TO: BOARD OF DIRECTORS

REVIEWED: RAY DIENZO, P.E.
GENERAL MANAGER

FROM: JANA ETTEDDGUE
FINANCE DIRECTOR

DATE: NOVEMBER 12, 2026

AGENDA ITEM

E-1

NOVEMBER 18, 2026

ANNUAL COMPREHENSIVE FINANCIAL REPORT (AUDIT REPORT) FOR FISCAL YEAR 2025-2026

ITEM

Review Annual Comprehensive Financial Report ("Audit Report") for Fiscal Year 2025-2026 [RECOMMEND RECEIVE AND FILE 2025-2026 AUDIT REPORT]

BACKGROUND

The District is required by law to have an independent audit performed annually on its financial statements. Rogers, Anderson, Malody & Scott, LLP ("RAMS") conducted the annual audit for the fiscal year ending June 30, 2026, in accordance with Generally Accepted Accounting Principles.

The audit report has been completed in the Annual Comprehensive Financial Report ("ACFR") format. The completed audit will be submitted to the Government Finance Officers Association ("GFOA") for review and consideration for a Certificate of Achievement for Excellence in Financial Reporting. The District's audit report received this prestigious recognition of accounting excellence the past thirteen consecutive years.

Mr. Devin Feldhut, Senior Accountant, will present the attached audit report to your Honorable Board and will answer any questions you may have regarding the audit.

RECOMMENDATION

Upon completion of the presentation and public comments, a motion would be in order to accept and file the Audit Report for Fiscal Year 2025-2026.

ATTACHMENT

A. Audit Report for Fiscal Year 2025-2026
B. Post Audit Letter
C. Report on Internal Control over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

NOVEMBER 18, 2026

ITEM E-1

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2026

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

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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, 2026

NIPOMO COMMUNITY SERVICES DISTRICT

148 South Wilson Street
Nipomo, California 93444

(805) 929-1133

www.ncsd.ca.gov

Prepared by:

The Finance and Administration Department
Jana Etteddgue, Finance Director
Luisa Cahua, Customer Service Clerk III
Grace Millhorn, Accountant
Caroline Beasley, Customer Service Clerk II
Sandro Ayala, Customer Service Specialist

Nipomo Community Services District

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INTRODUCTORY SECTION

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NIPOMO COMMUNITY SERVICES DISTRICT

BOARD MEMBERS
PHILIP HENRY, **PRESIDENT**
TOM GLOVER, **VICE PRESIDENT**
ED EBY, **DIRECTOR**
GARY HANSEN, **DIRECTOR**
JOHN JOYCE, **DIRECTOR**

STAFF
RAY DIENZO, P.E., **GENERAL MANAGER**
JANA ETTEDDGUE, **FINANCE DIR./ASST GM**
ELIZABETH GAMEZ E.I.T DISTRICT ENGINEER.,
CRAIG A. STEELE, **GENERAL COUNSEL**

Serving the Community since 1965

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

November 10, 2026

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, 2026. 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, 2026. 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 2025-2026, the District purchased 1,866 acre-feet of water. The District paid a volumetric charge of $2,690.31 per acre-foot (AF) for imported water purchased between July 1, 2025 to December 31, 2025 and $2,803.03 per AF on imported water purchased from January 1, 2026 to June 30, 2026, plus a volumetric operational cost of $182.21 per AF. Of the 1,866 AF, the District sold 310.88 AF (16.66%) of the supplemental water to Woodlands Mutual Water Company (WMWC) and 310.88 AF (16.66%) to Golden State Water Company (GSWC). The District retained the balance of 1,244.24 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 – Drought Response

On July 27, 2016, the District adopted Resolution 2016-1421 declaring Stage IV Water Shortage Conditions under the District's 2014 Water Shortage Response and Management Plan, in compliance with the NMMA TG Plan. The target groundwater pumping reduction was a fifty percent (50%) reduction in groundwater pumping by the District. The District reached this objective through community water conservation efforts and use of the available imported supplemental water supply.

In June 2024, the NMMA TG announced the Spring 2024 Key Wells Index had improved and the groundwater basin was now in a Potentially Severe Water Shortage Condition. Based on this finding, the District adopted Resolution 2024-1715 declaring to move to Stage II Water Shortage Condition under the District's current Water Shortage Contingency Plan. Under the improved conditions of a Stage II Water Shortage Condition, the target groundwater pumping reduction is 20%, consistent with the NMMA TG Plan. Although the target reduction for groundwater pumping will decrease from 50% to 20%, the District is currently able to maintain a pumping level below 50%.

Major Initiatives – Dana Reserve Project

The District annexed a two hundred eighty-eight (288) acre development known as the Dana Reserve Project. The development, which is proposed to be 1,370 residential units, up to 154 accessory dwelling units, and up to 203,000 square feet of commercial uses, was approved by the San Luis Obispo County Board of Supervisors on April 24, 2024. On August 28, 2024, the District Board approved a negotiated property tax exchange with the County, authorized an Annexation Agreement with NKT Development LLC ("NKT"), and endorsed a Plan for Services from the San Luis Obispo County Local Agency Formation Commission ("LAFCO"). Annexation proceedings by LAFCO included a study session that was on September 19, 2024. The LAFCO hearing to consider the project was held on November 14, 2024 and was approved by the Commission.
The Dana Reserve Project will necessitate substantial upgrades to the District's water and wastewater infrastructure. Current estimates indicate that capacity charges for the project could generate around $41 million, surpassing the anticipated costs for the identified infrastructure needs over time.

Major Initiatives

Nipomo Supplemental Water Project
Beginning July 1, 2025 through June 30, 2026, the District purchased 1,866 acre-feet of water from the City of Santa Maria. As of the end of the fiscal year the District completed the Supplemental Water Project purveyor interties project.

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 was completed in the winter of 2024. The project design, engineering, and environmental work for the lift station are complete, and construction is now underway, with an expected completion date in the winter of 2026.

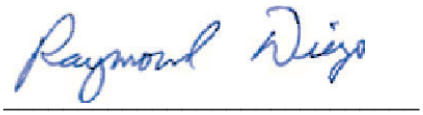
Awards and Acknowledgements

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, 2025. This was the thirteenth 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,



Raymond Dienzo
General Manager and
Secretary to the Board of Directors



Jana Etteddgue
Finance Director

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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

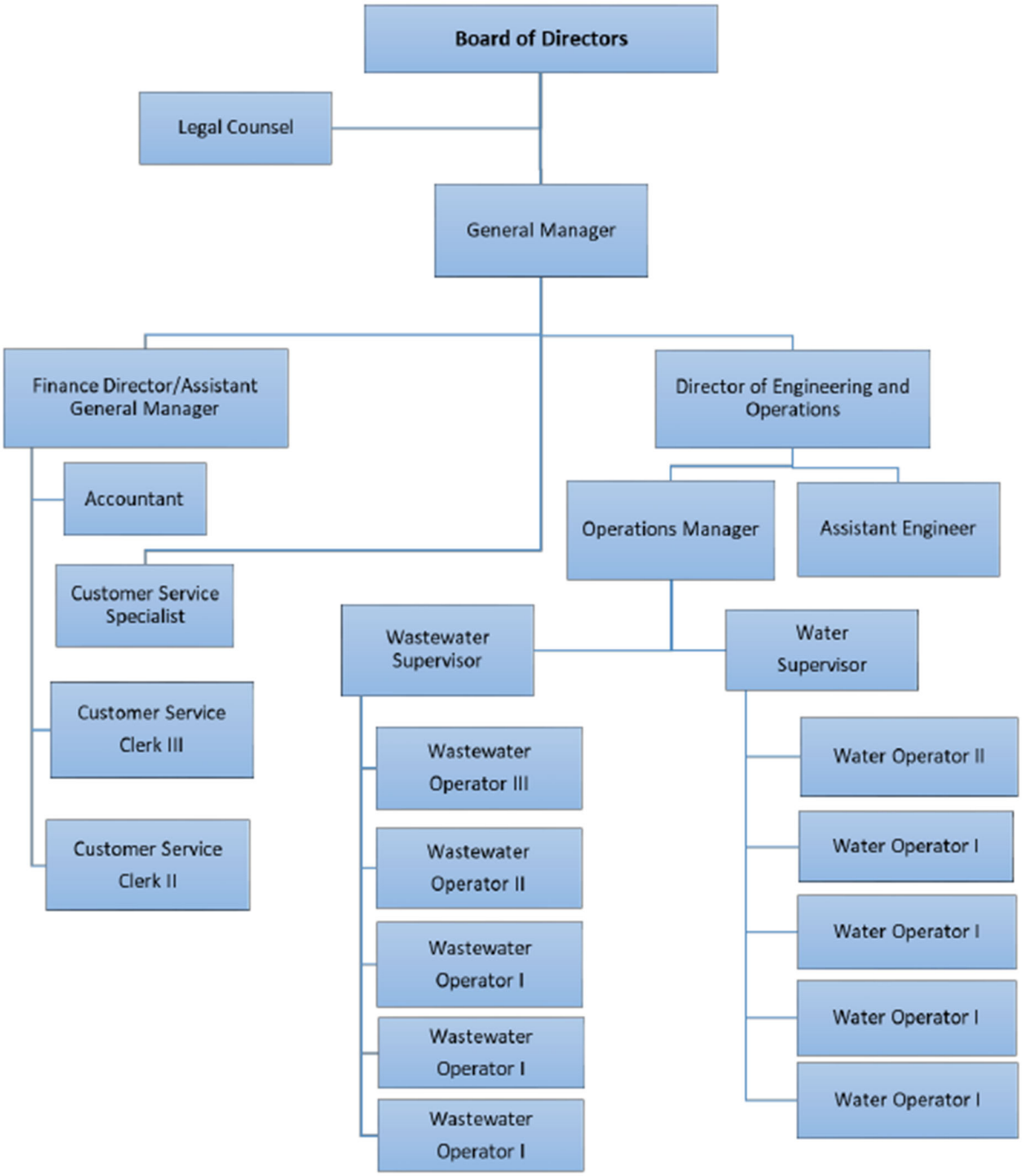
June 30, 2025

Christopher P. Morrill

Executive Director/CEO

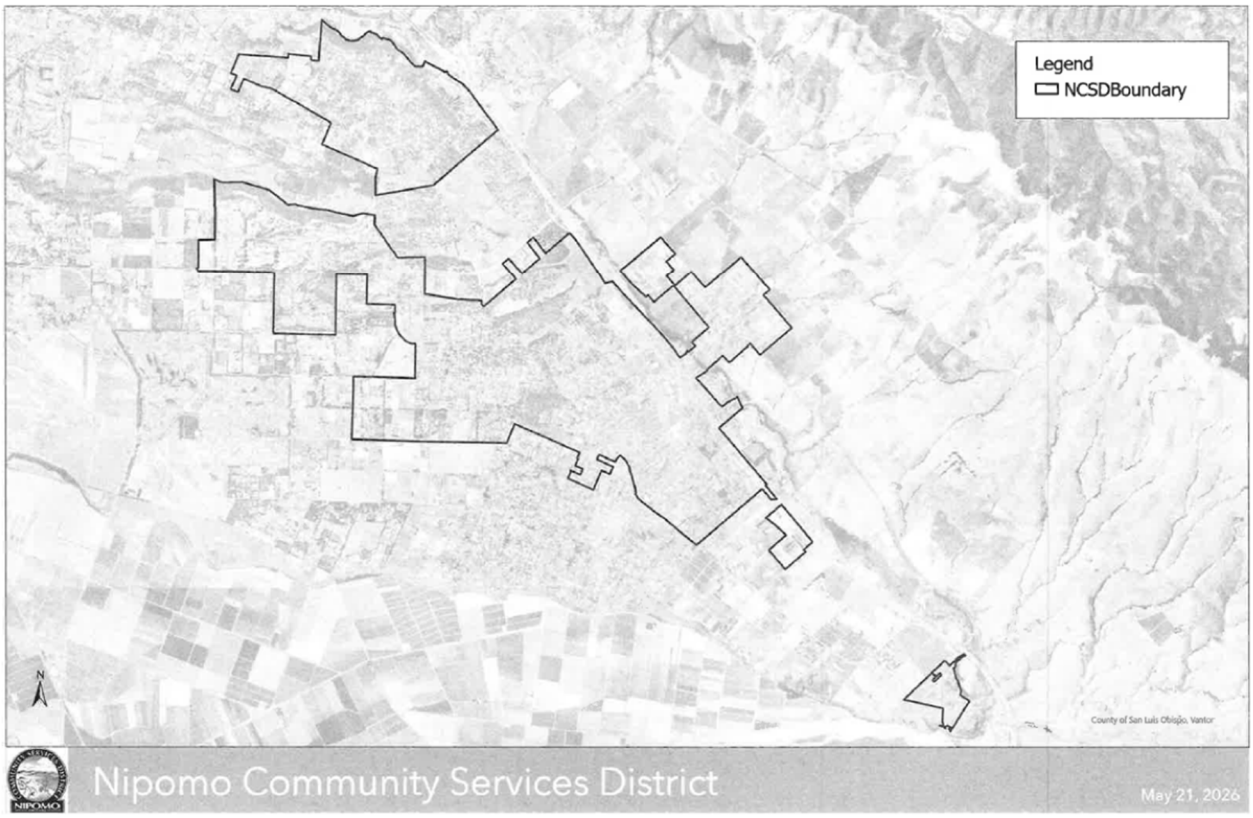
NIPOMO COMMUNITY SERVICES DISTRICT

ORGANIZATIONAL STRUCTURE
AS OF JUNE 30, 2026



NIPOMO COMMUNITY SERVICES DISTRICT

MAP OF SERVICE AREA



NIPOMO COMMUNITY SERVICES DISTRICT

DISTRICT OFFICERS

BOARD OF DIRECTORS

Name	Title	Current Term
Phil Henry	President	12/24 – 12/28
Tom Glover	Vice President	1/25 – 12/26
Ed Eby	Director	12/22 – 12/26
Gary Hansen	Director	12/22 – 12/26
John Joyce	Director	12/24 – 12/28

MANAGEMENT

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

LEGAL COUNSEL

Craig A. Steele	Richards Watson and Gershon

FINANCIAL SECTION

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RAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Nipomo Community Services District
Nipomo, California

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, 2026, 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 referred to above 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, 2026, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as the accounting systems prescribed by the State Controller's Office and state regulations governing Special Districts.

