

TO: BOARD OF DIRECTORS

REVIEWED: MICHAEL S. LEBRUN
GENERAL MANAGER

FROM: LISA BOGNUDA
FINANCE DIRECTOR

DATE: DECEMBER 4, 2015

**AGENDA ITEM
E-1
DECEMBER 9, 2015**

FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2014-2015

ITEM

Review financial Audit Report for Fiscal Year 2014-2015 [RECOMMEND BY MOTION AND ROLL CALL VOTE ACCEPT AND DIRECT STAFF TO FILE 2014-2015 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, 2015, in accordance with Generally Accepted Accounting Principles.

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

On November 24, 2015, the Finance and Audit Committee (Director Gaddis and Director Armstrong), Mr. Crosby, and District Staff met and reviewed the report in detail. The Committee suggested minor edits to the report.

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 2014-2015.

ATTACHMENT

- A. Audit Report for Fiscal Year 2014-2015

December 9, 2015

ITEM E-1

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT



1965 NIPOMO 2015
1965-2015

Serving the Community for Fifty Years

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2015



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, 2015

NIPOMO COMMUNITY SERVICES DISTRICT

**148 South Wilson Street
Nipomo, California 93444**

(805) 929-1133

www.ncsd.ca.gov

Prepared by:

**The Finance and Administration Department
Lisa Bognuda, Finance Director**

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INTRODUCTORY SECTION



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NIPOMO COMMUNITY

BOARD MEMBERS

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



SERVICES DISTRICT

STAFF

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

Celebrating 50 Years of Service to the Community, 1965 - 2015

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

August 24, 2015

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, 2015.

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, 2015. 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 12,500. The District 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 of Director-General Manager form of government since its inception. Policy-making and legislative authority are vested in a governing board

(Board) consisting of five members elected on a non-partisan basis by qualified voters in the District to four-year terms. Board members serve overlapping four-year terms. The Board employs the General Manager who is responsible for carrying out the policies of the Board, for overseeing the day-to-day operations of the District and the hiring of all District employees.

Under law, community services districts may perform a variety of municipal services if authorized to do so by the residents thereof. The District provides water, sewer, solid waste, limited street lighting, limited street landscape maintenance and limited drainage and general administrative services.

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

Economic Conditions

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 2014-2015.

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

Construction of Phase 1 of the Supplemental Water Project was substantially complete on June 30, 2015. Phase 1 improvements interconnect the District's water distribution system with the water distribution system of the City of Santa Maria. The Phase 1 improvements are 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 began on July 2, 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, 2014. This was the second 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 and
Secretary to the Board of Directors

