

**SAN MIGUEL
COMMUNITY SERVICES DISTRICT**

Independent Auditor's Report
and
Financial Statements

For the Year Ended
June 30, 2015

SAN MIGUEL COMMUNITY SERVICES DISTRICT
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| INDEPENDENT AUDITOR'S REPORT | |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | i -v |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS | |
| Statement of Net Position | 1 |
| Statement of Activities | 2 |
| FUND FINANCIAL STATEMENTS | |
| Balance Sheet - Governmental Funds | 3 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 4 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 5 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 6 |
| Statement of Net Position - Proprietary Funds | 7 |
| Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds | 8 |
| Statement of Cash Flows - Proprietary Funds | 9 |
| NOTES TO THE FINANCIAL STATEMENTS | 10 – 20 |
| REQUIRED SUPPLEMENTAL INFORMATION | |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Governmental Funds | 22 |
| OTHER SUPPLEMENTAL INFORMATION | |
| Combining Balance Sheet - General Fund (Schedule I) | 24 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund (Schedule II) | 25 |
| Combining Statement of Net Position - Enterprise Funds (Schedule III) | 26 |
| Combining Statement of Revenues, Expenses and Changes in Net Position - Enterprise Funds (Schedule IV) | 27 |

CROSBY COMPANY, CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

To the Management of
San Miguel Community Services District
San Miguel, California 93451.

Report on the Financial Statements

I have audited the accompanying financial statements of the San Miguel Community Services District (SMCSD), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the SMCSD's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Emphasis of Matter

Implementation of New Accounting Standards

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

Other Matters

Required Supplementary Information

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

Other Supplemental Information

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

DRAFT

CROSBY COMPANY

Certified Public Accountant

San Luis Obispo, California

SAN MIGUEL COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

| ASSETS | Primary Government | | |
|--|----------------------------|-----------------------------|--------------|
| | Governmental Activities | Business-type Activities | Totals |
| Current assets | | | |
| Cash and cash equivalents | \$ 567,495 | \$ 1,219,186 | \$ 1,786,681 |
| Accounts receivable | | 40,377 | 40,377 |
| Prepaid expenses | 1,096 | | 1,096 |
| Amounts due from other funds | 186,641 | | 186,641 |
| Total current assets | 755,232 | 1,259,563 | 2,014,795 |
| Non-current assets | | | |
| Capital assets: | | | |
| Land and construction in progress | 81,304 | 395,650 | 476,954 |
| Plant and equipment | 1,621,797 | 7,888,723 | 9,510,520 |
| Less accumulated depreciation | (1,126,295) | (2,527,937) | (3,654,232) |
| Total non-current assets | 576,806 | 5,756,436 | 6,333,242 |
| Other assets | | | |
| Note receivable-net allowance | 2,893 | 11,569 | 14,462 |
| Total other assets | 2,893 | 11,569 | 14,462 |
| Total assets | \$ 1,334,931 | \$ 7,027,568 | \$ 8,362,499 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | \$ 5,236 | \$ 21,687 | \$ 26,923 |
| Accrued expenses | 6,264 | 32,820 | 39,084 |
| Accrued vacation payable | 2,115 | 13,618 | 15,733 |
| Deposits | 2,000 | 14,175 | 16,175 |
| Amounts due to other funds | | 186,641 | 186,641 |
| Current portion of long-term debt | 33,774 | 82,322 | 116,096 |
| Total current liabilities | 49,389 | 351,263 | 400,652 |
| Noncurrent liabilities | | | |
| Long-term debt | 35,323 | 1,698,508 | 1,733,831 |
| Total noncurrent liabilities | 35,323 | 1,698,508 | 1,733,831 |
| Total liabilities | \$ 84,712 | \$ 2,049,771 | \$ 2,134,483 |
| NET POSITION | | | |
| Invested in capital assets-net of related debt | \$ 507,709 | \$ 3,975,606 | \$ 4,483,315 |
| Unrestricted | 742,510 | 1,002,191 | 1,744,701 |
| Total net position | \$ 1,250,219 | \$ 4,977,797 | \$ 6,228,016 |

The accompanying notes are an integral part of the financial statements

SAN MIGUEL COMMUNITY SERVICES DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

