

# NIPOMO COMMUNITY SERVICES DISTRICT



## ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2023

## 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, 2023

***NIPOMO COMMUNITY SERVICES DISTRICT***

148 South Wilson Street  
Nipomo, California 93444

(805) 929-1133

[www.ncsd.ca.gov](http://www.ncsd.ca.gov)

Prepared by:

The Finance and Administration Department  
Jana Etteddgue, Finance Director

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# *Nipomo Community Services District*

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## **INTRODUCTORY SECTION**

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# NIPOMO COMMUNITY

## **BOARD MEMBERS**

RICHARD MALVAROSE, **PRESIDENT**  
DAN ALLEN GADDIS, **VICE PRESIDENT**  
ED EBY, **DIRECTOR**  
DAN WOODSON, **DIRECTOR**  
GARY HANSEN, **DIRECTOR**



# SERVICES DISTRICT

## **STAFF**

RAY DIENZO, P.E., **GENERAL MANAGER**  
LISA BOGNUDA, **ASST. GENERAL MANAGER**  
JANA ETTEDDUE, **FINANCE DIRECTOR**  
PETER SEVCIK, P.E., **DIRECTOR OF ENG. & OPS.**  
CRAIG A. STEELE, **GENERAL COUNSEL**

*Serving the Community since 1965*

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(805) 929-1133    FAX (805) 929-1932    Website address: [ncsd.ca.gov](http://ncsd.ca.gov)

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November 1, 2023

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, 2023. 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, 2023. 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 4,509 customer accounts and provides sewer service to approximately 3,779 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 2022-2023, the District purchased 1,091 acre-feet of water. The District paid a volumetric charge of \$2,275.84 per acre-foot (AF) for imported water purchased between July 1, 2022 to December 31, 2022 and \$2,488.48 per AF on imported water purchased from January 1, 2023 to June 30, 2023, plus a volumetric operational cost of \$206.52 per AF. Of the 1,091 AF, the District sold 181.76 AF (16.66%) of the supplemental water to Woodlands Mutual Water Company and 181.76 AF (16.66%) to Golden State Water. The District retained the balance of 727.48 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 – Investment Policy**

On April 26, 2023, the Board of Directors of the District adopted a resolution amending the District's Investment Policy. The amendment included certain permitted investments that enables the District to invest in United States Treasuries and Certificates of Deposit in compliance with applicable state law. The United States Treasuries and Certificates of Deposit market at the time had a rate of return of almost double when compared to Local Agency Investment Fund (LAIF).

On June 14, 2023, the Board of Directors of the District adopted a resolution determining the amount of funds to be invested pursuant to the District's Investment policy to be \$5.6 million. On June 28, 2023 the District purchase \$4.6 million in Treasuries and \$1.0 million in Certificates of Deposit. Pursuant to the resolution, the District shall determine the amount of funds available for investment in July of each year.

### **Major Initiatives**

#### Nipomo Supplemental Water Project

Beginning July 1, 2022 through June 30, 2023, the District purchased 1,091 acre-feet of water from the City thereby exceeding the minimum 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). As of the end of the fiscal year, the purveyor interconnects project has been carried over into the fiscal year 2023-2024. The District foresees completion of the Supplemental Water Project by the end of fiscal year 2024, one year 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 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.

The construction for the force main began Spring 2023 and is anticipated to be completed by Winter 2024. The project design, engineering and environmental work for the lift station is in progress with construction expected to begin spring 2024 and is anticipated to be completed by Spring 2025.

### **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 annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the tenth 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 annual comprehensive 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 annual comprehensive 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,

  
\_\_\_\_\_  
**Ray Dienzo**  
General Manager and  
Secretary to the Board of Directors

  
\_\_\_\_\_  
**Jana Etteddgue**  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Nipomo Community Services District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

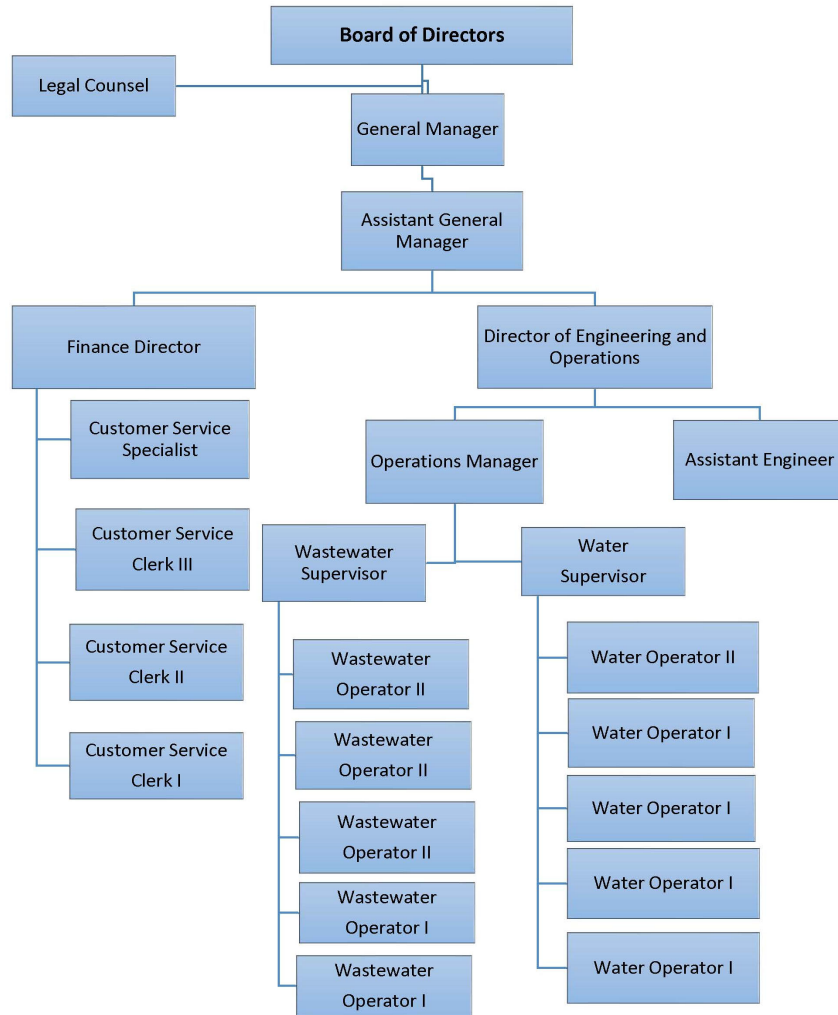
June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# NIPOMO COMMUNITY SERVICES DISTRICT

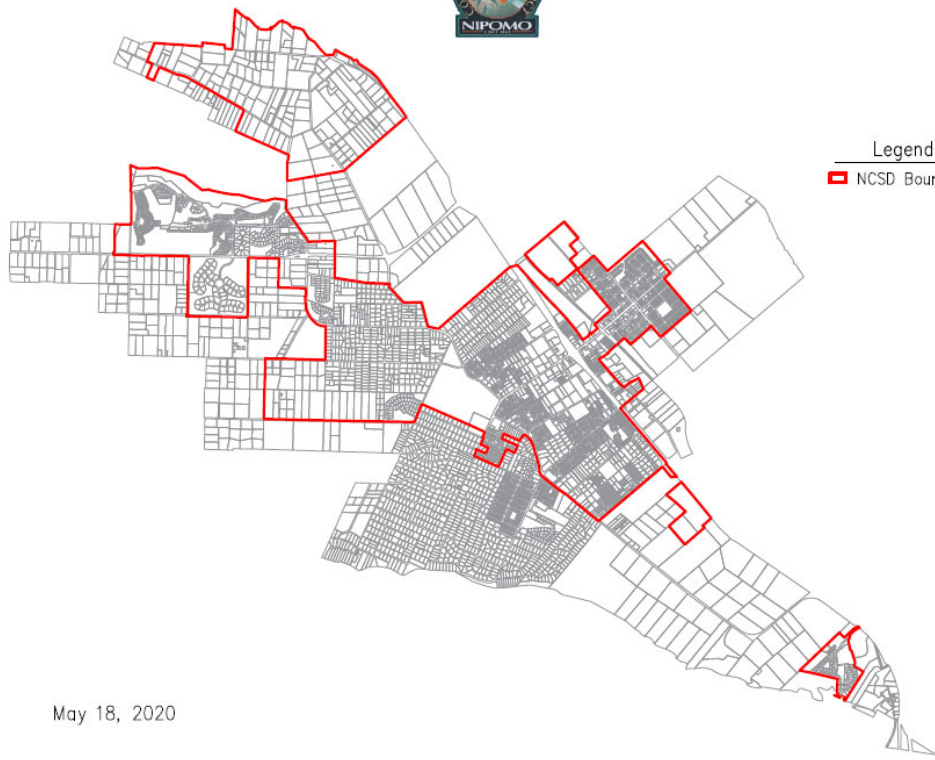
## ORGANIZATIONAL STRUCTURE 2022-2023



# 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>
Richard Malvarose	President	12/20 – 12/24
Dan Allen Gaddis	Vice President	12/22 – 12/26
Ed Eby	Director	12/22 – 12/26
Dan Woodson	Director	12/22 – 12/24
Gary Hansen	Director	12/22 – 12/26

### MANAGEMENT

Raymond Dienzo	General Manager and Secretary to the Board of Directors
Lisa Bognuda	Assistant General Manager
Jana Etteddgue	Finance Director
Peter Sevcik, P.E.	Director of Engineering and Operations

### LEGAL COUNSEL

Craig A. Steele	Richards Watson and Gershon
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## **FINANCIAL SECTION**

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## *Independent Auditor's Report*

### **PARTNERS**

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  
Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA, CGMA  
Brenda L. Odle, CPA, MST (Partner Emeritus)

### **MANAGERS / STAFF**

Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hite, CPA  
Jeffrey McKennan, CPA

### **MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental 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, 2023, 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 respective financial position of the business-type activities and the fiduciary fund of the District as of June 30, 2023, 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* (GAS), 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.

## ***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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***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 and GAS 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 and GAS, 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary 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 listed in the table of contents is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 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 November 1, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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  
November 1, 2023

# *Nipomo Community Services District*

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023**

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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, 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

### **Financial Highlights**

- The District's Net Position increased 5.24% to \$79.7 million.
- During the year the District's operating revenues increased 9.57%, while operating expenses increased 7.89%. Interest income earnings increased due to an escalation 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 water and sewer capacity charges collected of \$309,889, developer contributions of improvements valued at \$522,310, and contributions of Work in Process valued at \$1,446,461 from the Blacklake Assessment District 2020-1.

### **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, 2023. 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, 2023**

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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 49.



# Nipomo Community Services District

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

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**TABLE 1**  
**Condensed Statements of Net Position**

	<u>2023</u>	<u>2022</u>	<u>Current Year Increase/ (Decrease)</u>
<b>Assets</b>			
Current and other assets	\$ 34,245,972	\$ 32,194,204	\$ 2,051,768
Capital assets, net	<u>69,762,015</u>	<u>68,418,800</u>	<u>1,343,215</u>
Total assets	<u>104,007,987</u>	<u>100,613,004</u>	<u>3,394,983</u>
<b>Deferred outflows</b>	<u>2,058,535</u>	<u>1,354,691</u>	<u>703,844</u>
<b>Liabilities</b>			
Current liabilities	2,352,876	2,300,112	52,764
Noncurrent liabilities	<u>23,475,524</u>	<u>22,795,924</u>	<u>679,600</u>
Total liabilities	<u>25,828,400</u>	<u>25,096,036</u>	<u>732,364</u>
<b>Deferred inflows</b>	<u>550,857</u>	<u>1,149,491</u>	<u>(598,634)</u>
<b>Net position</b>			
Net investment in capital	49,117,407	47,205,935	1,911,472
Restricted	18,146,458	16,171,832	1,974,626
Unrestricted	<u>12,423,400</u>	<u>12,344,401</u>	<u>78,999</u>
Total net position	<u>\$ 79,687,265</u>	<u>\$ 75,722,168</u>	<u>\$ 3,965,097</u>

The District's net position at fiscal year June 30, 2023 increased \$3,965,097 (5.24%) when compared to fiscal year end June 30, 2022.

The largest contributing factor is the increase in cash due to water sales and increases in water and waste water rates.