Lisa S. Bognuda
Finance Director



Government Finance Officers Association

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

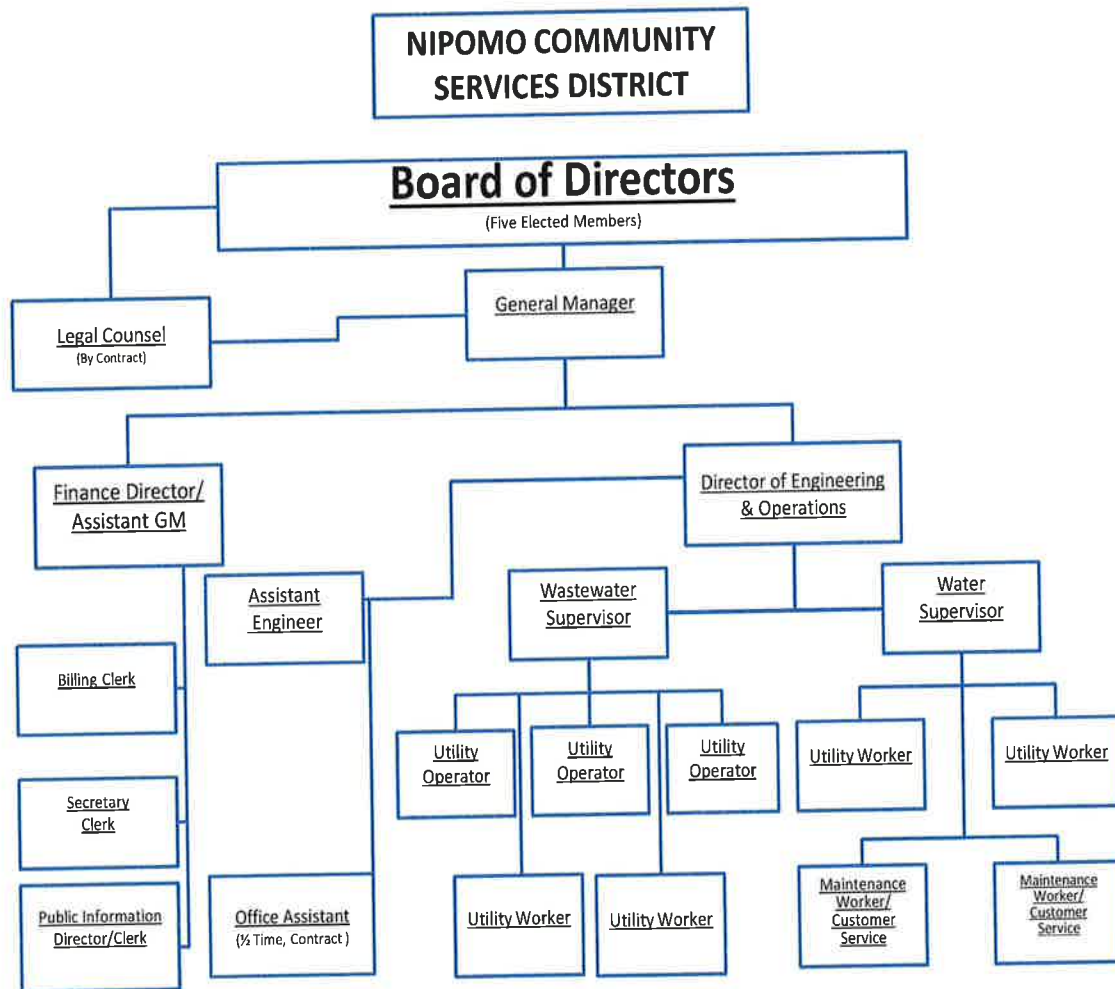
Presented to

**Nipomo Community Services
District, California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

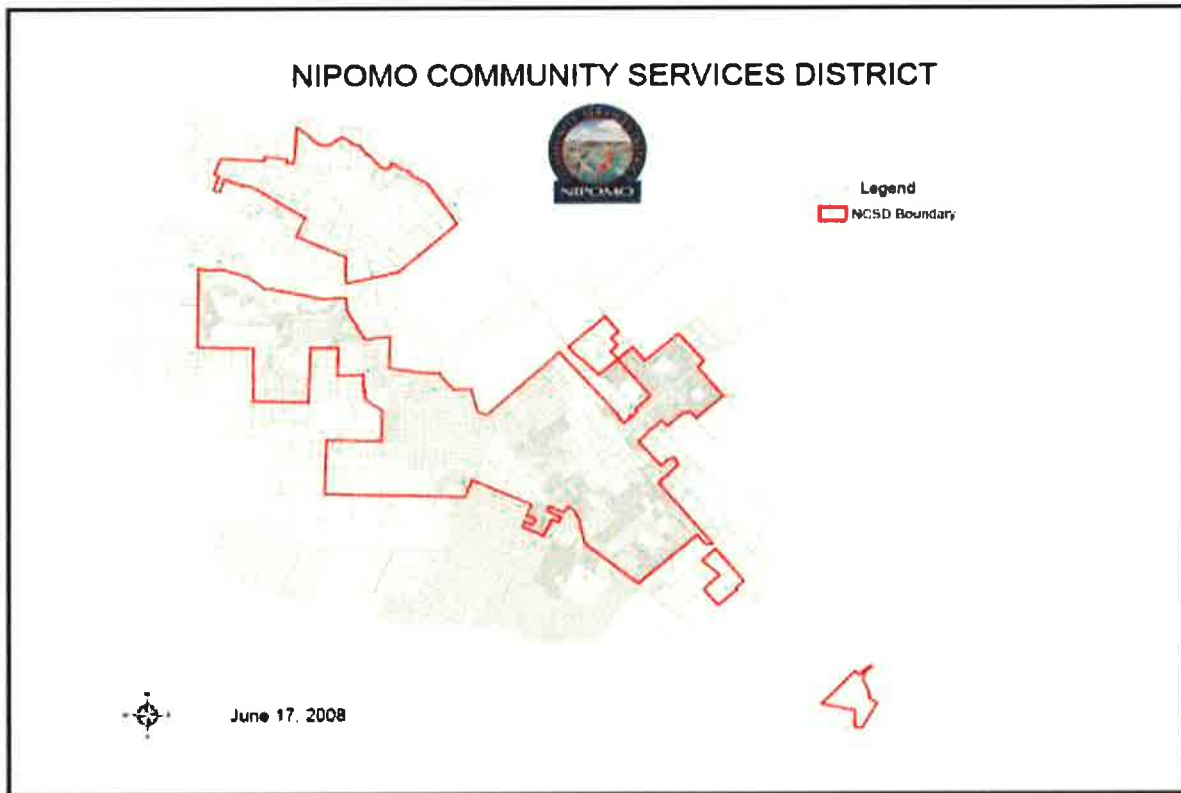
Executive Director/CEO



As of June 30, 2015

NIPOMO COMMUNITY SERVICES DISTRICT

MAP OF SERVICE AREA



NIPOMO COMMUNITY SERVICES DISTRICT

DISTRICT OFFICERS

BOARD OF DIRECTORS

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

MANAGEMENT

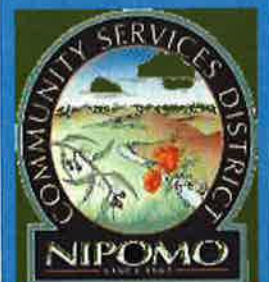
Michael S. LeBrun	General Manager and Secretary to the Board of Directors
Lisa Bognuda	Finance Director
Peter Sevcik, P.E.	Director of Engineering and Operations

LEGAL COUNSEL

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



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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, 2015, 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, 2015, 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)

Emphasis of Matter

Implementation of New Accounting Standards

As disclosed in Note 1 to the financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2015.

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, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of Contributions, listed on page 46 through 48, 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 24, 2015

Nipomo Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

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, 2015. 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 implemented Governmental Accounting Standards Board (GASB) Statement No. 68-Accounting and Financial Reporting for Pensions. This change in accounting principle required a restatement and reduction of beginning net position in the amount of \$1,389,349.
- After restatements, the District's Net Position decreased 8% to \$57.9 million.
- During the year the District's operating revenue decreased 5.3%, while operating expenses increased 7.4%.
- The District completed the Southland Wastewater Treatment Facility Upgrade. As a result of this project, the original wastewater treatment facility and related infrastructure was taken out of service and resulted in the loss on disposal of assets of \$3,686,407.

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 Statement 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

Nipomo Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

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 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 44.

TABLE 1
Condensed Statements of Net Position

	<u>2015</u>	<u>2014</u>	<u>Current Year Increase/ (Decrease)</u>	<u>2013</u>
<u>Assets</u>				
Current and other assets	\$20,138,409	\$27,313,493	(\$7,175,084)	\$38,556,931
Capital assets, net	63,528,451	59,446,757	4,081,694	44,093,969
Total Assets	<u>\$83,666,860</u>	<u>86,760,250</u>	<u>(3,093,390)</u>	<u>82,650,900</u>
Deferred Outflows	-	-	-	-
<u>Liabilities</u>				
Current and other liabilities	3,283,269	2,036,971	1,246,298	1,855,687
Long term debt outstanding	22,149,898	22,650,407	(500,509)	22,914,535
Total Liabilities	<u>25,433,167</u>	<u>24,687,378</u>	<u>745,789</u>	<u>24,770,222</u>
Deferred Inflows	316,193	-	316,193	-
<u>Net Position</u>				
Net investment in capital assets	41,378,553	36,796,349	4,582,204	21,117,250
Restricted	9,817,048	11,474,442	(1,657,394)	26,519,323
Unrestricted	6,721,899	13,802,081	(7,080,182)	10,244,105
Total Net Position	<u>57,917,500</u>	<u>\$62,072,872</u>	<u>(4,155,372)</u>	<u>\$57,880,678</u>

The District's net position at fiscal year June 30, 2015 decreased \$4,155,372 (-8%) when compared to fiscal year end June 30, 2014. Factors contributing to this decrease include the prior period adjustment recorded to reflect the CalPERS Net Pension Liability (GASB 68 requirement) of \$1,389,349 and cash reserves decreased \$4,944,967 primarily due to construction of the Supplemental Water Phase 1 project.

Nipomo Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

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

	<u>2015</u>	<u>2014</u>	<u>Current Year Increase/ (Decrease)</u>	<u>2013</u>
<u>Operating Revenues</u>				
Charges for services	\$5,697,184	\$5,987,673	(290,489)	\$5,649,025
Miscellaneous	626,302	674,799	(48,497)	634,948
Total Operating Revenues	<u>6,323,486</u>	<u>6,662,472</u>	<u>(338,986)</u>	<u>6,283,973</u>
<u>Operating Expenses</u>				
Water	3,002,107	2,985,486	16,621	2,755,195
Sewer	1,958,381	1,678,002	280,379	1,572,634
Other	661,141	569,613	91,528	540,621
Total Operating Expenses	<u>5,621,629</u>	<u>5,233,101</u>	<u>388,528</u>	<u>4,868,450</u>
<u>Non-Operating Revenues and (Expenses)</u>				
Interest income	64,580	82,277	(17,697)	102,610
Miscellaneous revenues	601,037	565,652	35,385	551,164
Miscellaneous expense	0	(27,750)	27,750	0
Interest expense	(501,373)	(510,756)	9,383	(549,507)
Debt issuance costs	0	(71,725)	71,725	(745,261)
Loss on disposal of capital assets	(3,685,588)	0	(3,685,588)	0
Total Non-operating revenues (expenses)	<u>(3,521,344)</u>	<u>37,698</u>	<u>(3,559,042)</u>	<u>(640,994)</u>
Income before Contributions	<u>(2,819,487)</u>	<u>1,467,069</u>	<u>(4,286,556)</u>	<u>774,529</u>
Capital Contributions and grants	<u>53,464</u>	<u>2,725,125</u>	<u>(2,671,661)</u>	<u>5,101,412</u>
Change in Net Position	<u>(2,766,023)</u>	<u>4,192,194</u>	<u>(6,958,217)</u>	<u>5,875,941</u>
Net position – Beginning - Original	62,072,872	57,880,678	4,192,194	52,004,737
Change in Accounting Principle	<u>(1,389,349)</u>	-	<u>(1,389,349)</u>	-
Net Position – Beginning (Restated)	<u>60,683,523</u>	<u>57,880,678</u>	<u>2,802,845</u>	-
Net position – Ending	<u>\$57,917,500</u>	<u>\$62,072,872</u>	<u>(4,155,372)</u>	<u>\$57,880,678</u>

The District's Operating Revenues decreased \$290,489 (-5%) as the result of the reduction in water use due to conservation efforts by the District and its customers.

The District's Operating Expenses increased primarily due to operations and maintenance expenses for the new Southland Wastewater Facility Upgrade.

The loss on disposal of capital assets is a result of the write off of the original Southland Wastewater Treatment plant and related infrastructure that was taken out of service upon the completion of the upgraded wastewater treatment facility.

Nipomo Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

TABLE 3
Capital Assets

	<u>2015</u>	<u>2014</u>	<u>Current Year</u> <u>Increase/</u> <u>(Decrease)</u>	<u>2013</u>
Non-depreciable assets	\$21,109,899	\$28,579,070	(\$7,469,171)	\$12,474,215
Depreciable assets	58,192,151	48,817,992	9,374,159	48,334,431
Accumulated depreciation	(15,773,599)	(17,950,305)	2,176,706	(16,714,677)
Total capital assets, net	<u>\$63,528,451</u>	<u>\$59,446,757</u>	<u>4,081,694</u>	<u>\$44,093,969</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>2015</u>	<u>2014</u>	<u>Current Year</u> <u>Increase/</u> <u>(Decrease)</u>	<u>2013</u>
Certificates of Participation Series 2013	\$9,525,000	\$9,660,000	(\$135,000)	\$9,660,000
Refunding Revenue Bonds Series 2013A	2,745,000	2,845,000	(100,000)	2,845,000
Certificates of Participation Series 2012	9,345,000	9,490,000	(145,000)	9,635,000
Inter-Fund Loan (2009)	96,942	119,418	(22,475)	141,233
Inter-Fund Loan (2009)	87,580	108,565	(20,985)	128,830
State Revolving Fund Loan (1999)	210,902	253,082	(42,180)	295,262
State Revolving Fund Loan (1998)	139,474	174,342	(34,868)	209,210
Total Long-term Debt	<u>\$22,149,898</u>	<u>\$22,650,407</u>	<u>(\$500,509)</u>	<u>\$22,914,535</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 is governed by provisions of the California Special District Code that require rate-based revenues must cover the cost of Operations, Maintenance and Repairs (OM&R) and capital improvement projects. The District is not subject to general economic conditions such as increases or reductions in property tax values or other types of revenues, such as sales taxes, that vary with economic conditions. Accordingly, the District sets its rates to its users to cover the costs of OM&R, capital improvement projects, plus any increments for known or anticipated changes in enterprise costs.

