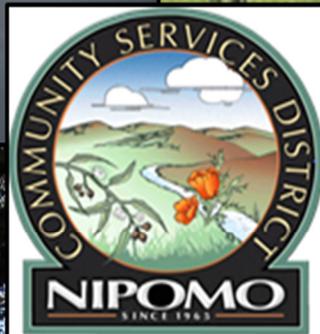


NIPOMO COMMUNITY SERVICES DISTRICT



ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2021

148 S. Wilson Street | P.O. Box 326 | Nipomo, California 93444 | www.ncsd.ca.gov

MISSION STATEMENT

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

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021

NIPOMO COMMUNITY SERVICES DISTRICT

148 South Wilson Street
Nipomo, California 93444

(805) 929-1133

www.ncsd.ca.gov

Prepared by:

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

This page intentionally left blank

Nipomo Community Services District

Table of Contents For the Fiscal Year Ended June 30, 2021

	<u>PAGE</u>
<u>INTRODUCTORY SECTION:</u>	
Letter of Transmittal	i
GFOA Certificate of Achievement	iv
Organizational Structure	v
Map of Service Area	vi
District Officials	vii
<u>FINANCIAL SECTION:</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Proprietary Funds:	
Statement of Net Position	12
Statement of Revenues, Expenses and Changes in Net Position	13
Statement of Cash Flows	14
Fiduciary Funds:	
Statement of Fiduciary Net Position	16
Statement of Changes in Fiduciary Net Position	17
Notes to the Basic Financial Statements	18
<u>Required Supplementary Information:</u>	
Schedule of District's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date	49
Schedule of Pension Plan Contributions	50
Schedule of Changes in the Net OPEB Liability and Related Ratios	51
Schedule of OPEB Contributions	52
<u>Other Supplementary Information:</u>	
Combining Schedule of Net Position	53
Combining Schedule of Revenues, Expenses and Changes in Net Position	55
Combining Schedule of Other Supplies and Expenses	57

Nipomo Community Services District

Table of Contents For the Fiscal Year Ended June 30, 2021

	<u>PAGE</u>
<u>STATISTICAL SECTION:</u>	
Table of Contents	59
Net Position by Component	60
Changes in Net Position	61
Active Water Customers by Type	63
Bi-Monthly Water Availability Charges	64
Bi-Monthly Water Rates	65
Water Capacity Charges	66
Sewer Customers (Town Division)	67
Sewer Customers (Blacklake Division)	68
Bi-Monthly Residential Sewer Rates	69
Bi-Monthly Commercial Sewer Rates (Town Division)	70
Bi-Monthly Commercial Sewer Rates (Blacklake Division)	71
Sewer Capacity Charges (Town Division)	72
Outstanding Debt by Type	73
Combined Pledged Revenue Coverage	74
Historical Assessed Valuation	75
Property Tax Rates - Typical Total Tax Rate	76
Direct and Overlapping Debt Statement	77
Population of San Luis Obispo County and Incorporated Cities	78
San Luis Obispo Civilian Labor Force, Employment and Unemployment Annual Average ..	79
Major Employers in County of San Luis Obispo	80
District Employees	81
Operating and Capital Indicators	82
Annual Water and Sewer Capacity Fees Report	83
Cost of Nipomo Supplemental Water Purchased from the City of Santa Maria	84

INTRODUCTORY SECTION

This page intentionally left blank

NIPOMO COMMUNITY

BOARD MEMBERS

ED EBY, **PRESIDENT**
DAN ALLEN GADDIS, **VICE PRESIDENT**
BOB BLAIR, **DIRECTOR**
DAN WOODSON, **DIRECTOR**
RICHARD MALVAROSE, **DIRECTOR**



SERVICES DISTRICT

STAFF

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

Serving the Community since 1965

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

October 20, 2021

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

We are pleased to present the Nipomo Community Services District's (hereinafter referred to as "the District") Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2021. The purpose of this report is to provide the Board of Directors, customers, investors, the public and other interested parties with reliable financial information about the District.

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

Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Nipomo Community Services District's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the District

Nipomo Community Services District was organized January 28, 1965 under the provisions of the California Community Services District Law (Sections 61000 et seq. of the Government Code of the State of California) for purposes of supplying water for domestic, irrigation, sanitation, industrial, commercial, recreation and fire suppression use. The District is located off of Highway 101 on the central coast of California between San Francisco and Los Angeles, in San Luis Obispo County. The District includes approximately 4,450 acres of land comprising seven square miles. The District's service area includes portions of the unincorporated area of Nipomo and currently serves a population of approximately 13,500. The District provides water service to approximately 4,480 customer accounts and provides sewer service to approximately 3,700 customer accounts under two separate wastewater systems, the Town Sewer Division and the Blacklake Sewer Division.

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

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

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

Economic Conditions

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

During fiscal year 2020-2021, the District purchased 1053 acre-feet of water. The District paid a volumetric charge of \$2,123.72 per acre-foot (AF) for imported water purchased between July 1, 2020 to December 31, 2020 and \$2,203.78 per AF on imported water purchased from January 1, 2021 to June 30, 2021, plus a volumetric operational cost of \$211.68 per AF. Of the 1053 AF, the District sold 175.43 AF (16.66%) of the supplemental water to Woodlands Mutual Water Company and 175.43 AF (16.66%) to Golden State Water. The District retained the balance of 702.14 AF (66.68%) for use by District customers.

The cost of supplemental water is built into the District's water rates. All District customers pay a fixed water charge based on the water meter size and a volumetric charge based on the number of units used.

Relevant Financial Policies – COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. On March 4, 2020, the Governor of California proclaimed a state of emergency in California and issued Executive Order N-25-20 in further response to the spread of COVID-19, mandating compliance with state and local public health officials. On March 13, 2020, San Luis Obispo County declared a local public health emergency and issued a series of orders, which generally align, among other matters, with the Governor's order.

On March 24, 2020, the Board of Directors of the District declared an emergency and authorized additional specified authority for the General Manager, including but not limited to, the waiving of late fees and penalties on unpaid or delinquent water bills, to enter into any payment arrangements with customers he deems advisable, and to postpone or cancel the termination of water services for non-payment of charges. The District continues to process customer utility bills (bi-monthly for residential and monthly for commercial accounts) and monitors accounts receivable. The District has a reserve fund and a rate stabilization fund and does not anticipate having to draw on these accounts due to the ongoing pandemic.

Major Initiatives

Nipomo Supplemental Water Project

Beginning July 1, 2020 through June 30, 2021, the District purchased 1053 acre-feet of water from the City thereby exceeding the required 1000 acre feet per year (AFY) take or pay volume of water for the year. Beginning July 1, 2025, the District is obligated to take or pay for 2,500 AFY. To reach this level of commitment, the District will need to complete the Supplemental Water Project (SWP). The fiscal year 2020-2021 Budget included \$4.2 million in improvements to the SWP including the Nipomo Area Pipeline Improvement Project of \$2.6 million, purveyor interconnects of \$700K and pump station improvements of \$900K. As of the end of the fiscal year, the Nipomo Area Pipeline Improvement Project was completed and the pump station improvements project had commenced. The purveyor interconnects project has been carried over into the fiscal year 2021-2022. The District foresees completion of the Supplemental Water Project by fiscal year 2023, two years ahead of schedule.

Blacklake Assessment District 2020-1

On March 11, 2020, the District initiated assessment proceedings with the intention to form the Blacklake Assessment District (Blacklake Sewer Consolidation). On May 13, 2020, a public hearing was held and a majority protest did not exist (22% protested). On August 12, 2020, \$11,225,000 in bonds were issued to fund the design, acquisition and construction of certain public capital facilities needed to combine the District's two sewer systems serving the town of Nipomo and the Blacklake community. The bonds were issued pursuant to the provisions of the Improvement Bond Act of 1915. Unpaid assessments constitute fixed liens on the parcels assessed within the Assessment District and do not constitute a personal indebtedness of the respective owners of parcels. Accordingly, in the event of a delinquency, proceedings may be taken only against the real property securing the delinquent assessment.

The consolidation project design, engineering and environmental work is in progress with construction expected to begin Spring 2022 and is anticipated to be completed by the end of the year 2023.

Awards and Acknowledgements

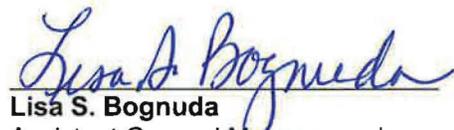
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Excellence in Financial Reporting* to Nipomo Community Services District for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the eighth consecutive year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,


Mario Iglesias
General Manager and
Secretary to the Board of Directors


Lisa S. Bognuda
Assistant General Manager and
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Nipomo Community Services District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

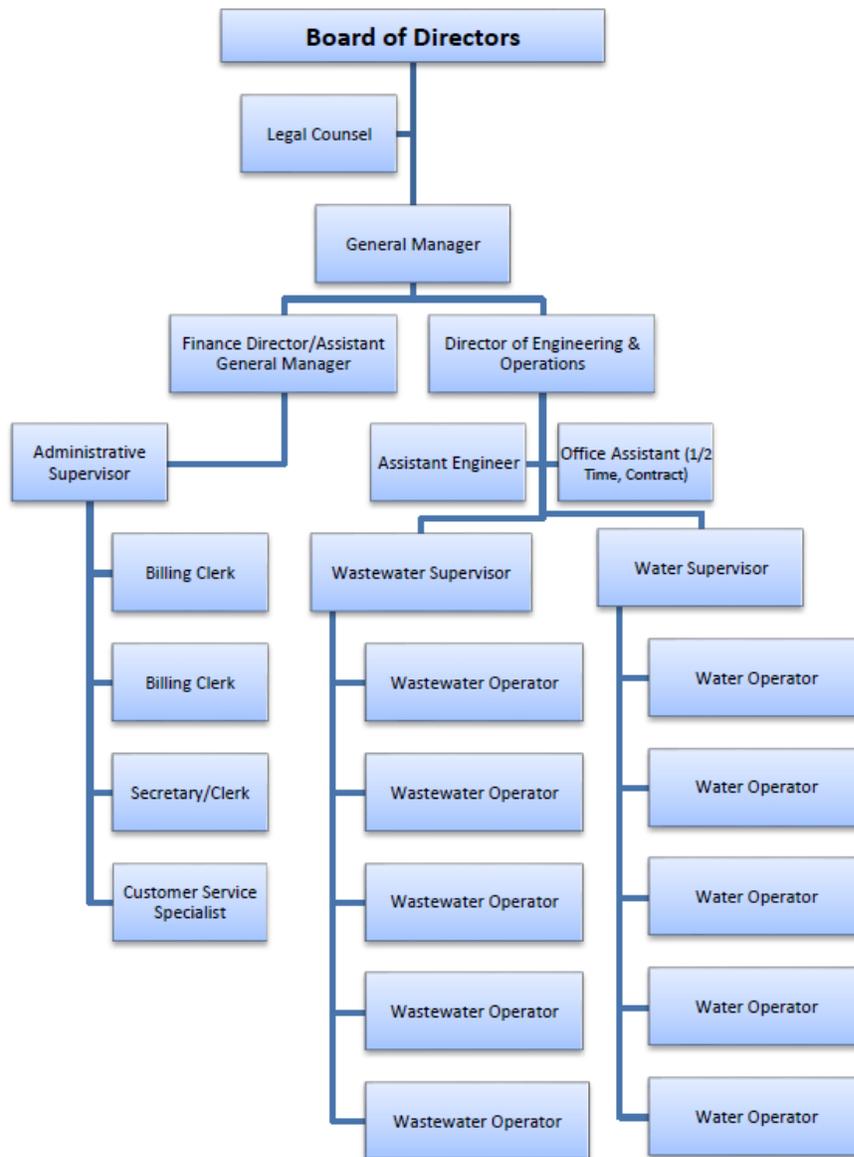
June 30, 2020

Christopher P. Morill

Executive Director/CEO

NIPOMO COMMUNITY SERVICES DISTRICT

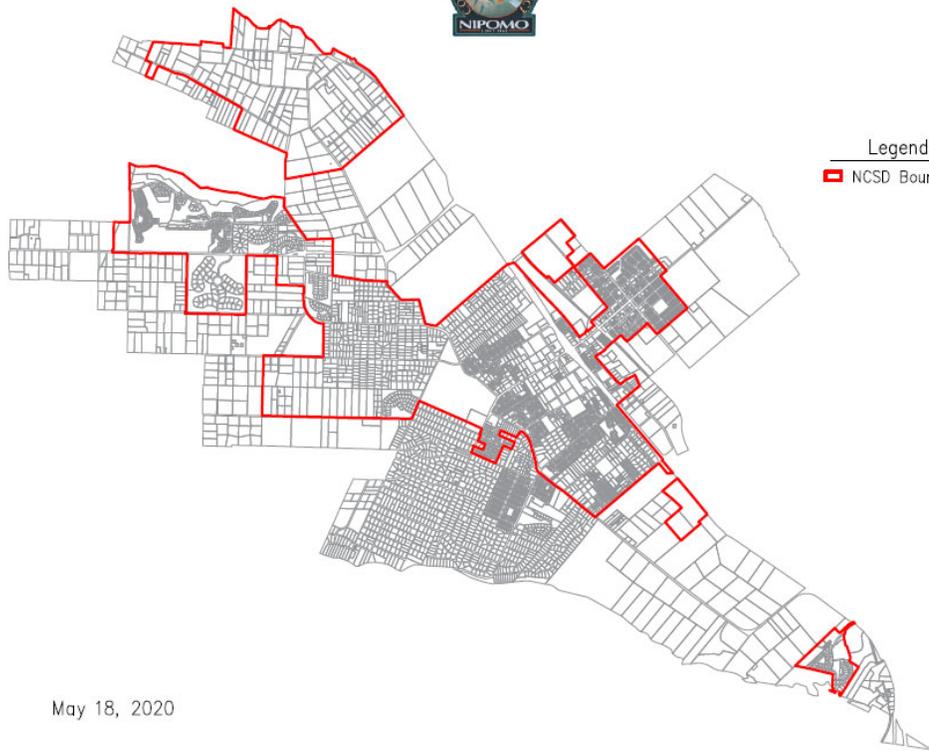
ORGANIZATIONAL STRUCTURE 2020-2021



NIPOMO COMMUNITY SERVICES DISTRICT

MAP OF SERVICE AREA

NIPOMO COMMUNITY SERVICES DISTRICT



May 18, 2020

NIPOMO COMMUNITY SERVICES DISTRICT

DISTRICT OFFICERS

BOARD OF DIRECTORS

<u>Name</u>	<u>Title</u>	<u>Current Term</u>
Ed Eby	President	12/18 - 12/22
Dan Allen Gaddis	Vice President	12/18 - 12/22
Bob Blair	Director	12/20 - 12/24
Dan Woodson	Director	12/18 - 12/22
Richard Malvarose	Director	12/20 - 12/24

MANAGEMENT

Mario Iglesias

General Manager and
Secretary to the Board of Directors

Lisa Bognuda

Assistant General Manager
and Finance Director

Peter Sevcik, P.E.

