%
1/1/2008	\$ 895,231	-	\$ 895,231	0%	\$ 807,004	110.9%

The accompanying notes are an integral part of the financial statements

**OTHER SUPPLEMENTAL  
INFORMATION**



**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMBINING STATEMENTS OF NET POSITION**  
**PROPRIETARY FUNDS**  
As of June 30, 2014

Business Type Activities – Enterprise Funds

ASSETS				
	Administration	Water	Town Sewer	Blacklake Sewer
<b>Current Assets</b>				
Cash and cash equivalents	\$ 80,714	\$ 16,828,579	\$ 5,149,494	\$ 752,313
Accounts receivable	57	124,228	62,872	37,395
Unbilled utilities receivable		619,000	211,000	39,000
Accrued interest receivable		7,279	2,971	396
Prepaid expense	4,853			
Accrued franchise fees				
Due from the State		2,200,000		
Notes receivable (current portion)		22,476		
<b>Total current assets</b>	<u>85,624</u>	<u>19,801,562</u>	<u>5,426,337</u>	<u>829,104</u>
<b>Noncurrent Assets</b>				
Capital assets:				
Land and construction in progress		12,442,475	16,079,357	57,238
Capital assets, net	45,555	13,521,246	14,122,873	1,618,495
<b>Total noncurrent assets</b>	<u>45,555</u>	<u>25,963,721</u>	<u>30,202,230</u>	<u>1,675,733</u>
<b>Other Assets</b>				
Notes receivable (less current portion)		96,943		
Deposits and other assets		37,500		
<b>Total other assets</b>	<u>-</u>	<u>134,443</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 131,179</u>	<u>\$ 45,899,726</u>	<u>\$ 35,628,567</u>	<u>\$ 2,504,837</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 9,492	\$ 579,783	\$ 59,357	\$ 5,750
Accrued liabilities	15,076	216,730	124,561	8,090
Deposits	223,504	530,000		
Current portion long term debt		157,476	222,049	20,985
<b>Total current liabilities</b>	<u>248,072</u>	<u>1,483,989</u>	<u>405,967</u>	<u>34,825</u>
<b>Noncurrent Liabilities</b>				
Long term debt		9,621,942	9,695,375	87,580
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>9,621,942</u>	<u>9,695,375</u>	<u>87,580</u>
<b>Total liabilities</b>	<u>\$ 248,072</u>	<u>\$ 11,105,931</u>	<u>\$ 10,101,342</u>	<u>\$ 122,405</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 45,555	\$ 16,184,302	\$ 20,284,806	\$ 1,567,168
Restricted for system expansion and replacement		8,831,792	2,189,934	452,716
Unrestricted	<u>(162,448)</u>	<u>9,777,701</u>	<u>3,052,485</u>	<u>362,548</u>
<b>Total net position</b>	<u>\$ (116,893)</u>	<u>\$ 34,793,795</u>	<u>\$ 25,527,225</u>	<u>\$ 2,382,432</u>

See Auditor's Report

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMBINING STATEMENTS OF NET POSITION**  
**PROPRIETARY FUNDS**  
As of June 30, 2014

Business Type Activities – Enterprise Funds

Blacklake Lighting	Solid Waste	Drainage	Landscape Maintenance	Property Taxes	Total
\$ 28,630	\$ 404,031	\$ 32,529	\$ 20,667	\$ 426,028	\$ 23,722,985
					224,552
					869,000
15	211	17	11	825	11,725
					4,853
	14,894				14,894
					2,200,000
				20,985	43,461
<u>28,645</u>	<u>419,136</u>	<u>32,546</u>	<u>20,678</u>	<u>447,838</u>	<u>27,091,470</u>
					28,579,070
				1,559,518	30,867,687
-	-	-	-	1,559,518	59,446,757
					87,580
					184,523
					37,500
-	-	-	-	87,580	222,023
<u>\$ 28,645</u>	<u>\$ 419,136</u>	<u>\$ 32,546</u>	<u>\$ 20,678</u>	<u>\$ 2,094,936</u>	<u>\$ 86,760,250</u>
					657,768
\$ 158	\$ 2,663	\$ -	\$ 565	\$ -	622,041
	1,160			256,424	757,162
				3,658	500,510
				100,000	2,537,481
<u>158</u>	<u>3,823</u>	<u>-</u>	<u>565</u>	<u>360,082</u>	<u>2,537,481</u>
					2,745,000
					22,149,897
-	-	-	-	2,745,000	22,149,897
<u>\$ 158</u>	<u>\$ 3,823</u>	<u>\$ -</u>	<u>\$ 565</u>	<u>\$ 3,105,082</u>	<u>\$ 24,687,378</u>
					36,796,349
-	-	-	-	(1,285,482)	11,474,442
<u>28,487</u>	<u>415,313</u>	<u>32,546</u>	<u>20,113</u>	<u>275,336</u>	<u>13,802,081</u>
<u>\$ 28,487</u>	<u>\$ 415,313</u>	<u>\$ 32,546</u>	<u>\$ 20,113</u>	<u>\$ (1,010,146)</u>	<u>\$ 62,072,872</u>

See Auditor's Report

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
**PROPRIETARY FUNDS**  
As of June 30, 2014