*Nipomo Community Services District*

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

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

	<u>2023</u>	<u>2022</u>	<b>Current Year Increase/ (Decrease)</b>
<b>Operating revenues</b>			
Charges for services	\$ 10,773,698	\$ 10,563,424	\$ 210,274
Other operating revenue	1,297,717	454,015	843,702
<b>Total operating revenues</b>	<u>12,071,415</u>	<u>11,017,439</u>	<u>1,053,976</u>
<b>Operating expenses</b>			
Water	6,917,274	6,541,370	375,904
Sewer	2,905,640	2,755,790	149,850
Other	1,591,314	1,282,362	308,952
<b>Total operating expenses</b>	<u>11,414,228</u>	<u>10,579,522</u>	<u>834,706</u>
<b>Non-operating revenues and expenses</b>			
Interest income	750,473	498,800	251,673
Property taxes and rental income	892,863	826,143	66,720
Gain (loss) on disposal of capital assets	5,325	450	4,875
Other revenue - purveyors	147,528	203,130	(55,602)
Interest expense	(766,939)	(818,398)	51,459
Bond issuance cost	-	(243,044)	243,044
<b>Total non-operating revenues (expenses)</b>	<u>1,029,250</u>	<u>467,081</u>	<u>562,169</u>
<b>Income before contributions</b>	<u>1,686,437</u>	<u>904,998</u>	<u>781,439</u>
<b>Capital contributions</b>			
Capacity charges	309,889	434,048	(124,159)
Contributions from developers	522,310	176,500	345,810
Contribution from Blacklake Assessment District 2020-1	1,446,461	247,072	1,199,389
<b>Total capital contributions</b>	<u>2,278,660</u>	<u>857,620</u>	<u>1,421,040</u>
<b>Change in net position</b>	<u>3,965,097</u>	<u>1,762,618</u>	<u>2,202,479</u>
<b>Net position - beginning</b>	<u>75,722,168</u>	<u>73,959,550</u>	<u>1,762,618</u>
<b>Net position - ending</b>	<u>\$ 79,687,265</u>	<u>\$ 75,722,168</u>	<u>\$ 3,965,097</u>

# *Nipomo Community Services District*

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023**

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Total operating revenues increased \$1,053,975 (9.57%). Water Revenue increased \$700,959, due to an 8.9% scheduled rate study increase. Town Division sewer revenues increased \$112,087 due to a 3.8% scheduled rate study increase and Blacklake Division sewer revenues increased \$112,277, due to a 16.5% scheduled rate study increase. The remaining increase of \$128,652 is attributable to miscellaneous income from various funds.

Total operating expenses increased \$834,706 (7.89%). 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 \$562,169. The increase in interest rates resulted in an increase in interest income of \$251,673. 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 decreased \$55,601, due to completion of construction projects in the prior fiscal year.

**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>2023</u>	<u>2022</u>	<u>Current Year Increase/ (Decrease)</u>
Non-depreciable assets	\$ 4,854,054	\$ 3,417,324	\$ 1,436,730
Depreciable assets	95,852,837	93,698,580	2,154,257
Accumulated depreciation	<u>(30,944,876)</u>	<u>(28,697,104)</u>	<u>(2,247,772)</u>
Total capital assets, net	<u>\$ 69,762,015</u>	<u>\$ 68,418,800</u>	<u>\$ 1,343,215</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, 2023**

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**TABLE 4**  
**Long Term Debt**

	<u>2023</u>	<u>2022</u>	<u>Current Year Increase/ (Decrease)</u>
Certificates of Participation Series 2013	\$ 8,187,655	\$ 8,339,038	\$ (151,383)
Refunding Revenue Bonds Series 2013A	1,911,838	2,058,707	(146,869)
Certificates of Participation Series 2022	<u>10,545,115</u>	<u>10,815,120</u>	<u>(270,005)</u>
Total long-term debt	<u>\$ 20,644,608</u>	<u>\$ 21,212,865</u>	<u>\$ (568,257)</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-". In January 2022, Standard & Poor's reaffirmed its "AA-" rating.

Standard & Poor's Rating Service reviewed the Certificates of Participation Series 2022 and assigned a rating of "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 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, 2023**

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

The District completed a water rate study in August 2020. The third of five rate increases that went into effect January 1, 2023.

The Town Division completed a wastewater rate study in April 2021. The third of five rate increases will go into effect July 1, 2023. The Blacklake Sewer Division is in its last year of a five-year rate schedule. The last rate increase was effective April 1, 2023.

#### **Requests for Information**

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

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# Nipomo Community Services District

## Statement of Net Position Proprietary Funds June 30, 2023

### ASSETS

#### Current assets:

Cash and cash equivalents (Note 2)	\$ 15,289,593
Investments (Note 3)	5,591,009
Accounts receivable	385,001
Unbilled utilities receivable	910,000
Accrued interest receivable	261,651
Accrued franchise fees	34,150
Due from County	19,434
Contract receivable, current portion (Note 4)	154,946
Total current assets	<u>22,645,784</u>

#### Noncurrent assets:

Restricted cash and cash equivalents (Note 2 & 3)	64,397
Restricted cash - funded replacement (Note 2 & 3)	1,682,669
Cash with fiscal agent (Note 2 & 3)	3,050,574
Deposits and other assets	49,730
Contract receivable, less current portion (Note 4)	6,752,818
Capital assets:	
Capital assets, not being depreciated (Note 5)	4,854,054
Depreciable capital assets, net (Note 5)	64,907,961
Total noncurrent assets	<u>81,362,203</u>
Total assets	<u>104,007,987</u>

### DEFERRED OUTFLOWS OF RESOURCES

OPEB related (Note 8)	899,631
Pension related (Note 7)	1,158,904
Total deferred outflows of resources	<u>2,058,535</u>

### LIABILITIES

#### Current liabilities:

Accounts payable	1,137,298
Deposits and retentions	255,001
Accrued liabilities	301,665
Current portion of long-term liabilities (Note 6)	658,912
Total current liabilities	<u>2,352,876</u>

#### Noncurrent liabilities:

Net OPEB liability (Note 8)	1,062,441
Net pension liability (Note 7)	2,287,351
Long-term liabilities, less current portion	20,125,732
Total noncurrent liabilities	<u>23,475,524</u>
Total liabilities	<u>25,828,400</u>

### DEFERRED INFLOWS OF RESOURCES

OPEB related (Note 8)	491,606
Pension related (Note 7)	59,251
Total deferred inflows of resources	<u>550,857</u>

### NET POSITION (Note 9)

Net investment in capital assets	49,117,407
Restricted for system expansion	16,412,073
Restricted for system replacement	1,734,385
Unrestricted	12,423,400
Total net position	<u>\$ 79,687,265</u>

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

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# *Nipomo Community Services District*

## **Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Year Ended June 30, 2023**

<b>Operating revenues</b>	
Charges for services	\$ 9,852,892
Charges for services-purveyors	863,379
Charges for services-purveyor reimbursements	57,427
Other operating revenue	<u>1,297,717</u>
Total operating revenues	<u>12,071,415</u>
<b>Operating expenses</b>	
Purchased water	1,727,795
Purchased water related expenses	173,191
Purchased water- surveyors	863,379
Personnel	3,048,612
Contractual services	297,930
Utilities	714,902
Repairs and maintenance	280,751
Other supplies and expenses	1,775,669
Insurance	266,512
Depreciation	<u>2,265,487</u>
Total operating expenses	<u>11,414,228</u>
Operating income	<u>657,187</u>
<b>Non-operating revenues (expenses)</b>	
Interest income	750,473
Property taxes	868,775
Cell site rental income	24,088
Gain on disposal of capital assets	5,325
Other revenue - surveyors	147,528
Interest expense	<u>(766,939)</u>
Total non-operating revenues (expenses)	<u>1,029,250</u>
Income before contributions	1,686,437
<b>Capital Contributions</b>	
Capital contributions received	<u>2,278,660</u>
Total contributions	<u>2,278,660</u>
Change in net position	3,965,097
Total net position - beginning	<u>75,722,168</u>
Total net position - ending	<u>\$ 79,687,265</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, 2023**

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### **CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from operating revenue	\$ 11,909,563
Payments to suppliers	(5,964,687)
Payments to employees	(3,048,310)
Net cash provided by operating activities	<u>2,896,566</u>

### **CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Property tax revenues	868,404
Cell site rental income	24,088
Net cash provided by non-capital financing activities	<u>892,492</u>

### **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital contributions	309,889
Acquisition of capital assets	(1,659,573)
Principal received on contract receivable	143,036
Interest received on contract receivable	434,801
Principal paid on capital debt	(545,000)
Interest paid on capital debt	(790,196)
Proceeds from disposal of capital assets	5,325
Net cash used for capital and related financing activities	<u>(2,101,718)</u>

### **CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	202,732
Purchase of investments	(5,596,777)
Net cash used for investing activities	<u>(5,394,045)</u>

Net decrease in cash and cash equivalents (3,706,705)

Cash and cash equivalents - beginning 23,793,938

Cash and cash equivalents - ending \$ 20,087,233

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

Current assets:	
Cash and cash equivalents	\$ 15,289,593
Noncurrent assets:	
Restricted cash and cash equivalents	64,397
Restricted cash - funded replacement	1,682,669
Cash with fiscal agent	3,050,574
Cash and cash equivalents at end of year	<u>\$ 20,087,233</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, 2023**

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

Operating income	\$	657,187
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		2,265,487
Changes in assets and liabilities:		
Accounts receivable		39,969
Unbilled utilities receivable		(78,000)
Accrued franchise fees		(8,648)
Deposits and other assets		2,786
Deferred outflows of resources OPEB		(88,610)
Deferred outflows of resources pension		(615,234)
Accounts payable		132,656
Deposits and retentions		(115,173)
Accrued liabilities		40,570
Compensated absences		(18,736)
Net OPEB liability		(51,329)
Net pension liability		1,332,275
Deferred inflows of resources OPEB		183,720
Deferred inflows of resources pension		(782,354)
Net cash provided by operating activities	<u>\$</u>	<u>2,896,566</u>
Noncash investing, capital, and financing activities:		
Capital assets acquired through capital contributions	\$	1,968,771
Capital assets in retentions payable		19,642

*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, 2023**

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	<b>Custodial Fund AD 2020-1</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,366,801
Cash with fiscal agent	10,977,091
Special assessments receivable - current	5,596
Total assets	<u>12,349,488</u>
<b>LIABILITIES</b>	
Accounts payable	793,571
Accrued liabilities	292,757
Bonds payable - current	250,000
Retentions payable - current	60,066
Bonds payable - noncurrent	11,505,263
Total liabilities	<u>12,901,657</u>
<b>NET POSITION</b>	<u>\$ (552,169)</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, 2023**

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	<b>Custodial Fund AD 2020-1</b>
<b>ADDITIONS</b>	
Interest income	\$ 211,991
Assessments collected	<u>577,572</u>
Total additions	<u>789,563</u>
<b>DEDUCTIONS</b>	
Interest expense	298,484
Administrative costs	7,200
Contribution to Blacklake Sewer	<u>1,446,461</u>
Total deductions	<u>1,752,145</u>
Change in net position	(962,582)
Net position - beginning of year	<u>410,413</u>
Net position - end of year	<u><u>\$ (552,169)</u></u>

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

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# *Nipomo Community Services District*

## **Notes to the Basic Financial Statements For the Year Ended June 30, 2023**

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### **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 are 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, 2013 and 2022. The financial activity of the corporation is blended into the financial statements of the District.

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

#### ***Proprietary 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 Fund***

Fiduciary funds are used to account for assets held by the District in a trustee capacity for the Nipomo Community Services District Assessment District No. 2020-1 (Blacklake Sewer Consolidation) which issued bonds to finance the acquisition and construction of certain public capital facilities to its wastewater system for the purpose of combining the Town and Blacklake sewer systems, which the properties within the Assessment District will benefit from.

# *Nipomo Community Services District*

## **Notes to the Basic Financial Statements For the Year Ended June 30, 2023**

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

#### ***Basis of Accounting***

The enterprise funds and the Fiduciary Fund 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 monthly for all 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, 2023**

---

### **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, 2023**

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### **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.

