IRONHOUSE SANITARY DISTRICT
ANNUAL FINANCIAL REPORT
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2023

MANN, URRUTIA, NELSON, CPAS & ASSOCIATES, LLP
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SACRAMENTO, CA 95833

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FOR THE YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ironhouse Sanitary District
Oakley, California

Opinion

We have audited the accompanying financial statements of the business-type activities of Ironhouse Sanitary District (the "District") as of and for the year ended June 30, 2023, 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 business-type activities of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3-8, schedules related to the District’s net pension liability on pages 35 - 36, and the schedules related to the District's net OPEB liability on pages 37 - 38 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2023, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Mann, Urrutia, Nelson CPAs

Sacramento, California
November 1, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements for the fiscal year ending June 30, 2023 are being issued in the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34), which requires the District to provide this overview of its financial statements for the fiscal year. Please read it in conjunction with the Basic Financial Statements.

The Ironhouse Sanitary District (the District) provides wastewater collection, treatment and disposal services and recycled water to individuals and businesses within the City of Oakley, Bethel Island, and from other unincorporated areas within the District’s service boundary. The District’s primary source of funding is from service charges, service connection fees and capacity fees from users of the services provided by the District.

The following management discussion and analysis (MD&A) will discuss the results of the District’s operations. Key financial information for the current fiscal year will be compared with those of the prior year.

A. District Financial Highlights

The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2023 by $106,704,712 (net position) compared to $99,053,308 at June 30, 2022. For the fiscal year 2023, net position increased by $7,651,404 as compared to fiscal year 2022 increase in net position of $10,638,179.

The District’s cash, cash equivalents, and investments at June 30, 2023 were $45,738,891 representing an increase of $5,516,488 from the June 30, 2022 balance of $40,222,403. The increase reflects cash inflow from operations of $9,304,146, cash outflow for debt service of $2,937,700, and cash outflow for the purchase of capital assets of $849,958.

Total District liabilities increased by $304,219 during fiscal year 2023 from $35,124,156 at June 30, 2022 to $35,428,375 at June 30, 2023. Net OPEB and pension liability increased by $3,929,263 based on actuarial analysis which was offset by the annual principal debt service reduction of long-term debt in the amount of $2,937,700 and a reduction in accounts payable and other accrued liabilities of $687,344.

As of the close of the current fiscal year, the District’s Proprietary Fund reported Unrestricted Undesignated Net Position of $6,896,957 compared to $5,934,519 for the prior fiscal year, and Unrestricted Designated Reserves of $20,557,232 compared to $16,803,188 for the prior fiscal year. Restricted Net Position at June 30, 2023 is $18,647,406 compared to $17,531,779 at June 30, 2022.

The $3,754,044 increase in Unrestricted Designated Net Position primarily reflects a transfer of $4,221,804 from Unrestricted Undesignated Net Position to the Capital Expenditure Reserve and an allocation of $382,198 of Ad Valorem taxes received in accordance with reserve policies. These increases were offset by purchases of capital assets of $849,958.

The $1,115,627 increase in Restricted Net Position reflects capacity fees received from developers in the amount of $2,149,492 offset by the developers’ annual share of debt service in the amount of $1,366,031. Additionally, $332,166 of interest income was allocated to Restricted Net Position. Restricted capacity related fees are held for the purpose of developers’ annual share of debt service and plant capacity expansion.

Deferred Outflow of Resources related to pension and other post-retirement benefits increased by $1,818,411 during the fiscal year, whereas Deferred Inflow of Resources for pension and post-retirement benefits decreased by $2,517,491.

A. District Financial Highlights (continued)

The primary revenue resources of the District are service charges, service connection fees and capacity fees from users of the services provided by the District which totaled $16,780,768 in the fiscal year 2023, compared to $20,852,065 in fiscal year 2022. The 19.5% decrease was primarily the result of a $5,130,842 reduction in capacity fees as development slowed in Oakley. The reduction in capacity fees was offset by an 8.5% increase in sewer service charges principally resulting from a 5% increase in the service rate per equivalent service unit and sewer services fees resulting from new connections.

The District had Total Operating Revenues of $17,580,348 for the fiscal year 2023 versus $21,168,469 for fiscal 2022 (17.0% decrease) and Total Operating Expenses of $14,354,718 for fiscal year 2023 versus $13,031,259 for fiscal year 2022 (10.2% increase).

The District had Non-Operating Revenues of $4,808,731 for fiscal year 2023 versus $2,922,222 for fiscal 2022 (64.6% increase). The increase was primarily the result of a $1,371,520 increase in developer capital contributions, a $1,011,822 increase in investment income due to higher interest rates and a $668,333 increase in grazing lease income. These increases were offset by a decrease of $1,341,971 in cattle operating income as the cattle operation was dissolved in May 2022.

B. Using the Annual Report

Management Discussion and Analysis

Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The financial statements and notes to the financial statements included in this report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

Government-Wide Financial Statements

The government wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. They consist of Comparative Statements of Net Position and Comparative Statement of Revenues, Expenses and Changes in Net Position.

The Comparative Statements of Net Position present information on all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources; with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Comparative Statements of Revenues, Expenses and Changes in Net Position present information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave). In other cases, cash received in the current year will not be reflected as revenues until the event for which the revenues are earned has occurred (e.g., unearned revenue).

The government wide financial statements report on the District's activities. As previously stated, the activities are primarily supported by service charges, service connection fees and capacity fees. The District's function is to provide wastewater collection, treatment and disposal services, and recycled water to users within the District's area of operations. The financial statements can be found after this Management Discussion and Analysis.

