

NIPOMO COMMUNITY SERVICES DISTRICT



Serving the Community since 1965

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2017



MISSION STATEMENT

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

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

NIPOMO COMMUNITY SERVICES DISTRICT

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

(805) 929-1133

www.ncsd.ca.gov

Prepared by:

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

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Nipomo Community Services District

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INTRODUCTORY SECTION

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NIPOMO COMMUNITY

SERVICES DISTRICT

BOARD MEMBERS

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



Serving the Community since 1965

STAFF

MARIO IGLESIAS, **GENERAL MANAGER**
LISA BOGNUDA, **FINANCE DIRECTOR**
PETER SEVCIK, P.E., **DIRECTOR OF ENG. & OPS.**
WHITNEY G. MCDONALD, **GENERAL COUNSEL**

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November 2, 2017

We are pleased to present the Nipomo Community Services District's (hereinafter referred to as the District) Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2017. The purpose of this report is to provide the Board of Directors, customers, investors, the public and other interested parties with reliable financial information about the District.

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

Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Nipomo Community Services District's financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the District

Nipomo Community Services District was organized January 28, 1965 under the provisions of the California Community Services District Law (Sections 61000 et seq. of the Government Code of the State of California) for purposes of supplying water for domestic, irrigation, sanitation, industrial, commercial, recreation and fire suppression use. The District is located off of Highway 101 on the central coast of California between San Francisco and Los Angeles, in San Luis Obispo County. The District includes approximately 4,450 acres of land comprising seven square miles. The District's service area includes portions of the unincorporated area of Nipomo and currently serves a population of approximately 13,300. The District provides water service to approximately 4,300 customer accounts and provides sewer service to approximately 3,500 customer accounts under two separate wastewater systems, the Town Sewer Division and the Blacklake Sewer Division.

The District has operated under the Board of Director-General Manager form of government since its inception. Policy-making and legislative authority are vested in a governing board (Board) consisting of five members elected on a non-partisan basis by qualified voters in the District to four-year terms. Board members serve overlapping four-year terms. The Board employs the General Manager who is responsible for carrying out the policies of the Board, for overseeing the day-to-day operations of the District and the hiring of all District employees.

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

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

Economic Conditions

On July 2, 2015, the District began purchasing supplemental water from the City of Santa Maria (City) pursuant to the May 7, 2013, Wholesale Water Supply Agreement (Agreement). The Agreement has a term end date of June 30, 2085, at which time parties can elect to extend the Agreement. The terms of the Agreement between the District and the City are subject to the contract renewal between the City and the Central Coast Water Authority of which the City is a member.

During fiscal year 2016-2017, the District paid a volumetric charge of \$1,587.32 per acre-foot (AF) on imported water plus a volumetric operational cost of \$154.96 per AF. For fiscal year 2016-2017, the District purchased 860 AF of water from the City. Of the 860 AF, the District sold 143.28 AF (16.66%) of the supplemental water to Woodlands Mutual Water Company and 143.28 AF (16.66%) to Golden State Water. The District retained the balance of 573.44 AF (66.68%) for use by District customers.

Supplemental Water rates went into effect on July 2, 2015 and increased on July 1, 2016. All District customers pay a supplemental water fixed charge based on the water meter size and a volumetric charge based on the number of units used.

Relevant Financial Policies – Drought Response

In 2014, the Board of Directors adopted a Water Shortage Management and Response Plan (WSMRP). The WSMRP defines water conservation response measures to be implemented under certain water shortage conditions. On May 19, 2015, the Board of Directors declared a Stage III water shortage condition. Stage III water shortage conditions restrict the District from accepting new applications for water service, but they do not restrict service to those applicants previously in the application process prior to the Stage III declaration.

On June 23, 2016, a group of scientists overseeing the health of the Nipomo Mesa groundwater basin, (the Nipomo Mesa Management Area Technical Group) (NMMA) announced the Spring 2016 Key Well Index was in Severe Water Condition. In accordance with the WSMRP, the Board of Directors declared a Stage IV water shortage condition. In Stage IV, the District must reduce its groundwater pumping by fifty percent (50%). The District reached this objective through community water conservation efforts and use of the available imported supplemental water supply.

On June 23, 2017, the NMMA announced the Spring 2017 Key Well Index remains in Severe Criterion even though the area received above average rainfall. Stage IV restrictions remain in effect and the District continues to restrict new water service to those applicants previously in the application process prior to the State III declaration.

Major Initiatives

The District completed the 500,000 gallon concrete Joshua Road Pump Station Reservoir on schedule to begin taking 800 acre feet per year (AFY) of water from the City of Santa Maria (City) per the agreement between the two government agencies. Beginning July 1, 2016 through June 30, 2017, the District purchased 860 acre-feet of water from the City thereby meeting the required take or pay volume of water for the year. The District is obligated to take or pay for 2,500 AFY beginning July 1, 2025. To reach this level of commitment, the District will need to complete the Supplemental Water Project (SWP). The final phase of the project is estimated to cost \$6.4 million. Funding for the final phase of the SWP will be secured by July 2023 and is planned to be met with grants, new connection fees, and existing customer charges.

The Board of Directors accepted the 2017 Water Rate Study in August 2017 and initiated the adoption process in accordance with Proposition 218. The water rates were developed based on cost of service principles and industry methods that result in fair and equitable rates for the users of water. The water rate structure will change from a four-tier inclining rate structure to a uniform rate structure for all customer classes. The study provides for a Pass-Through Adjustment pursuant to Section 53757 of the California Government Code which allows the District to pass-through any increase in the cost of purchased supplemental water at any time that such costs are increased to the District during the five-year period from December 1, 2017 to December 1, 2022. The uniform rate structure was adopted on October 11, 2017 and will go into effect December 1, 2017.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Excellence in Financial Reporting* to Nipomo Community Services District for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the fourth consecutive year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

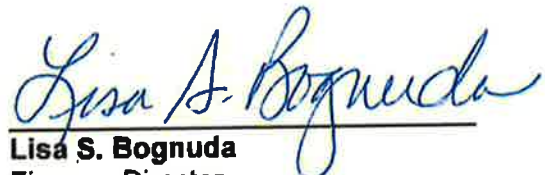
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Mario Iglesias
General Manager and
Secretary to the Board of Directors



Lisa S. Bognuda
Finance Director



Government Finance Officers Association

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

Presented to

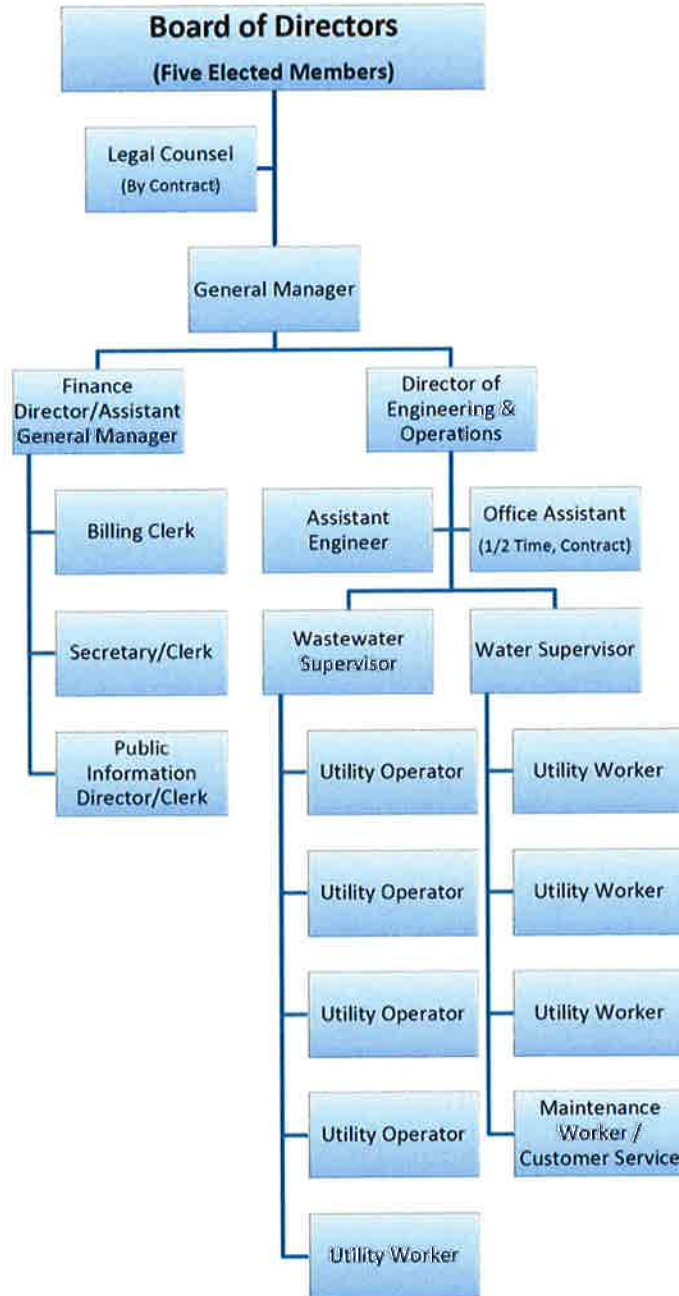
**Nipomo Community Services District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

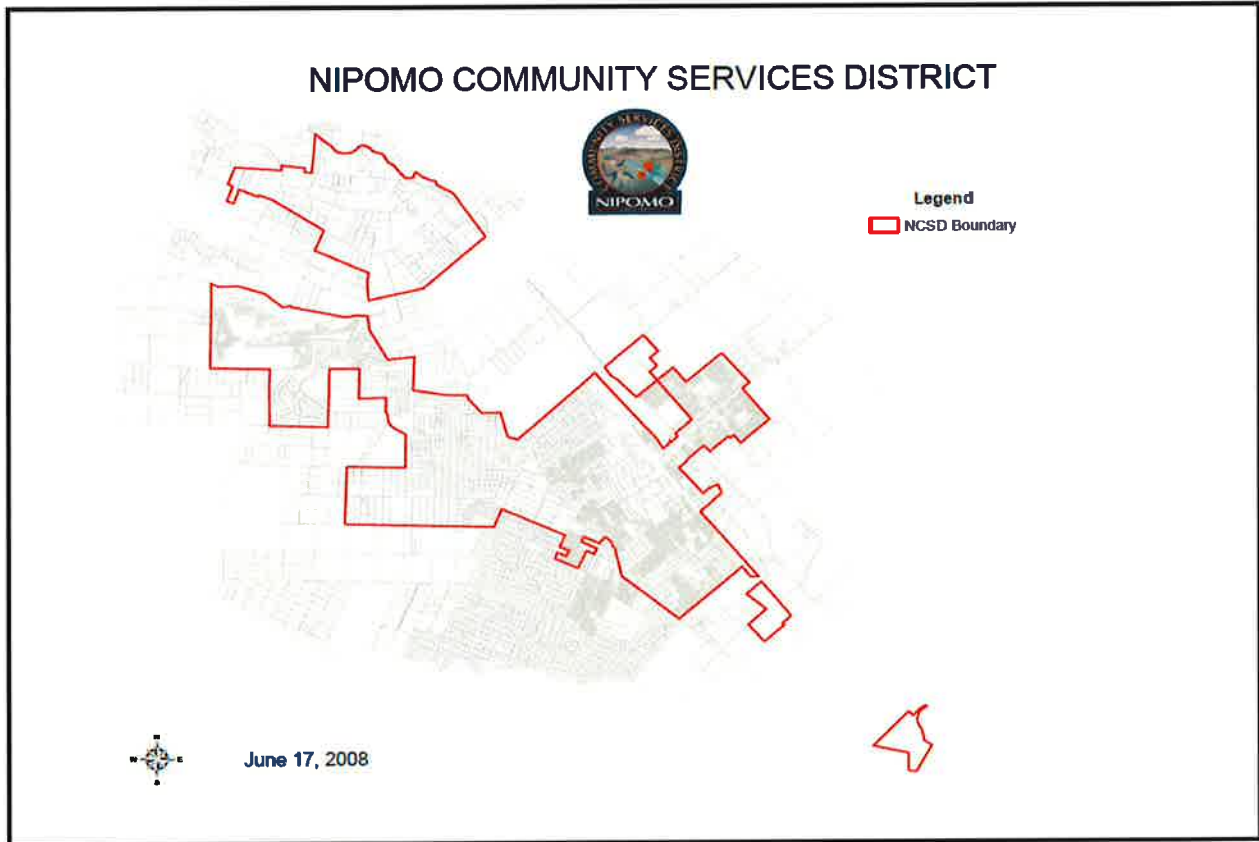
Executive Director/CEO

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



NIPOMO COMMUNITY SERVICES DISTRICT

MAP OF SERVICE AREA



NIPOMO COMMUNITY SERVICES DISTRICT

DISTRICT OFFICERS

BOARD OF DIRECTORS

<u>Name</u>	<u>Title</u>	<u>Current Term</u>
Dan Allen Gaddis	President	12/14 - 12/18
Ed Eby	Vice President	12/14 - 12/18
Bob Blair	Director	12/16 - 12/20
Craig Armstrong	Director	12/16 - 12/20
Dan Woodson	Director	12/14 - 12/18

MANAGEMENT

Mario Iglesias

General Manager and
Secretary to the Board of Directors

Lisa Bognuda

Finance Director

Peter Sevcik, P.E.

