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STINSON BEACH COUNTY WATER DISTRICT

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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STINSON BEACH COUNTY WATER DISTRICT
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For the Year Ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Stinson Beach County Water District

Opinion

We have audited the accompanying financial statements of the business-type activities of each major fund of the Stinson Beach County Water District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Stinson Beach County Water District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of each major fund of the Stinson Beach County Water District, as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Stinson Beach County Water 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 opinion.

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 Stinson Beach County Water 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.

Auditors' 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 auditors' report that includes our opinion. 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 generally accepted 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 generally accepted 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 Stinson Beach County Water 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 Stinson Beach County Water District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, GASB 68 Pension and GASB 75 Other Post-Employment Benefit Schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California
February 3, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Stinson Beach County Water District's annual financial report presents a discussion and analysis of the District's financial performance during the year that ended on June 30, 2022.

FINANCIAL HIGHLIGHTS

- The net position of the District's business-type activities increased in fiscal 2022 by $58,185 compared to the net position of the District at June 30, 2021.

- The District's revenue from business-type activities in 2022 increased by a net $100,733 compared to 2021, largely a result of additional property tax revenue.

- Total expenses for 2022 increased by about $203,812. Largely due to pension expense.

- The District in 2022 increased its capital assets by a net $1,211 (after depreciation) which is largely flat.

- For the fiscal year ended June 30, 2022, the District continues with the provisions of GASB Statement No. 68 and Statement No. 75. This resulted in deferred inflows of $891,317 and deferred outflows of $433,143. The overall pension liability decreased $607,855 from $1,642,166 to $1,034,311. This decrease is related to significant investment returns in 2021-the measurement date for the 2022 audit valuation report.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), *the basic financial statements, and required supplementary information.* The basic financial statements include one kind of statements that present both a short-term and long-term view of the District.

- *Proprietary* enterprise fund-type statements offer *short-* and *long-term* financial information about the activities that the District operates *like businesses,* such as the District's water treatment and distribution system and wastewater septic permitting and monitoring programs.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that provides more data about the District's pension plan.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

FIGURE A-1 Major Financial Statement Features

	Basic Financial Statements
Scope	Activities the District operates similar to private businesses; the water and wastewater systems
Required financial statements	Statement of net position Statement of revenues, expenses, and changes in net position . Statement of cash flows.
Accounting basis and measurement focus	Accrual accounting and economic measurement focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term focus
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received

Basic Financial Statements

The basic financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net assets regardless of when cash is received or paid.

The basic financial statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or *position.*

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The basic financial statements of the District consist of one category:

- *Business-type activities* – The District charges fees to help it cover the costs of certain services it provides. All of the District's operations are accounted for in this category. *The District uses proprietary enterprise fund type accounting principles to account for all operations.* Proprietary accounting provides both long-and short-term financial information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position increased by $58,185 between the years 2021 and 2022. (See Table A-1.)

TABLE A-1 NET POSITION OF THE DISTRICT

	Business-Type Activities June 30		Increase (decrease)	
	2022	2021	Amount	%
Current and other assets	$1,240,094	$1,178,529	$ 61,565	5.2%
Capital assets	7,661,316	7,662,527	(1,211)	0.0%
Deferred outflows of resources	433,143	460,023	(26,880)	-5.8%
Total assets and deferred outflows of resources	9,334,553	9,301,079	33,474	0.4%
Current and other liabilities	258,773	386,310	(127,537)	-33.0%
Long-term debt outstanding	754,343	851,453	(97,110)	-11.4%
Accrued OPEB liability	14,631	98,157		
Accrued pension liability	1,034,311	1,642,166	(607,855)	-37.0%
Deferred inflows of resources	1,081,256	189,939	891,317	469.3%
Total liabilities and deferred inflows of resources	3,143,314	3,168,025	(24,711)	-0.8%
Net position (Note 5):				
Net investment in capital assets	6,809,863	6,636,980	172,883	2.6%
Restricted	31,235	31,494	(259)	-0.8%
Unrestricted	(649,859)	(535,420)	(114,439)	-21.4%
Total net position	$6,191,239	$6,133,054	$ 58,185	0.9%

Net position of the District increased about .9% from $6,133,054 in 2021 to $6,191,239 in the 2022 financial statements.

Changes in net position. The District's total revenues in fiscal year 2022 increased an overall $100,733 due mainly due to an increase in property tax revenue. About 33 percent of the District's revenue comes from charges for services in the form of the sale of water and wastewater permitting and monitoring fees. The remaining 67 percent comes primarily from property taxes and from interest. The total cost of all programs and services in fiscal 2022 increased $303,599 (13%) from $2,262,164 in 2021 to $2,565,763 in fiscal 2022.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

