

**AVILA BEACH
COMMUNITY SERVICES DISTRICT**

Independent Auditor's Report
and
Financial Statements

For the Year Ended
June 30, 2015

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

TABLE OF CONTENTS

	<u>PAGE</u>
MANAGEMENT DISCUSSION AND ANALYSIS	i-iv
BOARD OF DIRECTORS	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Activities	5
FUND FINANCIAL STATEMENTS	
Balance Sheet – Governmental Funds	6
Reconciliation of the Government Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position – Proprietary Funds	10
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	11
Statement of Cash Flows - Proprietary Funds	12
NOTES TO THE FINANCIAL STATEMENTS	13 – 22
OTHER REQUIRED SUPPLEMENTAL INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Governmental Funds	24
OTHER SUPPLEMENTAL INFORMATION	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund (Schedule I)	26
Combining Statement of Net Position - Enterprise Funds (Schedule II)	27
Combining Statement of Revenues, Expenditures and Changes in Net Position - Enterprise Funds (Schedule III)	28
Combining Statements of Cash Flows - Enterprise Funds (Schedule IV)	29

AVILA BEACH COMMUNITY SERVICES DISTRICT

Post Office Box 309, Avila Beach, CA 93424
Telephone (805) 595-2664
Email AvilaCSD@gmail.com

Management Discussion and Analysis Fiscal Year Ending June 30, 2015

The following is a discussion of the consolidated financial condition and results of operations at the Avila Beach Community Services District (District) for the year ending June 30, 2015. This Discussion should be read together with the financial statements. This Discussion contains information that is qualified by, referenced to, and should be read together with, the notes contained in the Independents Auditor's Report prepared by Crosby Company, CPA. The District's audit has been prepared in accordance with U.S. generally accepted auditing standards.

Overall Performance

Overall the District realized a slight decrease in total net position over the previous fiscal year. This is primarily a result of a significant decrease in water and sewer Capacity Fees and water user revenues. With the recent increase in the issuance of Will Serves for infill and new construction projects, management expects Capacity Fees will be significantly higher in fiscal year 2015-16. Tax revenue remains stable with a slightly upward trend that should continue at a 2% increase in the next few years. As infill/redevelopment projects and new construction projects are completed, we anticipate an increase the property tax base. The Chevron Avila Point project has initiated the CEQA process for their proposed phased clean-up and redevelopment project. Management anticipates that the project will take 3 – 5 years to work through the CEQA review and County approval process. If/when this project is completed the District will see a significant Capacity Fee and an increase in the tax revenue base.

Comparative Combined Funds Financial Results Fiscal Years 2013/14 & 2014/15

	<u>2013/14</u>	<u>2014/15</u>
Total Net Position	\$ <u>6,063,760</u>	\$ <u>6,033,453</u>

Net decrease of \$30,307 for 2014/15

AVILA BEACH COMMUNITY SERVICES DISTRICT

Management Discussion and Analysis
Fiscal Year Ending June 30, 2015

Governmental Functions

Governmental Functions of the District include Street Lighting, Fire Protection and General Administration. These services are primarily funded through tax revenue with administration being funded proportionally from the other activities provided by the District. The District received slightly more funding in property tax receipts during the fiscal year 14/15 than during FY 13/14.

Comparative Governmental Funds Financial results Fiscal Years 2013/14 & 2014/15

	<u>2013/14</u>	<u>2014/15</u>
Governmental Tax Revenues	\$ <u>282,927</u>	\$ <u>284,707</u>

Net increase of \$1,780 for 2014/15

Business Type Activities

Business type activities of the District include enterprise funds including Sanitary Wastewater activities, Water Services and Solid Waste/Refuse Disposal Administration. Each of these funds should be self-supporting. The District completed a rate study and adopted a new five year rate schedule in early 2014 and determined that rates needed to be increased over the next five years to meet the needs of the District. As a result of the study, User Fees and Capacity Fees were adjusted.

Sanitary Wastewater Activities

The Sanitary Fund has three revenue sources, User Fees, Capacity Fees and Tax Revenues. Capacity Fees are used to fund expansion and major improvements to the Treatment Plant and sewage collection system. The District realized an overall increase in the FY 14-15 Sanitary Fund Revenues due primarily to the User Fee rate increase and tax revenue increase. Capacity Fees were down slightly, but management anticipates Capacity Fees will increase in FY 15-16 and FY 16 – 17 due to construction projects that are in process. Monthly User Fees increased 25% on July 1, 2015 and are scheduled to increase again on July 1, 2016. With the increased Capacity Fees, staff is optimistic that the Board will be able to approve a rate increase on July 1, 2016 may be significantly less than 25%.