Director of Engineering and Operations

LEGAL COUNSEL

Whitney G. McDonald

Richards Watson and Gershon

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FINANCIAL SECTION

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
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INDEPENDENT AUDITOR'S REPORT

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF

Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Nathan Statham, CPA, MBA
Gardenya Duran, CPA
Brianna Schultz, CPA
Lisa Dongxue Guo, CPA, MSA

Board of Directors
Nipomo Community Services District

Report on the Financial Statements

We have audited the accompanying financial statements of the Nipomo Community Services District (District), as of and for the year ended June 30, 2017, 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 preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's *Minimum Audit Requirements for California Special Districts*, as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2017, 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 and the State Controller's *Minimum Audit Requirements for California Special Districts*, as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, other post-employment benefits (OPEB) schedule of funding progress, schedule of the District's proportionate share of the plan's net pension liability and related ratios as of the measurement date and the schedule of plan contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the District's basic financial statements. The introductory section, combining financial schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 2, 2017

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Nipomo Community Services District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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, 2017. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's Net Position increased 2% to \$66.6 million.
- During the year the District's operating revenues increased 7%, while operating expenses increased 7%. The increase in revenues is a result of increased water sales during the fiscal year and a Town wastewater rate increase that went into effect January 1, 2017. The increase in expenses is a result of the increased cost of purchasing supplemental water and increased costs of the operations and maintenance of the water and wastewater facilities.
- Other revenue of \$438,728 is attributable to Contracts Receivable from Woodlands Mutual Water Company and Golden State Water Company pursuant to the Supplemental Water Management and Groundwater Replenishment Agreement dated October 16, 2015.

Required Financial Statements

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles, which are generally accepted in the United States of America and consist of three interrelated statements designed to provide the reader with relevant, understandable data on the District's financial condition and operating results. They are 1) the Statement of Net Position, 2) the Statement of Revenues, Expenses and Changes in Net Position, and 3) the Statement of Cash Flows.

The *Statement of Net Position* includes information on the District's assets, deferred outflow of resources, liabilities, and deferred inflow of resources, which provide information about the nature and amounts of investments in resources (assets), the obligations to District creditors (liabilities), and is one way to measure financial health or financial position. Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in economic conditions, population growth, and new or changed government legislation must also be considered.

The *Statement of Revenues, Expenses and Changes in Net Position* identifies the District's revenues and expenses for the fiscal year ended June 30, 2017. This statement provides information on the District's operations over the past fiscal year and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges.

The *Statement of Cash Flows* provides information on the District's cash receipts, cash payments, and changes in cash resulting from operations, investments and financing activities. From the Statement of Cash Flows, the reader can obtain information on the source and use of cash and the change in the cash balance of the last fiscal year.

Nipomo Community Services District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Financial Analysis of the District

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 15 through 41.

Nipomo Community Services District

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

TABLE 1
Condensed Statements of Net Position

	<u>2017</u>	<u>2016</u>	<u>Current Year Increase/ (Decrease)</u>
Assets			
Current and other assets	\$ 24,487,550	\$ 25,569,945	\$ (1,082,395)
Capital assets, net	<u>65,786,960</u>	<u>64,238,255</u>	<u>1,548,705</u>
Total Assets	<u>90,274,510</u>	<u>89,808,200</u>	<u>466,310</u>
Deferred Outflows	<u>748,064</u>	<u>373,960</u>	<u>374,104</u>
Liabilities			
Current liabilities	2,300,124	2,583,164	(283,040)
Noncurrent liabilities	<u>22,036,683</u>	<u>22,222,666</u>	<u>(185,983)</u>
Total Liabilities	<u>24,336,807</u>	<u>24,805,830</u>	<u>(469,023)</u>
Deferred Inflows	<u>85,191</u>	<u>173,064</u>	<u>(87,873)</u>
Net Position			
Net investment in capital assets	44,744,193	42,717,685	2,026,508
Restricted	10,241,070	11,831,772	(1,590,702)
Unrestricted	<u>11,615,313</u>	<u>10,653,809</u>	<u>961,504</u>
Total Net Position	<u>\$ 66,600,576</u>	<u>\$ 65,203,266</u>	<u>\$ 1,397,310</u>

The District's net position at fiscal year June 30, 2017 increased \$1,397,310 (7%) when compared to fiscal year end June 30, 2016. The contributing factors to this increase are the \$438,728 decrease in the Contract Receivable from Woodlands Mutual Water Company and Golden State Water Company, the increase in Pension related Deferred Outflow of Resources of \$374,104 and the reduction in liabilities of \$469,023.

Nipomo Community Services District

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

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

	<u>2017</u>	<u>2016</u>	Current Year Increase/ (Decrease)
Operating Revenues			
Charges for services	\$ 7,316,038	\$ 6,834,983	\$ 481,055
Miscellaneous	357,922	324,333	33,589
Total Operating Revenues	<u>7,673,960</u>	<u>7,159,316</u>	<u>514,644</u>
Operating Expenses			
Water	4,641,027	4,196,497	444,530
Sewer	2,100,397	2,001,795	98,602
Other	775,299	808,353	(33,054)
Total Operating Expenses	<u>7,516,723</u>	<u>7,006,645</u>	<u>510,078</u>
Non-Operating Revenues and Expenses			
Interest income	494,905	447,364	47,541
Miscellaneous revenues	660,948	625,046	35,902
Loss on disposal of capital assets	(13,587)	-	(13,587)
Interest expense	(871,484)	(883,201)	11,717
Other revenue-purveyors	438,728	5,742,576	(5,303,848)
Total Non-Operating Revenues (Expenses)	<u>709,510</u>	<u>5,931,785</u>	<u>(5,222,275)</u>
Income before Contributions	<u>866,747</u>	<u>6,084,456</u>	<u>(5,217,709)</u>
Capital contributions and grants	<u>530,563</u>	<u>668,838</u>	<u>(138,275)</u>
Change in Net Position	<u>1,397,310</u>	<u>6,753,294</u>	<u>(5,355,984)</u>
Net Position - Beginning as Restated	<u>65,203,266</u>	<u>58,449,972</u>	<u>6,753,294</u>
Net Position - Ending	<u>\$ 66,600,576</u>	<u>\$ 65,203,266</u>	<u>\$ 1,397,310</u>

Nipomo Community Services District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Total Operating Revenues increased \$514,644 (7%). Water sales increased \$267,760, Town Division sewer revenues increased \$75,465 and Charges for Services-purveyors increased \$139,032.

Operating Expenses increased \$510,078 (7%). The increase in expenses is primarily attributable to the purchase of 860 acre feet of supplemental water at a cost of \$1,365,100 and \$136,435 for the operation and maintenance of the supplemental water facilities compared to the purchase of 659.2 acre feet at a cost of \$1,001,760 and \$81,287 for the operation and maintenance of the supplemental water facilities in fiscal year 2015-2016.

District non-operating revenues decreased by \$5,222,275. Prior year results included recognition of the Contract Receivable of \$5,742,576 from Woodlands Mutual Water Company and Golden State Water Company pursuant to the Supplemental Water Management and Groundwater Replenishment Agreement dated October 16, 2015.

TABLE 3
Capital Assets

More information about the District's Capital assets is presented in Note 5 of the Notes to Basic Financial Statements.

	<u>2017</u>	<u>2016</u>	<u>Current Year Increase/ (Decrease)</u>
Non-depreciable assets	\$ 4,682,590	\$ 2,782,904	\$ 1,899,686
Depreciable assets	80,403,210	78,974,567	1,428,643
Accumulated depreciation	<u>(19,298,840)</u>	<u>(17,519,216)</u>	<u>(1,779,624)</u>
Total capital assets, net	<u>\$ 65,786,960</u>	<u>\$ 64,238,255</u>	<u>\$ 1,548,705</u>

The net increase in assets is attributable to the construction of the 500,000 gallon concrete reservoir at the Joshua Road Pump Station and other District projects in progress.

Nipomo Community Services District

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

TABLE 4
Long Term Debt

	<u>2017</u>	<u>2016</u>	<u>Current Year Increase/ (Decrease)</u>
Certificates of Participation Series 2013	\$ 9,025,952	\$ 9,152,335	\$ (126,383)
Refunding Revenue Bonds Series 2013A	2,718,062	2,834,933	(116,871)
Certificates of Participation Series 2012	9,102,477	9,259,976	(157,499)
State Revolving Fund Loan (1999)	126,540	168,721	(42,181)
State Revolving Fund Loan (1998)	69,736	104,605	(34,869)
Total long-term debt	<u>\$ 21,042,767</u>	<u>\$ 21,520,570</u>	<u>\$ (477,803)</u>

Standard & Poor's Rating Service reviewed the Certificates of Participation Series 2013 and Refunding Revenue Bonds Series 2013A in October 2015 and affirmed the "A" rating.

Standard & Poor's Rating Service reviewed the Certificates of Participation Series 2012 in October 2015 and downgraded the credit rating from "AA" to "AA-".

The S & P rationales are available for review upon request.

Additional information on long-term debt is presented in Note 7 of the Notes to Basic Financial Statements.

Nipomo Community Services District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Economic Factors and Next Year's Budgets and Rates

The District is governed by provisions of the California Special District Code that require rate-based revenues must cover the cost of Operations, Maintenance and Repairs (OM&R) and capital improvement projects. The District is not subject to general economic conditions such as increases or reductions in property tax values or other types of revenues, such as sales taxes, that vary with economic conditions. Accordingly, the District sets its rates to its users to cover the costs of OM&R, capital improvement projects, plus any increments for known or anticipated changes in enterprise costs.

On May 7, 2013, the District entered into a Wholesale Water Supply Agreement that provides a mechanism through which the District will purchase supplemental water from the City of Santa Maria. The District is obligated to purchase minimum quantities of water each year regardless of the District's ability to accept and deliver said water. The District's current infrastructure will need to be expanded within the next five years to meet the minimum delivery volumes required by the agreement. The first year cost of the supplemental water and operations and maintenance was \$1,084,047 (2015-16) and the second year costs were \$1,501,535 (2016-17). The annual cost in year eleven (when the minimum delivery requirement reaches 2,500 acre feet, the highest level in the purchase agreement) is projected to be \$6.25 million.

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

The District initiated a water rate study in fiscal year 2016-17. The uniform water rates were adopted on October 11, 2017 and will go into effect December 1, 2017.

The Town Division wastewater is in its second year of a five year rate schedule. The next rate increase will go into effect January 1, 2018. The Blacklake Sewer Division has not had a rate increase since January 1, 2013. Upon completion of the Blacklake Sewer Master Plan, the District will initiate a financial plan/sewer rate study for the Blacklake Sewer Division.