Business Type Activities – Enterprise Funds

	<u>Administration</u>	<u>Water</u>	<u>Town Sewer</u>	<u>Blacklake Sewer</u>
Operating Revenues				
Charges for services	\$ -	\$ 3,720,667	\$ 1,769,796	\$ 472,701
Miscellaneous	421,411	78,526	200	24,494
<b>Total operating revenues</b>	<u>421,411</u>	<u>3,799,193</u>	<u>1,769,996</u>	<u>497,195</u>
Operating expenses				
Personnel	236,418	901,578	312,580	82,200
Contractual services	84,694	260,480	7,940	234
Utilities	17,517	464,444	131,873	35,748
Repairs and maintenance	6,642	107,880	52,438	27,475
Other supplies and expenses	70,422	682,628	230,981	120,725
Insurance	12,061	40,804	12,154	2,090
Depreciation	16,629	527,672	572,994	88,570
<b>Total operating expenses</b>	<u>444,383</u>	<u>2,985,486</u>	<u>1,320,960</u>	<u>357,042</u>
<b>Operating income (loss)</b>	<u>(22,972)</u>	<u>813,707</u>	<u>449,036</u>	<u>140,153</u>
Non operating revenues (expenses)				
Interest	961	43,902	25,242	1,576
Property taxes				
Cell site	5,382	30,501		
Miscellaneous income			2,499	
Debt issuance costs		(2,475)		
Miscellaneous expense		(27,750)		
Interest expense		(3,966)	(375,291)	(4,216)
<b>Total non operating revenues</b>	<u>6,343</u>	<u>40,212</u>	<u>(347,550)</u>	<u>2,640</u>
<b>Income (loss) before contributions And transfers</b>	<u>(16,629)</u>	<u>853,919</u>	<u>101,486</u>	<u>137,513</u>
Capital contributions and grants		2,691,996	33,129	
Transfers In		2,400,000		
Transfers Out				
<b>Change in Net position</b>	<u>(16,629)</u>	<u>5,945,915</u>	<u>134,615</u>	<u>137,513</u>
<b>Total net position – beginning</b>	<u>(100,264)</u>	<u>28,847,880</u>	<u>25,392,610</u>	<u>2,244,919</u>
<b>Total net position – ending</b>	<u>\$ (116,893)</u>	<u>\$ 34,793,795</u>	<u>\$ 25,527,225</u>	<u>\$ 2,382,432</u>

See Auditor's Report



**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
**PROPRIETARY FUNDS**  
As of June 30, 2014

Business Type Activities – Enterprise Funds

Blacklake Lighting	Solid Waste	Drainage	Landscape Maintenance	Property Taxes	Total
\$ 24,509	\$ -	\$ -	\$ -	\$ -	\$ 5,987,673
	140,928		9,240		674,799
<u>24,509</u>	<u>140,928</u>	<u>-</u>	<u>9,240</u>	<u>-</u>	<u>6,662,472</u>
					1,532,776
720	229				354,297
20,711			120		670,413
					194,435
225	49,350		5,890	1,050	1,161,271
500	2,000				69,609
	1,415			43,020	1,250,300
<u>22,156</u>	<u>52,994</u>	<u>-</u>	<u>6,010</u>	<u>44,070</u>	<u>5,233,101</u>
<u>2,353</u>	<u>87,934</u>	<u>-</u>	<u>3,230</u>	<u>(44,070)</u>	<u>1,429,371</u>
					82,277
63	831	58	44	9,600	515,399
		13,944		501,455	35,883
				11,871	14,370
				(69,250)	(71,725)
					(27,750)
				(127,283)	(510,756)
<u>63</u>	<u>831</u>	<u>14,002</u>	<u>44</u>	<u>326,393</u>	<u>37,698</u>
2,416	88,765	14,002	3,274	282,323	1,467,069
					2,725,125
					2,400,000
				(2,400,000)	(2,400,000)
2,416	88,765	14,002	3,274	(2,117,677)	4,192,194
<u>26,071</u>	<u>326,548</u>	<u>18,544</u>	<u>16,839</u>	<u>1,107,531</u>	<u>57,880,678</u>
\$ 28,487	\$ 415,313	\$ 32,546	\$ 20,113	\$ (1,010,146)	\$ 62,072,872

See Auditor's Report

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMBINING STATEMENTS OF OTHER SUPPLIES AND EXPENSES**  
**PROPRIETARY FUNDS**  
As of June 30, 2014

Business Type Activities – Enterprise Funds

Other supplies and expenses	<u>Administration</u>	<u>Water</u>	<u>Town Sewer</u>	<u>Blacklake Sewer</u>
Chemicals	\$ -	\$ 25,944	\$ -	\$ 30,920
Lab testing		30,542	34,948	17,241
Operating supplies		20,555	18,231	535
Outside services	1,852	100,898	29,904	4,556
Permits and operating fees		7,907	10,343	6,832
Fuel		21,694	7,231	3,944
Paging service		4,327	2,976	1,624
Meters		49,583		
Uniforms		6,655	2,057	1,122
Solid waste removal/cleanup				
Landscape maintenance				
Conservation program		34,767		
Bank charges and fees	4,925	2,924		
Computer expenses	13,955	51,507	15,835	2,971
Dues and subscriptions	2,354	11,115	2,745	287
Education and training	973	3,738	1,902	268
Landscape and janitorial	3,097	9,292	2,633	465
LAFCO funding	21,231			
Miscellaneous	3,725	758	36	
Newsletters and mailers		3,644	623	340
Office supplies	3,046	8,961	1,836	324
Postage	1,510	16,994	6,783	1,212
Public notices	9,590	1,436	94	14
Property taxes		1,049		
Telephone	1,494	4,216	1,194	787
Travel and mileage	2,670	4,577	2,845	229
Bond administration		750	2,500	
Operating transfers out-administration		258,795	86,265	47,054
<b>Total other supplies and expenses</b>	<b>\$ 70,422</b>	<b>\$ 682,628</b>	<b>\$ 230,981</b>	<b>\$ 120,725</b>