Nipomo Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

On May 7, 2013, the District entered into a Wholesale Water Supply Agreement that provides a mechanism through which the District will purchase supplemental water from the City of Santa Maria. The District is obligated to purchase minimum quantities of water each year regardless of the District's ability to accept and deliver said water. The District's current infrastructure is capable of delivering up to 850 acre feet and will need to be expanded within the next five years to meet the minimum delivery volumes required by agreement. The first year cost of the supplemental water is estimated to be nearly \$1M. The annual cost in year eleven (when the minimum delivery requirement reaches 2,500 acre feet, the highest level in the purchase agreement) is projected to be \$6.25 million.

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

The water enterprise is in the fifth and final 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 adopted a three year Supplemental Water Rate schedule that went into effect on July 1, 2015 to pay for the delivery of supplemental water that began on July 2, 2015.

The Town Division wastewater enterprise has not had a rate increase since January 1, 2010. A Town Sewer Rate study was completed in September 2015 and rates are expected to be adopted in November 2015 and go into effect on January 1, 2016. The Blacklake Sewer Division has not had a rate increase since January 1, 2013. Upon completion of the Facility Upgrade and completion of the Blacklake Sewer Master Plan, the District will initiate a sewer rate study for the Blacklake Sewer Division

Requests for Information

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

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NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2015

ASSETS	Enterprise Funds
Current Assets	
Cash and cash equivalents	\$ 18,778,018
Accounts receivable	208,903
Unbilled utilities receivable	750,000
Accrued interest receivable	12,829
Accrued franchise fees	15,864
Due from the State	147,135
Notes receivable (current portion)	44,889
Total current assets	19,957,638
Noncurrent Assets	
Capital assets:	
Land and construction in progress	21,109,899
Capital assets, net	42,418,552
Total noncurrent assets	63,528,451
Other Assets	
Notes receivable (less current portion)	139,634
Deposits and other assets	41,137
Total other assets	180,771
Total assets	\$ 83,666,860
Deferred Outflows of Resources	
Deferred Pensions	\$ -
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 571,197
Accrued liabilities	614,923
Deposits	1,021,669
Current portion long term debt	511,938
Total current liabilities	2,719,727
Noncurrent Liabilities	
Net pension liability	1,075,480
Long term debt	21,637,960
Total noncurrent liabilities	22,713,440
Total liabilities	\$ 25,433,167
Deferred Inflows of Resources	
Deferred Pensions	\$ 316,193
NET POSITION	
Net investment in capital assets	\$ 41,378,553
Restricted for system expansion and replacement	9,817,048
Unrestricted	6,721,899
Total net position	\$ 57,917,500

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, 2015

	<u>Enterprise Funds</u>
Operating Revenues	
Charges for services	\$ 5,697,184
Miscellaneous	626,302
Total operating revenues	6,323,486
Operating expenses	
Personnel	1,774,347
Contractual services	272,964
Utilities	604,890
Repairs and maintenance	188,512
Other supplies and expenses	1,294,354
Insurance	76,012
Depreciation	1,410,550
Total operating expenses	5,621,629
Operating income (loss)	701,857
Non operating revenues (expenses)	
Interest	64,580
Property taxes	549,693
Cell site	36,974
Miscellaneous income	14,370
Loss on disposal of capital assets	(3,685,588)
Interest expense	(501,373)
Total non operating revenues (expenses)	(3,521,344)
Income (loss) before contributions And transfers	(2,819,487)
Capital contributions	53,464
Change in Net position	(2,766,023)
Total net position – beginning (Restated for 2015)	60,683,523
Total net position – ending	\$ 57,917,500

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, 2015

	Enterprise Funds
Cash flows from operating activities	
Cash received from operating revenue	\$ 8,539,135
Payments to suppliers	(2,251,446)
Payments to employees	(1,774,347)
Net cash provided by operating activities	4,513,342
Cash flows from non-capital financing activities	
Property tax revenues	549,693
Other cash flows	51,344
Net cash provided by non-capital operating activities	601,037
Cash flows from capital and related financing activities	
Capital contributions	53,464
Acquisition of capital assets	(9,193,937)
Change in net pension liability	2,324
Principal paid on capital debt	(500,509)
Interest paid on capital debt	(501,373)
Net cash provided (used) by capital and related financing activities	(10,140,031)
Cash flows from investing activities	
Proceeds from sale of capital assets	16,105
Interest income	64,580
Net cash provided by investing activities	80,685
Net change in cash	(4,944,967)
Cash and cash equivalents – beginning	23,772,985
Cash and cash equivalents – ending	\$ 18,778,018
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 701,857
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	1,410,550
Net changes in assets and liabilities	
Accounts receivable	15,649
Unbilled utility receivable	119,000
Accrued interest receivable	(1,104)
Prepaid expenses	4,853
Accrued franchise fees	(970)
Due from the State	2,052,865
Notes receivable	43,461
Deposits and other assets	(3,637)
Accounts payable	(86,571)
Accrued liabilities	(7,118)
Deposits	264,507
Net cash provided by operating activities	\$ 4,513,342

The accompanying notes are an integral part of these financial statements

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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 position. 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, 2015

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, 2015

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 in 2014. The project has been completed and the amount Due from the State as of June 30, 2015 is \$147,135.

Capital Assets

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

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

Compensated Absences

Depending on the length of continuous 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, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Capital Contributions and Grants

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

Property Taxes

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

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

Effective this Fiscal Year:

GASB Statement #68 – In June 2012, GASB issued Statement #68, *Accounting and Financial Reporting for Pensions – an amendment to GASB Statement #27*. This statement replaced the requirements of Statements #27 and #50 related to pension plans that are administered through trust or equivalent arrangements. The requirements of Statements #27 and #50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The District implemented this statement effective July 1, 2014.

GASB Statement #69 – In January 2013, GASB issued Statement #69, *Government Combinations and Disposals of Government Operations*. This Statement is effective for periods beginning after December 31, 2013. This Statement was effective July 1, 2014. The District has determined that this Statement does not have a material impact on the financial statements.

Future Government Accounting Standards Board (GASB) Statements

GASB Statements Nos. 72-77 listed below will be implemented in future financial statements:

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statement No. 72	Accounting and Financial Reporting for Fair Value Measurement and Application	The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015.
Statement No. 73	Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68	The provisions of this Statement are effective for financial statements beginning after June 15, 2015.
Statement No. 74	Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans	The provisions for this Statement are effective for financial statements for periods beginning after June 15, 2016.
Statement No. 75	Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions	The provisions for this Statement are effective for financial statements for periods beginning after June 15, 2016.
Statement No. 76	The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments	The provisions for this Statement are effective for financial statements for periods beginning after June 15, 2015.
Statement No. 77	Tax Abatement Disclosures	The provisions for this Statement are effective for financial statements for periods beginning after June 15, 2015

NOTE 2: CASH AND CASH EQUIVALENTS

The values of cash and cash equivalents at June 30, 2015 are summarized as follows:

Cash on hand	\$	400
Bank deposits		897,563
Deposits with bond trustees		616,159
Cash and investments in pooled funds		17,368,510
Less: Cash held in Trust in pooled funds		<u>(104,614)</u>
 Total	 \$	 <u>18,778,018</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.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 2: CASH AND CASH EQUIVALENTS (continued)

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, 2015, the carrying amount of the District's cash deposits was \$1,513,722. The bank's balance was \$1,548,035. This difference is due to the normal deposits in transit and outstanding checks. District cash deposits by category as of June 30, 2015, are as follows:

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Bank</u> <u>Balance</u>	<u>Carrying</u> <u>Amount</u>
Bank accounts	\$ <u>1,548,035</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>\$1,548,035</u>	\$ <u>1,513,722</u>

NOTE 3: INVESTMENTS

Investments Authorized by the District's Investment Policy

The District is authorized to invest in the following institutions:

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

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 3: INVESTMENTS (continued)

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

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

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

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The weighted average maturity of the investments contained in the LAIF investment pool is approximately 9 months.

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

	<u>Maturity Date</u>
State investment pool	\$ <u>17,368,510</u> 9 months average maturity

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized costs basis.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 3: INVESTMENTS (continued)

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).