TABLE A-2 District's Revenues, Expenses and Changes in Net Position

	Business-Type Activities June 30		Increase (decrease)	
	2022	2021	Amount	%
Revenue				
Program Revenues:				
Charges for services	$ 857,270	$ 1,013,127	$ (155,857)	-15.4%
Investment and other revenue	182,704	160,519	22,185	13.8%
General revenues - property taxes	1,583,974	1,349,569	234,405	17.4%
Total revenues	2,623,948	2,523,215	100,733	4.0%
Expenses				
Salaries and benefits	1,270,217	1,208,704	61,513	5.1%
Board officer costs	22,000	19,700	2,300	11.7%
Professional services	241,736	275,010	(33,274)	-12.1%
Other operating expenses	327,438	304,686	22,752	7.5%
Depreciation	341,583	339,764	1,819	0.5%
Interest on long-term debt	32,772	38,501	(5,729)	-14.9%
(Gain) Loss on disposal of assets	-	-	-	-
Pension expense (revenue)	314,200	67,076	247,124	368.4%
Other nonoperating expenses	15,817	8,723	7,094	100.0%
Total expenses	2,565,763	2,262,164	303,599	13.4%
Change in net position before capital contributions	58,185	261,051	(202,866)	-77.7%
Capital connections	-	-	-	0.0%
Transfers in (out)	-	31,225	(31,225)	100.0%
	-	31,225	(31,225)	100.0%
Change in net position	58,185	292,276	(234,091)	-80.1%
Net position, beginning, as previou	6,133,054	5,871,576	261,478	4.5%
Prior period adjustment	-	(30,798)	30,798	-100.0%
Net position, beginning, as restatec	6,133,054	5,840,778	292,276	5.0%
Net position, ending	$ 6,191,239	$ 6,133,054	$ 58,185	0.9%

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-2 presents the cost of each of the District's largest functions, from an expense perspective-operating expenses, and depreciation on capital assets.

- The cost of all District functional categories in 2022 was approximately $2.6 million, an increase of 13% from $2.3 million in 2021.

The increases came about largely due to the pension expense of $.247 million, as well as a 5% increase in salaries.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the District had invested $7,661,316 (net of accumulated depreciation) in a broad range of capital assets, including land, treatment plant, distribution lines, pumping stations, improvements, vehicles, and small equipment. (See **Table A-3**.) This amount represents a net increase (including additions and deductions) of about $1,211 (0%).

TABLE A-3 District Net Investment in Capital Assets

	Capital Assets June 30		Increase (decrease)	
	2022	2021	Amount	%
Land and construction in proç	$ 527,269	$ 221,896	$ 305,373	137.6%
Building and structures	2,655,209	2,655,209	-	0.0%
Pipelines and improvements	5,482,180	5,161,012	321,168	6.2%
Reservoirs and tanks	3,287,969	3,287,969	-	0.0%
Hydrants and valves	153,836	153,836	-	0.0%
Equipment and vehicles	415,576	701,746	(286,170)	-40.8%
Accumulated depreciation	(4,860,723)	(4,519,141)	(341,582)	7.6%
Total	$ 7,661,316	$ 7,662,527	$ (1,211)	0.0%

CAPITAL ASSET AND DEBT ADMINISTRATION

There were no capital assets added during fiscal 2022.

Long-Term Debt

The District has about $1.8 million in long-term obligations outstanding. Approximately $754,000 relates to the 2013 Water Revenue Bonds which refunded the installment agreements borrowed to make capital improvements. Another $1.034 million relates to the pension obligation. All debt service required payments were made when and as due in fiscal 2022. Additional information about the District's long-term obligations can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S OPERATING PLAN AND RATES

- Capital expenses in 2023 are expected to increase by about $330,000.
  Most of the expected increase is the capital purchase of infrastructure for the replacement of the Ranch Water Tank and construction of a replacement well at the Ranch site.

- The District expects to continue performing defensible space for increased fire safety.

- The District is not presently considering a water or wastewater increase during Fiscal Year 2023.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the General Manager, Stinson Beach County Water District, at 3785 Shoreline Highway, Stinson Beach, California, 94970.

FINANCIAL STATEMENTS

STINSON BEACH COUNTY WATER DISTRICT
Statements of Net Position
June 30, 2022

	Water	Wastewater	Total
Assets			
Current assets:			
Cash (Note 2)	$ 106,775	$ 45,933	$ 152,708
Receivables	41,320	71,959	113,279
Inventory	37,190	-	37,190
Prepayments	10,188	2,076	12,264
Total	195,473	119,968	315,441
Restricted cash and investments (Note 2):			
Debt service	31,235	-	31,235
Total restricted cash and investments	31,235	-	31,235
Designated cash and investments (Note 2):			
Construction in progress	492,824	-	492,824
Emergency fund reserves	400,594	-	400,594
Total designated cash and investments	893,418	-	893,418
Total current assets	1,120,126	119,968	1,240,094
Noncurrent assets:			
Advances to (from) other funds	(616,486)	616,486	-
Capital assets (Note 3):			
Construction in progress	487,615	-	487,615
Land	49,240	-	49,240
Buildings	2,655,209	-	2,655,209
Distribution system	8,914,399	-	8,914,399
Vehicles	415,576	-	415,576
Less accumulated depreciation	(4,860,723)	-	(4,860,723)
Total capital assets, net	7,661,316	-	7,661,316
Total noncurrent assets	7,044,830	616,486	7,661,316
Total Assets	8,164,956	736,454	8,901,410
Deferred outflows of resources			
Pension (Note 6)	389,406	-	389,406
Other post employment benefits	43,737	-	43,737
Total deferred outflows of resources	433,143	-	433,143
Total Assets and Deferred Outflows of Resources	$ 8,598,099	$ 736,454	$ 9,334,553

