

TO: BOARD OF DIRECTORS
FROM: MICHAEL S. LEBRUN *MGL*
GENERAL MANAGER
DATE: OCTOBER 5, 2012



FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2011-2012

ITEM

Review financial Audit Report for Fiscal Year 2011-2012 [RECOMMEND BY MOTION AND ROLL CALL VOTE ACCEPT AND DIRECT STAFF TO FILE 2011-2012 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, 2012, in accordance with Generally Accepted Accounting Principles.

On October 2, 2012, the Finance and Audit Committee (Director Vierheilg and Director Gaddis), Mr. Crosby, and District Staff met and reviewed the draft audit report in detail.

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

RECOMMENDATION

Upon completion of the presentation and public comments, a motion would be in order to accept and file the Audit Report for Fiscal Year 2011-2012.

ATTACHMENT

- A. Independent Auditor's Report and Financial Statement – For Fiscal Year End June 30, 2012

OCTOBER 10, 2012

ITEM E-1

ATTACHMENT A

**NIPOMO
COMMUNITY SERVICES DISTRICT**

**Independent Auditor's Report
and
Financial Statements**

For the Year Ended
June 30, 2012

NIPOMO COMMUNITY SERVICES DISTRICT
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

TABLE OF CONTENTS

	<u>PAGE</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	i-viii
SCHEDULE OF DIRECTORS	1
INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENTS	
Statements of Net Assets	3
Statements of Revenues, Expenses and Changes in Fund Net Assets	4
Statements of Cash Flows	5
NOTES TO THE FINANCIAL STATEMENTS	6-20
SUPPLEMENTAL INFORMATION	
Combining Statements of Net Assets – Proprietary Funds	21-22
Combining Statements of Revenues, Expenses and Change in Net Assets – Proprietary Funds	23-24
Combining Statement of Other Supplies and Expenses – Proprietary Funds	25-26
Required Disclosure under Government Code Section 66013	27-29

BOARD MEMBERS

JAMES HARRISON, **PRESIDENT**
LARRY VIERHEILIG, **DIRECTOR**
MICHAEL WINN, **DIRECTOR**
ED EBY, **DIRECTOR**
DAN GADDIS, **DIRECTOR**



STAFF

MICHAEL S. LEBRUN, **GENERAL MANAGER**
LISA BOGNUDA, **FINANCE DIRECTOR**
JON SEITZ, **GENERAL COUNSEL**

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MANAGEMENT DISCUSSION AND ANALYSIS FISCAL YEAR ENDING JUNE 30, 2012

The Nipomo Community Services District's Management Discussion and Analysis is an overview of the most recent completed fiscal year's activities designed to:

- Assist the reader in identifying significant financial issues
- Provide an overview of the District's fiscal year financial activity
- Identify changes in the District's financial position
- Identify any material deviations from the financial plan (approved budget)
- Identify individual fund issues or concerns

Since the Management's Discussion and Analysis (MD & A) is designed to focus on the most recent completed fiscal year's activities, resulting changes and currently known facts, please read it in conjunction with the Independent Auditor's Report (beginning on page 2) and the District's financial statements (beginning on page 3).

A. DESCRIPTION OF THE BASIC FINANCIAL STATEMENTS

The Nipomo Community Services District's enabling legislation is found in §61000 et seq. of the Government Code and is commonly referred to as Community Services District law. Pursuant to Government Code §§61100 the District supplies water, sewer, solid waste, street lighting, street landscape maintenance and drainage within the District boundaries.

Pursuant to Community Services District law, the District:

- On or before July 1st of each year, adopts a preliminary budget or final budget that conforms to generally accepted accounting and budgeting procedures for Special Districts (Government Code §61110);
- On or before July 1st of each year, adopts a Resolution establishing the District's appropriations limit, if any, and makes other necessary determinations for the following fiscal year, pursuant to Article XIII B of the California Constitution;
- Annually provides for audits of the District's accounts and records (Government Code §61118);
- Provides annual financial reports to the State Controller (Government Code §61118);
- Adopts rates and charges to cover costs reasonably borne by the District in providing water, sewer, solid waste collection, street lighting and street landscape maintenance services within the District boundaries pursuant to the guidelines identified in Water Code §71616 and Article XIII D of the California Constitution (Government Code Section §61123).

NIPOMO COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2012

District Staff performs the accounting functions of the District. The District utilizes the Fund Accounting method. The National Council on Government defines the term **fund** as follows:

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities, or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following is the list of Funds used by the District:

#110	Administration Fund
#125	Water Fund
#130	Sewer Fund-Town Division
#150	Sewer Fund-Blacklake Division
#200	Blacklake Street Lighting Fund
#250	Street Landscape Maintenance District Fund
#300	Solid Waste Fund
#400	Drainage Fund
#500	Supplemental Water Fund
#600	Property Tax Fund
#700	Water Capacity Charges Fund
#710	Sewer Capacity Charges Fund-Town Division
#805	Funded Replacement-Water Fund
#810	Funded Replacement-Town Sewer Fund
#830	Funded Replacement-Blacklake Sewer Fund
#880	Town Sewer Sinking fund

The Administration Fund accounts for all of the assets and resources used for the general administration of the District. The remaining operating funds are "enterprise funds". The purpose of enterprise funds is to account for operations in a manner similar to private business enterprises. The policy defined by the elected Board of Directors is that the costs of providing service (expenses, including depreciation of providing goods and services) be financed or recovered primarily through user charges.

Financial statements (Consolidated Balance and Income Statements) are presented and reviewed quarterly by the Board of Directors, and confirmed annually by an outside independent audit. The footnotes, contained as supplemental information in the annual Audit Report, provide specific accounting details about Nipomo Community Services District such the basis of accounting, capital assets, and long-term debt. There were no significant accounting process changes during the fiscal year.

NIPOMO COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2012

CONDENSED FINANCIAL INFORMATION

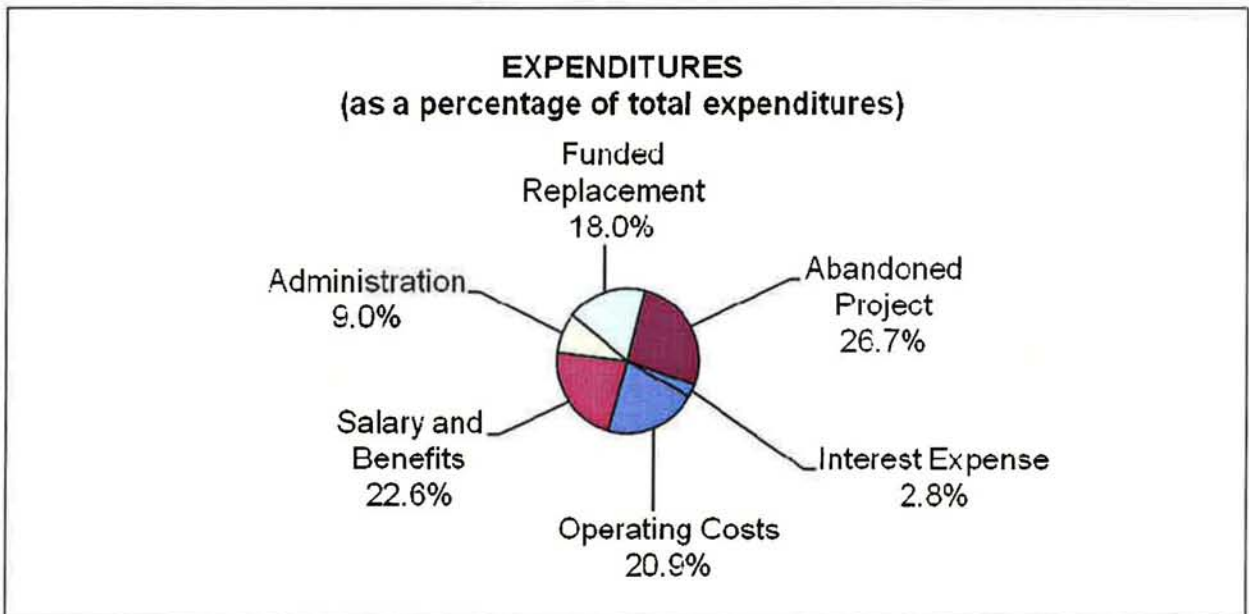
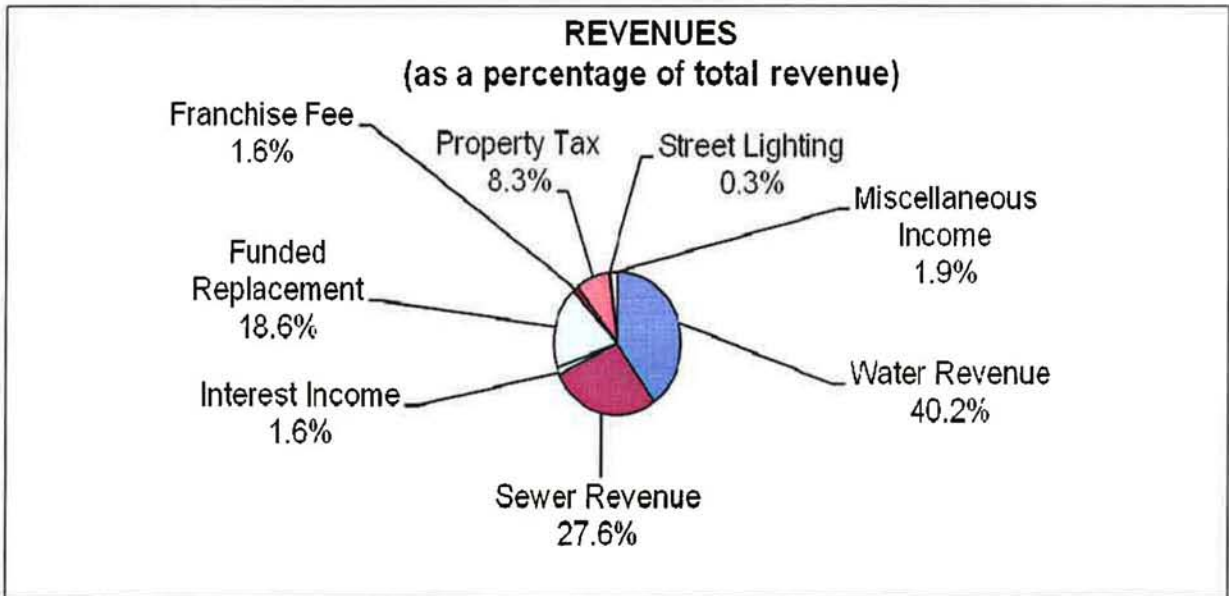
STATEMENT OF NET ASSETS