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, 2015 the District's deposit portfolio with government agencies, LAIF, was 100%.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 4: CAPITAL ASSETS

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

Business-type activities	June 30, <u>2014</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	June 30, <u>2015</u>
Non-depreciable capital assets				
Land	\$ 735,401	\$ -	\$ -	\$ 735,401
Construction in progress	<u>27,843,669</u>	<u>8,809,063</u>	<u>(16,278,234)</u>	<u>20,374,498</u>
Total non-depreciable Capital assets	<u>28,579,070</u>	<u>8,809,063</u>	<u>(16,278,234)</u>	<u>21,109,899</u>
Depreciable capital assets				
Buildings and improvements	46,668,323	16,402,052	(7,111,970)	55,958,405
Equipment	<u>2,149,669</u>	<u>261,056</u>	<u>(176,979)</u>	<u>2,233,746</u>
Total depreciable capital assets	48,817,992	16,663,108	(7,288,949)	58,192,151
Less accumulated depreciation				
Buildings and improvements	(16,600,058)	(1,175,202)	3,410,746	(14,364,514)
Equipment	<u>(1,350,247)</u>	<u>(235,348)</u>	<u>176,510</u>	<u>(1,409,085)</u>
	<u>(17,950,305)</u>	<u>(1,410,550)</u>	<u>3,587,256</u>	<u>(15,773,599)</u>
Net depreciable capital assets	<u>30,867,687</u>	<u>15,252,558</u>	<u>(3,701,693)</u>	<u>42,418,552</u>
Total capital assets, net	\$ <u>59,446,757</u>	\$ <u>24,061,621</u>	<u>(19,979,927)</u>	\$ <u>63,528,451</u>

Depreciation expense for the period ended June 30, 2015 was \$1,410,550.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 5: LONG TERM DEBT

Long term debt consisted of the following:

	Balance at June 30, <u>2014</u>	<u>Payments</u>	Balance at June 30, <u>2015</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	\$ (135,000)	\$ 9,525,000
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 \$570,000.	9,490,000	(145,000)	9,345,000
<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	(100,000)	2,745,000
<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.	119,418	(22,476)	96,942

See Auditor's Report

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 5: LONG TERM DEBT (continued)

	<u>Balance at</u> June 30, 2014	<u>Payments</u>	<u>Balance at</u> June 30, 2015
<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 \$23,301.	108,565	(20,985)	87,580
<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.	174,342	(34,868)	139,474
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.	253,082	(42,180)	210,902
	22,650,407		22,149,898
Total long term debt			
Less current maturities	500,509		511,938
Total long term maturities	\$ 22,149,897		\$ 21,637,960

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2015

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>
2016	\$ 511,938	\$ 890,094	\$ 1,402,032
2017	518,412	878,908	1,397,320
2018	534,938	866,176	1,401,114
2019	542,430	851,538	1,393,968
2020	482,180	834,936	1,317,116
2021 – 2025	2,815,000	3,882,219	6,697,219
2026 – 2030	3,470,000	3,262,281	6,732,281
2031 – 2035	4,235,000	2,483,963	6,718,963
2036 – 2040	5,215,000	1,493,253	6,708,253
2041 – 2046	3,825,000	327,209	4,152,209
Totals	\$ <u>22,149,898</u>	\$ <u>15,770,557</u>	\$ <u>37,920,475</u>

NOTE 6: RESTRICTED/DESIGNATED NET POSITION

At June 30, 2015, 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	\$	1,512,789
Water sales	Funded replacement		5,466,271
Town Sewer capacity charges	For the expansion of sewer system		187,398
Town Sewer sales	Funded replacement		2,014,937
Blacklake sewer sales	Funded replacement		<u>635,653</u>
	Totals	\$	<u>9,817,048</u>
<u>Unrestricted Funding Source</u>	<u>Use</u>		
Designated reserve	Current year operating expenses		<u>6,721,899</u>
	Totals	\$	<u>6,721,899</u>

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.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 7: JOINT POWERS AUTHORITY (continued)

At June 30, 2015, 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 201415. This covers \$10,000,000 per occurrence.

Public Officials and Employees Errors: Special District Risk Management Authority, coverage number LCA SDRMA 201415. This covers \$10,000,000 per occurrence/general aggregate.

Personal Liability Coverage for Board Members: Special District Risk Management Authority, coverage number LCA SDRMA 201415. This covers \$500,000 per occurrence/general aggregate.

Employment Practices Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201415. 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 201415. This covers \$10,000,000 per occurrence/general aggregate.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 201415. This policy includes a \$400,000 Public Employees Dishonesty Blanket Coverage.

Auto Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201415. 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 201415. The coverage is on file with SDRMA.

Uninsured/Under Insured Motorist: Special District Risk Management Authority, coverage number UMI SDRMA 201415. This covers \$750,000 each accident.

Trailer Coverage: District Risk Management Authority, coverage number LCA SDRMA 201415. The coverage is on file with SDRMA.

Property Coverage: Special District Risk Management Authority, coverage number PPC SDRMA 201415. This policy covers the replacement cost for scheduled property, \$1,000,000,000 per occurrence. Deductible is on file with SDRMA.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 7: JOINT POWERS AUTHORITY (continued)

Boiler and Machinery: Special District Risk Management Authority, coverage number BMC SDRMA 201415. 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 201415. 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 2015, 2014 and 2013. 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, 2015, 2014 and 2013.

NOTE 8: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions – All qualified regular and introductory employees of the District participate in a cost-sharing multiple employer defined benefit pension plans, administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. New members employed after January 1, 2013 are designated as PEPRA Miscellaneous and are subject to the provisions of California Government Code Section 7522 et seq. and AB 197. All other members employed prior to January 1, 2013 are designated as Miscellaneous First Tier Plan or Miscellaneous Second Tier Plan.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 8: DEFINED BENEFIT PENSION PLAN (continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014, depending on the plan, the active employee contribution rate ranges between 6.308% and 7.761% of annual pay, and the employer’s contribution rate ranges between 6.7% and 21.135% of annual payroll.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the District reported net pension liabilities of \$1,075,480 for its proportionate shares of the net pension liability of the Plan.

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2013 and June 30, 2014 was as follows:

	<u>Amount</u>
Proportion – June 30, 2013	\$ 1,389,349
Proportion – June 30, 2014	\$ 1,075,480

For the year ended June 30, 2015, the District recognized pension expense of \$233,975. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows for Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 0	\$ 0
Differences between actual and expected experience		297,671
Change in employer’s proportion and differences between the employer’s contributions and employer’s proportionate share of contributions	0	18,522
Total	\$ 0	\$ 316,193

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 8: DEFINED BENEFIT PENSION PLAN (continued)

No deferred outflow of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	Deferred Outflows/(Inflows) <u>for Resources</u>
2016	\$ (81,032)
2017	(81,032)
2018	(79,712)
2019	(74,417)
2020	0

C. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014 total pension liability were based on the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement #68
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% Net of Pension Plan Investment and administration Expenses; Includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates.

D. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 8: DEFINED BENEFIT PENSION PLAN (continued)

plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.5 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

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

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 8: DEFINED BENEFIT PENSION PLAN (continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

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

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

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

E. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as the measurement date, calculated using the discount rate of 7.5%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5% or 1% point higher (8.5%) than the current rate.

	Discount Rate 1% (6.5%)	Current Discount Rate (7.5%)	Discount Rate 1% (8.5%)
Plans' Net Pension Liability/(Asset)	\$1,793,066	\$1,075,480	\$479,950

F. 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

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 8: DEFINED BENEFIT PENSION PLAN (continued)

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.

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, 2015 is \$1,063,957.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 109,705
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	\$ 109,705
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	\$ (4,695)

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

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
2015	\$ 109,705	104%	\$ (4,695)
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, 2015

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). 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, 2015

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.

NOTE 9: PRIOR PERIOD ADJUSTMENT

A total prior period adjustment of \$1,389,349 was made to decrease beginning net position. The adjustment was made to reflect the prior costs related to the implementation of the net pension liability. The restatement of beginning position is summarized as follows:

Net Position – July 1, 2014	\$	62,072,872
Net Pension Liability Adjustment		<u>(1,389,349)</u>
Net Position – July 1, 2014 (Restated)	\$	<u>60,683,523</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**



NIPOMO COMMUNITY SERVICES DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION-
SCHEDULE OF FUNDING PROGRESS
As of June 30, 2015

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (Excess Assets) (UAAL)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Payroll</u>
7/1/2013	\$1,520,862	\$ 699,641	\$ 821,221	46%	\$ 825,340	99.5%
7/1/2011	\$ 1,328,814	\$ 415,459	\$ 913,355	31%	\$ 761,000	120.0%
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%

NIPOMO COMMUNITY SERVICES DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION-
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

LAST TEN YEARS*

As of June 30, 2015

		<u>June 30, 2014¹</u>
Proportion of the net pension liability		0.01728%
Proportionate share of the net pension liability	\$	1,075,480
Covered-employee payroll ²	\$	807,697
Proportionate Share of the net pension liability as percentage of covered-employee payroll		133.15%
Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability		82%
Proportionate Share of Aggregate Employer contributions ^{3 4}	\$	117,188

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

³ The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

⁴ This data is not required to be displayed by GASB 68 for employers participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the Pension's pension expense.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact.

