

**SUNSET BEACH SANITARY DISTRICT**  
**BASIC FINANCIAL STATEMENTS**  
**WITH REPORT OF INDEPENDENT**  
**AUDITORS**  
**JUNE 30, 2021**



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SUNSET BEACH SANITARY DISTRICT

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Sunset Beach Sanitary District  
Sunset Beach, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the general fund of the Sunset Beach Sanitary District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

**Opinions**

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

**Other Matter**

*Required Supplementary Information*

Management has omitted the Management’s Discussion and Analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 15 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 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 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.



**CliftonLarsonAllen LLP**

Irvine, California  
August 9, 2022

## **BASIC FINANCIAL STATEMENTS**

SUNSET BEACH SANITARY DISTRICT  
GOVERNMENTAL FUND BALANCE SHEET  
AND STATEMENT OF NET POSITION

June 30, 2021

	General Fund	Adjustments	Statement of Net Position
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 2,730,969	\$ -	\$ 2,730,969
Property taxes receivable	29,365	-	29,365
Interest receivable	3,375	-	3,375
Prepaid items	38,530	-	38,530
TOTAL CURRENT ASSETS	<u>2,802,239</u>	<u>-</u>	<u>2,802,239</u>
CAPITAL ASSETS			
Sewer transmission and treatment capacity rights	-	1,754,389	1,754,389
Construction in progress	-	337,884	337,884
Property, plant, and equipment, net of \$1,729,324 accumulated depreciation	-	1,749,355	1,749,355
TOTAL CAPITAL ASSETS	<u>-</u>	<u>3,841,628</u>	<u>3,841,628</u>
TOTAL ASSETS	<u>\$ 2,802,239</u>	<u>\$ 3,841,628</u>	<u>6,643,867</u>
LIABILITIES AND FUND BALANCE/NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$ 178,487	\$ -	\$ 178,487
Wages payable	3,788	-	3,788
Due to other governmental agencies	18	-	18
TOTAL CURRENT LIABILITIES	<u>182,293</u>	<u>-</u>	<u>182,293</u>
TOTAL LIABILITIES	<u>182,293</u>	<u>-</u>	<u>182,293</u>
FUND BALANCE/NET POSITION			
Fund balance			
Nonspendable:			
Prepaid items	38,530	(38,530)	
Committed:			
Emergency reserve	452,118	(452,118)	
Capital improvements - Broadway Siphon	595,500	(595,500)	
Unassigned	1,533,798	(1,533,798)	
TOTAL FUND BALANCE	<u>2,619,946</u>	<u>(2,619,946)</u>	
Net position			
Investment in capital assets		3,841,628	3,841,628
Unrestricted		2,619,946	2,619,946
TOTAL NET POSITION		<u>6,461,574</u>	<u>\$ 6,461,574</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,802,239</u>	<u>\$ 3,841,628</u>	

See accompanying notes to basic financial statements.

SUNSET BEACH SANITARY DISTRICT

GOVERNMENTAL FUND STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
AND STATEMENT OF ACTIVITIES

For the year ended June 30, 2021

	General Fund	Adjustments	Statement of Activities
EXPENDITURES / PROGRAM EXPENSES			
Sanitation services:			
Salaries and employee benefits	\$ 197,706	\$ -	\$ 197,706
Equipment and facilities, maintenance, and repair	158,752	(4,159)	154,593
Insurance	14,925	-	14,925
Memberships	9,469	-	9,469
Office expense	1,477	-	1,477
Professional and specialized services	64,317	-	64,317
Publication of legal notice	1,745	-	1,745
Refuse disposal	263,813	-	263,813
Rents and leases	12,920	-	12,920
Engineering and construction	177,399	(177,399)	-
Telephone	3,452	-	3,452
Transportation and travel	5,471	-	5,471
Utilities	155,331	-	155,331
Depreciation	-	136,741	136,741
TOTAL EXPENDITURES / PROGRAM EXPENSES	1,066,777	(44,817)	1,021,960
PROGRAM REVENUES			
Sanitation service fees	510,281	-	510,281
NET PROGRAM ACTIVITY	(556,496)	44,817	(511,679)
GENERAL REVENUES			
Property taxes	941,766	-	941,766
Penalties and costs	223	-	223
Sanitation permits	10,800	-	10,800
Interest earned	18,497	-	18,497
Other	9,273	-	9,273
TOTAL GENERAL REVENUES	980,559	-	980,559
CHANGE IN FUND BALANCE	424,063		
FUND BALANCE - JUNE 30, 2020	2,195,883		
FUND BALANCE - JUNE 30, 2021	\$ 2,619,946		
CHANGE IN NET POSITION		\$ 44,817	468,880
NET POSITION - JUNE 30, 2020			5,992,694
NET POSITION - JUNE 30, 2021			\$ 6,461,574