Director of Engineering and Operations

LEGAL COUNSEL

Craig A. Steele

Richards Watson and Gershon

This page intentionally left blank

FINANCIAL SECTION

This page intentionally left blank



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscca.net

Independent Auditor's Report

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST

MANAGERS / STAFF

Charles De Simoni, CPA
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA
Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
Xinlu Zoe Zhang, CPA, MSA
John Maldonado, CPA, MSA
Thao Le, CPA, MBA
Julia Rodriguez Fuentes, CPA, MSA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants

Board of Directors
Nipomo Community Services District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the fiduciary fund of Nipomo Community Services District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and the fiduciary fund of the District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's *Minimum Audit Requirements for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Emphasis of Matter

As discussed in Note 1 of the financial statements, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. Our opinions are not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section, combining financial schedules, and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2021, on our consideration of the internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 20, 2021

Nipomo Community Services District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Nipomo Community Services District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- After restatements, the District's Net Position increased 1.38% to \$74.0 million.
- During the year the District's operating revenues increased 9.50%, while operating expenses increased 12.36%. Interest income earnings decreased due to a drop in interest rates.
- Other revenue-purveyors is attributable to Contracts Receivable from Woodlands Mutual Water Company and Golden State Water Company pursuant to the Supplemental Water Management and Groundwater Replenishment Agreement dated October 16, 2015.
- Capital contributions consist of capacity charges collected of \$129,797 and contributions of Work in Process valued at \$377,231 from the Blacklake Assessment District 2020-1, for a total of \$507,028. This was offset by a one-time capital contribution transfer of \$1,000,000 from the Blacklake Sewer Enterprise Fund to the Blacklake Assessment District 2020-1 resulting in a net capital contribution of (\$492,972).

Required Financial Statements

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

The *Statement of Net Position*, or the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities, measures the financial health of the District. Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in economic conditions, population growth, and new or changed government legislation must also be considered.

The *Statement of Revenues, Expenses and Changes in Net Position* identifies the District's revenues and expenses for the fiscal year ended June 30, 2021. This statement provides information on the District's operations over the past fiscal year and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges.

Nipomo Community Services District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

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

Financial Analysis of the District

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 18 through 48.

Nipomo Community Services District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

TABLE 1
Condensed Statements of Net Position

	<u>2021</u>	<u>2020</u>	<u>Current Year Increase/ (Decrease)</u>
Assets			
Current and other assets	\$ 28,516,289	\$ 29,694,739	\$ (1,178,450)
Capital assets, net	<u>68,384,623</u>	<u>67,166,271</u>	<u>1,218,352</u>
Total assets	<u>96,900,912</u>	<u>96,861,010</u>	<u>39,902</u>
Deferred outflows	<u>1,478,706</u>	<u>1,256,019</u>	<u>222,687</u>
Liabilities			
Current liabilities	2,414,584	3,094,912	(680,328)
Noncurrent liabilities	<u>21,975,740</u>	<u>21,958,624</u>	<u>17,116</u>
Total liabilities	<u>24,390,324</u>	<u>25,053,536</u>	<u>(663,212)</u>
Deferred inflows	<u>29,744</u>	<u>113,357</u>	<u>(83,613)</u>
Net position			
Net investment in capital	49,321,146	47,607,041	1,714,105
Restricted	13,127,214	10,293,338	2,833,876
Unrestricted	<u>11,511,190</u>	<u>15,049,757</u>	<u>(3,538,567)</u>
Total net position, as restated	<u>\$ 73,959,550</u>	<u>\$ 72,950,136</u>	<u>\$ 1,009,414</u>

The District's net position at fiscal year June 30, 2021 increased \$1,009,414 (1.38%) when compared to fiscal year end June 30, 2020.

The increase in Net Investment in Capital, \$1,714,105, represents an increase in capital assets acquired and placed into service. The increase in Restricted Net Position, \$2,833,876, represents resources that are subject to external restrictions on how they may be used. The remaining balance of Unrestricted Net Position, \$11,511,190, as of June 30, 2021, may be used to meet the District's ongoing obligations to its citizens and creditors.

Nipomo Community Services District

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

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

	2021	2020	Current Year Increase/ (Decrease)
Operating revenues			
Charges for services	\$ 10,163,618	\$ 9,234,734	\$ 928,884
Other operating revenue	358,826	374,578	(15,752)
Total operating revenues	10,522,444	9,609,312	913,132
Operating expenses			
Water	6,184,952	5,518,422	666,530
Sewer	2,710,977	2,635,598	75,379
Other	1,432,289	1,037,929	394,360
Total operating expenses	10,328,218	9,191,949	1,136,269
Non-operating revenues and expenses			
Interest income	536,130	838,331	(302,201)
Property taxes and rental income	822,057	781,473	40,584
Gain (loss) on disposal of capital assets	(49,808)	27,685	(77,493)
Interest expense	(808,685)	(826,085)	17,400
Other revenue - purveyors	808,466	64,086	744,380
Total non-operating revenues (expenses)	1,308,160	885,490	422,670
Income before contributions	1,502,386	1,302,853	199,533
Capital contributions			
Capacity charges	129,797	78,304	51,493
Contributions by developers	-	631,543	(631,543)
Contributions from Blacklake Assessment District	377,231	887,467	(510,236)
Contributions from Blacklake Sewer Enterprise	(1,000,000)	-	(1,000,000)
	(492,972)	1,597,314	(2,090,286)
Change in net position	1,009,414	2,900,167	(1,890,753)
Net position - beginning, as restated	72,950,136	70,049,969	2,900,167
Net position - ending	\$ 73,959,550	\$ 72,950,136	\$ 1,009,414

Nipomo Community Services District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

Total operating revenues increased \$913,132 (9.50%). Water Revenue increased \$590,402. Town Division sewer revenues increased \$34,890 and Blacklake Division sewer revenues increased \$95,529.

Total operating expenses increased \$1,136,269 (12.36%). Operational costs increased throughout the year and the cost of supplemental water purchased from the City of Santa Maria increased.

District non-operating revenues and expenses increased \$422,670. The fall in interest rates resulted in a decrease in interest income of \$302,201. Revenue recognized as contracts receivable from Woodlands Mutual Water Company and Golden State Water Company pursuant to the Supplemental Water Management and Groundwater Replenishment Agreement dated October 16, 2015 increased \$744,380.

TABLE 3 Capital Assets

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

	<u>2021</u>	<u>2020</u>	<u>Current Year Increase/ (Decrease)</u>
Non-depreciable assets	\$ 3,817,901	\$ 5,998,477	\$ (2,180,576)
Depreciable assets	91,142,250	85,793,340	5,348,910
Accumulated depreciation	<u>(26,575,528)</u>	<u>(24,625,546)</u>	<u>(1,949,982)</u>
Total capital assets, net	<u>\$ 68,384,623</u>	<u>\$ 67,166,271</u>	<u>\$ 1,218,352</u>

The increase in depreciable assets and decrease in non-depreciable assets is attributable to construction work in progress being completed and placed in service.

Total capital assets, net increased as the costs of equipment purchases and on-going construction projects exceeded the increase in accumulated depreciation.

Nipomo Community Services District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

TABLE 4
Long Term Debt

	<u>2021</u>	<u>2020</u>	<u>Current Year Increase/ (Decrease)</u>
Certificates of Participation Series 2013	\$ 8,485,420	\$ 8,626,803	\$ (141,383)
Refunding Revenue Bonds Series 2013A	2,200,576	2,337,447	(136,871)
Certificates of Participation Series 2012	8,377,481	8,594,980	(217,499)
Total long-term debt	<u>\$ 19,063,477</u>	<u>\$ 19,559,230</u>	<u>\$ (495,753)</u>

Standard & Poor's Rating Service reviewed the Certificates of Participation Series 2013 and Refunding Revenue Bonds Series 2013A in August 2018 and raised the underlying rating from "A" to "AA-".

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

The Standard & Poor's rationales are available for review upon request.

Additional information on long-term debt is presented in Note 6 of the Notes to Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

On May 7, 2013, the District entered into a Wholesale Water Supply Agreement that provides a mechanism through which the District will purchase supplemental water from the City of Santa Maria. The District is obligated to purchase minimum quantities of water each year regardless of the District's ability to accept and deliver said water. The District's current infrastructure will need to be expanded within the next five years to meet the minimum delivery volumes required by the agreement. The District is currently required to purchase 1,000 acre feet per year (year seven of the contract). In year eleven (fiscal year 2025-2026), the minimum delivery requirement will reach 2,500 acre feet, the highest level in the purchase agreement.

Nipomo Community Services District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

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

Water consumption increased 5.1% in fiscal year 2020-2021 compared to the previous fiscal year. The District completed a water rate study in August 2020. The first of five rate increases that went into effect January 1, 2021.

The Town Division completed a wastewater rate study in April 2021. The first of five rate increases will go into effect August 1, 2021. The Blacklake Sewer Division is in its third of a five-year rate schedule. The next rate increase will be effective April 1, 2022.

Requests for Information

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

Nipomo Community Services District

Statement of Net Position Proprietary Funds June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents (Note 2)	\$ 17,594,557
Accounts receivable	777,528
Accounts receivable - other	6,190
Unbilled utilities receivable	1,291,000
Accrued interest receivable	121,630
Accrued franchise fees	25,714
Due from County	14,053
Contract receivable, current portion (Note 4)	130,797
Total current assets	<u>19,961,469</u>

Noncurrent assets:

Restricted cash - funded replacement (Note 2)	1,201,942
Cash with fiscal agent (Note 2)	596,881
Deposits and other assets	54,831
Contract receivable, less current portion (Note 4)	6,701,166
Capital assets:	
Capital assets, not being depreciated (Note 5)	3,817,901
Depreciable capital assets, net (Note 5)	<u>64,566,722</u>
Total noncurrent assets	<u>76,939,443</u>

Total assets 96,900,912

DEFERRED OUTFLOWS OF RESOURCES

OPEB related (Note 8)	940,770
Pension related (Note 7)	537,936
Total deferred outflows of resources	<u>1,478,706</u>

LIABILITIES

Current liabilities:

Accounts payable	1,246,292
Deposits and retentions	267,368
Accrued liabilities	253,841
Current portion of long-term liabilities (Note 6)	647,083
Total current liabilities	<u>2,414,584</u>

Noncurrent liabilities:

Net OPEB liability (Note 8)	1,523,139
Net pension liability (Note 7)	1,894,758
Long-term liabilities, less current portion (Note 6)	<u>18,557,843</u>
Total noncurrent liabilities	<u>21,975,740</u>

Total liabilities 24,390,324

DEFERRED INFLOWS OF RESOURCES

Pension related (Note 7)	29,744
Total deferred inflows of resources	<u>29,744</u>

NET POSITION (Note 9)

Net investment in capital assets	49,321,146
Restricted for system expansion	11,247,280
Restricted for system replacement	1,283,053
Restricted for debt service	596,881
Unrestricted	<u>11,511,190</u>
Total net position, as restated	<u>\$ 73,959,550</u>

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

Nipomo Community Services District

Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Year Ended June 30, 2021

Operating revenues	
Charges for services	\$ 9,347,780
Charges for services-purveyors	758,412
Charges for services-purveyor reimbursements	57,426
Other operating revenue	358,826
Total operating revenues	<u>10,522,444</u>
Operating expenses	
Purchased water	1,517,735
Purchased water related expenses	128,876
Purchased water- surveyors	758,413
Personnel	2,928,488
Contractual services	318,891
Utilities	613,831
Repairs and maintenance	304,784
Other supplies and expenses	1,531,425
Insurance	161,330
Depreciation	2,064,445
Total operating expenses	<u>10,328,218</u>
Operating income	<u>194,226</u>
Non-operating revenues (expenses)	
Interest income	536,130
Property taxes	784,833
Cell site rental income	37,224
Loss on disposal of capital assets	(49,808)
Interest expense	(808,685)
Other revenue - surveyors	808,466
Total non-operating revenues (expenses)	<u>1,308,160</u>
Income before contributions	1,502,386
Capital Contributions	
Capital contributions received	507,028
Capital contributions to other agencies	(1,000,000)
Total contributions	<u>(492,972)</u>
Change in net position	1,009,414
Total net position - beginning, as restated (Note 12)	<u>72,950,136</u>
Total net position - ending	<u>\$ 73,959,550</u>

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

Nipomo Community Services District

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from operating revenue	\$ 10,334,987
Payments to suppliers	(6,075,799)
Payments to employees	(2,634,781)
Net cash provided by operating activities	<u>1,624,407</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Property tax revenues	791,599
Cell site rental income	37,224
Net cash provided by non-capital financing activities	<u>828,823</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital contributions	507,028
Adjustment to capital contributions (Note 12)	(887,467)
Acquisition of capital assets	(3,338,795)
Principal received on contract receivable	116,707
Interest received on contract receivable	381,136
Principal paid on capital debt	(490,000)
Interest paid on capital debt	(814,438)
Proceeds from disposal of capital assets	6,190
Contribution to fund Blacklake Sewer consolidation project	(1,000,000)
Net cash used by capital and related financing activities	<u>(5,519,639)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	206,370
Net cash provided by investing activities	<u>206,370</u>

