

**TEMPLETON COMMUNITY  
SERVICES DISTRICT  
FINANCIAL STATEMENTS  
JUNE 30, 2011**



**Leaf & Cole, LLP**  
*Certified Public Accountants*

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FINANCIAL STATEMENTS  
JUNE 30, 2011**

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## **Independent Auditor's Report**

To the Board of Directors  
Templeton Community Services District  
Post Office Box 780  
420 Crocker Street  
Templeton, California 93454

We have audited the accompanying financial statements of the governmental activities, and the business-type activities of Templeton Community Services District, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Templeton Community Services District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the business-type activities of Templeton Community Services District as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's office and state regulations governing special districts.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 37 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Leaf & Cole LLP

San Diego, California  
August 30, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the District's financial statements, which begin on page 8.

### **Financial Highlights**

- The District's net assets decreased by \$582,279 to \$26,833,367 during the fiscal year ended June 30, 2011.
- The District's revenues increased from \$3,762,117 for the year ended June 30, 2010, to \$4,378,421 for the year ended June 30, 2011, a increase of \$616,304. The increase of capital contributions between fiscal years of \$373,426 accounts for the majority of this increase.
- The District's total expenses increased from \$4,865,642 for the year ended June 30, 2010 to \$4,960,700 for the year ended June 30, 2011. This increase of \$95,058 can be attributed to a change in financial practices and an increase in employee benefits, salaries and depreciation.

### **Using This Annual Report**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (on pages 8 and 9) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Business-type activities are reported in the same manner as the statement of net assets and the statement of activities. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

### **Reporting the District as a Whole**

#### **The Statement of Net Assets and the Statement of Activities**

Our analysis of the District as a whole begins on page 8. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets--the difference between assets and liabilities--as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the condition of the District's assets, to assess the overall health of the District.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

In the statement of net assets and the statement of activities, we divide the District into two kinds of activities:

- Governmental activities - Most of the District's basic services are reported here, including the general fund, fire protection, parks and recreation, street lights and the community center. Taxes and assessments, program fees, rental, grant and interest income finance most of these activities.
- Business-type activities - The District charges a fee to customers to help it cover all or most of the cost of certain services it provides. The District's water, sewer, drainage and solid waste services are reported here.

### **Reporting the District's Most Significant Funds**

#### **Fund Financial Statements**

The fund financial statements begin on page 10 and provide detailed information about the District's most significant funds.

- Governmental funds--Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in reconciliations on pages 11 and 14.
- Business-type funds--When the District charges customers for the services it provides--whether to outside customers or to other units of the District--these services are generally reported in business-type funds. Business-type funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact, the District's enterprise funds (a component of business-type funds) are the same as the business type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for business-type funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### The District as a Whole

The District's combined net assets decreased from \$27,415,646 a year ago to \$26,833,367 at June 30, 2011. Our analysis below focuses on the net assets and changes in net assets of the District's governmental and business-type activities.

### Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b><u>Assets:</u></b>						
Current and other assets	\$ 3,353,716	\$ 3,295,429	\$ 10,070,883	\$ 10,089,931	\$ 13,424,599	\$ 13,385,360
Capital assets	<u>3,631,271</u>	<u>3,678,190</u>	<u>27,016,593</u>	<u>28,155,870</u>	<u>30,647,864</u>	<u>31,834,060</u>
Total Assets	<u>6,984,987</u>	<u>6,973,619</u>	<u>37,087,476</u>	<u>38,245,801</u>	<u>44,072,463</u>	<u>45,219,420</u>
<b><u>Liabilities:</u></b>						
Long-term debt outstanding	369,149	198,838	6,228,297	6,781,284	6,597,446	6,980,122
Other liabilities	<u>115,972</u>	<u>95,433</u>	<u>10,525,678</u>	<u>10,728,219</u>	<u>10,641,650</u>	<u>10,823,652</u>
Total Liabilities	<u>485,121</u>	<u>294,271</u>	<u>16,753,975</u>	<u>17,509,503</u>	<u>17,239,096</u>	<u>17,803,774</u>
<b><u>Net Assets:</u></b>						
Invested in capital assets, net of related debt	3,631,271	3,678,190	21,002,733	21,494,976	24,634,004	25,173,166
Restricted	1,637,419	1,522,256	-	-	1,637,419	1,522,256
Unrestricted	<u>1,231,176</u>	<u>1,478,902</u>	<u>(669,232)</u>	<u>(758,678)</u>	<u>561,944</u>	<u>720,224</u>
Total Net Assets	<u>\$ 6,499,866</u>	<u>\$ 6,679,348</u>	<u>\$ 20,333,501</u>	<u>\$ 20,736,298</u>	<u>\$ 26,833,367</u>	<u>\$ 27,415,646</u>

Net assets of the District's governmental activities decreased \$179,482. The net assets of our business-type activities decreased by \$402,797.

### Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b><u>Revenues:</u></b>						
<b><u>Program Revenues:</u></b>						
Fees and charges for services	\$ 208,089	\$ 212,704	\$ 2,451,645	\$ 2,261,697	\$ 2,659,734	\$ 2,474,401
Capital grants and contributions	115,162	28,892	367,315	80,159	482,477	109,051
<b><u>General Revenues:</u></b>						
Property taxes	864,875	886,019	-	-	864,875	886,019
Interest income	18,225	20,774	68,993	74,037	87,218	94,811
Other income	<u>196,130</u>	<u>183,240</u>	<u>87,987</u>	<u>14,595</u>	<u>284,117</u>	<u>197,835</u>
Total Revenues	<u>1,402,481</u>	<u>1,331,629</u>	<u>2,975,940</u>	<u>2,430,488</u>	<u>4,378,421</u>	<u>3,762,117</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Changes in Net Assets (Continued)

	Governmental Activities		Business-Type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
<b><u>Program Expenses:</u></b>						
General Fund	\$ 1,031,876	\$ 960,032	\$ -	\$ -	\$ 1,031,876	\$ 960,032
Fire protection	717,127	659,758	-	-	717,127	659,758
Parks and recreation	604,699	586,758	-	-	604,699	586,758
Street lights	26,681	26,549	-	-	26,681	26,549
Community center	14,140	17,685	-	-	14,140	17,685
Water	-	-	1,583,699	1,736,617	1,583,699	1,736,617
Sewer	-	-	827,177	766,683	827,177	766,683
Drainage	-	-	5,661	5,686	5,661	5,686
Solid waste	-	-	39,109	66,694	39,109	66,694
Interest on long-term liabilities	-	672	110,531	38,508	110,531	39,180
Total Expenses	2,394,523	2,251,454	2,566,177	2,614,188	4,960,700	4,865,642
Change in Net Assets						
Before Transfers	(992,042)	(919,825)	409,763	(183,700)	(582,279)	(1,103,525)
Transfers	812,560	836,290	(812,560)	(836,290)	-	-
<b>Increase (Decrease) in Net Assets</b>	\$ (179,482)	\$ (83,535)	\$ (402,797)	\$ (1,019,990)	\$ (582,279)	\$ (1,103,525)

#### **Governmental Activities**

Revenues for the District's governmental activities increased by \$70,852, while total expenses increased \$143,069 between 2011 and 2010. The increase in revenues is due to an increase in capital grants and contributions.