AVILA BEACH COMMUNITY SERVICES DISTRICT

Management Discussion and Analysis
Fiscal Year Ending June 30, 2015

The District continues to provide wastewater treatment and disposal services to the Port San Luis Harbor District. The Harbor provides payment for their proportional share of the operation and maintenance costs and an agreed upon share of any capital improvement projects at the treatment plant. Staff is working with the Harbor to update the initial 1968 contract agreement. The Harbor reimbursement fees are included in the User Fees revenue line.

Comparative Sanitary Fund Financial Results Fiscal Years 2013/14 & 2014/15

	<u>2013/14</u>	<u>2014/15</u>
User Fees	\$ 317,790	\$ 361,775
Capacity Fees/Assessments	38,784	26,577
Tax Revenues	<u>202,559</u>	<u>217,324</u>
Total	<u>\$ 559,133</u>	<u>\$ 605,676</u>

Water Service

The Water Fund is dependent upon User Fees and Capacity Fees as its source of revenue. Water Fund revenues were down in FY 2014/15 likely due to aggressive water conservation measures by users. The water storage and distribution system has remained relatively stable and trouble free. However, the District is initiating a program to replace a number of old valves each year for the next several years, throughout the distribution system. These improvements will be funded by User Fees and Capacity Fees.

Comparative Water Fund Financial Results Fiscal Years 2013/14 & 2014/15

	<u>2013/14</u>	<u>2014/15</u>
User Fees	\$ 398,791	\$ 407,714
Capacity Fees/Assessments	<u>76,446</u>	<u>21,408</u>
Total	<u>\$ 475,237</u>	<u>\$ 429,122</u>

AVILA BEACH COMMUNITY SERVICES DISTRICT

Management Discussion and Analysis

Fiscal Year Ending June 30, 2015

Solid Waste/Refuse Disposal Administration

Since 2006 the District has administered the solid waste/refuse disposal service through a franchise agreement with South County Sanitary Disposal Service. The franchise fees increase in proportion to any solid waste collection and disposal rate increases, which have averaged 1.5% - 2.5% per year over the past few years. Management anticipates this modest increase will continue for at least the next few years. The franchise fees continue to adequately support the administration of this service.

Comparative Solid Waste/Refuse Fund Financial Results

Fiscal Years 2013/14 & 2014/15

	<u>2013/14</u>	<u>2014/15</u>
Franchise Fees	\$ <u>15,772</u>	\$ <u>16,490</u>

Net Increase of \$718 for 2014/15

Summary

The District has undergone many transitions over the last several decades, from water moratoriums, to extensive remediation associated with the Unocal cleanup project, to the recession in 2008/09 and now to the relative building boom, with infill and re-development projects. The District customers have responded to the extended drought with aggressive water conservation measures and we are optimistic that we get an above average rainy season in FY 15/16. The District has maintained reliable and cost-effective service to our customers and we will continue to do so in to the future. The District is initiating a recycled water feasibility study this year in coordination with the San Miguelito Mutual Water Company that will hopefully lead to a cost effective program that will provide a drought proof recycled water source that will replace some of the area's existing potable water supplies. The District continues to maintain an adequate reserve fund for future capital improvements and emergencies.

AVILA BEACH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
June 30, 2015

BOARD OF DIRECTORS

<u>NAME</u>	<u>TERM EXPIRES</u>
Pete Kelley, President	December, 2018
Stephen Waldron, Vice President	December, 2018
Shanna Richards, Director	December, 2018
Lynn Helenius, Director	December, 2018
John Janowicz, Director	December, 2016

CROSBY COMPANY, CERTIFIED PUBLIC ACCOUNTANT

1457 MARSH STREET, SUITE 100 - SAN LUIS OBISPO, CA 93401
PHONE: (805)543-6100 FAX: (805)858-9505

Independent Auditor's Report

To the Management of
Avila Beach Community Services District
Avila Beach, California 93424

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the 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.