STINSON BEACH COUNTY WATER DISTRICT
Statements of Net Position
June 30, 2022

	Water	Wastewater	Total
Liabilities			
Current liabilities:			
Accounts payable	$ 52,284	$ 30,441	$ 82,725
Accrued wages payable	-	-	-
Compensated absences (Note 1.E.)	37,687	22,530	60,217
Deposits payable	6,812	11,909	18,721
Bonds, agreements and leases payable (Note 4)	97,110	-	97,110
Total current liabilities	193,893	64,880	258,773
Noncurrent liabilities:			
Bonds, agreements and leases payable (Note 4)	754,343	-	754,343
Net other post employment benefit obligation (Note 7.C.)	14,631	-	14,631
Accrued pension liability (Note 6)	1,034,311	-	1,034,311
Total noncurrent liabilities	1,803,285	-	1,803,285
Total Liabilities	1,997,178	64,880	2,062,058
Deferred inflows of resources			
Pension (Note 6)	946,610	-	946,610
Other post employment benefits	134,646	-	134,646
Total deferred inflows of resources	1,081,256	-	1,081,256
Total Liabilities and Deferred Inflows of Resources	3,078,434	64,880	3,143,314
Net position (Note 5):			
Net investment in capital assets	6,809,863	-	6,809,863
Restricted for debt service	31,235	-	31,235
Unrestricted	(1,321,433)	671,574	(649,859)
Total net position (deficit)	5,519,665	671,574	6,191,239
Total Liabilities, Deferred Inflows of Resources and Net Position (deficit)	$ 8,598,099	$ 736,454	$ 9,334,553

STINSON BEACH COUNTY WATER DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

Operating revenue:	Water	Wastewater	Total
Sale of water	$ 361,695	$ -	$ 361,695
Water usage charge	170,238	-	170,238
Wastewater fees	-	325,337	325,337
Other operating revenues	34,628	144,945	179,573
Total operating revenue	566,561	470,282	1,036,843
Operating expense:			
Salaries and wages	597,819	297,317	895,136
Employee benefits	239,645	135,649	375,294
Board officers' costs	11,250	10,750	22,000
Professional services	113,174	128,562	241,736
Insurance	25,072	10,745	35,817
Miscellaneous outside services	38,275	43,568	81,843
Utilities	48,906	21,978	70,884
Office operations	91,755	24,109	115,864
Equipment maintenance and supplies	19,170	3,647	22,817
Depreciation (Note 3.B.)	341,583	-	341,583
Total operating expense	1,526,649	676,325	2,202,974
Net Operating Income (loss)	(960,088)	(206,043)	(1,166,131)
Nonoperating revenue (expense):			
Property taxes	1,228,184	355,790	1,583,974
Property tax collection fee	(15,419)	(398)	(15,817)
Interest expense	(32,772)	-	(32,772)
Pension revenue (expense)	(314,200)	-	(314,200)
Interest and investment revenue	3,131	-	3,131
Other nonoperating revenue (expense)	-	-	-
Net non-operating revenue	868,924	355,392	1,224,316
Income (loss) before capital contributions and transfers	(91,164)	149,349	58,185
Capital connection fees	-	-	-
Transfers in (out)	-	-	-
	-	-	-
Change in net position	(91,164)	149,349	58,185
Net position (deficit) - beginning	5,610,829	522,225	6,133,054
Net position (deficit) - ending	$ 5,519,665	$ 671,574	$ 6,191,239

STINSON BEACH COUNTY WATER DISTRICT
Statements of Cash Flows
For the Year Ended June 30, 2022

	Water	Wastewater	Total
Cash flows from operating activities:			
Cash received from customers	$ 519,983	$ 306,336	$ 826,319
Cash payments to suppliers	(317,863)	(227,718)	(545,581)
Payments to employees for services	(982,119)	(476,174)	(1,458,293)
Other operating receipts	34,628	144,945	179,573
Net cash used for operating activities	(745,371)	(252,611)	(997,982)
Cash flows from noncapital financing activities:			
Decrease in amounts due to other funds	128,550	(128,550)	-
Tax receipts	1,212,765	355,392	1,568,157
Net cash provided by financing activities	1,341,315	226,842	1,568,157
Capital and related financing activities:			
Principal retirement on long-term debt	(174,094)	-	(174,094)
Capital connections	-	-	-
Interest paid on long-term debt	(32,772)	-	(32,772)
Purchase of capital assets	(451,435)	-	(451,435)
Net cash used in capital and related financing activities	(658,301)	-	(658,301)
Cash flows from investing activities:			
Grant revenue	-	-	-
Interest received on investments	2,062	-	2,062
Net cash provided by investing activities	2,062	-	2,062
Net decrease in cash and cash equivalents	(60,295)	(25,769)	(86,064)
Cash and cash equivalents:			
Beginning of year	167,070	71,702	238,772
End of year	$ 106,775	$ 45,933	$ 152,708

	Water	Wastewater	Total
Reconciliation of net operating (loss) income to net cash provided by operating activities:			
Net operating income (loss)	$ (960,088)	$ (206,043)	$ (1,166,131)
Adjustments to reconcile net operating income to net cash provided by operating activities:			
Depreciation	341,583	-	341,583
Changes in assets/liabilities:			
Restricted cash	259	-	259
Accounts receivable	(12,209)	(19,001)	(31,210)
Inventory	(4,340)	-	(4,340)
Prepayments	(217)	11	(206)
Accounts payable	15,725	4,880	20,605
Accrued expenses	7,321	-	7,321
Accrued wages payable	(17,499)	(8,224)	(25,723)
Compensated absences	(28,522)	(24,234)	(52,756)
Net OPEB obligation	(83,526)	-	(83,526)
GASB 75 effect on OPEB expense	(3,858)		(3,858)
Net cash used for operating activities	$ (745,371)	$ (252,611)	$ (997,982)

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The Stinson Beach County Water District was formed in 1962 and the Wastewater District was added in 1976, pursuant to the approval of voters in an election, and it is governed by an elected five-member Board of Directors. The District's service area includes the unincorporated community of Stinson Beach, California. The accompanying financial statements present the District and its component units, entities for which the District is considered to be financially accountable. The District has no component units.