GASB 68 requires 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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

#### ***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.

GASB 75 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, 2022
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

# *Nipomo Community Services District*

## **Notes to the Basic Financial Statements For the Year Ended June 30, 2023**

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### **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 \$11,825,293. 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. As of June 30, 2023, the outstanding balance is \$11,755,263.

#### ***Reclassification***

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

### **NOTE 2: CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2023, are classified as follows:

Current assets:	
Cash and cash equivalents	\$ 15,289,593
Noncurrent assets:	
Restricted cash and cash equivalents	64,397
Restricted cash - funded replacement	1,682,669
Cash with fiscal agent	<u>3,050,574</u>
Total cash and cash equivalents	<u>\$ 20,087,233</u>

# Nipomo Community Services District

## Notes to the Basic Financial Statements For the Year Ended June 30, 2023

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### NOTE 2: CASH AND CASH EQUIVALENTS, (continued)

Cash and cash equivalents at June 30, 2023, consist of the following:

Cash on hand	\$	600
Bank deposits		2,766,162
Cash with fiscal agent		3,050,574
Investments in LAIF		<u>14,269,897</u>
Total cash and cash equivalents	\$	<u>20,087,233</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 §§ 27133(g), 53635, 61053)
2. The Local Agency Investment Fund created by the California State Treasury (California Government Code §§ 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 § 53630 et seq., 61053).
4. U.S. Treasuries and other government obligations for which the full faith and credit of the United States are pledged for payment of principle and interest, provided that the maximum maturity is five (5) years. There shall be no limits on the dollar amount or percentage that the District may invest in U.S. Treasuries.
5. Federally insured time deposits ("Certificates of Deposit") in state or federally chartered banks, savings and loans or credit unions, provided that all such investments shall be federally insured, fully collateralized in accordance with California law. The maximum maturity of such deposits shall not exceed five (5) years.
6. Negotiable Certificates of Deposit ("NCD") issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that not more than 30% of the portfolio invested shall be invested in a combination of federally insured non-negotiable certificates of deposit, and the maximum maturity does not exceed five (5) years.
7. 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.
8. 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 §§ 5922(d), 53601(m))

# Nipomo Community Services District

## Notes to the Basic Financial Statements For the Year Ended June 30, 2023

### NOTE 3: INVESTMENTS, (continued)

#### **Disclosure Relating to Interest Rate Risk**

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

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 260 days.

Investments at June 30, 2023:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity</u>	
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>
Certificates of Deposit	\$ 997,351	\$ 599,077	\$ 398,274
U.S. Treasury securities	4,593,658	4,593,658	-
Total investments	<u>\$ 5,591,009</u>	<u>\$ 5,192,735</u>	<u>\$ 398,274</u>

# Nipomo Community Services District

## Notes to the Basic Financial Statements For the Year Ended June 30, 2023

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### NOTE 3: INVESTMENTS, (continued)

#### *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. LAIF has a minimum \$5,000 transaction amount in increments of \$1,000 with a maximum 15 transactions (combination of deposits and withdrawals) per month. LAIF requires a one-day prior notice for deposits and withdrawals of \$10 million or more.

#### **Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's Policy, or debt agreements, and the actual ratings as of the fiscal year ended for each investment type.

Investments at June 30, 2023:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Rating at Year End AAA to AA-</u>
Certificates of Deposit	\$ 997,351	N/A	\$ 997,351	\$ -
U.S. Treasury securities	<u>4,593,658</u>	AA	<u>2,298,880</u>	<u>2,294,778</u>
Total investments	<u>\$ 5,591,009</u>		<u>\$ 3,296,231</u>	<u>\$ 2,294,778</u>

#### **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, 2023

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### 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, 2023, 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, except for no more than 30% of the portfolio can be negotiable Certificates of Deposit. As of June 30, 2023, the District's deposit portfolio with U.S. Treasury securities, Certificate Deposits, and 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.

Investments by Fair Value	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
U.S. Treasury	\$ 4,593,658	\$ 4,593,658	\$ -	\$ -
Certificates of Deposit	997,351	-	997,351	-
Total Investments by Fair Value Level	\$ 5,591,009	\$ 4,593,658	\$ 997,351	\$ -

## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2023**

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#### **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 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, 2023, the Contract Receivable associated with the Agreement is \$6,907,764.



# Nipomo Community Services District

## Notes to the Basic Financial Statements For the Year Ended June 30, 2023

### NOTE 5: CAPITAL ASSETS

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

	June 30, 2022	Additions	Deletions/ Transfers	June 30, 2023
Non-depreciable capital assets:				
Land	\$ 1,113,700	\$ -	\$ -	\$ 1,113,700
Construction in progress	2,303,624	2,793,806	(1,357,076)	3,740,354
<b>Total non-depreciable capital assets</b>	<b>3,417,324</b>	<b>2,793,806</b>	<b>(1,357,076)</b>	<b>4,854,054</b>
Depreciable capital assets:				
Buildings and improvements	90,548,087	2,056,031	-	92,604,118
Equipment	3,150,493	115,941	(17,715)	3,248,719
<b>Total depreciable capital assets</b>	<b>93,698,580</b>	<b>2,171,972</b>	<b>(17,715)</b>	<b>95,852,837</b>
Less accumulated depreciation:				
Buildings and improvements	(26,452,245)	(2,013,545)	-	(28,465,790)
Equipment	(2,244,859)	(251,942)	17,715	(2,479,086)
	<u>(28,697,104)</u>	<u>(2,265,487)</u>	<u>17,715</u>	<u>(30,944,876)</u>
<b>Net depreciable capital assets</b>	<b>65,001,476</b>	<b>(93,515)</b>	<b>-</b>	<b>64,907,961</b>
<b>Total capital assets, net</b>	<b>\$ 68,418,800</b>	<b>\$ 2,700,291</b>	<b>\$ (1,357,076)</b>	<b>\$ 69,762,015</b>

Depreciation expense for the period ended June 30, 2023 was \$2,265,487.

*Nipomo Community Services District*

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 6: LONG-TERM LIABILITIES**

The summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	June 30, 2022	Additions	Deletions	June 30, 2023	Due Within One Year
Certificates of participation:					
Revenue COP's series 2013	\$ 8,520,000	\$ -	\$ (160,000)	\$ 8,360,000	\$ 160,000
Unamortized discount	(180,962)	-	8,617	(172,345)	-
Revenue COP's series 2022	10,295,000	-	(250,000)	10,045,000	260,000
Unamortized premium	520,120	-	(20,005)	500,115	-
Total COP's	<u>19,154,158</u>	<u>-</u>	<u>(421,388)</u>	<u>18,732,770</u>	<u>420,000</u>
Revenue bonds 2013A	1,940,000	-	(135,000)	1,805,000	145,000
Unamortized premium	118,707	-	(11,869)	106,838	-
Total revenue bonds	<u>2,058,707</u>	<u>-</u>	<u>(146,869)</u>	<u>1,911,838</u>	<u>145,000</u>
Compensated absences	<u>158,772</u>	<u>122,817</u>	<u>(141,553)</u>	<u>140,036</u>	<u>93,912</u>
Total long-term liabilities	<u>\$ 21,371,637</u>	<u>\$ 122,817</u>	<u>\$ (709,810)</u>	<u>\$ 20,784,644</u>	<u>\$ 658,912</u>

# Nipomo Community Services District

## Notes to the Basic Financial Statements For the Year Ended June 30, 2023

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### NOTE 6: LONG-TERM LIABILITIES, (continued)

#### Certificates of Participation

##### 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.

Principal is to be paid annually starting September 1, 2014 through September 1, 2043. Annual principal payments range from \$160,000 to \$725,000 as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 160,000	\$ 367,900	\$ 527,900
2025	165,000	362,000	527,000
2026	175,000	355,200	530,200
2027	180,000	348,100	528,100
2028	185,000	340,800	525,800
2029-2033	1,065,000	1,578,574	2,643,574
2034-2038	2,540,000	1,191,230	3,731,230
2039-2043	3,165,000	545,967	3,710,967
2044	725,000	16,767	741,767
	<u>\$8,360,000</u>	<u>\$5,106,538</u>	<u>\$13,466,538</u>

##### Revenue Certificates of Participation – Series 2022

The District issued \$10,630,000 of Revenue Certificate of Participation (COP's) in March 2022. The proceeds were used to refund the outstanding balance of the 2012 Revenue Certificate of Participation and fund a portion of the costs of certain capital improvements. The COP's bear interest ranging from 1.5% to 4.00% per annum.

# Nipomo Community Services District

## Notes to the Basic Financial Statements For the Year Ended June 30, 2023

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### NOTE 6: LONG-TERM LIABILITIES, (continued)

#### Certificates of Participation, (continued)

The District refunded the Series 2012 COP's to reduce its total debt service payments by \$2,113,554 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt, less any prior funds on hand) of \$1,033,399.

The outstanding 2022 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 the other agreements or covenants required herein to be performed by it, and such default has continued for a period of 30 days after the District has been given notice in writing of such default by the Corporation or the Trustee; 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.

Principal is to be paid annually starting June 1, 2022 through June 1, 2048. Annual principal payments range from \$260,000 to \$555,000 as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 260,000	\$ 325,150	\$ 585,150
2025	270,000	314,750	584,750
2026	275,000	310,700	585,700
2027	285,000	299,700	584,700
2028	300,000	288,300	588,300
2029-2033	1,670,000	1,253,500	2,923,500
2034-2038	2,025,000	898,206	2,923,206
2039-2043	2,330,000	588,613	2,918,613
2044-2048	2,630,000	237,000	2,867,000
	<u>\$ 10,045,000</u>	<u>\$ 4,515,919</u>	<u>\$ 14,560,919</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.

# *Nipomo Community Services District*

## **Notes to the Basic Financial Statements For the Year Ended June 30, 2023**

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### **NOTE 6: LONG-TERM LIABILITIES, (continued)**

#### **Revenue Bonds, (continued)**

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.

Annual payments range from \$145,000 to \$210,000 as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 145,000	\$ 76,675	\$ 221,675
2025	155,000	69,175	224,175
2026	160,000	61,300	221,300
2027	170,000	53,050	223,050
2028	180,000	44,300	224,300
2029-2032	995,000	102,300	1,097,300
	<u>\$ 1,805,000</u>	<u>\$ 406,800</u>	<u>\$ 2,211,800</u>

# *Nipomo Community Services District*

## **Notes to the Basic Financial Statements For the Year Ended June 30, 2023**

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### **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](http://www.calpers.ca.gov).

##### ***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: 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.

# Nipomo Community Services District

## Notes to the Basic Financial Statements For the Year Ended June 30, 2023

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### NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)

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

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Miscellaneous Tier I	Miscellaneous Tier II	Miscellaneous PEPRA
Hire Date			
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	16.17%	15.45%	7.76%

#### Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are 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. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance 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, 2023 were \$385,177. The actual employer payments of \$356,716 made to CalPERS by the District during the measurement period ended June 30, 2022 differed from the District's proportionate share of the employer's contributions of \$392,937 by \$36,211, 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 of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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, 2023**

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### **NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)**

#### ***B. Net Pension Liability (continued)***

#### ***Actuarial Methods and Assumptions Used to Determine Total Pension Liability***

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>(1)</sup>	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

<sup>(1)</sup> The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website.

#### ***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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.



## *Nipomo Community Services District*

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2023**

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#### **NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)**

##### ***B. Net Pension Liability (continued)***

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

Asset Class	Assumed Asset Allocation	Real Return <sup>1,2</sup>
Global Equity - cap-weighted	30.00%	4.54%
Global Equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
Total	100.00%	28.93%

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021-22 Asset Liability Management study.

##### ***Change of Assumptions***

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

# *Nipomo Community Services District*

## **Notes to the Basic Financial Statements For the Year Ended June 30, 2023**

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### **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 6.90%. 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.

##### ***Subsequent Events***

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

##### ***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](http://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.