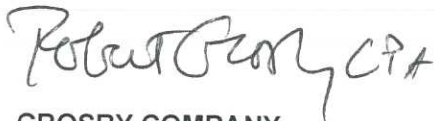
Other Matters

Required Supplementary Information – Management Discussion and Analysis

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 Supplementary Information

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



CROSBY COMPANY
Certified Public Accountant
San Luis Obispo, California

October 8, 2015

AVILA BEACH COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

ASSETS	Primary Government			
	Governmental Activities	Business-type Activities	Totals	
			2015	2014
Cash and cash equivalents	\$ 2,531,826	\$ 158,668	\$ 2,690,494	\$ 2,510,261
Taxes receivable	7,471	1,316	8,787	10,754
Accounts receivable		63,183	63,183	74,736
Interest receivable	1,563		1,563	1,217
Due from other funds		1,167,320	1,167,320	1,060,897
Capital assets:				
Land and construction in progress	20	148,606	148,626	96,399
Buildings and equipment	42,570	5,680,470	5,723,040	5,723,040
Less accumulated depreciation	(39,551)	(2,450,606)	(2,490,157)	(2,283,166)
Total capital assets, net of depreciation	3,039	3,378,470	3,381,509	3,536,273
Total assets	\$ 2,543,899	\$ 4,768,957	\$ 7,312,856	\$ 7,194,138
LIABILITIES				
Accounts payable	\$ 2,450	\$ 1,885	\$ 4,335	\$ 30,046
Accrued vacations payable	1,137		1,137	6,949
Due to other funds	380,324	786,996	1,167,320	1,060,897
Deposits	2,000	104,611	106,611	13,164
Deferred revenue			-	19,322
Total liabilities	\$ 385,911	\$ 893,492	\$ 1,279,403	\$ 1,130,378
NET POSITION				
Net investment in capital assets	\$ 3,039	\$ 3,378,470	\$ 3,381,509	\$ 3,536,273
Unrestricted	2,154,949	496,995	2,651,944	2,527,487
Total net position	\$ 2,157,988	\$ 3,875,465	\$ 6,033,453	\$ 6,063,760

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Change in Net Position - Primary Government</u>		
<u>Functions/Programs</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Primary government:					
Governmental activities:					
General government - administration and lighting	\$ 814	-	\$ (22,708)		\$ (14,354)
Public safety - fire	40,290	-	(113,782)		(141,606)
Total governmental activities	41,104	-	(136,490)		(155,960)
Business-type activities:					
Sanitary	361,775	22,163		(408,945)	(341,081)
Water	407,714			(20,793)	17,029
Refuse	16,490			3,890	3,428
Total business-type activities	785,979	22,163	(425,848)	(425,848)	(320,624)
Total primary government	\$ 827,083	\$ 22,163	\$ (136,490)	\$ (562,338)	\$ (476,584)
General revenues:					
Taxes:					
Property taxes, levied for general purposes			284,707	217,324	502,031
Assessments and connection fees				25,822	25,822
Investment income			4,178	4,178	4,178
Total general revenues, investment and transfers			288,885	243,146	532,031
Change in net position			152,395	(182,702)	(30,307)
Net position - beginning			2,005,593	4,058,167	6,063,760
Net position - ending			\$ 2,157,988	\$ 3,875,465	\$ 6,063,760

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT

BALANCE SHEET
Governmental Funds
June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	General	
	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 2,531,826	\$ 2,351,514
Taxes receivable	7,471	6,193
Interest receivable	1,563	1,217
Total assets	<u>\$ 2,540,860</u>	<u>\$ 2,358,924</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 2,450	\$ 4,040
Accrued vacations payable	1,137	6,949
Due to other funds	380,324	345,028
Deposits	2,000	2,000
Total liabilities	<u>385,911</u>	<u>358,017</u>
Fund balances:		
Assigned	2,154,949	2,000,907
Total fund balances	<u>2,154,949</u>	<u>2,000,907</u>
Total liabilities and fund balances	<u>\$ 2,540,860</u>	<u>\$ 2,358,924</u>

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
 June 30, 2015
 (With Comparative Totals for the Year Ended June 30, 2014)

	Totals	
	<u>2015</u>	<u>2014</u>
Total fund balances - government funds	\$ 2,154,949	\$ 2,000,907
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>		
Land	20	20
Property, plant & equipment	42,570	42,570
Less: accumulated depreciation	(39,551)	(37,904)
Total capital assets, net of depreciation	3,039	4,686
Net position of governmental activities	\$ 2,157,988	\$ 2,005,593

AVILA BEACH COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
 Governmental Funds
 For the Year Ended June 30, 2015
 (With Comparative Totals for the Year Ended June 30, 2014)

	General	
	<u>2015</u>	<u>2014</u>
Revenues:		
Property taxes	\$ 284,707	\$ 282,927
Intergovernmental	814	975
Investment income	4,178	5,059
Rental income	34,626	32,970
Contract services	4,383	3,701
Miscellaneous income	1,281	915
Total revenues	329,989	326,547
Expenditures:		
Administration	25,200	17,030
Street lighting	23,522	22,923
Fire department	127,225	152,922
Total expenditures	175,947	192,875
Excess of revenue over expenditures	154,042	133,672
Fund balance at beginning of year	2,000,907	1,867,235
Fund balance at end of year	\$ 2,154,949	\$ 2,000,907

The accompanying notes are an integral part of the financial statements

AVILA BEACH 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
(With Comparative Totals for the Year Ended June 30, 2014)