Net (decrease) in cash and cash equivalents (2,860,039)

Cash and cash equivalents - beginning 22,253,419

Cash and cash equivalents - ending \$ 19,393,380

Reconciliation of cash and cash equivalents to the Statement of Net Position:

Current assets:	
Cash and cash equivalents	\$ 17,594,557
Noncurrent assets:	
Restricted cash - funded replacement	1,201,942
Cash with fiscal agent	596,881
Cash and cash equivalents at end of year	<u><u>\$ 19,393,380</u></u>

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

Nipomo Community Services District

Statement of Cash Flows, (Continued) Proprietary Funds For the Year Ended June 30, 2021

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

Operating income	\$	194,226
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		2,064,445
Changes in assets and liabilities:		
Accounts receivable		(165,734)
Accounts receivable - other		34,968
Unbilled utilities receivable		(29,000)
Accrued franchise fees		(1,766)
Deposits and other assets		1,027
Deferred outflows of resources OPEB		(221,196)
Deferred outflows of resources pension		(1,491)
Accounts payable		(741,541)
Deposits and retentions		9,043
Accrued liabilities		14,506
Compensated absences		22,030
Net OPEB liability		361,047
Net pension liability		167,456
Deferred inflows of resources OPEB		(29,406)
Deferred inflows of resources pension		(54,207)
Net cash provided by operating activities	\$	<u>1,624,407</u>

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

Nipomo Community Services District

**Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2021**

	Custodial Fund AD 2020-1
ASSETS	
Cash and cash equivalents	\$ 1,618,541
Cash with fiscal agent	<u>11,244,371</u>
Total assets	<u>12,862,912</u>
LIABILITIES	
Accounts payable	37,124
Accrued liabilities	106,273
Bonds payable - non current	<u>11,805,282</u>
Total liabilities	<u>11,948,679</u>
NET POSITION	
Held in trust	<u>914,233</u>
Total net position	<u><u>\$ 914,233</u></u>

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

Nipomo Community Services District

**Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2021**

	Custodial Fund AD 2020-1
ADDITIONS	
Special assessments	\$ 61,881
Interest income	47,904
Contributions from other agencies	1,000,000
Total additions	<u>1,109,785</u>
DEDUCTIONS	
Interest expense	257,185
Administrative costs	750
Bond issuance costs	447,853
Payments to other agencies	377,231
Total deductions	<u>1,083,019</u>
Change in net position	26,766
Net position - beginning of year, as restated (Note 12)	<u>887,467</u>
Net position - end of year	<u><u>\$ 914,233</u></u>

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

This page intentionally left blank

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

Reporting Entity

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

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

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

Fund Financial Statements

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

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other funds.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

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

Basis of Accounting

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

Budgets and Budgetary Accounting

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

Estimates

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

Operating Revenues and Expenses

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

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

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

Capital Assets

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

The estimated useful lives are as follows:

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

Compensated Absences

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

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

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

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

1. Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.
2. Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
3. Unrestricted – This component of net position consists of net position that does not meet the definition of restricted net position or net investment in capital assets.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

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

Net Position Flow Assumption

Sometimes the District will fund expenses for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

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

Capital Contributions

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

Property Taxes

The County of San Luis Obispo bills and collects property taxes for the District. The County charges the District for these services. Tax revenues are recognized by the District in the year received. The property taxes are levied on July 1 and are due on November 1 and March 1. Property taxes become delinquent after December 10 and April 10 for the first and second installments, respectively. The lien date is January 1.

Special Assessment Debt

In August 2020, the District issued Assessment District No. 2020-1 bonds in the amount of \$11,825,292. The bonds are not secured by the general taxing power of the District. The bonds were secured by the unpaid assessment on each parcel of land. The District is not obligated in any manner.

Reclassification

The District has reclassified certain prior year information to conform with current year presentation, with no effect on net position.

Implementation of New Pronouncement

GASB has issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2021, are classified as follows:

Current assets:		
Cash and cash equivalents	\$	17,594,557
Noncurrent assets:		
Restricted cash - funded replacement		1,201,942
Cash with fiscal agent		596,881
		<hr/>
Total cash and cash equivalents	\$	<u>19,393,380</u>

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 2: CASH AND CASH EQUIVALENTS, (continued)

Cash and cash equivalents at June 30, 2021, consist of the following:

Cash on hand	\$	600
Bank deposits		1,415,997
Deposits with bond trustees		596,881
Local Agency Investment Fund (LAIF)		<u>17,379,902</u>
Total cash and cash equivalents	\$	<u>19,393,380</u>

NOTE 3: INVESTMENTS

Investments Authorized by the District's Investment Policy

The District is authorized to invest in the following institutions:

1. County pooled funds (California Government Code Section 27133(g), 53635, 61053)
2. The Local Agency Investment Fund (LAIF) created by the California State Treasury (California Government Code Section 16429.1, 61053)
3. One or more FDIC insured banks and/or savings and loan associations that are designated as District depositories by resolution of the Board of Directors (California Government Code Section 61053)
4. Such other financial institutions or securities that may be designated by the Board of Directors from time to time in compliance with California and Federal law.
5. Proceeds of bond issuance shall be invested in accordance with the permitted investment provisions of their specific bond indentures or other instrument providing for the bond issuance (California Government Code Section 5922(d), 53601(m))

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

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
Money Market Mutual Funds	5 Years
Federal Agency Securities	5 Years
State and Local Instruments	5 Years
Certificates of Deposits	5 Years
Repurchase Agreements	5 Years
Local Agency Investment Fund (LAIF)	5 Years

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 3: INVESTMENTS, (continued)

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The weighted average maturity of the investments contained in the LAIF investment pool is approximately 6 months.

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

		<u>Maturity Date</u>
Local Agency Investment Fund	<u>\$ 17,379,902</u>	9.7 months average maturity

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429.1 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Credit Risk

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

Custodial Credit Risk

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

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 3: INVESTMENTS, (continued)

Custodial Credit Risk, (continued)

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

As of June 30, 2021, the District's deposits with financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits were fully collateralized by securities in a separate account held by the same institution, but not in the District's name.

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

Concentration of Risk

The District's investment policy does not contain limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer beyond that as stipulated by the California Government Code. As of June 30, 2021 the District's deposit portfolio with government agencies, LAIF, was 100%.

Fair Value Measurements

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

The District's investment in the Local Agency Investment Fund of \$17,379,902 is not subject to the fair value hierarchy.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 4: CONTRACT RECEIVABLE

On October 16, 2015, the Supplemental Water Management and Groundwater Replenishment Agreement (the Agreement) was made between the Nipomo Community Services District, Rural Water Company, the Woodland Mutual Water Company of San Luis Obispo County and Golden State Water Company, effective July 1, 2015. The Parties, along with hundreds of other individuals and entities are parties to a certain legal proceedings entitled Santa Maria Valley Water Conservation District v. City of Santa Maria, et al., Superior Court of the State of California, County of Santa Clara, Consolidated Cases CV770214 (Santa Maria Litigation), regarding the respective rights of the litigants to groundwater resources in the Santa Maria Ground Water Basin. After lengthy proceedings, the court entered into an amended judgment on April 17, 2014 which provides for the long-term management of the Basin water resources. The Judgment requires NCSW to ultimately purchase and transmit a minimum of 2,500 acre-feet of Nipomo Supplemental Water each year. The District is further required to employ its best efforts to timely implement the Nipomo Supplemental Water Project. The Judgment further provides that once the Nipomo Supplemental Water is capable of being delivered, the Parties to the Agreement are to purchase designated portions of the Nipomo Supplemental Water each year to offset ground water pumping in the Nipomo Mesa Management Area.

The District has entered into a Wholesale Water Supply Agreement with the City of Santa Maria dated May 7, 2013. The District and City of Santa Maria's agreement provides a mechanism through which the District may purchase Nipomo Supplemental Water for sale and distribution in the Nipomo Supplemental Water Project, consistent with obligations in the Judgment. The District has completed construction of the first stage of the Nipomo Supplemental Water Project and the District began taking delivery of Nipomo Supplemental Water as of July 1, 2015.

On or about June 25, 2015, the California Public Utilities Commission approved Golden State Water Company's acquisition of Rural Water Company. The Golden State Water Company assumed the entirety of Rural Water Company's benefits and obligations under such Agreement. The purpose of the Agreement is to enable the Parties to meet their respective obligations under the Judgment, provide payment to NCSW for each Party's allocation of costs, and for the distribution and use of Nipomo Supplemental Water. Per the Agreement, the District is to operate the Nipomo Supplemental Water Agreement as an enterprise fund, separating all costs associated to Nipomo Supplemental Water Project within and only to that fund. The amortization period for capital costs is 30 years beginning July 1, 2015. Interest will be charged monthly on the remaining unamortized balance as of the prior month end. As of June 30, 2021, the Contract Receivable associated with the Agreement is \$6,831,963.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 5: CAPITAL ASSETS

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

	June 30, 2020	Additions	Deletions/ Transfers	June 30, 2021
Non-depreciable capital assets:				
Land	\$ 1,113,700	\$ -	\$ -	\$ 1,113,700
Construction in progress	4,884,777	2,936,328	(5,116,904)	2,704,201
Total non-depreciable capital assets	5,998,477	2,936,328	(5,116,904)	3,817,901
Depreciable capital assets:				
Buildings and improvements	83,183,613	5,062,245	(99,304)	88,146,554
Equipment	2,609,727	457,126	(71,157)	2,995,696
Total depreciable capital assets	85,793,340	5,519,371	(170,461)	91,142,250
Less accumulated depreciation:				
Buildings and improvements	(22,708,344)	(1,852,535)	43,306	(24,517,573)
Equipment	(1,917,202)	(211,910)	71,157	(2,057,955)
	(24,625,546)	(2,064,445)	114,463	(26,575,528)
Net depreciable capital assets	61,167,794	3,454,926	(55,998)	64,566,722
Total capital assets, net	\$ 67,166,271	\$ 6,391,254	\$ (5,172,902)	\$ 68,384,623

Depreciation expense for the period ended June 30, 2021 was \$2,064,445.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 6: LONG-TERM LIABILITIES

The summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	June 30, 2020	Additions	Deletions	June 30, 2021	Due Within One Year
Certificates of participation:					
Revenue COP's series 2012	\$ 8,540,000	\$ -	\$ (215,000)	\$ 8,325,000	\$ 265,000
Unamortized premium	54,980	-	(2,499)	52,481	-
Revenue COP's series 2013	8,825,000	-	(150,000)	8,675,000	155,000
Unamortized discount	(198,197)	-	8,617	(189,580)	-
Total COP's	<u>17,221,783</u>	<u>-</u>	<u>(358,882)</u>	<u>16,862,901</u>	<u>420,000</u>
Revenue bonds 2013A	2,195,000	-	(125,000)	2,070,000	130,000
Unamortized premium	142,447	-	(11,871)	130,576	-
Total revenue bonds	<u>2,337,447</u>	<u>-</u>	<u>(136,871)</u>	<u>2,200,576</u>	<u>130,000</u>
Compensated absences	<u>119,419</u>	<u>145,064</u>	<u>(123,034)</u>	<u>141,449</u>	<u>97,083</u>
Total long-term liabilities	<u>\$ 19,678,649</u>	<u>\$ 145,064</u>	<u>\$ (618,787)</u>	<u>\$ 19,204,926</u>	<u>\$ 647,083</u>

Certificates of Participation

Revenue Certificates of Participation – Series 2012

The District issued \$9,795,000 of Revenue Certificate of Participation (COP's) to be used for Southland Wastewater Treatment Facility Upgrade. The COP's bear interest ranging from 2.00% to 4.125% per annum.

The outstanding 2012 bonds contain a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become due if (1) if the District is unable to make a payment, (2) if the District fails perform any of the agreements or covenants required to be performed by it under the Installment Agreement, and such default continues for a period of thirty (30) days after the District has been given notice in writing of such default by the Corporation; or (3) the District files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction approves a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction assumes custody or control of the District or of the whole or any substantial part of its property.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 6: LONG-TERM LIABILITIES, (continued)

Certificates of Participation, (continued)

Principal is to be paid annually starting June 1, 2013 through June 1, 2042. Annual principal payments range from \$145,000 to \$570,000 as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 265,000	\$ 330,248	\$ 595,248
2023	275,000	319,648	594,648
2024	285,000	311,398	596,398
2025	295,000	302,136	597,136
2026	305,000	291,812	596,812
2027-2031	1,710,000	1,272,046	2,982,046
2032-2036	2,080,000	901,408	2,981,408
2037-2041	2,540,000	440,344	2,980,344
2042	570,000	23,512	593,512
	<u>\$8,325,000</u>	<u>\$4,192,552</u>	<u>\$12,517,552</u>

Revenue Certificates of Participation – Series 2013

The District issued \$9,660,000 of Revenue Certificate of Participation (COP's) on June 21, 2013. The proceeds are to be used for the Supplemental Water Project Phase 1. The COP's bear interest ranging from 1.0% to 4.625% per annum.