Notes to Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the general purpose financial statements. The Notes to Financial Statements can be found in this report after the basic financial statements.

C. Capital Assets and Debt Administration

Capital Assets:

As of June 30, 2023, the District's investment in Capital Assets for its Proprietary Fund was $87,097,395. This investment in Capital Assets includes land, water recycling facility, collection system, buildings, vehicles, furniture and equipment. There was $849,958 of major capital assets purchased during the fiscal year.

Additional information on the District's Capital Assets can be found in Note 3 to the Financial Statements included in this report.

Debt Administration:

The District began construction in April 2009 on a new 4.3 MGD water recycling facility. The facility went into service in July 2011. The District entered into a project funding agreement with the California State Water Resources Control Board under their Clean Water State Revolving Fund Program. The District borrowed $58,754,010 for construction of the water recycling facility. Repayment of the loan is paid in twenty annual installments of $2,937,701 that commenced October 2012. As of June 30, 2023, the outstanding balance of the loan is $26,439,305. The loan incurred no interest; however, to borrow funds, the District was required to provide 16.67% of the total loan amount. This portion of the loan is reported as prepaid interest and is amortized at an effective interest rate of 1.8%.

Additional information on the District's Debt can be found in Note 4 to the Financial Statements included in this report.

IRONHOUSE SANITARY DISTRICT
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2023

	ENTERPRISE FUND		
	2023	2022	Percent Change
Assets:			
Current Assets	$ 47,530,564	$ 41,851,861	13.6 %
Prepaid Interest	1,378,645	1,723,306	(20.0)
Deposit for sales agreement	2,327,563	2,327,563	-
Capital Assets, Net	87,097,395	88,811,716	(1.9)
Total Assets	138,334,167	134,714,446	2.7
Deferred Outflows of Resources	4,112,043	2,293,632	79.3
Liabilities:			
Current Liabilities	4,155,405	4,853,709	(14.4)
Long-Term Liabilities	31,272,970	30,270,447	3.3
Total Liabilities	35,428,375	35,124,156	0.9
Deferred Inflows of Resources	313,123	2,830,614	(88.9)
Net Position:			
Net Investment in Capital Assets	60,603,117	58,783,822	3.1
Unrestricted Net Position			
Undesignated	6,896,957	5,934,519	16.2
Designated Reserves	20,557,232	16,803,188	22.3
Total Unrestricted	27,454,189	22,737,707	20.7
Restricted Net Position	18,647,406	17,531,779	6.4
Total Net Position	$ 106,704,712	$ 99,053,308	7.7 %

IRONHOUSE SANITARY DISTRICT
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	ENTERPRISE FUND		
	2023	2022	Percent Change
Revenues:			
Service charges	$ 14,600,576	$ 13,459,266	8.5 %
Service connection and related fees	30,700	112,465	(72.7)
Capacity fees	2,149,492	7,280,334	(70.5)
Fees other	566,098	138,928	307.5
Miscellaneous	233,482	177,476	31.6
Total operating revenues	17,580,348	21,168,469	(17.0)
Expenses:			
Salaries, benefits and payroll taxes	5,509,563	5,008,154	10.0
Administrative expenses	480,593	344,612	39.5
Utilities	910,944	804,805	13.2
Operations and maintenance	1,978,106	1,493,498	32.4
Professional services	903,279	801,149	12.7
Insurance	285,376	268,869	6.1
Depreciation	4,286,857	4,310,172	(0.5)
Total operating expenses	14,354,718	13,031,259	10.2
Operating income	3,225,630	8,137,210	(60.4)
Non-operating revenues:			
Taxes	403,427	378,974	6.5
Cattle income, net of expenses	-	1,341,971	(100.0)
Hay sales	538,008	315,755	70.4
Mineral rights	8,530	8,530	-
Investment income	798,073	(213,749)	(473.4)
Grazing lease	802,000	133,667	500.0
Gain on sale/disposal of assets	258,173	328,074	(21.3)
Capital contributions	2,000,520	629,000	218.0
Total non-operating revenues	4,808,731	2,922,222	64.6
Interest expense	382,957	421,253	(9.1)
Total non-operating expenses	382,957	421,253	(9.1)
Non-operating income	4,425,774	2,500,969	77.0
Change in net position	7,651,404	10,638,179	(28.1)
Net Position, Beginning of Year	99,053,308	88,415,129	12.0
Net Position, End of Year	$ 106,704,712	$ 99,053,308	7.7 %

D. The Economic Outlook

The District is dependent upon user service, connection and capacity fees for the funding of operations and capital improvements. Increases in service fees can only be implemented upon completing the State of California Proposition 218 process. During fiscal year 19-20, the District completed the Proposition 218 process which provides for a service fee increase of 9%, 5%, 5%, 0% and 0% over five years beginning fiscal year 2021. The five-year rate increase plan outlined in the Proposition 218 notice was developed and based on a third-party service fee rate study. For the current fiscal year, the District's Board of Directors voted to increase service fees by 5% as provided for in the proposition 218 service fee rate plan.

As outlined in the Proposition 218 notice, the primary purpose of the five-year rate plan is to provide additional service fees for an estimated $25.4 million of capital improvements of the District's sewer system and water recycling facility infrastructure beginning fiscal year 20-21 though fiscal year 25-26. The estimated capital improvements are partially based on a third-party comprehensive reliability study of its water recycling facility which includes recommendations for various operating improvements of the facility. The study was conducted by an engineering firm specializing in facility reliability studies.

