

**NORTH COAST COUNTY WATER DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2021
(With Comparative Amounts as of June 30, 2020)**

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& NIGRO^{PC}**

NORTH COAST COUNTY WATER DISTRICT

For the Fiscal Year Ended June 30, 2021

Board of Directors and Management

BOARD OF DIRECTORS

Thomas Piccolotti – President

Jack Burgett – Vice President

Ron Ash – Director

Joshua Cosgrove – Director

Anne De Jarnett – Director

MANAGEMENT

Adrienne Carr – General Manager

NORTH COAST COUNTY WATER DISTRICT
For the Fiscal Year Ended June 30, 2021
Table of Contents

FINANCIAL SECTION

Page

Independent Auditors' Report 1
Management's Discussion and Analysis..... 3
Basic Financial Statements:
 Proprietary Fund:
 Balance Sheets..... 9
 Statements of Revenues, Expenses and Changes in Net Position.....10
 Statements of Cash Flows.....11
Notes to Financial Statements13

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net Pension Liability33
Schedule of the District's Contributions to the Defined Benefit Pension Plan.....34
Schedule of Changes in the District's Net OPEB Liability and Related Ratios.....35

SUPPLEMENTARY INFORMATION

Schedule of Capacity Charges36

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' 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.....37

Financial Section

INDEPENDENT AUDITORS' REPORT

Board of Directors
North Coast County Water District
Pacifica, California

Report on the Financial Statements

We have audited the accompanying financial statements of the North Coast County Water District (District), which comprise the balance sheet as of June 30, 2021, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Contributions to the Defined Benefit Pension Plan, and Schedule of Changes in the District's Net OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Schedule of Capacity Charges are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 15, 2021, 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 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.

Murrieta, California
December 15, 2021

NORTH COAST COUNTY WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

Management's Discussion and Analysis (MD&A) offers readers of North Coast County Water District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2021. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2021, the District's net position increased 6.16%, or \$2,412,184 from the prior year's net position of \$39,136,045 to \$41,548,229, as a result of the year's operations.
- In fiscal year 2021, operating revenues increased by 6.55%, or \$850,309 from \$12,988,994 to \$13,839,303, from the prior year, primarily due to increases in residential and multi-unit water consumption sales.
- In fiscal year 2021, operating expenses before depreciation expense increased by 6.73% or \$724,291 from \$10,755,174 to \$11,479,465, from the prior year, primarily due to increases in costs for source of supply and transmission and distribution expense.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

NORTH COAST COUNTY WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

Condensed Balance Sheets

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Assets:			
Current assets	\$ 17,698,520	\$ 15,054,014	\$ 2,644,506
Capital assets, net	38,060,515	38,260,981	(200,466)
Total assets	<u>55,759,035</u>	<u>53,314,995</u>	<u>2,444,040</u>
Deferred outflows of resources	<u>1,800,883</u>	<u>1,217,830</u>	<u>583,053</u>
Total assets and deferred outflows of resources	<u>\$ 57,559,918</u>	<u>\$ 54,532,825</u>	<u>\$ 3,027,093</u>
Liabilities:			
Current liabilities	\$ 1,531,913	\$ 1,491,753	\$ 40,160
Non-current liabilities	14,295,298	13,612,585	682,713
Total liabilities	<u>15,827,211</u>	<u>15,104,338</u>	<u>722,873</u>
Deferred inflows of resources	<u>184,478</u>	<u>292,442</u>	<u>(107,964)</u>
Net position:			
Net investment in capital assets	34,425,515	34,230,981	194,534
Unrestricted	7,122,714	4,905,064	2,217,650
Total net position	<u>41,548,229</u>	<u>39,136,045</u>	<u>2,412,184</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 57,559,918</u>	<u>\$ 54,532,825</u>	<u>\$ 3,027,093</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$41,548,229 as of June 30, 2021.

NORTH COAST COUNTY WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (83% as of June 30, 2021) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2021, the District showed a positive balance in its unrestricted net position of \$7,122,714 which may be utilized in future years.

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Operating revenues	\$ 13,839,303	\$ 12,988,994	\$ 850,309
Operating expenses	<u>(11,479,465)</u>	<u>(10,755,174)</u>	<u>(724,291)</u>
Operating income before depreciation	2,359,838	2,233,820	126,018
Depreciation expense	<u>(1,277,595)</u>	<u>(1,276,604)</u>	<u>(991)</u>
Operating income	1,082,243	957,216	125,027
Non-operating revenues(expenses), net	<u>1,266,557</u>	<u>1,434,422</u>	<u>(167,865)</u>
Capital contributions	<u>63,384</u>	<u>66,524</u>	<u>(3,140)</u>
Change in net position	2,412,184	2,458,162	(45,978)
Net position:			
Beginning of year	<u>39,136,045</u>	<u>36,677,883</u>	<u>2,458,162</u>
End of year	<u>\$ 41,548,229</u>	<u>\$ 39,136,045</u>	<u>\$ 2,412,184</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position increased 6.16%, or \$2,412,184 from the prior year's net position of \$39,136,045 to \$41,548,229, as a result of the year's operations.