The District obtains its water supply primarily from the collection, storage, and treatment of runoff from natural stream sites and underground wells. Wastewater activities include the inspection, permitting, and monitoring of septic systems due to obligations imposed upon the District by the State Legislature when it created the Stinson Beach Wastewater Management District.

B. Financial Reporting Entity

The accompanying basic financial statements of the District reflect only its own activities; it has no component units (other government units overseen by the District).

C. Basis of Accounting

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

An enterprise fund is used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and all liabilities of the enterprise are recorded on its balance sheet, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred. Enterprise fund equity includes retained earnings and contributed capital.

The proprietary funds apply all applicable Governmental Accounts Standards Board (GASB) pronouncements.

D. Property Taxes

Property tax revenue is recognized in the fiscal year for which the tax is levied. The Marin County levies, bills and collects property taxes for the District; all material amounts are collected by June 30.

Secured and unsecured property tax is due in two installments on November 1 and February 1, becomes a lien on January 1, and becomes delinquent on December 10 and April 10, respectively. Delinquent accounts are assessed a penalty of 10 percent. Accounts which remain unpaid on June 30 are charged an additional one and one half percent per month. Unsecured property tax is due on July 1 and becomes delinquent on August 31. The penalty percentage rates are the same as secured property tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for unpaid vacation is recorded in the financial statements when the liability is incurred and is reported as the current portion of such compensated absences. The District provides limited payment of unused sick leave at termination date. Balances of $66,209 and $46,764 for the water and wastewater funds, respectively, are comprised of the following:

	Beginning Balance July 1, 2021	Net Additions/ Deductions	Ending Balance June 30, 2022
Water Fund			
Vacation	$ 39,396	$ (17,535)	$ 21,861
Sick leave	26,813	(10,987)	15,826
Total - Water Fund	66,209	(28,522)	37,687
Wastewater Fund			
Vacation	27,613	(10,933)	16,680
Sick leave	19,151	(13,301)	5,850
Total - Wastewater Fund	46,764	(24,234)	22,530
Total	$ 112,973	$ (52,756)	$ 60,217

F. Inventory

All inventories are valued at cost based upon physical determinations made at the end of each year.

G. Long-term Obligations

In enterprise fund-type financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Discounts associated with the issuance of long-term debt obligations are reported as a reduction of the carrying value of the related debt obligation and are amortized to interest expense over the life of the debt instrument. Costs associated with the issuance of the debt are capitalized as other noncurrent assets and are amortized to expense over the life of the debt obligation.

H. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Pensions

For purposes of measuring the net pension liability (NPL) and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position (FNP) of the Local Government of Example's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions 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.

J. Other Post-Employment Benefits

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 Agency'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 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, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

2. CASH AND INVESTMENTS

A. Policies

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.
Stinson
The District's investment policy has been to invest idle cash in demand deposits, time deposits and the Local Agency Investment Fund (LAIF) of the State of California. Investments are reported at fair value. The LAIF is operated in accordance with applicable state laws and regulations, and the reported value of the District's investment in the LAIF is the same as the fair value of the LAIF pool shares. State statutes authorize the District to invest in obligations of the U.S. Treasury, Federal Agency obligations, commercial paper, the LAIF and other instruments. The Trust Agreement underlying the issuance of the Installment Purchase Agreements authorize permitted investments consistent with the State of California Government Code but broader in scope than the District's usual investment practices.

2. CASH AND INVESTMENTS (continued)

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted, at June 30, 2022.

Cash available for District operations	$ 152,708
Restricted cash and investments	31,235
Designated cash and investments	893,418
Total	$ 1,077,361

The District's cash and investments consist of the following at June 30, 2022:

		Rating
Cash and cash equivalents:		
Cash on hand	$ 300	N/A
Demand deposits	152,408	N/A
Local Agency Investment Fund (LAIF)	893,418	N/A
Debt service fund:		
Wells Fargo debt service fund Treasury money market	25,143	AAA
Blackrock debt service T-Fund	6,092	AAA
Total	$ 1,077,361	

C. Collateralization of Cash and Cash Equivalents

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the District's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the District's name and places the District ahead of general creditors of the institution pledging the collateral. The District has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

D. Interest Rate and Credit 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.

2. CASH AND INVESTMENTS (continued)

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. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2022, these investments matured in an average of 311 days.

The District invests in Wells Fargo Advantage Treasury money market funds and Blackrock Provident institutional T-Fund which are available for withdrawal on demand.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the District's investments were invested in specific securities. All monies in LAIF, Blackrock Provident, and Wells Fargo Advantage are not evidenced by specific securities; and therefore, are not subject to custodial credit risk.

E. Restricted Cash and Investments

The District has the following restrictions on cash and investments:

Restricted for Debt Service - The District has moneys held by Wells Fargo Bank and Union Bank of California as trustees, pledged to the payment or security of its outstanding bond issues. All transactions associated with debt service are administered by these trustees. The cash and investment amount for June 30, 2022 is $31,235.