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements during the year ended June 30, 2026, the District adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 103*, Financial Reporting Model Improvements*. Our opinions are not modified with respect to this matter.

Tel. 909-889-0871 | www.ramscpa.net | 735 E. Carnegie Dr. Suite 100, San Bernardino, CA 92408

Responsibilities of Management for the Financial Statements

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 *Government Auditing Standards* 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 *Government Auditing Standards*, 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 the 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 the 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 required supplementary information, such as management's discussion and analysis and schedules, as listed in the tables of content, 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 GAAS, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 GAAS. In our opinion, the accompanying 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 and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 10, 2026, 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 the District's 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 10, 2026

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Nipomo Community Services District (District) provides an overview to the financial statements of the District for the fiscal year ended June 30, 2026. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

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.

Overview of 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, 2026. 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.

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 Summary

The District's Net Position increased 12.01% from $90,995,645 to $101,924,097 at June 30, 2026. The increase reflects the District's operating activities, noncapital subsidies, investment and other nonoperating activity, and capital contributions received during the fiscal year.

TABLE 1
Condensed Statements of Net Position

	2026	2025	Current Year Increase/ (Decrease)
Assets			
Current and other assets	$ 45,988,347	$ 40,303,279	$ 5,685,068
Capital assets, net	85,753,479	80,325,948	5,427,531
Total assets	131,741,826	120,629,227	11,112,599
Deferred outflows	2,000,979	2,087,450	(86,471)
Liabilities			
Current liabilities	4,232,376	3,396,826	835,550
Noncurrent liabilities	26,787,821	27,822,999	(1,035,178)
Total liabilities	31,020,197	31,219,825	(199,628)
Deferred inflows	798,511	501,207	297,304
Net position			
Net investment in capital assets	66,361,665	59,808,614	6,553,051
Restricted	17,171,769	17,143,018	28,751
Unrestricted	18,390,663	14,044,013	4,346,650
Total net position	$ 101,924,097	$ 90,995,645	$ 10,928,452

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

	2026	2025	Current Year Increase/ (Decrease)
Operating revenues			
Charges for services	$ 13,970,268	$ 13,100,529	$ 869,739
Other operating revenue	1,828,814	921,090	907,724
Total operating revenues	15,799,082	14,021,619	1,777,463
Operating expenses			
Water	9,392,989	7,999,720	1,393,269
Sewer	3,629,393	3,707,430	(78,037)
Other	2,735,534	1,965,743	769,791
Total operating expenses	15,757,916	13,672,893	2,085,023
Operating income (loss)	41,166	348,726	(307,560)
Noncapital subsidies			
Intergovernmental revenue	987,192	980,274	6,918
Total noncapital subsidies	987,192	980,274	6,918
Operating income (loss) and noncapital subsidies	1,028,358	1,329,000	(300,642)
Other Nonoperating revenues and (expenses)			
Investment earnings	1,723,695	1,835,727	(112,032)
Gain(loss) on disposal of capital assets	-	34,215	(34,215)
Interest expense	(888,873)	(852,082)	(36,791)
Capital contributions	9,065,272	3,067,558	5,997,714
Total non-operating revenues (expenses)	9,900,094	4,085,418	5,814,676
Change in net position	10,928,452	5,414,418	5,514,034
Net position - beginning	90,995,645	85,581,227	5,414,418
Net position - ending	$ 101,924,097	$ 90,995,645	$ 10,928,452

Detailed Analysis of the District

The District's net position increased by $10,928,452, or 12.01%, during the fiscal year ended June 30, 2026, from $90,995,645 at June 30, 2025, to $101,924,097 at June 30, 2026. This increase reflects growth in both the District's investment in capital assets and its unrestricted net position decreased.

Total assets increased by $11,112,599, primarily attributable to increases in current and other assets of $5,685,068 and capital assets, net, of $5,427,531. The most significant projects included the completion of the Supplemental Water Project Interconnect, the work in process from the Frontage Road Truck Sewer Replacement Project, and the contributed work in process asset from the Blacklake Sewer Consolidation Project. The other increase in capital assets reflects the District's continued investment in infrastructure, facilities, and other capital improvements. Deferred outflows decreased by $86,471 compared to the prior fiscal year.

Total liabilities decreased by $199,628, from $31,219,825 in fiscal year 2025 to $31,020,197 in fiscal year 2026. This decrease was primarily driven by a $1,035,178 reduction in noncurrent liabilities, attributable to debt service payments made during the year, the elimination of a subscription liability, and a decrease in the net pension liability. These reductions were partially offset by an $835,550 increase in current liabilities, primarily due to outstanding accounts payable. Additionally, deferred inflows increased by $297,304 during the fiscal year.

During the year the District's operating revenues increased 12.68%, while operating expenses increased 15.25%. Investment earnings decreased due to a slight decline in interest rates. Operating revenues increased due to scheduled increases in water and sewer rates.

Other operating revenue increase 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 $79,586, an Infrastructure Enhancement Payment from the Dana Reserve development of $4,500,000 and contributions of Work in Process valued at $4,485,686 from the Blacklake Assessment District 2020-1.

The District's net investment in capital assets increased by $6,553,051, from $59,808,614 to $66,361,665. This increase reflects the District's continued investment in capital improvements and the impact of current-year capital asset activity, net of related depreciation and outstanding debt associated with capital assets.

Restricted net position increased slightly by $28,751, from $17,143,018 to $17,171,769. These resources remain subject to external restrictions governing their use.

Unrestricted net position increased by $4,346,650, from $14,044,013 to $18,390,663. Unrestricted net position represents resources that are not subject to external restrictions and may be available to support the District's ongoing operations and obligations, subject to applicable legal, contractual, and financial commitments.

Overall, the increase in net position demonstrates an improvement in the District's financial position during fiscal year 2026.

The District's change in net position for fiscal year 2026 was an increase of $10,928,452, compared to an increase of $5,414,418 in fiscal year 2025. This represents an improvement of $5,514,034 over the prior year.

Operating Revenues

Total operating revenues increased by $1,777,463, or approximately 12.68%, from $14,021,619 in fiscal year 2025 to $15,799,082 in fiscal year 2026. Charges for services increased by $869,739, while other operating revenues increased by $907,724.

The increase in charges for services reflects changes in water and sewer service revenues. Water revenues increased due to the scheduled rate adjustment resulting from the District's rate study. Sewer revenues were affected by scheduled rate adjustments. Other operating revenues increased primarily due to repayments for capital improvements from the supplemental water purveyors and miscellaneous income recognized in various funds.

Operating Expenses

Total operating expenses increased by $2,085,023, or approximately 15.25%, from $13,672,893 in fiscal year 2025 to $15,757,916 in fiscal year 2026.

Water expenses increased by $1,393,269, primarily reflecting increased operating costs and the cost of supplemental water purchased from the City of Santa Maria. Sewer expenses decreased by $78,037, while other operating expenses increased by $769,791.

As a result of operating revenues increasing by less than operating expenses, operating income decreased by $307,560, from $348,726 in fiscal year 2025 to $41,166 in fiscal year 2026.

Noncapital Subsidies

Noncapital subsidies totaled $987,192 in fiscal year 2026, compared to $980,274 in fiscal year 2025, an increase of $6,918. These revenues consisted of intergovernmental revenue from property taxes and provide additional resources to support District operations.

Other Nonoperating Revenues and Expenses

Other nonoperating revenues and expenses totaled $9,900,094 in fiscal year 2026, compared to $4,085,418 in fiscal year 2025, an increase of $5,814,676.

Investment earnings decreased by $112,032, from $1,835,727 to $1,723,695. The District also reported no gain on disposal of capital assets in fiscal year 2026, compared to a gain of $34,215 in fiscal year 2025.

Interest expense increased by $36,791, from $852,082 to $888,873, reflecting the District's financing obligations.

Capital contributions increased significantly by $5,997,714, from $3,067,558 in fiscal year 2025 to $9,065,272 in fiscal year 2026. This increase was mainly from the contributed work in process assets from the Blacklake Sewer Consolidation project of $4,485,686 and the Infrastructure Enhancement Payment from the Dana Reserve development of $4,500,000.

Change in Net Position

The District reported an increase in net position of $10,928,452 for fiscal year 2026, compared to an increase of $5,414,418 in 2025. The $5.5 million improvement over the prior year was primarily attributable to the substantial increase in capital contributions, together with higher operating revenues.

Despite increased operating expenses and a lower operating income, the District's overall financial results benefited from capital contributions and continued investment earnings. As a result, ending net position increased to $101.9 million at June 30, 2026, compared to $91.0 million at June 30, 2025.

In summary, the District maintained a positive financial position during fiscal year 2026, with growth in total assets and net position and a modest reduction in total liabilities. Continued infrastructure investment, supported in part by increased capital contributions, contributed significantly to the District's financial position.

Significant Capital Asset and Long-Term Financing Activity

As of June 30, 2026, the District reported net capital assets of $85,753,479, an increase of $5,427,531 from $80,325,948 reported at June 30, 2025. Capital asset activity during fiscal year 2026 primarily consisted of water distribution system replacements and improvements, as well as sewer collection and distribution system replacements. The District prioritizes capital improvements based on operational needs, the condition of existing infrastructure, regulatory requirements, and funding availability.

TABLE 3
Capital Assets

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

	2026	2025	Current Year Increase/ (Decrease)
Non-depreciable assets	$ 18,569,617	$ 16,299,694	$ 2,269,923
Depreciable assets	105,202,226	99,584,455	5,617,771
Accumulated depreciation	(38,018,364)	(35,558,201)	(2,460,163)
Total capital assets, net	$ 85,753,479	$ 80,325,948	$ 5,427,531

The increase in depreciable assets is primarily attributable to construction work in progress projects that were completed and placed into service during the year. The increase in non-depreciable assets reflects ongoing projects that remained under construction at year-end. The most significant projects included the completed Supplemental Water Project Interconnect, work in progress related to the Frontage Road Truck Sewer Replacement Project, and the contributed construction work in progress asset associated with the Blacklake Sewer Consolidation Project.

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

Long-Term Financing

As of June 30, 2026, total long-term financing decreased by $703,998, from $24,811,734 in 2025 to $24,107,736 in 2026. The decrease primarily reflects scheduled principal repayments on outstanding certificates of participation and financed purchases, as well as the elimination of the subscription liability.

TABLE 4
Long Term Liabilities

	2026	2025	Current Year Increase/ (Decrease)
Certificates of Participation Series 2022	$ 9,680,100	$ 9,975,105	$ (295,005)
Certificates of Participation Series 2024	13,957,776	14,302,448	(344,672)
Subscription Liability	-	16,927	(16,927)
Financed Purchase	469,860	517,254	(47,394)
Total long-term liabilities	$ 24,107,736	$ 24,811,734	$ (703,998)

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 in December 2024 and downgraded the rating from "AA-" to "A+".

Standard & Poor's Rating Service reviewed the Certificates of Participation Series 2024 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.

Currently Known Facts, Decisions, or Conditions

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.

Operating costs and inflation. Changes in electricity prices, chemicals, purchased water, employee compensation, insurance, and contracted maintenance services may increase the cost of providing water and sewer services. Management will continue to evaluate these costs and identify opportunities for efficient operations.

Water supply and regulatory requirements. 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 2,500-acre feet per year 5, the highest level in the purchase agreement.
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.

Infrastructure and capital improvements. Aging water and sewer infrastructure may require continued investment in replacement, rehabilitation, and capacity improvements. Management will prioritize projects based on system condition, reliability, regulatory obligations, available funding, and affordability to customers.

Water and sewer rates.

Water Division. The District completed a water rate study in September 2025. The second of three annual rate increases will be effective January 1, 2027. The rate study also identified the potential need for an $8.9 million debt issuance to fund capital replacement projects. The proposed financing will be evaluated during fiscal year 2026-2027.

Town Wastewater Division. The Town Division completed a wastewater rate study in February 2025. The second of four annual rate increases is scheduled to become effective July 1, 2027. Effective July 1, 2025, the Blacklake Sewer Division adopted the Town sewer rates. The wastewater rate study also identified the potential need for a $2.9 million debt issuance to fund capital replacement projects, which will be evaluated during fiscal year 2026-2027.

Financial sustainability. Maintaining adequate operating reserves and sufficient revenues to support routine operations, emergency repairs, and long-term infrastructure needs remains an important management objective. Management will continue to monitor financial performance and update operating and capital plans as circumstances warrant.

These factors represent management's assessment of currently known conditions as of the date the financial statements are issued. Actual future results may differ as economic conditions, customer demand, regulatory requirements, and project costs change.

