

TO: BOARD OF DIRECTORS  
FROM: MICHAEL S. LEBRUN *MSL*  
GENERAL MANAGER  
DATE: DECEMBER 6, 2013

**AGENDA ITEM  
E-1  
DECEMBER 11, 2013**

## **FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2012-2013**

### **ITEM**

Review financial Audit Report for Fiscal Year 2012-2013 [RECOMMEND BY MOTION AND ROLL CALL VOTE ACCEPT AND DIRECT STAFF TO FILE 2012-2013 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, 2013, in accordance with Generally Accepted Accounting Principles.

The audit report has been completed in the Comprehensive Annual Financial Report (CAFR) format this year. The completed audit will be submitted to the Government Finance Officers Association (GFOA) for review and consideration for a Certificate of Achievement for Excellence in Financial Reporting. This is the first year the District will attempt to receive this award. A 39-page checklist will be used by the GFOA to evaluate the CAFR. It generally takes the GFOA four to six months to complete their review.

On November 12, 2013, the Finance and Audit Committee (Director Vierheilg and Director Armstrong), Mr. Crosby, and District Staff met and reviewed the report in detail.

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

### **RECOMMENDATION**

Upon completion of the presentation and public comments, a motion would be in order to accept and file the Audit Report for Fiscal Year 2012-2013.

### **ATTACHMENT**

- A. Audit Report for Fiscal Year 2012-2013

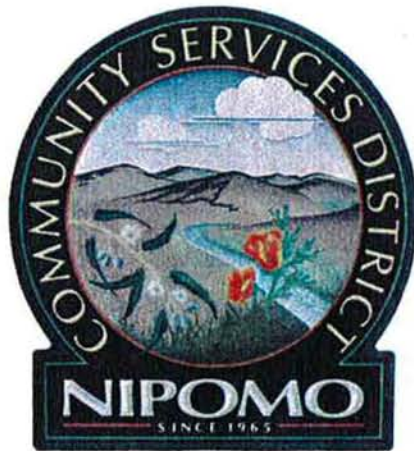
DECEMBER 11, 2013

ITEM E-1

ATTACHMENT A

**Nipomo Community Services District**  
**Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2013



**148 S. Wilson Street • P.O. Box 326 • Nipomo, California 93444**

## MISSION STATEMENT

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



**Comprehensive Annual Financial Report**

**Fiscal Year End June 30, 2013**

**NIPOMO COMMUNITY SERVICES DISTRICT**

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

**(805) 929-1133**

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

**Prepared by:**

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

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# INTRODUCTORY SECTION



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# NIPOMO COMMUNITY

## BOARD MEMBERS

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



*Serving the Community Since 1965*

# SERVICES DISTRICT

## STAFF

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

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

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August 12, 2013

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

California law requires that every local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2013.

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

The Crosby Company, Certified Public Accountant, have issued an unqualified ("clean") opinion on the Nipomo Community Services District's financial statements for the year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

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

## **Profile of the District**

Nipomo Community Services District ("District") was organized January 28, 1965 under the provisions of the California Community Services District Law (Sections 61000 et seq. of the Government Code of the State of California) for purposes of supplying water for domestic, irrigation, sanitation, industrial, commercial, recreation and fire suppression use. The District is located off of Highway 101 on the central coast of California between San Francisco and Los Angeles, in San Luis Obispo County. The District includes approximately 4,450 acres of land comprising seven square miles. The District's service area includes portions of the unincorporated area of Nipomo and currently serves a population of approximately 11,850 and provides water service to approximately 4,300 customers and provides sewer service to approximately 3,500 customers under two separate wastewater systems, the Town Sewer Division and the Blacklake Sewer Division.

The District has operated under the board-general manager form of government since its inception. Policy-making and legislative authority are vested in a governing board (Board)



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

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

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

### **Economic Conditions**

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

Residential water and sewer connections increased during FY 2012-2013 due to the completion of several residential housing developments that stood idle for several years.

### **Relevant Financial Policies**

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

### **Major Initiatives**

The District approved a funding plan, issued Certificates of Participation and awarded \$17M in contracts to build Phase 1 of the Supplemental Water Project. Phase 1 improvements will interconnect the District's water distribution system with the water distribution system of the City of Santa Maria. The Phase 1 improvements will be capable of initially delivering 650 Acre Feet per Year (AFY) of supplemental water to the District increasing to a potential of approximately 1,000 AFY of supplemental water depending on flow control adjustments.