See Auditor's Report

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMBINING STATEMENTS OF OTHER SUPPLIES AND EXPENSES**  
**PROPRIETARY FUNDS**  
As of June 30, 2014

Business Type Activities – Enterprise Funds

\$	Blacklake Lighting	\$	Solid Waste	\$	Landscape Maintenance	\$	Property Taxes	\$	Total
	-		-		-		-		56,864
									82,731
									39,321
									137,210
									25,082
									32,869
									6,556
									51,954
									9,834
			27,938						27,938
					5,224				5,224
									34,767
									7,849
									84,268
									16,501
									6,881
									15,487
									21,231
									4,519
									4,607
									14,167
									26,499
	225		728		666				12,753
									1,049
									7,691
									10,321
							1,050		4,300
			20,684						412,798
\$	225	\$	49,350	\$	5,890	\$	1,050	\$	1,161,271

See Auditor's Report

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# STATISTICAL SECTION



## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
<u>Financial Trends</u> <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>	55
<u>Revenue Capacity</u> <i>These schedules contain information to help the reader assess the District's two most significant revenue sources, water and sewer sales.</i>	56-59
<u>Debt Capacity</u> <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>	60-62
<u>Demographic and Economic Information</u> <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>	63-64
<u>Operating Information</u> <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>	65-66

**TABLE 1**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST 10 FISCAL YEARS**

	2014	2013	2012	2011	2010
Net Investment in capital assets	\$36,796,349	\$21,117,250	\$19,736,453	\$28,120,434	\$26,400,186
Restricted for system expansion and replacement	11,474,442	26,519,323	22,237,879	14,429,872	15,349,110
Unrestricted	13,802,081	10,244,105	10,030,405	10,092,022	9,682,695
<b>TOTAL NET POSITION</b>	<b>\$62,072,872</b>	<b>\$57,880,678</b>	<b>\$52,004,737</b>	<b>\$52,642,328</b>	<b>\$51,431,991</b>

	2009	2008	2007	2006	2005
Invested in capital assets, net of related debt	\$29,702,586	\$22,985,210	\$19,758,349	\$18,571,019	\$18,218,882
Restricted for system expansion and replacement	16,189,675	15,786,714	14,862,877	15,349,146	15,112,119
Unrestricted	4,145,274	8,830,148	6,877,417	4,972,596	4,403,951
<b>TOTAL NET POSITION</b>	<b>\$50,037,535</b>	<b>\$47,602,072</b>	<b>\$41,498,643</b>	<b>\$38,892,761</b>	<b>\$37,734,952</b>

Source: Nipomo Community Services District

**TABLE 2**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST 10 FISCAL YEARS**

Fiscal Year	Operating Revenue (1)	Operating Expense (2)	Operating Income/ (Loss)	Total Non-Operating Revenue/ (Expense)	Income/(Loss) Before Capital Contributions	Capital Contributions	Change in Net Position
2014	\$6,662,472	\$5,233,101	\$1,429,371	\$37,698	\$1,467,069	\$2,725,125	\$4,192,194
2013	6,283,973	4,868,450	1,415,523	(640,994)	774,529	5,101,412	5,875,941
2012	5,431,972	4,401,989	1,029,983	(1,572,500)	(542,517)	88,674	(453,843)
2011	5,161,065	4,730,760	430,305	555,570	983,875	226,462	1,210,337
2010	5,074,418	4,608,687	465,731	760,253	1,225,984	168,472	1,394,456
2009	4,754,784	4,515,311	239,473	933,711	1,173,184	1,262,279	2,435,463
2008	4,739,197	5,111,463	(372,266)	1,362,199	989,933	5113,496	6,103,429
2007	4,219,004	4,047,839	171,165	1,416,760	1,587,925	1,017,957	2,605,882
2006	3,615,529	3,476,224	139,305	327,186	466,491	691,318	1,157,809
2005	3,231,280	3,255,471	(24,191)	355,554	331,363	2,587,782	2,919,145

Source: Nipomo Community Services District

- (1) See details of revenues at Table 3  
(2) See details of expenses at Table 4