NORTH COAST COUNTY WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Water consumption sales	\$ 9,726,648	\$ 8,933,118	\$ 793,530
Water service charges	3,978,677	3,877,979	100,698
New service connections	20,138	39,785	(19,647)
Other operating revenues	<u>113,840</u>	<u>138,112</u>	<u>(24,272)</u>
Total operating revenues	<u>13,839,303</u>	<u>12,988,994</u>	<u>850,309</u>
Non-operating revenues:			
Property taxes	1,114,648	1,065,270	49,378
Investment earnings	30,089	263,150	(233,061)
Rental revenue – cellular antennas	235,213	225,489	9,724
Other non-operating revenues	<u>8,510</u>	<u>11,579</u>	<u>(3,069)</u>
Total non-operating revenues	<u>1,388,460</u>	<u>1,565,488</u>	<u>(177,028)</u>
Total revenues	<u>\$ 15,227,763</u>	<u>\$ 14,554,482</u>	<u>\$ 673,281</u>

In fiscal year 2021, operating revenues increased by 6.55%, or \$850,309 from \$12,988,994 to \$13,839,303, from the prior year, primarily due to increases in residential and multi-unit water consumption sales.

NORTH COAST COUNTY WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Expenses

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	Increase (Decrease)
Operating expenses:			
Source of supply	\$ 5,671,692	\$ 5,262,217	\$ 409,475
Pumping and power	290,979	275,119	15,860
Transmission and distribution	1,981,442	1,733,148	248,294
General and administrative	<u>3,535,352</u>	<u>3,484,690</u>	<u>50,662</u>
Total operating expenses	<u>11,479,465</u>	<u>10,755,174</u>	<u>724,291</u>
Depreciation expense	<u>1,277,595</u>	<u>1,276,604</u>	<u>991</u>
Non-operating expenses:			
Interest expense	<u>121,903</u>	<u>131,066</u>	<u>(9,163)</u>
Total non-operating expenses	<u>121,903</u>	<u>131,066</u>	<u>(9,163)</u>
Total expenses	<u><u>\$ 12,878,963</u></u>	<u><u>\$ 12,162,844</u></u>	<u><u>\$ 716,119</u></u>

In fiscal year 2021, operating expenses before depreciation expense increased by 6.73% or \$724,291 from \$10,755,174 to \$11,479,465, from the prior year, primarily due to increases in costs for source of supply and transmission and distribution expense.

Capital Assets

	Balance	Balance
Capital assets:	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Non-depreciable assets	\$ 1,682,993	\$ 1,105,780
Depreciable assets	58,736,522	58,287,942
Accumulated depreciation	<u>(22,359,000)</u>	<u>(21,132,741)</u>
Total capital assets, net	<u><u>\$ 38,060,515</u></u>	<u><u>\$ 38,260,981</u></u>

At the end of year 2021, the District's investment in capital assets amounted to \$38,060,515 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$1,077,129 for various projects and equipment. See Note 4 for further information.

NORTH COAST COUNTY WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Debt Administration

The long-term debt of the District is summarized below:

Long-term debt:	Balance	Balance
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Contract and bonds payable	<u>\$ 3,635,000</u>	<u>\$ 4,030,000</u>

Long-term debt decreased by a total of \$395,000 for the year ended June 30, 2021.

See Note 6 for further information.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

Management is unaware of any item that would affect the District's current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager 2400 Francisco Blvd., Pacifica, CA 94044 - (650) 355-3462 or send an e-mail to info@nccwd.com.

