

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023



PEBBLE BEACH COMMUNITY SERVICES DISTRICT

PEBBLE BEACH, CALIFORNIA

Pebble Beach Community Services District

Pebble Beach, California

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023



**Prepared by:
Finance Department**

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended June 30, 2023
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Wastewater Collection & Maintenance

Top Left: Installation of a new fuel storage tank at wastewater pump station P7 (Pebble Beach Golf Links). Top Right: PBCSD maintenance crew cleaned nearly 27 miles of sewer main in fiscal year 2022-23. Bottom: Above-ground and interior views of wastewater pump station P3 (Seal Rock). Of the eight wastewater pump stations in operation in the District, approximately 60% of the wastewater flow is pumped through this station.

INTRODUCTORY SECTION





December 8, 2023

Board of Directors
Pebble Beach Community Services District

We are pleased to present the fiscal year ended June 30, 2023 Annual Comprehensive Financial Report for the Pebble Beach Community Services District. The California Government Code requires special districts to publish a complete set of annual audited financial statements prepared in conformity with generally accepted accounting principles (GAAP). This report provides additional information concerning the financial condition and activities of the District above and beyond what is required by State law and GAAP. Management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. A framework of internal controls is implemented by management to provide reasonable assurance of accuracy of the information presented and to protect the District assets.

Eide Bailly, LLP performed the audit of the District's financial statements for the fiscal year ended June 30, 2023. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Eide Bailly, LLP concluded there was a reasonable basis for rendering an unmodified ("clean") opinion that the District's financial statements for the year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditors' report is located at the front of the financial section of this report. A summary of the overview of the District as well as an analysis of operations, which is included in the Management's Discussion and Analysis (MD&A), can be found in the financial section of this report.

PROFILE OF THE DISTRICT

The Pebble Beach Community Services District ("District") was organized on July 1, 1982 under the Community Services District Law (Section 61000et seq, Government Code) by merger of the Pebble Beach Sanitary District and the Monterey County Service Area 42.

Located on the Monterey Peninsula in central California, approximately 120 miles south of San Francisco, the District encompasses approximately eight square miles and serves a full-time residential population of 4,509 (*source: 2010 Decennial Census*). In addition to being a coastal residential community of mainly single-family homes, Pebble Beach is a resort destination and home to world-renowned golf courses. The population increases significantly during special events. The AT&T Pebble Beach Pro-Am Golf Tournament is one of the most popular events on the PGA tour. Pebble Beach Golf Links was the site of the Men's US Open in 1972, 1982, 1992, 2000, 2010, and 2019 and the Women's US Open in 2023. The annual Pebble Beach Concours d'Elegance auto show, which focuses on classic cars, is also a significant event held in Pebble Beach since 1950.

Governance

The District operates under the Board of Directors-Manager form of government. The District's Board of Directors is comprised of five members who are publicly elected for a four-year term with staggered terms replacing either two or three directors at election time. The Board enacts local laws, establishes policies, and adopts the annual budget. The General Manager is appointed by the Board of Directors and is responsible for the daily management of the District. The basic financial statements of the District include all government activities and functions for which the District is financially accountable as defined by the Governmental Accounting Standards Board (GASB).

Services Provided

The services provided under general government and enterprise functions are: fire protection and emergency medical services; wastewater collection, treatment and disposal; garbage collection and disposal; recycled water storage and distribution; supplemental law enforcement and undergrounding of overhead utilities. Detailed information on services provided can be found in the Notes to the financial statements section of this report.

Budgetary Control

Annually in March, the District Board reviews and adopts a 15-year Capital Outlay Program and Financial Plan which collectively provide a long-term roadmap; as well as, a guide in preparation of the annual budget. In April, an annual preliminary budget is approved by the Board. The budget is balanced with all expenditures supported by available resources. The final budget, including user fees, is normally approved by a resolution in June following a public hearing. The District collects service fees on the property tax rolls. The budget schedule is designed to allow adoption of the charges for fire, sewer, and garbage disposal services prior to the Monterey County Auditor-Controller's August 1 deadline for placing them on property tax statements.

Budgetary controls are established at the individual fund level. The District General Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions altering the total expenditures of any fund must be approved by the Board. Monthly financial reports showing the budget, actual expenditures, and revenues by line item are presented to the Board and made available to the public on the District website.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The information presented in the financial statements may be best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy

The local economy in Monterey County is traditionally centered on agribusiness, tourism, government, education, and non-profit sectors. The trade, transportation, and utilities industries are becoming a larger part of the Monterey County economy.

Factors Affecting Financial Condition

Revenues

Property tax is the major revenue source for the District. On two different occasions in the past, the State shifted property tax revenue from enterprise special districts to help with its financial problems. The first shift, which occurred in the fiscal year ending 1994, resulted in a loss of over \$1 million in annual property tax revenue from the District on a permanent basis. Another shift resulted in a loss of an additional \$1.7 million over a two-year period (fiscal years ending 2005 and 2006) for the District. This second shift ended beginning fiscal year 2006-07 with constitutional protection for special districts thereafter. Since then, the Legislative Analyst's Office made one unsuccessful proposal to authorize the counties to receive a portion of the water and wastewater district property taxes in order to finance certain responsibilities transferred to the counties from the State. Although reduced, there may always be the risk of property tax revenue loss for the District. The changes in real estate values also affect the District's property tax revenue. Following the 2008 financial crisis, property values and consequently property tax revenue were relatively flat until fiscal year 2010-11 when property tax revenue decreased due to downward adjustments in property values. Since then, home prices and property tax revenue have steadily increased. Due to the cyclical nature of the real estate market, it is possible that expansion may be followed by a slowdown period which could negatively impact the District's annual revenue. Pebble Beach Company (PBC), which owns and operates world-famous resorts and golf courses within the District, has a development plan approved by Monterey County and the California Coastal Commission in 2012. The plan includes 90 new residential lots; additional rooms and new guest-serving facilities at the two resort hotels: The Lodge and the Inn at Spanish Bay; a new hotel of up to 100 rooms near the Spyglass Hill Golf Course; and 24 employee-housing units. These projects, some of which are completed or underway, are expected to result in an increase in the property tax revenue over the upcoming years.

The District's main revenue source, property tax, is the most stable revenue source in California and less volatile than other types of tax revenue. In addition, Pebble Beach is one of the most desirable places to live in the world and historically has a strong real estate market. Notwithstanding, management is aware that property tax is generally less responsive to economic conditions in the short term. It is important to note that inflation and rising interest rates could impact property values, and thus property taxes, in the coming years. Management will continuously monitor and assess the impact of these changes, while building its reserves to effectively respond to economic swings.

Expenditures

The District provides certain services through contracts with outside agencies. Fire Protection and Emergency Medical Services are provided through a contract with California Department of Forestry and Fire Protection (CAL FIRE). According to the agreement, the District provides fire stations, facilities, vehicles, and equipment and CAL FIRE provides personnel. The District determines the number of personnel and positions. Payments to CAL FIRE are mainly based on actual costs of personnel salary and benefits plus an administrative fee. The District's costs are expected to be impacted by increases in CAL FIRE pension and other retirement benefit costs in future years.

The District provides sewer treatment services through a contract with the neighboring Carmel Area Wastewater District (CAWD). The District's portion of the CAWD treatment plant operating (O&M) costs is based on the ratio of wastewater flow from the two districts, plus an administration fee, which is equal to 7.5% of the plant total O&M expenses. The District also pays one-third of the cost of the treatment plant capital outlays. In April 2014, CAWD updated its Capital Outlay 15-year Master Plan which identified the renewal and replacement needs of the treatment plant. The CAWD Master Plan includes approximately \$30 million in capital projects. The District paid approximately \$8.7 million over the last eight fiscal years, and \$2 million is expected to be paid in the next three fiscal years. The magnitude of the plant renewal and replacement costs are significantly higher than the amounts included in the District long-term plans prepared in the years prior to the adoption of the CAWD Master Plan. The District has plans to increase capital reserves designated for future treatment plant improvements, as well as, adjust sewer service fees going forward.

Debt Service and Long-Term Obligations

As of June 30, 2023, the District has no debt, a high funded ratio for the employee pension plan, and no liability related to benefits other than pensions (i.e. retiree health benefits). In this regard, the District is in a desirable economic condition.

Internal Control

District management is responsible for establishment and maintenance of the internal control structure to ensure the assets of the District are protected from loss, theft, and misuse; to ensure adequate accounting data is compiled for the preparation of financial statements in conformity with generally accepted accounting principles; and the activities and reporting of the District are in compliance with legal requirements.

Long-Term Financial Plan and Reserve Policies

The District has a 15-year financial plan which includes its reserve policies. The Plan is updated and approved by the Board annually. Using the annual 15-year capital outlay program as a basis, the Plan takes into account the latest factors which may impact the District's economic position, identifies the District's current and estimated future resources for operations and capital outlay requirements, designates reserves and establishes funding levels, and provides a projection of the District's long-term financial position. The Plan is available for review at the District website www.pbcasd.org.

AWARDS AND ACKNOWLEDGEMENTS

Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the fifth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual

comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program requirements and we will submit it to GFOA to determine its eligibility for another certificate.

CSDA/SDLF Transparency Certificate of Excellence

The District was awarded California Special Districts Association (CSDA) Special District Leadership Foundation (SDLF) Transparency Certificate of Excellence in 2017, 2019, and 2021. This program promotes transparency in the operations and governance of special districts to the public. To receive the award, a special district needs to implement a variety of administrative and fiscal policies, provide and maintain specific information on its website, and fulfill certain outreach requirements including newsletters and budget summaries. The 2021 certificate is valid for three years.

Fire Department Insurance Services Office (ISO) Class 1 Rating

In 2018, the District received a Class 1 rating from ISO following a comprehensive review that evaluated water supply and delivery systems, emergency communications, fire alarm response times, the number and types of fire apparatus, fire station distribution, number of personnel and its training, equipment maintenance records, and the number and distribution of fire hydrants, as well as its maintenance and flow test records. The ISO sets fire department standards that provide benchmarks for operational effectiveness and provides a Public Protection Classification rating for more than 45,000 fire districts nationwide. Less than 1% of the fire departments nationwide are rated as Class 1. The ratings range from the highest rating of 1 through 10.



American Public Works Association (APWA) Monterey Bay Chapter Public Works Project of the Year Award

In January 2020, the District was presented the 2020 Public Works Project of the Year Award by the APWA Monterey Bay Chapter which includes Santa Cruz, Monterey, and San Benito counties for Phase II undergrounding of overhead utilities project. The award was for the District's ongoing undergrounding utilities program, a complex project that coordinates the underground installation of three different utilities: PG&E electrical lines, AT&T telephone, and Comcast communications.

California Water Environment Association (CWEA) - Collection System Person of the Year

In 2022 District Maintenance Technician, Kelvin Ellison, was twice honored by the California Water Environment Association as Collection System Person of the Year for the Monterey Bay section and the State. CWEA, the premier wastewater industry association in the State, recognizes an individual for their leadership, innovation, and excellence in collections maintenance, as well as protection of environmental water resources.

Acknowledgements

This report could not have been prepared without the efficient and dedicated services of the District staff. The Board of Directors provided leadership and support in the planning and implementation of the District's fiscal policies and operations.

Respectfully submitted,



Mike Niccum
General Manager



Marianna Pimentel
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Pebble Beach Community Services District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

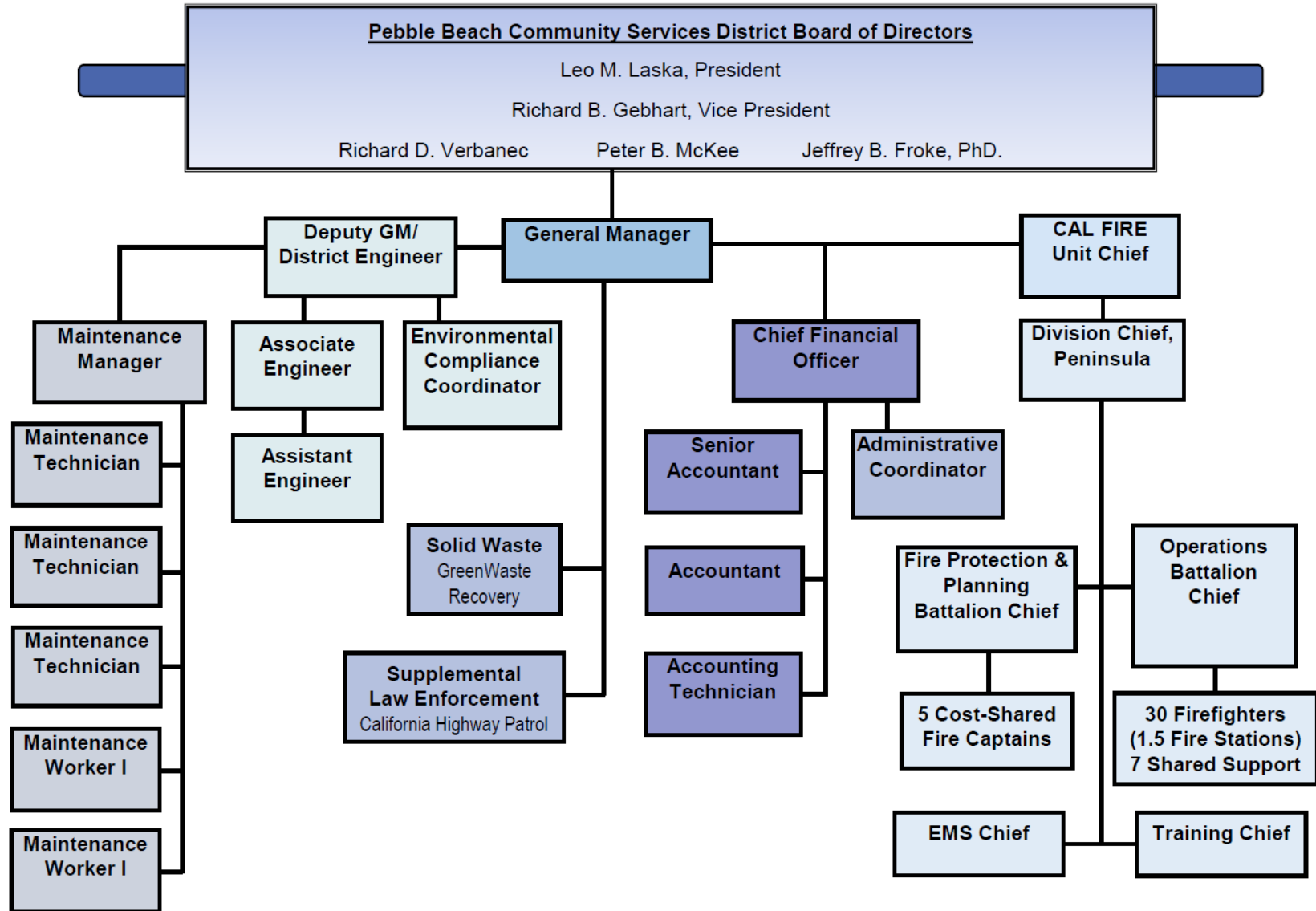
PEBBLE BEACH COMMUNITY SERVICES DISTRICT
DIRECTORY OF DISTRICT OFFICIALS

BOARD OF DIRECTORS
June 30, 2023

Name	Title	Term Expires
Leo M. Laska	President	December 2024
Richard B. Gebhart	Vice President	December 2024
Jeffrey B. Froke, Ph.D.	Director	December 2026
Peter B. McKee	Director	December 2026
Richard D. Verbanec	Director	December 2024