	<u>Fiscal Year</u>	<u>Fiscal Year</u>
<u>Assets</u>	<u>7/1/11 – 6/30/12</u>	<u>7/1/10 – 6/30/11</u>
Current and other assets	\$ 33,988,748	\$ 25,358,844
Capital assets, net	33,233,604	32,611,674
Total Assets	67,222,352	57,970,518
 <u>Liabilities</u>		
Other liabilities	680,120	653,202
Long-term debt outstanding	14,017,323	4,674,988
Total Liabilities	14,697,443	5,328,190
 <u>Net Assets</u>		
Invested in capital assets, net of debt	19,736,453	28,120,434
Restricted	22,237,879	14,429,872
Unrestricted	10,550,577	10,092,022
Total Net Assets	\$ 52,524,909	\$ 52,642,328

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

<u>Operating Revenues</u>		
Charges for services	\$ 5,210,119	\$ 4,952,837
Miscellaneous	221,853	208,228
Total Operating Revenues	5,431,972	5,161,065
 <u>Operating Expenses</u>		
Water	2,822,240	3,197,163
Sewer	1,457,090	1,424,512
Other	139,596	109,085
Total Operating Expenses	4,418,926	4,730,760
 <u>Non-Operating Revenues and (Expenses)</u>		
Interest income	98,657	125,994
Miscellaneous revenues	536,105	609,449
Miscellaneous expense	(3,264)	
Interest expense	(178,647)	(181,873)
Abandoned Project	(1,671,990)	
Total Non-operating revenues (expenses)	(1,219,139)	553,570
Income Before Contributions	(206,093)	983,875
Capital Contributions	88,674	226,462
Change in Net Assets	(117,419)	1,210,337
Total Net Assets - Beginning of fiscal year	52,642,328	51,431,991
Total Net Assets – End of fiscal year	\$ 52,524,909	\$ 52,642,328

NIPOMO COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2012



NIPOMO COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2012

**B. ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATION
(Comparison of Fiscal Year 2010-11 to Fiscal Year 2009-10)**

- Overall operating revenues increased 5.2%.
- Overall operating expenditures decreased 6.6%.
- Total assets increased 15.9%.
- Total liabilities increased 275% due to issuance of Revenue Certificates of Participation in the amount of \$9,795,000.
- Capital contributions, including water and sewer capacity fees and developer donated assets decreased 61%.

C. ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

- Water revenues increased 8.3% for the fiscal year. The increase is attributable a rate increase that went into effect November 1, 2011.
- Sewer revenues for the Town Division increased 0.6% and the Blacklake Division increased 9.7%. The increase in the Town Division is attributable to new sewer connections and the increase in the Blacklake Division is attributable to a rate increase that went into effect on January 1, 2012.

D. ANALYSIS OF SIGNIFICANT VARIATIONS BETWEEN THE BUDGET AND ACTUAL YEAR END RESULTS

COMPARISON OF BUDGET AMOUNTS TO ACTUAL

	2011-12 <u>BUDGET</u>	2011-12 <u>ACTUAL</u>	% ACTUAL IS OVER(+)/UNDER(-) <u>BUDGET</u>	POSITIVE (+) OR NEGATIVE (-) <u>IMPACT ON BUDGET</u>
Total Operating Revenues	\$ 5,613,216	\$ 5,431,972	-3.3%	-
Total Operating Expenditures	\$ 4,729,733	\$ 4,418,926	-7.0%	+
Net Non Operating Income (Expenses) (excluding Abandoned Project)	\$ 442,931	\$ 452,851	+2.2%	+

NIPOMO COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2012

DESCRIPTION OF SIGNIFICANT CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

All assets purchased by the District are valued at historical cost. Donated fixed assets are valued at their estimated fair market value on the date received by the District. There were no donated or contributed physical fixed assets from developers this year.

The total long-term debt as of June 30, 2012 is as follows (for more detail, see Note 6 of the Notes to the Financial Statements found on Pages 13 and 14):

Water Division	Eureka Well development and Inter-Fund loan for the Blacklake Buy-In	\$162,403
Town Division Sewer	Sewer plant expansion, lease purchase of sewer vacuum truck and Inter-Fund Loan for Blacklake Sewer	10,524,920
Property Tax Secured	Water improvements and Supplemental Water	3,330,000
Total Long-term debt		\$14,017,323

E. DISCUSSION OF USE OF THE MODIFIED APPROACH TO REPORT INFRASTRUCTURE ASSETS

Not applicable. Nipomo Community Services District does not use the modified approach.

DESCRIPTION OF FACTS OR CONDITIONS THAT ARE EXPECTED TO HAVE A SIGNIFICANT EFFECT ON FINANCIAL POSITION OR RESULTS OF OPERATION

- The Supplemental Water Assessment District ballot measure failed in May 2012. As a result, \$1,671,990 in related assessment district expenditures has been written off. Those expenditures include, but are not limited to, assessment district formation, bond counsel and financial consultant.
- On June 21, 2012, the District issued \$9,795,000 of Revenue Certificate of Participation (COP's). The proceeds will be used to fund the upgrade to the Southland Wastewater Treatment Facility. It is estimated that construction will take 18 months to complete.

NIPOMO COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2012

F. ECONOMIC FACTORS

The Nipomo Community Services District's water and sewer operations rely solely on user fees. The last water rate increases was on November 1, 2011. New water rates will go into effect November 1, 2012.

The sewer rates for the Blacklake Division will increase on January 1, 2013.

The following table represents a seven year summary of water and sewer rates for a single-family residence with a one-inch meter:

WATER RATES AND CHARGES

As of June 30,	Bi-Monthly Availability Charge	Bi-Monthly Usage Rates (4 Tiers effective November 1, 2011)			
		0-24 Units	25-40 Units	41-100 Units	101+ Units
2012	\$33.17	\$1.64	\$2.05	\$2.88	\$4.93

As of June 30,	Bi-Monthly Availability Charge	Bi-Monthly Usage Rates	
		0 – 40 Units	41 + Units
2011	\$30.84	\$1.64	\$2.80
2010	\$30.84	\$1.64	\$2.80
2009	\$30.84	\$1.64	\$2.80
2008	\$29.03	\$1.52	\$2.59
2007	\$26.96	\$1.38	\$2.35
2006	\$24.75	\$1.23	\$2.10

TOWN DIVISION- SEWER CHARGES

As of June 30,	Bi-Monthly Sewer Charge
2012	\$88.32
2011	\$88.32
2010	\$88.32
2009	\$70.66
2008	\$56.53
2007	\$43.27
2006	\$41.60

BLACKLAKE DIVISION- SEWER CHARGES

As of June 30,	Bi-Monthly Sewer Charge
2012	\$138.58
2011	\$131.98
2010	\$118.90
2009	\$107.12
2008	\$77.55
2007	\$74.56
2006	\$71.70

NIPOMO COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2012

G. REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Nipomo Community Services District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, Nipomo Community Services District, P. O. Box 326, Nipomo, CA 93444.

NIPOMO COMMUNITY SERVICES DISTRICT
SCHEDULE OF DIRECTORS
June 30, 2012

BOARD OF DIRECTORS

NAME

TERM EXPIRES

James Harrison, President

December 5, 2014

Larry Vierheilig, Vice-President

December 5, 2014

Michael Winn, Director

December 7, 2012

Ed Eby, Director

December 7, 2012

Dan Gaddis, Director

December 5, 2014

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

Board of Directors
Nipomo Community Services District
Nipomo, California

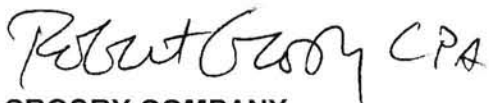
I have audited the accompanying financial statements of the business-type activities of the Nipomo Community Services District as of and for the year ended June 30, 2012 and 2011, which collectively comprise the Organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with U.S. Generally Accepted Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my 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 Nipomo Community Services District as of June 30, 2012 and 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages i through viii, are not a required part of the basic financial statements but are supplementary information required by U.S. Generally Accepted Accounting Principles. I have applied certain limited procedures, which consisted principally of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audits were 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. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.



CROSBY COMPANY
Certified Public Accountant

August 19, 2012

NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
As of June 30, 2012

(With Comparative Totals for the Year Ended June 30, 2011)

ASSETS	Enterprise Funds	
	<u>2012</u>	<u>2011</u>
Current assets		
Cash and cash equivalents	\$ 32,089,754	\$ 23,856,776
Accounts receivable	220,354	208,515
Unbilled utilities receivable	761,000	680,000
Accrued interest receivable	18,832	26,376
Prepaid expenses	3,698	41,362
Accrued franchise fees	12,636	11,820
Notes receivable (current portion)	40,740	39,445
Total current assets	33,147,014	24,864,294
Non-current assets		
Capital assets:		
Land and construction in progress	7,093,217	7,454,032
Property, plant and equipment, net accumulated depreciation	26,140,387	25,157,642
Total noncurrent assets	33,233,604	32,611,674
Other assets		
Loan fees, net accumulated amortization	520,172	183,748
Notes receivable (less current portion)	270,062	310,802
Deposits and other assets	51,500	
Total other assets	841,734	494,550
Total assets	\$ 67,222,352	\$ 57,970,518
LIABILITIES		
Current liabilities		
Accounts payable	\$ 311,319	\$ 396,289
Accrued liabilities	239,894	159,315
Deposits	122,607	91,298
Current portion long term debt	372,789	257,089
Total current liabilities	1,046,609	903,991
Noncurrent liabilities		
Long term debt	13,644,534	4,417,899
Deferred revenues	6,300	6,300
Total noncurrent liabilities	13,650,834	4,424,199
Total liabilities	\$ 14,697,443	\$ 5,328,190
NET ASSETS		
Invested in capital assets, net of related debt	\$ 19,736,453	\$ 28,120,434
Restricted for system expansion and replacement	22,237,879	14,429,872
Unrestricted	10,550,577	10,092,022
Total net assets	\$ 52,524,909	\$ 52,642,328