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**



**SUNSET BEACH SANITARY DISTRICT**

**Notes to Basic Financial Statements**

**June 30, 2021**

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***1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

**A. Description of Reporting Entity**

The Sunset Beach Sanitary District (the District) was organized in 1930 to operate a sewer system serving the residents of Sunset Beach within the City of Huntington Beach, Surfside Colony within the City of Seal Beach, and certain lots within the City of Huntington Beach. At June 30, 2021, the District served 980 residential sewage units, 267.5 commercial sewage units, 12 sewer cleaning units (restaurants), and 1,008 trash units.

**B. Financial Statement Presentation**

Local government entities are required to report information on a government-wide basis and on a fund basis (with emphasis placed on major funds of the entity). The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. The governmental fund financial statements (i.e., balance sheet and the statement of revenues, expenditures, and changes in fund balance) report information on individual funds of the government. A fund is considered to be a separate accounting entity with a self-balancing set of accounts.

Since the District is engaged in a single governmental activity and has no component units or fiduciary activities, the government-wide and governmental fund financial statements have been combined with a reconciliation of the individual line items in a separate column titled "Adjustments" on the financial statements, which accounts for the differences in measurement focus and basis of accounting of these financial statements as described in Notes 1C and 1D. The amounts reported in the "Adjustments" column pertain to the balances and activity of the District's long-term assets and liabilities. The government-wide financial statements are reported in the "Statement of Net Position" and "Statement of Activities" columns. The governmental fund financial statements are reported in the "General Fund" column.

**C. Measurement Focus**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

On the government-wide statement of net position and the statement of activities, activities are presented using the economic resources measurement focus. Under the economic resources measurement focus, all (both current and long term) economic resources and obligations of the government are reported.

**SUNSET BEACH SANITARY DISTRICT**

**Notes to Basic Financial Statements**

**June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Measurement Focus (Continued)

In the governmental fund financial statements, all funds are accounted for on the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) are considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. Amounts expended to acquire capital assets are recorded as expenditures in the year that the resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

D. Basis of Accounting

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the governmental fund financial statements, funds are presented using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means that the amounts can be estimated or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. The District considers fees for sanitation services, property taxes, and investment income to be available if collected within 60 days of the end of the current fiscal period.

Fees for sanitation services, property taxes, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

**SUNSET BEACH SANITARY DISTRICT**

**Notes to Basic Financial Statements**

**June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Investments

Investments are reported at the fair value, which represents 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.

F. Capital Assets

The capital assets of the District are composed of capacity rights purchased by the District in sewage treatment and transmission facilities owned by others, as well as capital assets owned by the District. Capacity rights are carried at cost with no provision for amortization.

Other capital assets owned by the District, which include sewer improvements, pump stations, and equipment, are carried at cost, net of accumulated depreciation. Capital assets are depreciated using the straight-line method, and the estimated useful lives of the related assets used for depreciation are as follows:

Sewer improvements and pump stations	10 - 30 years
Equipment	7 - 10 years

The District's policy is to capitalize assets purchased with an economic useful life of more than one year and a cost of more than \$1,000.