E. Requests for information

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the District’s Financial Officer at Ironhouse Sanitary District, 450 Walnut Meadows Drive, Oakley, CA, 94561.

IRONHOUSE SANITARY DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

CURRENT ASSETS	
Cash and investments (Note 2)	$ 27,091,485
Cash and investments - restricted (Note 2)	18,647,406
Accounts receivable	550,568
Related party receivables (Note 10)	18,456
Interest receivable	258,362
Supply inventory	328,241
Prepaid expenses	291,385
Prepaid interest (current portion) (Note 4)	344,661
Total Current Assets	47,530,564
NON-CURRENT ASSETS	
Prepaid interest (less current portion) (Note 4)	1,378,645
Deposit for sales agreement	2,327,563
Capital assets (net of accumulated depreciation) (Note 3)	87,097,395
Total Non-Current Assets	90,803,603
TOTAL ASSETS	138,334,167
DEFERRED OUTFLOWS OF RESOURCES	
Changes in the net pension liability (Note 6)	2,914,616
Changes in the net OPEB liability (Note 8)	1,197,427
Total Deferred Outflows of Resources	4,112,043
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 142,446,210

The accompanying notes are an integral part of the financial statements.

IRONHOUSE SANITARY DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
AS OF JUNE 30, 2023

CURRENT LIABILITIES	
Accounts payable	$ 301,915
Payroll related liabilities	147,603
Customer deposits payable	120,341
Compensated absences (current portion) (Note 4)	248,777
State revolving fund loan (current portion) (Note 4)	2,937,701
Unearned revenues	399,068
Total Current Liabilities	4,155,405
LONG TERM LIABILITIES	
Net pension liability (Note 6)	5,864,959
Net OPEB liability (Note 8)	1,788,828
Compensated absences (less current portion) (Note 4)	117,579
State revolving fund loan (less current portion) (Note 4)	23,501,604
Total Long-Term Liabilities	31,272,970
TOTAL LIABILITIES	35,428,375
DEFERRED INFLOWS OF RESOURCES	
Changes in the net pension liability (Note 6)	253,009
Changes in the net OPEB liability (Note 8)	60,114
Total Deferred Inflows of Resources	313,123
NET POSITION	
Net investment in capital assets (Note 11)	60,603,117
Unrestricted (Note 11)	27,454,189
Restricted for:	
Debt Service	2,937,701
Trunkline Capacity	3,787,161
Capacity Fee Reserve	11,922,544
Total Restricted (Note 11)	18,647,406
TOTAL NET POSITION	106,704,712
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 142,446,210

The accompanying notes are an integral part of the financial statements.

IRONHOUSE SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED
JUNE 30, 2023

OPERATING REVENUES	
Service charges	$ 14,600,576
Service connection and related fees	30,700
Capacity fees (Note 5)	2,149,492
Fees - other	566,098
Miscellaneous	233,482
Total Operating Revenues	17,580,348
OPERATING EXPENSES	
Salaries, benefits and payroll taxes	5,509,563
Administration expenses	480,593
Utilities	910,944
Operations and maintenance	1,978,106
Professional services	903,279
Insurance	285,376
Depreciation	4,286,857
Total Operating Expenses	14,354,718
Net Operating Income	3,225,630
NON-OPERATING REVENUES (EXPENSES)	
Taxes	403,427
Hay sales	538,008
Mineral rights	8,530
Investment income	798,073
Interest expense	(382,957)
Gain on sale of assets	258,173
Lease revenue	802,000
Total Nonoperating Revenues, net	2,425,254
INCOME BEFORE CONTRIBUTIONS	5,650,884
Capital contributions	2,000,520
INCREASE IN NET POSITION	7,651,404
NET POSITION, BEGINNING OF YEAR	99,053,308
NET POSITION, END OF YEAR	$ 106,704,712

The accompanying notes are an integral part of the financial statements.

IRONHOUSE SANITARY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 18,812,251
Cash paid to employees and for benefits and payroll taxes	(5,892,869)
Cash paid to suppliers and vendors	(5,166,093)
Net Cash Provided by Operating Activities	7,753,289
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Taxes received	403,427
Net Cash Provided by Noncapital Financing Activities	403,427
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(849,958)
Principal payments on state revolving fund loan	(2,937,700)
Proceeds of the disposition of assets	536,114
Net Cash Used for Capital and Related Financing Activities	(3,251,544)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	764,209
Purchase of investments	(5,464,210)
Net Cash Used for Investing Activities	(4,700,001)
NET INCREASE IN CASH	205,171
CASH AND CASH EQUIVALENTS - JULY 1, 2022	1,629,154
CASH AND CASH EQUIVALENTS - JUNE 30, 2023	$ 1,834,325

RECONCILIATION TO CASH AND INVESTMENTS ON THE STATEMENT OF NET POSITION

Cash and investments	$ 27,091,485
Cash and investments - restricted	18,647,406
Less: Investments (Note 2)	(43,904,566)
CASH AND CASH EQUIVALENTS - JUNE 30, 2023	$ 1,834,325

The accompanying notes are an integral part of the financial statements.

IRONHOUSE SANITARY DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED
JUNE 30, 2023

OPERATING INCOME	$ 3,225,630
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	4,286,857
Hay sales	538,008
Mineral rights	8,530
Lease revenue	802,000
Increase in net pension liability	3,389,164
Increase in OPEB liability	540,099
Decrease in deferred inflows	(2,517,491)
Increase in deferred outflows	(1,818,411)
Increase in accounts receivable	(180,008)
Increase in prepaid expenses	(31,313)
Decrease in supply inventory	197,568
Decrease in accounts payable	(774,050)
Increase in customer deposits	10,000
Increase in payroll related liabilities	12,373
Increase in compensated absences	10,960
Increase in unearned revenue	53,373
Total adjustments	4,527,659
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 7,753,289
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Developer contributions	$ 2,000,520

The accompanying notes are an integral part of the financial statements.