| | <u>Program Revenues</u> | | | | | <u>Net (Expense) Revenue and Change in Net Assets</u> | | | | | | |
|--|---------------------------|-----------------------------|---|--------------------------------|---------------------------------|---|--------------------------------|---------------------------------|---------------|--------------------------------|---------------------------------|---------------|
| | <u>Primary Government</u> | | | | | <u>Primary Government</u> | | | | | | |
| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Totals</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Totals</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Totals</u> |
| Primary government: | | | | | | | | | | | | |
| General government | \$ 47,061 | - | - | \$ (47,061) | | \$ (47,061) | | | \$ (47,061) | | | (47,061) |
| Public safety - fire | 319,212 | 120,233 | | (198,979) | | (198,979) | | | (198,979) | | | (198,979) |
| Total governmental activities | 366,273 | 120,233 | - | (246,040) | | (246,040) | | | (246,040) | | | (246,040) |
| Business-type activities: | | | | | | | | | | | | |
| Sanitary | 382,331 | 586,642 | 187,144 | | | 391,455 | 187,144 | | 578,599 | 391,455 | | 970,054 |
| Water | 551,210 | 551,380 | | | | 170 | | | 721,760 | 170 | | 891,930 |
| Total business-type activities | 933,541 | 1,138,022 | 187,144 | (246,040) | | 391,625 | 187,144 | | 1,493,720 | 391,625 | | 1,885,345 |
| Total primary government | \$ 1,299,814 | \$ 1,258,255 | \$ 187,144 | \$ (246,040) | | \$ 391,625 | \$ 187,144 | | \$ 2,987,465 | \$ 391,625 | | \$ 3,379,090 |
| General revenues: | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | |
| Property taxes, levied for general purposes | | | | 335,607 | | 151,338 | | | 486,945 | | | 486,945 |
| Assessments and connection fees | | | | 4,133 | | 4,133 | | | 8,266 | | | 8,266 |
| Investment income | | | | 1,362 | | 2,659 | | | 4,021 | | | 4,021 |
| Miscellaneous income | | | | 8,870 | | 8,870 | | | 17,740 | | | 17,740 |
| Total general revenues, investment and transfers | | | | 349,972 | | 153,997 | | | 503,969 | | | 503,969 |
| Change in net assets | | | | 103,932 | | 545,622 | | | 649,554 | | | 649,554 |
| Net position - beginning | | | | 1,146,287 | | 4,432,175 | | | 5,578,462 | | | 5,578,462 |
| Net position - ending | | | | \$ 1,250,219 | | \$ 4,977,797 | | | \$ 6,228,016 | | | \$ 6,228,016 |

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

SAN MIGUEL COMMUNITY SERVICES DISTRICT

BALANCE SHEET Governmental Funds June 30, 2015

ASSETS

Cash and cash equivalents
Prepaid expense
Note receivable-net allowance
Amounts due from other funds

Total assets

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable
Accrued expenses
Accrued vacation payable
Refundable deposits

Total liabilities

Fund balances:

Nonspendable
Assigned

Total fund balances

Total liabilities and fund balances

| General Fund | |
|-----------------|--|
| \$ 567,495 | |
| 1,096 | |
| 2,893 | |
| 186,641 | |
| \$ 758,125 | |
| | |
| \$ 5,236 | |
| 6,264 | |
| 2,115 | |
| 2,000 | |
| 15,615 | |
| | |
| 1,096 | |
| 741,414 | |
| \$ 742,510 | |
| \$ 758,125 | |
| | |

SAN MIGUEL COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
 June 30, 2015

| | |
|--|---------------------|
| Total fund balances - government funds | \$ 742,510 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of: | |
| Land and construction in progress | 81,304 |
| Plant and equipment | 1,621,797 |
| Less: accumulated depreciation | (1,126,295) |
| Total capital assets, net of depreciation | 576,806 |
| Long-term liabilities and accrued interest payable have not been included in governmental funds activity: | |
| Notes payable | (69,097) |
| Total liabilities | (69,097) |
| Net position of governmental activities | \$ 1,250,219 |

SAN MIGUEL COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2015

| | <u>General Fund</u> |
|--|-------------------------|
| Revenues: | |
| Property taxes | \$ 335,607 |
| Service charges and fees | 120,233 |
| Public facilities fees and assessments | 4,133 |
| Investment income | 1,362 |
| Miscellaneous income | 8,870 |
| Total revenues | 470,205 |
| Expenditures: | |
| Administration | 4,768 |
| Fire department | 246,368 |
| Street lighting | 40,435 |
| Capital outlay | 54,166 |
| Debt service | |
| Principal | 32,667 |
| Interest | 4,648 |
| Total expenditures | 383,052 |
| Excess of revenue over expenditures | 87,153 |
| Fund balance at beginning of year | 655,357 |
| Fund balance at end of year | \$ 742,510 |

The accompanying notes are an integral part of the financial statements

SAN MIGUEL COMMUNITY SERVICES DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2015

Net Change in Governmental Fund Balances

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and expensed as depreciation expense. This is the amount of additional capital assets included in the current year statement of net position.

In the statement of activities the cost of capital outlay is allocated over their useful lives and reported as depreciation expense.

Contract payable proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net asset. This is the amount by which proceeds exceeded repayments.