	Totals	
	<u>2015</u>	<u>2014</u>
Net Change in Governmental Fund Balances	\$ 154,042	\$ 133,672
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.	\$ (1,647)	\$ (1,646)
Change in Net Position of Governmental Activities	<u>\$ 152,395</u>	<u>\$ 132,026</u>

AVILA BEACH COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION

Proprietary Funds

June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

ASSETS	Enterprise Funds	
	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 158,668	\$ 158,747
Taxes receivable	1,316	4,561
Accounts receivable	63,183	74,736
Due from other funds	1,167,320	1,060,897
Total current assets	1,390,487	1,298,941
Noncurrent assets:		
Capital assets:		
Land and construction in progress	148,606	96,379
Building and equipment,	5,680,470	5,680,470
Less: accumulated depreciation	(2,450,606)	(2,245,262)
Total noncurrent assets	3,378,470	3,531,587
Total assets	\$ 4,768,957	\$ 4,830,528
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 1,885	\$ 26,006
Due to other funds	786,996	715,869
Deposits	104,611	11,164
Deferred revenue		19,322
Total liabilities	893,492	772,361
NET POSITION		
Invested in capital assets - net of related debt	\$ 3,378,470	\$ 3,531,587
Unrestricted	496,995	526,580
Total net position	\$ 3,875,465	\$ 4,058,167

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Proprietary Funds
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Enterprise Funds	
	<u>2015</u>	<u>2014</u>
Operating revenues:		
Utility sales	\$ 728,021	\$ 684,009
Harbor charges	55,612	36,447
Other income and fees	2,346	11,628
Total revenues	<u>785,979</u>	<u>732,084</u>
Operating expenses:		
Insurance	9,606	9,196
Lab tests	33,806	35,584
Maintenance and repairs	73,534	29,689
Office supplies and expense	2,176	1,993
Professional services	290,926	286,678
Operating supplies	147,354	74,328
Permits and fees	14,011	13,145
Communications	3,925	2,886
Utilities	20,342	20,688
Water purchases - Lopez Lake	94,646	97,409
Water purchases - State Water Project	124,122	81,827
General and administrative overhead	214,198	209,856
Depreciation	205,344	212,660
Total expenses	<u>1,233,990</u>	<u>1,075,939</u>
Net operating loss	<u>(448,011)</u>	<u>(343,855)</u>
Non-operating revenue:		
Property taxes	217,324	202,559
Harbor captial contribution	22,163	23,231
Assessments and connection fees	25,822	91,999
Total non-operating revenues	<u>265,309</u>	<u>317,789</u>
Change in net position	<u>(182,702)</u>	<u>(26,066)</u>
Net position at beginning of year	4,058,167	4,084,233
Net position at end of year	<u>\$ 3,875,465</u>	<u>\$ 4,058,167</u>

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS

Proprietary Funds

For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	Enterprise Funds	
	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from operating revenue	\$ 800,777	\$ 734,258
Other payments	(1,013,938)	(1,015,962)
Net cash used by operating activities	(213,161)	(281,704)
Cash flows from non-capital financing activities:		
Property taxes	217,324	202,559
Harbor capital contribution	22,163	23,231
Assessments and connection fees	25,822	91,999
Net cash provided by non-capital financing activities	265,309	317,789
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(52,227)	(36,085)
Net cash used by investing activities	(52,227)	(36,085)
Net change in cash	(79)	-
Cash and cash equivalents-beginning	158,747	158,747
Cash and cash equivalents-end	\$ 158,668	\$ 158,747
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (448,011)	\$ (343,855)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	205,344	212,660
Net changes in assets and liabilities:		
Taxes receivable	3,245	(1,095)
Accounts receivable	11,553	3,269
Due from other funds	(106,423)	(120,735)
Accounts payable	(24,121)	(6,333)
Due to other funds	71,127	(23,354)
Deposits	93,447	
Deferred revenue	(19,322)	(2,261)
Net cash used by operating activities	\$ (213,161)	\$ (281,704)

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: ORGANIZATION

The Avila Beach Community Services District (District) is a multi-purpose special district established on February 11, 1997, formerly the Avila Beach County Water District which was established December 4, 1972. The District is a political subdivision of the State of California and operates under a Board of Directors form of government and provides fire protection, sanitary and water services, refuse/solid waste, street lighting, and general administrative services.

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.

The District complies with U.S. Generally Accepted Accounting Principles (GAAP). With the exception of the required implementation of GASB No. 68, the District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. These technical pronouncements establish criteria for determining the District's activities and functions that are included in the financial statements of a governmental unit. The proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

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

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.

AVILA BEACH 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.

AVILA BEACH 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.

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. The estimated useful lives are as follows:

Sewage disposal system	75 years
Sewage treatment / collection system	10 - 50 years
Water supply / distribution system	20 - 50 years
General plant and equipment	5 - 10 years

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.