MANAGEMENT STAFF

Mike Niccum	General Manager
Nick Becker	Deputy General Manager / District Engineer
Marianna Pimentel	Chief Financial Officer
Nic Faro	Maintenance Manager



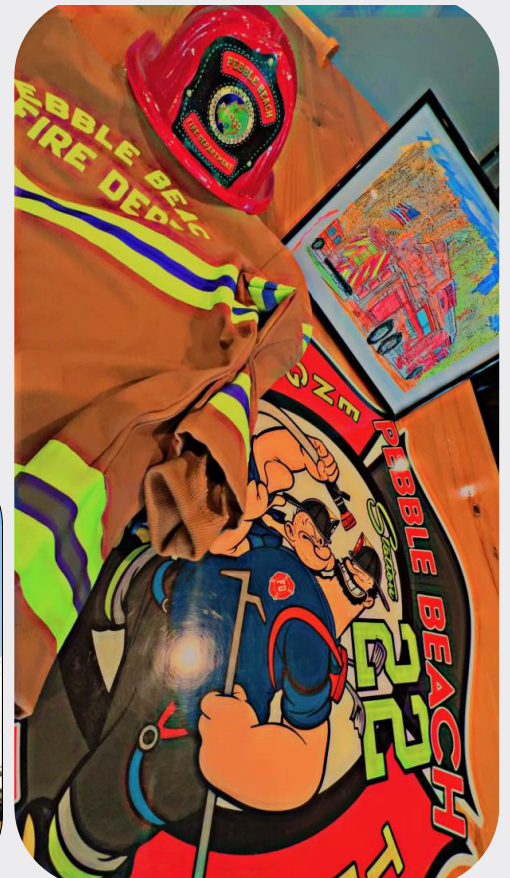
Public Education

The District collaborates with neighboring Cypress and Carmel Highlands Fire Protection Districts to host public education events. The annual Emergency Preparedness Fair (bottom left) educates the public on the importance of being prepared for emergencies and natural disasters, and the Safesitter classes (top right) teach teenagers safe babysitting skills.

The District also hosts the annual Open House and Public Safety Day. Picture (bottom right) is the winner of the poster contest, one of the fun activities offered.



FINANCIAL SECTION





Independent Auditor's Report

To the Governing Board
Pebble Beach Community Services District
Pebble Beach, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Pebble Beach Community Services District (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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under the 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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, schedule of proportionate share of net pension liability, and the schedule of pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The capital outlay fund budgetary comparison schedule is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the capital outlay fund budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.



Menlo Park, California
November 21, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS

Household Hazardous Waste Annual Collection Event

A free and convenient drive-through recycling event is hosted annually by the District, assisting residents to safely rid dangerous toxic clutter and pharmaceuticals from their households.



PEBBLE BEACH COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

This narrative overview and analysis of the Pebble Beach Community Services District's ("PBCSD" or "District") financial activities for the fiscal year ended June 30, 2023 has been provided by the management of the District. Management's discussion and analysis (MD&A) is intended to serve as an introduction to the District's financial statements which follow this section, and is recommended to be reviewed in conjunction with them.

FINANCIAL HIGHLIGHTS

- At the end of the fiscal year 2022-23 (*June 30, 2023*), the assets of the District (\$75,659,651) exceeded its liabilities (\$3,388,463) by \$72,271,188; its deferred outflows (\$1,181,898) exceeded its deferred inflows (\$256,487) by \$925,411 consequently resulting in a net position of \$73,196,599. The net position increased by \$3,592,936 from the prior year, resulting from a \$681,179 decrease in the net position of governmental activities and a \$4,274,115 increase in the net position of business-type activities.
- The net position included \$28,691,151 in *unrestricted net position*, an increase of \$3,137,380 from the prior year. The net position also included \$2,393,990 in *restricted net position*, a decrease of \$1,242,627 from the prior year. More information on the restricted and unrestricted net assets has been provided in the "Financial Analysis of the Government-Wide Financial Statements" section of this report.
- The net position included \$42,111,458 net investment in capital assets. This amount is \$1,698,183 more than the prior year. The increase can be attributed to a \$292,509 decrease in construction in progress payable, and the net effect of \$3,259,256 in capital outlay additions (net of deletions), and \$1,853,582 (net of deletions) in depreciation and amortization expense.
- At the end of the fiscal year 2022-23, the District's governmental funds reported a combined fund balance of \$12,663,142, which is an increase of \$410,196 from the prior year. Of this amount, \$8,482,316 in *committed fund balance* was available for use in accordance with the District's Long-Term Capital Outlay Program and Long-Term Financial Plan. This fund balance is committed for specific purposes as follows:
 - \$5,432,847 for construction projects and other capital outlays.
 - \$1,050,000 for operations and maintenance reserves.
 - \$2,571,754 for outstanding contractual obligations.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide and fund financial statements present the results of operations for different functions of the District as follows:

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

- 1) **Government-wide financial statements** provide both long-term and short-term information about the District's overall financial position in a manner similar to a private-sector business.

The **Statement of Net Position** displays all of the District's assets plus deferred outflows and liabilities plus deferred inflows, with the difference between the two reported as net position. The **Statement of Activities** provides all current year revenues and expenses on an accrual basis of accounting regardless of when cash is received or paid. These two government-wide statements report the District's net position and how it has changed during the fiscal year. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or weakening.

The government-wide financial statements separately present the District's functions as follows:

- **Governmental activities** include services financed mainly through property taxes. The District's general government, fire protection and emergency medical, supplemental law enforcement, and undergrounding of overhead utilities services comprise its governmental activities.
- **Business-type activities** include services financed, in whole or part, by fees paid by those who directly benefit from the service. The District's business-type activities include wastewater collection and treatment, garbage collection and disposal, and recycled water distribution services.

- 2) **Fund financial statements** focus on the individual functions of the District, and report the District's operations in more detail than the government-wide statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used by state and local governments to control resources that are legally restricted or otherwise earmarked for special purposes. The District reports its fund financial statements in the following two categories:

- **Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 1) short-term inflows and outflows of expendable resources, and 2) the resources remaining at the end of the fiscal year that are available for future use. Since the focus of governmental funds is narrower than the government-wide financial statements, a reconciliation that explains the relationship (or differences) between them is presented following each of the governmental fund statements.
- **Proprietary funds** are used to report the same functions presented as business-type activities in the government-wide financial statements in more detail.

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

- 3) **Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

A review of net position over time may serve as a useful indicator of the District's financial position. Net position represents the difference between the District's assets plus deferred outflows and liabilities plus deferred inflows. The following table outlines the District's net position by function for the current and prior fiscal years.

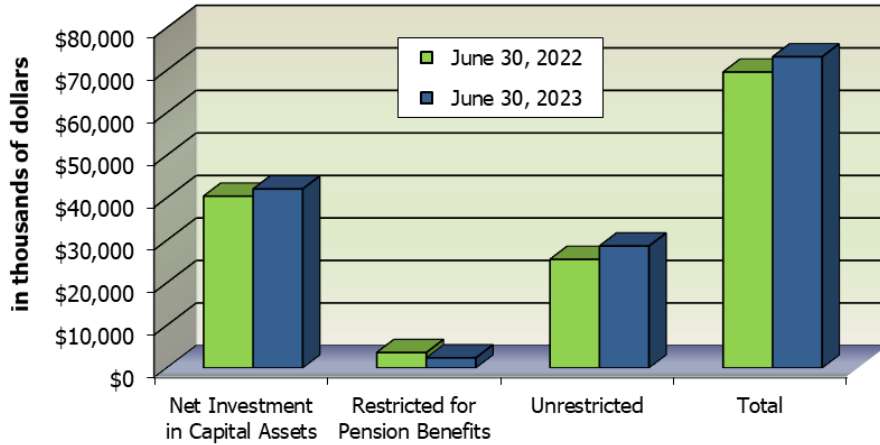
**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
SUMMARY OF NET POSITION (in thousands)
As of June 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Total		Variance \$
	2023	2022	2023	2022	2023	2022	
ASSETS							
Current & Other Assets	\$ 12,357	\$ 13,820	\$ 19,070	\$ 16,112	\$ 31,427	\$ 29,932	\$ 1,495
Cash and Investments, Restricted	2,001	1,805	-	-	2,001	1,805	196
Capital Assets	4,099	4,367	38,132	36,458	42,231	40,825	1,406
Total Assets	<u>18,457</u>	<u>19,992</u>	<u>57,202</u>	<u>52,570</u>	<u>75,659</u>	<u>72,562</u>	<u>3,097</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Pensions	833	860	348	360	1,181	1,220	(39)
LIABILITIES							
Current Liabilities	659	1,986	1,983	1,741	2,642	3,727	(1,085)
Long-Term Liabilities	591	171	155	60	746	231	515
Total Liabilities	<u>1,250</u>	<u>2,157</u>	<u>2,138</u>	<u>1,801</u>	<u>3,388</u>	<u>3,958</u>	<u>(570)</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred Pensions	176	150	80	71	256	221	35
NET POSITION							
Net Investment in Capital Assets	4,076	4,267	38,035	36,146	42,111	40,413	1,698
Restricted for Pension Benefits	2,253	3,107	141	529	2,394	3,636	(1,242)
Unrestricted	11,535	11,171	17,156	14,383	28,691	25,554	3,137
Total Net Position	<u>\$ 17,864</u>	<u>\$ 18,545</u>	<u>\$ 55,332</u>	<u>\$ 51,058</u>	<u>\$ 73,196</u>	<u>\$ 69,603</u>	<u>\$ 3,593</u>

The chart on the next page provides a comparison of the District's net position for the current and prior fiscal years.

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

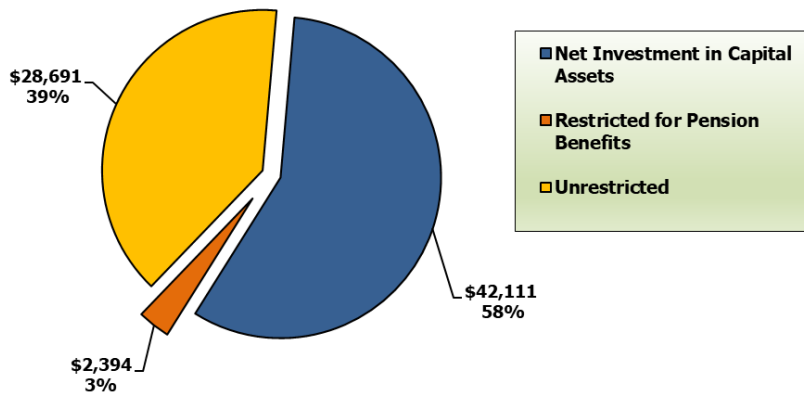
PBCSD Net Position Comparison June 30, 2022 and 2023



Classes of Net Position

The following chart displays the District's net position by class as of June 30, 2023. The largest portion of the District's net position, approximately 58%, reflects its capital assets (e.g., land, buildings, utility systems and infrastructure, machinery and equipment, etc.). The District uses its capital assets to provide the services it is responsible for and those assets do not represent future expendable resources.

Net Position as of June 30, 2023 (in thousands of dollars)



The second largest portion of the District's net position, approximately 39%, is unrestricted assets. The unrestricted net assets (\$28,691,151) are available to finance operating expenses, capital outlays and construction projects, and to serve as reserves. The District's Board of Directors annually establishes reserve levels based on an update of the District's Long-Term Capital Outlay Program and Financial Plans.

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

As of June 30, 2023, the unrestricted net position were earmarked as follows:

- \$17,744,397 for future construction projects and other capital outlays.
- \$5,634,350 for operations and maintenance (O&M) expenses and O&M reserves.
- \$3,712,404 for outstanding contractual obligations.
- \$1,600,000 for rate stabilization reserves.

Restricted net position (\$2,393,990) consisted of \$2,000,850 set aside in a Pension Benefits Trust (Internal Revenue Code Section 115 Trust) established to fund future pension obligations, a \$532,272 net pension liability, and a \$925,411 net positive difference between pension plan deferred outflows and inflows.

The following table displays the change in the District's net position in the fiscal year 2022-23.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT'S CHANGE IN NET POSITION						
For the Year Ended June 30, 2023						
(Amounts in Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	\$ 203	\$ 203	\$ 2,385	\$ 2,193	\$ 2,588	\$ 2,396
Operating Grants and Contributions	-	-	486	482	486	482
Capital Grants and Contributions	-	-	278	136	278	136
General Revenues:						
Property Taxes	16,097	14,753	2,513	2,303	18,610	17,056
Proposition 172 Public Safety Tax	252	235	-	-	252	235
Investment Income	272	57	321	68	593	125
Net Decrease in Fair Value of Investments	12	(335)	(135)	(431)	(123)	(766)
Investment Income/(Loss) - Pension Trust	196	(319)	-	-	196	(319)
Franchise Revenue	214	218	-	-	214	218
Miscellaneous	132	54	61	159	193	213
Total Revenues	<u>17,378</u>	<u>14,866</u>	<u>5,909</u>	<u>4,910</u>	<u>23,287</u>	<u>19,776</u>
Expenses						
General Government	3,610	957	-	-	3,610	957
Law Enforcement	262	266	-	-	262	266
Fire Protection and Emergency Medical	8,005	6,746	-	-	8,005	6,746
Undergrounding Utilities	978	6,793	-	-	978	6,793
Wastewater	-	-	4,557	3,153	4,557	3,153
Solid Waste	-	-	1,060	1,002	1,060	1,002
Reclamation	-	-	1,222	1,212	1,222	1,212
Total Expenses	<u>12,855</u>	<u>14,762</u>	<u>6,839</u>	<u>5,367</u>	<u>19,694</u>	<u>20,129</u>
Increase (Decrease) in Net Position						
Before Transfers	4,523	104	(930)	(457)	3,593	(353)
Transfers	<u>(5,204)</u>	<u>(947)</u>	<u>5,204</u>	<u>947</u>	<u>-</u>	<u>-</u>
Change in Net Position	(681)	(843)	4,274	490	3,593	(353)
Net Position, Beginning of Year	18,545	19,388	51,058	50,568	69,603	69,956
Net Position, End of Year	<u>\$ 17,864</u>	<u>\$ 18,545</u>	<u>\$ 55,332</u>	<u>\$ 51,058</u>	<u>\$ 73,196</u>	<u>\$ 69,603</u>

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

The main revenue source of the District, property tax, increased by \$1,553,944 or 9.1%, from \$17,056,086 in fiscal year 2021-22 to \$18,610,030 in fiscal year 2022-23, mainly due to an average increase in the taxable property values, driven by increased local real estate market values. Service charges, which includes wastewater and garbage basic service fees and fire special tax, increased by \$191,503 or 8.0%, from \$2,396,740 to \$2,588,243. While there was no change in the amounts assessed to homeowners for fire service special taxes, there was a 9% and 8.5% increase in sewer user fees and garbage collection rates, respectively. Investment income increased by \$468,265 or 375.5%, from \$124,700 to \$592,965, which can be attributed to current market conditions, including higher rates on fixed income investments.