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in Net Position of Governmental Activities

| | |
|--|-------------------|
| | \$ 87,153 |
| | 54,164 |
| | (70,053) |
| | 32,667 |
| | 1 |
| Change in Net Position of Governmental Activities | \$ 103,932 |

SAN MIGUEL COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION

Proprietary Funds

June 30, 2015

ASSETS

Current assets:

| | | |
|-------------------------------|----|-----------|
| Cash and cash equivalents | \$ | 1,219,186 |
| Accounts receivable | | 40,377 |
| Note receivable-net allowance | | 11,569 |

| | | |
|----------------------|--|-----------|
| Total current assets | | 1,271,132 |
|----------------------|--|-----------|

Noncurrent assets:

| | | |
|-----------------------------------|--|-------------|
| Capital assets: | | |
| Land and construction in progress | | 395,650 |
| Plant and equipment | | 7,888,723 |
| Less: accumulated depreciation | | (2,527,937) |

| | | |
|-------------------------|--|-----------|
| Total noncurrent assets | | 5,756,436 |
|-------------------------|--|-----------|

| | | |
|--------------|--|--------------|
| Total assets | | \$ 7,027,568 |
|--------------|--|--------------|

LIABILITIES

Current liabilities:

| | | |
|----------------------------|----|---------|
| Accounts payable | \$ | 21,687 |
| Accrued expenses | | 32,820 |
| Accrued vacation payable | | 13,618 |
| Deposits | | 14,175 |
| Amounts due to other funds | | 186,641 |

| | | |
|---------------------------|--|---------|
| Total current liabilities | | 268,941 |
|---------------------------|--|---------|

Noncurrent liabilities:

| | | |
|---------------|--|-----------|
| Notes payable | | 421,407 |
| Bonds payable | | 1,359,423 |

| | | |
|------------------------------|--|-----------|
| Total noncurrent liabilities | | 1,780,830 |
|------------------------------|--|-----------|

| | | |
|-------------------|--|-----------|
| Total liabilities | | 2,049,771 |
|-------------------|--|-----------|

NET POSITION

| | | |
|--|--|-----------|
| Invested in capital assets-net of related debt | | 3,975,606 |
| Unrestricted | | 1,002,191 |

| | | |
|--------------------|--|--------------|
| Total net position | | \$ 4,977,797 |
|--------------------|--|--------------|

SAN MIGUEL COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended June 30, 2015

| | |
|---|---------------------|
| Operating revenues: | |
| Utility sales | \$ 643,501 |
| Service charges and fees | 494,521 |
| Total revenues | <u>1,138,022</u> |
| Operating expenses: | |
| Salaries and wages | 218,728 |
| Payroll taxes and benefits | 49,473 |
| Contract labor | 11,598 |
| Insurance | 13,035 |
| Maintenance and repairs | 88,854 |
| Miscellaneous | 12,367 |
| Office supplies and expense | 6,822 |
| Professional services | 67,915 |
| Operating supplies | 48,719 |
| Permits and fees | 39,203 |
| Communications | 6,022 |
| Employee travel and training | 1,507 |
| Utilities | 90,264 |
| General and administrative overhead | 6,708 |
| Depreciation | 195,031 |
| Total expenses | <u>856,246</u> |
| Net operating loss | <u>281,776</u> |
| Non-operating revenues (expenses): | |
| Property taxes | 151,338 |
| Investment income | 2,659 |
| Grants | 187,144 |
| Interest expense | (77,295) |
| Total non-operating revenues (expenses) | <u>263,846</u> |
| Change in net position | 545,622 |
| Net position at beginning of year | 4,432,175 |
| Net position at end of year | <u>\$ 4,977,797</u> |

The accompanying notes are an integral part of the financial statements

SAN MIGUEL COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS

Proprietary Funds

For the Year Ended June 30, 2015

| | |
|---|---------------------|
| Cash flows from operating activities: | |
| Cash received from operating revenue | \$ 1,190,995 |
| Payment of employees | (215,409) |
| Other payments | (381,100) |
| Net cash provided by operating activities | 594,486 |
| Cash flows from non-capital financing activities: | |
| Property taxes | 151,338 |
| Amounts due to other funds | (6,568) |
| Net cash provided by non-capital financing activities | 144,770 |
| Cash flows from capital and related financing activities: | |
| Purchases of capital assets | (291,373) |
| Principal paid on capital debt | (85,631) |
| Grant income | 187,144 |
| Interest paid on capital debt | (77,295) |
| Net cash used by capital and related financing activities | (267,155) |
| Cash flows from investing activities: | |
| Interest on investments | 2,659 |
| Net cash provided by investing activities | 2,659 |
| Net change in cash | 474,760 |
| Cash and cash equivalents-beginning | 744,426 |
| Cash and cash equivalents-end | \$ 1,219,186 |
| Reconciliation of operating loss to net cash provided by operating activities: | |
| Operating income | \$ 281,776 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 195,031 |
| Net changes in assets and liabilities: | |
| Accounts receivable | 53,569 |
| Prepaid expenses | 24,702 |
| Note receivable | 17,355 |
| Accounts payable | 20,399 |
| Accrued expenses | (2,067) |
| Vacations payable | 3,319 |
| Deposits | 402 |
| Net cash used by operating activities | \$ 594,486 |

The accompanying notes are an integral part of the financial statements

SAN MIGUEL COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 1: ORGANIZATION

The San Miguel Community Services District (District) is a multi-purpose special district established on February 1, 2000, by the consolidation of the San Miguel Fire Protection District, which was established in 1941, the Water Works District #1, and the San Miguel Lighting District. The San Miguel Sanitation District was dissolved in April 2001 and incorporated into the San Miguel Community Services District. The District is a political subdivision of the State of California and operates under a Board of Directors - Manager form of government. The District provides fire protection, street lighting, water, wastewater, solid waste, and general administrative services.