Changes in assumptions: None

*Fiscal year 2015 was the 1st year of implementation, therefore, only one year is shown. Additional years will be presented as they become available.

NIPOMO COMMUNITY SERVICES DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION-
SCHEDULE OF CONTRIBUTIONS¹

LAST TEN YEARS*

As of June 30, 2015

		Fiscal Year 2013-14
Actuarially determined contributions ²	\$	159,661
Contributions in relation to the actuarially determined contributions		(159,661)
Contributions deficiency (excess)	\$	0
 Covered-employee payroll ^{3 4}	 \$	 807,697
Contributions as a percentage of covered-employee payroll		19.77%

Notes to Schedule:

Valuation date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll
Asset valuation method	Market value
Inflation	2.75%
Salary increase	Varies by Entry Age and Service
Investment rate of return	7.5% net of pension plan investment expense, including inflation

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions toward their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year (\$784,171) as assumed to increase by the 3.00 percent payroll growth assumption.

*Fiscal year 2015 was the 1st year of implementation, therefore, only one year is shown. Additional years will be presented as they become available.

**OTHER SUPPLEMENTAL
INFORMATION**



NIPOMO COMMUNITY SERVICES DISTRICT
COMBINING STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2015

Business Type Activities – Enterprise Funds

ASSETS			Town		
	<u>Administration</u>	<u>Water</u>	<u>Sewer</u>	<u>Blacklake</u>	<u>Sewer</u>
Current Assets					
Cash and cash equivalents	\$ 730,166	\$ 10,721,625	\$ 5,233,056	\$	897,159
Accounts receivable	75	112,077	57,739		39,012
Unbilled utilities receivable		500,000	211,000		39,000
Accrued interest receivable		8,151	3,302		620
Accrued franchise fees					
Due from the State		147,135			
Notes receivable (current portion)		23,159			
Total current assets	<u>730,241</u>	<u>11,512,147</u>	<u>5,505,097</u>		<u>975,791</u>
Noncurrent Assets					
Capital assets:					
Land and construction in progress		12,442,475	8,610,186		57,238
Capital assets, net of depreciation	80,313	21,716,714	17,525,833		1,580,469
Total noncurrent assets	<u>80,313</u>	<u>34,159,189</u>	<u>26,136,019</u>		<u>1,637,707</u>
Other Assets					
Notes receivable (less current portion)		73,784			
Deposits and other assets	3,637	37,500			
Total other assets	<u>3,637</u>	<u>111,284</u>	<u>-</u>		<u>-</u>
Total assets	<u>\$ 814,191</u>	<u>\$ 45,782,620</u>	<u>\$ 31,641,116</u>	<u>\$</u>	<u>2,613,498</u>
Deferred Outflows of Resources:					
Deferred Pensions	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 6,601	\$ 535,084	\$ 20,234	\$	5,867
Accrued liabilities	14,699	219,680	126,418		9,467
Deposits	925,111	92,900			
Current portion long term debt		163,159	227,049		21,730
Total current liabilities	<u>946,411</u>	<u>1,010,823</u>	<u>373,701</u>		<u>37,064</u>
Noncurrent Liabilities					
Net pension liability	1,075,480				
Long term debt		9,458,784	9,468,326		65,850
Total noncurrent liabilities	<u>1,075,480</u>	<u>9,458,784</u>	<u>9,468,326</u>		<u>65,850</u>
Total liabilities	<u>\$ 2,021,891</u>	<u>\$ 10,469,607</u>	<u>\$ 9,842,027</u>	<u>\$</u>	<u>102,914</u>
Deferred Inflows of Resources:					
Deferred pensions	<u>\$ 316,193</u>	<u>-</u>	<u>-</u>		<u>-</u>
NET POSITION					
Net investment in capital assets	\$ 80,313	\$ 24,537,246	\$ 16,440,644	\$	1,550,127
Restricted for expansion/replacement		6,979,060	2,202,335		635,653
Unrestricted	<u>(1,604,206)</u>	<u>3,796,707</u>	<u>3,156,110</u>		<u>324,804</u>
Total net position	<u>\$ (1,523,893)</u>	<u>\$ 35,313,013</u>	<u>\$ 21,799,089</u>	<u>\$</u>	<u>2,510,584</u>

See Auditor's Report

NIPOMO COMMUNITY SERVICES DISTRICT
COMBINING STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2015

Business Type Activities – Enterprise Funds

Blacklake <u>Lighting</u>	Solid <u>Waste</u>	<u>Drainage</u>	Landscape <u>Maintenance</u>	Property <u>Taxes</u>	<u>Total</u>
\$ 29,653	\$ 341,006	\$ 47,058	\$ 17,505	\$ 760,790	\$ 18,778,018
					208,903
					750,000
20	231	31	12	462	12,829
	15,864				15,864
					147,135
				21,730	44,889
<u>29,673</u>	<u>357,101</u>	<u>47,089</u>	<u>17,517</u>	<u>782,982</u>	<u>19,957,638</u>
					21,109,899
				1,515,223	42,418,552
				<u>1,515,223</u>	<u>63,528,451</u>
					65,850
					139,634
					41,137
-	-	-	-	65,850	180,771
<u>\$ 29,673</u>	<u>\$ 357,101</u>	<u>\$ 47,089</u>	<u>\$ 17,517</u>	<u>\$ 2,364,055</u>	<u>\$ 83,666,860</u>
-	-	-	-	-	-
					-
\$ 176	\$ 2,894	\$ -	\$ 341	\$ -	\$ 571,197
	1,123			243,536	614,923
				3,658	1,021,669
				100,000	511,938
<u>176</u>	<u>4,017</u>	<u>-</u>	<u>341</u>	<u>347,194</u>	<u>2,719,727</u>
					1,075,480
				2,645,000	21,637,960
				<u>2,645,000</u>	<u>22,713,440</u>
<u>\$ 176</u>	<u>\$ 4,017</u>	<u>\$ -</u>	<u>\$ 341</u>	<u>\$ 2,992,194</u>	<u>\$ 25,433,167</u>
-	-	-	-	-	\$ 316,193
					(1,229,777)
					\$ 41,378,553
<u>29,497</u>	<u>353,084</u>	<u>47,089</u>	<u>17,176</u>	<u>601,638</u>	<u>9,817,048</u>
<u>\$ 29,497</u>	<u>\$ 353,084</u>	<u>\$ 47,089</u>	<u>\$ 17,176</u>	<u>\$ (628,139)</u>	<u>\$ 57,917,500</u>

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NIPOMO COMMUNITY SERVICES DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
PROPRIETARY FUNDS
As of June 30, 2015

Business Type Activities – Enterprise Funds

	<u>Administration</u>	<u>Water</u>	<u>Town Sewer</u>	<u>Blacklake Sewer</u>
Operating Revenues				
Charges for services	\$ -	\$ 3,361,276	\$ 1,837,827	\$ 473,573
Miscellaneous	372,946	73,488	27,276	24,566
Total operating revenues	<u>372,946</u>	<u>3,434,764</u>	<u>1,865,103</u>	<u>498,139</u>
Operating expenses				
Personnel	239,625	1,060,974	380,056	93,692
Contractual services	30,314	215,437	26,732	235
Utilities	17,045	399,135	131,069	35,193
Repairs and maintenance	11,951	87,759	57,007	31,795
Other supplies and expenses	69,415	649,617	266,277	114,485
Insurance	13,416	40,887	17,114	2,095
Depreciation	15,326	548,298	711,256	91,375
Total operating expenses	<u>397,092</u>	<u>3,002,107</u>	<u>1,589,511</u>	<u>368,870</u>
Operating income (loss)	<u>(24,146)</u>	<u>432,657</u>	<u>275,592</u>	<u>129,269</u>
Non operating revenues (expenses)				
Interest	919	40,186	15,378	2,119
Property taxes				
Cell site	5,576	31,398		
Miscellaneous income			2,499	
Gain/(Loss) on disposal of assets		559	(3,686,407)	260
Interest expense		(3,303)	(370,941)	(3,496)
Total non operating revenues	<u>6,495</u>	<u>68,840</u>	<u>(4,039,471)</u>	<u>(1,117)</u>
Income (loss) before contributions And transfers	<u>(17,651)</u>	<u>501,497</u>	<u>(3,763,879)</u>	<u>128,152</u>
Capital contributions		<u>17,721</u>	<u>35,743</u>	
Change in Net position	<u>(17,651)</u>	<u>519,218</u>	<u>(3,728,136)</u>	<u>128,152</u>
Total net position – beginning (as restated)	<u>(1,506,242)</u>	<u>34,793,795</u>	<u>25,527,225</u>	<u>2,382,432</u>
Total net position – ending	<u>\$ (1,523,893)</u>	<u>\$ 35,313,013</u>	<u>\$ 21,799,089</u>	<u>\$ 2,510,584</u>