### **Acknowledgements**

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

Respectfully submitted,



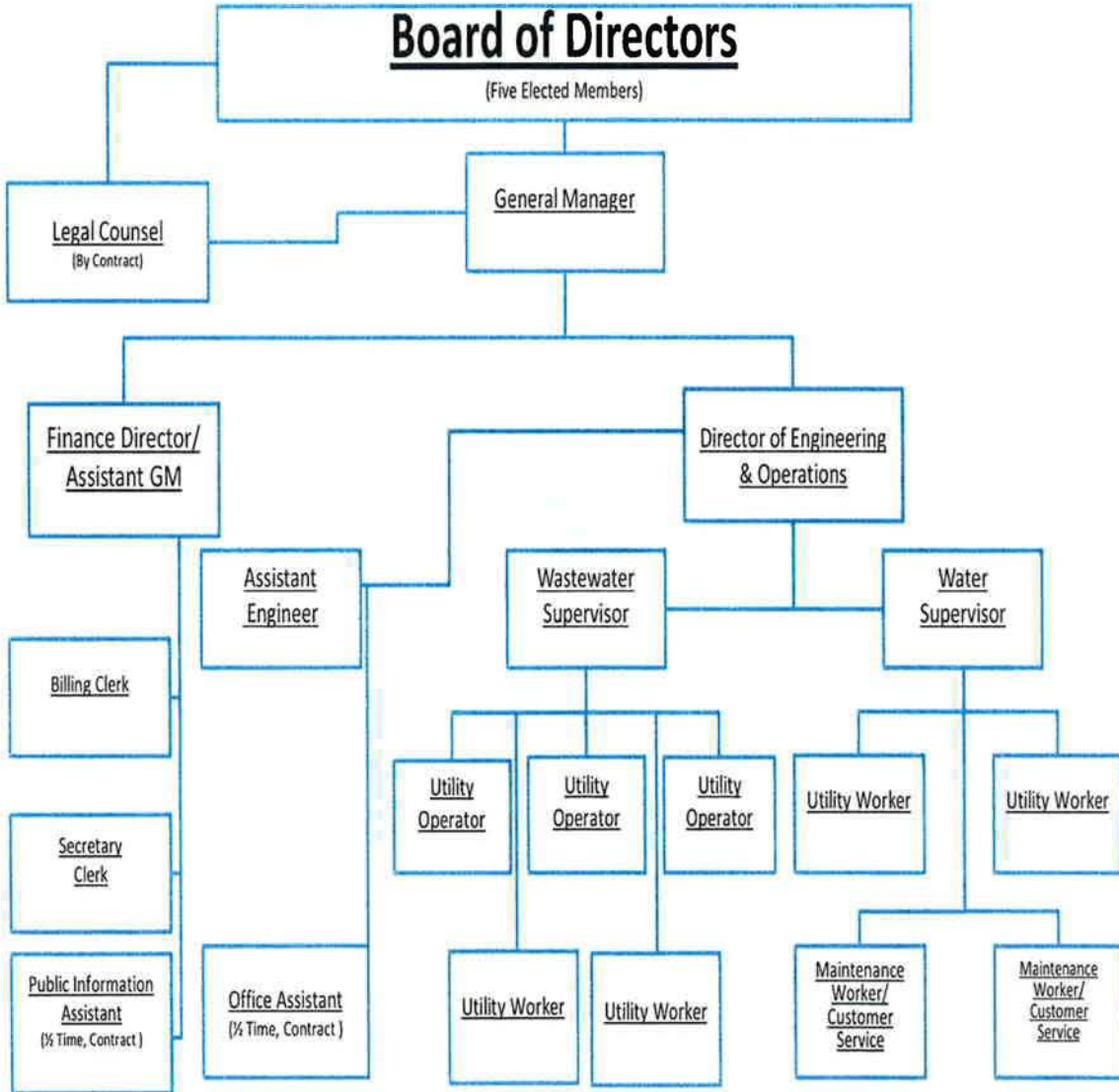
**Michael S. LeBrun**  
General Manager



**Lisa S. Bognuda**  
Finance Director

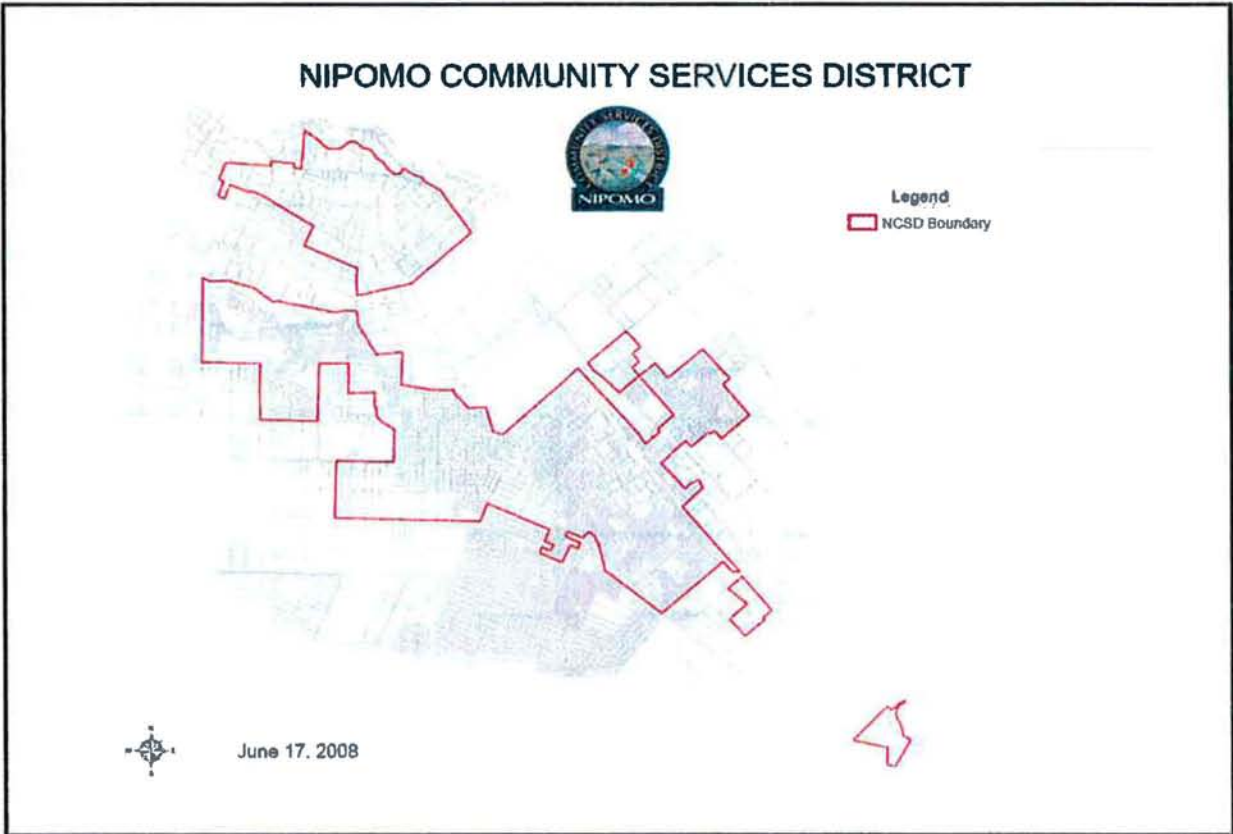


**NIPOMO COMMUNITY  
SERVICES DISTRICT  
ORGANIZATIONAL CHART**



# NIPOMO COMMUNITY SERVICES DISTRICT

## MAP OF SERVICE AREA



# NIPOMO COMMUNITY SERVICES DISTRICT

## DISTRICT OFFICERS

### BOARD OF DIRECTORS

<u>Name</u>	<u>Title</u>	<u>Current Term</u>
James Harrison	President	12/10 – 12/14
Larry Vierheilig	Vice President	12/10 – 12/14
Dan A. Gaddis	Director	12/10 – 12/14
Robert Blair	Director	12/12 – 12/16
Craig Armstrong	Director	12/12 – 12/16

### MANAGEMENT

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

### LEGAL COUNSEL

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



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# CROSBY COMPANY, CERTIFIED PUBLIC ACCOUNTANT

1457 MARSH STREET, SUITE 100 - SAN LUIS OBISPO, CA 93401

PHONE: (805)543-6100 FAX: (805)858-9505

## Independent Auditor's Report

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

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the business-type activities of the Nipomo Community Services District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position the business-type activities of the District, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITOR'S REPORT

(Continued)

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 17, and the schedule of funding progress listed on page 42, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Supplemental Information

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



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

August 12, 2013



**Nipomo Community Services District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2013

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The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Nipomo Community Services District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- The Districts Net Position increased 11.3% to \$57.8 million.
- During the year the District's operating revenue increased 15.6%, while operating expenses increased 10.5%.
- The District collected approximately \$413,000 in water, supplemental water and sewer capacity fees.
- The District accepted offers of dedication of water and sewer improvements from developers with a Fair Market Value of approximately \$4.7 million.
- The District refunded the 2003 Certificates of Participation that resulted in a present value savings of \$192,836 and a total gross savings of \$262,898.
- The District issued \$9,660,000 in Certificates of Participation to fund a portion of the Supplemental Water Project Phase 1. The final true interest rate is 4.67%
- The District established Rate Stabilization Funds for the Water, Town Sewer and Blacklake Sewer Funds.

**Required Financial Statements**

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

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

The final required financial statement is the Statements of Cash Flows, which provides information about the District's cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to

**Nipomo Community Services District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2013

such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**Financial Analysis of the District**

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

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 22 through 39.

**Statements of Net Position**

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

	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>Current Year Increase/ (Decrease)</u></b>	<b><u>2011</u></b>
<b><u>Assets</u></b>				
Current and other Assets	\$38,556,931	\$33,468,576	\$5,088,355	\$25,358,844
Capital assets, net	<u>44,093,969</u>	<u>33,233,604</u>	<u>10,860,365</u>	<u>32,611,674</u>
Total Assets	<u>82,650,900</u>	<u>66,702,180</u>	<u>15,948,720</u>	<u>57,970,518</u>
<b><u>Liabilities</u></b>				
Other liabilities	1,855,687	680,120	1,175,567	653,202
Long term debt outstanding	<u>22,914,535</u>	<u>14,017,323</u>	<u>8,897,212</u>	<u>4,674,988</u>
Total Liabilities	<u>24,770,222</u>	<u>14,697,443</u>	<u>10,072,779</u>	<u>5,328,190</u>
<b><u>Net Position</u></b>				
Invested in capital assets, net of debt	21,117,250	19,736,453	1,380,797	28,120,434
Restricted	26,519,323	22,237,879	4,281,444	14,429,872
Unrestricted	<u>10,244,105</u>	<u>10,030,405</u>	<u>213,700</u>	<u>10,092,022</u>
Total Net Position	<u>\$57,880,678</u>	<u>\$52,004,737</u>	<u>\$5,875,941</u>	<u>\$52,642,328</u>

**Nipomo Community Services District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2013

**Statements of Revenues, Expenses and Changes in Net Position**

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

	<u>2013</u>	<u>2012</u>	<u>Current Year Increase/ (Decrease)</u>	<u>2011</u>
<b><u>Operating Revenues</u></b>				
Charges for services	\$5,649,025	\$5,210,119	\$438,906	\$4,952,837
Miscellaneous	<u>634,948</u>	<u>221,853</u>	<u>413,095</u>	<u>208,228</u>
Total Operating Revenues	<u>6,283,973</u>	<u>5,431,972</u>	<u>852,001</u>	<u>5,161,065</u>
<b><u>Operating Expenses</u></b>				
Water	2,755,195	2,822,240	(67,045)	3,197,163
Sewer	1,572,634	1,440,153	132,481	1,424,512
Other	<u>540,621</u>	<u>139,596</u>	<u>401,025</u>	<u>109,085</u>
Total Operating Expenses	<u>4,868,450</u>	<u>4,401,989</u>	<u>466,461</u>	<u>4,730,760</u>
<b><u>Non-Operating Revenues and (Expenses)</u></b>				
Interest income	102,610	98,657	3,953	125,994
Miscellaneous revenues	551,164	536,105	15,059	609,449
Miscellaneous expense	0	(3,264)	3,264	0
Interest expense	(549,507)	(178,647)	(370,860)	(181,873)
Debt issuance costs	(745,261)	(353,361)	(391,900)	0
Abandoned project	<u>0</u>	<u>(1,671,990)</u>	<u>1,671,990</u>	<u>0</u>
Total Non-operating revenues (expenses)	<u>(640,994)</u>	<u>(1,572,500)</u>	<u>931,506</u>	<u>553,570</u>
Income before Contributions	<u>774,529</u>	<u>(542,517)</u>	<u>1,317,046</u>	<u>983,875</u>
Capital Contributions	<u>5,101,412</u>	<u>88,674</u>	<u>5,012,738</u>	<u>226,462</u>
Change in Net Position	<u>5,875,941</u>	<u>(453,843)</u>	<u>6,329,784</u>	<u>1,210,337</u>
Net position – Beginning of fiscal year	<u>52,004,737</u>	<u>52,458,580</u>	<u>(453,843)</u>	<u>51,431,991</u>
Net position – End of fiscal year	<u>\$57,880,678</u>	<u>\$52,004,737</u>	<u>\$5,874,941</u>	<u>\$52,642,328</u>

**Nipomo Community Services District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2013

**Capital Assets**

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

	<u>2013</u>	<u>2012</u>	<u>Current Year Increase/ (Decrease)</u>	<u>2011</u>
Non-depreciable assets	\$12,474,215	\$7,093,217	\$5,380,998	\$735,401
Depreciable assets	48,334,431	42,032,619	6,301,812	46,697,528
Accumulated depreciation	<u>(16,714,677)</u>	<u>(15,892,232)</u>	<u>(822,445)</u>	<u>(14,821,255)</u>
Total capital assets, net	<u>\$44,093,969</u>	<u>\$33,233,604</u>	<u>\$10,860,365</u>	<u>\$32,611,674</u>

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

**Long Term Debt**

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

	<u>2013</u>	<u>2012</u>	<u>Current Year Increase/ (Decrease)</u>	<u>2011</u>
Certificates of Participation Series 2013	\$9,660,000	\$0	\$9,660,000	\$0
Refunding Revenue Bonds Series 2013A	2,845,000	0	2,845,000	0
Certificates of Participation Series 2012	9,635,000	9,795,000	(160,000)	0
Inter-Fund Loan (2009)	141,233	162,403	(21,170)	182,949
Inter-Fund Loan (2009)	128,830	148,399	(19,569)	167,298
Certificates of Participation (2003)	0	3,330,000	(3,330,000)	3,420,000
State Revolving Fund Loan (1999)	295,262	337,442	(42,180)	379,622
State Revolving Fund Loan (1998)	209,210	244,079	(34,869)	278,947
Water Revenue Bond (1978)	0	0	0	76,000
Equipment Lease Purchase (2009)	<u>0</u>	<u>0</u>	<u>0</u>	<u>170,172</u>
Total Long-term Debt	<u>\$22,914,535</u>	<u>\$14,017,323</u>	<u>\$8,897,212</u>	<u>\$4,674,988</u>

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

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

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

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

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

**Nipomo Community Services District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2013

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In accordance with a five-year rate schedule initiation in November 2011, the water enterprise is in the second year of a five-year rate increase. This includes a 9.5% rate increase each of the five years. The District is currently considering revising the water rate structure to take into account increased operations and maintenance as well as supplemental water. The Town Division wastewater enterprise has not had a rate increase since January 1, 2010. The Blacklake Sewer Division completed the fifth year of a five year rate increase on January 1, 2013. Upon completion of the Southland Wastewater Treatment Facility Upgrade and completion of the Blacklake Sewer Master Plan, the District will complete a sewer rate studies for each sewer enterprise.