The outstanding 2013 bonds contain a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become due if (1) if the District is unable to make a payment, (2) if the District fails perform any of the agreements or covenants required to be performed by it under the Installment Sale Agreement, and such default continues for a period of thirty (30) days after the District has been given notice in writing of such default by the Corporation; or (3) the District files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction approves a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction assumes custody or control of the District or of the whole or any substantial part of its property.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 6: LONG-TERM LIABILITIES, (continued)

Certificates of Participation, (continued)

Principal is to be paid annually starting September 1, 2014 through September 1, 2043. Annual principal payments range from \$135,000 to \$725,000 as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 155,000	\$ 378,025	\$ 533,025
2023	160,000	373,100	533,100
2024	160,000	367,900	527,900
2025	165,000	362,000	527,000
2026	175,000	355,200	530,200
2027-2031	975,000	1,663,169	2,638,169
2032-2036	1,910,000	1,387,773	3,297,773
2037-2041	2,900,000	823,534	3,723,534
2042-2044	2,075,000	146,962	2,221,962
	<u>\$8,675,000</u>	<u>\$5,857,663</u>	<u>\$14,532,663</u>

Revenue Bonds

Revenue Bonds 2013A

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

The outstanding 2013A bonds contain a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become due if (1) if the District is unable to make a payment, (2) if the District fails perform any of the covenants, agreements or conditions required to be performed by it under the Indenture or Bonds, and such default continues for a period of thirty (30) days after the District has been given notice in writing of such default by the Corporation; or (3) the District files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction approves a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction assumes custody or control of the District or of the whole or any substantial part of its property.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 6: LONG-TERM LIABILITIES, (continued)

Revenue Bonds, (continued)

Annual payments range from \$105,000 to \$210,000 as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 130,000	\$ 90,300	\$ 220,300
2023	135,000	83,675	218,675
2024	145,000	76,675	221,675
2025	155,000	69,175	224,175
2026	160,000	61,300	221,300
2027-2031	925,000	182,850	1,107,850
2032-2033	420,000	16,800	436,800
	<u>\$2,070,000</u>	<u>\$ 580,775</u>	<u>\$2,650,775</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors three rate plans (all miscellaneous). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)

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

Benefits Provided

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

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

The Plan's provisions and benefits in effect at June 30, 2021 are summarized as follows:

Hire Date	Miscellaneous Tier I	Miscellaneous Tier II	Miscellaneous PEPRA
Benefit formula	3.0% @ 60	3.0% @ 60	2.0% @62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 and up	50 and up	52 and up
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 3.0%	1.0% to 2.5%
Required employee contribution rates	8.00%	8.00%	7.25%
Required employer contribution rates	16.34%	15.62%	7.87%

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2021 were \$320,704. The actual employer payments of \$275,007 made to CalPERS by the District during the measurement period ended June 30, 2020 differed from the District's proportionate share of the employer's contributions of \$284,765 by \$9,758, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)

B. Net Pension Liability (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.5% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)

B. Net Pension Liability (continued)

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class ¹	New Strategic Allocation	Real Return Years 1-10 ²	Real Return Year 11+ ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100%		

¹ In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period

³ An expected inflation of 2.92% used for this period

Change of Assumptions

The Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)

B. Net Pension Liability (continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position

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

C. Proportionate Share of Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2019 (VD)	\$ 7,688,240	\$ 5,960,938	\$ 1,727,302
Balance at: 6/30/2020 (MD)	\$ 8,268,231	\$ 6,373,473	\$ 1,894,758
Net changes during 2019-20	\$ 579,991	\$ 412,535	\$ 167,456

Valuation Date (VD), Measurement Date (MD)

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)

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

The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The District's proportionate share of the net pension liability for the miscellaneous Plan as of the June 30, 2019 and 2020 measurement dates was as follows:

Proportionate Share of NPL - June 30, 2019	0.04313%
Proportionate Share of NPL - June 30, 2020	0.04492%
Change - Increase (Decrease)	<u>0.00179%</u>

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

The following presents the District's proportionate share of the net pension liability of the miscellaneous Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Net Pension Liability	\$ 2,995,057	\$ 1,894,758	\$ 985,614

Subsequent Events

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)

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

Amortization of Deferred Outflows and Deferred Inflows of Resources, (continued)

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

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

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

The EARSL for PERF C for the measurement period ending June 30, 2020 is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2019), the District's net pension liability was \$1,727,302. For the measurement period ending June 30, 2020 (the measurement date), the District incurred a pension expense of \$432,462.

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)

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

As of June 30, 2021, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 97,642	\$ -
Changes of Assumptions	-	13,514
Difference Between Projected and Actual Investment Earnings	56,287	-
Change in Employer's Proportion	56,089	1,723
Differences Between Employer's Contributions and Proportionate Share on Contributions	7,214	14,507
Pension Contributions Subsequent to the Measurement Date	<u>320,704</u>	<u>-</u>
Total	<u>\$ 537,936</u>	<u>\$ 29,744</u>

The amounts above are net of outflows and inflows recognized in the 2019-20 measurement period expense. Contributions subsequent to the measurement date of \$320,704 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2022	\$ 42,072
2023	65,896
2024	52,522
2025	26,998
2026	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2021, the District reported a payable of \$7,671 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The District has established a Retiree Healthcare Plan (HC Plan), and participates in an agent multiple-employer defined benefit retiree healthcare plan. District provides post-retirement health care benefits through the California Public Employees' Retirement System. In general, to be eligible for retiree medical benefits, an employee must retire from CALPERS on or after age 50 with at least 5 years of District service. For employees hired prior to February 1, 2006, the District's financial obligation is to pay 100% of the cost of coverage for the eligible retiree and any eligible dependents. For employees hired on or after February 1, 2006, the District's contribution percentage is based on the employee's years of CALPERS eligible service at retirement starting at 50% for employees with 10 years increasing by 5% per year of service up to 100% at 20 years of service. The District's maximum contribution is based on this contribution percentage applied to the average weighted premium rates established annually by CALPERS. A separate financial report is not prepared for the HC Plan.

Employees Covered

As of the June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	18
Inactive employees or beneficiaries currently receiving benefits	<u>9</u>
Total	<u><u>27</u></u>

Contributions

The District pays retiree medical benefits directly to CalPERS. For fiscal year ended June 30, 2021, the District paid \$102,569 in retiree medical benefits. In fiscal year 2008, the District established an Irrevocable Trust with the CalPERS' California Employer's Retiree Benefit Trust (CERBT). The Irrevocable Trust was required to fully implement the District's direction of prefunding the District's OPEB liability. For fiscal year June 30, 2021, the District's cash contribution to CERBT was \$101,000 in payments to the trust and the estimated implied subsidy of \$31,610 resulting in total OPEB payments of \$235,179. The District's contributions to the OPEB plan are not based on a measure of pay.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)

Net OPEB liability

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020, based on the following actuarial methods and assumptions:

Discount Rate	6.50%
Inflation	2.50%
Salary Increases	3.00% - Per annum
Investment Rate of Return	6.50%
Mortality Rate	CalPERS 2017 Experience Assumptions; Mortality projection using MacLeod Watts Scale 2020 generationally
Healthcare Cost Trend Rates	7% to 5% step 0.5%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
TIPS	5%	0.25%
Fixed Income	25%	1.10%
Global Equities	59%	4.80%
REIT's	8%	3.20%
Commodities	3%	1.50%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5% percent. The long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)

Changes in the OPEB Liability

The changes in the net OPEB liability for the HC Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c)= (a) - (b)
Balance at June 30, 2020 (Valuation Date June 30, 2020)	<u>\$ 2,962,458</u>	<u>\$ 1,800,366</u>	<u>\$ 1,162,092</u>
Changes recognized for the measurement period:			
Service Cost	144,932	-	144,932
Interest	198,010	-	198,010
Changes of assumptions	187,866	-	187,866
Plan experience differences	122,387	-	122,387
Contributions - employer	-	223,132	(223,132)
Net investment income	-	120,277	(120,277)
Benefit payments	(122,132)	(122,132)	-
Administrative expenses	-	(900)	900
Investment experience	-	(50,361)	50,361
Net Changes	<u>531,063</u>	<u>170,016</u>	<u>361,047</u>
Balance at June 30, 2021 (Measurement Date June 30, 2020)	<u><u>\$ 3,493,521</u></u>	<u><u>\$ 1,970,382</u></u>	<u><u>\$ 1,523,139</u></u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability	\$ 2,072,909	\$ 1,523,139	\$ 1,079,313

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 1,023,516	\$ 1,523,139	\$ 2,158,762

OPEB Plan Fiduciary Net Position

CalPERS issues a publicly available CERBT financial report that may be obtained from the CalPERS' website at www.calpers.ca.gov.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (7.87 Years at June 30, 2020)

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$345,625. As of fiscal year ended June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
OPEB contributions subsequent to measurement date	\$ 235,179	\$ -
Changes of assumptions	548,419	-
Differences between expected and actual experience	132,941	-
Net difference between projected and actual earnings on OPEB plan investments	24,231	-
Total	<u>\$ 940,770</u>	<u>\$ -</u>

The \$235,179 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the subsequent year. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
<u> </u>	<u> </u>
2022	\$ 122,059
2023	132,082
2024	136,022
2025	135,408
2026	100,550
Thereafter:	79,470

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 9: NET POSITION

At June 30, 2021, the components of net position consisted of the following:

<u>Net investment in capital assets:</u>		
Capital assets, not being depreciated		\$ 3,817,901
Depreciable capital assets, net		64,566,722
Current portion of long-term debt		(550,000)
Long-term debt, less current portion		<u>(18,513,477)</u>
		<u>\$ 49,321,146</u>
<u>Restricted Funding Source</u>	<u>Use</u>	
Water capacity charges and supplemental water	For the expansion of the water system	\$ 10,792,617
Town Sewer capacity charges	For the expansion of the sewer system	454,663
	Restricted for system expansion	<u>11,247,280</u>
Nipomo Supplemental Water Project	For the replacement/repair of the supplemental water project	1,283,053
Town Sewer cash with fiscal agent	Cash held with fiscal agent for debt service	<u>596,881</u>
	Total Restricted Net Position	<u>\$ 13,127,214</u>
<u>Unrestricted Funding Source</u>	<u>Use</u>	
Designated reserve	District operating expenses	\$ 11,511,190
	Total Unrestricted Net Position	<u>\$ 11,511,190</u>

NOTE 10: JOINT POWERS AUTHORITY

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

At June 30, 2021, the District participated in the liability and property programs of the SDRMA as follows:

General Liability: Special District Risk Management Authority, coverage number LCA SDRMA 202021. This covers \$10,000,000 per occurrence.

Public Officials and Employees Errors: Special District Risk Management Authority, coverage number LCA SDRMA 202021. This covers \$10,000,000 per occurrence/general aggregate.

Personal Liability Coverage for Board Members: Special District Risk Management Authority, coverage number LCA SDRMA 202021. This covers \$500,000 per occurrence/general aggregate.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 10: JOINT POWERS AUTHORITY, (continued)

Employment Practices Liability: Special District Risk Management Authority, coverage number LCA SDRMA 202021. This covers \$10,000,000 per wrongful employment practice/aggregate limits per member.

Employment Benefits Liability: Special District Risk Management Authority, coverage number LCA SDRMA 202021. This covers \$10,000,000 per occurrence/general aggregate.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 202021. This policy includes a \$1,000,000 Public Employees Dishonesty Blanket Coverage.

Auto Liability: Special District Risk Management Authority, coverage number LCA SDRMA 202021. This policy covers \$10,000,000 per occurrence with personal injury and property damage.

Automobile Physical Damage: Special District Risk Management Authority, coverage number LCA SDRMA 202021. The coverage is on file with SDRMA.

Uninsured/Under Insured Motorist: Special District Risk Management Authority, coverage number UMI SDRMA 202021. The coverage is on file with SDRMA.

Trailer Coverage: District Risk Management Authority, coverage number LCA SDRMA 202021. The coverage is on file with SDRMA.

Property Coverage: Special District Risk Management Authority, coverage number PPC SDRMA 202021. This policy covers the replacement cost for scheduled property, \$500,000,000 per occurrence. Deductible is on file with SDRMA.

Boiler and Machinery: Special District Risk Management Authority, coverage number PPC SDRMA 202021. This covers the replacement cost for scheduled property, \$500,000,000 per occurrence. Deductible is on file with SDRMA.

Workers Compensation Coverage and Employer's Liability: Special District Risk Management Authority, coverage number WCP SDRMA 202021. This coverage is statutory per occurrence, respectively for workers' compensation and \$5,000,000 for employers' liability coverage.

Settled claims have not exceeded any of the coverages in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2021.

Nipomo Community Services District

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

NOTE 11: CONTINGENCIES

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

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

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

There are more than 1,500 involved parties in the action. The litigation does not involve claims for current or past liability, but it may result in a rise in the cost of water production and distribution to District customers or a decline in the amount of water available in areas serviced by the District. A number of parties, including the District, have stipulated to a settlement in the case. Final judgement has now been entered, and two published decisions have been issued by the Court of Appeal related to the final judgment and its interpretation: (1) *City of Santa Maria v. Adam* (2012) 211 Cal.App.4th 266; and (2) *City of Santa Maria v. Adam* (2016) 218 Cal.App.4th 504. The trial court continues to have jurisdiction over this matter, and continues to schedule Case Management Conferences every 3 or 4 months. The next Case Management Conference is scheduled to take place December 17, 2021.

On April 15 & 16, 2019, certain landowners filed the following complaints: 1) Koch California Ltd., et al. v. City of Santa Maria, et al. (Case No. 19-CV-0227), pending in San Luis Obispo County Superior Court; 2) JC & Elsie Teixeira Family Limited Partnership v. City of Santa Maria, et al. (Case No. 19-CV-0230), in San Luis Obispo County Superior Court; 3) JC & Elsie Teixeira Family Limited Partnership v. City of Santa Maria, et al. (Case No. 19-CV-02086), pending in Santa Barbara County Superior Court; and Adam L. Kieran, et al., v. City of Santa Maria, et al. (Case No. 19CV02091), in Santa Barbara County Superior Court. The District, and all other public purveyors in the Santa Maria Groundwater Adjudication, were named defendants. The public purveyor defendants filed a petition to request that the Judicial Council determine that these four complaints be coordinated with the Santa Maria Groundwater Litigation in Santa Clara County Superior Court. That petition was granted, and these four actions have now been stayed pending transfer to the Santa Clara County Superior Court.