NORTH COAST COUNTY WATER DISTRICT

Balance Sheets

June 30, 2021 (With Comparative Amounts as of June 30, 2020)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents (Note 2)	\$ 16,717,751	\$ 14,014,410
Accrued interest receivable	12,035	41,715
Accounts receivable, net (Note 3)	874,664	844,474
Accounts receivable – other	11,970	9,854
Property taxes receivable	11,361	32,515
Inventory – materials and supplies	-	9,989
Prepaid expenses	70,739	101,057
Total current assets	17,698,520	15,054,014
Non-current assets:		
Capital assets – not being depreciated (Note 4)	1,682,993	1,105,780
Capital assets – being depreciated, net (Note 4)	36,377,522	37,155,201
Total non-current assets	38,060,515	38,260,981
Total assets	55,759,035	53,314,995
Deferred outflows of resources:		
Deferred amounts related to net OPEB obligation (Note 7)	653,197	-
Deferred amounts related to net pension liability (Note 8)	1,147,686	1,217,830
Total deferred outflows of resources	1,800,883	1,217,830
Total assets and deferred outflows of resources	\$ 57,559,918	\$ 54,532,825
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 683,161	\$ 614,816
Deposits and unearned revenues	305,065	357,848
Accrued interest payable	29,394	31,369
Long-term liabilities – due within one year:		
Compensated absences (Note 5)	109,293	92,720
Bonds payable (Note 6)	405,000	395,000
Total current liabilities	1,531,913	1,491,753
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 5)	327,879	278,158
Bonds payable (Note 6)	3,230,000	3,635,000
Net OPEB obligation (Note 7)	5,764,719	4,910,720
Net pension liability (Note 8)	4,972,700	4,788,707
Total non-current liabilities	14,295,298	13,612,585
Total liabilities	15,827,211	15,104,338
Deferred inflows of resources:		
Deferred amounts related to net pension liability (Note 8)	184,478	292,442
Total deferred inflows of resources	184,478	292,442
Net position:		
Net investment in capital assets (Note 9)	34,425,515	34,230,981
Unrestricted	7,122,714	4,905,064
Total net position	41,548,229	39,136,045
Total liabilities, deferred inflows of resources and net position	\$ 57,559,918	\$ 54,532,825

The notes to financial statements are an integral part of this statement.

NORTH COAST COUNTY WATER DISTRICT*Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)*

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Water consumption sales	\$ 9,726,648	\$ 8,933,118
Water service charges	3,978,677	3,877,979
New service connections	20,138	39,785
Other operating revenues	<u>113,840</u>	<u>138,112</u>
Total operating revenues	<u>13,839,303</u>	<u>12,988,994</u>
Operating expenses:		
Source of supply	5,671,692	5,262,217
Pumping and power	290,979	275,119
Transmission and distribution	1,981,442	1,733,148
General and administrative	<u>3,535,352</u>	<u>3,484,690</u>
Total operating expenses	<u>11,479,465</u>	<u>10,755,174</u>
Operating income before depreciation	2,359,838	2,233,820
Depreciation expense	<u>(1,277,595)</u>	<u>(1,276,604)</u>
Operating income	<u>1,082,243</u>	<u>957,216</u>
Non-operating revenues(expenses):		
Property taxes	1,114,648	1,065,270
Investment earnings	30,089	263,150
Rental revenue – cellular antennas	235,213	225,489
Gain on sale of asset	8,510	11,579
Interest expense	<u>(121,903)</u>	<u>(131,066)</u>
Total non-operating revenues(expenses), net	<u>1,266,557</u>	<u>1,434,422</u>
Income before capital contributions	<u>2,348,800</u>	<u>2,391,638</u>
Capital contributions		
Capacity charges	<u>63,384</u>	<u>66,524</u>
Change in net position	2,412,184	2,458,162
Net position:		
Beginning of year	<u>39,136,045</u>	<u>36,677,883</u>
End of year	<u>\$ 41,548,229</u>	<u>\$ 39,136,045</u>

NORTH COAST COUNTY WATER DISTRICT

Statements of Cash Flows

For the Fiscal Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 13,754,214	\$ 12,781,221
Cash paid to employees for salaries and wages	(1,908,066)	(1,701,140)
Cash paid to vendors and suppliers for materials and services	<u>(9,049,478)</u>	<u>(8,647,849)</u>
Net cash provided by operating activities	<u>2,796,670</u>	<u>2,432,232</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	1,135,802	1,047,078
Receipts from cellular antenna rentals	<u>235,213</u>	<u>225,489</u>
Net cash provided by non-capital financing activities	<u>1,371,015</u>	<u>1,272,567</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,077,129)	(287,447)
Proceeds from capacity charges	63,384	66,524
Proceeds from the sale of capital assets	8,510	11,579
Principal paid on long-term debt	(395,000)	(380,000)
Interest paid on long-term debt	<u>(123,878)</u>	<u>(134,866)</u>
Net cash used in capital and related financing activities	<u>(1,524,113)</u>	<u>(724,210)</u>
Cash flows from investing activities:		
Investment earnings	<u>59,769</u>	<u>277,391</u>
Net cash provided by investing activities	<u>59,769</u>	<u>277,391</u>
Net increase in cash and cash equivalents	2,703,341	3,257,980
Cash and cash equivalents:		
Beginning of year	<u>14,014,410</u>	<u>10,756,430</u>
End of year	<u>\$ 16,717,751</u>	<u>\$ 14,014,410</u>