Requests for Information

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

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Nipomo Community Services District

Statement of Net Position Proprietary Funds June 30, 2017

ASSETS

Current assets:

Cash and cash equivalents	\$ 15,680,226
Accounts receivable	430,064
Unbilled utilities receivable	978,000
Accrued interest receivable	130,016
Accrued franchise fees	14,456
Due from County	10,907
Contract receivable, current portion	80,094
Total current assets	<u>17,323,763</u>

Noncurrent assets:

Restricted cash - funded replacement	327,634
Cash with fiscal agent	606,506
Deposits and other assets	69,283
Contract receivable, less current portion	5,971,103
Net OPEB asset	189,261
Capital assets:	
Capital assets, not being depreciated	4,682,590
Depreciable capital assets, net	61,104,370
Total noncurrent assets	<u>72,950,747</u>

Total assets 90,274,510

DEFERRED OUTFLOWS OF RESOURCES

Pension related 748,064

LIABILITIES

Current liabilities:

Accounts payable	615,143
Deposits	867,858
Accrued liabilities	330,075
Current portion of long-term debt	487,048
Total current liabilities	<u>2,300,124</u>

Noncurrent liabilities:

Net pension liability	1,480,964
Long-term debt, less current portion	20,555,719
Total noncurrent liabilities	<u>22,036,683</u>

Total liabilities 24,336,807

DEFERRED INFLOWS OF RESOURCES

Pension related 85,191

NET POSITION

Net investment in capital assets	44,744,193
Restricted for system expansion, replacement and debt service	10,241,070
Unrestricted	11,615,313
Total net position	<u>\$ 66,600,576</u>

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

Nipomo Community Services District

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017**

Operating revenues	
Charges for services	\$ 6,758,300
Charges for services-purveyors	557,738
Other operating revenue	357,922
Total operating revenues	<u>7,673,960</u>
Operating expenses	
Purchased water	1,001,222
Purchased water- purveyors	500,313
Personnel	1,891,517
Contractual services	372,178
Utilities	561,855
Repairs and maintenance	227,987
Other supplies and expenses	1,041,058
Insurance	73,897
Depreciation	1,846,696
Total operating expenses	<u>7,516,723</u>
Operating income	<u>157,237</u>
Non-operating revenues (expenses)	
Interest income	494,905
Property taxes	621,662
Cell site rental income	39,286
Loss on disposal of capital assets	(13,587)
Interest expense	(871,484)
Other revenue-purveyors	438,728
Total non-operating revenues (expenses)	<u>709,510</u>
Income before contributions	866,747
Capital contributions	<u>530,563</u>
Change in net position	1,397,310
Total net position - beginning	<u>65,203,266</u>
Total net position - ending	<u>\$ 66,600,576</u>

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

Nipomo Community Services District

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from operating revenue	\$ 7,447,551
Payments to suppliers	(3,886,960)
Payments to employees	(2,204,997)
Net cash provided by operating activities	<u>1,355,594</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Property tax revenues	620,758
Cell site rental income	39,286
Net cash provided by non-capital financing activities	<u>660,044</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital contributions	530,563
Receipt of grant funds	110,000
Acquisition of capital assets	(3,411,029)
Principal received on contract receivable	77,580
Interest received on contract receivable	264,874
Principal paid on capital debt	(472,050)
Interest paid on capital debt	(874,451)
Proceeds from disposal of capital assets	2,040
Net cash used by capital and related financing activities	<u>(3,772,473)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	211,905
Net cash provided by investing activities	<u>211,905</u>

Net decrease in cash and cash equivalents (1,544,930)

Cash and cash equivalents - beginning 18,159,296

Cash and cash equivalents - ending \$ 16,614,366

Reconciliation to the Statement of Net Position:

Current assets:	
Cash and cash equivalents	\$ 15,680,226
Noncurrent assets:	
Restricted cash - funded replacement	327,634
Cash with fiscal agent	606,506
	<u>\$ 16,614,366</u>

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

Nipomo Community Services District

**Statement of Cash Flows, (Continued)
Proprietary Funds
For the Year Ended June 30, 2017**

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$	157,237
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		1,846,696
Actuarial pension expense		(155,158)
Changes in assets and liabilities:		
Accounts receivable		(32,225)
Unbilled utilities receivable		(41,000)
Accrued franchise fees		(4,384)
Deposits and other assets		(1,412)
Net OPEB asset		(116,121)
Accounts payable		(107,038)
Deposits		(148,800)
Accrued liabilities		(42,201)
Net cash provided by operating activities	\$	<u>1,355,594</u>

Noncash investing, capital, and financing activities:

Transfer of prior years' construction in progress to depreciable capital assets and land	\$	<u>983,498</u>
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The accompanying notes are an integral part of these financial statements.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

The District complies with U.S. Generally Accepted Accounting Principles (GAAP) and all relevant U.S. Governmental Accounting Standards Board (GASB) pronouncements. These technical pronouncements establish criteria for determining the organization's activities and functions that are included in the financial statements of a governmental unit.

Reporting Entity

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

The Nipomo Community Services District Public Facilities Corporation is a component unit of the District. This Corporation was formed in 2003 to issue Revenues Certificates of Participation (COP's). COP's were issued in 2003, 2012 and 2013. The financial activity of the corporation is blended into the financial statements of the District.

The District is a member of the Special District Authority Risk Management Joint Powers Agency, which was organized for the purpose of providing general liability, automobile, errors and omissions, and property loss insurance coverage to special districts. This organization is financed through premium charges to each member. This organization does not meet the aforementioned reporting entity criteria and therefore is not included in the accompanying financial statements.

Proprietary Fund Financial Statements

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

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2017

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

Basis of Accounting

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

Budgets and Budgetary Accounting

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

Estimates

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

Operating Revenues and Expenses

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

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

Cash and Cash Equivalents

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

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

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

Accounts Receivable

Water and sewer charges are billed bi-monthly for all residential and commercial customers. Property liens are placed when customer account receivables are deemed uncollectible by the District. The District did not experience any significant bad debt losses and therefore no provision has been made for doubtful accounts. Accounts receivable is shown at full value.

Due from the State

A Funding Agreement with the San Luis Obispo County Flood Control and Water Conservation District and the California Department of Water Resources resulted in the District being awarded a grant of \$2,200,000 for the Supplemental Water Project in 2014. The project has been completed and the District has received all awarded grant funding from the State as of June 30, 2017.

Capital Assets

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

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

Compensated Absences

Depending on the length of continuous service, a range of 10-20 vacation and 12 days of sick leave per year may be accumulated by each employee. The District accrues a liability for compensated absences which meet the following criteria:

1. The District's obligation relating to employee's rights to receive compensation for future absences is attributable to employee's services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

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

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

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

Capital Contributions and Grants

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

Property Taxes

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

Special Assessment Debt

In July 1994, the District issued Assessment District No. 93-1 bonds in the amount of \$1,752,938. The bonds are not secured by the general taxing power of the District. The bonds are secured by the unpaid assessment on each parcel of land. The District is not obligated in any manner. The balance outstanding at June 30, 2017 is \$212,125.

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2017, are classified as follows:

Current assets:	
Cash and cash equivalents	\$ 15,680,226
Noncurrent assets:	
Restricted cash - funded replacement	327,634
Cash with fiscal agent	<u>606,506</u>
Total cash and cash equivalents	<u>\$ 16,614,366</u>

Cash and cash equivalents at June 30, 2017, consist of the following:

Cash on hand	\$ 400
Bank deposits	1,190,638
Deposits with bond trustees	606,506
Local Agency Investment Fund (LAIF)	14,917,846
Less: Cash held in Trust in pooled funds	<u>(101,024)</u>
Total cash and cash equivalents	<u>\$ 16,614,366</u>

NOTE 3: INVESTMENTS

Investments Authorized by the District's Investment Policy

The District is authorized to invest in the following institutions:

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

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

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 3: INVESTMENTS, (continued)

Investments Authorized by Debt Agreements

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

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

Disclosure Relating to Interest Rate Risk

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

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

		<u>Maturity Date</u>
Local Agency Investment Fund	<u>\$ 14,917,846</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 16429.1 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized costs basis.

Credit Risk

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

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2017

NOTE 3: INVESTMENTS, (continued)

Custodial Credit Risk

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

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgages notes having a value of 150% of the secured public deposits. The District may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

As of June 30, 2017, \$1,138,308 of the District's deposits with financial institutions, were in excess of the Federal Deposit Insurance Corporation (FDIC) limits.

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

Concentration of Risk

The District's investment policy does not contain various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer beyond that as stipulated by the California Government Code. As of June 30, 2017 the District's deposit portfolio with government agencies, LAIF, was 100%.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2017

NOTE 3: INVESTMENTS, (continued)

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

The District's investment in the Local Agency Investment Fund of \$14,917,846 is not subject to GASB 72.

NOTE 4: CONTRACT RECEIVABLE

On October 16, 2015, the Supplemental Water Management and Groundwater Replenishment Agreement (the Agreement) was made between the Nipomo Community Services District, Rural Water Company, the Woodland Mutual Water Company of San Luis Obispo County and Golden State Water Company, effective July 1, 2015. The Parties, along with hundreds of other individuals and entities are parties to a certain legal proceedings entitled Santa Maria Valley Water Conservation District v. City of Santa Maria, et al., Superior Court of the State of California, County of Santa Clara, Consolidated Cases CV770214 (Santa Maria Litigation), regarding the respective rights of the litigants to groundwater resources in the Santa Maria Ground Water Basin. After lengthy proceedings, the court entered into an amended judgment on April 17, 2014 which provides for the long-term management of the Basin water resources. The Judgment requires NCSW to ultimately purchase and transmit a minimum of 2,500 acre-feet of Nipomo Supplemental Water each year. The District is further required to employ its best efforts to timely implement the Nipomo Supplemental Water Project. The Judgment further provides that once the Nipomo Supplemental Water is capable of being delivered, the Parties to the Agreement are to purchase designated portions of the Nipomo Supplemental Water each year to offset ground water pumping in the Nipomo Mesa Management Area. Nipomo has entered into a Wholesale Water Supply Agreement with the City of Santa Maria dated May 7, 2013. The District and City of Santa Maria's agreement provides a mechanism through which the District may purchase Nipomo Supplemental Water for sale and distribution in the Nipomo Supplemental Water Project, consistent with obligations in the Judgment. The District has completed construction of the first stage of the Nipomo Supplemental Water Project and the District began taking delivery of Nipomo Supplemental Water as of July 1, 2015. On or about June 25, 2015, the California Public Utilities Commission approved Golden State Water Company's acquisition of Rural Water Company. The Golden State Water Company will assume the entirety of Rural Water Company's benefits and obligations under such Agreement. The purpose of the Agreement is to enable the Parties to meet their respective obligations under the Judgment, provide payment to NCSW for each Party's allocation of costs, and for the distribution and use of Nipomo Supplemental Water. Per the Agreement, the District is to operate the Nipomo Supplemental Water Agreement as an enterprise fund, separating all costs associated to Nipomo Supplemental Water Project within and only to that fund. The amortization period for capital costs is 30 years beginning July 1, 2015. Interest will be charged monthly on the remaining unamortized balance as of the prior month end. As of June 30, 2017, the Contract Receivable associated with the Agreement is \$6,051,197.

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 5: CAPITAL ASSETS

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

	June 30, 2016	Additions	Deletions/ Transfers	June 30, 2017
Non-depreciable capital assets:				
Land	\$ 997,715	\$ -	\$ -	\$ 997,715
Construction in progress	1,785,189	3,193,800	(1,294,114)	3,684,875
Total non-depreciable capital assets	2,782,904	3,193,800	(1,294,114)	4,682,590
Depreciable capital assets:				
Buildings and improvements	76,510,098	1,464,292	(33,804)	77,940,586
Equipment	2,464,469	47,050	(48,895)	2,462,624
Total depreciable capital assets	78,974,567	1,511,342	(82,699)	80,403,210
Less accumulated depreciation:				
Buildings and improvements	(15,907,374)	(1,603,255)	46,737	(17,463,892)
Equipment	(1,611,842)	(243,441)	20,335	(1,834,948)
	<u>(17,519,216)</u>	<u>(1,846,696)</u>	<u>67,072</u>	<u>(19,298,840)</u>
Net depreciable capital assets	61,455,351	(335,354)	(15,627)	61,104,370
Total capital assets, net	\$ 64,238,255	\$ 2,858,446	\$ (1,309,741)	\$ 65,786,960

Depreciation expense for the period ended June 30, 2017 was \$1,846,696.

NOTE 6: INTERFUND LOAN PAYABLE AND RECEIVABLE

The District adopted a water rate adjustment and buy-in charge of \$277,742 for the merger of the Blacklake and Town Division on June 1, 2009, for the purposes of meeting operation, maintenance and capital replacement expenses for providing water service for the merged water systems. A loan of \$222,243 shall be repaid through a bi-monthly surcharge applied to Blacklake customers' water utility bills for a ten year period with interest rate at 3%. Annual principal payments range from \$19,353 to \$25,313. As of June 30, 2017, the balance of the interfund loan receivable and payable was \$51,113.

The District entered into an Inter-Fund Loan for \$275,000 on April 1, 2009, with the Blacklake Sewer Division for the operation, maintenance and the replacement of existing sewer facilities. A loan of \$206,501 shall be repaid through a bi-monthly surcharge applied to Blacklake customers' sewer utility bills for a ten-year period with interest rate at 3.5%. Annual principal payments range from \$17,624 to \$23,301. As of June 30, 2017, the balance of the interfund loan payable and receivable was \$43,349.

