

STEGE SANITARY DISTRICT BOARD OF DIRECTORS MEETING
DISTRICT BOARD ROOM, 7500 SCHMIDT LANE, EL CERRITO, CA
DECEMBER 8, 2022 **@2:00 P.M.**
www.stegesan.org • staff@stegesan.org

***** AGENDA *****

Items on the agenda may be taken out of order.

Public comment is limited to three (3) minutes for each individual speaker.

In accordance with California Government Code Section 54957.5, any writing that is a public record and relates to an open session agenda item which is distributed less than 72 hours prior to the meeting shall be available for public inspection at the District Office, 7500 Schmidt Lane, El Cerrito, during regular business hours. Copies of the agenda are posted on the District website at www.stegesan.org. Those disabled persons requiring auxiliary aids or services in attending or participating in this meeting should notify the District at least 48 hours prior to the meeting at 510/524-4668.

Members of the public can observe the live stream of the meeting by accessing <https://zoom.us/j/84090509848> or by calling (669) 900-9128 and entering the Meeting ID# 840 9050 9848 followed by the pound (#) key.

Public comment can be sent remotely by delivering to 7500 Schmidt Lane, El Cerrito, CA 94530 or via email to comments@stegesan.org with "Public Comment" in the subject line. To provide written comment on an item on the agenda or to address the Board during Public Comment, please note the agenda item number that you want to address or whether you intend for the comment to be included in Public Comment. Comments timely received 15 minutes before the starting time of the meeting will either be provided as written comment or be read into the record, with a maximum allowance of 3 minutes per individual comment read into the record, subject to the Board President's discretion. Copies of all timely received written comments will be provided to the Board and will be added to the official record.

Pursuant to AB 361 and AB 2449, Board Members may be attending this meeting via remote conferencing. In the event that any Board Member elects to attend remotely, all votes conducted during the remote conferencing session will be conducted by roll call vote.

I. Call To Order

II. Roll Call

Agenda Items: Directors and Officers of the Board will consider and announce if they have any conflicts of interest posed by items on the meeting agenda.

III. Public Comment

(Members of the public are invited to address the Board concerning topics that are **not** on the agenda)

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DECEMBER 8, 2022 @2:00 P.M.
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IV. Approval of Minutes

- Motion: A. Approval of November 10, 2022 Board Meeting Minutes
(The Board will be asked to review and approve the minutes)

Info: **V. Communications**

- A. Oral Communications
1. Brief reports from Directors on matters related to the District, including attendance at city or community meetings
 - a. City & Community Meetings
- B. Written Communications
1. KIDS for the BAY – 2021-2022 School Year Annual Report

Info/Motion: **VI. Reports of Staff and Officers**

- A. Administrative Supervisor's Report
1. District Investment Policy – Options
- B. Maintenance Superintendent's Report
1. Emergency Response Review – Board Training
- C. Attorney's Report
- D. Manager's Report
1. Monthly Maintenance Summary Report
 2. Monthly Report of Sewer Replacements and Repairs
 3. Consent Decree Quarterly Report
 4. Emergency Contact Updates
 5. AB 361 – Special Meeting, December 22, 2022
 6. 2023 California Association of Sanitation Agencies (CASA) Conferences
 - January 25-27 – Winter Conference, Palm Springs, CA
 - February 27 - March 1 – Washington DC Forum
 - August 9-11 – Annual Conference, San Diego, CA
 7. 2023 California Special Districts Association (CSDA) Conference
 - a. August 28-31 – Annual Conference, Monterey, CA

VII. Business

- Info/Motion: A. Fiscal Year 2021-22 Financial Audit Report

STEGE SANITARY DISTRICT BOARD OF DIRECTORS MEETING
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(The Board will consider accepting the report as presented by the auditor,
Chavan and Associates)

- Info/Motion: B. Connection Charge Calculation Report
(The Board will review the report and consider changing the connection charge)
- Info/Motion: C. 2023 Board Meeting Calendar
(The Board will consider approving the calendar)
- Resolution/Motion: D. Resolution No. 2218-1222 Finding that there is a Proclaimed State of Emergency; Finding that Meeting in Person Would Present Imminent Risks to the Health or Safety of Attendees as a Result of the State of Emergency; and Authorizing Remote Teleconferenced Meetings of the Stege Sanitary District for the 30 Day Period Beginning December 8 Pursuant to AB 361
(The Board will review and consider the resolution to continue to meet remotely pursuant to Assembly Bill 361)
- Resolution/Motion: E. Resolution No. 2219-1222 Approving a Contract with Elk Grove Auto/ Winner Chevrolet for a 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab Truck in the Amount Not to Exceed \$45,897.51
(The Board will review and consider the resolution)

- Info: **VIII. Monthly Financial Statements**
- A. Monthly Investment, Cash, Receivables Report
 - B. Monthly Operating Statement
 - C. Pension and Other Post-Employment Benefits (OPEB) Unfunded Actuarial Liability (UAL) Report
(The Board will review the financial reports and statements)

- Info/Motion: **IX. Approval of Checks**
- A. Checks for December 8, 2022 - Fund No. 3418 & 3423
(The Board will be asked to approve the checks)

- Info: **X. Future Agenda Items**
January 19, 2023
CLOSED SESSION – Quarterly Claims Reports

STEGE SANITARY DISTRICT BOARD OF DIRECTORS MEETING
DISTRICT BOARD ROOM, 7500 SCHMIDT LANE, EL CERRITO, CA
DECEMBER 8, 2022 @2:00 P.M.

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CLOSED SESSION – Manager Performance Evaluation

Board Governance Manual Review

Service Rate Discussion

Long Range Planning Workshop Agenda

Director's Contact Info

Board Training Summary

CASA Conference

Quarterly Financial Statements

Form 700

+AB 361 – 30 Day Virtual Meeting Extension

February 2, 2023

Performance Report

Service Rate Discussion

Long Range Planning Workshop Agenda

Board Training Summary

CASA Conference

CASA Conference – Attendee reports

NOMINATION AND ELECTION OF OFFICERS

Motion:

Nomination and Election of Officers – 2023

(The Board will nominate and elect officers for calendar year 2023)

XI. Adjournment

(The next meeting of the Stege Sanitary District Board of Directors is scheduled to be held on January 19, 2023 at 7:00 P.M. at the District Board Room, 7500 Schmidt Lane, El Cerrito, CA.)

STEGE SANITARY DISTRICT BOARD OF DIRECTORS
 MEETING OF NOVEMBER 10, 2022
 TIME OF MEETING: 7:00 P.M.
 DISTRICT BOARD ROOM, 7500 SCHMIDT LANE, EL CERRITO, CA

*****MINUTES*****

- I. **Call to Order:** President Merrill called the meeting to order at 7:00 P.M.
- II. **Roll Call:** Present: Christian-Smith*, Gilbert-Snyder*, Miller,
O’Keefe*, Merrill
- Absent: None
- Others Present: Rex Delizo, District Manager
 Alex Mog*, Office of the District Counsel
 Alexandra Farros-Hoepfner*, Bellecci &
 Associates, Inc. (Item IIV.F only)
 Kimberly Calica*, AMG & Associates, LLC (Item
 IIV.F only)
 Supervisor John Gioia, Contra Costa County
**via video-conference*

Agenda Items: Directors and Officers of the Board did not announce any conflicts of interest posed by items on the meeting agenda.

Item VII.F was taken out of order at this time in the meeting.

VII. Business

- F. Consideration of Relocation of Sanitary Sewer Main – 1755 Eastshore Blvd., El Cerrito, CA 94530

The Board approved the request to relocate a sanitary sewer main onto the Eastshore Blvd. right-of-way at no expense to the District.

MOTION: By Christian-Smith, seconded by Gilbert-Snyder, to approve Bellecci and Associate’s request to relocate the existing sanitary sewer main along 1755 Eastshore Blvd., El Cerrito, CA 94530 and abandon the existing sanitary sewer easement at no expense to the District

STEGE SANITARY DISTRICT BOARD OF DIRECTORS
 MEETING OF NOVEMBER 10, 2022
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VOTE: AYES: Christian-Smith, Gilbert-Snyder, Miller, O’Keefe,
 Merrill
 NOES: None
 ABSTAIN: None
 ABSENT: None

The Board resumed the order of the agenda at this time in the meeting.

III. Public Comment: Contra Costa County Supervisor John Gioia commended Director Miller for his 37 years of exemplary civil service and presented Director Miller with a framed certificate of appreciation. There was no other public comment.

IV. Approval of Minutes

A. Approval of October 20, 2022 Board Meeting Minutes

MOTION: By Miller, seconded by O’Keefe, to approve the minutes of the October 20, 2022 Board Meeting, as corrected

VOTE: AYES: Miller, O’Keefe, Merrill
 NOES: None
 ABSTAIN: Christian-Smith, Gilbert-Snyder
 ABSENT: None

V. Communications

A. Oral Communications

A. Brief reports from Directors on matters related to the District, including attendance at city or community meetings

a. City & Community Meetings

Director Miller gave a report on a presentation that he help to arrange for the Christ Lutheran Senior Center on October 24th.

B. Written Communications

STEGE SANITARY DISTRICT BOARD OF DIRECTORS
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There were no items to consider.

VI. Reports of Staff and Officers

A. Attorney's Report:

Mog had no items to report.

B. Manager's Report:

1. Monthly Maintenance Summary Report

The Manager reported no significant issues with last month's maintenance activities.

2. Monthly Report of Sewer Replacements and Repairs

The Manager reported on one repair invoice paid in October.

3. Proposed Meeting Calendar

The Manager reported on the proposed meeting calendar for 2023.

4. Board Officer Succession Plan

The Manager reported on the projected succession plan for the Board president and vice president positions.

5. 2023 California Association of Sanitation Agencies (CASA) Conferences

The Manager reported on the upcoming CASA conferences dates for 2023.

6. 2023 California Special Districts Association (CSDA) Conference

The Manager reported on the upcoming CSDA annual conference date for 2023.

VII. Business

A. Ordinance No. 2213-1122 Amending the Stege Sanitary District Ordinance Code, Section 4.8.2.2 - Lateral Replacement Loan Program

The Board approved the Ordinance that excludes properties that have triggered the regional Private Sewer Lateral (PSL) ordinance from participating in the loan program.

STEGE SANITARY DISTRICT BOARD OF DIRECTORS
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MOTION: By Gilbert-Snyder, seconded by Miller, to approve Ordinance No. 2213-1122 Amending the Stege Sanitary District Ordinance Code, Section 4.8.2.2 - Lateral Replacement Loan Program, as corrected

VOTE: AYES: Christian-Smith, Gilbert-Snyder, Miller, Merrill
 NOES: O'Keefe
 ABSTAIN: None
 ABSENT: None

B. Ordinance No. 2214-1122 Amending the Stege Sanitary District Ordinance Code, Section 4.4.5 – Backflow Protective Device

The Board discussed the proposed Ordinance that would require BPDs for all properties regardless of the elevation difference of the next upstream manhole and asked, by unanimous consent, to bring the item back with more information at a future Board meeting.

C. Resolution No. 2215-1122 Finding that there is a Proclaimed State of Emergency; Finding that Meeting in Person Would Present Imminent Risks to the Health or Safety of Attendees as a Result of the State of Emergency; and Authorizing Remote Teleconferenced Meetings of the Stege Sanitary District for the 30 Day Period Beginning November 10 Pursuant to AB 361

The Board approved the resolution to make necessary findings to continue to meet remotely pursuant to Assembly Bill 361.

MOTION: By O'Keefe, seconded by Gilbert-Snyder, to approve Resolution No. 2215-1122 Finding that there is a Proclaimed State of Emergency; Finding that Meeting in Person Would Present Imminent Risks to the Health or Safety of Attendees as a Result of the State of Emergency; and Authorizing Remote Teleconferenced Meetings of the Stege Sanitary District for the 30 Day Period Beginning November 10 Pursuant to AB 361

VOTE: AYES: Christian-Smith, Gilbert-Snyder, Miller, O'Keefe

STEGE SANITARY DISTRICT BOARD OF DIRECTORS
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NOES: Merrill

ABSTAIN: None

ABSENT: None

D. Resolution No. 2216-1122 Approving a Contract with WECO Industries, LLC for a 2023 GapVax MC1007-3S3X Combination Water Jetting and Vacuum System Sewer Cleaning Truck in the Amount Not to Exceed \$559,281.43

The Board approved the resolution to procure a new replacement combination water jetting and vacuum system sewer cleaning truck.

MOTION: By Gilbert-Snyder, seconded by Miller, to approve Resolution No. 2216-1122 Approving a Contract with WECO Industries, LLC for a 2023 GapVax MC1007-3S3X Combination Water Jetting and Vacuum System Sewer Cleaning Truck in the Amount Not to Exceed \$559,281.43

VOTE: AYES: Gilbert-Snyder, Miller, O'Keefe, Merrill

NOES: Christian-Smith

ABSTAIN: None

ABSENT: None

E. Resolution No. 2217-1122 Commending Alan C. Miller for the Long and Extraordinary Service as a Member of the Board of Directors of the Stege Sanitary District

The Board approved the resolution to recognize, commend, and declare its appreciation and undying gratitude to Alan C. Miller for his over thirty-seven years of extraordinarily distinguished and exemplary public service as a Member of the Board of Directors of the Stege Sanitary District, thank him most warmly and sincerely for his service, extend to him the very best wishes for the future, and designate November 10th, 2022, Al Miller Appreciation Day.

STEGE SANITARY DISTRICT BOARD OF DIRECTORS
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MOTION: By O’Keefe, seconded by Gilbert-Snyder, to approve Resolution No. 2217-1122 Commending Alan C. Miller for the Long and Extraordinary Service as a Member of the Board of Directors of the Stege Sanitary District

VOTE: AYES: Christian-Smith, Gilbert-Snyder, O’Keefe, Merrill
 NOES: None
 ABSTAIN: Miller
 ABSENT: None

F. Consideration of Relocation of Sanitary Sewer Main – 1755 Eastshore Blvd., El Cerrito, CA 94530

This item was taken out of order earlier in the meeting (see above).

VIII. Monthly Financial Statements

- A. Monthly Investment, Cash, Receivables Report
 B. Monthly Operating Statement

The financial items were reviewed by the Board with no significant issues.

IX. Approval of Checks

- A. Checks for November 10, 2022 - Fund No. 3418 & 3423

MOTION: By Gilbert-Snyder, seconded by Christian-Smith, to pay the bills, Check Nos. 27894 through 27932 in the amount of \$169,169.35

VOTE: AYES: Christian-Smith, Gilbert-Snyder, Miller, O’Keefe, Merrill
 NOES: None
 ABSTAIN: None
 ABSENT: None

X. Future Agenda Items

STEGE SANITARY DISTRICT BOARD OF DIRECTORS
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December 8, 2022 – 2:00PM

Fiscal Year Financial Audit
 Connection Charge Review
 Emergency Contact Update
 Meeting Calendar
 Consent Decree Quarterly Report
 CASA Conference
 Pension + OPEB UAL Reports
 Nomination & Election of Officers
 +*AB 361 – 30 Day Virtual Meeting Extension*
 + *District Investment Policy - Options*

January 19, 2023

CLOSED SESSION – Quarterly Claims Reports
 CLOSED SESSION – Manager Performance Evaluation
 Board Governance Manual Review
 Service Rate Discussion
 Long Range Planning Workshop Agenda
 Director’s Contact Info
 Board Training Summary
 CASA Conference
 Quarterly Financial Statements
 Form 700
 +*AB 361 – 30 Day Virtual Meeting Extension*

CLOSED SESSION

Public Employment Performance Evaluation

Gov. Code § 54957

Title: District Manager

The Board entered into closed session at 9:07 P.M. and returned to open session at 9:45 P.M. President Merrill announced the Board had taken no reportable actions.

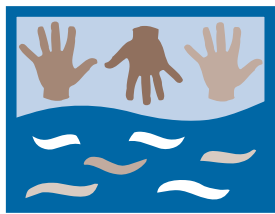
STEGE SANITARY DISTRICT BOARD OF DIRECTORS
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XI. Adjournment

The meeting was adjourned at 9:49 P.M. The next meeting of the District Board of Directors will be held on Thursday, December 8, 2022 at **2:00 P.M.** at the District Board Room, 7500 Schmidt Lane, El Cerrito, California

Rex Delizo
STEGE SANITARY DISTRICT
Secretary

Celebrating our 30 Year Anniversary!



**KIDS for
the BAY**

Celebrating 30 Years!

**2021-2022 School Year
ANNUAL REPORT**

Everyone Is an Environmentalist!

A Message from Mandi Billinge

Executive Director and Founder of KIDS for the BAY



I founded KIDS for the BAY 30 years ago because I wanted to provide opportunities for students in under-resourced schools to connect with nature, explore the world around them, learn hands-on science, and become inspired environmentalists. Since 1992, 100,590 students have graduated from

KIDS for the BAY programs, and 4,039 partner teachers have received curricula, resources, support and training. More than 12,000 parents and caregivers have volunteered as field trip chaperones and environmental stewards to support their childrens' learning.



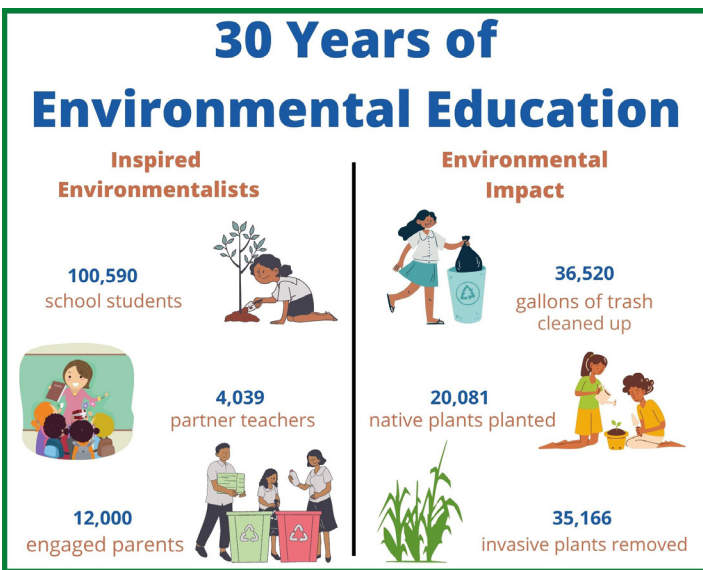
Current and past KftB staff at a picnic in Tilden Park, Summer 2022

KIDS for the BAY is unique in many ways. Our programs combine **place-based learning** in our partner school classrooms, and outside in the school campus environment, with **walking field trips to local park and creek habitats**. We also provide special bus field trips to **bay shorelines and ocean beaches**. We encourage our students to **connect with nature** in small-sized urban green spaces, as well as in wide open natural spaces. We combine watershed-wide environmental awareness with local, **student-led Environmental Action Projects** that empower our young environmentalists, reduce pollution in school neighborhoods and help protect the entire watershed.

In student-led school wide assemblies, buddy-class presentations and family information events, KIDS for the BAY students teach others how to prevent pollution and practice the Five Rs (Reduce, Reuse, Recycle, Rot and Refuse) to protect and steward local watersheds. Our young leaders



Continued on page 3



KIDS for the BAY has had a **30-year commitment to the values of diversity, equity and inclusion**. We are also a women-founded and led organization, started at a time when there were very few women Executive Directors in the environmental field. **The majority of our current and past staff includes women and people of color**, and many have **become leaders and change agents** in the field of environmental education.

KIDS for the BAY Staff

- Mandi Billinge
Executive Director/Founder
- Mikayla Martin
Communications/Office Manager
- Shay Hart
Education Manager
- Corey Chan
Program Coordinator/Environmental Educator
- Yvette Diaz Samayoa
Program Coordinator/Environmental Educator
- Alix Martin
Program Coordinator/Environmental Educator

KIDS for the BAY Advisory Board Members

- Leilani Alo, Advisory Board President
- Kimberly Aguilar
- Kate Gallagher
- Tiffany Grandstaff
- Shefali Shah
- Sheela Shankar
- Clifford Thompson D.Ed.

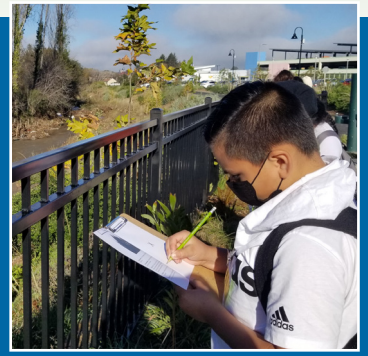
A Project of



KftB staff training at Sausal Creek

also teach others how to safely prepare and cook bay-delta fish to reduce the intake of toxins. They make and distribute green pesticides to use at home and in school gardens to reduce the harmful impacts of toxic pesticides. Our student stewards also help to restore local urban creeks and bay shorelines by planting trees and wildflowers, and by removing invasive plants, trash and waste from watershed habitats. These activities increase ownership of these special places. In our programs, **KIDS for the BAY students become leaders and environmentalists in their schools and families.**

Thanks to our partners and supporters, and thanks to our creativity and adaptability, **KIDS for the BAY has continued to thrive through two world recessions and a global pandemic!** We are extremely thankful to all of our staff, past and present, to our wonderful Advisory Board Members, to our funders and donors, and of course to our students, teachers and families who partner with us. **With your support, we are looking forward to empowering 100,000 more environmentalists in the next thirty years!** We will



also continue our commitment to keep diversity, equity and inclusion at the core of the guiding principles of our work, and to provide environmental education for under-resourced school communities that wouldn't otherwise have these opportunities.

Thank you for your support!

Mandi J. Billinge

Clean California Grant Awarded to the City of Richmond and Local Partners Including KIDS for the BAY!

KIDS for the BAY is a key community partner in an exciting grant-funded project that will enhance local parks and green spaces in the City of Richmond. A big thank you to the California Department of Transportation (Caltrans), for providing the grant, to the City of Richmond staff, and all the community partners who worked hard to make this amazing opportunity possible!



"KIDS for the BAY is very excited to partner with the City of Richmond and three local elementary schools, Peres, Lincoln and Coronado, in the Clean California Project," said Mandi Billinge, Executive Director and Founder of KIDS for the BAY. **"We look forward to engaging our partner teachers, school students and families in meaningful environmental education experiences, and to working together to keep City neighborhoods, parks and green spaces clean and healthy for everyone to enjoy."**

Donor Spotlight: Alison and Virgil Rhodius

We are so thankful to long-time EverGreen Monthly Donors Alison and Virgil Rhodius! Alison and Virgil have been major donors to KIDS for the BAY for more than 20 years and they were some of our very first monthly donors. We are so thankful for your steadfast support, which is crucial in helping KIDS for the BAY provide equitable access to nature and hands-on environmental science education to students who wouldn't otherwise have these opportunities. Thank you, Alison and Virgil!

"Helping an organization that focuses on environmental issues is very important to us. In this era of climate change, we feel strongly about educating the next generation to help change the issues which impact our environment and climate. Instilling scientific and evidence-based principles in young people is fundamental to both of us, since Virgil is a scientist in bioinformatics and Alison is a professor in applied sport and performance psychology. We have known Mandi for many years and have seen how her continued hard work is impacting the education of under-resourced



communities in the Bay Area. We wholeheartedly support Mandi and KIDS for the BAY!"

— Alison and Virgil Rhodius

IN THE 2021-2022 SCHOOL YEAR, KIDS FOR THE BAY PARTNERED WITH 122 TEACHERS AND 3,419 STUDENTS!

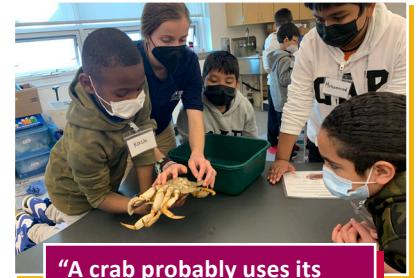
Turning Students onto Science

Hands-on Investigations of Bay Animal Adaptations

“An adaptation is like a special skill that helps an organism survive in its habitat,” Aria explained.

Young scientists at Michelle Obama Elementary School in Richmond and Fairmont Elementary School in El Cerrito had the opportunity to closely investigate seaweed, striped bass fish, and Dungeness crabs during their KIDS for the BAY (KftB) watershed lessons, and learn all about bay organism adaptations. KftB Educator Alix Martin came to each class with a very special set of teaching supplies and our young scientists had the opportunity to closely study bay organisms using their senses, ask and answer questions, and record their observations. “The seaweed has thin layers!” exclaimed Adrian studying dried red algae (nori) and rehydrated bull kelp. “When you dry the seaweed, it becomes tougher and harder to rip!” shared Amir. Ms. Alix was excited to talk with students about how fish gills work, what the crab claws might be used for, and the different adaptations each organism had. She was thrilled to see the young scientists figure out many organism adaptations on their own through their investigations.

Students were also eager to talk about food webs and food chains, using examples from our California coastal waters. Third grade student Alexis explained, “Sea otters are important because if they don’t eat sea urchins, the urchins will eat all the kelp.” Ms. Alix shared a chart that illustrated how this imbalance in the food chain would affect the entire kelp forest ecosystem. Everyone agreed that it is so important to protect all bay-ocean species and reduce pollution to protect their unique ecosystems.



“A crab probably uses its pincers as an adaptation to protect itself!”

**— Emmanuel
Third Grade Student,
Michelle Obama Elementary
School, Richmond**

Connecting Students with Nature

In the 2021 - 2022 school year, KIDS for the BAY students went on creek, San Francisco Bay and ocean habitat field trips to:

- Barbara and Jay Vincent Park, Richmond
- Berkeley Marina
- Big Break, Oakland
- Crab Cove, Alameda
- Keller Beach, Richmond
- Martinez Marina
- Muir Beach, Marin County
- Sausal Creek, Oakland
- Strawberry Creek, Berkeley
- Sunol Regional Wilderness
- Walnut Creek Civic Park
- Wildcat Creek, Richmond

Exploring Crab Cove

Do you know what's hiding beneath the rocks, burrowing in the sand and mud, or swimming in the water at Crab Cove in Alameda? Students from Cleveland and New Highland elementary schools in Oakland were so excited to join their KIDS for the BAY Educator, Yvette Diaz Samayoa, for a fun-filled educational field trip experience at this special bay habitat, and discover the answers to these questions.

The field trip began with plankton identification activities. At the brackish water pond, Ms. Yvette demonstrated how to collect samples using a plankton net and vial. Our young scientists then rushed over to the table stations with microscopes, pipettes, and slides, eager to observe the tiny organisms. They were thrilled to discover dinoflagellates and copepods. Studying identification cards, they learned how some plankton photosynthesize, while others are parasitic. Copepods are very important to the ecosystem and a major food source for whales, seabirds, and crustaceans.

The students were very excited to use binoculars and search for birds along the shoreline. They spotted a wide variety of birds, including a marbled godwit, curlews and sandpipers. In their rocky shore investigation, students enjoyed finding crabs of all shapes



and sizes. Megan shared how she enjoyed finding marine pill bugs. Some of our environmentalists even found a beached bat ray.

At the Crab Cove Visitor Center students were excited to learn more about the species they identified and discovered in their natural habitats. They were fascinated by the interactive exhibits and aquariums.



The shark display where they were able to touch shark jaws and skin was especially interesting. They observed an eel, a leopard shark, and hermit crabs up close.

Now our young environmental leaders can return to Crab Cove with their friends and families and share their new knowledge to continue inspiring environmental education and action!

Inspiring Environmental Action

In the 2021 - 2022 school year, KIDS for the BAY environmentalists accomplished the following projects:

- **3,419 student leaders** created and shared informational posters, videos and environmental pledges at special presentation events to teach their families and school communities about the importance of protecting the local watershed and the San Francisco Bay to keep these environments clean and healthy. Our students also made and distributed green pesticides, and led safe bay-delta fish cooking presentations to teach their families how to reduce intake of toxins and protect their health.
- KftB student rangers **cleaned up 3,498 gallons of trash** from their local watershed environments, including school campuses, local parks, creek, bay and ocean habitats.
- KftB student environmentalists **completed 7,036.5 environmental stewardship hours**, cleaning up and protecting the environment we all share, and educating others about protecting the environment.

Student Leaders Teach About Safe Delta Fish Consumption

“Did you know that Mercury, PCB’s and other toxic chemicals can be found in our watershed and can make their way onto our plates and into our bodies?” asked Zachary, a fifth grade student from John Muir Elementary School in Antioch. Zachary was educating his classmates on the risks of consuming toxins when eating delta fish.

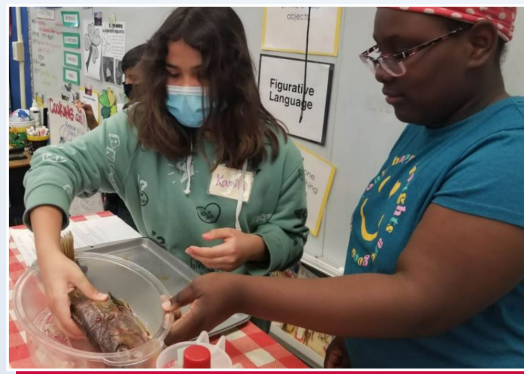
Many of the fourth and fifth grade students in Mrs. Moylan’s and Mrs. Allen’s classes at John Muir Elementary either eat, or know someone who eats, fish from the San Francisco Bay-Delta. After participating in the Watershed Action Program this school year with KIDS for the BAY Educator Corey Chan, students wanted to learn more about the fish in the delta and how to prepare and cook fish to remove as many toxins as possible.

Ms. Corey demonstrated this, with the help of student volunteers. The audience watched and eagerly took notes to prepare for the presentations they would provide for younger classes at their school. Spreading awareness to friends and family about how to safely prepare and cook delta fish to reduce intake of toxins can help reduce environmental health risks. “Which fish are safe to eat depends on the location caught in the bay and the type and size of the fish,” Gio informed his classmates.

Our environmental leaders were excited to help with each step in the demonstration for their own student-led presentations. The first group began by sharing a “toxic sites” map of our watershed. The next group addressed chemicals like Mercury and PCBs that travel up the bay and delta food chain. Emily noted, “Since we are part of the food chain, pollution in our bodies can end up making us sick. People and other top predators get the most pollution through biomagnification since we are at the top of many food chains.”

The classroom became a fish-cooking kitchen when eager students began prepping the ginger sesame soy sauce, steaming the fish and tortillas, and sprinkling seasoning. It was filled with smells of ginger, green onions, lemon, and lime. Lela proudly displayed the rock fish and began explaining how to prepare it to remove as many of the toxins as possible. “Since the organs have been removed, I will now cut holes on each side of the fish which allows the juices containing more toxins in the fat to drain out. After it is cooked we will remove the skin and dark meat to remove more toxins.” Lela seasoned the fish inside and out with salt and garlic powder, and the whole group helped to stuff lemon slices inside. Placing the fish into the steamer, Kamila added, “The steam will cook the fish and the juices and toxins will collect in the bottom.”