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NIPOMO COMMUNITY SERVICES DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
PROPRIETARY FUNDS
As of June 30, 2015

Business Type Activities – Enterprise Funds

<u>Blacklake Lighting</u>	<u>Solid Waste</u>	<u>Drainage</u>	<u>Landscape Maintenance</u>	<u>Property Taxes</u>	<u>Total</u>
\$ 24,508	\$ -	\$ -	\$ -	\$ -	\$ 5,697,184
	118,786		9,240		626,302
<u>24,508</u>	<u>118,786</u>	<u>-</u>	<u>9,240</u>	<u>-</u>	<u>6,323,486</u>
					1,774,347
	246				272,964
22,328			120		604,890
					188,512
743	179,463		12,104	2,250	1,294,354
500	2,000				76,012
				44,295	1,410,550
<u>23,571</u>	<u>181,709</u>	<u>-</u>	<u>12,224</u>	<u>46,545</u>	<u>5,621,629</u>
937	(62,923)	-	(2,984)	(46,545)	701,857
					64,580
73	694	99	47	5,065	549,693
		14,444		535,249	36,974
				11,871	14,370
					(3,685,588)
				(123,633)	(501,373)
<u>73</u>	<u>694</u>	<u>14,543</u>	<u>47</u>	<u>428,552</u>	<u>(3,521,344)</u>
					53,464
1,010	(62,229)	14,543	(2,937)	382,007	(2,819,487)
					53,464
1,010	(62,229)	14,543	(2,937)	382,007	(2,766,023)
					60,683,523
<u>28,487</u>	<u>415,313</u>	<u>32,546</u>	<u>20,113</u>	<u>(1,010,146)</u>	<u>60,683,523</u>
\$ <u>29,497</u>	\$ <u>353,084</u>	\$ <u>47,089</u>	\$ <u>17,176</u>	\$ <u>(628,139)</u>	\$ <u>57,917,500</u>

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NIPOMO COMMUNITY SERVICES DISTRICT
COMBINING STATEMENTS OF OTHER SUPPLIES AND EXPENSES
PROPRIETARY FUNDS
As of June 30, 2015

Business Type Activities – Enterprise Funds

Other supplies and expenses	<u>Administration</u>	<u>Water</u>	<u>Town Sewer</u>	<u>Blacklake Sewer</u>
Chemicals	\$ -	\$ 21,227	\$ 3,014	\$ 24,838
Lab testing		32,019	29,696	21,878
Operating supplies		63,982	50,756	4,328
Outside services	4,878	89,479	52,488	4,011
Permits and operating fees		9,676	12,972	9,152
Fuel		21,807	7,269	3,968
Paging service		4,761	1,587	866
Meters		24,026		
Safety Program		2,959	986	538
Uniforms		8,020	2,623	1,431
Solid waste Program				
Landscape maintenance				
Conservation program		49,825		
Bank charges and fees	4,171	2,676		
Computer expenses	11,339	40,863	11,174	2,596
Dues and subscriptions	2,219	8,806	4,141	358
Education and training	3,347	11,077	4,013	45
Elections	131	392	111	20
Landscape and janitorial	2,731	8,194	2,322	410
LAFCO funding	22,625			
Miscellaneous	4,147	1,088	657	
Newsletters and mailers	729	4,544	803	142
Office supplies	2,866	10,649	2,613	700
Postage	1,388	15,692	6,612	1,130
Public notices	3,690	3,605	229	37
Property taxes		1,054		
Telephone	1,475	4,425	1,254	842
Travel and mileage	3,679	3,832	394	70
Bond administration		750	2,500	
Operating transfers out-administration		204,189	68,063	37,125
Total other supplies and expenses	\$ 69,415	\$ 649,617	\$ 266,277	\$ 114,485

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NIPOMO COMMUNITY SERVICES DISTRICT
COMBINING STATEMENTS OF OTHER SUPPLIES AND EXPENSES
PROPRIETARY FUNDS
As of June 30, 2015

Business Type Activities – Enterprise Funds

Blacklake Lighting	Solid Waste	Landscape Maintenance	Property Taxes	Total
\$ -	\$ -	\$ -	\$ -	\$ 49,079
				83,593
				119,066
				150,856
				31,800
				33,044
				7,214
				24,026
				4,483
				12,074
	157,591			157,591
		10,897		10,897
				49,825
				6,847
				65,972
				15,524
				18,482
				654
				13,657
				22,625
				5,892
				6,218
				16,828
				24,822
243	422	707		8,933
				1,054
				7,996
				7,975
			2,250	5,500
500	21,450	500		331,827
\$ 743	\$ 179,463	\$ 12,104	\$ 2,250	\$ 1,294,354

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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.

Contents	Page
<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>	59
<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>	60-63
<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>	64-66
<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>	67—68
<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>	69-70

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

	2015	2014	2013	2012	2011
Net Investment in capital assets	\$41,378,553	\$36,796,349	\$21,117,250	\$19,736,453	\$28,120,434
Restricted for system expansion and replacement	9,817,048	11,474,442	26,519,323	22,237,879	14,429,872
Unrestricted	<u>6,721,899</u>	<u>13,802,081</u>	<u>10,244,105</u>	<u>10,030,405</u>	<u>10,092,022</u>
TOTAL NET POSITION	<u>\$57,917,500</u>	<u>\$62,072,872</u>	<u>\$57,880,678</u>	<u>\$52,004,737</u>	<u>\$52,642,328</u>

	2010	2009	2008	2007	2006
Invested in capital assets, net of related debt	\$26,400,186	\$29,702,586	\$22,985,210	\$19,758,349	\$18,571,019
Restricted for system expansion and replacement	15,349,110	16,189,675	15,786,714	14,862,877	15,349,146
Unrestricted	<u>9,682,695</u>	<u>4,145,274</u>	<u>8,830,148</u>	<u>6,877,417</u>	<u>4,972,596</u>
TOTAL NET POSITION	<u>\$51,431,991</u>	<u>\$50,037,535</u>	<u>\$47,602,072</u>	<u>\$41,498,643</u>	<u>\$38,892,761</u>

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
2015	\$6,323,486	\$5,621,629	\$701,857	\$(3,521,344)	\$(2,819,487)	\$53,464	\$(2,766,023)
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	5,113,496	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

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		
2015	\$3,361,276	\$2,311,400	\$650,810	\$6,323,486	\$549,693	\$64,580	\$51,344	\$665,617	\$6,989,103
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

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		
2015	\$1,774,347	\$272,964	\$604,890	\$188,512	\$1,294,354	\$76,012	\$1,410,550	\$5,621,629	\$4,186,961	\$9,808,590
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

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 %
2015	3,592	84%	497	12%	99	2%	96	2%	1	>1%	4,285	100%
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%

Source: Nipomo Community Services District

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

Meter Size	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
1 Inch and Less	\$41.57	\$38.51	\$35.72	\$33.17	\$30.84	\$30.84	\$30.84	\$29.03	\$26.96	\$24.75
1 ½ Inch	114.43	105.75	97.82	90.58	83.97	83.97	83.97	78.82	72.96	66.68
2 Inch	178.42	164.67	152.11	140.64	130.17	130.17	130.17	122.01	112.73	102.78
3 Inch	322.86	297.27	273.90	252.56	233.07	233.07	233.07	217.87	200.60	182.10
4 Inch	525.78	483.29	444.40	409.04	376.68	376.68	376.68	351.45	322.77	292.05
6 Inch	1,036.08	951.36	873.99	803.33	730.80	730.80	730.80	688.49	631.31	570.06
8 Inch	1,628.84	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