**Requests for Information**

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

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**NIPOMO COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**As of June 30, 2013**

(With Comparative Totals for the Year Ended June 30, 2012)

	Enterprise Funds	
	2013	2012
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 37,072,346	\$ 32,089,754
Accounts receivable	256,290	220,354
Unbilled utilities receivable	887,000	761,000
Accrued interest receivable	13,429	18,832
Prepaid expenses	2,508	3,698
Accrued franchise fees	17,795	12,636
Notes receivable (current portion)	42,079	40,740
Total current assets	38,291,447	33,147,014
<b>Non-current assets</b>		
Capital assets:		
Land and construction in progress	12,474,215	7,093,217
Property, plant and equipment, net of accumulated depreciation	31,619,754	26,140,387
Total noncurrent assets	44,093,969	33,233,604
<b>Other assets</b>		
Notes receivable (less current portion)	227,984	270,062
Deposits and other assets	37,500	51,500
Total other assets	265,484	321,562
Total assets	\$ 82,650,900	\$ 66,702,180
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 756,080	\$ 311,319
Accrued liabilities	465,308	239,894
Deposits	634,299	122,607
Current portion long term debt	264,128	372,789
Total current liabilities	2,119,815	1,046,609
<b>Noncurrent liabilities</b>		
Long term debt	22,650,407	13,644,534
Deferred revenues		6,300
Total noncurrent liabilities	22,650,407	13,650,834
Total liabilities	\$ 24,770,222	\$ 14,697,443
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	\$ 21,117,250	\$ 19,736,453
Restricted for system expansion and replacement	26,519,323	22,237,879
Unrestricted	10,244,105	10,030,405
Total net position	\$ 57,880,678	\$ 52,004,737

The accompanying notes are an integral part of these financial statements

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2013**

(With Comparative Totals for the Year Ended June 30, 2012)

	Enterprise Funds	
	<u>2013</u>	<u>2012</u>
<b>Operating revenues</b>		
Charges for services	\$ 5,649,025	\$ 5,210,119
Miscellaneous	634,948	221,853
Total operating revenues	6,283,973	5,431,972
<b>Operating expenses</b>		
Personnel	1,557,146	1,420,129
Contractual services	224,616	288,956
Utilities	578,766	652,296
Repairs and maintenance	229,699	225,362
Other supplies and expenses	1,028,433	642,025
Insurance	75,207	77,796
Depreciation	1,174,583	1,095,425
Total operating expenses	4,868,450	4,401,989
Operating income	1,415,523	1,029,983
<b>Non-operating revenues (expenses)</b>		
Interest	102,610	98,657
Property taxes	494,457	501,739
Cell site income	34,839	33,824
Miscellaneous income	21,868	542
Debt issuance costs	(745,261)	(353,361)
Abandoned project		(1,671,990)
Miscellaneous expense		(3,264)
Interest expense	(549,507)	(178,647)
Total non-operating revenues (expenses)	(640,994)	(1,572,500)
<b>Income (loss) before contributions</b>	774,529	(542,517)
<b>Capital contributions</b>	5,101,412	88,674
<b>Changes in net position</b>	5,875,941	(453,843)
<b>Net position-beginning of year</b>	52,004,737	52,458,580
<b>Net position-end of year</b>	\$ 57,880,678	\$ 52,004,737

The accompanying notes are an integral part of these financial statements



**NIPOMO COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**As of June 30, 2013**

(With Comparative Totals for the Year Ended June 30, 2012)

	Enterprise Funds	
	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities</b>		
Cash received from operating revenue	\$ 6,248,037	\$ 5,420,133
Payments to suppliers	(1,030,981)	(1,908,180)
Payments to employees	(1,557,146)	(1,420,129)
Net cash provided by operating activities	3,659,910	2,091,824
<b>Cash flows from non-capital financing activities</b>		
Property tax revenues	494,457	501,739
Other cash flows	56,707	31,102
Net cash provided by non-capital financing activities	551,164	532,841
<b>Cash flows from capital and related financing activities</b>		
Capital contributions	5,101,412	88,674
Acquisition of capital assets	(12,034,948)	(3,389,345)
Proceeds from capital debt	12,505,000	9,795,000
Debt issuance costs	(745,261)	(353,360)
Principal paid on capital debt	(3,607,788)	(452,666)
Interest paid on capital debt	(549,507)	(178,647)
Net cash provided by capital and related financing activities	668,908	5,509,656
<b>Cash flows from investing activities</b>		
Interest income	102,610	98,657
Net cash provided by investing activities	102,610	98,657
<b>Net change in cash</b>	4,982,592	8,232,978
<b>Cash and cash equivalents-beginning</b>	32,089,754	23,856,776
<b>Cash and cash equivalents-ending</b>	\$ 37,072,346	\$ 32,089,754
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 1,415,523	\$ 1,029,983
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,174,583	1,095,425
Net changes in assets and liabilities		
Accounts receivable	(35,936)	(11,839)
Unbilled utility receivable	(126,000)	(81,000)
Accrued interest receivable	5,403	7,544
Prepaid expenses	1,190	37,664
Accrued franchise fees	(5,159)	(816)
Notes receivable	40,739	39,445
Deposits and other assets	14,000	(51,500)
Accounts payable	444,761	(84,970)
Accrued liabilities	219,114	80,579
Deposits	511,692	31,309
Net cash provided by operating activities	\$ 3,659,910	\$ 2,091,824

The accompanying notes are an integral part of these financial statements

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

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

The District complies with U.S. Generally Accepted Accounting Principles (GAAP) and all relevant U.S. Governmental Accounting Standards Board (GASB) pronouncements. These technical pronouncements establish criteria for determining the organization's activities and functions that are included in the financial statements of a governmental unit. The proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

***Comparative Information***

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

***Reporting Entity***

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

The Nipomo Community Services District Public Facilities Corporation is a component unit of the District. This Corporation was formed in 2003 to issue Revenues Certificates of Participation (COP'S). COP'S were issued in June 2013 and June 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 BASIC FINANCIAL STATEMENTS**  
June 30, 2013

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

***Proprietary Fund Financial Statements***

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

***Basis of Accounting***

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

***Budgets and Budgetary Accounting***

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

***Estimates***

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

***Operating Revenues and Expenses***

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

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

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2013

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

***Cash and Cash Equivalents***

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

***Accounts Receivable***

Water and sewer charges are billed bi-monthly for all residential and commercial customers. Customer accounts receivable are placed on the tax roll when the receivable is deemed uncollectible by the District. The District did not experience any significant bad debt losses and therefore a zero provision has been made for doubtful accounts. Accounts receivable is shown at full value.

***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. The capitalization threshold for all capital assets is \$5,000. Depreciation has been provided over the estimated useful life of the asset using the straight-line method. The estimated useful lives are as follows:

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

***Compensated Absences***

Depending on the length of continuous service, a range of 10-20 vacation and 12 days of sick leave per year may be accumulated by each employee annually. 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.

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2013

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

***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.

**NOTE 2: CASH AND CASH EQUIVALENTS**

The values of cash and cash equivalents at June 30, 2013 are summarized as follows:

Cash on hand	\$	350
Bank deposits		472,511
Certificate of deposit		924,657
Deposits with bond trustees		13,867,021
Cash and investments in pooled funds		21,907,980
Less: Cash held in Trust in pooled funds		<u>(100,173)</u>
 Total	 \$	 <u>37,072,346</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).

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2013

**NOTE 2: CASH AND CASH EQUIVALENTS (continued)**

***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, 2013, the carrying amount of the District's cash deposits was \$15,164,366. The bank's balance was \$15,289,682. This difference is due to the normal deposits in transit and outstanding checks. District cash deposits by category as of June 30, 2013, are as follows:

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Bank</u> <u>Balance</u>	<u>Carrying</u> <u>Amount</u>
Bank accounts	\$ 15,289,682	\$ -0-	\$ -0-	\$ 15,289,682	\$ 15,164,366

**NOTE 3: INVESTMENTS**

***Investments Authorized by the District's Investment Policy***

The District is authorized to invest in the following institutions:

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

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



**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2013

**NOTE 3: INVESTMENTS (continued)**

***Investments Authorized by Debt Agreements***

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

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

***Disclosure Relating to Interest Rate Risk***

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

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

	<u>Balance</u>	<u>Maturity Date</u>
State Investment Pool	\$ <u>21,907,980</u>	9 months average maturity

***Investment in State Investment Pool***

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

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 3: INVESTMENTS (continued)**

***Disclosures Relating to Credit Risk***

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

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by the state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgages notes having a value of 150% of the secured public deposits.

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

***Concentration of Risk***

The District's investment policy does not contain various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. As of June 30, 2013 the District's deposit portfolio with government agencies, LAIF, was 100%.



**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 4: PROPERTY, PLANT, EQUIPMENT AND CONSTRUCTION IN PROGRESS**

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

<u>Non-Depreciable Assets</u>	June 30, 2012	<u>Additions</u>	<u>(Deletions)</u>	June 30, 2013
Land and land rights	\$ 735,401	\$ -	\$ -	\$ 735,401
Construction in Progress	6,357,816	7,142,796	(1,761,798)	11,738,814
<b>Total Non-Depreciable Assets</b>	<u>7,093,217</u>	<u>7,142,796</u>	<u>(1,761,798)</u>	<u>12,474,215</u>
 <u>Depreciable Assets</u>				
Collection and treatment Facilities	20,376,442	2,293,171	-	22,669,613
Source of supply and Pumping	4,795,282	41,183	(8,000)	4,828,465
Transmission and distribution lines	13,651,065	3,802,815	(3,208)	17,450,672
Machinery and equipment	1,057,689		(275,684)	782,005
Vehicles	256,517	102,582	(52,939)	306,160
Building	1,270,712	-	-	1,270,712
Computer equipment	427,370	414,199	(9,106)	832,463
Office furniture and fixtures	197,542	-	(3,201)	194,341
<b>Total Depreciable Assets</b>	<u>42,032,619</u>	<u>6,653,950</u>	<u>(352,138)</u>	<u>48,334,431</u>
Less: Accumulated Depreciation	<u>(15,892,232)</u>	<u>(1,174,583)</u>	<u>352,138</u>	<u>(16,714,677)</u>
<b>Total Depreciable Assets, Net</b>	<u>26,140,387</u>	<u>5,479,367</u>	<u>-</u>	<u>31,619,754</u>
<b>Total Capital Assets, Net</b>	<u>\$ 33,233,604</u>	<u>\$ 12,622,163</u>	<u>\$ (1,761,798)</u>	<u>\$ 44,093,969</u>

Depreciation expense for the period ended June 30, 2013 was \$1,174,583.