After lining up to get their tasty fish tacos, students returned to their desks and could finally satisfy their stomachs. Ariana called out, “My grandma has some competition. This fish is delicious!”



KIDS for the BAY Guardian Award 2022

KIDS for the BAY Guardian Awards are bestowed on teachers and principals who show their commitment to one or more of our programs and continue to teach our programs year after year.

Debbie Cruger-Hansen and Diane Hoy, Fourth Grade Teachers

KIDS for the BAY is excited to present the 2022 Guardian Award to fourth grade teaching team Debbie Cruger-Hansen and Diane Hoy from Mira Vista School, Richmond. This dynamic duo has been dedicated to teaching KftB programs for over a decade! Every year they work together to ensure that every fourth grade student receives a meaningful experience in environmental education. They have participated in multiple KftB programs throughout their tenure, and have incorporated components from each program into their own curriculum. Whether developing lessons about “Ester the Estuary” or conducting trash cleanup projects with their KftB cleanup kits, they have constantly thought of ways to connect the important environmental concepts learned in the programs to their teaching.



“We love KIDS for the BAY! Incorporating these programs each year has made us better people. It has made us care more about the world and the impact we have on our students. They see us care, and in turn it makes them care. It is really beautiful to watch! Some of our favorite experiences have been with the trash cleanups and the ocean beach field trips. Anytime you can take kids somewhere they’ve never been before and give them a positive educational experience is a win!”

— Debbie Cruger-Hansen and Diane Hoy
Mira Vista School, Richmond

After over 20 years of teaching together, Debbie and Diane recently announced their retirement. Even though they will be gone from Mira Vista, their legacy will carry on through the teachers and students who continue their work.

“It is bittersweet to say we are completing our teaching careers, but we are so thankful that we have been able to do what we love for this long. We are looking forward to seeing new partnerships develop between KftB and Mira Vista with the new teachers that will be coming on board. KftB is amazing and we want everyone to know about it!”

— Debbie Cruger-Hansen and Diane Hoy, Mira Vista Elementary School, Richmond

KIDS for the BAY Past Staff Highlights

Bhavana Mody

During the course of my career, I have had the good fortune to be a teacher in a variety of settings, including environmental education, classroom teaching and mindfulness-based movement! I currently work as a program manager and coach with the Niroga Institute. Our focus at Niroga is mindful movement and self-care with the hope that these practices will serve as beneficial tools for school students and staff in elementary, middle, and high schools throughout the Bay Area and beyond. I love sharing these tools with everyone who’s interested and it’s an honor to be part of the Niroga team informing school wellness and social emotional learning initiatives.

I felt the same pride when I worked at KIDS for the BAY! I loved teaching the most engaging and fun science lessons and bringing awareness to local environmental issues. The three years

I was at KftB were very impactful for me as an educator and as a human on this planet. Alongside the students, I learned about San Francisco Bay flora and fauna, about the bay ecosystem, and the important resource that it is. What I also appreciated about teaching with KftB is that I felt more inclined to practice what I teach! After teaching students about air pollution or the impacts of plastic waste, I found myself considering my environmental footprint more in my everyday life – at the grocery store, in what kind of transportation I used, etc.

While at KftB, I also gained non-profit organizational skills including teacher outreach, writing reports and conducting evaluations. These skills have helped me in my current role at the Niroga Institute. I gained so many professional skills at KftB, but what I absolutely cherished from my time there was having repeated

opportunities to be fully present with kids as we made discoveries in the field and in the classroom together. The contagious joy during these moments was very therapeutic and inspiring for me, and always reminded me to let go of

“what’s next” and focus more on the present. I have so many wonderful memories teaching with KftB but I especially loved it when we carefully peeked under rocks in the creeks and along the bay shoreline and discovered the creatures up close that hid beneath them!

I am thankful and happy that KftB continues to offer such powerful experiences for students in the Bay Area, because now more than ever, kids need this sense of empowerment and inspiration to advocate for themselves, their communities, their flora and fauna and their futures. **Thank you KIDS for the BAY, and keep up the amazing work!**



Summer Camp 2022 Highlights



“This has been our kids’ favorite camp! They loved being outside and going to different sites. We really appreciated the environmentalism, and both of my kids loved running around and getting dirty. The ecology theme was awesome and the kids came home with new knowledge.”

— Jordan Thompson
Camp Parent



“I LOVED seeing the sea squirts during belly biology!”

— Maddie, Camper



KIDS for the BAY campers, staff and youth leaders had a wonderful summer enjoying the outdoors! We explored beautiful creek, pond, forest, meadow, bay and ocean habitats together, and learned about the special ecosystems of each of our unique locations! Our favorite moments included:

- Discovering green shore crabs hiding under the rocks at low tide
- Meeting reptile friends including a gopher snake and chahoua gecko in a visit with ‘Things That Creep’
- Hiking, bird-watching, animal tracking, identifying local species and figuring out their adaptations
- Learning how everything is interconnected in bay and ocean food chains
- Finding tiny bones inside owl pellets and fitting them together into possible prey skeletons
- Making seed balls full of native wildflower seeds to plant and grow at home
- Feeding friendly farm animals including geese, goats and cows at the Little Farm in Tilden Regional Park
- Helping to restore Strawberry Creek on UC Berkeley campus and removing invasive ivy
- Building intricate forts and magical fairy houses in redwood forest groves
- Learning about plant anatomy, eating delicious plant part tacos and investigating carnivorous plants
- Exploring Rodeo Beach and its unique ocean ecosystem on the California coast
- Cleaning up trash and reducing plastic pollution by practicing the Five Rs (Reduce, Reuse, Recycle, Rot and Refuse).



“You can really feel the thoughtfulness the Counselors and Leaders in Training had for the kids. Everything and everyone went above and beyond our expectations.”

— Dev Heyrana
Camp Parent

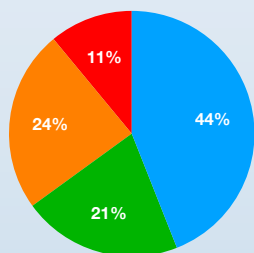


“Since there is so little freshwater for people to drink, we have to make sure to do everything we can to protect what’s left!”

— Anna, Camper

Statement of Financials

July 2021 – June 2022



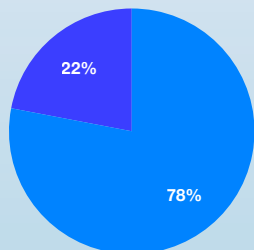
SUPPORT AND REVENUE

Total Support and Revenue \$436,017

Government Contracts	\$190,000 (44%)
Foundation and Corporate Grants ...	\$91,500 (21%)
Service Revenue.....	\$108,384 (24%)
Donations	\$46,133 (11%)

Financial Position as of June, 2022

Assets	\$667,687
Liabilities	\$67,976
Net Assets	\$599,711



EXPENSES

Total Expenses: \$433,740

Program	\$338,317 (78%)
Administration, Development and Fundraising	\$95,423 (22%)

Thank you to our generous funders and donors for the 2021-2022 School Year!

Foundations, Corporations, Public Agencies, and Other Funders

Alameda Countywide Clean Water Program
Alameda County Fish and Game Commission
Altamont Education Advisory Board
Angora Ridge Foundation
Avila and Associates Consulting Engineers, Inc.
Berkeley Garden Club Conservation Committee
Cheese Board Pizza Collective
City of Alameda
City of Antioch
City of El Cerrito
City of Hercules
City of Pittsburg

City of Pleasant Hill
City of San Pablo
City of Walnut Creek
Clif Bar Family Foundation
Contra Costa County Fish and Wildlife
Committee
Dean and Margaret Leshar Foundation
Entrekin Family Foundation
Fiddlehead Donor Advised Fund
Justice Outside/San Francisco Foundation:
• Youth Access to Nature Fund

Saffron + Poe
San Francisco Public Utilities Commission
Silicon Valley Community Foundation:
• Daphne and Stuart Wells
• Noble and Lorraine Hancock Family Fund
• Tundra Glacier Fund
Stege Sanitary District
Stillwater Sciences
Strong Foundation for Environmental Values
The Bernard Osher Foundation
Tides Foundation:
• J. Vance Huckins Fund

Individual Donors

EVERGREEN MONTHLY DONORS CLUB

Alison and Virgil Rhodius
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Michelle Calavita

Mandi Billinge and James Kliegel
Sheela Shankar*
Shefali Shah* and Saleem Shakir-Gilmore
Tiffany Grandstaff*

WATERSHED ACTIVISTS (\$5,000+)

Ricardo Torres & Nat Damon
Zac and Amy Weinberg
(Angora Ridge Foundation)

ESTUARY GUARDIANS (\$2,500)

Gail, Charles and Nate Entrekin
Kuppe and Shaku Shankar

HABITAT PROTECTORS (\$1,000+)

Daphne & Stuart Wells
Cody Burr (Saffron and Poe)
Leilani Alo*
Lynn Landor
Susan Goldstein and Andy Kivel

BAY SPONSORS (\$500+)

Dilip and Purnima Shah
Katy Lee (Stillwater Sciences)
Kimberly Aguilar*
Mandi Billinge and James Kliegel
Nick Griffin
Sandra Tsui

CREEK STEWARDS (\$250+)

Alison and Virgil Rhodius
Berkeley Garden Club Conservation Committee
Cynthia De Leon
James Wilson and Jena Regan
Jessica Nusbaum and Chris Jannusch
Ken Mannshardt
Margaret Norman and Geoff Holton
Maureen Sullivan
Sheela Shankar*
Shefali Shah* and Saleem Shakir-Gilmore
Sumana Rao
Tiffany Grandstaff*
Tricia Andres and Jacki Murray

FIELD TRIP SPONSORS (\$150+)

Arthur Clinton
Andrew Patel
Bhavana Mody
Elaine Miyamori
Kristi Kenney (Fiddlehead Donor Advised Fund)
Jennifer Stern
John and Jacqui Billinge
Joshua Rai
Ken Mannshardt
Sue Ramsay
Wick Pancoast and Carrie Wilson

ENVIRONMENTAL ACTION PROJECT SPONSORS (\$100+)

Alison DeJung
Andrew Lurie
Annika Rudback
Arthur Clinton
Bhavana Mody
Cam and Dennis Wolff
Darlene Ceremello
Denise Brown
Fred and Wendy Keith
Hilary Naylor
Joyce Thieman and Earl W Ross
Margaret M. Kliegel
Michelle Calavita
Mike & Sue Mannshardt
Patricia St. John
Shirleymae and Igor Skaredoff
Susan Wilde
Toni Chan
Winnie Tan

ENVIRONMENTALIST SPONSORS (\$50+)

Asha Bucklin
Claudia Thiltgen
Courtnee Hamity
Elaine Miyamori
Geran Ranney
J. Patrick Stair
Kam Phillips-Sadler
Lydia Garvey
Marlene Nusbaum

SUMMER CAMP SCHOLARSHIP FUND

Amanda Steigerwald
Beth Puno
Brian Shillinglaw
Ellen Ayres
Emily Rosenthal
Jaclynn Davis
Joshua Sussman
Kate Miller
Kathy Grosswiler
Kristin Anderson
Kristina Yoshida
Molly Keegan
Mynda Glynn
Niki Shelley
Peter Guerrero
Rebecca Miller
Sarah Holzman

* Advisory Board Member

RESOLUTION NO. 2068-0716

RESOLUTION REVISING RESOLUTION NO. 1928-0508,
ESTABLISHING THE INVESTMENT POLICY OF THE
STEGE SANITARY DISTRICT

The Directors of the Stege Sanitary District find and determine as follows:

- A. Temporarily idle public funds placed in the District's trust by its customers, should be invested to produce revenue for the District rather than remain idle.
- B. A primary duty and responsibility of the Directors of the Stege Sanitary District is to protect, preserve and maintain intact the cash and investments of the District.

In consideration of these findings and determinations, it is resolved as follows:

1. The investment policy of the Directors of the Stege Sanitary District shall be, in order of priority, to invest idle funds of the District with the basic objectives of investment safety, liquidity and yield. Investment yield shall be a consideration only after the basic requirements of safety and liquidity have been met. Consideration will also be given to the effects of the investment on the natural environment and quality of life.
2. The basic objectives of the District's investment program shall be defined as:
 - a. Investment safety – The preservation of invested capital shall be a primary concern. Risk due to interest rate fluctuations shall also be controlled by limiting the term of all fixed yield investments to not greater than two years.
 - b. Liquidity – The District's investment program shall maintain sufficient liquidity to meet cash flow needs of the District.
 - c. Yield – The District's investment shall return the maximum yield consistent with meeting the first two objectives.

3. Investing in the State Local Agency Investment Fund (LAIF) constitutes one acceptable investment strategy to meet the above basic objectives of the District's investment program.
4. The District may invest up to twenty percent (20%) of its funds in broad-index mutual funds to obtain higher yield.
5. The District Manager is hereby authorized to invest and deposit for safekeeping, as far as possible, all money belonging to, or in the custody of the District, pursuant to Section 53635 et seq. of the Government Code of the State of California, and shall submit a monthly report of investments to the Board of Directors.
6. Investments or securities so purchased with idle funds shall be kept in safe keeping in a depository in accordance with the provisions of Section 53608 of the Government Code of the State of California while they are the property of the District.

* * * * *

STATE OF CALIFORNIA)
COUNTY OF CONTRA COSTA)

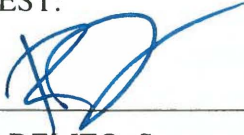
I HEREBY CERTIFY that the foregoing Resolution No. 2068-0716 was duly and regularly adopted by the Directors of the Stege Sanitary District, at a regular meeting held on the 28th day of July 2016, by a 4-0 vote as follows:

AYES:	BOARD MEMBERS:	Gilbert-Snyder, James, Merrill, Miller
NOES:	BOARD MEMBERS:	None
ABSENT:	BOARD MEMBERS:	O'Keefe
ABSTAIN:	BOARD MEMBERS:	None



ALAN MILLER, President
Stege Sanitary District
Contra Costa County, California

ATTEST:



REX DELIZO, Secretary
Stege Sanitary District

From: [Aaron Bonck](#)

Sent: Monday, November 14, 2022 1:56 PM

To: [Kary R.](#)

Subject: RE: Public Funds Investment Market Update from TVI

Good afternoon Kary,

Good to hear from you!

For public entities in California, the main investment options (that are legal per government code) that are utilized tend to be federally insured CDs and US Treasury and Government Agency bonds. Both of these are appealing to public entities due to their high level of safety while offering fixed-rate yields that tend to be higher than the LAIF or other liquid investment options.

Below are some examples of these CDs and government bonds. The CDs are FDIC or NCUA insured up to \$250,000 per institution. In the 2-5 year range, CDs are currently offering a pretty solid pick-up in yield over comparable Treasury bonds. Under 2 years, though, bonds tend to be a bit better than CDs so I included a few shorter-term bonds as well.

If you would like to walk through these options and their features a bit more in depth at some point please let me know.

	CUSIP	ISSUER	MATURITY DATE	YIELD	FDIC/NCUA #
5 YEAR CDs	14042RVN8	CAPITAL ONE NA	11/16/2027	5.00%	4297
	02589AEG3	AMERICAN EXPR NATL BK	11/16/2027	5.00%	27471
	254673Z74	DISCOVER BANK	11/15/2027	5.00%	5649
	87165HW30	SYNCHRONY BANK	11/10/2027	4.90%	27314
4 YEAR CDs	356436AD7	FREEDOM NORTHWEST CU	11/9/2026	5.00%	65722
	07181JAV6	BAXTER CREDIT UNION	11/30/2026	5.00%	68187
	14042RVP3	CAPITAL ONE NA	11/16/2026	4.95%	4297
	254673Z66	DISCOVER BANK	11/16/2026	4.95%	5649
3 YEAR CDs	02589AEF5	AMERICAN EXPR NATL BK	11/17/2025	4.95%	27471
	05580AS70	BMW BANK NORTH AMERICA	11/18/2025	4.95%	35141
	14042RVQ1	CAPITAL ONE NA	11/17/2025	4.90%	4297
	87165HW22	SYNCHRONY BANK	11/10/2025	4.85%	27314
2 YEAR CDs	9497633R5	WELLS FARGO BANK NA	11/14/2024	4.90%	3511
	05580AS62	BMW BANK NORTH AMERICA	11/18/2024	4.90%	35141
	07181JAW4	BAXTER CREDIT UNION	11/28/2024	4.90%	68187
	35909FAK0	FRONTIER BANK SD	11/25/2024	4.85%	33922

6 MONTH AGENCY BOND:**Trade Information**
 Trader
 At

 CUSIP 3135G04Q3
 NYSE SYMB N.A.

 9 BUY M of FNMA 0 1/4 05/22/23

 Issuer FANNIE MAE
 Dated 05/22/20

 Price Yield

 Settlement (T+1 for calendar 'US')

Ratings S&P AA+ Moody's Aaa Fitch AAA

Notes

Trade Numbers

Principal		USD	978,915.00
Accrued	(173 days)		1,201.39
Total		USD	980,116.39

1 YEAR AGENCY BOND:**Trade Information**
 Trader
 At

 CUSIP 3130ATWD5
 NYSE SYMB N.A.

 9 BUY M of FHLB 4 5/8 11/15/23

 Issuer FED HOME LN BAN...
 Dated 11/15/22

 Price Yield

 Settlement (T+1 for calendar 'US')

Ratings S&P N.A. Moody's Aaa Fitch N.A.

Notes

Trade Numbers

Principal		USD	1,000,725.00
Accrued	(0 days)		0.00
Total		USD	1,000,725.00

1 YEAR 7 MONTH AGENCY BOND

Trade Information

Trader	AARON BONCK			CUSIP	3130ATVC8
At	TVI			NYSE SYMB	N.A.
9 BUY	1000	M	of FHLB 4 ⁷ / ₈ 06/14/24	Issuer	FED HOME LN BAN...
Price	100.558200	Yield	4.500046	Dated	11/07/22
Settlement	11/15/22 (T+1 for calendar 'US')				
Ratings	S&P AA+ Moody's Aaa Fitch N.A.				

Notes

Trade Numbers

Principal		USD	1,005,582.00
Accrued	(8 days)		1,083.33
Total		USD	1,006,665.33

Let me know what you think.

Thanks,

Aaron

Aaron Bonck, CFA | Vice President

Time Value Investments, Inc. | 9725 3rd Ave NE, Suite 610 | Seattle, WA 98115

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STEGE SANITARY DISTRICT
MONTHLY MAINTENANCE SUMMARY REPORT
Nov-22

1. ROUTINE PREVENTIVE MAINTENANCE ACTIVITIES

There were 21 normal working days	Days	Feet
Unit #10 (combo) operated:	12	53,900
Unit #11 (rodder) operated:	0	0
Unit #15 (video) operated:	7	13,527
Unit #16 (combo) operated:	6	10,016

	Month (feet)		Quarter (feet)		
	Planned	Unplanned	Planned	Unplanned	Remaining
Total Cleaned	54,468	949	116,983	22,460	86,757
Total Video	5,926	7,601	14,170	12,442	50,856

2. MONTHLY SERVICE CALLS

After-hour service calls: 8 Calls 8 Calls out

SERVICE CALLS, OVERFLOWS, AND BACKUPS

YEAR	MO	SERVICE CALLS		LATERAL PROBLEMS		STRUCTURAL MAINLINE FAILURES		MAINLINE OVERFLOWS INTO HOMES	
		CURRENT MONTH	12 MONTH AVERAGE	CURRENT MONTH	12 MONTH AVERAGE	CURRENT MONTH	TOTAL LAST 12-MOS	CURRENT MONTH	TOTAL LAST 12-MOS
2022	11	24	14.7	20	8.5	0	3	0	0
CATEGORY 1 SSOs		OVERFLOWS CAUSED BY MAINLINE				OVERFLOWS RELATED TO WET WEATHER			
CURRENT MONTH	TOTAL LAST 12-MONTHS	CURRENT MONTH	TOTAL LAST 12-MONTHS	CURRENT MONTH	TOTAL LAST 12-MONTHS	CURRENT MONTH	TOTAL LAST 12-MONTHS	CURRENT MONTH	TOTAL LAST 12-MONTHS
0	0	1	9	0	0	0	0	0	0

3. SAFETY AND TRAINING

Safety and training meetings were conducted twice a month.

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MONTHLY SERVICE CALLS

November-2022

DATE	MH UP/DN	ADDRESS	PRBLM IN	TYPE	LOC	CAUSE	END	COMMENTS
11/2/2022 Wednesday 1:10 PM	142407 142405	7201 MANILA AVE. EL CERRITO, CA 94530 <i>Last Call: 7/23/2008</i>	Main <input type="checkbox"/> Lateral <input type="checkbox"/> Other <input checked="" type="checkbox"/>	A				WE FOUND THE WATER BY THE HOUSE TO BE THE CUSTOMER'S PROBLEM.
11/4/2022 Friday 9:28 AM	186315 186314	5930 FERN ST. EL CERRITO, CA 94530 <i>Last Call: 11/6/2008</i>	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C, OF				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/5/2022 Saturday 5:08 PM	251613 251612	12 EDWIN DR. KENSINGTON, CA 94707	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C, LC				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/7/2022 Monday 8:15 AM	171024 171023	7525 POTRERO AVE. EL CERRITO, CA 94530	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/7/2022 Monday 12:00 PM	265606 265603	876 BATES AVE. EL CERRITO, CA 94530 <i>Last Call: 2/15/2019</i>	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/12/2022 Saturday 4:56 PM	271115 271114	411 SEA VIEW DR. EL CERRITO, CA 94530 <i>Last Call: 10/27/2014</i>	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	O				WE FOUND THE ODOR TO BE THE CUSTOMER'S PROBLEM.
11/15/2022 Tuesday 8:40 AM	103424 103403	2301 SAN MATEO ST. EL CERRITO, CA 94530 <i>Last Call: 12/20/2021</i>	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C				WE FOUND THE CONGESTION TO BE THE CUSTOMER'S PROBLEM.
11/15/2022 Tuesday 11:10 AM	224122 224103	422 ALBEMARLE ST. EL CERRITO, CA 94530	Main <input type="checkbox"/> Lateral <input type="checkbox"/> Other <input checked="" type="checkbox"/>	T				WE FOUND THE NOISE IN TOILET TO BE THE CUSTOMER'S PROBLEM.
11/16/2022 Wednesday 8:19 AM	231519 231506	240 AMHERST AVE. KENSINGTON, CA 94707	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	LC				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/16/2022 Wednesday 9:04 AM	265505 265504	850 GELSTON PL. EL CERRITO, CA 94530	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/16/2022 Wednesday 11:15 AM	273506 273505	99 HIGHLAND AVE. KENSINGTON, CA 94707	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/16/2022 Wednesday 5:03 PM	142202 142006_2	1227 LIBERTY ST. EL CERRITO, CA 94530	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/17/2022 Thursday 11:24 AM	187107 187105	5490 BARRETT AVE. EL CERRITO, CA 94530	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C, LC				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/18/2022 Friday 2:45 PM	283620 283619	8631 ARBOR DR. EL CERRITO, CA 94530	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C, LC				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/19/2022 Saturday 1:49 PM	234220 234205	285 LEXINGTON AVE. KENSINGTON, CA 94707 <i>Last Call: 2/2/2019</i>	Main <input checked="" type="checkbox"/> Lateral <input type="checkbox"/> Other <input type="checkbox"/>	D,F, OF	MH	B	ST	SOFT STOPPAGE DUE TO DEBRIS AND WIPES
11/19/2022 Saturday 3:13 PM	102103 102102	1531 SAN JOAQUIN ST. RICHMOND, CA 94804 <i>Last Call: 11/18/2020</i>	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/20/2022 Sunday 9:25 AM	231703 231702	261 CAMBRIDGE AVE. KENSINGTON, CA 94707	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	A / OF				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/21/2022 Monday 10:50 AM	188207 188208	5407 ZARA ST. EL CERRITO, CA 94530	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.

DATE	MH UP/DN	ADDRESS	PRBLM IN	TYPE	LOC	CAUSE	END	COMMENTS
11/21/2022 Monday 3:00 PM	172207 172011	6738 KENILWORTH AVE. EL CERRITO, CA 94530 <i>Last Call: 9/26/2011</i>	Main <input type="checkbox"/> Lateral <input type="checkbox"/> Other <input checked="" type="checkbox"/>	T				WE FOUND THE CLOGGED SHOWER TO BE THE CUSTOMER'S PROBLEM.
11/22/2022 Tuesday 7:42 AM	101223 101221	5847 SANTA CRUZ AVE. RICHMOND, CA 94804	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/26/2022 Saturday 12:41 PM	188503 188502	2621 MIRA VISTA DR. EL CERRITO, CA 94530 <i>Last Call: 10/16/2014</i>	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/26/2022 Saturday 4:22 PM	185105 185104	2041 JUNCTION AVE. EL CERRITO, CA 94530	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C				WE FOUND THE CONGESTION TO BE THE CUSTOMER'S PROBLEM.
11/28/2022 Monday 3:45 PM	275406 275405	41 KENSINGTON CT. KENSINGTON, CA 94707	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.
11/29/2022 Tuesday 11:09 AM	161014 161013	801 55TH ST. SOUTH RICHMOND, CA 94804	Main <input type="checkbox"/> Lateral <input checked="" type="checkbox"/> Other <input type="checkbox"/>	C				WE FOUND THIS TO BE THE CUSTOMER'S PROBLEM.

PROBLEM TYPE:

Water (A) Odor (O)
 Broken Main (B) Overflow (OF)
 S/S Congestion (C) PG+E (P)
 Debris in Main (D) Roots (R)
 EBMUD (E) Surcharge (S)
 Soft Stoppage (F) Storm Drain (SD)
 Grease (G) Unknown (U)
 Lateral Cause (LC) Other (T)
 Misc (M) Wipes/Rags (W)
 MH Cover (MC)

SPILL

LOCATION:
 Lamp/Manhole (MH)
 Mainline (ML)
 Lateral (L)
 Cleanout (CO)
 Building (BLDG)
 Other (O)

SPILL

CAUSE:
 Blockage (B)
 Surcharge (S)
 Line Break (ML)
 Other (O)

SPILL END

LOCATION:
 Building (BLDG)
 Creek (C)
 Strt/Pvmnt (ST)
 Storm Drn (SD)
 Yard (Y)
 Other (O)

MAINLINE: 1
LATERAL: 20
OTHER: 3
TOTAL SERVICE CALLS: 24
MAINLINE OVERFLOW: 1
MAINLINE SURCHARGE: 0

SANITARY SEWER OVERFLOWS (SSOs) LAST 12 MONTHS

December-2022

DATE	MH UP/DN	ADDRESS	PRBLM IN	TYPE	LOC	CAUSE	END	COMMENTS	CAT*	VOL	RCVR'D	NET
12/30/2021 Thursday 10:10 AM	271120 271119	422 COLUSA AVE. EL CERRITO, CA 94530	Main <input checked="" type="checkbox"/> Lateral <input type="checkbox"/> Other <input type="checkbox"/>	F, R	MH	B	ST, Y	ROOT IN LINE CAUSED SSO	CAT 3	205 gallons	140 gallons	65 gallons
1/17/2022 Monday 5:58 PM	187218 187210	5619 JORDAN AVE. EL CERRITO, CA 94530	Main <input checked="" type="checkbox"/> Lateral <input type="checkbox"/> Other <input type="checkbox"/>	B, E,OF	CO	ML, B	Y	EBMUD DAMAGED OUR LINE WHILE WORKING IN THE STREET.	CAT 3	25 gallons	0 gallons	25 gallons
1/29/2022 Saturday 3:25 PM	231822 231819	616 PLATEAU DR. KENSINGTON, CA 94707	Main <input checked="" type="checkbox"/> Lateral <input type="checkbox"/> Other <input type="checkbox"/>	B, OF,R, W	LH	ML, B	Y	SSO CAUSED BY MAJOR OFFSET.	CAT 3	15 gallons	0 gallons	15 gallons
2/3/2022 Thursday 7:30 AM	151239 151238	1373 CONTRA COSTA DR. EL CERRITO, CA 94530	Main <input checked="" type="checkbox"/> Lateral <input type="checkbox"/> Other <input type="checkbox"/>	R	MH	B	Y	CITY OF EL CERRITO PUSHED LATERAL ROOTS INTO DISTRICT LINE.	CAT 3	23 gallons	23 gallons	0 gallons
3/26/2022 Saturday 6:50 PM	251414 251403	7976 TERRACE DR. EL CERRITO, CA 94530	Main <input checked="" type="checkbox"/> Lateral <input type="checkbox"/> Other <input type="checkbox"/>	OF	MH	ML	Y	SSO CAUSED BY COLAPSED HDPE PIPE.	CAT 2	3,432 gallons	0 gallons	3,432 gallons
5/7/2022 Saturday 1:30 PM	292102 292004	1126 RICHMOND ST. EL CERRITO, CA 94530	Main <input checked="" type="checkbox"/> Lateral <input type="checkbox"/> Other <input type="checkbox"/>	OF, R	MH	B	ST	SOFT STOPPAGE IN MAIN LINE. FOUND ROOTS AND RAGS IN LINE.	CAT 3	1 gallons	1 gallons	0 gallons
6/8/2022 Wednesday 9:54 AM	282319 220026	6831 STOCKTON AVE. EL CERRITO, CA 94530	Main <input checked="" type="checkbox"/> Lateral <input type="checkbox"/> Other <input type="checkbox"/>	D, E	CO	B	ST,SD,Y	EBMUD DAMAGED LAMPHOLE #282318 AND FILLED WITH ASPHALT.	CAT 3	80 gallons	80 gallons	0 gallons
8/8/2022 Monday 11:30 PM	273103 273001	27 SUNSET DR. KENSINGTON, CA 94707	Main <input checked="" type="checkbox"/> Lateral <input type="checkbox"/> Other <input type="checkbox"/>	LC, R	BLDG	B	BLDG/ST	LATERAL ROOT CAUSED SSO.	CAT 3	15 gallons	10 gallons	5 gallons
11/19/2022 Saturday 1:49 PM	234220 234205	285 LEXINGTON AVE. KENSINGTON, CA 94707	Main <input checked="" type="checkbox"/> Lateral <input type="checkbox"/> Other <input type="checkbox"/>	D,F, OF	MH	B	ST	SOFT STOPPAGE DUE TO DEBRIS AND WIPES	CAT 3	3 gallons	0 gallons	3 gallons

PROBLEM TYPE:

Water (A) Odor (O)
Broken Main (B) Overflow (OF)
S/S Congestion (C) PG+E (P)
Debris in Main (D) Roots (R)
EBMUD (E) Surcharge (S)
Soft Stoppage (F) Storm Drain (SD)
Grease (G) Unknown (U)
Lateral Cause (LC) Other (T)
Misc (M) Wipes/Rags (W)
MH Cover (MC)

SPILL LOCATION:

Lamp/Manhole (MH)
Mainline (ML)
Lateral (L)
Cleanout (CO)
Building (BLDG)
Other (O)

SPILL CAUSE:

Blockage (B)
Surcharge (S)
Line Break (ML)
Other (O)

SPILL END LOCATION:

Building (BLDG)
Creek (C)
Strt/Pvmnt (ST)
Storm Drn (SD)
Yard (Y)
Other (O)

TOTAL MAINLINE SSOs: 9

MAINLINE BREAK SSOs: 3

MAINLINE SURCHARGE SSOs: 0

CATEGORY 1 SSOs: 0

SSOs INTO BUILDINGS: 1

TOTAL SSO VOLUME (GALS): 3,799

TOTAL VOLUME RECOVERED (GALS): 254

TOTAL VOLUME UNRECOVERED (GALS): 3,545

DATE	MH UP/DN	ADDRESS	PRBLM IN	TYPE	LOC	CAUSE	END	COMMENTS	CAT*	VOL	RCVR'D	NET
------	----------	---------	----------	------	-----	-------	-----	----------	------	-----	--------	-----

*CATEGORY 1 SSO: Discharges of untreated or partially treated wastewater of any volume resulting from an enrollees sanitary sewer system failure or flow condition that: Reach surface water and/or reach a drainage channel tributary to a surface water; or Reach a municipal separate storm sewer system and are not fully captured and returned to the sanitary sewer system or not otherwise captured and disposed of properly. Any volume of wastewater not recovered from the municipal separate storm sewer system is considered to have reached surface water unless the storm drain system discharges to a dedicated storm water or ground water infiltration basin (e.g., infiltration pit, percolation pond).