Nipomo Community Services District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

NOTE 12: PRIOR PERIOD ADJUSTMENT

As discussed in Note 1, the District implemented GASB Statement No. 84. Accordingly, beginning net position for the year ended June 30, 2021, has been restated as follow:

<u>Nipomo Community Services District - Proprietary Funds</u>	<u>Amount</u>
Net position, beginning of year, as previously stated	\$ 73,837,603
Prior period adjustment	(887,467)
Net position, beginning of year, as restated	<u>\$ 72,950,136</u>

<u>Fiduciary Fund</u>	<u>Amount</u>
Net position, beginning of year, as previously stated	\$ -
Prior period adjustment	887,467
Net position, beginning of year, as restated	<u>\$ 887,467</u>

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

Nipomo Community Services District

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

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2014	0.01728%	\$ 1,075,480	\$ 850,732	126.42%	80.12%
6/30/2015	0.01711%	1,174,145	990,477	118.54%	79.61%
6/30/2016	0.01712%	1,480,964	1,110,264	133.39%	75.85%
6/30/2017	0.01701%	1,686,681	1,153,706	146.20%	75.19%
6/30/2018	0.01669%	1,607,847	1,120,809	143.45%	77.49%
6/30/2019	0.01686%	1,727,302	1,149,787	150.23%	77.53%
6/30/2020	0.01741%	1,894,758	1,329,670	142.50%	77.08%

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

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Nipomo Community Services District

Required Supplementary Information Schedule of Pension Plan Contributions Last Ten Years*

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2014-15	\$ 190,106	\$ (190,106)	\$ -	\$ 990,477	19.19%
2015-16	214,785	(214,785)	-	1,110,264	19.35%
2016-17	233,979	(233,979)	-	1,153,706	20.28%
2017-18	245,052	(245,052)	-	1,120,809	21.86%
2018-19	231,550	(231,550)	-	1,149,787	20.14%
2019-20	275,007	(275,007)	-	1,329,670	20.68%
2020-21	320,704	(320,704)	-	1,428,771	22.45%

Notes to Schedule:

Change in Benefit Terms: None

Changes in Assumptions: For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Nipomo Community Services District

Required Supplementary Information Schedule of Changes in the Net OPEB Liability and Related Ratios Last Ten Years*

Measurement Date	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Total OPEB Liability				
Service Cost	\$ 66,148	\$ 68,132	\$ 124,610	\$ 144,932
Interest on the Total OPEB Liability	125,817	133,867	180,785	198,010
Actual and expected experience difference	-	42,839	-	122,387
Changes in assumptions	-	552,064	64,913	187,866
Changes in benefit terms	-	-	-	-
Benefit payments	(136,301)	(134,076)	(129,067)	(122,132)
Net change in Total OPEB Liability	55,664	662,826	241,241	531,063
Total OPEB Liability - beginning	2,002,727	2,058,391	2,721,217	2,962,458
Total OPEB Liability - ending (a)	2,058,391	2,721,217	2,962,458	3,493,521
Plan Fiduciary Net Position				
Contribution - employer	223,671	221,446	216,437	223,132
Net investment income	131,036	114,132	104,331	120,277
Benefit payments	(136,301)	(134,076)	(129,067)	(122,132)
Administrative expense	(1,092)	(770)	(353)	(900)
Other Expense (one-time)	-	(1,867)	-	-
Investment experience	-	-	-	(50,361)
Net change in Plan Fiduciary Net Position	217,314	198,865	191,348	170,016
Plan Fiduciary Net Position - beginning	1,192,839	1,410,153	1,609,018	1,800,366
Plan Fiduciary Net Position - ending (b)	1,410,153	1,609,018	1,800,366	1,970,382
Net OPEB Liability - ending (a) - (b)	\$ 648,238	\$ 1,112,199	\$ 1,162,092	\$ 1,523,139
Plan fiduciary net position as a percentage of the total OPEB liability	68.51%	59.13%	60.77%	56.40%
Covered-employee payroll	\$ 1,288,325	\$ 1,213,514	\$ 1,176,634	\$ 1,419,376
Net OPEB liability as a percentage of covered-employee payroll	50.32%	91.65%	98.76%	107.31%

Notes to schedule:

* Historical information is required only for measurement period for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Fiscal Year 2017-18 was the first year of implementation.

Nipomo Community Services District

Required Supplementary Information Schedule of OPEB Contributions Last Ten Years*

Fiscal Year Ended June 30	2018	2019	2020	2021
Actuarially determined contributions (ADC)	\$ 110,926	\$ 215,870	\$ 222,139	\$ 228,054
Contributions in relation to the ADC	(201,556)	(191,562)	(223,132)	(235,179)
Contribution deficiency/(excess)	\$ (90,630)	\$ 24,308	\$ (993)	\$ (7,125)
Covered-employee payroll	\$ 1,213,514	\$ 1,176,634	\$ 1,419,376	\$ 1,515,349
Contribution as a percentage of covered-employee payroll	16.61%	16.28%	15.72%	15.52%

Notes to schedule

Valuation Date	7/1/2017	6/30/2018	6/30/2018	6/30/2020
<u>Methods and assumptions used to determine contributions</u>				
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method		2.5% escalation	2.5% escalation	2.5% escalation
Amortization period	30 years	20 years	19 years	18 years
Asset valuation method	Market	Market	Market	Market
Inflation	3.00%	2.50%	2.50%	2.50%
Healthcare cost trend rates	6% to 5% step 1%	7% to 5% step 0.5%	7% to 5% step 0.5%	7% to 5% step 0.5%
Salary increases	3.00%	3.25%	3.25%	3.00%
Investment rate of return	6.50%	6.50%	6.50%	6.50%
Retirement Rates	Varies by age	CalPERS 2017	CalPERS 2017	CalPERS 2017
Mortality rates	Pre-Retirement: RP-2014 Employee Mortality; Post-Retirement: RP-2014 Healthy Annuitant; no mortality improvement	Experience Assumptions; Mortality projection using MacLeod Watts Scale 2018 generationally	Experience Assumptions; Mortality projection using MacLeod Watts Scale 2018 generationally	Experience Assumptions; Mortality projection using MacLeod Watts Scale 2020 generationally

* Historical information is required only for measurement period for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Fiscal Year 2017-18 was the first year of implementation.

OTHER SUPPLEMENTAL INFORMATION

Nipomo Community Services District

Combining Schedule of Net Position Proprietary Funds June 30, 2021

	Business Type Activities - Enterprise Funds				
	Administration	Water	Town Sewer	Blacklake Sewer	Blacklake Lighting
ASSETS					
Current assets:					
Cash and cash equivalents	\$ (14,616)	\$11,040,266	\$ 5,023,040	\$ 487,064	\$ 11,754
Accounts receivable	-	356,346	117,549	71,378	-
Accounts receivable - other	-	4,209	1,424	557	-
Unbilled utilities receivable	-	949,000	281,000	61,000	-
Accrued interest receivable	-	116,058	4,450	379	10
Accrued franchise fees	-	-	-	-	-
Due from County	-	-	-	-	260
Due from other funds	-	-	-	-	-
Contract receivable, current portion	-	130,797	-	-	-
Total current assets	<u>(14,616)</u>	<u>12,596,676</u>	<u>5,427,463</u>	<u>620,378</u>	<u>12,024</u>
Noncurrent assets:					
Restricted cash - funded replacement	-	-	-	-	-
Cash with fiscal agent	-	-	596,881	-	-
Deposits and other assets	1,760	44,850	-	-	-
Contract receivable, less current portion	-	6,701,166	-	-	-
Capital assets:					
Capital assets, not being depreciated	13,686	1,342,506	1,922,655	161,823	-
Depreciable capital assets, net	78,014	38,687,949	23,126,546	1,351,308	-
Total noncurrent assets	<u>93,460</u>	<u>46,776,471</u>	<u>25,646,082</u>	<u>1,513,131</u>	<u>-</u>
Total assets	<u>78,844</u>	<u>59,373,147</u>	<u>31,073,545</u>	<u>2,133,509</u>	<u>12,024</u>
DEFERRED OUTFLOWS OF RESOURCES					
OPEB related	70,558	621,849	194,739	53,624	-
Pension related	40,346	355,576	111,352	30,662	-
Total deferred outflows of resources	<u>110,904</u>	<u>977,425</u>	<u>306,091</u>	<u>84,286</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable	45,264	161,837	407,068	6,865	-
Due to other funds	-	473,414	-	-	-
Deposits and retentions	252,577	12,000	2,791	-	-
Accrued liabilities	13,131	164,026	40,711	3,457	-
Current portion of long-term liabilities	19,417	213,250	281,504	2,912	-
Total current liabilities	<u>330,389</u>	<u>1,024,527</u>	<u>732,074</u>	<u>13,234</u>	<u>-</u>
Noncurrent liabilities:					
Net OPEB liability	114,236	1,006,795	315,289	86,819	-
Net pension liability	142,107	1,252,435	392,215	108,001	-
Long-term liabilities, less current portion	8,873	8,357,040	8,120,023	1,331	-
Total noncurrent liabilities	<u>265,216</u>	<u>10,616,270</u>	<u>8,827,527</u>	<u>196,151</u>	<u>-</u>
Total liabilities	<u>595,605</u>	<u>11,640,797</u>	<u>9,559,601</u>	<u>209,385</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related	2,231	19,661	6,157	1,695	-
Total deferred inflows of resources	<u>2,231</u>	<u>19,661</u>	<u>6,157</u>	<u>1,695</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	91,700	31,545,035	16,671,720	1,513,131	-
Restricted for system expansion	-	10,792,617	454,663	-	-
Restricted for system replacement	-	-	-	-	-
Restricted for debt service	-	-	596,881	-	-
Unrestricted	<u>(499,788)</u>	<u>6,352,462</u>	<u>4,090,614</u>	<u>493,584</u>	<u>12,024</u>
Total net position, as restated	<u>\$ (408,088)</u>	<u>\$48,690,114</u>	<u>\$21,813,878</u>	<u>\$ 2,006,715</u>	<u>\$ 12,024</u>

(continued)

Business Type Activities - Enterprise Funds							
Solid Waste	Drainage	Landscape Maintenance	Property Taxes	Supplemental Water	Assessment 2020-1	Eliminations	Total
\$ 363,662	\$ 57,803	\$ 11,828	\$ 613,756	\$ -	\$ -	\$ -	\$17,594,557
-	-	-	-	232,255	-	-	777,528
-	-	-	-	-	-	-	6,190
-	-	-	-	-	-	-	1,291,000
281	44	10	398	-	-	-	121,630
25,714	-	-	-	-	-	-	25,714
832	341	-	12,620	-	-	-	14,053
-	-	-	-	473,414	-	(473,414)	-
-	-	-	-	-	-	-	130,797
<u>390,489</u>	<u>58,188</u>	<u>11,838</u>	<u>626,774</u>	<u>705,669</u>	<u>-</u>	<u>(473,414)</u>	<u>19,961,469</u>
-	-	-	-	1,201,942	-	-	1,201,942
-	-	-	-	-	-	-	596,881
-	-	-	8,221	-	-	-	54,831
-	-	-	-	-	-	-	6,701,166
-	-	-	-	-	377,231	-	3,817,901
-	-	-	1,322,905	-	-	-	64,566,722
-	-	-	1,331,126	1,201,942	377,231	-	76,939,443
<u>390,489</u>	<u>58,188</u>	<u>11,838</u>	<u>1,957,900</u>	<u>1,907,611</u>	<u>377,231</u>	<u>(473,414)</u>	<u>96,900,912</u>
-	-	-	-	-	-	-	940,770
-	-	-	-	-	-	-	537,936
-	-	-	-	-	-	-	1,478,706
158	-	542	-	624,558	-	-	1,246,292
-	-	-	-	-	-	(473,414)	-
-	-	-	-	-	-	-	267,368
826	-	-	31,690	-	-	-	253,841
-	-	-	130,000	-	-	-	647,083
<u>984</u>	<u>-</u>	<u>542</u>	<u>161,690</u>	<u>624,558</u>	<u>-</u>	<u>(473,414)</u>	<u>2,414,584</u>
-	-	-	-	-	-	-	1,523,139
-	-	-	-	-	-	-	1,894,758
-	-	-	2,070,576	-	-	-	18,557,843
-	-	-	2,070,576	-	-	-	21,975,740
<u>984</u>	<u>-</u>	<u>542</u>	<u>2,232,266</u>	<u>624,558</u>	<u>-</u>	<u>(473,414)</u>	<u>24,390,324</u>
-	-	-	-	-	-	-	29,744
-	-	-	-	-	-	-	29,744
-	-	-	(877,671)	-	377,231	-	49,321,146
-	-	-	-	-	-	-	11,247,280
-	-	-	-	1,283,053	-	-	1,283,053
-	-	-	-	-	-	-	596,881
<u>389,505</u>	<u>58,188</u>	<u>11,296</u>	<u>603,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,511,190</u>
<u>\$ 389,505</u>	<u>\$ 58,188</u>	<u>\$ 11,296</u>	<u>\$ (274,366)</u>	<u>\$ 1,283,053</u>	<u>\$ 377,231</u>	<u>\$ -</u>	<u>\$73,959,550</u>

Nipomo Community Services District

Combining Schedule of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Year Ended June 30, 2021