IRONHOUSE SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Ironhouse Sanitary District (the "District") provides sewage collection, treatment and disposal services, and recycled water to the City of Oakley and the unincorporated area of Bethel Island, California. There are five members on the District's Board of Directors. These members are elected to four year terms.

Ironhouse Sanitary District, formally known as the Oakley Sanitary District, was formed on August 27, 1945, under the provisions of sections 6400-6907.5 of the California Health and Safety Code. On February 1, 1992, the District annexed the territory of the former Contra Costa County Sanitation District Number 15 and received title to all of the assets of the Contra Costa County Sanitation District Number 15 and the Oakley-Bethel Island Wastewater Management District. The District also assumed all liabilities of the two entities.

Basis of Presentation

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting

The District follows the enterprise method of accounting practices and reporting methods approved for waste disposal districts. An enterprise type fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses excluding depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred.

Operating revenues are those revenues that are generated from the primary operations of the District. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Reporting

The District prepares 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.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the District defines cash and cash equivalents to include all cash and temporary investments with original maturities of three months or less from the date of acquisition.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Inputs, Methodologies and Hierarchy

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 between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the assets. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

> *Level 1* - Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that are accessible to the District.
> *Level 2* - Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs.)
> *Level 3* - Unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including the District's own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Supply Inventory

Inventory is valued at average cost which approximates market. Inventory consists of expendable supplies held for future consumption or capitalization. The cost is recorded as an expense as inventory items are consumed.

Prepaid Expenses

Certain payments for health insurance, maintenance, and liability insurance reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital Assets

Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Donated capital assets are recorded at acquisition value at the date of donation. The District established a threshold of $5,000 for capitalization of depreciable assets. Depreciation has been provided using the straight-line method of accounting over the following estimated useful lives of the assets:

Plant and conveyance system - 40 years
Vehicles, furniture and equipment - 5 to 20 years

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Compensated absences represent the vested portion of accumulated vacation leave. The liability for accumulated leave includes all salary - related payments that are directly and incrementally connected with leave payments to employees.

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 (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.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 - June 30, 2022

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Other Postemployment Benefits (OPEB)

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

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 - June 30, 2022

Deferred Outflows and Inflows of Resources

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

IRONHOUSE SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position

Net position represents the residual interest in the District's assets and deferred outflows after liabilities and deferred inflows are deducted. Net position is presented in three broad components: net investment in capital assets; restricted; and unrestricted. Net investment in capital assets includes capital assets, net of accumulated depreciation, and outstanding principal balances of debt and related deferred outflows and inflows attributable to the acquisition, construction or improvement of those assets. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted. Operating losses outside of depreciation are funded by operating and capital reserves.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Subsequent Events

Subsequent events have been evaluated through November 1, 2023, which is the date the financial statements were issued.

Implementation of Government Accounting Standards Board Statements

Effective July 1, 2022, the District implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligation*s. The purpose of this statement is 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 achieves those objectives by clarifying 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 commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement has had no material impact on the District's financial statements for the fiscal year ending June 30, 2023.

IRONHOUSE SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private 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). 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 assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). 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. Application of this statement has had no material impact on the District's financial statements for the fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires not disclosures regarding a SBITA. Application of this statement has had no material impact on the District's financial statements for the fiscal year ending June 30, 2023.

Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2023 or later and may be applicable for the District. However, the District has not determined the effects, if any, on the financial statements.

Governmental Accounting Standards Board Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for guarantees. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to leases, PPPs and SBITAs are effective for the District's fiscal year ending June 30, 2023 and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the District's fiscal year ending June 30, 2024.

Governmental Accounting Standards Board Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the District's fiscal year ending June 30, 2024.

IRONHOUSE SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for the District's fiscal year ending June 30, 2025.

NOTE 2: CASH AND INVESTMENTS

Cash and investments are reported in the accompanying financial statements as follows:

Cash and investments	$ 27,091,485
Restricted cash and investments	18,647,406
Total	$ 45,738,891

The restricted cash balance is restricted for the current portion of the state revolving fund loan and capacity fees. The restricted cash is also presented as restricted net position in the statement of net position.

The components of the District's cash and cash equivalents at June 30, 2023 are as follows:

Cash on hand	$ 288
Deposits with financial institutions	1,834,037
Total cash	1,834,325
Local Agency Investment Fund	22,958,706
CalTRUST Investment Fund	3,578,969
Corporate Bonds	6,376,469
Certificates of Deposit	5,485,025
Government Securities	4,857,672
Money Market Mutual Funds	647,725
Total investments	43,904,566
Total cash and investments	$ 45,738,891

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Authorized Investments of the District

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that addresses interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligation	5 years	None	None
Banker's Acceptances	180 days	10%	5%
Commercial Paper	270 days	25%	5%
Certificates of Deposit	5 years	30%	None
Bank Deposits	5 years	None	None
Medium-Term Corporate Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
CD Placement Services	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Funds (CalTRUST)	N/A	None	None
U.S. Agency Obligations	5 years	None	None
California CLASS Investment Pool	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk in the market rate changes that could adversely affect the fair values of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for District operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2023:

	Remaining Maturity		
	12 months or less	1-5 years	Fair Value
Certificates of Deposit	$ 3,365,833	$ 2,119,193	$ 5,485,026
Corporate Bonds	3,333,313	3,043,156	6,376,469
Government Securities	2,441,051	2,416,621	4,857,672
Money Market Mutual Funds	647,724	-	647,724
Local Agency Investment Fund	22,958,706	-	22,958,706
CalTRUST Investment Fund	3,578,969	-	3,578,969
	$ 36,325,596	$ 7,578,970	$ 43,904,566

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year for each investment type.