*Nipomo Community Services District*

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2023**

**NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)**

**C. Proportionate Share of Net Pension Liability**

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2021 (VD)	\$ 8,864,280	\$ 7,909,204	\$ 955,076
Balance at: 6/30/2022 (MD)	9,862,663	7,575,312	2,287,351
Net changes during 2021-22	998,383	(333,892)	1,332,275

Valuation Date (VD), Measurement Date (MD)

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](http://www.calpers.ca.gov). The District's proportionate share of the net pension liability for the miscellaneous Plan as of the June 30, 2021 and 2022 measurement dates was as follows:

	Miscellaneous
Proportionate Share of NPL - June 30, 2021	0.05030%
Proportionate Share of NPL - June 30, 2022	0.04888%
Change - Increase (Decrease)	<u>(0.00142%)</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 6.90 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 (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Net Pension Liability	\$ 3,631,810	\$ 2,287,351	\$ 1,181,195

# *Nipomo Community Services District*

## **Notes to the Basic Financial Statements For the Year Ended June 30, 2023**

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### **NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)**

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

##### ***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.

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, 2022 is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (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, 2021), the District's net pension liability was \$955,076. For the measurement period ending June 30, 2022 (the measurement date), the District incurred a pension expense of \$319,863.

*Nipomo Community Services District*

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2023**

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**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, 2023, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 45,934	\$ 30,765
Changes of Assumptions	234,387	-
Difference Between Projected and Actual Investment Earnings	418,982	-
Change in Employer's Proportion	70,003	-
Differences Between Employer's Contributions and Proportionate Share on Contributions	4,421	28,486
Pension Contributions Subsequent to the Measurement Date	385,177	-
Total	<u>\$ 1,158,904</u>	<u>\$ 59,251</u>

The amounts above are net of outflows and inflows recognized in the 2021-22 measurement period expense. Contributions subsequent to the measurement date of \$385,177 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
2024	\$ 205,044
2025	166,582
2026	86,587
2027	256,263
2028	-
Thereafter	-

***E. Payable to the Pension Plan***

At June 30, 2023, the District reported a payable of \$7,746 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

# *Nipomo Community Services District*

## **Notes to the Basic Financial Statements For the Year Ended June 30, 2023**

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### **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, 2022 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	20
Inactive employees or beneficiaries currently receiving benefits	9
Total	<u>29</u>

#### ***Contributions***

The District pays retiree medical benefits directly to CalPERS. For fiscal year ended June 30, 2023, the District paid \$101,408 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, 2023, the District's cash contribution to CERBT was \$131,650 in payments to the trust and the estimated implied subsidy of \$34,413 resulting in total OPEB contributions of \$267,471. 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, 2023

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

#### *Net OPEB liability*

The District's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022, based on the following actuarial methods and assumptions:

#### **Actuarial Assumptions:**

Actuarial Assumptions:	
Actuarial Cost Method	Entry age normal cost, level % of pay
Asset Valuation Method	Market value of assets
Discount Rate	6.20%
Inflation	2.50%
Salary Increases	3.00% - Per annum
Mortality Rate	MacLeod Watts Scale 2022 applied generationally.
Healthcare Trend Rate	5.6% in 2024 decreasing to 3.9% by 2076

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:

Asset Class	Target Allocation	Long-term expected real rate of return
TIPS	5%	-1.80%
Fixed Income	23%	-1.50%
Global Equities	49%	4.40%
REIT's	20%	3.00%
Commodities	3%	0.80%
Total	100%	

#### **Discount Rate**

The discount rate used to measure the total OPEB liability was 6.2% 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, 2023**

**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:

	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (c)= (a) - (b)</u>
<b>Balance at June 30, 2022</b> (Measurement Date June 30, 2021)	\$ 3,734,966	\$ 2,621,196	\$ 1,113,770
<b>Changes recognized for the measurement period:</b>			
Service Cost	147,881	-	147,881
Interest	248,258	-	248,258
Net investment income	-	174,516	(174,516)
Changes of assumptions	(124,723)	-	(124,723)
Plan experience differences	(434,227)	-	(434,227)
Contributions - employer	-	254,995	(254,995)
Investment experience	-	(540,317)	540,317
Benefit payments	(126,995)	(126,995)	-
Administrative expenses	-	(676)	676
<b>Net Changes</b>	<u>(289,806)</u>	<u>(238,477)</u>	<u>(51,329)</u>
<b>Balance at June 30, 2023</b> (Measurement Date June 30, 2022)	<u>\$ 3,445,160</u>	<u>\$ 2,382,719</u>	<u>\$ 1,062,441</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, 2022:

	1% Decrease 5.20%	Current Discount Rate 6.20%	1% Increase 7.20%
Net OPEB Liability	\$ 1,051,817	\$ 1,062,441	\$ 1,073,065



*Nipomo Community Services District*

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2023**

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**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, 2022:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 578,346	\$ 1,062,441	\$ 1,674,951

***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](http://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 straight-line
All other amounts	Expected average remaining service lifetime (EARSL) (8.30 years at June 30, 2022)

*Nipomo Community Services District*

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2023**

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**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, 2023, the District recognized OPEB expense of \$267,471. For the fiscal year ended June 30, 2022, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 267,471	\$ -
Changes of assumptions	340,008	109,696
Differences between expected and actual experience	90,683	381,910
Net difference between projected and actual earnings on OPEB plan investments	201,469	-
Total	<u>\$ 899,631</u>	<u>\$ 491,606</u>

The \$267,471 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 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
2024	\$ 92,893
2025	92,279
2026	57,420
2027	85,892
2028	(33,045)
Thereafter	(154,885)

# Nipomo Community Services District

## Notes to the Basic Financial Statements For the Year Ended June 30, 2023

### NOTE 9: NET POSITION

At June 30, 2023, the components of net position consisted of the following:

<u>Net investment in capital assets:</u>		
Capital assets, not being depreciated		\$ 4,854,054
Depreciable capital assets, net		64,907,961
Current portion of long-term debt		(565,000)
Long-term debt, less current portion		<u>(20,079,608)</u>
		<u>\$ 49,117,407</u>

<u>Restricted Funding Source</u>	<u>Use</u>	
Water capacity charges and supplemental water	For the expansion of the water system	\$ 12,809,622
Town Sewer capacity charges	For the expansion of the sewer system	551,923
Town Sewer cash with fiscal agent	Cash held with fiscal agent for expansion	<u>3,050,528</u>
	Restricted for system expansion	<u>16,412,073</u>
Nipomo Supplemental Water Project	For the replacement/repair of the supplemental water project	1,734,385
	Total Restricted Net Position	<u>\$ 18,146,458</u>

<u>Unrestricted Funding Source</u>	<u>Use</u>	
Designated reserve	District operating expenses	\$ 12,423,400
	Total Unrestricted Net Position	<u>\$ 12,423,400</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, 2023, 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 202223. This covers \$10,000,000 per occurrence.

Public Officials and Employees Errors: Special District Risk Management Authority, coverage number LCA SDRMA 202223. This covers \$10,000,000 per occurrence/general aggregate.

Personal Liability Coverage for Board Members: Special District Risk Management Authority, coverage number LCA SDRMA 202223. This covers \$500,000 per occurrence/general aggregate.

# *Nipomo Community Services District*

## **Notes to the Basic Financial Statements For the Year Ended June 30, 2023**

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### **NOTE 10: JOINT POWERS AUTHORITY, (continued)**

Employment Practices Liability: Special District Risk Management Authority, coverage number LCA SDRMA 202223. 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 202223. This covers \$10,000,000 per occurrence/general aggregate.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 202223. This policy includes a \$1,000,000 Public Employees Dishonesty Blanket Coverage.

Auto Liability: Special District Risk Management Authority, coverage number LCA SDRMA 202223. 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 202223. The coverage is on file with SDRMA.

Uninsured/Under Insured Motorist: Special District Risk Management Authority, coverage number UMI SDRMA 202223. The coverage is on file with SDRMA.

Trailer Coverage: District Risk Management Authority, coverage number LCA SDRMA 202223. The coverage is on file with SDRMA.

Property Coverage: Special District Risk Management Authority, coverage number PPC SDRMA 202223. This policy covers the replacement cost for scheduled property, \$1,000,000,000 per occurrence. Deductible is on file with SDRMA.

Boiler and Machinery: Special District Risk Management Authority, coverage number PPC SDRMA 202223. This covers the replacement cost for scheduled property, \$100,000,000 per occurrence. Deductible is on file with SDRMA.

Workers Compensation Coverage and Employer's Liability: Special District Risk Management Authority, coverage number WCP SDRMA 202223. 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 2023. 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, 2023.

# *Nipomo Community Services District*

## **Notes to the Basic Financial Statements For the Year Ended June 30, 2023**

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### **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 likely to be scheduled to take place sometime in the fourth quarter of 2023.

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. COVID-19 significantly delayed transfer of these cases; we anticipate that transfer logistics will conclude in the next several months.

*Robyn Flores, et al. v. R. Myers, Inc., et al.* San Luis Obispo County Superior Court, Case No. 22CV-0250.

The District was erroneously named and served in this case seeking damages for a fatal vehicle accident that occurred in the jurisdictional boundaries of the District. The accident occurred at or near an off-ramp from the 101 Freeway. The District has no control over, or liability for, roads within the District's boundaries. We are informed that the plaintiffs have dismissed the District with prejudice.

# *Nipomo Community Services District*

## **Notes to the Basic Financial Statements For the Year Ended June 30, 2023**

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### **NOTE 11: CONTINGENCIES (continued)**

#### *Possible Class Action Lawsuit Related to CalPERS Benefit Calculations*

In August of 2023, the District received a purported government tort claim from the attorneys for Cari McCormick, a retiree from another public agency, giving notice of a potential class action lawsuit on behalf of certain CalPERS retirees relating to the calculation of benefits. The notice, a copy of a complaint filed with the Department of Fair Employment and Housing, purports to be a government tort claim for as-yet unidentified plaintiffs in a class. Many public agency CalPERS members in California received the same notice. The document does not name any current or former NCSD employees who could be members of the class, or identify any damages NCSD caused. As such, and on the advice of the District's insurer, the District timely returned the claim as insufficient. The attorney responded and contested the finding of insufficiency without providing any of the information the District requested. The District's staff will now recommend that the Board deny the claim. Liability and potential damages, if any, are purely speculative at this point.

**REQUIRED SUPPLEMENTARY INFORMATION**

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*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 <sup>1</sup>	Employer's Proportionate Share of the Collective Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the 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%	1,894,757	1,329,670	142.50%	77.08%
6/30/2021	0.05030%	955,076	1,428,771	66.85%	89.23%
6/30/2022	0.04889%	2,287,351	1,537,208	148.80%	76.81%

<sup>1</sup> 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\*

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 190,106	\$ (190,106)	\$ -	\$ 990,447	19.19%
6/30/2016	214,785	(214,785)	-	1,110,264	19.35%
6/30/2017	233,979	(233,979)	-	1,153,706	20.28%
6/30/2018	245,052	(245,052)	-	1,120,809	21.86%
6/30/2019	231,550	(231,550)	-	1,149,787	20.14%
6/30/2020	275,007	(275,007)	-	1,329,670	20.68%
6/30/2021	320,704	(320,704)	-	1,428,771	22.45%
6/30/2022	356,716	(356,716)	-	1,537,208	23.21%
6/30/2023	385,177	(385,177)	-	1,674,080	23.01%

#### Notes to Schedule:

Change in Benefit Terms: Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. 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	6/30/2021	6/30/2022
<b>Total OPEB Liability</b>						
Service Cost	\$ 66,148	\$ 68,132	\$ 124,610	\$ 144,932	\$ 143,574	\$ 147,881
Interest	125,817	133,867	180,785	198,010	232,050	248,258
Plan experience differences	-	42,839	-	122,387	-	(434,227)
Changes in assumptions	-	552,064	64,913	187,866	-	(124,723)
Changes in benefit terms	-	-	-	-	-	-
Benefit payments	(136,301)	(134,076)	(129,067)	(122,132)	(134,179)	(126,995)
<b>Net change in Total OPEB Liability</b>	55,664	662,826	241,241	531,063	241,445	(289,806)
<b>Total OPEB Liability - beginning</b>	<b>2,002,727</b>	<b>2,058,391</b>	<b>2,721,217</b>	<b>2,962,458</b>	<b>3,493,521</b>	<b>3,734,966</b>
<b>Total OPEB Liability - ending (a)</b>	<b>2,058,391</b>	<b>2,721,217</b>	<b>2,962,458</b>	<b>3,493,521</b>	<b>3,734,966</b>	<b>3,445,160</b>
<b>Plan Fiduciary Net Position</b>						
Contribution - employer	223,671	221,446	216,437	223,132	235,179	254,995
Net investment income	131,036	114,132	104,331	120,277	131,333	174,516
Benefit payments	(136,301)	(134,076)	(129,067)	(122,132)	(134,179)	(126,995)
Administrative expense	(1,092)	(770)	(353)	(900)	(760)	(676)
Other Expense (one-time)	-	(1,867)	-	-	-	-
Investment experience	-	-	-	(50,361)	419,241	(540,317)
<b>Net change in Plan Fiduciary Net Position</b>	217,314	198,865	191,348	170,016	650,814	(238,477)
<b>Plan Fiduciary Net Position - beginning</b>	<b>1,192,839</b>	<b>1,410,153</b>	<b>1,609,018</b>	<b>1,800,366</b>	<b>1,970,382</b>	<b>2,621,196</b>
<b>Plan Fiduciary Net Position - ending (b)</b>	<b>1,410,153</b>	<b>1,609,018</b>	<b>1,800,366</b>	<b>1,970,382</b>	<b>2,621,196</b>	<b>2,382,719</b>
<b>Net OPEB Liability - ending (a) - (b)</b>	<b>\$ 648,238</b>	<b>\$ 1,112,199</b>	<b>\$ 1,162,092</b>	<b>\$ 1,523,139</b>	<b>\$ 1,113,770</b>	<b>\$ 1,062,441</b>
Plan fiduciary net position as a percentage of the total OPEB liability	68.51%	59.13%	60.77%	56.40%	70.18%	69.16%
Covered-employee payroll	\$ 1,288,325	\$ 1,213,514	\$ 1,176,634	\$ 1,419,376	\$ 1,515,349	\$ 1,582,861
Net OPEB liability as a percentage of covered-employee payroll	50.32%	91.65%	98.76%	107.31%	73.50%	67.12%

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.