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 5: LONG TERM DEBT**

Long term debt consisted of the following:

	<u>Balance at</u> <u>June 30,</u> <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30,</u> <u>2013</u>
<u>Certificates of Participation</u>				
The District issued \$9,660,000 of Revenue Certificates of Participation (COP's) on June 21, 2013. The proceeds are to be used for the Supplemental Water Project Phase 1. The COP's bear interest ranging from 1.0% to 4.625% per annum. Principal is to be paid annually starting September 1, 2014 through September 1, 2043. Annual principal payments range from \$135,000 to \$725,000.	\$ -	\$ 9,660,000	\$ -	\$ 9,660,000
The District issued \$9,795,000 of Revenue Certificates of Participation (COP's) of to be used for the 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	-	(160,000)	9,635,000
The District issued \$4,000,000 of Revenue Certificates of Participation (COP'S) on May 1, 2003. The proceeds were used for pipeline and storage facility projects. The COP's interest ranged from 3.00% to 4.93% per annum. The principal was refunded from proceeds of the Refunding Revenue Bonds, Series 2013A on May 30, 2013.	3,330,000	-	(3,330,000)	-

See Auditor's Report

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2013

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

<u>Revenue Bonds</u>	<u>Balance at June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2013</u>
<p>The District issued \$2,845,000 of Refunding Revenue Bonds, Series 2013A on May 30, 2013. The proceeds were used to refund the Revenue Certificates of Participation (COP's) that were originally issued on May 1, 2003. The Refunding Revenue Bonds bear interest ranging from 3.7% to 4.8% per annum. Principal is to be paid annually starting September 1, 2014 through September 1, 2032. Annual principal payments range from \$100,000 to \$210,000.</p>	-	2,845,000	-	2,845,000
<p><u>Other Long-Term Obligations</u></p> <p>The District adopted a water rate adjustment and Buy-In Charge of \$277,742 for the merger of Blacklake and Town Water Division on June 1, 2009, for the purposes of meeting operation, maintenance and capital replacement expenses for providing water service for the merged water systems. A loan of \$222,243 is being repaid through a bi-monthly surcharge applied to Blacklake customers' water utility bills for a ten year period with interest rate at 3%. Annual principal payments range from \$19,353 to \$25,313.</p>	162,403	-	(21,170)	141,233
<p>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. A loan of \$206,501 is being repaid through a bi-monthly surcharge applied to Blacklake customers' sewer utility bills for a ten-year period with interest rate at 3.5%. Annual principal payments range from \$17,624 to \$20,024.</p>	148,399	-	(19,569)	128,830

See Auditor's Report

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2013

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

	Balance at <u>June 30,</u> <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30,</u> <u>2013</u>
The District entered into a loan contract for \$697,367 on April 30, 1998 with the State Water Resources Control Board for the construction of the Southland Wastewater Treatment Plant Expansion – Phase I. The loan was funded during the year ended June 30, 1999. Loan interest is zero percent; however, a loan fee of 16.667% was charged. The loan is payable over 20 years. It calls for annual payments of \$34,868 starting May 1, 2000.	244,079	-	(34,869)	209,210
The District entered into a loan contract for \$843,605 on February 24, 1999 with the State Water Resources Control Board for the construction of Southland Wastewater Expansion-Phase II. The loan was funded during the year ended June 30, 2000. The loan interest is zero percent; however, a loan fee of 16.667% was charged. The loan is payable over 20 years. It calls for annual payments of \$42,180 starting March 1, 2001.	<u>337,442</u>	-	<u>(42,180)</u>	<u>295,262</u>
Total long-term debt	14,017,323	12,505,000	(3,607,788)	22,914,535
Less current maturities	<u>372,789</u>			<u>264,128</u>
Total long-term maturities	<u>\$ 13,644,534</u>			<u>\$ 22,650,407</u>

Future required principal and interest payments are as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 264,128	\$ 751,475	\$ 1,015,603
2015	500,509	900,283	1,400,792
2016	511,937	590,095	1,102,032
2017	518,413	878,907	1,397,320
2018	534,937	866,176	1,401,113
2019 – 2023	2,634,611	4,079,408	6,714,019
2024 – 2028	3,205,000	3,532,387	6,737,387
2029 – 2033	3,910,000	2,813,712	6,723,712
2034 – 2038	4,790,000	1,920,491	6,710,491
2039 – 2044	5,320,000	772,634	6,092,634
2045	<u>725,000</u>	<u>16,766</u>	<u>741,766</u>
Totals	<u>\$ 22,914,535</u>	<u>\$ 17,122,334</u>	<u>\$ 40,036,869</u>

See Auditor's Report

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2013

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

At June 30, 2013, 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	\$	3,164,383
Water sales	Funded replacement		5,094,893
Certificates of Participation	Supplemental water project (Phase 1)		9,000,000
Town Sewer capacity charges	For the expansion of sewer system		329,227
Town Sewer sales	Funded replacement		4,436,842
Certificates of Participation	Town sewer upgrade		4,161,813
Blacklake sewer sales	Funded replacement		<u>332,165</u>
	Totals	\$	<u>26,519,323</u>
<u>Unrestricted Funding Source</u>	<u>Use</u>		
Designated capital improvements	Town water and sewer upgrades	\$	2,444,677
Designated reserve	Current year operating expenses		5,627,486
Designated reserve	Current year non-operating expenses		2,109,758
Undesignated			<u>62,184</u>
	Totals	\$	<u>10,244,105</u>

**NOTE 7: JOINT POWERS AUTHORITY**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2013, the District participated in the liability, and property, and worker's compensation progress of the SDRMA as follows:

General Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201213. This covers \$10,000,000 per occurrence.

Public Officials and Employees Errors: Special District Risk Management Authority, coverage number LCA SDRMA 201213. This covers \$10,000,000 per occurrence/general aggregate.

Personal Liability Coverage for Board Members: Special District Risk Management Authority, coverage number LCA SDRMA 201213. This covers \$500,000 per occurrence/general aggregate.

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2013

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

Employment Practices Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201213. 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 201213. This covers \$10,000,000 per occurrence/general aggregate.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 201213. This policy includes a \$400,000 Public Employees Dishonesty Blanket Coverage.

Auto Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201213. 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 201213. The coverage is on file with SDRMA.

Uninsured/Under Insured Motorist: Special District Risk Management Authority, coverage number UMI SDRMA 201213. This covers \$1,000,000 each accident.

Trailer Coverage: District Risk Management Authority, coverage number LCA SDRMA 201213. The coverage is on file with SDRMA.

Property Coverage: Special District Risk Management Authority, coverage number PPC SDRMA 201213. 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 201213. 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 201213. This coverage is statutory per occurrence for workers' compensation and \$5,000,000 for employers' liability coverage.

Settled claims have not exceeded any of the coverages in any of the last three fiscal years. There are no reductions in insurance coverage in fiscal year 2013 and 2012. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2013, and 2012.



**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 8: DEFINED BENEFIT PENSION PLAN**

***Plan Description***

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

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

Benefits fully vest on reaching five years of service. Employees who retire at or after age 60 (Tier 1 and Tier II) and age 62 (PEPRA) with five years of credited service, are entitled to a retirement benefit payable monthly for life. An employee's monthly service benefit is determined by three factors: years of service, one or three year final compensation and benefit factor (based on age). Vested employees may retire at or after age 50 and receive reduced retirement benefits. CALPERS also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute. Employees are required to contribute to the plan based upon the funding policy outlined below. The District is required to contribute the remaining amounts necessary to fund CALPERS, using the actuarial basis specified by statute.

***Funding Policy***

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

Participants are required to contribute 8% of their annual covered salary. The District makes the contribution required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the current rate is 20.321% 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 BASIC FINANCIAL STATEMENTS**  
 June 30, 2013

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

**Employees hired on or after June 18, 2011 and prior to January 1, 2013**

Participants are required to contribute 8% of their annual covered salary. The District does not make the required contribution of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the current rate is 15.66% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by CALPERS.

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

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

***Actual Pension Cost***

For the fiscal year ending June 30, 2013, the District's annual pension cost of \$211,520 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) and (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).

***Annual Pension Costs***

<u>Fiscal</u> <u>Year</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2013	\$ 211,520	100%	\$ -
2012	215,945	100%	-
2011	202,749	100%	-

***Three Year Trend Information***

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.

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2013

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

***Other Post-employment Benefits (OPEB)***

***Plan Description***

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

***Funding Policy***

The District's current funding policy is to fund 100% of the annual required contribution as determined under GASB Statement No. 45 through the California Employers' Retiree Benefit Trust (CERBT). The market value of assets in CERBT as of June 30, 2013 is \$699,641.

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

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the Annual Required Contribution of the employer (ARC). The District has elected to calculate the ARC and related information using the Alternative Measurement Method (AMM) permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over the remaining period of 27 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in its net OPEB obligation to the Retiree Health Plan:

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

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2013

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

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the 2013 and the two preceding years is as follows:

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

***Funding Status and Funding Progress***

As of July 1, 2011, the latest actuarial valuation date, the Actuarial Accrued Liability (AAL) for benefits was \$1,328,814, of which \$913,355 is unfunded.

The projection of future benefit payments for an on-going plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and health care cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past experiences and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liabilities of the benefits.

***Actuarial Methods and Assumptions***

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

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 7.61% investment rate of return, which is the calculation used by CalPERS Strategy 1 annual discount rate based on the assumed long-term return on plan assets and an annual health care cost trend of 5%. It is assumed the District's payroll will increase 1.5% per year. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over 27 years.

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 9: STATEMENT OF NET POSITION**

The District adopted GASB Statement No.63, *Financial Reporting of Deferred outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of June 30, 2013, which changed the Statement of Net Assets to the Statement of Net Position and provides guidance for reporting deferred outflows and inflows of resources. The adoption of this GASB Statement did not have any financial impact on the financial statements.