The governmental activities expenses decreased by \$1,907,133 or 12.9%, from \$14,762,377 in fiscal year 2021-22 to \$12,855,244 in fiscal year 2022-23, which can be primarily attributed to a decrease in Undergrounding of Overhead Utilities costs as the Phase 3 project is nearing its completion.

The business-type activities expenses increased by \$1,472,693 or 27.4%, from \$5,366,487 in fiscal year 2021-22 to \$6,839,180 in fiscal year 2022-23. Of these amounts, \$1,690,944 and \$1,702,006 were for depreciation and amortization for the fiscal years 2021-22 and 2022-23, respectively. The business-type expenses include \$1,211,956 and \$1,221,877 in Reclamation Project expenses for the fiscal years 2021-22 and 2022-23, including \$730,165 and \$735,402 in depreciation expenses, respectively. The Reclamation operating expenses (excluding depreciation and amortization expenses) and capital assets are financed with contributed capital from the Reclamation Project.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on the short-term inflows and outflows and balances of current expendable resources. In particular, the *unassigned fund balance* presented in the balance sheet may serve as a useful measure of the District's resources available for spending at the end of its fiscal year.

The District's governmental funds include the General Fund and the Capital Outlay Fund. The General Fund is the main operating fund of the District. The Capital Outlay Fund accounts for the construction projects and other capital outlay expenditures.

As of June 30, 2023, the combined fund balance of governmental funds increased by \$410,196 from \$12,252,946 in fiscal year 2021-22 to \$12,663,142 in 2022-23. The combined Governmental Funds revenues exceeded the expenditures by \$5,614,253.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

The fund balance of the General Fund increased by \$178,698 from \$5,077,454 in fiscal year 2021-22 to \$5,256,152 in fiscal year 2022-23. The fund balance included \$2,000,850 restricted for pension benefits, \$1,050,000 committed as O&M reserves, and \$597,611 committed for outstanding obligations.

The General Fund revenues exceeded expenditures by \$6,647,390. Transfers were made to the Capital Outlay Fund to rebuild the previously reduced reserves (\$1,264,635), to the Wastewater Fund to help finance the District's one-third share of the Carmel Area Wastewater District (CAWD) sewer treatment plant rehabilitation projects, and other wastewater collection system capital outlays identified in the District's Long-term Capital Outlay Plan (\$5,150,597), and to the Solid Waste Fund to help finance the annual hazardous waste disposal event and operating costs (\$53,460).

The Capital Outlay Fund balance increased by \$231,498 from \$7,175,492 in fiscal year 2021-22 to \$7,406,990 in fiscal year 2022-23. The fund balance included \$1,974,143 committed to outstanding obligations and \$5,432,847 committed for capital outlays and construction projects. The change in fund balance of the Capital Outlay Fund is the net effect of \$1,264,635 in transfers from the general fund, in accordance with the District long-term capital outlay program, and expenditures exceeding revenues by \$1,033,137.

Proprietary Funds

The District's proprietary fund statements provide the same type of information, in more detail, on the business-type activities presented in the government-wide financial statements.

In comparison to the prior year, the net position of the proprietary funds increased by \$4,274,115, from \$51,058,207 to \$55,332,322. This increase is the net effect of \$4,717,609 and \$14,000 increases in the net positions for Wastewater and Solid Waste respectively, and a \$457,494 decrease in Reclamation net position. The increase in the Wastewater net position can primarily be attributed to the increase in the amount transferred from the general fund from the prior year 2021-22 (\$900,663) to 2022-23 (\$5,150,597) to finance needed capital equipment purchases and capital improvements identified in the annual update of the District's Long-term Capital Outlay and Financial Plans.

The net investment in capital assets increased by \$1,888,572 from \$36,146,467 to \$38,035,039. The net position included \$17,155,880 in unrestricted financial assets, and \$141,403 restricted for pension benefits.

BUDGETARY HIGHLIGHTS

The District adopts annual operating budgets for both the governmental and the proprietary funds. The District Board may adopt budget amendments during the fiscal year to adjust for unforeseen circumstances and changes in priorities. This report includes the results of the general fund operations on a budgetary comparison basis.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

General Fund

The general fund reflects a net favorable budget variance of \$3,089,390 when comparing actual amounts to the final budget for the fiscal year. The actual revenues of \$17,089,117 were over the final budget by \$1,856,117 mainly due to higher than anticipated property taxes and investment income.

The actual expenditures of \$10,441,727 were less than the budgeted amount by \$1,233,273. The expenditure variances are mainly due to: 1) not using the contingencies included in the budget; and 2) budgeting the California Department of Forestry and Fire Protection (CAL FIRE) staff salaries at the highest step of the salary ranges according to the contract between the State and the District (more information on the District's contractual relationship with CAL FIRE is provided in Note 1 of the "Notes to the Financial Statements" section).

CAPITAL ASSETS

The District's capital assets for its governmental and business-type activities amounts to \$42,231,146 (\$88,213,630 net of \$45,982,484 in accumulated depreciation and amortization) as of June 30, 2023. The District's capital assets include land, construction in progress, buildings, utility systems and infrastructure (wastewater lines and underground pump stations; wastewater treatment plant capacity rights; recycled water distribution system, Forest Lake Reservoir, storage facilities and pump stations), and machinery and equipment. The capital assets before depreciation increased by \$3,259,256, from \$84,954,374 to \$88,213,630. Significant additions to capital assets in fiscal year 2022-23 included:

- CAWD Wastewater Treatment Plant Phase 2 Improvements Project (\$1,119,000)
- Sewer Line Replacement Project (\$1,044,000)
- Sewer Pump Station P1 to P7 SCADA Improvements Project (\$434,000)
- Sewer Pump Station P1 & P2 Rehabilitation Project (\$349,000)
- Reclamation Bird Rock Well #2 Project (\$215,000)
- Maintenance Department Utility Truck PB-1 Replacement (\$63,000)

The following table displays the changes in the District's capital assets, net of accumulated depreciation.

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,371,224	\$ 1,371,224	\$ 2,854,000	\$ 2,854,000	\$ 4,225,224	\$ 4,225,224
Construction in Progress	133,411	22,082	3,507,216	2,271,556	3,640,627	2,293,638
Buildings	1,486,023	1,628,125	784,866	855,558	2,270,889	2,483,683
Utility Systems/Infrastructure	75,189	79,813	30,379,903	29,817,389	30,455,092	29,897,202
Machinery and Equipment	1,032,962	1,265,817	606,352	659,908	1,639,314	1,925,725
Total Net Capital Assets	\$ 4,098,809	\$ 4,367,061	\$ 38,132,337	\$ 36,458,411	\$ 42,231,146	\$ 40,825,472

Additional information on the District's capital assets can be found in Note 8 of the "Notes to the Financial Statements" section.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's main revenue source, property tax, has been steadily increasing since the 2008 real estate market decline. The trend is expected to continue allowing the District to finance its operations and a portion of its budgeted capital outlays in fiscal year 2023-24. Based on the preliminary information received from the Monterey County Assessor's Office, the District's property tax revenue is expected to increase by approximately 6% in fiscal year 2023-24.

The District's contract with CAL FIRE constitutes about 83% of its budgeted operating expenses related to the fire protection and emergency medical services. In fiscal year 2023-24, the contract amount is expected to increase by approximately 4% to \$7.4 million mainly due to an increase in pension and other employee benefits costs which are passed to the District.

The wastewater user fees will increase by 9% as approved by the District Board in the fiscal year 2023-24 final budget. The adjustment is to partially offset the increase in PBCSD's share of the CAWD treatment plant capital outlays. In 2013, CAWD completed a Capital Outlay Master Plan, which identified the renewal and replacement needs of the plant. Total plant renewal is anticipated to cost approximately \$30 million over a period of 15 years. According to the contract between the two agencies, PBCSD is responsible for one-third of the treatment plant capital outlay costs in addition to a portion of the operating costs calculated based on the wastewater flow ratio and administrative fee. The PBCSD fiscal year 2023-24 budget includes \$1.85 million for its share of plant operating expenses and approximately \$1.4 million for plant capital outlays.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

The District has been implementing an undergrounding overhead utilities program since fiscal year 2012-13 for improved reliability and public safety. The current Board policy is to undertake undergrounding projects on a “pay-as-you-go” basis. In the fiscal year 2018-19, the District completed the Phase 2 undergrounding project, and began design and engineering for Phase 3 project. The District paid approximately \$1 million for the undergrounding projects in fiscal year 2022-23; and fiscal year 2023-24 budget includes a \$1.7 million allocation to complete construction of the Phase 3 project and start design of the Phase 4 project.

Investment income currently constitutes approximately 3% of the annual revenue. Excluding the PARS trust investments and fair market value adjustments for investments held in the Monterey County Treasury Investment pool, investment income increased by \$468,265 from \$124,700 in fiscal year 2021-22 to \$592,965 in fiscal year 2022-23.

The District’s main income source, property tax, historically has been a stable revenue source. The second largest revenue source, user fees, are also collected on the property tax rolls. In fiscal year 2022-23 property tax revenues and user fees were collected as expected with no impact on the District. The current laws provide protection for collection of these revenues even if there may be delays in bad economic times. The District has also been building sufficient reserves to maintain its services during economic uncertainties.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide the readers a general overview of the District’s finances and to demonstrate the District’s financial accountability and compliance with applicable laws. Questions concerning any of the information provided in this report or requests for additional financial information can be addressed to Pebble Beach Community Services District, 3101 Forest Lake Road, Pebble Beach, California 93953 or by visiting www.pbcasd.org.



Top and Center Left: Battalion-wide vehicle extrication and structure fire suppression training exercises.

Top Right: Pebble Beach fire department's new RTV 22 can be used to search for injured hikers on fire roads, which aren't so accessible to larger fire engines and trucks.

BASIC FINANCIAL STATEMENTS

Right: Pebble Beach firefighters are on scene of a garbage truck cargo area fire. This is a great reminder to ensure all fireplace and BBQ ashes are cold before putting them on the curb for collection.



PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 10,537,310	\$ 18,664,491	\$ 29,201,801
Receivables	1,646,225	579,629	2,225,854
Internal Balances	173,854	(173,854)	-
Cash and Investments, Restricted	2,000,850	-	2,000,850
Capital Assets Not Being Depreciated	1,504,635	6,361,216	7,865,851
Capital Assets, Net of Accumulated Depreciation	2,594,174	31,771,121	34,365,295
Total Assets	<u>18,457,048</u>	<u>57,202,603</u>	<u>75,659,651</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pensions	<u>833,488</u>	<u>348,410</u>	<u>1,181,898</u>
LIABILITIES			
Accounts Payable	498,935	212,374	711,309
Contract Services Payable	64,547	1,614,260	1,678,807
Construction in Progress Payable	22,390	97,298	119,688
Retirement Incentives (Note 9)	-	29,385	29,385
Accrued Compensated Absences (Note 9):			
Due within One Year	73,388	29,852	103,240
Due in More than One Year	185,247	28,515	213,762
Net Pension Liabilities (Note 12):			
Due in More than One Year	405,585	126,687	532,272
Total Liabilities	<u>1,250,092</u>	<u>2,138,371</u>	<u>3,388,463</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	<u>176,167</u>	<u>80,320</u>	<u>256,487</u>
NET POSITION			
Net Investment in Capital Assets	4,076,419	38,035,039	42,111,458
Restricted for Pension Benefits	2,252,586	141,403	2,393,990
Unrestricted	11,535,272	17,155,880	28,691,151
Total Net Position	<u>\$ 17,864,277</u>	<u>\$ 55,332,322</u>	<u>\$ 73,196,599</u>

See accompanying notes to the financial statements.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT

Statement of Activities

For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Exp.) Rev. and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental Activities:					
General Government	\$ 3,609,774	\$ -	\$ -	\$ -	\$ (3,609,774)
Fire Protection & Emergency Medical	8,005,396	203,101	-	-	(7,802,295)
Law Enforcement	262,178	-	-	-	(262,178)
Undergrounding Utilities	977,896	-	-	-	(977,896)
Total Governmental Activities	<u>12,855,244</u>	<u>203,101</u>	<u>-</u>	<u>-</u>	<u>(12,652,143)</u>
Business-type Activities:					
Wastewater	4,557,233	1,364,532	-	-	(3,192,701)
Solid Waste	1,060,070	1,020,610	-	-	(39,460)
Reclamation	1,221,877	-	486,475	277,908	(457,494)
Total Business-type Activities	<u>6,839,180</u>	<u>2,385,142</u>	<u>486,475</u>	<u>277,908</u>	<u>(3,689,655)</u>
Total Primary Government	\$ 19,694,424	\$ 2,588,243	\$ 486,475	\$ 277,908	\$ (16,341,798)

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Changes in Net Position:			
Net (Expense) Revenues	\$ (12,652,143)	\$ (3,689,655)	\$ (16,341,798)
General Revenues:			
Property Taxes	16,097,676	2,512,354	18,610,030
Proposition 172 Public Safety Sales Tax	252,160	-	252,160
Investment Income	271,851	321,114	592,965
Net Increase/(Decrease) in Fair Value of Investments	12,156	(135,099)	(122,943)
Investment Income/(Loss) - Pension Trust	195,800	-	195,800
Franchise Revenue	213,630	-	213,630
Miscellaneous	131,748	61,344	193,092
Transfers	(5,204,057)	5,204,057	-
Total General Revenues and Transfers	<u>11,970,964</u>	<u>7,963,770</u>	<u>19,934,734</u>
Changes in Net Position	(681,179)	4,274,115	3,592,936
Net Position, Beginning of Year	18,545,456	51,058,207	69,603,663
Net Position, End of Year	<u>\$ 17,864,277</u>	<u>\$ 55,332,322</u>	<u>\$ 73,196,599</u>