Contributions are not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

# Nipomo Community Services District

## Required Supplementary Information Schedule of OPEB Contributions Last Ten Years\*

SCHEDULE OF CONTRIBUTIONS						
Fiscal Year Ended June 30	2018	2019	2020	2021	2022	2023
Actuarially determined contributions (ADC)	\$ 110,926	\$ 215,870	\$ 222,139	\$ 228,054	\$ 281,853	\$ 290,309
Contributions in relation to the ADC	(201,556)	(191,562)	(223,132)	(235,179)	(254,995)	(267,471)
Contribution deficiency/(excess)	\$ (90,630)	\$ 24,308	\$ (993)	\$ (7,125)	\$ 26,858	\$ 22,838
Covered-employee payroll	\$ 1,213,514	\$ 1,176,634	\$ 1,419,376	\$ 1,515,349	\$ 1,582,861	\$ 1,730,697
Contribution as a percentage of covered-employee payroll	16.61%	16.28%	15.72%	15.52%	16.11%	16.11%

Notes to schedule	6/30/2017	6/30/2018	6/30/2018	6/30/2020	6/30/2020	6/30/2022
Valuation Date	6/30/2017	6/30/2018	6/30/2018	6/30/2020	6/30/2020	6/30/2022
Methods and assumptions used to determine contributions						
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method		2.5% escalation	2.5% escalation	2.5% escalation	2.5% escalation	2.5% escalation
Amortization period	30 years	20 years	19 years	18 years	18 years	16 years
Asset valuation method	Market	Market	Market	Market Value	Market Value	Market Value
Inflation	3.00%	2.50%	2.50%	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%	5.8% in 2021 scaling down to 4% by 2076	5.8% in 2021 scaling down to 4% by 2076	5.6% in 2024, decreasing to 3.9% by 2076
Salary increases	3.00%	3.25%	3.25%	3.00%	3.00%	3.00%
Investment rate of return	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Retirement Rates	Varies by age	CalPERS 2017	CalPERS 2017	Mortality projection	Mortality projection	Mortality projection
Mortality rates	Pre-Retirement: RP-2014 Employee Mortality; Post-Retirement: RP-2014 Healthy Annuitant; no mortality improvement assumed	Experience Assumptions; Mortality projection using MacLeod Watts Scale 2018 generationally	Experience Assumptions; Mortality projection using MacLeod Watts Scale 2018 generationally	using MacLeod Watts Scale 2020 generationally	using MacLeod Watts Scale 2020 generationally	using MacLeod Watts Scale 2022 generationally

Changes in Assumptions or methods since the prior Measurement Date:

Trust rate of return and discount rate	Decreased from 6.5% to 6.2%, reflecting updated long-term rates of return provided by CalPERS in March 2022
Demographic Assumptions	Updated demographic assumptions from those in the 2017 CalPERS experience study to those recommended in the CalPERS 2021 Experience Study report issued November 2021
Healthcare Trend	The mortality improvement scale was updated from MacLeod Watts Scale 2020 to MacLeod Watts Scale 2022, reflecting continued updates in available information
Pool Subsidy for Medicare retirees	Updated the base healthcare trend scale from Getzen Model 2021_b to Getzen Model 2022_b, as published by the Society of Actuaries
	We applied age-based premiums and developed a liability for the projected pool subsidy for retirees enrolled in Medicare plans, under guidance provided by a new actuarial practice note.

\* 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.

Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

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, 2023

	Business Type Activities - Enterprise Funds				
	Administration	Water	Town Sewer	Blacklake Sewer	Blacklake Lighting
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ -	\$ 10,653,557	\$ 2,682,657	\$ 993,259	\$ 21,439
Investments	-	3,895,585	981,203	363,144	7,852
Accounts receivable	-	81,517	35,403	6,460	-
Unbilled utilities receivable	-	624,000	206,000	80,000	-
Accrued interest receivable	-	215,380	28,376	9,485	202
Accrued franchise fees	-	-	-	-	-
Due from County	-	-	-	-	435
Due from other funds	-	131,050	-	-	-
Contract receivable, current portion	-	154,946	-	-	-
Total current assets	-	15,756,035	3,933,639	1,452,348	29,928
<b>Noncurrent assets:</b>					
Interfund loan receivable	-	-	-	27,133	-
Restricted cash and cash equivalents	64,397	-	-	-	-
Restricted cash - funded replacement	-	-	-	-	-
Cash with fiscal agent	-	46	3,050,528	-	-
Deposits and other assets	2,231	40,773	-	-	-
Contract receivable, less current portion	-	6,752,818	-	-	-
<b>Capital assets:</b>					
Capital assets, not being depreciated	8,780	1,808,221	730,902	2,235,586	-
Depreciable capital assets, net	48,264	37,741,406	24,689,949	1,167,205	-
Total noncurrent assets	123,672	46,343,264	28,471,379	3,429,924	-
Total assets	123,672	62,099,299	32,405,018	4,882,272	29,928
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB related	67,473	594,656	186,223	51,279	-
Pension related	86,918	766,036	239,893	66,057	-
Total deferred outflows of resources	154,391	1,360,692	426,116	117,336	-
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	64,052	259,462	90,271	18,248	3,302
Due to other funds	77,459	532,184	-	-	-
Deposits and retentions	236,338	18,663	-	-	-
Accrued liabilities	17,734	204,516	46,180	4,975	-
Current portion of long-term liabilities	18,783	216,347	275,965	2,817	-
Total current liabilities	414,366	1,231,172	412,416	26,040	3,302
<b>Noncurrent liabilities:</b>					
Interfund loan payable	-	-	-	-	27,133
Net OPEB liability	79,683	702,273	219,925	60,560	-
Net pension liability	171,551	1,511,939	473,482	130,379	-
Long-term liabilities, less current portion	9,224	8,055,331	10,292,956	1,384	-
Total noncurrent liabilities	260,458	10,269,543	10,986,363	192,323	27,133
Total liabilities	674,824	11,500,715	11,398,779	218,363	30,435
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB related	36,870	324,952	101,762	28,022	-
Pension related	4,443	39,165	12,265	3,378	-
Total deferred inflows of resources	41,313	364,117	114,027	31,400	-
<b>NET POSITION</b>					
Net investment in capital assets	57,044	31,361,971	14,875,736	3,402,791	-
Restricted for system expansion	-	12,809,622	3,602,451	-	-
Restricted for system replacement	-	-	-	-	-
Unrestricted (deficit)	(495,118)	7,423,566	2,840,141	1,347,054	(507)
Total net position	\$ (438,074)	\$ 51,595,159	\$ 21,318,328	\$ 4,749,845	\$ (507)

Business Type Activities - Enterprise Funds						
Solid Waste	Drainage	Landscape Maintenance	Property Taxes	Supplemental Water	Eliminations	Total
\$ 385,313	\$ 24,651	\$ 12,084	\$ 516,633	\$ -	\$ -	\$ 15,289,593
140,899	9,098	4,423	188,805	-	-	5,591,009
-	-	-	-	261,621	-	385,001
-	-	-	-	-	-	910,000
3,705	393	117	3,993	-	-	261,651
34,150	-	-	-	-	-	34,150
1,501	451	251	16,796	-	-	19,434
-	-	-	-	532,184	(663,234)	-
-	-	-	-	-	-	154,946
<u>565,568</u>	<u>34,593</u>	<u>16,875</u>	<u>726,227</u>	<u>793,805</u>	<u>(663,234)</u>	<u>22,645,784</u>
-	-	-	-	-	(27,133)	-
-	-	-	-	-	-	64,397
-	-	-	-	1,682,669	-	1,682,669
-	-	-	-	-	-	3,050,574
-	-	-	6,726	-	-	49,730
-	-	-	-	-	-	6,752,818
-	-	-	70,565	-	-	4,854,054
-	-	-	1,261,137	-	-	64,907,961
-	-	-	1,338,428	1,682,669	(27,133)	81,362,203
<u>565,568</u>	<u>34,593</u>	<u>16,875</u>	<u>2,064,655</u>	<u>2,476,474</u>	<u>(690,367)</u>	<u>104,007,987</u>
-	-	-	-	-	-	899,631
-	-	-	-	-	-	1,158,904
-	-	-	-	-	-	2,058,535
12,714	-	592	160	688,497	-	1,137,298
-	-	-	-	53,591	(663,234)	-
-	-	-	-	-	-	255,001
1,493	-	-	26,767	-	-	301,665
-	-	-	145,000	-	-	658,912
<u>14,207</u>	<u>-</u>	<u>592</u>	<u>171,927</u>	<u>742,088</u>	<u>(663,234)</u>	<u>2,352,876</u>
-	-	-	-	-	(27,133)	-
-	-	-	-	-	-	1,062,441
-	-	-	-	-	-	2,287,351
-	-	-	1,766,837	-	-	20,125,732
-	-	-	1,766,837	-	(27,133)	23,475,524
<u>14,207</u>	<u>-</u>	<u>592</u>	<u>1,938,764</u>	<u>742,088</u>	<u>(690,367)</u>	<u>25,828,400</u>
-	-	-	-	-	-	491,606
-	-	-	-	-	-	59,251
-	-	-	-	-	-	550,857
-	-	-	(580,135)	-	-	49,117,407
-	-	-	-	-	-	16,412,073
-	-	-	-	1,734,385	-	1,734,385
551,361	34,593	16,283	706,026	1.00	-	12,423,400
<u>\$ 551,361</u>	<u>\$ 34,593</u>	<u>\$ 16,283</u>	<u>\$ 125,891</u>	<u>\$ 1,734,386</u>	<u>\$ -</u>	<u>\$ 79,687,265</u>