Management remains committed to providing reliable water and sewer services while maintaining sound financial management and planning for the long-term sustainability of the District's infrastructure.

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Statement of Net Position
Proprietary Funds
June 30, 2026

ASSETS	
Current assets:	
Cash and cash equivalents (Note 2)	$ 26,859,582
Investments (Note 3)	488,000
Accounts receivable	778,831
Unbilled utilities receivable	1,174,000
Accrued interest receivable	258,898
Accrued franchise fees	6,657
Due from County	25,961
Contract receivable, current portion (Note 4)	214,385
Total current assets	29,806,314
Noncurrent assets:	
Restricted cash - funded replacement (Note 2 & 3)	2,562,914
Cash with fiscal agent (Note 2 & 3)	6,376,216
Deposits and other assets	7,636
Contract receivable, less current portion (Note 4)	7,235,267
Capital assets:	
Capital assets, not being depreciated (Note 5)	18,569,617
Depreciable capital assets, net (Note 5)	67,183,862
Total noncurrent assets	101,935,512
Total assets	131,741,826
DEFERRED OUTFLOWS OF RESOURCES	
OPEB related (Note 8)	1,034,925
Pension related (Note 7)	783,120
Deferred amount on debt refunding	182,934
Total deferred outflows of resources	2,000,979
LIABILITIES	
Current liabilities:	
Accounts payable	2,610,270
Deposits payable	353,526
Retentions payable	110,125
Accrued liabilities	368,773
Current portion of long-term liabilities (Note 6)	789,682
Total current liabilities	4,232,376
Noncurrent liabilities:	
Net OPEB liability (Note 8)	1,235,175
Net pension liability (Note 7)	2,049,548
Long-term liabilities, less current portion (note 6)	23,503,098
Total noncurrent liabilities	26,787,821
Total liabilities	31,020,197
DEFERRED INFLOWS OF RESOURCES	
OPEB related (Note 8)	521,185
Pension related (Note 7)	277,326
Total deferred inflows of resources	798,511
NET POSITION (Note 9)	
Net investment in capital assets	66,361,665
Restricted for system expansion	14,586,880
Restricted for system replacement	2,584,889
Unrestricted	18,390,663
Total net position	$ 101,924,097

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

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2026

OPERATING REVENUES	
Charges for services	$ 12,205,998
Charges for services-purveyors	1,706,844
Charges for services-purveyor reimbursements	57,426
Other operating revenue	1,828,814
Total operating revenues	15,799,082
OPERATING EXPENSES	
Purchased water	3,415,736
Purchased water related expenses	303,011
Purchased water-purveyors	1,706,844
Personnel	3,598,285
Contractual services	293,816
Utilities	709,367
Repairs and maintenance	441,836
Other supplies and expenses	2,345,630
Insurance	386,172
Depreciation and amortization	2,557,219
Total operating expenses	15,757,916
Operating income (loss)	41,166
NONCAPITAL SUBSIDIES	
Property taxes	987,192
Total noncapital subsidies	987,192
Operating income (loss) and noncapital subsidies	1,028,358
OTHER NONOPERATING REVENUES (EXPENSES)	
Investment earnings	1,723,695
Interest expense	(888,873)
Capital contributions	9,065,272
Total other non-operating revenues (expenses)	9,900,094
Change in net position	10,928,452
Net Position	
Beginning	90,995,645
Ending	$ 101,924,097

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2026

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operating revenue	$	15,571,497
Payments to suppliers		(8,847,905)
Payments to employees		(3,566,753)
Net cash provided by operating activities		3,156,839
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Property tax revenues		990,612
Net cash provided by non-capital financing activities		990,612
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions		4,579,586
Acquisition of capital assets		(3,499,064)
Principal paid on contract receivable		(780,930)
Interest received on contract receivable		489,165
Principal paid on debt/subscriptions		(644,321)
Interest paid on debt/subscriptions		(938,922)
Net cash used for capital and related financing activities		(794,486)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income		1,238,648
Sale of investments		240,000
Net cash provided by investing activities		1,478,648
Net increase in cash and cash equivalents		4,831,613
Cash and cash equivalents - beginning		30,967,099
Cash and cash equivalents - ending	$	35,798,712
Reconciliation of cash and cash equivalents to the Statement of Net Position:		
Current assets:		
Cash and cash equivalents	$	26,859,582
Noncurrent assets:		
Restricted cash - funded replacement		2,562,914
Cash with fiscal agent		6,376,216
Cash and cash equivalents at end of year	$	35,798,712

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

Statement of Cash Flows, (Concluded)
Proprietary Funds
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash provided by operating activities:

Operating income (loss)	$	41,166
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation		2,557,219
Changes in assets and liabilities:		
Accounts receivable		(271,936)
Accounts receivable - other		2,000
Unbilled utilities receivable		(49,000)
Accrued franchise fees		(345)
Deposits and other assets		(782)
Deferred outflows of resources OPEB		(83,752)
Deferred outflows of resources pension		160,595
Accounts payable		813,080
Deposits and retentions		35,905
Accrued liabilities		31,771
Compensated absences		(17,202)
Net OPEB liability		62,638
Net pension liability		(421,822)
Deferred inflows of resources OPEB		35,167
Deferred inflows of resources pension		262,137
Net cash provided by operating activities	$	3,156,839

Noncash investing, capital, and financing activities:		
Capital assets acquired through capital contributions	$	4,485,686

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

Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2026

	Custodial Fund AD 2020-1
ASSETS	
Cash and cash equivalents	$ 1,479,431
Cash with fiscal agent	292,803
Special assessments receivable - current	6,761
Total assets	1,778,995
LIABILITIES	
Accounts payable	790,271
Accrued liabilities	98,152
Retention payable	247,982
Total liabilities	1,136,405
NET POSITION	
Restricted for individuals and organizations	642,590
Total net position	$ 642,590

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

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2026

	Custodial Fund AD 2020-1
ADDITIONS	
Assessments collected	$ 567,946
Interest income	231,676
Total additions	799,622
DEDUCTIONS	
Debt service principal payments	300,000
Debt service interest payments	291,933
Administrative costs	9,046
Contribution to Blacklake Sewer	4,485,686
Total deductions	5,086,665
Change in net position	(4,287,043)
NET POSITION	
Beginning	4,929,633
Ending	$ 642,590

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

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 2022, and 2024. 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 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 properties within the Assessment District will benefit from, under the accrual basis of accounting. Fiduciary Funds use the economic resources measurement focus.

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

The District distinguishes operating revenues and expenses from noncapital subsidies and other nonoperating revenues and expenses. Operating revenues and expenses are revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are (a) subsidies received and provided, (b) contributions to permanent and term endowments, (c) revenues and expenses related to financing, (d) resources from the disposal of capital assets and inventory, and (e) investment income and expenses. The principal operating revenues of the District are water sales to residents and purveyors and the principal operating expenses are water purchases. Operating expenses also include management, administrative expenses and depreciation of capital assets

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.

Investments

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

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.

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. Right-to-use lease and subscription assets are amortized over the life of the associated contract. 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.

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

Net Position Flow Assumption

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

Pensions

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

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

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

Other Postemployment Benefits (OPEB)

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

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

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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

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, 2026, the outstanding balance is $10,365,000.

New Accounting Pronouncement

For the year ended June 30, 2026, the financial statements include the adoption of GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2026, are classified as follows:

Current assets:		
Cash and cash equivalents - District	$	26,859,582
Cash and cash equivalents - Fiduciary		1,479,431
Noncurrent assets:		
Restricted cash - funded replacement - District		2,562,914
Cash with fiscal agent - District		6,376,216
Cash with fiscal agent - Fiduciary		292,803
Total cash and cash equivalents	$	37,570,946

NOTE 2: CASH AND CASH EQUIVALENTS, (continued)

Cash and cash equivalents at June 30, 2026, consist of the following:

Cash on hand	$	600
Bank deposits		16,528,210
Cash with fiscal agent		6,669,019
LAIF Deposits		14,373,117
Total cash and cash equivalents	$	37,570,946

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) and other Local Government Investment Pools, Per California Government Code 53600 et seq.
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 principal 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)).

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.

Authorized Investment Type	Maximum Maturity
Money Market Mutual Funds	5 Years
Federal Agency Securities	5 Years
State and Local Instruments	5 Years
Certificates of Deposits	5 Years
Repurchase Agreements	1 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 269 days.

Investments at June 30, 2026:

		Remaining Maturity		
Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 36 Months
Certificates of Deposit	$ 488,000	$ -	$ 488,000	$ -
Total investments	$ 488,000	$ -	$ 488,000	$ -

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, 2026:

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure
Certificates of Deposit	$ 488,000	N/A	$ 488,000
Total investments	$ 488,000		$ 488,000

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).

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).

NOTE 3: INVESTMENTS, (continued)

Custodial Credit Risk, (continued)

As of June 30, 2026, 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, 2026, the District's deposit portfolio with 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 that a government can access at the measurement date. Investments in LAIF are not subject to the fair value hierarchy.

	Fair Value Measurement Using			
Investments by Fair Value	Total	Level 1	Level 2	Level 3
Certificates of Deposit	$ 488,000	$ -	$ 488,000	$ -
Total Investments by Fair Value Level	$ 488,000	$ -	$ 488,000	$ -

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 NCSD 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 Judgement, provide payment to NCSD 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, 2026, the Contract Receivable associated with the Agreement is $7,449,652.

NOTE 5: CAPITAL ASSETS

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

	June 30, 2025	Additions	Deletions/ Transfers	June 30, 2026
Non-depreciable capital assets:				
Land	$ 1,113,700	$ -	$ -	$ 1,113,700
Construction in progress	15,185,994	7,826,730	(5,556,807)	17,455,917
Total non-depreciable capital assets	16,299,694	7,826,730	(5,556,807)	18,569,617
Depreciable capital assets:				
Buildings and improvements	95,518,424	5,405,483	-	100,923,907
Equipment	3,968,975	309,344	-	4,278,319
Right-to-use subscription	97,056	-	(97,056)	-
Total depreciable capital assets	99,584,455	5,714,827	(97,056)	105,202,226
Less accumulated depreciation/amortization:				
Buildings and improvements	(32,656,455)	(2,183,498)	-	(34,839,953)
Equipment	(2,837,042)	(341,369)	-	(3,178,411)
Right-to-use subscription	(64,704)	(32,352)	97,056	-
	(35,558,201)	(2,557,219)	97,056	(38,018,364)
Net depreciable capital assets	64,026,254	3,157,608	-	67,183,862
Total capital assets, net	$ 80,325,948	$ 10,984,338	$ (5,556,807)	$ 85,753,479

Depreciation and amortization expense for the period ended June 30, 2026 was $2,557,219.

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NOTE 6: LONG-TERM LIABILITIES

The summary of changes in long-term liabilities for the year ended June 30, 2026 is as follows:

	June 30, 2025	Additions	Deletions	June 30, 2026	Due Within One Year
Certificates of participation:					
Revenue COP's series 2013	$ -	$ -	$ -	$ -	$ -
Unamortized discount	-	-	-	-	-
Revenue COP's series 2022	$ 9,515,000	$ -	$ (275,000)	$ 9,240,000	$ 285,000
Unamortized premium	460,105	-	(20,005)	440,100	-
Water Revenue COP - Series 2024	13,390,000	-	(305,000)	13,085,000	320,000
Unamortized premium	912,448	-	(39,672)	872,776	-
Unamortized discount	-	-	-	-	-
Total COP's	24,277,553	-	(639,677)	23,637,876	605,000
Subscription liability	16,927	-	(16,927)	-	-
Financed purchase payable	517,254	-	(47,394)	469,860	49,646
Compensated absences*	202,246	-	(17,202)	185,044	135,036
Total long-term liabilities	$ 25,013,980	$ -	$ (721,200)	$ 24,292,780	$ 789,682

*The change in compensated absences above is a net change for the year.

Certificates of Participation

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. Principal payments ranging from $285,000 to $500,000 are to be paid annually starting June 1, 2022 through June 1, 2048.

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 (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.

NOTE 6: LONG-TERM LIABILITIES, (continued)

Certificates of Participation, (continued)

Principal is to be paid annually starting June 1, 2022 through June 1, 2048. Annual principal payments range from $285,000 to $555,000 as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 285,000	$ 299,700	$ 584,700
2028	300,000	288,300	588,300
2029	305,000	276,300	581,300
2030	320,000	264,100	584,100
2031	335,000	251,300	586,300
2032-2036	1,880,000	1,044,700	2,924,700
2037-2041	2,215,000	705,831	2,920,831
2042-2046	2,545,000	388,438	2,933,438
2047-2048	1,055,000	46,650	1,101,650
Total	$ 9,240,000	$ 3,565,319	$ 12,805,319

Water Revenue Certificates of Participation – Series 2024

The District issued Water Revenue Certificates of Participation, Series 2024 to (i) refund all of the District's Water Revenue Refunding Bonds, Series 2013A currently outstanding amount of $1,505,000, (ii) prepay all of the District's Revenue Certificates of Participation (Supplemental Water Project), Series 2013, currently outstanding in the aggregate principal amount of $8,035,000, (iii) fund a portion of the costs of certain capital improvements to the District, and (iv) pay the costs of issuance relating to the execution and delivery of the Certificates. The Installment Payments are special limited obligations of the District payable solely from, and secured by a pledge of and first lien on the net revenues of the District.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $192,562. This difference is being amortized on a straight-line basis as interest expense (interest on debt). By refunding the Series 2013 debt, the District reduced its total debt service payments by $970,461 and obtained 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 $733,288.