CATEGORY 2 SSO: Discharges of untreated or partially treated wastewater of 1,000 gallons or greater resulting from an enrollee's sanitary sewer system failure or flow condition that do not reach surface water, a drainage channel, or a municipal separate storm sewer system unless the entire SSO discharged to the storm drain system is fully recovered and disposed of properly.

CATEGORY 3 SSO: All other discharges of untreated or partially treated wastewater resulting from an enrollees sanitary sewer system failure or flow condition.

**STEGE SANITARY DISTRICT
MONTHLY REPLACEMENT AND REPAIR SUMMARY
November 2022**

I SEWER REPLACEMENT - FY 2022-2023			
A.	BUDGET ALLOCATION		\$3,259,000
B.	PRIOR BUDGET EXPENDED (WITH RETENTION)		\$0
C.	SEWER REPLACEMENTS PAID THIS MONTH (NO RETENTION)		
	1	\$0	
SUBTOTAL FOR THIS MONTH			\$0
D.	TOTAL BUDGET EXPENDED (NO RETENTION)	0.00%	\$0
E.	TOTAL 5% RETENTION HELD		\$0
F.	BUDGET REMAINING	100.00%	\$3,259,000
G.	PERCENTAGE OF FISCAL YEAR REMAINING	58.33%	
H.	TOTAL REPLACEMENT FOOTAGE PAID TO DATE	(\$ - /LF)	

II SEWER REPAIRS - FY 2022-2023			
A.	BUDGET ALLOCATION		\$70,000
B.	PRIOR BUDGET EXPENDED		\$21,880
C.	SEWER REPAIRS PAID THIS MONTH	<u>REPAIR COST</u>	
	1	\$0	
SUBTOTAL FOR THIS MONTH			\$0
SUBTOTAL FOR LAST MONTH			\$21,880
D.	TOTAL BUDGET EXPENDED	31.26%	\$21,880
E.	TOTAL RETENTION HELD	0.00%	\$0
F.	BUDGET REMAINING	68.74%	\$48,120
G.	PERCENTAGE OF FISCAL YEAR REMAINING	58.33%	
H.	TOTAL NUMBER OF REPAIRS PAID TO DATE	3 (\$7,293 /REPAIR)	



STEGE SANITARY DISTRICT

Report Date: 12/1/2022

% FY Remain: 58.33%

BOARD OF DIRECTORS CONSENT DECREE PROGRESS REPORT

FY Start Date 7/1/2022

FY End Date 6/30/2023

CD Start Date 9/22/2014

FY "Effective" Date 7/1/2013

CIP PROJECT	22201	COMPLETED	GOAL	PERCENTAGE
REPLACED since FY start	0 /	12,373	LF Yearly Objective Rate	0%
REPLACED since FY "Effective" Date	108,861 /	103,066	LF Cumulative Requirement	106%
CLEANED since FY start	396,234 /	211,200	LF Minimum Requirement	188%
HOTSPOTS since FY start	112,842 /	100,000	LF Minimum Requirement	113%
CCTV since FY start	76,079 /	77,616	LF Yearly Objective Rate	98%
CCTV since CD start	1,749,855 /	737,352	LF Cumulative Requirement	237%
ROOT FOAMING this FY	39,164 /	2,682	LF Minimum Requirement	646%

IMPORTANT CONSENT DECREE DATES:

July 15, annually	Provide any available Flow and Rainfall data to EBMUD
Nov 15, annually	Comments on Regional Technical Support Plan (RTSP) update by EBMUD
Sept 30, annually	Annual Report for prior Fiscal Year
May 1, 2022	Provide data to EBMUD for Flow Monitoring Calibration Plan
September 30, 2022	First Mid-course Check-in Output Test
June 30, 2026	Review of Regional Standards Report
December 15, 2028	Compliance WWF Output Test for San Antonio Creek
May 1, 2030	Provide data to EBMUD for Flow Monitoring Calibration Plan
September 30, 2030	Second Mid-course Check-in Output Test
June 30, 2031	Review of Regional Standards Report
December 15, 2034	Compliance WWF Output Test for Pt. Isabel
June 30, 2036	Review of Regional Standards Report
December 15, 2036	Compliance WWF Output Test for Oakport



STEGE SANITARY DISTRICT

District Manager/Engineer:
Rex Delizo, P.E.

District Counsel:
Kristopher Kokotaylo

Board of Directors:
Tessa Beach
Juliet Christian-Smith
Paul Gilbert-Snyder
Dwight Merrill
Beatrice R. O'Keefe

EMPLOYEE EMERGENCY CONTACT FORM

Name _____

Department _____

Personal Contact Info:

Home Address _____

City, State, ZIP _____

Home Telephone # _____ Cell # _____

Emergency Contact Info:

(1) Name _____ Relationship _____

Address _____

City, State, ZIP _____

Home Telephone # _____ Cell # _____

Work Telephone # _____ Employer _____

(2) Name _____ Relationship _____

Address _____

City, State, ZIP _____

Home Telephone # _____ Cell # _____

Work Telephone # _____ Employer _____

Medical Contact Info:

Doctor Name. _____ Phone # _____

Dentist Name _____ Phone # _____

I have voluntarily provided the above contact information and authorize Stege Sanitary District and its representatives to contact any of the above on my behalf in the event of an emergency.

Employee Signature _____ Date _____

FISCAL YEAR 2021-22 FINANCIAL AUDIT REPORT

ISSUE:

The Board will consider accepting the Fiscal Year 2021-22 Financial Audit Report as presented by the auditor, Chavan and Associates.

FISCAL IMPACT:

The fiscal impact to consider accepting the Financial Audit Report is minimal.

STRATEGIC PLAN:

GOAL 3: Ensure Financial Stability and Efficiency

WORK PLAN ITEM "d": Annually undertake an independent financial audit by December of each year.

BACKGROUND:

At the Board Meeting held on April 26, 2018, the Board approved the selection of Chavan and Associates as the firm to provide Professional Auditing Services for the District. Chavan and Associates has completed the Fiscal Year 2021-22 Financial Audit Report and are ready to present the results to the Board.

RECOMMENDATION:

Accept the Fiscal Year 2021-22 Financial Audit Report as presented by the auditor, Chavan and Associates.

ALTERNATIVES:

1. Reject the Audit Report and have the Auditor revise and resubmit.
2. Take no action and provide staff further direction.

ATTACHMENTS:

- Fiscal Year 2021-22 Financial Audit Report

STEGE SANITARY DISTRICT
EL CERRITO, CALIFORNIA

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2022

* * *



Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Ste. 130
Morgan Hill, CA 95037

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STEGE SANITARY DISTRICT
7500 SCHMIDT LANE
EL CERRITO, CALIFORNIA 94530
Tel: (510) 524-4668
Fax: (510) 524-4697
www.stegesan.org

JUNE 30, 2022

BOARD OF DIRECTORS
Elected Officials

<u>Name</u>	<u>Office</u>
Dwight Merrill	President
Juliet Christian Smith	Vice President
Beatrice O'Keefe	Board Member
Paul Gilbert-Snyder	Board Member
Alan C. Miller	Board Member

DISTRICT MANAGEMENT

Rex W. Delizo
District Manager

Kary Richardson
Administrative Supervisor

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STEGE SANITARY DISTRICT
EL CERRITO, CALIFORNIA

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June 30, 2022

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stege Sanitary District
El Cerrito, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Stege Sanitary District (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Stege Sanitary District, as of June 30, 2022, and the respective changes in financial position and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of pension contributions, schedule of proportionate share of net pension liability, schedule of contributions for other postemployment benefits, and schedule of changes in net OPEB liability, as listed in the table of contents, 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The comparison of budget to actual and the schedule of operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of operating expenses 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 schedule of operating expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The comparison of budget to actual included has 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2022 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 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.

C & A LLP

November 29, 2022
Morgan Hill, California

MANAGEMENT'S DISCUSSION AND ANALYSIS

STEGE SANITARY DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

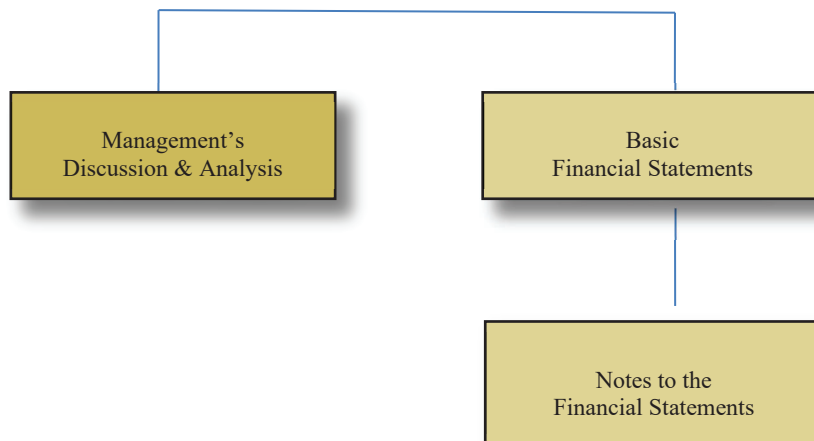
INTRODUCTION

The Management's Discussion and Analysis (MD&A) is a required section of the District's annual financial report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. This report will (1) focus on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the District's operations and financial standing. The annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The basic financial statements also include notes explaining pertinent information in the financial statements and provide more detailed data.

Required Components of the Annual Financial Report



STEGE SANITARY DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2022 were as follows:

- The Statement of Net Position indicates that total assets and deferred outflows of resources exceeded total liability and deferred inflows of resources by \$56,384,743. Unrestricted net position represents \$5,968,265, and net investment in capital assets was at \$50,260,358. The remaining \$156,120 was restricted for capital projects.
- Total net position increased \$2,941,365 (5.5%) in fiscal year 2022 compared to an increase of \$2,555,255 (5%) in fiscal year 2021.
- Total assets increased 1.97% from \$57,908,177 in fiscal year 2021 to \$59,048,424 in fiscal year 2022.
- Total liabilities decreased 52.87% from \$5,067,258 in fiscal year 2021 to \$2,388,202 in fiscal year 2022.
- The District recorded deferred outflows of resources of \$627,419, an increase of \$8,840 from fiscal year 2021 and recorded deferred inflows of resources of \$902,898, an increase of \$886,778 from fiscal year 2021, in order to record the different components required by GASB 68 for pension, and GASB 75 for OPEB, accounting and reporting. Deferred outflows of resources are technically not assets but increase net position similar to an asset and deferred inflows of resources are technically not liabilities but decrease net position similar to liabilities. See Note 2 under Measurement Focus and Basis of Accounting in the notes to financial statements for a definition of deferred inflows and outflows of resources.
- Total operating revenue increased \$481,676 (8.42%) mainly due to an increase of \$474,154 in sewer service charges from prior year.
- Total operating expenses increased \$175,735 (456%) from prior year. Most of the increase was due to an increase of \$127,713 in depreciation expense.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report includes the Management's Discussion and Analysis report, the Independent Auditor's report and the Basic Financial Statements of the District. The financial statements also include notes that explain the information in the financial statements in more detail.

STEGE SANITARY DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

BASIC FINANCIAL STATEMENTS

The Financial Statements of the District report information about the District's accounting methods similar to those used by private sector companies. These statements have been prepared and audited using generally acceptable accounting standards. These required statements offer short-term and long-term financial information about the District's activities and are often used to assess the financial position and health of the District.

Statement of Net Position

This statement includes all of the District's assets, deferred outflow of resources, liabilities, and deferred inflow of resources, and provides information about the nature and amounts of investments in resources and obligations to creditors. It also provides the basis for evaluating the capital structure of the District.

Statement of Revenues, Expenses and Changes in Net Position

This statement accounts for all revenues and expenses during the reporting period. This statement reflects the result of District operations over the past year as well as non-operating revenues, expenses, and contributed capital.

Statement of Cash Flows

This statement provides information on the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operational, capital, and investing activities. It also identifies the sources and uses for the cash and changes in the cash balances.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is whether or not the District's overall financial position has improved or deteriorated. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District as well as related changes. The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources (net position) is one way to measure financial health or financial position. Over time, increases or decreases in the District's net position is one of many indicators to ascertain if its financial health is improving or deteriorating. Other factors to consider include changes in economic conditions, population growth, and new or changed legislation.

STEGE SANITARY DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

STATEMENT OF NET POSITION ANALYSIS

Net position increased by \$2,941,365 to \$56,443,378 from FY 2020-21 to FY 2021-22 as described below:

- Total assets increased by \$1,140,247. Current assets decreased by \$2,698,123 mainly due to a decrease in the cash accounts. Capital assets increased by \$3,838,370 mainly because of increases in construction and improvements to the sewage and collection system in FY 2021-22.
- Current liabilities (obligations due within 12 months) decreased by \$1,700,584. The net decrease was primarily due to a decrease in accounts payable and accrued expenses of \$1,699,147 which was mostly from construction contracts.
- Non-current (long-term) liabilities decreased by \$978,472 mainly due to a decrease in the net pension liability of \$846,759.

Table 1 - Summary of Net Position

	Fiscal Year June 30, 2022	Fiscal Year June 30, 2021	Dollar Change	Percent Change
Assets				
Current Assets	\$ 8,622,371	\$ 11,320,494	\$ (2,698,123)	-23.83%
Capital Assets	50,426,053	46,587,683	3,838,370	8.24%
Total Assets	\$ 59,048,424	\$ 57,908,177	\$ 1,140,247	1.97%
Deferred Outflows of Resources				
	\$ 627,419	\$ 618,579	\$ 8,840	1.43%
Liabilities				
Current Liabilities	\$ 500,787	\$ 2,201,371	\$ (1,700,584)	-77.25%
Noncurrent Liabilities	1,887,415	2,865,887	(978,472)	-34.14%
Total Liabilities	\$ 2,388,202	\$ 5,067,258	\$ (2,679,056)	-52.87%
Deferred Inflows of Resources				
	\$ 902,898	\$ 16,120	\$ 886,778	5501.10%
Net Position				
Net Investment in Capital Assets	\$ 50,260,358	\$ 43,915,851	\$ 6,344,507	14.45%
Restricted	156,120	979,167	(823,047)	-84.06%
Unrestricted	5,968,265	8,548,360	(2,580,095)	-30.18%
Total Net Position	\$ 56,384,743	\$ 53,443,378	\$ 2,941,365	5.50%

The largest portion of the District's net position reflects its investment in capital assets (e.g. land, sewer lines and improvements, buildings, machinery, equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide collection services for the residents and businesses in its service area. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used or sold to liquidate District liabilities. The remaining balance of the unrestricted net position may be used to meet the District's ongoing obligations to its customers and creditors.

STEGE SANITARY DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

REVENUES, EXPENSES, AND CHANGE IN NET POSITION STATEMENT ANALYSIS

The statement of revenues, expenses, and changes in net position reflects the District's operating and non-operating revenues by major sources, operating and non-operating expenses by categories and capital contributions.

Table 2 - Change in Net Position

	Fiscal Year June 30, 2022	Fiscal Year June 30, 2021	Dollar Change	Percent Change
Operating Revenues:				
Sewer service charges	\$ 6,154,905	\$ 5,680,751	\$ 474,154	8.35%
Other operating revenues	47,221	39,699	7,522	18.95%
Total operating revenue	6,202,126	5,720,450	481,676	8.42%
Non-operating Revenues:				
Property tax collections	610,155	576,340	33,815	5.87%
Interest and investment income	31,719	51,089	(19,370)	-37.91%
Other non-operating revenues	2,944	4,703	(1,759)	-37.40%
Total non-operating revenues	644,818	632,132	12,686	2.01%
Total Revenues	6,846,944	6,352,582	494,362	7.78%
Expenses:				
Operating Expenses	4,026,133	3,850,398	175,735	4.56%
Non-operating expenses	6,180	9,654	(3,474)	-35.99%
Total Expenses	4,032,313	3,860,052	172,261	4.46%
Income before Capital Contributions	2,814,631	2,492,530	322,101	12.92%
Capital contributions:				
Connection fee capacity charges	126,734	62,727	64,007	102.04%
Change in net position	2,941,365	2,555,257	386,108	15.11%
Net position - beginning	53,443,378	50,888,121	2,555,257	5.02%
Net position - ending	\$ 56,384,743	\$ 53,443,378	\$ 2,941,365	5.50%

The following summarizes significant changes in District operations:

- Total operating revenues exceeded operating expenses by \$2,175,993. This net increase is primarily due to an increase of \$474,154 in sewer service charges from prior year.
- Total non-operating revenues increased by \$12,686 mainly due to an increase property tax revenue.
- Operating expenses increased by \$175,735. The most significant increase in expenses was an increase in depreciation expense of \$127,713.
- The increase net position was also the result of \$109,688 in capital contributions from connection and impact fees.

STEGE SANITARY DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2022 totaled \$50,426,053 net of accumulated depreciation. Total property, plant and equipment, net of depreciation, accounted for 85% of total assets as of June 30, 2022. During FY 2021-21, the District acquired and constructed \$4,843,028 and depreciated \$1,004,658 in capital assets. The total net increase in the District's investment in capital assets was \$3,838,370 or 8.24%.

Table 3 - Summary of Net Investment in Capital Assets

Description	Fiscal Year June 30, 2022	Fiscal Year June 30, 2021	Dollar Change	Percent Change
Land	\$ 134,475	\$ 134,475	\$ -	0.00%
Sewage and collection facilities	47,835,529	43,818,541	4,016,988	9.17%
Buildings and equipment	1,790,120	1,875,749	(85,629)	-4.57%
Maintenance equipment	155,836	132,045	23,791	18.02%
Vehicles	510,093	626,873	(116,780)	-18.63%
Total plant and facilities - net	\$ 50,426,053	\$ 46,587,683	\$ 3,838,370	8.24%

Additional information about the District's capital assets can be found in Note 4 - Plant and Facilities.

LONG TERM OBLIGATIONS

Table 4 summarizes the District's outstanding long-term liabilities as of June 30, 2022, as well as comparable data for the prior year:

Table 4 - Summary of Long-term Liabilities

Description	Fiscal Year June 30, 2022	Fiscal Year June 30, 2021	Dollar Change	Percent Change
SRF Loans	\$ 165,695	\$ 306,358	\$ (140,663)	-45.91%
Net OPEB liability	292,464	307,992	(15,528)	-5.04%
Net pension liability	989,167	1,835,926	(846,759)	-46.12%
Compensated absences	440,089	415,611	24,478	5.89%
Total Long Term Liabilities	\$ 1,887,415	\$ 2,865,887	\$ (978,472)	-34.14%

Long term liabilities decreased by \$978,472 or 34.14%, from \$2,865,887 in FY 2020-21 to \$1,887,415 in FY 2021-22. As of June 30, 2022, the District had \$165,695 of remaining principle on the State Revolving Fund loans from the State Water Control Resources Board. The net pension liability decreased due to actuarial assumption changes and earnings in excess of estimates.

Additional information on the District's outstanding debt can be found in Note 5 - Long-Term Liabilities.

STEGE SANITARY DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District is governed in part by provisions of the State Water Resources Control Board (SWRCB) that require rate-based revenues that must cover the costs of operation, maintenance and recurring capital replacement (OM&R). The District is not subject to general economic conditions such as increases or declines in property tax values or other types of revenues that vary with economic conditions such as sales taxes. Accordingly, the District sets its rates to its users to cover the costs of OM&R and debt financed capital improvements, plus any increments for known or anticipated changes in program costs.

Increases in operating costs have been kept at or below inflationary levels in recent years. Medical premiums have risen and may continue to do so in the near future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, customers, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the District Manager at 7500 Schmidt Lane, El Cerrito, CA 94530, or (510) 524-4668.

BASIC FINANCIAL STATEMENTS

STEGE SANITARY DISTRICT

Statement of Net Position

June 30, 2022

	<u>2022</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 8,445,496
Accounts receivable	56,248
Notes receivable	50,800
Prepaid expenses	69,827
Total Current Assets	<u>8,622,371</u>
Noncurrent Assets:	
Capital Assets:	
Non-depreciable	134,475
Depreciable, net of accumulated depreciation	50,291,578
Total Noncurrent Assets - Net	<u>50,426,053</u>
Total Assets	<u>\$ 59,048,424</u>
 Deferred Outflows of Resources	
OPEB adjustments	\$ 43,046
Pension adjustments	584,373
Total Deferred Outflows of Resources	<u>\$ 627,419</u>
 Liabilities	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 462,697
Accrued salaries and benefits	34,585
Interest payable	3,505
Current portion of accrued compensated absences	146,696
Current portion of long-term debt	39,962
Total Current Liabilities	<u>687,445</u>
Noncurrent Liabilities:	
Accrued compensated absences, net of current portion	293,393
Net OPEB liability	292,464
Net pension liability	989,167
Long-term debt, net of current portion	125,733
Total Noncurrent Liabilities	<u>1,700,757</u>
Total Liabilities	<u>\$ 2,388,202</u>
 Deferred Inflows of Resources	
OPEB adjustments	\$ 33,104
Pension adjustments	869,794
Total Deferred Inflows of Resources	<u>\$ 902,898</u>
 Net Position	
Net Investment in Capital Assets	\$ 50,260,358
Restricted for Capital Projects	156,120
Unrestricted	5,968,265
Total Net Position	<u>\$ 56,384,743</u>

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

STEGE SANITARY DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	2022
Operating Revenues:	
Sewer service charges	\$ 6,154,905
Other operating revenues	47,221
Total operating revenues	6,202,126
Operating Expenses:	
Sewage collection	2,237,037
General and administrative	784,438
Depreciation	1,004,658
Total operating expenses	4,026,133
Operating Income (Loss)	2,175,993
Nonoperating Revenues (Expenses):	
Property tax collections	610,155
Investment income	31,719
Interest expense	(6,180)
Other Income	2,944
Total nonoperating revenues (expenses)	638,638
Income (loss) before contributions	2,814,631
Capital Contributions	
Connection fees	109,688
Impact fees	17,046
Total capital contributions	126,734
Change in net position	2,941,365
Beginning net position	53,443,378
Ending net position	\$ 56,384,743

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

STEGE SANITARY DISTRICT
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

	2022
Cash Flows from Operating Activities:	
Cash received from sewer service, connection and other charges	\$ 6,143,307
Cash payments to employees for services	(2,076,502)
Cash payments for services and supplies	(877,557)
Net Cash Provided (Used) by Operating Activities	3,189,248
Cash Flows from Capital and Related Financing Activities:	
Cash received from connection fees and capital contributions	126,734
Acquisition of capital assets	(6,584,752)
Principal paid on long-term debt	(140,663)
Interest paid	(7,553)
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,606,234)
Cash Flows from Non-Capital and Related Financing Activities	
Property taxes collected	610,155
Other income	2,944
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	613,099
Cash Flows from Investing Activities:	
Interest income and realized gains	31,719
Net Cash Provided (Used) by Investing Activities	31,719
Net Increase (Decrease) in Cash and Cash Equivalents	(2,772,168)
Cash and Cash Equivalents Beginning	11,217,664
Cash and Cash Equivalents Ending	\$ 8,445,496
Reconciliation of Operating Income to Cash Flows Provided	
by Operating Activities:	
Operating Income (Loss)	\$ 2,175,993
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	1,004,658
(Increase) decrease in:	
Accounts receivable	(8,019)
Notes receivable	(50,800)
Prepaid expenses	(15,226)
Deferred outflows of resources	(8,840)
Increase (decrease) in:	
Accounts payable and accrued expenses	42,577
Accrued salaries and benefits	(64)
Deferred inflows of resources	886,778
Compensated absences	24,478
Net pension liability	(846,759)
Other postemployment benefits	(15,528)
Net Cash Provided (Used) by Operating Activities	\$ 3,189,248

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

NOTES TO FINANCIAL STATEMENTS

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 - NATURE OF ORGANIZATION

The Stege Sanitary District (the "District") was formed in May 1913 and provides a service of sanitary sewage collection to over 33,000 residents in El Cerrito, Kensington, and portions of the Richmond Annex. Treatment and disposal of the sewage is the responsibility of the East Bay Municipal Utility District (EBMUD) which maintains a pumping station on Point Isabel to receive the sewage from the Stege Sanitary District service areas.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

Although the nucleus of a financial reporting entity usually is a primary government, an organization other than a primary government, such as a stand-alone government, may serve as the nucleus for its financial reporting entity when the stand-alone government provides separately issued financial statements. A stand-alone government is a legally separate governmental organization that does not have a separately elected governing body and does not meet the definition of a component unit. The District meets the criteria as a stand-alone government, and accordingly, is accounted for and reported on as though it were a primary unit.

Basis of Presentation

The District's Basic Financial Statements are prepared in accordance with the policies and procedures for California special districts. The accounting policies of the District conform to accounting principles generally accepted in the United States of America, and as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units, issued by the American Institute of Certified Public Accountants.

The activities of the District are accounted for in a single enterprise fund. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Measurement Focus and Basis of Accounting

Enterprise funds are accounted for on the flow of economic resources measurement focus utilizing full accrual accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the enterprise are recorded on its statement of net position, and under the full accrual basis of accounting, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued *GASB No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. The sources of authoritative GAAP are categorized in descending order of authority as follows:

- a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
- b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

Statement of Net Position

The statement of net position is designed to display the financial position of the District. GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. The District's net position is classified into three categories as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position, as applicable.
- Restricted - This component of net position consists of constraints placed on an asset's use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law and regulations of other governments, and reduced by liabilities and deferred inflows of resources related to those assets. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The District's net position restricted for capital projects are restricted for activities related to infrastructure improvements.
- Unrestricted - This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The use of certain assets is restricted by specific provisions of bond resolutions and agreements with various parties. Assets so designated are identified as restricted assets on the statement of net position. When both restricted and unrestricted resources are available for use the District's policy is to use restricted resources first, then unrestricted resources as they are needed. Restricted assets are classified as noncurrent if they are for the acquisition or construction of capital assets, for liquidation of long-term liabilities, or are for other than current operations.

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred outflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the District's net pension liability reported in the Statement of Net Position.

Unearned Revenue

Unearned revenue arises when assets, such as cash, are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with original maturities of three months or less. Included therein are cash on hand, demand deposits with financial institutions, and the State of California Local Agency Investment Fund (LAIF).

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No.3)*, certain disclosure requirements for deposits and investment risks were made in the areas of interest rate risk and credit risk. The credit risk disclosures include the following components; overall credit risk, custodial credit risk and concentrations of credit risk. In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

Investments

The District participates in an investment pool managed by the State of California and regulated by California government code Section 16429 known as the Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, the structured notes and asset-backed securities are subject to market risk as to change in interest rates.

Investments are reported in the statement of net position at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, changes in fair value that occur during the fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments. All investment income and changes in fair value are recognized in the statements of revenues, expenses, and changes in net position.

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

Accounts Receivables and Allowance for Doubtful Accounts

The District has established an allowance for doubtful accounts based on a periodic review of its outstanding accounts receivable. The District establishes an allowance for doubtful accounts based on a history of past write-offs, collections, and current credit conditions.

The District recognizes bad debt expense relating to receivables, when it is probable that the accounts will be uncollectible. As of June 30, 2022, management believes no allowance for doubtful accounts was necessary due to historical experience and the nature of the receivables.

Plant and Facilities Capital Assets

Capital assets are defined by the District as long-lived assets acquired for use, and not intended for consumption in operations. The capitalization threshold is at \$1,500 or above.

Capital assets are recorded at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The cost of engineering studies related to capital asset additions are added to the total project cost and depreciated over the remaining useful lives of the related capital assets, as applicable. Engineering studies are considered necessary for maintaining the efficient operations of the wastewater collection system.

Capital assets under construction and not yet placed in service are recorded as construction in progress. Interest incurred during the construction phase of such projects is included as part of the capitalized value of the assets constructed.

Depreciation is computed using the straight-line method based on the estimated useful lives of related asset classifications useful life in excess of one year. Depreciation of all plant and facilities in service is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the statement of net position as a reduction in the book value of the capital assets.

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

The District has assigned the useful lives listed below to plant and facilities:

Sewer collection	50 years
Building	30 years
Vehicles	5 - 10 years
Equipment	5 - 15 years

Long-Term Liabilities

Long-term liabilities include long-term debt and other long-term liabilities, such as net pension obligations, net OPEB obligations, the State of California Clean Water Revolving Fund Loan and compensated absences, and are reported as long-term liabilities in the Statement of Net Position.

Compensated Absences

The District recognizes a liability for compensated absences earned by District employees because future payment for vacation and sick leave have been earned and will not be forfeited. Compensated absences are recorded as an expense and liability as the benefits accrue to the employees. As of June 30, 2022, the District accrued \$440,089 in compensated absences.

Budgetary Policy and Control

The District adopts an operations and maintenance budget at the beginning of each year for the following fiscal year. Capital budgets are adopted on a project basis. Formal budgetary integration is employed as a management control device.

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) 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 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.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, requires that the reported results pertain to liability and asset information within certain defined timeframes. Liabilities are based on the results of actuarial calculations performed as of June 30, 2017. For this report, the following timeframes are used for the District's pension plans:

Valuation Date (VD).....	June 30, 2020
Measurement Date (MD).....	June 30, 2021
Measurement Period (MP).....	June 30, 2020 to June 30, 2021

Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions are based on when they are due and payable in accordance with the benefit

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

terms for the measurement period included in the OPEB plan's actuarial reports. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position is the operating statement for proprietary funds. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for the District include the cost of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Capital contributions are reported as a separate line item in the Statement of Revenues, Expenses, and Changes in Net Position.