NORTH COAST COUNTY WATER DISTRICT*Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)*

	<u>2021</u>	<u>2020</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,082,243	\$ 957,216
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,277,595	1,276,604
Allowance for doubtful accounts expense	47,063	-
Change in assets - (increase)decrease:		
Accounts receivable, net	(77,253)	(197,417)
Accounts receivable - other	(2,116)	(587)
Inventory - materials and supplies	9,989	-
Prepaid expenses	30,318	(9,102)
Change in deferred outflows of resources - (increase)decrease		
Deferred amounts related to net OPEB obligation	(653,197)	-
Deferred amounts related to net pension liability	70,144	-
Change in liabilities - increase(decrease):		
Accounts payable and accrued expenses	68,345	(42,235)
Deposits and unearned revenues	(52,783)	(9,769)
Compensated absences	66,294	67,026
Net OPEB obligation	853,999	26,240
Net pension liability	183,993	364,256
Change in deferred inflows of resources - increase(decrease)		
Deferred amounts related to net pension liability	(107,964)	-
Total adjustments	<u>1,714,427</u>	<u>1,475,016</u>
Net cash provided by operating activities	<u>\$ 2,796,670</u>	<u>\$ 2,432,232</u>

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The District is organized under the Water Code provisions of the general laws of the State of California and is governed by a five-member Board of Directors elected at large by the registered voters of the District. The District is located in Pacifica along the Pacific Ocean in San Mateo County; it purchases all of its water supply from the San Francisco Public Utilities Commission. Water is distributed to customers inside and outside the District's boundaries.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

B. Basis of Presentation, Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

3. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Transmission and distribution system	50 years
Source of supply plant	60-80 years
Reservoirs	40 years
Pumping plant	40 years
Telemetry	20 years
Water treatment plant	40 years
Office building	40 years
Equipment and vehicles	5-10 years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The liability for vested vacation pay is recorded as an expense when the vacation is taken. Unused balances of vacation are paid on an annual calendar year basis. District employees can only be paid up to 120 days of accumulated or the accrued balance of sick time as of June 30, 1997, if higher.

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

7. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2018
Measurement Date June 30, 2020
Measurement Period July 1, 2018 to June 30, 2020

8. Postemployment Benefits Other Than Pensions (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 Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2021
Measurement Date June 30, 2021
Measurement Period July 1, 2020 to June 30, 2021

9. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

D. Property Taxes

The San Mateo County Assessor's Office assesses all real and personal property within the County each year. The San Mateo County Tax Collector's Office bills and collects the District's share of property taxes. The San Mateo County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the San Mateo County Tax Collector's Office, which have not been credited to the District's cash balance as of June 30.

The property tax calendar is as follows:

Lien date March 1
Levy date July 1
Due dates November 1 and March 1
Collection dates December 10 and November 10

E. Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2021</u>
Cash and cash equivalents	<u>\$ 16,717,751</u>
Total cash and cash equivalents	<u>\$ 16,717,751</u>

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2021</u>
Petty cash	\$ 500
Demand deposits held with financial institutions	1,530,349
Local agency investment fund (LAIF)	<u>15,186,902</u>
Total cash and cash equivalents	<u>\$ 16,717,751</u>

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

Demand Deposits with Financial Institutions

At June 30, 2021, the carrying amount of the District's demand deposits were \$1,530,349 and the financial institution's balances were \$1,511,726. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2021, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2021, the District held \$15,186,902 in LAIF.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share.

NORTH COAST COUNTY WATER DISTRICT
Notes to Financial Statements
 June 30, 2021

NOTE 3 – ACCOUNTS RECEIVABLE, NET

The balance at June 30, 2021 consists of the following:

<u>Description</u>	<u>June 30, 2021</u>
Accounts receivable	\$ 931,727
Allowance for doubtful accounts	<u>(57,063)</u>
Total accounts receivable, net	<u>\$ 874,664</u>

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2021, were as follows:

<u>Description</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2021</u>
Non-depreciable assets:				
Land	\$ 832,867	\$ -	\$ -	\$ 832,867
Construction-in-process	272,913	617,534	(40,321)	850,126
Total non-depreciable assets	<u>1,105,780</u>	<u>617,534</u>	<u>(40,321)</u>	<u>1,682,993</u>
Depreciable assets:				
Transmission and distribution system	21,815,553	2,969	40,321	21,858,843
Source of supply plant	4,375,076	115,012	-	4,490,088
Reservoirs	14,267,385	-	-	14,267,385
Pumping plant	1,981,484	-	-	1,981,484
Recycled water project	10,690,030	-	-	10,690,030
Telemetry equipment	837,968	5,965	-	843,933
Water treatment plant	300,762	-	-	300,762
Office building	300,000	-	-	300,000
Office building and warehouse	1,360,134	-	-	1,360,134
Equipment and vehicles	2,359,551	335,648	(51,336)	2,643,863
Total depreciable assets	<u>58,287,943</u>	<u>459,594</u>	<u>(11,015)</u>	<u>58,736,522</u>
Accumulated depreciation:				
Less: Accumulated depreciation	<u>(21,132,741)</u>	<u>(1,277,595)</u>	<u>51,336</u>	<u>(22,359,000)</u>
Total accumulated depreciation	<u>(21,132,741)</u>	<u>(1,277,595)</u>	<u>51,336</u>	<u>(22,359,000)</u>
Total depreciable assets, net	<u>37,155,202</u>	<u>(818,001)</u>	<u>40,321</u>	<u>36,377,522</u>
Total capital assets, net	<u>\$ 38,260,982</u>	<u>\$ (200,467)</u>	<u>\$ -</u>	<u>\$ 38,060,515</u>

NOTE 5 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2021, were as follows:

<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
<u>\$ 370,878</u>	<u>\$ 211,742</u>	<u>\$ (145,448)</u>	<u>\$ 437,172</u>	<u>\$ 109,293</u>	<u>\$ 327,879</u>

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 6 – BONDS PAYABLE

Changes in bonds payable for the fiscal year ended June 30, 2021 were as follows:

<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
4,030,000	-	(395,000)	3,635,000	405,000	3,230,000
<u>\$ 4,030,000</u>	<u>\$ -</u>	<u>\$ (395,000)</u>	<u>\$ 3,635,000</u>	<u>\$ 405,000</u>	<u>\$ 3,230,000</u>

2012 Series C, Water Revenue Refunding Bonds

In June 2012, the California Statewide Communities Development Authority issued 2012 Water and Wastewater Revenue Bonds Series C. The bonds were issued to refund the 2003 Water and Waster Revenue Bonds Series A.

The Debt is scheduled to mature in fiscal year 2029. Interest is payable semi-annually on October 1st and April 1st each year at a rate of 2.00% to 4.00% (depending on the coupon payment date) while the principal payments are made on October 1st of each year. At June 30, 2021, a total of \$3,635,000 of the 2012 Water Revenue Refunding Bonds Series C remains outstanding.

Maturities of the 2012 Water Revenue Refunding Bonds, Series C and interest payments subsequent to June 30, 2021, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	405,000	109,475	514,475
2023	420,000	92,975	512,975
2024	440,000	79,075	519,075
2025	445,000	66,900	511,900
2026	460,000	53,325	513,325
2027-2029	<u>1,465,000</u>	<u>71,800</u>	<u>1,536,800</u>
Total	3,635,000	<u>\$ 473,550</u>	<u>\$ 4,108,550</u>
Current	<u>(405,000)</u>		
Long-term	<u>\$ 3,230,000</u>		

NORTH COAST COUNTY WATER DISTRICT
Notes to Financial Statements
 June 30, 2021

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2021</u>
OPEB related deferred outflows	\$ 653,197
Net other post-employment benefits obligation	5,764,719

A. General Information about the OPEB Plan

Plan Description

The District provides health insurance benefits through the Association of California Water Agencies (ACWA/JPIA) Blue Cross plan and Kaiser Permanente (small business plan) to some employees who retire. The medical, dental, and vision benefits are paid for life for retiring employees that were hired on or before May 16, 2013. For employees hired after May 16, 2013, the District will not provide group medical, vision care, and dental health insurance plans after their retirement.

Eligibility: A retired employee and dependent spouse, or spouse of a deceased employee or retiree, must satisfy the following requirements in order to be eligible for postemployment medical and dental benefits:

- Employee is a minimum of 55 years of age with at least 12 years of continuous service or,
- Employee may retire at or after the age of 50 with at least 15 years of aggregate service. The District will pay for benefits under this election based on the following formula:

<u>Years of Service at Retirement</u>	<u>Percentage of Premium Covered</u>
15-19 Years	50%
20-24 Years	75%
25+ Years	100%

If the spouse of a deceased employee or retiree remarries and becomes eligible for health benefits under his/her new spouse’s health plan, all District benefits shall be terminated.