# Nipomo Community Services District

## Combining Schedule of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Year Ended June 30, 2023

	<b>Business Type Activities - Enterprise Funds</b>				
	<b>Administration</b>	<b>Water</b>	<b>Town Sewer</b>	<b>Blacklake Sewer</b>	<b>Blacklake Lighting</b>
<b>Operating revenues</b>					
Charges for services	\$ -	\$ 6,447,413	\$ 2,467,579	\$ 890,555	\$ 47,345
Charges for services-purveyor	-	-	-	-	-
Charges for services-purveyor reimbursements	-	-	-	-	-
Other operating revenue	22,643	1,009,821	9,070	-	-
Total operating revenues	<u>22,643</u>	<u>7,457,234</u>	<u>2,476,649</u>	<u>890,555</u>	<u>47,345</u>
<b>Operating expenses</b>					
Purchased water	-	1,727,795	-	-	-
Purchased water related expenses	-	322,631	-	-	-
Purchased water-purveyors	-	-	-	-	-
Personnel	291,860	1,797,684	763,490	195,578	-
Contractual services	82,446	179,924	25,436	5,501	1,202
Utilities	22,922	362,517	231,003	63,142	30,353
Repairs and maintenance	15,614	141,614	108,849	14,022	652
Other supplies and expenses	102,934	966,277	370,737	120,925	355
Insurance	52,574	158,733	45,025	8,070	110
Depreciation	20,641	1,260,099	847,947	105,915	-
Total operating expenses	<u>588,991</u>	<u>6,917,274</u>	<u>2,392,487</u>	<u>513,153</u>	<u>32,672</u>
Operating income (loss)	<u>(566,348)</u>	<u>539,960</u>	<u>84,162</u>	<u>377,402</u>	<u>14,673</u>
<b>Non-operating revenues (expenses)</b>					
Interest income	7	594,995	101,610	12,020	72
Property taxes	-	-	-	-	-
Cell site rental income	3,613	20,475	-	-	-
Gain on disposal of capital assets	-	3,620	1,225	480	-
Other revenue-purveyors	-	147,528	-	-	-
Interest expense	-	(382,023)	(314,312)	-	(302)
Total non-operating revenues (expenses)	<u>3,620</u>	<u>384,595</u>	<u>(211,477)</u>	<u>12,500</u>	<u>(230)</u>
Income (loss) before contributions and transfers	<u>(562,728)</u>	<u>924,555</u>	<u>(127,315)</u>	<u>389,902</u>	<u>14,443</u>
Capital contributions received	-	637,750	194,449	1,446,461	-
Transfers in	543,704	533,101	-	-	-
Transfer out	-	(390,341)	(110,597)	(19,517)	(1,500)
Total contributions and transfers	<u>543,704</u>	<u>780,510</u>	<u>83,852</u>	<u>1,426,944</u>	<u>(1,500)</u>
Change in net position	<u>(19,024)</u>	<u>1,705,065</u>	<u>(43,463)</u>	<u>1,816,846</u>	<u>12,943</u>
Total net position (deficit) - beginning	<u>(419,050)</u>	<u>49,890,094</u>	<u>21,361,791</u>	<u>2,932,999</u>	<u>(13,450)</u>
Total net position (deficit) - ending	<u>\$ (438,074)</u>	<u>\$ 51,595,159</u>	<u>\$ 21,318,328</u>	<u>\$ 4,749,845</u>	<u>\$ (507)</u>



<b>Business Type Activities - Enterprise Funds</b>						
<b>Solid Waste</b>	<b>Drainage</b>	<b>Landscape Maintenance</b>	<b>Property Taxes</b>	<b>Supplemental Water</b>	<b>Eliminations</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,852,892
-	-	-	-	2,591,174	(1,727,795)	863,379
-	-	-	-	466,599	(409,172)	57,427
242,183	-	14,000	-	-	-	1,297,717
242,183	-	14,000	-	3,057,773	(2,136,967)	12,071,415
-	-	-	-	-	-	1,727,795
-	-	-	-	-	(149,440)	173,191
-	-	-	-	2,591,174	(1,727,795)	863,379
-	-	-	-	-	-	3,048,612
3,421	-	-	-	-	-	297,930
-	-	4,965	-	104,036	(104,036)	714,902
-	-	-	-	4,996	(4,996)	280,751
207,177	-	4,714	2,550	130,155	(130,155)	1,775,669
2,000	-	-	-	20,545	(20,545)	266,512
-	-	-	30,885	-	-	2,265,487
212,598	-	9,679	33,435	2,850,906	(2,136,967)	11,414,228
29,585	-	4,321	(33,435)	206,867	-	657,187
5,466	755	119	1,813	33,616	-	750,473
-	23,598	-	845,177	-	-	868,775
-	-	-	-	-	-	24,088
-	-	-	-	-	-	5,325
-	-	-	-	-	-	147,528
-	-	-	(70,302)	-	-	(766,939)
5,466	24,353	119	776,688	33,616	-	1,029,250
35,051	24,353	4,440	743,253	240,483	-	1,686,437
-	-	-	-	-	-	2,278,660
-	-	-	-	-	(1,076,805)	-
(20,250)	(47,675)	(1,500)	(485,425)	-	1,076,805	-
(20,250)	(47,675)	(1,500)	(485,425)	-	-	2,278,660
14,801	(23,322)	2,940	257,828	240,483	-	3,965,097
536,560	57,915	13,343	(131,937)	1,493,903	-	75,722,168
\$ 551,361	\$ 34,593	\$ 16,283	\$ 125,891	\$ 1,734,386	\$ -	\$79,687,265

*Nipomo Community Services District*

**Combining Schedule of Other Supplies and Expenses  
Proprietary Funds  
For the Year Ended June 30, 2023**

	<b>Business Type Activities - Enterprise Funds</b>				
	<b>Administration</b>	<b>Water</b>	<b>Town Sewer</b>	<b>Blacklake Sewer</b>	<b>Blacklake Lighting</b>
<b>Other supplies and expenses</b>					
Bank charges and fees	\$ 7,924	\$ -	\$ -	\$ -	\$ -
Bond administration	-	4,440	4,610	-	-
Chemicals	-	34,531	49,827	27,121	-
Computer expenses	23,704	122,588	28,700	6,121	-
Conservation program	-	25,648	-	-	-
Credit card fees	-	160	-	-	-
Dues and subscriptions	4,084	44,049	4,038	970	-
Education and training	7,562	9,167	6,131	949	-
Elections	141	422	120	21	-
Fuel	-	48,961	16,320	8,902	-
Lab testing	-	48,193	35,681	40,019	-
LAFCO funding	28,478	-	-	-	-
Landscape and janitorial	4,274	12,822	3,633	641	-
Landscape maintenance	-	-	-	-	-
Meters	-	214,178	-	-	-
Miscellaneous	6,290	-	10	-	-
NCSD labor charges	-	-	-	-	-
NCSD overhead charges	-	-	-	-	-
Newsletters and mailers	299	1,172	254	225	-
Office supplies	3,263	7,114	1,764	311	-
Operating supplies	-	219,472	41,833	5,437	-
Outside services	1,166	119,279	143,543	10,303	-
Paging service	-	1,058	-	-	-
Permits and operating fees	-	3,413	18,252	11,895	-
Postage	3,596	20,874	7,132	3,602	-
Property taxes	-	2,185	-	-	-
Public notices	2,799	-	427	-	355
Safety program	-	4,622	1,541	840	-
Solid waste program	-	-	-	-	-
Telephone	2,616	7,848	2,224	1,185	-
Travel and mileage	6,738	872	-	-	-
Uniforms	-	13,209	4,697	2,382	-
	<u>\$ 102,934</u>	<u>\$ 966,277</u>	<u>\$ 370,737</u>	<u>\$ 120,924</u>	<u>\$ 355</u>
Total other supplies and expenses	<u>\$ 102,934</u>	<u>\$ 966,277</u>	<u>\$ 370,737</u>	<u>\$ 120,924</u>	<u>\$ 355</u>

<b>Business Type Activities - Enterprise Funds</b>					
<b>Solid Waste</b>	<b>Landscape Maintenance</b>	<b>Property Taxes</b>	<b>Supplemental Water</b>	<b>Eliminations</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,924
-	-	2,550	-	-	11,600
-	-	-	9,144	(9,144)	111,479
-	-	-	-	-	181,113
-	-	-	-	-	25,648
-	-	-	-	-	160
-	-	-	-	-	53,141
-	-	-	-	-	23,809
-	-	-	-	-	704
-	-	-	-	-	74,183
-	-	-	36	(36)	123,893
-	-	-	-	-	28,478
-	-	-	-	-	21,370
-	4,345	-	-	-	4,345
-	-	-	-	-	214,178
-	-	-	-	-	6,300
-	-	-	85,838	(85,838)	-
-	-	-	33,878	(33,878)	-
-	-	-	-	-	1,950
-	-	-	-	-	12,452
-	-	-	-	-	266,742
-	-	-	-	-	274,291
-	-	-	-	-	1,058
-	-	-	1,259	(1,259)	33,560
-	-	-	-	-	35,204
-	-	-	-	-	2,185
151	369	-	-	-	4,101
-	-	-	-	-	7,003
207,026	-	-	-	-	207,026
-	-	-	-	-	13,873
-	-	-	-	-	7,610
-	-	-	-	-	20,288
<b>\$ 207,177</b>	<b>\$ 4,714</b>	<b>\$ 2,550</b>	<b>\$ 130,155</b>	<b>\$ (130,155)</b>	<b>\$ 1,775,668</b>

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## STATISTICAL SECTION

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## 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.

<b>Table of Contents</b>	<b>Page</b>
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>	61-62
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>	64-73
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>	74-78
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>	79-82
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>	83-85

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# *Nipomo Community Services District*

## **Net Position by Component Last Ten Fiscal Years**

	Fiscal year ended June 30,				
	2014	2015	2016	2017	2018
Net Position					
Net investment in capital assets	\$ 36,796,349	\$ 41,378,553	\$ 42,717,685	\$ 44,744,193	\$ 44,662,685
Restricted	11,474,442	9,817,048	11,619,723	10,241,070	12,079,117
Unrestricted	13,802,081	6,721,899	10,865,858	11,615,313	11,601,352
Total Net Position	<u>\$ 62,072,872</u>	<u>\$ 57,917,500</u>	<u>\$ 65,203,266</u>	<u>\$ 66,600,576</u>	<u>\$ 68,343,154</u>

	Fiscal year ended June 30,				
	2019	2020	2021	2022	2023
Net Position					
Net investment in capital assets	\$ 44,743,341	\$ 47,607,041	\$ 49,321,146	\$ 47,205,935	\$ 49,117,407
Restricted	13,534,450	11,180,805	13,127,214	16,171,832	18,146,458
Unrestricted	12,659,645	15,049,757	11,511,190	12,344,401	12,423,400
Total Net Position	<u>\$ 70,937,436</u>	<u>\$ 73,837,603</u>	<u>\$ 73,959,550</u>	<u>\$ 75,722,168</u>	<u>\$ 79,687,265</u>

Source: Nipomo Community Services District

# Nipomo Community Services District

## Changes in Net Position Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2014	2015	2016	2017
<b>OPERATING REVENUES:</b>				
Water	\$ 3,720,667	\$ 3,361,276	\$ 4,054,172	\$ 4,554,380
Wastewater	2,242,497	2,311,400	2,337,597	2,436,782
Other	699,308	650,810	767,547	682,798
Total Operating Revenues	<u>6,662,472</u>	<u>6,323,486</u>	<u>7,159,316</u>	<u>7,673,960</u>
Non-Operating Revenues				
Interest income	82,277	64,580	447,364	494,905
Property taxes	515,399	549,693	586,899	621,662
Other	50,253	51,344	5,780,723	478,014
Total Non-Operating Revenues	<u>647,929</u>	<u>665,617</u>	<u>6,814,986</u>	<u>1,594,581</u>
Total Revenues	<u>7,310,401</u>	<u>6,989,103</u>	<u>13,974,302</u>	<u>9,268,541</u>
<b>OPERATING EXPENSES:</b>				
Purchased water	-	-	872,439	1,001,222
Purchased water related expenses	-	-	-	-
Purchased water - purveyors	-	-	129,321	500,313
Personnel	1,532,776	1,774,347	1,764,935	1,891,517
Contractual services	354,297	272,964	350,413	372,178
Utilities	670,413	604,890	573,298	561,855
Repairs & maintenance	194,435	188,512	370,546	227,987
Other supplies & expenses	1,161,271	1,294,354	1,052,134	1,041,058
Insurance	69,609	76,012	79,814	73,897
Depreciation & amortization	1,250,300	1,410,550	1,813,745	1,846,696
Total Operating Expenses	<u>5,233,101</u>	<u>5,621,629</u>	<u>7,006,645</u>	<u>7,516,723</u>
Total Non-Operating Expenses	<u>610,231</u>	<u>4,186,961</u>	<u>883,201</u>	<u>885,071</u>
Total Expenses	<u>5,843,332</u>	<u>9,808,590</u>	<u>7,889,846</u>	<u>8,401,794</u>
Income (Loss) Before Contributions	1,467,069	(2,819,487)	6,084,456	866,747
Capital Contributions received	2,725,125	53,464	668,838	530,563
Capital Contributions paid	-	-	-	-
Change in Net Position	<u>\$ 4,192,194</u>	<u>\$ (2,766,023)</u>	<u>\$ 6,753,294</u>	<u>\$ 1,397,310</u>