**NOTE 10: NEW ACCOUNTING STANDARDS**

The District adopted GASB Statement No.65, *Items Previously Reported as Assets and Liabilities* as of June 30, 2013, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously recognized as revenues and expenses.

The adoption of this statement requires that debt issuance costs be recognized as an expense in the period incurred, rather than amortized over the life of the loan. This resulted in a net decrease in Net Position of \$183,748 at June 30, 2011 and \$520,172 at June 30, 2012. The total debt issuance costs expensed in the current year ending June 30, 2013 were \$745,261.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**



**NIPOMO COMMUNITY SERVICES DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION-**  
**SCHEDULE OF FUNDING PROGRESS**  
For the Year Ended June 30, 2013

**SCHEDULE OF FUNDING PROGRESS**

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

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

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

The accompanying notes are an integral part of the financial statements

**OTHER SUPPLEMENTAL  
INFORMATION**



**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMBINING STATEMENTS OF NET POSITION**  
**PROPRIETARY FUNDS**  
As of June 30, 2013

Business Type Activities - Enterprise Funds

<b>ASSETS</b>		<u>Administration</u>	<u>Water</u>	<u>Town Sewer</u>	<u>Blacklake Sewer</u>
<b>Current Assets</b>					
Cash and cash equivalents	\$	81,674	\$ 21,170,500	\$ 12,398,235	\$ 593,413
Accounts receivable		16	150,052	63,575	42,647
Unbilled utilities receivable			580,000	268,000	39,000
Accrued interest receivable			6,725	4,709	356
Prepaid expense		2,508			
Accrued franchise fees					
Notes receivable (current portion)			21,814		
<b>Total current assets</b>		<u>84,198</u>	<u>21,929,091</u>	<u>12,734,519</u>	<u>675,416</u>
<b>Noncurrent Assets</b>					
Capital assets:					
Land and construction in progress			3,476,708	8,969,081	28,426
Property, plant and equipment, net		62,184	13,698,525	14,560,844	1,694,248
<b>Total noncurrent assets</b>		<u>62,184</u>	<u>17,175,233</u>	<u>23,529,925</u>	<u>1,722,674</u>
<b>Other Assets</b>					
Notes receivable (less current portion)			119,419		
Deposits and other			37,500		
<b>Total other assets</b>		<u>-</u>	<u>156,919</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<b>\$</b>	<b><u>146,382</u></b>	<b>\$ <u>39,261,243</u></b>	<b>\$ <u>36,264,444</u></b>	<b>\$ <u>2,398,090</u></b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	\$	4,929	\$ 126,055	\$ 606,531	\$ 15,331
Accrued liabilities		20,476	76,675	125,831	9,010
Deposits		221,241	409,400		
Current portion long term debt			21,814	222,049	20,265
<b>Total current liabilities</b>		<u>246,646</u>	<u>633,944</u>	<u>954,411</u>	<u>44,606</u>
<b>Noncurrent Liabilities</b>					
Long term debt			9,779,419	9,917,423	108,565
<b>Total noncurrent liabilities</b>		<u>-</u>	<u>9,779,419</u>	<u>9,917,423</u>	<u>108,565</u>
<b>Total liabilities</b>	<b>\$</b>	<b><u>246,646</u></b>	<b>\$ <u>10,413,363</u></b>	<b>\$ <u>10,871,834</u></b>	<b>\$ <u>153,171</u></b>
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	\$	62,184	\$ 7,311,816	\$ 13,390,453	\$ 1,593,844
Restricted for system expansion and replacement			17,259,276	8,927,882	332,165
Unrestricted		(162,448)	4,276,788	3,074,275	318,910
<b>Total net position</b>	<b>\$</b>	<b><u>(100,264)</u></b>	<b>\$ <u>28,847,880</u></b>	<b>\$ <u>25,392,610</u></b>	<b>\$ <u>2,244,919</u></b>

See Auditor's Report

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMBINING STATEMENTS OF NET POSITION**  
**PROPRIETARY FUNDS**  
As of June 30, 2013

Business Type Activities - Enterprise Funds

<u>Blacklake Lighting</u>	<u>Solid Waste</u>	<u>Drainage</u>	<u>Landscape Maintenance District</u>	<u>Property Taxes</u>	<u>Total</u>
\$ 26,116 \$	\$ 310,824 \$	\$ 18,534 \$	\$ 17,533 \$	\$ 2,455,517 \$	37,072,346
					256,290
16	178	10	11	1,424	887,000
					13,429
	17,795				2,508
				20,265	17,795
<u>26,132</u>	<u>328,797</u>	<u>18,544</u>	<u>17,544</u>	<u>2,477,206</u>	<u>42,079</u>
					12,474,215
	1,415			1,602,538	31,619,754
<u>-</u>	<u>1,415</u>	<u>-</u>	<u>-</u>	<u>1,602,538</u>	<u>44,093,969</u>
					108,565
					227,984
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,565</u>	<u>37,500</u>
					265,484
<b>\$ 26,132 \$</b>	<b>\$ 330,212 \$</b>	<b>\$ 18,544 \$</b>	<b>\$ 17,544 \$</b>	<b>\$ 4,188,309 \$</b>	<b>\$ 82,650,900</b>
\$ 61 \$	\$ 2,468 \$	\$ - \$	\$ 705 \$	\$ - \$	756,080
	1,196			232,120	465,308
				3,658	634,299
<u>61</u>	<u>3,664</u>	<u>-</u>	<u>705</u>	<u>235,778</u>	<u>264,128</u>
					2,119,815
				2,845,000	22,650,407
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,845,000</u>	<u>22,650,407</u>
<b>\$ 61 \$</b>	<b>\$ 3,664 \$</b>	<b>\$ - \$</b>	<b>\$ 705 \$</b>	<b>\$ 3,080,778 \$</b>	<b>\$ 24,770,222</b>
\$ - \$	\$ 1,415 \$	\$ - \$	\$ - \$	\$ (1,242,462) \$	21,117,250
					26,519,323
<u>26,071</u>	<u>325,133</u>	<u>18,544</u>	<u>16,839</u>	<u>2,349,993</u>	<u>10,244,105</u>
<b>\$ 26,071 \$</b>	<b>\$ 326,548 \$</b>	<b>\$ 18,544 \$</b>	<b>\$ 16,839 \$</b>	<b>\$ 1,107,531 \$</b>	<b>\$ 57,880,678</b>

See Auditor's Report

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
**PROPRIETARY FUNDS**  
As of June 30, 2013

Business Type Activities - Enterprise Funds

	<u>Administration</u>	<u>Water</u>	<u>Town Sewer</u>	<u>Blacklake Sewer</u>
<b>Operating Revenues</b>				
Charges for services	\$	\$ 3,318,232	\$ 1,849,609	\$ 462,280
Miscellaneous	374,914	106,652	7,908	24,469
Total operating revenues	<u>374,914</u>	<u>3,424,884</u>	<u>1,857,517</u>	<u>486,749</u>
<b>Operating expenses</b>				
Personnel	245,880	901,357	297,359	112,550
Contractual services	35,158	162,546	23,318	3,277
Utilities	16,583	411,021	100,177	31,477
Repairs and maintenance	8,981	151,657	59,322	9,697
Other supplies and expenses	59,953	570,425	198,832	126,718
Insurance	13,799	44,144	12,521	2,243
Depreciation	20,960	514,045	515,416	79,727
Total operating expenses	<u>401,314</u>	<u>2,755,195</u>	<u>1,206,945</u>	<u>365,689</u>
Operating income (loss)	<u>(26,400)</u>	<u>669,689</u>	<u>650,572</u>	<u>121,060</u>
<b>Non operating revenues (expenses)</b>				
Interest	214	37,530	41,315	1,626
Property taxes				
Cell site	5,226	29,613		
Miscellaneous income	4,578		16,767	523
Debt issuance costs		(625,323)	(3,540)	
Interest expense		<u>(14,424)</u>	<u>(377,199)</u>	<u>(4,911)</u>
Total non operating revenues	<u>10,018</u>	<u>(572,604)</u>	<u>(322,657)</u>	<u>(2,762)</u>
Income (loss) before contributions	<u>(16,382)</u>	<u>97,085</u>	<u>327,915</u>	<u>118,298</u>
Capital contributions		<u>2,803,200</u>	<u>2,298,212</u>	
Change in net position	<u>(16,382)</u>	<u>2,900,285</u>	<u>2,626,127</u>	<u>118,298</u>
Total net position - beginning	<u>(83,882)</u>	<u>25,947,595</u>	<u>22,766,483</u>	<u>2,126,621</u>
Total net position - ending	<u>\$ (100,264)</u>	<u>\$ 28,847,880</u>	<u>\$ 25,392,610</u>	<u>\$ 2,244,919</u>

See Auditor's Report



**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
**PROPRIETARY FUNDS**  
As of June 30, 2013

Business Type Activities - Enterprise Funds

Blacklake Lighting	Solid Waste	Drainage	Landscape Maintenance District	Property Taxes	Totals
\$ 18,904	\$	\$	\$	\$ -	5,649,025
	112,185		8,820		634,948
<u>18,904</u>	<u>112,185</u>	<u>-</u>	<u>8,820</u>	<u>-</u>	<u>6,283,973</u>
					1,557,146
	317				224,616
19,398			110		578,766
			42		229,699
243	57,013		10,374	4,875	1,028,433
500	2,000				75,207
	1,696			42,739	1,174,583
<u>20,141</u>	<u>61,026</u>	<u>-</u>	<u>10,526</u>	<u>47,614</u>	<u>4,868,450</u>
<u>(1,237)</u>	<u>51,159</u>	<u>-</u>	<u>(1,706)</u>	<u>(47,614)</u>	<u>1,415,523</u>
					102,610
83	824	38	50	20,930	494,457
		13,492		480,965	34,839
					21,868
				(116,398)	(745,261)
				<u>(152,973)</u>	<u>(549,507)</u>
<u>83</u>	<u>824</u>	<u>13,530</u>	<u>50</u>	<u>232,524</u>	<u>(640,994)</u>
<u>(1,154)</u>	<u>51,983</u>	<u>13,530</u>	<u>(1,656)</u>	<u>184,910</u>	<u>774,529</u>
					5,101,412
<u>(1,154)</u>	<u>51,983</u>	<u>13,530</u>	<u>(1,656)</u>	<u>184,910</u>	<u>5,875,941</u>
<u>27,225</u>	<u>274,565</u>	<u>5,014</u>	<u>18,495</u>	<u>922,621</u>	<u>52,004,737</u>
<u>\$ 26,071</u>	<u>\$ 326,548</u>	<u>\$ 18,544</u>	<u>\$ 16,839</u>	<u>\$ 1,107,531</u>	<u>\$ 57,880,678</u>