		Rating as of Fiscal Year End		
	Total	S&P	Moody's	N/A
Local Agency Investment Fund	$ 22,958,706			Not rated
CalTRUST Short-term Investment Fund	1,769,565	AAf		
CalTRUST Medium Term Investment Fund	1,809,404	A+f		
Certificates of Deposit	5,485,026			Not rated
Corporate Bonds	6,376,469	AAA-AA		
Government Securities	4,857,672			Not rated
Money Market Mutual Funds	647,724			Not rated
	$ 43,904,566			

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2023 there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of the total District investments.

Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs.

The following tables set forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2023.

	Level 1	**Level 2**	**Level 3**	**Total**
Certificates of Deposit	$ -	$ 5,485,025	$ -	$ 5,485,025
Corporate Bonds	-	6,376,469	-	6,376,469
Government Securities	4,857,672	-	-	4,857,672
Money Market Mutual Funds	647,724	-	-	647,724
Total assets at fair value	$ 5,505,396	$ 11,861,494	$ -	$ 17,366,890

IRONHOUSE SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio).

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 is as follows:

	July 1, 2022	Additions	Deletions	Transfers	June 30, 2023
Capital assets not being depreciated					
Land and improvements	$ 8,458,944	$ -	$ -	$ -	$ 8,458,944
Work in progress	355,184	87,123	-	(35,500)	406,807
Total capital assets not depreciated	8,814,128	87,123	-	(35,500)	8,865,751
Capital assets being depreciated					
Plant and improvements	53,300,222	14,931	-	-	53,315,153
Collection system and pipelines	66,508,655	2,144,307	-	35,500	68,688,462
Vehicles	2,406,273	-	(96,355)	-	2,309,918
Equipment	26,352,571	604,117	(1,840,392)	-	25,116,296
Total capital assets being depreciated	148,567,721	2,763,355	(1,936,747)	35,500	149,429,829
Less: accumulated depreciation					
Plant and improvements	(16,405,747)	(1,392,530)	-	-	(17,798,277)
Collection system and pipelines	(35,732,673)	(1,521,299)	-	-	(37,253,972)
Vehicles	(1,559,611)	(125,199)	93,787	-	(1,591,023)
Equipment	(14,872,103)	(1,247,829)	1,565,019	-	(14,554,913)
Total accumulated depreciation	(68,570,134)	(4,286,857)	1,658,806	-	(71,198,185)
Capital Assets, net	$ 88,811,715	$ (1,436,379)	$ (277,941)	$ -	$ 87,097,395

Depreciation expense for the year ended June 30, 2023 totaled $4,286,857.

NOTE 4: LONG-TERM LIABILITIES

A summary of long-term liability activity for the year ended June 30, 2023 is as follows:

	July 1, 2022	Additions	Reductions	June 30, 2023	Due within One Year
State Revolving Fund Loan	$ 29,377,005	$ -	$ (2,937,700)	$ 26,439,305	$ 2,937,701
Compensated Absences	100,516	316,098	(50,258)	366,356	248,777
Total	$ 29,477,521	$ 316,098	$ (2,987,958)	$ 26,805,661	$ 3,186,478

State Revolving Fund Loan

The District entered into a project financing agreement with the California State Water Resources Control Board ("Board") under their Clean Water State Revolving Fund Program. The Program provides low-interest loan funding for construction of publicly-owned wastewater treatment facilities. Ironhouse was approved for funding for its Wastewater Treatment Plant Upgrade and Expansion Project. The cost for the Project was $58,754,020. The loan was disbursed as costs were incurred. Repayment of the loan is paid in annual installments which began October 2012. Full repayment of the loan will be made by October of 2031. The loan bears no interest. However, in order to participate in the zero interest loan program, the District was required to provide 16.667% of the total loan amount. This portion (16.667%) of the loan represents interest costs and is reported on the Statement of Net Position as prepaid interest. Interest expense is amortized over the life of the loan at an effective interest rate of 1.8%. $382,957 of the prepaid balance was amortized in the current year, resulting in a remaining balance of $1,723,306 as of June 30, 2023, of which $344,661 is current. In the event of termination upon written notice at the option of the State Water Board or upon violation of any material provisions of the project financing agreement, the District has agreed to, upon demand, repay the Board all unpaid installment payments in full. In the event of termination, interest shall accrue on all amounts due at the highest legal rate of interest from the date of notice to date of full repayment.

Debt service requirements for the State Revolving Fund Loan are as follows:

For the Year Ending June 30,	Principal	Total Payments	Interest Expense
2024	$ 2,937,701	$ 2,937,701	$ 344,661
2025	2,937,701	2,937,701	306,366
2026	2,937,701	2,937,701	268,070
2027	2,937,701	2,937,701	229,774
2028	2,937,701	2,937,701	191,478
2029 - 2032	11,750,800	11,750,800	382,957
Total	$ 26,439,305	$ 26,439,305	$ 1,723,306

IRONHOUSE SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5: CAPACITY FEES

Capacity fees are charged to each individual and business as they are hooked up to the sewer lines in either the City of Oakley or the unincorporated area of Bethel Island.