	Business Type Activities - Enterprise Funds				
	Administration	Water	Town Sewer	Blacklake Sewer	Blacklake Lighting
Operating revenues					
Charges for services	\$ -	\$ 6,417,044	\$ 2,235,843	\$ 667,043	\$ 27,850
Charges for services-purveyor	-	-	-	-	-
Charges for services-purveyor reimbursements	-	-	-	-	-
Other operating revenue	57,504	114,234	7,734	-	-
Total operating revenues	<u>57,504</u>	<u>6,531,278</u>	<u>2,243,577</u>	<u>667,043</u>	<u>27,850</u>
Operating expenses					
Purchased water	-	1,517,735	-	-	-
Purchased water related expenses	-	278,316	-	-	-
Purchased water-purveyors	-	-	-	-	-
Personnel	282,902	1,703,135	748,508	193,943	-
Contractual services	62,103	221,882	32,587	837	-
Utilities	17,348	351,764	164,734	44,082	29,205
Repairs and maintenance	18,102	88,328	177,685	20,669	-
Other supplies and expenses	79,643	760,360	357,564	86,236	112
Insurance	30,933	95,547	27,210	5,140	500
Depreciation	13,894	1,167,885	731,879	119,903	-
Total operating expenses	<u>504,925</u>	<u>6,184,952</u>	<u>2,240,167</u>	<u>470,810</u>	<u>29,817</u>
Operating income (loss)	<u>(447,421)</u>	<u>346,326</u>	<u>3,410</u>	<u>196,233</u>	<u>(1,967)</u>
Non-operating revenues (expenses)					
Interest income	5	487,526	33,652	2,967	59
Property taxes	-	-	-	-	-
Cell site rental income	5,584	31,640	-	-	-
Gain/(Loss) on disposal of capital assets	-	(51,789)	1,424	557	-
Interest expense	-	(389,632)	(335,633)	-	-
Other revenue-purveyors	-	808,466	-	-	-
Total non-operating revenues (expenses)	<u>5,589</u>	<u>886,211</u>	<u>(300,557)</u>	<u>3,524</u>	<u>59</u>
Income (loss) before contributions and transfers	<u>(441,832)</u>	<u>1,232,537</u>	<u>(297,147)</u>	<u>199,757</u>	<u>(1,908)</u>
Capital contributions received	-	57,205	72,592	-	-
Capital contributions to other agencies	-	-	-	(1,000,000)	-
Transfers in	411,272	474,325	-	-	-
Transfer out	-	(291,767)	(82,667)	(14,588)	(500)
Total contributions and transfers	<u>411,272</u>	<u>239,763</u>	<u>(10,075)</u>	<u>(1,014,588)</u>	<u>(500)</u>
Change in net position	<u>(30,560)</u>	<u>1,472,300</u>	<u>(307,222)</u>	<u>(814,831)</u>	<u>(2,408)</u>
Total net position - beginning, as restated	<u>(377,528)</u>	<u>47,217,814</u>	<u>22,121,100</u>	<u>2,821,546</u>	<u>14,432</u>
Total net position - ending	<u>\$ (408,088)</u>	<u>\$48,690,114</u>	<u>\$21,813,878</u>	<u>\$ 2,006,715</u>	<u>\$ 12,024</u>

(continued)

Business Type Activities - Enterprise Funds							
Solid Waste	Drainage	Landscape Maintenance	Property Taxes	Supplemental Water	Assessment 2020-1	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,347,780
-	-	-	-	2,276,145	-	(1,517,733)	758,412
-	-	-	-	400,142	-	(342,716)	57,426
167,174	-	12,180	-	-	-	-	358,826
167,174	-	12,180	-	2,676,287	-	(1,860,449)	10,522,444
-	-	-	-	-	-	-	1,517,735
-	-	-	-	-	-	(149,440)	128,876
-	-	-	-	2,276,146	-	(1,517,733)	758,413
-	-	-	-	-	-	-	2,928,488
1,482	-	-	-	-	-	-	318,891
-	-	6,698	-	77,765	-	(77,765)	613,831
-	-	-	-	8,068	-	(8,068)	304,784
234,779	-	10,380	2,351	93,810	-	(93,810)	1,531,425
2,000	-	-	-	13,633	-	(13,633)	161,330
-	-	-	30,884	-	-	-	2,064,445
238,261	-	17,078	33,235	2,469,422	-	(1,860,449)	10,328,218
(71,087)	-	(4,898)	(33,235)	206,865	-	-	194,226
2,569	282	81	2,163	6,826	-	-	536,130
-	21,756	-	763,077	-	-	-	784,833
-	-	-	-	-	-	-	37,224
-	-	-	-	-	-	-	(49,808)
-	-	-	(83,420)	-	-	-	(808,685)
-	-	-	-	-	-	-	808,466
2,569	22,038	81	681,820	6,826	-	-	1,308,160
(68,518)	22,038	(4,817)	648,585	213,691	-	-	1,502,386
-	-	-	-	-	377,231	-	507,028
-	-	-	-	-	-	-	(1,000,000)
-	-	-	-	-	-	(885,597)	-
(20,250)	(44,000)	(1,500)	(430,325)	-	-	885,597	-
(20,250)	(44,000)	(1,500)	(430,325)	-	377,231	-	(492,972)
(88,768)	(21,962)	(6,317)	218,260	213,691	377,231	-	1,009,414
478,273	80,150	17,613	(492,626)	1,069,362	-	-	72,950,136
\$ 389,505	\$ 58,188	\$ 11,296	\$ (274,366)	\$ 1,283,053	\$ 377,231	\$ -	\$73,959,550

Nipomo Community Services District

**Combining Schedule of Other Supplies and Expenses
Proprietary Funds
For the Year Ended June 30, 2021**

	Business Type Activities - Enterprise Funds				
	Administration	Water	Town Sewer	Blacklake Sewer	Blacklake Lighting
Other supplies and expenses					
Bank charges and fees	\$ 5,876	\$ -	\$ -	\$ -	\$ -
Bond administration	-	4,285	2,350	-	-
Bond insurance premium expense	-	2,039	-	-	-
Chemicals	-	35,983	22,871	14,693	-
Computer expenses	18,105	107,675	25,214	10,138	-
Conservation program	-	825	-	-	-
Credit card fees	-	854	-	-	-
Dues and subscriptions	4,014	11,064	4,545	325	-
Education and training	4,794	2,311	1,396	-	-
Elections	2,924	8,773	2,486	439	-
Fuel	-	38,084	11,016	6,695	-
Lab testing	-	44,532	31,759	33,988	-
LAFCO funding	28,621	-	-	-	-
Landscape and janitorial	2,985	8,954	2,537	448	-
Landscape maintenance	-	-	-	-	-
Meters	-	141,097	-	-	-
Miscellaneous	1,263	-	-	-	-
NCSD labor charges	-	-	-	-	-
NCSD overhead charges	-	-	-	-	-
Newsletters and mailers	799	4,457	2,106	120	-
Office supplies	3,045	7,078	1,893	334	-
Operating supplies	-	143,404	62,604	2,679	-
Outside services	673	148,755	159,120	3,313	-
Paging service	-	22,572	-	-	-
Permits and operating fees	-	108	17,633	9,833	-
Postage	1,456	12,767	5,909	690	-
Property taxes	-	1,574	-	-	-
Public notices	1,694	-	-	-	112
Safety program	-	1,148	398	264	-
Solid waste program	-	-	-	-	-
Telephone	1,278	3,833	1,086	919	-
Travel and mileage	2,116	464	-	-	-
Uniforms	-	7,724	2,641	1,358	-
Total other supplies and expenses	\$ 79,643	\$ 760,360	\$ 357,564	\$ 86,236	\$ 112

(continued)

Business Type Activities - Enterprise Funds					
Solid Waste	Landscape Maintenance	Property Taxes	Supplemental Water	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,876
-	-	2,351	-	-	8,986
-	-	-	-	-	2,039
-	-	-	8,851	(8,851)	73,547
-	-	-	-	-	161,132
-	-	-	-	-	825
-	-	-	-	-	854
-	-	-	-	-	19,948
-	-	-	-	-	8,501
-	-	-	-	-	14,622
-	-	-	-	-	55,795
-	-	-	-	-	110,279
-	-	-	-	-	28,621
-	-	-	-	-	14,924
-	9,825	-	-	-	9,825
-	-	-	-	-	141,097
-	-	-	-	-	1,263
-	-	-	56,160	(56,160)	-
-	-	-	25,210	(25,210)	-
-	-	-	-	-	7,482
-	-	-	-	-	12,350
-	-	-	-	-	208,687
-	-	-	2,502	(2,502)	311,861
-	-	-	-	-	22,572
-	-	-	1,087	(1,087)	27,574
-	-	-	-	-	20,822
-	-	-	-	-	1,574
174	555	-	-	-	2,535
-	-	-	-	-	1,810
234,605	-	-	-	-	234,605
-	-	-	-	-	7,116
-	-	-	-	-	2,580
-	-	-	-	-	11,723
<u>\$ 234,779</u>	<u>\$ 10,380</u>	<u>\$ 2,351</u>	<u>\$ 93,810</u>	<u>\$ (93,810)</u>	<u>\$ 1,531,425</u>

This page is intentionally left blank

STATISTICAL SECTION

This page intentionally left blank

STATISTICAL SECTION

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

Table of Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	60-63
Revenue Capacity <i>These schedules contain information to help the reader assess the District's two most significant revenue sources, water and sewer sales.</i>	64-72
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</i>	73-77
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</i>	78-80
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</i>	81-84

This page intentionally left blank

Nipomo Community Services District

Net Position by Component Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net Position					
Net investment in capital assets	\$ 19,736,453	\$ 21,117,250	\$ 36,796,349	\$ 41,378,553	\$ 42,717,685
Restricted	22,237,879	26,519,323	11,474,442	9,817,048	11,619,723
Unrestricted	<u>10,030,405</u>	<u>10,244,105</u>	<u>13,802,081</u>	<u>6,721,899</u>	<u>10,865,858</u>
Total Net Position	<u>\$ 52,004,737</u>	<u>\$ 57,880,678</u>	<u>\$ 62,072,872</u>	<u>\$ 57,917,500</u>	<u>\$ 65,203,266</u>

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net Position					
Net investment in capital assets	\$ 44,744,193	\$ 44,662,685	\$ 44,743,341	\$ 47,607,041	\$ 49,321,146
Restricted	10,241,070	12,079,117	13,534,450	11,180,805	13,127,214
Unrestricted	<u>11,615,313</u>	<u>11,601,352</u>	<u>12,659,645</u>	<u>15,049,757</u>	<u>11,511,190</u>
Total Net Position	<u>\$ 66,600,576</u>	<u>\$ 68,343,154</u>	<u>\$ 70,937,436</u>	<u>\$ 73,837,603</u>	<u>\$ 73,959,550</u>

Source: Nipomo Community Services District

Nipomo Community Services District

Changes in Net Position Last Ten Fiscal Years

	2012	2013	2014	2015
OPERATING REVENUES:				
Water	\$ 2,978,557	\$ 3,318,232	\$ 3,720,667	\$ 3,361,276
Wastewater	2,212,658	2,311,889	2,242,497	2,311,400
Other	240,757	653,852	699,308	650,810
Total Operating Revenues	5,431,972	6,283,973	6,662,472	6,323,486
Non-Operating Revenues				
Interest income	98,657	102,610	82,277	64,580
Property taxes	501,739	494,457	515,399	549,693
Other	34,366	56,707	50,253	51,344
Total Non-Operating Revenues	634,762	653,774	647,929	665,617
Total Revenues	6,066,734	6,937,747	7,310,401	6,989,103
OPERATING EXPENSES:				
Purchased water	-	-	-	-
Purchased water related expenses	-	-	-	-
Purchased water - purveyors	-	-	-	-
Personnel	1,420,129	1,557,146	1,532,776	1,774,347
Contractual services	288,956	224,616	354,297	272,964
Utilities	652,296	578,766	670,413	604,890
Repairs & maintenance	225,362	229,699	194,435	188,512
Other supplies & expenses	642,025	1,028,433	1,161,271	1,294,354
Insurance	77,796	75,207	69,609	76,012
Depreciation & amortization	1,095,425	1,174,583	1,250,300	1,410,550
Total Operating Expenses	4,401,989	4,868,450	5,233,101	5,621,629
Total Non-Operating Expenses	2,207,262	1,294,768	610,231	4,186,961
Total Expenses	6,609,251	6,163,218	5,843,332	9,808,590
Income (Loss) Before Contributions	(542,517)	774,529	1,467,069	(2,819,487)
Capital Contributions received	88,674	5,101,412	2,725,125	53,464
Capital Contributions paid	-	-	-	-
Change In Net Position	\$ (453,843)	\$ 5,875,941	\$ 4,192,194	\$ (2,766,023)

Source: Nipomo Community Services District

(continued)

	2016	2017	2018	2019	2020	2021
\$	4,054,172	\$ 4,554,380	\$ 5,166,145	\$ 5,189,177	\$ 5,940,876	\$ 6,531,278
	2,337,597	2,436,782	2,549,548	2,622,885	2,780,302	2,910,620
	767,547	682,798	701,370	744,123	888,134	1,080,546
	<u>7,159,316</u>	<u>7,673,960</u>	<u>8,417,063</u>	<u>8,556,185</u>	<u>9,609,312</u>	<u>10,522,444</u>
	447,364	494,905	659,215	895,090	838,831	536,130
	586,899	621,662	660,920	702,329	737,834	784,833
	5,780,723	478,014	1,428,942	95,162	135,410	795,882
	<u>6,814,986</u>	<u>1,594,581</u>	<u>2,749,077</u>	<u>1,692,581</u>	<u>1,712,075</u>	<u>2,116,845</u>
	13,974,302	9,268,541	11,166,140	10,248,766	11,321,387	12,639,289
	872,439	1,001,222	1,039,190	1,077,827	1,206,101	1,517,735
	-	-	101,263	101,847	116,544	128,876
	129,321	500,313	519,284	538,591	602,690	758,413
	1,764,935	1,891,517	2,316,183	2,126,678	2,718,989	2,928,488
	350,413	372,178	397,665	322,078	276,448	318,891
	573,298	561,855	555,494	559,784	606,967	613,831
	370,546	227,987	223,680	169,552	259,684	304,784
	1,052,134	1,041,058	1,065,409	1,182,592	1,310,249	1,531,425
	79,814	73,897	84,487	99,549	112,448	161,330
	1,813,745	1,846,696	1,937,364	1,923,642	1,981,829	2,064,445
	<u>7,006,645</u>	<u>7,516,723</u>	<u>8,240,019</u>	<u>8,102,140</u>	<u>9,191,949</u>	<u>10,328,218</u>
	883,201	885,071	858,416	843,014	826,085	808,685
	7,889,846	8,401,794	9,098,435	8,945,154	10,018,034	11,136,903
	6,084,456	866,747	2,067,705	1,303,612	1,303,353	1,502,386
	668,838	530,563	450,351	1,290,670	1,596,814	507,028
	-	-	-	-	-	(1,000,000)
	<u>6,753,294</u>	<u>1,397,310</u>	<u>2,518,056</u>	<u>2,594,282</u>	<u>2,900,167</u>	<u>1,009,414</u>