**TABLE 3**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**REVENUES BY SOURCE**  
**LAST 10 FISCAL YEARS**

Fiscal Year	Operating Revenues			Total Operating Revenues	Non-Operating Revenues			Total Non-Operating Revenues	Total Revenues
	Water	Waste-water	Other		Property Taxes	Interest Income	Other		
2014	\$3,720,667	\$2,242,497	\$699,308	\$6,662,472	\$515,399	\$82,277	\$50,253	\$647,929	\$7,310,401
2013	3,318,232	2,311,889	653,852	6,283,973	494,457	102,610	56,707	653,774	6,937,747
2012	2,978,557	2,212,658	240,757	5,431,972	501,739	98,657	34,366	634,762	6,066,734
2011	2,771,928	2,162,005	227,132	5,161,065	557,041	125,994	52,408	735,443	5,896,508
2010	2,938,162	1,952,618	183,638	5,074,418	520,576	167,857	251,282	939,685	6,014,103
2009	2,987,268	1,582,391	185,125	4,754,784	554,660	537,985	30,907	1,123,552	5,878,336
2008	2,979,529	1,153,024	606,664	4,739,217	546,975	961,860	29,889	1,538,724	6,277,921
2007	2,648,718	1,065,762	504,524	4,219,004	517,110	1,045,604	32,659	1,595,373	5,814,377
2006	2,186,159	995,633	433,737	3,615,529	201,283	739,159	27,737	968,179	4,583,708
2005	1,860,078	890,284	480,918	3,231,280	127,163	403,197	28,404	558,764	3,790,044

Source: Nipomo Community Services District

**TABLE 4**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**EXPENSES**  
**LAST 10 FISCAL YEARS**

Fiscal Year	OPERATING EXPENSES								Total Non-Operating Expenses	Total Expenses
	Personnel	Contractual Services	Utilities	Repairs & Maintenance	Other Supplies & expenses	Insurance	Deprec & Amort	Total Operating Expenses		
2014	\$1,532,776	\$354,297	\$670,413	\$194,435	\$1,161,271	\$69,609	\$1,250,300	\$5,233,101	\$610,231	\$5,843,332
2013	1,557,146	224,616	578,766	229,699	1,028,433	75,207	1,174,583	4,868,450	1,294,768	6,163,218
2012	1,420,129	288,956	652,296	225,362	642,025	77,796	1,095,425	4,401,989	2,207,262	6,609,251
2011	1,475,273	518,736	556,145	316,935	624,970	79,754	1,158,947	4,730,760	181,873	4,912,633
2010	1,448,688	468,541	607,219	296,920	614,681	58,191	1,114,447	4,608,687	179,462	4,788,149
2009	1,337,120	597,134	534,252	393,744	533,907	41,208	1,077,946	4,515,311	189,841	4,705,152
2008	1,197,427	1,005,913	557,310	345,266	919,878	38,808	1,046,861	5,111,463	176,525	5,287,988
2007	888,097	496,449	595,073	324,286	742,136	32,992	968,806	4,047,839	178,613	4,226,452
2006	814,992	424,638	477,203	238,633	590,136	32,992	897,770	3,476,224	640,993	4,117,217
2005	766,562	391,346	491,730	156,649	574,250	32,158	842,776	3,255,471	203,210	3,458,681

Source: Nipomo Community Services District

**TABLE 5**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**ACTIVE WATER CUSTOMERS BY TYPE**  
**LAST 10 FISCAL YEARS**

Fiscal Year	Single Family	%	Multi-Family	%	Commercial	%	Irrigation	%	Agriculture	%	Total	Total %
2014	3,580	84%	500	12%	97	2%	90	2%	1	>1%	4,268	100%
2013	3,556	84%	494	12%	94	2%	93	2%	1	>1%	4,238	100%
2012	3,504	84%	495	12%	95	2%	78	2%	1	>1%	4,173	100%
2011	3,492	84%	473	11%	95	2%	91	2%	2	>1%	4,153	100%
2010	3,484	84%	462	11%	97	2%	91	2%	2	>1%	4,136	100%
2009	3,479	85%	421	10%	100	2%	90	2%	2	>1%	4,092	100%
2008	3,481	85%	412	10%	93	2%	89	2%	2	>1%	4,077	100%
2007	3,445	86%	390	10%	96	2%	83	2%	3	>1%	4,017	100%
2006	3,426	86%	366	9%	98	2%	75	2%	3	>1%	3,968	100%
2005	3,366	89%	235	6%	83	2%	76	2%	3	>1%	3,763	100%

Source: Nipomo Community Services District



**TABLE 6**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**BI-MONTHLY WATER AVAILABILITY CHARGES**  
**LAST 10 FISCAL YEARS**

Meter Size	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
1 Inch and Less	\$38.51	\$35.72	\$33.17	\$30.84	\$30.84	\$30.84	\$29.03	\$26.96	\$24.75	\$21.04
1 ½ Inch	105.75	97.82	90.58	83.97	83.97	83.97	78.82	72.96	66.68	48.02
2 Inch	164.67	152.11	140.64	130.17	130.17	130.17	122.01	112.73	102.78	66.68
3 Inch	297.27	273.90	252.56	233.07	233.07	233.07	217.87	200.60	182.10	93.42
4 Inch	483.29	444.40	409.04	376.68	376.68	376.68	351.45	322.77	292.05	121.00
6 Inch	951.36	873.99	803.33	730.80	730.80	730.80	688.49	631.31	570.06	199.66
8 Inch	1,493.43	1,369.77	1,256.84	1,153.71	1,153.71	1,153.71	1,073.29	981.81	884.00	228.08