There are no component units included in this report which meet the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity as amended by GASB Statement No. 39.

Management was unable to implement the required GASB Statement No. 68 during the fiscal year 2015. The pension information was not timely received by the District to make the required adjustments.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government.

Funds Accounting

The accounts of the District are organized into funds and account groups, each of which is considered to be a separate accounting entity. The major fund categories are:

Governmental Fund Types

Governmental funds use the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period.

Proprietary Fund Types

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

SAN MIGUEL COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Interest income and various intergovernmental revenues comprise the significant revenues susceptible to accrual.

The accrual basis of accounting is utilized by the proprietary fund financial statements, where revenues are recognized when earned and expenses recognized when incurred.

Restricted Assets

These assets consist of cash and cash equivalents for water customer deposits and for administration, capital projects funds and parks and recreation deposits related to future services and capital projects.

Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. Interfund transactions are generally classified as operating transfers and are reported as "Other Financing Sources and Uses" in governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.

On the governmental funds balance sheet, receivables and payables resulting from short-term interfund loans are classified as "interfund loan receivables/payables." These amounts are eliminated on the statement of net assets.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Encumbrances

Encumbrance accounting is used for the General Fund. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are no longer reported as a separate fund balance category on the balance sheet. Encumbrances do not lapse at the close of the fiscal year but are carried forward until liquidated.

SAN MIGUEL COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments including money market accounts to be cash and cash equivalents.

Accounts Receivable

District water and sewer charges are billed monthly. Management has determined that an allowance for doubtful accounts is zero because of the District's credit policies and prior collection experience.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid expenses.

Note Receivable

A note receivable, totaling \$43,464, was recorded for amounts owed to the District from a former employee. At June 30, 2015 the outstanding balance of this note was \$14,462 (\$36,154 for the note less an estimated allowance for doubtful accounts of \$21,692).

Property, Plant and Equipment

General capital assets generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are valued at historical cost or estimated historical cost, if actual costs are not available. Donated fixed assets are stated at their fair market value on the date donated. The District currently maintains a capitalization threshold of \$5,000. Improvements are capitalized and the cost of normal maintenance and repairs that do not add to the value of the net asset or materially extend the asset's life are not. Depreciation recorded over the useful life of the asset using the straight-line method.

Compensated Absences

The accrual for vacation time earned but not taken by staff employees was calculated based on actual vacation days and applied to the individual employees' hourly rate.

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 levied.

SAN MIGUEL COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations

The District will provide water services to customers located in the County of San Luis Obispo. Consequently, its ability to collect amounts due from customers may be affected by economic fluctuations, within this region and within the State of California as a whole.

Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

Operating and Non-Operating Revenue

Revenue is considered operating revenue if it is related to providing services that are for sanitary or water. All other income is non-operating revenue.

Fund Balances

Fund balance can now be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that have no specific restrictions, commitments or assignments.

If restricted and unrestricted assets are available for the same purpose, the restricted assets will be used before unrestricted assets.

Net Position

Net position represents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by external restrictions by creditors, grantors, laws or regulations of other governments.

SAN MIGUEL COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2015

NOTE 3: CASH AND CASH EQUIVALENTS

The District follows the practice of pooling cash, cash equivalents and investments of all funds.

Interest income earned on pooled cash, cash equivalents and investments is allocated to the various funds based on the cash balances. Interest income from cash, cash equivalents and investments with fiscal agents is credited directly to the related fund.

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

| | | |
|-------------------------------------|----|-----------|
| Demand deposits | \$ | 1,640,372 |
| Cash and investments with: | | |
| County of San Luis Obispo | | 9,484 |
| Local Agency Investment Fund (LAIF) | | 136,825 |
| Total cash and investments | \$ | 1,786,681 |

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

Credit Risk, Carrying Amount, and Market Value

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

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

Investments in pools managed by other governments/(LAIF) or in mutual funds are not required to be categorized.