Connection Fees

The District, as authorized by its Board of Directors, charges new users a connection fee to reimburse the District for the cost of facilities and previously installed infrastructure to be able to provide collection system services. Fees received in excess of costs have been treated as additions to contributed capital and have been expended solely on infrastructure improvements.

Property Taxes and Sewer User Charges

Property taxes and sewer service charges are collected and distributed by Contra Costa County (the "County") in accordance with legislation. Property taxes and sewer service charges are attached as an enforceable lien on real property located in the County as of January 1 each year.

The County has adopted the Teeter Alternative Method of Property Tax Allocation known as the "Teeter Plan". The State Revenue and Taxation Code allows counties to distribute secured real property and supplemental property taxes on an accrual basis resulting in full payment to the District each fiscal year. Any subsequent delinquent payments and related penalties and interest revert to the County.

Property taxes are recognized as revenue when they are levied. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County. Secured property taxes are due in two equal installments on November 1 and February 1, and are delinquent after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction. Property tax collection and valuation information is disclosed in the County's annual financial statements.

Statement of Cash Flows

For purposes of the statement of cash flows, all highly liquid investments with original maturities of three months or less are considered cash equivalents.

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include estimates of the allowance for uncollectible receivables, the estimated useful lives of depreciable capital assets, estimates used in connection with analyses designed to identify the existence of capital asset impairment, and assumptions and actuarial amounts used in conjunction with the determination of pension plan obligations and other postemployment benefits. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncements

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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. As of June 30, 2022, the District did not have any material contracts required to be reported as leases per GASB 87.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

The statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. Management does not believe this statement will have a significant impact on the District's financial statements. The requirements of this Statement are effective as follows:

- The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately
- The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021
- All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021

The District did not report any significant accounting changes from the implementation of this Statement during the year ended June 30, 2022.

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Upcoming Accounting and Reporting Changes

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 91, *Conduit Debt Obligations*

The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitment and voluntary commitments extended by issuers and arrangements associated with the debt obligations; and improving required note disclosures. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2020 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private Partnerships and Public-Public Partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are to be effective for financial statements for periods beginning after June 15, 2022. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

GASB 96 provides guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party's software. The standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*. *GASB 96 is effective for fiscal years beginning after June 15, 2022.*

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

GASB Statement No. 99, *Omnibus 2022*

Omnibus statements are issued by GASB to address practice issues identified after other standards have been approved for implementation. Omnibus statements “clear up the loose ends” for recent prior statements GASB has issued. This Omnibus addresses recent pronouncements, including GASB 87 – Leases, GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB 96 – *Subscription-Based Information Technology Arrangements*. Effective Date: The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged and is permitted by topic.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The District’s cash and cash equivalents are composed of deposits and short-term investments and consisted of the following as of June 30, 2022:

Cash and Investments	Carrying Amount	Fair Value
Cash on hand and in banks	\$ 410,464	\$ 410,464
Investment in LAIF	8,035,032	7,931,584
Total Cash and Investments	\$ 8,445,496	\$ 8,342,048

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

California Local Agency Investment Fund (LAIF) of \$8,035,032; were invested in accordance with Government Code Sections 16430 and 16480, the stated investment authority for the Pooled Money Investment Account and are not required to be categorized using the levels above as deposits and withdrawals are made on the basis of \$1 and not fair value.

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

California Local Agency Investment Fund

The District participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in structured notes and asset-backed securities, defined as follows:

- Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, the structured notes and asset-backed securities are subject to market risk as to change in interest rates.

LAIF allows local agencies such as the District to participate in a Pooled Money Investment Account managed by the State Treasurers Office and overseen by the Pooled Money Investment Board and State Treasurer investment committee. A Local Agency Investment Advisory Board oversees LAIF. The investments with LAIF are not classified for credit risk due to their diverse nature and are stated at cost, which approximates fair value. The total amount invested by all public agencies in LAIF, as of June 30, 2022, was approximately \$232 billion. Of that amount, 100% is invested in non-derivative financial products. The balance in LAIF is available for withdrawal on demand.

Investment Policy

The District is authorized under California Government Code and the District's investment policy to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government or its agencies; bankers acceptances of U.S. banks; commercial paper of prime quality; negotiable certificates of deposit; and passbook savings account demand deposits. Investments prohibited by the District are inverse floaters, range notes, mortgage pool interest-only strips, and zero interest accrual at maturity notes. The District's investments were in compliance with the above provisions as of and for the year ended June 30, 2022.

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

The District's investment policy follows the California Government Code which authorizes the District to invest in the following, with limitations as they relate to interest rate risk, credit risk, and concentration of credit risk:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Bankers Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Medium Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Funds	N/A	20%	10%
Mortgage Pass-through and Asset Backed Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Agency Authority Pools	N/A	None	None

Risk Disclosures

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

- *Interest Rate Risk* - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The District manages its exposure to interest rate risk by depositing the majority of its funds with the State Local Agency Investment Fund (LAIF). LAIF is externally managed to minimize the sensitivity of investments to interest rate risk by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so a portion of their portfolios are maturing or coming close to maturity to ensure the cash flow and liquidity of operations. This information can be obtained from LAIFs annual financial statement.
- *Credit Risk* - Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. In order to limit loss exposure due to Credit Risk, the investment policy limits purchases of investments to those rated A-1 by Standard & Poor's or P-1 by Moody's Investors Service. The District's minimum legal rating is not applicable to the LAIF investment pool and money market funds.
- *Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for custodial credit risk over deposits, as well as 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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. In the case of investments, the risk of loss of the investment due failure, impairment or malfeasance of the third party whose name in which the investment is held and who has physical possession of the instrument. Neither the California Government Code nor the District's investment policy contains legal or policy requirements that would limit the exposure to custodial risk.

Bank balances are insured up to \$250,000 per bank by the Federal Deposit Insurance Company ("FDIC"). The actual bank statement balance of the District's cash in bank exceeded the insured limit by \$164,557 as of June 30, 2022. None of the District's deposits with financial institutions in excess of FDIC limits were held in uncollateralized accounts. All of the District's accounts met the collateral and categorization requirements.

- *Concentration of Credit Risk* - See the chart above for the District's limitations on the amount that can be invested in any one issuer. As of June 30, 2022, the District only had investments in LAIF. There were no other investments in any one issuer that represent five percent or more of the total investments.

NOTE 4 - PLANT AND FACILITIES (CAPITAL ASSETS)

The District's plant and facilities capital assets consisted of the following as of June 30, 2022:

Capital Assets	Balance June 30, 2021	Additions	Deletions/ Transfers	Balance June 30, 2022
Non-depreciable plant and facilities:				
Land and easements	\$ 134,475	\$ -	\$ -	\$ 134,475
Total non-depreciable plant and facilities	134,475	-	-	134,475
Depreciable plant and facilities:				
Sewage and collection facilities	60,264,005	4,795,251	-	65,059,256
Buildings and equipment	2,829,143	-	-	2,829,143
Maintenance equipment	477,303	47,777	-	525,080
Vehicles	1,284,168	-	-	1,284,168
Total depreciable plant and facilities	64,854,619	4,843,028	-	69,697,647
Less accumulated depreciation for:				
Sewage and collection facilities	16,445,464	778,263	-	17,223,727
Buildings and equipment	953,394	85,629	-	1,039,023
Maintenance equipment	345,258	23,986	-	369,244
Vehicles	657,295	116,780	-	774,075
Total accumulated depreciation	18,401,411	1,004,658	-	19,406,069
Total depreciable plant and facilities - net	46,453,208	3,838,370	-	50,291,578
Total plant and facilities - net	<u>\$ 46,587,683</u>	<u>\$ 3,838,370</u>	<u>\$ -</u>	<u>\$ 50,426,053</u>

Depreciation expense for the year ended June 30, 2022, was \$1,004,658.

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 5 - LONG-TERM LIABILITIES

The District's long-term liabilities consisted of the following as of June 30, 2022:

Long-term Liabilities	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Direct Borrowings:					
SRF Loan C-06-4665-110	\$ 101,638	\$ -	\$ 101,638	\$ -	\$ -
SRF Loan C-06-4665-210	204,720	-	39,025	165,695	39,962
Net OPEB Liability	307,992	74,266	89,794	292,464	-
Net Pension Liability	1,835,926	795,181	1,641,940	989,167	-
Compensated Absences	415,611	155,078	130,600	440,089	146,696
Total Long-term Liabilities	<u>\$ 2,865,887</u>	<u>\$ 1,024,525</u>	<u>\$ 2,002,997</u>	<u>\$ 1,887,415</u>	<u>\$ 186,658</u>

The District has secured State Revolving Fund loans from the State Water Resources Control Board. Loan C-06-4665-110, for an original amount of \$1,586,165 under agreement dated October 2, 2000, has an interest rate of 2.6 percent and maturity date of February 21, 2022. Loan C-06-4665-210, for an original amount of \$706,004 under agreement dated June 13, 2006, has an interest rate of 2.4 percent and maturity date of November 291, 2025.

The District's debt service requirements on the State Water Resource Control Board loans were as follows as of June 30, 2022:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 39,962	\$ 2,320	\$ 42,282
2024	40,921	1,760	42,681
2025	41,903	1,187	43,090
2026	42,909	601	43,510
Total Debt Service	<u>\$ 165,695</u>	<u>\$ 5,868</u>	<u>\$ 171,563</u>

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The District is involved in litigation arising in the ordinary course of its operations that, in the opinion of management, will not have a material effect on the District's results of operations.

NOTE 7 - RISK MANAGEMENT

The District is exposed to risks of loss from property, liability, and workers' compensation. The District mitigates risk by participating in risk sharing and insurance purchasing pools through membership in the California Sanitation Risk Management Authority (CSRMA). Risk sharing pools provide general and automobile liability and workers' compensation coverage. The pools operate to share risk among the members of the pool up to a limit of \$15,500,000 and \$750,000 for general liability and workers' compensation, respectively.

Each CSRMA member is assessed a premium that is based on ratable exposure such as the size of payroll for workers' compensation insurance. At the end of the year, the premium is retrospectively rated based on the exposure and the actual loss history of the individual member. If a member's losses are less than the member's premium, the member receives a refund of 25% of the member's excess premium. All

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

premiums are deposited into a trust fund from which claims are paid. The fund is analyzed actuarially each year to determine the sufficiency of the pool in meeting future needs and to consider whether a supplemental assessment applicable to each member is required, or in the event of a large pool, whether members' premiums might be reduced.

The cost to each CSRMA member agency for program participation is determined by the Executive Board upon the basis of cost allocation plan and rating formula. The premium for each participating agency includes the agency's share of expected losses, program insurance costs, and program administrative costs for the year, plus the agency's share of Authority general expense allocated to the program by the Board.

Audited condensed financial information for CSRMA is presented below for the year ended June 30, 2021 (most recent information available):

	<u>June 30, 2021</u>
Assets	\$ 31,110,033
Liabilities	24,687,781
Net Position	6,422,252
Revenues	15,793,441
Expenditures	16,584,260

NOTE 8 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plans

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

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 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

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

	Miscellaneous	
	Tier 1	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a % of eligible compensation	2.00%	2.00%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates	10.880%	7.590%

Employees Covered - At June 30, 2022, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Active	10
Transferred	3
Separated	1
Retired	8
Total	<u>22</u>

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 the Plan 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. For the year ended June 30, 2022, the District contributed \$374,710 into the pension plan.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)	
Miscellaneous	\$	989,168

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the 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 proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

The District's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 was as follows:

	Miscellaneous
Proportion - June 30, 2021	0.04353%
Proportion - June 30, 2022	0.05209%
Change - Increase/(Decrease)	0.00857%

For the year ended June 30, 2022, the District recognized pension expense of \$382,461. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ -
Differences between Expected and Actual Experience	110,925	-
Differences between Projected and Actual Investment Earnings	-	863,492
Differences between Employer's Contributions and Proportionate Share of Contributions	82,701	-
Change in Employer's Proportion	16,037	6,302
Pension Contributions Made Subsequent to Measurement Date	374,710	-
Total	\$ 584,373	\$ 869,794

The District reported \$374,710 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2023	\$ (105,068)
2024	(136,395)
2025	(180,042)
2026	(238,625)
2027	-
Thereafter	-
Total	\$ (660,130)

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Actuarial Assumptions - The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
 Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.00% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

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

Asset Class (a)	Assumed		
	Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

- (a) In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.0% used for this period.
- (c) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
- The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 2,023,776
Current	7.15%
Net Pension Liability	\$ 989,168
1% Increase	8.15%
Net Pension Liability	\$ 133,873

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

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District provides post-retirement benefits to eligible employees. Eligibility is based upon active employee status of the District at the time of retirement, completion of at least ten years employment with the District, having achieved the age of 55 or older, eligibility to retire under PERS, and not receiving health care benefits from any other source other than Medicare or workers' compensation. During the fiscal year 2020-2021, the District Resolution 2158-0421 established the amount of the employer's contribution of retiree health medical benefit up to a maximum of \$324.48 per month per retired employee. That rate is still in effect for the year ended June 30, 2022.

The District contracts with CalPERS to administer its retiree health benefits plan (an agent multiple-employer plan) and to provide an investment vehicle, the California Employees' Retiree Benefit Trust Fund (CERBT), to prefund future OPEB costs. The District chooses from a menu of benefit provisions and adopts certain benefit provisions by Board resolution. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. By participating in CERBT, the District is also obligated to follow the actuarial assumptions established by the CalPERS Board of Administration. CalPERS issues a Comprehensive Annual Financial Report for the retirement plans. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, CA, 95814.

Benefits Provided

The following summarizes the benefits in the plan:

Benefits Provided:	Medical Only
Duration of Benefits:	Lifetime
Required Services:	Retirement under CalPERS
Minimum Age:	Retirement under CalPERS
Dependent Coverage:	Spouse only
Contribution Percentage:	100% to cap
Cap:	\$324.48 in 2021

Employees Covered by Benefit Terms

At June 30, 2021 (the valuation date), the benefit terms covered the following employees:

Active employees	10
Inactive employees	6
Total employees	<u><u>16</u></u>

Contributions

The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions during the year were \$22,151. Total contributions included in the measurement period were \$20,264. The actuarially determined contribution for the measurement period was \$40,980. The District's contributions were 1.79% of covered employee payroll

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

during the fiscal year ended June 30, 2022. The Plan is to be fully funded by employer contributions with no requirement for matching or employee contributions.

Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2021
Actuarial Cost Method:	Entry-Age Normal
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.50%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	6.75%
Mortality	2017 CalPERS Active Mortality for Miscellaneous Employees
Retirement	Hired <1/1/2013: 2017 CalPERS 2.0%@55 Rates for Miscellaneous Employees Hired >12/31/2012: 2017 CalPERS 2.0%@62 Rates for Miscellaneous Employess

Notes:

The discount rate decreased by .25%

The inflation rate decreased by .25%

Discount Rate

The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Long-Term Expected Rate of Return</u>
All Equities	59.00%	7.545%
All Fixed Income	25.00%	425.000%
US Real Estate	8.00%	7.250%
Treasury Inflation Protected Securities (TIPS)	5.00%	3.000%
All Commodities	3.00%	7.545%
Total	100.00%	

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 (valuation date) for the fiscal year ended June 30, 2022 (reporting date).

Change in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability during the year ended June 30, 2022:

Fiscal Year Ended June 30, 2022 (Measurement Date June 30, 2021)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2021	\$ 540,603	\$ 232,611	\$ 307,992
Service cost	13,820	-	13,820
Interest in Total OPEB Liability	37,590	-	37,590
Employer contributions	-	20,264	(20,264)
Balance of diff between actual and exp experience	(1,632)	-	(1,632)
Balance of changes in assumptions	18,805	-	18,805
Actual investment income	-	63,935	(63,935)
Administrative expenses	-	(88)	88
Benefit payments	(19,396)	(19,396)	-
Net changes	49,187	64,715	(15,528)
Balance at June 30, 2022	\$ 589,790	\$ 297,326	\$ 292,464
Covered Employee Payroll	\$ 1,269,463		
Total OPEB Liability as a % of Covered Employee Payroll	46.46%		
Plan Fid. Net Position as a % of Total OPEB Liability	50.41%		
Service Cost as a % of Covered Employee Payroll	1.09%		
Net OPEB Liability as a % of Covered Employee Payroll	23.04%		

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Deferred Inflows and Outflows of Resources

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 5,246	\$ -
Difference between actual and expected earnings	-	33,104
Change in assumptions	15,649	-
OPEB contribution subsequent to measurement date	22,151	-
Totals	\$ 43,046	\$ 33,104

Of the total amount reported as deferred outflows of resources related to OPEB, \$22,151 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2023.

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

Year Ended June 30,	
2023	\$ (5,137)
2024	(4,756)
2025	(5,107)
2026	(6,665)
2027	2,860
Thereafter	6,596
Total	\$ (12,209)

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2022, for the measurement date of June 30, 2021:

Service cost	\$ 13,820
Interest in TOL	37,590
Expected investment income	(16,310)
Difference between actual and expected experience	873
Difference between actual and expected earnings	(7,997)
Change in assumptions	1,987
Administrative expenses	88
OPEB Expense	\$ 30,051

STEGE SANITARY DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2022, for the measurement date of June 30, 2021:

Net OPEB liability ending		\$	292,464
Net OPEB liability beginning			(307,992)
Change in net OPEB liability			(15,528)
Changes in deferred outflows			(8,507)
Changes in deferred inflows			31,935
Employer contributions and implicit subsidy			22,151
OPEB Expense		\$	30,051

Sensitivity to Changes in the Discount Rate

The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
	(1% Decrease)	6.75%	(1% Increase)
Net OPEB Liability (Asset)	\$ 377,183	\$ 292,464	\$ 222,721

Sensitivity to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	4.00%	(1% Increase)
Net OPEB Liability (Asset)	\$ 209,648	\$ 292,464	\$ 398,797

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated all subsequent events from the statement of financial position date of June 30, 2022, through the date the financial statements were available to be issued, November 29, 2022 and did not note any material items that required adjustment to the financials or related notes.

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REQUIRED SUPPLEMENTARY INFORMATION

STEGE SANITARY DISTRICT
Schedule of Contributions - Pension Plans
For the Fiscal Year Ended June 30, 2022

Miscellaneous Plan								
Plan Measurement Date	2014	2015	2016	2017	2018	2019	2020	2021
Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contributions	\$ 144,055	\$ 151,311	\$ 173,504	\$ 246,476	\$ 268,834	\$ 297,311	\$ 334,025	\$ 374,710
Contributions in Relation to Contractually Required Contributions	144,055	151,311	173,504	246,476	268,834	297,311	334,025	374,710
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 841,869	\$ 876,660	\$ 936,924	\$ 984,480	\$ 1,067,954	\$ 1,099,993	\$ 1,067,954	\$ 1,169,328
Contributions as a % of Covered Payroll	17.11%	17.26%	18.52%	25.04%	25.17%	27.03%	31.28%	32.04%

Notes to Schedule:

Valuation Date: June 30, 2020
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.8 Years Remaining Amortization Period
Inflation Assumed at 2.50%
Investment Rate of Returns set at 7.00%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.
The CalPERS discount rate was increased from 7.50% to 7.65% in fiscal year 2016, then to 7.15% in 2018, and 7.00% in 2022.
The CalPERS mortality assumptions was adjusted in fiscal year 2019.

STEGE SANITARY DISTRICT
Schedule of Proportionate Share of Net Pension Liability
For the Fiscal Year Ended June 30, 2022

Miscellaneous and Safety Plan	2014	2015	2016	2017	2018	2019	2020	2021
Plan Measurement Date	2015	2016	2017	2018	2019	2020	2021	2022
Fiscal Year Ended								
Proportion of Net Pension Liability (Safety and Misc)	0.01800%	0.01651%	0.01659%	0.01664%	0.01652%	0.01675%	0.01687%	0.01829%
Proportion of Net Pension Liability (Misc Plan Only)	0.04531%	0.04131%	0.04133%	0.04185%	0.04223%	0.04286%	0.04353%	0.05209%
Proportionate Share of Net Pension Liability	\$ 1,119,792	\$ 1,133,444	\$ 1,435,727	\$ 1,649,930	\$ 1,591,705	\$ 1,716,493	\$ 1,835,927	\$ 989,168
Covered Payroll	\$ 860,430	\$ 841,869	\$ 876,660	\$ 936,924	\$ 984,480	\$ 1,067,954	\$ 1,099,993	\$ 1,067,954
Proportionate Share of NPL as a % of Covered Payroll	130.14%	134.63%	163.77%	176.10%	161.68%	160.73%	166.90%	92.62%
Plan's Fiduciary Net Position as a % of the TPL	81.15%	78.90%	75.09%	74.36%	76.59%	75.30%	74.96%	87.38%

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.
The CalPERS discount rate was increased from 7.50% to 7.65% in fiscal year 2016, then to 7.15% in 2018, and 7.00% in 2022.
The CalPERS mortality assumptions was adjusted in fiscal year 2019.

STEGE SANITARY DISTRICT
Schedule of Contributions for Other Postemployment Benefits
For the Fiscal Year Ended June 30, 2022

Fiscal Year Ended	2018	2019	2020	2021	2022
Actuarially determined contribution (ADC)	\$ 11,609	\$ 10,544	\$ 10,870	\$ 33,703	\$ 40,980
Less: actual contribution in relation to ADC	(17,698)	(20,304)	(20,302)	(20,264)	(22,151)
Contribution deficiency (excess)	<u>\$ (6,089)</u>	<u>\$ (9,760)</u>	<u>\$ (9,432)</u>	<u>\$ 13,439</u>	<u>\$ 18,829</u>
Covered employee payroll	\$ 1,130,054	\$ 1,170,239	\$ 1,202,421	\$ 1,235,487	\$ 1,269,463
Contrib. as a % of covered employee payroll	1.57%	1.74%	1.69%	1.64%	1.74%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2021
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.50%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	6.75%
Mortality	2017 CalPERS Active Mortality for Miscellaneous Employees
Retirement	Hired <1/1/2013: 2009 CalPERS 2.0%@55 Rates for Miscellaneous Employees Hired >12/31/2012: 2009 CalPERS Rates for Miscellaneous Employees 2% @ 60 adjusted to minimum retirement age of 52

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

The District cap was increased from a fixed \$280 per month to \$324.48 per month in FY21.

Discount rate and inflation rates decreased by .25% in 2022.

STEGE SANITARY DISTRICT
Schedule of Changes in Net OPEB Liability
For the Fiscal Year Ended June 30, 2022

Fiscal Year Ended	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 3,727	\$ 3,876	\$ 4,400	\$ 4,521	\$ 13,820
Interest	18,649	19,469	19,556	19,958	37,590
Differences between expected and actual experience	-	-	1,993	4,092	(1,632)
Changes of assumptions	-	-	-	(1,319)	18,805
Benefit payments	(17,698)	(20,887)	(20,304)	(20,302)	(19,396)
Other	-	-	5,794	241,629	-
Net change in Total OPEB Liability	4,678	2,458	11,439	248,579	49,187
Total OPEB Liability - beginning	273,449	278,127	280,585	292,024	540,603
Total OPEB Liability - ending	<u>\$ 278,127</u>	<u>\$ 280,585</u>	<u>\$ 292,024</u>	<u>\$ 540,603</u>	<u>\$ 589,790</u>
Plan fiduciary net position					
Employer contributions	\$ 17,698	\$ 20,887	\$ 20,304	\$ 20,302	\$ 20,264
Net investment income	18,835	15,697	13,066	7,940	63,935
Benefit payments	(17,698)	(20,887)	(20,304)	(20,302)	(19,396)
Other	-	-	-	(58)	-
Administrative expense	(158)	(177)	(45)	(110)	(88)
Net change in plan fiduciary net position	18,677	15,520	13,021	7,772	64,715
Plan fiduciary net position - beginning	177,621	196,298	211,818	224,839	232,611
Plan fiduciary net position - ending	<u>\$ 196,298</u>	<u>\$ 211,818</u>	<u>\$ 224,839</u>	<u>\$ 232,611</u>	<u>\$ 297,326</u>
Net OPEB liability (asset)	\$ 81,829	68,767	67,185	307,992	292,464
Plan fiduciary net position as a percentage of the total OPEB liability	70.58%	75.49%	76.99%	43.03%	50.41%
Covered Employee Payroll	\$ 938,400	\$ 1,130,054	\$ 1,170,239	\$ 1,202,421	\$ 1,235,487
Net OPEB liability as a percentage of covered employee payroll	8.72%	6.09%	5.74%	25.61%	23.67%
Total OPEB liability as a percentage of covered employee payroll	29.64%	24.83%	24.95%	44.96%	47.74%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

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SUPPLEMENTARY INFORMATION

STEGE SANITARY DISTRICT
Comparison of Budget to Actual (Unaudited)
For the Fiscal Year Ended June 30, 2022

	Budget	Actual	Variance	Variance %
OPERATING REVENUE				
Sewer service charges	\$ 6,298,000	\$ 6,154,905	\$ (143,095)	-2.27%
Permit and inspection fees	12,000	12,780	780	6.50%
Contracted services	30,000	34,441	4,441	14.80%
Total operating revenue	<u>6,340,000</u>	<u>6,202,126</u>	<u>(137,874)</u>	-2.17%
NON-OPERATING REVENUE AND CONNECTION FEES				
Property tax	400,000	610,155	210,155	52.54%
Interest income	65,000	31,717	(33,283)	-51.20%
Other income	21,000	2,946	(18,054)	-85.97%
Connection fees	400,000	126,734	(273,266)	-68.32%
Total nonoperating revenue	<u>886,000</u>	<u>771,552</u>	<u>(114,448)</u>	-12.92%
Total revenues	<u>7,226,000</u>	<u>6,973,678</u>	<u>(252,322)</u>	-3.49%
OPERATING EXPENSES				
Maintenance/engineering	2,159,348	2,048,013	111,335	-5.16%
Pump stations	16,460	65,505	(49,045)	297.96%
Contracted repairs	68,000	123,516	(55,516)	81.64%
General & administrative	894,828	784,438	110,390	-12.34%
Total operating expenses	<u>3,138,636</u>	<u>3,021,472</u>	<u>117,164</u>	-3.73%
NON-OPERATING EXPENSES				
Interest expense	<u>7,557</u>	<u>6,183</u>	<u>(1,374)</u>	-18.18%
Total expenses	<u>3,146,193</u>	<u>3,027,655</u>	<u>118,538</u>	-3.77%
CHANGE IN NET POSITION BEFORE DEPRECIATION				
	<u>\$ 4,079,807</u>	3,946,023	<u>\$ (133,784)</u>	-3.28%
Depreciation		<u>(1,004,658)</u>		
CHANGE IN NET POSITION				
		<u>\$ 2,941,365</u>		
BALANCE SHEET ITEMS				
Debt principal repayment	\$ 140,643	\$ 140,663	\$ 20	0.01%
Capital equipment	500,000	47,778	452,222	-90.44%
Sewer rehabilitation	5,667,000	4,795,250	871,750	-15.38%
TOTAL BALANCE SHEET ITEMS	<u>\$ 6,307,643</u>	<u>\$ 4,983,691</u>	<u>\$ 1,323,992</u>	-21%

STEGE SANITARY DISTRICT
Schedule of Operating Expenses Before Depreciation
For the Fiscal Year Ended June 30, 2022

	Sewage Collection	General & Administrative	Total
OPERATING EXPENSES:			
Salaries and wages	\$ 1,221,528	\$ 247,020	\$ 1,468,548
Employee benefits	453,654	151,998	605,652
Director's meeting fees	-	21,817	21,817
Director's training and travel	-	2,162	2,162
Gasoline, oil and fuel	35,040	-	35,040
Membership	3,983	14,405	18,388
Repairs and maintenance	346,440	13,772	360,212
Operating supplies	41,855	-	41,855
Office and safety supplies	-	8,040	8,040
Insurance	47,685	155,954	203,639
Training & travel	3,604	1,275	4,879
Professional services	76,173	98,236	174,409
Utilities	7,075	37,586	44,661
Other	-	31,600	31,600
Rents/leases	-	573	573
TOTAL OPERATING EXPENSES BEFORE DEPRECIATION	\$ 2,237,037	\$ 784,438	\$ 3,021,475

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OTHER INDEPENDENT AUDITOR'S REPORTS



INDEPENDENT AUDITOR’S 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

To the Board of Directors
Stege Sanitary District
El Cerrito, California

We have audited, 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, the financial statements of the Stege Sanitary District (the “District”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 29, 2022.

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) 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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 determination of financial statement amounts. However, providing an opinion



on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

C & A LLP

November 29, 2022
Morgan Hill, California

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To the Board of Directors and Management of the
Stege Sanitary District

Introduction and Internal Controls

In planning and performing our audit of the basic financial statements of the Stege Sanitary District (the "District") as of and for the year ended June 30, 2022, 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, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

Purpose of Communication

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and the results of that testing and communicate additional information that may be relevant to future Organization decision making. Accordingly, this communication is not intended to be and should not be used for any other purpose.

C & A LLP

November 29, 2022
Morgan Hill, California

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To the Board of Directors of the
Stege Sanitary District

We have audited the basic financial statements of the Stege Sanitary District as of and for the year ended June 30, 2022, and have issued our report thereon dated November 29, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards

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

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

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

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Stege Sanitary District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

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



Planned Scope and Timing of the Audit

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

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Stege Sanitary District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during June 30, 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements include unfunded liabilities and related expenses based on assumptions in actuarial studies performed on defined benefit plans.

We evaluated the key factors and assumptions used to develop the identified estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Stege Sanitary District's financial statements relate to cash and investments, capital assets, long-term obligations and defined benefit plans.



Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material, corrected misstatements noted during the audit.

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management, which are included in a letter dated November 29, 2022.

Management's Consultations with Other Accountants

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

Other Significant Findings or Issues

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



Chavan and Associates, LLP
Certified Public Accountants

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

C & A LLP

November 29, 2022
Morgan Hill, California

CONNECTION CHARGE CALCULATION REPORT

ISSUE:

The connection charge amount is reviewed annually and revised by Ordinance when deemed necessary.

FISCAL IMPACT:

The change in the Engineering News Record's Construction Cost Index (ENR-CCI) since November 2021 (NOV 2021 - NOV 2022) is +4.8%.

STRATEGIC PLAN:

GOAL 3: Ensure Financial Stability and Efficiency

WORK PLAN ITEM "f": Annually review the District's Connection Charge by January of each year

WORK PLAN ITEM "n": Annually review the District's San Pablo Avenue Specific Plan Impact Fee by June of each year

BACKGROUND:

In May 2019, the District retained Lechowicz & Tseng Municipal Consultants to conduct a Connection Charge and San Pablo Avenue Specific Plan Area (SPASPA) Impact Fee Study (Fee Study) to examine the District's capital costs of facilities needed to serve new development. In June 2019, the Board approved the recommended Fee Study rates and charges to accurately recover the capital costs of facilities needed to serve new development. The Fee Study recommends an annual review and potential update based on the change in the Engineering News Record's Construction Cost Index (ENR-CCI) over the prior year.