F. Board Designated Investments

Designated for Construction in Progress – The District has designated investments for acquisition, construction and re-construction of District capital assets. As of June 30, 2022, the amount designated for construction in progress is $492,824.

Designated for Emergency Reserves – The District has designated reserves for emergencies in which the District would need to repair or purchase District assets. As with operational reserves, the District may add funds at any time, not to exceed 100% of the annual operating budget. As of June 30, 2022, the amount designated for emergency reserves is $400,594.

3. CAPITAL ASSETS

A. Summary

Capital assets, which include property, plant, equipment, and infrastructure assets (mainly the existing water system) are reported in the financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and assets constructed by developers are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed net of construction period interest revenues earned during such periods.

The purpose of depreciation is to spread the cost of utility plant assets equitably among all customers over the life of these assets, so that each customer's bill includes a pro rata share of the cost of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of utility plant cost.

Depreciation of all utility plant in service is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of the utility plant assets.

Depreciation of utility plant in service is provided using the straight-line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District has assigned the useful lives listed below to utility plant assets:

Assets	Years
Transmission and treatment plant	25 – 75
Buildings and storage facilities	40
Vehicles and trucks	5 – 10

3. CAPITAL ASSETS (continued)

B. Additions and Retirements

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance at June 30, 2021	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2022
Capital assets not being depreciated					
Land	$ 49,240	$ -	$ -	$ -	$ 49,240
Construction in progress	172,656	305,373	-	-	478,029
Total capital assets not being depreciated	221,896	305,373	-	-	527,269
Capital assets being depreciated					
Buildings and structures	2,655,209	-	-	-	2,655,209
Pipelines and improvements	5,447,182	34,997	-	-	5,482,179
Tanks	3,287,969	-	-	-	3,287,969
Hydrants and valves	153,836	-	-	-	153,836
Vehicles and equipment	415,576	-	-	-	415,576
Total capital assets being depreciated	11,959,772	34,997	-	-	11,994,769
Less accumulated depreciation:					
Buildings and structures	908,630	68,473	-	-	977,103
Pipelines and improvements	2,629,758	184,102	-	-	2,813,860
Tanks	677,641	60,460	-	-	738,101
Hydrants and valves	100,085	1,890	-	-	101,975
Vehicles and equipment	203,026	26,658	-	-	229,684
Total accumulated depreciation	4,519,140	341,583	-	-	4,860,723
Net capital assets being depreciated	7,440,632	(316,171)	-	-	7,124,461
Total capital assets, net	$ 7,662,527	$ (1,211)	$ -	$ -	$ 7,661,316

4. LONG-TERM DEBT

A. Compositions and Changes

The District generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The District's debt issues and transactions are summarized below and discussed in detail thereafter.

	Maturity Date	Interest Rates	Balance June 30, 2021	Additions (Retirements)	Balance June 30, 2022
State Loans	7/1/2025	2.39%	$ 98,635	(23,787)	$ 74,848
2013 Water Revenue Refunding Bond	10/1/2032	3.47%	926,912	(150,307)	776,605
Total			$ 1,025,547	(174,094)	$ 851,453

Long-term debt due within one year	$ 97,110
Long-term debt due in more than one year	754,343
	$ 851,453

4. LONG-TERM DEBT (Continued)

B. Description of the District's Long Term Debt Issues

State Loans

The District entered into a loan agreement with the State Department of Water Resources for the purpose of obtaining construction financing for water system improvements. The loan is secured by a pledge of water revenues. The loan was for $411,500, bears interest at 2.39 percent and matures July 1, 2025.

2013 Water Revenue Refunding Bonds

In fiscal year 2013, the District authorized the issuance of the Refunding Bonds in the principal amount of $1,997,614. The bond refunded the Installment Agreement with ABAG and CSCDA. The bond bears interest at 3.47 percent and is payable in semi-annual payments each April 1st and October 1st through October 1, 2032. Principal payments are due each October 1st.

C. Debt Service Requirements

Annual debt service requirements are shown below for the above debt issues:

Payments due in fiscal year ended June 30,	Principal	Interest	Total
2023	$ 97,110	$ 27,330	$ 124,440
2024	101,433	24,155	125,588
2025	100,673	20,925	121,598
2026	78,669	17,798	96,467
2027	82,102	15,008	97,110
2028 – 2032	334,409	35,547	369,956
2033	57,057	990	58,047
	$ 851,453	$ 141,753	$ 993,206

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5. NET POSITION

Net Position is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflow of resources, regardless of fund. Net Position are divided into three captions. These captions apply only to Net Position and are described below:

Net investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include developer fees received for use on capital projects and debt service requirements.

Unrestricted describes the portion of Net Position which is not restricted to use.

During the year ended June 30, 2022, unrestricted net position in the Water Fund decreased from negative $1,080,390 to a negative $1,317,790, a decrease of $237,400.

6. RETIREMENT PLAN

A. General Information about the Pension Plan

Plan Descriptions

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes and membership information is listed in the June 30, 2020 Annual Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications. All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans, 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.

6. RETIREMENT PLAN (continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Minimum retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Employer contribution rate	13.35%	7.59%

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. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the costs of benefits earned by employees during the year, with an additional amount to pay any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the measurement period ended June 30, 2021 (the measurement date), the active employee contribution rate is 7.25 percent of annual pay.