At June 30, 2015, the carrying amount of the District's cash deposits was \$1,640,372. The bank's balance was \$1,648,944. This difference is due to the normal deposits in transit and outstanding checks. District cash deposits by category as of June 30, 2015, are as follows:

| | <u>1</u> | Category <u>2</u> | <u>3</u> | Bank Balance | Carrying Amount |
|---------------|-------------------|----------------------|---------------------|---------------------|---------------------|
| Bank accounts | \$ <u>250,000</u> | \$ <u>-0-</u> | \$ <u>1,398,944</u> | \$ <u>1,648,944</u> | \$ <u>1,640,372</u> |

SAN MIGUEL COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

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

| | Balance June 30, 2014 | Additions | Reclassify/ Deletions | Balance June 30, 2015 |
|--------------------------------------|--------------------------|-------------|--------------------------|--------------------------|
| Governmental activities: | | | | |
| Non-depreciable capital assets | | | | |
| Land | \$ 76,926 | \$ - | \$ - | \$ 76,926 |
| Construction in progress | 4,378 | | | 4,378 |
| Total non-depreciable capital Assets | 81,304 | | | 81304 |
| Depreciable capital assets | | | | |
| Buildings and improvements | 476,994 | | (9,931) | 467,063 |
| Equipment | 1,111,017 | 54,164 | (10,447) | 1,154,734 |
| Total depreciable capital assets | 1,588,011 | 54,164 | (20,378) | 1,621,797 |
| Less accumulated depreciation | (1,076,620) | (70,053) | 20,378 | (1,126,295) |
| Net depreciable capital assets | 511,391 | (15,889) | | 495,502 |
| Net capital assets | \$ 592,695 | \$ (15,889) | \$ - | \$ 576,806 |
| Business-type activities: | | | | |
| Non-depreciable capital assets | | | | |
| Land | \$ 61,774 | \$ - | \$ - | \$ 61,774 |
| Construction in progress | 69,218 | 264,658 | | 333,876 |
| Total non-depreciable capital Assets | 130,992 | 264,658 | | 395,650 |
| Depreciable capital assets | | | | |
| Buildings and improvements | 7,551,679 | | | 7,551,679 |
| Equipment | 310,330 | 26,714 | | 337,044 |
| Total depreciable capital assets | 7,862,009 | 26,714 | | 7,888,723 |
| Less accumulated depreciation | (2,332,907) | (195,030) | | (2,527,937) |
| Net depreciable capital assets | 5,529,102 | (168,316) | | 5,360,786 |
| Net capital assets | \$ 5,660,094 | \$ 96,342 | \$ - | \$ 5,756,436 |

Depreciation expense for all funds was \$265,083 for the year ended June 30, 2015.

See Auditor's report

SAN MIGUEL COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 5: LONG-TERM DEBT

Long term debt consisted of the following:

Note Payable:

Wells Fargo Equipment Finance, Inc. note payable totaling \$262,367 was issued on November 1, 2009 for the purchase of a fire engine. The terms of the note were for two annual payments of \$59,224 and five annual payments of \$36,942, commencing November 1, 2010, with an interest rate of 4.7%, due November 1, 2016. At June 30, 2015, the contract payable principal balance outstanding was \$69,097. The required note principal and interest payments are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|------------------|-----------------|------------------|
| 2016 | \$ 33,774 | \$ 3,168 | \$ 36,942 |
| 2017 | 35,323 | 1,619 | 36,942 |
| Totals | \$ <u>69,097</u> | \$ <u>4,787</u> | \$ <u>73,884</u> |

Note Payable:

State of California note payable totaling \$969,969 was issued on October, 1994, payable in semiannual payments of \$24,486 with an interest rate at 2.955%, due April 1, 2025. At June 30, 2015, the note payable principal balance outstanding was \$421,407. The required note principal and interest payments are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|-------------------|------------------|-------------------|
| 2016 | \$ 36,763 | \$ 12,208 | \$ 48,971 |
| 2017 | 37,905 | 11,066 | 48,971 |
| 2018 | 39,010 | 9,961 | 48,971 |
| 2019 | 40,172 | 8,800 | 48,972 |
| 2020 | 41,353 | 7,619 | 48,972 |
| 2021-2025 | <u>226,204</u> | <u>18,787</u> | <u>244,991</u> |
| Totals | \$ <u>421,407</u> | \$ <u>68,441</u> | \$ <u>489,848</u> |

SAN MIGUEL COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 5: LONG-TERM DEBT (continued)

Certificate of Participation Bonds

United States Department of Agriculture Certificate of Participation Bonds totaling \$1,250,000 were issued on August 1, 2008, payable in semiannual payments, with an interest rate at 4.375%, due August 1, 2048. At June 30, 2015, the bonds principal balance outstanding was \$1,169,423. The required bond principal and interest payments are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|---------------------|---------------------|---------------------|
| 2016 | 15,559 | 50,822 | 66,381 |
| 2017 | 16,240 | 50,126 | 66,366 |
| 2018 | 16,950 | 49,400 | 66,350 |
| 2019 | 17,692 | 48,642 | 66,334 |
| 2020 | 18,466 | 47,852 | 66,318 |
| 2021-2025 | 105,178 | 226,128 | 331,306 |
| 2026-2030 | 130,289 | 200,468 | 330,757 |
| 2031-2035 | 161,395 | 168,681 | 330,076 |
| 2036-2040 | 199,928 | 129,306 | 329,234 |
| 2041-2045 | 247,660 | 80,529 | 328,189 |
| 2046-2050 | 240,066 | 21,568 | 261,634 |
| Totals | \$ <u>1,169,423</u> | \$ <u>1,073,522</u> | \$ <u>2,242,945</u> |

