

**NORTH COAST COUNTY WATER DISTRICT  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
For the Fiscal Year Ended  
June 30, 2022  
(With Comparative Amounts as of June 30, 2021)**

**NIGRO  
& NIGRO<sup>PC</sup>**

**NORTH COAST COUNTY WATER DISTRICT**

*For the Fiscal Year Ended June 30, 2022*

*Board of Directors and Management*

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**BOARD OF DIRECTORS**

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Thomas Piccolotti – President

Jack Burgett – Vice President

Ron Ash – Director

Joshua Cosgrove – Director

Anne De Jarnett – Director

**MANAGEMENT**

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Adrienne Carr – General Manager

**NORTH COAST COUNTY WATER DISTRICT**

*For the Fiscal Year Ended June 30, 2022*

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***Financial Section***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
North Coast County Water District  
Pacifica, California

### Opinion

We have audited the accompanying financial statements of the North Coast County Water District (District), which comprise the balance sheet as of June 30, 2022, 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.

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, 2022, 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.

### Basis for Opinion

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. 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 Agency 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.

### Change in Accounting Principle

As described in Notes 1 and 5 to the financial statements, as of July 1, 2020, the Agency adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

### 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.

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 Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 Agency'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, 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, 2021, 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 January 18, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.



Walnut Creek, California  
January 18, 2023

**NORTH COAST COUNTY WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2022 and 2021*

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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, 2022. 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 2022, the District's net position increased 5.90%, or \$2,451,604 from the prior year's net position of \$41,579,472 to \$44,031,076, as a result of the year's operations.
- In fiscal year 2022, operating revenues decreased by 5.56%, or \$769,700 from \$13,839,303 to \$13,069,603, from the prior year, primarily due to decreases in residential and multi-unit water consumption sales.
- In fiscal year 2022, operating expenses before depreciation expense decreased by 10.03% or \$1,151,756 from \$11,479,465 to \$10,327,709, from the prior year, primarily due to decreases in costs for source of supply and general and administrative expenses.

**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, 2022 and 2021*

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**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, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 21,540,766	\$ 17,925,538	\$ 3,615,228
Non-current assets	22,682,924	770,014	21,912,910
Capital assets, net	<u>38,609,161</u>	<u>38,060,515</u>	<u>548,646</u>
<b>Total assets</b>	<u>82,832,851</u>	<u>56,756,067</u>	<u>26,076,784</u>
<b>Deferred outflows of resources</b>	<u>1,432,052</u>	<u>1,800,883</u>	<u>(368,831)</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 84,264,903</u>	<u>\$ 58,556,950</u>	<u>\$ 25,707,953</u>
<b>Liabilities:</b>			
Current liabilities	\$ 2,391,896	\$ 1,531,913	\$ 859,983
Non-current liabilities	<u>33,651,968</u>	<u>14,295,298</u>	<u>19,356,670</u>
<b>Total liabilities</b>	<u>36,043,864</u>	<u>15,827,211</u>	<u>20,216,653</u>
<b>Deferred inflows of resources</b>	<u>4,189,963</u>	<u>1,150,267</u>	<u>3,039,696</u>
<b>Net position:</b>			
Net investment in capital assets	33,800,151	34,425,515	(625,364)
Unrestricted	<u>10,230,925</u>	<u>7,153,957</u>	<u>3,076,968</u>
<b>Total net position</b>	<u>44,031,076</u>	<u>41,579,472</u>	<u>2,451,604</u>
<b>Total liabilities, deferred outflows of resources and net position</b>	<u>\$ 84,264,903</u>	<u>\$ 58,556,950</u>	<u>\$ 25,707,953</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 \$44,031,076 as of June 30, 2022.

**NORTH COAST COUNTY WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2022 and 2021*

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**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

**Condensed Balance Sheets (continued)**

By far the largest portion of the District's net position (77% as of June 30, 2022) 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 2022, the District showed a positive balance in its unrestricted net position of \$10,230,925 which may be utilized in future years.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
Operating revenues	\$ 13,069,603	\$ 13,839,303	\$ (769,700)
Operating expenses	<u>(10,327,709)</u>	<u>(11,479,465)</u>	<u>1,151,756</u>
<b>Operating income before depreciation</b>	2,741,894	2,359,838	382,056
Depreciation expense	<u>(1,303,315)</u>	<u>(1,277,595)</u>	<u>(25,720)</u>
<b>Operating income</b>	1,438,579	1,082,243	356,336
Non-operating revenues(expenses), net	<u>548,141</u>	<u>1,297,800</u>	<u>(749,659)</u>
Capital contributions	<u>464,884</u>	<u>63,384</u>	<u>401,500</u>
<b>Change in net position</b>	2,451,604	2,443,427	8,177
Net position:			
<b>Beginning of year</b>	<u>41,579,472</u>	<u>39,136,045</u>	<u>2,443,427</u>
<b>End of year</b>	<u>\$ 44,031,076</u>	<u>\$ 41,579,472</u>	<u>\$ 2,451,604</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 5.90%, or \$2,451,604 from the prior year's net position of \$41,579,472 to \$44,031,076, 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, 2022 and 2021*

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**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

**Total Revenues**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
<b>Operating revenues:</b>			
Water consumption sales	\$ 8,838,709	\$ 9,726,648	\$ (887,939)
Water service charges	4,116,744	3,978,677	138,067
New service connections	16,954	20,138	(3,184)
Other operating revenues	97,196	113,840	(16,644)
<b>Total operating revenues</b>	<u>13,069,603</u>	<u>13,839,303</u>	<u>(769,700)</u>
<b>Non-operating revenues:</b>			
Property taxes	1,272,313	1,114,648	157,665
Investment earnings	(140,320)	30,089	(170,409)
Rental revenue – cellular antennas	256,590	266,456	(9,866)
Other non-operating revenues	12,600	8,510	4,090
<b>Total non-operating revenues</b>	<u>1,401,183</u>	<u>1,419,703</u>	<u>(18,520)</u>
<b>Total revenues</b>	<u>\$ 14,470,786</u>	<u>\$ 15,259,006</u>	<u>\$ (788,220)</u>

In fiscal year 2022, operating revenues decreased by 5.56%, or \$769,700 from \$13,839,303 to \$13,069,603, from the prior year, primarily due to decreases 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, 2022 and 2021*

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**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