For the year ended June 30, 2022, the contributions required by CalPERS as part of the unfunded actuarial liability for each Plan were as follows:

	Miscellaneous Plan
Employer Contributions – Classic Plan	$ 133,757
Employer Contributions - PEPRA	1,786
	$ 135,543

6. RETIREMENT PLAN (continued)

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

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

	Proportionate Share of Net Pension Liability	Miscellaneous
Balance at: 6/30/20 – Measurement date	1,642,166	0.03893%
Balance at: 6/30/21 – Measurement date	1,034,311	0.05447%
Total Net Change 2020-2021	$ (607,855)	

The District's net pension liability of $1,034,311 is measured as the proportionate share of the net pension liability of $1,898,802,581 (or 0.05447%). The net pension liability is measured as of June 30, 2021, and the total pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion 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.

For the year ended June 30, 2022, the District recognized *actuarial* pension expense of $541,255 for the Plan. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ -
Differences between actual and expected experience	115,987	-
Difference between projected and actual earnings on pension plan investments	-	902,899
Difference between contribution and proportionate share of contributions	46,364	-
Adjustment due to differences in proportions	-	43,711
Pension contributions made subsequent to measurement date	227,055	-
Total	$ 389,406	$ 946,610

6. RETIREMENT PLAN (continued)

Of the $389,406 reported as deferred outflows of resources, $227,055 is related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows (Inflows) Of Resources
2023	(156,512)
2024	(176,316)
2025	(201,916)
2026	(249,515)
2026	-
Thereafter	-

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. Both the June 30, 2020 total pension liability and the June 30, 2021 total pension liability were determined using the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll growth	2.75%
Salary scale	Varies by entry age and service
Investment rate of return	7.15%, Net of Pension Plan Investment Expenses; includes inflation.
Mortality Rate Table[1]	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.5% until Purchasing Power Protection Allowance floor on purchasing power applies. 2.5% thereafter.

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

6. RETIREMENT PLAN (continued)

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 period of projected benefit payments to determine the total pension liability.

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 best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Discount Rate (continued)

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 returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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 equivalent to the single equivalent rate calculated above and adjusted to account for administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Allocation by Asset Class	New Strategic Allocation	Real Return Years 1 – 10 (a)	Real Return Years 11+ (b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	—	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	—	-0.92%
Total	100.00%		

(a) An expected inflation of 2.00% was used for this period.
(b) An expected inflation of 2.92% was used for this period.

6. RETIREMENT PLAN (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, calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability (asset) 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:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan's Net Pension Liability (Asset)	$ 1,825,621	$ 1,034,311	$ 380,147

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

7. OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

The Stinson Beach County Water District administers the District's Retired Employees' Healthcare plan, a single employer defined benefit health care plan. The plan provides medical benefits to eligible retired District employees and their beneficiaries. The District's plan is affiliated with the State of California PERS in so far as the District health insurance premium payments are paid to the PERS. The PERS through an aggregation of single-employer plans pools administrative functions in regard to purchases of commercial health care policies and coverage. Employees do not get medical or dental upon retirement, unless purchased.

Effective June 27, 2017, the District joined the California Employers' Retiree Benefit Trust (CERBT) in order to pre-fund the retiree medical costs. The objective of the CERBT is to seek favorable returns that reflect the broad investment performance through asset allocation. The employers who participate in the CERBT own units of the fund's portfolio, which is invested in accordance with the approved strategic asset allocation; they do not have direct ownership of the securities in the portfolio. The unit value changes with market conditions. The CERBT is a self-funded program, in which the participating employers pay the program costs. The cost charged to participating employers is based on the average daily balance of assets. CalPERS issues a separate CAFR. Copies of the CERBT's annual financial report may be obtained from its Affiliate Program Services Division at 400 Q Street, Sacramento, CA 95811.

7. OTHER POST-EMPLOYMENT BENEFITS (continued)

B. Employees Covered

As of June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active employees	10
Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to, but not yet receiving benefits	0
Total	12

C. Contributions

The District's plan and its contribution requirements are established by District resolutions and regulations. The District paid $286 a month for the first 6 months of fiscal 2021-22 and $298 a month for the last 6 months towards retiree health insurance, which increases 3 percent every year and caps out in about seven years. The retiree pays the remaining amount. The annual contribution to the CERBT trust is based on the actuarially determined contribution. For the fiscal year June 30, 2022, the District's cash contributions were $34,000 to the CERBT Trust, $4,833 in employer share of retiree premiums unreimbursed by the Trust, and the implicit subsidy was $4,457, resulting in total payments of $43,290 subsequent to the measurement date.

D. Net OPEB Liability

The District's Net OPEB Liability was measured on June 30, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation dated June 30, 2020 based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate	6.73%, based on CERBT Strategy 2 investment policy
Net Investment Return	6.73%, based on CERBT Strategy 2 investment policy
Inflation	2.26% annually
Payroll Increases	3.25% annually
Healthcare trend	Pre-65, 6.74% in 2022, tapering to 4.00% in 2069
	Post-65, 5.15% in 2022, tapering to 4.00% in 2069
	PEMHCA minimum is assumed to increase at 4% per year
Plan Distribution for	Kaiser – 89%
Calculating Baseline Cost	PERS Choice – 11%
Baseline Cost	Pre-Medicare: $835.35 per month
	Post-Medicare: $318.75 per month
Health Plan Participation	100% of eligible participants
Medicare Coverage	All future retirees will be eligible at age 65
Morbidity Factors	CalPERS 2017 study
Population for Curving	CalPERS 2017 study
Age-Weighted Claims Costs	Ranges from $289 to $1,286 depending on age. Gender is not a factor.