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 7: LONG-TERM DEBT

The summary of changes in long-term debt for the year ended June 30, 2017 is as follows:

	June 30, 2016	Additions	Deletions	June 30, 2017	Due Within One Year
Certificates of Participation:					
Revenue COP's Series 2012	\$ 9,195,000	\$ -	\$ (155,000)	\$ 9,040,000	\$ 160,000
Unamortized premium	64,976	-	(2,499)	62,477	-
Revenue COP's Series 2013	9,385,000	-	(135,000)	9,250,000	140,000
Unamortized discount	(232,665)	-	8,617	(224,048)	-
Total COP's	<u>18,412,311</u>	<u>-</u>	<u>(283,882)</u>	<u>18,128,429</u>	<u>300,000</u>
Revenue Bonds 2013A	2,645,000	-	(105,000)	2,540,000	110,000
Unamortized premium	189,933	-	(11,871)	178,062	-
Total Revenue Bonds	<u>2,834,933</u>	<u>-</u>	<u>(116,871)</u>	<u>2,718,062</u>	<u>110,000</u>
State Revolving Fund Loans:					
Phase - I	104,605	-	(34,869)	69,736	34,868
Phase - II	168,721	-	(42,181)	126,540	42,180
Total Loans	<u>273,326</u>	<u>-</u>	<u>(77,050)</u>	<u>196,276</u>	<u>77,048</u>
Total long-term debt	<u>\$ 21,520,570</u>	<u>\$ -</u>	<u>\$ (477,803)</u>	<u>\$ 21,042,767</u>	<u>\$ 487,048</u>

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 7: LONG-TERM DEBT, (continued)

Certificates of Participation

Revenue Certificates of Participation – Series 2012

The District issued \$9,795,000 of Revenue Certificate of Participation (COP's) to be used for Southland Wastewater Treatment Facility Upgrade. The COP's bear interest ranging from 2.00% to 4.125% per annum. Principal is to be paid annually starting June 1, 2013 through June 1, 2042. Annual principal payments range from \$145,000 to \$570,000.

Year Ending June 30,	Principal	Interest	Total
2018	\$ 160,000	\$ 357,648	\$ 517,648
2019	165,000	352,448	517,448
2020	175,000	345,848	520,848
2021	215,000	338,848	553,848
2022	265,000	330,248	595,248
2023-2027	1,475,000	1,505,368	2,980,368
2028-2032	1,780,000	1,204,040	2,984,040
2033-2037	2,165,000	817,328	2,982,328
2038-2042	2,640,000	335,568	2,975,568
	<u>\$9,040,000</u>	<u>\$5,587,344</u>	<u>\$14,627,344</u>

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 7: LONG-TERM DEBT, (continued)

Certificates of Participation, (continued)

Revenue Certificates of Participation – Series 2013

The District issued \$9,660,000 of Revenue Certificate of Participation (COP's) on June 21, 2013. The proceeds are to be used for the Supplemental Water Project Phase 1. The COP's bear interest ranging from 1.0% to 4.625% per annum. Principal is to be paid annually starting September 1, 2014 through September 1, 2043. Annual principal payments range from \$135,000 to \$725,000.

Year Ending June 30,	Principal	Interest	Total
2018	\$ 140,000	\$ 392,405	\$ 532,405
2019	140,000	389,640	529,640
2020	145,000	386,287	531,287
2021	150,000	382,412	532,412
2022	155,000	378,025	533,025
2023-2027	840,000	1,806,300	2,646,300
2028-2032	1,015,000	1,622,056	2,637,056
2033-2037	2,220,000	1,296,873	3,516,873
2038-2042	3,030,000	688,153	3,718,153
2043-2044	1,415,000	66,256	1,481,256
	<u>\$9,250,000</u>	<u>\$7,408,407</u>	<u>\$16,658,407</u>

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2017

NOTE 7: LONG-TERM DEBT, (continued)

Revenue Bonds

Revenue Bonds 2013A

The District issued \$2,845,000 of Refunding Revenue Bonds, Series 2013A on May 30, 2013. The proceeds were used to refund the Revenue Certificate of Participation (COP's) that were originally issued on May 1, 2003. The Refunding Revenue Bonds bear interest ranging from 3.7% to 4.8% per annum. Principal is to be paid annually starting September 1, 2014 through September 1, 2032. Annual payments range from \$105,000 to \$210,000.

Year Ending June 30,	Principal	Interest	Total
2018	\$ 110,000	\$ 113,750	\$ 223,750
2019	115,000	108,675	223,675
2020	120,000	102,800	222,800
2021	125,000	96,675	221,675
2022	130,000	90,300	220,300
2023-2027	765,000	343,875	1,108,875
2028-2032	965,000	142,400	1,107,400
2033	210,000	4,200	214,200
	<u>\$2,540,000</u>	<u>\$1,002,675</u>	<u>\$3,542,675</u>

State Revolving Fund Loans

State Revolving Fund Loans – Phase I

The District entered into a loan contract for \$697,367 on April 30, 1998 with the State Water Resource Control Board for the construction of the Southland Wastewater Treatment Plant Expansion - Phase I. The loan was funded during the year ended June 30, 1999. Loan interest is zero percent, however, a loan fee of 16.667% was charged. The loan is payable over 20 years. It calls for annual payments of \$34,868 starting May 1, 2000.

Year Ending June 30,	Principal	Interest	Total
2018	\$ 34,868	\$ -	\$ 34,868
2019	34,868	-	34,868
	<u>\$ 69,736</u>	<u>\$ -</u>	<u>\$ 69,736</u>

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 7: LONG-TERM DEBT, (continued)

State Revolving Fund Loans, (continued)

State Revolving Fund Loans – Phase II

The District entered into a loan contract for \$843,605 on February 24, 1999 with the State Water Resources Control Board for the construction of Southland Wastewater Expansion - Phase II. The loan was funded during the year ended June 30, 2000. The loan interest is zero percent, however, a loan fee of 16.667% was charged. The loan is payable over 20 years. It calls for annual payments of \$42,180 starting March 1, 2001.

Year Ending June 30,	Principal	Interest	Total
2018	\$ 42,180	\$ -	\$ 42,180
2019	42,180	-	42,180
2020	42,180	-	42,180
	<u>\$ 126,540</u>	<u>\$ -</u>	<u>\$ 126,540</u>

NOTE 8: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description

The Plan is a cost-sharing, multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. The actuarial valuation report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

A. General Information about the Pension Plan, (continued)

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect during the year ended June 30, 2017 are summarized as follows:

Hire Date	Miscellaneous Tier I	Miscellaneous Tier II	Miscellaneous PEPRA
Benefit formula	3.0% @ 60	3.0% @ 60	2% @62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 and up	50 and up	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 3.0%	1.0% to 2.5%
Required employee contribution rates	8.0%	8.0%	6.5%
Required employer contribution rates	13.50%	12.84%	6.93%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2017 were \$233,979. The actual employer payments of \$214,785 made to CalPERS by the District's during the measurement period ended June 30, 2016 differed from the District's proportionate share of the employer's contributions of \$173,248 by \$41,537, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

B. Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases (1)	3.3-14.2%
Investment Rate of Return (2)	7.65%
Mortality Rate Table (3)	Derived using CalPERS' membership data for all Funds
Post Retirement Benefit Increase (4)	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increase vary by category, entry age, and duration of service

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

B. Net Pension Liability (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

B. Net Pension Liability (continued)

Discount Rate, (continued)

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Year 11 + (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100%		

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

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

Pension Plan Fiduciary Net Position

Information about the pension plan’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS’ audited financial statements, which are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications, at www.calpers.ca.gov. The plan’s fiduciary net position and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

C. Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2015 (VD)	\$ 5,758,325	\$ 4,584,180	\$ 1,174,145
Balance at: 6/30/2016 (MD)	6,133,273	4,652,309	1,480,964
Net Changes during 2015-16	374,948	68,129	306,819

Valuation Date (VD), Measurement Date (MD)

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The Districts proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016 was as follows:

Proportionate Share of NPL - June 30, 2015	0.04280%
Proportionate Share of NPL - June 30, 2016	0.04263%
Change - Increase (Decrease)	<u>(0.00017%)</u>

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Miscellaneous Plan's Net Pension Liability	\$ 2,306,694	\$ 1,480,964	\$ 798,540

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings 5 year straight-line amortization

All other amounts Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

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

The EARSL for the PERF C for the 2015-16 measurement period is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2015), the District's net pension liability for the plan was \$1,174,145. For the measurement period ending June 30, 2016 (the measurement date), the District incurred a pension expense of \$155,157.

As of June 30, 2017, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 7,675	\$ 1,759
Changes of Assumptions	-	72,616
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	377,942	-
Change in Employer's Proportion	74,278	10,816
Difference in Actual vs Projected Contributions	54,190	-
Pension Contributions Subsequent to Measurement Date	233,979	-
Total	\$ 748,064	\$ 85,191

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 8: DEFINED BENEFIT PENSION PLAN, (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (continued)

These amounts above are net of outflows and inflows recognized in the 2015-16 measurement period expense. Contributions subsequent to the measurement date of \$233,979 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2017	\$ 80,552
2018	74,205
2019	176,245
2020	97,892
2021	-
Remaining	-

E. Payable to the Pension Plan

At June 30, 2017, the District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)

OPEB Funding Policy

The District's current funding policy is to fund 100% of the annual required contribution as determined under GASB Statement No. 45 through the California Employers' Retiree Benefit Trust (CERBT). The market value of assets in CERBT as of June 30, 2017 is \$1,410,153.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 87,193
Interest on net OPEB obligation (asset)	(5,383)
Adjustment to annual required contribution	<u>4,822</u>
Annual OPEB cost (expense)	86,632
Actual contributions made	<u>(202,753)</u>
Decrease in net OPEB obligation	(116,121)
Net OPEB obligation (asset) - beginning of year	<u>(73,140)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (189,261)</u></u>

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

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
2017	\$ 86,632	234%	\$ (189,261)
2016	\$ 87,121	173%	\$ (73,140)
2015	\$ 109,705	104%	\$ (9,390)

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2017

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the actuarial value of plan assets was \$1,063,957 while the actuarial accrued liability (AAL) was \$1,504,982, resulting in an unfunded liability of \$441,025, or a funded ratio of 71%. Annual covered payroll was \$1,069,294 while the ratio of the total unfunded liability to annual covered payroll was 41.2%. The Schedule of Funding Progress is presented as Required Supplementary Information following the notes to the financial statements.

The projection of future benefit payments for an on-going plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.

Mortality - Life expectancies at the calculation date are based on the most recent mortality tables published by the national Center for Health Statistics website (www.cdc.gov). The calculations of OPEB liability for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables.

Turnover - The probability that an employee will remain employed until the assumed retirement age was determined using non-group-specific age-based turnover data provided in Table 1 in paragraph 35 of GASS Statement No. 45. In addition, the expected future working lifetimes of employees were determined using Table 2 in paragraph 35c of GASB Statement No. 45.

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)

Healthcare cost trend rate - Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment. The ultimate trend rate was 4%.

Health insurance premiums - The 2013 CalPERS Southern California regional health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits paid. An employee is assumed to continue with the same medical plan upon retirement.

Medicare Coordination - Medicare was assumed as the primary payer for current and future retirees at age 65.

Payroll increase - Changes in the payroll for current employees are expected to increase at a rate of approximately 3% annually.

Discount rate - The calculation uses the CalPERS Strategy 1 annual discount rate of 7.36%. This is based on the assumed long-term return on plan assets.

Actuarial cost method - The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of the projected payroll on a closed basis. The remaining amortization at July 1, 2013 was 26 years.

NOTE 10: RESTRICTED/DESIGNATED NET POSITION

At June 30, 2017, net position was restricted or designated by the District as follows:

<u>Restricted Funding Source</u>	<u>Use</u>	
Water capacity charges and supplemental water	For the expansion of the water system	\$ 8,813,984
Town Sewer capacity charges	For the expansion of the sewer system	407,451
Town Sewer cash with fiscal agent	Cash held with fiscal agent for debt service	605,259
Nipomo Supplemental Water Project (NSWP)	For the replacement/repair of the supplemental water project	<u>414,376</u>
	Totals	<u>\$ 10,241,070</u>
<u>Unrestricted Funding Source</u>	<u>Use</u>	
Designated reserve	District operating expenses	<u>\$ 11,615,313</u>
	Totals	<u>\$ 11,615,313</u>

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2017

NOTE 11: JOINT POWERS AUTHORITY

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2017, the District participated in the liability and property programs of the SDRMA as follows:

General Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201617. This covers \$10,000,000 per occurrence.