**Total Expenses**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<b>Increase (Decrease)</b>
<b>Operating expenses:</b>			
Source of supply	\$ 4,744,991	\$ 5,671,692	\$ (926,701)
Pumping and power	241,586	290,979	(49,393)
Transmission and distribution	2,048,052	1,981,442	66,610
General and administrative	<u>3,293,080</u>	<u>3,535,352</u>	<u>(242,272)</u>
<b>Total operating expenses</b>	<u>10,327,709</u>	<u>11,479,465</u>	<u>(1,151,756)</u>
Depreciation expense	<u>1,303,315</u>	<u>1,277,595</u>	<u>25,720</u>
<b>Non-operating expenses:</b>			
Interest expense	<u>539,351</u>	<u>121,903</u>	<u>417,448</u>
<b>Total non-operating expenses</b>	<u>853,042</u>	<u>121,903</u>	<u>731,139</u>
<b>Total expenses</b>	<u>\$ 12,484,066</u>	<u>\$ 12,878,963</u>	<u>\$ (394,897)</u>

In fiscal year 2022, operating expenses before depreciation expense decreased by 10.03% or \$1,151,756 from \$11,479,465 to \$10,327,709, from the prior year, primarily due to decreases in costs for source of supply and general and administrative expenses.

**Capital Assets**

	<b>Balance</b>	<b>Balance</b>
<b>Capital assets:</b>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Non-depreciable assets	\$ 2,993,409	\$ 1,682,993
Depreciable assets	59,272,183	58,736,522
Accumulated depreciation	<u>(23,656,431)</u>	<u>(22,359,000)</u>
<b>Total capital assets, net</b>	<u>\$ 38,609,161</u>	<u>\$ 38,060,515</u>

At the end of year 2022, the District's investment in capital assets amounted to \$38,609,161 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$1,851,961 for various projects and equipment. See Note 5 for further information.

**NORTH COAST COUNTY WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2022 and 2021*

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**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

**Debt Administration**

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

	<b>Balance</b>	<b>Balance</b>
<b>Long-term debt:</b>	<b><u>June 30, 2022</u></b>	<b><u>June 30, 2021</u></b>
Bonds payable	<u>\$ 26,964,625</u>	<u>\$ 3,635,000</u>

Long-term debt increased by a total of \$23,329,625 for the year ended June 30, 2022. Principal payments on existing debt as well as the issuance of \$20,210,000 in COP refunding bonds and \$3,615,966 in related premium amounted to the increase in long-term debt.

See Note 7 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](mailto:info@nccwd.com).

# NORTH COAST COUNTY WATER DISTRICT

## Balance Sheets

June 30, 2022 (With Comparative Amounts as of June 30, 2021)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2022</u>	<u>2021</u>
<b>Current assets:</b>		<b>Restated</b>
Cash and cash equivalents (Note 2)	\$ 20,479,361	\$ 16,717,751
Accrued interest receivable	49,027	12,035
Accounts receivable, net (Note 4)	693,642	874,664
Accounts receivable – other	2,322	11,970
Lease receivable (Note 5)	242,705	227,018
Property taxes receivable	13,339	11,361
Prepaid expenses	60,370	70,739
<b>Total current assets</b>	<b>21,540,766</b>	<b>17,925,538</b>
<b>Non-current assets:</b>		
Restricted – cash and cash equivalents (Note 2 and 3)	22,155,615	-
Lease receivable (Note 5)	527,309	770,014
Capital assets – not being depreciated (Note 6)	2,993,409	1,682,993
Capital assets – being depreciated, net (Note 6)	35,615,752	36,377,522
<b>Total non-current assets</b>	<b>61,292,085</b>	<b>38,830,529</b>
<b>Total assets</b>	<b>82,832,851</b>	<b>56,756,067</b>
<b>Deferred outflows of resources:</b>		
Deferred amounts related to net OPEB liability (Note 9)	356,289	653,197
Deferred amounts related to net pension liability (Note 10)	1,075,763	1,147,686
<b>Total deferred outflows of resources</b>	<b>1,432,052</b>	<b>1,800,883</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 84,264,903</b>	<b>\$ 58,556,950</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 858,719	\$ 683,161
Deposits and unearned revenues	380,332	305,065
Accrued interest payable	261,127	29,394
Long-term liabilities – due within one year:		
Compensated absences (Note 7)	116,718	109,293
Long-term debt (Note 8)	775,000	405,000
<b>Total current liabilities</b>	<b>2,391,896</b>	<b>1,531,913</b>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	350,152	327,879
Long-term debt (Note 8)	26,189,625	3,230,000
Net OPEB liability (Note 9)	4,375,136	5,764,719
Net pension liability (Note 10)	2,737,055	4,972,700
<b>Total non-current liabilities</b>	<b>33,651,968</b>	<b>14,295,298</b>
<b>Total liabilities</b>	<b>36,043,864</b>	<b>15,827,211</b>
<b>Deferred inflows of resources:</b>		
Deferred amounts related to leases (Note 5)	724,342	965,789
Deferred amounts related to net OPEB liability (Note 9)	918,561	-
Deferred amounts related to net pension liability (Note 10)	2,547,060	184,478
<b>Total deferred inflows of resources</b>	<b>4,189,963</b>	<b>1,150,267</b>
<b>Net position:</b>		
Net investment in capital assets (Note 12)	33,800,151	34,425,515
Unrestricted	10,230,925	7,153,957
<b>Total net position</b>	<b>44,031,076</b>	<b>41,579,472</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 84,264,903</b>	<b>\$ 58,556,950</b>

**NORTH COAST COUNTY WATER DISTRICT***Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2022 (With Comparative Amounts as of June 30, 2021)*