Source: Nipomo Community Services District

Fiscal Year Ended June 30,					
2018	2019	2020	2021	2022	2023
\$ 5,166,145	\$ 5,189,177	\$ 5,940,876	\$ 6,531,278	\$ 6,756,275	\$ 7,457,234
2,549,548	2,622,885	2,780,302	2,910,620	3,142,840	3,367,204
701,370	744,123	888,134	1,080,546	1,118,324	1,246,977
<u>8,417,063</u>	<u>8,556,185</u>	<u>9,609,312</u>	<u>10,522,444</u>	<u>11,017,439</u>	<u>12,071,415</u>
659,215	895,090	838,831	536,130	498,800	750,473
660,920	702,329	737,834	784,833	803,154	868,775
1,428,942	95,162	135,410	795,882	(16,475)	176,941
<u>2,749,077</u>	<u>1,692,581</u>	<u>1,712,075</u>	<u>2,116,845</u>	<u>1,285,479</u>	<u>1,796,189</u>
<u>11,166,140</u>	<u>10,248,766</u>	<u>11,321,387</u>	<u>12,639,289</u>	<u>12,302,918</u>	<u>13,867,604</u>
1,039,190	1,077,827	1,206,101	1,517,735	1,597,857	1,727,795
101,263	101,847	116,544	128,876	151,981	173,191
519,284	538,591	602,690	758,413	798,448	863,379
2,316,183	2,126,678	2,718,989	2,928,488	2,782,757	3,048,612
397,665	322,078	276,448	318,891	297,322	297,930
555,494	559,784	606,967	613,831	621,612	714,902
223,680	169,552	259,684	304,784	290,748	280,751
1,065,409	1,182,592	1,310,249	1,531,425	1,653,969	1,775,669
84,487	99,549	112,448	161,330	215,182	266,512
1,937,364	1,923,642	1,981,829	2,064,445	2,169,646	2,265,487
<u>8,240,019</u>	<u>8,102,140</u>	<u>9,191,949</u>	<u>10,328,218</u>	<u>10,579,522</u>	<u>11,414,228</u>
858,416	843,014	826,085	808,685	818,398	766,939
<u>9,098,435</u>	<u>8,945,154</u>	<u>10,018,034</u>	<u>11,136,903</u>	<u>11,397,920</u>	<u>12,181,167</u>
2,067,705	1,303,612	1,303,353	1,502,386	904,998	1,686,437
450,351	1,290,670	1,596,814	507,028	857,620	2,278,660
-	-	-	(1,000,000)	-	-
<u>\$ 2,518,056</u>	<u>\$ 2,594,282</u>	<u>\$ 2,900,167</u>	<u>\$ 1,009,414</u>	<u>\$ 1,762,618</u>	<u>\$ 3,965,097</u>

# *Nipomo Community Services District*

## **Active Water Customers By Type Last Ten Fiscal Years**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Single Family	3,580	3,592	3,603	3,669	3,685	3,703	3,726	3,809	3,819	3,819
%	84%	84%	84%	85%	85%	85%	85%	85%	85%	85%
Multi-Family	500	497	497	441	439	444	462	463	470	471
%	12%	12%	12%	10%	10%	10%	11%	11%	11%	11%
Commercial	97	99	102	101	103	101	103	108	106	109
%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Irrigation	90	96	97	97	103	94	99	104	105	109
%	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	4,268	4,285	4,300	4,309	4,331	4,343	4,391	4,485	4,501	4,509
Total %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Nipomo Community Services District

# Nipomo Community Services District

## Water Availability Charges Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022**	2023
<b>Meter Size</b>										
1 inch and Less	\$ 38.51	\$ 41.57	\$ 44.92	\$ 44.92	\$ 42.51	\$ 46.52	\$ 51.59	\$ 53.70	\$ 30.36	\$ 33.86
1 1/2 Inch	105.75	114.43	123.94	123.94	51.49	55.55	60.87	75.76	42.42	47.03
2 Inch	164.67	178.42	193.48	193.48	67.40	72.08	78.43	106.42	59.32	65.60
3 Inch	297.27	322.86	350.88	350.88	152.51	163.70	178.85	223.04	124.64	138.20
4 Inch	483.29	525.78	572.31	572.31	197.75	210.55	228.44	312.99	174.18	192.58
6 Inch	951.36	1,036.08	1,128.85	1,128.85	335.12	349.88	372.90	631.28	348.53	383.17
8 Inch	1,493.43	1,628.84	1,777.11	1,777.11	492.11	509.09	538.01	995.04	547.80	601.00

### Supplemental water

<b>Meter Size</b>	2014	2015	2016	2017	2018	2019	2020	2021	2022**	2023
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

\*\*January 2022, Nipomo Community Services District went from bi-monthly billing to monthly billing

# *Nipomo Community Services District*

## **Bi-Monthly Water Rates Last Ten Fiscal Years**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018*	2019	2020	2021	2022	2023
Uniform Rate	\$-	\$-	\$-	\$-	\$4.97	\$5.45	\$5.95	\$6.21	\$6.68	\$7.21
Single Family & Multi-Family										
Tier I	1.97	2.16	2.37	2.37	-	-	-	-	-	-
Tier II	2.46	2.69	2.95	2.95	-	-	-	-	-	-
Tier III	3.45	3.78	4.14	4.14	-	-	-	-	-	-
Tier IV	5.91	6.47	7.08	7.08	-	-	-	-	-	-
Commercial & Irrigation										
Tier I	2.46	2.69	2.95	2.95	-	-	-	-	-	-
Tier II	3.45	3.78	4.14	4.14	-	-	-	-	-	-
Agriculture and all Other	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	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 inch and Less	\$ 3,468	\$ 2,921	\$ 2,976	\$ 3,076	\$ 3,188	\$ 3,284	\$ 3,349	\$ 3,405	\$ 3,575	\$ 3,878
Supplemental Water	15,381	7,570	7,711	7,971	8,262	8,510	8,678	8,823	9,265	10,049
1 1/2 Inch	10,402	8,764	8,928	9,228	9,566	9,853	10,047	10,215	10,727	11,634
Supplemental Water	46,141	22,710	23,134	23,913	24,787	25,531	26,034	26,470	27,796	30,147
2 Inch	16,642	14,022	14,284	14,765	15,305	15,764	16,075	16,344	17,162	18,164
Supplemental Water	73,825	36,336	37,015	38,261	39,660	40,850	41,655	42,352	44,474	48,235
3 Inch	31,204	26,291	26,782	27,684	28,696	29,557	30,140	30,644	32,179	34,901
Supplemental Water	138,422	68,130	69,403	71,740	74,362	76,594	78,103	79,411	83,389	90,441
4 Inch	52,007	43,819	44,638	46,141	47,827	49,263	50,234	51,074	53,633	58,169
Supplemental Water	230,704	113,550	115,671	119,566	123,936	127,657	130,172	132,351	138,982	150,735
6 Inch	104,014	87,638	89,275	92,281	95,654	98,526	100,467	102,149	107,266	116,338
Supplemental Water	461,408	227,100	231,342	239,132	247,872	255,314	260,344	264,703	277,963	301,471

Source: Nipomo Community Services District

# Nipomo Community Services District

## Sewer Customers (Town Division) Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022*	2023
<u>Single Family</u>										
Accounts	2,096	2,098	2,109	2,153	2,174	2,183	2,187	2,217	2,257	2,254
DUE's	2,096	2,098	2,109	2,298	2,322	2,340	2,344	2,378	2,295	2,374
<u>Single Family County</u>										
Accounts	463	468	469	470	473	473	476	477	482	484
DUE's	463	468	469	470	473	473	476	477	482	484
<u>Multi-Family</u>										
Accounts	375	374	374	375	375	392	393	393	393	398
DUE's	766	777	816	634	634	651	657	657	777	759
<u>Commercial</u>										
Accounts	80	82	110	75	76	78	77	78	84	84
DUE's	80	82	110	78	79	79	79	81	84	84
<u>Total</u>										
Accounts	3,014	3,022	3,062	3,073	3,098	3,126	3,133	3,165	3,216	3,220
DUE's	3,405	3,425	3,504	3,480	3,508	3,543	3,556	3,593	3,638	3,701

Source: Nipomo Community Services District

DUE = Dwelling Unit Equivalent

\*DUE totals have been reclassified due to change in Ordinance related to the classification of Accessory Dwelling Units from Single Family to Multi-family.



# *Nipomo Community Services District*

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

---

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Single Family</u>										
Accounts	487	487	487	487	487	487	487	487	487	487
DUE's	487	487	487	487	487	487	487	487	487	487
<u>Multi-Family</u>										
Accounts	68	68	68	68	68	68	68	68	68	68
DUE's	68	68	68	68	68	68	68	68	68	68
<u>Commercial</u>										
Accounts	4	4	4	4	4	4	4	4	4	4
DUE's	4	4	4	4	4	4	4	4	4	4
<u>Total</u>										
Accounts	559	559	559	559	559	559	559	559	559	559
DUE's	559	559	559	559	559	559	559	559	559	559

Source: Nipomo Community Services District  
DUE = Dwelling Unit Equivalent

# *Nipomo Community Services District*

## **Monthly Residential Sewer Rates Last Ten Fiscal Years**

---

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022*	2023
<u>Town</u>										
Single Family	\$ 88.32	\$ 88.32	\$ 88.93	\$ 91.77	\$ 94.71	\$ 97.74	\$ 100.87	\$ 100.87	\$ 52.27	\$ 54.25
Multi Family	67.33	67.33	74.18	76.55	79.00	81.53	84.14	84.14	43.58	45.23
<u>Black Lake</u>										
Single Family	145.51	145.51	145.51	145.51	145.51	169.76	197.77	230.40	134.21	147.63
Multi Family	95.08	95.08	95.08	95.08	95.08	109.08	127.07	148.04	86.23	94.86

Source: Nipomo Community Services District

\*January 2022, Nipomo Community Services District went from bi-monthly billing to monthly billing.

# Nipomo Community Services District

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

---

### Monthly Service Charge

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022*	2023
1 inch and Less	\$ 34.07	\$ 34.07	\$ 35.12	\$ 36.24	\$ 37.40	\$ 38.60	\$ 39.83	\$ 39.83	\$ 27.44	\$ 28.48
1 1/2 Inch	98.59	98.59	101.94	105.20	108.57	112.04	115.63	115.63	79.02	82.02
2 Inch	156.66	156.66	162.08	167.26	172.62	178.14	183.84	183.84	125.44	130.20
3 Inch	292.16	292.16	302.40	312.08	322.07	332.37	343.01	343.01	233.75	242.64
4 Inch	485.72	485.72	502.87	518.96	535.57	552.70	570.39	570.39	388.49	403.25
6 Inch	969.64	969.64	1,004.03	1,036.16	1,069.31	1,103.53	1,138.85	1,138.85	775.33	804.79

### Monthly Usage Rate

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022*	2023
Low	\$ 2.89	\$ 2.89	\$ 3.43	\$ 3.54	\$ 3.66	\$ 3.77	\$ 3.89	\$ 3.89	\$ 3.87	\$ 4.02
Medium	3.20	3.20	3.81	3.93	4.06	4.19	4.32	4.32	4.27	4.43
High	4.14	4.14	4.93	5.09	5.25	5.42	5.59	5.59	5.47	5.68

Source: Nipomo Community Services District

\*January 2022, Nipomo Community Services District went from bi-monthly billing to monthly billing.