Capacity fees are to be used exclusively for future capacity expansion of the plant or infrastructure. They are not intended to be used for the normal operating expenses of the District. As of June 30, 2023, $15,709,705 had been earned and designated for future expansion. During the year ended June 30, 2023, $2,149,492 in capacity fees were earned.

NOTE 6: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the District's Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety and miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the safety or miscellaneous pools. The District sponsors two rate plans (both miscellaneous). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous Plan	
	Hired prior to January 1, 2013	Hired on or after January 1, 2013
Benefit Formula	2.7% @ 55	2% @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life
Retirement age	50-55	52-67
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.7%	1.0% to 2.5%
Required Employee Contribution Rate	8.0%	6.5%
Required Employer Contribution Rate	15.03%	7.65%
Required UAL Contribution	$428,646	$4,372

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. The District's contributions to the Plan for the year ended June 30, 2023 were $833,431.

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

As of June 30, 2023, the District reported a net pension liability of $5,864,959 for its proportionate shares of the net pension liability of the Plan.

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, 2022, 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, 2021 rolled forward to June 30, 2022 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. The District's proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2023 was as follows:

Proportion - June 30, 2022	0.13039 %
Proportion - June 30, 2023	0.12534 %
Change - Increase (Decrease)	(0.00505)%

For the year ended June 30, 2023, the District recognized pension expense of $497,248. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Pension contributions subsequent to measurement date	$ 833,431	$ -
Differences between projected and actual experience	117,780	78,884
Changes in assumptions	600,988	-
Difference between actual contributions made by employer and the employer's proportionate share of the risk pool's total contribution	-	174,125
Adjustment due to differences in proportions	288,112	-
Net difference between projected and actual earnings on plan investments	1,074,305	-
Total	$ 2,914,616	$ 253,009

IRONHOUSE SANITARY DISTRICT
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NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

$833,431 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,		
2024	$	501,004
2025		430,187
2026		239,904
2027		657,081

C. Actuarial Assumptions – The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90% net of pension plan investment expenses, includes inflation
Mortality (1)	Derived Using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2000 to 2019. Pre-retirement and Post-retirement mortality tables include 15 years of projected mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2021 that can be found on the CalPERS website.

Change in Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

D. Discount Rate – The discount rate used to measure the total pension liability was 6.90% 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 6.90% percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 percent will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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.

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10(a)
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%

(a) An expected inflation of 2.30% used for this period.

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability 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:

	Miscellaneous
1% Decrease	5.90%
Net Pension Liability	$9,124,351
Current Discount Rate	6.90%
Net Pension Liability	$5,864,959
1% Increase	7.90%
Net Pension Liability	$3,183,289

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

NOTE 7: DEFERRED COMPENSATION PLAN

During the fiscal year ended June 30, 1997 the District approved and established the Ironhouse Sanitary District Deferred Compensation Plan ("the deferred compensation plan") for its employees created in accordance with Internal Revenue Code 457. The deferred compensation plan was administered by Empower Retirement. The Plan is available to all permanent employees and Directors and permits them to defer a portion of their current salary until future years. The deferred compensation, which is held in trust by Empower, is not available to participants until termination, retirement, death or unforeseeable emergency. During the year ending June 30, 2023, the employees contributed $51,112.

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Description of Plan

The District's defined benefit healthcare plan, Ironhouse Sanitary District Retiree Healthcare Plan (the Healthcare Plan), provides health insurance benefits to participants and beneficiaries. The Healthcare Plan is part of the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for participating entities within the state of California. Benefit provisions and all other requirements are established by state statute and the District. CalPERS issues a separate annual comprehensive financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office at 400 "P" Street, Sacramento, California 95814.

Under the plan service or disability, retirees for all employees hired before August 1, 2006 and all employees with 20 years of District service hired after August 1, 2006 are eligible to receive post-retirement health insurance benefits. Participants do not contribute to the Healthcare Plan.

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Employees covered

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

Active employees	27
Inactive employees currently receiving benefits	27
Total	54

Contributions

The District's policy is to fully fund the actuarially determined contribution. The District makes the contributions on behalf of the participants. For the fiscal year ended June 30, 2023, the District contributed $400,000.

Net OPEB Liability

The District's net OPEB liability ("NOL") was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 based on the following actuarial methods and assumptions.

Discount Rate	6.75 %
Inflation	2.50 %
Salary increases per annum	2.75 %
Investment Rate of Return	6.75 %
Healthcare Trend Rate	4.00 %

Mortality rates	
Miscellaneous	Mortality Tables - 2017 CalPERS Active Mortality for Miscellaneous Employees
Retirement Rates:	
All Participants	Hired before 2013: 2017 CalPERS 2.7%@55 Rates for Miscellaneous Employees Hired after 2013: 2017 CalPERS 2%@62 Rates for Miscellaneous Employees adjusted to reflect minimum retirement age of 52

Changes in Assumptions

For the measurement period June 30, 2022, the inflation rate changed from 2.63% to 2.50%.

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75% based on an assumption that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The discount rate was derived using historic 28 year real rates of return for each asset class along with an assumption of long-term inflation offset by expected investment expenses of 25 basis points.

Asset Allocation and Assumed Rate of Return

The assumed gross return was determined using rolling periods of time for all asset class combinations to appropriately reflect correlation between asset classes. The assumed gross rate of return is based on a geometric mean not an arithmetic mean. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table.