Public Officials and Employees Errors: Special District Risk Management Authority, coverage number LCA SDRMA 201617. This covers \$10,000,000 per occurrence/general aggregate.

Personal Liability Coverage for Board Members: Special District Risk Management Authority, coverage number LCA SDRMA 201617. This covers \$500,000 per occurrence/general aggregate.

Employment Practices Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201617. 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 201617. This covers \$10,000,000 per occurrence/general aggregate.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 201617. This policy includes a \$1,000,000 Public Employees Dishonesty Blanket Coverage.

Auto Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201617. 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 201617. This covers \$10,000,000 per occurrence.

Uninsured/Under Insured Motorist: Special District Risk Management Authority, coverage number UMI SDRMA 201617. The coverage is on file with SDRMA.

Trailer Coverage: District Risk Management Authority, coverage number LCA SDRMA 201617. The coverage is on file with SDRMA.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2017

NOTE 11: JOINT POWERS AUTHORITY, (continued)

Property Coverage: Special District Risk Management Authority, coverage number PPC SDRMA 201617. 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 201617. 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 201617. This coverage is statutory per occurrence, respectively for workers' compensation and \$5,000,000 for employers' liability coverage.

Settled claims have not exceeded any of the coverages in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2017, 2016, 2015 and 2014. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2017, 2016, 2015, and 2014.

NOTE 12: CONTINGENCIES

Santa Maria Valley Water Conservation District v. City of Santa Maria, et al., Santa Clara County Superior Court, Case No. CV 770214.

This case relates to the District's right to produce water from the Santa Maria groundwater basin. The District is a defendant and cross-defendant in the case and has filed its own cross-complaint.

Issues brought forth in the case include claimed priority to the right to produce water from the subject water basin, rights to store and produce native and imported water in and from the basin, and a call for a court-ordered management plan (physical solution) to manage storage in and water production from the basin while preserving the basin as a resource.

There are more than 1,500 involved parties in the action. The litigation does not involve claims for current or past liability, but it may result in a rise in the cost of water production and distribution to District customers or a decline in the amount of water available in areas serviced by the District. A number of parties, including the District, have stipulated to a settlement in the case. Final judgement has now been entered, and two published decisions have been issued by the Court of Appeal related to the final judgment and its interpretation: (1) *City of Santa Maria v. Adam* (2012) 211 Cal.App.4th 266; and (2) *City of Santa Maria v. Adam* (2016) 218 Cal.App.4th 504. The trial court continues to have jurisdiction over this matter, and has scheduled a Case Management Conference (CMC) every three or four months. The next Case Management Conference is set for November 17, 2017. The court continues to monitor the health of the basin and the parties may move the court to seek its exercise of reserved jurisdiction under the judgment. No such motions are currently pending.

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REQUIRED SUPPLEMENTARY INFORMATION

Nipomo Community Services District

**Required Supplementary Information
Other Post-Employment Benefits (OPEB) - Schedule of Funding Progress
June 30, 2017**

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) Entry Age (a)	Actuarial Value of Assets (b)	Unfunded Liability (UAAL) (a-b)	Funded Status (b/a)	Annual Covered Payroll (c)	UAAL as a % of Payroll ([a-b]/c)
7/1/2015	\$ 1,504,982	\$ 1,063,957	\$ 441,025	71%	\$ 1,069,294	41.2%
7/1/2013	\$ 1,520,862	\$ 699,641	\$ 821,221	46%	\$ 825,340	99.5%
7/1/2011	\$ 1,328,814	\$ 415,459	\$ 913,355	31%	\$ 761,000	120.0%

Nipomo Community Services District

**Required Supplementary Information
 Schedule of District's Proportionate Share of the Plan's Net Pension Liability
 and Related Ratios as of the Measurement Date
 Last Ten Years*
 As of June 30, 2017**

	Measurement Date 6/30/2014	Measurement Date 6/30/2015	Measurement Date 6/30/2016
Employer's proportion of the collective net pension liability ¹	0.04352%	0.04280%	0.04263%
Employer's proportionate share of the collective net pension liability \$	1,075,480	\$ 1,174,145	\$ 1,480,964
Employer's covered payroll \$	850,732	\$ 990,477	\$ 1,110,264
Employer's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	126.42%	118.54%	133.39%
Pension Plan's fiduciary net position as a percentage of the plan's total pension liability	80.12%	79.61%	75.85%

¹ Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

* Measurement period 2013-2014 (fiscal year 2014-2015) was the first year of implementation.

Nipomo Community Services District

Required Supplementary Information Schedule of Plan Contributions Last Ten Years* June 30, 2017

	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Actuarially determined contributions	\$ 190,106	\$ 214,785	\$ 233,979
Contributions in relation to the actuarially determined contributions	<u>(190,106)</u>	<u>(214,785)</u>	<u>(233,979)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 990,477	\$ 1,110,264	\$ 1,153,706
Contributions as a percentage of covered payroll	19.19%	19.35%	20.28%

* Measurement period 2013-2014 (fiscal year 2014-2015) was the first year of implementation.

Notes to Schedule:

Change in benefit terms: None

Change in assumptions: None

OTHER SUPPLEMENTAL INFORMATION

Nipomo Community Services District

**Combining Schedule of Net Position
Proprietary Funds
June 30, 2017**

	Business Type Activities - Enterprise Funds				
	Administration	Water	Town Sewer	Blacklake Sewer	Blacklake Lighting
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 648,214	\$ 8,264,093	\$ 4,981,123	\$ 1,037,393	\$ 24,011
Accounts receivable	82	173,627	66,105	44,637	56
Unbilled utilities receivable	-	706,000	231,000	41,000	-
Accrued interest receivable	-	114,325	12,541	2,475	-
Accrued franchise fees	-	-	-	-	-
Due from County	-	-	-	-	161
Due from other funds	-	-	-	-	-
Contract receivable, current portion	-	80,094	-	-	-
Total current assets	<u>648,296</u>	<u>9,338,139</u>	<u>5,290,769</u>	<u>1,125,505</u>	<u>24,228</u>
Noncurrent assets:					
Interfund loan receivable	-	51,113	-	-	-
Restricted cash - funded replacement	-	-	-	-	-
Cash with fiscal agent	-	1,247	605,259	-	-
Deposits and other assets	5,067	53,005	-	-	-
Contract receivable, less current portion	-	5,971,103	-	-	-
Net OPEB asset	189,261	-	-	-	-
Capital assets:					
Capital assets, not being depreciated	-	4,050,196	540,826	91,568	-
Depreciable capital assets, net	43,207	33,193,062	24,776,310	1,645,351	-
Total noncurrent assets	<u>237,535</u>	<u>43,319,726</u>	<u>25,922,395</u>	<u>1,736,919</u>	<u>-</u>
Total assets	<u>885,831</u>	<u>52,657,865</u>	<u>31,213,164</u>	<u>2,862,424</u>	<u>24,228</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	56,088	494,746	154,634	42,596	-
LIABILITIES					
Current liabilities:					
Accounts payable	11,414	170,998	57,985	16,087	243
Due to other funds	-	298,545	-	-	-
Deposits	862,200	2,000	-	-	-
Accrued liabilities	27,007	207,710	51,185	4,090	-
Current portion of long-term debt	-	140,000	237,048	-	-
Total current liabilities	<u>900,621</u>	<u>819,253</u>	<u>346,218</u>	<u>20,177</u>	<u>243</u>
Noncurrent liabilities:					
Interfund loan payable	-	51,113	-	43,349	-
Net pension liability	111,042	979,465	306,132	84,325	-
Long-term debt, less current portion	-	8,885,952	9,061,706	-	-
Total noncurrent liabilities	<u>111,042</u>	<u>9,916,530</u>	<u>9,367,838</u>	<u>127,674</u>	<u>-</u>
Total liabilities	<u>1,011,663</u>	<u>10,735,783</u>	<u>9,714,056</u>	<u>147,851</u>	<u>243</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related	6,387	56,342	17,611	4,851	-
NET POSITION					
Net investment in capital assets	43,207	28,217,306	16,018,382	1,736,919	-
Restricted for system expansion, replacement and debt service	-	8,813,984	1,012,710	-	-
Unrestricted	(119,338)	5,329,196	4,605,039	1,015,399	23,985
Total net position	<u>\$ (76,131)</u>	<u>\$ 42,360,486</u>	<u>\$ 21,636,131</u>	<u>\$ 2,752,318</u>	<u>\$ 23,985</u>

Business Type Activities - Enterprise Funds						
Solid Waste	Drainage	Landscape Maintenance	Property Taxes	Supplemental Water	Eliminations	Total
\$ 316,028	\$ 64,718	\$ 22,042	\$ 322,604	\$ -	\$ -	\$ 15,680,226
687	-	-	-	144,870	-	430,064
-	-	-	-	-	-	978,000
-	137	50	488	-	-	130,016
14,456	-	-	-	-	-	14,456
795	263	191	9,497	-	-	10,907
-	-	-	-	298,545	(298,545)	-
-	-	-	-	-	-	80,094
<u>331,966</u>	<u>65,118</u>	<u>22,283</u>	<u>332,589</u>	<u>443,415</u>	<u>(298,545)</u>	<u>17,323,763</u>
-	-	-	43,349	-	(94,462)	-
-	-	-	-	327,634	-	327,634
-	-	-	-	-	-	606,506
-	-	-	11,211	-	-	69,283
-	-	-	-	-	-	5,971,103
-	-	-	-	-	-	189,261
-	-	-	-	-	-	4,682,590
-	-	-	1,446,440	-	-	61,104,370
-	-	-	<u>1,501,000</u>	<u>327,634</u>	<u>(94,462)</u>	<u>72,950,747</u>
<u>331,966</u>	<u>65,118</u>	<u>22,283</u>	<u>1,833,589</u>	<u>771,049</u>	<u>(393,007)</u>	<u>90,274,510</u>
-	-	-	-	-	-	748,064
608	-	1,135	-	356,673	-	615,143
-	-	-	-	-	(298,545)	-
-	-	-	3,658	-	-	867,858
789	-	-	39,294	-	-	330,075
-	-	-	110,000	-	-	487,048
<u>1,397</u>	<u>-</u>	<u>1,135</u>	<u>152,952</u>	<u>356,673</u>	<u>(298,545)</u>	<u>2,300,124</u>
-	-	-	-	-	(94,462)	-
-	-	-	-	-	-	1,480,964
-	-	-	2,608,061	-	-	20,555,719
-	-	-	<u>2,608,061</u>	-	<u>(94,462)</u>	<u>22,036,683</u>
<u>1,397</u>	<u>-</u>	<u>1,135</u>	<u>2,761,013</u>	<u>356,673</u>	<u>(393,007)</u>	<u>24,336,807</u>
-	-	-	-	-	-	85,191
-	-	-	(1,271,621)	-	-	44,744,193
-	-	-	-	414,376	-	10,241,070
<u>330,569</u>	<u>65,118</u>	<u>21,148</u>	<u>344,197</u>	<u>-</u>	<u>-</u>	<u>11,615,313</u>
<u>\$ 330,569</u>	<u>\$ 65,118</u>	<u>\$ 21,148</u>	<u>\$ (927,424)</u>	<u>\$ 414,376</u>	<u>\$ -</u>	<u>\$ 66,600,576</u>

Nipomo Community Services District

**Combining Schedule of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017**

	Business Type Activities - Enterprise Funds				
	Administration	Water	Town Sewer	Blacklake Sewer	Blacklake Lighting
Operating revenues					
Charges for services	\$ -	\$ 4,321,932	\$ 1,937,869	\$ 473,991	\$ 24,508
Charges for services-purveyors	-	-	-	-	-
Other operating revenue	11,325	232,448	330	24,592	-
Total operating revenues	11,325	4,554,380	1,938,199	498,583	24,508
Operating expenses					
Purchased water	-	1,150,661	-	-	-
Purchased water-purveyors	-	-	-	-	-
Personnel	119,814	1,181,914	490,127	99,662	-
Contractual services	64,040	287,200	12,748	2,634	2,058
Utilities	16,228	330,605	146,425	39,911	26,924
Repairs and maintenance	9,602	103,968	107,081	7,336	-
Other supplies and expenses	76,007	566,613	292,958	76,831	242
Insurance	15,182	41,033	12,905	2,277	500
Depreciation	25,300	979,033	715,214	94,288	-
Total operating expenses	326,173	4,641,027	1,777,458	322,939	29,724
Operating income (loss)	(314,848)	(86,647)	160,741	175,644	(5,216)
Non-operating revenues (expenses)					
Interest income	554	442,053	38,667	7,383	169
Property taxes	-	-	-	-	-
Cell site rental income	5,893	33,393	-	-	-
Gain/(Loss) on disposal of capital assets	-	(14,201)	470	144	-
Interest expense	-	(404,447)	(359,554)	(1,979)	-
Other revenue-purveyors	-	438,728	-	-	-
Total non-operating revenues (expenses)	6,447	495,526	(320,417)	5,548	169
Income (loss) before contributions and transfers	(308,401)	408,879	(159,676)	181,192	(5,047)
Capital contributions	-	334,052	196,511	-	-
Transfers in	410,859	372,950	-	-	-
Transfer out	-	(295,057)	(83,599)	(14,753)	(500)
Change in net position	102,458	820,824	(46,764)	166,439	(5,547)
Total net position - beginning	(178,589)	41,539,662	21,682,895	2,585,879	29,532
Total net position - ending	\$ (76,131)	\$ 42,360,486	\$ 21,636,131	\$ 2,752,318	\$ 23,985