#### **Business-Type Activities**

Revenues of the District's business-type activities increased \$545,452 and expenses decreased by \$48,011 between 2011 and 2010. Capital contributions increased \$287,156 between 2011 and 2010. The decrease in expenses can be attributed to a decrease in professional services from the previous year.

#### **Capital Asset and Debt Administration**

##### **Capital Assets**

At June 30, 2011, the District had \$42,519,036 invested in a broad range of capital assets, including a water system, sanitation system, buildings, park facilities, and fire equipment.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Capital Assets at Year-End

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 633,429	\$ 633,429	\$ 3,256,820	\$ 3,256,820	\$ 3,890,249	\$ 3,890,249
Water delivering entitlement	-	-	7,452,020	-	7,452,020	-
Construction-in-progress	122,209	60,480	5,392	8,166,670	127,601	8,227,150
Buildings and improvements	3,269,091	3,235,003	24,559,518	24,336,167	27,828,609	27,571,170
Equipment	934,645	906,061	1,222,678	1,019,778	2,157,323	1,925,839
Vehicles	741,457	714,962	321,777	321,777	1,063,234	1,036,739
Totals	<u>\$ 5,700,831</u>	<u>\$ 5,549,935</u>	<u>\$ 36,818,205</u>	<u>\$ 37,101,212</u>	<u>\$ 42,519,036</u>	<u>\$ 42,651,147</u>

### Debt

At June 30, 2011, the District had loans payable outstanding. During the current year, District paid \$101,979 on the loans payable.

### Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Loans Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,927,853</u>	<u>\$ 6,029,832</u>	<u>\$ 5,927,853</u>	<u>\$ 6,029,832</u>

### Economic Factors and Next Year's Budget and Rates

The District's management and Board of Directors considered many factors when setting the fiscal year 2012 budget including the economy and employment growth. These indicators were taken into account when adopting the general fund budget for 2012. Amounts budgeted for general fund expenditures in 2012 are \$965,829, an increase of \$22,106 over the final 2011 budgeted expenditures of \$943,723. Budget increases due to salaries, employee benefits, legal services and postage represent the majority of the change between years.

### Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District accountability for the money it receives. If you have questions about this report or need additional financial information contact the District offices at (805) 434-4900.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2011**

**ASSETS**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,312,701	\$ 9,702,868	\$ 13,015,569
Accounts receivable	40,431	344,993	385,424
Accrued interest receivable	584	2,125	2,709
Inventory	-	20,897	20,897
Capital Assets:			
Land and other non-depreciable capital assets	755,638	10,714,232	11,469,870
Plant and equipment, net of accumulated depreciation	<u>2,875,633</u>	<u>16,302,361</u>	<u>19,177,994</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>6,984,987</u></b>	<b>\$ <u>37,087,476</u></b>	<b>\$ <u>44,072,463</u></b>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 81,056	\$ 137,868	\$ 218,924
Accrued wages	8,916	6,903	15,819
Customer deposits	3,200	77,813	81,013
Deferred revenue	22,800	-	22,800
Prepaid capacity fees	-	10,303,094	10,303,094
Noncurrent Liabilities:			
Due within one year	-	260,637	260,637
Due after one year	<u>369,149</u>	<u>5,967,660</u>	<u>6,336,809</u>
Total Liabilities	<u>485,121</u>	<u>16,753,975</u>	<u>17,239,096</u>

**Commitments and Contingencies**

**Net Assets:**

Invested in capital assets, net of related debt	3,631,271	21,002,733	24,634,004
Restricted	1,637,419	-	1,637,419
Unrestricted	<u>1,231,176</u>	<u>(669,232)</u>	<u>561,944</u>
Total Net Assets	<u>6,499,866</u>	<u>20,333,501</u>	<u>26,833,367</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>6,984,987</u></b>	<b>\$ <u>37,087,476</u></b>	<b>\$ <u>44,072,463</u></b>

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

**TEMPLETON COMUNITY SERVICES DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>Functions/Programs:</b>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Fees and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
General fund	\$ 1,031,876	\$ -	\$ -	\$ (1,031,876)	\$ -	\$ (1,031,876)
Fire protection	717,127	2,331	67,285	(647,511)	-	(647,511)
Parks and recreation	604,699	200,012	47,877	(356,810)	-	(356,810)
Street lights	26,681	-	-	(26,681)	-	(26,681)
Community Center	14,140	5,746	-	(8,394)	-	(8,394)
Total Governmental Activities	<u>2,394,523</u>	<u>208,089</u>	<u>115,162</u>	<u>(2,071,272)</u>	<u>-</u>	<u>(2,071,272)</u>
<b>Business-Type Activities:</b>						
Water	1,583,699	1,584,982	270,826	-	272,109	272,109
Sewer	827,177	743,118	96,489	-	12,430	12,430
Drainage	5,661	8,187	-	-	2,526	2,526
Solid waste	39,109	115,358	-	-	76,249	76,249
Interest on long-term liabilities	110,531	-	-	-	(110,531)	(110,531)
Total Business-Type Activities	<u>2,566,177</u>	<u>2,451,645</u>	<u>367,315</u>	<u>-</u>	<u>252,783</u>	<u>252,783</u>
Total Activities	<u>\$ 4,960,700</u>	<u>\$ 2,659,734</u>	<u>\$ 482,477</u>	<u>(2,071,272)</u>	<u>252,783</u>	<u>(1,818,489)</u>
<b>General Revenues:</b>						
Taxes and assessments				864,875		864,875
Interest income				18,225	68,993	87,218
Other income				196,130	87,987	284,117
Total General Revenues				<u>1,079,230</u>	<u>156,980</u>	<u>1,236,210</u>
<b>Transfers</b>				<u>812,560</u>	<u>(812,560)</u>	<u>-</u>
Total General Revenues and Transfers				<u>1,891,790</u>	<u>(655,580)</u>	<u>1,236,210</u>
Changes in Net Assets				(179,482)	(402,797)	(582,279)
Net Assets at Beginning of Year				<u>6,679,348</u>	<u>20,736,298</u>	<u>27,415,646</u>
<b>NET ASSETS AT END OF YEAR</b>				<u>\$ 6,499,866</u>	<u>\$ 20,333,501</u>	<u>\$ 26,833,367</u>