The COP's bear interest ranging from 4.0% to 5.0% per annum. Principal payments ranging from $305,000 to $1,725,000 are to be paid annually starting September 1, 2025 through September 1, 2048.

NOTE 6: LONG-TERM LIABILITIES, (continued)

Certificates of Participation (continued)

Year Ending June 30,	Principal	Interest	Total
2027	$ 320,000	$ 578,450	$ 898,450
2028	335,000	562,075	897,075
2029	350,000	544,950	894,950
2030	370,000	526,950	896,950
2031	390,000	507,950	897,950
2032-2036	2,270,000	2,218,500	4,488,500
2037-2041	2,910,000	1,577,200	4,487,200
2042-2046	3,605,000	879,100	4,484,100
2047-2050	2,535,000	154,900	2,689,900
Total	$ 13,085,000	$ 7,550,075	$ 20,635,075

Subscription Liability

In July 2023, the District entered into a 36-month subscription for the use of WaterView C11 Module. An initial subscription liability was recorded in the amount of $97,056. As of June 30, 2026, the value of the subscription liability is $0. The District was required to make annual fixed payments of $41,009. The subscription has an interest rate of 2.85%. As of June 30, 2026, the subscription term ended and the related right to use asset and accumulated amortization have been removed on the capital asset note.

Financed Purchase

The District entered into an installment sale agreement in October 2023 for $562,500 to acquire a vactor truck. The total asset acquisition costs were $545,635, the difference of $16,865 was remitted to the District to be used toward future principal payments as stated in the installment sale agreement. The agreement bears an interest of 4.75% per annum. Principal is to be paid annually starting October 30, 2024 through October 30, 2033.

The agreement contains a provision that if an event of default occurs and is not corrected by the District within ten days after written notice, the timing of repayment of outstanding amounts become immediately due.

NOTE 6: LONG-TERM LIABILITIES, (continued)

Financed Purchase, (continued)

Debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 49,646	$ 22,318	$ 71,964
2028	52,004	19,960	71,964
2029	54,475	17,490	71,965
2030	57,062	14,902	71,964
2031	59,773	12,192	71,965
2032-2034	196,900	18,995	215,895
Total	$ 469,860	$ 105,857	$ 575,717

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.

Benefits Provided

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

NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)

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

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

The Plan's provisions and benefits in effect as of June 30, 2026 are summarized as follows:

Hire Date	Miscellaneous Tier I	Miscellaneous Tier II	Miscellaneous PEPRA
Benefit formula	3.0% @ 60	3.0% @ 60	2.0% @62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 and up	50 and up	52 and up
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 3.0%	1.0% to 2.5%
Required employee contribution rates	8.00%	8.00%	8.25%
Required employer contribution rates	18.39%	17.56%	8.27%

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, 2026 were $478,860.

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, 2025, using an annual actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

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, 2025 measurement period was determined by an actuarial valuation as of June 30, 2024, with update procedures used to roll forward the total pension liability to June 30, 2025. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
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 [1]	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

[1] The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study 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.

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[1,2]
Public equity	37.00%	4.56%
Private equity	17.00%	5.56%
Fixed income	28.00%	2.53%
Real assets	15.00%	3.03%
Private debt	8.00%	4.93%
Strategic leverage	(5.00%)	1.40%
	100.00%	

[1] Figures are based on the 2024 Mid-Cycle Asset Liability

[2] An expected annual rate of price inflation of 2.30% was for this period.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2025, was 6.90%. This is based on the long-term expected rate of return on plan assets and is net of investment expenses but not reduced for administrative expenses. In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates to project compound (geometric) returns over the long term.

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

Subsequent to the measurement date, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the November 2025 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions, and various other assumptions for public agencies. These new assumptions will be effective as of the June 30, 2025, valuation date and reflected in the June 30, 2026, GASB accounting valuation reports.

NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)

B. Net Pension Liability (continued)

Pension Plan Fiduciary Net Position

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

C. Proportionate Share of Net Pension Liability

The following table shows the 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: 6/30/2024 (VD)	$ 11,737,969	$ 9,266,599	$ 2,471,370
Balance at: 6/30/2025 (MD)	12,995,610	10,946,062	2,049,548
Net changes during 2024-25	$ 1,257,641	$ 1,679,463	$ (421,822)

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. The District's proportionate share of the net pension liability for the miscellaneous plan as of the June 30, 2024 and 2025 measurement dates was as follows:

As of Measurement Date	Miscellaneous
Proportionate Share of NPL - June 30, 2024	0.05110%
Proportionate Share of NPL - June 30, 2025	0.05138%
Change - Increase (Decrease)	0.00028%

NOTE 7: DEFINED BENEFIT PENSION PLAN, (continued)

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

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 6.9 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 (5.9 percent) or 1 percentage-point higher (7.9 percent) than the current rate:

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Net Pension Liability	$ 3,803,276	$ 2,049,548	$ 606,249

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

As of the start of the measurement period (July 1, 2024), the District's net pension liability was $2,471,370. For the measurement period ending June 30, 2025 (the measurement date), the District incurred a pension expense of $479,771.

NOTE 7: DEFINED BENEFIT PENSION PLAN, (concluded)

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

As of June 30, 2026, 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	$ 245,585	$ -
Difference Between Projected and Actual Investment Earnings	-	277,326
Change in Employer's Proportion	23,080	-
Differences Between Employer's Contributions and Proportionate Share on Contributions	35,595	-
Pension Contributions Subsequent to the Measurement Date	478,860	-
Total	$ 783,120	$ 277,326

The amounts above are net of outflows and inflows recognized in the 2024-25 measurement period expense. Contributions subsequent to the measurement date of $478,860 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
2027	$ 291,928
2028	(43,437)
2029	(115,690)
2030	(105,867)
2031	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2026, the District reported a payable of $10,715 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2026.

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, 2024 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	21
Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not receiving benefits	1
Total	34

Contributions

The District pays retiree medical benefits directly to CalPERS. For fiscal year ended June 30, 2026, the District paid $147,020 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, 2026, the District's cash contribution to CERBT was $120,000 in payments to the trust and the estimated implied subsidy of $44,297 resulting in total OPEB contributions of $311,317. The District's contributions to the OPEB plan are not based on a measure of pay.

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

Net OPEB liability

The District's net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2024, 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	Fair value of assets
Discount Rate	6.55%
Inflation	2.50%
Salary Increases	3.00% - Per annum
Mortality Rate	CalPERS 2021 experience study
Healthcare Trend Rate	5.5% in 2026 decreasing to 3.9% by 2075

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
Global Equities	49%	3.90%
Fixed Income	23%	2.70%
REIT's	20%	3.70%
TIPS	5%	1.70%
Commodities	3%	2.90%
Total	100%	

Changes in assumptions

Healthcare rate decreased from 6% to 5.5%

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

Discount Rate

The discount rate used to measure the total OPEB liability was 6.55%. 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.

Changes in the OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c)= (a) - (b)
Balance at June 30, 2025 (Measurement Date June 30, 2024)	$ 4,278,412	$ 3,105,875	$ 1,172,537
Changes recognized for the measurement period:			
Service Cost	180,621	-	180,621
Interest	286,055	-	286,055
Net investment income	-	207,660	(207,660)
Changes of assumptions	296,499	-	296,499
Contributions - employer	-	313,572	(313,572)
Investment experience	-	180,291	(180,291)
Benefit payments	(183,572)	(183,572)	-
Administrative expenses	-	(986)	986
Net Changes	579,603	516,965	62,638
Balance at June 30, 2026 (Measurement Date June 30, 2025)	$ 4,858,015	$ 3,622,840	$ 1,235,175

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, 2025:

	1% Decrease 5.55%	Current Discount Rate 6.55%	1% Increase 7.55%
Net OPEB Liability	$ 1,962,232	$ 1,235,175	$ 641,452

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 District 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, 2025:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 566,050	$ 1,235,175	$ 2,080,439

OPEB Plan Fiduciary Net Position

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

Net difference between projected and actual earnings on OPEB plan investments	5 years straight-line
All other amounts	Expected average remaining service lifetime (EARSL) (8.89 years at June 30, 2024)

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, 2026, the District recognized OPEB expense of $325,370. For the fiscal year ended June 30, 2026, 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	$ 311,317	$ -
Changes of assumptions	50,390	177,352
Differences between expected and actual experience	673,218	224,959
Net difference between projected and actual earnings on OPEB plan investments	-	118,874
Total	$ 1,034,925	$ 521,185

The $311,317 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2025 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
2027	$ 93,840
2028	(25,096)
2029	(57,266)
2030	(31,118)
2031	52,087
Thereafter	169,976

NOTE 9: NET POSITION

At June 30, 2026, the components of proprietary fund net position consisted of the following:

Net Investment in Capital Assets:		
Capital assets, not being depreciated		$ 18,569,617
Depreciable capital assets, net		67,183,862
Current portion of long-term debt		(654,646)
Long-term debt, less current portion		(23,453,090)
Retention payable		(110,125)
Unspent proceeds of long-term debt		4,643,113
Deferred amount on debt refunding		182,934
	Total Net Investment in Capital Assets	$ 66,361,665

Restricted Funding Source	Use	
Water capacity charges and supplemental water	For the expansion of the water system	$ 12,266,600
Town Sewer capacity charges	For the expansion of the sewer system	587,177
Town Sewer cash with fiscal agent	Cash held with fiscal agent for expansion	1,733,103
	Restricted for system expansion	14,586,880
Nipomo Supplemental Water Project (NSWP)	For the replacement/repair of the supplemental water project	2,584,889
	Total Restricted Net Position	$ 17,171,769

Unrestricted Funding Source	Use	
Designated reserve	District operating expenses	$ 18,390,663
	Total Unrestricted Net Position	$ 18,390,663

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, 2026, 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 202526. This covers $10,000,000 per occurrence.

Public Officials and Employees Errors: Special District Risk Management Authority, coverage number LCA SDRMA 202526. This covers $10,000,000 per occurrence/general aggregate.

NOTE 10: JOINT POWERS AUTHORITY, (continued)

Personal Liability Coverage for Board Members: Special District Risk Management Authority, coverage number LCA SDRMA 202526. This covers $500,000 per occurrence/general aggregate.

Employment Practices Liability: Special District Risk Management Authority, coverage number LCA SDRMA 202526. 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 202526. This covers $10,000,000 per occurrence/general aggregate.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 202526. This policy includes a $1,000,000 Public Employees Dishonesty Blanket Coverage.

Auto Liability: Special District Risk Management Authority, coverage number LCA SDRMA 202526. 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 202526. The coverage is on file with SDRMA.

Uninsured/Under Insured Motorist: Special District Risk Management Authority, coverage number UMI SDRMA 202526. The coverage is on file with SDRMA.

Trailer Coverage: District Risk Management Authority, coverage number LCA SDRMA 202526. The coverage is on file with SDRMA.

Property Coverage: Special District Risk Management Authority, coverage number PPC SDRMA 202526. 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 202526. 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 202526. 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 2026. 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, 2026.

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("Santa Maria Groundwater Adjudication").

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. There currently is no scheduled court appearance in this matter other than an October 16, 2024 hearing on the court's acceptance of annual water reports for the three designated management areas (i.e., Santa Maria Valley, Nipomo Mesa, and Northern Cities) within the basin.

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. Transfer of these quiet title actions is still pending.

Note 12: CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2026, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. GASB 103 modifies the presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, including revised classifications of certain revenues and expenses as operating or nonoperating activities. As a result, other operating revenues were reclassified to operating revenues from nonoperating revenues, other operating expenses were reclassified from nonoperating expenses, and property tax revenues reported under noncapital subsidies were reclassified from nonoperating revenues (expenses), and capital contributions were moved to other nonoperating revenues.

The adoption of this standard had no effect on beginning net position, ending net position, or the change in net position.

REQUIRED SUPPLEMENTARY INFORMATION

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

Measurement Date	Employer's Proportion of the Collective Net Pension Liability[1]	Employer's Proportionate Share of the Collective Net Pension Liability	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
6/30/2016	0.01712%	$ 1,480,964	$ 1,110,264	133.39%	74.06%
6/30/2017	0.01701%	1,686,681	1,153,706	146.20%	73.31%
6/30/2018	0.01669%	1,607,847	1,120,809	143.45%	75.26%
6/30/2019	0.01686%	1,727,302	1,149,787	150.23%	75.26%
6/30/2020	0.01741%	1,894,757	1,329,670	142.50%	75.10%
6/30/2021	0.01766%	955,076	1,428,771	66.85%	88.29%
6/30/2022	0.01980%	2,287,351	1,537,208	148.80%	76.68%
6/30/2023	0.02015%	2,514,162	1,674,080	150.18%	78.21%
6/30/2024	0.02038%	2,471,370	1,887,743	130.92%	78.08%
6/30/2025	0.02004%	2,049,548	1,852,067	110.66%	82.43%

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

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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
6/30/2017	$ 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%
6/30/2024	385,191	(385,191)	-	1,887,743	20.40%
6/30/2025	433,835	(433,835)	-	1,852,067	23.42%
6/30/2026	478,860	(478,860)	-	1,940,276	24.68%

Notes to Schedule:

Change in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2024, valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Change in Assumptions: There were no assumption changes in 2024 or 2025. Effective with the June 30, 2021, valuation date (June 30, 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. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

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
Total OPEB Liability			
Service Cost	$ 66,148	$ 68,132	$ 124,610
Interest	125,817	133,867	180,785
Plan experience differences	-	42,839	-
Changes in assumptions	-	552,064	64,913
Changes in benefit terms	-	-	-
Benefit payments	(136,301)	(134,076)	(129,067)
Net change in Total OPEB Liability	55,664	662,826	241,241
Total OPEB Liability - beginning	2,002,727	2,058,391	2,721,217
Total OPEB Liability - ending (a)	2,058,391	2,721,217	2,962,458
Plan Fiduciary Net Position			
Contribution - employer	223,671	221,446	216,437
Net investment income	131,036	114,132	104,331
Benefit payments	(136,301)	(134,076)	(129,067)
Administrative expense	(1,092)	(770)	(353)
Other Expense (one-time)	-	(1,867)	-
Investment experience	-	-	-
Net change in Plan Fiduciary Net Position	217,314	198,865	191,348
Plan Fiduciary Net Position - beginning	1,192,839	1,410,153	1,609,018
Plan Fiduciary Net Position - ending (b)	1,410,153	1,609,018	1,800,366
Net OPEB Liability - ending (a) - (b)	$ 648,238	$ 1,112,199	$ 1,162,092
Plan fiduciary net position as a percentage of the total OPEB liability	68.51%	59.13%	60.77%
Covered-employee payroll	$ 1,288,325	$ 1,213,514	$ 1,176,634
Net OPEB liability as a percentage of covered-employee payroll	50.32%	91.65%	98.76%

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.