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	59.0 %	7.5450 %
All Fixed Income	25.0 %	4.2500 %
Real Estate Investment Trusts	8.0 %	7.2500 %
All Commodities	3.0 %	7.5450 %
Treasury Inflation Protected Securities (TIPS)	5.0 %	3.0000 %
	100.0 %	

Changes in the OPEB liability

To determine the June 30, 2022 (measurement period) net OPEB liability, the District used a "roll-forward" technique for the total OPEB liability. The fiduciary net position is based on the actual June 30, 2022 fiduciary net position. The following table shows the results of the roll-forward.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2021	$ 4,936,290	$ 3,687,561	$ 1,248,729
Service cost	123,606	-	123,606
Interest on TOL	328,112	-	328,112
Employer contributions	-	400,000	(400,000)
Expected investment income	-	253,267	(253,267)
Investment gains/losses	-	(745,065)	745,065
Administrative expense	-	(935)	935
Expected benefit payments	(274,336)	(269,984)	(4,352)
Net change during 2021-22	177,382	(362,717)	540,099
Balance at June 30, 2022	$ 5,113,672	$ 3,324,844	$ 1,788,828

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

The following represents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2022:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net OPEB Liability	$ 2,418,239	$ 1,788,828	$ 1,265,450

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following represents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2022:

	1% Decrease 3.00%	Current Healthcare Cost Trend Rate 4.00%	1% Increase 5.00%
Net OPEB Liability	$ 1,144,390	$ 1,788,828	$ 2,583,871

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

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

Net difference between projected and actual earnings on OPEB plan investments	5 year straight-line recognition
All other amounts	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service year.

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of $329,544. As of fiscal year ended June 30, 2023, the District reported deferred outflows and inflows of resources related to the net OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 400,000	$ -
Net differences between projected and actual earnings on investments	797,427	-
Differences between expected and actual experience	-	60,114
Total	$ 1,197,427	$ 60,114

$400,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as follows:

For the Fiscal Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2024	$ 134,446
2025	130,230
2026	111,405
2027	227,054
2028	82,001
Thereafter	52,177

NOTE 9: JOINT VENTURE - CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY (CSRMA)

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an on-going financial responsibility.

The District participates in a joint venture under a joint powers agreement (JPA) with the California Sanitation Risk Management Authority (CSRMA). CSRMA was formed to provide common risk management and loss prevention programs related to public liability, auto liability, public official's errors and omissions, property loss and workers' compensation risk for member governmental agencies. CSRMA is not a component unit of the District for financial reporting purposes but the District does retain an on-going financial responsibility in CSRMA. During the year ended June 30, 2023, the District made $400,822 in insurance premium payments to CSRMA.

Condensed audited financial information for the year ended June 30, 2022 (the most recent available) was as follows:

Total assets	$ 32,261,331
Total liabilities	25,220,675
Total net position	$ 7,040,656
Total revenues	$ 17,745,882
Total expenses	17,127,478
Increase in net position	$ 618,404

Complete financial statements for CSRMA can be obtained from the CSRMA, care of Alliant Insurance Services, Inc., 100 Pine Street, 11th floor, San Francisco, California, 94111.

NOTE 10: RELATED PARTY TRANSACTIONS

The General Manager and Assistant General Manager of the District are also the President and Treasurer of Reclamation District No. 830 (RD830). RD830 was established to maintain the integrity of the levee system on Jersey Island which is wholly owned by the District. During the year ended June 30, 2023, the District paid $332,565 in assessments to RD830. In addition, RD830 reimbursed the District in the amount of $153,200 for levee repairs performed by Ironhouse employees and for the use of its equipment. As of June 30, 2023, $18,456 was due from RD830 and is reported as a current receivable. Management believes these transactions were consummated on terms equivalent to those that prevail in arms length transactions.

IRONHOUSE SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023

NOTE 11: NET POSITION

As of June 30, 2023, net position of the District consisted of the following:

Net investment in capital assets	$ 60,603,117
Unrestricted:	
Undesignated	6,896,957
Designated reserve for capital expenditures	19,789,784
Designated reserve for rate stabilization	732,000
Designated reserve for Jersey Island use fees	35,448
Total Unrestricted	27,454,189
Restricted:	
Debt service	2,937,701
Trunkline capacity	3,787,161
Capacity fee reserve	11,922,544
Total Restricted	18,647,406
Total Net Position	$ 106,704,712

NOTE 12: VOTER LEGISLATION

Proposition 218, which was approved by voters in November 1996, regulates the District's ability to impose, increase, and extend assessments and fees. Any new, increased, or extended assessments and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. The District's Board of Directors approved a five-year rate plan to implement planned service fee increases beginning fiscal year 2020-2021 to fund operations and capital improvements. The District satisfied all necessary criteria required by Proposition 218 prior to obtaining Board approval.

Required Supplementary Information

IRONHOUSE SANITARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2023
LAST 10 YEARS*

	Measurement Period								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.12534 %	0.04578 %	0.04449 %	0.04310 %	0.04314 %	0.04415 %	0.04449 %	0.04578 %	0.04365 %
Proportionate share of the net pension liability	$ 5,864,959	$ 2,475,795	$ 4,840,309	$ 4,416,938	$ 4,157,300	$ 4,378,364	$ 3,849,906	$ 3,142,358	$ 2,722,495
Covered payroll	$ 3,246,376	$ 2,985,859	$ 2,988,492	$ 2,700,778	$ 2,416,559	$ 2,303,744	$ 2,531,104	$ 2,562,268	$ 2,566,478
Proportionate share of the net pension liability as a percentage of covered payroll	180.66 %	82.92 %	161.96 %	163.54 %	172.03 %	190.05 %	152.10 %	122.64 %	106.08 %
Plan fiduciary net position as a percentage of the total pension liability	76.70 %	88.30 %	75.10 %	77.23 %	75.39 %	73.31 %	74.06 %	78.40 %	79.82 %

Notes to Schedule:

Benefit changes: In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions: In November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF C, these changes were implemented in the June 30, 2021, actuarial valuations for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.3 percent, the administrative expense assumption was reduced from 0.15 percent to 0.10 percent, and the discount rate was reduced from 7.00 percent to 6.80 percent. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15 percent to 6.90 percent in Fiscal Year 2021-22. In 2021, 2020 and 2019, there were no changes. In 2018, the demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Schedule is intended to show information for ten years. Fiscal year 2014 was the first year of implementation, therefore only nine years are shown. Additional years' information will be displayed as it becomes available.