The accompanying notes are an integral part of these financial statements

NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

(With Comparative Totals for the Year Ended June 30, 2011)

	Enterprise Funds	
	2012	2011
Operating revenues		
Charges for services	\$ 5,210,119	\$ 4,952,837
Miscellaneous	221,853	208,228
Total operating revenues	5,431,972	5,161,065
Operating expenses		
Personnel	1,420,129	1,475,273
Contractual services	288,956	518,736
Utilities	652,296	556,145
Repairs and maintenance	225,362	316,935
Other supplies and expenses	642,025	624,970
Insurance	77,796	79,754
Depreciation and amortization	1,112,362	1,158,947
Total operating expenses	4,418,926	4,730,760
Operating income (loss)	1,013,046	430,305
Non-operating revenues (expenses)		
Interest	98,657	125,994
Property taxes	501,739	557,041
Cell site income	33,824	32,838
Miscellaneous income	542	19,570
Miscellaneous expense	(3,264)	
Abandoned project	(1,671,990)	
Interest expense	(178,647)	(181,873)
Total non-operating revenues (expenses)	(1,219,139)	553,570
Income before contributions	(206,093)	983,875
Capital contributions	88,674	226,462
Changes in net assets	(117,419)	1,210,337
Net assets-beginning of year	52,642,328	51,431,991
Net assets-end of year	\$ 52,524,909	\$ 52,642,328

NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
As of June 30, 2012

(With Comparative Totals for the Year Ended June 30, 2011)

	Enterprise Funds	
	2012	2011
Cash flows from operating activities		
Cash received from operating revenue	\$ 5,420,133	\$ 5,249,956
Payments to suppliers	(1,908,180)	(1,924,920)
Payments to employees	(1,420,129)	(1,475,273)
Net cash provided by operating activities	2,091,824	1,849,763
Cash flows from non-capital financing activities		
Property tax revenues	501,739	557,041
Other cash flows	31,102	52,408
Net cash provided by non-capital financing activities	532,841	609,449
Cash flows from capital and related financing activities		
Capital contributions	88,674	226,462
Acquisition of capital assets	(3,389,345)	(2,427,642)
Additional loan fees	(353,360)	
Proceeds from capital debt	9,795,000	
Principal paid on capital debt	(452,666)	(267,619)
Interest paid on capital debt	(178,647)	(181,873)
Net cash provided (used) by capital and related financing activities	5,509,656	(2,650,672)
Cash flows from investing activities		
Interest income	98,657	125,994
Net cash provided by investing activities	98,657	125,994
Net change in cash	8,232,978	(65,466)
Cash and cash equivalents-beginning	23,856,776	23,922,242
Cash and cash equivalents-ending	\$ 32,089,754	\$ 23,856,776
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,013,046	\$ 430,305
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,112,362	1,158,947
Loss on disposal of capital assets		17,930
Net changes in assets and liabilities		
Accounts receivable	(11,839)	88,891
Unbilled utility receivable	(81,000)	45,000
Accrued interest receivable	7,544	5,500
Prepaid expenses	37,664	17,316
Accrued franchise fees	(816)	290
Notes receivable	39,445	38,790
Deposits and other assets	(51,500)	
Accounts payable	(84,970)	45,682
Accrued liabilities	80,579	(2,679)
Deposits	31,309	3,791
Net cash provided by operating activities	\$ 2,091,824	\$ 1,849,763

The accompanying notes are an integral part of these financial statements
Copy of document found at: www.NipomoPfa.com

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 1: 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.

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

Reporting Entity

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

The Nipomo Community Services District Public Facilities Corporation is a component unit of the District. This Corporation was formed to issue Revenues Certificates of Participation (COP'S) in May of 2003 and June of 2012. 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 FINANCIAL STATEMENTS
June 30, 2012

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

All fixed assets are valued at historical cost or estimated historical cost if actual costs are not available. Other donated fixed assets are valued at their estimated fair market value on the date received. 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.
3. Payment of the compensation is probable.
4. The amount can be reasonable estimated.

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

Capital Contributions

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

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2012

NOTE 3: CASH AND CASH EQUIVALENTS

The values of cash and cash equivalents at June 30, 2012 are summarized as follows:

Cash on hand	\$	350
Bank deposits		38,452
Certificate of deposit		1,473,591
Deposits with bond trustees		9,788,007
Cash and investments in pooled funds		20,890,325
Less: Cash held in Trust in pooled funds		<u>(100,971)</u>
 Total	 \$	 <u>32,089,754</u>

The California Government Code requires California banks and savings and loan associations to secure a district's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a district's deposits. California law also allows financial institutions to secure district deposits by pledging first trust deed mortgage notes having a value of 150% of a district's total deposits. The District may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Effective October 3, 2008, the FDIC temporarily increased insured deposits up to \$250,000 and is scheduled to return to \$100,000 after December 31, 2013.

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, 2012, the carrying amount of the District's cash deposits was \$11,199,429. The bank's balance was \$11,305,409. This difference is due to the normal deposits in transit and outstanding checks. District cash deposits by category as of June 30, 2012, are as follows:

		<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>		<u>Balance</u>	<u>Amount</u>
Bank accounts	\$ 11,305,409	\$ -0-	\$ -0-	\$	11,305,409	\$ 11,199,429

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2012

NOTE 4: INVESTMENTS

Investments Authorized by the District's Investment Policy

The District is authorized to invest in the following institutions:

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

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

Investments Authorized by Debt Agreements

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

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

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The weighted average maturity of the investment contained in the LAIF investment pool is approximately 7 months.

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

	<u>Maturity Date</u>
State investment pool	\$ <u>20,890,325</u> 7 months average maturity

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 4: INVESTMENTS (continued)

Investment in State Investment Pool

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

Disclosures Relating to Credit Risk

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by the state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgages notes having a value of 150% of the secured public deposits.

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

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 5: PROPERTY, PLANT, EQUIPMENT AND CONSTRUCTION IN PROGRESS

A summary of fixed assets by major classifications is as follows:

	June 30, <u>2011</u>	<u>Additions</u>	<u>(Deletions)</u>	June 30, <u>2012</u>
Collection and treatment Facilities	\$ 18,404,156	\$ 1,972,286		\$ 20,376,442
Source of supply and Pumping	4,795,282			4,795,282
Transmission and distribution lines	13,651,065			13,651,065
Machinery and equipment	1,000,070	57,619		1,057,689
Vehicles	280,965		(24,448)	256,517
Building	1,257,252	13,460		1,270,712
Computer equipment	405,725	21,645		427,370
Office furniture and fixtures	184,382	13,160		197,542
Land and land rights	735,401			735,401
Construction in progress	6,718,631	3,255,717	(3,616,532)	6,357,816
Subtotal	<u>47,432,929</u>	<u>\$ 5,333,887</u>	<u>\$ (3,640,980)</u>	<u>49,125,836</u>
Less: Accumulated depreciation	<u>14,821,255</u>	<u>\$ 1,095,425</u>	<u>\$ (24,448)</u>	<u>15,892,232</u>
Totals	<u>\$ 32,611,674</u>			<u>\$ 33,233,604</u>

Depreciation expense for the period ended June 30, 2012 was \$1,095,425.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 6: LONG TERM DEBT

Long term debt consisted of the following:

	<u>Balance at</u> <u>June 30, 2011</u>	<u>Balance at</u> <u>June 30, 2012</u>
In August 1978, the District issued and sold Water Revenue Bonds amounting to \$270,000. The loan is payable over 40 years and bear interest at 5% per annum. Interest is paid semi-annually.	\$ 76,000	\$ -
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.	278,947	244,079
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 the Southland Wastewater Treatment Plant 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.	379,622	337,442
The District issued \$4,000,000 of Revenue Certificate of Participation (COP'S) on May 1, 2003. The proceeds are to be used for pipeline and storage facility project costs. The COP'S bear interest ranging from 3.00% to 4.93% per annum. Principal is to be paid annually starting September 1, 2004 through September 1, 2033. Annual principal payments range from \$75,000 to \$225,000.	3,420,000	3,330,000
The District issued \$9,795,000 of Revenue Certificate of Participation (COP'S) on June 21, 2012. The proceeds are to be used for Southland Wastewater Treatment Facility Upgrade. The COP'S bear interest ranging from 2.00% to 4.125% per annum. Principal is to be paid annually starting June 1, 2013 through June 1, 2042. Annual principal payments range from \$145,000 to \$225,000.	-	9,795,000

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 6: LONG TERM DEBT (continued)

Long term debt consisted of the following:

	<u>Balance at June 30, 2011</u>	<u>Balance at June 30, 2012</u>
The District entered into a lease purchase agreement of \$207,952 on October 20, 2009, with the Municipal Finance Corporation for a sewer vacuum truck. Installment payments in the amount of \$23,607 are due in ten consecutive semi-annual payments and includes interest at the rate of 4.75% per annum on the principal component of the unpaid installment payments.	170,172	-
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. Prepayments in the amount of \$55,499 from Blacklake water customers was applied to the total Buy-In Charge. 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%.	\$ 182,949	\$ 162,403
The District entered into an Inter-Fund Loan for \$275,000 on April 1, 2009, with the Blacklake Division for the operation, maintenance and the replacement of existing sewer facilities. Prepayments in the amount of \$68,949 from Blacklake sewer customers was applied to the total. 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%.	<u>167,298</u>	<u>148,399</u>
Total long-term debt	4,674,988	14,017,323
Less current maturities	<u>257,089</u>	<u>372,789</u>
Total long-term maturities	<u>\$ 4,417,899</u>	<u>\$ 13,644,534</u>

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 6: 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>
2013	\$ 372,789	\$ 517,723	\$ 890,512
2014	364,127	530,720	894,847
2015	365,509	521,213	886,722
2016	376,938	511,462	888,400
2017	388,413	501,185	889,598
2018 – 2022	1,894,547	2,325,665	4,220,212
2023 – 2027	2,250,000	1,942,542	4,192,542
2028 – 2032	2,760,000	1,432,095	4,192,095
2033 – 2037	2,605,000	838,369	3,443,369
2038 – 2043	2,640,000	335,569	2,975,569
Totals	\$ <u>14,017,323</u>	\$ <u>9,456,543</u>	\$ <u>23,473,866</u>

NOTE 7: RESTRICTED/DESIGNATED NET ASSETS

At June 30, 2012, 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	\$ 3,302,878
Water sales	Funded replacement	4,573,183
Town Sewer capacity charges	For the expansion of sewer system	536,844
Town Sewer sales	Funded replacement	4,081,449
Certificates of Participation	Town sewer upgrade	9,516,612
Blacklake sewer sales	Funded replacement	226,913
	Totals	\$ <u>22,237,879</u>

<u>Unrestricted Funding Source</u>	<u>Use</u>	
Designated capital improvements	Town water and sewer upgrades	\$ 4,280,000
Designated reserve	Current year operating expenses	5,679,086
Designated reserve	Current year non operating expenses	591,491
Undesignated		-
	Totals	\$ <u>10,550,577</u>

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 8: JOINT POWERS AUTHORITY

The District is a member of the Special District Risk Management Authority (S.D.R.M.A.), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et.seq. In becoming a member of the S.D.R.M.A., the District elected to participate in the risk financing program(s) listed below for the program periods July 1, 2011 through June 30, 2012 and July 1, 2010 through June 30, 2011.

General Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201112. This covers \$10,000,000 per occurrence.

Public Officials and Employees Errors: Special District Risk Management Authority, coverage number LCA SDRMA 201112. This covers \$10,000,000 per occurrence/general aggregate.

Personal Liability Coverage for Board Members: Special District Risk Management Authority, coverage number LCA SDRMA 201112. This covers \$500,000 per occurrence/general aggregate.

Employment Practices Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201112. 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 201112. This covers \$10,000,000 per occurrence/general aggregate.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 201112. This policy includes a \$400,000 Public Employees Dishonesty Blanket Coverage.

Auto Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201112. 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 201112. The coverage is on file with SDRMA.

Uninsured/Under Insured Motorist: Special District Risk Management Authority, coverage number UMI SDRMA 201112. This covers \$750,000 each accident.

Trailer Coverage: District Risk Management Authority, coverage number LCA SDRMA 201112. The coverage is on file with SDRMA.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2012

NOTE 8: JOINT POWERS AUTHORITY (continued)

Property Coverage: Special District Risk Management Authority, coverage number PPC SDRMA 201112. This policy covers the replacement cost for scheduled property, \$1,000,000,000 per occurrence. Deductible is on file with SDRMA.

Boiler and Machinery: Special District Risk Management Authority, coverage number BMC SDRMA 201112. 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 201112. This coverage is statutory per occurrence, respectively for workers' compensation and \$5,000,000 for employers' liability coverage.

The annual member contribution was \$68,010 for the Package Program, \$8,095 for the Comp/Collision Program and \$19,765 for the worker's compensation program. Members are subject to dividends and/or assessments, in accordance with Fourth Amended Joint Powers Agreement and amendments thereto, on file with the District. No such dividends have been declared, nor have any assessments been levied. Presently, there are no known refunds or credits due to the District. There has been no reduction in insurance coverage from the prior year. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

Condensed financial information for S.D.R.M.A. for the most recent year available is as follows:

	<u>June 30, 2011</u>
Total assets	\$ 98,259,108
Total liabilities	<u>47,376,526</u>
Risk margin	<u>\$ 50,882,582</u>
Total revenues	\$ 42,293,914
Total expenses	<u>36,497,656</u>
Net income	<u>\$ 5,796,258</u>

Complete audited financial statements on the S.D.R.M.A. are on file with the general manager of the District.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 9: DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Benefits fully vest on reaching five years of service. Employees who retire at or after age 60 with five years of credited service, are entitled to a retirement benefit payable monthly for life. An employee's monthly service benefit is determined by computing the product: years of credited service multiplied by three percent multiplied by final-average monthly compensation for employees hired prior to June 18, 2011 and three year final compensation for employees hired on or after June 18, 2011. Final-average monthly compensation is the employee's average monthly salary during the last year of credited services, or the last three years, whichever is greater. Vested employees may retire at or after age 50 and receive reduced retirement benefits. CALPERS also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute. Employees are required to contribute to the plan based upon the funding policy outlined below. The District is required to contribute the remaining amounts necessary to fund CALPERS, using the actuarial basis specified by statute.

Funding Policy

Employees hired prior to June 18, 2011

Participants are required to contribute eight percent of their annual covered salary. The District makes the contribution required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the current rate is 20.296% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by CALPERS.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)

Funding Policy

Employees hired on or after June 18, 2011

Participants are required to contribute eight percent of their annual covered salary. The District does not make the required contribution of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the current rate is 15.187% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by CALPERS.

Actual Pension Cost

For the fiscal year ending June 30, 2012, the District's annual pension cost of \$215,945 for CALPERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases. The actuarial value of CALPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to three year period (smoothed market value).

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

Post-employment Benefits

In addition to pension benefits, the District provides post-retirement health care benefits through the California Public Employees' Retirement System. Employees who retire on or after attaining age 50 and are vested, are eligible for District paid health insurance.

For employees hired prior to February 1, 2006, the District's financial obligation is to pay 100% of the cost of coverage for the eligible retiree and any eligible dependents. For employees hired on or after February 1, 2006, the District's contribution percentage is based on the employee's years of CalPERS eligible service at retirement starting at 50% for employees with 10 years increasing by 5% per year of service up to 100%.

On July 1, 2011, the District conducted an actuarial valuation based on the Alternative Measurement Method to determine the required funding for this health care benefits program.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)

The actuarial accrued liability for the District's retiree health benefits program on this measurement date was determined to be \$1,328,814. This value is based on a discount rate of 7.61%. The District's funding policy is to fund 100% of the annual required contribution determined through the California Employers' Retiree Benefit Trust (CERBT). Based on this valuation, the District contributed \$103,000 to an irrevocable trust to meet the current obligations of this program and to fully fund the annual liability. Currently, five retired employees are receiving 100% paid health care benefits totaling \$4,762 per month.

Below are the required disclosures for this plan:

Number of active participants		12
Employer's actuarially required contributions	\$	114,406
Employer's actual contributions	\$	103,000
Actuarial Accrued Liability(AAL)	\$	1,328,814
Actuarial Valuation of Assets(AVA)	\$	415,459
Unfunded Actuarial Accrued Liability(UAAL)=(AAL less AVL)	\$	913,355
Funded Ratio(AVA/AAL)		31%
Estimated Payroll	\$	761,000
UAAL as a Percentage of Covered Payroll		120%

SUPPLEMENTAL INFORMATION

NIPOMO COMMUNITY SERVICES DISTRICT
COMBINING STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
As of June 30, 2012

Business Type Activities - Enterprise Funds

ASSETS					
	<u>Water</u>	<u>Town Sewer</u>	<u>Blacklake Sewer</u>	<u>Blacklake Lighting</u>	
Current Assets					
Cash and cash equivalents	\$ 11,178,522	\$ 17,595,677	\$ 493,485	\$ 27,209	
Accounts receivable	120,019	58,293	42,042		
Unbilled utilities receivable	518,000	206,000	37,000		
Accrued interest receivable	9,093	7,106	434	26	
Prepaid expenses	1,843				
Accrued franchise fees					
Notes receivable (current portion)	21,170				
Total current assets	<u>11,848,647</u>	<u>17,867,076</u>	<u>572,961</u>	<u>27,235</u>	
Noncurrent Assets					
Capital assets:					
Land and construction in progress	4,219,972	2,868,455	4,790		
Property, plant and equipment, net	10,177,080	12,600,501	1,714,418		
Total noncurrent assets	<u>14,397,052</u>	<u>15,468,956</u>	<u>1,719,208</u>	<u>-</u>	
Other Assets					
Loan fees, net accumulated amortization		396,243			
Notes receivable (less current portion)	141,233				
Deposits and other	37,500	14,000			
Total other assets	<u>178,733</u>	<u>410,243</u>	<u>-</u>	<u>-</u>	
Total assets	<u>\$ 26,424,432</u>	<u>\$ 33,746,275</u>	<u>\$ 2,292,169</u>	<u>\$ 27,235</u>	
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 205,056	\$ 95,078	\$ 8,175	\$ 10	
Accrued liabilities	74,311	105,650	8,974		
Deposits	118,949				
Current portion long term debt	21,170	237,049	19,570		
Total current liabilities	<u>419,486</u>	<u>437,777</u>	<u>36,719</u>	<u>10</u>	
Noncurrent Liabilities					
Long term debt	141,233	10,139,472	128,829		
Deferred revenue		6,300			
Total noncurrent liabilities	<u>141,233</u>	<u>10,145,772</u>	<u>128,829</u>	<u>-</u>	
Total liabilities	<u>\$ 560,719</u>	<u>\$ 10,583,549</u>	<u>\$ 165,548</u>	<u>\$ 10</u>	
NET ASSETS					
Invested in capital assets, net of related debt	\$ 14,234,649	\$ 5,488,678	\$ 1,570,809	\$ -	
Restricted for system expansion and replacement	7,876,061	14,134,905	226,913		
Unrestricted	3,753,003	3,539,143	328,899	27,225	
Total net assets	<u>\$ 25,863,713</u>	<u>\$ 23,162,726</u>	<u>\$ 2,126,621</u>	<u>\$ 27,225</u>	

NIPOMO COMMUNITY SERVICES DISTRICT
COMBINING STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
As of June 30, 2012