	<u>2022</u>	<u>2021</u>
<b>Operating revenues:</b>		<b>Restated</b>
Water consumption sales	\$ 8,838,709	\$ 9,726,648
Water service charges	4,116,744	3,978,677
New service connections	16,954	20,138
Other operating revenues	97,196	113,840
<b>Total operating revenues</b>	<u>13,069,603</u>	<u>13,839,303</u>
<b>Operating expenses:</b>		
Source of supply	4,744,991	5,671,692
Pumping and power	241,586	290,979
Transmission and distribution	2,048,052	1,981,442
General and administrative	3,293,080	3,535,352
<b>Total operating expenses</b>	<u>10,327,709</u>	<u>11,479,465</u>
<b>Operating income before depreciation</b>	2,741,894	2,359,838
Depreciation expense	<u>(1,303,315)</u>	<u>(1,277,595)</u>
<b>Operating income</b>	<u>1,438,579</u>	<u>1,082,243</u>
<b>Non-operating revenues(expenses):</b>		
Property taxes	1,272,313	1,114,648
Investment earnings	(140,320)	30,089
Rental revenue – cellular antennas	256,590	266,456
Sale of capital assets	12,600	8,510
Interest expense	(539,351)	(121,903)
Cost of debt issuance	<u>(313,691)</u>	<u>-</u>
<b>Total non-operating revenues(expenses), net</b>	<u>548,141</u>	<u>1,297,800</u>
<b>Income before capital contributions</b>	<u>1,986,720</u>	<u>2,380,043</u>
<b>Capital contributions</b>		
Capacity charges	<u>464,884</u>	<u>63,384</u>
<b>Change in net position</b>	2,451,604	2,443,427
<b>Net position:</b>		
Beginning of year, as restated (Note 11)	<u>41,579,472</u>	<u>39,136,045</u>
End of year	<u>\$ 44,031,076</u>	<u>\$ 41,579,472</u>

## NORTH COAST COUNTY WATER DISTRICT

### Statements of Cash Flows

For the Fiscal Year Ended June 30, 2022 (With Comparative Amounts as of June 30, 2021)

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	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		<b>Restated</b>
Cash receipts from customers and others	\$ 13,471,217	\$ 12,757,182
Cash paid to employees for salaries and wages	(2,095,731)	(1,908,066)
Cash paid to vendors and suppliers for materials and services	<u>(8,233,054)</u>	<u>(8,083,689)</u>
<b>Net cash provided by operating activities</b>	<u>3,142,432</u>	<u>2,765,427</u>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes	1,270,335	1,135,802
Receipts from cellular antenna rentals	<u>256,590</u>	<u>266,456</u>
<b>Net cash provided by non-capital financing activities</b>	<u>1,526,925</u>	<u>1,402,258</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(1,851,961)	(1,077,129)
Proceeds from capacity charges	464,884	63,384
Proceeds from the sale of capital assets	12,600	8,510
Proceeds from the issuance of debt	23,825,966	-
Cost of debt issuance	(313,691)	-
Principal paid on long-term debt	(405,000)	(395,000)
Interest paid on long-term debt	<u>(307,618)</u>	<u>(123,878)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>21,425,180</u>	<u>(1,524,113)</u>
<b>Cash flows from investing activities:</b>		
Investment earnings	<u>(177,312)</u>	<u>59,769</u>
<b>Net cash used in investing activities</b>	<u>(177,312)</u>	<u>59,769</u>
<b>Net increase in cash and cash equivalents</b>	25,917,225	2,703,341
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>16,717,751</u>	<u>14,014,410</u>
End of year	<u>\$ 42,634,976</u>	<u>\$ 16,717,751</u>

**NORTH COAST COUNTY WATER DISTRICT***Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2022 (With Comparative Amounts as of June 30, 2021)*

	<u>2022</u>	<u>2021</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		<b>Restated</b>
Operating income	\$ 1,438,579	\$ 1,082,243
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation	1,303,315	1,277,595
Allowance for doubtful accounts expense	(91,341)	47,063
<b>Change in assets - (increase)decrease:</b>		
Accounts receivable, net	181,022	(77,253)
Accounts receivable - other	9,648	(2,116)
Lease receivable	227,018	(997,032)
Inventory - materials and supplies	-	9,989
Prepaid expenses	10,369	30,318
<b>Change in deferred outflows of resources - (increase)decrease</b>		
Deferred amounts related to net OPEB liability	296,908	(653,197)
Deferred amounts related to net pension liability	71,923	70,144
<b>Change in liabilities - increase(decrease):</b>		
Accounts payable and accrued expenses	175,558	68,345
Deposits and unearned revenues	75,267	(52,783)
Compensated absences	29,698	66,294
Net OPEB liability	(1,389,583)	853,999
Net pension liability	(2,235,645)	183,993
<b>Change in deferred inflows of resources - increase(decrease)</b>		
Deferred amounts related to net pension liability	(241,447)	965,789
Deferred amounts related to net OPEB liability	918,561	-
Deferred amounts related to net pension liability	2,362,582	(107,964)
<b>Total adjustments</b>	<u>1,703,853</u>	<u>1,683,184</u>
<b>Net cash provided by operating activities</b>	<u>\$ 3,142,432</u>	<u>\$ 2,765,427</u>

# NORTH COAST COUNTY WATER DISTRICT

## *Notes to Financial Statements*

*June 30, 2022*

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### **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, 2022

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### 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. Lease receivable and Deferred Inflows of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

##### 5. 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:

Description	Estimated Lives
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

# NORTH COAST COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2022

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

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

##### 6. 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 assets 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

##### 7. 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.

##### 8. 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, 2020  
Measurement Date June 30, 2021  
Measurement Period July 1, 2020 to June 30, 2021

##### 9. 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, 2022  
Measurement Date June 30, 2022  
Measurement Period July 1, 2021 to June 30, 2022

# NORTH COAST COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2022

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

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

##### 10. 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".

#### D. 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.

#### E. 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

# NORTH COAST COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2022

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

#### F. New Pronouncements – Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2022, the District has implemented a new pronouncement as follows:

##### **GASB Statement No. 87 – Leases**

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement were effective for reporting periods beginning after December 15, 2019. However, GASB Statement No. 95 postponed its effective date by 18 months due to the COVID-19 pandemic and its effect on the audit/accounting industry. The District adopted the Statement as of July 1, 2020. See Note 5 for the effect of this Statement.

### NOTE 2 – CASH AND INVESTMENTS

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

<u>Description</u>	<u>June 30, 2022</u>
Cash and cash equivalents	\$ 20,479,361
Restricted – cash and cash equivalents	<u>22,155,615</u>
<b>Total cash and cash equivalents</b>	<b><u><u>\$ 42,634,976</u></u></b>

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2022</u>
Petty cash	\$ 500
Demand deposits held with financial institutions	1,695,244
Local agency investment fund (LAIF)	18,783,617
Money market mutual funds	<u>22,155,615</u>
<b>Total cash and cash equivalents</b>	<b><u><u>\$ 42,634,976</u></u></b>

#### **Demand Deposits with Financial Institutions**

At June 30, 2022, the carrying amount of the District's demand deposits were \$1,695,244 and the financial institution's balances were \$1,628,851. 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.