Nipomo Community Services District

Active Water Customers By Type Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Single Family	3,504	3,556	3,580	3,592	3,603	3,669	3,685	3,703	3,726	3,809
%	84%	84%	84%	84%	84%	85%	85%	85%	85%	85%
Multi-Family	495	494	500	497	497	441	439	444	462	463
%	12%	12%	12%	12%	12%	10%	10%	10%	11%	11%
Commercial	95	94	97	99	102	101	103	101	103	108
%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Irrigation	78	93	90	96	97	97	103	94	99	104
%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Agriculture	1	1	1	1	1	1	1	1	1	1
%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total	<u>4,173</u>	<u>4,238</u>	<u>4,268</u>	<u>4,285</u>	<u>4,300</u>	<u>4,309</u>	<u>4,331</u>	<u>4,343</u>	<u>4,391</u>	<u>4,485</u>
Total %	<u>100%</u>									

Source: Nipomo Community Services District

Nipomo Community Services District

Bi-Monthly Water Availability Charges Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Meter Size										
1 inch and Less	\$ 33.17	\$ 35.72	\$ 38.51	\$ 41.57	\$ 44.92	\$ 44.92	\$ 42.51	\$ 46.52	\$ 51.59	\$ 53.70
1 1/2 Inch	90.58	97.82	105.75	114.43	123.94	123.94	51.49	55.55	60.87	75.76
2 Inch	140.64	152.11	164.67	178.42	193.48	193.48	67.40	72.08	78.43	106.42
3 Inch	252.56	273.90	297.27	322.86	350.88	350.88	152.51	163.70	178.85	223.04
4 Inch	409.04	444.40	483.29	525.78	572.31	572.31	197.75	210.55	228.44	312.99
6 Inch	803.33	873.99	951.36	1,036.08	1,128.85	1,128.85	335.12	349.88	372.90	631.28
8 Inch	1,256.84	1,369.77	1,493.43	1,628.84	1,777.11	1,777.11	492.11	509.09	538.01	995.04
Supplemental water										
Meter Size										
1 inch and Less	-	-	-	-	13.20	13.20 *	-	-	-	-
1 1/2 Inch	-	-	-	-	39.60	39.60 *	-	-	-	-
2 Inch	-	-	-	-	63.36	63.36 *	-	-	-	-
3 Inch	-	-	-	-	118.80	118.80 *	-	-	-	-
4 Inch	-	-	-	-	198.00	198.00 *	-	-	-	-
6 Inch	-	-	-	-	396.00	396.00 *	-	-	-	-

Source: Nipomo Community Services District

*Combined into one fixed charged. Effective 12/1/2017

Nipomo Community Services District

Bi-Monthly Water Rates Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018*	2019	2020	2021
Uniform Rate	\$-	\$-	\$-	\$-	\$-	\$-	\$4.97	\$5.45	\$5.95	\$6.21
Single Family & Multi-Family										
Tier I	1.64	1.80	1.97	2.16	2.37	2.37	-	-	-	-
Tier II	2.05	2.25	2.46	2.69	2.95	2.95	-	-	-	-
Tier III	2.88	3.15	3.45	3.78	4.14	4.14	-	-	-	-
Tier IV	4.93	5.40	5.91	6.47	7.08	7.08	-	-	-	-
Commercial & Irrigation										
Tier I	2.05	2.25	2.46	2.69	2.95	2.95	-	-	-	-
Tier II	2.88	3.15	3.45	3.78	4.14	4.14	-	-	-	-
Agriculture and all Other	2.37	2.59	2.84	3.11	3.41	3.41	-	-	-	-
Supplemental Water	-	-	-	-	0.77	1.003	-	-	-	-

*Uniform rate effective 12/1/2017

Source: Nipomo Community Services District

Nipomo Community Services District

Water Capacity Charges Last Ten Fiscal Years

Meter Size	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1 inch and Less Supplemental Water	\$ 3,293 14,605	\$ 3,385 15,015	\$ 3,468 15,381	\$ 2,921 7,570	\$ 2,976 7,711	\$ 3,076 7,971	\$ 3,188 8,262	\$ 3,284 8,510	\$ 3,349 8,678	\$ 3,405 8,823
1 1/2 Inch Supplemental Water	9,877 43,814	10,155 45,045	10,402 46,141	8,764 22,710	8,928 23,134	9,228 23,913	9,566 24,787	9,853 25,531	10,047 26,034	10,215 26,470
2 Inch Supplemental Water	15,802 70,101	16,247 72,072	16,642 73,825	14,022 36,336	14,284 37,015	14,765 38,261	15,305 39,660	15,764 40,850	16,075 41,655	16,344 42,352
3 Inch Supplemental Water	29,630 131,440	30,463 135,135	31,204 138,422	26,291 68,130	26,782 69,403	27,684 71,740	28,696 74,362	29,557 76,594	30,140 78,103	30,644 79,411
4 Inch Supplemental Water	49,384 219,067	50,772 225,225	52,007 230,704	43,819 113,550	44,638 115,671	46,141 119,566	47,827 123,936	49,263 127,657	50,234 130,172	51,074 132,351
6 Inch Supplemental Water	98,767 438,134	101,544 450,450	104,014 461,408	87,638 227,100	89,275 231,342	92,281 239,132	95,654 247,872	98,526 255,314	100,467 260,344	102,149 264,703

Source: Nipomo Community Services District

Nipomo Community Services District

Sewer Customers (Town Division) Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Single Family</u>										
Accounts	2,008	2,024	2,096	2,098	2,109	2,153	2,174	2,183	2,187	2,217
DUE's	2,008	2,024	2,096	2,098	2,109	2,298	2,322	2,340	2,344	2,378
<u>Single Family County</u>										
Accounts	460	461	463	468	469	470	473	473	476	477
DUE's	460	461	463	468	469	470	473	473	476	477
<u>Multi-Family</u>										
Accounts	367	371	375	374	374	375	375	392	393	393
DUE's	766	771	766	777	816	634	634	651	657	657
<u>Commercial</u>										
Accounts	79	80	80	82	110	75	76	78	77	78
DUE's	82	80	80	82	110	78	79	79	79	81
<u>Total</u>										
Accounts	2,914	2,936	3,014	3,022	3,062	3,073	3,098	3,126	3,133	3,165
DUE's	3,316	3,336	3,405	3,425	3,504	3,480	3,508	3,543	3,556	3,593

Source: Nipomo Community Services District
DUE = Dwelling Unit Equivalent

Nipomo Community Services District

Sewer Customers (Blacklake Division) Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Single Family</u>										
Accounts	485	487	487	487	487	487	487	487	487	487
DUE's	485	487	487	487	487	487	487	487	487	487
<u>Multi-Family</u>										
Accounts	67	68	68	68	68	68	68	68	68	68
DUE's	67	68	68	68	68	68	68	68	68	68
<u>Commercial</u>										
Accounts	3	4	4	4	4	4	4	4	4	4
DUE's	3	4	4	4	4	4	4	4	4	4
<u>Total</u>										
Accounts	555	559	559	559	559	559	559	559	559	559
DUE's	555	559	559	559	559	559	559	559	559	559

Source: Nipomo Community Services District
DUE = Dwelling Unit Equivalent

Nipomo Community Services District

Bi-Monthly Residential Sewer Rates Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Town</u>										
Single Family	\$ 88.32	\$ 88.32	\$ 88.32	\$ 88.32	\$ 88.93	\$ 91.77	\$ 94.71	\$ 97.74	\$100.87	\$100.87
Multi Family	67.33	67.33	67.33	67.33	74.18	76.55	79.00	81.53	84.14	84.14
<u>Black Lake</u>										
Single Family	138.58	145.51	145.51	145.51	145.51	145.51	145.51	169.76	197.77	230.40
Multi Family	90.55	95.08	95.08	95.08	95.08	95.08	95.08	109.08	127.07	148.04

Source: Nipomo Community Services District

Nipomo Community Services District

Bi-Monthly Commercial Sewer Rates (Town Division) Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1 inch and Less	\$ 34.07	\$ 34.07	\$ 34.07	\$ 34.07	\$ 35.12	\$ 36.24	\$ 37.40	\$ 38.60	\$ 39.83	\$ 39.83
1 1/2 Inch	98.59	98.59	98.59	98.59	101.94	105.20	108.57	112.04	115.63	115.63
2 Inch	156.66	156.66	156.66	156.66	162.08	167.26	172.62	178.14	183.84	183.84
3 Inch	292.16	292.16	292.16	292.16	302.40	312.08	322.07	332.37	343.01	343.01
4 Inch	485.72	485.72	485.72	485.72	502.87	518.96	535.57	552.70	570.39	570.39
6 Inch	969.64	969.64	969.64	969.64	1,004.03	1,036.16	1,069.31	1,103.53	1,138.85	1,138.85

Bi-Monthly Usage Rate

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Low	\$ 2.89	\$ 2.89	\$ 2.89	\$ 2.89	\$ 3.43	\$ 3.54	\$ 3.66	\$ 3.77	\$ 3.89	\$ 3.89
Medium	3.20	3.20	3.20	3.20	3.81	3.93	4.06	4.19	4.32	4.32
High	4.14	4.14	4.14	4.14	4.93	5.09	5.25	5.42	5.59	5.59

Source: Nipomo Community Services District

Nipomo Community Services District

Bi-Monthly Commercial Sewer Rates (Blacklake Division) Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1 inch and Less	\$ 62.40	\$ 62.52	\$ 65.52	\$ 65.52	\$ 65.52	\$ 65.52	\$ 65.52	\$ 88.35	\$ 102.93	\$ 119.91
1 1/2 Inch	177.62	186.50	186.50	186.50	186.50	186.50	186.50	233.45	271.97	316.85
2 Inch	281.13	295.38	295.38	295.38	295.38	295.38	295.38	364.04	424.11	494.09
3 Inch	523.26	549.43	549.43	549.43	549.43	549.43	549.43	668.75	779.09	907.64
4 Inch	868.91	912.36	912.36	912.36	912.36	912.36	912.36	1,104.05	1,286.22	1,498.45
6 Inch	1,733.03	1,819.68	1,819.68	1,819.68	1,819.68	1,819.68	1,819.68	2,192.30	2,554.03	2,975.44

Bi-Monthly Usage Rate

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Low	\$ 3.39	\$ 3.56	\$ 3.56	\$ 3.56	\$ 3.56	\$ 3.56	\$ 3.56	\$ 3.97	\$ 4.63	\$ 5.39
Medium	4.57	4.80	4.80	4.80	4.80	4.80	4.80	5.28	6.15	7.16
High	7.23	7.59	7.59	7.59	7.59	7.59	7.59	8.22	9.58	11.16

Source: Nipomo Community Services District

Nipomo Community Services District

Sewer Capacity Charges (Town Division) Last Ten Fiscal Years

Meter Size	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1 inch and Less	\$ 7,864	\$ 8,085	\$ 8,282	\$ 8,526	\$ 8,685	\$ 8,978	\$ 9,306	\$ 9,585	\$ 9,774	\$ 9,937
1 1/2 Inch	23,593	24,256	24,846	25,577	26,055	26,933	27,917	28,755	29,322	29,812
2 Inch	37,749	38,810	39,755	40,924	41,689	43,093	44,668	46,009	46,915	47,701
3 Inch	70,779	72,769	74,539	76,732	78,166	80,798	83,751	86,265	87,965	89,437
4 Inch	117,965	121,281	124,232	127,887	130,276	134,663	139,584	143,775	146,608	149,062
6 Inch	235,931	242,562	248,463	255,774	260,552	269,325	279,169	287,550	293,216	298,125

Source: Nipomo Community Services District

Nipomo Community Services District

Outstanding Debt by Type Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Certificates of Participation</u>	<u>State Revolving Loan Funds</u>	<u>Total</u>	<u>Debt to Assessed Value (1)</u>	<u>Debt Per Capita (2)</u>
2021	\$ 2,200,576	\$ 16,862,901	\$ -	\$ 19,063,477	0.98%	\$ 4,250
2020	2,337,447	17,221,783	-	19,559,230	1.07%	4,454
2019	2,469,318	17,535,665	42,180	20,047,163	1.14%	4,616
2018	2,596,190	17,834,547	119,228	20,549,965	1.24%	4,745
2017	2,718,062	18,128,429	196,276	21,042,767	1.35%	4,902
2016	2,645,000	18,580,000	273,326	21,498,326	1.45%	5,005
2015	2,745,000	18,870,000	350,376	21,965,376	1.59%	5,169
2014	2,845,000	19,150,000	427,424	22,422,424	1.71%	5,307
2013	2,845,000	19,295,000	504,472	22,644,472	1.78%	5,407
2012	-	13,125,000	581,521	13,706,521	1.08%	3,359

Source:

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

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

Nipomo Community Services District

Combined Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Operating Expenses ¹	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage Ratio
2021	\$ 10,522,444	\$ (8,263,773)	\$ 2,258,671	\$ 490,000	\$ 808,685	\$ 1,298,685	1.74x
2020	9,609,312	(7,210,120)	2,399,192	440,000	826,085	1,266,085	1.89x
2019	8,556,185	(6,178,498)	2,377,687	420,000	850,763	1,270,763	1.89x
2018	7,463,973	(5,263,424)	2,200,549	410,000	869,505	1,279,505	1.72x
2017	7,032,142	(4,724,238)	2,307,904	410,000	875,012	1,285,012	1.82x
2016	6,487,650	(4,386,403)	2,101,247	395,000	884,724	1,279,724	1.65x
2015	5,748,796	(3,332,064)	2,416,732	380,000	895,659	1,275,659	1.89x
2014	6,005,862	(3,205,780)	2,800,082	145,000	904,238	1,049,238	2.67x
2013	5,662,298	(2,844,591)	2,817,707	332,049	508,204	840,253	3.35x
2012	5,251,643	(2,977,782)	2,273,861	167,049	153,545	320,594	7.09x

Source: Nipomo Community Services District

¹Excludes depreciation.