Participants

At June 30, 2021 measurement date, the following members were part of the plan:

	<u>2021</u>
Inactive plan members or beneficiaries currently receiving benefit payments	26
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>8</u>
Total	<u><u>34</u></u>

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District’s Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis.

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan (continued)

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2021, the measurement period, the District's contributions totaling \$339,286 included \$321,751 in current year premium payments, and an implied subsidy of \$17,535.

Accounting for the Plan

The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

B. Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	1.92%
Long-Term Expected	
Rate of Return on Investments	6.50%
Inflation	2.75%
Payroll increases	5.00%
Healthcare Trend Rates	4.00%
Mortality	CalPERS 2017 Study
Disability	Not valued
Retirement	2017 CalPERS Public Agency Miscellaneous experience study; 2.7% @55, 2.0% @55 and 2% @62

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

B. Net OPEB Liability (continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 1.92%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates.

C. Changes in the Net OPEB Liability

The changes in the total OPEB liability are as follows:

	Increase (Decrease)		
	Total	Plan Fiduciary	Net
	OPEB Liability	Net Position	OPEB Liability
Balance at July 1, 2020 (Measurement date July 1, 2020)	\$ 4,910,720	\$ -	\$ 4,910,720
Changes for the year:			
Service cost	110,210	-	110,210
Interest	132,970	-	132,970
Differences in experience	351,863	-	351,863
Changes in assumption	598,242	-	598,242
Employer contributions	-	-	-
Net investment income	-	339,286	(339,286)
Benefit payments	(339,286)	(339,286)	-
Net changes	853,999	-	853,999
Balance at June 30, 2021 (Measurement date June 30, 2021)	\$ 5,764,719	\$ -	\$ 5,764,719

Changes of Assumptions

In fiscal year 2020-21, the measurement period, there were no changes to the actuarial assumptions.

Change of Benefit Terms

In fiscal year 2020-21, the measurement period, there were no changes to the benefit terms.

Subsequent Events

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

NORTH COAST COUNTY WATER DISTRICT*Notes to Financial Statements**June 30, 2021***NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)****C. Changes in the Net OPEB Liability (continued)****Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (0.92%) or 1 percentage point higher (2.92%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	0.92%	1.92%	2.92%
Net OPEB Liability	<u>\$ 6,586,787</u>	<u>\$ 5,764,719</u>	<u>\$ 5,086,981</u>

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

	Healthcare Cost		
	3.00%	4.00%	5.00%
Net OPEB Liability	<u>\$ 4,967,284</u>	<u>\$ 5,764,719</u>	<u>\$ 6,770,200</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$540,088. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	411,291	-
Differences between expected and actual experience	<u>241,906</u>	<u>-</u>
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 653,197</u>	<u>\$ -</u>

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2022	\$ 296,908
2023	296,908
2024	<u>59,381</u>
Total	<u><u>\$ 653,197</u></u>

At June 30, 2021, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

NOTE 8 – PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2021</u>
Pension related deferred outflows	\$ 1,147,686
Net pension liability	4,972,700
Pension related deferred inflows	184,478

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – PENSION PLAN (continued)

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 2
Hire date	Prior to December 17, 2011	On or between December 17, 2011 & December 31, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55 & up	50 - 55 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%	1.0% to 2.5%
Required member contribution rates	8.000%	7.000%	6.750%
Required employer contribution rates – FY 2021	13.182%	10.221%	6.985%

Plan Description

The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2020 Annual Actuarial Valuation Reports. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

At June 30, 2020 measurement date, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans			Total
	Classic Tier 1	Classic Tier 2	PEPRA Tier 2	
Active members	8	1	8	17
Transferred and terminated members	9	1	2	12
Retired members and beneficiaries	21	-	-	21
Total plan members	38	2	10	50

All qualified permanent and probationary employees are eligible to participate in the District’s cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Benefits Provided

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2021, were as follows:

		Miscellaneous Plans		
Classic Tier 1	Classic Tier 2	PEPRA Tier 2	Total	
\$ 622,747	\$ 8,953	\$ 49,659	\$ 681,359	

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

Proportionate Share of Net Pension Liability and Pension Expense

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2021:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2019 (Measurement Date)	\$ 17,192,884	\$ 12,404,177	\$ 4,788,707
Balance as of June 30, 2020 (Measurement Date)	\$ 18,434,182	\$ 13,461,482	\$ 4,972,700
Change in Plan Net Pension Liability	\$ 1,241,298	\$ 1,057,305	\$ 183,993