## NORTH COAST COUNTY WATER DISTRICT

### Notes to Financial Statements

June 30, 2022

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#### NOTE 2 – CASH AND INVESTMENTS (continued)

##### **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, 2022, 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, 2022, the District held \$18,783,617 in LAIF.

##### **Money-Market Mutual Funds**

Money-market mutual funds are an investment whose objective is to earn modest investment earnings while maintaining a net asset value (NAV) of \$1 per share (which is the funds main goal – preservation of principal). A money-market mutual fund's portfolio is typically comprised of short-term, or less than one year, securities representing high-quality, liquid debt and monetary instruments with minimal credit risk. Money-market mutual funds are Level 1 investments (with quoted prices in active markets for identical assets) that are Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers money market mutual funds a cash equivalent due to their highly liquid nature and NAV of \$1 per share. As of June 30, 2022, the District held \$22,155,615 in restricted money market mutual funds from the COP issuance.

**NORTH COAST COUNTY WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2022*

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**NOTE 3 – RESTRICTED – CASH AND CASH EQUIVALENTS**

Restricted – cash and cash equivalents as of June 30<sup>th</sup> consisted of the following:

<u>Description</u>	<u>June 30, 2022</u>
Unspent proceeds from loan issuance	\$ 22,155,615
Less: Unspent proceeds from loan issuance	<u>(22,155,615)</u>
<b>Total restricted – net position</b>	<b><u>\$ -</u></b>

The restricted – cash and cash equivalents balance on the balance sheet at June 30, 2022 was cash holdings by the District’s fiscal agent from the remaining unused proceeds from the COP payable – 2021. This amount is then used in the calculation of net investment in capital assets. (See Note 12)

**NOTE 4 – ACCOUNTS RECEIVABLE, NET**

The balance at June 30, 2022 consists of the following;

<u>Description</u>	<u>June 30, 2022</u>
Accounts receivable	\$ 750,705
Allowance for doubtful accounts	<u>(57,063)</u>
<b>Total accounts receivable, net</b>	<b><u>\$ 693,642</u></b>

## NORTH COAST COUNTY WATER DISTRICT

### Notes to Financial Statements

June 30, 2022

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#### NOTE 5 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District’s lease receivable for the year ended June 30, 2022 was as follows:

Description	Balance			Balance June 30, 2022
	July 1, 2021	Additions	Deductions	
Cellular antenna site rental – No. 1	\$ 70,979	\$ -	\$ (16,318)	\$ 54,661
Cellular antenna site rental – No. 2	68,702	-	(15,795)	52,907
Cellular antenna site rental – No. 3	66,364	-	(15,257)	51,107
Cellular antenna site rental – No. 4	69,142	-	(15,896)	53,246
Cellular antenna site rental – No. 5	62,614	-	(14,292)	48,322
Cellular antenna site rental – No. 6	190,524	-	(42,668)	147,856
Cellular antenna site rental – No. 7	172,752	-	(38,575)	134,177
Cellular antenna site rental – No. 8	135,025	-	(31,219)	103,806
Cellular antenna site rental – No. 9	160,932	-	(36,998)	123,934
<b>Total lease receivable</b>	<b>\$ 997,032</b>	<b>\$ -</b>	<b>\$ (227,018)</b>	<b>\$ 770,014</b>

The District is reporting a total lease receivable of \$770,014 and a total related deferred inflows of resources of \$724,342 for the year ending June 30, 2022. Also, the District is reporting total lease revenue of \$238,679 and interest revenue of \$17,911 related to lease payments received for the years ending June 30, 2022.

The leases held by the District do not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease revenue to the net present value. In some cases, leases contain termination clauses. In these cases, the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered “volatile leases.” Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility. The District’s lease is summarized as follows:

##### **Cellular Antenna Site Rental – No. 1**

The District, on July 1, 2020, renewed a continuous lease with AT&T for 60 months as lessor for use of the Gypsy Hill tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$86,478. As of June 30, 2022, the value of the lease receivable was \$54,661. The lease is required to make monthly fixed payments of \$1,412 for the first 12-month period, then increase 3.0% on February 1<sup>st</sup> of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$51,887 as of June 30, 2022. The District recognized lease revenue of \$17,296 and interest revenue of \$1,272 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

##### **Cellular Antenna Site Rental – No. 2**

The District, on July 1, 2020, renewed a continuous lease with Sprint/T-Mobile for 60 months as lessor for use of the Gypsy Hill tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$83,704. As of June 30, 2022, the value of the lease receivable was \$52,907. The lease is required to make monthly fixed payments of \$1,367 for the first 12-month period, then increase 3.0% on February 1<sup>st</sup> of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$50,222 as of June 30, 2022. The District recognized lease revenue of \$16,741 and interest revenue of \$1,231 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

## **NORTH COAST COUNTY WATER DISTRICT**

### *Notes to Financial Statements*

*June 30, 2022*

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#### **NOTE 5 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)**

##### ***Cellular Antenna Site Rental – No. 3***

The District, on July 1, 2020, renewed a continuous lease with Sprint/T-Mobile for 60 months as lessor for use of the Royce tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$80,854. As of June 30, 2022, the value of the lease receivable was \$51,107. The lease is required to make monthly fixed payments of \$1,320 for the first 12-month period, then increase 3.0% on February 1<sup>st</sup> of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$48,512 as of June 30, 2022. The District recognized lease revenue of \$16,171 and interest revenue of \$1,190 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

##### ***Cellular Antenna Site Rental – No. 4***

The District, on July 1, 2020, renewed a continuous lease with Sprint/T-Mobile for 60 months as lessor for use of the Skyline tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$84,239. As of June 30, 2022, the value of the lease receivable was \$53,246. The lease is required to make monthly fixed payments of \$1,376 for the first 12-month period, then increase 3.0% on February 1<sup>st</sup> of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$50,544 as of June 30, 2022. The District recognized lease revenue of \$16,848 and interest revenue of \$1,239 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