Bonds Payable:

Wastewater Series B Bonds totaling \$594,977 were issued on June 16, 1994, with a final payment due September 2, 2019. Interest is variable ranging from 6.75% to 6.85% on the remaining payments. At June 30, 2015, the bond principal balance outstanding was \$190,000. The required note principal and interest payments are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|-------------------|------------------|-------------------|
| 2016 | \$ 30,000 | \$ 11,935 | \$ 41,935 |
| 2017 | 35,000 | 9,733 | 44,733 |
| 2018 | 40,000 | 7,182 | 47,182 |
| 2019 | 40,000 | 4,453 | 44,453 |
| 2020 | 45,000 | 1,541 | 46,541 |
| Totals | \$ <u>190,000</u> | \$ <u>34,844</u> | \$ <u>224,844</u> |

SAN MIGUEL COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 5: LONG-TERM DEBT (continued)

Changes in long-term liabilities

The following is a summary of long-term liabilities activity for the fiscal year ended June 30, 2015:

| | Balance June 30, 2014 | Additions | Reductions | Balance June 30, 2015 | Current |
|----------------------------------|--------------------------|-------------|------------------|--------------------------|------------------|
| Governmental activities: | | | | | |
| Notes payable | \$ 101,764 | \$ - | \$ 32,567 | \$ 69,097 | \$ 33,774 |
| Totals | <u>\$ 101,764</u> | <u>\$ -</u> | <u>\$ 32,567</u> | <u>\$ 69,097</u> | <u>\$ 33,774</u> |
| Business-type activities: | | | | | |
| Notes payable | \$ 457,131 | \$ - | \$ 35,724 | \$ 421,407 | \$ 36,763 |
| Bonds payable | <u>1,409,330</u> | <u>-</u> | <u>49,907</u> | <u>1,359,423</u> | <u>45,559</u> |
| Totals | <u>\$ 1,866,461</u> | <u>\$ -</u> | <u>\$ 85,631</u> | <u>\$ 1,780,830</u> | <u>\$ 82,322</u> |

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. During the year ending June 30, 2015, the District contracted with the Special District Risk Management Authority (the Authority) for workers' compensation, and property and liability insurance coverage. The District's annual premium payments were \$20,207 for workers' compensation and \$21,574 for property and liability coverage. The relationship between the District and the Authority is such that it is not a component unit of the District for financial reporting purposes. The Authority has reporting requirements independent of members units and its financial statements are not presented in these financial statements. Audited financial statements are generally available from the Authority.

SAN MIGUEL COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 6: PENSION PLAN

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

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The District is required to contribute at an actuarially determined rate of 10.024% for District cost-sharing multiple-employer defined benefit plan, for the June 30, 2008 and 2007 fiscal years. The contribution requirements of plan members and the District are established and may be amended by CalPERS.

The annual CalPERS pension cost, both for employer and employee, for the year ended June 30, 2015 was \$59,861, and was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

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

SAN MIGUEL COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 7: BUDGETARY DATA

The District requires that all funds be budgeted. The annual budget is prepared by the District Manager and submitted to the District Board for adoption. A budget has been prepared for the governmental funds utilizing the modified accrual basis of accounting and a budget has been prepared for the proprietary funds utilizing the accrual basis of accounting.

A budget analysis for governmental funds is included as supplementary information in the financial statements (page 8). The budget analysis for proprietary funds is as follows:

| | <u>Enterprise Funds</u> | | | |
|---------------------------------|--------------------------------|---------------------|----------------------|---------------------|
| | Budgeted Amounts | | | Variance |
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | With Final |
| | | | | Budget |
| | | | | Positive |
| | | | | (Negative) |
| Operating revenues | \$ 1,023,350 | \$ 1,023,350 | \$ 645,625 | \$ (377,725) |
| Operating expenses | <u>(1,088,350)</u> | <u>(1,088,350)</u> | <u>(836,820)</u> | <u>251,530</u> |
| Operating income (loss) | (65,000) | (65,000) | (191,195) | (126,195) |
| Non-operating revenues | 65,000 | 65,000 | 90,738 | 25,738 |
| Non-operating expenses | <u>-</u> | <u>-</u> | <u>(70,634)</u> | <u>(70,634)</u> |
| Non-operating income (loss) | 65,000 | 65,000 | 20,104 | (44,896) |
| Net income (loss) | <u>\$ -</u> | <u>\$ -</u> | (171,091) | <u>\$ (171,091)</u> |
| Net assets at beginning of year | | | <u>4,592,861</u> | |
| Net assets at end of year | | | <u>\$ 4,421,770</u> | |

Not included in this schedule are the budgeted and actual amounts for capital improvements because these payments would not change net assets.