Business Type Activities - Enterprise Funds						
Solid Waste	Drainage	Landscape Maintenance	Property Taxes	Supplemental Water	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,758,300
-	-	-	-	1,708,399	(1,150,661)	557,738
78,587	-	10,640	-	-	-	357,922
78,587	-	10,640	-	1,708,399	(1,150,661)	7,673,960
-	-	-	-	-	(149,439)	1,001,222
-	-	-	-	1,501,535	(1,001,222)	500,313
-	-	-	-	-	-	1,891,517
1,923	-	1,575	-	-	-	372,178
-	-	1,762	-	-	-	561,855
-	-	-	-	-	-	227,987
19,213	-	6,944	2,250	-	-	1,041,058
2,000	-	-	-	-	-	73,897
-	-	-	32,861	-	-	1,846,696
23,136	-	10,281	35,111	1,501,535	(1,150,661)	7,516,723
55,451	-	359	(35,111)	206,864	-	157,237
1,953	369	144	3,102	511	-	494,905
-	16,706	-	604,956	-	-	621,662
-	-	-	-	-	-	39,286
-	-	-	-	-	-	(13,587)
-	-	-	(105,504)	-	-	(871,484)
-	-	-	-	-	-	438,728
1,953	17,075	144	502,554	511	-	709,510
57,404	17,075	503	467,443	207,375	-	866,747
-	-	-	-	-	-	530,563
-	-	-	-	-	(783,809)	-
(15,450)	-	(1,500)	(372,950)	-	783,809	-
41,954	17,075	(997)	94,493	207,375	-	1,397,310
288,615	48,043	22,145	(1,021,917)	207,001	-	65,203,266
\$ 330,569	\$ 65,118	\$ 21,148	\$ (927,424)	\$ 414,376	\$ -	\$ 66,600,576

Nipomo Community Services District

**Combining Schedule of Other Supplies and Expenses
Proprietary Funds
For the Year Ended June 30, 2017**

	Business Type Activities - Enterprise Funds				
	Administration	Water	Town Sewer	Blacklake Sewer	Blacklake Lighting
Other supplies and expenses					
Bank charges and fees	\$ 4,449	\$ -	\$ -	\$ -	\$ -
Bond administration	-	3,940.00	2,500	-	-
Bond insurance premium expense	-	2,039	-	-	-
Chemicals	-	22,237	20,732	12,229	-
Computer expenses	12,154	65,625	22,605	5,353	-
Conservation program	-	26,000	-	-	-
Credit card fees	-	3,499	-	-	-
Dues and subscriptions	2,587	7,297	5,336	350	-
Education and training	6,196	2,552	3,041	85	-
Elections	118	353	100	18	-
Fuel	-	20,888	6,963	3,798	-
Lab testing	-	32,145	23,220	25,044	-
LAFCO funding	25,753	-	-	-	-
Landscape and janitorial	2,603	7,808.00	2,195.00	387	-
Landscape maintenance	-	-	-	-	-
Meters	-	49,081	-	-	-
Miscellaneous	2,814	875	-	-	-
Newsletters and mailers	1,184	4,629	1,081	178	-
Office supplies	1,732	7,410	1,441	254	-
Operating supplies	-	156,155	46,030	9,279	-
Outside services	3,148	97,318	133,613	8,196	-
Paging service	-	25,011	-	-	-
Permits and operating fees	-	-	11,040	7,920	-
Postage	1,264	13,893	5,791	822	-
Property taxes	-	1,241	-	-	-
Public notices	819	-	-	-	242
Safety program	-	1,609	536	293	-
Solid waste program	-	-	-	-	-
Telephone	1,480	4,439	1,258	926	-
Travel and mileage	9,706	1,415	2,166	-	-
Uniforms	-	9,154	3,310	1,699	-
Total other supplies and expenses	\$ 76,007	\$ 566,613	\$ 292,958	\$ 76,831	\$ 242

Business Type Activities - Enterprise Funds			
Solid Waste	Landscape Maintenance	Property Taxes	Total
\$ -	\$ -	\$ -	\$ 4,449
-	-	2,250	8,690
-	-	-	2,039
-	-	-	55,198
-	-	-	105,737
-	-	-	26,000
-	-	-	3,499
-	-	-	15,570
-	-	-	11,874
-	-	-	589
-	-	-	31,649
-	-	-	80,409
-	-	-	25,753
-	-	-	12,993
-	6,551	-	6,551
-	-	-	49,081
-	-	-	3,689
-	-	-	7,072
-	-	-	10,837
-	-	-	211,464
-	75	-	242,350
-	-	-	25,011
-	-	-	18,960
-	-	-	21,770
-	-	-	1,241
440	318	-	1,819
-	-	-	2,438
18,773	-	-	18,773
-	-	-	8,103
-	-	-	13,287
-	-	-	14,163
\$ 19,213	\$ 6,944	\$ 2,250	\$ 1,041,058

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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.

Table of Contents	Page
Financial Trends <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>	52-55
Revenue Capacity <i>These schedules contain information to help the reader assess the District's two most significant revenue sources, water and sewer sales.</i>	56-64
Debt Capacity <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>	65-69
Demographic and Economic Information <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>	70-72
Operating Information <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>	73-75

Nipomo Community Services District

Net Position by Component Last Ten Fiscal Years

	2008	2009	2010	2011	2012
Net Position					
Net investment in capital assets	\$ 22,985,210	\$ 29,702,586	\$ 26,400,186	\$ 28,120,434	\$ 19,736,453
Restricted	15,786,714	16,189,675	15,349,110	14,429,872	22,237,879
Unrestricted	8,830,148	4,145,274	9,682,695	10,092,022	10,030,405
Total Net Position	<u>\$ 47,602,072</u>	<u>\$ 50,037,535</u>	<u>\$ 51,431,991</u>	<u>\$ 52,642,328</u>	<u>\$ 52,004,737</u>

	2013	2014	2015	2016	2017
Net Position					
Net investment in capital assets	\$ 21,117,250	\$ 36,796,349	\$ 41,378,553	\$ 42,717,685	\$ 44,744,193
Restricted	26,519,323	11,474,442	9,817,048	11,619,723	10,241,070
Unrestricted	10,244,105	13,802,081	6,721,899	10,865,858	11,615,313
Total Net Position	<u>\$ 57,880,678</u>	<u>\$ 62,072,872</u>	<u>\$ 57,917,500</u>	<u>\$ 65,203,266</u>	<u>\$ 66,600,576</u>

Source: Nipomo Community Services District

Nipomo Community Services District

Changes in Net Position Last Ten Fiscal Years

	2008	2009	2010	2011
OPERATING REVENUES:				
Water	\$ 2,979,529	\$ 2,987,268	\$ 2,938,162	\$ 2,771,928
Wastewater	1,153,024	1,582,391	1,952,618	2,162,005
Other	606,664	185,125	183,638	227,132
Total Operating Revenues	4,739,217	4,754,784	5,074,418	5,161,065
Non-Operating Revenues				
Interest income	961,860	537,985	167,857	125,994
Property taxes	546,975	554,660	520,576	557,041
Other	29,889	30,907	251,282	52,408
Total Non-Operating Revenues	1,538,724	1,123,552	939,715	735,443
Total Revenues	6,277,941	5,878,336	6,014,133	5,896,508
OPERATING EXPENSES:				
Purchased water	-	-	-	-
Purchased water - purveyors	-	-	-	-
Personnel	1,197,427	1,337,120	1,448,688	1,475,273
Contractual services	1,005,913	597,134	468,541	518,736
Utilities	557,310	534,252	607,219	556,145
Repairs & maintenance	345,266	393,744	296,920	316,935
Other supplies & expenses	919,878	533,907	614,681	624,970
Insurance	38,808	41,208	58,191	79,754
Depreciation & amortization	1,046,861	1,077,946	1,114,447	1,158,947
Total Operating Expenses	5,111,463	4,515,311	4,608,687	4,730,760
Total Non-Operating Expenses	176,525	189,841	179,462	181,873
Total Expenses:	5,287,988	4,705,152	4,788,149	4,912,633
Income (Loss) Before Contributions	989,953	1,173,184	1,225,984	983,875
Capital Contributions	5,113,496	1,262,279	168,472	226,462
Change In Net Position	\$ 6,103,449	\$ 2,435,463	\$ 1,394,456	\$ 1,210,337

Source: Nipomo Community Services District

	2012	2013	2014	2015	2016	2017
\$	2,978,557	\$ 3,318,232	\$ 3,720,667	\$ 3,361,276	\$ 4,054,172	\$ 4,554,380
	2,212,658	2,311,889	2,242,497	2,311,400	2,337,597	2,436,782
	240,757	653,852	699,308	650,810	767,547	682,798
	<u>5,431,972</u>	<u>6,283,973</u>	<u>6,662,472</u>	<u>6,323,486</u>	<u>7,159,316</u>	<u>7,673,960</u>
	98,657	102,610	82,277	64,580	447,364	494,905
	501,739	494,457	515,399	549,693	586,899	621,662
	34,366	56,707	50,253	51,344	5,780,723	478,014
	<u>634,762</u>	<u>653,774</u>	<u>647,929</u>	<u>665,617</u>	<u>6,814,986</u>	<u>1,594,581</u>
	<u>6,066,734</u>	<u>6,937,747</u>	<u>7,310,401</u>	<u>6,989,103</u>	<u>13,974,302</u>	<u>9,268,541</u>
	-	-	-	-	872,439	1,001,222
	-	-	-	-	129,321	500,313
	1,420,129	1,557,146	1,532,776	1,774,347	1,764,935	1,891,517
	288,956	224,616	354,297	272,964	350,413	372,178
	652,296	578,766	670,413	604,890	573,298	561,855
	225,362	229,699	194,435	188,512	370,546	227,987
	642,025	1,028,433	1,161,271	1,294,354	1,052,134	1,041,058
	77,796	75,207	69,609	76,012	79,814	73,897
	1,095,425	1,174,583	1,250,300	1,410,550	1,813,745	1,846,696
	<u>4,401,989</u>	<u>4,868,450</u>	<u>5,233,101</u>	<u>5,621,629</u>	<u>7,006,645</u>	<u>7,516,723</u>
	<u>2,207,262</u>	<u>1,294,768</u>	<u>610,231</u>	<u>4,186,961</u>	<u>883,201</u>	<u>885,071</u>
	<u>6,609,251</u>	<u>6,163,218</u>	<u>5,843,332</u>	<u>9,808,590</u>	<u>7,889,846</u>	<u>8,401,794</u>
	(542,517)	774,529	1,467,069	(2,819,487)	6,084,456	866,747
	<u>88,674</u>	<u>5,101,412</u>	<u>2,725,125</u>	<u>53,464</u>	<u>668,838</u>	<u>530,563</u>
\$	<u>(453,843)</u>	<u>\$ 5,875,941</u>	<u>\$ 4,192,194</u>	<u>\$ (2,766,023)</u>	<u>\$ 6,753,294</u>	<u>\$ 1,397,310</u>

Nipomo Community Services District

Active Water Customers By Type Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Single Family	3,481	3,479	3,484	3,492	3,504	3,556	3,580	3,592	3,603	3,669
%	85%	85%	84%	84%	84%	84%	84%	84%	84%	86%
Multi-Family	412	421	462	473	495	494	500	497	497	441
%	10%	10%	11%	11%	12%	12%	12%	12%	12%	10%
Commercial	93	100	97	95	95	94	97	99	102	101
%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Irrigation	89	90	91	91	78	93	90	96	97	97
%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Agriculture	2	2	2	2	1	1	1	1	1	1
%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total	4,077	4,092	4,136	4,153	4,173	4,238	4,268	4,285	4,300	4,309
Total %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Nipomo Community Services District