##### ***Cellular Antenna Site Rental – No. 5***

The District, on July 1, 2020, renewed a continuous lease with T-Mobile for 60 months as lessor for use of the Fassler tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$76,188. As of June 30, 2022, the value of the lease receivable was \$48,322. The lease is required to make monthly fixed payments of \$1,238 for the first 12-month period, then increase 3.0% on February 1<sup>st</sup> of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$45,713 as of June 30, 2022. The District recognized lease revenue of \$15,238 and interest revenue of \$1,190 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

##### ***Cellular Antenna Site Rental – No. 6***

The District, on July 1, 2020, renewed a continuous lease with T-Mobile for 60 months as lessor for use of the Royce tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$230,176. As of June 30, 2022, the value of the lease receivable was \$147,856. The lease is required to make monthly fixed payments of \$3,584 for the first 12-month period, then increase 5.0% on February 1<sup>st</sup> of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$138,105 as of June 30, 2022. The District recognized lease revenue of \$46,035 and interest revenue of \$3,426 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

##### ***Cellular Antenna Site Rental – No.7***

The District, on July 1, 2020, renewed a continuous lease with T-Mobile for 60 months as lessor for use of the Skyline tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$204,870. As of June 30, 2022, the value of the lease receivable was \$134,177. The lease is required to make monthly fixed payments of \$2,961 for the first 12-month period, then increase 3.0% on February 1<sup>st</sup> of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$122,922 as of June 30, 2022. The District recognized lease revenue of \$40,974 and interest revenue of \$3,127 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

# NORTH COAST COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2022

### NOTE 5 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

#### Cellular Antenna Site Rental –No. 8

The District, on July 1, 2020, renewed a continuous lease with Verizon for 60 months as lessor for use of the Gypsy Hill tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$164,658. As of June 30, 2022, the value of the lease receivable was \$103,806. The lease is required to make monthly fixed payments of \$2,688 for the first 12-month period, then increase 3.0% on February 1<sup>st</sup> of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$98,795 as of June 30, 2022. The District recognized lease revenue of \$30,164 and interest revenue of \$2,418 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

#### Cellular Antenna Site Rental – No. 9

The District, on July 1, 2020, renewed a continuous lease with Verizon for 60 months as lessor for use of the Royce tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$196,071. As of June 30, 2022, the value of the lease receivable was \$123,934. The lease is required to make monthly fixed payments of \$3,202 for the first 12-month period, then increase 3.0% on February 1<sup>st</sup> of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$117,642 as of June 30, 2022. The District recognized lease revenue of \$39,214 and interest revenue of \$2,885 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Minimum future lease receipts for the next four fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 242,705	\$ 13,204	\$ 255,909
2024	256,328	8,227	264,555
2025	270,981	2,970	273,951
Total	770,014	\$ 24,401	\$ 794,415
Current	(242,705)		
Long-term	\$ 527,309		

Changes in the District’s deferred inflows of resources related to leases for June 30, 2022 is as follows:

<u>Description</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>
Cellular antenna site rental – No. 1	\$ 69,182	\$ -	\$ (17,296)	\$ 51,887
Cellular antenna site rental – No. 2	66,963	-	(16,741)	50,222
Cellular antenna site rental – No. 3	64,683	-	(16,171)	48,512
Cellular antenna site rental – No. 4	67,391	-	(16,848)	50,544
Cellular antenna site rental – No. 5	60,950	-	(15,238)	45,713
Cellular antenna site rental – No. 6	184,141	-	(46,035)	138,105
Cellular antenna site rental – No. 7	163,896	-	(40,974)	122,922
Cellular antenna site rental – No. 8	131,726	-	(32,932)	98,795
Cellular antenna site rental – No. 9	156,856	-	(39,214)	117,642
<b>Total deferred inflows</b>	<b>\$ 965,789</b>	<b>\$ -</b>	<b>\$ (241,447)</b>	<b>\$ 724,342</b>

## NORTH COAST COUNTY WATER DISTRICT

### Notes to Financial Statements

June 30, 2022

#### NOTE 5 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2022, will be amortized in future periods as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Inflows of Resources
2023	\$ 241,447
2024	241,447
2025	241,448
Total	<u>\$ 724,342</u>

#### NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2022, were as follows:

Description	Balance July 1, 2021	Additions	Deletions/ Transfers	Balance June 30, 2022
<b>Non-depreciable assets:</b>				
Land	\$ 832,867	\$ -	\$ -	\$ 832,867
Construction-in-process	850,126	1,310,416	-	2,160,542
<b>Total non-depreciable assets</b>	<u>1,682,993</u>	<u>1,310,416</u>	<u>-</u>	<u>2,993,409</u>
<b>Depreciable assets:</b>				
Transmission and distribution system	21,858,843	312,203	-	22,171,046
Source of supply plant	4,490,088	125,211	-	4,615,299
Reservoirs	14,267,385	10,005	-	14,277,390
Pumping plant	1,981,484	-	-	1,981,484
Recycled water project	10,690,030	-	-	10,690,030
Telemetry equipment	843,933	94,125	-	938,058
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	2,643,863	-	(5,884)	2,637,979
<b>Total depreciable assets</b>	<u>58,736,522</u>	<u>541,545</u>	<u>(5,884)</u>	<u>59,272,183</u>
<b>Accumulated depreciation:</b>				
Less: Accumulated depreciation	(22,359,000)	(1,303,315)	5,884	(23,656,431)
<b>Total accumulated depreciation</b>	<u>(22,359,000)</u>	<u>(1,303,315)</u>	<u>5,884</u>	<u>(23,656,431)</u>
<b>Total depreciable assets, net</b>	<u>36,377,522</u>	<u>(761,770)</u>	<u>-</u>	<u>35,615,752</u>
<b>Total capital assets, net</b>	<u>\$ 38,060,515</u>	<u>\$ 548,646</u>	<u>\$ -</u>	<u>\$ 38,609,161</u>

## NORTH COAST COUNTY WATER DISTRICT

### Notes to Financial Statements

June 30, 2022

#### NOTE 7 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2022, were as follows:

<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in More</u> <u>Than One Year</u>
\$ 437,172	\$ 238,196	\$ (208,498)	\$ 466,870	\$ 116,718	\$ 350,152

#### NOTE 8 – LONG -TERM DEBT

Changes in long-term debt payable for the fiscal year ended June 30, 2022 were as follows:

<u>Description</u>	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Payments/</u> <u>Amortization</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
2012C Revenue Refunding Bonds	\$ 3,635,000	\$ -	\$ (405,000)	\$ 3,230,000	\$ 420,000	\$ 2,810,000
2021 Certificates of Participation	-	20,210,000	-	20,210,000	355,000	19,855,000
2021 Certificates of Participation – premium	-	3,615,966	(91,341)	3,524,625	-	3,524,625
<b>Total bonds payable</b>	<b>\$ 3,635,000</b>	<b>\$ 23,825,966</b>	<b>\$ (496,341)</b>	<b>\$ 26,964,625</b>	<b>\$ 775,000</b>	<b>\$ 26,189,625</b>

#### 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, 2022, a total of \$3,230,000 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, 2022, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	475,000	39,300	514,300
2028-2029	990,000	32,500	1,022,500
Total	3,230,000	\$ 364,075	\$ 3,594,075
Current	(420,000)		
Long-term	\$ 2,810,000		

## NORTH COAST COUNTY WATER DISTRICT

### Notes to Financial Statements

June 30, 2022

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#### NOTE 8 – LONG -TERM DEBT (continued)

##### 2021 Certificates of Participation (COP)

On November 23, 2021, COPs with a face value of \$20,210,000 were sold by the Public Property Financing Corporation (Corporation) to finance certain capital improvement projects including the cost of design, acquisition, and construction of a new District administration building, corporation yard and a new water tank. An installment purchase agreement between the District, as Buyer, and the Corporation, as Seller, was executed for the scheduled payment of principal and interest associated with the COPs. The installment payments are to be paid from general funds as described in the installment agreement. The 2021 COPs bear an interest rate of 4.00% and are payable semiannually on April 1 and September 1 of each year, commencing September 1, 2022. The 2021 COPs mature in fiscal year 2052. An interest rate premium in the amount of \$3,615,966 was calculated on the issuance of the COPs and will be amortized over the life of the debt. At June 30, 2022, a total of \$20,210,000 of the 2021 COPs remains outstanding.

Maturities of the 2021 COPs and interest payments subsequent to June 30, 2022, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 355,000	\$ 801,300	\$ 1,156,300
2024	370,000	786,800	1,156,800
2025	385,000	771,700	1,156,700
2026	400,000	756,000	1,156,000
2027	420,000	739,600	1,159,600
2028-2032	2,355,000	3,428,100	5,783,100
2033-3037	2,880,000	2,906,600	5,786,600
2038-2042	3,515,000	2,268,500	5,783,500
2043-2047	4,290,000	1,490,800	5,780,800
2048-2052	5,240,000	518,300	5,758,300
Total	20,210,000	<u>\$ 14,467,700</u>	<u>\$ 34,677,700</u>
Current	<u>(355,000)</u>		
Long-term	<u>\$ 19,855,000</u>		

# NORTH COAST COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2022

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### NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

#### Summary

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

<u>Description</u>	<u>2022</u>
OPEB related deferred outflows	\$ 356,289
Net other post-employment benefits liability	4,375,136
OPEB related deferred inflows	918,561

#### 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, 2022 measurement date, the following members were part of the plan:

	<u>2022</u>
Inactive plan members or beneficiaries currently receiving benefit payments	24
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	8
Total	<u>32</u>

# NORTH COAST COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2022

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### NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

#### A. General Information about the OPEB Plan (continued)

##### 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.

##### 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, 2022, the measurement period, the District's contributions totaling \$296,056 included \$280,755 in current year premium payments, and an implied subsidy of \$15,301.

##### 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, 2022 and was determined by an actuarial valuation as of June 30, 2022. 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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2022
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	3.69%
Long-Term Expected	
Rate of Return on Investments	3.69%
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, 2022

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### NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

#### B. Net OPEB Liability (continued)

##### Discount Rate

The discount rate used to measure the total OPEB liability was 3.69%. 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
<b>Balance at July 1, 2021 (Measurement date July 1, 2021)</b>	<b>\$ 5,764,719</b>	<b>\$ -</b>	<b>\$ 5,764,719</b>
<b>Changes for the year:</b>			
Service cost	132,169	-	132,169
Interest	110,392	-	110,392
Differences in experience	(227,466)	-	(227,466)
Changes in assumption	(1,108,622)	-	(1,108,622)
Employer contributions	-	-	-
Net investment income	-	296,056	(296,056)
Benefit payments	(296,056)	(296,056)	-
Net changes	(1,389,583)	-	(1,389,583)
<b>Balance at June 30, 2022 (Measurement date June 30, 2022)</b>	<b>\$ 4,375,136</b>	<b>\$ -</b>	<b>\$ 4,375,136</b>

##### Changes of Assumptions

In fiscal year 2021-22, the measurement period, the interest rate assumption changed to 3.69% from 1.69%.

##### Change of Benefit Terms

In fiscal year 2021-22, 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, 2022

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#### NOTE 9 – 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 (2.69%) or 1 percentage point higher (4.69%) than the current discount rate:

	<u>1% Decrease</u> <u>2.69%</u>	<u>Discount Rate</u> <u>3.69%</u>	<u>1% Increase</u> <u>4.69%</u>
Net OPEB Liability	<u>\$ 4,935,974</u>	<u>\$ 4,375,136</u>	<u>\$ 3,905,263</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:

	<u>3.00%</u>	<u>Healthcare Cost</u> <u>4.00%</u>	<u>5.00%</u>
Net OPEB Liability	<u>\$ 3,782,644</u>	<u>\$ 4,375,136</u>	<u>\$ 5,111,231</u>

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$121,942. At June 30, 2022, 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</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Changes in assumptions	224,340	(762,178)
Differences between expected and actual experience	131,949	(156,383)
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<u>\$ 356,289</u>	<u>\$ (918,561)</u>

## NORTH COAST COUNTY WATER DISTRICT

### Notes to Financial Statements

June 30, 2022

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#### NOTE 9 – 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>
2023	\$ (120,619)
2024	(358,146)
2025	<u>(83,507)</u>
<b>Total</b>	<u>\$ (562,272)</u>

At June 30, 2022, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

#### NOTE 10 – PENSION PLAN

##### Summary

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

<u>Description</u>	<u>2022</u>
Pension related deferred outflows	\$ 1,075,763
Net pension liability	2,737,055
Pension related deferred inflows	2,547,060