Business Type Activities - Enterprise Funds

	<u>Solid Waste</u>		<u>Drainage</u>		<u>Landscape Maintenance District</u>		<u>Property Taxes</u>		<u>Total</u>
\$	259,396	\$	5,000	\$	20,942	\$	2,509,523	\$	32,089,754
									220,354
	231		14		16		1,912		761,000
							1,855		18,832
	12,636								3,698
							19,570		12,636
	<u>272,263</u>		<u>5,014</u>		<u>20,958</u>		<u>2,532,860</u>		<u>33,147,014</u>
									7,093,217
	3,111						1,645,277		26,140,387
	<u>3,111</u>		<u>-</u>		<u>-</u>		<u>1,645,277</u>		<u>33,233,604</u>
									520,172
							123,929		270,062
							128,829		51,500
	<u>-</u>		<u>-</u>		<u>-</u>		<u>252,758</u>		<u>841,734</u>
\$	<u>275,374</u>	\$	<u>5,014</u>	\$	<u>20,958</u>	\$	<u>4,430,895</u>	\$	<u>67,222,352</u>
\$	537	\$	-	\$	2,463	\$	-	\$	311,319
	272						50,687		239,894
							3,658		122,607
							95,000		372,789
	<u>809</u>		<u>-</u>		<u>2,463</u>		<u>149,345</u>		<u>1,046,609</u>
									13,644,534
							3,235,000		6,300
	<u>-</u>		<u>-</u>		<u>-</u>		<u>3,235,000</u>		<u>13,650,834</u>
\$	<u>809</u>	\$	<u>-</u>	\$	<u>2,463</u>	\$	<u>3,384,345</u>	\$	<u>14,697,443</u>
\$	3,111	\$	-	\$	-	\$	(1,560,794)	\$	19,736,453
									22,237,879
	<u>271,454</u>		<u>5,014</u>		<u>18,495</u>		<u>2,607,344</u>		<u>10,550,577</u>
\$	<u>274,565</u>	\$	<u>5,014</u>	\$	<u>18,495</u>	\$	<u>1,046,550</u>	\$	<u>52,524,909</u>

NIPOMO COMMUNITY SERVICES DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
PROPRIETARY FUNDS
As of June 30, 2012

Business Type Activities - Enterprise Funds

	<u>Water</u>	<u>Town Sewer</u>	<u>Blacklake Sewer</u>	<u>Blacklake Lighting</u>
Operating Revenues				
Charges for services	\$ 2,978,557	\$ 1,771,347	\$ 441,311	\$ 18,904
Miscellaneous	91,602	3,164	24,457	
Total operating revenues	<u>3,070,159</u>	<u>1,774,511</u>	<u>465,768</u>	<u>18,904</u>
Operating expenses				
Personnel	1,020,748	291,156	108,225	
Contractual services	265,436	21,798	1,616	
Utilities	459,011	128,616	41,362	23,177
Repairs and maintenance	125,572	82,860	16,930	
Other supplies and expenses	386,764	122,853	69,097	47
Insurance	59,217	13,751	2,328	500
Depreciation and amortization	505,492	478,580	77,918	
Total operating expenses	<u>2,822,240</u>	<u>1,139,614</u>	<u>317,476</u>	<u>23,724</u>
Operating income (loss)	<u>247,919</u>	<u>634,897</u>	<u>148,292</u>	<u>(4,820)</u>
Non operating revenues (expenses)				
Interest	45,773	33,380	1,613	113
Property taxes				
Cell site	33,824			
Miscellaneous income	371	122	49	
Miscellaneous expense		(3,264)		
Abandoned project	(1,671,990)			
Interest expense	(6,173)	(14,337)	(5,582)	
Total non operating revenues	<u>(1,598,195)</u>	<u>15,901</u>	<u>(3,920)</u>	<u>113</u>
Income (loss) before contributions	<u>(1,350,276)</u>	<u>650,798</u>	<u>144,372</u>	<u>(4,707)</u>
Transfers (to) from other funds	143,248	(92,814)	(50,434)	
Capital contributions	17,898	70,776		
Change in net assets	<u>(1,189,130)</u>	<u>628,760</u>	<u>93,938</u>	<u>(4,707)</u>
Total net assets - beginning	<u>27,052,843</u>	<u>22,533,966</u>	<u>2,032,683</u>	<u>31,932</u>
Total net assets - ending	<u>\$ 25,863,713</u>	<u>\$ 23,162,726</u>	<u>\$ 2,126,621</u>	<u>\$ 27,225</u>

See Auditor's Report

NIPOMO COMMUNITY SERVICES DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
PROPRIETARY FUNDS
As of June 30, 2012

Business Type Activities - Enterprise Funds

<u>Solid Waste</u>	<u>Drainage</u>	<u>Landscape Maintenance District</u>	<u>Property Taxes</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	5,210,119
94,130		8,500		221,853
<u>94,130</u>	<u>-</u>	<u>8,500</u>	<u>-</u>	<u>5,431,972</u>
106		130		1,420,129
				288,956
				652,296
				225,362
52,581		8,563	2,120	642,025
2,000				77,796
1,696			48,676	1,112,362
<u>56,383</u>	<u>-</u>	<u>8,693</u>	<u>50,796</u>	<u>4,418,926</u>
<u>37,747</u>	<u>-</u>	<u>(193)</u>	<u>(50,796)</u>	<u>1,013,046</u>
927	45	70	16,736	98,657
	13,406		488,333	501,739
				33,824
				542
				(3,264)
				(1,671,990)
			(152,555)	(178,647)
927	13,451	70	352,514	(1,219,139)
38,674	13,451	(123)	301,718	(206,093)
	(13,456)		13,456	-
				88,674
38,674	(5)	(123)	315,174	(117,419)
235,891	5,019	18,618	731,376	52,642,328
<u>\$ 274,565</u>	<u>\$ 5,014</u>	<u>\$ 18,495</u>	<u>\$ 1,046,550</u>	<u>\$ 52,524,909</u>

NIPOMO COMMUNITY SERVICES DISTRICT
COMBINING STATEMENT OF OTHER SUPPLIES AND EXPENSES
PROPRIETARY FUNDS
As of June 30, 2012

Business Type Activities - Enterprise Funds

	<u>Water</u>	<u>Town Sewer</u>	<u>Blacklake Sewer</u>
<i>Other supplies and expenses</i>			
Chemicals	\$ 17,171	\$ 7,958	\$ 27,528
Lab testing	22,142	36,527	16,324
Operating supplies	35,437	21,565	6,473
Outside services	58,495	3,588	674
Permits and operating fees	12,402	12,015	6,091
Fuel	19,260	6,420	3,502
Paging service	5,696	1,899	1,036
Meters - replacement program	49,359	2,842	1,550
Uniforms	4,782	1,596	871
Solid waste rate deferral			
Clean up costs			
Conservation program	9,260		
Bank charges and fees	6,436		
Computer expenses	45,699	10,062	1,443
Director fees	7,240	1,539	272
Dues and subscriptions	13,782	4,462	337
Education and training	6,634	1,350	375
Landscape and janitorial	9,650	2,051	362
LAFCO funding	20,649		
Miscellaneous	4,457	20	
Newsletters and mailers	2,039		
Office supplies	7,716	1,089	190
Postage	11,825	5,279	967
Public notices	3,819		188
Property taxes	1,033		
Telephone	5,693	1,210	690
Travel and mileage	6,088	1,381	224
Bond administration			
Total other supplies and expenses	<u>\$ 386,764</u>	<u>\$ 122,853</u>	<u>\$ 69,097</u>

NIPOMO COMMUNITY SERVICES DISTRICT
COMBINING STATEMENT OF OTHER SUPPLIES AND EXPENSES
PROPRIETARY FUNDS
 As of June 30, 2012

Business Type Activities - Enterprise Funds

<u>Blacklake Lighting</u>	<u>Solid Waste</u>	<u>Landscape Maintenance District</u>	<u>Property Taxes</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 52,657
				74,993
				63,475
				62,757
				30,508
				29,182
				8,631
				53,751
				7,249
	49,947			49,947
	2,458			2,458
				9,260
				6,436
				57,204
				9,051
				18,581
				8,359
		8,288		20,351
				20,649
				4,477
				2,039
				8,995
				18,071
47	176	275		4,505
				1,033
				7,593
				7,693
			2,120	2,120
<u>\$ 47</u>	<u>\$ 52,581</u>	<u>\$ 8,563</u>	<u>\$ 2,120</u>	<u>\$ 642,025</u>

NIPOMO COMMUNITY SERVICES DISTRICT
REQUIRED DISCLOSURE UNDER GOVERNMENT CODE SECTION 66013
FOR THE YEAR ENDED JUNE 30, 2012

FUND 500 – SUPPLEMENTAL WATER FUND

Beginning balance July 1, 2011	\$2,094,583
Ending balance June 30, 2012	\$1,258,485
Interest Earned	\$4,308
Amount of charges collected in fiscal year	\$14,605

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

Public Improvement	Amount of the expenditure for each improvement	Percentage of the total cost that was funded from Fund #500	Project completed during fiscal year
Supplemental Water Project	\$905,403	100%	NO

Anticipated projects for 2012-2013 fiscal year

None

A budget amendment may be proposed by the Board of Directors during fiscal year 2012-2013.

Note: Methodology of calculating capacity charges is included in Section V of the Nipomo Community Services District Water and Sewer Financial Plans, User Rates and Capacity Charges Report. The report is available on the District web site at ncsd.ca.gov.

NIPOMO COMMUNITY SERVICES DISTRICT
REQUIRED DISCLOSURE UNDER GOVERNMENT CODE SECTION 66013
FOR THE YEAR ENDED JUNE 30, 2012

FUND 700 – WATER CAPACITY FUND

Beginning balance July 1, 2011	\$3,408,053
Ending balance June 30, 2012	\$3,302,878
Interest Earned	\$12,517
Amount of charges collected in fiscal year	\$3,293

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

Public Improvement	Amount of the expenditure for each improvement	Percentage of the total cost that was funded from Fund #700	Project completed during fiscal year
Willow Road Phase 1	\$12,215	100%	NO
Willow Road Phase 2	\$57,633	100%	NO
SCADA Upgrades	\$18,390	100%	NO
Blacklake Well #4	\$24,879	100%	NO

Anticipated projects and projects to be completed in 2012-2013 fiscal year:

SCADA Upgrade
Standpipe Mixing
Willow Road Water Line (Phase 1 and 2)
Water Tank Site

Note: Methodology of calculating capacity charges is included in Section V of the Nipomo Community Services District Water and Sewer Financial Plans, User Rates and Capacity Charges Report. The report is available on the District web site at ncsd.ca.gov.