6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
$ 144,932	$ 143,574	$ 147,881	$ 166,094	$ 171,077	$ 180,621
198,010	232,050	248,258	219,687	234,484	286,055
122,387	-	(434,227)	-	-	-
187,866	-	(124,723)	-	491,582	296,499
-	-	-	-	(145,463)	-
(122,132)	(134,179)	(126,995)	(135,821)	(168,388)	(183,572)
531,063	241,445	(289,806)	249,960	583,292	579,603
2,962,458	3,493,521	3,734,966	3,445,160	3,695,120	4,278,412
3,493,521	3,734,966	3,445,160	3,695,120	4,278,412	4,858,015
223,132	235,179	254,995	267,471	298,388	313,572
120,277	131,333	174,516	151,788	300,666	207,660
(122,132)	(134,179)	(126,995)	(135,821)	(168,388)	(183,572)
(900)	(760)	(676)	(708)	(889)	(986)
-	-	-	-	-	-
(50,361)	419,241	(540,317)	10,649	-	180,291
170,016	650,814	(238,477)	293,379	429,777	516,965
1,800,366	1,970,382	2,621,196	2,382,719	2,676,098	3,105,875
1,970,382	2,621,196	2,382,719	2,676,098	3,105,875	3,622,840
$ 1,523,139	$ 1,113,770	$ 1,062,441	$ 1,019,022	$ 1,172,537	$ 1,235,175
56.40%	70.18%	69.16%	72.42%	72.59%	74.57%
$ 1,419,376	$ 1,515,349	$ 1,582,861	$ 1,730,697	$ 1,925,452	$ 1,927,922
107.31%	73.50%	67.12%	58.88%	60.90%	64.07%

Required Supplementary Information
Schedule of OPEB Contributions
Last Ten Years*

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

Notes to schedule		
Valuation Date	6/30/2017	6/30/2018
Methods and assumptions used to determine contributions		
Actuarial cost method	Entry age normal	Entry age normal
Amortization method		2.5% escalation
Amortization period	30 years	20 years
Asset valuation method	Fair Value	Fair Value
Inflation	3.00%	2.50%
Healthcare cost trend rates	6% to 5% step 1%	7% to 5% step 0.5%
Salary increases	3.00%	3.25%
Investment rate of return	6.50%	6.50%
Retirement Rates	Varies by age	CalPERS 2017
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

* 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.

2021	2022	2023	2024	2025	2026
$ 228,054	$ 281,853	$ 290,309	$ 272,152	$ 280,316	$ 305,449
(235,179)	(254,995)	(267,471)	(298,388)	(313,572)	(311,317)
$ (7,125)	$ 26,858	$ 22,838	$ (26,236)	$ (33,256)	$ (5,868)
$ 1,515,349	$ 1,582,861	$ 1,730,697	$ 1,925,452	$ 1,927,922	$ 2,023,555
15.52%	16.11%	15.45%	15.50%	16.26%	15.38%
6/30/2020		6/30/2022		6/30/2024	
Entry age normal		Entry age normal		Entry age normal	
2.5% escalation		2.5% escalation		2.5% escalation	
18 years		16 years		14 years	
Fair Value		Fair Value		Fair Value	
2.50%		2.50%		2.50%	
5.8% in 2021 scaling down to 4% by 2076		5.6% in 2024, decreasing to 3.9% by 2076		6% in 2025, decreasing to 3.9% by 2075	
3.00%		3.00%		3.00%	
6.50%		6.50%		6.55%	
Mortality projection using MacLeod Watts Scale 2020 generationally		Mortality projection using MacLeod Watts Scale 2022 generationally		Mortality projection using CalPERS 2021 experience study	

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OTHER SUPPLEMENTARY INFORMATION

Combining Schedule of Net Position
Proprietary Funds
June 30, 2026

	Business Type Activities - Enterprise Funds			
	Administration	Water	Sewer	Blacklake Lighting
ASSETS				
Current assets:				
Cash and cash equivalents	$ 51,889	$ 15,178,134	$ 5,572,244	$ 21,720
Investments	1,134	331,593	121,734	475
Accounts receivable	-	171,708	61,281	-
Unbilled utilities receivable	-	891,000	283,000	-
Accrued interest receivable	-	215,403	34,722	153
Accrued franchise fees	-	-	-	-
Due from County	-	-	-	410
Due from other funds	-	209,298	-	-
Contract receivable, current portion	-	214,385	-	-
Total current assets	53,023	17,211,521	6,072,981	22,758
Noncurrent assets:				
Interfund loan receivable	-	-	18,360	-
Restricted cash - funded replacement	-	-	-	-
Cash with fiscal agent	-	-	1,733,103	-
Deposits and other assets	7,636	-	-	-
Contract receivable, less current portion	-	7,235,267	-	-
Capital assets:				
Capital assets, not being depreciated	-	1,305,460	17,259,580	-
Depreciable capital assets, net	2,517	41,266,392	24,436,871	41,960
Total noncurrent assets	10,153	49,807,119	43,447,914	41,960
Total assets	63,176	67,018,640	49,520,895	64,718
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related	77,620	684,086	273,219	-
Pension related	58,734	517,643	206,743	-
Deferred amount on debt refunding	-	182,934	-	-
Total deferred outflows of resources	136,354	1,384,663	479,962	-
LIABILITIES				
Current liabilities:				
Accounts payable	34,810	138,177	996,744	2,803
Deposits payable	336,026	17,500	-	-
Retentions payable	-	-	110,125	-
Accrued liabilities	17,940	174,017	94,829	-
Due to other funds	-	1,100,973	-	2,295
Current portion of long-term liabilities	27,007	226,021	361,654	-
Total current liabilities	415,783	1,656,688	1,563,352	5,098
Noncurrent liabilities:				
Interfund loan payable	-	-	-	18,360
Net OPEB liability	92,639	816,451	326,085	-
Net pension liability	153,716	1,354,751	541,081	-
Long-term liabilities, less current portion	10,002	7,778,391	9,825,315	-
Total noncurrent liabilities	256,357	9,949,593	10,692,481	18,360
Total liabilities	672,140	11,606,281	12,255,833	23,458
DEFERRED INFLOWS OF RESOURCES				
OPEB related	39,088	344,504	137,593	-
Pension related	20,798	183,313	73,215	-
Total deferred inflows of resources	59,886	527,817	210,808	-
NET POSITION				
Net investment in capital assets	2,517	39,504,514	31,436,366	41,960
Restricted for system expansion	-	12,266,600	2,320,280	-
Restricted for system replacement	-	-	-	-
Unrestricted (deficit)	(535,013)	4,498,091	3,777,570	(700)
Total net position	$ (532,496)	$ 56,269,205	$ 37,534,216	$ 41,260

Business Type Activities - Enterprise Funds							
Solid Waste	Drainage	Landscape Maintenance	Property Taxes	Supplemental Water	Dana Reserve Project Fund	Eliminations	Total
$ 436,963	$ 52,802	$ 22,033	$ 1,001,669	$ -	$ 4,522,128	$ -	$ 26,859,582
9,546	1,154	481	21,883	-	-	-	488,000
-	-	-	-	545,842	-	-	778,831
-	-	-	-	-	-	-	1,174,000
2,633	497	132	5,358	-	-	-	258,898
6,657	-	-	-	-	-	-	6,657
611	654	-	24,286	-	-	-	25,961
-	-	-	-	1,100,973	-	(1,310,271)	-
-	-	-	-	-	-	-	214,385
456,410	55,107	22,646	1,053,196	1,646,815	4,522,128	(1,310,271)	29,806,314
-	-	-	-	-	-	(18,360)	-
-	-	-	-	2,562,914	-	-	2,562,914
-	-	-	4,643,113	-	-	-	6,376,216
-	-	-	-	-	-	-	7,636
-	-	-	-	-	-	-	7,235,267
-	-	-	-	-	4,577	-	18,569,617
-	-	-	1,407,867	28,255	-	-	67,183,862
-	-	-	6,050,980	2,591,169	4,577	(18,360)	101,935,512
456,410	55,107	22,646	7,104,176	4,237,984	4,526,705	(1,328,631)	131,741,826
-	-	-	-	-	-	-	1,034,925
-	-	-	-	-	-	-	783,120
-	-	-	-	-	-	-	182,934
-	-	-	-	-	-	-	2,000,979
11,588	-	855	2,879	1,417,837	4,577	-	2,610,270
-	-	-	-	-	-	-	353,526
-	-	-	-	-	-	-	110,125
3	-	-	81,984	-	-	-	368,773
-	-	-	-	207,003	-	(1,310,271)	-
-	-	-	175,000	-	-	-	789,682
11,591	-	855	259,863	1,624,840	4,577	(1,310,271)	4,232,376
-	-	-	-	-	-	(18,360)	-
-	-	-	-	-	-	-	1,235,175
-	-	-	-	-	-	-	2,049,548
-	-	-	5,889,390	-	-	-	23,503,098
-	-	-	5,889,390	-	-	(18,360)	26,787,821
11,591	-	855	6,149,253	1,624,840	4,577	(1,328,631)	31,020,197
-	-	-	-	-	-	-	521,185
-	-	-	-	-	-	-	277,326
-	-	-	-	-	-	-	798,511
-	-	-	(4,656,524)	28,255	4,577	-	66,361,665
-	-	-	-	-	-	-	14,586,880
-	-	-	-	2,584,889	-	-	2,584,889
444,819	55,107	21,791	5,611,447	-	4,517,551	-	18,390,663
$ 444,819	$ 55,107	$ 21,791	$ 954,923	$ 2,613,144	$ 4,522,128	$ -	$ 101,924,097

Combining Schedule of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2026

	Business Type Activities - Enterprise Funds			
	Administration	Water	Sewer	Blacklake Lighting
Operating revenues				
Charges for services	$ -	$ 8,793,814	$ 3,362,611	$ 49,573
Charges for services-purveyor	-	-	-	-
Charges for services-purveyor reimbursements	-	-	-	-
Other operating revenue	45,813	1,478,599	273	-
Total operating revenues	45,813	10,272,413	3,362,884	49,573
Operating expenses				
Purchased water	-	3,415,736	-	-
Purchased water related expenses	-	452,451	-	-
Purchased water-purveyors	-	-	-	-
Personnel	299,164	2,107,713	1,191,408	-
Contractual services	56,332	188,861	48,369	-
Utilities	28,582	298,239	342,950	32,689
Repairs and maintenance	38,820	154,869	248,147	-
Other supplies and expenses	117,628	1,118,329	657,882	530
Insurance	76,129	230,639	77,289	115
Depreciation and amortization	24,567	1,426,152	1,063,348	2,997
Total operating expenses	641,222	9,392,989	3,629,393	36,331
Operating income (loss)	(595,409)	879,424	(266,509)	13,242
Noncapital subsidies				
Property taxes	-	-	-	-
Transfers in	573,160	484,000	1,920,702	10,410
Transfer out	-	(412,058)	(368,054)	(12,410)
Total noncapital subsidies	573,160	71,942	1,552,648	(2,000)
Operating income (loss) and noncapital subsidies	(22,249)	951,366	1,286,139	11,242
Other nonoperating revenues (expenses)				
Investment earnings	-	1,042,661	321,428	688
Interest expense	-	(325,941)	(329,227)	(215)
Capital contributions	-	43,262	4,523,435	-
Transfers out - restricted for capital assets	-	-	(1,690,000)	-
Total other nonoperating revenues (expenses)	-	759,982	2,825,636	473
Change in net position	(22,249)	1,711,348	4,111,775	11,715
Net Position (deficit)				
Beginning	(510,247)	54,557,857	33,422,441	29,545
Ending	$ (532,496)	$56,269,205	$ 37,534,216	$ 41,260