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, 2022

### NOTE 10 – 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 2022	14.194%	11.031%	7.732%

##### 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, 2021 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, 2021 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	3	1	10	14
Transferred and terminated members	3	1	3	7
Retired members and beneficiaries	23	-	-	23
<b>Total plan members</b>	<b>29</b>	<b>2</b>	<b>13</b>	<b>44</b>

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, 2022

### NOTE 10 – 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, 2022, were as follows:

		Miscellaneous Plans		
Classic Tier 1	Classic Tier 2	PEPRA Tier 2	Total	
\$ 686,892	\$ 9,001	\$ 50,660	\$ 746,553	

#### 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, 2021, 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, 2020, rolled forward to June 30, 2021, 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, 2022:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2020 (Measurement Date)	\$ 18,434,182	\$ 13,461,482	\$ 4,972,700
Balance as of June 30, 2021 (Measurement Date)	\$ 19,964,594	\$ 17,227,539	\$ 2,737,055
<b>Change in Plan Net Pension Liability</b>	<b>\$ 1,530,412</b>	<b>\$ 3,766,057</b>	<b>\$ (2,235,645)</b>

# NORTH COAST COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2022

### NOTE 10 – 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, 2021, measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	
Measurement Date	June 30, 2021	June 30, 2020	
Percentage of Risk Pool Net Pension Liability	0.144146%	0.117890%	0.026256%
Percentage of Plan Net Pension Liability	0.050609%	0.045703%	0.004906%

For the year ended June 30, 2022, the District recognized pension expense of \$945,414. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	\$ 746,553	\$ -
Difference between actual and proportionate share of employer contributions	22,278	-
Adjustment due to differences in proportions	-	(157,756)
Differences between expected and actual experience	306,932	-
Differences between projected and actual earnings on pension plan investments	-	(2,389,304)
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 1,075,763</b>	<b>\$ (2,547,060)</b>

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, 2022

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### NOTE 10 – 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 \$746,553 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, 2023. 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>
2023	\$ (485,218)
2024	(516,291)
2025	(556,062)
2026	(660,279)
<b>Total</b>	<u>\$ (2,217,850)</u>

##### 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. The June 30, 2021, 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, 2022

### NOTE 10 – 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.

Investment Type	New Strategic Allocation	Real Return Years 1 - 10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
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%
	100.0%		

<sup>1</sup> An expected inflation of 2.0% is used for years 1-10.

<sup>2</sup> 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:

Plan's Net Pension Liability/(Asset)		
Discount Rate -	Discount Rate	
1%	Current Discount Rate 7.15%	+ 1%
6.15%	Rate 7.15%	8.15%
5,372,999	\$ 2,737,055	\$ 557,959

## NORTH COAST COUNTY WATER DISTRICT

### Notes to Financial Statements

June 30, 2022

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#### NOTE 10 – 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, 2022, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2022.

#### NOTE 11 – PRIOR PERIOD ADJUSTMENT

Beginning net position as of July 1, 2020 was restated by \$0, for the District's retroactive restatement for the adoption of *GASB No. 87 - Leases* as noted below as the lease started on July 1, 2020:

<u>Description</u>	<u>Balance</u>
<b>Net position:</b>	
Beginning of year, as previously stated	\$ 39,136,045
Lease receivable	1,207,236
Deferred amounts related to leases	<u>(1,207,236)</u>
Net adjustment	<u>-</u>
Beginning of year, as restated	<u><u>\$ 39,136,045</u></u>

Beginning net position as of July 1, 2021 was restated by \$31,243, for the District's restatement for the adoption of *GASB No. 87 - Leases* as noted below as the lease continued through July 1, 2021:

<u>Description</u>	<u>Balance</u>
<b>Net position:</b>	
Beginning of year, as previously stated	\$ 41,548,229
Lease receivable	997,032
Deferred amounts related to leases	<u>(965,789)</u>
Net adjustment	<u>31,243</u>
Beginning of year, as restated	<u><u>\$ 41,579,472</u></u>

**NORTH COAST COUNTY WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2022*

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**NOTE 12 – NET INVESTMENT IN CAPITAL ASSETS**

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

<u>Description</u>	<u>June 30, 2022</u>
<b>Net investment in capital assets:</b>	
Capital assets – not being depreciated	\$ 2,993,409
Capital assets, net – being depreciated	35,615,752
Long-term debt – current portion	(775,000)
Long-term debt – non- current portion	(26,189,625)
Unspent proceeds from COP issuance (Note 3)	<u>22,155,615</u>
<b>Total net investment in capital assets</b>	<b><u>\$ 33,800,151</u></b>

**NOTE 13 – 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, 2022

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#### NOTE 14 – 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:

<b>A. Entity</b>	ACWA-JPIA
<b>B. Purpose</b>	To pool member contributions and realize the advantages of self-insurance
<b>C. Participants</b>	As of September 30, 2022 – 396 member districts
<b>D. Governing board</b>	Nine representatives employed by members
<b>E. Condensed financial information</b>	September 30, 2021
<b>Audit signed</b>	March 30, 2022
<b>Statement of financial position:</b>	<b>Sept 30, 2021</b>
<b>Total assets</b>	<u>\$ 271,770,359</u>
<b>Deferred outflows</b>	<u>1,189,142</u>
<b>Total liabilities</b>	<u>123,558,690</u>
<b>Deferred inflows</b>	<u>(409,721)</u>
<b>Net position</b>	<u>\$ 149,810,532</u>
<b>Statement of revenues, expenses and changes in net position:</b>	
<b>Total revenues</b>	\$ 200,883,781
<b>Total expenses</b>	<u>(174,760,456)</u>
<b>Change in net position</b>	26,123,325
<b>Beginning – net position</b>	<u>123,687,207</u>
<b>Ending – net position</b>	<u>\$ 149,810,532</u>
<b>F. Member agencies share of year-end financial position</b>	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, 2022

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#### NOTE 14 – 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, 2022, 2021, and 2020. 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, 2022, 2021, and 2020.

#### NOTE 15 – COMMITMENTS AND CONTINGENCIES

##### Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

##### Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems within its service area. At June 30, 2022, the District had committed \$145,700 to complete open construction contracts.

##### 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.

**NORTH COAST COUNTY WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2022*

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**NOTE 16 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through January 18, 2023, the date which the financial statements were available to be issued.