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

**TEMPLETON COMMUNITY SERVICES DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

**ASSETS**

	General Fund	Fire Protection	Parks and Recreation	Street Lights	Community Center	Total Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ 5,956	\$ 2,041,382	\$ 1,101,296	\$ 76,408	\$ 87,659	\$ 3,312,701
Accounts receivable	-	30,992	6,928	1,964	547	40,431
Accrued interest receivable	5	376	178	11	14	584
Total Assets	<u>\$ 5,961</u>	<u>\$ 2,072,750</u>	<u>\$ 1,108,402</u>	<u>\$ 78,383</u>	<u>\$ 88,220</u>	<u>\$ 3,353,716</u>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>						
Accounts payable	\$ 27,409	\$ 45,898	\$ 4,304	\$ 2,668	\$ 777	\$ 81,056
Accrued wages	5,152	2,292	1,472	-	-	8,916
Customer deposits	-	2,300	-	-	900	3,200
Deferred revenue	-	-	22,800	-	-	22,800
Total Liabilities	<u>32,561</u>	<u>50,490</u>	<u>28,576</u>	<u>2,668</u>	<u>1,677</u>	<u>115,972</u>
<b>Fund Balances:</b>						
Unassigned	(26,600)	592,565	872,102	75,715	86,543	1,600,325
Restricted	-	1,429,695	207,724	-	-	1,637,419
Total Fund Balance	<u>(26,600)</u>	<u>2,022,260</u>	<u>1,079,826</u>	<u>75,715</u>	<u>86,543</u>	<u>3,237,744</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,961</u>	<u>\$ 2,072,750</u>	<u>\$ 1,108,402</u>	<u>\$ 78,383</u>	<u>\$ 88,220</u>	<u>\$ 3,353,716</u>

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

**TEMPLETON COMMUNITY SERVICES DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET ASSETS  
JUNE 30, 2011**

Total fund balances - Governmental funds		\$ 3,237,744
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land and construction-in-progress	\$ 755,638	
Plant and equipment, net of accumulated depreciation	<u>2,875,633</u>	
Total Capital Assets, Net		3,631,271
In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including noncurrent liabilities, are reported. Noncurrent liabilities relating to governmental activities consist of:		
Compensated absences	(40,424)	
Net OPEB Obligation	<u>(328,725)</u>	
Total Long-Term Liabilities		<u>(369,149)</u>
Total Net Assets - Governmental Activities		<u>\$ 6,499,866</u>

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

**TEMPLETON COMMUNITY SERVICES DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund	Fire Protection	Parks and Recreation	Street Lights	Community Center	Total Governmental Funds
<b>Revenues:</b>						
Taxes and assessments	\$ -	\$ 609,015	\$ 214,442	\$ 32,840	\$ 8,578	\$ 864,875
Program fees	-	-	194,500	-	-	194,500
Other income	43,587	54,225	98,318	-	-	196,130
Contributions	-	67,285	47,877	-	-	115,162
Rental income	-	2,331	5,512	-	5,746	13,589
Interest income	129	11,574	5,697	371	454	18,225
Total Revenues	<u>43,716</u>	<u>744,430</u>	<u>566,346</u>	<u>33,211</u>	<u>14,778</u>	<u>1,402,481</u>
<b>Expenditures:</b>						
Current:						
Salaries and wages	395,259	246,079	183,220	-	-	824,558
Employee benefits	222,584	158,480	93,398	-	-	474,462
Professional fees	52,192	11,978	860	-	-	65,030
Utilities	13,414	6,783	14,569	26,681	2,818	64,265
Payroll taxes	31,571	13,665	17,037	-	-	62,273
Program expense	-	-	85,674	-	-	85,674
Insurance	48,293	-	-	-	-	48,293
Purchased services	17,579	3,117	18,670	-	437	39,803
Worker's compensation	5,479	24,262	8,862	-	-	38,603
Directors	31,950	-	-	-	-	31,950
Other	2,715	47,155	1,308	-	420	51,598
Legal fees	25,507	7,094	21,550	-	-	54,151
Supplies	15,097	8,934	4,974	-	682	29,687
Dues and fees	20,994	4,097	2,404	-	-	27,495
Postage	25,211	-	-	-	-	25,211
Repairs and maintenance	755	2,013	10,127	-	4,283	17,178
Vehicle operation	3,334	12,792	205	-	-	16,331
Education	3,030	5,946	1,256	-	-	10,232
Travel	4,733	4,422	766	-	-	9,921
Capital outlay	123,638	49,709	27,231	-	-	200,578
Total Expenditures	<u>1,043,335</u>	<u>606,526</u>	<u>492,111</u>	<u>26,681</u>	<u>8,640</u>	<u>2,177,293</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(999,619)</u>	<u>137,904</u>	<u>74,235</u>	<u>6,530</u>	<u>6,138</u>	<u>(774,812)</u>

(Continued)

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

**TEMPLETON COMMUNITY SERVICES DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund	Fire Protection	Parks and Recreation	Street Lights	Community Center	Total Governmental Funds
<b>Other Financing Sources</b>						
<b>(Uses):</b>						
Transfers in	\$ 895,000	\$ -	\$ -	\$ -	\$ -	\$ 895,000
Transfers out	-	(44,750)	(35,800)	-	(1,890)	(82,440)
Total Other Financing Sources and Uses	<u>895,000</u>	<u>(44,750)</u>	<u>(35,800)</u>	<u>-</u>	<u>(1,890)</u>	<u>812,560</u>
Net Change in Fund Balances	(104,619)	93,154	38,435	6,530	4,248	37,748
Fund Balances at Beginning of Year	<u>78,019</u>	<u>1,929,106</u>	<u>1,041,391</u>	<u>69,185</u>	<u>82,295</u>	<u>3,199,996</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ (26,600)</u>	<u>\$ 2,022,260</u>	<u>\$ 1,079,826</u>	<u>\$ 75,715</u>	<u>\$ 86,543</u>	<u>\$ 3,237,744</u>

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

**TEMPLETON 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, 2011**

Total net change in fund balances - Governmental funds	\$ 37,748
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to depreciation expense is greater than capital outlay.	(46,919)
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation earned was more than the amounts used by \$9,388.	(9,388)
In the statement of activities, net OPEB obligation is measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, the net OPEB obligation earned was more than the amount used by \$160,923.	<u>(160,923)</u>
Changes in Net Assets - Governmental Activities	<u><u>\$ (179,482)</u></u>