IRONHOUSE SANITARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN
AS OF JUNE 30, 2023
LAST 10 YEARS*

	Fiscal Year-End								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 833,431	$ 783,151	$ 697,187	$ 619,790	$ 527,665	$ 586,816	$ 539,201	$ 545,636	$ 596,008
Contributions in relation to the actuarially determined contributions	(833,431)	(783,151)	(697,187)	(619,790)	(527,665)	(586,816)	(539,201)	(545,636)	(596,008)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,221,952	$ 3,246,376	$ 2,985,859	$ 2,988,492	$ 2,700,778	$ 2,416,559	$ 2,303,744	$ 2,531,104	$ 2,562,268
Contributions as a percentage of covered payroll	25.87 %	24.12 %	23.35 %	20.74 %	19.54 %	24.28 %	23.41 %	21.56 %	23.26 %

* Schedule is intended to show information for ten years. Fiscal year 2015 was the first year of implementation, therefore only nine years are shown. Additional years' information will be displayed as it becomes available.

IRONHOUSE SANITARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
For the Measurement Periods Ended June 30
Last 10 Years*

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	$ 123,606	$ 83,977	$ 81,729	$ 91,604	$ 89,152	$ 86,766
Interest	328,112	293,171	277,966	279,830	272,570	249,231
Change in assumptions	-	279,336	-	-	-	-
Difference between expected and actual experience	-	-	-	(119,538)	-	-
Expected benefit payments	(274,336)	(264,725)	(287,212)	(259,975)	(258,486)	-
Experience gains/losses	-	398,365	-	-	-	-
Benefit payments	-	-	-	-	-	(248,544)
Net change in total OPEB liability	177,382	790,124	72,483	(8,079)	103,236	87,453
Total OPEB liability, beginning	4,936,290	4,146,166	4,073,683	4,081,762	3,978,526	3,891,073
Total OPEB liability, ending (a)	$ 5,113,672	$ 4,936,290	$ 4,146,166	$ 4,073,683	$ 4,081,762	$ 3,978,526
Plan fiduciary net position						
Contributions - employer	$ 400,000	$ 350,000	$ 337,495	$ 319,383	$ 282,359	$ 250,102
Net investment income	-	-	-	-	-	219,563
Expected investment income	253,267	200,974	189,397	175,441	160,977	-
Investment gains/losses	(745,065)	578,245	(94,141)	(21,068)	21,450	-
Expected benefit payments	(269,984)	(274,360)	(270,495)	(294,535)	(258,486)	(248,544)
Administrative expenses	(935)	(1,073)	(1,306)	(534)	(4,252)	(1,841)
Other	-	-	-	-	2,230	-
Net change in plan fiduciary net position	(362,717)	853,786	160,950	178,687	204,278	219,280
Plan fiduciary net position, beginning	3,687,561	2,833,775	2,672,825	2,494,138	2,289,860	2,070,580
Plan fiduciary net position, ending (b)	$ 3,324,844	$ 3,687,561	$ 2,833,775	$ 2,672,825	$ 2,494,138	$ 2,289,860
District's net OPEB liability, ending (a) - (b)	$ 1,788,828	$ 1,248,729	$ 1,312,391	$ 1,400,858	$ 1,587,624	$ 1,688,666
Plan fiduciary net position as a percentage of the total OPEB liability	65 %	75 %	68 %	66 %	61 %	58 %
Covered payroll	$ 3,571,538	$ 3,222,233	$ 3,171,732	$ 2,870,771	$ 2,650,207	$ 2,617,893
District's net OPEB liability as a percentage of covered payroll	1.43 %	1.53 %	1.31 %	1.42 %	1.54 %	1.52 %

Notes to Schedule:

Changes in assumptions: In 2022, the inflation rate was changed from 2.63% to 2.50%. In 2021, the discount rate was changed from 7.00% to 6.75%. The inflation rate was changed from 2.75% to 2.63%. The investment rate of return was changed from 7.00% to 6.75%. The mortality table was updated from the 2014 CalPERS to 2017 CalPERS mortality study.

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only six years are shown. Additional years' information will be displayed as it becomes available.

IRONHOUSE SANITARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN
For the Fiscal Year Ended June 30
Last 10 Years*

	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 400,000	$ 400,000	$ 350,000	$ 337,495	$ 319,383	$ 276,184
Contributions in relation to the ADC	(400,000)	(400,000)	(350,000)	(337,495)	(319,383)	(276,184)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,591,864	$ 3,571,538	$ 3,222,233	$ 3,171,732	$ 2,870,771	$ 2,650,207
Contributions as a percentage of covered payroll	11 %	11 %	11 %	11 %	11 %	10 %

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only six years are shown. Additional years' information will be displayed as it becomes available.