G. Sanitation Services Revenue

Sanitation services revenue results from residential and business refuse disposal secured assessments, which are collected from the District's population by additions to the annual property tax statements.

H. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on November 1 and February 1 and become delinquent on December 11 and April 11. The County of Orange (County) bills and collects the property taxes and remits them to the District in installments during the year. District property tax revenues are recognized when levied to the extent that they result in current receivables.

**SUNSET BEACH SANITARY DISTRICT**

**Notes to Basic Financial Statements**

**June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Net Position**

In the statement of net position, net position is classified in the following categories:

Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation on these assets and related long-term debt used to acquire the assets reduce this category.

Unrestricted Net Position - This category represents the net position of the District that is not restricted for any project or other purpose.

**Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**J. Fund Balance**

The fund balance reported in the governmental fund balance sheet is classified in the following categories:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because it is either not spendable in form or legally or contractually required to be maintained intact.

Committed Fund Balance - This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the Board of Directors. These commitments may be changed or lifted but only by the same formal action, a resolution, that was used to impose the constraint originally.

Unassigned Fund Balance - This classification includes the residual balance for the government's general fund and includes all spendable amounts not contained in other classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District's policy is to apply the restricted fund balance first.

**SUNSET BEACH SANITARY DISTRICT**

**Notes to Basic Financial Statements**

**June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Fund Balance (Continued)**

When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balances are available, the District’s policy is to apply the committed fund balance first, then the assigned fund balance, and finally the unassigned fund balance.

**L. Budget**

The Board of Directors adopts an annual budget that begins on July 1. Annual appropriations are approved by the Board of Directors prior to the beginning of each year. All appropriations lapse at year-end. The Board of Directors has the legal authority to amend the budget at any time during the fiscal year. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the expenditure line item level.

**M. Estimates**

The preparation of basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities/and disclosures of contingent assets and liabilities at the date of the basic financial statements, as well as the reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**2. CASH AND INVESTMENTS**

**Cash and Investments**

Cash and investments of \$2,730,969 consist of \$198,459 in federally insured demand accounts, \$452,118 invested in California Local Agency Investment Fund (LAIF), and \$2,080,392 maintained by the County as part of the County’s pooled cash and investments.

**Investments Authorized by the California Government Code**

The table below identifies the investment types that are authorized by the District’s investment policy. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Fund	N/A	None	None
Orange County Pooled Investment Fund	N/A	None	None
N/A - Not Applicable			

## 2. CASH AND INVESTMENTS (CONTINUED)

### Disclosures Relating to 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 changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by investing in the Orange County Pooled Investment Fund (OCPIF) and LAIF. Funds invested in the OCPIF and LAIF are highly liquid, as deposits and withdrawals can be made at any time without penalty.

### 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 the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the OCPIF and LAIF are not rated.

The District has no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

### Custodial Credit Risk

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

**SUNSET BEACH SANITARY DISTRICT**

**Notes to Basic Financial Statements**

**June 30, 2021**

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**2. CASH AND INVESTMENTS (CONTINUED)**

**Investment in Orange County Pooled Investment Fund**

The District is a voluntary participant in the (OCPIF) which is a pooled investment fund program governed by the Orange County Board of Supervisors and is administered by the Orange County Treasurer and Tax Collector. Investments in OCPIF are highly liquid, as deposits and withdrawal can be made at any time without penalty. The District's fair value of its share in the pool is the same value of the pool shares. Information on OCPIF's use of derivative securities in its investment portfolio are in the County financial statements at [www.octreasurer.com](http://www.octreasurer.com).

**Investment in Local Agency Investment Fund**

The District is a voluntary participant in the LAIF that is regulated by California Government Code Section 16429 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 LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Fair Value Measurements**

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices in active markets for similar assets, and Level 3 inputs are significant unobservable inputs.

The District's investments consist of OCPIF and LAIF, which are investments not subject to the fair value hierarchy disclosure.