At the Board meeting held on December 9, 2021, instead of basing an increase on the 9.5% ENR-CCI increase for the past year, the District Board approved the preparation of an Ordinance updating the connection charge based on a 5% increase of capital assets as stated in the Fiscal Year 2020-21 Financial Audit Report prepared by Certified Public Accountants, Chavan and Associate.

The ENR-CCI for San Francisco is 14,421.03 for November 2021 and 15,113.51 for November 2022 which is an increase of +4.8%. An increase of +4.8% to the Connection Charge and SPASPA Impact Fee would be as follows:

Sewer Connection/Capacity Charge – District-Wide

LAND USE	EXISTING (NOV 2021)	ENR-CCI NOV 2022 UPDATED AMOUNT (+4.8%)	CHANGE
Single Family Residential	\$3,201 per dwelling unit	\$3,354 per dwelling unit	+\$153
Multi-Family Residential	\$2,093 per dwelling unit	\$2193 per dwelling unit	+\$100
Non-Residential	\$123.10 per eq. fixture unit	\$129.01 per eq. fixture unit	+\$5.91

Sewer Connection/Capacity Charge – Accessory Dwelling Units

LAND USE	EXISTING (NOV 2021)	ENR-CCI NOV 2022 UPDATED AMOUNT (+4.8%)	CHANGE
“Attached” Accessory Dwelling Unit/“Junior” Accessory Dwelling Unit	\$0.00 per eq. fixture unit	\$0.00 per eq. fixture unit	+\$0.00
“Detached” Accessory Dwelling Unit	\$123.10 per eq. fixture unit	\$129.01 per eq. fixture unit	+\$5.91

“Accessory Dwelling Unit” provides complete independent living facilities including permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling.

“Attached Accessory Dwelling Unit” is constructed and contained within the existing space of the single-family residence or accessory structure and has an independent exterior access from the existing residence.

“Detached Accessory Dwelling Unit” is constructed either to expand the envelope of the existing single-family residence or accessory structure, or to be a new accessory structure on the parcel.

“Junior Accessory Dwelling Unit” does not exceed 500 square feet in size and is contained within an existing single-family structure.

Sewer Connection/Capacity Charge – San Pablo Avenue Specific Plan Area

LAND USE	EXISTING (NOV 2021)	ENR-CCI NOV 2022 UPDATED AMOUNT (+9.5%)	CHANGE
Residential	\$271.19 per eq. fixture unit	\$284.21 per eq. fixture unit	+\$13.02
Non-Residential	\$271.19 per eq. fixture unit	\$284.21 per eq. fixture unit	+\$13.02

RECOMMENDATION:

Approve the preparation of an Ordinance updating the connection charge based on a +4.8% increase of the ENR-CCI since November 2021 (NOV 2021 – NOV 2022).

ALTERNATIVES:

1. Take no action and keep the same rates until the next scheduled review in December 2023 (12 months).
2. Take no action, keep the same rates, and schedule an earlier 6-month review in June 2023.
3. Have staff contact a financial consultant to prepare a fee study.

ATTACHMENTS:

- None

2023 BOARD MEETING CALENDAR

ISSUE:

The Board will consider approving the Board Meeting Calendar for 2023.

FISCAL IMPACT:

The fiscal impact to consider approving the Board Meeting Calendar is minimal.

STRATEGIC PLAN:

GOAL 5: Maintain and Improve Community Outreach and Communication

WORK PLAN ITEM "a": Keep the District website updated with current information that maintains a high level of transparency for the public

BACKGROUND:

At the Board Meeting held on November 10, 2022, the Board received a preliminary draft of the proposed Board Meeting Calendar for 2022 and the calendar is now ready for approval.

RECOMMENDATION:

Approve the Board Meeting Calendar for 2023.

ALTERNATIVES:

1. Amend the calendar and approved, as amended.
2. Take no action and provide staff further direction.

ATTACHMENTS:

- 2023 Board Meeting Calendar

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STEGE SANITARY DISTRICT

2023 BOARD MEETING SCHEDULE

(Start time is 7PM unless stated otherwise)

January 19

February 2
February 16

March 4 @9am (LRP*)
March 16

April 6
April 20

May 4
May 18

June 1
June 15

July 6
July 20

August 17

September 7
September 21

October 5
October 19

November 9

December 7 @2pm

** Long Range Planning – All Day Workshop*

2023 Stege Sanitary District Board Meeting Schedule

JANUARY						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

FEBRUARY						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

MARCH						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

APRIL						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

MAY						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

JUNE						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

JULY						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

AUGUST						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

SEPTEMBER						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

OCTOBER						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

NOVEMBER						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

DECEMBER						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Meeting Date
 ## Mtg w/ Counsel
 ## LRP Workshop
 ## Conference
 ## Holiday

RESOLUTION NO. 2218-1122 FINDING THAT THERE IS A PROCLAIMED STATE OF EMERGENCY; FINDING THAT MEETING IN PERSON WOULD PRESENT IMMINENT RISKS TO THE HEALTH OR SAFETY OF ATTENDEES AS A RESULT OF THE STATE OF EMERGENCY; AND AUTHORIZING REMOTE TELECONFERENCED MEETINGS OF THE STEGE SANITARY DISTRICT FOR THE 30 DAY PERIOD BEGINNING DECEMBER 8 PURSUANT TO AB 361

ISSUE:

The Board will consider a resolution making necessary findings to continue to meet remotely for another 30-day period pursuant to Assembly Bill 361 (AB 361).

FISCAL IMPACT:

The fiscal impact to continue to meet remotely is minimal.

STRATEGIC PLAN:

GOAL 4: Provide a Safe and Rewarding Work Environment that Recognizes the Worth and Value of Employees

BACKGROUND:

On September 16, 2021, Governor Gavin Newsom signed AB 361 which allows public agencies to continue to meet remotely when there is a declared State of Emergency and pursuant to certain procedural requirements. AB 361 essentially allows the District to continue to meet remotely under similar circumstances as under the Governor's Executive Order N-29-20, allowing local agencies to meet remotely. The teleconferencing provisions of Executive Order N-29-20 expired on September 30.

AB 361 allows the following:

- While maintaining transparency and public access, local agencies would be able to meet remotely during a declared state of emergency
- While agencies would still be required to post agendas and meeting information, agencies would not be required to post meeting notices and/or agendas at all teleconference locations when remotely meeting during an emergency
- While the public must continue to have access to the remote meeting and provided the ability to make public comment, agencies would not be required to make all remote meeting sites accessible to the public, nor include the remote location details in the meeting notice or agenda during a declared state of emergency
- Additionally, agency board members would not be required to be at remote sites within the territorial bounds of the agency during a declared state of emergency

Since September 23, 2021, pursuant to AB 361, the Board has approved recurring resolutions authorizing remote teleconferenced meetings for a 30-day period.

Pursuant to AB 361, a draft resolution to extend remote teleconferenced meetings for another 30-day period is attached for the Board's consideration.

RECOMMENDATION:

Approve the resolution.

ALTERNATIVES:

1. Amend the resolution and approve, as amended.
2. Take no action.

ATTACHMENTS:

- Resolution No. 2218-1222

RESOLUTION NO. 2218-1222

RESOLUTION FINDING THAT THERE IS A PROCLAIMED STATE OF EMERGENCY; FINDING THAT MEETING IN PERSON WOULD PRESENT IMMINENT RISKS TO THE HEALTH OR SAFETY OF ATTENDEES AS A RESULT OF THE STATE OF EMERGENCY; AND AUTHORIZING REMOTE TELECONFERENCED MEETINGS OF THE STEGE SANITARY DISTRICT FOR THE 30 DAY PERIOD BEGINNING DECEMBER 8 PURSUANT TO AB 361

The Directors of the Stege Sanitary District (District) find and determine as follows:

- A. All meetings of the District are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the District conduct its business; and.
- B. On March 4, 2020, Governor Newsom declared a State of Emergency to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the State prepare for a broader spread of the novel coronavirus disease 2019 (COVID-19).
- C. On March 17, 2020, in response to the COVID-19 pandemic, Governor Newsom issued Executive Order N-29-20 suspending certain provisions of the Ralph M. Brown Act in order to allow local legislative bodies to conduct meetings telephonically or by other means.
- D. As a result of Executive Order N-29-20, staff set up virtual meetings for all Board meetings.
- E. On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which, effective September 30, 2021, ends the provisions of Executive Order N-29-20 that allows local legislative bodies to conduct meetings telephonically or by other means.
- F. On September 16, 2021, the Governor signed AB 361 (2021) which allows for local legislative bodies and advisory bodies to continue to conduct meetings via teleconferencing under specified conditions and includes a requirement that the Board make specified findings. AB 361 (2021) took effect immediately.

- G. AB 361 (2021) requires that the Governor declare a State of Emergency pursuant to Government Code section 8625.
- H. AB 361 (2021) further requires that state or local officials have imposed or recommended measures to promote social distancing, or, requires that the legislative body determines that meeting in person would present imminent risks to the health and safety of attendees.
- I. Such conditions now exist in the District, specifically, Governor Newsom has declared a State of Emergency due to COVID-19.
- J. Since issuing Executive Order N-08-21, the highly contagious Delta and Omicron variants of COVID-19 have emerged, causing an increase in COVID-19 cases throughout the State and Contra Costa County.
- K. On August 2, 2021, in response to the Delta variant of COVID-19, the Contra Costa County Health Officer issued an order for nearly all individuals to wear masks when inside public spaces and on September 14, 2021, issued an order requiring operators of specified dining establishments, entertainment venues and fitness facilities to restrict entry based on COVID-19 vaccination status or testing.
- L. The Centers for Disease Control and Prevention (“CDC”) continues to recommend physical distancing of at least 6 feet from others outside of the household and the Contra Costa County Health Officer strongly recommends online meetings and distancing.
- M. The highly contagious Omicron variant and sub-variants have resulted in the greatest nationwide infection rate since the beginning of the COVID-19 pandemic; and
- N. Because of the rise in cases due to the Omicron variant and sub-variant of COVID-19, the District is concerned about the health and safety of all individuals who intend to attend Board meetings.
- O. On September 23, 2021, the Board found that the presence of COVID-19 and the increase of cases due to the Delta variant would present imminent risks to the health or safety of attendees, including the Board and staff, should the Board hold in person meetings; and

- P. The Board hereby finds that the presence of COVID-19 and the increase of cases due to the Omicron variant and sub-variants would present imminent risks to the health or safety of attendees, including the Board and staff, should the Board hold in person meetings.
- Q. The District shall ensure that its meetings comply with the provisions required by AB 361 (2021) for holding teleconferenced meetings.

In consideration of the foregoing findings and determinations, it is resolved:

1. The foregoing recitals are true and correct and are hereby incorporated by reference
2. In compliance with AB 361 (2021), and in order to continue to conduct teleconference meetings without complying with the usual teleconference meeting requirements of the Brown Act, the Board makes the following continued findings:
 - a) The Board has considered the circumstances of the state of emergency; and
 - b) The state of emergency, as declared by the Governor, continues to directly impact the ability of the Board, as well as staff and members of the public, from meeting safely in person; and
 - c) The CDC continues to recommend physical distancing of at least six feet due to COVID-19 and the Contra Costa County Health Officer strongly recommends online meetings and distancing. As a result of the presence of COVID-19 and the increase of cases due to the Omicron variant and sub-variants, meeting in person would present imminent risks to the health or safety of attendees, the Board, and staff.
3. The Board may continue to meet remotely in compliance with AB 361, in order to better ensure the health and safety of the public.
4. The Board will revisit the need to conduct meetings remotely within 30 days of the adoption of this resolution.

* * * * *

STATE OF CALIFORNIA)
COUNTY OF CONTRA COSTA)

I HEREBY CERTIFY that the foregoing Resolution was duly and regularly adopted by the Directors of the Stege Sanitary District, at a regular meeting thereof, held on the 8th day of December 2022 by a X-X vote as follows:

AYES: BOARD MEMBERS:
NOES: BOARD MEMBERS:
ABSENT: BOARD MEMBERS:
ABSTAIN: BOARD MEMBERS:

DWIGHT MERRILL, President
Stege Sanitary District
Contra Costa County, California

ATTEST:

REX DELIZO, Secretary
Stege Sanitary District

RESOLUTION NO. 2219-1222 APPROVING A CONTRACT WITH ELK GROVE AUTO/
WINNER CHEVROLET FOR A 2023 RAM 1500 CLASSIC (DS6L41) TRADESMAN 4X4
QUAD CAB TRUCK IN THE AMOUNT NOT TO EXCEED \$45,897.51

ISSUE:

The District Manager requires authorization from the Board of Directors to procure a new truck to replace an existing truck considered by the insurance company as a “total loss” due to a recent accident.

FISCAL IMPACT:

The quote for a new 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab Truck is \$45,897.51.

STRATEGIC PLAN:

GOAL 2: Maintain and Improve Infrastructure

WORK PLAN ITEM ”a”: Perform proactive maintenance and assessment of the sewer system through cleaning, CCTV inspection and chemical root control to eliminate “preventable” SSOs

BACKGROUND:

The existing 2016 Chevrolet Silverado truck was involved in a recent accident and was considered by the insurance company as a “total loss”. The insurance company provided the District an adjusted vehicle value of \$25,026.75 which will be used towards the purchase of a new replacement truck.

The State of California issues a master contract for statewide vehicle purchases and, as the largest purchaser of vehicles, commands the best price from manufacturers. The master contract provides fleet vehicle trucks at the contracted pricing to local governmental agencies. Elk Grove Auto/Winner Chevrolet currently holds the master contract for fleet vehicle trucks and provided a quote under State Contract # 1-22-23-20E for a 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab Truck at \$45,897.51.

Downtown Ford of Sacramento, who holds the master contract for hybrid/electric fleet vehicle trucks, indicated by email that hybrid/electric trucks are currently unavailable and to check again with them in spring of 2023.

RECOMMENDATION: Approve the Resolution.

ALTERNATIVES:

1. Rent a truck until an electric/hybrid truck is possibly available for purchase under the State of California master contract in the spring of 2023.
2. Rent a truck and instruct staff to begin the formal bid process for a new truck.
3. Take no action and provide staff further direction.

ATTACHMENTS:

- Resolution No. 2219-1222
- Elk Grove Auto / Winner Chevrolet Quote
- Email - Downtown Ford of Sacramento

RESOLUTION NO. 2219-1222

RESOLUTION APPROVING A CONTRACT WITH ELK GROVE AUTO/WINNER CHEVROLET FOR A 2023 RAM 1500 CLASSIC (DS6L41) TRADESMAN 4X4 QUAD CAB TRUCK IN THE AMOUNT NOT TO EXCEED \$45,897.51

The Directors of the Stege Sanitary District find and determine as follows:

- A. Due to a recent accident, the District has the need for a new work truck to replace an existing work truck considered by the insurance company as a “total loss”.
- B. The State of California issues a master contract for statewide vehicle purchases and, as the largest purchaser of vehicles, commands the best price from manufacturers.
- C. The State of California master contract provides fleet vehicle trucks at the contracted pricing to local governmental agencies.
- D. Elk Grove Auto/Winner Chevrolet currently holds the master contract for fleet vehicles trucks and provided a quote under State Contract # 1-22-23-20E for a 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab Truck at \$45,897.51.
- E. The Directors of the Stege Sanitary District desire to approve and authorize the District Manager to execute an agreement with Elk Grove Auto/Winner Chevrolet to purchase a 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab Truck in an amount not to exceed \$45,897.51.

In consideration of these findings and determinations, it is resolved as follows:

- 1. The District Manager is authorized to execute a contract, in a form approved by District Counsel, with Elk Grove Auto/Winner Chevrolet in an amount not to exceed \$45,897.51 for a new 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab Truck.

* * * * *

STATE OF CALIFORNIA)
COUNTY OF CONTRA COSTA)

I HEREBY CERTIFY that the foregoing Resolution was duly and regularly adopted by the Directors of the Stege Sanitary District, at a regular meeting held on the 8th day of December 2022, by a X-X vote as follows:

AYES: BOARD MEMBERS
NOES: BOARD MEMBERS:
ABSENT: BOARD MEMBERS:
ABSTAIN: BOARD MEMBERS:

DWIGHT MERRILL, President
Stege Sanitary District
Contra Costa County, California

ATTEST:

REX DELIZO, Secretary
Stege Sanitary District

Elk Grove Auto / Winner Chevrolet

8575 Laguna Grove Drive
 Elk Grove, CA 95757
 916-426-5752
 C: 916-813-4592

To: Dennis Wright
 Stege Sanitary District
 7500 Schmidt Lane
 El Cerrito, CA 94530

(510) 524-4668

DATE November 17, 2022
Quotation # C5205G

Prepared by: Casey De Koning

Comments or special instructions: Vehicle build and options are in additional pages.
State Contract # 1-22-23-20E

Description	AMOUNT
Line 26 Truck 2023 Ram 1500 Quad Cab 4x4	\$ 37,135.00
Options (Refer to Window Sticker):	\$ 3,685.00
Extra Key/Fob	\$ 400.00
**** Please review, sign, and return a copy of the quote and **** **** specs with the PO or the vehicle will not be ordered. **** ****Shipping charge added for deliveries beyond Sacramento. No charge for will call.****	
Subtotal	\$ 41,220.00
DOC Fee	\$ 85.00
Taxable Subtotal:	\$ 41,305.00
Tax Rate(Subject to change):	10.250% \$ 4,233.76
Tire Fee:	\$8.75
Delivery Charge:	\$ 350.00
Total:	\$ 45,897.51

 (Order Acknowledgment Signature) (Date)

CA Tire Fee: \$1.75 / Per Tire

If you have any questions concerning this quotation, contact Casey De Koning at 916-813-4592 or email at cdekoning@LasherAuto.com

THANK YOU FOR YOUR BUSINESS!

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Vehicle: [Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box





Table of Contents

- Dealership Information
- Window Sticker
- Standard Equipment
- Weight Rating
- Technical Specifications

This document contains information considered Confidential between GM and its Clients uniquely. The information provided is not intended for public disclosure. Prices, specifications, and availability are subject to change without notice, and do not include certain fees, taxes and charges that may be required by law or vary by manufacturer or region. Performance figures are guidelines only, and actual performance may vary. Photos may not represent actual vehicles or exact configurations. Content based on report preparer's input is subject to the accuracy of the input provided.

Data Version: 17962. Data Updated: Nov 16, 2022 6:53:00 PM PST.



Prepared By:

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Data Version: 17962. Data Updated: Nov 16, 2022 6:53:00 PM PST.



Vehicle: [Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box (✔ Complete)

Window Sticker

SUMMARY

[Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box

Interior: Diesel Gray/Black, Heavy Duty Vinyl 40/20/40 Split Bench Seat

Exterior 1: Bright White Clearcoat

Exterior 2: No color has been selected.

Engine: 5.7L V8 HEMI MDS VVT

Transmission: 8-Speed Auto (8HP70)

OPTIONS

CODE	MODEL	MSRP
DS6L41	[Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box	
	OPTIONS	
27B	Quick Order Package 27B Tradesman	\$0.00
DFD	Transmission: 8-Speed Auto (8HP70)	\$500.00
DMC	3.21 Rear Axle Ratio	\$0.00
EZH	Engine: 5.7L V8 HEMI MDS VVT	\$2,995.00
GXM	Remote Keyless Entry w/All-Secure	\$190.00
MDA	Front License Plate Bracket	\$0.00
PW7	Bright White Clearcoat	\$0.00
TTM	Tires: P265/70R17 BSW AS	\$0.00
TXX8	Diesel Gray/Black, Heavy Duty Vinyl 40/20/40 Split Bench Seat	\$0.00
WFP	Wheels: 17" x 7" Steel	\$0.00
Z6D	GVWR: 6,800 lbs	\$0.00


FUEL ECONOMY

Est City: 15 (2022) MPG

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Data Version: 17962. Data Updated: Nov 16, 2022 6:53:00 PM PST.



Vehicle: [Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box ( Complete)


Est Highway:21 (2022) MPG

Est Highway Cruising Range:546.00 mi

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Data Version: 17962. Data Updated: Nov 16, 2022 6:53:00 PM PST.



Vehicle: [Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box ( Complete)

Standard Equipment

Mechanical

Engine: 3.6L V6 24V VVT (STD)

Transmission: 8-Speed Automatic (850RE) (STD)

3.21 Rear Axle Ratio (STD)

GVWR: 6,800 lbs (STD)

50 State Emissions

Transmission w/Driver Selectable Mode and Oil Cooler

Electronic Transfer Case

Part-Time Four-Wheel Drive

Engine Oil Cooler

730CCA Maintenance-Free Battery

160 Amp Alternator

Class III Towing Equipment -inc: Hitch and Trailer Sway Control

Trailer Wiring Harness

1740# Maximum Payload

HD Shock Absorbers

Front And Rear Anti-Roll Bars

Electric Power-Assist Steering

Single Stainless Steel Exhaust

26 Gal. Fuel Tank

Auto Locking Hubs

Short And Long Arm Front Suspension w/Coil Springs

Solid Axle Rear Suspension w/Coil Springs

4-Wheel Disc Brakes w/4-Wheel ABS, Front Vented Discs, Brake Assist and Hill Hold Control

Exterior

Wheels: 17" x 7" Steel (STD)

Tires: P265/70R17 BSW AS (STD)

Regular Box Style

Center Hub

Steel Spare Wheel

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Data Version: 17962. Data Updated: Nov 16, 2022 6:53:00 PM PST.



Vehicle: [Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box (✔ Complete)

Exterior

Full-Size Spare Tire Stored Underbody w/Crankdown
Clearcoat Paint
Black Front Bumper w/Black Rub Strip/Fascia Accent
Black Rear Step Bumper
Black Side Windows Trim and Black Front Windshield Trim
Black Door Handles
Power Side Mirrors w/Manual Folding
Black Exterior Mirrors
Exterior Mirrors w/Heating Element
Fixed Rear Window
Variable Intermittent Wipers
Deep Tinted Glass
Galvanized Steel/Aluminum Panels
Black Grille
Active Grille Shutters
Tailgate Rear Cargo Access
Manual Tailgate/Rear Door Lock
Auto On/Off Aero-Composite Halogen Headlamps w/Delay-Off
Cargo Lamp w/High Mount Stop Light
Tip Start

Entertainment

Radio w/Seek-Scan, Clock, Voice Activation, Radio Data System and External Memory Control
Radio: Uconnect 3 w/5" Display
6 Speakers
Streaming Audio
Fixed Antenna
Audio Input Jack for Mobile Devices
1 LCD Monitor In The Front

Interior

4-Way Driver Seat

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Vehicle: [Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box (Complete)

Interior

4-Way Passenger Seat

Bench Front Facing Fold-Up Cushion Vinyl Rear Seat

Manual Tilt Steering Column

Gauges -inc: Speedometer, Odometer, Voltmeter, Oil Pressure, Engine Coolant Temp, Tachometer, Oil Temperature, Transmission Fluid Temp, Engine Hour Meter and Trip Odometer

Power Rear Windows

Rear Folding Seat

Rear Cupholder

Compass

Cruise Control w/Steering Wheel Controls

Manual Air Conditioning

HVAC -inc: Underseat Ducts

Glove Box

Interior Trim -inc: Deluxe Sound Insulation, Metal-Look Instrument Panel Insert and Chrome/Metal-Look Interior Accents

Full Cloth Headliner

Urethane Gear Shifter Material

Heavy Duty Vinyl 40/20/40 Split Bench Seat

Day-Night Rearview Mirror

Mini Overhead Console and 1 12V DC Power Outlet

Fade-To-Off Interior Lighting

Full Vinyl/Rubber Floor Covering

Pickup Cargo Box Lights

GPS Antenna Input

Charge Only Remote USB Port

Remote USB Port

Integrated Voice Command w/Bluetooth

Rotary Shifter-Black

Electronic Shift


Instrument Panel Bin, Dashboard Storage, Driver And Passenger Door Bins and 2nd Row Underseat Storage

Delayed Accessory Power

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Vehicle: [Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box ( Complete)

Interior

Power 1st Row Windows w/Driver And Passenger 1-Touch Up/Down

Power Door Locks

Systems Monitor

Outside Temp Gauge

Analog Appearance

Seats w/Vinyl Back Material

Manual Adjustable Front Head Restraints and Manual Adjustable Rear Head Restraints

Manual Adjust Seats

40/20/40 Split Bench Seat

Front Armrest w/3 Cupholders

Sentry Key Immobilizer

1 12V DC Power Outlet

Air Filtration

Safety-Mechanical

Electronic Stability Control (ESC)

ABS And Driveline Traction Control

Safety-Exterior

Side Impact Beams

Safety-Interior

Dual Stage Driver And Passenger Seat-Mounted Side Airbags

Tire Specific Low Tire Pressure Warning

Dual Stage Driver And Passenger Front Airbags

Airbag Occupancy Sensor

Curtain 1st And 2nd Row Airbags

Rear Child Safety Locks

Outboard Front Lap And Shoulder Safety Belts -inc: Rear Center 3 Point, Height Adjusters and Pretensioners

ParkView Back-Up Camera

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Vehicle: [Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box (✔ Complete)


WARRANTY

Basic Years: 3
Basic Miles/km: 36,000
Drivetrain Years: 5
Drivetrain Miles/km: 60,000
Corrosion Years: 5
Corrosion Miles/km: Unlimited
Roadside Assistance Years: 5
Roadside Assistance Miles/km: 60,000

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Vehicle: [Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box ( Complete)

Weight Ratings

WEIGHT RATINGS

Front Gross Axle Weight Rating:	3900 lbs
Rear Gross Axle Weight Rating:	3900 lbs
Gross Vehicle Weight Rating:	6800.00 lbs

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Vehicle: [Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box (✔ Complete)

Technical Specifications

Powertrain

Transmission

Drivetrain	Four Wheel Drive	Trans Order Code	DFD
Trans Type	8	Trans Description Cont.	Automatic w/OD
Trans Description Cont. Again	N/A	First Gear Ratio (:1)	4.71
Second Gear Ratio (:1)	3.14	Third Gear Ratio (:1)	2.10
Fourth Gear Ratio (:1)	1.67	Fifth Gear Ratio (:1)	1.29
Sixth Gear Ratio (:1)	1.00	Reverse Ratio (:1)	3.30
Clutch Size	N/A	Trans Power Take Off	N/A
Final Drive Axle Ratio (:1)	N/A	Transfer Case Model	Electronic
Transfer Case Gear Ratio (:1), High	N/A	Transfer Case Gear Ratio (:1), Low	N/A
Transfer Case Power Take Off	No	Seventh Gear Ratio (:1)	0.84
Eighth Gear Ratio (:1)	0.67		

Mileage

EPA Fuel Economy Est - Hwy	21 (2022) MPG	Cruising Range - City	390.00 mi
EPA Fuel Economy Est - City	15 (2022) MPG	Fuel Economy Est-Combined	17 (2022) MPG
Cruising Range - Hwy	546.00 mi	Estimated Battery Range	N/A

Engine

Engine Order Code	EZH	Engine Type	Regular Unleaded V-8
Displacement	5.7 L/345	Fuel System	Sequential MPI
SAE Net Horsepower @ RPM	395 @ 5600	SAE Net Torque @ RPM	410 @ 3950
Engine Oil Cooler	HD		

Electrical

Cold Cranking Amps @ 0° F (Primary)	730	Cold Cranking Amps @ 0° F (2nd)	730
Cold Cranking Amps @ 0° F (3rd)	N/A	Maximum Alternator Capacity (amps)	180

Cooling System

Total Cooling System Capacity	N/A		
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Vehicle: [Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box (Complete)

Powertrain

Cooling System

Vehicle

Emissions

Tons/yr of CO2 Emissions @ 15K mi/year 10.4 (2022)

EPA Greenhouse Gas Score

N/A

Chassis

Weight Information

Standard Weight - Front 0.00 lbs

Standard Weight - Rear 0.00 lbs

Base Curb Weight 5279 lbs

Gross Axle Wt Rating - Front 3900 lbs

Gross Axle Wt Rating - Rear 3900 lbs

Curb Weight - Front 2877 lbs

Curb Weight - Rear 2180 lbs

Option Weight - Front 226.00 lbs

Option Weight - Rear -4.00 lbs

Reserve Axle Capacity - Front 797.00 lbs

Reserve Axle Capacity - Rear 1724.00 lbs

As Spec'd Curb Weight 5279.00 lbs

As Spec'd Payload 1521.00 lbs

Maximum Payload Capacity 1743.00 lbs

Gross Combined Wt Rating 13800 lbs

Gross Axle Weight Rating 7800.00 lbs

Curb Weight 5057.00 lbs

Reserve Axle Capacity 2521.00 lbs

Total Option Weight 222.00 lbs

Payload Weight Front 0 lbs

Payload Weight Rear 0 lbs

Gross Vehicle Weight Rating 6800.00 lbs

Trailer

Dead Weight Hitch - Max Trailer Wt. 5000 lbs

Dead Weight Hitch - Max Tongue Wt. 500 lbs

Wt Distributing Hitch - Max Trailer Wt. 8020 lbs

Wt Distributing Hitch - Max Tongue Wt. 802 lbs

Fifth Wheel Hitch - Max Trailer Wt. N/A

Fifth Wheel Hitch - Max Tongue Wt. N/A

Maximum Trailering Capacity 8020 lbs

Frame

Frame Type N/A

Sect Modulus Rails Only N/A

Frame RBM N/A

Frame Strength N/A

Frame Thickness N/A

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Vehicle: [Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box (Complete)

Chassis

Suspension

Suspension Type - Front	Short And Long Arm	Suspension Type - Rear	Multi-Link
Spring Capacity - Front	N/A	Spring Capacity - Rear	N/A
Axle Type - Front	Independent	Axle Type - Rear	Rigid Axle
Axle Capacity - Front	3900 lbs	Axle Capacity - Rear	3900 lbs
Axle Ratio (:1) - Front	3.21	Axle Ratio (:1) - Rear	3.21
Shock Absorber Diameter - Front	N/A	Shock Absorber Diameter - Rear	N/A
Stabilizer Bar Diameter - Front	N/A	Stabilizer Bar Diameter - Rear	N/A

Tires

Front Tire Order Code	TTM-1	Rear Tire Order Code	TTM-1
Spare Tire Order Code	N/A	Front Tire Size	P265/70SR17
Rear Tire Size	P265/70SR17	Spare Tire Size	Full-Size
Front Tire Capacity	4608 lbs	Rear Tire Capacity	4608 lbs
Spare Tire Capacity	N/A	Revolutions/Mile @ 45 mph - Front	656
Revolutions/Mile @ 45 mph - Rear	656	Revolutions/Mile @ 45 mph - Spare	N/A

Wheels

Front Wheel Size	17 X 7 in	Rear Wheel Size	17 X 7 in
Spare Wheel Size	Full-Size in	Front Wheel Material	Styled Steel
Rear Wheel Material	Styled Steel	Spare Wheel Material	Steel

Steering

Steering Type	Rack-Pinion	Steering Ratio (:1), Overall	N/A
Steering Ratio (:1), On Center	N/A	Steering Ratio (:1), At Lock	N/A
Turning Diameter - Curb to Curb	45.4 ft	Turning Diameter - Wall to Wall	N/A

Brakes

Brake Type	4-Wheel Disc	Brake ABS System	4-Wheel
Brake ABS System (Second Line)	4-Wheel	Disc - Front (Yes or)	Yes
Disc - Rear (Yes or)	Yes	Front Brake Rotor Diam x Thickness	13.2 in

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Vehicle: [Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box (Complete)

Chassis

Brakes

Rear Brake Rotor Diam x Thickness	13.8 in	Drum - Rear (Yes or)	N/A
Rear Drum Diam x Width	N/A		

Fuel Tank

Fuel Tank Capacity, Approx	26 gal	Aux Fuel Tank Capacity, Approx	N/A
Fuel Tank Location	N/A	Aux Fuel Tank Location	N/A

Dimensions

Interior Dimensions

Passenger Capacity	6	Front Head Room	41 in
Front Leg Room	41 in	Front Shoulder Room	66 in
Front Hip Room	63.2 in	Second Head Room	39.7 in
Second Leg Room	34.7 in	Second Shoulder Room	65.7 in
Second Hip Room	62.9 in		

Exterior Dimensions

Wheelbase	140 in	Length, Overall w/o rear bumper	N/A
Length, Overall w/rear bumper	N/A	Length, Overall	229 in
Width, Max w/o mirrors	79.4 in	Height, Overall	77.7 in
Overhang, Front	N/A	Overhang, Rear w/o bumper	48.4 in
Front Bumper to Back of Cab	N/A	Cab to Axle	36.9 in
Cab to End of Frame	N/A	Ground to Top of Load Floor	34.9 in
Ground to Top of Frame	N/A	Frame Width, Rear	N/A
Ground Clearance, Front	8.6 in	Ground Clearance, Rear	8.6 in
Body Length	0.00 ft	Cab to Body	N/A


Cargo Area Dimensions

Cargo Box Length @ Floor	76.3 in	Cargo Box Width @ Top, Rear	66.4 in
Cargo Box Width @ Floor	66.4 in	Cargo Box Width @ Wheelhousings	51 in
Cargo Box (Area) Height	20.1 in	Tailgate Width	60.4 in

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Vehicle: [Fleet] 2023 Ram 1500 Classic (DS6L41) Tradesman 4x4 Quad Cab 6'4" Box ( Complete)

Dimensions

Cargo Area Dimensions

Cargo Volume	57.5 ft ³	Ext'd Cab Cargo Volume	N/A
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STEGE SANITARY DISTRICT
Investment, Cash & Receivables Report

12:43:12 PM
 12/05/2022

As of November 30, 2022

	<u>November 30, 2022</u>	<u>October 31, 2022</u>	<u>\$ Change</u>	<u>Deposits</u>	<u>Checks</u>	<u>Transfers</u>
ASSETS						
Current Assets						
Checking/Savings						
LAIF Investment Accts						
11012 - Sewer Operations- 3418	5,797,201	6,079,464	-282,263	22,737	0	-306,000
11014 - System Rehab- 3423	1,019,417	1,015,783	3,635	3,635	0	0
Total LAIF Investment Accts	<u>6,816,618</u>	<u>7,095,247</u>	<u>-278,629</u>	<u>26,371</u>	<u>0</u>	<u>-306,000</u>
Checking Accts						
100 - Mechanics Bank	19,847	3,187	16,660	21,409	-310,748	306,000
100 - County Cash Acct #3418	7,695	7,695	0 *	0 *	0	0
Total Checking Accts	<u>27,542</u>	<u>10,882</u>	<u>16,660</u>	<u>21,409</u>	<u>-310,748</u>	<u>306,000</u>
11021 - Petty Cash	250	250	0	0	0	0
Total Checking/Savings	<u>6,844,410</u>	<u>7,106,379</u>	<u>-261,969</u>	<u>47,780</u>	<u>-310,748</u>	<u>0</u>
301 - Ca Employer's Retiree Benefit Trust	238,670	238,670	0	0	0	0
Total CA Employer's Retiree Benefit Trust	<u>238,670</u>	<u>238,670</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Accounts Receivable						
11072 - Accounts Receivable	111,533	111,533	0			
Total Accounts Receivable	<u>111,533</u>	<u>111,533</u>	<u>0</u>			

Note: * Reduction or Increase is based on property tax estimate.