Nipomo Community Services District

Bi-Monthly Water Availability Charges Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Meter Size										
1 inch and Less	\$ 29.03	\$ 30.84	\$ 30.84	\$ 30.84	\$ 33.17	\$ 35.72	\$ 38.51	\$ 41.57	\$ 44.92	\$ 44.92
1 1/2 Inch	78.82	83.97	83.97	83.97	90.58	97.82	105.75	114.43	123.94	123.94
2 Inch	122.01	130.17	130.17	130.17	140.64	152.11	164.67	178.42	193.48	193.48
3 Inch	217.87	233.07	233.07	233.07	252.56	273.90	297.27	322.86	350.88	350.88
4 Inch	351.45	376.68	376.68	376.68	409.04	444.40	483.29	525.78	572.31	572.31
6 Inch	688.49	730.80	730.80	730.80	803.33	873.99	951.36	1,036.08	1,128.85	1,128.85
8 Inch	1,073.29	1,153.71	1,153.71	1,153.71	1,256.84	1,369.77	1,493.43	1,628.84	1,777.11	1,777.11
Supplemental water										
Meter Size										
1 inch and Less	-	-	-	-	-	-	-	-	13.20	13.20
1 1/2 Inch	-	-	-	-	-	-	-	-	39.60	39.60
2 Inch	-	-	-	-	-	-	-	-	63.36	63.36
3 Inch	-	-	-	-	-	-	-	-	118.80	118.80
4 Inch	-	-	-	-	-	-	-	-	198.00	198.00
6 Inch	-	-	-	-	-	-	-	-	396.00	396.00

Source: Nipomo Community Services District

Nipomo Community Services District

Bi-Monthly Water Rates Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Single Family & Multi-Family										
Tier I	\$1.52	\$1.64	\$1.64	\$1.64	\$1.64	\$1.80	\$1.97	\$2.16	\$2.37	\$2.37
Tier II	2.59	2.80	2.80	2.80	2.05	2.25	2.46	2.69	2.95	2.95
Tier III					2.88	3.15	3.45	3.78	4.14	4.14
Tier IV					4.93	5.40	5.91	6.47	7.08	7.08
Commercial & Irrigation										
Tier I					2.05	2.25	2.46	2.69	2.95	2.95
Tier II					2.88	3.15	3.45	3.78	4.14	4.14
Agriculture and all Other	1.91	2.06	2.06	2.06	2.37	2.59	2.84	3.11	3.41	3.41
Supplemental Water									0.77	1.003

Source: Nipomo Community Services District

Nipomo Community Services District

Water Capacity Charges Last Ten Fiscal Years

Meter Size	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1 inch and Less	\$ 2,713	\$ 3,022	\$ 3,124	\$ 3,192	\$ 3,293	\$ 3,385	\$ 3,468	\$ 2,921	\$ 2,976	\$ 3,076
Supplemental Water	12,062	13,404	13,858	14,160	14,605	15,015	15,381	7,570	7,711	7,971
1 1/2 Inch	8,129	9,065	9,372	9,577	9,877	10,155	10,402	8,764	8,928	9,228
Supplemental Water	36,151	40,211	41,573	42,479	43,814	45,045	46,141	22,710	23,134	23,913
2 Inch	13,011	14,503	14,994	15,321	15,802	16,247	16,642	14,022	14,284	14,765
Supplemental Water	57,864	64,337	66,516	67,966	70,101	72,072	73,825	36,336	37,015	38,261
3 Inch	24,411	27,194	28,115	28,728	29,630	30,463	31,204	26,291	26,782	27,684
Supplemental Water	108,562	120,632	124,719	127,436	131,440	135,135	138,422	68,130	69,403	71,740
4 Inch	40,694	45,323	46,858	47,879	49,384	50,772	52,007	43,819	44,638	46,141
Supplemental Water	180,973	201,054	207,866	212,393	219,067	225,225	230,704	113,550	115,671	119,566
6 Inch	81,363	90,646	93,717	95,758	98,767	101,544	104,014	87,638	89,275	92,281
Supplemental Water	361,838	402,108	415,731	424,787	438,134	450,450	461,408	227,100	231,342	239,132

Source: Nipomo Community Services District

Nipomo Community Services District

Sewer Customers (Town Division) Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Single Family</u>										
Accounts	1,966	1,990	1,995	1,991	2,008	2,024	2,096	2,098	2,109	2,153
DUE's	1,966	1,990	1,995	1,991	2,008	2,024	2,096	2,098	2,109	2,298
<u>Single Family County</u>										
Accounts	460	460	460	460	460	461	463	468	469	470
DUE's	460	460	460	460	460	461	463	468	469	470
<u>Multi-Family</u>										
Accounts	336	359	349	365	367	371	375	374	374	375
DUE's	684	710	764	770	766	771	766	777	816	634
<u>Commercial</u>										
Accounts	66	71	71	71	79	80	80	82	110	75
DUE's	69	75	65	74	82	80	80	82	110	78
<u>Total</u>										
Accounts	2,828	2,880	2,875	2,887	2,914	2,936	3,014	3,022	3,062	3,073
DUE's	3,179	3,235	3,284	3,295	3,316	3,336	3,405	3,425	3,504	3,480

Source: Nipomo Community Services District
DUE = Dwelling Unit Equivalent

Nipomo Community Services District

**Sewer Customers (Blacklake Division)
Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Single Family</u>										
Accounts	487	484	484	485	485	487	487	487	487	487
DUE's	487	484	484	485	485	487	487	487	487	487
<u>Multi-Family</u>										
Accounts	69	69	69	68	67	68	68	68	68	68
DUE's	69	69	69	68	67	68	68	68	68	68
<u>Commercial</u>										
Accounts	2	4	4	3	3	4	4	4	4	4
DUE's	2	4	4	3	3	4	4	4	4	4
<u>Total</u>										
Accounts	558	557	557	556	555	559	559	559	559	559
DUE's	558	557	557	556	555	559	559	559	559	559

Source: Nipomo Community Services District
DUE = Dwelling Unit Equivalent

Nipomo Community Services District

Residential Sewer Rates Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Town</u>										
Single Family	\$ 56.53	\$ 70.66	\$ 88.32	\$ 88.32	\$ 88.32	\$ 88.32	\$ 88.32	\$ 88.32	\$ 88.93	\$ 91.77
Multi Family	43.09	53.86	67.33	67.33	67.33	67.33	67.33	67.33	74.18	76.55
<u>Black Lake</u>										
Single Family	80.65	107.12	118.90	131.98	138.58	145.51	145.51	145.51	145.51	145.51
Multi Family	43.22	69.99	77.69	86.24	90.55	95.08	95.08	95.08	95.08	95.08

Source: Nipomo Community Services District

DUE - Dwelling Unit Equivalent

Nipomo Community Services District

Commercial Sewer Rates (Town Division) Last Ten Fiscal Years

Bi-Monthly Service Charge

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1 inch and Less	\$ 17.39	\$ 27.25	\$ 34.07	\$ 34.07	\$ 34.07	\$ 34.07	\$ 34.07	\$ 34.07	\$ 35.12	\$ 36.24
1 1/2 Inch	49.77	78.87	98.59	98.59	98.59	98.59	98.59	98.59	101.94	105.20
2 Inch	78.95	125.33	156.66	156.66	156.66	156.66	156.66	156.66	162.08	167.26
3 Inch	147.09	233.73	292.16	292.16	292.16	292.16	292.16	292.16	302.40	312.08
4 Inch	244.41	388.58	485.72	485.72	485.72	485.72	485.72	485.72	502.87	518.96
6 Inch	487.50	775.71	969.64	969.64	969.64	969.64	969.64	969.64	1,004.03	1,036.16

Bi-Monthly Usage Rate

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Low	\$ 1.32	\$ 2.31	\$ 2.89	\$ 2.89	\$ 2.89	\$ 2.89	\$ 2.89	\$ 2.89	\$ 3.43	\$ 3.54
Medium	1.46	2.56	3.20	3.20	3.20	3.20	3.20	3.20	3.81	3.93
High	1.89	3.31	4.14	4.14	4.14	4.14	4.14	4.14	4.93	5.09

Source: Nipomo Community Services District

Nipomo Community Services District

Commercial Sewer Rates (Blacklake Division) Last Ten Fiscal Years

Bi-Monthly Service Charge

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1 inch and Less	\$ 38.33	\$ 36.86	\$ 38.33	\$ 59.43	\$ 62.40	\$ 62.52	\$ 65.52	\$ 65.52	\$ 65.52	\$ 65.52
1 1/2 Inch	110.25	106.01	110.25	169.16	177.62	186.50	186.50	186.50	186.50	186.50
2 Inch	175.08	168.34	175.08	267.91	281.13	295.38	295.38	295.38	295.38	295.38
3 Inch	326.45	313.89	326.45	498.35	523.26	549.43	549.43	549.43	549.43	549.43
4 Inch	542.64	521.77	542.64	827.54	868.91	912.36	912.36	912.36	912.36	912.36
6 Inch	1,082.64	1,041.00	1,082.64	1,650.51	1,733.03	1,819.68	1,819.68	1,819.68	1,819.68	1,819.68

Bi-Monthly Usage Rate

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Low	\$ 1.55	\$ 2.62	\$ 2.91	\$ 3.23	\$ 3.39	\$ 3.56	\$ 3.56	\$ 3.56	\$ 3.56	\$ 3.56
Medium	2.11	3.53	3.92	4.35	4.57	4.80	4.80	4.80	4.80	4.80
High	3.37	5.59	6.20	6.89	7.23	7.59	7.59	7.59	7.59	7.59

Source: Nipomo Community Services District

Nipomo Community Services District

Sewer Capacity Charges (Town Division) Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Meter Size										
1 inch and Less	\$ 4,314	\$ 6,927	\$ 7,462	\$ 7,625	\$ 7,864	\$ 8,085	\$ 8,282	\$ 8,526	\$ 8,685	\$ 8,978
1 1/2 Inch	12,927	20,781	22,387	22,874	23,593	24,256	24,846	25,577	26,055	26,933
2 Inch	20,692	33,250	35,819	36,598	37,749	38,810	39,755	40,924	41,689	43,093
3 Inch	38,823	62,343	67,160	68,621	70,779	72,769	74,539	76,732	78,166	80,798
4 Inch	64,718	103,905	111,934	114,368	117,965	121,281	124,232	127,887	130,276	134,663
6 Inch	129,396	207,810	223,867	228,736	235,931	242,562	248,463	255,774	260,552	269,325

Source: Nipomo Community Services District

Nipomo Community Services District

Outstanding Debt by Type Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Certificates of Participation</u>	<u>State Revolving Loan Funds</u>	<u>Interfund Notes Payable</u>	<u>Total</u>	<u>Debt to Assessed Value (1)</u>	<u>Debt Per Capita (2)</u>
2017	\$ 2,718,062	\$ 18,128,429	\$ 196,276	\$ 94,462	\$ 21,137,229	1.35%	\$ 4,902
2016	2,645,000	18,580,000	273,326	139,634	21,637,960	1.45%	\$ 5,005
2015	2,745,000	18,870,000	350,376	184,522	22,149,898	1.59%	5,169
2014	2,845,000	19,150,000	427,424	227,983	22,650,407	1.71%	5,307
2013	2,845,000	19,295,000	504,472	270,063	22,914,535	1.78%	5,407
2012	-	13,125,000	581,521	310,802	14,017,323	1.08%	3,359
2011	76,000	3,420,000	658,569	520,419	4,674,988	0.35%	1,126
2010	100,000	3,510,000	735,618	596,989	4,942,607	0.36%	1,195
2009	110,000	3,595,000	812,666	-	4,517,666	0.32%	1,104
2008	120,000	3,680,000	889,715	-	4,689,715	0.34%	1,150

(1) Assessed Values can be found on the Historical Assessed Valuation table.