AVILA BEACH 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, water or refuse. 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.

AVILA BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 3: FUND BUDGETS

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 both governmental funds and proprietary funds.

A budget analysis for governmental funds is included as supplementary information in the financial statements (page 24). All unencumbered appropriations in the budget lapse at the end of the fiscal year. The following has been prepared to report operations and ending fund balance:

	<u>Enterprise Funds</u>			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	<u>Original</u>	<u>Final</u>		
Operating revenues	\$ 804,388	\$ 804,388	\$ 785,979	\$ (18,409)
Operating expenses	(1,022,682)	(1,022,682)	(1,028,646)	(5,964)
Depreciation expense	<u>(130,154)</u>	<u>(130,154)</u>	<u>(205,344)</u>	<u>(75,190)</u>
Operating income	(348,448)	(348,448)	(448,011)	(99,563)
Non-operating revenues	<u>284,711</u>	<u>284,711</u>	<u>265,309</u>	<u>(19,402)</u>
Net income	\$ <u><u>(63,737)</u></u>	\$ <u><u>(63,737)</u></u>	(182,702)	\$ <u><u>(118,965)</u></u>
Net assets at the beginning of year			<u>4,058,167</u>	
Net assets at end of year			\$ <u><u>3,875,465</u></u>	

AVILA BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 4: CASH AND INVESTMENTS

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

Petty cash	\$	80
Demand deposits		474,279
Cash and investments with:		
Local Agency Investment Fund		2,210,115
Subtotal		2,684,474
Restricted cash:		
Demand deposits		6,020
Total cash and investments	\$	2,690,494

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 \$480,299. The bank balances were \$413,314. 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>Category</u>		<u>Bank</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Amount</u>
Bank accounts	\$ <u>290,203</u>	\$ <u>-0-</u>	\$ <u>123,111</u>	\$ <u>413,314</u>	\$ <u>480,299</u>

Effective October 3, 2008, the Federal Deposit Insurance Corp. (FDIC) insured limit was increased to \$250,000.

AVILA BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

A summary of governmental fixed assets by major classifications at June 30, 2015, is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Land	\$ 20	\$ -	\$ -	\$ 20
General plant and equipment	42,570			42,570
Subtotals	42,590			42,590
Less: Accumulated depreciation	(37,904)	(1,647)	-	(39,551)
Governmental capital asset totals	<u>\$ 4,686</u>	<u>\$ (1,647)</u>	<u>\$ -</u>	<u>\$ 3,039</u>

A summary of proprietary fund type property, plant and equipment at June 30, 2015, is as follows:

	Balance July 1, 2014	Additions	Deletions/ Capitalize	Balance June 30, 2015
Land	\$ 60,294	\$ -	\$ -	\$ 60,294
Construction in progress	36,085	52,227		88,312
Subtotals	96,379	52,227		148,606
General plant and equipment:				
Sewer	4,548,502			4,548,502
Water	1,131,968			1,131,968
Subtotals	5,680,470			5,680,470
Less: Accumulated depreciation	(2,245,262)	(205,344)		(2,450,606)
Subtotals	<u>\$ 3,435,208</u>	<u>\$ (205,344)</u>	<u>\$ -</u>	<u>\$ 3,229,864</u>
Proprietary capital asset totals	<u>\$ 3,531,587</u>	<u>\$ (153,117)</u>	<u>\$ -</u>	<u>\$ 3,378,470</u>

AVILA BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 6: JOINT VENTURE

On March 1, 1992 the District approved participation in the State Water Project (SWP) and joined in the formation of the Central Coast Water Authority (CCWA). The Purpose of the CCWA is to provide for the financing, construction, operation, and maintenance of certain local (non-state owned) facilities required to deliver water from the SWP to certain water purveyors and users in San Luis Obispo and Santa Barbara Counties.

Each participant, including the Avila Beach Community Services District, has entered into a water supply agreement in order to provide for the development, financing, construction, operation and maintenance of the CCWA project. The purpose of the water supply agreements is to assist in carrying out the purposes of CCWA with respect to the CCWA project by: (1) requiring CCWA to sell, and the Project participants to buy, a specified amount of water from CCWA; and (2) assigning the Project participant's entitlement rights in the SWP to CCWA. Although the District does have an ongoing financial obligation to the water supply agreement with CCWA, it has been determined that the District does not own an equity interest in the project.

Each project participant is required to pay to CCWA an amount equal to its share of the total cost of "fixed project costs" and certain other costs in the proportion established in the water supply agreement. This includes the project participant's share of payments to the State Department of Water Resources (DWR) under the State Water Supply Contract (including capital, operation, maintenance, power and replacement costs of the DWR facilities), debt service on CCWA bonds and all CCWA operating and administrative costs.