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**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMBINING STATEMENTS OF OTHER SUPPLIES AND EXPENSES**  
**PROPRIETARY FUNDS**  
As of June 30, 2013

Business Type Activities - Enterprise Funds

	<u>Administration</u>	<u>Water</u>	<u>Town Sewer</u>
<b>Other supplies and expenses</b>			
Chemicals	\$	\$	\$
Lab testing		17,984	8,977
Operating supplies		18,249	32,899
Outside services	2,663	19,985	15,741
Permits and operating fees		81,831	4,630
Fuel		7,322	9,044
Paging service		20,160	6,705
Meters - new installations		5,906	1,969
Meters - replacement program		18,460	
Uniforms		6,264	2,436
Solid waste rate deferral		5,804	1,935
<b>Clean up costs</b>			
Conservation program		25,045	
<b>Bank charges and fees</b>	2,887	2,566	
Computer expenses	12,040	41,841	13,354
<b>Dues and subscriptions</b>	1,786	8,480	2,033
Education and training	998	3,618	1,668
Elections	1,875	5,623	1,593
Landscape and janitorial	2,494	7,483	2,120
<b>LAFCO funding</b>	20,342		
Miscellaneous	2,415		
<b>Newsletters and mailers</b>		1,934	1,215
Office supplies	2,274	5,510	1,561
<b>Postage</b>	830	11,129	5,875
Public notices	5,952	2,139	825
<b>Property taxes</b>		1,011	
Telephone	1,465	4,589	1,300
<b>Travel and mileage</b>	1,932	5,560	1,558
Bond administration			750
Operating transfer-out administration		241,932	80,644
<b>Total other supplies and expenses</b>	<u>\$ 59,953</u>	<u>\$ 570,425</u>	<u>\$ 198,832</u>

See Auditor's Report

**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMBINING STATEMENTS OF OTHER SUPPLIES AND EXPENSES**  
**PROPRIETARY FUNDS**  
As of June 30, 2013

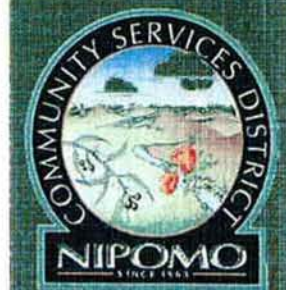
Business Type Activities - Enterprise Funds

<u>Blacklake Sewer</u>	<u>Blacklake Lighting</u>	<u>Solid Waste</u>	<u>Landscape Maintenance District</u>	<u>Property Taxes</u>	<u>Total</u>
\$ 26,823	\$ -	\$ -	\$ -	\$ -	\$ 53,784
15,158					66,306
5,493					41,219
16,999					106,123
5,282					21,648
3,657					30,522
1,074					8,949
					18,460
1,200					9,900
1,055					8,794
		41,253			41,253
		14,794			14,794
		542			25,587
					5,453
1,806					69,041
268					12,567
294					6,578
281					9,372
375			9,683		22,155
					20,342
					2,415
603					3,752
275					9,620
1,050					18,884
	243	424	691		10,274
					1,011
762					8,116
275					9,325
				4,875	5,625
43,988					366,564
<u>\$ 126,718</u>	<u>\$ 243</u>	<u>\$ 57,013</u>	<u>\$ 10,374</u>	<u>\$ 4,875</u>	<u>\$ 1,028,433</u>

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# STATISTICAL SECTION



## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
<u>Financial Trends</u> <i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	53
<u>Revenue Capacity</u> <i>These schedules contain information to help the reader assess the District's two most significant revenue sources, water and sewer sales.</i>	54-57
<u>Debt Capacity</u> <i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</i>	58-60
<u>Demographic and Economic Information</u> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</i>	61-62
<u>Operating Information</u> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</i>	63-64



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

	2013	2012	2011	2010	2009
Invested in capital assets, net of related debt	\$21,117,250	\$19,736,453	\$28,120,434	\$26,400,186	\$29,702,586
Restricted for system expansion and replacement	26,519,323	22,237,879	14,429,872	15,349,110	16,189,675
Unrestricted	<u>10,244,105</u>	<u>10,030,405</u>	<u>10,092,022</u>	<u>9,682,695</u>	<u>4,145,274</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$57,880,678</u></b>	<b><u>\$52,004,737</u></b>	<b><u>\$52,642,328</u></b>	<b><u>\$51,431,991</u></b>	<b><u>\$50,037,535</u></b>

	2008	2007	2006	2005	2004
Invested in capital assets, net of related debt	\$22,985,210	\$19,758,349	\$18,571,019	\$18,218,882	\$17,577,666
Restricted for system expansion and replacement	15,786,714	14,862,877	15,349,146	15,112,119	11,344,482
Unrestricted	<u>8,830,148</u>	<u>6,877,417</u>	<u>4,972,596</u>	<u>4,403,951</u>	<u>5,893,659</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$47,602,072</u></b>	<b><u>\$41,498,643</u></b>	<b><u>\$38,892,761</u></b>	<b><u>\$37,734,952</u></b>	<b><u>\$34,815,807</u></b>

Source: Nipomo Community Services District

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

Fiscal Year	Operating Revenue (1)	Operating Expense (2)	Operating Income/(Loss)	Total Non-Operating Revenue/(Expense)	Income/(Loss) Before Capital Contributions	Capital Contributions	Change in Net Position
2013	\$6,283,973	\$4,868,450	\$1,415,523	\$(640,994)	\$774,529	5,104,412	5,875,941
2012	5,431,972	4,401,989	1,029,983	(1,572,500)	(542,517)	88,674	(453,843)
2011	5,161,065	4,730,760	430,305	555,570	983,875	226,462	1,210,337
2010	5,074,418	4,608,687	465,731	760,253	1,225,984	168,472	1,394,456
2009	4,754,784	4,515,311	239,473	933,711	1,173,184	1,262,279	2,435,463
2008	4,739,197	5,111,463	(372,266)	1,362,199	989,933	5,113,496	6,103,429
2007	4,219,004	4,047,839	171,165	1,416,760	1,587,925	1,017,957	2,605,882
2006	3,615,529	3,476,224	139,305	327,186	466,491	691,318	1,157,809
2005	3,231,280	3,255,471	(24,191)	355,554	331,363	2,587,782	2,919,145
2004	3,011,433	3,480,429	(468,996)	392,319	(76,677)	1,721,424	1,644,747

Source: Nipomo Community Services District

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

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

Fiscal Year	Operating Revenues			Total Operating Revenues	Non-Operating Revenues			Total Non-Operating Revenues	Total Revenues
	Water	Waste-water	Other		Property Taxes	Interest Income	Other		
2013	\$3,318,232	\$2,311,889	\$653,852	\$6,283,973	\$494,457	\$102,610	\$56,707	\$653,774	\$6,937,747
2012	2,978,557	2,212,658	240,757	5,431,972	501,739	98,657	34,366	634,762	6,066,734
2011	2,771,928	2,162,005	227,132	5,161,065	557,041	125,994	52,408	735,443	5,896,508
2010	2,938,162	1,952,618	183,638	5,074,418	520,576	167,857	251,282	939,685	6,014,103
2009	2,987,268	1,582,391	185,125	4,754,784	554,660	537,985	30,907	1,123,552	5,878,336
2008	2,979,529	1,153,024	606,664	4,739,217	546,975	961,860	29,889	1,538,724	6,277,921
2007	2,648,718	1,065,762	504,524	4,219,004	517,110	1,045,604	32,659	1,595,373	5,814,377
2006	2,186,159	995,633	433,737	3,615,529	201,283	739,159	27,737	968,179	4,583,708
2005	1,860,078	890,284	480,918	3,231,280	127,163	403,197	28,404	558,764	3,790,044
2004	1,751,855	830,582	428,996	3,011,433	328,205	247,925	26,281	602,411	3,613,844

Source: Nipomo Community Services District

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

Fiscal Year	OPERATING EXPENSES								Total Non-Operating Expenses	Total Expenses
	Personnel	Contractual Services	Utilities	Repairs & Maintenance	Other Supplies & expenses	Insurance	Deprec & Amort	Total Operating Expenses		
2013	\$1,557,146	\$224,616	\$578,766	\$229,699	\$1,028,433	\$75,207	\$1,174,583	\$4,868,450	\$1,294,768	\$6,163,218
2012	1,420,129	288,956	652,296	225,362	642,025	77,796	1,095,425	4,401,989	2,207,262	6,609,251
2011	1,475,273	518,736	556,145	316,935	624,970	79,754	1,158,947	4,730,760	181,873	4,912,633
2010	1,448,688	468,541	607,219	296,920	614,681	58,191	1,114,447	4,608,687	179,462	4,788,149
2009	1,337,120	597,134	534,252	393,744	533,907	41,208	1,077,946	4,515,311	189,841	4,705,152
2008	1,197,427	1,005,913	557,310	345,266	919,878	38,808	1,046,861	5,111,463	176,525	5,287,988
2007	888,097	496,449	595,073	324,286	742,136	32,992	968,806	4,047,839	178,613	4,226,452
2006	814,992	424,638	477,203	238,633	590,136	32,992	897,770	3,476,224	640,993	4,117,217
2005	766,562	391,346	491,730	156,649	574,250	32,158	842,776	3,255,471	203,210	3,458,681
2004	685,254	736,555	519,081	206,387	511,971	29,729	791,452	3,480,429	210,092	3,690,521