I hereby certify that the invested funds of the Stege Sanitary District are in compliance with the investment policies of the Stege Sanitary District and provide sufficient liquidity to meet budgeted expenses for the next six month period.

 Rex Delizo, District Manager

 Date

STEGE SANITARY DISTRICT

Operating Statement

12/05/2022

November 2022

42.19% of Fiscal year Completed

	July- November 2022	Annual Budget	% of Annual Budget
Income			
31 - OPERATING REVENUE			
31010 - Sewer Service Charges	(42,669)	3,209,000	-1%
31020 - Permit & Insp. Fees	4,105	12,000	34%
31030 - Connection Fees	32,315	50,000	65%
31040 - San Pablo Impact Fee	16,301	50,000	33%
31080 - Contracted Services	-	33,000	0%
31010a - Capital Service Charges	-	3,775,000	0%
Total 31 - OPERATING REVENUE	10,053	7,129,000	0%
32 - NON-OPERATING REVENUE			
32050 - Interest - 3418	22,737	15,000	152%
32052 - Interest - 3423	3,635	5,000	73%
32080 - Property Taxes	16,006	500,000	3%
32085 - Insurance Dividend	-	-	0%
32090 - Miscellaneous	-	21,000	0%
Total 32 - NON-OPERATING REVENUE	42,377	541,000	8%
Transfer (to)/from Reserves	-	(109,643)	0%
Total Income	52,430	7,560,357	1%
Expense			
OPERATING EXPENSES			
Administration/General			
45-010 - Salaries & Wages	102,550	255,300	40%
45-020 - Employee Benefits	94,421	141,506	67%
45-029 - Retiree Health	4,779	13,600	35%
45-030 - Directors Expenses	15,689	41,007	38%
45-070 - Insurance	95,841	250,400	38%
Administration - Other	68,437	291,000	24%
Total Administration	381,717	992,813	38%
Maintenance/Engineering			
41-010 - Salaries & Wages	529,475	1,260,660	42%
41-020 - Employee Benefits	205,344	521,701	39%
41-029 - Retiree Health	4,630	15,556	30%
41-100 - Operating Supplies	712	40,000	2%
41-110 - Contractual Services	20,154	101,300	20%
41-207 - Contracted Repairs	36,810	70,000	53%
Maintenance- Other	116,287	286,257	41%
Total Maintenance/Engineering	913,412	2,295,474	40%
Pump Stations	38,411	40,020	96%
Total OPERATING EXPENSES	1,333,540	3,328,307	40%
CAPITAL			
41-650 - Debt Repayment (SRF Loans)	43,939	43,900	100%
Construction Projects	-	3,833,150	0%
Outlay(Maintenance/Engineering)	191,220	355,000	54%
Total CAPITAL	235,158	4,232,050	6%
Total Expense	1,568,698	7,560,357	21%
Net	(1,516,268)	0	



California Public Employees' Retirement System

Actuarial Office

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744

888 CalPERS (or **888-225-7377**) | TTY: (877) 249-7442 | www.calpers.ca.gov

July 2022

**PEPRA Miscellaneous Plan of the Stege Sanitary District (CalPERS ID: 2595946637)
Annual Valuation Report as of June 30, 2021**

Dear Employer,

Attached to this letter, you will find the June 30, 2021 actuarial valuation report for the rate plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2023-24.** In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2021.

Section 2 can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to "Forms & Publications" and select "View All". In the search box, enter "Risk Pool" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2021.

Your June 30, 2021 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. The plan actuary whose signature is in the Actuarial Certification is available to discuss.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration (board) adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution requirements as needed. This valuation is based on an investment return assumption of 6.8%, which was adopted by the board in November 2021. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021.

Required Contribution

The table below shows the minimum required employer contributions and the Employee PEPRA Rate for FY 2023-24 along with estimates of the required contributions for FY 2024-25. Employee contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Member Rate
2023-24	7.68%	\$0	7.75%
<i>Projected Results</i>			
2024-25	7.7%	\$0	TBD

The actual investment return for FY 2021-22 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 6.8%. ***To the extent the actual investment return for FY 2021-22 differs from 6.8%, the actual contribution requirements for FY 2024-25 will differ from those shown above.*** For additional details regarding the assumptions and methods used for these projections, please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through FY 2028-29.

Changes from Previous Year's Valuation

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for FY 2020-21. Since the return exceeded the 7.00% discount rate sufficiently, the CalPERS Funding Risk Mitigation policy allows CalPERS to use a portion of the investment gain to offset the cost of reducing the expected volatility of future investment returns. Based on the thresholds specified in the policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate of 0.20%, from 7.00% to 6.80%.

On November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for public agencies. These new assumptions are incorporated in this actuarial valuation and will impact the required contribution for FY 2023-24. In addition, the board adopted a new strategic asset allocation as part of its Asset Liability Management process. The new asset allocation along with the new capital market assumptions and economic assumptions support a discount rate of 6.80%. This includes a reduction in the price inflation assumption from 2.50% to 2.30%.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A of the Section 2 report, "Actuarial Methods and Assumptions."

Questions

We understand that you might have questions about these results, and the plan actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or **(888-225-7377)**.

Sincerely,



SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary



**Actuarial Valuation
as of June 30, 2021**

**for the
PEPRA Miscellaneous Plan
of the
Stege Sanitary District
(CalPERS ID: 2595946637)**

**Required Contributions
for Fiscal Year
July 1, 2023 - June 30, 2024**

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Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the PEPRA Miscellaneous Plan of the Stege Sanitary District

**(CalPERS ID: 2595946637)
(Rate Plan ID: 27096)**

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Actuarial Certification

To the best of our knowledge, this report, comprising of Sections 1 and 2, is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the PEPRA Miscellaneous Plan of the Stege Sanitary District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation is based on the member and financial data as of June 30, 2021 provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Stege Sanitary District, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the Miscellaneous Risk Pool has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the rate plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2021 and employer contribution as of July 1, 2023 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.



TONY CUNY, ASA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- **Introduction**
- **Purpose of Section 1**
- **Required Contributions**
- **Additional Discretionary Employer Contributions**
- **Plan's Funded Status**
- **Projected Employer Contributions**
- **Other Pooled Miscellaneous Risk Pool Rate Plans**
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- **Changes Since the Prior Year's Valuation**
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Introduction

This report presents the results of the June 30, 2021 actuarial valuation of the PEPRA Miscellaneous Plan of the Stege Sanitary District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for (FY) 2023-24.

Purpose of Section 1

This Section 1 report for the PEPRA Miscellaneous Plan of the Stege Sanitary District of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2021;
- Determine the minimum required employer contribution for this plan for the FY July 1, 2023 through June 30, 2024; and
- Provide actuarial information as of June 30, 2021 to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact the plan actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Contributions

	Fiscal Year 2023-24
Required Employer Contributions	
Employer Normal Cost Rate	7.68%
<i>Plus</i>	
Required Payment on Amortization Bases¹	\$0
<i>Paid either as</i>	
1) Monthly Payment	\$0.00
<i>Or</i>	
2) Annual Prepayment Option*	\$0
Required PEPRA Member Contribution Rate	7.75%
<p><i>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).</i></p> <p><i>* Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).</i></p> <p><i>For additional detail regarding the determination of the required PEPRA member contribution rate see section on PEPRA Member Contribution Rates.</i></p>	

	Fiscal Year 2022-23	Fiscal Year 2023-24
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	14.22%	15.43%
Surcharge for Class 1 Benefits ²		
None	0.00%	0.00%
Phase out of Normal Cost Difference ³	0.00%	0.00%
Plan's Total Normal Cost	14.22%	15.43%
Plan's Employee Contribution Rate	6.75%	7.75%
Employer Normal Cost Rate	7.47%	7.68%

¹ The required payment on amortization bases does not take into account any additional discretionary payment made after April 29, 2022.

² Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

³ The normal cost change is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2023-24 FY is \$0. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2023-24 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

Agencies considering making an ADP should contact CalPERS for additional information.

Minimum Required Employer Contribution for Fiscal Year 2023-24

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
\$18,376	\$0	\$0	\$0	\$18,376

Alternative Fiscal Year 2023-24 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP ¹	Total UAL Contribution	Estimated Total Contribution
N/A	N/A	N/A	N/A	N/A	N/A

¹ The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2023 as determined in the June 30, 2021 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2020	June 30, 2021
1. Present Value of Projected Benefits (PVB)	\$376,268	\$496,028
2. Entry Age Accrued Liability (AL)	113,342	174,800
3. Plan's Market Value of Assets (MVA)	106,477	188,548
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	6,865	(13,748)
5. Funded Ratio [(3) / (2)]	93.9%	107.9%

The UAL and funded ratio are assessments of the need for future employer contributions based on the actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The funded ratio, on the other hand, is a relative measure of funded status that allows for comparison between plans of different sizes. For measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2021-22 is assumed to be 6.80% per year, net of investment and administrative expenses. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

Fiscal Year	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2021-22 and Beyond)				
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Rate Plan 27096 Results					
Normal Cost %	7.68%	7.7%	7.7%	7.7%	7.7%	7.7%
UAL Payment	\$0	\$0	\$0	\$0	\$0	\$0

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Other Pooled Miscellaneous Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown below, correspond to rate plan 27096. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Miscellaneous Risk Pool are shown below and assume that the payroll for each rate plan will grow according to the overall payroll growth assumption of 2.80% per year for three years.

	Fiscal Year	Fiscal Year
	2022-23	2023-24
Estimated Combined Employer Contributions for all Pooled Miscellaneous Rate Plans		
Projected Payroll for the Contribution Year	\$1,158,885	\$1,270,328
Estimated Employer Normal Cost	\$118,869	\$146,949
Required Payment on Amortization Bases	\$150,564	\$141,578
Estimated Total Employer Contributions	\$269,433	\$288,527
Estimated Total Employer Contribution Rate (illustrative only)	23.25%	22.71%

Cost

Actuarial Determination of Plan Cost

Contributions to fund the plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with FY 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 6.9% over the 20 years ending June 30, 2021, yet individual fiscal year returns have ranged from -23.6% to +21.3%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2021.

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

On November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for Public Agencies. These new assumptions are incorporated in this actuarial valuation and will impact the required contribution for FY 2023-24. In addition, the board adopted a new asset portfolio as part of its Asset Liability Management process. The new asset mix supports a 6.80% discount rate, which reflects a change in the price inflation assumption to 2.30%.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2021. Changes subsequent to that date are not reflected. Investment returns below the assumed rate of return may increase future required contributions while investment returns above the assumed rate of return may decrease future required contributions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 6.8% going forward and that the realized rate of return on assets for FY 2021-22 is 6.8%.

This actuarial valuation report reflects statutory changes, regulatory changes and board actions through January 2022. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- **Breakdown of Entry Age Accrued Liability**
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's Market Value of Assets**
- **Schedule of Plan's Amortization Bases**
- **Amortization Schedule and Alternatives**
- **Employer Contribution History**
- **Funding History**

Breakdown of Entry Age Accrued Liability

Active Members	\$168,751
Transferred Members	0
Terminated Members	6,049
Members and Beneficiaries Receiving Payments	0
Total	\$174,800

Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1. Plan's Accrued Liability	\$174,800
2. Projected UAL balance at 6/30/2021	6,574
3. Pool's Accrued Liability ¹	20,794,529,023
4. Sum of Pool's Individual Plan UAL Balances at 6/30/2021 ¹	4,597,734,264
5. Pool's 2020/21 Investment (Gain)/Loss ¹	(2,338,185,055)
6. Pool's 2020/21 Non-Investment (Gain)/Loss ¹	(84,077,623)
7. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (2)] \div [(3) - (4)] \times (5)$	(24,285)
8. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (3) \times (6)$	(707)
9. Plan's New (Gain)/Loss as of 6/30/2021: $(7) + (8)$	(24,992)
10. Increase in Pool's Accrued Liability due to Change in Assumptions ¹	60,407,898
11. Plan's Share of Pool's Change in Assumptions: $(1) \div (3) \times (10)$	508
12. Increase in Pool's Accrued Liability due to Funding Risk Mitigation ¹	495,172,731
13. Plan's Share of Pool's Change due to Funding Risk Mitigation: $(1) \div (3) \times (12)$	4,162
14. Offset due to Funding Risk Mitigation	(7,388)
15. Plan's Net Investment (Gain): $(7) - (14)$	(16,897)

¹ Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market Value of Assets

16. Plan's UAL: $(2) + (9) + (11) + (13)$	(\$13,748)
17. Plan's Share of Pool's MVA: $(1) - (16)$	\$188,548

Schedule of Plan's Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2021.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2023-24.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Expected Payment 2023-24	Minimum Required Payment
Fresh Start	6/30/21				N/A	(13,748)	(2,544)	(12,054)	(2,008)	(10,799)	0	0
Total						(13,748)	(2,544)	(12,054)	(2,008)	(10,799)	0	0

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please contact the plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

Date	<u>Current Amortization Schedule</u>		<u>Alternate Schedules</u>			
	Balance	Payment	<u>N/A Year Amortization</u>		<u>N/A Year Amortization</u>	
			Balance	Payment	Balance	Payment
6/30/2023	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2024						
6/30/2025						
6/30/2026						
6/30/2027						
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6/30/2051						
6/30/2052						
Total		N/A		N/A		N/A
Interest Paid		N/A		N/A		N/A
Estimated Savings				N/A		N/A

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2019 or after June 30, 2021 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment (\$)	Additional Discretionary Payments
2017 - 18	6.533%	\$24	N/A
2018 - 19	6.842%	1,263	N/A
2019 - 20	6.985%	593	0
2020 - 21	7.732%	746	0
2021 - 22	7.59%	827	
2022 - 23	7.47%	1,457	
2023 - 24	7.68%	0	

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2015	\$413	\$393	\$20	95.2%	\$50,400
06/30/2016	8,265	7,631	634	92.3%	52,800
06/30/2017	18,722	18,136	586	96.9%	59,400
06/30/2018	45,171	42,610	2,561	94.3%	116,700
06/30/2019	73,185	69,748	3,437	95.3%	182,112
06/30/2020	113,342	106,477	6,865	93.9%	192,540
06/30/2021	174,800	188,548	(13,748)	107.9%	220,248

Risk Analysis

- **Future Investment Return Scenarios**
- **Discount Rate Sensitivity**
- **Mortality Rate Sensitivity**
- **Maturity Measures**
- **Maturity Measures History**
- **Hypothetical Termination Liability**

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2041.

Assumed Annual Return FY 2021-22 through 2040-41	Projected Employer Contributions				
	2024-25	2025-26	2026-27	2027-28	2028-29
3.0% (5th percentile)					
Normal Cost Rate	7.7%	7.7%	7.7%	7.7%	7.7%
UAL Contribution	\$0	\$110	\$400	\$880	\$1,600
10.8% (95th percentile)					
Normal Cost Rate	7.9%	8.1%	8.3%	8.5%	8.7%
UAL Contribution	\$0	\$0	\$0	\$0	\$0

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2021-22 on the FY 2024-25 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2024-25.

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions
	2023-24	2024-25
(17.2)% (2 standard deviation loss)		
Normal Cost Rate	7.68%	7.7%
UAL Contribution	\$0	\$860
(5.2)% (1 standard deviation loss)		
Normal Cost Rate	7.68%	7.7%
UAL Contribution	\$0	\$310

- Without investment gains (returns higher than 6.8%) in year FY 2022-23 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2021-22.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2024-25 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2021 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	19.32%	15.43%	12.47%
b) Accrued Liability	\$207,092	\$174,800	\$148,779
c) Market Value of Assets	\$188,548	\$188,548	\$188,548
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$18,544	(\$13,748)	(\$39,769)
e) Funded Ratio	91.0%	107.9%	126.7%

Sensitivity to the Price Inflation Assumption

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	16.27%	15.43%	14.03%
b) Accrued Liability	\$182,150	\$174,800	\$160,389
c) Market Value of Assets	\$188,548	\$188,548	\$188,548
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$6,398)	(\$13,748)	(\$28,159)
e) Funded Ratio	103.5%	107.9%	117.6%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2021 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	15.71%	15.43%	15.18%
b) Accrued Liability	\$178,568	\$174,800	\$171,327
c) Market Value of Assets	\$188,548	\$188,548	\$188,548
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$9,980)	(\$13,748)	(\$17,221)
e) Funded Ratio	105.6%	107.9%	110.1%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only.

One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2020	June 30, 2021
1. Retired Accrued Liability	\$0	\$0
2. Total Accrued Liability	113,342	174,800
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.00	0.00

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above. For comparison, the support ratio for all CalPERS public agency plans is 0.82 and is calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2020	June 30, 2021
1. Number of Actives	3	3
2. Number of Retirees	0	0
3. Support Ratio [(1) / (2)]	N/A	N/A

Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2020	June 30, 2021
1. Market Value of Assets	\$106,477	\$188,548
2. Payroll	192,540	220,248
3. Asset Volatility Ratio (AVR) [(1) / (2)]	0.6	0.9
4. Accrued Liability	\$113,342	\$174,800
5. Liability Volatility Ratio (LVR) [(4) / (2)]	0.6	0.8

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.00	N/A	0.3	0.3
06/30/2018	0.00	N/A	0.4	0.4
06/30/2019	0.00	N/A	0.4	0.4
06/30/2020	0.00	N/A	0.6	0.6
06/30/2021	0.00	N/A	0.9	0.8

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2021. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to seven months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability^{1,2} at 1.00%	Funded Ratio	Unfunded Termination Liability at 1.00%	Hypothetical Termination Liability^{1,2} at 2.25%	Funded Ratio	Unfunded Termination Liability at 2.25%
\$188,548	\$415,609	45.4%	\$227,061	\$310,975	60.6%	\$122,427

¹ The hypothetical liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A.

² The discount rate used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.00% on June 30, 2021, the valuation date.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. Before beginning this process, please consult with the plan actuary.

Participant Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2020	June 30, 2021
Active Members		
Counts	3	3
Average Attained Age	44.40	44.14
Average Entry Age to Rate Plan	41.29	40.56
Average Years of Credited Service	3.20	3.70
Average Annual Covered Pay	\$64,180	\$73,416
Annual Covered Payroll	\$192,540	\$220,248
Present Value of Future Payroll	\$1,883,292	\$2,167,058
Transferred Members		
	0	0
Separated Members		
	0	1
Retired Members and Beneficiaries		
Counts*	0	0
Average Annual Benefits*	\$0	\$0

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Benefit Group	
Member Category	Misc
Demographics Actives Transfers/Separated Receiving	Yes Yes No
Benefit Provision Benefit Formula Social Security Coverage Full/Modified	2% @ 62 No Full
Employee Contribution Rate	6.75%
Final Average Compensation Period	Three Year
Sick Leave Credit	Yes
Non-Industrial Disability	Standard
Industrial Disability	No
Pre-Retirement Death Benefits Optional Settlement 2	Yes Indexed
1959 Survivor Benefit Level Special Alternate (firefighters)	No No
Post-Retirement Death Benefits Lump Sum Survivor Allowance (PRSA)	\$500 No
COLA	2%

PEPRA Member Contribution Rates

The California Public Employees’ Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for “new” employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), “new members ... shall have an initial contribution rate of at least 50% of the normal cost rate.” The normal cost rate is dependent on the plan of retirement benefits, actuarial assumptions, and demographics of the risk pool, particularly members’ entry age. Should the total normal cost rate change by more than 1% from the base total normal cost rate, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2023, based on 50% of the total normal cost rate as of the June 30, 2021 valuation.

Rate Plan Identifier	Benefit Group Name	Basis for Current Rate		Rates Effective July 1, 2023			
		Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
27096	Miscellaneous PEPRA Level	13.735%	6.75%	15.43%	1.695%	Yes	7.75%

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

**Section 2 may be found on the CalPERS website
(www.calpers.ca.gov) in the Forms and
Publications section**



California Public Employees' Retirement System

Actuarial Office

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744

888 CalPERS (or **888-225-7377**) | TTY: (877) 249-7442 | www.calpers.ca.gov

July 2022

**Miscellaneous Plan of the Stege Sanitary District (CalPERS ID: 2595946637)
Annual Valuation Report as of June 30, 2021**

Dear Employer,

Attached to this letter, you will find the June 30, 2021 actuarial valuation report for the rate plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2023-24.** In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2021.

Section 2 can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to "Forms & Publications" and select "View All". In the search box, enter "Risk Pool" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2021.

Your June 30, 2021 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. The plan actuary whose signature is in the Actuarial Certification is available to discuss.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration (board) adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution requirements as needed. This valuation is based on an investment return assumption of 6.8%, which was adopted by the board in November 2021. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021.

Required Contribution

The table below shows the minimum required employer contributions for FY 2023-24 along with estimates of the required contributions for FY 2024-25. Employee contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2023-24	12.47%	\$141,578
<i>Projected Results</i>		
2024-25	12.5%	\$137,000

The actual investment return for FY 2021-22 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 6.8%. ***To the extent the actual investment return for FY 2021-22 differs from 6.8%, the actual contribution requirements for FY 2024-25 will differ from those shown above.*** For additional details regarding the assumptions and methods used for these projections, please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through FY 2028-29.

Changes from Previous Year's Valuation

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for FY 2020-21. Since the return exceeded the 7.00% discount rate sufficiently, the CalPERS Funding Risk Mitigation policy allows CalPERS to use a portion of the investment gain to offset the cost of reducing the expected volatility of future investment returns. Based on the thresholds specified in the policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate of 0.20%, from 7.00% to 6.80%.

On November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for public agencies. These new assumptions are incorporated in this actuarial valuation and will impact the required contribution for FY 2023-24. In addition, the board adopted a new strategic asset allocation as part of its Asset Liability Management process. The new asset allocation along with the new capital market assumptions and economic assumptions support a discount rate of 6.80%. This includes a reduction in the price inflation assumption from 2.50% to 2.30%.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A of the Section 2 report, "Actuarial Methods and Assumptions."

Questions

We understand that you might have questions about these results, and the plan actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or **(888-225-7377)**.

Sincerely,



SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary



**Actuarial Valuation
as of June 30, 2021**

**for the
Miscellaneous Plan
of the
Stege Sanitary District
(CalPERS ID: 2595946637)**

**Required Contributions
for Fiscal Year
July 1, 2023 - June 30, 2024**

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Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the Miscellaneous Plan of the Stege Sanitary District

(CalPERS ID: 2595946637)

(Rate Plan ID: 1546)

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Actuarial Certification

To the best of our knowledge, this report, comprising of Sections 1 and 2, is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Miscellaneous Plan of the Stege Sanitary District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation is based on the member and financial data as of June 30, 2021 provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Stege Sanitary District, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the Miscellaneous Risk Pool has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the rate plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2021 and employer contribution as of July 1, 2023 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.



TONY CUNY, ASA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- **Introduction**
- **Purpose of Section 1**
- **Required Contributions**
- **Additional Discretionary Employer Contributions**
- **Plan's Funded Status**
- **Projected Employer Contributions**
- **Other Pooled Miscellaneous Risk Pool Rate Plans**
- **Cost**
- **Changes Since the Prior Year's Valuation**
- **Subsequent Events**

Introduction

This report presents the results of the June 30, 2021 actuarial valuation of the Miscellaneous Plan of the Stege Sanitary District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for (FY) 2023-24.

Purpose of Section 1

This Section 1 report for the Miscellaneous Plan of the Stege Sanitary District of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2021;
- Determine the minimum required employer contribution for this plan for the FY July 1, 2023 through June 30, 2024; and
- Provide actuarial information as of June 30, 2021 to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact the plan actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Contributions

Required Employer Contributions	Fiscal Year 2023-24
Employer Normal Cost Rate	12.47%
<i>Plus</i>	
Required Payment on Amortization Bases¹	\$141,578
<i>Paid either as</i>	
1) Monthly Payment	\$11,798.17
<i>Or</i>	
2) Annual Prepayment Option*	\$136,997
<i>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).</i>	
<i>* Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).</i>	

	Fiscal Year 2022-23	Fiscal Year 2023-24
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	17.24%	18.76%
Surcharge for Class 1 Benefits ²		
a) FAC 1	0.55%	0.63%
Phase out of Normal Cost Difference ³	0.00%	0.00%
Plan's Total Normal Cost	17.79%	19.39%
Formula's Expected Employee Contribution Rate	6.92%	6.92%
Employer Normal Cost Rate	10.87%	12.47%

¹ The required payment on amortization bases does not take into account any additional discretionary payment made after April 29, 2022.

² Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

³ The normal cost change is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2023-24 FY is \$141,578. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2023-24 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

Agencies considering making an ADP should contact CalPERS for additional information.

Minimum Required Employer Contribution for Fiscal Year 2023-24

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
\$128,573	\$141,578	\$0	\$141,578	\$270,151

Alternative Fiscal Year 2023-24 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP ¹	Total UAL Contribution	Estimated Total Contribution
10 years	\$128,573	\$141,578	\$9,292	\$150,870	\$279,443
5 years	\$128,573	\$141,578	\$117,872	\$259,450	\$388,023

¹ The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2023 as determined in the June 30, 2021 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2020	June 30, 2021
1. Present Value of Projected Benefits (PVB)	\$8,711,725	\$9,821,574
2. Entry Age Accrued Liability (AL)	7,516,194	8,324,878
3. Plan's Market Value of Assets (MVA)	5,523,980	7,078,810
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	1,992,214	1,246,068
5. Funded Ratio [(3) / (2)]	73.5%	85.0%

The UAL and funded ratio are assessments of the need for future employer contributions based on the actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The funded ratio, on the other hand, is a relative measure of funded status that allows for comparison between plans of different sizes. For measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2021-22 is assumed to be 6.80% per year, net of investment and administrative expenses. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

Fiscal Year	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2021-22 and Beyond)				
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Rate Plan 1546 Results					
Normal Cost %	12.47%	12.5%	12.5%	12.5%	12.5%	12.5%
UAL Payment	\$141,578	\$137,000	\$128,000	\$119,000	\$106,000	\$111,000

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Other Pooled Miscellaneous Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown below, correspond to rate plan 1546. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Miscellaneous Risk Pool are shown below and assume that the payroll for each rate plan will grow according to the overall payroll growth assumption of 2.80% per year for three years.