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



**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2011**

**ASSETS**

	Water	Sewer	Drainage	Solid Waste	Total
<b><u>Current Assets:</u></b>					
Cash and cash equivalents	\$ 7,844,662	\$ 1,426,998	\$ 137,794	\$ 293,414	\$ 9,702,868
Accounts receivable	237,564	93,172	982	13,275	344,993
Accrued interest receivable	1,736	315	27	47	2,125
Inventory	20,897	-	-	-	20,897
Total Current Assets	8,104,859	1,520,485	138,803	306,736	10,070,883
<b><u>Noncurrent Assets:</u></b>					
Capital Assets:					
Land and construction-in-progress	8,925,970	1,638,861	149,401	-	10,714,232
Plant and equipment, net of accumulated depreciation	6,914,201	9,167,907	220,253	-	16,302,361
Total Noncurrent Assets	15,840,171	10,806,768	369,654	-	27,016,593
<b>TOTAL ASSETS</b>	<b>\$ 23,945,030</b>	<b>\$ 12,327,253</b>	<b>\$ 508,457</b>	<b>\$ 306,736</b>	<b>\$ 37,087,476</b>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities:</u></b>					
Accounts payable	\$ 58,013	\$ 79,308	\$ -	\$ 547	\$ 137,868
Accrued wages	5,162	1,481	-	260	6,903
Customer deposits	77,813	-	-	-	77,813
Accrued interest payable	74,629	11,378	-	-	86,007
Prepaid capacity fees	6,296,463	4,006,631	-	-	10,303,094
Loans payable	70,000	104,630	-	-	174,630
Total Current Liabilities	6,582,080	4,203,428	-	807	10,786,315
<b><u>Noncurrent Liabilities:</u></b>					
Compensated absences	22,902	5,429	-	-	28,331
Loans payable	4,545,000	1,208,223	-	-	5,753,223
Net OPEB Obligation	135,741	39,078	-	11,287	186,106
Total Noncurrent Liabilities	4,703,643	1,252,730	-	11,287	5,967,660
Total Liabilities	11,285,723	5,456,158	-	12,094	16,753,975
<b><u>Commitments and Contingencies</u></b>					
<b><u>Net Assets:</u></b>					
Invested in capital assets, net of related debt	11,150,542	9,482,537	369,654	-	21,002,733
Unrestricted	1,508,765	(2,611,442)	138,803	294,642	(669,232)
Total Net Assets	12,659,307	6,871,095	508,457	294,642	20,333,501
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 23,945,030</b>	<b>\$ 12,327,253</b>	<b>\$ 508,457</b>	<b>\$ 306,736</b>	<b>\$ 37,087,476</b>

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

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Water</u>	<u>Sewer</u>	<u>Drainage</u>	<u>Solid Waste</u>	<u>Total</u>
<b><u>Operating Revenues:</u></b>					
Charges for services	\$ 1,584,982	\$ 743,118	\$ 8,187	\$ -	\$ 2,336,287
Franchise fees	-	-	-	115,358	115,358
Total Operating Revenues	<u>1,584,982</u>	<u>743,118</u>	<u>8,187</u>	<u>115,358</u>	<u>2,451,645</u>
<b><u>Operating Expenses:</u></b>					
Depreciation	494,519	356,691	5,061	-	856,271
Salaries and wages	306,683	95,053	-	15,360	417,096
Employee benefits	221,967	61,422	-	14,083	297,472
Utilities	185,662	83,180	-	-	268,842
Repairs and maintenance	182,642	25,436	-	-	208,078
Treatment and disposal	-	135,331	-	-	135,331
Legal fees	35,591	4,035	-	267	39,893
Dues and fees	25,000	7,482	600	95	33,177
Payroll taxes	24,350	7,493	-	1,277	33,120
Other	24,938	235	-	6,830	32,003
Worker's compensation	22,710	5,512	-	1,000	29,222
Vehicle operation	15,724	10,256	-	-	25,980
Supplies	17,130	6,266	-	70	23,466
Water analysis	11,702	5,889	-	-	17,591
Purchased services	11,176	2,313	-	127	13,616
Interceptor maintenance	-	12,801	-	-	12,801
Professional fees	2,175	6,883	-	-	9,058
Education	1,341	787	-	-	2,128
Travel	389	112	-	-	501
Total Operating Expenses	<u>1,583,699</u>	<u>827,177</u>	<u>5,661</u>	<u>39,109</u>	<u>2,455,646</u>
Operating Income (Loss)	<u>1,283</u>	<u>(84,059)</u>	<u>2,526</u>	<u>76,249</u>	<u>(4,001)</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>					
Interest income	57,416	9,259	810	1,508	68,993
Lease revenue	45,600	-	-	-	45,600
Other income	42,177	170	-	40	42,387
Interest expense	(74,629)	(35,902)	-	-	(110,531)
Total Nonoperating Revenues (Expenses)	<u>70,564</u>	<u>(26,473)</u>	<u>810</u>	<u>1,548</u>	<u>46,449</u>
Income (Loss) Before Transfers and Capital Contributions	<u>71,847</u>	<u>(110,532)</u>	<u>3,336</u>	<u>77,797</u>	<u>42,448</u>

(Continued)

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

**TEMPLETON COMMUNITY SERVICES DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (CONTINUED)  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Water</u>	<u>Sewer</u>	<u>Drainage</u>	<u>Solid Waste</u>	<u>Total</u>
<b><u>Transfers and Capital Contributions:</u></b>					
Transfers out	\$ (519,100)	\$ (241,650)	\$ (7,060)	\$ (44,750)	\$ (812,560)
Capital contributions	270,826	96,489	-	-	367,315
Total Transfers and Capital Contributions	<u>(248,274)</u>	<u>(145,161)</u>	<u>(7,060)</u>	<u>(44,750)</u>	<u>(445,245)</u>
Change in Net Assets	(176,427)	(255,693)	(3,724)	33,047	(402,797)
Net Assets at Beginning of Year	<u>12,835,734</u>	<u>7,126,788</u>	<u>512,181</u>	<u>261,595</u>	<u>20,736,298</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u><u>\$ 12,659,307</u></u></b>	<b><u><u>\$ 6,871,095</u></u></b>	<b><u><u>\$ 508,457</u></u></b>	<b><u><u>\$ 294,642</u></u></b>	<b><u><u>\$ 20,333,501</u></u></b>