NIPOMO COMMUNITY SERVICES DISTRICT
REQUIRED DISCLOSURE UNDER GOVERNMENT CODE SECTION 66013
FOR THE YEAR ENDED JUNE 30, 2012

FUND 710 – SEWER CAPACITY FUND (TOWN DIVISION)

Beginning balance July 1, 2011	\$2,462,527
Ending balance June 30, 2012	\$536,844
Interest Earned	\$6,010
Amount of charges collected in fiscal year	\$70,776

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

Public Improvement	Amount of the expenditure for each improvement	Percentage of the total cost that was funded from Fund #710	Project completed during fiscal year
SCADA Upgrades	\$15,160	100%	NO
Work In Process–Southland WWTF Upgrade	\$366,213	100%	NO
Frontage Road Sewer Main Upgrade/Replacement	\$981,047	53%	YES

Anticipated projects and projects to be completed in 2012-2013 fiscal year:

Southland WWTF Upgrades
 Bio-Solids Removal
 SCADA Upgrades

Note: Methodology of calculating capacity charges is included in Section V of the Nipomo Community Services District Water and Sewer Financial Plans, User Rates and Capacity Charges Report. The report is available on the District web site at ncsd.ca.gov.

TO: BOARD OF DIRECTORS

FROM: MICHAEL S. LEBRUN
GENERAL MANAGER

MGL

DATE: OCTOBER 5, 2012

**AGENDA ITEM
E-2
OCTOBER 10, 2012**

**CONSIDER GRANT REQUEST FROM NIPOMO CHAMBER OF
COMMERCE IN AMOUNT OF \$6,556 FOR SOLID WASTE REMOVAL IN
NIPOMO COMMUNITY COMMON AREAS**

ITEM

Nipomo Chamber of Commerce is requesting grant funds in the amount of \$6,556 to provide clean up of solid waste in the Nipomo area [RECOMMEND CONSIDER REQUEST FOR GRANT FUNDS IN AMOUNT OF \$6,556].

BACKGROUND

The Nipomo Chamber of Commerce is requesting grant funds to establish a program for cleaning up litter within the Nipomo Community.

Chamber President Mr. Rudy Stowell has provided the attached proposal and will present the proposal and answer questions from your Board.

FISCAL IMPACT

Funds to support solid waste services may be allocated from the District solid waste fund. Solid waste reserves are approximately \$265,000. Solid waste net fund revenue from franchise fees is approximately \$2,000 monthly. The District is currently deferring a solid waste rate increase by expending solid waste franchise revenue. The District expects South County Sanitary Services (District solid waste services provider) to request a solid waste rate increase this fall.

STRATEGIC PLAN

Strategic Plan Goal 7.A.2 – Provide additional solid waste services

Strategic Plan Goal 7.A.3 – Communicate with customers

RECOMMENDATION

Receive presentation, consider grant request. Should your Board desire to approve grant request, direct staff to execute a Grant Agreement with Nipomo Chamber of Commerce and disburse the grant funds accordingly.

ATTACHMENT

- A. Nipomo Chamber of Commerce Grant Request.

OCTOBER 10, 2012

ITEM E-2

ATTACHMENT A



October 1, 2012

Nipomo Community Services District
148 South Wilson Street
Nipomo, CA 93444

RE: GRANT REQUEST

Dear NCSD Board & Staff:

We have a hurdle to overcome in promoting the quality of life for the residents of our beloved town. For years the presence of solid waste litter has made Nipomo appear a blighted community lacking in civic pride. I know that this is not the case. As Chamber President I get calls and visits weekly from the citizenry expressing their concern. There are two primary complaints: the overgrown weeds in lots and common areas and the aforementioned litter. The County periodically will mow the vacant lots, but does not collect the solid waste litter ahead of time, which just serves to shred the debris, making it easier for it to blow down the streets and actually make the situation worse.

The Nipomo Chamber of Commerce is proposing a solution. Attached is a proposal from Achievement House, Inc. Achievement House is a public benefit corporation that works with the developmentally disabled in work programs and the type of solid waste removal we need is one of the areas they specialize in. It is understood that solid waste funds from NCSD cannot be used for mowing or cutting. The Chamber is obtaining alternate funding sources to achieve the weed abatement, but if we can simply get the trash picked up we will have a dramatic, positive effect on our community.

We are requesting a grant of \$6,556. That is the \$5,960 that Achievement House will charge, plus a 10% administrative fee for the Nipomo Chamber. Administration will be time consuming as the Chamber needs to obtain written permission from the owners of vacant lots prior to Achievement House clearing them of litter. This will be a two-month process at which time we would like to review the results of the initiative with NCSD and discuss ongoing maintenance.

*Nipomo Chamber of Commerce 671 W. Tefft St. Nipomo, CA 93444
(805)929-1583*

To be clear, we are not requesting any form of administration for this project from NCSD, only the very important funding of it. The Nipomo Chamber will assume full responsibility that the work will be done to the satisfaction of the Chamber and NCSD and that Achievement House will maintain all necessary licenses and insurance. The project will be promoted as "An initiative by the Nipomo Chamber of Commerce, funded by a grant from the Nipomo Community Services District (NCSD)." I will be very involved personally with this venture to assure its success. I can be reached at my business (805) 931-0512 or by cell phone (805) 709-1339.

Sincerely,

Rudy Stowell
President 2012
Nipomo Chamber of Commerce



Nipomo Chamber of Commerce
STANDARD AGREEMENT

Trash Pick-Up

This Agreement is by and between Achievement House, Inc., a California public benefit corporation, (AHI), and Nipomo Chamber of Commerce, a private business.

- I. AGREED SERVICES:** Commencing on **November 1, 2012**, AHI clients and a qualified supervisor will provide trash pick-up to the Nipomo Chamber of Commerce.
- II. GROUP SUPERVISION:** Per the agreement, AHI will provide a skilled supervisor to assist the clients in completing trash pick-up.

The supervisor's responsibilities shall include the following:

1. Provide initial and ongoing training to the clients to ensure that the job specifications are consistently met.
2. Assist the clients in meeting deadlines.
3. Ensure that the clients adhere to all required and preventative safety practices. Notify AHI and Nipomo Chamber of Commerce when safety issues emerge and provide prompt and effective response to any safety incident.
4. Maintain detailed attendance and time sheets for the clients. Including proper documentation and reporting of all Federal and State required information to the proper use of AHI's sub-minimum wage certificate.
5. Provide for proper usage of equipment and materials belonging to Nipomo Chamber of Commerce.
6. Assist the clients in learning and complying with Nipomo Chamber of Commerce and regulations.
7. Act as the liaison between Nipomo Chamber of Commerce and AHI, including ensuring that the needs and concerns of the contract are expeditiously identified and addressed.

- III. **SCHEDULE:** AHI will provide trash pick-up days and hours determined by Nipomo Chamber of Commerce. The time and days can be adjusted within the first 90 days to accommodate the customers' needs. In order to honor contract obligations, AHI staff may be substituted for clients as needed (i.e., holidays).

Any permanent or prolonged decrease or increase of work hours per the schedule shall require amendments to this STANDARD AGREEMENT.

- IV. **COMPENSATION AND INVOICING:** AHI shall act as the subcontracting entity with Nipomo Chamber of Commerce the AHI clients and staffs are vocational trainees and shall not be considered "employees" of the Nipomo Chamber of Commerce. Costing shall be determined at an hourly rate. AHI will be available for ongoing services. Rates that have been established based on initial specifications may constitute a re-evaluation of the daily rate as work is modified.
- V. **PAYMENT PROVISIONS:** AHI shall remit an invoice for the work group services as determined above under COMPENSATION AND INVOICING. Invoices shall be delivered to the Nipomo Chamber of Commerce on a monthly basis. Payment is due within 10 days from the date of the invoice. Late payments will incur at 1.5% monthly service charge, which will continue until the balance is brought current.
- VI. **WORKERS COMPENSATION:** AHI shall maintain workers compensation insurance on all members of the work group. Nipomo Chamber of Commerce agrees to allow AHI staff and AHI's carrier representative to conduct routine safety inspections of the work site. AHI agrees to forward any written report from the carrier to Nipomo Chamber of Commerce. Additionally, AHI and Nipomo Chamber of Commerce agree to work closely to ensure that safety at the work site is maximized.
- VII. **AGREEMENT DURATION AND TERMINATION:** The initial agreement between AHI and Nipomo Chamber of Commerce will be for 1 year commencing on November 1, 2012 ending October 31, 2013. Either party may terminate the agreement with a 30 day written notification.
- VIII. **RATE:** AHI will provide Nipomo Chamber of Commerce with a staff person and a work group that will provide trash pick-up. The rate for this service will be **\$45.00 per hour**. This fee covers our transportation, payroll, taxes and workers comp insurance. If additional work or an additional work group is needed, the fee may change. At 4 hours daily, Monday-Thursday for November (\$2,880) and December (\$2,880) and \$200 in dumping fees totals \$5,960. Adjustments can be made in January to determine time commitment required for the future of this contract..

ADDENDUM to Nipomo Chamber of Commerce

WORK SPECIFICATIONS

I. SCOPE OF WORK

General

- A. Achievement House Inc. shall provide trash pick-up to Nipomo Chamber of Commerce. This will include removal and disposal of all litter/garbage, sweep or blow out curbs, gutters and sidewalks
The area includes: Tefft St from Thompson Ave to Tejas
Thompson from Bee St to Knotts St
N Mallagh St to the High School (School's main walking corridor)
Mary St from Hill St to Juniper St--Hill St from Blume St to Frontage
South Frontage from 101 to Southland St
N. Frontage from 101 to Sandydale
Juniper St from Pomeroy to Frontage
Pomeroy from Tefft St to Juniper St

This work can be completed daily, weekly or at the determination of the NCC. We suggest trash pick-up 4 hours 4 days a week the first two months to establish a base line and determination of the time commitment required to keep the NCC area clean and the litter contained. Streets connecting to the corridors listed will be cleaned up as needed for up to one block from the main corridor street. AHI will not clean private property, vacant lots included, without written consent of the landowner which is the NCC's responsibility. AHI will report any obvious dumping or abandoned vehicles to the authorities.