Each project participant is required to make payments under its water supply agreement solely from the revenues of its water system. Each participant has agreed in its water supply agreement to fix, prescribe, and collect rates and charges for its water system which will be at least sufficient to yield each fiscal year net revenues equal to 125% of the sum of (1) the payment required pursuant to the water supply agreement, and (2) debt service on any existing participant obligation for which revenues are also pledged.

CCWA is composed of eight members, all of which are public agencies. CCWA was organized and exists under a joint exercise of power agreement among the various participating public agencies. The Board of Directors is made up of one representative from each participating entity. Voters on the Board are apportioned between the entities based upon each entity's pro rata share of the water provided by the project. The District's share of the project, based upon number of acre feet of water, is 0.215%. Operating and capital expenses are allocated among the members based upon various formulas recognizing the benefits of the various project components to each member.

On October 1, 1992, CCWA sold \$177,120,000 in revenue bonds at a true interest cost of 6.64% to enable CCWA to finance a portion of the costs of constructing a water treatment plant to treat State water for use by various participating water purveyors and users within Santa Barbara and San Luis Obispo Counties, a transmission system to deliver such water to the participating water purveyors and users, and certain local improvements to the water systems of some of the participating purveyors.

In November 1996, CCWA sold \$198,015,000 of revenue bonds at a true interest cost of 5.55% to defease CCWA's \$177,120,000 1992 revenue bonds and to pay certain costs of issuing the bonds. The 1996 bonds were issued in two series: Series A of \$173,015,000 and Series B of \$25,000,000. The Series B bonds are subject to mandatory redemption from amounts transferred from the Construction Fund and the Reserve Fund upon completion of the construction of the CCWA facilities.

AVILA BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 7: JOINT POWERS AUTHORITY

The District is a member of the Special District Risk Management Authority (S.D.R.M.A.), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et.seq. In becoming a member of the S.D.R.M.A., the District elected to participate in the risk financing program(s) listed below for the program period July 1, 2014 through June 30, 2015.

General Liability: S.D.R.M.A. Policy No. LCA-SDRMA-201415, \$5,000,000 per occurrence.

Auto Liability: S.D.R.M.A. Policy No. LCA-SDRMA-201415, \$5,000,000 per occurrence.

Auto Physical Damage: S.D.R.M.A. Policy No. LCA-SDRMA-201415. This coverage is on file with S.D.R.M.A.

Uninsured/Underinsured Motorists: S.D.R.M.A. Policy No. UMI-SDRMA-201415, \$750,000 each accident.

Boiler and Machinery: S.D.R.M.A. Policy No. BMC-SDRMA-201415 for scheduled locations only for repair/replacement cost with \$100,000,000 limit. The deductible is on file with S.D.R.M.A.

Personal Liability Coverage for Board Members/Directors: S.D.R.M.A. Policy No. LCA-SDRMA-201415, \$500,000 per member per year with \$500,000 general aggregate.

Employee Dishonesty Coverage: S.D.R.M.A. Policy No. EDC-SDRMA-201415, \$400,000 limit.

Employee Benefits Liability: S.D.R.M.A. Policy No. LCA-SDRMA-201415, \$5,000,000 per occurrence/general aggregate.

Employment Practices Liability: S.D.R.M.A. Policy No. LCA-SDRMA-201415, \$5,000,000 per occurrence/general aggregate.

Property Coverage: S.D.R.M.A. Policy No. PPC-SDRMA-201415, replacement cost for property on file, \$1,000,000,000 limit per occurrence. The deductible is on file with S.D.R.M.A.

Public Officials Errors and Omissions: S.D.R.M.A. No. LCA-SDRMA-201415, total risk financing limits of \$5,000,000 per occurrence/annual aggregate.

Workers Compensation: S.D.R.M.A. Policy No. WCP-SDRMA-201415, statutory workers' compensation and up to \$5,000,000 each occurrence for employers' liability coverage.

Total insurance expense for the year ended June 30, 2015 was \$14,410. Members are subject to dividends and/or assessments, in accordance with Second Amended Joint Powers Agreement and amendments thereto, on file with the District. No such dividends have been declared, nor have any assessments been levied.

AVILA BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 8: PENSION PLAN

The Avila Beach 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 23.752% for District participants of their annual covered salary, for the current fiscal year. The contribution requirements of plan members and the District are established and may be amended by CalPERS.

The annual CalPERS employer pension cost, for the year ended June 30, 2015 was \$15,266, and was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service from 3.3% to 14.2%, and (c) 3.0% payroll growth. Both (a) and (b) included an inflation component of 2.75%. 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 fifteen 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 made available to the Avila Beach Community Services District.