	Fiscal Year	Fiscal Year
	2022-23	2023-24
Estimated Combined Employer Contributions for all Pooled Miscellaneous Rate Plans		
Projected Payroll for the Contribution Year	\$1,158,885	\$1,270,328
Estimated Employer Normal Cost	\$118,869	\$146,949
Required Payment on Amortization Bases	\$150,564	\$141,578
Estimated Total Employer Contributions	\$269,433	\$288,527
Estimated Total Employer Contribution Rate (illustrative only)	23.25%	22.71%

Cost

Actuarial Determination of Plan Cost

Contributions to fund the plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with FY 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 6.9% over the 20 years ending June 30, 2021, yet individual fiscal year returns have ranged from -23.6% to +21.3%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2021.

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

On November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for Public Agencies. These new assumptions are incorporated in this actuarial valuation and will impact the required contribution for FY 2023-24. In addition, the board adopted a new asset portfolio as part of its Asset Liability Management process. The new asset mix supports a 6.80% discount rate, which reflects a change in the price inflation assumption to 2.30%.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2021. Changes subsequent to that date are not reflected. Investment returns below the assumed rate of return may increase future required contributions while investment returns above the assumed rate of return may decrease future required contributions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 6.8% going forward and that the realized rate of return on assets for FY 2021-22 is 6.8%.

This actuarial valuation report reflects statutory changes, regulatory changes and board actions through January 2022. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- **Breakdown of Entry Age Accrued Liability**
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's Market Value of Assets**
- **Schedule of Plan's Amortization Bases**
- **Amortization Schedule and Alternatives**
- **Employer Contribution History**
- **Funding History**

Breakdown of Entry Age Accrued Liability

Active Members	\$4,469,820
Transferred Members	710,623
Terminated Members	12,316
Members and Beneficiaries Receiving Payments	<u>3,132,119</u>
Total	\$8,324,878

Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1. Plan's Accrued Liability	\$8,324,878
2. Projected UAL balance at 6/30/2021	1,974,110
3. Pool's Accrued Liability ¹	20,794,529,023
4. Sum of Pool's Individual Plan UAL Balances at 6/30/2021 ¹	4,597,734,264
5. Pool's 2020/21 Investment (Gain)/Loss ¹	(2,338,185,055)
6. Pool's 2020/21 Non-Investment (Gain)/Loss ¹	(84,077,623)
7. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (2)] \div [(3) - (4)] \times (5)$	(916,803)
8. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (3) \times (6)$	(33,660)
9. Plan's New (Gain)/Loss as of 6/30/2021: $(7) + (8)$	(950,463)
10. Increase in Pool's Accrued Liability due to Change in Assumptions ¹	60,407,898
11. Plan's Share of Pool's Change in Assumptions: $(1) \div (3) \times (10)$	24,184
12. Increase in Pool's Accrued Liability due to Funding Risk Mitigation ¹	495,172,731
13. Plan's Share of Pool's Change due to Funding Risk Mitigation: $(1) \div (3) \times (12)$	198,237
14. Offset due to Funding Risk Mitigation	(212,139)
15. Plan's Net Investment (Gain): $(7) - (14)$	(704,664)

¹ Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market Value of Assets

16. Plan's UAL: $(2) + (9) + (11) + (13)$	\$1,246,068
17. Plan's Share of Pool's MVA: $(1) - (16)$	\$7,078,810

Schedule of Plan's Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2021.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2023-24.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2023-24	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Minimum Required Payment 2023-24
Investment (Gain)/Loss	6/30/13	100%	No Ramp	2.80%	1	45,992	47,574	(45)	0	(48)	(50)
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	595,107	41,488	592,699	42,628	588,949	42,747
Share of Pre-2013 Pool UAL	6/30/13	100%	Up/Down	2.80%	22	(6,093)	(425)	(6,068)	(436)	(6,030)	(438)
Assumption Change	6/30/14	100%	No Ramp	2.80%	14	360,964	31,081	353,389	31,936	344,415	32,201
Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	13	289,778	29,139	279,369	29,940	267,425	30,272
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	(480,114)	(32,569)	(479,104)	(33,465)	(477,099)	(33,530)
Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	537	36	536	37	534	38
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	316,123	20,904	316,016	21,479	315,308	21,502
Assumption Change	6/30/15	100%	Up/Down	2.80%	24	(26,107)	(1,726)	(26,099)	(1,774)	(26,040)	(1,776)
Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	15	122,920	9,045	121,931	11,617	118,217	11,723
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	400,902	20,969	406,493	26,932	406,302	26,939
Assumption Change	6/30/16	100%	Up/Down	2.80%	25	(49,849)	(2,607)	(50,545)	(3,349)	(50,521)	(3,350)
Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	16	145,763	7,936	147,473	10,872	146,266	13,703
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	(210,059)	(8,255)	(215,812)	(11,309)	(218,800)	(14,130)
Assumption Change	6/30/17	100%	Up/Down	2.80%	26	(10,816)	(425)	(11,112)	(582)	(11,266)	(728)
Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	17	223,963	8,167	230,752	12,587	233,435	16,903
Non-Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	(61,608)	(1,638)	(64,105)	(2,524)	(65,856)	(3,360)
Method Change	6/30/18	80%	Up/Down	2.80%	17	60,602	2,210	62,439	3,406	63,165	4,574
Non-Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	30,811	819	32,060	1,262	32,936	1,680
Assumption Change	6/30/19	No Ramp	No Ramp	0.00%	18	31,167	2,844	30,347	2,844	29,471	2,794

Schedule of Plan's Amortization Bases (Continued)

Reason for Base	Date Est.	Ramp Level	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Minimum Required Payment 2023-24
Investment (Gain)/Loss	6/30/19	60%	Up Only	0.00%	18	29,315	641	30,646	1,282	31,405	1,888
Investment (Gain)/Loss	6/30/20	40%	Up Only	0.00%	19	139,650	0	149,146	3,267	155,912	6,409
Non-Investment (Gain)/Loss	6/30/20	No Ramp	No Ramp	0.00%	19	25,162	0	26,873	2,457	26,161	2,413
Assumption Change	6/30/21	No Ramp	No Ramp	0.00%	20	24,184	(7,206)	33,275	(7,407)	43,192	3,884
Net Investment (Gain)	6/30/21	20%	Up Only	0.00%	20	(704,664)	0	(752,581)	0	(803,757)	(17,277)
Non-Investment (Gain)/Loss	6/30/21	No Ramp	No Ramp	0.00%	20	(33,660)	0	(35,949)	0	(38,394)	(3,453)
Risk Mitigation	6/30/21	No Ramp	No Ramp	0.00%	1	198,237	(7,320)	219,282	(7,525)	241,970	250,062
Risk Mitigation Offset	6/30/21	No Ramp	No Ramp	0.00%	1	(212,139)	0	(226,564)	0	(241,970)	(250,062)
Total						1,246,068	160,682	1,164,742	134,175	1,105,282	141,578

The (gain)/loss bases are the plan's allocated share of the risk pools (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pools Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please contact the plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

Date	<u>Current Amortization Schedule</u>		<u>Alternate Schedules</u>			
	Balance	Payment	10 Year Amortization		5 Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2023	1,105,282	141,578	1,105,282	150,870	1,105,282	259,450
6/30/2024	1,034,129	137,339	1,024,526	150,870	912,315	259,450
6/30/2025	962,521	128,210	938,279	150,871	706,226	259,450
6/30/2026	895,475	118,576	846,166	150,871	486,123	259,449
6/30/2027	833,828	105,859	747,789	150,870	251,054	259,449
6/30/2028	781,130	110,546	642,723	150,870		
6/30/2029	720,003	115,365	530,513	150,871		
6/30/2030	649,739	120,318	410,672	150,871		
6/30/2031	569,581	125,414	282,681	150,870		
6/30/2032	478,705	122,886	145,988	150,870		
6/30/2033	384,260	120,071				
6/30/2034	286,302	113,776				
6/30/2035	188,190	103,173				
6/30/2036	94,363	84,143				
6/30/2037	13,824	14,286				
6/30/2038						
6/30/2039						
6/30/2040						
6/30/2041						
6/30/2042						
6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
6/30/2052						
Total		1,661,540		1,508,704		1,297,248
Interest Paid		556,258		403,422		191,966
Estimated Savings				152,836		364,292

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2019 or after June 30, 2021 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment (\$)	Additional Discretionary Payments
2016 - 17	8.880%	\$83,686	N/A
2017 - 18	8.921%	96,646	N/A
2018 - 19	9.409%	115,665	N/A
2019 - 20	10.221%	136,025	0
2020 - 21	11.031%	152,316	0
2021 - 22	10.88%	175,208	
2022 - 23	10.87%	149,107	
2023 - 24	12.47%	141,578	

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2012	\$4,340,309	\$3,119,193	\$1,221,116	71.9%	\$804,713
06/30/2013	4,617,530	3,523,392	1,094,138	76.3%	838,980
06/30/2014	5,174,460	4,189,597	984,863	81.0%	860,430
06/30/2015	5,561,615	4,352,390	1,209,225	78.3%	791,469
06/30/2016	5,927,020	4,340,661	1,586,359	73.2%	823,860
06/30/2017	6,398,172	4,847,870	1,550,302	75.8%	877,524
06/30/2018	6,701,194	4,929,186	1,772,008	73.6%	867,780
06/30/2019	7,054,076	5,211,133	1,842,943	73.9%	822,720
06/30/2020	7,516,194	5,523,980	1,992,214	73.5%	875,764
06/30/2021	8,324,878	7,078,810	1,246,068	85.0%	949,080

Risk Analysis

- **Future Investment Return Scenarios**
- **Discount Rate Sensitivity**
- **Mortality Rate Sensitivity**
- **Maturity Measures**
- **Maturity Measures History**
- **Hypothetical Termination Liability**

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2041.

Assumed Annual Return FY 2021-22 through 2040-41	Projected Employer Contributions				
	2024-25	2025-26	2026-27	2027-28	2028-29
3.0% (5th percentile)					
Normal Cost Rate	12.5%	12.5%	12.5%	12.5%	12.5%
UAL Contribution	\$144,000	\$148,000	\$159,000	\$174,000	\$213,000
10.8% (95th percentile)					
Normal Cost Rate	12.7%	13.0%	13.2%	13.5%	13.7%
UAL Contribution	\$131,000	\$110,000	\$0	\$0	\$0

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2021-22 on the FY 2024-25 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2024-25.

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions
	2023-24	2024-25
(17.2)% (2 standard deviation loss)		
Normal Cost Rate	12.47%	12.5%
UAL Contribution	\$141,578	\$179,000
(5.2)% (1 standard deviation loss)		
Normal Cost Rate	12.47%	12.5%
UAL Contribution	\$141,578	\$158,000

- Without investment gains (returns higher than 6.8%) in year FY 2022-23 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2021-22.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2024-25 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2021 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	24.38%	19.39%	15.59%
b) Accrued Liability	\$9,600,799	\$8,324,878	\$7,277,004
c) Market Value of Assets	\$7,078,810	\$7,078,810	\$7,078,810
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$2,521,989	\$1,246,068	\$198,194
e) Funded Ratio	73.7%	85.0%	97.3%

Sensitivity to the Price Inflation Assumption

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	20.35%	19.39%	17.69%
b) Accrued Liability	\$8,577,556	\$8,324,878	\$7,685,504
c) Market Value of Assets	\$7,078,810	\$7,078,810	\$7,078,810
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$1,498,746	\$1,246,068	\$606,694
e) Funded Ratio	82.5%	85.0%	92.1%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2021 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	19.72%	19.39%	19.08%
b) Accrued Liability	\$8,500,991	\$8,324,878	\$8,162,808
c) Market Value of Assets	\$7,078,810	\$7,078,810	\$7,078,810
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$1,422,181	\$1,246,068	\$1,083,998
e) Funded Ratio	83.3%	85.0%	86.7%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only.

One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2020	June 30, 2021
1. Retired Accrued Liability	\$3,141,295	\$3,132,119
2. Total Accrued Liability	7,516,194	8,324,878
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.42	0.38

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above. For comparison, the support ratio for all CalPERS public agency plans is 0.82 and is calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2020	June 30, 2021
1. Number of Actives	7	7
2. Number of Retirees	8	8
3. Support Ratio [(1) / (2)]	0.88	0.88

Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2020	June 30, 2021
1. Market Value of Assets	\$5,523,980	\$7,078,810
2. Payroll	875,764	949,080
3. Asset Volatility Ratio (AVR) [(1) / (2)]	6.3	7.5
4. Accrued Liability	\$7,516,194	\$8,324,878
5. Liability Volatility Ratio (LVR) [(4) / (2)]	8.6	8.8

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.49	1.13	5.5	7.3
06/30/2018	0.47	1.00	5.7	7.7
06/30/2019	0.45	0.88	6.3	8.6
06/30/2020	0.42	0.88	6.3	8.6
06/30/2021	0.38	0.88	7.5	8.8

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2021. The plan liability on a termination basis is calculated differently compared to the plan’s ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to seven months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability^{1,2} at 1.00%	Funded Ratio	Unfunded Termination Liability at 1.00%	Hypothetical Termination Liability^{1,2} at 2.25%	Funded Ratio	Unfunded Termination Liability at 2.25%
\$7,078,810	\$19,115,133	37.0%	\$12,036,323	\$15,279,311	46.3%	\$8,200,501

¹ The hypothetical liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A.

² The discount rate used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.00% on June 30, 2021, the valuation date.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. Before beginning this process, please consult with the plan actuary.

Participant Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2020	June 30, 2021
Active Members		
Counts	7	7
Average Attained Age	47.03	48.03
Average Entry Age to Rate Plan	30.74	30.74
Average Years of Credited Service	17.68	18.68
Average Annual Covered Pay	\$125,109	\$135,583
Annual Covered Payroll	\$875,764	\$949,080
Present Value of Future Payroll	\$7,680,027	\$8,502,905
Transferred Members	3	3
Separated Members	1	1
Retired Members and Beneficiaries		
Counts*	8	8
Average Annual Benefits*	\$32,783	\$33,207

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- One Year Final Compensation (FAC 1)

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Member Category	Benefit Group	
	Misc	Misc
Demographics		
Actives	Yes	No
Transfers/Separated	Yes	No
Receiving	Yes	Yes
Benefit Provision		
Benefit Formula	2% @ 55	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	7.00%	
Final Average Compensation Period	One Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits	Yes	
Optional Settlement 2	Indexed	
1959 Survivor Benefit Level	No	
Special	No	
Alternate (firefighters)		
Post-Retirement Death Benefits		\$500
Lump Sum	No	No
Survivor Allowance (PRSA)		2%
COLA		

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

**Section 2 may be found on the CalPERS website
(www.calpers.ca.gov) in the Forms and
Publications section**

**Stege Sanitary District
Actuarial Study of
Retiree Health Liabilities Under GASB 74/75
Roll-forward Valuation
Valuation Date: June 30, 2020
Measurement Date: June 30, 2021
For Fiscal Year-End: June 30, 2022**

*Prepared by:
Total Compensation Systems, Inc.*

Date: October 6, 2022

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Stege Sanitary District
Actuarial Study of Retiree Health Liabilities

PART I: EXECUTIVE SUMMARY

A. Introduction

This report was produced by Total Compensation Systems, Inc. for Stege Sanitary District to determine the liabilities associated with its current retiree health program as of a June 30, 2021 measurement date and to provide the necessary information to determine accounting entries for the fiscal year ending June 30, 2022. This report may not be suitable for other purposes such as determining employer contributions or assessing the potential impact of changes in plan design.

Different users of this report will likely be interested in different sections of information contained within. We anticipate that the following portions may be of most interest depending on the reader:

- A high level comparison of key results from the current year to the prior year is shown on this page.
- The values we anticipate will be disclosed in the June 30, 2022 year-end financials are shown on pages 2 and 3.
- Additional accounting information is shown on page 12 and Appendices C and D.
- Description and details of measured valuation liabilities can be found beginning on page 10.
- Guidance regarding the next actuarial valuation for the June 30, 2022 measurement date is provided on page 13.

B. Key Results

Stege Sanitary District uses an Actuarial Measurement Date that is 12 months prior to its Fiscal Year-End. This means that these actuarial results measured as of June 30, 2021 will be used on a look back basis for the June 30, 2022 Fiscal Year-End.

Key Results	Current Year	Prior Year
	<i>June 30, 2021 Measurement Date for June 30, 2022 Fiscal Year-End</i>	<i>June 30, 2020 Measurement Date for June 30, 2021 Fiscal Year-End</i>
Total OPEB Liability (TOL)	\$589,790	\$540,603
Fiduciary Net Position (FNP)	\$297,326	\$232,611
Net OPEB Liability (NOL)	\$292,464	\$307,992
Service Cost (<i>for year following</i>)	\$15,053	\$13,820
Estimated Pay-as-you-go Cost (<i>for year following</i>)	\$22,072	\$21,028
GASB 75 OPEB Expense (<i>for year ending</i>)	\$30,052	\$252,983

Refer to results section beginning on page 10 or the glossary on page 27 for descriptions of the above items.

Key Assumptions	Current Year	Prior Year
	<i>June 30, 2021 Measurement Date for June 30, 2022 Fiscal Year-End</i>	<i>June 30, 2020 Measurement Date for June 30, 2021 Fiscal Year-End</i>
Valuation Interest Rate	6.75%	7.00%
Expected Rate of Return on Assets	6.75%	7.00%
Long-Term Medical Trend Rate	4.00%	4.00%
Projected Payroll Growth	2.75%	2.75%

Total Compensation Systems, Inc.

C. Summary of GASB 75 Accounting Results

1. Changes in Net OPEB Liability

The following table shows the reconciliation of the June 30, 2020 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2021 NOL. A more detailed version of this table can be found on page 12.

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
Balance at June 30, 2020 Measurement Date	\$540,603	\$232,611	\$307,992
Service Cost	\$13,820	\$0	\$13,820
Interest on TOL / Return on FNP	\$37,590	\$63,935	(\$26,345)
Employer Contributions	\$0	\$20,264	(\$20,264)
Benefit Payments	(\$19,396)	(\$19,396)	\$0
Administrative Expenses	\$0	(\$88)	\$88
Experience (Gains)/Losses	(\$1,632)	\$0	(\$1,632)
Changes in Assumptions	\$18,805	\$0	\$18,805
Other	\$0	\$0	\$0
Net Change	\$49,187	\$64,715	(\$15,528)
Actual Balance at June 30, 2021 Measurement Date	\$589,790	\$297,326	\$292,464

2. Deferred Inflows and Outflows

Changes in the NOL arising from certain sources are recognized on a deferred basis. The following tables show the balance of each deferral item as of the measurement date and the scheduled future recognition. A reconciliation of these balances can be found on page 12 while the complete deferral history is shown beginning on page 24.

Balances at June 30, 2022 Fiscal Year-End	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Differences between expected and actual experience	\$6,690	(\$1,446)
Changes in assumptions	\$16,668	(\$1,019)
Differences between projected and actual return on assets	\$0	(\$33,105)
Total	\$23,358	(\$35,570)

To be recognized fiscal year ending June 30:	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
2023	\$3,196	(\$8,328)
2024	\$3,196	(\$7,954)
2025	\$3,196	(\$8,306)
2026	\$3,196	(\$9,861)
2027	\$3,196	(\$336)
Thereafter	\$7,378	(\$785)
Total	\$23,358	(\$35,570)

Total Compensation Systems, Inc.

3. OPEB Expense

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, administrative expenses, and change in TOL due to plan changes, adjusted for deferred inflows and outflows. OPEB expense can also be derived as change in net position, adjusted for employer contributions, which can be found on page 12.

To be recognized fiscal year ending June 30, 2022	<i>Expense Component</i>
Service Cost	\$13,820
Interest Cost	\$37,590
Expected Return on Assets	(\$16,310)
Administrative Expenses	\$88
Recognition of Experience (Gain)/Loss Deferrals	\$873
Recognition of Assumption Change Deferrals	\$1,987
Recognition of Investment (Gain)/Loss Deferrals	(\$7,996)
Employee Contributions	\$0
Changes in Benefit Terms	\$0
Net OPEB Expense for fiscal year ending June 30, 2022	\$30,052

4. Adjustments

The above OPEB expense includes all deferred inflows and outflows except any contributions after the measurement date. Contributions from July 1, 2021 to June 30, 2022 minus prior contributions after the measurement date of \$20,264 should also be reflected in OPEB expense. June 30, 2022 deferred outflows should include contributions from July 1, 2021 to June 30, 2022.

5. Trend and Interest Rate Sensitivities

The following presents what the Net OPEB Liability would be if it were calculated using a discount rate assumption or a healthcare trend rate assumption one percent higher or lower than the current assumption.

Net OPEB Liability at June 30, 2021 Measurement Date	<i>Discount Rate</i>	<i>Healthcare Trend Rate</i>
1% Decrease in Assumption	\$377,183	\$209,648
Current Assumption	\$292,464	\$292,464
1% Increase in Assumption	\$222,721	\$398,797

Total Compensation Systems, Inc.

D. Description of Retiree Benefits

Following is a description of the current retiree benefit plan. For this 2020 valuation, the District cap was increased from a fixed \$280 per month to \$324.48 per month (assumed to increase in future years with medical trend):

	<i>All Participants</i>
Benefit types provided	Medical only
Duration of Benefits	Lifetime
Required Service	CalPERS Retirement
Minimum Age	CalPERS Retirement
Dependent Coverage	Spouse only
District Contribution %	100% of cap
District Cap	\$324.48 in 2021

E. Summary of Valuation Data

Because this is a roll-forward valuation, this report is based on census data previously provided to us as of January, 2021 for the June 30, 2020 full valuation. Distributions of participants by age and service can be found on page 18. For non-lifetime benefits, the active count below excludes employees for whom it was not possible to receive retiree benefits (e.g. employees who were already older than the maximum age to which benefits are payable or who will not accrue the required service prior to reaching the maximum age).

	Valuation Year	
	<i>June 30, 2020 Valuation Date</i>	<i>June 30, 2021 Measurement Date</i>
Active Employees eligible for future benefits		
Count		10
Average Age		45.8
Average Years of Service		12.3
Retirees currently receiving benefits		
Count		6
Average Age		70.3

We were not provided with information about any terminated, vested employees.

Total Compensation Systems, Inc.

F. Certification

The actuarial information in this report is intended solely to assist Stege Sanitary District in complying with Governmental Accounting Standards Board Accounting Statement 74 and 75 and, unless otherwise stated, fully and fairly discloses actuarial information required for compliance. Nothing in this report should be construed as an accounting opinion, accounting advice or legal advice. TCS recommends that third parties retain their own actuary or other qualified professionals when reviewing this report. TCS's work is prepared solely for the use and benefit of Stege Sanitary District. Release of this report may be subject to provisions of the Agreement between Stege Sanitary District and TCS. No third party recipient of this report product should rely on the report for any purpose other than accounting compliance. Any other use of this report is unauthorized without first consulting with TCS.

This report is for fiscal year July 1, 2021 to June 30, 2022, using a measurement date of June 30, 2021. The calculations in this report have been made based on our understanding of plan provisions and actual practice at the time we were provided the required information. We relied on information provided by Stege Sanitary District. Much or all of this information was unaudited at the time of our evaluation. We reviewed the information provided for reasonableness, but this review should not be viewed as fulfilling any audit requirements. We relied on the following materials to complete this study:

- We used paper reports and digital files containing participant demographic data from the District personnel records.
- We used benefit descriptions provided by the District.

All costs, liabilities, and other estimates are based on actuarial assumptions and methods that comply with all applicable Actuarial Standards of Practice (ASOPs). Each assumption is deemed to be reasonable by itself, taking into account plan experience and reasonable future expectations and in combination represent our estimate of anticipated experience of the Plan.

This report contains estimates of the Plan's financial condition and future results only as of a single date. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. This valuation cannot predict the Plan's future condition nor guarantee its future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. Determining results using alternative assumptions (except for the alternate discount and trend rates shown in this report) is outside the scope of our engagement.

Future actuarial measurements may differ significantly from those presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the measurement methodology (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. We were not asked to perform analyses to estimate the potential range of such future measurements.

The signing actuary is independent of Stege Sanitary District and any plan sponsor. TCS does not intend to benefit from and assumes no duty or liability to other parties who receive this report. TCS is not aware of any relationship that would impair the objectivity of the opinion.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and has been prepared in accordance with generally accepted actuarial principles and practices and all applicable Actuarial Standards of Practice. My experience and continuing education are consistent with the

Total Compensation Systems, Inc.

requirements described for actuaries under the Qualification Standards of the American Academy of Actuaries.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Geoffrey L. Kischuk". The signature is fluid and cursive, with the first name being the most prominent.

Geoffrey L. Kischuk
Actuary
Total Compensation Systems, Inc.
(805) 496-1700

PART II: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

We calculated the actuarial present value of projected benefit payments (APVPBP) separately for each participant. We determined eligibility for retiree benefits based on information supplied by Stege Sanitary District. We then selected assumptions that, based on plan provisions and our training and experience, represent our best prediction of future plan experience. For each participant, we applied the appropriate assumption factors based on the participant's age, sex, length of service, and employee classification.

The actuarial assumptions used for this study are summarized beginning on page 14.

B. Liability for Retiree Benefits.

For each participant, we projected future premium costs using an assumed trend rate (see Appendix C). To the extent Stege Sanitary District uses contribution caps, the influence of the trend factor is further reduced. We multiplied each year's benefit payments by the probability that benefits will be paid; i.e. based on the probability that the participant is living, has not terminated employment, has retired and remains eligible. The probability that benefit will be paid is zero if the participant is not eligible. The participant is not eligible if s/he has not met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's benefit payments and the probability the benefit will be paid equals the expected cost for that year. We multiplied the above expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan. Finally, we discounted the expected cost for each year to the measurement date June 30, 2021 at 6.75% interest.

For any *current retirees*, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 100%).

The value generated from the process described above is called the actuarial present value of projected benefit payments (APVPBP). We added APVPBP for each participant to get the total APVPBP for all participants which is the estimated present value of all future retiree health benefits for all **current** participants. The APVPBP is the amount on June 30, 2021 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last participant dies or reaches the maximum eligibility age. However, for most actuarial and accounting purposes, the APVPBP is not used directly but is instead apportioned over the lifetime of each participant as described in the following sections.

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C. Actuarial Accrual

Accounting principles provide that the cost of retiree benefits should be “accrued” over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly (via an “implicit rate subsidy”).

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an “actuarial cost method” and uses the APVPBP to develop expense and liability figures. Furthermore, the APVPBP should be accrued over the working lifetime of employees.

In order to accrue the APVPBP over the working lifetime of employees, actuarial cost methods apportion the APVPBP into two parts: the portions attributable to service rendered prior to the measurement date (the past service liability or Total OPEB Liability (TOL) under GASB 74 and 75) and to service after the measurement date but prior to retirement (the future service liability or present value of future service costs). Of the future service liability, the portion attributable to the single year immediately following the measurement date is known as the normal cost or Service Cost under GASB 74 and 75.

The service cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. The actuarial cost method mandated by GASB 75 is the “entry age actuarial cost method”. Under the entry age actuarial cost method, the actuary determines the service cost as the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. Under GASB 75, the service cost is calculated to be a level percentage of each employee’s projected pay.

D. Actuarial Assumptions

The APVPBP and service cost are determined using several key assumptions:

- The current *cost of retiree health benefits* (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the service cost.
- The “*trend*” rate at which retiree health benefits are expected to increase over time. A higher trend rate increases the service cost. A “cap” on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing service costs.
- *Mortality rates* varying by age and sex (and sometimes retirement or disability status). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.
- *Employment termination rates* have the same effect as mortality inasmuch as higher termination rates reduce service costs. Employment termination can vary considerably between public agencies.
- The *service requirement* reflects years of service required to earn full or partial retiree benefits. While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

Total Compensation Systems, Inc.

- **Retirement rates** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase service costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.
- **Participation rates** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.
- The **discount rate** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the **real** rate of return expected for plan assets plus the long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds rated AA or higher. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

E. Total OPEB Liability

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. If all actuarial assumptions are exactly met and an employer expensed the service cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the Total OPEB Liability (TOL). The excess of TOL over the value of plan assets is called the Net OPEB Liability (NOL). Under GASB 74 and 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

Changes in the TOL can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. Change in the TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience. GASB 75 allows certain changes in the TOL to be deferred (i.e. deferred inflows and outflows of resources).

Under GASB 74 and 75, a portion of actuarial gains and losses can be deferred as follows:

- Investment gains and losses are deferred five years.
- Experience gains and losses are deferred over the Expected Average Remaining Service Lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.
- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the EARSL.
- Liability changes resulting from plan changes, for example, cannot be deferred.

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F. Valuation Results

This section details the measured values of the concepts described on the previous pages. Because this is a roll-forward valuation, the results shown in this section do not match the overall results as of the measurement date.

1. Actuarial Present Value of Projected Benefit Payments (APVPBP)

Actuarial Present Value of Projected Benefit Payments as of June 30, 2020 Valuation Date

	<u>Total</u>
Active: Pre-65 Benefit	\$97,080
Post-65 Benefit	\$288,705
Subtotal	\$385,785
Retiree: Pre-65 Benefit	\$22,407
Post-65 Benefit	\$272,507
Subtotal	\$294,914
Grand Total	\$680,699
Subtotal Pre-65 Benefit	\$119,487
Subtotal Post-65 Benefit	\$561,212

2. Service Cost

The service cost represents the value of the benefit earned during a single year of employment. It is the APVPBP spread over the expected working lifetime of the employee and divided into annual segments. We applied an "entry age" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated service cost.

Service Cost Valuation Year Beginning July 1, 2020

	<u>Total</u>
# of Eligible Employees	10
First Year Service Cost	
Pre-65 Benefit	\$2,840
Post-65 Benefit	\$11,810
Total	\$14,650

Accruing retiree health benefit costs using service costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. While the service cost for each employee is targeted to remain level as a percentage of covered payroll, the service cost as a dollar amount would increase each year based on covered payroll. Additionally, the overall service cost may grow or shrink based on changes in the demographic makeup of the employees from year to year.

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3. Total OPEB Liability and Net OPEB Liability

If actuarial assumptions are borne out by experience, the District will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability. We calculated the Total OPEB Liability (TOL) as the APVPBP minus the present value of future service costs. To the extent that benefits are funded through a GASB 74 qualifying trust, the trust's Fiduciary Net Position (FNP) is subtracted to get the NOL. The FNP is the value of assets adjusted for any applicable payables and receivables as shown in the table on page 15.

Total OPEB Liability and Net OPEB Liability as of June 30, 2020 Valuation Date

	<i>Total</i>
Active: Pre-65 Benefit	\$69,971
Active: Post-65 Benefit	\$193,693
Subtotal	\$263,664
Retiree: Pre-65 Benefit	\$22,407
Retiree: Post-65 Benefit	\$272,507
Subtotal	\$294,914
Subtotal: Pre-65 Benefit	\$92,378
Subtotal: Post-65 Benefit	\$466,200
Total OPEB Liability (TOL)	\$558,578
Fiduciary Net Position as of June 30, 2020	\$232,611
Net OPEB Liability (NOL)	\$325,967

4. "Pay As You Go" Projection of Retiree Benefit Payments

We used the actuarial assumptions shown in Appendix C to project the District's ten year retiree benefit outlay. Because these cost estimates reflect average assumptions applied to a relatively small number of participants, estimates for individual years are **certain** to be *in*accurate. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District's share of retiree health costs.