Business Type Activities - Enterprise Funds							
Solid Waste	Drainage	Landscape Maintenance	Property Taxes	Supplemental Water	Dana Reserve Project	Eliminations	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,205,998
-	-	-	-	5,122,579	-	(3,415,735)	1,706,844
-	-	-	-	661,290	-	(603,864)	57,426
288,028	-	16,101	-	-	-	-	1,828,814
288,028	-	16,101	-	5,783,869	-	(4,019,599)	15,799,082
-	-	-	-	-	-	-	3,415,736
-	-	-	-	-	-	(149,440)	303,011
-	-	-	-	5,122,579	-	(3,415,735)	1,706,844
-	-	-	-	-	-	-	3,598,285
254	-	-	-	-	-	-	293,816
-	-	6,907	-	220,191	-	(220,191)	709,367
-	-	-	-	52,482	-	(52,482)	441,836
445,579	-	5,682	-	156,393	-	(156,393)	2,345,630
2,000	-	-	-	25,358	-	(25,358)	386,172
-	-	-	38,668	1,487	-	-	2,557,219
447,833	-	12,589	38,668	5,578,490	-	(4,019,599)	15,757,916
(159,805)	-	3,512	(38,668)	205,379	-	-	41,166
-	27,391	-	959,801	-	-	-	987,192
-	-	-	-	-	-	(2,988,272)	-
(20,250)	(28,498)	(1,500)	(455,502)	-	-	1,298,272	-
(20,250)	(1,107)	(1,500)	504,299	-	-	(1,690,000)	987,192
(180,055)	(1,107)	2,012	465,631	205,379	-	(1,690,000)	1,028,358
21,293	2,580	724	215,189	97,004	22,128	-	1,723,695
-	-	-	(233,490)	-	-	-	(888,873)
-	-	-	(1,425)	-	4,500,000	-	9,065,272
-	-	-	-	-	-	1,690,000	-
21,293	2,580	724	(19,726)	97,004	4,522,128	1,690,000	9,900,094
(158,762)	1,473	2,736	445,905	302,383	4,522,128	-	10,928,452
603,581	53,634	19,055	509,018	2,310,761	-	-	90,995,645
$ 444,819	$ 55,107	$ 21,791	$ 954,923	$ 2,613,144	$ 4,522,128	$ -	$ 101,924,097

Combining Schedule of Other Supplies and Expenses
Proprietary Funds
For the Year Ended June 30, 2026

	Business Type Activities - Enterprise Funds			
	Administration	Water	Sewer	Blacklake Lighting
Other supplies and expenses				
Bank charges and fees	$ 450	$ -	$ -	$ -
Bond administration	-	1,425	2,400	-
Chemicals	-	50,853	81,290	-
Computer expenses	32,463	136,960	48,659	-
Conservation program	-	8,920	-	-
Credit card fees	-	324	-	-
Dues and subscriptions	3,475	47,312	5,339	-
Education and training	3,931	6,298	14,049	-
Fuel	-	51,965	26,770	-
Lab testing	-	69,266	106,471	-
LAFCO funding	40,018	-	-	-
Landscape and janitorial	4,649	13,946	4,649	-
Landscape maintenance	-	-	-	-
Meters	-	208,312	-	-
Miscellaneous	4,836	165	2,044	-
NCSD labor charges	-	-	-	-
NCSD overhead charges	-	-	-	-
Newsletters and mailers	287	3,364	287	-
Office supplies	2,506	7,189	2,397	-
Operating supplies	-	277,985	90,544	-
Outside services	882	177,408	192,166	-
Permits and operating fees	-	2,172	54,530	-
Postage	6,295	25,619	13,128	-
Property taxes	-	2,339	-	-
Public notices	534	96	32	530
Safety program	-	4,025	2,349	-
Solid waste program	-	-	-	-
Telephone	1,140	3,421	2,188	-
Travel and mileage	16,162	4,620	1,200	-
Uniforms	-	14,345	7,390	-
Total other supplies and expenses	$ 117,628	$ 1,118,329	$ 657,882	$ 530

Business Type Activities - Enterprise Funds				
Solid Waste	Landscape Maintenance	Supplemental Water	Eliminations	Total
$ -	$ -	$ -	$ -	$ 450
-	-	-	-	3,825
-	-	7,960	(7,960)	132,143
-	-	-	-	218,082
-	-	-	-	8,920
-	-	-	-	324
-	-	-	-	56,126
-	-	-	-	24,278
-	-	-	-	78,735
-	-	2,943	(2,943)	175,737
-	-	-	-	40,018
-	-	-	-	23,244
-	5,156	-	-	5,156
-	-	-	-	208,312
-	-	-	-	7,045
-	-	83,665	(83,665)	-
-	-	59,273	(59,273)	-
-	-	-	-	3,938
-	-	-	-	12,092
-	-	-	-	368,529
-	-	1,121	(1,121)	370,456
-	-	1,431	(1,431)	56,702
-	-	-	-	45,042
-	-	-	-	2,339
206	526	-	-	1,924
-	-	-	-	6,374
445,373	-	-	-	445,373
-	-	-	-	6,749
-	-	-	-	21,982
-	-	-	-	21,735
$ 445,579	$ 5,682	$ 156,393	$ (156,393)	$ 2,345,630

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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.

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Financial Trends
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. 63-65

Revenue Capacity
These schedules contain information to help the reader assess the District's two most significant revenue sources, water and sewer sales. 66-73

Debt Capacity
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. 74-78

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. 79-81

Operating Information
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. 82-85

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Net Position by Component
Last Ten Fiscal Years

	Fiscal year ended June 30,				
	2017	2018	2019	2020	2021
Net Position					
Net investment in capital assets	$ 44,744,193	$ 44,662,685	$ 44,743,341	$ 47,607,041	$ 49,321,146
Restricted	10,241,070	12,079,117	13,534,450	11,180,805	13,127,214
Unrestricted	11,615,313	11,601,352	12,659,645	15,049,757	11,511,190
Total Net Position	$ 66,600,576	$ 68,343,154	$ 70,937,436	$ 73,837,603	$ 73,959,550

	Fiscal year ended June 30,				
	2022	2023	2024	2025	2026
Net Position					
Net investment in capital assets	$ 47,205,935	$ 49,117,407	$ 54,888,603	$ 59,808,614	$ 66,361,665
Restricted	16,171,832	18,146,458	18,997,224	17,143,018	17,171,769
Unrestricted	12,344,401	12,423,400	11,695,400	14,044,013	18,390,663
Total Net Position	$ 75,722,168	$ 79,687,265	$ 85,581,227	$ 90,995,645	$101,924,097

Source: Nipomo Community Services District

Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2017	2018	2019	2020
OPERATING REVENUES:				
Water	$ 4,554,380	$ 5,166,145	$ 5,189,177	$ 5,189,177
Wastewater	2,436,782	2,549,548	2,622,885	2,622,885
Other	682,798	701,370	744,123	744,123
Total Operating Revenues	7,673,960	8,417,063	8,556,185	8,556,185
OPERATING EXPENSES:				
Purchased water	1,001,222	1,039,190	1,077,827	1,077,827
Purchased water related expenses	-	101,263	101,847	101,847
Purchased water - purveyors	500,313	519,284	538,591	538,591
Personnel	1,891,517	2,316,183	2,126,678	2,126,678
Contractual services	372,178	397,665	322,078	322,078
Utilities	561,855	555,494	559,784	559,784
Repairs & maintenance	227,987	223,680	169,552	169,552
Other supplies & expenses	1,041,058	1,065,409	1,182,592	1,182,592
Insurance	73,897	84,487	99,549	99,549
Depreciation & amortization	1,846,696	1,937,364	1,923,642	1,923,642
Total Operating Expenses	7,516,723	8,240,019	8,102,140	8,102,140
Operating Income (Loss)	157,237	177,044	454,045	454,045
NONCAPITAL SUBSIDIES				
Property taxes	621,662	660,920	702,329	737,834
Total Noncapital Subsidies	621,662	660,920	702,329	737,834
Operating Income (Loss) and Noncapital Subsidies	778,899	837,964	1,156,374	1,191,879
OTHER NONOPERATING REVENUES (EXPENSES)				
Investment earnings	494,905	659,215	895,090	838,831
Gain(loss) on disposal of capital assets	478,014	1,428,942	95,162	135,410
Interest expense	-	-	-	-
Capital contributions	530,563	450,351	1,290,670	1,596,814
Capital contribution received	-	-	-	-
Total Other NonOperating Revenues	1,503,482	2,538,508	2,280,922	2,571,055
Change in Net Position	$ 2,282,381	$ 3,376,472	$ 3,437,296	$ 3,762,934

Source: Nipomo Community Services District

Fiscal Year Ended June 30,					
2021	2022	2023	2024	2025	2026
$ 6,531,278	$ 6,756,275	$ 7,457,234	$ 7,583,870	$ 8,687,491	$ 10,272,413
2,910,620	3,142,840	3,367,204	3,545,852	3,665,515	3,362,884
1,080,546	1,118,324	1,246,977	1,371,780	1,596,147	2,163,785
10,522,444	11,017,439	12,071,415	12,501,502	13,949,153	15,799,082
1,517,735	1,597,857	1,727,795	1,869,685	2,040,802	3,415,736
128,876	151,981	173,191	197,453	205,161	303,011
758,413	798,448	863,379	934,282	1,019,790	1,706,844
2,928,488	2,782,757	3,048,612	3,478,632	3,658,753	3,598,285
318,891	297,322	297,930	218,392	209,133	293,816
613,831	621,612	714,902	838,627	893,971	709,367
304,784	290,748	280,751	560,013	484,189	441,836
1,531,425	1,653,969	1,775,669	2,236,881	1,980,006	2,345,630
161,330	215,182	266,512	328,317	369,445	386,172
2,064,445	2,169,646	2,265,487	2,381,809	2,511,101	2,557,219
10,328,218	10,579,522	11,414,228	13,044,091	13,372,351	15,757,916
194,226	437,917	657,187	(542,589)	576,802	41,166
784,833	803,154	868,775	911,557	952,739	987,192
784,833	803,154	868,775	911,557	952,739	987,192
979,059	1,241,071	1,525,962	368,968	1,529,541	1,028,358
536,130	498,800	750,473	1,687,206	183,527	1,723,695
795,882	(16,475)	176,941	47,205	134,216	-
-	-	-	-	-	(888,873)
(492,975)	857,620	2,278,660	4,553,175	3,067,558	9,065,272
(1,000,000)	-		-	-	-
(160,963)	1,339,945	3,206,074	6,287,586	3,385,301	9,900,094
$ 818,096	$ 2,581,016	$ 4,732,036	$ 6,656,554	$ 4,914,842	$ 10,928,452

Active Water Customers By Type
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Single Family	3,669	3,685	3,703	3,726	3,809	3,819	3,819	3,823	3,837	3,834
%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Multi-Family	441	439	444	462	463	470	471	471	471	464
%	10%	10%	10%	11%	11%	11%	11%	11%	11%	10%
Commercial	101	103	101	103	108	106	109	109	111	121
%	2%	2%	2%	2%	2%	2%	2%	2%	2%	3%
Irrigation	97	103	94	99	104	105	109	109	109	110
%	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	4,309	4,331	4,343	4,391	4,485	4,501	4,509	4,513	4,529	4,530
Total %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Nipomo Community Services District

Water Availability Charges
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2017	2018	2019	2020	2021	2022**	2023	2024	2025	2026
Meter Size										
1 inch and Less	$ 44.92	$ 42.51	$ 46.52	$ 51.59	$ 53.70	$ 30.36	$ 33.86	$ 37.62	$ 41.56	$ 47.23
1 1/2 Inch	123.94	51.49	55.55	60.87	75.76	42.42	47.03	51.98	57.19	64.46
2 Inch	193.48	67.40	72.08	78.43	106.42	59.32	65.60	72.34	79.45	89.85
3 Inch	350.88	152.51	163.70	178.85	223.04	124.64	138.20	152.66	167.87	197.40
4 Inch	572.31	197.75	210.55	228.44	312.99	174.18	192.58	212.22	232.94	271.48
6 Inch	1,128.85	335.12	349.88	372.90	631.28	348.53	383.17	420.33	429.73	523.86
8 Inch	1,777.11	492.11	509.09	538.01	995.04	547.80	601.00	658.16	718.92	812.23
Supplemental water										
Meter Size										
1 inch and Less	13.20 *	-	-	-	-	-	-	-	-	-
1 1/2 Inch	39.60 *	-	-	-	-	-	-	-	-	-
2 Inch	63.36 *	-	-	-	-	-	-	-	-	-
3 Inch	118.80 *	-	-	-	-	-	-	-	-	-
4 Inch	198.00 *	-	-	-	-	-	-	-	-	-
6 Inch	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

Bi-Monthly Water Rates
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2017	2018*	2019	2020	2021	2022	2023	2024	2025	2026
Uniform Rate	$-	$4.97	$5.45	$5.95	$6.21	$6.68	$7.21	$7.80	$8.45	$9.09
Single Family & Multi-Family										
Tier I	2.37	-	-	-	-	-	-	-	-	-
Tier II	2.95	-	-	-	-	-	-	-	-	-
Tier III	4.14	-	-	-	-	-	-	-	-	-
Tier IV	7.08	-	-	-	-	-	-	-	-	-
Commercial & Irrigation										
Tier I	2.95	-	-	-	-	-	-	-	-	-
Tier II	4.14	-	-	-	-	-	-	-	-	-
Agriculture and all Other	3.41	-	-	-	-	-	-	-	-	-
Supplemental Water	1.00	-	-	-	-	-	-	-	-	-