**3. SEWER TRANSMISSION AND TREATMENT CAPACITY RIGHTS**

The District purchased capacity rights in facilities for transmission and treatment of District wastewater and sewage from the City of Huntington Beach. The City of Huntington Beach has contracted with Sanitation District No. 11 of the County of Orange to provide treatment and disposal facilities for the processing of wastewater and sewage from the District's area.

The District owns certain transmission lines and pumps that are in use but are fully depreciated since they were acquired prior to 1940. No cost or book values for these assets are shown in the accompanying financial statements.

**SUNSET BEACH SANITARY DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

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**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021, was as follows

	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021
Capital assets, not being depreciated:				
Capacity rights	\$ 1,754,389	\$ -	\$ -	\$ 1,754,389
Construction in progress	<u>200,691</u>	<u>137,193</u>	<u>-</u>	<u>337,884</u>
Total capital assets, not being depreciated	<u>1,955,080</u>	<u>137,193</u>	<u>-</u>	<u>2,092,273</u>
Capital assets, being depreciated:				
Sewer improvements and pump stations	3,043,516	23,839	-	3,067,355
Equipment	<u>390,798</u>	<u>20,526</u>	<u>-</u>	<u>411,324</u>
Total capital assets being depreciated	3,434,314	44,365	-	3,478,679
Less accumulated depreciation for				
Sewer improvements and pump stations	(1,269,798)	(114,901)	-	(1,384,699)
Equipment	<u>(322,785)</u>	<u>(21,840)</u>	<u>-</u>	<u>(344,625)</u>
Total accumulated depreciation	<u>(1,592,583)</u>	<u>(136,741)</u>	<u>-</u>	<u>(1,729,324)</u>
Total capital assets being depreciated, net	<u>1,841,731</u>	<u>(92,376)</u>	<u>-</u>	<u>1,749,355</u>
Capital assets, net	<u>\$ 3,796,811</u>	<u>\$ 44,817</u>	<u>\$ -</u>	<u>\$ 3,841,628</u>

**5. MINIMUM LEASE PAYMENTS**

The District leases a storage facility under a three-year noncancelable operating lease agreement. The lease requires monthly payments of \$1,082 from June 1, 2020 through May 31, 2021, \$1,050 from June 1, 2021 through May 31, 2022, \$1,103 from June 1, 2022 through May 31, 2023, and \$1,158 from June 1, 2023 through May 31, 2024. Total lease expenditures for the period ended June 30, 2021, is \$12,952. The following is a schedule by fiscal year of future minimum rental payments required under the operating lease agreements:

Year Ending June 30,	Amount
2022	\$ 12,653
2023	13,291
2024	<u>12,738</u>
Total	<u>\$ 38,682</u>



**SUNSET BEACH SANITARY DISTRICT**

**Notes to Basic Financial Statements**

**June 30, 2021**

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**6. JOINT POWERS AUTHORITY**

The District is a member of the Special District Risk Management Authority (Authority).

**A. Description of Special District Risk Management Authority**

The Authority is an intergovernmental risk-sharing joint powers authority created under the provisions of California Government Code Sections 6500 et seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

**B. Self-Insurance Programs of the Authority**

At June 30, 2021, the District participated in the self-insurance programs of the Authority as follows:

Property and Mobile Equipment Loss: Insured up to replacement cost for scheduled property; \$500,000,000 per occurrence, subject to a \$1,000 deductible.

Boiler and Machinery Coverage: Insured up to replacement cost for scheduled property; \$500,000,000 per occurrence, subject to a \$1,000 deductible.

Pollution Coverage: Insured up to replacement cost for scheduled property; \$2,000,000 per occurrence, subject to a \$1,000 deductible.

Cyber Coverage: Insured up to \$2,000,000 per occurrence, subject to a \$25,000 deductible per occurrence.

General and Auto Liability: Insured up to \$5,000,000 per occurrence, subject to a \$500 deductible for general liability claims and \$1,000 deductible for auto liability claims.