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

**TEMPLETON COMMUNITY SERVICES DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Water</u>	<u>Sewer</u>	<u>Drainage</u>	<u>Solid Waste</u>	<u>Total</u>
<b><u>Cash Flows From Operating Activities:</u></b>					
Receipts from customers	\$ 1,619,775	\$ 744,934	\$ 8,218	\$ 115,876	\$ 2,488,803
Payments to suppliers	(1,240,048)	(643,947)	(7,660)	(67,952)	(1,959,607)
Payments to employees	(311,189)	(95,582)	-	(13,285)	(420,056)
Net Cash Provided by Operating Activities	<u>68,538</u>	<u>5,405</u>	<u>558</u>	<u>34,639</u>	<u>109,140</u>
<b><u>Cash Flows From Noncapital Financing Activities:</u></b>					
Receipts from other income	<u>87,777</u>	<u>170</u>	<u>-</u>	<u>40</u>	<u>87,987</u>
Net Cash Provided by Noncapital Financing Activities	<u>87,777</u>	<u>170</u>	<u>-</u>	<u>40</u>	<u>87,987</u>
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>					
Acquisition and construction of capital assets	(212,172)	(48,993)	-	-	(261,165)
Principal paid on loans payable	-	(101,979)	-	-	(101,979)
Interest paid on loans payable	(74,629)	(36,786)	-	-	(111,415)
Receipts from contributed capital	<u>178,286</u>	<u>47,043</u>	<u>-</u>	<u>-</u>	<u>225,329</u>
Net Cash Used in Capital and Related Financing Activities	<u>(108,515)</u>	<u>(140,715)</u>	<u>-</u>	<u>-</u>	<u>(249,230)</u>
<b><u>Cash Flows From Investing Activities:</u></b>					
Interest income on cash and investments	<u>59,912</u>	<u>9,712</u>	<u>849</u>	<u>1,577</u>	<u>72,050</u>
Net Cash Provided by Investing Activities	<u>59,912</u>	<u>9,712</u>	<u>849</u>	<u>1,577</u>	<u>72,050</u>
Net Increase (Decrease) in Cash and Cash Equivalents	107,712	(125,428)	1,407	36,256	19,947
Cash and Cash Equivalents at Beginning of Year	<u>7,736,950</u>	<u>1,552,426</u>	<u>136,387</u>	<u>257,158</u>	<u>9,682,921</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 7,844,662</u></u>	<u><u>\$ 1,426,998</u></u>	<u><u>\$ 137,794</u></u>	<u><u>\$ 293,414</u></u>	<u><u>\$ 9,702,868</u></u>

(Continued)

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

**TEMPLETON COMMUNITY SERVICES DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Water	Sewer	Drainage	Solid Waste	Total
<b><u>Reconciliation of Operating Income (Loss)</u></b>					
<b><u>to Net Cash Provided by</u></b>					
<b><u>(Used in) Operating Activities:</u></b>					
Operating income (loss)	\$ 1,283	\$ (84,059)	\$ 2,526	\$ 76,249	\$ (4,001)
<b>Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:</b>					
Depreciation	494,519	356,691	5,061	-	856,271
Transfers	(519,100)	(241,650)	(7,060)	(44,750)	(812,560)
<b>(Increase) Decrease in:</b>					
Accounts receivable	34,793	1,816	31	518	37,158
Inventory	(1,220)	-	-	-	(1,220)
<b>Increase (Decrease) in:</b>					
Accounts payable	(17,309)	(47,318)	-	547	(64,080)
Accrued wages	(8,009)	(1,337)	-	(1,234)	(10,580)
Customer deposits	14,105	-	-	-	14,105
Compensated absences	3,503	808	-	-	4,311
Net OPEB obligation	65,973	20,454	-	3,309	89,736
Net Cash Provided by (Used in) Operating Activities	\$ 68,538	\$ 5,405	\$ 558	\$ 34,639	\$ 109,140
 <b><u>Noncash Investing, Capital and Financing Activities:</u></b>					
Contributions of capital assets	\$ 167,267	\$ 41,602	\$ -	\$ -	\$ 208,869

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

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 1 - Organization and Significant Accounting Policies:**

**Organization**

The Templeton Community Services District (the "District") was organized under the authorization of Section 61,000 et. seq., of the Government Code of the State of California, for the purpose of providing all permissible uses of a community services district. The District currently provides water, sewer, drainage, solid waste disposal, fire protection, street lights, park and recreation services and a community center. The District is governed by an elected Board of Directors.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14, as amended by GASB Statement 39. The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has no component units.

**Significant Accounting Policies**

A summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Basis of Presentation**

**Government-Wide Statements**

The District's financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's fire protection, parks and recreation, community center, street lights and general funds are classified as governmental activities. The water, sewer, drainage and solid waste funds are classified as business-type activities, and are generally financed by fees charged to external parties for goods or services.

In the government-wide statement of net assets, both the governmental and business-type activities are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts; invested in capital assets net of related debt, restricted net assets, and unrestricted net assets. The statement of net assets includes all funds of the reporting entity.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each function of the business-type activities of the District and for each program of the governmental activities. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

**Fund Financial Statements**

Fund financial statements report detailed information about the District. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, net assets, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories. Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements-and Management's Discussion and Analysis-For State of Local Governments", sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The funds of the District are described below:

**Governmental Funds**

The focus of the governmental funds measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The District reports the general fund, fire protection, parks and recreation, street lights and community center as major governmental funds.

**Proprietary Funds**

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the water, sewer, drainage and solid waste funds as major proprietary funds.

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Measurement Focus and Basis of Accounting**

**Method of Accounting**

Method of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The District has not elected to apply the option allowed in Paragraph 7 of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Activities" and as a consequence will continue to apply GASB Statements and interpretations.

**Accrual**

Both governmental and business-type activities in the government-wide financial statements and the proprietary financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Earned but unbilled amounts for services provided are accrued and included in accounts receivable and recognized as revenue.

**Modified Accrual**

The governmental funds' financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenue available if collected within 60 days after year-end. The District considers interest, certain taxes, grant revenues, groundwater charges and water delivery charges to be susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.



**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Deferred Revenue**

The District recognizes revenue from user fees, service charges, program fees and rental fees as it is earned. The District has recorded deferred revenue for soccer registrations totaling \$22,800 at June 30, 2011.

**Investments**

Investments are stated at their fair value which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

**Allowance for Doubtful Accounts**

Management believes that all accounts receivable as of June 30, 2011, were fully collectible. Therefore, no allowance for doubtful accounts was recorded.

**Taxes and Assessments**

Property taxes and assessments are billed by the County of San Luis Obispo to property owners. The District's property tax calendar for the fiscal year ended June 30, 2011, was as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment – November 1 Second Installment – February 1
Delinquent Date:	First Installment – December 10 Second Installment – April 10

The County collects the taxes from the property owners and remits the funds to the District periodically during the year. The District has an arrangement with the County whereby the County remits taxes which are delinquent as of each June 30 to the District in exchange for the right to retain the delinquent taxes, penalties, and interest when these amounts are subsequently collected.

**Inventory**

Inventory is valued at the lower of cost (first-in, first-out basis) or market.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Capital Assets**

Capital assets are defined by the District as assets with an initial, individual cost of at least \$1,000 and an estimated useful life greater than one year. Acquisitions of capital assets are recorded at cost. Contributed assets are recorded at their fair market value at the date of donation. Self-constructed assets are recorded at the amount of direct labor, material, certain overhead and interest costs.