Source: Nipomo Community Services District

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

Fiscal Year	Single Family	%	Multi-Family	%	Commercial	%	Irrigation	%	Agriculture	%	Total	Total %
2013	3,556	84%	494	12%	94	2%	93	2%	1	>1%	4,238	100%
2012	3,504	84%	495	12%	95	2%	78	2%	1	>1%	4,173	100%
2011	3,492	84%	473	11%	95	2%	91	2%	2	>1%	4,153	100%
2010	3,484	84%	462	11%	97	2%	91	2%	2	>1%	4,136	100%
2009	3,479	85%	421	10%	100	2%	90	2%	2	>1%	4,092	100%
2008	3,481	85%	412	10%	93	2%	89	2%	2	>1%	4,077	100%
2007	3,445	86%	390	10%	96	2%	83	2%	3	>1%	4,017	100%
2006	3,426	86%	366	9%	98	2%	75	2%	3	>1%	3,968	100%
2005	3,366	89%	235	6%	83	2%	76	2%	3	>1%	3,763	100%
2004	3,298	89%	235	6%	81	2%	73	2%	2	>1%	3,691	100%

Source: Nipomo Community Services District

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

Meter Size	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
1 Inch and Less	35.72	\$33.17	\$30.84	\$30.84	\$30.84	\$29.03	\$26.96	\$24.75	\$21.04	\$19.26
1 ½ Inch	97.82	90.58	83.97	83.97	83.97	78.82	72.96	66.68	48.02	43.66
2 Inch	152.11	140.64	130.17	130.17	130.17	122.01	112.73	102.78	66.68	60.60
3 Inch	273.90	252.56	233.07	233.07	233.07	217.87	200.60	182.10	93.42	84.92
4 Inch	444.40	409.04	376.68	376.68	376.68	351.45	322.77	292.05	121.00	110.00
6 Inch	873.99	803.33	730.80	730.80	730.80	688.49	631.31	570.06	199.66	181.50
8 Inch	1,369.77	1,256.84	1,153.71	1,153.71	1,153.71	1,073.29	981.81	884.00	228.08	207.33

Source: Nipomo Community Services District

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

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

		2011	2010	2009	2008	2007	2006	2005	2004
Single Family	Tier I	\$1.64	\$1.64	\$1.64	\$1.52	\$1.38	\$1.23	\$1.07	\$1.01
	Tier II	2.80	2.80	2.80	2.59	2.35	2.10	1.64	1.51
All Other		2.06	2.06	2.06	1.91	1.74	1.55	1.64	1.51

Source: Nipomo Community Services District

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

Meter Size	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
1 Inch and Less	\$3,385	\$3,293	\$3,192	\$3,124	\$3,022	\$2,713	2,599	\$2,501	\$3,801	\$3,690
Supplemental Water	15,015	14,605	14,160	13,858	13,404	12,062	11,556	11,121	0	0
1 ½ Inch	10,155	9,877	9,577	9,372	9,065	8,129	7,788	7,495	12,657	12,288
Supplemental Water	45,045	43,814	42,479	41,573	40,211	36,151	34,634	33,331	0	0
2 Inch	16,247	15,802	15,321	14,994	14,503	13,011	12,465	11,996	20,259	19,668
Supplemental Water	72,072	70,101	67,966	66,516	64,337	57,864	55,436	53,350	0	0
3 Inch	30,463	29,630	28,728	28,115	27,194	24,411	23,387	22,507	44,358	43,062
Supplemental Water	135,135	131,440	127,436	124,719	120,632	108,562	104,007	100,093	0	0
4 Inch	50,772	49,384	47,879	46,858	45,323	40,694	38,986	37,519	76,020	73,800
Supplemental Water	225,225	219,067	212,393	207,866	201,054	180,973	173,379	166,855	0	0
6 Inch	101,544	98,767	95,758	93,717	90,646	81,363	77,949	75,016	158,388	153,762
Supplemental Water	450,450	438,134	424,787	415,731	402,108	361,838	346,654	333,610	0	0

Source: Nipomo Community Services District

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

Fiscal Year	Single Family		Single Family County		Multi-Family		Commercial		TOTAL	
	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's
2013	2,024	2,024	461	461	371	771	80	80	2,936	3,339
2012	2,008	2,008	460	460	367	766	79	82	2,914	3,316
2011	1,991	1,991	460	460	365	770	71	74	2,887	3,295
2010	1,995	1,995	460	460	349	764	71	65	2,875	3,284
2009	1,990	1,990	460	460	359	710	71	75	2,880	3,208
2008	1,966	1,966	460	460	336	684	66	69	2,828	3,179
2007	1,903	1,903	457	457	313	608	66	69	2,739	3,037
2006	1,887	1,887	454	454	310	605	63	63	2,714	3,009
2005	1,881	1,881	448	448	308	603	63	63	2,700	2,995
2004	1,834	1,834	379	379	272	567	51	51	2,536	2,831

Source: Nipomo Community Services District  
DUE = Dwelling Unit Equivalent

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

Fiscal Year	Single Family		Multi-Family		Commercial		TOTAL	
	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's
2013	487	487	68	68	4	4	559	559
2012	485	485	67	67	3	3	555	555
2011	485	485	68	68	3	3	556	556
2010	484	484	69	69	4	4	557	557
2009	484	484	69	69	4	4	557	557
2008	487	487	69	69	2	2	558	558
2007	486	486	69	69	2	2	557	557
2006	483	483	68	68	2	2	553	553
2005	483	483	68	68	2	2	553	553
2004	483	483	68	68	2	2	553	553

Source: Nipomo Community Services District  
DUE = Dwelling Unit Equivalent

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

Fiscal Year	TOWN			BLACKLAKE				
	Single Family	Multi-Family	Commercial (per DUE)	Single Family	Multi-Family	Commercial (per DUE)		
2013	\$88.32	\$67.33	Changed to service charge based on size of meter, sewer strength category and metered water usage (See below)	\$145.51	\$95.08	Changed to service charge based on size of meter, sewer strength category and metered water usage (See below)		
2012	88.32	67.33		138.58	90.55			
2011	88.32	67.33		131.98	86.24			
2010	88.32	67.33		118.90	77.69			
2009	70.66	53.86		107.12	69.99			
2008	56.53	43.09		80.65	43.22			
2007	45.00	34.80		77.55	41.56			
2006	38.78	38.78		74.56	39.96			
2005	37.98	37.98		37.98	71.70		38.42	71.70
2004	37.60	37.60		37.60	63.66		63.66	63.66

Source: Nipomo Community Services District  
DUE = Dwelling Unit Equivalent

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

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

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

Source: Nipomo Community Services District

**TABLE 13**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COMMERCIAL SEWER RATES BLACKLAKE DIVISION**  
**LAST 10 FISCAL YEARS**

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

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

Source: Nipomo Community Services District

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

Meter Size	FISCAL YEAR								2005 Per DUE	2004 Per DUE
	2013	2012	2011	2010	2009	2008	2007	2006		
1 Inch and Less	\$8,085	\$7,864	\$7,625	\$7,462	\$6,927	\$4,314	\$6,927	\$3,977	Per DUE	Per DUE
1 ½ Inch	24,256	23,593	22,874	22,387	20,781	12,927	20,781	11,919		
2 Inch	38,810	37,749	36,598	35,819	33,250	20,692	33,250	19,078		
3 Inch	72,769	70,779	68,621	67,160	62,343	38,823	62,343	35,794		
4 Inch	121,281	117,965	114,368	111,934	103,905	64,718	103,905	59,669		
6 Inch	242,562	235,931	228,736	223,867	207,810	129,396	207,810	119,302		

Source: Nipomo Community Services District



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

Fiscal Year	Assessed Value	Bonded Debt	Bonded Debt to Assessed Value	Bonded Debt Per Capita (1)
2013	\$1,280,876,859	\$22,140,000	1.72%	\$5,224
2012	1,297,759,924	13,125,000	1.01%	3,145
2011	1,330,020,010	3,420,000	0.26%	823
2010	1,354,834,675	3,510,000	0.26%	849
2009	1,405,904,589	3,595,000	0.26%	878
2008	1,389,270,038	3,680,000	0.26%	903
2007	1,257,512,627	3,765,000	0.30%	937
2006	1,086,095,017	3,845,000	0.35%	969
2005	922,948,333	3,925,000	0.43%	1,043
2004	804,291,660	4,000,000	0.49%	1,084

Source: Nipomo Community Services District

(1) Per Capita is based on number of District customers

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

Fiscal Year	Gross Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2013	\$5,662,298	\$(2,844,591)	\$2,817,707	\$332,049	\$508,204	\$840,253	3.35x
2012	5,251,643	(2,977,782)	2,273,861	167,049	153,545	320,594	7.09x
2011	5,088,811	(3,301,897)	1,786,914	172,049	158,545	330,594	5.40x
2010	5,021,126	(3,159,949)	1,861,177	172,049	164,489	336,538	5.53x
2009	4,267,481	(2,720,943)	1,546,538	172,049	167,199	339,248	4.55x
2008	4,027,943	(3,280,391)	747,552	171,049	169,583	340,632	2.19x
2007	3,634,665	(2,468,373)	1,166,292	164,049	172,125	336,174	3.46x
2006	2,868,323	(1,863,630)	1,004,693	165,049	174,925	339,974	2.95x
2005	2,458,168	(1,730,250)	727,918	160,049	177,650	193,699	3.75x
2004	2,513,842	(1,984,615)	529,227	85,049	8,100	93,149	5.68x

Source: Nipomo Community Services District

(1) Excludes depreciation



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

Fiscal Year Ended June 30	Gross Secured Assessed Valuation	Gross Unsecured Assessed Valuation	Homeowners' Exemption	Adjusted Assessed Valuation
2013	\$1,284,304,321	\$13,406,138	\$(16,833,600)	\$1,280,876,859
2012	1,301,667,173	12,993,551	(16,900,800)	1,297,759,924
2011	1,333,639,941	13,353,669	(16,973,600)	1,330,020,010
2010	1,360,374,058	11,351,617	(16,891,000)	1,354,834,675
2009	1,412,360,063	10,466,326	(16,921,800)	1,405,904,589
2008	1,395,028,513	10,852,525	(16,611,000)	1,389,270,038
2007	1,262,958,365	10,909,262	(16,352,000)	1,257,512,627
2006	1,091,961,022	10,354,283	(16,220,288)	1,086,095,017
2005	927,682,757	11,016,729	(15,751,153)	922,948,333
2004	810,126,589	9,684,878	(15,519,807)	804,291,660

Source: County of San Luis Obispo Assessor

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

	2012-13	2011-12	2010-11	2009-10	2008-09
General	1.00000	1.00000	1.00000	1.00000	1.00000
State Water Project	0.00400	0.00300	0.00290	0.00220	0.00220
Lucia Mar Unified School District	<u>0.03954</u>	<u>0.02984</u>	<u>0.02914</u>	<u>0.02854</u>	<u>0.02854</u>
Total	1.04354	1.03284	1.03204	1.03074	1.03074

	2007-08	2006-07	2005-06	2004-05	2003-04
General	1.00000	1.00000	1.00000	1.00000	1.00000
State Water Project	0.00220	0.00221	0.00222	0.00223	0.0230
Lucia Mar Unified School District	<u>0.02364</u>	<u>0.01934</u>	<u>0.02018</u>	<u>0.03245</u>	<u>0.01211</u>
Total	1.02584	1.02155	1.02240	1.03468	1.01441

Source: California Municipal Statistics, Inc.