**REQUIRED
SUPPLEMENTAL INFORMATION**

SAN MIGUEL COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Budget and Actual - Governmental Funds

For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|------------------|------------------|-------------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 329,000 | \$ 329,000 | \$ 335,607 | \$ 6,607 |
| Service charges and fees | | | 120,233 | 120,233 |
| Public facilities fees and assessments | | | 4,133 | 4,133 |
| Investment income | | | 1,362 | 1,362 |
| Miscellaneous income | 4,200 | 4,200 | 8,870 | 4,670 |
| Total revenues | 333,200 | 333,200 | 470,205 | 137,005 |
| Expenditures: | | | | |
| Administration | | | 4,768 | (4,768) |
| Fire department | 174,980 | 174,980 | 246,368 | (71,388) |
| Street lighting | 50,068 | 50,068 | 40,435 | 9,633 |
| Capital outlay | | | 54,166 | (54,166) |
| Debt service | | | | |
| Principal | 32,500 | 32,500 | 32,667 | (167) |
| Interest | 4,500 | 4,500 | 4,648 | (148) |
| Total expenditures | 262,048 | 262,048 | 383,052 | (121,004) |
| Excess of revenues over expenditures before transfers | \$ 71,152 | \$ 71,152 | 87,153 | \$ 16,001 |
| Fund balance at beginning of year | | | 655,357 | |
| Fund balance at end of year | | | \$ 742,510 | |

The accompanying notes are an integral part of the financial statements

**OTHER
SUPPLEMENTAL INFORMATION**

SAN MIGUEL COMMUNITY SERVICES DISTRICT
COMBINING BALANCE SHEET
 General Fund
 June 30, 2015

| Assets: | <u>Administration</u> | <u>General/Fire Department</u> | <u>Street Lighting</u> | <u>Totals</u> |
|--|-----------------------|------------------------------------|----------------------------|-------------------|
| Cash and cash equivalents | | \$ 354,653 | \$ 212,842 | \$ 567,495 |
| Prepaid expenses | | 1,096 | | 1,096 |
| Note receivable-net allowance | | 1,447 | 1,446 | 2,893 |
| Amounts due from other funds | | 86,834 | 99,807 | 186,641 |
| Total assets | \$ - | \$ 444,030 | \$ 314,095 | \$ 758,125 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | | \$ 3,583 | \$ 1,653 | \$ 5,236 |
| Accrued expenses | | 6,264 | | 6,264 |
| Accrued vacation payable | | 1,595 | 520 | 2,115 |
| Refundable deposits | | 2,000 | | 2,000 |
| Total liabilities | - | 13,442 | 2,173 | 15,615 |
| Fund balances: | | | | |
| Unreserved | - | 430,588 | 311,922 | 742,510 |
| Total fund balances | - | 430,588 | 311,922 | 742,510 |
| Total liabilities and fund balances | \$ - | \$ 444,030 | \$ 314,095 | \$ 758,125 |

SAN MIGUEL COMMUNITY SERVICES DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
General Fund
For the Year Ended June 30, 2015

| | <u>Administration</u> | <u>General/Fire Department</u> | <u>Street Lighting</u> | <u>Totals</u> |
|--|-----------------------|------------------------------------|----------------------------|---------------|
| Revenues: | | | | |
| Property taxes | | \$ 261,510 | \$ 74,097 | \$ 335,607 |
| Service charges and fees | | 120,233 | | 120,233 |
| Public facilities fees and assessments | | 4,133 | | 4,133 |
| Investment income | 503 | 425 | 434 | 1,362 |
| Miscellaneous income | 2,588 | 5,080 | 1,202 | 8,870 |
| Total revenues | 3,091 | 391,381 | 75,733 | 470,205 |
| Expenditures: | | | | |
| Salaries and wages | 5,602 | 126,647 | 15,839 | 148,088 |
| Payroll taxes and benefits | 5,783 | 11,800 | 665 | 18,248 |
| Contract labor | | 4,038 | | 4,038 |
| Workers compensation | | 7,730 | 243 | 7,973 |
| Insurance | | 7,793 | 745 | 8,538 |
| Maintenance and repairs | | 35,296 | 1,453 | 36,749 |
| Miscellaneous | 24 | 3,407 | 2,172 | 5,603 |
| Office supplies and expense | | 4,453 | 135 | 4,588 |
| Supplies | | 15,427 | 942 | 16,369 |
| Professional services | | 3,416 | 2,907 | 6,323 |
| Dues, permits and fees | | 7,246 | 457 | 7,703 |
| Communications | | 10,154 | 129 | 10,283 |
| Employee travel and training | 67 | 6,009 | 12 | 6,088 |
| Utilities | | 2,954 | 14,736 | 17,690 |
| Capital outlay | | 50,964 | 3,200 | 54,164 |
| Debt service | | | | |
| Principal | | 32,667 | | 32,667 |
| Interest | | 4,648 | | 4,648 |
| Administrative overhead | | 1,342 | 335 | 1,677 |
| Less: Administrative overhead allocated to other funds | (8,385) | | | (8,385) |
| Total expenditures | 3,091 | 335,991 | 43,970 | 383,052 |
| Excess of revenues over expenditures before transfers | - | 55,390 | 31,763 | 87,153 |
| Fund balance at beginning of year | | 375,198 | 280,159 | 655,357 |
| Fund balance at end of year | \$ - | \$ 430,588 | \$ 311,922 | \$ 742,510 |