Public Officials' and Employees' Errors and Omissions and Employment Practices Liability: Insured up to \$5,000,000 per wrongful act with an annual member aggregate. The District is responsible for 50% of the amount in excess of \$10,000 and less than \$50,000. However, if certain criteria is met, this obligation will be waived.

Public Officials' Personal Liability: Insured up to \$500,000 per occurrence with an annual aggregate per board member, subject to a \$1,000 deductible.

Employee Dishonesty Coverage: Insured up to \$1,000,000 per occurrence. Includes public employee dishonesty, forgery, or alteration and theft, and disappearance and destruction coverages.

**SUNSET BEACH SANITARY DISTRICT**

**Notes to Basic Financial Statements**

**June 30, 2021**

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**6. JOINT POWERS AUTHORITY (CONTINUED)**

B. Self-Insurance Programs of the Authority (Continued)

Workers' Compensation Coverage and Employer's Liability Coverage: Insured up to California statutory limits for all work-related injuries/illnesses covered by California law and up to \$5,000,000 for employer's liability coverage, subject to terms, conditions, and exclusions as provided in the Memorandum of Coverage.

During the past three years, the above programs have had no settlements that exceed insurance coverage and there have been no significant reductions in insurance coverage.

**REQUIRED SUPPLEMENTARY INFORMATION**

SUNSET BEACH SANITARY DISTRICT

BUDGETARY COMPARISION SCHEDULE -GENERAL FUND

For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Sanitation service fees	\$ 495,000	\$ 495,000	\$ 510,281	\$ 15,281
Property taxes	890,100	890,100	941,766	51,666
Penalties and costs	-	-	223	223
Sanitation permits	6,000	6,000	10,800	4,800
Interest earned	18,000	18,000	18,497	497
Other	5,000	5,000	9,273	4,273
<b>TOTAL REVENUES</b>	<b>1,414,100</b>	<b>1,414,100</b>	<b>1,490,840</b>	<b>76,740</b>
<b>EXPENDITURES</b>				
Sanitation services:				
Salaries and employee benefits	224,240	224,240	197,706	26,534
Equipment and facilities, maintenance, and repair	304,000	304,000	158,752	145,248
Insurance	16,000	16,000	14,925	1,075
Miscellaneous	11,500	11,500	9,469	2,031
Office expense	1,000	1,000	1,477	(477)
Professional and specialized services	72,000	72,000	64,317	7,683
Publication of legal notice	1,500	1,500	1,745	(245)
Refuse disposal	265,225	265,225	263,813	1,412
Rents and leases	13,500	13,500	12,920	580
Telephone	4,250	4,250	3,452	798
Transportation and travel	6,300	6,300	5,471	829
Utilities	274,735	274,735	155,331	119,404
Capital outlay - engineering and construction	1,530,000	1,530,000	177,399	1,352,601
<b>TOTAL EXPENDITURES</b>	<b>2,724,250</b>	<b>2,724,250</b>	<b>1,066,777</b>	<b>1,657,473</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,310,150)</b>	<b>(1,310,150)</b>	<b>424,063</b>	<b>1,734,213</b>
<b>FUND BALANCE - JUNE 30, 2019</b>	<b>2,195,883</b>	<b>2,195,883</b>	<b>2,195,883</b>	<b>-</b>
<b>FUND BALANCE - JUNE 30, 2020</b>	<b>\$ 885,733</b>	<b>\$ 885,733</b>	<b>\$ 2,619,946</b>	<b>\$ 1,734,213</b>

See accompanying notes to required supplementary information.

**SUNSET BEACH SANITARY DISTRICT**  
**Notes to Required Supplementary Information**  
**June 30, 2021**

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**A. GENERAL BUDGET POLICIES**

The Board of Directors adopts an annual budget that begins on July 1. Annual appropriations are approved by the Board of Directors prior to the beginning of each year. All appropriations lapse at year-end. The Board of Directors has the legal authority to amend the budget at any time during the fiscal year.

**B. OTHER DISCLOSURES**

Actual expenditures for office expense and publication of legal notice exceeded the budgeted expenditures by \$477 and \$524, respectively.



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