- B. This proposal can include days and hours per the needs of the NCC excluding the following holidays: President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and the day after Thanksgiving, Christmas Day, and New Year's Day. Arrangements can be made with AHI to provide trash pick-up on the holiday if that is needed by NCC with a week's time to plan.
- C. AHI will furnish the crew with a telephone number where AHI can be reached during regular working hours. AHI will provide a local supervisory employees or alternate supervisory employee to be available for call. Response shall be made within one (1) hour after AHI has been notified by phone.
- D. Please note that AHI is providing a service regardless of the number of clients in the work group, the service shall be completed to the satisfaction of Nipomo Chamber of Commerce.
- E. Contact is Renee Poirier office 938-6201, cell phone number is 674-2339, and email rpoirier@achievementhouse.org

Executed _____ day of _____, 2012 in
San Luis Obispo County, California

Nipomo Chamber of Commerce
671 West Tefft Street Suite 2
Nipomo, California 93444

By: _____

Title: _____

Date: _____

Achievement House Inc.
496 Linne Road
Paso Robles, Ca. 93446
(Corporate Office)

By: _____

Date: _____

Leslie Alvarado
Business Services Coordinator
Achievement House

TO: BOARD OF DIRECTORS

FROM: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER

DATE: OCTOBER 4, 2012



CONSIDER UPDATES AND CHANGES TO PERSONNEL POLICIES AND PROCEDURES TO ESTABLISH A JOB DESCRIPTION AND SALARY RANGE FOR ASSISTANT ENGINEER, AUTHORIZE STAFF TO ADVERTISE AND RECRUIT AN ASSISTANT ENGINEER

ITEM

Consider proposed job description and salary range for newly created Assistant Engineer position, authorize staff to recruit Assistant Engineer. [RECOMMEND CONSIDER PERSONNEL COMMITTEE RECOMMENDATION, ADOPT RESOLUTION APPROVING ASSISTANT ENGINEER JOB DESCRIPTION AND SALARY RANGE, AND AUTHORIZE STAFF TO RECRUIT ASSISTANT ENGINEER]

BACKGROUND

On June 13, 2012, your Board approved the District's 2012-2013 Budget. The Budget included a new position and budgeted funding for an Assistant Engineer.

The Assistant Engineer will work under the general supervision of the District Engineer. The Assistant Engineer will perform professional and technical civil engineering work and assist the District Engineer with implementation of the District's Water Conservation Program. The position requires an Engineering degree but does not require an Engineering License. This is an entry-level engineering position. A proposed job description is provided in Exhibit A of Attachment A.

On September 20, 2012, your Board's Personnel Committee considered a draft job description and proposed salary range for the Assistant Engineer position and directed staff to make minor revisions to the job description and return to the Committee with additional salary information.

Staff considered District salary ranges, contacted local agencies, performed internet research, and reviewed a 2011 salary survey by CA Department of Personnel Administration in order to establish a proposed salary range for the position. Attachment B provides a summary of salary information obtained for entry-level engineers and like positions in public service.

On October 2, 2012, your Board's Personnel Committee further considered the Assistant Engineer job description and salary range.

The Personnel Committee recommends approving the Assistant Engineer job description and setting the salary at Range #41 (\$4,824 – \$5,863).

FISCAL IMPACT

A full year salary for the new position is budgeted for fiscal 2012-2013. The position will be hired under the District's Tier II retirement program and is expected to be filled after January 1, 2013, when most of the recently adopted Public Employee Retirement Reforms will be enacted.

STRATEGIC PLAN

Strategic Plan Goal 1.2 – Secure new supplies
Strategic Plan Goal 1.3 – Upgrade and maintain available storage and distribution works
Strategic Plan Goal 1.4 – Consistently reduce average demand per customer
Strategic Plan Goal 2.2 – Upgrade and maintain collection and treatment works
Strategic Plan Goal 4.1 – Retain and attract new employees

RECOMMENDATION

Consider Personnel Committee recommendation, adopt Resolution approving Assistant Engineer job description and salary range, and authorize staff to recruit an Assistant Engineer.

ATTACHMENTS

- A. Resolution 2012-XXXX Assistant Engineer
- B. Summary of salary information

OCTOBER 10, 2012

ITEM E-3

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2012-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING THE DISTRICT PERSONNEL POLICY TO
INCLUDE AN ASSISTANT ENGINEER JOB DESCRIPTION**

WHEREAS, the Nipomo Community Services District (herein "District") Board of Directors (herein "Board") is a local governmental agency formed and authorized to provide services within its jurisdiction, pursuant to Section 61000 et seq. of the California Government Code; and

WHEREAS, pursuant to District Resolution 2007-1018, the District Board of Directors adopted the NCSD Personnel Policies and Procedures; and

WHEREAS, the District Board of Directors desires to amend the NCSD Personnel Policies and Procedures to include a job description for Assistant Engineer to better serve the District's needs.

NOW, THEREFORE, the Board of Directors of the Nipomo Community Services District does hereby resolve, declare, determine, and order as follows:

1. Assistant Engineer Job Description (Exhibit "A")

On the motion of Director _____, seconded by Director _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

CONFLICTS:

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Nipomo Community Services District this 10th day of October 2012.

JIM HARRISON
President of the Board

ATTEST:

APPROVED AS TO FORM:

MICHAEL S. LEBRUN
Secretary to the Board

MICHAEL W. SEITZ
District Deputy Legal Counsel

DEFINITION

Perform professional and technical civil engineering work in support of District and private development projects starting with simple projects and moving to more complex ones. Employees in this job class provide general engineering support and direction to a variety of public and private projects. Projects worked on may include civil works projects including: water and wastewater pipelines and treatment facilities, tanks, environmental mitigation and other related subjects. Assists District Engineer with implementation of various District programs including the implementation of District's Water Conservation Program and Capital Improvement Program. Other duties as assigned.

CLASS CHARACTERISTICS

Employees in this classification work under general supervision of the District Engineer within a broad framework of policies and procedures.

EXAMPLES OF DUTIES (Illustrative Only)

Assistant Engineer will assist the District Engineer in performing the following duties:

- Performs studies, researches files, records, plans, and maps.
- Gathers, assembles, analyzes and interprets field data, and prepares reports.
- Plans, directs, participates, and effectively completes projects. This technical work involves engineering, surveying, construction, or other activities related to the civil engineering profession.
- Administers consultant contracts for support services such as surveying, soil testing, biological studies, etc.
- Coordinates with other District staff as needed to complete assignments.
- Provides planning, specification, calculation and cost estimating review of other's work.
- Reviews construction of projects and assists in maintaining construction documents.
- Reviews and evaluates development plans, maps, and related documents for conformance to District, County, State, and Federal codes. Reviews calculations.
- Assists with maintenance of GIS system and hydraulic models.
- Assists with maintenance of water allocation program.
- Assists in processing of development applications.
- Provides assistance to other District employees regarding engineering related matters.
- Assists in planning, developing and implementing innovative water conservation programs.
- Provides technical expertise to District staff and public on how to achieve water conservation program objectives.
- Performs regulatory monitoring and evaluation activities for water conservation; documents problem areas and researches remedies.
- Assists with locating and evaluating grant opportunities and preparing grant applications.
- Monitors compliance with grant requirements.
- Interfaces with outside agencies, consultants, contractors, and the general public.
- Performs related duties similar to the example duties in scope and function as required.
- Represents the District in a professional manner.

EMPLOYMENT STANDARDS

KNOWLEDGE OF:

- Principles and practices of civil engineering applicable to the planning, design, and construction of water and wastewater pipelines and treatment facilities and tanks.
- Mathematics, design methods, uses and strengths of construction materials, and effects of soil conditions as they relate to the design and construction of water and wastewater pipelines and treatment facilities and tanks.
- Hydrology, hydraulics, and structural design practices and procedures.
- Principles and practices of surveying and construction inspection, including applicable laws and safety requirements.
- Technical report writing.
- Computer systems and applicable software programs.
- Federal, State and local laws and regulations regarding water conservation
- Principles, practices, programs and funding sources for water conservation

SKILL IN:

- Apply knowledge gained from education in the performance of professional level engineering.
- Prepare engineering plans, designs, estimates, and specifications for a variety of public works projects and complete projects effectively.
- Solve engineering problems utilizing a variety of civil engineering techniques.
- Use AutoCAD and standard office software such as word processing, spreadsheets and Adobe Acrobat.
- Follow written and oral directions.
- Deal tactfully and courteously with the public, contractors, and representatives of other agencies in providing professional engineering assistance and information.
- Communicate effectively and tactfully in both oral and written forms.
- Prepare staff reports associated with project work.
- Establish and maintain effective and amicable work relationships with those contacted in the performance of required duties.
- Meet the physical requirements necessary to safely and effectively perform required duties.
- Maintain activity records and infrastructure databases.
- Plan, organize, supervise, coordinate, review, and evaluate programs and projects related to water conservation

PHYSICAL CHARACTERISTICS:

- Vision to read gauges, meters, computer screens, and instruction manuals and to operate a motor vehicle;
- Hearing to interact in person, on the telephone and over a radio;
- Strength to lift and move equipment and tools weighing up to 40 pounds with proper equipment;
- Stamina to do moderate physical work;

- Mobility to inspect various work and construction sites, work in confined spaces and climb ladders;
- Ability to wear self-contained breathing equipment.

WORKING CONDITIONS:

- The normal working day starts at 8:00 am and ends at 4:30pm;
- Employee must be able to work out of doors in all weather conditions;
- Employee may work in proximity to wastewater;
- Employee must be available for attendance at evening and weekend meetings.

EDUCATION AND EXPERIENCE:

- Bachelor's degree in Civil Engineering or related field;
- Possession of an Engineer in Training Certificate desirable.

LICENSE:

- Must possess and maintain a valid California Class C driver's license and have a satisfactory driving record.
- Ability to obtain AWWA Water Use Efficiency Grade 1 certification within 24 months of employment date.

OCTOBER 10, 2012

ITEM E-3

ATTACHMENT B

INFORMAL COMPARISON OF SALARY RANGES FOR ENTRY LEVEL ENGINEERS AND RELATED POSITIONS

The table below is derived from information District staff obtained from performing internet searches and calling local agencies. The information is not exhaustive, represents a variety of effective dates, and does not account for differences in duties or benefits of the stated position. Unless otherwise noted, the listed position requires a bachelors degree in civil engineering but does not require a professional engineers license.