Nipomo Community Services District

Historical Assessed Valuation Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Grossed Secured Assessed Valuation</u>	<u>Gross Unsecured Assessed Valuation</u>	<u>Homeowners' Exemption</u>	<u>Adjusted Assessed Valuation</u>
2021	\$ 1,947,740,574	\$ 20,366,954	\$ (16,650,200)	\$ 1,951,457,328
2020	1,828,875,688	18,518,514	(16,563,400)	1,830,830,802
2019	1,760,058,142	17,854,673	(16,560,600)	1,761,352,215
2018	1,662,029,112	15,281,841	(16,497,600)	1,660,813,353
2017	1,563,409,451	14,102,670	(16,562,000)	1,560,950,121
2016	1,487,428,335	13,828,632	(16,739,800)	1,484,517,167
2015	1,386,410,743	15,592,808	(16,675,400)	1,385,328,151
2014	1,323,642,210	14,660,628	(16,577,400)	1,321,725,438
2013	1,284,304,321	13,406,138	(16,833,600)	1,280,876,859
2012	1,301,667,173	12,993,551	(16,900,800)	1,297,759,924

Source: County of San Luis Obispo Assessor

Nipomo Community Services District

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

<u>Fiscal Year</u>	<u>General</u>	<u>State Water Project</u>	<u>Lucia Mar Unified School District</u>	<u>San Luis Obispo Community College District</u>	<u>Total</u>
2021	1.00000	0.00400	0.05749	0.01925	1.08074
2020	1.00000	0.00400	0.07234	0.01925	1.09559
2019	1.00000	0.00400	0.08094	0.01925	1.10419
2018	1.00000	0.00400	0.08194	0.01925	1.10519
2017	1.00000	0.00400	0.03994	0.01925	1.06319
2016	1.00000	0.00374	0.04094	0.01925	1.06393
2015	1.00000	0.00400	0.04094	-	1.04494
2014	1.00000	0.00400	0.03994	-	1.04394
2013	1.00000	0.00400	0.03954	-	1.04354
2012	1.00000	0.00300	0.02984	-	1.03284

Source: California Municipal Statistics, Inc.

Nipomo Community Services District

Direct and Overlapping Debt Statement As of June 30, 2021

<u>2020-21 Assessed Valuation:</u>	\$1,968,107,528		
<u>Overlapping Tax and Assessment Debt</u>	Total Debt 6/30/21	% Applicable ¹	District's Share of Debt 6/30/20
San Luis Obispo County Community College District	\$179,945,000	3.247%	\$ 5,842,814
Lucia Mar Unified School District	117,747,539	11.843%	13,944,841
Nipomo Community Services District Assessment District No. 2020-1	11,225,000	100.000%	<u>11,225,000</u>
Total Overlapping Tax and Assessment Debt			\$ 31,012,655
<u>Direct and Overlapping General Fund Debt</u>			
San Luis Obispo County General Fund Obligations	\$40,128,048	3.260%	\$ 1,308,174
San Luis Obispo County Pension Obligation Bonds	33,408,380	3.260%	1,089,113
Lucia Mar Unified School District General Fund Obligations	16,535,000	11.843%	1,958,240
Revenue COP's Series 2012	8,377,481	100%	8,377,481
Revenue COP's Series 2013	8,485,420	100%	8,485,420
Revenue Bonds 2013A	2,200,576	100%	<u>2,200,576</u>
Total Direct and Overlapping General Fund Debt			\$ 23,419,004
Total Direct Debt			\$ 19,063,477
Total Overlapping Debt			\$ 35,368,182
Combined Total Debt ²			\$ 54,431,659

Ratios to 2020-21 Assessed Valuation:

Total Direct Debt.....	0.97%
Total Overlapping Tax and Assessment Debt	1.58%
Combined Total Debt.....	2.77%

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

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

Source: California Municipal Statistics, Inc., and Nipomo Community Services District

Nipomo Community Services District

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

Area	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Arroyo Grande	17,291	17,395	17,334	17,428	17,731	17,736	17,912	17,876	17,687	17,555
Atascadero	28,477	28,687	28,675	29,169	30,879	30,900	31,147	30,405	30,057	29,623
El Paso de Robles	30,225	30,504	30,469	30,522	31,398	31,745	31,559	31,244	31,221	31,073
Grover Beach	13,162	13,211	13,153	13,144	13,397	13,438	13,560	13,533	13,214	13,128
Morro Bay	10,274	10,317	10,276	10,284	10,722	10,762	10,503	10,439	10,188	10,121
Pismo Beach	7,675	7,717	7,705	7,711	8,181	8,247	8,233	8,239	8,139	8,108
San Luis Obispo (city)	<u>45,308</u>	<u>45,541</u>	<u>45,473</u>	<u>45,802</u>	<u>46,117</u>	<u>46,724</u>	<u>46,548</u>	<u>46,802</u>	<u>45,920</u>	<u>46,058</u>
Subtotal	152,412	153,372	153,085	154,060	158,425	159,552	159,462	158,538	156,426	155,666
Unincorporated	<u>119,071</u>	<u>118,805</u>	<u>119,272</u>	<u>120,233</u>	<u>119,552</u>	<u>120,549</u>	<u>120,639</u>	<u>121,855</u>	<u>120,833</u>	<u>115,506</u>
Total	<u>271,483</u>	<u>272,177</u>	<u>272,357</u>	<u>274,293</u>	<u>277,977</u>	<u>280,101</u>	<u>280,101</u>	<u>280,393</u>	<u>277,259</u>	<u>271,172</u>

Source: State of California, Department of Finance

Nipomo Community Services District

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

The following Table compares estimates of the labor force, civilian employment and unemployment for County Residents, State Residents and United States Residents between 2011 and 2020

<u>Year and Area</u>	<u>Labor Force</u>	<u>Civilian Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2021				
County	130,800	123,200	7,600	5.8%
State	18,899,000	17,442,000	1,457,000	7.7%
United States	161,086,000	151,602,000	9,484,000	5.9%
2020				
County	131,900	116,700	15,200	11.5%
State	18,948,000	16,117,000	2,831,000	14.9%
United States	159,932,000	142,182,000	17,750,000	11.1%
2019				
County	141,900	137,700	4,200	3.0%
State	19,421,500	18,607,800	813,700	4.2%
United States	162,981,000	157,005,000	5,976,000	3.7%
2018				
County	144,500	139,800	4,700	3.3%
State	19,341,000	18,527,000	814,000	4.2%
United States	162,140,000	155,576,000	6,564,000	4.0%
2017				
County	142,900	137,600	5,300	3.7%
State	19,138,000	18,237,000	901,000	4.7%
United States	160,145,000	153,168,000	6,977,000	4.4%
2016				
County	147,200	140,600	6,600	4.5%
State	19,102,000	18,079,000	1,023,000	5.4%
United States	158,880,000	151,097,000	7,783,000	4.9%
2015				
County	142,700	135,700	7,000	4.9%
State	18,956,000	17,794,000	1,162,000	6.1%
United States	156,984,000	151,097,000	5,887,000	3.8%
2014				
County	139,900	132,000	7,900	5.6%
State	18,811,400	17,397,100	1,414,300	7.5%
United States	156,715,000	148,800,000	7,915,000	5.1%
2013				
County	141,100	131,700	9,400	6.7%
State	18,596,800	16,933,300	1,663,500	8.9%
United States	155,971,000	144,509,000	11,462,000	7.3%
2012				
County	143,100	131,500	11,600	8.1%
State	18,494,900	16,560,300	1,934,600	10.5%
United States	154,975,000	142,469,000	12,506,000	8.1%

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

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

Nipomo Community Services District

Major Employers in County of San Luis Obispo Current and Ten Years Ago

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

Employer	2020			2011		
	Estimated FTE Employment	Ranking	Percent of County Employment	Estimated FTE Employment	Ranking	Percent of County Employment
Cal Poly State University, SLO	3,000	1	2.26%	2,426	2	1.76%
County of San Luis Obispo	2,920	2	2.20%	2,601	1	1.88%
Atascadero State Hospital	2,000	3	1.50%	2,200	3	1.59%
Pacific Gas and Electric Company	1,866	4	1.40%	1,719	5	1.25%
California Men's Colony	1,517	5	1.14%	1,768	4	1.28%
Cal Poly Corporation	1,400	6	1.05%	-	-	-
Tenet Healthcare	1,305	7	0.98%	1,409	6	1.02%
Compass Health Inc.	1,200	8	0.90%	-	-	-
Lucia Mar Unified School District	1,000	9	0.75%	1,100	7	0.80%
Paso Robles Public Schools	935	10	0.70%	831	9	0.60%
San Luis Coastal Unified School District	-	-	-	828	10	0.60%
King Ventures	-	-	-	850	8	-
Total Top Employers	<u>17,143</u>			<u>15,732</u>		
Total City Labor Force	<u>132,900</u>			<u>138,000</u>		

Source: County of San Luis Obispo 2019-2020 Comprehensive Financial Report

Nipomo Community Services District

District Employees Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Manager	1	1	1	1	1	1	1	1	1	1
Administrative Staff	3	3	3	4	4	4	3	3	3	4
Operations Staff	9	8	8	10	12	12	10	13	14	15
Total	<u>13</u>	<u>12</u>	<u>12</u>	<u>15</u>	<u>17</u>	<u>17</u>	<u>14</u>	<u>17</u>	<u>18</u>	<u>20</u>

Source: Nipomo Community Services District

Nipomo Community Services District

Operating and Capital Indicators Last Ten Fiscal Years

	* Water System									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
No. of Wells	9	9	9	5	5	5	5	5	5	5
No. of Reservoirs	6	6	6	5	5	6	6	6	6	6
Max Reservoir Capacity (MG)	4.4	4.4	4.4	4.0	4.0	4.5	4.5	4.5	4.5	4.5
Total Well Production (Acre Feet)	2,488	2,473	2,541	2,160	1,162	950	1,054	880	1,026	1,017
Total Water Purchased (Acre Feet) **	-	-	-	-	653	859	966	970	970	1,077
Total Deliveries (Acre Feet)	2,276	2,360	2,518	2,110	1,815	1,809	2,020	1,850	1,996	2,093
No. of Service Connections	4,173	4,238	4,268	4,285	4,300	4,309	4,331	4,343	4,391	4,485

	Sewer System-Town Division									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
No. of Lift Stations	10	10	10	10	10	10	10	10	10	10
Daily Capacity of Treatment Plant (MG)	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
No. of Sewer Connections	2,914	2,936	3,014	3,022	3,062	3,073	3,098	3,126	3,133	3,165
Annual Flow Treated (MG)	232	237	236	229	201	222	201	183	179	182

	Sewer System-Blacklake Division									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
No. of Lift Stations	3	3	3	3	3	3	3	3	3	3
Daily Capacity of Treatment Plant (MG)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
No. of Sewer Connections	555	559	559	559	559	559	559	559	559	559
Annual Flow Treated (MG)	23	20	19	16	16	17	16	16	16	16

Source: Nipomo Community Services District

* Town and Blacklake Water systems merged in 2009

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

MG = million gallons

Nipomo Community Services District

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

	Fund #500 Supplemental Water	Fund #700 Water Capacity	Fund #710 Town Sewer Capacity
Beginning Balance July 1, 2020	\$ 1,891,255	\$ 1,936,207	\$ 606,650
Ending Balance June 30, 2021	1,974,572	1,968,115	490,018
Interest Earned	434,061	10,890	3,028
Capacity Charges	41,275	15,930	72,592

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

Capital Improvement Project	Amount of the expenditure for each Improvement	Fund #	Project completed during fiscal year
Supplemental Water Project - Pipeline	\$ 673,699	500	Yes
Supplemental Water Project - Interconnects	40,588	500	No
Supplementary Water Project - Pump #4	17,450	500	No
Foothill Tank site	531	700	No
Southland Metal Building	7,513	710	Yes
Southland Metal Building - Electrical	3,638	710	No
Southland blower improvements	120,296	710	No

Source: Nipomo Community Services District

Anticipated Capital Improvement Projects for 2021-2022 fiscal Year:

- Supplemental Water Project Interconnects
- Supplemental Water Project Pump Station
- Southland WWTF Blower
- Third connection to Blacklake Pressure Zone

Nipomo Community Services District

Cost of Nipomo Supplemental Water Purchased From the City of Santa Maria

Fiscal Year	(a) Total Acre Feet Purchased	(b) Total Cost Per Acre Foot (g)	(a) x (b) Cost of Water Purchased
FY 20-21	498	\$ 2,203.77	\$ 1,097,477
FY 20-21	555	2,123.73	1,178,670
FY 19-20	463	2,123.73	983,287
FY 19-20	487	1,695.10	825,514
FY 18-19	950	1,701.18	1,616,121
FY 17-18	945	1,649.18	1,558,475
FY 16-17	860	1,587.77	1,365,482
FY 15-16	660	1,518.85	1,002,441

Allocation of Cost of Nipomo Supplemental Water to Partner Purveyors

Fiscal Year	66.68% NCSW	16.66% WMW	16.66% GSW	100.00% Total
FY 20-21	731,797	182,840	182,840	1,097,477
FY 20-21	785,938	196,366	196,366	1,178,670
FY 19-20	655,656	163,816	163,816	983,287
FY 19-20	550,453	137,531	137,531	825,514
FY 18-19	1,077,629	269,246	269,246	1,616,121
FY 17-18	1,039,191	259,642	259,642	1,558,475
FY 16-17	910,504	227,489	227,489	1,365,482
FY 15-16	668,428	167,007	167,007	1,002,441

City of Santa Maria Supplemental Water Rates

Effective Date of Rate Change	(c) Base Cost Per Unit (hcf)	(d) Units Per AF	(e) (c) x (d) Base Cost per AF	(f) Energy Cost Component	(e) + (f) = (g) Total Cost Per Acre Foot
1/1/2021	\$ 4.96	435.60	\$ 2,160.58	\$ 43.19	\$ 2,203.77
1/1/2020	4.77	435.60	2,077.81	45.92	2,123.73
7/1/2019	3.79	435.60	1,649.18	45.92	1,695.10
7/1/2018	3.79	435.60	1,649.18	52.00	1,701.18
7/1/2017	3.79	435.60	1,649.18	-	1,649.18
7/1/2016	3.61	435.60	1,570.77	17.00	1,587.77
1/7/2015	3.43	435.60	1,495.85	23.00	1,518.85

NCSW = Nipomo Community Services District
 WMW = Woodlands Mutual Water Company
 GSW = Golden State Water Company