**TABLE 19**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**DIRECT AND OVERLAPPING DEBT STATEMENT**  
**JUNE 30, 2013**

NIPOMO COMMUNITY SERVICES DISTRICT

2012-13 Assessed Valuation: \$1,297,710,459

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt		District's Share
<u>6/30/13</u>	<u>6/30/13</u>	<u>% Applicable</u>	<u>Debt</u>
Lucia Mar Unified School District	\$33,212,243	11.995%	\$3,983,809
Nipomo Community Services District, Reassessment District No. 93-1R452,000100.			<u>452,000</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$4,435,809</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Luis Obispo County Certificates of Participation	\$ 30,985,000	3.310%	\$1,025,604
San Luis Obispo County Pension Obligations	115,624,398	3.310	3,827,168
San Luis Obispo County Community College District			
Certificates of Participation	20,350,000	3.297	670,940
Lucia Mar Unified School District Certificates of Participation	9,170,000	11.995	1,099,942
<b>Nipomo Community Services District</b>	<b>0</b>	<b>100.</b>	<b>0</b> (1)
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$6,623,654</b>
 <b>TOTAL DIRECT DEBT</b>			<b>\$0</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$11,059,463</b>
 <b>COMBINED TOTAL DEBT</b>			<b>\$11,059,463</b> (2)

(1) The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the community services district divided by the overlapping district's total taxable assessed value.

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

Ratios to 2012-13 Assessed Valuation:

<b>Total Direct Debt</b> .....	- %
Total Overlapping Tax and Assessment Debt .....	0.34%
Combined Total Debt .....	0.85%

Source: California Municipal Statistics, Inc.

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

Area	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Arroyo Grande	17,395	17,291	17,306	17,252	17,110	16,968	16,759	16,599	16,537	16,582
Atascadero	28,687	28,477	28,601	28,310	28,488	28,477	27,778	27,658	27,596	27,691
El Paso de Robles	30,504	30,225	29,918	29,793	30,004	29,813	29,514	28,969	27,964	27,216
Grover Beach	13,211	13,162	13,199	13,156	13,278	13,159	13,085	13,213	13,228	13,254
Morro Bay	10,317	10,274	10,294	10,234	10,576	10,506	10,436	10,491	10,511	10,522
Pismo Beach	7,717	7,675	7,682	7,655	8,677	8,568	8,545	8,617	8,644	8,716
San Luis Obispo (city)	45,541	45,308	45,269	45,119	44,829	44,521	44,239	44,439	44,519	44,176
SUBTOTAL	153,372	152,412	152,269	151,519	152,962	152,012	150,356	149,986	148,999	148,157
Unincorporated	118,805	119,071	118,036	118,118	117,939	116,278	114,544	113,256	111,728	110,047
TOTAL	272,177	271,483	270,305	269,637	270,901	268,290	264,900	263,242	260,727	258,204

Sources: State of California, Department of Finance; Table 2: E-4 Population Estimates for Cities, Counties and State, 2007-2010 with 2000 DRU Benchmark and Table 1 - Total Population 2000 and 2010 - Incorporated Cities by County in California. E-1 Cities, Counties and State Population Estimates with Annual Change for 2011 and 2012.

**TABLE 21**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**COUNTY OF SAN LUIS OBISPO**  
**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
**ANNUAL AVERAGE FOR YEARS 2008 THROUGH 2012**

The following Table compares estimates of the labor force, civilian employment and unemployment for County residents, State residents and United States residents between 2008 through 2012.

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
<b>2012</b>				
County	143,100	131,500	11,500	8.1%
State	18,494,900	16,560,300	1,934,500	10.5
United States	154,975,000	142,469,000	12,506,000	8.1
<b>2011</b>				
County	138,700	125,800	12,900	9.3%
State	18,384,900	16,226,600	2,158,300	11.7
United States	154,395,000	141,637,000	12,758,000	8.3
<b>2010</b>				
County	136,100	122,300	13,800	10.2%
State	18,176,200	15,916,300	2,259,900	12.4
United States	153,889,000	139,064,000	14,825,000	9.6
<b>2009</b>				
County	137,600	125,300	12,300	9.0
State	18,204,200	16,141,500	2,062,700	11.3
United States	154,142,000	139,877,000	14,265,000	9.3

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
<b>2008</b>				
County	138,100	130,200	7,900	5.7
State	18,191,000	16,883,400	1,307,600	7.2
United States	154,287,000	145,362,000	8,924,000	5.8
<b>2007</b>				
County	134,200	128,500	5,800	4.3
State	17,921,000	16,960,700	960,300	5.4
United States	153,124,000	146,047,000	7,078,000	4.6
<b>2006</b>				
County	132,700	127,500	5,200	3.9
State	17,686,700	16,821,300	865,400	4.9
United States	151,428,000	144,427,000	7,001,000	4.6
<b>2005</b>				
County	131,700	126,100	5,700	4.3
State	17,544,800	16,592,200	952,600	5.4
United States	149,320,000	141,730,000	7,591,000	5.1
<b>2004</b>				
County	130,000	124,100	6,000	4.6
State	17,444,400	16,354,800	1,089,700	6.2
United States	147,401,000	139,252,000	8,149,000	5.5
<b>2003</b>				
County	128,900	122,800	6,100	4.7
State	17,390,700	16,200,100	1,190,600	6.8
United States	146,510,000	137,736,000	8,774,000	6.0

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

**TABLE 22**  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
**MAJOR EMPLOYERS IN**  
**COUNTY OF SAN LUIS OBISPO**

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

Firm	Product or Service	Estimated FTE Employment
California Polytechnic State University, SLO	Education	2,601
County of San Luis Obispo	Government	2,426
Atascadero State Hospital	Health Services	2,200
California Men's Colony	Correction Institution	1,768
Pacific Gas and Electric Company	Utility	1,719
Tenent Healthcare	Health Services	1,409
Lucia Mar Unified School District	Education	1,100
Kings Ventures	Real Estate	850
Paso Robles Public Schools	Education	831
San Luis Coastal Unified District School	Education	828

Source: County of San Luis Obispo 2011-12 Comprehensive Financial Report.

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

(Actual on Payroll at June 30)

Fiscal Year	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Manager	1	1	1	1	1	1	1	1	1	1
Administrative Staff	3	3	3	4	4	4	4	4	3	3
Operations Staff	8	9	8	10	9	9	8	8	6	6
Total	12	13	12	15	14	14	13	13	10	10

Source: Nipomo Community Services District

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>WATER SYSTEM (1)</b>										
No. of Wells	9	9	9	9	9	9	9	9	9	9
No. of Reservoirs	6	6	6	6	6	6	6	6	6	6
Max Reservoir Capacity (MG)	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Total Well Production (Acre Feet)	2,473	2,488	2,367	2,698	2,755	2,856	2,727	2,794	2,908	2,633
Total Deliveries (Acre Feet)	2,360	2,276	2,293	2,497	2,732	2,849	2,608	2,639	2,810	2,567
No. of Service Connections	4,187	4,173	4,154	4,138	4,092	4,077	3,995	3,879	3,751	3,509
<b>SEWER SYSTEM-TOWN DIVISION</b>										
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
No. of Lift Stations	10	10	10	10	10	10	9	9	9	9
Daily Capacity of Treatment Plant (m.g.)	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
No. of Sewer Connections	2936	2914	2887	2875	2880	2828	2739	2714	2700	2536
Annual Actual Flow Treated (m.g.)	237.0	231.8	174.0	204.8	210.1	214.5	203.0	228.5	161.5	150.5
<b>SEWER SYSTEM-BLACKLAKE</b>										
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
No. of Lift Stations	4	4	4	4	4	4	4	4	4	4
Daily Capacity of Treatment Plant (m.g.)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
No. of Sewer Connections	559	555	556	557	557	558	557	553	553	553
Annual Actual Flow Treated (m.g.)	20.2	23.1	26.6	23.3	26.9	27.0	32.9	22.8	25.0	26.4

Source: Nipomo Community Services District

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

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

	FUND #500 SUPPLEMENTAL WATER	FUND #700 WATER CAPACITY	FUND #710 TOWN SEWER CAPACITY
Beginning Balance July 1, 2012	\$1,258,485	\$3,302,878	\$536,844
Ending Balance June 30, 2013	991,570	3,164,382	329,227
Interest Earned	1,238	9,615	860
Amount of charges collected in fiscal year	338,713	27,487	46,851

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

Capital Improvement Project	Amount of the expenditure for each improvement	Fund #	Project completed during fiscal year
Supplemental Water	\$597,702	500	No
Willow Road Water Line Phase 2	21,263	700	Yes
Standpipe Mixing	19,192	700	No
Southland WWTF Upgrade	6,130,010	130 / 710	No
SCADA Upgrades	326,590	700 / 710 / 830	Yes

Source: Nipomo Community Services District

Anticipated Capital Improvement Projects for 2013-2014 fiscal year:

Supplemental Water Project Phase 1  
 SCADA Radio Network Upgrade  
 Standpipe Upgrade and Rehabilitation  
 Southland WWTF Upgrade

Note:

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

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