7. OTHER POST-EMPLOYMENT BENEFITS (continued)

Mortality	Based on the 2017 CalPERS demographic study
Disability	Not valued
Percent Married	Anyone covering a spouse would continue to cover in retirement, and that male spouses were on average 3 years older than female spouses.
Retirement	Rates are from the 2017 CalPERS demographic study Public Agency. Miscellaneous 2.7% @ 55 for actives hired before January 1, 2013, and 2% @ 62 for active hired on or after January 1, 2013. Assumes no retirements prior to age 60.

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:

Investment Class	Target Allocation	Long-term expected real rate of return
Equity	44.00%	4.84%
Fixed Income	48.00%	2.54%
REITs	8.00%	5.34%
Total	100%	

E. Discount Rate

The discount rate is based on a blend of the long-term expected rate of return on assets for benefits covered by plan assets and a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets.

Above are the arithmetic long-term expected real rates of return by asset class for the next 10 years as provided in a report by JP Morgan. For years thereafter, returns were based on historical average index real returns over the last 30 years assuming a similar equity/fixed investment mix and a 2.39% inflation rate. Investment expenses were assumed to be 10 basis points per year. These returns were matched with cash flows for benefits covered by plan assets and the Bond Buyer 20-Bond General Obligation index was matched with cash flows not covered by plan assets to measure the reasonableness of the choice in discount rate.

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7. OTHER POST-EMPLOYMENT BENEFITS (continued)

F. Changes in the OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Obligation (Asset) = (a) – (b)
Balance at June 30, 2020 (Measurement date) *(Valuation date June 30, 2019)*	$ 371,162	$ 273,005	$ 98,157
Changes recognized for the measurement period			
Service cost	10,656	-	10,656
Interest	25,473	-	25,473
Diff. between expected and actual experience	(6,608)	-	(6,608)
Changes of assumptions	(19,416)	-	(19,416)
Net investment income	-	52,980	(52,980)
Benefit payments to retirees	(6,751)	(6,751)	-
Employer contributions	-	40,751	(40,751)
Administrative expense	-	(100)	(100)
Net changes	3,354	86,880	(83,526)
Balance at June 30, 2021 (Measurement date) *(Valuation date June 30, 2021)*	$ 374,516	$ 359,885	$ 14,631

G. Sensitivity of the Net OPEB Liability to the 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 higher or lower than the current discount rate, for the measurement period ended June 30, 2021:

	1% Decrease (5.73%)	Current Discount Rate (6.73%)	1% Increase (7.73%)
Net OPEB Liability	$ 61,531	$ 14,631	$ (24,853)

H. Sensitivity of the Net OPEB Liability to the 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 higher or lower than the current rate, for the measurement period ended June 30, 2021:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	$ (29,935)	$ 14,631	$ 68,245

7. OTHER POST-EMPLOYMENT BENEFITS (continued)

I. OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that may be obtained from CalPERS, Prefunding Programs, CERBT (OPEB), P.O. Box 1494, Sacramento, CA 95812-1494.

J. 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 actuary used straight-line amortization. For assumption changes and experience gains/losses, they assumed Average Future Working Lifetime, averages over all actives and retirees (retirees are assumed to have no future working years). For asset gains and losses, the actuaries assumed five years.

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

For the year ended June 30, 2022, the District recognized OPEB expense (revenue) of $(82,551). This is comprised of contribution expense of $4,833 and net changes in deferred inflows, outflows, and the net OPEB liability totaling $(87,384). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 447	$ 10,408
Changes in assumptions	-	100,505
Net differences between projected and actual earnings	-	23,673
Contribution to OPEB plan after measurement date	43,290	-
Total	$ 43,737	$ 134,646

Of the $43,737 reported as deferred outflows of resources, $43,290 related to contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

7. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

Fiscal Year Ending:	Deferred Outflows/(Inflows) of Resources
2023	$ (61,740)
2024	(48,356)
2025	(13,622)
2026	(10,496)
2027	15
Thereafter	0

8. RISK MANAGEMENT

The District obtains general liability, property, automobile, and workers compensation insurance through its membership in the Association of California Water Agencies Joint Powers Insurance Authority. The Authority is responsible for the first $5,000,000 per claim under its liability coverage program, and members are covered up to $65 million for liability claims under the Authority's purchased excess insurance policies. Members are covered for $100 million in regard to property and equipment through the Authority's purchased excess coverage. Workers compensation coverage is provided to the District equal to statutory limits. The Authority also provides automobile liability coverage and errors and omissions coverage up to $60 million, and employee fidelity coverage up to $1,000,000. The District paid no material uninsured losses during the last three fiscal years.

The following is a summary of the insurance policies in force carried by the District as of June 30, 2022.

Type of Coverage	Limits	Deductible
General Liability	$ 55,000,000	None
Auto Liability	55,000,000	None
Public Officials Liability	55,000,000	None
Cyber Liability	5,000,000	75,000 – 100,000
Property	500,000,000	$ 500 – 100,000
Fidelity	1,000,000	1,000
Workers' Compensation	Statutory	None

Liabilities of the District are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards.

Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. There were no material uninsured claim liabilities at June 30, 2022.