Source: Nipomo Community Services District

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

		2015	2014	2013	2012
Single and Multi-Family	Tier I	\$2.16	\$1.97	\$1.80	\$1.64
	Tier II	2.69	2.46	2.25	2.05
	Tier III	3.78	3.45	3.15	2.88
	Tier IV	6.47	5.91	5.40	4.93
Commercial and Irrigation	Tier I	2.69	2.46	2.25	2.05
	Tier II	3.78	3.45	3.15	2.88
Agriculture and All Other		3.11	2.84	2.59	2.37

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

Source: Nipomo Community Services District

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

Meter Size	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
1 Inch and Less	\$2,921	\$3,468	\$3,385	\$3,293	\$3,192	\$3,124	\$3,022	\$2,713	2,599	\$2,501
Supplemental Water	7,570	15,381	15,015	14,605	14,160	13,858	13,404	12,062	11,556	11,121
1 ½ Inch	8,764	10,402	10,155	9,877	9,577	9,372	9,065	8,129	7,788	7,495
Supplemental Water	22,710	46,141	45,045	43,814	42,479	41,573	40,211	36,151	34,634	33,331
2 Inch	14,022	16,642	16,247	15,802	15,321	14,994	14,503	13,011	12,465	11,996
Supplemental Water	36,336	73,825	72,072	70,101	67,966	66,516	64,337	57,864	55,436	53,350
3 Inch	26,291	31,204	30,463	29,630	28,728	28,115	27,194	24,411	23,387	22,507
Supplemental Water	68,130	138,422	135,135	131,440	127,436	124,719	120,632	108,562	104,007	100,093
4 Inch	43,819	52,007	50,772	49,384	47,879	46,858	45,323	40,694	38,986	37,519
Supplemental Water	113,550	230,704	225,225	219,067	212,393	207,866	201,054	180,973	173,379	166,855
6 Inch	87,638	104,014	101,544	98,767	95,758	93,717	90,646	81,363	77,949	75,016
Supplemental Water	227,100	461,408	450,450	438,134	424,787	415,731	402,108	361,838	346,654	333,610

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
2015	2,098	2,098	468	468	374	777	82	82	3,022	3,425
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

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
2015	487	487	68	68	4	4	559	559
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

Source: Nipomo Community Services District
DUE = Dwelling Unit Equivalent

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

Fiscal Year	TOWN		BLACKLAKE	
	Single Family	Multi-Family	Single Family	Multi-Family
2015	\$88.32	\$67.33	\$145.51	\$95.08
2014	88.32	67.33	145.51	95.08
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

Source: Nipomo Community Services District
DUE = Dwelling Unit Equivalent

TABLE 12
NIPOMO COMMUNITY SERVICES DISTRICT
COMMERCIAL SEWER RATES (TOWN DIVISION)
LAST 10 FISCAL YEARS

Fiscal Year	BI-MONTHLY SERVICE CHARGE									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
1 Inch and Less	\$18.81	\$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	53.83	51.76	49.77	47.85	46.01
2 Inch	85.39	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	159.09	152.97	147.09	141.43	135.99
4 Inch	264.36	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	527.28	507.00	487.50	468.75	450.72

Fiscal Year	BI-MONTHLY USAGE RATE									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Low	\$1.43	\$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	1.58	1.52	1.46	1.40	4.35
High	2.05	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 10 FISCAL YEARS

Fiscal Year	BI-MONTHLY SERVICE CHARGE									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
1 Inch and Less	\$65.52	\$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	186.50	177.62	169.16	110.25	106.01	110.25	106.01	101.93
2 Inch	295.38	295.38	295.38	281.31	267.91	175.08	168.34	175.08	168.34	161.87
3 Inch	549.43	549.43	549.43	523.26	498.35	326.45	313.89	326.45	313.89	301.82
4 Inch	912.36	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	1,819.68	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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Low	\$3.56	\$3.56	\$3.56	\$3.39	\$3.23	\$2.91	\$2.62	\$1.55	\$1.49	\$1.44
Medium	4.80	4.80	4.80	4.57	4.35	3.92	3.53	2.11	2.03	1.96
High	7.59	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 CHARGES (TOWN DIVISION)
LAST 10 FISCAL YEARS

Meter Size	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
1 Inch and Less	\$8,526	\$8,282	\$8,085	\$7,864	\$7,625	\$7,462	\$6,927	\$4,314	\$6,927	\$3,977
1 ½ Inch	25,577	24,846	24,256	23,593	22,874	22,387	20,781	12,927	20,781	11,919
2 Inch	40,924	39,755	38,810	37,749	36,598	35,819	33,250	20,692	33,250	19,078
3 Inch	76,732	74,539	72,769	70,779	68,621	67,160	62,343	38,823	62,343	35,794
4 Inch	127,887	124,232	121,281	117,965	114,368	111,934	103,905	64,718	103,905	59,669
6 Inch	255,774	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)	Debt Per Capita (2)
	Revenue Bonds	Certificates of Participation	State Revolving Fund Loans	Notes Payable			
2015	\$2,745,000	\$18,870,000	\$350,376	\$184,522	\$22,149,898	1.59%	\$5,169
2014	2,845,000	19,150,000	427,424	227,983	22,650,407	1.71%	5,307
2013	2,845,000	19,295,000	504,472	270,063	22,914,535	1.78%	5,407
2012	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

- (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	
2015	\$5,748,796	(\$3,332,064)	\$2,416,732	\$380,000	\$895,659	\$1,275,659	1.89x
2014	6,005,862	(3,205,780)	2,800,082	145,000	904,238	1,049,238	2.67x
2013	5,662,298	(2,844,591)	2,817,707	332,049	508,204	840,253	3.35x
2012	5,251,643	(2,977,782)	2,273,861	167,049	153,545	320,594	7.09x
2011	5,088,811	(3,301,897)	1,786,914	172,049	158,545	330,594	5.40x
2010	5,021,126	(3,159,949)	1,861,177	172,049	164,489	336,538	5.53x
2009	4,267,481	(2,720,943)	1,546,538	172,049	167,199	339,248	4.55x
2008	4,027,943	(3,280,391)	747,552	171,049	169,583	340,632	2.19x
2007	3,634,665	(2,468,373)	1,166,292	164,049	172,125	336,174	3.46x
2006	2,868,323	(1,863,630)	1,004,693	165,049	174,925	339,974	2.95x

- 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
2015	\$1,386,410,743	\$15,592,808	(\$16,675,400)	\$1,385,328,151
2014	1,323,642,210	14,660,628	(16,577,400)	1,321,725,438
2013	1,284,304,321	13,406,138	(16,833,600)	1,280,876,859
2012	1,301,667,173	12,993,551	(16,900,800)	1,297,759,924
2011	1,333,639,941	13,353,669	(16,973,600)	1,330,020,010
2010	1,360,374,058	11,351,617	(16,891,000)	1,354,834,675
2009	1,412,360,063	10,466,326	(16,921,800)	1,405,904,589
2008	1,395,028,513	10,852,525	(16,611,000)	1,389,270,038
2007	1,262,958,365	10,909,262	(16,352,000)	1,257,512,627
2006	1,091,961,022	10,354,283	(16,220,288)	1,086,095,017

Source: County of San Luis Obispo Assessor

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

	2014-15	2013-14	2012-13	2011-12	2010-11
General	1.00000	1.00000	1.00000	1.00000	1.00000
State Water Project	0.00400	0.00400	0.00400	0.00300	0.00290
Lucia Mar Unified School District	0.03994	0.03994	0.03954	0.02984	0.02914
Total	1.04394	1.04394	1.04354	1.03284	1.03204

	2009-10	2008-09	2007-08	2006-07	2005-06
General	1.00000	1.00000	1.00000	1.00000	1.00000
State Water Project	0.00220	0.00220	0.00220	0.00221	0.00222
Lucia Mar Unified School District	0.02854	0.02854	0.02364	0.01934	0.02018
Total	1.03074	1.03074	1.02584	1.02155	1.02240

Source: California Municipal Statistics, Inc.