*Uniform rate effective 12/1/2017

Source: Nipomo Community Services District

Water Capacity Charges
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Meter Size										
1 inch and Less	$ 3,076	$ 3,188	$ 3,284	$ 3,349	$ 3,405	$ 3,575	$ 3,878	$ 3,962	$ 4,035	$ 4,127
Supplemental Water	7,971	8,262	8,510	8,678	8,823	9,265	10,049	10,268	10,457	10,694
1 1/2 Inch	9,228	9,566	9,853	10,047	10,215	10,727	11,634	11,888	12,106	12,381
Supplemental Water	23,913	24,787	25,531	26,034	26,470	27,796	30,147	30,805	31,371	32,083
2 Inch	14,765	15,305	15,764	16,075	16,344	17,162	18,164	19,020	19,370	19,809
Supplemental Water	38,261	39,660	40,850	41,655	42,352	44,474	48,235	49,289	50,194	51,333
3 Inch	27,684	28,696	29,557	30,140	30,644	32,179	34,901	35,663	36,318	37,142
Supplemental Water	71,740	74,362	76,594	78,103	79,411	83,389	90,441	92,416	94,113	96,249
4 Inch	46,141	47,827	49,263	50,234	51,074	53,633	58,169	59,439	60,531	61,904
Supplemental Water	119,566	123,936	127,657	130,172	132,351	138,982	150,735	154,027	156,856	160,414
6 Inch	92,281	95,654	98,526	100,467	102,149	107,266	116,338	118,878	121,061	123,808
Supplemental Water	239,132	247,872	255,314	260,344	264,703	277,963	301,471	308,055	313,771	320,829

Source: Nipomo Community Services District

Nipomo Community Services District

Sewer Customers
Last Ten Fiscal Years

Sewer Combined (Town and Blacklake Sewer Divisions merges effective July 1, 2025)

	Single Family		Single Family County		Multi-Family		Commercial		Total	
	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's
2026	2761	2881	486	486	468	860	88	88	3803	4315

Town

	Single Family		Single Family County		Multi-Family		Commercial		Total	
	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's
2025	2268	2388	486	486	399	785	84	85	3237	3744
2024	2258	2378	484	484	398	767	84	85	3224	3714
2023	2254	2374	484	484	398	759	84	84	3220	3701
2022	2257	2295	482	482	393	777	84	84	3216	3638
2021	2217	2378	477	477	393	657	78	81	3165	3593
2020	2187	2344	476	476	393	657	77	79	3133	3556
2019	2183	2340	473	473	392	651	78	79	3126	3543
2018	2174	2311	473	473	375	634	76	79	3098	3508
2017	2153	2298	470	470	375	634	75	78	3073	3480

Blacklake

	Single Family		Single Family County		Multi-Family		Commercial		Total	
	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's	Accounts	DUE's
2025	487	487	-	-	68	68	4	4	559	559
2024	487	487	-	-	68	68	4	4	559	559
2023	487	487	-	-	68	68	4	4	559	559
2022	487	487	-	-	68	68	4	4	559	559
2021	487	487	-	-	68	68	4	4	559	559
2020	487	487	-	-	68	68	4	4	559	559
2019	487	487	-	-	68	68	4	4	559	559
2018	487	487	-	-	68	68	4	4	559	559
2017	487	487	-	-	68	68	4	4	559	559

Monthly Residential Sewer Rates
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2017	2018	2019	2020	2021	2022*	2023	2024	2025	2026**
Town										
Single Family	$ 91.77	$ 94.71	$ 97.74	$ 100.87	$100.87	$ 52.27	$ 54.25	$ 56.32	$ 58.46	$ 63.20
Multi Family	76.55	79.00	81.53	84.14	84.14	43.58	45.23	46.95	48.73	52.18
Black Lake										
Single Family	145.51	145.51	169.76	197.77	230.40	134.21	147.63	147.63	147.63	-
Multi Family	95.08	95.08	109.08	127.07	148.04	86.23	94.86	94.86	94.86	-

Source: Nipomo Community Services District

*January 2022, Nipomo Community Services District went from bi-monthly billing to monthly billing.
**Town and Black Lake Sewer Divisions merged on July 1, 2025

Monthly Commercial Sewer Rates
Last Ten Fiscal Years

Monthly Service Charge - Town

	Fiscal Year Ended June 30,									
	2017	2018	2019	2020	2021	2022*	2023	2024	2025	2026
1 inch and Less	$ 36.24	$ 37.40	$ 38.60	$ 39.83	$ 39.83	$ 27.44	$ 28.48	$ 29.56	$ 30.69	$ 32.14
1 1/2 Inch	105.20	108.57	112.04	115.63	115.63	79.02	82.02	85.14	88.37	84.52
2 Inch	167.26	172.62	178.14	183.84	183.84	125.44	130.20	135.15	140.29	150.67
3 Inch	312.08	322.07	332.37	343.01	343.01	233.75	242.64	251.86	261.43	281.67
4 Inch	518.96	535.57	552.70	570.39	570.39	388.49	403.25	418.57	434.48	468.81
6 Inch	1,036.16	1,069.31	1,103.53	1,138.85	1,138.85	775.33	804.79	835.37	867.11	936.68

Monthly Usage Rate - Town

	Fiscal Year Ended June 30,									
	2017	2018	2019	2020	2021	2022*	2023	2024	2025	2026
Low	$ 3.54	$ 3.66	$ 3.77	$ 3.89	$ 3.89	$ 3.87	$ 4.02	$ 4.17	$ 4.33	$ 4.56
Medium	3.93	4.06	4.19	4.32	4.32	4.27	4.43	4.60	4.77	5.45
High	5.09	5.25	5.42	5.59	5.59	5.47	5.68	5.89	8.09	8.77

Monthly Service Charge - Blacklake

	Fiscal Year Ended June 30,									
	2017	2018	2019	2020	2021	2022*	2023	2024	2025	2026[1]
1 inch and Less	$ 65.52	$ 65.52	$ 88.35	$ 102.93	$ 119.91	$ 69.85	$ 76.83	$ 76.83	$ 76.83	$ -
1 12 Inch	186.50	186.50	233.45	271.97	316.85	184.56	203.02	203.02	203.02	-
2 Inch	295.38	295.38	364.04	424.11	494.09	287.80	316.58	316.58	316.58	-
3 Inch	549.43	549.43	668.75	779.09	907.64	528.70	581.57	581.57	581.57	-
4 Inch	912.36	912.36	1,104.05	1,286.22	1,498.45	872.84	960.13	960.13	960.13	-
6 Inch	1,819.68	1,819.68	2,192.30	2,554.03	2,975.44	1,733.19	1,906.51	1,906.51	1,906.51	-

Monthly Usage Rate

	Fiscal Year Ended June 30,									
	2017	2018	2019	2020	2021	2022*	2023	2024	2025	2026[1]
Low	$ 3.56	$ 3.56	$ 3.97	$ 4.63	$ 5.39	$ 6.28	$ 6.91	$ 6.91	$ 6.91	$ -
Medium	4.80	4.80	5.28	6.15	7.16	8.34	9.17	9.17	9.17	-
High	7.59	7.59	8.22	9.58	11.16	13.00	14.30	14.30	14.30	-

Source: Nipomo Community Services District
*January 2022, Nipomo Community Services District went from bi-monthly billing to monthly billing.
[1] Town and Blacklake Sewer Divisions merged on July 1 2025

Sewer Capacity Charges (Town Division)
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026**
Meter Size										
1 inch and Less	$ 8,978	$ 9,306	$ 9,585	$ 9,774	$ 9,937	$ 10,435	$ 11,318	$ 11,565	$ 11,777	$ 12,045
1 1/2 Inch	26,933	27,917	28,755	29,322	29,812	31,306	33,954	34,695	35,332	36,134
2 Inch	43,093	44,668	46,009	46,915	47,701	50,090	54,326	55,513	56,532	57,815
3 Inch	80,798	83,751	86,265	87,965	89,437	93,918	101,861	104,085	105,996	108,401
4 Inch	134,663	139,584	143,775	146,608	149,062	156,530	169,768	173,475	176,661	180,669
6 Inch	269,325	279,169	287,550	293,216	298,125	313,060	339,535	346,951	353,321	361,337

Source: Nipomo Community Services District
**Town and Black Lake Sewer Divisions merged on July 1, 2025

Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Certificates of Participation	State Revolving Loan Funds	Subscription liability	Financed Purchase Payable	Total	Debt to Assessed Value (1)
2026	$ -	$ 23,637,876	$ -	$ -	$ 469,860	$ 24,107,736	1.03%
2025	-	24,277,553	-	16,927	517,254	24,811,734	1.06%
2024	1,754,968	18,301,382	-	57,936	562,500	20,676,786	0.94%
2023	1,911,838	18,732,770	-	-	-	20,644,608	1.06%
2022	2,058,707	19,154,158	-	-	-	21,212,865	0.98%
2021	2,200,576	16,862,901	-	-	-	19,063,477	0.98%
2020	2,337,447	17,221,783	-	-	-	19,559,230	1.07%
2019	2,469,318	17,535,665	42,180	-	-	20,047,163	1.14%
2018	2,596,190	17,834,547	119,228	-	-	20,549,965	1.24%
2017	2,718,062	18,128,429	196,276	-	-	21,042,767	1.35%

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

Combined Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Operating Expenses[1]	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage Ratio
2026	$ 15,799,082	$ (13,200,697)	$ 2,598,385	$ 580,000	$ 888,873	$ 1,468,873	1.78x
2025	13,949,153	(10,861,250)	3,087,903	270,000	852,082	1,122,082	2.35x
2024	12,501,502	(10,662,282)	1,839,220	565,000	762,592	1,327,592	1.28x
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

Source: Nipomo Community Services District

[1]Excludes depreciation.

Historical Assessed Valuation
Last Ten Fiscal Years

Fiscal Year	Grossed Secured Assessed Valuation	Gross Unsecured Assessed Valuation	Homeowners' Exemption	Adjusted Assessed Valuation
2026	$ 2,367,254,638	$ 23,273,147	$ (16,388,400)	$ 2,374,139,385
2025	2,343,981,491	23,273,147	(16,388,400)	2,350,866,238
2024	2,236,874,821	22,428,167	(16,443,000)	2,242,859,988
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

Source: County of San Luis Obispo Assessor

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

Fiscal Year	General	State Water Project	Lucia Mar Unified School District	San Luis Obispo Community College District	Total
2026	1.00000	0.00321	0.04600	0.01500	1.06421
2025	1.00000	0.00365	0.02800	0.01750	1.04915
2024	1.00000	0.00363	0.03500	0.01925	1.05788
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

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt Statement
As of June 30, 2026

2025-26 Assessed Valuation:	$2,463,308,218		
Overlapping Tax and Assessment Debt	Total Debt 6/30/26	% Applicable[1]	District's Share of Debt 6/30/26
San Luis Obispo County Community College District	$182,875,000	3.133%	$ 5,729,474
Lucia Mar Unified School District	181,819,802	11.666%	21,211,098
Nipomo Community Services District Assessment District No. 2020-1	10,365,000	100.000%	10,365,000
Total Overlapping Tax and Assessment Debt			$ 37,305,572
Direct and Overlapping General Fund Debt			
San Luis Obispo County General Fund Obligations	$74,060,520	3.146%	$ 2,329,944
San Luis Obispo County Pension Obligation Bonds	15,737,939	3.146%	495,116
Lucia Mar Unified School District General Fund Obligations	10,285,000	11.666%	1,199,848
Nipomo Community Services District	-	100.000%	-
Total Direct and Overlapping General Fund Debt			
Revenue Bonds 2024	13,957,776	100%	13,957,776
Revenue Bonds 2022	9,680,100	100%	9,680,100
Subscription Liability	-	100%	-
Financed Purchase	469,860	100%	469,860
Total Direct and Overlapping General Fund Debt			$ 28,132,644
Total Direct Debt			$ 24,107,736
Total Overlapping Debt			$ 41,330,480
Combined Total Debt [2]			$ 65,438,216

Ratios to 2025-2026 Assessed Valuation:

Total Direct Debt	0.98%
Total Overlapping Tax and Assessment Debt	1.51%
Combined Total Debt	1.68%

[1] The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value.

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

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

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

Area	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Arroyo Grande	17,736	17,912	17,876	17,687	17,555	18,294	17,922	17,941	17,910	17,780
Atascadero	30,900	31,147	30,405	30,057	29,623	30,480	30,206	30,279	30,134	30,184
El Paso de Robles	31,745	31,559	31,244	31,221	31,073	31,176	30,692	30,907	31,061	31,525
Grover Beach	13,438	13,560	13,533	13,214	13,128	12,707	12,467	12,481	12,411	12,502
Morro Bay	10,762	10,503	10,439	10,188	10,121	10,466	10,275	10,261	10,404	10,307
Pismo Beach	8,247	8,233	8,239	8,139	8,108	7,981	7,865	7,846	7,804	7,773
San Luis Obispo (city)	46,724	46,548	46,802	45,920	46,058	47,653	47,788	48,684	49,534	50,165
Subtotal	159,552	159,462	158,538	156,426	155,666	158,757	157,215	158,399	159,258	160,236
Unincorporated	120,549	120,639	121,855	120,833	115,506	121,964	121,133	120,070	120,079	119,006
Total	280,101	280,101	280,393	277,259	271,172	280,721	278,348	278,469	279,337	279,242

Source: State of California, Department of Finance

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 2017 and 2026

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2026				
County	132,300	127,600	4,800	3.6%
State	19,477,300	18,554,200	923,100	4.7%
United States	169,358,000	162,264,000	7,094,000	4.2%
2025				
County	133,800	127,100	6,700	5.0%
State	19,771,500	18,633,900	1,137,600	5.8%
United States	170,380,000	163,366,000	7,014,000	4.1%
2024				
County	135,700	129,600	6,100	4.5%
State	19,346,000	18,346,000	1,000,000	5.2%
United States	168,009,000	161,199,000	6,810,000	4.1%
2023				
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%
2022				
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%
2021				
County	130,800	123,200	7,600	5.8%
State	18,899,000	17,442,000	1,457,000	7.7%
United States	161,086,000	151,602,000	9,484,000	5.9%
2020				
County	131,900	116,700	15,200	11.5%
State	18,948,000	16,117,000	2,831,000	14.9%
United States	159,932,000	142,182,000	17,750,000	11.1%
2019				
County	141,900	137,700	4,200	3.0%
State	19,421,500	18,607,800	813,700	4.2%
United States	162,981,000	157,005,000	5,976,000	3.7%
2018				
County	144,500	139,800	4,700	3.3%
State	19,341,000	18,527,000	814,000	4.2%
United States	162,140,000	155,576,000	6,564,000	4.0%
2017				
County	142,900	137,600	5,300	3.7%
State	19,138,000	18,237,000	901,000	4.7%
United States	160,145,000	153,168,000	6,977,000	4.4%

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.