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The District’s proportionate share percentage of the net pension liability for the June 30, 2020, measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2021</u>	<u>Fiscal Year Ending June 30, 2020</u>	
Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>	
Percentage of Risk Pool Net Pension Liability	0.117890%	0.119583%	-0.001693%
Percentage of Plan Net Pension Liability	0.045703%	0.046733%	-0.001030%

For the year ended June 30, 2021, the District recognized pension expense of \$827,531. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 681,359	\$ -
Difference between actual and proportionate share of employer contributions	62,347	-
Adjustment due to differences in proportions	-	(149,010)
Differences between expected and actual experience	256,258	-
Differences between projected and actual earnings on pension plan investments	147,722	-
Changes in assumptions	-	(35,467)
Total Deferred Outflows/(Inflows) of Resources	\$ 1,147,686	\$ (184,477)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

An amount of \$681,359 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2022	\$ (4,201)
2023	120,106
2024	95,093
2025	70,852
Total	<u>\$ 281,850</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019, total pension liability. The June 30, 2020, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Long-term Expected Rate of Return (continued)

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

<u>Investment Type</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100.0%</u>		

¹ An expected inflation of 2.0% is used for years 1-10.

² An expected inflation of 2.9% is used for years 11+.

Discount Rate

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

Subsequent Events

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

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

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

<u>Plan's Net Pension Liability/(Asset)</u>		
<u>Discount Rate -</u>	<u>Discount Rate</u>	
<u>1%</u>	<u>Current Discount</u>	<u>+ 1%</u>
<u>6.15%</u>	<u>Rate 7.15%</u>	<u>8.15%</u>
<u>7,425,840</u>	<u>\$ 4,972,700</u>	<u>\$ 2,945,748</u>

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At June 30, 2021, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2021.

NOTE 9 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30:

<u>Description</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 1,682,993	\$ 1,105,780
Capital assets, net – being depreciated	36,377,522	37,155,201
Bonds payable – current portion	(405,000)	(395,000)
Bonds payable – non-current portion	<u>(3,230,000)</u>	<u>(3,635,000)</u>
Total net investment in capital assets	<u>\$ 34,425,515</u>	<u>\$ 34,230,981</u>

NOTE 10 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 11 – RISK MANAGEMENT POOL

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Further information about the Insurance Authority is as follows:

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the advantages of self-insurance
C. Participants	As of June 30, 2020 – 445 member districts
D. Governing board	Nine representatives employed by members
E. Condensed financial information Audit signed	September 30, 2020 May 14, 2021
Statement of financial position:	Sept 30, 2020
Total assets	<u>\$ 212,099,851</u>
Deferred outflows	<u>553,790</u>
Total liabilities	<u>112,046,920</u>
Deferred inflows	<u>1,672,219</u>
Net position	<u>\$ 98,934,502</u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 181,825,144
Total expenses	<u>(169,356,246)</u>
Change in net position	12,468,898
Beginning – net position	<u>86,465,604</u>
Ending – net position	<u>\$ 98,934,502</u>
F. Member agencies share of year-end financial position	Not Calculated

The District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$48,405,017). The District has a \$10,000 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$2,500 deductible for mobile equipment, and a \$1,000 deductible for licensed vehicles.

General Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to of \$60,000,000. This program does not have a deductible.

Auto Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000. This program does not have a deductible.
Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

NORTH COAST COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 11 – RISK MANAGEMENT POOL (continued)

Cyber Liability - The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence/\$5,000,000 aggregate. This program does not have a deductible.

Crime - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.

Underground Storage Tank Pollution Liability - The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

Workers' Compensation Program

The District maintains workers' compensation coverage and employer's liability coverage in accordance with the statutory requirements of the State of California.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2021, 2020, and 2019. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2021, 2020, and 2019.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 13 – SUBSEQUENT EVENTS

Certificates of Participation (COP) – 2021 Water System Financing Project

On November 23, 2021, The District issued \$20,210,000 of COP's to provide funds for the District to finance certain capital improvement projects including the construction of a new District administration building/corporation yard, a new water tank and to pay the costs of the new debt issuance. The COPs will mature on October 1, 2051 with an interest rate of 4.00%.

The District has evaluated subsequent events through December 15, 2021, the date which the financial statements were available to be issued.

Required Supplementary Information

NORTH COAST COUNTY WATER DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability For the Year Ended June 30, 2021

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.13172%	\$ 3,255,380	\$ 1,610,044	202.19%	73.91%
June 30, 2015	0.13691%	3,756,060	1,565,577	239.92%	70.87%
June 30, 2016	0.12456%	4,327,222	1,527,533	283.28%	67.72%
June 30, 2017	0.12192%	4,805,974	1,703,966	282.05%	68.38%
June 30, 2018	0.12179%	4,590,011	1,655,381	277.28%	71.19%
June 30, 2019	0.11958%	4,788,707	1,636,813	292.56%	72.15%
June 30, 2020	0.11789%	4,972,700	1,692,267	293.85%	73.02%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only seven years are shown.