SAN MIGUEL COMMUNITY SERVICES DISTRICT
COMBINING STATEMENT OF NET POSITION
 Enterprise Funds
 June 30, 2015

ASSETS

| |
|---------------------------------------|
| Cash and cash equivalents (overdraft) |
| Accounts receivable |
| Note receivable-net allowance |
| Plant and equipment |
| Land and construction in progress |
| Less: accumulated depreciation |
| |
| Total assets |

| | Sanitary Fund | Water Fund | Totals |
|--|---------------------|---------------------|---------------------|
| | \$ 556,043 | \$ 663,143 | \$ 1,219,186 |
| | 21,191 | 19,186 | 40,377 |
| | 5,784 | 5,785 | 11,569 |
| | 1,920,400 | 5,968,323 | 7,888,723 |
| | 297,037 | 98,613 | 395,650 |
| | (910,503) | (1,617,434) | (2,527,937) |
| | \$ 1,889,952 | \$ 5,137,616 | \$ 7,027,568 |

LIABILITIES AND NET POSITION**Liabilities**

| |
|----------------------------|
| Accounts payable |
| Accrued expenses |
| Accrued vacation payable |
| Deposits |
| Amounts due to other funds |
| Notes payable |
| Bonds payable |
| |
| Total current liabilities |

| | | | |
|---|---------------------|---------------------|---------------------|
| | \$ 11,295 | \$ 10,392 | \$ 21,687 |
| | 5,277 | 27,543 | 32,820 |
| | 6,809 | 6,809 | 13,618 |
| | 4,373 | 9,802 | 14,175 |
| | 182,858 | 3,783 | 186,641 |
| | | 421,407 | 421,407 |
| | 190,000 | 1,169,423 | 1,359,423 |
| | 400,612 | 1,649,159 | 2,049,771 |
| | | | |
| Invested in capital assets - net of related debt | 1,116,934 | 2,858,672 | 3,975,606 |
| Unrestricted | 372,406 | 629,785 | 1,002,191 |
| | 1,489,340 | 3,488,457 | 4,977,797 |
| | \$ 1,889,952 | \$ 5,137,616 | \$ 7,027,568 |

Net position:

| |
|---|
| Invested in capital assets - net of related debt |
| Unrestricted |
| |
| Total net position |
| |
| Total liabilities and net position |

SAN MIGUEL COMMUNITY SERVICES DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Enterprise Funds

For the Year Ended June 30, 2015

| | Sanitary Fund | Water Fund | Totals |
|---|------------------|---------------|--------------|
| Operating revenues: | | | |
| Utility sales | \$ 365,367 | \$ 278,134 | \$ 643,501 |
| Service charges and fees | 221,275 | 273,246 | 494,521 |
| Total revenues | 586,642 | 551,380 | 1,138,022 |
| Operating expenses: | | | |
| Salaries and wages | 103,187 | 115,541 | 218,728 |
| Payroll taxes and benefits | 27,722 | 21,751 | 49,473 |
| Contract labor | 10,900 | 698 | 11,598 |
| Insurance | 5,906 | 7,129 | 13,035 |
| Maintenance and repairs | 33,624 | 55,230 | 88,854 |
| Miscellaneous | 8,957 | 3,410 | 12,367 |
| Office supplies and expense | 3,283 | 3,539 | 6,822 |
| Professional services | 23,630 | 44,285 | 67,915 |
| Operating supplies | 17,273 | 31,446 | 48,719 |
| Permits and fees | 23,710 | 15,493 | 39,203 |
| Communications | 2,388 | 3,634 | 6,022 |
| Employee travel and training | 645 | 862 | 1,507 |
| Utilities | 59,185 | 31,079 | 90,264 |
| General and administrative overhead | 3,354 | 3,354 | 6,708 |
| Depreciation | 44,832 | 150,199 | 195,031 |
| Total expenses | 368,596 | 487,650 | 856,246 |
| Operating income | 218,046 | 63,730 | 281,776 |
| Non-operating revenues (expenses): | | | |
| Property taxes | 151,338 | | 151,338 |
| Investment income | 1,033 | 1,626 | 2,659 |
| Grants | 187,144 | | 187,144 |
| Interest expense | (13,735) | (63,560) | (77,295) |
| Total non-operating revenues (expenses) | 325,780 | (61,934) | 263,846 |
| Change in net position | 543,826 | 1,796 | 545,622 |
| Net position at beginning of year | 945,514 | 3,486,661 | 4,432,175 |
| Net position at end of year | \$ 1,489,340 | \$ 3,488,457 | \$ 4,977,797 |