Source: Nipomo Community Services District

**TABLE 7**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**BI-MONTHLY WATER RATES**  
**LAST 10 FISCAL YEARS**

		2014	2013	2012
Single and Multi-Family	Tier I	\$1.97	\$1.80	\$1.64
	Tier II	2.46	2.25	2.05
	Tier III	3.45	3.15	2.88
	Tier IV	5.91	5.40	4.93
Commercial and Irrigation	Tier I	2.46	2.25	2.05
	Tier II	3.45	3.15	2.88
Agriculture and All Other		2.84	2.59	2.37

		2011	2010	2009	2008	2007	2006	2005
Single Family	Tier I	\$1.64	\$1.64	\$1.64	\$1.52	\$1.38	\$1.23	\$1.07
	Tier II	2.80	2.80	2.80	2.59	2.35	2.10	1.64
All Other		2.06	2.06	2.06	1.91	1.74	1.55	1.64

Source: Nipomo Community Services District

**TABLE 8**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**WATER CAPACITY CHARGE**  
**LAST 10 FISCAL YEARS**

Meter Size	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
1 Inch and Less	\$3,468	\$3,385	\$3,293	\$3,192	\$3,124	\$3,022	\$2,713	2,599	\$2,501	\$3,801
Supplemental Water	15,381	15,015	14,605	14,160	13,858	13,404	12,062	11,556	11,121	0
1 ½ Inch	10,402	10,155	9,877	9,577	9,372	9,065	8,129	7,788	7,495	12,657
Supplemental Water	46,141	45,045	43,814	42,479	41,573	40,211	36,151	34,634	33,331	0
2 Inch	16,642	16,247	15,802	15,321	14,994	14,503	13,011	12,465	11,996	20,259
Supplemental Water	73,825	72,072	70,101	67,966	66,516	64,337	57,864	55,436	53,350	0
3 Inch	31,204	30,463	29,630	28,728	28,115	27,194	24,411	23,387	22,507	44,358
Supplemental Water	138,422	135,135	131,440	127,436	124,719	120,632	108,562	104,007	100,093	0
4 Inch	52,007	50,772	49,384	47,879	46,858	45,323	40,694	38,986	37,519	76,020
Supplemental Water	230,704	225,225	219,067	212,393	207,866	201,054	180,973	173,379	166,855	0
6 Inch	104,014	101,544	98,767	95,758	93,717	90,646	81,363	77,949	75,016	158,388
Supplemental Water	461,408	450,450	438,134	424,787	415,731	402,108	361,838	346,654	333,610	0

Source: Nipomo Community Services District

**TABLE 9**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**SEWER CUSTOMERS (TOWN DIVISION)**  
**LAST 10 FISCAL YEARS**

Fiscal Year	Single Family		Single Family County		Multi-Family		Commercial		TOTAL	
	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's
2014	2,096	2,096	463	463	375	766	80	80	3,014	3,407
2013	2,024	2,024	461	461	371	771	80	80	2,936	3,339
2012	2,008	2,008	460	460	367	766	79	82	2,914	3,316
2011	1,991	1,991	460	460	365	770	71	74	2,887	3,295
2010	1,995	1,995	460	460	349	764	71	65	2,875	3,284
2009	1,990	1,990	460	460	359	710	71	75	2,880	3,208
2008	1,966	1,966	460	460	336	684	66	69	2,828	3,179
2007	1,903	1,903	457	457	313	608	66	69	2,739	3,037
2006	1,887	1,887	454	454	310	605	63	63	2,714	3,009
2005	1,881	1,881	448	448	308	603	63	63	2,700	2,995

Source: Nipomo Community Services District  
DUE = Dwelling Unit Equivalent

**TABLE 10**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**SEWER CUSTOMERS (BLACKLAKE DIVISION)**  
**LAST 10 FISCAL YEARS**

Fiscal Year	Single Family		Multi-Family		Commercial		TOTAL	
	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's
2014	487	487	68	68	4	4	559	559
2013	487	487	68	68	4	4	559	559
2012	485	485	67	67	3	3	555	555
2011	485	485	68	68	3	3	556	556
2010	484	484	69	69	4	4	557	557
2009	484	484	69	69	4	4	557	557
2008	487	487	69	69	2	2	558	558
2007	486	486	69	69	2	2	557	557
2006	483	483	68	68	2	2	553	553
2005	483	483	68	68	2	2	553	553

Source: Nipomo Community Services District  
DUE = Dwelling Unit Equivalent

**TABLE 11**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**SEWER RATES**  
**LAST 10 FISCAL YEARS**

Fiscal Year	TOWN			BLACKLAKE		
	Single Family	Multi-Family	Commercial (per DUE)	Single Family	Multi-Family	Commercial (per DUE)
2014	\$88.32	\$67.33	Changed to service charge based on size of meter, sewer strength category and metered water usage (See below)	\$145.51	\$95.08	Changed to service charge based on size of meter, sewer strength category and metered water usage (See below)
2013	88.32	67.33		145.51	95.08	
2012	88.32	67.33		138.58	90.55	
2011	88.32	67.33		131.98	86.24	
2010	88.32	67.33		118.90	77.69	
2009	70.66	53.86		107.12	69.99	
2008	56.53	43.09		80.65	43.22	
2007	45.00	34.80		77.55	41.56	
2006	38.78	38.78		74.56	39.96	
2005	37.98	37.98		37.98	71.70	