Depreciation is calculated on the straight-line method over the following estimated useful lives:

Water system	5 - 75 years
Sanitation system	10 - 50 years
Drainage	5 - 50 years
Fire department	5 - 40 years
Parks and recreation	5 - 10 years
Administration	5 - 40 years
Community center	40 years

Depreciation aggregated \$1,054,086 for the year ended June 30, 2011.

**Interest**

The District incurs interest charges on noncurrent. Interest of \$149,258 was capitalized as a cost of capital assets for the year ended June 30, 2011.

**Compensated Absences**

Accumulated unpaid vacation totaling \$68,755 at June 30, 2011, is accrued when incurred and included in long-term liabilities.

**Risk Management**

The District is a member of the Special District Risk Management Authority (Authority). The Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Risk Management (Continued)**

At June 30, 2011, the District participated in the self-insurance programs of the Authority as follows:

General and Auto Liability, Public Officials' and Employees' Errors and Omissions and Employment Practices Liability - Total risk financing limits of \$10.0 million with a combined single limit at \$10.0 million per occurrence, subject to the following deductibles:

- \$500 per occurrence for third party generated liability property damage.
- \$1,000 per occurrence for third party auto liability property damage.
- 50% co-insurance after initial \$10,000 cost expended by the Authority, up to \$50,000, per occurrence, for employment related claims;
- Comprehensive and collision on selected vehicles, with deductibles of \$250/\$500 or \$500/\$1,000, as elected.

Employee Dishonesty Coverage - Total of \$400,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction.

Property Loss - Replacement cost, for property on file, if replaced, and if not re-placed within two years after the loss, paid on an actual cash value basis, to a combined total of \$1 billion per occurrence, subject to a \$2,000 deductible per occurrence.

Boiler and Machinery - Replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible.

Public Officials Personal Liability - \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official, subject to a \$500 deductible per occurrence.

Workers' Compensation Coverage and Employer's Liability - Includes statutory limits per occurrence for workers' compensation and \$50 million for employer's liability coverage.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Interfund Transfers**

Interfund transfers for the year ended June 30, 2011, consisted of general fund transfers from the following:

Water	\$ 519,100
Sewer	241,650
Solid waste	44,750
Fire protection	44,750
Parks and recreation	35,800
Drainage	7,060
Community center	1,890
	<u>\$ 895,000</u>

**Economic Dependence**

The District extracts approximately 28% of its water supply from the underflow of the Salinas River, 20% from the 200 units of reclaim water from the Selby Ponds and 52% from groundwater wells located in the Atascadero sub basin. Interruption of these sources would impact the District negatively.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows the District considers all investment instruments purchased with a maturity of three months or less to be cash. Certificates of deposit that may be redeemed without significant penalty are considered cash and cash equivalents regardless of the maturity.

**Subsequent Events**

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through August 30, 2011, the date the financial statements were available to be issued.

**Note 2 - Cash and Investments:**

**Investments Authorized by the California Government Code and the District's Investment Policy**

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provision of the California Government Code or the District's investment policy:

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 2 - Cash and Investments: (Continued)**

**Investments Authorized by the California Government Code and the District's Investment Policy  
(Continued)**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Open Ended Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
LAIIF	N/A	None	None

Cash and investments held by the District were comprised of the following at June 30, 2011:

	<u>Maturity in Years</u>		<u>Total</u>
	<u>Less Than 1 Year</u>	<u>1 - 5 years</u>	
Cash on hand	\$ 650	\$ -	\$ 650
California Local Agency Investment Fund (LAIIF)	2,282,826	-	2,282,826
Deposits with financial institutions	10,645,117	-	10,645,117
Certificates of deposits	-	86,976	86,976
Total Cash and Investments	<u>\$ 12,928,593</u>	<u>\$ 86,976</u>	<u>\$ 13,015,569</u>

Financial Statement Classification:

Cash and cash equivalents	<u>\$ 13,015,569</u>
---------------------------	----------------------

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by holding only cash and cash equivalents.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided in the previous table that shows the distribution of the District's investments by maturity as of June 30, 2011.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 2 - Cash and Investments: (Continued)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of the year end for each investment type.

<u>Investment</u>	<u>Rating as of Year End Standard &amp; Poor's</u>
LAIF Certificates of deposit	Not Required Not Rated

**Concentration of Credit Risk**

Concentration of credit is the risk of loss attributed to the magnitude to the District's investment in a single issue.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District holds no investments in any one issuer (other than external investment pools) that represent 5% or more of total District investments.

**Custodial Credit Risk**

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

As of June 30, 2011, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

**Investment in State Investment Pool**

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

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 3 - Capital Assets:**

Capital assets consist of the following at June 30, 2011:

**Governmental Activities:**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b><u>Capital Assets Not Being Depreciated</u></b>				
Land	\$ 633,429	\$ -	\$ -	\$ 633,429
Construction in progress	60,480	139,482	77,753	122,209
Total Capital Assets Not Being Depreciated	<u>\$ 693,909</u>	<u>\$ 139,482</u>	<u>\$ 77,753</u>	<u>\$ 755,638</u>
<b><u>Capital Assets Being Depreciated</u></b>				
Buildings and improvements	\$ 3,235,003	\$ 34,088	\$ -	\$ 3,269,091
Equipment	906,061	28,584	-	934,645
Vehicles	714,962	26,495	-	741,457
Total	4,856,026	89,167	-	4,945,193
Less: Accumulated depreciation	<u>(1,871,745)</u>	<u>(197,815)</u>	<u>-</u>	<u>(2,069,560)</u>
Total Capital Assets Being Depreciated	<u>\$ 2,984,281</u>	<u>\$ (108,648)</u>	<u>\$ -</u>	<u>\$ 2,875,633</u>

**Business-Type Activities:**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b><u>Capital Assets Not Being Depreciated</u></b>				
Land	\$ 3,256,820	\$ -	\$ -	\$ 3,256,820
Water delivery entitlement	-	7,452,020	-	7,452,020
Construction in progress	8,166,670	221,030	8,382,308	5,392
Total	<u>\$ 11,423,490</u>	<u>\$ 7,673,050</u>	<u>\$ 8,382,308</u>	<u>\$ 10,714,232</u>
<b><u>Capital Assets Being Depreciated</u></b>				
Buildings and improvements	\$ 24,336,167	\$ 223,351	\$ -	\$ 24,559,518
Equipment	1,019,778	202,900	-	1,222,678
Vehicles	321,777	-	-	321,777
Total	25,677,722	426,251	-	26,103,973
Less: Accumulated depreciation	<u>(8,945,342)</u>	<u>(856,270)</u>	<u>-</u>	<u>(9,801,612)</u>
Total	<u>\$ 16,732,380</u>	<u>\$ (430,019)</u>	<u>\$ -</u>	<u>\$ 16,302,361</u>

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 4 -Noncurrent Liabilities:**