NORTH COAST COUNTY WATER DISTRICT

Schedule of the District's Contributions to the Defined Benefit Pension Plan For the Year Ended June 30, 2021

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Contributions in Relation to the			Covered Payroll	Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)		
June 30, 2015	\$ 371,392	\$ (371,392)	\$ -	\$ 1,563,150	23.76%
June 30, 2016	421,912	(436,132)	(14,220)	1,565,577	26.95%
June 30, 2017	496,227	(496,227)	-	1,527,533	32.49%
June 30, 2018	528,974	(528,974)	-	1,703,966	31.04%
June 30, 2019	593,287	(593,287)	-	1,655,381	35.84%
June 30, 2020	607,426	(607,426)	-	1,636,813	37.11%
June 30, 2021	681,359	(681,359)	-	1,692,267	40.26%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Market Value	2.50%	7.15%

Amortization Method

Level percentage of payroll, closed

Salary Increases

Depending on age, service, and type of employment

Investment Rate of Return

Net of pension plan investment expense, including inflation

Retirement Age

50 years (2%@55 and 2%@60), 52 years (2%@62)

Mortality

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the first measurement date year of implementation; therefore, only seven years are shown.

NORTH COAST COUNTY WATER DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Year Ended June 30, 2021

Fiscal Year Ended	Last Ten Fiscal Years*			
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability:				
Service cost	\$ 110,210	\$ 248,118	\$ 187,592	\$ 228,758
Interest	132,970	136,765	153,972	198,831
Changes of assumptions	598,242	-	-	-
Differences between expected and actual experience	351,863	(40,208)	727,704	(1,127,012)
Changes of benefit terms	-	-	-	-
Benefit payments	(339,286)	(318,435)	(236,688)	(219,443)
Net change in total OPEB liability	853,999	26,240	832,580	(918,866)
Total OPEB liability - beginning	4,910,720	4,884,480	4,051,900	4,970,766
Total OPEB liability - ending	5,764,719	4,910,720	4,884,480	4,051,900
Plan fiduciary net position:				
Contributions - employer	-	-	-	-
Net investment income	339,286	318,435	236,688	219,443
Administrative expense	-	-	-	-
Benefit payments	(339,286)	(318,435)	(236,688)	(219,443)
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-
District's net OPEB liability	\$ 5,764,719	\$ 4,910,720	\$ 4,884,480	\$ 4,051,900
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	1,970,105	1,883,273	2,080,080	1,923,330
District's net OPEB liability as a percentage of covered-employee payroll	292.61%	260.75%	234.82%	210.67%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2018 – There were no changes in benefits
 Measurement Date June 30, 2019 – There were no changes in benefits
 Measurement Date June 30, 2020 – There were no changes in benefits
 Measurement Date June 30, 2021 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2018 – There were no changes in assumptions
 Measurement Date June 30, 2019 – There were no changes in assumptions
 Measurement Date June 30, 2020 – There were no changes in assumptions
 Measurement Date June 30, 2021 – There were no changes in assumptions

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

Supplementary Information

NORTH COAST COUNTY WATER DISTRICT
Schedule of Capacity Charges
For the Year Ended June 30, 2021

Transmission and Storage Revenue Reconciliation A/C #4980
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Transmission and Storage Revenue Details Analysis:	Amount
523 Heathcliff Dr.	\$ 3,471
251 Kavanaugh Way	3,471
428 San Balboa Terrace	3,471
1120 Sheila Lane	5,441
300 Coral Ridge Dr.	8,912
1000 Linda Mar Blvd.	38,618
Total Transmission & Storage Revenue	\$ 63,384

Public improvement expenditures for the fiscal year ended June 30, 2021:

Public improvement projects	Project expenditures	Percentage Complete
Sheila Tank Replacement Project	338,398	5%
Water System Hydraulic Model Update	128,377	100%
	Project expenditures funded with the above fees	
	Amount	Percentage
	\$ 44,059	13%
	19,325	15%
	\$ 63,384	

Other Independent Auditors' Reports



INDEPENDENT AUDITORS' 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

Board of Directors
North Coast County Water District
Pacifica, 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, the financial statements of the North Coast County Water District (District), which comprise the balance sheet as of June 30, 2021, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrieta, California
December 15, 2021