See accompanying notes to the financial statements.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Balance Sheet - Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,962,046	\$ 7,575,264	\$ 10,537,310
Receivables:			
Property Taxes	1,105,462	-	1,105,462
Fire Service Special Tax	3,763	-	3,763
Accounts Receivable	502,029	34,971	537,000
Due from Reclamation Fund	71,492	102,362	173,854
Cash and Investments, Restricted	2,000,850	-	2,000,850
Total Assets	<u>6,645,642</u>	<u>7,712,597</u>	<u>14,358,239</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts Payable	215,718	283,217	498,935
Contract Services Payable	64,547	-	64,547
Construction in Progress Payable	-	22,390	22,390
Total Liabilities	<u>280,265</u>	<u>305,607</u>	<u>585,872</u>
Deferred Inflows:			
Unavailable Revenue - Property Taxes	1,109,225	-	1,109,225
Total Deferred Inflows	<u>1,109,225</u>	<u>-</u>	<u>1,109,225</u>
Fund Balances:			
Restricted	2,000,850	-	2,000,850
Committed for:			
Outstanding Obligations	597,611	1,974,143	2,571,754
Capital Outlays/Construction Projects	-	5,432,847	5,432,847
Operations and Maintenance Reserve	1,050,000	-	1,050,000
Unassigned	1,607,691	-	1,607,691
Total Fund Balances	<u>5,256,152</u>	<u>7,406,990</u>	<u>12,663,142</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 6,645,642</u>	<u>\$ 7,712,597</u>	<u>\$ 14,358,239</u>

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Total Fund Balances - Governmental Funds	\$ 12,663,142
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	4,098,809
Certain property tax and other general fund receivables are not available to pay for current period expenditures, and therefore are not reported in the funds.	1,109,225
Deferred inflows and outflows related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level:	
Deferred outflows - Changes in employer portion and differences between contributions and proportionate share of pension expense.	669,008
Deferred outflows - Employer contributions to pension plan after measurement date.	164,480
Deferred inflows - Differences between projected and actual investment earnings.	(176,167)
Certain current and long-term liabilities are not due and payable in the current period, and are not reported in the funds:	
Accrued compensated absences	(258,635)
Net Pension Liability	(405,585)
Net Position of Governmental Activities	<u>\$ 17,864,277</u>

See accompanying notes to the financial statements

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Total</u>
REVENUES			
Property Taxes	\$ 15,921,238	\$ -	\$ 15,921,238
Fire Service Special Tax	202,600	-	202,600
Proposition 172 Funds	252,160	-	252,160
Franchise Revenue	213,630	-	213,630
Investment Income	136,943	134,908	271,851
Net Increase/(Decrease) in Fair Value of Investments	34,998	(22,842)	12,156
Investment Income / (Loss) - Pension Trust	195,800	-	195,800
Miscellaneous	131,748	-	131,748
Total Revenues	<u>17,089,117</u>	<u>112,066</u>	<u>17,201,183</u>
EXPENDITURES			
Current:			
General Government	2,519,591	-	2,519,591
Fire Protection and Emergency Medical	7,659,958	4,767	7,664,725
Undergrounding Utilities	-	977,896	977,896
Law Enforcement	262,178	-	262,178
Capital Outlay	-	162,540	162,540
Total Expenditures	<u>10,441,727</u>	<u>1,145,203</u>	<u>11,586,930</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,647,390</u>	<u>(1,033,137)</u>	<u>5,614,253</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	(6,468,692)	1,264,635	(5,204,057)
Total Other Financing Sources (Uses)	<u>(6,468,692)</u>	<u>1,264,635</u>	<u>(5,204,057)</u>
Net Change in Fund Balances	178,698	231,498	410,196
Fund Balances, Beginning of Year	5,077,454	7,175,492	12,252,946
Fund Balances, End of Year	<u>\$ 5,256,152</u>	<u>\$ 7,406,990</u>	<u>\$ 12,663,142</u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Net Change in Fund Balances- Total Governmental Funds	\$ 410,196
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. In the current period these amounts are:	
Capital Outlay	162,540
Current year depreciation	(430,792)
Certain property tax and other general fund revenues reported in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
	176,939
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(27,349)
Retirement incentives	77,912
Long-term net pension liability/(asset) is reported in the Government-wide Statement of Activities, but does not require the use of current financial resources or is not available to pay for current expenditures. Therefore, long-term net pension liability/(asset) is not reported as expenditure/ revenue in the funds.	
	(1,050,625)
Change in Net Position of Governmental Activities	<u>\$ (681,179)</u>

See accompanying notes to the financial statements.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under) Final Budget</u>
REVENUES				
Property Taxes	\$ 14,535,000	\$ 14,535,000	\$ 15,921,238	\$ 1,386,238
Fire Service Special Tax	200,000	200,000	202,600	2,600
Proposition 172 Funds	224,000	224,000	252,160	28,160
Franchise Revenue	190,000	190,000	213,630	23,630
Investment Income	30,000	30,000	136,943	106,943
Net Decrease in Fair Value of Investments	-	-	34,998	34,998
Investment Income / (Loss) - Pension Trust	-	-	195,800	195,800
Miscellaneous	54,000	54,000	131,748	77,748
Total Revenues	<u>15,233,000</u>	<u>15,233,000</u>	<u>17,089,117</u>	<u>1,856,117</u>
EXPENDITURES				
Current:				
General Government	2,810,000	2,810,000	2,519,591	(290,409)
Fire Protection and Emergency Medical	8,525,000	8,525,000	7,659,958	(865,042)
Law Enforcement	340,000	340,000	262,178	(77,822)
Total Expenditures	<u>11,675,000</u>	<u>11,675,000</u>	<u>10,441,727</u>	<u>(1,233,273)</u>
Excess of Revenues over Expenditures	<u>3,558,000</u>	<u>3,558,000</u>	<u>6,647,390</u>	<u>3,089,390</u>
OTHER FINANCING USES				
Transfers Out, Net of Transfers In	(3,558,000)	(3,558,000)	(6,468,692)	(2,910,692)
Total Other Financing Uses	<u>(3,558,000)</u>	<u>(3,558,000)</u>	<u>(6,468,692)</u>	<u>(2,910,692)</u>
Net Change in Fund Balances	-	-	178,698	178,698
Fund Balances, Beginning of Year	5,077,454	5,077,454	5,077,454	-
Fund Balances, End of Year	<u>\$ 5,077,454</u>	<u>\$ 5,077,454</u>	<u>\$ 5,256,152</u>	<u>\$ 178,698</u>

See accompanying notes to the financial statements.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Wastewater	Solid Waste	Reclamation	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 18,561,232	\$ 103,259	\$ -	\$ 18,664,491
Accounts Receivable	16,219	-	316,801	333,020
Property Taxes Receivable	212,776	-	-	212,776
User Fees Receivable	17,092	16,741	-	33,833
Total Current Assets	<u>18,807,319</u>	<u>120,000</u>	<u>316,801</u>	<u>19,244,120</u>
Noncurrent Assets:				
Capital Assets:				
Land	-	-	2,854,000	2,854,000
Buildings	1,891,764	-	-	1,891,764
Utility Systems	40,693,518	-	25,343,657	66,037,175
Machinery and Equipment	1,920,924	-	306,055	2,226,979
Construction in Progress	3,426,144	-	81,072	3,507,216
Accum Depreciation and Amortization	(23,218,477)	-	(15,166,320)	(38,384,797)
Total Noncurrent Assets	<u>24,713,873</u>	<u>-</u>	<u>13,418,464</u>	<u>38,132,337</u>
Total Assets	<u>43,521,192</u>	<u>120,000</u>	<u>13,735,265</u>	<u>57,376,457</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pensions	<u>348,410</u>	<u>-</u>	<u>-</u>	<u>348,410</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	85,307	-	127,067	212,374
Contract Services Payable	1,614,260	-	-	1,614,260
Construction in Progress Payable	81,418	-	15,880	97,298
Due to Governmental Funds	-	-	173,854	173,854
Compensated Absences	29,852	-	-	29,852
Retirement Incentives	29,385	-	-	29,385
Total Current Liabilities	<u>1,840,222</u>	<u>-</u>	<u>316,801</u>	<u>2,157,023</u>
Noncurrent Liabilities:				
Compensated Absences	28,515	-	-	28,515
Net Pension Liability	126,687	-	-	126,687
Total Noncurrent Liabilities	<u>155,202</u>	<u>-</u>	<u>-</u>	<u>155,202</u>
Total Liabilities	<u>1,995,424</u>	<u>-</u>	<u>316,801</u>	<u>2,312,225</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pensions	<u>80,320</u>	<u>-</u>	<u>-</u>	<u>80,320</u>
NET POSITION				
Net Investment in Capital Assets	24,632,455	-	13,402,584	38,035,039
Restricted for Pension Benefits	141,403	-	-	141,403
Unrestricted	17,020,000	120,000	15,880	17,155,880
Total Net Position	<u>\$ 41,793,858</u>	<u>\$ 120,000</u>	<u>\$ 13,418,464</u>	<u>\$ 55,332,322</u>

See accompanying notes to the financial statements.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Wastewater	Solid Waste	Reclamation	Total
Operating Revenues:				
User Service Charges	\$ 1,364,532	\$ 1,020,610	\$ -	\$ 2,385,142
Operating Reimbursements	-	-	486,475	486,475
Miscellaneous	61,344	-	-	61,344
Total Operating Revenues	<u>1,425,876</u>	<u>1,020,610</u>	<u>486,475</u>	<u>2,932,961</u>
Operating Expenses:				
Salaries and Employee Benefits	1,223,621	-	134,332	1,357,953
Contractual Services	1,828,675	1,020,360	-	2,849,035
Other Operating Expenses	538,333	39,710	352,143	930,186
Depreciation and Amortization	966,604	-	735,402	1,702,006
Total Operating Expenses	<u>4,557,233</u>	<u>1,060,070</u>	<u>1,221,877</u>	<u>6,839,180</u>
Operating Income (Loss)	<u>(3,131,357)</u>	<u>(39,460)</u>	<u>(735,402)</u>	<u>(3,906,219)</u>
Nonoperating Revenues:				
Property Taxes	2,512,354	-	-	2,512,354
Investment Income	321,114	-	-	321,114
Net Decrease in Fair Value of Investments	(135,099)	-	-	(135,099)
Total Nonoperating Revenues	<u>2,698,369</u>	<u>-</u>	<u>-</u>	<u>2,698,369</u>
Income (Loss) Before Contributions and Transfers	<u>(432,988)</u>	<u>(39,460)</u>	<u>(735,402)</u>	<u>(1,207,850)</u>
Capital Contributions	-	-	277,908	277,908
Transfers In (Out)	5,150,597	53,460	-	5,204,057
Changes in Net Position	4,717,609	14,000	(457,494)	4,274,115
Total Net Position, Beginning of Year	<u>37,076,249</u>	<u>106,000</u>	<u>13,875,958</u>	<u>51,058,207</u>
Total Net Position, End of Year	<u>\$ 41,793,858</u>	<u>\$ 120,000</u>	<u>\$ 13,418,464</u>	<u>\$ 55,332,322</u>

See accompanying notes to the financial statements.

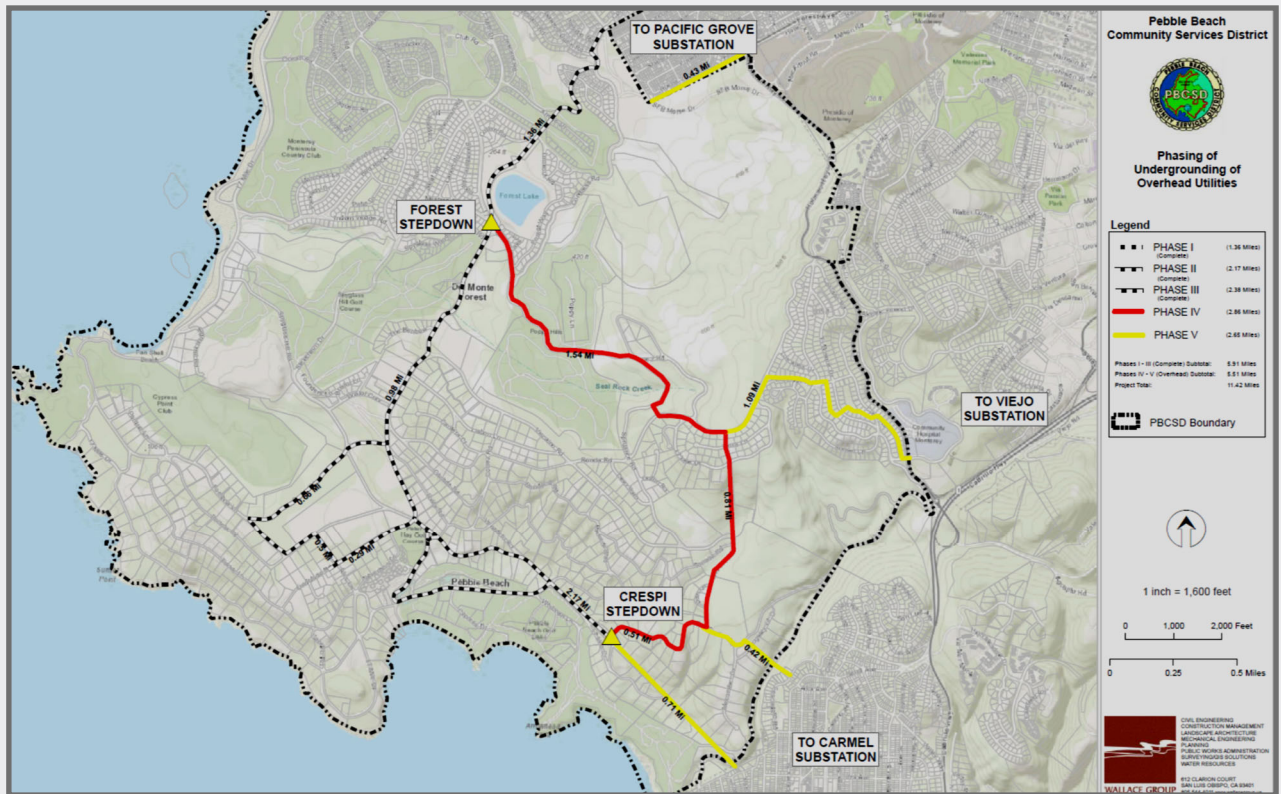
PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Wastewater	Solid Waste	Reclamation	Total
Cash Flows from Operating Activities:				
Cash Received for User Service Charges	\$ 1,361,865	\$ 1,018,345	\$ -	\$ 2,380,210
Cash Received for Services	73,943	-	-	73,943
Cash Received from Reclamation Project	-	-	451,245	451,245
Payments to Employees	(895,102)	-	(134,332)	(1,029,434)
Payments for Goods and Services	(1,925,016)	(1,062,267)	(340,704)	(3,327,987)
Net Cash Provided by (Used in) Operating Activities	<u>(1,384,310)</u>	<u>(43,922)</u>	<u>(23,791)</u>	<u>(1,452,023)</u>
Cash Flows from Noncapital Financing Activities:				
Property Taxes	2,484,817	-	-	2,484,817
Net Cash Provided by Noncapital Financing Activities	<u>2,484,817</u>	<u>-</u>	<u>-</u>	<u>2,484,817</u>
Cash Flows from Capital and Related Financing Activities:				
Capital Contributions	-	-	283,371	283,371
Transfers from (to) Governmental Funds	5,150,597	53,460	126,153	5,330,210
Acquisition and Construction of Capital Outlays	(3,171,461)	-	(385,733)	(3,557,194)
Net Cash Provided By (Used in) Capital and Related Financing Activities	<u>1,979,136</u>	<u>53,460</u>	<u>23,791</u>	<u>2,056,387</u>
Cash Flows from Investing Activities:				
Proceeds from Investment Earnings / (Loss)	186,015	-	-	186,015
Net Cash Provided by (Used in) Investment Activities	<u>186,015</u>	<u>-</u>	<u>-</u>	<u>186,015</u>
Net Increase in Cash and Cash Equivalents	3,265,658	9,538	-	3,275,196
Cash and Cash Equivalents, Beginning of Year	15,295,574	93,721	-	15,389,295
Cash and Cash Equivalents, End of Year	<u>\$ 18,561,232</u>	<u>\$ 103,259</u>	<u>\$ -</u>	<u>\$ 18,664,491</u>

Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities

	Business-Type Activities - Enterprise Funds			
	Wastewater	Solid Waste	Reclamation	Total
Operating Loss	\$ (3,131,357)	\$ (39,460)	\$ (735,402)	\$ (3,906,219)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and Amortization	966,604	-	735,402	1,702,006
Pension Credit - GASB 68	387,803	-	-	387,803
Changes in assets and liabilities:				
(Increase) / Decrease in accounts receivable	9,933	(2,265)	(35,230)	(27,562)
Increase / (Decrease) in accounts payable	441,991	(2,197)	11,439	451,233
Increase / (Decrease) in compensated absences	3,336	-	-	3,336
Increase / (Decrease) in retirement incentives	(62,620)	-	-	(62,620)
Total adjustments	<u>1,747,047</u>	<u>(4,462)</u>	<u>711,611</u>	<u>2,454,196</u>
Net cash provided by (used in) operating activities	<u>\$ (1,384,310)</u>	<u>\$ (43,922)</u>	<u>\$ (23,791)</u>	<u>\$ (1,452,023)</u>

See accompanying notes to the financial statements.



Undergrounding of Overhead Utilities Project

Beginning in fiscal year 2012-13, the District has been conducting utility undergrounding projects to increase public safety and reliability for the community.

Above: Map depicting the phasing and areas of the District's multi-year Undergrounding of Overhead Utilities Project.

NOTES TO THE FINANCIAL STATEMENTS



PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Pebble Beach Community Services District (District) have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. Reporting Entity

The District was organized on July 1, 1982, under the Community Services District Law (Section 61000 et seq, Government Code) by merger of the Pebble Beach Sanitary District and the County Service Area 42. It provides the following services within the Del Monte Forest area of the Monterey Peninsula:

- Fire Protection and Emergency Medical Services
- Supplemental Law Enforcement
- Wastewater Collection, Treatment, and Disposal
- Garbage Collection and Disposal
- Recycled Water Storage and Distribution
- Undergrounding of Overhead Utilities

Fire Protection and Emergency Medical Services - The District contracts with the California Department of Forestry and Fire Protection (CAL FIRE) to provide fire protection and emergency medical services (EMS). Under the contract, CAL FIRE provides personnel and the District provides facilities, vehicles, equipment, and supplies for the services. There are two fire stations serving the District. The main Pebble Beach Fire Station, located at Forest Lake and Lopez Roads, is fully owned by the District. In addition, the District owns a 25% equity interest in the Carmel Hill Fire Station located near the Highway One Gate in Pebble Beach. The other owners of the station are the neighboring Cypress Fire Protection District (Cypress FPD) with a 25% interest, and CAL FIRE which has a 50% interest. A fire engine and a ladder truck provide structural fire protection and EMS from the main Pebble Beach Fire Station. A fire engine located at the Carmel Hill Fire Station provides structural fire protection and EMS for the District and the Cypress FPD. Fire engines at each station are staffed with a firefighter/paramedic providing advanced life support medical services. The District also has a water rescue program, including a water rescue craft and firefighters trained as rescue swimmers responding to ocean emergencies. The cost of the CAL FIRE contractual services was \$6,761,573 in the fiscal year 2022-23.

Wastewater Collection, Treatment, and Disposal - The District owns and maintains eighty-two miles of wastewater collection and interceptor lines and eight lift stations. The wastewater treatment service is provided through a contract with Carmel Area Wastewater District (CAWD). According to the contract, the District pays for one-third of the cost of the

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAWD treatment plant capital outlays for maintaining use rights to one-third of the plant's treatment capacity. In addition, the District shares the treatment plant operating and maintenance (O&M) costs based on prorated wastewater flows of the two Districts and pays an additional 7.5% of the treatment plant O&M expenses as administration fees. In fiscal year 2022-23, the District paid \$1,828,675, which is equal to 45.37% of the plant O&M expenses. The District charges property owners a user fee to pay a portion of the wastewater service costs. User fees are collected for the District by the Monterey County Tax Collector's Office on the property tax bills.

Garbage Collection and Disposal - The District provides garbage collection and disposal services through a franchise agreement with Green Waste Recovery (GWR). The District levies a user fee on all residential property owners for mandatory basic garbage collection and disposal services. The fees for the basic residential services are collected for the District by the Monterey County Tax Collector's Office on the property tax bills. The District makes quarterly payments to the franchise holder for the basic residential services. The cost for the basic residential services was \$1,020,360 for the fiscal year ended June 30, 2023. The fees for commercial and supplemental residential services are collected directly by the franchise holder.

Recycled Water Storage and Distribution - The CAWD/PBCSD Reclamation Project (Project) is a cooperative effort of three public agencies including the District, the Carmel Area Wastewater District (CAWD), Monterey Peninsula Water Management District (MPWMD), and one private company, the Pebble Beach Company (PBC). The first phase of the project included construction of tertiary facilities to produce recycled water from the secondary effluent emitted from CAWD's wastewater treatment plant, and a distribution system to deliver recycled water for irrigation of seven golf courses, athletic fields, and other recreational areas within Pebble Beach.

The first phase of the project was financed by Certificates of Participation, which were executed and delivered at the direction of the MPWMD in December 1992 in the amount of \$33.9 million. The PBC guaranteed payment of debt service as well as any operating deficiencies. Construction of the project began in January 1993 and was completed in October 1994. Pursuant to the agreements between participating agencies, the District owns the distribution system assets, including approximately seven miles of recycled water distribution system pipelines, a 2.5 million gallon storage tank, and a potable water pump station.

In December 1998, the District purchased the Forest Lake Reservoir from California-American Water Company (Cal-Am). The reservoir has been rehabilitated including new improvements to meet the State Water Resources Department Division of Safety of Dams requirements. It is filled with recycled water during the winter months when there is excess production at the treatment plant and the stored recycled water is used during the summer months when the irrigation demands exceed the treatment plant production capacity. Construction of the reservoir was completed in March 2006. In fiscal year 2008-09, the

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

outlet structure of the reservoir was modified to increase the storage capacity from 105 million gallons to 115 million gallons. The Forest Lake construction costs were financed by the sale proceeds of a portion of PBC water entitlements obtained in return for financially guaranteeing the first phase of the project. The water entitlements are available to the residential users within Pebble Beach.

After the completion of the first phase, in October 1994, until the addition of the Forest Lake reservoir in to the system in March 2006, an average of 650 acre feet of recycled water per year was used for irrigation. Since then, an average of 950 acre feet has been used, replacing the use of potable water.

Supplemental Law Enforcement - In response to a 2005 community-wide survey conducted by the Del Monte Forest Property Owners (DMFPO), which identified a need for traffic law enforcement, the District obtained approval from the Monterey County Local Agency Formation Commission (LAFCO) and adopted *Ordinance 24* on July 28, 2006, activating law enforcement and security services power authorized under the Government Code. The ordinance specified that, to the extent practical, the services to be implemented on an incremental basis to augment services provided by existing law enforcement agencies sharing jurisdiction within the District and by contract, with traffic enforcement being a priority. Since October 16, 2006, the District has been providing this service through annual contracts with California Highway Patrol (CHP). The cost of the CHP contractual services was \$257,945 in the fiscal year 2022-23.

Undergrounding of Overhead Utilities – In fiscal year 2010-11, the District activated its latent power to convert existing overhead electric and communications facilities to underground locations. A study showed that undergrounding of utility lines would increase public safety and reliability for the entire community. After obtaining the necessary approval from LAFCO, the District Board adopted *Ordinance 26* on June 24, 2011, to implement newly authorized powers to underground utility lines. Beginning in fiscal year 2012-13, the District has been conducting utility undergrounding projects and plans to continue on a “pay-as-you-go” basis. The cost of undergrounding projects was \$977,896 in fiscal year 2022-23.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information separately on *governmental activities*, which normally are supported by taxes and intergovernmental revenues, from *business-type activities*, which mainly rely on fees and charges to provide services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods or services provided by a

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

function or segment; 2) grants and contributions that are restricted for meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Major revenue sources include property taxes, fire service special tax, and Proposition 172 funds. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting.

The District reports the following major governmental funds:

- The *General Fund* is the main operating fund of the District. It accounts for all financial resources of the general government, except those which may be accounted for in another fund.
- The *Capital Outlay Fund* accounts for the construction projects and other capital outlay expenditures included in the District's budget and the long-term capital outlay program.

The District reports the following major proprietary funds:

- The *Wastewater Enterprise Fund* accounts for the collection, treatment, and disposal of wastewater generated within the District. Historically, the District has established user fees to finance a portion of the cost of providing the wastewater service. A portion of the operations, maintenance, and capital outlay expenditures are financed from property tax revenue.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The *Solid Waste Enterprise Fund* accounts for the activities related to solid waste services provided to residential and commercial users in the District. The user fees collected from residential property owners are used to pay for mandatory basic garbage collection services provided by the franchise holder.
- The *Reclamation Enterprise Fund* accounts for the District's recycled water distribution activities and related operating and capital contributions from the CAWD/PBCSD Reclamation Project.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for enterprise funds include salaries, employee benefits, operation and maintenance of systems and facilities, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, Net Position or Equity

Cash and Cash Equivalents

In order to increase flexibility and efficiency the District pools the cash of all funds. The cash and cash equivalents balance in each fund represents that fund's equity share of the total. As of June 30, 2023, the largest portion of cash of all funds was deposited with the Monterey County Treasury Investment Pool. Each District fund whose monies are deposited in the pool has equity therein, and interest earned on the investment of these monies is allocated quarterly based on its relative equity.

An individual fund's deposit in the pool can be liquidated at any time and therefore is considered a "cash equivalent" when preparing the financial statements.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the non-current portion of interfund loans). All other outstanding balances between funds are reported as "Due From" (Interfund Receivables) or "Due To" (Interfund Payables). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "Internal Balances."

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are internal service fund charges and charges for services to business-type activities of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Restricted Cash and Investments:

On September 28, 2018, the District Board adopted resolution 18-23 approving adoption of the Public Agencies Pension Benefits Trust administered by Public Agency Retirement Services (PARS). The Trust is an irrevocable trust and qualifies as an Internal Revenue Code Section 115 trust. The assets in the Trust will be used to fund future pension plan obligations at times determined by the District and will assist the District in mitigating the CalPERS contribution rate volatility.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure, and intangibles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost, if purchased or constructed. Donated assets are valued at acquisition value.

Repairs and maintenance are recorded as expenses. Renewals and improvements are capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2023.

Capitalized assets have an original cost of \$10,000 or more and a minimum of four years of useful life. Depreciation begins on the date assets are placed in service. Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	10 - 50
Subsurface Lines	50
Other Wastewater System Infrastructure	10 - 40
Wastewater Equipment and Vehicles	4 - 20
Fire Dept Equipment and Vehicles	4 - 20
Administration Equipment	4 - 20
Reclamation Project Assets	4 - 50

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will 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 future period(s) and will not be recognized as an inflow of resources (revenue) until that time. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected within 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues are reported in the governmental funds balance sheet.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Compensated Absences

The District permits accumulation of earned but unused vacation and sick leave benefits, up to the limits established in its administrative code. The authorized accumulated vacation and sick leave benefits are payable upon separation from employment. The estimated liability for compensated absences represents the accumulated vacation and sick leave benefits of District employees as of June 30, 2023.

Pensions

For purposes of measuring the net pension liability/(asset), deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

As Lessee: At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

As Lessor: At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

On June 30, 2023, the District does not have any lease agreements within the scope of GASB Statement 87.

Subscription-Based Information Technology Arrangements (SBITA)

At the commencement of the subscription term, the District recognizes a subscription liability and an intangible right-to-use asset.

The District initially measures the subscription-based IT liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription-based IT liability is reduced by the principal portion of subscription payments made. The subscription-based IT asset is initially measured as the initial amount of the subscription-based IT liability, less subscription payments made at or before the subscription commencement date, less any vendor incentives received at or before the subscription commencement date, plus the capitalizable implementation costs. The subscription-based IT arrangement asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying hardware or software.

On June 30, 2023, the District does not have any Subscription-Based Information Technology Arrangements within the scope of GASB Statement 96.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes, User Fees, and Special Taxes

The County of Monterey is responsible for the assessment, collection, and apportionment of property taxes among all tax-receiving agencies, including the District. The District determines the amount of its user fees and special tax. The County collects the District user fees and special tax on the property tax rolls for the benefit of the District.

Secured property taxes (and District user fees and special taxes) are payable in two equal installments, on November 1 and February 1, and become delinquent on December 10 and April 10, respectively, at which time applicable penalties and interest are assessed.

Unsecured property taxes are due on March 1 and become delinquent on August 31.