NOTE 9: COMMITMENTS

Port San Luis Harbor District

On March 5, 1968, the District entered into an agreement granting 70,000 gallons per day average flow capacity rights in the sewer treatment and disposal system to Port San Luis Harbor District in exchange for the Harbor District paying a portion of the cost of the treatment and disposal system. For any system expansion required, the Harbor District capacity rights will be recalculated based on the portion of total cost of expansion paid by the Harbor District.

California Department of Forestry (CDF)

On November 18, 1999, the District signed an agreement with the California Department of Forestry (CDF) consolidating fire and emergency services between the two agencies. On July 1, 2013, the District Board agreed to extend this agreement for one year, without changing the level of fire protection services that are provided in the original agreement. Payment for these services is based on standard fees outlined in the agreement service cost calculation.

**OTHER REQUIRED
SUPPLEMENTAL INFORMATION**

AVILA BEACH 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	\$ 219,600	\$ 219,600	\$ 284,707	\$ 65,107
Intergovernmental	1,200	1,200	814	(386)
Investment income	3,000	3,000	4,178	1,178
Rental income	31,663	31,663	34,626	2,963
Contract services	2,700	2,700	4,383	1,683
Miscellaneous income	500	500	1,281	781
Total revenues	258,663	258,663	329,989	71,326
Expenditures:				
Administration	20,774	20,774	25,200	(4,426)
Street lighting	23,887	23,887	23,522	365
Fire department	157,784	157,784	127,225	30,559
Total expenditures	202,445	202,445	175,947	26,498
Excess of revenues over expenditures	\$ 56,218	\$ 56,218	154,042	\$ 97,824
Fund balance at beginning of year			2,000,907	
Fund balance at end of year			\$ 2,154,949	

OTHER SUPPLEMENTAL INFORMATION

AVILA BEACH COMMUNITY SERVICES DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

General Fund

For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	Administration	General/Fire Department	Street Lighting	Total General Funds	
				2015	2014
Revenues:					
Property taxes	\$ -	\$ 284,707	\$ -	\$ 284,707	\$ 282,927
Intergovernmental			814	814	975
Investment income		4,178		4,178	5,059
Rental income		34,626		34,626	32,970
Contract services		4,383		4,383	3,701
Miscellaneous income		1,281		1,281	915
Total revenues		329,175	814	329,989	326,547
Expenditures:					
Salaries and wages	90,652			90,652	77,566
Payroll taxes and benefits	40,271			40,271	27,447
Insurance		4,803		4,803	4,598
Maintenance and repairs	1,317			1,317	5,023
Office supplies and expense	6,201			6,201	3,967
Professional services	66,447	154,089		220,536	254,647
Public notices	654			654	961
Permits and fees	7,602			7,602	6,627
Communications	2,459			2,459	1,398
Employee travel and training	300			300	130
Occupancy	8,800			8,800	8,451
Utilities	781		10,922	11,703	11,916
Rate assistance		2,849			
Administrative overhead		25,200	12,600	37,800	36,608
Less: Administrative overhead allocated to other funds	(260,000)			(260,000)	(246,464)
Total expenditures	(34,516)	186,941	23,522	175,947	192,875
Excess of revenues over (under) expenditures	34,516	142,234	(22,708)	154,042	133,672
Fund balance (deficit) at beginning of year	(3,324)	2,196,340	(192,109)	2,000,907	1,867,235
Fund balance (deficit) at end of year	\$ 31,192	\$ 2,338,574	\$ (214,817)	\$ 2,154,949	\$ 2,000,907

AVILA BEACH COMMUNITY SERVICES DISTRICT

COMBINING STATEMENT OF NET POSITION

Enterprise Funds

June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

ASSETS	Sanitary Fund	Water Fund	Refuse Fund	Total Enterprise Funds	
				2015	2014
Current assets:					
Cash and cash equivalents	\$ 127,889	\$ 27,531	\$ 3,248	\$ 158,668	\$ 158,747
Taxes receivable	1,316			1,316	4,561
Accounts receivable	27,504	35,679		63,183	74,736
Due from other funds		1,164,697	2,623	1,167,320	1,060,897
Total current assets	156,709	1,227,907	5,871	1,390,487	1,298,941
Noncurrent assets:					
Capital assets:					
Land and construction in progress	148,606			148,606	96,379
Building and equipment,	4,548,502	1,131,968		5,680,470	5,680,470
Less: accumulated depreciation	(1,892,716)	(557,890)		(2,450,606)	(2,245,262)
Total noncurrent assets	2,804,392	574,078		3,378,470	3,531,587
Total assets	\$2,961,101	\$ 1,801,985	\$ 5,871	\$ 4,768,957	\$ 4,830,528
LIABILITIES AND NET POSITION					
Current liabilities:					
Accounts payable	\$ 942	\$ 943	\$ -	\$ 1,885	\$ 26,006
Due to other funds	786,996			786,996	715,869
Deposits		104,611		104,611	11,164
Deferred revenue				-	19,322
Total liabilities	787,938	105,554	-	893,492	772,361
Net position:					
Invested in capital assets - net of related debt	2,804,392	574,078		3,378,470	3,531,587
Unrestricted	(631,229)	1,122,353	5,871	496,995	526,580
Total net position	2,173,163	1,696,431	5,871	3,875,465	4,058,167
Total liabilities and net position	\$2,961,101	\$ 1,801,985	\$ 5,871	\$ 4,768,957	\$ 4,830,528