Source: Nipomo Community Services District  
DUE = Dwelling Unit Equivalent

**TABLE 12**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMMERCIAL SEWER RATES TOWN DIVISION**  
**LAST 9 FISCAL YEARS**

Fiscal Year	BI-MONTHLY SERVICE CHARGE								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
1 Inch and Less	\$18.81	\$18.81	\$18.81	\$18.81	\$18.81	\$18.09	\$17.39	\$16.72	\$16.08
1 ½ Inch	53.83	53.83	53.83	53.83	53.83	51.76	49.77	47.85	46.01
2 Inch	85.39	85.39	85.39	85.39	85.39	82.11	78.95	75.91	72.99
3 Inch	159.09	159.09	159.09	159.09	159.09	152.97	147.09	141.43	135.99
4 Inch	264.36	264.36	264.36	264.36	264.36	254.19	244.41	235.01	225.97
6 Inch	527.28	527.28	527.28	527.28	527.28	507.00	487.50	468.75	450.72

Fiscal Year	BI-MONTHLY USAGE RATE								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
Low	\$1.43	\$1.43	\$1.43	\$1.43	\$1.43	\$1.37	\$1.32	\$1.27	\$1.22
Medium	1.58	1.58	1.58	1.58	1.58	1.52	1.46	1.40	4.35
High	2.05	2.05	2.05	2.05	2.05	1.97	1.89	1.82	1.75

Source: Nipomo Community Services District

**TABLE 13**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMMERCIAL SEWER RATES BLACKLAKE DIVISION**  
**LAST 9 FISCAL YEARS**

Fiscal Year	BI-MONTHLY SERVICE CHARGE								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
1 Inch and Less	\$65.52	\$65.52	\$62.40	\$59.43	\$38.33	\$36.86	\$38.33	\$36.86	\$35.44
1 ½ Inch	186.50	186.50	177.62	169.16	110.25	106.01	110.25	106.01	101.93
2 Inch	295.38	295.38	281.31	267.91	175.08	168.34	175.08	168.34	161.87
3 Inch	549.43	549.43	523.26	498.35	326.45	313.89	326.45	313.89	301.82
4 Inch	912.36	912.36	868.91	827.54	542.64	521.77	542.64	521.77	501.70
6 Inch	1,819.68	1,819.68	1,733.03	1,650.51	1,082.64	1,041.00	1,082.64	1,041.00	1,000.96

Fiscal Year	BI-MONTHLY USAGE RATE								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
Low	\$3.56	\$3.56	\$3.39	\$3.23	\$2.91	\$2.62	\$1.55	\$1.49	\$1.44
Medium	4.80	4.80	4.57	4.35	3.92	3.53	2.11	2.03	1.96
High	7.59	7.59	7.23	6.89	6.20	5.59	3.37	3.24	3.12

Source: Nipomo Community Services District

**TABLE 14**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**SEWER CAPACITY CHARGE TOWN DIVISION**  
**LAST 10 FISCAL YEARS**

Meter Size	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
1 Inch and Less	\$8,282	\$8,085	\$7,864	\$7,625	\$7,462	\$6,927	\$4,314	\$6,927	\$3,977	Per DUE \$3,500
1 ½ Inch	24,846	24,256	23,593	22,874	22,387	20,781	12,927	20,781	11,919	
2 Inch	39,755	38,810	37,749	36,598	35,819	33,250	20,692	33,250	19,078	
3 Inch	74,539	72,769	70,779	68,621	67,160	62,343	38,823	62,343	35,794	
4 Inch	124,232	121,281	117,965	114,368	111,934	103,905	64,718	103,905	59,669	
6 Inch	248,463	242,562	235,931	228,736	223,867	207,810	129,396	207,810	119,302	

Source: Nipomo Community Services District

**TABLE 15**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**OUTSTANDING DEBT BY TYPE**  
**LAST 10 FISCAL YEARS**

Fiscal Year	Type of Debt				Total Outstanding Debt	Debt to Assessed Value (1)	Deb Per Capita (2)
	Revenue Bonds	Certificates of Participation	State Revolving Fund Loans	Notes Payable			
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	0	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	0	4,517,666	0.32%	1,104
2008	120,000	3,680,000	889,715	0	4,689,715	0.34%	1,150
2007	129,000	3,765,000	966,764	0	4,860,764	0.39%	1,210
2006	138,000	3,845,000	1,043,812	0	5,026,812	0.46%	1,267
2005	146,000	3,925,000	1,120,861	0	5,191,861	0.56%	1,380

(1) Assessed Value can be found in Table 17

(2) Per Capita is based on number of District water customers found in Table 5

**TABLE 16**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMBINED PLEDGED REVENUE COVERAGE**  
**LAST 10 FISCAL YEARS**

Fiscal Year	Gross Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
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
2006	2,868,323	(1,863,630)	1,004,693	165,049	174,925	339,974	2.95x
2005	2,458,168	(1,730,250)	727,918	160,049	177,650	193,699	3.75x