<i>Year Beginning</i>	
<i>July 1</i>	<i>Total</i>
2020	\$21,028
2021	\$22,072
2022	\$23,619
2023	\$25,256
2024	\$26,976
2025	\$28,830
2026	\$31,116
2027	\$33,275
2028	\$35,680
2029	\$38,274

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G. Additional Reconciliation of GASB 75 Results

The following table shows the reconciliation of the June 30, 2020 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2021 NOL. For some plans, it will provide additional detail and transparency beyond that shown in the table on Page 2.

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
Balance at June 30, 2020	\$540,603	\$232,611	\$307,992
Service Cost	\$13,820	\$0	\$13,820
Interest on Total OPEB Liability	\$37,590	\$0	\$37,590
Expected Investment Income	\$0	\$16,310	(\$16,310)
Administrative Expenses	\$0	(\$88)	\$88
Employee Contributions	\$0	\$0	\$0
Employer Contributions to Trust	\$0	\$868	(\$868)
Employer Contributions as Benefit Payments	\$0	\$19,396	(\$19,396)
Actual Benefit Payments from Trust	\$0	\$0	\$0
Actual Benefit Payments from Employer	(\$19,396)	(\$19,396)	\$0
Expected Minus Actual Benefit Payments**	(\$1,632)	\$0	(\$1,632)
Expected Balance at June 30, 2021	\$570,985	\$249,701	\$321,284
Experience (Gains)/Losses	\$0	\$0	\$0
Changes in Assumptions	\$18,805	\$0	\$18,805
Changes in Benefit Terms	\$0	\$0	\$0
Investment Gains/(Losses)	\$0	\$47,625	(\$47,625)
Other	\$0	\$0	\$0
Net Change during 2021	\$49,187	\$64,715	(\$15,528)
Actual Balance at June 30, 2021*	\$589,790	\$297,326	\$292,464

* May include a slight rounding error.

** Deferrable as an Experience Gain or Loss.

Changes in the NOL arising from certain sources are recognized on a deferred basis. The deferral history for Stege Sanitary District is shown beginning on page 24. The following table summarizes the beginning and ending balances for each deferral item. The current year expense reflects the change in deferral balances for the measurement year.

Deferred Inflow/Outflow Balances Fiscal Year Ending June 30, 2022

	<i>Beginning Balance</i>	<i>Change Due to New Deferrals</i>	<i>Change Due to Recognition</i>	<i>Ending Balance</i>
Experience (Gains)/Losses	\$7,749	(\$1,632)	(\$873)	\$5,244
Assumption Changes	(\$1,169)	\$18,805	(\$1,987)	\$15,649
Investment (Gains)/Losses	\$6,524	(\$47,625)	\$7,996	(\$33,105)
Deferred Balances	\$13,104	(\$30,452)	\$5,136	(\$12,212)

The following table shows the reconciliation of Net Position (NOL less the balance of any deferred inflows or outflows). When adjusted for contributions, the change in Net Position is equal to the OPEB expense shown previously on page 3.

Preliminary OPEB Expense Fiscal Year Ending June 30, 2022

	<i>Beginning Net Position</i>	<i>Ending Net Position</i>	<i>Change</i>
Net OPEB Liability (NOL)	\$307,992	\$292,464	(\$15,528)
Deferred Balances	\$13,104	(\$12,212)	(\$25,316)
Net Position	\$294,888	\$304,676	\$9,788
Adjust Out Employer Contributions			\$20,264
OPEB Expense			\$30,052

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H. Procedures for Future Valuations

GASB 74/75 require annual measurements of liability with a full actuarial valuation required every two years. This means that for the measurement date one year following a full actuarial valuation, a streamlined “roll-forward” valuation may be performed in place of a full valuation. The following outlines the key differences between full and roll-forward valuations.

	Full Actuarial Valuation	Roll-Forward Valuation
Collect New Census Data	Yes	No
Reflect Updates to Plan Design	Yes	No
Update Actuarial Assumptions	Yes	Typically Not
Update Valuation Interest Rate	Yes	Yes
Actual Assets as of Measurement Date	Yes	Yes
Timing	4-6 weeks after information is received	1-2 weeks after information is received
Fees	Full	Reduced
Information Needed from Employer	Moderate	Minimal
Required Frequency	At least every two years	Each year, unless a full valuation is performed

The majority of employers use an alternating cycle of a full valuation one year followed by a roll-forward valuation the next year. However, a full valuation may be required or preferred under certain circumstances. Following are examples of actions that could cause the employer to consider a full valuation instead of a roll-forward valuation.

- The employer adds or terminates a group of participants that constitutes a significant part of the covered group.
- The employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- The employer considers or puts in place an early retirement incentive program.
- The employer desires the measured liability to incorporate more recent census data or assumptions.

We anticipate that the next valuation we perform for Stege Sanitary District will be a full valuation with a measurement date of June 30, 2022 which will be used for the fiscal year ending June 30, 2023.

PART III: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for Stege Sanitary District to understand that the appropriateness of all selected actuarial assumptions and methods are Stege Sanitary District's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 74 and 75, applicable actuarial standards of practice, Stege Sanitary District's actual historical experience, and TCS's judgment based on experience and training.

A. ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74 and 75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on a participant by participant basis and then aggregated.

SUBSTANTIVE PLAN: As required under GASB 74 and 75, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Stege Sanitary District regarding practices with respect to employer and employee contributions and other relevant factors.

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B. ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.50% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 6.75% per year net of expenses. This is based on assumed long-term return on employer assets.. We used the “Building Block Method”. (See Appendix C, Paragraph 53 for more information). Our assessment of long-term returns for employer assets is based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq.

TREND: We assumed 4.00% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), this assumption is only used to determine the accrual pattern of the Actuarial Present Value of Projected Benefit Payments.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by Stege Sanitary District.

Fiduciary Net Position as of June 30, 2021

	<u>06/30/2020</u>	<u>06/30/2021</u>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$0
Total Investments	\$232,611	\$297,326
Capital Assets	\$0	\$0
Total Assets	\$232,611	\$297,326
Benefits Payable	\$0	\$0
Fiduciary Net Position	\$232,611	\$297,326

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C. NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35). See Appendix C, Paragraph 52 for more information.

MORTALITY

<i>Participant Type</i>	<i>Mortality Tables</i>
Miscellaneous	2017 CalPERS Mortality for Miscellaneous and Schools Employees

RETIREMENT RATES

<i>Employee Type</i>	<i>Retirement Rate Tables</i>
All Participants	Hired 2012 and earlier: 2017 CalPERS 2.0% @55 Rates for Miscellaneous Employees Hired 2013 and later: 2017 CalPERS 2.0% @62 Rates for Miscellaneous Employees

COSTS FOR RETIREE COVERAGE

Actuarial Standard of Practice 6 (ASOP 6) provides that, as a general rule, retiree costs should be based on actual claim costs or age-adjusted premiums. This is true even for many medical plans that are commonly considered to be “community-rated.” However, ASOP 6 contains a provision – specifically section 3.7.7(c) – that allows use of unadjusted premiums in certain circumstances.

It is my opinion that the section 3.7.7(c)(4) exception allows use of unadjusted premium for PEMHCA agencies if certain conditions are met. Following are the criteria we applied to Stege Sanitary District to determine that it is reasonable to assume that Stege Sanitary District’s future participation in PEMHCA is likely and that the CalPERS medical program as well as its premium structure are sustainable. (We also have an extensive white paper on this subject that provides a basis for our rationale entirely within the context of ASOP 6. We will make this white paper available upon request.)

- **Plan qualifies as a “pooled health plan.”** ASOP 6 defines a “pooled health plan” as one in which premiums are based at least in part on the claims experience of groups other than the one being valued.” Since CalPERS rates are the same for all employers in each region, rates are clearly based on the experience of many groups.
- **Rates not based to any extent on the agency’s claim experience.** As mentioned above, rates are the same for all participating employers regardless of claim experience or size.
- **Rates not based to any extent on the agency’s demographics.** As mentioned above, rates are the same for all participating employers regardless of demographics.
- **No refunds or charges based on the agency’s claim experience or demographics.** The terms of operation of the CalPERS program are set by statute and there is no provision for any refunds and charges that vary from employer to employer for any reason. The only charges are uniform administrative charges.
- **Plan in existence 20 or more years.** Enabling legislation to allow “contracting agencies” to participate in the CalPERS program was passed in 1967. The CalPERS medical plan has been successfully operating for almost 50 years. As far back as we can obtain records, the rating structure has been consistent, with the only difference having been a move to regional rating which is unrelated to age-adjusted rating.
- **No recent large increases or decreases in the number of participating plans or enrollment.** The CalPERS medical plan has shown remarkably stable enrollment. In the past 10 years, there has been small growth in the number of employers in most years – with the maximum being a little over 2% and

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a very small decrease in one year. Average year over year growth in the number of employers over the last 10 years has been about 0.75% per year. Groups have been consistently leaving the CalPERS medical plan while other groups have been joining with no disruption to its stability.

- **Agency is not expecting to leave plan in foreseeable future.** The District does not plan to leave CalPERS at present.
- **No indication the plan will be discontinued.** We are unaware of anything that would cause the CalPERS medical plan to cease or to significantly change its operation in a way that would affect this determination.
- **The agency does not represent a large part of the pool.** The District is in the CalPERS Bay Area region. Based on the information we have, the District constitutes no more than 0.02% of the Bay Area pool. In our opinion, this is not enough for the District to have a measurable effect on the rates or viability of the Bay Area pool.

Retiree liabilities are based on actual retiree costs. Liabilities for active participants are based on the first year costs shown below. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

<i>Participant Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
All Participants	\$3,894	\$3,894

PARTICIPATION RATES

<i>Employee Type</i>	<i><65 Non-Medicare Participation %</i>	<i>65+ Medicare Participation %</i>
Miscellaneous	90%	90%

TURNOVER

<i>Employee Type</i>	<i>Turnover Rate Tables</i>
Miscellaneous	2017 CalPERS Turnover for Miscellaneous Employees

SPOUSE PREVALENCE

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

SPOUSE AGES

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

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PART IV: APPENDICES

APPENDIX A: DEMOGRAPHIC DATA BY AGE

ELIGIBLE ACTIVE EMPLOYEES BY AGE AND SERVICE

	<i>Total</i>	<i>Under 5 Years of Service</i>	<i>5 – 9 Years of Service</i>	<i>10 – 14 Years of Service</i>	<i>15 – 19 Years of Service</i>	<i>20 – 24 Years of Service</i>	<i>25 – 29 Years of Service</i>	<i>30 – 34 Years of Service</i>	<i>Over 34 Years of Service</i>
Under 25	1	1							
25 – 29	0								
30 – 34	0								
35 – 39	1			1					
40 – 44	2		2						
45 – 49	3		1			2			
50 – 54	1			1					
55 – 59	1						1		
60 – 64	1	1							
65 and older	0								
Total	10	2	3	2	0	2	1	0	0

ELIGIBLE RETIREES BY AGE AND EMPLOYEE CLASS

<i>Age</i>	<i>Total</i>
Under 50	0
50 – 54	0
55 – 59	1
60 – 64	0
65 – 69	2
70 – 74	1
75 – 79	1
80 – 84	1
85 – 89	0
90 and older	0
Total	6

APPENDIX B: ADMINISTRATIVE BEST PRACTICES

It is outside the scope of this report to make specific recommendations of actions Stege Sanitary District should take to manage the liability created by the current retiree health program. The following items are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Stege Sanitary District's practices, it is possible that Stege Sanitary District is already complying with some or all of these suggestions.

- We suggest that Stege Sanitary District maintain an inventory of all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Stege Sanitary District should determine whether the benefit is material and subject to GASB 74 and/or 75.
- Under GASB 75, it is important to isolate the cost of retiree health benefits. Stege Sanitary District should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – *even on a retiree-pay-all basis* – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Stege Sanitary District should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.
- Stege Sanitary District should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.
- Several assumptions were made in estimating costs and liabilities under Stege Sanitary District's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Part III of this report for a summary of assumptions.) For example, Stege Sanitary District should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Stege Sanitary District to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

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APPENDIX C: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The District should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the District in complying with GASB 74/75 disclosure requirements:

Paragraph 50: **Information about the OPEB Plan**

Most of the information about the OPEB plan should be supplied by Stege Sanitary District. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Currently Receiving Benefit Payments	6
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments*	0
Participating Active Employees	10
Total Number of participants	16

*We were not provided with information about any terminated, vested employees

Paragraph 51: **Significant Assumptions and Other Inputs**

Shown in Part III.

Paragraph 52: **Information Related to Assumptions and Other Inputs**

The following information is intended to assist Stege Sanitary District in complying with the requirements of Paragraph 52.

52.b: Mortality Assumptions Following are the tables the mortality assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Mortality Table	2017 CalPERS Mortality for Miscellaneous and Schools Employees
Disclosure	The mortality assumptions are based on the 2017 CalPERS Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

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Mortality Table	2017 CalPERS Retiree Mortality for Miscellaneous and Schools Employees
Disclosure	The mortality assumptions are based on the 2017 CalPERS Retiree Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Retirement Tables

Retirement Table	2017 CalPERS 2.0% @55 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2017 CalPERS 2.0% @55 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2017 CalPERS 2.0% @62 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2017 CalPERS 2.0% @62 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Tables

Turnover Table	2017 CalPERS Turnover for Miscellaneous Employees
Disclosure	The turnover assumptions are based on the 2017 CalPERS Turnover for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

For other assumptions, we use actual plan provisions and plan data.

52.d: The alternative measurement method was not used in this valuation.

52.e: NOL using alternative trend assumptions The following table shows the Net OPEB Liability with a healthcare cost trend rate 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	\$209,648	\$292,464	\$398,797

Paragraph 53:

Discount Rate

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The following information is intended to assist Stege Sanitary District to comply with Paragraph 53 requirements.

53.a: A discount rate of 6.75% was used in the valuation. The interest rate used in the prior valuation was 7.00%.

53.b: We assumed that all contributions are from the employer.

53.c: We used historic 30 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 25 basis points.

53.d: The interest assumption does not reflect a municipal bond rate.

53.e: Not applicable.

53.f: Following is the assumed asset allocation and assumed rate of return for each.
CERBT - Strategy 1

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	59.0000	7.5450
All Fixed Income	25.0000	4.2500
Real Estate Investment Trusts	8.0000	7.2500
All Commodities	3.0000	7.5450
Treasury Inflation Protected Securities (TIPS)	5.0000	3.0000

We looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. We used geometric means.

53.g: The following table shows the Net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	\$377,183	\$292,464	\$222,721

Paragraph 55: Changes in the Net OPEB Liability

Please see reconciliation on pages 2 or 12.

Paragraph 56: Additional Net OPEB Liability Information

The following information is intended to assist Stege Sanitary District to comply with Paragraph 56 requirements.

56.a: The valuation date is June 30, 2020.

The measurement date is June 30, 2021.

56.b: We are not aware of a special funding arrangement.

56.c: The interest assumption changed from 7.00% to 6.75%.

56.d: There were no changes in benefit terms since the prior measurement date.

56.e: Not applicable

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56.f: To be determined by the employer

56.g: To be determined by the employer

56.h: Other than contributions after the measurement, all deferred inflow and outflow balances are shown on page 12 and in Appendix D

56.i: Future recognition of deferred inflows and outflows is shown in Appendix D

Paragraph 57:

Required Supplementary Information

57.a: Please see reconciliation on pages 2 or 12. Please see the notes for Paragraph 244 below for more information.

57.b: These items are provided on pages 2 and 12 for the current valuation, except for covered payroll, which should be determined based on appropriate methods.

57.c: We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 30 years.

57.d: We are not aware that there are any statutorily or contractually established contribution requirements.

Paragraph 58:

Actuarially Determined Contributions

We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 30 years.

Paragraph 244:

Transition Option

Prior periods were not restated due to the fact that prior valuations were not rerun in accordance with GASB 75. It was determined that the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified.

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APPENDIX D: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

EXPERIENCE GAINS AND LOSSES

**Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of
Experience Gains and Losses
(Measurement Periods)**

Measurement Period	Experience (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2020	Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Experience Gains and Losses (Measurement Periods)							
				2021	2022	2023	2024	2025	2026	Thereafter	
2017-18	\$3,703	9.6	\$1,158	\$386	\$386	\$386	\$386	\$386	\$386	\$386	\$229
2018-19	\$1,993	9.6	\$416	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$329
2019-20	\$4,092	8.8	\$465	\$465	\$465	\$465	\$465	\$465	\$465	\$465	\$837
2020-21	(\$1,632)	8.8	\$0	(\$186)	(\$186)	(\$186)	(\$186)	(\$186)	(\$186)	(\$186)	(\$516)
Net Increase (Decrease) in OPEB Expense			\$2,039	\$873	\$5,244	\$873	\$873	\$873	\$873	\$873	\$879

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CHANGES OF ASSUMPTIONS

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Changes of Assumptions (Measurement Periods)

Measurement Period	Changes of Assumptions	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2020	2021	Amounts to be Recognized in OPEB Expense after 2021	2022	2023	2024	2025	2026	Thereafter
2019-20	(\$1,319)	8.8	(\$150)	(\$150)	(\$1,019)	(\$150)	(\$150)	(\$150)	(\$150)	(\$150)	(\$269)
2020-21	\$18,805	8.8	\$0	\$2,137	\$16,668	\$2,137	\$2,137	\$2,137	\$2,137	\$2,137	\$5,983
Net Increase (Decrease) in OPEB Expense			(\$150)	\$1,987	\$15,649	\$1,987	\$1,987	\$1,987	\$1,987	\$1,987	\$5,714

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INVESTMENT GAINS AND LOSSES

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Investment Gains and Losses (Measurement Periods)

Measurement Period	Investment (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2020	2021	Amounts to be Recognized in OPEB Expense after 2021	2022	2023	2024	2025	2026	Thereafter
2017-18	(\$1,906)	5	(\$1,146)	(\$382)	(\$378)	(\$378)					
2018-19	\$1,756	5	\$704	\$352	\$700	\$352	\$348				
2019-20	\$7,791	5	\$1,559	\$1,559	\$4,673	\$1,559	\$1,559	\$1,555			
2020-21	(\$47,625)	5	\$0	(\$9,525)	(\$38,100)	(\$9,525)	(\$9,525)	(\$9,525)	(\$9,525)		
Net Increase (Decrease) in OPEB Expense			\$1,117	(\$7,996)	(\$33,105)	(\$7,992)	(\$7,618)	(\$7,970)	(\$9,525)	\$0	\$0

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APPENDIX E: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non-actuary* understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

<u>Actuarial Cost Method:</u>	A mathematical model for allocating OPEB costs by year of service. The only actuarial cost method allowed under GASB 74/75 is the entry age actuarial cost method.
<u>Actuarial Present Value of Projected Benefit Payments:</u>	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.
<u>Deferred Inflows/Outflows of Resources:</u>	A portion of certain items that can be deferred to future periods or that weren't reflected in the valuation. The former includes investment gains/losses, actuarial gains/losses, and gains/losses due to changes in actuarial assumptions or methods. The latter includes contributions made to a trust subsequent to the measurement date but before the statement date.
<u>Discount Rate:</u>	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.
<u>Fiduciary Net Position:</u>	Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).
<u>Implicit Rate Subsidy:</u>	The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees and the employer is expected, in the long run, to pay the underlying cost of retiree benefits.
<u>Measurement Date:</u>	The date at which assets and liabilities are determined in order to estimate TOL and NOL.
<u>Mortality Rate:</u>	Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.
<u>Net OPEB Liability (NOL):</u>	The Total OPEB Liability minus the Fiduciary Net Position.
<u>OPEB Benefits:</u>	Other Post Employment Benefits. Generally, medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>OPEB Expense:</u>	This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Service Cost plus interest on the Total OPEB Liability (TOL) plus change in TOL due to plan changes minus projected investment income; all adjusted to reflect deferred inflows and outflows of resources.
<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower service cost and a TOL. The participation rate often is related to retiree contributions.

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<u>Pay As You Go Cost:</u>	The projected benefit payments to retirees in a given year as estimated by the actuarial valuation. Actual benefit payments are likely to differ from these estimated amounts. For OPEB plans that do not pre-fund through an irrevocable trust, the Pay As You Go Cost serves as an estimated amount to budget for annual OPEB payments.
<u>Retirement Rate:</u>	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with the service requirement to reflect both age and length of service). The more likely employees are to retire early, the higher service costs and actuarial accrued liability will be.
<u>Service Cost:</u>	The annual dollar value of the “earned” portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.
<u>Service Requirement:</u>	The proportion of retiree benefits payable under the OPEB plan, based on length of service and, sometimes, age. A shorter service requirement increases service costs and TOL.
<u>Total OPEB Liability (TOL):</u>	The amount of the actuarial present value of projected benefit payments attributable to participants’ past service based on the actuarial cost method used.
<u>Trend Rate:</u>	The rate at which the employer’s share of the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher service costs and TOL.
<u>Turnover Rate:</u>	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce service costs and TOL.
<u>Valuation Date:</u>	The date as of which the OPEB obligation is determined by means of an actuarial valuation. Under GASB 74 and 75, the valuation date does not have to coincide with the statement date, but can’t be more than 30 months prior.

10:59 AM	STEGE SANITARY DISTRICT			
12/05/2022	Check Report			
Accrual Basis	December 8, 2022			
	Name	Memo	Amount	Num
Dec 8, 22				
	Aramark Uniform Services	Uniform Services	-630.69	27933
	Aries	Camera Repair	-366.62	27934
	Bay Alarm Company	Fire & Burglar Alarm Office	-620.52	27935
	Clark Pest Control	Pest Control	-153.00	27936
	D'Arcy & Harty Construction	Retainage Sewer Rehab Proj 21201	-157,059.69	27937
	E&J Truck and Equipment Repair LLC	Vehicle Maintenance	-410.00	27938
	Exxonmobil	Gas	-190.93	27939
	Mosto Construction	Repair 1534 Kearny & 828 Norvell	-14,930.00	27940
	Nakano Landscape	Landscaping Nov 2022	-290.00	27941
	Pastime Hardware	Maintenance Supplies	-53.98	27942
	PG&E- #0103467151-9	Burlingame Pump Station	-104.28	27943
	PG&E- #0607499583-5	Canon Pump Station	-69.68	27944
	PG&E- #6675831511-4	Office/Shop	-1,427.67	27945
	PG&E CFM/PPC DEPARTMENT	Contract ID 50066255 V1 Canon Pump Station	-28,941.03	27946
	Premier Graphics	Hand Sanitizer Spray	-336.83	27947
	Reserve Account	Postage	-200.00	27948
	Root Tamers, Inc.	Root Foaming	-9,586.61	27949
	S.P. Automotive	Maintenance Supplies	-419.99	27950
	State Water Resource Control Board	St. Revolving Fund Loan Proj. 02203	-43,938.51	27951
	Steven's Printing	Newsletter	-7,050.37	27952
	Streamline	Website 12/1-01/1/23	-200.00	27953
	TelePacific Communications	Office Phones	-1,176.45	27954
	Universal Building Services	Janitorial Service Nov	-423.00	27955
	Xerox Financial Services	Copier Lease Payment 11/03-01/02	-575.02	27956
Dec 8, 22			-269,154.87	

STEGE SANITARY DISTRICT BOARD OF DIRECTORS MEETING AGENDA CALENDAR

JANUARY 2023	FEBRUARY 2023	MARCH 2023	APRIL 2023	MAY 2023	JUNE 2023
1/2 & 1/16 HOLIDAY CASA Winter Conf. Jan 25-27, Palm Springs	2/20 HOLIDAY CASA Policy Forum Feb 27-Mar. 1, Wash, DC			5/29 HOLIDAY	6/19 HOLIDAY 6/7 Safety Awards Luncheon
1/19/2023 – 7:00 P.M.	2/2/2023 – 7:00 P.M.	3/4/2023 – 9:00 A.M.	4/6/2023 – 7:00 P.M.	5/4/2023 – 7:00 P.M.	6/1/2023 – 7:00 P.M.
<ul style="list-style-type: none"> • Board Governance Manual Review • Service Rate Discussion • Long Range Planning Workshop Agenda • Director’s Contact Info • Board Training Summ. • CASA Conference • Quarterly Financial Statements • Form 700 • CLOSED SESSION – Quarterly Claims Rpt – Manager Perf. Eval. 	<ul style="list-style-type: none"> • Actuarial Analysis of Retiree Health Benefits Report (even years) • Performance Report (even years) • District of Distinction (even years) • Service Rate Discussion • Long Range Planning Workshop Agenda • Board Training Summ. • CASA Conference • CASA Conference Attendee Reports 	<p><u>9AM MEETING TIME</u></p> <ul style="list-style-type: none"> • Long Range Planning Workshop – Past 5 yrs. Expenditures Review – Self-Assessment of Governance – Strategic Plan Review 	<ul style="list-style-type: none"> • Service Rate Discussion/ Approval (& 30-day Notice) • Board Training Summ. 	<ul style="list-style-type: none"> • Appoint Labor Negot. • Draft Budget • Board Training Summ. • July 4th Fair Discussion • Review of Comparable Agencies • CLOSED SESSION – Conf. Labor Negot. 	<ul style="list-style-type: none"> • Draft Budget • Review Directors’ Meeting Compensation • District Working Capital and Reserve Policy • Approve Project Plans and Specs (+CEQA) • July 4th Fair Discussion • CASA Conference
	2/16/2023 – 7:00 P.M.	3/16/2023 – 7:00 P.M.	4/20/2023 – 7:00 P.M.	5/18/2023 – 7:00 P.M.	6/15/2023 – 7:00 P.M.
	<ul style="list-style-type: none"> • Board Governance Manual Approval • Long Range Planning Workshop Agenda • Service Rate Discussion • SPASPA Status Report 	<ul style="list-style-type: none"> • Auditor – RFP • California Employer’s Retiree Benefit Trust (CERBT) • Service Rate Discussion • Action Plan • Board Training Summ. • Consent Decree Quarterly Report • CASA Conference Attendee Reports • Form 700 	<ul style="list-style-type: none"> • Draft Budget • Employee Benefit Package Review • Service Rate Discussion/Approval (+ 30-day Notice) • July 4th Fair Discussion • Quarterly Financial Statements • SPASPA Status Report • CLOSED SESSION – Quarterly Claims Rpt 	<ul style="list-style-type: none"> • Resolution Ordering Board Election (even years) • Draft Budget • July 4th Fair Discussion • Service Rate Discussion/Approval (+ 30-day Notice) • CLOSED SESSION – Manager Perf. Eval. – Conf. Labor Negot. 	<ul style="list-style-type: none"> • Resolution Salary of District Manager • Resolution Employee Salary Ranges • Resolution Approve/Adopt Budget • Review and Approve Incentive Award • Adopt Incentive Award Goals & Objectives • July 4th Fair Discussion • CD Quarterly Report • CASA Conference • CLOSED SESSION – Counsel Perf. Eval.

STEGE SANITARY DISTRICT BOARD OF DIRECTORS MEETING AGENDA CALENDAR

JULY 2023	AUGUST 2023	SEPTEMBER 2023	OCTOBER 2023	NOVEMBER 2023	DECEMBER 2023
7/4 HOLIDAY 4 th of July Fair Booth	CASA Annual Conf. Aug 9-11, San Diego CSDA Annual Conf. Aug 28-31, Monterey	9/4 HOLIDAY Board Training AB 1234 (even years) AB 1661 (odd years)		11/23-24 HOLIDAY	12/7 HOLIDAY LUNCHEON 12/25 HOLIDAY
7/6/2023 – 7:00 P.M.	8/17/2023 – 7:00 P.M.	9/7/2023 – 7:00 P.M.	10/5/2023 – 7:00 P.M.	11/9/2023 – 7:00 P.M.	12/7/2023 – 2:00 P.M.
<ul style="list-style-type: none"> • July 4th Fair Debrief • CASA/CSDA Conf. 	<ul style="list-style-type: none"> • Select Actuary for Analysis of Retiree Health Benefits (odd years) • Quarterly (FY End) Financial Statements • Conn. Charge Report per Gov. Code 66013 • CASA/CSDA Conf. 	<ul style="list-style-type: none"> • CASA/CSDA Conf. Attendee Reports 	<ul style="list-style-type: none"> • Regional PSL Program Update • Regional FOG Program Update 	<ul style="list-style-type: none"> • Proposed Meeting Calendar • Board Officer Succession Plan • CASA Conference 	<p><u>2PM MEETING TIME</u></p> <ul style="list-style-type: none"> • Fiscal Year Financial Audit • Resolution Certifying Election Results (even years) • Connection Charge Review • Emergency Contact Update • Meeting Calendar • Consent Decree Quarterly Report • CASA Conference • Pension + OPEB UAL Reports • Nomination & Election of Officers
7/20/2023 – 7:00 P.M.		9/21/2023 – 7:00 P.M.	10/19/2023 – 7:00 P.M.		
<ul style="list-style-type: none"> • Hearing +Res./Ord. – Establish and Collect Sewer Service Charges – Director Meeting Compensation • Resolution Filing Notice of Completion • District Investment Policy • Reimb. Report per Gov. Code 53065.5 • Quarterly Financial Statements • Candidate filing period (even years) • SPASPA Status Report • CASA/CSDA Conf. • Form 470 • CLOSED SESSION – Quarterly Claims Rpt 		<ul style="list-style-type: none"> • Health Care Benefits Review • Consent Decree Quarterly Report 	<ul style="list-style-type: none"> • SPASPA Status Report • Quarterly Financial Statements • CLOSED SESSION – Quarterly Claims Rpt – Manager Perf. Eval. 		

**STEGE SANITARY DISTRICT
BOARD OF DIRECTORS
POSITIONAL ROTATION**

DIRECTOR	TERM EXPIRES
Juliet Christian-Smith	2026
Paul Gilbert-Snyder	2024
Beatrice O'Keefe	2024
<i>[Tessa Eve Beach]</i>	2026
Dwight Merrill	2026

YEAR	POSITION	DIRECTOR
<i>2023 (proposed rotation)</i>	<i>PRESIDENT</i>	<i>Juliet Christian-Smith</i>
	<i>VICE PRESIDENT</i>	<i>Paul Gilbert-Snyder</i>
2022	PRESIDENT	Dwight Merrill
	VICE PRESIDENT	Juliet Christian-Smith
2021	PRESIDENT	Beatrice O'Keefe
	VICE PRESIDENT	Dwight Merrill
2020	PRESIDENT	Alan Miller
	VICE PRESIDENT	Beatrice O'Keefe
2019	PRESIDENT	Paul Gilbert-Snyder
	VICE PRESIDENT	Alan Miller
2018	PRESIDENT	Dwight Merrill
	VICE PRESIDENT	Jay James