# Nipomo Community Services District

## Commercial Sewer Rates (Blacklake Division) Last Ten Fiscal Years

---

### Monthly Service Charge

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022*	2023
1 inch and Less	\$ 65.52	\$ 65.52	\$ 65.52	\$ 65.52	\$ 65.52	\$ 88.35	\$ 102.93	\$ 119.91	\$ 69.85	\$ 76.83
1 1/2 Inch	186.50	186.50	186.50	186.50	186.50	233.45	271.97	316.85	184.56	203.02
2 Inch	295.38	295.38	295.38	295.38	295.38	364.04	424.11	494.09	287.80	316.58
3 Inch	549.43	549.43	549.43	549.43	549.43	668.75	779.09	907.64	528.70	581.57
4 Inch	912.36	912.36	912.36	912.36	912.36	1,104.05	1,286.22	1,498.45	872.84	960.13
6 Inch	1,819.68	1,819.68	1,819.68	1,819.68	1,819.68	2,192.30	2,554.03	2,975.44	1,733.19	1,906.51

### Monthly Usage Rate

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022*	2023
Low	\$ 3.56	\$ 3.56	\$ 3.56	\$ 3.56	\$ 3.56	\$ 3.97	\$ 4.63	\$ 5.39	\$ 6.28	\$ 6.91
Medium	4.80	4.80	4.80	4.80	4.80	5.28	6.15	7.16	8.34	9.17
High	7.59	7.59	7.59	7.59	7.59	8.22	9.58	11.16	13.00	14.30

Source: Nipomo Community Services District

\*January 2022, Nipomo Community Services District went from bi-monthly billing to monthly billing.

# *Nipomo Community Services District*

## **Sewer Capacity Charges (Town Division) Last Ten Fiscal Years**

---

<b>Meter Size</b>	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 inch and Less	\$ 8,282	\$ 8,526	\$ 8,685	\$ 8,978	\$ 9,306	\$ 9,585	\$ 9,774	\$ 9,937	\$ 10,435	\$ 11,318
1 1/2 Inch	24,846	25,577	26,055	26,933	27,917	28,755	29,322	29,812	31,306	33,954
2 Inch	39,755	40,924	41,689	43,093	44,668	46,009	46,915	47,701	50,090	54,326
3 Inch	74,539	76,732	78,166	80,798	83,751	86,265	87,965	89,437	93,918	101,861
4 Inch	124,232	127,887	130,276	134,663	139,584	143,775	146,608	149,062	156,530	169,768
6 Inch	248,463	255,774	260,552	269,325	279,169	287,550	293,216	298,125	313,060	339,535

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>
2023	\$ 1,911,838	\$ 18,732,770	\$ -	\$ 20,644,608	1.06%	\$ 4,713
2022	2,058,707	19,154,158	-	21,212,865	0.98%	4,250
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

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

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Fiscal Year	Gross Revenue	Operating Expenses <sup>1</sup>	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage Ratio
2023	\$ 12,071,415	\$ (9,148,741)	\$ 2,922,674	\$ 545,000	\$ 766,939	\$ 1,311,939	2.23x
2022	11,017,439	(8,409,876)	2,607,563	620,000	818,398	1,438,398	1.81x
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

Source: Nipomo Community Services District

<sup>1</sup>Excludes depreciation.

## *Nipomo Community Services District*

### **Historical Assessed Valuation Last Ten Fiscal Years**

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<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>
2023	\$ 2,126,314,543	\$ 19,357,194	\$ (16,563,400)	\$ 2,129,108,337
2022	1,992,461,908	19,241,866	(16,692,200)	1,995,011,574
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

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**

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<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>
2023	1.00000	0.00400	0.03950	0.01925	1.06275
2022	1.00000	0.00400	0.05878	0.01925	1.08203
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

Source: California Municipal Statistics, Inc.

# Nipomo Community Services District

## Direct and Overlapping Debt Statement As of June 30, 2023

<u>2022-23 Assessed Valuation:</u>		\$2,145,671,737	
<u>Overlapping Tax and Assessment Debt</u>	Total Debt 6/30/23	% Applicable <sup>1</sup>	District's Share of Debt 6/30/23
San Luis Obispo County Community College District	\$156,300,000	3.189%	\$ 4,984,407
Lucia Mar Unified School District	149,359,378	11.711%	17,491,477
Nipomo Community Services District Assessment District No. 2020-1	11,215,000	100.000%	<u>11,215,000</u>
<b>Total Overlapping Tax and Assessment Debt</b>			<b>\$ 33,690,884</b>
<u>Direct and Overlapping General Fund Debt</u>			
San Luis Obispo County General Fund Obligations	\$84,246,776	3.202%	\$ 2,697,582
San Luis Obispo County Pension Obligation Bonds	26,295,037	3.202%	841,967
Lucia Mar Unified School District General Fund Obligations	14,985,000	11.711%	1,754,893
Nipomo Community Services District	-	100.000%	-
<b>Total Direct and Overlapping General Fund Debt</b>			<b>\$ 25,939,050</b>
Revenue COP's Series 2013	8,187,655	100%	8,187,655
Revenue Bonds 2013A	1,911,838	100%	1,911,838
Revenue Bonds 2022	10,545,115	100%	<u>10,545,115</u>
<b>Total Direct and Overlapping General Fund Debt</b>			<b>\$ 25,939,050</b>
<b>Total Direct Debt</b>			<b>\$ 20,644,608</b>
<b>Total Overlapping Debt</b>			<b>\$ 38,985,326</b>
<b>Combined Total Debt<sup>2</sup></b>			<b>\$ 59,629,934</b>
<u>Ratios to 2022-2023 Assessed Valuation:</u>			
Total Direct Debt.....		0.00%	
Total Overlapping Tax and Assessment Debt .....		1.57%	
Combined Total Debt.....		1.82%	

<sup>1</sup> The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value.

<sup>2</sup> 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)**

<b>Area</b>	<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>2022</u>	<u>2023</u>
Arroyo Grande	17,334	17,428	17,731	17,736	17,912	17,876	17,687	17,555	18,294	17,922
Atascadero	28,675	29,169	30,879	30,900	31,147	30,405	30,057	29,623	30,480	30,206
El Paso de Robles	30,469	30,522	31,398	31,745	31,559	31,244	31,221	31,073	31,176	30,692
Grover Beach	13,153	13,144	13,397	13,438	13,560	13,533	13,214	13,128	12,707	12,467
Morro Bay	10,276	10,284	10,722	10,762	10,503	10,439	10,188	10,121	10,466	10,275
Pismo Beach	7,705	7,711	8,181	8,247	8,233	8,239	8,139	8,108	7,981	7,865
San Luis Obispo (city)	<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>	<u>47,653</u>	<u>47,788</u>
Subtotal	153,085	154,060	158,425	159,552	159,462	158,538	156,426	155,666	158,757	157,215
Unincorporated	<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>	<u>121,964</u>	<u>121,133</u>
Total	<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>	<u>280,721</u>	<u>278,348</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 2014 and 2023

<u>Year and Area</u>	<u>Labor Force</u>	<u>Civilian Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
<b>2023</b>				
County	140,400	135,700	4,700	3.3%
State	19,444,000	18,537,000	907,000	4.7%
United States	166,951,000	160,994,000	5,957,000	3.6%
<b>2022</b>				
County	137,500	134,100	3,400	2.5%
State	19,350,000	18,545,000	805,000	4.2%
United States	164,023,000	158,111,000	5,912,000	3.6%
<b>2021</b>				
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%
<b>2020</b>				
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%
<b>2019</b>				
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%
<b>2018</b>				
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%
<b>2017</b>				
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%
<b>2016</b>				
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%
<b>2015</b>				
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%
<b>2014</b>				
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%

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	2022			2013		
	Estimated FTE Employment	Ranking	Percent of County Employment	Estimated FTE Employment	Ranking	Percent of County Employment
County of San Luis Obispo*	2,847	1	2.07%	2,800	1	1.88%
Atascadero State Hospital	2,300	2	1.67%	2,300	3	1.55%
California Men's Colony	2,000	3	1.45%	2,000	4	1.35%
Cal Poly State University, SLO	1,912	4	1.39%	2,573	2	1.73%
Pacific Gas and Electric Company	1,700	5	1.23%	1,700	5	1.14%
Tenet Healthcare	1,312	6	0.95%	1,200	6	0.81%
Lucia Mar Unified School District	1,070	7	0.78%	1,000	7	0.67%
Community Action Partnership of San Luis Obispo County	942	8	0.68%	-	-	-
Paso Robles Public Schools	935	9	0.68%	935	8	0.63%
Cuesta College	854	10	0.62%	-	-	-
San Luis Coastal Unified School District	-	-	-	902	10	0.61%
Cal Poly Corporation	-	-	-	906	9	0.61%
<b>Total Top Employers</b>	<b>15,872</b>			<b>16,316</b>		
<b>Total City Labor Force</b>	<b>137,800</b>			<b>148,600</b>		

**Sources:**

County of San Luis Obispo 2021-2022 Comprehensive Financial Report

State of California Employment Development Department  
2012-13 San Luis Obispo County Annual Comprehensive Financial Report  
2021-22 County Budget Report\*

# *Nipomo Community Services District*

## **District Employees Last Ten Fiscal Years**

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	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Manager	1	1	1	1	1	1	1	1	1	1
Administrative Staff	3	4	4	4	3	3	3	4	4	6
Operations Staff	8	10	12	12	10	13	14	15	15	15
Total	<u>12</u>	<u>15</u>	<u>17</u>	<u>17</u>	<u>14</u>	<u>17</u>	<u>18</u>	<u>20</u>	<u>20</u>	<u>22</u>

Source: Nipomo Community Services District

# Nipomo Community Services District

## Operating and Capital Indicators Last Ten Fiscal Years

	<b>Water System</b>									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
No. of Wells	9	5	5	5	5	5	5	5	5	5
No. of Reservoirs	6	5	5	6	6	6	6	6	6	6
Max Reservoir Capacity (MG)	4.4	4.0	4.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Total Well Production (Acre Feet)	2,541	2,160	1,162	950	1,054	880	1,026	1,017	878	602
Total Water Purchased (Acre Feet) **	-	-	653	859	966	970	970	1,077	1,100	1,116
Total Deliveries (Acre Feet)	2,518	2,110	1,815	1,809	2,020	1,850	1,996	2,093	1,978	1,718
No. of Service Connections	4,268	4,285	4,300	4,309	4,331	4,343	4,391	4,485	4,501	4,509

	<b>Sewer System-Town Division</b>									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	3,014	3,022	3,062	3,073	3,098	3,126	3,133	3,165	3,216	3,220
Annual Flow Treated (MG)	236	229	201	222	201	183	179	182	180	186

	<b>Sewer System-Blacklake Division</b>									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	0.1
No. of Sewer Connections	559	559	559	559	559	559	559	559	559	559
Annual Flow Treated (MG)	19	16	16	17	16	16	16	16	16	16

Source: Nipomo Community Services District

\*\* 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

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	Fund #500 Supplemental Water	Fund #700 Water Capacity	Fund #710 Town Sewer Capacity
Beginning Balance of cash & investments July 1, 2022	\$ 2,302,255	\$ 2,021,099	\$ 418,734
Ending Balance of cash & investments June 30, 2023	3,719,039	2,058,815	542,255
Interest Earned	465,412	24,449	6,142
Capacity Charges	129,058	50,153	130,678

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

Capital Improvement Project	Amount of the expenditure for each Improvement	Fund #	Project completed during fiscal year
SCADA Monitoring	\$ 3,410	500	No
Water Delivery Analysis	7,068	500	No
Supplemental Water Project - Interconnect	6,640	500	No
Foothill Tank site	28,190	700	No

Source: Nipomo Community Services District

Anticipated Capital Improvement Projects for 2023-2024 fiscal Year:

Supplemental Water Project Interconnects  
Pomeroy Water Line  
Third connection to Blacklake Pressure Zone  
Water and Sewer Master Plan



# 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 22-23	509	\$ 2,488.48	\$ 1,266,636
FY 22-23	582	2,275.84	1,324,539
FY 21-22	531	2,275.84	1,208,471
FY 21-22	539	2,203.78	1,187,837
FY 20-21	498	2,203.78	1,097,482
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% NCSD	16.66% WMW	16.66% GSW	100.00% Total
FY 22-23	844,592	211,022	211,022	1,266,636
FY 22-23	\$ 883,203	\$ 220,668	\$ 220,668	\$ 1,324,539
FY 21-22	805,809	201,331	201,331	1,208,471
FY 21-22	792,048	197,893	197,893	1,187,834
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	983,288
FY 19-20	550,453	137,531	137,531	825,515
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
1/1/2023	\$ 5.37	435.60	\$ 2,339.17	\$ 149.31	\$ 2,488.48
1/1/2022	5.16	435.60	2,247.70	28.14	2,275.84
1/1/2021	4.96	435.60	2,160.59	43.19	2,203.78
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

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

FY 2015-2016 is the first year available.

Source: Nipomo Community Services District

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