Source: Nipomo Community Services District

(1) Excludes depreciation

**TABLE 17**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**HISTORICAL ASSESSED VALUATION**

Fiscal Year Ended June 30	Gross Secured Assessed Valuation	Gross Unsecured Assessed Valuation	Homeowners' Exemption	Adjusted Assessed Valuation
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)	1,257,512,627
2006	1,091,961,022	10,354,283	(16,220,288)	1,086,095,017
2005	927,682,757	11,016,729	(15,751,153)	922,948,333

Source: County of San Luis Obispo Assessor

**TABLE 18**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**PROPERTY TAX RATES**  
**TYPICAL TOTAL TAX RATES (TRA 52-98)**

	2013-14	2012-13	2011-12	2010-11	2009-10
General	1.00000	1.00000	1.00000	1.00000	1.00000
State Water Project	0.00400	0.00400	0.00300	0.00290	0.00220
Lucia Mar Unified School District	<u>0.03994</u>	<u>0.03954</u>	<u>0.02984</u>	<u>0.02914</u>	<u>0.02854</u>
Total	1.04394	1.04354	1.03284	1.03204	1.03074

	2008-09	2007-08	2006-07	2005-06	2004-05
General	1.00000	1.00000	1.00000	1.00000	1.00000
State Water Project	0.00220	0.00220	0.00221	0.00222	0.00223
Lucia Mar Unified School District	<u>0.02854</u>	<u>0.02364</u>	<u>0.01934</u>	<u>0.02018</u>	<u>0.03245</u>
Total	1.03074	1.02584	1.02155	1.02240	1.03468

Source: California Municipal Statistics, Inc.

**TABLE 19**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**DIRECT AND OVERLAPPING DEBT STATEMENT**  
**JUNE 30, 2014**

NIPOMO COMMUNITY SERVICES DISTRICT

2013-14 Assessed Valuation:     \$1,338,302,838

	<u>Total Debt</u>	<u>%</u>	<u>District's Share</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	<u>6/30/14</u>	<u>Applicable</u>	<u>of Debt</u>
			<u>6/30/14</u>
Lucia Mar Unified School District	\$31,080,175	12.018%	\$3,735,215
Nipomo Community Services District, Reassessment District No. 93-1R	396,000	100.000	396,000
<b>TOTAL DIRECT AND OVERLAPPING TAX AND     ASSESSMENT DEBT</b>			<b>\$4,131,215</b>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
San Luis Obispo County Certificates of Participation	\$29,685,000	3.302%	\$980,199
San Luis Obispo County Pension Obligation Bonds	111,234,398	3.302	3,672,960
San Luis Obispo County Community College District Certificates of Participation	19,660,000	3.290	646,814
Lucia Mar Unified School District Certificates of Participation	8,620,000	12.018	1,035,952
<b>Nipomo Community Services District (1)</b>	<b>0</b>	<b>100.00</b>	<b>0</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL     FUND DEBT</b>			<b>\$6,335,925</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$0</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$10,467,140</b>
<b>COMBINED TOTAL DEBT (2)</b>			<b>\$10,467,140</b>

- (1) 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.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2013-2014 Assessed Valuation:

**Total Direct Debt.....0.00%**  
**Total Overlapping Tax and Assessment Debt .....0.31%**  
**Combined Total Debt.....0.78%**

Source: California Municipal Statistics, Inc.

**TABLE 20**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**POPULATION OF SAN LUIS OBISPO COUNTY**  
**AND INCORPORATED CITIES**  
**(AS OF JANUARY 1)**

Area	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Arroyo Grande	17,334	17,395	17,291	17,306	17,252	17,110	16,968	16,759	16,599	16,537
Atascadero	28,675	28,687	28,477	28,601	28,310	28,488	28,477	27,778	27,658	27,596
El Paso de Robles	30,469	30,504	30,225	29,918	29,793	30,004	29,813	29,514	28,969	27,964
Grover Beach	13,153	13,211	13,162	13,199	13,156	13,278	13,159	13,085	13,213	13,228
Morro Bay	10,276	10,317	10,274	10,294	10,234	10,576	10,506	10,436	10,491	10,511
Pismo Beach	7,705	7,717	7,675	7,682	7,655	8,677	8,568	8,545	8,617	8,644
San Luis Obispo (city)	45,473	45,541	45,308	45,269	45,119	44,829	44,521	44,239	44,439	44,519
SUBTOTAL	153,085	153,372	152,412	152,269	151,519	152,962	152,012	150,356	149,986	148,999
Unincorporated	119,272	118,805	119,071	118,036	118,118	117,939	116,278	114,544	113,256	111,728
<b>TOTAL</b>	<b>272,357</b>	<b>272,177</b>	<b>271,483</b>	<b>270,305</b>	<b>269,637</b>	<b>270,901</b>	<b>268,290</b>	<b>264,900</b>	<b>263,242</b>	<b>260,727</b>

Source: State of California, Department of Finance

**TABLE 21**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COUNTY OF SAN LUIS OBISPO**  
**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
**ANNUAL AVERAGE FOR YEARS 2004 THROUGH 2013**

The following Table compares estimates of the labor force, civilian employment and unemployment for County residents, State residents and United States residents between 2004 through 2013.