9. COMMITMENT AND CONTINGENT LIABILITIES

In the normal course of business, the District is subject to various claims, lawsuits, and settlements. Management does not anticipate these costs will have a material adverse impact on the accompanying financial statements.

10. SUBSEQUENT EVENTS

Management has evaluated events through the date of the audit opinion, the date on which these financial statements were available to be issued. No events that would require additional disclosure came to their attention.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability
Last 10 Years*

	Fiscal Year Ending June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan's proportion of the Net Pension Liability (Asset)	0.019125%	0.015093%	0.015353%	0.015562%	0.015735%	0.01617%	0.01748%	0.01703%
Plans Proportionate Share of the Net Pension Liability (Asset)	$ 1,034,311	$ 1,642,166	$ 1,573,260	$ 1,499,545	$ 1,560,437	$ 1,399,036	$ 1,200,034	$ 1,059,872
Plan's Covered-Employee Payroll	Not available	Not available	Not available	$ 766,730	$ 766,730	$ 720,778	$ 710,354	$ 635,273
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Not available	Not available	Not available	195.58%	203.52%	194.10%	168.93%	166.84%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	82.74%	71.89%	71.31%	71.34%	69.16%	69.15%	70.90%	73.52%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 195,048	$ 187,675	$ 162,020	$ 142,207	$ 132,397	$ 116,787	$ 155,547	$ 146,229

* Fiscal year ending June 30, 2015 was the first year of implementation, therefore only eight years are shown. Additional years will be added until ten years' of information is presented.

Schedule of Pension Plan Contributions
Last 10 Years*

	Fiscal Year Ending June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contributions	$ 228,136	$ 212,909	$ 210,783	$ 190,129	$ 176,700	$ 116,787	$ 155,547	$ 146,229
Contributions in relation to the actuarially determined contribution	(228,136)	(212,909)	(210,783)	(190,129)	(176,700)	(116,787)	(155,547)	(146,229)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	Not available	Not available	Not available	$ 766,730	$ 766,730	$ 720,778	$ 710,354	$ 635,273
Contributions as a percentage of covered-employee payroll	Not available	Not available	Not available	24.80%	23.05%	16.20%	21.90%	23.02%

Notes to the Schedule:

1. Plan Description. The Plan was established to provide retirement, death and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan’s June 30, 2019 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS’ audited financial statements are publicly available reports that can be found on CalPERS’ website at https://www.calpers.ca.gov/page/forms-publications.

2. Benefit Changes: 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 by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). 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.

3. Change in Assumptions: None

* Fiscal year ending June 30, 2015 was the first year of implementation, therefore only eight years are shown. Additional years will be added until ten years' of information is presented.

STINSON BEACH COUNTY WATER DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2022

Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Measurement Period Ended June 30,

		2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost		$ 10,656	$ 10,149	$ 9,404	$ 8,956	$ 26,222
Interest on the OPEB liability		25,473	23,635	22,723	21,284	17,851
Change of assumptions		(19,416)	-	(3,478)	-	(326,816)
Differences between expected and actual experience		(6,608)	663	(8,752)	(1,769)	-
Benefits paid to retirees		(6,751)	(8,502)	(5,756)	(9,232)	(11,030)
Net change to total OPEB liability		3,354	25,945	14,141	19,239	(293,773)
Total OPEB Liability - beginning		371,162	345,217	331,076	311,837	605,610
Total OPEB Liability - ending	**(a)**	$ 374,516	$ 371,162	$ 345,217	$ 331,076	$ 311,837
Plan Fiduciary Net Position						
Employer contributions		$ 40,751	$ 42,502	$ 39,756	$ 43,232	$ 149,030
Net investment income		52,980	12,280	12,702	8,246	-
Administrative expense		(100)	(112)	(39)	(72)	-
Benefits paid to retirees		(6,751)	(8,502)	(5,756)	(9,232)	(11,030)
Net change to plan fiduciary net position		86,880	46,168	46,663	42,174	138,000
Plan fiduciary net position- beginning		273,005	226,837	180,174	138,000	-
Plan fiduciary net position- ending	**(b)**	359,885	273,005	226,837	180,174	138,000
Net OPEB Liability - ending	**(a) - (b)**	$ 14,631	$ 98,157	$ 118,380	$ 150,902	$ 173,837
Plan fiduciary net position as a percentage of the total OPEB liability		96%	74%	66%	54%	44%
Covered-employee payroll		817,817	851,028	775,801	766,730	Not available
Plan net OPEB liability as a percentage of covered-employee payroll		2%	12%	15%	20%	Not available

STINSON BEACH COUNTY WATER DISTRICT
Schedule of OPEB Contributions
Last Ten Fiscal Years[1]

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Actuarially determined contributions (ADC)[2]	$ 18,320	$ 19,332	$ 20,353	$ 21,243	$ 39,669
Contributions in relation to the ADC	(40,751)	(42,502)	(39,756)	(43,232)	(149,030)
Contributions deficiency (excess)	**$ (22,431)**	**$ (23,170)**	**$ (19,403)**	**$ (21,989)**	**$ (109,361)**
Covered-employee payroll	817,817	851,028	775,801	766,730	Not available
Contributions as a percentage of covered-employee payroll	5%	5%	5%	6%	Not available

Notes to schedule:

[1] Historical information is required only for measurement periods for which GASB No. 75 is applicable. Future years' information will be displayed, up to 10 years, as information becomes available.

[2] ADC and contributions in relation to the ADC are for the measurement period July 1, 2020 - June 30, 2021