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***Required Supplementary Information***

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# NORTH COAST COUNTY WATER DISTRICT

## Schedule of the District's Proportionate Share of the Net Pension Liability For the Year Ended June 30, 2022

### Last Ten Fiscal Years\*

#### California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

<u>Measurement Date</u>	<u>District's Proportion of the Net Pension Liability</u>	<u>District's Proportionate Share of the Net Pension Liability</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability</u>
June 30, 2014	0.13172%	\$ 3,255,380	\$ 1,610,044	202.19%	73.91%
June 30, 2015	0.13691%	3,756,060	1,563,150	240.29%	70.87%
June 30, 2016	0.12456%	4,327,222	1,565,577	276.40%	67.72%
June 30, 2017	0.12192%	4,805,974	1,527,533	314.62%	68.38%
June 30, 2018	0.12179%	4,590,011	1,703,966	269.37%	71.19%
June 30, 2019	0.11958%	4,788,707	1,655,381	289.28%	72.15%
June 30, 2020	0.11789%	4,972,700	1,636,813	303.80%	73.02%
June 30, 2021	0.14415%	2,737,055	1,692,267	161.74%	86.29%

#### 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.

##### From fiscal year June 30, 2021 to June 30, 2022:

There were no significant changes in assumptions.

\*Fiscal year 2014 was the first measurement date year of implementation; therefore, only eight 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, 2022*

**Last Ten Fiscal Years\***

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
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%
June 30, 2022	746,553	(746,553)	-	1,950,960	38.27%

**Notes to Schedule:**

<b>Fiscal Year</b>	<b>Valuation Date</b>	<b>Actuarial Cost Method</b>	<b>Asset Valuation Method</b>	<b>Inflation</b>	<b>Investment Rate of Return</b>
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%
June 30, 2022	June 30, 2020	Entry Age	Market Value	2.50%	7.15%

<b>Amortization Method</b>	Level percentage of payroll, closed
<b>Salary Increases</b>	Depending on age, service, and type of employment
<b>Investment Rate of Return</b>	Net of pension plan investment expense, including inflation
<b>Retirement Age</b>	50 years (2%@55 and 2%@60), 52 years (2%@62)
<b>Mortality</b>	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 eight 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, 2022

Fiscal Year Ended Measurement Date	Last Ten Fiscal Years*				
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB liability:</b>					
Service cost	\$ 132,169	\$ 110,210	\$ 248,118	\$ 187,592	\$ 228,758
Interest	110,392	132,970	136,765	153,972	198,831
Changes of assumptions	(1,108,622)	598,242	-	-	-
Differences between expected and actual experience	(227,466)	351,863	(40,208)	727,704	(1,127,012)
Benefit payments	(296,056)	(339,286)	(318,435)	(236,688)	(219,443)
<b>Net change in total OPEB liability</b>	<b>(1,389,583)</b>	<b>853,999</b>	<b>26,240</b>	<b>832,580</b>	<b>(918,866)</b>
<b>Total OPEB liability - beginning</b>	<b>5,764,719</b>	<b>4,910,720</b>	<b>4,884,480</b>	<b>4,051,900</b>	<b>4,970,766</b>
<b>Total OPEB liability - ending</b>	<b>4,375,136</b>	<b>5,764,719</b>	<b>4,910,720</b>	<b>4,884,480</b>	<b>4,051,900</b>
<b>Plan fiduciary net position:</b>					
Net investment income	296,056	339,286	318,435	236,688	219,443
Benefit payments	(296,056)	(339,286)	(318,435)	(236,688)	(219,443)
<b>Plan fiduciary net position - ending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>District's net OPEB liability</b>	<b>\$ 4,375,136</b>	<b>\$ 5,764,719</b>	<b>\$ 4,910,720</b>	<b>\$ 4,884,480</b>	<b>\$ 4,051,900</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered-employee payroll</b>	<b>1,205,671</b>	<b>1,970,105</b>	<b>1,883,273</b>	<b>2,080,080</b>	<b>1,923,330</b>
<b>District's net OPEB liability as a percentage of covered-employee payroll</b>	<b>362.88%</b>	<b>292.61%</b>	<b>260.75%</b>	<b>234.82%</b>	<b>210.67%</b>

### 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  
 Measurement Date June 30, 2022 – 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  
 Measurement Date June 30, 2022 – The interest rate assumption changed to 3.69% from 1.69%

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

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***Supplementary Information***

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**NORTH COAST COUNTY WATER DISTRICT**  
*Schedule of Capacity Charges*  
*For the Year Ended June 30, 2022*

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<b>Transmission and Storage Revenue Reconciliation A/C #4980</b>
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<b>Transmission and Storage Revenue Details Analysis:</b>	<b>Amount</b>
1016 Escalero Ave	\$ 9,412
412 Glasgow Dr	5,441
250 Rockaway Beach Ave	14,853
155 Bonita Ave	9,412
165 Pacific Ave	5,441
44 Salada Ave	5,441
Lots 4-12 Oddstad Dr	14,853
1028 Manzanita Dr	5,441
170 Winona Ave	5,441
150 Eureka Sq	8,912
325 Beaumont Blvd	14,853
1667 Higgins Way	8,912
801 Fassler Ave	<u>356,472</u>
<b>Total Transmission &amp; Storage Revenue</b>	<b>\$ <u>464,884</u></b>

**Public improvement expenditures for the fiscal year ended June 30, 2022:**

<b>Public improvement projects</b>	<b>Project expenditures</b>	<b>Percentage Complete</b>
Sheila Tank Replacement Project	\$ 198,161	8%
Loop at Everglades Pipeline Project	72,924	2%
Fassler Tank Project	30,929	1%
Reservoir Fence Maintenance	10,005	12%
Annual Pipeline Project	312,203	16%
Meter Replacement Program	83,161	21%
Fire Hydrant Replacement	42,051	12%
Regulator Updates	<u>94,125</u>	9%
	<b>\$ <u>843,560</u></b>	
	<b>Project expenditures funded with the above fees</b>	
	<b><u>Amount</u></b>	<b><u>Percentage</u></b>
	<b>\$ <u>464,884</u></b>	<b>55%</b>

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***Other Independent Auditors' Reports***

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**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, 2022, 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 January 18, 2023.

**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.

A handwritten signature in blue ink that reads "Nigro & Nigro, PC". The signature is written in a cursive style.

Walnut Creek, California  
January 18, 2023