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
<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>2012</b>				
County	143,100	131,500	11,500	8.1%
State	18,494,900	16,560,300	1,934,500	10.5
United States	154,975,000	142,469,000	12,506,000	8.1
<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>2010</b>				
County	136,100	122,300	13,800	10.2%
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>2009</b>				
County	137,600	125,300	12,300	9.0
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

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
<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	8,924,000	5.8
<b>2007</b>				
County	134,200	128,500	5,800	4.3
State	17,921,000	16,960,700	960,300	5.4
United States	153,124,000	146,047,000	7,078,000	4.6
<b>2006</b>				
County	132,700	127,500	5,200	3.9
State	17,686,700	16,821,300	865,400	4.9
United States	151,428,000	144,427,000	7,001,000	4.6
<b>2005</b>				
County	131,700	126,100	5,700	4.3
State	17,544,800	16,592,200	952,600	5.4
United States	149,320,000	141,730,000	7,591,000	5.1
<b>2004</b>				
County	130,000	124,100	6,000	4.6
State	17,444,400	16,354,800	1,089,700	6.2
United States	147,401,000	139,252,000	8,149,000	5.5

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.

**TABLE 22**  
**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.

Firm	Product or Service	Estimated FTE Employment
California Polytechnic State University, SLO	Education	2,800
County of San Luis Obispo	Government	2,573
Atascadero State Hospital	Health Services	2,300
California Men's Colony	Correction Institution	2,000
Pacific Gas and Electric Company	Utility	1,700
Tenent Healthcare	Health Services	1,200
Lucia Mar Unified School District	Education	1,000
Paso Robles Public Schools	Education	935
Cal Poly Corporation	Education	906
San Luis Coastal Unified District School	Education	902

Source: County of San Luis Obispo 2012-13 Comprehensive Financial Report.



**TABLE 23**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**DISTRICT EMPLOYEES**  
**LAST 10 FISCAL YEARS**

(Actual on Payroll at June 30)

Fiscal Year	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Manager	1	1	1	1	1	1	1	1	1	1
Administrative Staff	3	3	3	3	4	4	4	4	4	3
Operations Staff	8	8	9	8	10	9	9	8	8	6
Total	12	12	13	12	15	14	14	13	13	10

Source: Nipomo Community Services District

**TABLE 24**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**OPERATING AND CAPITAL INDICATORS**  
**LAST 10 CALENDAR YEARS**

<b>WATER SYSTEM (1)</b>										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
No. of Wells	9	9	9	9	9	9	9	9	9	9
No. of Reservoirs	6	6	6	6	6	6	6	6	6	6
Max Reservoir Capacity (MG)	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Total Well Production (Acre Feet)	2,541	2,473	2,488	2,367	2,698	2,755	2,856	2,727	2,794	2,908
Total Deliveries (Acre Feet)	2,518	2,360	2,276	2,293	2,497	2,732	2,849	2,608	2,639	2,810
No. of Service Connections	4,268	4,238	4,173	4,153	4,136	4,092	4,077	4,017	3,968	3,763
<b>SEWER SYSTEM-TOWN DIVISION</b>										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
No. of Lift Stations	10	10	10	10	10	10	10	9	9	9
Daily Capacity of Treatment Plant (m.g.)	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
No. of Sewer Connections	3,014	2,936	2,914	2,887	2,875	2,880	2,828	2,739	2,714	2,700
Annual Actual Flow Treated (m.g.)	236.0	237.0	231.8	174.0	204.8	210.1	214.5	203.0	228.5	161.5
<b>SEWER SYSTEM-BLACKLAKE DIVISION</b>										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
No. of Lift Stations	4	4	4	4	4	4	4	4	4	4
Daily Capacity of Treatment Plant (m.g.)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
No. of Sewer Connections	559	559	555	556	557	557	558	557	553	553
Annual Actual Flow Treated (m.g.)	18.8	20.2	23.1	26.6	23.3	26.9	27.0	32.9	22.8	25.0

Source: Nipomo Community Services District

- (1) Town and Blacklake Water systems merged in 2009
- (2) m.g. = million gallons

**TABLE 25**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**ANNUAL WATER AND SEWER CAPACITY FEES REPORT**  
**REQUIRED DISCLOSURE UNDER GOVERNMENT CODE SECTION 66013**

	FUND #500 SUPPLEMENTAL WATER	FUND #700 WATER CAPACITY	FUND #710 TOWN SEWER CAPACITY
Beginning Balance July 1, 2013	\$991,570	\$3,164,382	\$329,227
Ending Balance June 30, 2014	5,712,754	1,709,226	286,160
Interest Earned	2,860	7,074	808
Amount of charges collected in fiscal year	401,462	90,534	33,128

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

Capital Improvement Project	Amount of the expenditure for each improvement	Fund #	Project completed during fiscal year
Supplemental Water	\$8,268,431	500	NO
Standpipe Mixing	340,164	700/805	NO
Southland WWTF Upgrade	7,110,277	130 / 710	NO

Source: Nipomo Community Services District

Anticipated Capital Improvement Projects for 2014-2015 fiscal year:

Supplemental Water Project Phase 1  
 Supplemental Water Project Phase 2A  
 Water Master Plan  
 Standpipe Upgrade and Rehabilitation  
 Third connection to Blacklake Pressure Zone  
 Southland WWTF Upgrade

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 outlined in the Capital Improvement Plan.