Changes in noncurrent liabilities for the year ended June 30, 2011, are as follows:

	<u>June 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2011</u>	<u>Payable Within One Year</u>	<u>Payable After One Year</u>
Government Activities -						
Compensated absences (Note 1)	\$ 31,036	\$ 9,388	\$ -	\$ 40,424	\$ -	\$ 40,424
Net OPEB obligation (Note 7)	167,802	160,923	-	328,725	-	328,725
Total	<u>\$ 198,838</u>	<u>\$ 170,311</u>	<u>\$ -</u>	<u>\$ 369,149</u>	<u>\$ -</u>	<u>\$ 369,149</u>
Business-Type Activities -						
Compensated absences (Note 1)	\$ 24,020	\$ 4,311	\$ -	\$ 28,331	\$ -	\$ 28,331
Accrued interest payable	631,062	-	545,055	86,007	86,007	-
Loans payable	6,029,832	-	101,979	5,927,853	174,630	5,753,223
Net OPEB obligation (Note 7)	96,370	89,736	-	186,106	-	186,106
Total	<u>\$ 6,781,284</u>	<u>\$ 94,047</u>	<u>\$ 647,034</u>	<u>\$ 6,228,297</u>	<u>\$ 260,637</u>	<u>\$ 5,967,660</u>

Loans payable consist of the following at at June 30, 2011:

**Loans Payable**

State of California, Water Resources Control Board-The District entered into a contract with the State of California, Water Resources Control Board, for a loan in the amount of \$2,144,073 to increase the wastewater treatment capacity of the Meadowbrook Wastewater Treatment Plant. The loan accrues interest at 2.6% with annual payments of principal and interest in the amount of \$138,764. The loan matures March 4, 2022. The District shall maintain a dedicated source of revenue sufficient to provide reasonable assurance of repayment of this loan.

\$ 1,312,853

San Luis Obispo County Flood Control and Water Conservation District - The District entered into a water delivery entitlement contract in the amount of \$4,615,000 to pay its share of various capital expenses relating to the funding of design costs, engineering, planning, mapping, acquiring easements and right-of-way, and construction in connection with the Nacimiento Water Project (Project). The District has pledged certain revenues it collects from the operation of the Project for payment of debt service on the loan. The loan accrues interest between 3.75% and 5.00% with semiannual payments of interest and principal (beginning in 2012) through 2041 as set forth in the contract.

Total Loans Payable.

4,615,000  
\$ 5,927,853



**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 4 - Noncurrent Liabilities: (Continued)**

Debt service requirements on loans payable as of June 30, 2011, are as follows:

**Business-Type Activities**

<u>Year Ended June 30</u>	<u>Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 174,630	\$ 256,622
2013	182,350	251,001
2014	185,142	245,303
2015	193,005	239,434
2016	200,944	233,195
2017-2021	1,111,534	1,052,036
2022-2026	750,248	851,516
2027-2031	795,000	672,750
2032-2036	1,260,000	503,300
2037-2041	1,075,000	102,362
	<u>\$ 5,927,853</u>	<u>\$ 4,407,519</u>

**Note 5 - Prepaid Capacity Fees:**

The District records capacity fees collected as a liability until its duty to perform has been completed and service has begun at which time these fees are recorded as contributed capital. Following is a summary of the prepaid capacity fees liability at June 30, 2011:

Balance at Beginning of Year	\$ 10,445,080
Add: Capacity Fees Received	29,919
Less: Water and Sewer Connections	(158,446)
Refunds	(13,459)
Balance at End of Year	<u>\$ 10,303,094</u>

**Note 6 - Postemployment Benefits:**

During the year ended June 30, 2010, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 45, which changed the accounting and financial reporting used by the District for postemployment benefits (OPEB). Previously, the cost of such benefits was recognized by the District using the pay-as-you-go method.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 6 - Postemployment Benefits: (Continued)**

**Plan Description**

The District provides retiree medical (including prescription drug benefits) coverage to eligible retirees and their eligible dependents through the CalPERS Health Program. The District provides a maximum monthly contribution based on the amount provided to active employees (currently targeted at the cost for family coverage in the PERS Choice Plan). The District's contribution will continue for the lifetime of the retiree and any surviving eligible spouse. Eligibility for retiree health benefits requires retirement from the District and commencement of pension benefits under PERS (typically on or after age 50 with at least 5 years of service).

**Funding Policy and Annual OPEB Costs**

The contribution requirements of the District are established and may be amended annually by the Board of Directors. The District's annual other postemployment benefit (OPEB) cost (expense) for the Plan is calculated based on the annual required contribution of the District (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District's Board of Directors has established a policy of not funding the ARC. The current ARC rate is 31.3% of annual covered payroll. The following table shows the components of the District's annual OPEB cost for the current year, the amount actually contributed to the Plan including benefits paid to retirees, and changes in the District's net OPEB obligation for the year ended June 30, 2011:

Annual required contribution	\$ 292,595
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	292,595
Contributions (including benefits paid)	(41,936)
Increase in net OPEB obligation	250,659
Net OPEB obligation at Beginning of Year	264,172
Net OPEB obligation at End of Year	\$ 514,831

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$ N/A	N/A	\$ N/A
June 30, 2010	286,367	18.12%	264,172
June 30, 2011	292,595	14.19%	250,659

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 6 - Postemployment Benefits: (Continued)**

**Funding Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the Plan was not yet funded. The District's actuarial accrued liability for benefits at June 30, 2009 was \$2,487,290 and the covered payroll (annual payroll of active employees covered by the Plan) was \$904,000, with a ratio of the UAAL to the covered payroll of 36.34%. During the year ended June 2011, the District made benefit payments of \$41,936.

Actuarial Valuation Date	Actuarial Value of Assets (A)	Liability Accrued Liability Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Status (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
June 30, 2008	N/A	N/A	N/A	N/A	N/A	N/A
June 30, 2009	-	2,487,290	2,487,290	0.0%	904,000	36.34%

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

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

The actuarial cost method used for determining the benefits obligations is the Projected Unit Credit with Service Prorate Method. The actuarial assumptions included a 5% discount rate, which assumes the District continues to maintain the retiree health benefits program as an unfunded plan. The amount represents the present value of all contributions for retiree health benefits projected to be paid by the District for current and future retirees; and a medical trend rate of 7.5% to 8.0% percent initially, reduced by decrements of .5% per year to an ultimate rate of 5% after the seventh year. The UAAL is being amortized using the level-dollar method on a closed-basis over 30 years. It is assumed the District's payroll will increase 3.25% per year.