TABLE 19
NIPOMO COMMUNITY SERVICES DISTRICT
DIRECT AND OVERLAPPING DEBT STATEMENT
JUNE 30, 2015

NIPOMO COMMUNITY SERVICES DISTRICT

2014-15 Assessed Valuation: \$1,402,003,551

	<u>Total Debt</u> <u>6/30/15</u>	<u>%</u> <u>Applicable</u>	<u>District's Share</u> <u>of Debt</u> <u>6/30/15</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
San Luis Obispo County Community College District	\$75,000,000	3.259%	\$2,442,250
Lucia Mar Unified School District	28,773,020	11.489%	3,409,315
Nipomo Community Services District, Reassessment District No. 93-1R	338,000	100.000%	338,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$6,191,565
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
San Luis Obispo County Certificates of Participation	\$28,365	3.271%	\$927,819
San Luis Obispo County Pension Obligation Bonds	106,204,398	3.271%	3,473,946
San Luis Obispo County Community College District Certificates of Participation	8,025,000	3.259%	261,535
Lucia Mar Unified School District Certificates of Participation	8,035,000	11.849%	952,067
Nipomo Community Services District (1)	0	100.00	0
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$5,615,367
 TOTAL DIRECT DEBT			\$0
TOTAL OVERLAPPING DEBT			\$11,806,932
 COMBINED TOTAL DEBT (2)			\$11,806,932

- (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 2014-2015 Assessed Valuation:

Total Direct Debt.....	0.00%
Total Overlapping Tax and Assessment Debt	0.44%
Combined Total Debt.....	0.84%

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

Area	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Arroyo Grande	17,428	17,334	17,395	17,291	17,306	17,252	17,110	16,968	16,759	16,599
Atascadero	29,169	28,675	28,687	28,477	28,601	28,310	28,488	28,477	27,778	27,658
El Paso de Robles	30,522	30,469	30,504	30,225	29,918	29,793	30,004	29,813	29,514	28,969
Grover Beach	13,144	13,153	13,211	13,162	13,199	13,156	13,278	13,159	13,085	13,213
Morro Bay	10,284	10,276	10,317	10,274	10,294	10,234	10,576	10,506	10,436	10,491
Pismo Beach	7,711	7,705	7,717	7,675	7,682	7,655	8,677	8,568	8,545	8,617
San Luis Obispo (city)	45,802	45,473	45,541	45,308	45,269	45,119	44,829	44,521	44,239	44,439
SUBTOTAL	154,060	153,085	153,372	152,412	152,269	151,519	152,962	152,012	150,356	149,986
Unincorporated	120,233	119,272	118,805	119,071	118,036	118,118	117,939	116,278	114,544	113,256
TOTAL	274,293	272,357	272,177	271,483	270,305	269,637	270,901	268,290	264,900	263,242

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 2005 THROUGH 2014

The following Table compares estimates of the labor force, civilian employment and unemployment for County residents, State residents and United States residents between 2005 through 2014.

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2014				
County	139,900	132,000	7,800	5.6%
State	18,811,400	17,397,100	1,414,300	7.5%
United States	156,715,000	148,800,000	7,915,000	5.1%
2013				
County	141,100	131,700	9,400	6.7%
State	18,596,800	16,933,300	1,663,500	8.9%
United States	155,971,000	144,509,000	11,462,000	7.3%
2012				
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
2011				
County	138,700	125,800	12,900	9.3%
State	18,384,900	16,226,600	2,158,300	11.7
United States	154,395,000	141,637,000	12,758,000	8.3

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2010				
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
2009				
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
2008				
County	138,100	130,200	7,900	5.7
State	18,191,000	16,883,400	1,307,600	7.2
United States	154,287,000	145,362,000	8,924,000	5.8
2007				
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
2006				
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
2005				
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

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
County of San Luis Obispo	Government	2,800
Cal Poly State University, SLO	Education	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
Tenet 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 2013-14 Comprehensive Financial Report.

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

(Actual on Payroll at June 30)

Fiscal Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Manager	1	1	1	1	1	1	1	1	1	1
Administrative Staff	4	3	3	3	3	4	4	4	4	4
Operations Staff	10	8	8	9	8	10	9	9	8	8
Total	15	12	12	13	12	15	14	14	13	13

Source: Nipomo Community Services District

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

WATER SYSTEM (1)										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
No. of Wells	5	9	9	9	9	9	9	9	9	9
No. of Reservoirs	5	6	6	6	6	6	6	6	6	6
Max Reservoir Capacity (MG)	4.0	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Total Well Production (Acre Feet)	2,160	2,541	2,473	2,488	2,367	2,698	2,755	2,856	2,727	2,794
Total Deliveries (Acre Feet)	2,110	2,518	2,360	2,276	2,293	2,497	2,732	2,849	2,608	2,639
No. of Service Connections	4,285	4,268	4,238	4,173	4,153	4,136	4,092	4,077	4,017	3,968
SEWER SYSTEM-TOWN DIVISION										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
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	10	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	3,022	3,014	2,936	2,914	2,887	2,875	2,880	2,828	2,739	2,714
Annual Actual Flow Treated (m.g.)	228.5	236.0	237.0	231.8	174.0	204.8	210.1	214.5	203.0	228.5
SEWER SYSTEM-BLACKLAKE DIVISION										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
No. of Lift Stations	3	3	3	3	3	3	3	3	3	3
Daily Capacity of Treatment Plant (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	559	555	556	557	557	558	557	553
Annual Actual Flow Treated (m.g.)	16.4	18.8	20.2	23.1	26.6	23.3	26.9	27.0	32.9	22.8

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, 2014	\$5,715,754	\$1,709,226	\$286,160
Ending Balance June 30, 2015	1,768,093	1,512,789	187,398
Interest Earned	14,224	3,932	633
Amount of charges collected in fiscal year	10,591	7,130	35,743

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	\$8,495,140	500	NO
Standpipe Mixing	74,994	700/805	YES
Southland WWTF Upgrade	198,573	130/710	YES

Source: Nipomo Community Services District

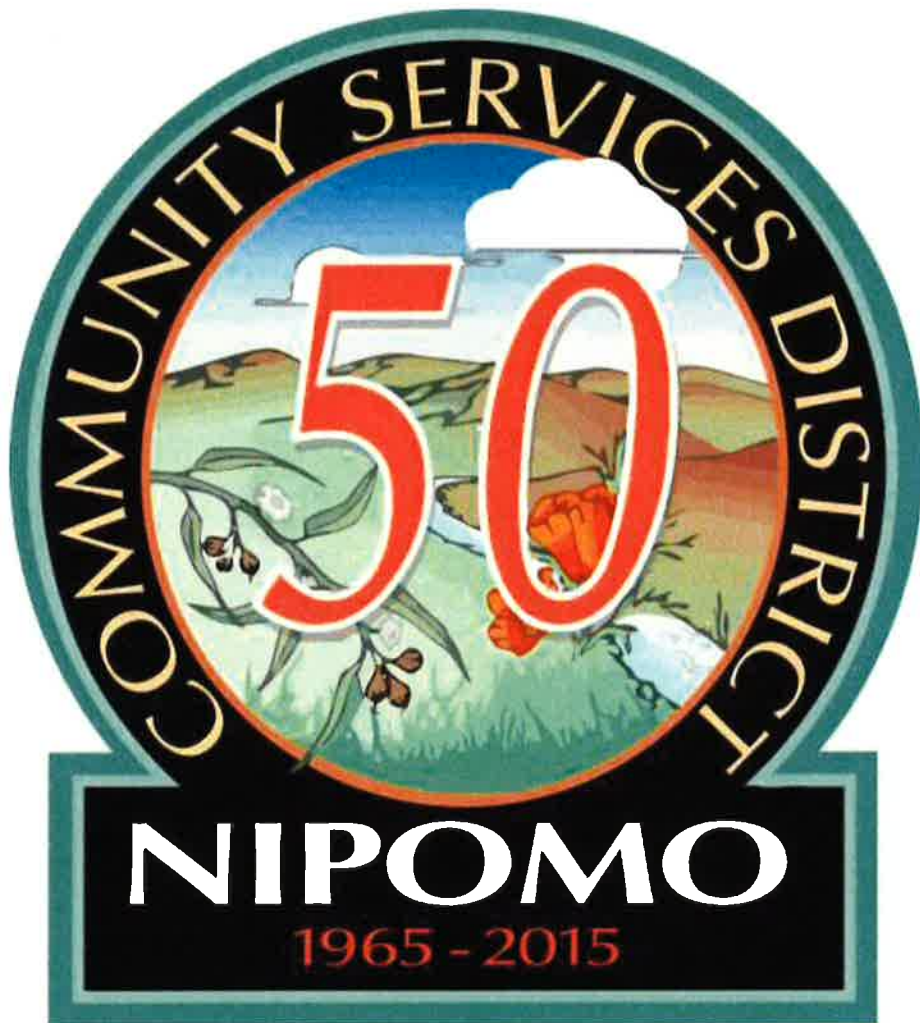
Anticipated Capital Improvement Projects for 2015-2016 fiscal year:

Supplemental Water Project Phase 1
 Supplemental Water Project Phase 2A
 Water Master Plan
 Southland WWTF

Note:

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

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



SERVING THE COMMUNITY FOR FIFTY YEARS