(2) Per Capita is based on number of District water customers found in the Active Water Customers by Type Table

Nipomo Community Services District

Combined Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year	Gross Revenue	(1) Operating Expenses	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage Ratio
2017	\$ 7,032,142	\$ (4,724,238)	\$ 2,307,904	\$ 395,000	\$ 875,012	\$ 1,270,012	1.82x
2016	6,487,650	(4,386,403)	2,101,247	395,000	884,724	1,279,724	1.65x
2015	5,748,796	(3,332,064)	2,416,732	380,000	895,659	1,275,659	1.89x
2014	6,005,862	(3,205,780)	2,800,082	145,000	904,238	1,049,238	2.67x
2013	5,662,298	(2,844,591)	2,817,707	332,049	508,204	840,253	3.35x
2012	5,251,643	(2,977,782)	2,273,861	167,049	153,545	320,594	7.09x
2011	5,088,811	(3,301,897)	1,786,914	172,049	158,545	330,594	5.40x
2010	5,021,126	(3,159,949)	1,861,177	172,049	164,489	336,538	5.53x
2009	4,267,481	(2,720,943)	1,546,538	172,049	167,199	339,248	4.55x
2008	4,027,943	(3,280,391)	747,552	171,049	169,583	340,632	2.19x

Source: Nipomo Community Services District

(1) Excludes depreciation.

Nipomo Community Services District

Historical Assessed Valuation Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Grossed Secured Assessed Valuation</u>	<u>Gross Unsecured Assessed Valuation</u>	<u>Homeowners' Exemption</u>	<u>Adjusted Assessed Valuation</u>
2017	\$ 1,563,409,451	\$ 14,102,670	\$ (16,562,000)	\$ 1,560,950,121
2016	1,487,428,335	13,828,632	(16,739,800)	1,484,517,167
2015	1,386,410,743	15,592,808	(16,675,400)	1,385,328,151
2014	1,323,642,210	14,660,628	(16,577,400)	1,321,725,438
2013	1,284,304,321	13,406,138	(16,833,600)	1,280,876,859
2012	1,301,667,173	12,993,551	(16,900,800)	1,297,759,924
2011	1,333,639,941	13,353,669	(16,973,600)	1,330,020,010
2010	1,360,374,058	11,351,617	(16,891,000)	1,354,834,675
2009	1,412,360,063	10,466,326	(16,921,800)	1,405,904,589
2008	1,395,028,513	10,852,525	(16,611,000)	1,389,270,038

Source: County of San Luis Obispo Assessor

Nipomo Community Services District

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

<u>Fiscal Year</u>	<u>General</u>	<u>State Water Project</u>	<u>Lucia Mar Unified School District</u>	<u>San Luis Obispo Community College District</u>	<u>Total</u>
2017	1.00000	0.00400	0.03994	0.01925	1.06319
2016	1.00000	0.00374	0.04094	0.01925	1.06393
2015	1.00000	0.00400	0.04094	-	1.04494
2014	1.00000	0.00400	0.03994	-	1.04394
2013	1.00000	0.00400	0.03954	-	1.04354
2012	1.00000	0.00300	0.02984	-	1.03284
2011	1.00000	0.00290	0.02914	-	1.03204
2010	1.00000	0.00220	0.02854	-	1.03074
2009	1.00000	0.00220	0.02854	-	1.03074
2008	1.00000	0.00220	0.02364	-	1.02584

Source: California Municipal Statistics, Inc.

Nipomo Community Services District

Direct and Overlapping Debt Statement As of June 30, 2017

2016-2017 Assessed Valuation:

<u>Overlapping Tax and Assessment Debt</u>	Total Debt 6/30/17	% Applicable	District's Share of Debt 6/30/17
San Luis Obispo County Community College District	\$67,095,000	3.268%	\$2,192,665
Lucia Mar Unified School District	58,688,464	11.788%	6,918,196
Nipomo Community Services District, Reassessment District No. 93-1R	212,125	100%	<u>212,125</u>
Total Direct and Overlapping Tax and Assessment Debt			\$9,322,986

Direct and Overlapping General Fund Debt

San Luis Obispo County Certificates of Participation	\$25,590,000	3.280%	\$839,352
San Luis Obispo County Pension Obligation Bonds	94,029,398	3.280%	3,084,164
San Luis Obispo County Community College District Certificates of Participation	7,220,000	3.268%	235,950
Lucia Mar Unified School District Certificates of Participation	7,410,000	11.788%	873,491
*Nipomo Community Services District	-	100%	-
Total Direct and Overlapping General Fund Debt			\$5,032,957
Total Direct Debt			-
Total Overlapping Debt			\$14,355,942
**Combined Total Debt			\$14,355,942

Ratios to 2016-2017 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.59%
Total Direct Debt.....	0%
Combined Total Debt.....	0.91%

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

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

Source: California Municipal Statistics, Inc.

Nipomo Community Services District

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

Area	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Arroyo Grande	16,968	17,110	17,252	17,306	17,291	17,395	17,334	17,428	17,731	17,736
Atascadero	28,477	28,488	28,310	28,601	28,477	28,687	28,675	29,169	30,879	30,900
El Paso de Robles	29,813	30,004	29,793	29,918	30,225	30,504	30,469	30,522	31,398	31,745
Grover Beach	13,159	13,278	13,156	13,199	13,162	13,211	13,153	13,144	13,397	13,438
Morro Bay	10,506	10,576	10,234	10,294	10,274	10,317	10,276	10,284	10,722	10,762
Pismo Beach	8,568	8,677	7,655	7,682	7,675	7,717	7,705	7,711	8,181	8,247
San Luis Obispo (city)	<u>44,521</u>	<u>44,829</u>	<u>45,119</u>	<u>45,269</u>	<u>45,308</u>	<u>45,541</u>	<u>45,473</u>	<u>45,802</u>	<u>46,117</u>	<u>46,724</u>
Subtotal	152,012	152,962	151,519	152,269	152,412	153,372	153,085	154,060	158,425	159,552
Unincorporated	<u>116,278</u>	<u>117,939</u>	<u>118,118</u>	<u>118,036</u>	<u>119,071</u>	<u>118,805</u>	<u>119,272</u>	<u>120,233</u>	<u>119,552</u>	<u>120,549</u>
Total	<u>268,290</u>	<u>270,901</u>	<u>269,637</u>	<u>270,305</u>	<u>271,483</u>	<u>272,177</u>	<u>272,357</u>	<u>274,293</u>	<u>277,977</u>	<u>280,101</u>

Source: State of California, Department of Finance

Nipomo Community Services District

San Luis Obispo Civilian Labor Force, Employment and Unemployment Annual Average Last Ten Calendar Years (amounts expressed in thousands except population and per capita)

The following Table compares estimates of the labor force, civilian employment and unemployment for County Residents, State Residents and United States Residents between 2006 and 2015

<u>Year and Area</u>	<u>Labor Force</u>	<u>Civilian Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2008				
County	138,100	130,200	7,900	5.7%
State	18,191,000	16,883,400	1,307,600	7.2%
United States	154,287,000	145,362,000	8,925,000	5.8%
2009				
County	137,600	125,300	12,300	8.9%
State	18,204,200	16,141,500	2,062,700	11.3%
United States	154,142,000	139,877,000	14,265,000	9.3%
2010				
County	136,100	122,300	13,800	10.1%
State	18,176,200	15,916,300	2,259,900	12.4%
United States	153,889,000	139,064,000	14,825,000	9.6%
2011				
County	138,700	125,800	12,900	9.3%
State	18,384,900	16,226,600	2,158,300	11.7%
United States	154,395,000	141,637,000	12,758,000	8.3%
2012				
County	143,100	131,500	11,600	8.1%
State	18,494,900	16,560,300	1,934,600	10.5%
United States	154,975,000	142,469,000	12,506,000	8.1%
2013				
County	141,100	131,700	9,400	6.7%
State	18,596,800	16,933,300	1,663,500	8.9%
United States	155,971,000	144,509,000	11,462,000	7.3%
2014				
County	139,900	132,000	7,900	5.6%
State	18,811,400	17,397,100	1,414,300	7.5%
United States	156,715,000	148,800,000	7,915,000	5.1%
2015				
County	142,700	135,700	7,000	4.9%
State	18,956,000	17,794,000	1,162,000	6.1%
United States	156,984,000	151,097,000	5,887,000	3.8%
2016				
County	147,200	140,600	6,600	4.5%
State	19,102,000	18,079,000	1,023,000	5.4%
United States	158,880,000	151,097,000	7,783,000	4.9%
2017				
County	142,900	137,600	5,300	3.7%
State	19,138,000	18,237,000	901,000	4.7%
United States	160,145,000	153,168,000	6,977,000	4.4%

Data is seasonally adjusted. The unemployment data for the County and State is calculated using unrounded data.

Source: State Employment Development Department, Labor Market Information Division, and U.S. Bureau of Labor Statistics.

Nipomo Community Services District

Major Employers in County of San Luis Obispo

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

Employer	2016			2007		
	Estimated FTE Employment	Ranking	Percent of County Employment	Estimated FTE Employment	Ranking	Percent of County Employment
Cal Poly State University, SLO	3,055	1	2.17%	2,677	1	2.00%
County of San Luis Obispo	2,800	2	1.99%	2,546	2	1.90%
Atascadero State Hospital	2,000	3	1.42%	2,155	3	1.61%
California Men's Colony	1,540	4	1.10%	1,800	5	1.35%
Pacific Gas and Electric Company	1,900	5	1.35%	1,800	4	1.35%
Cal Poly Corporation	1,400	6	1.00%	1,400	6	1.05%
Tenet Healthcare	1,272	7	0.90%	-	-	-
Compass Health Inc.	1,200	8	0.85%	-	-	-
Lucia Mar Unified School District	1,000	9	0.71%	1,042	7	0.78%
Paso Robles Public Schools	935	10	0.67%	803	10	0.60%
Cuesta College	-	-	-	830	8	0.62%
San Luis Unified School District	-	-	-	821	9	0.61%
Total Top Employers	<u>17,102</u>			<u>15,874</u>		
Total City Labor Force	<u>140,600</u>			<u>133,800</u>		

Source: County of San Luis Obispo 2015-16 Comprehensive Financial Report

Nipomo Community Services District

District Employees Last Ten Fiscal Years

(Actual on Payroll at June 30)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Manager	1	1	1	1	1	1	1	1	1	1
Administrative Staff	4	4	4	3	3	3	3	4	4	4
Operations Staff	9	9	10	8	9	8	8	10	12	12
Total	<u>14</u>	<u>14</u>	<u>15</u>	<u>12</u>	<u>13</u>	<u>12</u>	<u>12</u>	<u>15</u>	<u>17</u>	<u>17</u>

Source: Nipomo Community Services District

Nipomo Community Services District

Operating and Capital Indicators Last Ten Calendar Years

	* Water System									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
No. of Wells	9	9	9	9	9	9	9	5	5	5
No. of Reservoirs	6	6	6	6	6	6	6	5	5	6
Max Reservoir Capacity (MG)	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.0	4.0	4.5
Total Well Production (Acre Feet)	2,856	2,755	2,698	2,367	2,488	2,473	2,541	2,160	1,162	950
Total Water Purchased (Acre Feet) **	-	-	-	-	-	-	-	-	653	859
Total Deliveries (Acre Feet)	2,849	2,732	2,497	2,293	2,276	2,360	2,518	2,110	1,815	1,809
No. of Service Connections	4,077	4,092	4,136	4,153	4,173	4,238	4,268	4,285	4,300	4,309

	Sewer System-Town Division									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
No. of Lift Stations	10	10	10	10	10	10	10	10	10	10
Daily Capacity of Treatment Plant (MG)	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
No. of Sewer Connections	2,828	2,880	2,875	2,887	2,914	2,936	3,014	3,022	3,062	3,073
Annual Flow Treated (MG)	215	210	205	174	232	237	236	229	201	222

	Sewer System-Blacklake Division									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
No. of Lift Stations	3	3	3	3	3	3	3	3	3	3
Daily Capacity of Treatment Plant (MG)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
No. of Sewer Connections	558	557	557	556	555	559	559	559	559	559
Annual Flow Treated (MG)	27	27	23	27	23	20	19	16	16	17

Source: Nipomo Community Services District

* Town and Blacklake Water systems merged in 2009

** Nipomo Community Services District began purchasing supplemental water from the City of Santa Maria on July 2, 2015.

MG = million gallons

Nipomo Community Services District

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

	Fund #500 Supplemental Water	Fund #700 Water Capacity	Fund #710 Town Sewer Capacity
Beginning Balance July 1, 2016	\$ 3,585,906	\$ 1,593,211	\$ 328,237
Ending Balance June 30, 2017	1,259,475	1,659,292	406,470
Interest Earned	394,682	10,587	2,809
Amount of charges collected in fiscal year	204,911	56,064	175,678

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 Project Phase 1	\$ 2,780,139	500	No
Southland Metal Building	\$ 22,864	710	No

Source: Nipomo Community Services District

Anticipated Capital Improvement Projects for 2017-2018 fiscal Year:

- Supplemental Water
- Project Interconnects
- Pressure Zone
- Connection
- Water Master Plan
- Southland WWTF

Note:

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