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 7 - Defined Benefit Pension Plan:**

**Miscellaneous Plan**

**Plan Description**

The District contributes to the miscellaneous plan of the District, (the "Plan"), a cost sharing multiple-employer defined benefit pension plan administered by the California Public Retirement Plan System (CalPERS). CalPERS provides retirement and disability benefits, annual cost-of living adjustments; and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS requires agencies with less than 100 active members in the plan to participate in a risk pool. A menu of benefit provisions as well as other requirements is established by State Statutes within the Public Employees Retirement Law. The Plan selects options benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPER's annual financial report may be obtained from the CalPERS executive office - 400 P Street - Sacramento, California 95814.

**Funding Policy**

Active plan members are required to contribute 8% of their annual covered salary which the District pays on behalf of the employee. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal years ended June 30, 2011 and 2010, were 23.739% and 22.047%, respectively. The contribution requirements of the plan members and the District are established and may be amended by CalPERS. The District's contributions for the years ended June 30, 2011, 2010 and 2009 were \$279,088, \$251,422 and \$217,279, respectively, which were equal to the required contributions each year.

**Safety Plan**

**Plan Description**

The District contributes to the miscellaneous plan of the District, (the "Plan"), a cost sharing multiple-employer defined benefit pension plan administered by the California Public Retirement Plan System (CalPERS). CalPERS provides retirement and disability benefits, annual cost-of living adjustments; and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS requires agencies with less than 100 active members in the plan to participate in a risk pool. A menu of benefit provisions as well as other requirements is established by State Statutes within the Public Employees Retirement Law. The Plan selects options benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPER's annual financial report may be obtained from the CalPERS executive office - 400 P Street - Sacramento, California 95814.

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 7 - Defined Benefit Pension Plan: (Continued)**

**Safety Plan (Continued)**

**Funding Policy**

Active plan members are required to contribute 9% of their annual covered salary which the District pays on behalf of the employee. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal years ended June 30, 2011 and 2010 were 54.483% and 57.008%, respectively. The contribution requirements of the plan members and the District are established and may be amended by CalPERS. The District's contributions for the years ended June 30, 2011, 2010 and 2009, were \$94,182, \$112,707 and \$120,591 respectively, which were equal to the required contributions each year.

**Note 8 - Commitments and Contingencies:**

**Contracts**

The District has entered into various contracts for the purchase of material and construction of water facilities. The amounts contracted are based on the contractors' estimated cost of construction. At June 30, 2011, the total unpaid amount on these contracts is approximately \$27,347.

**Litigation**

There are pending lawsuits in which the District is involved. The District's management and legal counsel estimate that the potential claims against the District, not covered by insurance, resulting from such litigation would not materially affect the operations or financial condition of the District.

**Note 9 - New Governmental Accounting Standards:**

**GASB No. 54**

In March 2009, the Governmental Accounting Standards Board issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This pronouncement was effective for periods beginning after June 15, 2010, and was implemented by the District in the current year. This pronouncement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources report in governmental funds. The initial distinction that is made in reporting information in reporting fund balance information is identifying amounts that are considered non-spendable, such as fund balance associated with inventories. This statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific accounts can be spent. Fund balance reclassifications made to conform to the provisions of this statement should be applied retroactively by restating fund balance for all periods presented.

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 9 - New Governmental Accounting Standards: (Continued)**

**GASB No. 59**

In June 2010, Governmental Accounting Standards Board issued Statement No. 59, "Financial Instruments Omnibus." This pronouncement is effective for periods beginning after June 15, 2010. Earlier application is encouraged. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This pronouncement did not have a material effect on the financial statements of the District for the year ended June 30, 2011.

**GASB No. 60**

In November 2010, the Governmental Accounting Standards Board issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements". This pronouncement is effective for periods beginning after December 15, 2011 and its provisions are generally required to be applied retroactively. The objective of this statement is to address issues related to service concession arrangements (SCA's) which are a type of public-private or public-public partnership. An SCA is an arrangement between the transferor (a government) and an operator in which (1) the transferor conveys to the operator the right and related obligation to provide services through the use of infrastructure or other public assets in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The District does not have any SCA's as of June 30, 2011.

**GASB No. 61**

In November 2010, the Governmental Accounting Standards Board issued Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34". This pronouncement is effective for periods beginning after June 15, 2012. Earlier application is encouraged. The objective of this statement is to address reporting entity issues that have arisen since the issuance of Statements No. 15 and No. 34. The District does not have any component units as of June 30, 2011.

**GASB No. 62**

In December 2010, the Governmental Accounting Standards Board issued Statement No. 62, "Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". This pronouncement is effective for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the pronouncements of the FASB and the AICPA that was issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements. This pronouncement is not anticipated to have a material effect on the financial statements of the District in the year of implementation.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
<b><u>Revenues:</u></b>				
Other income	\$ 27,000	\$ 27,000	\$ 43,587	\$ 16,587
Interest income	<u>209</u>	<u>209</u>	<u>129</u>	<u>(80)</u>
Total Revenues	<u>27,209</u>	<u>27,209</u>	<u>43,716</u>	<u>16,507</u>
<b><u>Expenditures:</u></b>				
Salaries and wages	380,353	380,353	395,259	14,906
Employee benefits	205,350	205,350	222,584	17,234
Insurance	49,000	49,000	48,293	(707)
Payroll taxes	30,755	30,755	31,571	816
Worker's compensation	6,600	6,600	5,479	(1,121)
Supplies	20,000	20,000	15,097	(4,903)
Purchased services	30,000	30,000	17,579	(12,421)
Professional fees	45,000	45,000	52,192	7,192
Utilities	14,250	14,250	13,414	(836)
Directors	36,000	36,000	31,950	(4,050)
Dues and fees	37,000	37,000	20,994	(16,006)
Postage	30,000	30,000	25,211	(4,789)
Rent	-	-	-	-
Legal fees	15,000	15,000	25,507	10,507
Other	25,565	25,565	2,715	(22,850)
Travel	8,000	8,000	4,733	(3,267)
Repairs and maintenance	1,000	1,000	755	(245)
Education	8,000	8,000	3,030	(4,970)
Vehicle operation	1,850	1,850	3,334	1,484
Capital outlay	<u>-</u>	<u>-</u>	<u>123,638</u>	<u>123,638</u>
Total Expenditures	<u>943,723</u>	<u>943,723</u>	<u>1,043,335</u>	<u>99,612</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(916,514)</u>	<u>(916,514)</u>	<u>(999,619)</u>	<u>(83,105)</u>
<b><u>Other Financing Sources:</u></b>				
Transfers in	<u>916,514</u>	<u>916,514</u>	<u>895,000</u>	<u>(21,514)</u>
Total Other Financing Sources	<u>916,514</u>	<u>916,514</u>	<u>895,000</u>	<u>(21,514)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(104,619)	<u>\$ (104,619)</u>
Fund Balance at Beginning of Year			<u>78,019</u>	
<b>FUND BALANCE AT END OF YEAR</b>			<u>\$ (26,600)</u>	