Net Position and Fund Balance

In the government-wide financial statements and proprietary fund financial statements, net position is reported in three categories: invested in capital assets, restricted, and unrestricted. Restricted represents assets restricted by parties outside of the District (such as creditors, grantors, contributors, laws and regulations of other governments). All other assets are considered unrestricted.

Fund balance represents the difference between a fund's assets and liabilities. Fund balance classifications are based primarily on the extent to which the District is bound to honor constraints on the use of the resources reported in the governmental funds. Governmental fund balances can be classified as ***Non-spendable, Restricted, Committed, Assigned, and Unassigned***.

The fund balance of the District governmental funds includes "Restricted", "Committed", and "Unassigned" amounts as presented on the balance sheet.

Restricted fund balance has external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

Committed fund balance can only be used for the identified specific purposes pursuant to constraints imposed by a formal action (motion) of the District's Board. Those amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

Unassigned fund balance represents remaining amounts that have not been restricted, committed or assigned.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and other funds are available. The District then applies amounts to committed fund balances followed by assigned and then unassigned amounts.

The District Board adopts and establishes an O&M Reserve through approval of the District's annual Long-Term Financial Plan. The O&M Reserve is set at 10% of the current year O&M Budget and every year, upon adoption of the final budget, the amount in the O&M Reserve is adjusted to meet the 10% criteria by transferring the necessary amount from the unrestricted general fund. Expenditure of the amounts in the O&M Reserve may occur for emergency repairs in the event of a natural disaster or catastrophic events. If the O&M Reserve is used during a fiscal year, it is replenished as soon as sufficient revenue is available. The O&M Reserve is reported in the general fund committed fund balance.

The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported in the government-wide financial statements are different from those reported in the fund financial statements due to differences in measurement focus, basis of accounting, and composition. The governmental fund balance sheet includes a reconciliation between *total fund balance-governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. Also, the governmental fund statement of revenues, expenditures, and changes in fund balances include a reconciliation between the *net change in fund balances-total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The District Board adopts an annual budget by resolution by August 1 of each fiscal year. The budget covers all governmental and proprietary funds including capital projects. All appropriations for operating expenditures lapse at fiscal year-end. The appropriations for capital outlays not completed in the current fiscal year are normally carried forward to the next fiscal year. Encumbrance accounting is not used. The budget is prepared on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

The District Board also annually updates its long-term capital outlay program and long-term financial plan for both governmental and business-type activities. These documents identify anticipated capital expenditures and include proposed financing mechanisms. The level of appropriated budgetary control is the adopted budget for all funds and programs and includes all revisions and amendments approved by the District Board subsequent to the initial adoption. The budget may be amended throughout the year with the Board's authorization, as needs are identified and reported to the Board.

The District General Manager may authorize transfers of appropriations within a fund. However, any revisions altering the total expenditures of any fund and transfers of appropriations between funds requires the approval of the District Board.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2023 consisted of the following:

Cash on hand	\$ 399
Deposits with financial institutions – Chase Bank	268,604
Monterey County investment pool	<u>28,932,798</u>
Total cash and cash equivalents	<u>\$ 29,201,801</u>

Fair Value Measurements

The fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America are as follows: 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's deposits and withdrawals in the Monterey County Treasury Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the District's proportionate share of investments on June 30, 2023, is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

4. CASH AND CASH EQUIVALENTS (Continued)

The District's cash on deposit in Monterey County Investment Pool is reported at fair value on an annual basis in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools. The fair value of the District's investment in the pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share (determined by Monterey County Auditor-Controller) of the fair value provided by the Monterey County Treasurer for the entire investment portfolio (in relation to the amortized cost of that portfolio).

Investments Authorized by the California Government Code and the District Investment Policy

The District currently invests the majority of its funds in the local government investment pool administered by Monterey County. Investments are limited to those instruments legally permitted under Section 53601 of the California Government Code and must meet the criteria of the Monterey County Treasury's Investment Policy.

The County investment policy is reviewed and approved annually by the County Board of Supervisors. The Treasury's compliance with the investment policy and the State law is also audited annually by an independent certified public accountant. A minimum of 30% of the portfolio are kept in assets with a maturity of one year or less to provide liquidity. The liquidity is composed of cash in commercial bank accounts, overnight investments, short-term money market instruments, and other governmental investment pools. This degree of liquidity assures that funds are always available to meet normal *and* unexpected cash demands without the need to sell other investments that could result in a loss due to market conditions. The pool investment portfolio maintains a maximum weighted average maturity of two years, exclusive of custom investments.

The District staff is authorized to invest up to \$7 million in a separate custom investment portfolio to be maintained by the Monterey County Treasury outside of the Monterey County pool. Any single instrument that is purchased for the custom portfolio must be in compliance with the type, maximum maturity and maximum percentage limitations established by the Monterey County investment policy. The weighted average maturity cannot exceed three years and the investments other than obligations of the U.S. Treasury are limited to \$3.5 million for the custom portfolio. As of June 30, 2023, the District does not have a custom portfolio kept outside the Monterey County pool.

More information on the Monterey County Treasurer's Investment Policy can be found on the Monterey County website www.co.monterey.ca.us.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

4. CASH AND CASH EQUIVALENTS (Continued)

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may 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. The District manages its exposure to interest rate risk by investing in the County of Monterey Treasury Investment Pool. The sensitivity of the fair values of the District's investments to market interest rate fluctuations is measured as the weighted average maturity of the investment portfolio, which was 337 days on June 30, 2023.

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 Monterey County investment pool does not have a rating provided by a nationally recognized statistical rating organization.

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 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, other than the following provision: 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 deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, \$268,604 of depository balances were exposed to custodial credit risk because they were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

5. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

Receivables are amounts due representing revenues earned or accrued in the current period. Receivables, which have not been remitted within 60 days subsequent to year end, are offset by deferred inflows of resources, and accordingly, have not been recorded as revenue in the governmental fund. When the revenue becomes available, the revenue is recognized in the governmental fund. Deferred inflows are detailed on the balance sheet.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

5. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES (Continued)

Receivables at June 30, 2023, for the District's individual funds are presented on the following two tables. The District does not provide an allowance for doubtful accounts. All receivables are considered fully collectible within one year.

Governmental Activities			
Receivables	General	Capital	Total
Accounts	\$ 502,029	\$ 34,971	\$ 537,000
Taxes: Property & Fire Service	1,109,225	-	1,109,225
Receivables	<u>\$ 1,611,254</u>	<u>\$ 34,971</u>	<u>\$ 1,646,225</u>

Business-Type Activities				
Receivables	Wastewater	Solid Waste	Reclamation	Total
Accounts	\$ 16,219	\$ -	\$ 316,801	\$ 333,020
Taxes & Service Charges	229,868	16,741	-	246,609
Receivables	<u>\$ 246,087</u>	<u>\$ 16,741</u>	<u>\$ 316,801</u>	<u>\$ 579,629</u>

Deferred Inflows

As of June 30, 2023, the unavailable revenue-property taxes (\$1,109,225) reported under the "General Fund" are not considered to be available to liquidate liabilities of the current period (60 days) and therefore are classified as deferred inflows. Deferred inflows related to pensions are reported separately in Note 12 - Employee Retirement Systems according to GASB 68 standards.

6. CURRENT INTERFUND BALANCES

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. As of June 30, 2023, the District's interfund receivables and payables consist of the following:

Fund	Interfund Receivable	Interfund Payable
General	\$ 71,492	
Capital Outlay	102,362	
Reclamation - Operations		\$ (71,492)
Reclamation - Capital		(102,362)
Total	<u>\$ 173,854</u>	<u>\$ (173,854)</u>

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

6. CURRENT INTERFUND BALANCES (Continued)

With Board approval, resources may be transferred from one fund to another. The purpose of the majority of transfers is to subsidize a fund. In fiscal year 2022-23, transfers from the General Fund to Solid Waste Fund (\$14,000), the Governmental Capital Outlay Fund (\$1,264,635) and to the Wastewater Capital Outlay Fund (\$5,150,597) were made to maintain the operating and capital outlay reserves at levels identified in the annual update of the District's Long-Term Capital Outlay and Financial Plans. A transfer of \$39,460 was made from the General Fund franchise fee revenue to the Solid Waste Fund to finance the household hazardous waste collection event and contributions to a regional media coalition to promote recycling programs.

The following table displays the interfund transaction activity for the general fund during fiscal year 2022-23.

Fund Transferred From	Funds Transferred To				Total
	Governmental Funds		Proprietary Funds		
	General	Capital Outlay	Wastewater	Solid Waste	
Governmental Funds					
General Fund	\$ -	\$ 1,264,635	\$ 5,150,597	\$ 53,460	\$ 6,468,692
Total	\$ -	\$ 1,264,635	\$ 5,150,597	\$ 53,460	\$ 6,468,692

Internal Balances

Internal balances represent the net interfund receivables and payables remaining after eliminating all such balances within governmental and business-type activities.

7. RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments consisted of the Public Agencies Pension Benefits Post-Employment Trust (Internal Revenue Code Section 115 Trust). Investments of Trust assets are governed by the Investment Guideline Document and by the agreement for administrative services with Public Agency Retirement Services (PARS). Under the agreement, US Bank serves as the Trustee and the depository of the assets. HighMark Capital Management (HighMark) serves as the Investment Manager. The District elected a discretionary investment approach, which allows it to maintain oversight of the investment management and control on target yield and the portfolio's risk tolerance, under the HighMark Capital Appreciation investment option.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

7. RESTRICTED CASH AND INVESTMENTS (Continued)

The fair value of restricted cash and investments as of June 30, 2023, consisted of the following:

Cash and equivalents	\$ 119,059
Mutual funds-Fixed income	445,960
Mutual funds-Equity	<u>1,435,831</u>
Total restricted cash and investments	<u>\$ 2,000,850</u>

8. CAPITAL ASSETS

A. Capital Assets – Governmental Activities

Changes in capital assets for governmental activities for the year ended June 30, 2023, were as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not being depreciated				
Land	\$ 1,371,224	\$ -	\$ -	\$ 1,371,224
Construction in Progress	22,082	111,329	-	133,411
Total Capital Assets not being depreciated	<u>1,393,306</u>	<u>111,329</u>	<u>-</u>	<u>1,504,635</u>
Capital Assets being depreciated				
Buildings	4,810,175	12,185	-	4,822,360
Infrastructure	138,712	-	-	138,712
Machinery & Equipment	5,432,703	39,026	(240,940)	5,230,789
Total Capital Assets being depreciated	<u>10,381,590</u>	<u>51,211</u>	<u>(240,940)</u>	<u>10,191,861</u>
Less accumulated depreciation for:				
Buildings	(3,182,050)	(154,287)	-	(3,336,337)
Infrastructure	(58,899)	(4,624)	-	(63,523)
Machinery & Equipment	(4,166,886)	(271,881)	240,940	(4,197,827)
Total accumulated depreciation	<u>(7,407,835)</u>	<u>(430,792)</u>	<u>240,940</u>	<u>(7,597,687)</u>
Net Capital Assets being depreciated	<u>2,973,755</u>	<u>(379,581)</u>	<u>-</u>	<u>2,594,174</u>
Total Net Capital Assets				
- Governmental Activities	<u>\$ 4,367,061</u>	<u>\$ (268,252)</u>	<u>\$ -</u>	<u>\$ 4,098,809</u>

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

8. CAPITAL ASSETS (Continued)

Depreciation was charged to functions/programs of governmental activities for the year ended June 30, 2023, as follows:

Depreciation Expense	
General Government	\$ 90,121
Fire Protection & Emergency Medical Services	340,671
Total Depreciation Expense Governmental Activities	\$ 430,792

B. Capital Assets – Business-Type Activities

Changes in capital assets for business-type activities for the year ended June 30, 2023 were as follows:

Business Type Activities	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital Assets not being depreciated / amortized					
Land	\$ 2,854,000	\$ -	\$ -	\$ -	\$ 2,854,000
Construction in Progress	2,271,556	3,296,131	-	(2,060,471)	3,507,216
Total Capital Assets not being depreciated / amortized	5,125,556	3,296,131	-	(2,060,471)	6,361,216
Capital Assets being depreciated / amortized					
Buildings	1,899,836	-	(8,072)	-	1,891,764
Utility Systems	63,960,371	16,333	-	2,060,471	66,037,175
Machinery & Equipment	2,193,715	63,468	(30,204)	-	2,226,979
Total Capital Assets being depreciated / amortized	68,053,922	79,801	(38,276)	2,060,471	70,155,918
Less accumulated depreciation / amortization for:					
Buildings	(1,044,278)	(70,692)	8,072	-	(1,106,898)
Utility Systems	(34,142,982)	(1,514,290)	-	-	(35,657,272)
Machinery & Equipment	(1,533,807)	(117,024)	30,204	-	(1,620,627)
Total accumulated depreciation / amortization	(36,721,067)	(1,702,006)	38,276	-	(38,384,797)
Net Capital Assets being depreciated / amortized	31,332,855	(1,622,205)	-	2,060,471	31,771,121
Total Net Capital Assets- Business-Type Activities	\$ 36,458,411	\$ 1,673,926	\$ -	\$ -	\$ 38,132,337

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

9. LONG-TERM LIABILITIES

Compensated Absences

The District’s employees can accrue a maximum of 30 vacation and 150 sick leave days during their employment. Accrued vacation leave and one-half of the sick leave are payable at the regular hourly rate upon separation from service without cause.

Retirement Incentives

In May 2020, the Board authorized the General Manager to offer a voluntary Retirement Incentive Plan to four qualified employees, who worked at the District for a minimum of five years and meet the minimum CalPERS retirement age of 55. The plan includes the options to 1) receive a cash payment equivalent to one year of salary, or 2) an option to receive up to three years of continued health insurance coverage under the California Consolidated Omnibus Budget Reconciliation Act programs (COBRA), with a reduction in the annual salary payment based on the number of months of COBRA provided. The annual salary payment was offered in lump-sum payment or in three annual installments. All four employees accepted the offer and retired by the end of the fiscal year 2020-21. In fiscal year 2020-21, the estimated cost of the plan payments (\$348,875) was reported in the government-wide statement of net position by function. The government-wide statement of net position by function reflects actual payments made fiscal year 2022-23.

The table below provides a summary of changes in compensated absences and retirement incentives liabilities for the fiscal year ended June 30, 2023.