ORGANIZATION	JOB TITLE	MONTHLY SALARY RANGE(\$)	NOTES
FRESNO COUNTY	ENGINEER II	5143-6565	Source: CA DPA 2011 Salary Survey
SACRAMENTO COUNTY	CIVIL ENG I	4550-5016	Source: CA DPA 2011 Salary Survey
SANTA CLARA COUNTY	ASSIST. ENGINEER	5980-7271	Source: CA DPA 2011 Salary Survey
CITY OF FRESNO	ENGINEER I	4119-4972	Source: CA DPA 2011 Salary Survey
CITY OF OAKLAND	ASSIST. ENGINEER 1	5106-6267	Source: CA DPA 2011 Salary Survey
CITY OF SACRAMENTO	JUNIOR ENGINEER	3983-5605	Source: CA DPA 2011 Salary Survey
CITY OF SACRAMENTO	ASSIST. ENGINEER	4858-6836	Source: CA DPA 2011 Salary Survey
CITY OF SAN JOSE	ENGINEER 1	5774-7306	Source: CA DPA 2011 Salary Survey
CA RESOURCES AGENCIES	RESOURCE ENG 1	4608-5334	CA DPA WEBSITE
CAL POLY	UNAVAILABLE	N/A	EMAIL FROM CSU HR INDICATED NO ENTRY LEVEL ENGINEERING CLASS AT CSU
SAN LUIS OBISPO COUNTY	ENGINEER I	4878-5930	SLO CO WEB SITE
CITY OF SAN LUIS OBISPO	ENGINEER I	5128-6296	CITY OF SLO WEB SITE
CITY OF ARROYO GRANDE	ASSISTANT ENGINEER	4498-5467	CITY OF AG WEB SITE

OTHER REFERENCE INFORMATION

CITY OF PISMO BEACH	ENGINEERING TECH	3903-4744	DOES NOT REQUIRE ENGINEERING DEGREE
CITY OF PISMO BEACH	PLANS EXAMINER	4875-5925	REQUIRES EXPERIENCE BUT NO ENGINEERING DEGREE
CITY OF PISMO BEACH	ASSOCIATE ENGINEER	6396-7774	REQUIRES ENGINEERING DEGREE, LICENSE, & EXPERIENCE
CITY OF GROVER BEACH	PLANNER I	4438-5395	DEGREE IN CITY PLANNING
CITY OF SANTA MARIA	ENG TECH II	4346-5282	HIGH SCHOOL DIPLOMA + 4 YEARS
CITY OF SANTA MARIA	PLAN TECH ENGINEER	7433-9035	ENG DEGREE + 2 YEARS, LICENSE DESIRABLE
CITY OF SANTA MARIA	UTILITIES ENGINEER	8501-10333	ENG DEGREE, LICENSE AND 3+ YEARS

TO: BOARD OF DIRECTORS

FROM: MICHAEL S. LEBRUN
GENERAL MANAGER

MGL

DATE: OCTOBER 4, 2012

**AGENDA ITEM
E-4
OCTOBER 10, 2012**

**CONSIDER UPDATES AND CHANGES TO PERSONNEL POLICIES
AND PROCEDURES TO ESTABLISH A JOB DESCRIPTION AND
SALARY RANGE FOR PUBLIC INFORMATION ASSISTANT,
AUTHORIZE STAFF TO ADVERTISE AND RECRUIT A PUBLIC
INFORMATION ASSISTANT**

ITEM

Consider proposed job description and salary range for newly created Public Information Assistant position, authorize staff to recruit Public Information Assistant. [RECOMMEND CONSIDER PERSONNEL COMMITTEE RECOMMENDATION, ADOPT RESOLUTION APPROVING PUBLIC INFORMATION ASSISTANT JOB DESCRIPTION AND SALARY RANGE, AND AUTHORIZE STAFF TO RECRUIT PUBLIC INFORMATION ASSISTANT]

BACKGROUND

On June 13, 2012, your Board approved the District's 2012-2013 Budget. The Budget included a new position and budgeted funding for an "Information Officer" position. In reviewing example job descriptions for this class of employee, staff concluded the title "Public Information Assistant" is more appropriate for the level of work envisioned.

The Public Information Assistant will work at the general direction of the General Manager to develop public relations and education materials including District newsletters and press releases. The Public Information Assistant will assist in the development and implementation of a public information and education program. A proposed job description is attached as Exhibit A in the draft Resolution.

The Personnel Committee recommends approving the Public Information Assistant job description and setting the salary at \$13-\$17 per hour depending on qualifications.

FISCAL IMPACT

A full year salary for the new contract position is budgeted for fiscal 2012-2013. The District will be using a local employment agency to fill the position. Services of the employment agency add approximately \$5/hour to the salary.

STRATEGIC PLAN

Strategic Plan Goal 5.3 – Provide excellent customer service.
Strategic Plan Goal 7.A.3/7.B.2/7.C.2/7.E.2 – Communicate with customers.

RECOMMENDATION

Consider Personnel Committee recommendation, adopt Resolution approving Public Information Assistant job description and salary range, and authorize staff to recruit a Public Information Assistant.

ATTACHMENTS

- A. Resolution 2012-XXXX Public Information Assistant

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\2012\12\10\10 INFORMATION ASSISTANT.docx

OCTOBER 10, 2012

ITEM E-4

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2012-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING THE DISTRICT PERSONNEL POLICY TO
INCLUDE A PUBLIC INFORMATION ASSISTANT JOB DESCRIPTION**

WHEREAS, the Nipomo Community Services District (herein "District") Board of Directors (herein "Board") is a local governmental agency formed and authorized to provide services within its jurisdiction, pursuant to Section 61000 et seq. of the California Government Code; and

WHEREAS, pursuant to District Resolution 2007-1018, the District Board of Directors adopted the NCSD Personnel Policies and Procedures; and

WHEREAS, the District Board of Directors desires to amend the NCSD Personnel Policies and Procedures to include a job description for Public Information Assistant to better serve the District's needs.

NOW, THEREFORE, the Board of Directors of the Nipomo Community Services District does hereby resolve, declare, determine, and order as follows:

1. Public Information Assistant Job Description (Exhibit "A")

On the motion of Director _____, seconded by Director _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

CONFLICTS:

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Nipomo Community Services District this 10th day of October 2012.

JIM HARRISON
President of the Board

ATTEST:

APPROVED AS TO FORM:

MICHAEL S. LEBRUN
Secretary to the Board

MICHAEL W. SEITZ
District Deputy Legal Counsel

DEFINITION

Under general direction of the General Manager, the Public Information Assistant develops public relations materials including District newsletters, press releases, promotional and educational materials. Assist in the development and implementation of a public information and public education program. Perform a variety of administrative and operational functions in support of assigned outreach/education programs and perform other related work as required.

CLASS CHARACTERISTICS

This is a single position classification. The Public Information Assistant is a part-time (approximately 20 hours per week) contract position. The employee will work under general supervision of the General Manager within a broad framework of policies and procedures.

EXAMPLES OF DUTIES (Illustrative only – intended to identify essential functions and requirements of the job. NOT intended to be all-inclusive)

- Designs and develops public information, media advertising and marketing materials; writes, designs, edits, and produces bi-monthly customer newsletter, District brochures, event flyers, advertisements, bill inserts, and assists with monthly Manager's column.
- Coordinates with other departments and District staff as needed to complete assignments.
- Prepares and distributes press releases, fact sheets, media advisories, and articles.
- Assists with update of District website; prepares informational materials for web-site posting.
- Participate in establishing, updating, and executing the District's Information and Public Outreach Plan.
- Maintain District lobby and Board Room with appropriate information.
- Research grant programs and develop grant proposals that support District needs.
- Performs related duties similar to the example duties in scope and function as required.
- Represents the District in a professional manner.

EMPLOYMENT STANDARDS**KNOWLEDGE OF:**

- Local government agencies and community services districts.
- Operations, services, and activities of a public information and communications program.
- Basic principles and practices of public information and education program development and implementation.
- Principles, practices, and techniques of distributing information for mass media communications.
- Communication media sources, including but not limited to newspapers, radio, television, and internet.
- Methods and techniques of news reporting and editing.
- Principles of research, writing, editing, and preparing a variety of informational publications, speeches, bulletins, press releases, feature stories, and distribution materials.
- Methods and techniques of layout and graphic design.
- Photography and photo editing.
- Legislative process and procedures.

- Methods and techniques used in developing communications for internal and external audiences.
- English usage, spelling, grammar, and punctuation.
- Principles of web design.
- Office procedures, methods, and equipment including computers and applicable software applications such as word processing, desktop publishing, graphics, and presentation software.
- Working command of Spanish language, written and verbal, is desirable.

ABILITY TO:

- Participate in planning, developing, organizing, and coordinating a comprehensive public information and education program for the District.
- Participate in recommending and implementing goals and objectives for providing public information and communication programs.
- Identify target audiences and develop pertinent messages.
- Analyze the effectiveness of public information activities, initiate, and develop procedures for improving public information efforts.
- Write clear and concise bulletins, press releases, feature stories, and materials for distribution to the news media and public.
- Understand the implications of public information and evaluate the news value of District activities and functions.
- Add, subtract, multiply and divide, and calculate percentages, fractions, and decimals.
- Operate office equipment including computers and supporting word-processing, desktop publishing, and graphics applications.
- Operate a motor vehicle safely.
- Communicate clearly and concisely, both orally and in writing.
- Follow written and oral directions.
- Establish and maintain effective working relationships with those contacted in the course of work.

PHYSICAL CHARACTERISTICS:

The conditions herein are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential job functions.

- Sufficient mobility to work in an office setting; stand or sit for prolonged periods of time; operate office equipment including use of a computer keyboard; lifting 25 pounds, carrying, pulling, pushing.
- Hearing and speech to interact in person and on the telephone.
- Ability to verbally communicate and exchange information.
- Vision to read printed material and a computer screen.

EDUCATION AND EXPERIENCE

- Graduation from an accredited four-year college or university with a degree in Communications, English or a related field, or equivalent experience.