Major Employers in County of San Luis Obispo
Prior Year and Nine 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.

	2025			2016		
Employer	Estimated FTE Employment	Ranking	Percent of County Employment	Estimated FTE Employment	Ranking	Percent of County Employment
County of San Luis Obispo	2,932	1	2.18%	2,800	2	1.99%
Department of State Hospitals - Atascadero	2,300	2	1.71%	2,000	6	1.42%
Cal Poly Partners *	2,000	3	1.48%	1,400	3	1.00%
California Polytechnic State University	1,935	4	1.44%	3,055	1	2.17%
Pacific Gas and Electric Company	1,900	5	1.41%	1,900	5	1.35%
California Men's Colony	1,349	6	1.00%	1,540	4	1.10%
Adventist Health Central Coast **	1,305	7	-	1,272	7	0.90%
Lucia Mar Unified School District	1,234	8	0.92%	1,000	9	0.71%
Compass Health	1,200	9	0.89%	1,200	8	-
County Action Partnership of San Luis Obispo County	1,182	10	0.88%	-	0	0.00%
Paso Robles Joint Unified School District	-	-	0.00%	935	10	0.67%
Total Top Employers	17,337			17,102		
Total City Labor Force	134,700			140,600		

Sources:
2015-16 San Luis Obispo County Annual Comprehensive Financial Report

2024 Pacific Coast Business Times Book of Lists
2025-26 County Budget Report
State of California Employment Development Department
* Previously Cal Poly Corporation
** Previously Tenet Health Central Coast

District Employees
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
General Manager	1	1	1	1	1	1	1	1	1	1
Administrative Staff	4	3	3	3	4	4	6	5	4	4
Operations Staff	12	10	13	14	15	15	15	15	15	15
Total	17	14	17	18	20	20	22	21	20	20

Operating and Capital Indicators
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	Water System									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
No. of Wells	5	5	5	5	5	5	5	5	5	5
No. of Reservoirs	6	6	6	6	6	6	6	6	6	6
Max Reservoir Capacity (MG)	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Total Well Production (Acre Feet)	950	1,054	880	1,026	1,017	878	602	680	754	542
Total Water Purchased (Acre Feet) - Net (1)	859	966	970	970	1,077	1,100	1,116	1,140	1,198	1,369
Total Deliveries (Acre Feet)	1,809	2,020	1,850	1,996	2,093	1,978	1,718	1,820	1,952	1,911
No. of Service Connections	4,309	4,331	4,343	4,391	4,485	4,501	4,509	4,513	4,529	4,530

	Sewer System-Town Division									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026**
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	2
No. of Lift Stations	10	10	10	10	10	10	10	10	10	13
Daily Capacity of Treatment Plant (MG)	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	1.00
No. of Sewer Connections	3,073	3,098	3,126	3,133	3,165	3,216	3,220	3,224	3,237	3,803
Annual Flow Treated (MG)	222	201	183	179	182	180	186	196	172	212

	Sewer System-Blacklake Division									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026**
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	-
No. of Lift Stations	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	0.1	0.1	0.1	-
No. of Sewer Connections	559	559	559	559	559	559	559	559	559	-
Annual Flow Treated (MG)	16	17	16	16	16	16	16	16	15	-

Source: Nipomo Community Services District

MG = million gallons

(1)Total water purchased less water delivered to partner purveyors. Water deliveries to partner purveyors began July 2025
**Town and Black Lake Sewer Divisions merged on July 1, 2025

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

	Fund #500 Supplemental Water	Fund #700 Water Capacity	Fund #710 Town Sewer Capacity
Beginning Balance of cash & investments July 1, 2025	$ 2,628,569	$ 2,031,850	$ 925,358
Ending Balance of cash & investments June 30, 2026	2,562,359	2,075,667	640,716
Interest Earned	552,042	81,281	28,160
Capacity Charges	31,207	12,055	37,749

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

Capital Improvement Project	Amount of the expenditure for each Improvement	Fund #	Project completed during fiscal year
Supplemental Water Project - Interconnect Design	$ 15,151	500	No
Supplemental Water Project - Interconnect Construction	66,661	500	No
Water Distribution Improvements	1,571	700	No
Foothill Water Tank	94,322	700	No
Southland WWTF Improvements	396,315	700	No
Frontage Road Trunk Sewer	1,661,266	810	No
Dana Reserve Water Project 1 - Oak Glen Water Main	2,288	715	No
Dana Reserve Water Project 2 - Highway 101 Crossing	2,288	715	No

Source: Nipomo Community Services District

Anticipated Capital Improvement Projects for 2026-2027 fiscal Year:

New Water Storage Tank - Foothill Tank Site
Dana Reserve Water Project 1 - Oak Glen Watermain
Dana Reserve Water Project 2 - HWY 101 Crossing
Southland WWTF Improvements
Frontage Road Trunk Sewer
Dana Reserve Water Project 2 - HWY 101 Crossing
Dana Reserve Wastewater Project 4 - Influent Lift Station
Dana Reserve Wastewater Project 6A - Extended Aeration

Cost of Nipomo Supplemental Water Purchased From the City of Santa Maria Last Ten Fiscal Years

Fiscal Year	(a) Total Acre Feet Purchased	(b) Total Cost Per Acre Foot (g)	(a) x (b) Cost of Water Purchased
FY 25-26	909	$ 2,803.03	$ 2,547,954
FY 25-26	957	2,690.31	2,574,627
FY 24-25	534	2,690.93	1,436,957
FY 24-25	638	2,545.40	1,623,965
FY 23-24	515	2,545.40	1,310,880
FY 23-24	600	2,488.48	1,493,088
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

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 25-26	$ 1,698,978	$ 424,488	$ 424,488	$ 2,547,954
FY 25-26	1,716,761	428,933	428,933	2,574,627
FY 24-25	957,941	239,342	239,342	1,436,625
FY 24-25	1,082,861	270,552	270,552	1,623,965
FY 23-24	874,094	218,393	218,393	1,310,880
FY 23-24	995,590	248,749	248,749	1,493,088
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

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
1/1/2026	$ 6.12	435.60	$ 2,665.87	$ 137.16	$ 2,803.03
1/1/2025	5.89	435.60	2,565.68	124.63	2,690.31
1/1/2024	5.63	435.60	2,452.43	92.97	2,545.40
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

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

Source: Nipomo Community Services District

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NOVEMBER 18, 2026

ITEM E-1

ATTACHMENT B

RAMS
CERTIFIED PUBLIC ACCOUNTANTS

November 10, 2026

To the Board of Directors
Nipomo Community Services District
Nipomo, California

We have audited the financial statements of the Nipomo Community Services District (the entity) as of and for the year ended June 30, 2026, and have issued our report thereon dated November 10, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 10, 2026, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the entity solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

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Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We have evaluated whether certain nonattest services performed by our firm during the audit have created a significant threat to our independence in relation to the entity. We have identified a threat to our independence (preparation of the entity's financial statements, creating a self-review threat) that if not reduced to an acceptable level, would impair our independence. In order to reduce the threat to an acceptable level, we have applied the following safeguard:

> Prior to the issuance of the entity's financial statements, another partner or manager, independent of the engagement, will review the financial statements.

Significant Risks Identified

We have identified the possibility of the following significant risks:

> *Management's override of internal controls over financial reporting* – Management override of internal controls, an inherent risk according to (Generally Accepted Auditing Standards) GAAS, is the intervention by management in handling financial information and making decisions contrary to internal control policy.
>
> *Improper revenue recognition* – Improper revenue recognition, an inherent risk according to GAAS, is a presumed fraud risk related to the risk of material misstatement due to the improper recognition of revenue (recognition in incorrect period, without meeting applicable recognition criteria, etc.) and is usually classified as a significant risk in most audits.

These significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the entity is included in Note 1 to the financial statements. The entity adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets.* No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the entity's financial statements are:

> Management's estimate of the net pension liability and related deferred inflows and outflows of resources are based on actuarial reports by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.
>
> Management's estimate of the liability for other post-employment benefits (OPEB) and related deferred inflows and outflows of resources are based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users.

The most sensitive disclosures affecting the entity's financial statements relate to:

> The disclosure of net pension liability and related deferred inflows and outflows of resources in the basic financial statements is based on actuarial assumptions. Actual future liabilities and actuarial deferred inflows and outflows may vary from disclosed estimates.
>
> The disclosures of the other post-employment benefits (OPEB) liability and related deferred inflows and outflows of resources in the basic financial statements is based on actuarial assumptions. Actual future liabilities and actuarial deferred inflows and outflows may vary from disclosed estimates.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements noted.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion unit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the entity's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated November 10, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the entity, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the entity's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the entity's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

> Read the transmittal letter and statistical section and considered whether a material inconsistency existed between the other the information and the basic financial statements, or the other information otherwise appears to be materially misstated. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Directors and management of the entity and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Rogers, Anderson, Malody & Scott, LLP.

NIPOMO COMMUNITY SERVICES DISTRICT

BOARD MEMBERS
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TOM GLOVER, **VICE PRESIDENT**
ED EBY, **DIRECTOR**
GARY HANSEN, **DIRECTOR**
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RAY DIENZO, P.E., **GENERAL MANAGER**
JANA ETTEDDGUE, **FINANCE DIRECTOR/ASSIST GM**
ELIZABETH GAMEZ., **DISTRICT ENGINEER**
CRAIG STEELE, **GENERAL COUNSEL**

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(805) 929-1133 FAX (805) 929-1932 Website address: ncsd.ca.gov

November 10, 2026

Rogers, Anderson, Malody & Scott, LLP

This representation letter is provided in connection with your audit of the financial statements of Nipomo Community Services District (the entity) which compromise the statement of financial position as of June 30, 2026, and the respective change in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements of the various opinion units are presented fairly, in all material respects, in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 10, 2026:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 10, 2026, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- The financial statements refer to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and noted to the basic financial statements.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, if any, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All components of net position are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
- We have evaluated all of our lease and subscription agreements and have given you our assessment as to whether each agreement is subject to GASB Statement No. 87, *Leases* and GASB Statement No. 96*, Subscription Based Information Technology Arrangements.*
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With regard to pensions and OPEB:
  - We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
  - We are unable to determine the possibility of a withdrawal liability from the OPEB plan and the pension miscellaneous plans, of which we are a sponsor and are not currently contemplating withdrawing from the Plans.
  - Increases in benefits, elimination of benefits and all similar amendments have been disclosed in accordance with U.S. GAAP and are included in the most recent actuarial valuation, or disclosed as a subsequent event.
- We have conducted a comprehensive risk assessment and disclosed all material concentrations and constraints in accordance with GASB Statement No. 102, *Certain Risk Disclosures*. These disclosures provide sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact associated with the concentration or constraint, if applicable.

- We have evaluated the concentrations and constraints, including those that occur subsequent to the statement of net position date but before the financial statements are issued and have been properly disclosed in the financial statements as subsequent events.
- With respect to preparation of the financial statements, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, a process to monitor the system of internal controls.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All information provided in electronic form are true representations of the original documents.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, concentrations and constraints, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), analysts, regulators, or others.
- We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- We have a process to track the status of audit findings and recommendations.
- We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The entity has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Use of a Specialist

- We agree with the findings of specialists in evaluating the entity's net pension and net other post-employment benefit liabilities and related deferred amounts and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Cybersecurity

- There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
- We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements:

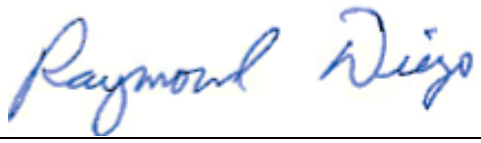
- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.

We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Accounting Estimates and Related Disclosures

- The significant judgments made in making the accounting estimates have taken into account all relevant information of which we are aware.
- We have consistently and appropriately selected and applied methods, assumptions, and data when making accounting estimates.

- The assumptions we used in making and disclosing accounting estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity, when relevant to the accounting estimates and disclosures.
- The disclosures related to accounting estimates, including those disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
- We have obtained and applied appropriate specialized skills and expertise in making accounting estimates, if needed.
- We are not aware of any events subsequent to the date of the financial statements that require adjustment to our accounting estimates and related disclosures included in the financial statements.



Ray Dienzo, General Manager

NOVEMBER 18, 2026

ITEM E-1

ATTACHMENT C

RAMS
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Board of Directors
Nipomo Community Services District
Nipomo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the fiduciary fund of the Nipomo Community Services District (the entity) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, and have issued our report thereon dated November 10, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the entity's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 10, 2026