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year
Compensated Absences:					
Governmental Activities	\$ 231,286	\$ 124,130	\$ (96,781)	\$ 258,635	\$ 73,388
Business-Type Activities	55,031	49,449	(46,113)	58,367	29,852
	<u>\$ 286,317</u>	<u>\$ 173,579</u>	<u>\$ (142,894)</u>	<u>\$ 317,002</u>	<u>\$ 103,240</u>
Retirement Incentives:					
Governmental Activities	\$ 77,912	\$ -	\$ (77,912)	\$ -	\$ -
Business-Type Activities	92,005	-	(62,620)	29,385	29,385
	<u>\$ 169,917</u>	<u>\$ -</u>	<u>\$ (140,532)</u>	<u>\$ 29,385</u>	<u>\$ 29,385</u>

The general fund has been used in prior years to liquidate long-term liabilities.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

10. COMMITMENTS AND CONTINGENCIES

The District has several projects currently underway. The following table provides a list of the ongoing projects and the commitments under contract as of June 30, 2023:

	Remaining Commitment
<u>Capital Outlays:</u>	
Fire Ladder Truck 22	\$ 1,346,616
Wastewater Pump Stations P1 & P2 Rehabilitation	1,049,417
Fire Wildland Patrol 22	416,038
Undergrounding Overhead Utilities Phase 3	110,274
Carmel Hill Fire Station Pavement Restoration	90,399
Wastewater Pump Station P7 Underground Storage Tank Replacement	68,610
Facility Improvement Project	10,817
Subtotal	\$ 3,092,171
<u>Operations:</u>	
Fire Defense Plan Fire Fuel Clearance Projects	\$ 429,990
Fire Hydrant Testing Services	112,620
Advanced Life Support Prescribing Physician Services	55,000
SCADA System & GIS Support Service Agreements	22,623
Subtotal	\$ 620,233
Total	\$ 3,712,404

11. RISK MANAGEMENT

The District is insured against various risks of loss related to torts, theft, damage or destruction of assets, errors or omissions, and work-related injuries to employees through participation in a joint powers agreement with the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA).

ACWA/JPIA was formed under a joint powers agreement pursuant to California Government Code Section 6500 et seq. and 900 et seq. effective July 5, 1979, to provide insurance protection for its members. The property, general liability and workers' compensation programs are ACWA/JPIA's pooled programs. According to the agreement, the member districts are provided coverage for losses in excess of their individually selected retrospective allocation points, which are similar to a deductible. A portion of the excess is self-insured by ACWA/JPIA where all members share the losses. Individual claims (and aggregate public liability and property claims) in excess of ACWA/JPIA's self-insured levels are covered by excess insurance policies purchased from outside commercial insurance carriers. ACWA/JPIA maintains a retrospective adjustment stabilization fund (RSF) with separate accounts for each member district. Based on its level of RSF, a member district may receive a refund or additional assessment annually.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

11. RISK MANAGEMENT (Continued)

The difference in conditions (DIC), dam failure liability and excess employee fidelity bonds are not pooled programs. These coverages are provided by ACWA/JPIA through purchases from commercial insurance carriers. Dam failure liability insurance covers the District for liabilities resulting from a failure of the Forest Lake Reservoir. The DIC program provides coverage for certain Reclamation Project assets mainly against earthquake damage. The property insurance program includes \$100,000 employee fidelity coverage. The District carries a separate employee fidelity insurance, which provides \$500,000 of coverage with a \$100,000 deductible.

There have not been any reductions in insurance coverage as compared to the previous year.

There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

12. EMPLOYEE RETIREMENT SYSTEMS

A. Defined Benefit Pension Plan

California Public Employees Retirement System

Plan Description – All qualified regular employees, including those with introductory status, are eligible to participate in the District’s cost-sharing multiple employers defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 or 52 with statutorily reduced benefits depending on the entry date to system as shown on the following table. All members are eligible for non-duty disability benefits after 10 years of service. Death benefit are one of the following: Basic Death Benefit, 1959 Survivor Benefit, or Optional Settlement 2W Death Benefit. The plans’ cost of living adjustments are as specified by the Public Employees’ Retirement Law.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

On September 12, 2012, the California Public Employees' Pension Reform Act of 2013 (PEPRA) was signed into law. PEPRA took effect January 1, 2013, and affects new CalPERS members on or after January 1, 2013, through provisions affecting benefit formulas, the definition of what comprises pensionable earnings, limits on pensionable earnings, and other matters. The new law also calls for new members to pay 50 percent of the normal cost of benefits.

The Plans' provisions and benefits in effect on June 30, 2023, are summarized as follows:

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
CalPERS
Provisions and Benefits

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 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 2.5%	1.0% to 2.5%
Required employee contribution rates	8.0%	7.5%
Required employer contribution rates	13.930%	8.190%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires the employer contribution rates for all public employers to be determined on an annual basis by the actuary and be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, employer contributions totaled \$225,188.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

As of June 30, 2023, the District's proportionate shares of pool assets equates to 94% of its proportional shares of liabilities, resulting in a net pension liability displayed in the following table:

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	\$ 532,272

The net pension liability/(asset) of each of the Plans is measured as of June 30, 2022, and the total pension liability/(asset) for each Plan used to calculate the net pension liability/(asset) 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/(asset) was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability/(asset) for each Plan as of June 30, 2022, and 2023 was as follows:

	Miscellaneous
Proportion - June 30, 2022	-0.04381%
Proportion - June 30, 2023	0.01138%
Change - Increase/(Decrease)	0.05519%

For the year ended June 30, 2023, the District recognized a pension expense of \$1,663,616. Pension expense is allocated to the District's governmental and business-type activities based on each activity's proportionate share of the total current year pension contribution.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

PEBBLE BEACH COMMUNITY SERVICES DISTRICT		
Deferred Outflows and Deferred Inflows of Resources Related to Pensions		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 10,689	\$ 7,159
Changes of Assumptions	54,543	
Differences between Projected and Actual Investment Earnings	97,498	
Change in Employers Proportion	793,980	
Differences between Employer's Contributions and Proportionate Share of Contributions		249,328
Pension Contributions Made Subsequent to Measurement Date	225,188	
Total	\$ 1,181,898	\$ 256,487

The \$225,188 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2024	\$ 266,725
2025	238,965
2026	134,900
2027	59,633
TOTAL	\$ 700,223

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and 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
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies.

(1) The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details please refer to the 2021 experience study report that can be found on the CalPers website.

Discount Rate – The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

Long-term Expected Rate of Return - 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 and, combined with risk estimates, 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.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The following table reflects long-term expected real rates of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10^(1,2)
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%
Total	100.0%	

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Management study.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability/(asset) 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/(asset) 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/(Asset)	\$ 1,780,825
Current Discount Rate	6.90%
Net Pension Liability/(Asset)	\$ 532,272
1% Increase	7.90%
Net Pension Liability/(Asset)	\$ (494,975)

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

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. Supplemental Retirement Plan

The supplemental retirement plan was established in December 1990 to replace employees' Social Security benefits (retroactively effective January 1, 1985). Under the plan, an amount equal to the Social Security portion of the Federal Insurance Contribution Act (FICA) contributions is withheld from employee wages and submitted with matching employer contributions to fund the benefits of the plan. Employees manage their own individual retirement investment accounts maintained at Charles Schwab and Co. (Schwab). The District's administrative involvement is primarily limited to the remittance of monthly employee and employer contributions to Schwab. The District has no responsibility for providing specific benefits, nor does it guarantee any investment results under the plan. All plan assets are the property rights of the employees and are not reflected in the accompanying basic financial statements.

The District's employees continue to be covered by Medicare. The District deposits the employee and matching employer contributions with the Internal Revenue Service.

C. Retirement Health Savings Plan:

The District has a retirement health savings (RHS) plan, provided by MissionSquare Retirement, to assist employees with healthcare costs during their retirement. The RHS Plan allows employees to accumulate money in their own individual accounts on a tax-free basis while they are working. The RHS Plan is financed jointly by employee and employer contributions. Employees contribute 1% of their regular salary monthly into their own individual accounts on a tax-free basis. The District's monthly contribution is equal to 2% of the total regular salaries, which is equally distributed to all employees. In fiscal year 2022-23 the total employer contributions to the plan were \$34,942. The assets in the individual accounts grow tax-free. The funds accumulated can be used to pay for employees or their dependents' health insurance or medical expenses on a tax-free basis when separated from employment. The District has no responsibility for providing specific benefits, nor does it guarantee any investment results under the plan. All plan assets are the property and rights of the employees and are not reflected in the accompanying basic financial statements.

13. SUBSEQUENT EVENTS

In September 2023, CalPERS announced the impact of the 5.8% investment return on public employers. For miscellaneous plans, the impact of the investment return loss of 1% in fiscal year 2022-23 results in an increase in employer contribution rates by approximately 0.2% to 1.6% percent of payroll beginning in fiscal year 2025-26.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

13. SUBSEQUENT EVENTS (Continued)

Changes in Interest Rates

As of September 30, 2023, the market value of the District's June 30, 2023, investment in the Monterey County Investment Pool is 96.93% of the amortized book value, or \$915,519 unrealized market loss. In June 2023, the Federal Reserve temporarily paused interest rate hikes following the most aggressive series of interest rate hikes in recent history. In September 2023, the Federal Reserve decided to hold rates steady, but one more hike is expected before the end of the year and fewer cuts than previously indicated next year. This means the investment pool market value may decline further. The Monterey County Treasury's practice is to hold investments until maturity; this minimizes the risk of loss for investment principal due to lower market values.



CAWD Treatment Plant

The Carmel Area Wastewater District "CAWD" provides wastewater treatment and disposal services by contract to the District.

Pictured: Aerial and Birds-eye views of CAWD Treatment Plant facilities.

REQUIRED SUPPLEMENTARY INFORMATION

Forest Lake Reservoir

Purchased from California-American Water Company (Cal-Am) in 1999, and rehabilitated in 2006, the recycled water-filled reservoir has a capacity of 115 gallons used for irrigation of seven golf courses, athletic fields and other open spaces within Pebble Beach.



PEBBLE BEACH COMMUNITY SERVICES DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY/(ASSET)
Last 10 Years*
FOR THE YEAR ENDED JUNE 30, 2023
MISCELLANEOUS PLAN

<u>Measurement Period</u>	<u>Proportion of the net pension liability/(asset)</u>	<u>Proportionate share of the net pension liability/(asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability/(asset) as percentage of covered payroll</u>	<u>Plan's fiduciary net position</u>	<u>Plan fiduciary net position as a percentage of the total pension liability/(asset)</u>
2014	0.00797%	\$496,117	\$1,185,243	41.86%	\$ 10,639,461,174	81.15%
2015	0.00454%	\$124,765	\$1,184,961	10.53%	\$ 10,896,036,068	79.89%
2016	0.00977%	\$339,236	\$1,300,292	26.09%	\$ 10,923,476,287	75.87%
2017	-0.00020%	(\$7,783)	\$1,442,993	-0.54%	\$ 12,074,499,781	75.39%
2018	-0.00194%	(\$73,211)	\$1,571,036	-4.66%	\$ 13,122,440,092	77.69%
2019	0.00085%	\$34,187	\$1,553,970	2.20%	\$ 13,979,687,268	77.73%
2020	0.00406%	\$171,082	\$1,706,731	10.02%	\$ 14,702,361,183	77.71%
2021	-0.04381%	(\$831,914)	\$1,683,031	-49.43%	\$ 18,065,791,524	90.49%
2022	0.01138%	\$532,272	\$1,533,249	34.72%	\$ 16,770,671,339	78.19%

Notes to Schedule:

Changes in Benefit Terms

2015: The figures do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

2016 - 2021: There were no changes to benefit terms that applied to all members of the Public Agency Pool.

Change of Assumptions and Methods

2015: Amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

2016: The discount rate was increased from 7.5% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses.

2017: The discount rate was lowered from 7.65% to 7.15%.

2018: The inflation assumption was reduced from 2.75% to 2.50%.

The CalPers Board adopted new mortality assumptions for plans participating in the Public Employees' Retirement Fund (PERF).

The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries.

The assumptions for individual salary increases and overall payroll growth were reduced from 3.00% to 2.75%.

2019: In the Fiscal Year 2018-19, CalPers implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

2020: The CalPers Board adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. In FY 2019-20, no changes have occurred to the actuarial assumptions in relations to financial reporting.

2021: No changes have occurred to the actuarial assumptions in relation to financial reporting.

2022: The discount rate was lowered from 7.15% to 6.9%. The inflation assumption was reduced from 2.5% to 2.3%. A new mortality table was developed to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

* Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future fiscal years until 10 years of data becomes available.

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*
FOR THE YEAR ENDED JUNE 30, 2023
MISCELLANEOUS PLAN**

<u>Fiscal Year</u>	<u>Contractually required contribution (actuarially determined)</u>	<u>Contributions in relation to the actuarially determined contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2015	\$209,596	\$709,596	(\$500,000)	\$1,184,961	59.88%
2016	\$156,723	\$156,723	\$0	\$1,300,292	12.05%
2017	\$163,320	\$613,320	(\$450,000)	\$1,442,993	42.50%
2018	\$176,436	\$176,436	\$0	\$1,571,036	11.23%
2019	\$182,346	\$188,313	(\$5,967)	\$1,553,970	12.12%
2020	\$203,211	\$206,172	(\$2,961)	\$1,706,731	12.08%
2021	\$208,189	\$227,069	(\$18,880)	\$1,683,031	13.49%
2022	\$172,084	\$194,796	(\$22,712)	\$1,533,249	12.70%
2023	\$195,011	\$225,188	(\$30,177)	\$1,747,795	12.88%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions from the fiscal years below derived from the following valuation reports:

<u>Fiscal Year</u>	<u>Derived From</u>
2014-15	June 30, 2012
2015-16	June 30, 2013
2016-17	June 30, 2014
2017-18	June 30, 2015
2018-19	June 30, 2016
2019-20	June 30, 2017
2020-21	June 30, 2018
2021-22	June 30, 2019
2022-23	June 30, 2020

Actuarial Cost Method	Individual entry age normal
Amortization Method/Period	Level Percentage of Payroll (pre-2019 bases), Level Dollar (2019 and later bases), and Direct Rate Smoothing
Asset Valuation Method	Fair value of assets
Inflation	2.500%
Salary Increases	Varies, based on entry age and service
Investment Rate of Return	7.00%

* Fiscal year 2015 was the first year of implementation, additional years will be added to this schedule in future fiscal years until 10 years of data becomes available.



The District and neighboring Cypress and Carmel Highlands fire protection districts share all costs of the joint water rescue program.

SUPPLEMENTAL INFORMATION

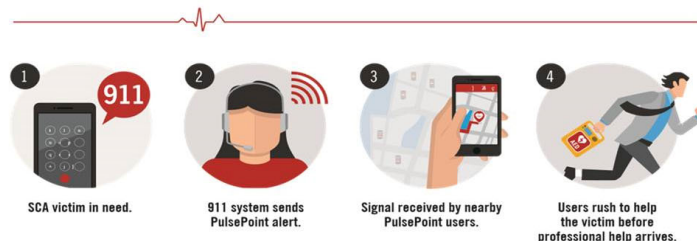
In collaboration with five neighboring agencies and Cal Fire, the District implemented the PulsePoint app aimed to improve chances of survival for sudden cardiac arrests.