See Auditor's Report

AVILA BEACH COMMUNITY SERVICES DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Enterprise Funds

For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	Sanitary Fund	Water Fund	Refuse Fund	Total Enterprise Funds	
				2015	2014
Operating revenues:					
Utility sales	\$ 305,388	\$ 406,143	\$ 16,490	\$ 728,021	684,009
Harbor charges	55,612			55,612	36,447
Other income and fees	775	1,571		2,346	11,628
Total revenues	361,775	407,714	16,490	785,979	732,084
Operating expenses:					
Insurance	4,803	4,803		9,606	9,196
Lab tests	33,806			33,806	35,584
Maintenance and repairs	66,080	7,454		73,534	29,689
Office supplies and expense	1,196	980		2,176	1,993
Professional services	225,090	65,836		290,926	286,678
Operating supplies	138,495	8,859		147,354	74,328
Permits and fees	8,532	5,479		14,011	13,145
Communications	3,925			3,925	2,886
Utilities	19,090	1,252		20,342	20,688
Water - Lopez Lake		94,646		94,646	97,409
Water - State Water Project		124,122		124,122	81,827
General and administrative overhead	113,399	88,199	12,600	214,198	209,856
Depreciation	178,467	26,877		205,344	212,660
Total expenses	792,883	428,507	12,600	1,233,990	1,075,939
Operating income (loss)	(431,108)	(20,793)	3,890	(448,011)	(343,855)
Non-operating revenues:					
Property taxes	217,324			217,324	202,559
Harbor capital contribution	22,163			22,163	23,231
Assessments and connection fees	4,414	21,408		25,822	91,999
Total non-operating revenues	243,901	21,408		265,309	317,789
Net income (loss)	(187,207)	615	3,890	(182,702)	(26,066)
Net position at beginning of year	2,360,370	1,695,816	1,981	4,058,167	4,084,233
Net position at end of year	\$2,173,163	\$ 1,696,431	\$ 5,871	\$ 3,875,465	\$ 4,058,167

AVILA BEACH COMMUNITY SERVICES DISTRICT

COMBINING STATEMENT OF CASH FLOWS

Enterprise Funds

For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	Sanitary Fund	Water Fund	Refuse Fund	Totals	
				2015	2014
Cash flows from operating activities:					
Cash received from operating revenue	\$ 375,412	\$ 408,875	\$ 16,490	\$ 800,777	\$ 734,258
Other payments	(567,086)	(430,362)	(16,490)	(1,013,938)	(1,015,962)
Net cash used by operating activities	(191,674)	(21,487)	-	(213,161)	(281,704)
Cash flows from non-capital financing activities:					
Property taxes	217,324			217,324	202,559
Harbor capital contribution	22,163			22,163	23,231
Assessments and connection fees	4,414	21,408		25,822	91,999
Net cash provided by non-capital financing activities	243,901	21,408	-	265,309	317,789
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(52,227)			(52,227)	(36,085)
Net cash used by investing activities	(52,227)	-	-	(52,227)	(36,085)
Net change in cash	-	(79)	-	(79)	-
Cash and cash equivalents-beginning	127,889	27,610	3,248	158,747	158,747
Cash and cash equivalents-end	\$ 127,889	\$ 27,531	\$ 3,248	\$ 158,668	\$ 158,747
Reconciliation of operating income (loss) to net cash used by operating activities:					
Net operating income (loss)	\$ (431,108)	\$ (20,793)	\$ 3,890	\$ (448,011)	\$ (343,855)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:					
Depreciation	178,467	26,877		205,344	212,660
Net changes in assets and liabilities:					
Taxes receivable	3,245			3,245	(1,095)
Accounts receivable	10,392	1,161		11,553	3,269
Due from other funds		(103,800)		(103,800)	(120,735)
Accounts payable	(25,064)	943		(24,121)	(6,333)
Due to other funds	72,394		(3,890)	68,504	(23,354)
Deposits		93,447		93,447	
Deferred revenue		(19,322)		(19,322)	(2,261)
Net cash used by operating activities	\$ (191,674)	\$ (21,487)	\$ -	\$ (213,161)	\$ (281,704)

See Auditor's Report