PulsePoint

**GET THE APP.
SAVE A LIFE.**

Sudden Cardiac Arrest (SCA) is a leading cause of preventable death. The PulsePoint app alerts bystanders—like you—who can help victims before professional help can arrive.

PulsePoint alerts you to nearby people in need. For every minute that passes before help arrives, SCA survival decreases by 7%-10%. It's like an amber alert for SCA victims.



Learn more at pulsepoint.org
Download PulsePoint Respond



SCA KILLS ALMOST **1,000** /DAY IN THE U.S.

NEARLY **60%** OF SCA VICTIMS DON'T GET CPR UNTIL PROFESSIONAL HELP ARRIVES.

13M AMERICANS ARE CPR TRAINED AND CERTIFIED ANNUALLY.

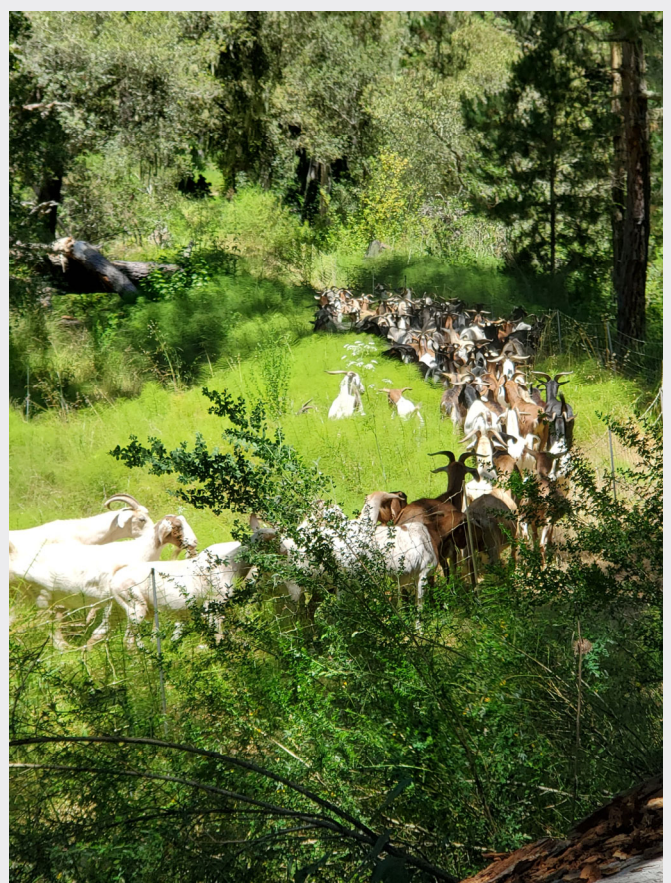
THE U.S. SURVIVAL RATE FOR SCA IS **11%** WE CAN DO BETTER.

CALL 911
PUSH HARD AND FAST IN THE CENTER OF THE CHEST TO THE BEAT OF "STAYIN' ALIVE" (100X/MINUTE).

Early CPR and rapid defibrillation before an emergency team arrives can boost survival by 50%.

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Governmental Capital Outlay Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 50,000	\$ 50,000	\$ 134,908	\$ 84,908
Net Decrease in Fair Value of Investments	-	-	(22,842)	(22,842)
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>112,066</u>	<u>62,066</u>
EXPENDITURES				
Capital Outlay:				
General Government	800,000	800,000	27,815	772,185
Fire Protection and Emergency Medical	1,296,000	1,296,000	139,492	1,156,508
Undergrounding Utilities	<u>2,580,000</u>	<u>2,580,000</u>	<u>977,896</u>	<u>1,602,104</u>
Total Expenditures	<u>4,676,000</u>	<u>4,676,000</u>	<u>1,145,203</u>	<u>3,530,797</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,626,000)</u>	<u>(4,626,000)</u>	<u>(1,033,137)</u>	<u>3,592,863</u>
OTHER FINANCING SOURCES (USES)				
Transfers In, Net of Transfers Out	<u>3,263,000</u>	<u>3,263,000</u>	<u>1,264,635</u>	<u>(1,998,365)</u>
Total Other Financing Sources (Uses)	<u>3,263,000</u>	<u>3,263,000</u>	<u>1,264,635</u>	<u>(1,998,365)</u>
Net Change in Fund Balances	(1,363,000)	(1,363,000)	231,498	1,594,498
Fund Balances, Beginning of Year	<u>7,175,492</u>	<u>7,175,492</u>	<u>7,175,492</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 5,812,492</u>	<u>\$ 5,812,492</u>	<u>\$ 7,406,990</u>	<u>\$ 1,594,498</u>



Fire Clearance

in its efforts to reduce fire danger within Pebble Beach, the District uses a combination of goats, mastication, and good old-fashioned hand crews.

STATISTICAL SECTION



STATISTICAL SECTION

This part of the Pebble Beach Community Services District annual comprehensive financial report presents detailed information to help readers understand what the information in the financial statements and note disclosures reveal about the District's overall financial health. In contrast to the financial section, information in the statistical section is not subject to an independent audit.

Financial Trends

Schedules contain trend information to help the reader understand and assess how the District's financial performance and well-being have changed over time.

- a) Net Position by Component – Last ten fiscal years
- b) Changes in Net Position – Last ten fiscal years
- c) Fund Balances of Governmental Funds – Last ten fiscal years
- d) Change in Fund Balances of Governmental Funds – Last ten fiscal years
- e) Revenue Sources by type – Last ten fiscal years
- f) Expenses by type – Last ten fiscal years

Revenue Capacity

Schedules present the District's most significant local revenue sources, and help the reader assess the District's ability to generate revenues. Property taxes and charges for services are the District's most significant revenue sources.

- a) Assessed Value of Taxable Property – Last ten fiscal years
- b) General Property Tax Levy and Debt Service Tax Rates for Overlapping Governments within PBCSD – Last ten fiscal years
- c) Principal Property Taxpayers - Current fiscal year in comparison to ten years ago
- d) Property Tax Levies and Collection by type – Last ten fiscal years

Debt Capacity

The District does not have any debt; therefore, no debt schedules are presented.

Demographic and Economic Information

Schedules offer demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place.

- a) Demographic and Economic Statistics – Last ten years
- b) Principal Employment by Industry (Monterey County) – Current fiscal year in comparison to ten years ago

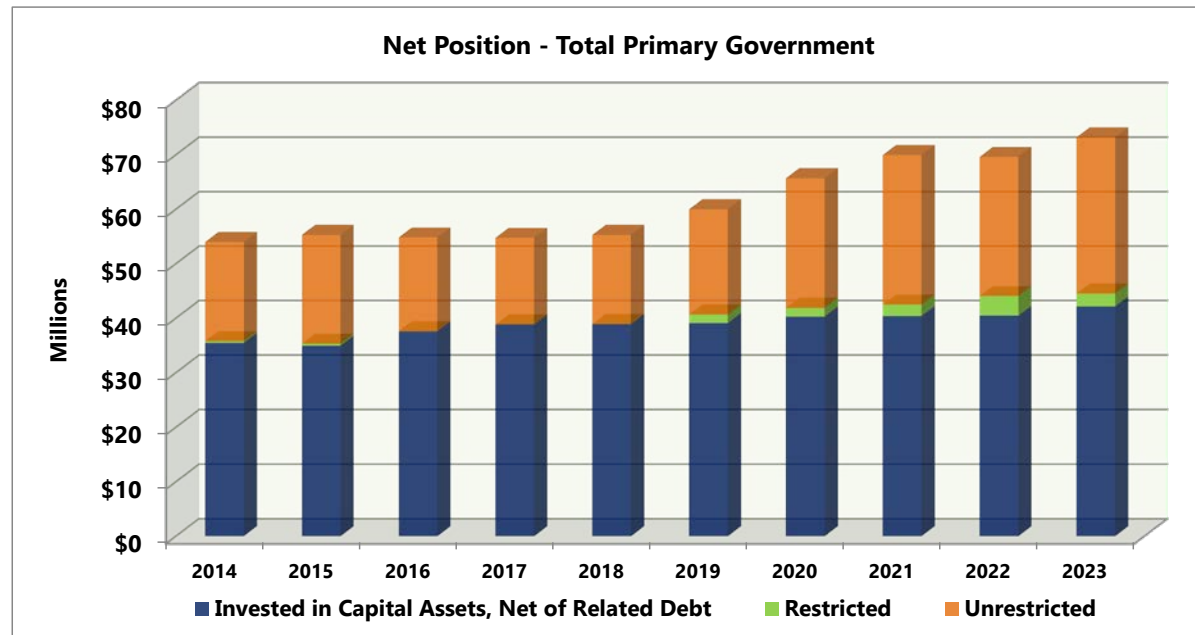
Operating Information

Schedules contain service indicators and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and activities it performs.

- a) Full-time Equivalent District Employees by Function
- b) Operating Indicators by Function / Program
- c) Capital Asset Statistics by Function / Program
- d) Summary of Capital Assets

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Net Position by Component
Last Ten Fiscal Years (2014 through 2023)
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Invested in Capital Assets	\$ 4,830,208	\$ 4,793,237	\$ 5,553,791	\$ 5,356,486	\$ 5,065,821	\$ 4,708,317	\$ 4,420,126	\$ 4,368,014	\$ 4,266,808	\$ 4,076,419
Restricted	229,046	367,119	-	-	-	1,579,175	1,617,692	2,123,904	3,107,411	2,252,586
Unrestricted	6,456,218	6,561,369	6,877,129	7,712,725	4,623,364	7,326,548	8,904,851	12,896,556	11,171,237	11,535,272
Total Governmental Activities Net Position	\$ 11,515,472	\$ 11,721,725	\$ 12,430,920	\$ 13,069,211	\$ 9,689,185	\$ 13,614,040	\$ 14,942,669	\$ 19,388,474	\$ 18,545,456	\$ 17,864,277
Business-type activities										
Invested in Capital Assets	\$ 30,596,651	\$ 30,135,925	\$ 32,018,064	\$ 33,471,219	\$ 33,823,008	\$ 34,372,668	\$ 35,854,567	\$ 35,975,969	\$ 36,146,467	\$ 38,035,039
Restricted	88,326	-	-	-	-	-	-	-	529,206	141,403
Unrestricted	11,768,483	13,430,921	10,364,131	8,214,583	11,769,649	12,009,586	14,902,812	14,591,713	14,382,534	17,155,880
Total Business-type Activities Net Position	\$ 42,453,460	\$ 43,566,846	\$ 42,382,195	\$ 41,685,802	\$ 45,592,657	\$ 46,382,254	\$ 50,757,379	\$ 50,567,682	\$ 51,058,207	\$ 55,332,322
Primary government										
Invested in Capital Assets	\$ 35,426,859	\$ 34,929,162	\$ 37,571,855	\$ 38,827,705	\$ 38,888,829	\$ 39,080,985	\$ 40,274,693	\$ 40,343,983	\$ 40,413,275	\$ 42,111,458
Restricted	317,372	367,119	-	-	-	1,579,175	1,617,692	2,123,904	3,636,617	2,393,990
Unrestricted	18,224,701	19,992,290	17,241,260	15,927,308	16,393,013	19,336,134	23,807,663	27,488,269	25,553,771	28,691,151
Total Primary Government Net Position	\$ 53,968,932	\$ 55,288,571	\$ 54,813,115	\$ 54,755,013	\$ 55,281,842	\$ 59,996,294	\$ 65,700,048	\$ 69,956,156	\$ 69,603,663	\$ 73,196,599



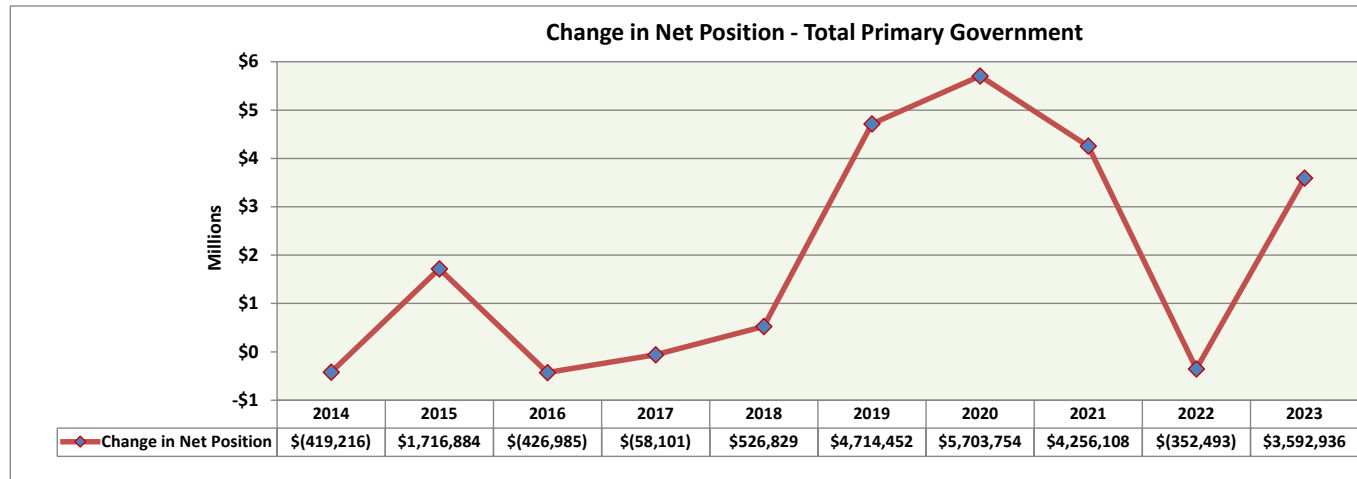
Source: PBCSD Annual Audited Financial Statements

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Changes in Net Position
Last Ten Fiscal Years (2014 through 2023)
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
General Government	\$ 1,883,369	\$ 1,752,312	\$ 2,054,022	\$ 2,042,139	\$ 2,127,643	\$ 2,196,765	\$ 2,452,422	\$ 2,659,664	\$ 957,243	\$ 3,609,774
Fire Protection & Emergency Medical	4,759,695	5,399,962	5,489,221	5,698,609	6,092,378	6,685,173	6,667,602	5,966,217	6,745,916	8,005,396
Law Enforcement	175,967	171,598	159,066	163,769	205,505	221,924	244,707	260,079	266,331	262,178
Undergrounding Utilities	2,450,040	119,490	2,994,794	3,415,906	3,303,659	262,939	91,533	1,189,444	6,792,887	977,896
Total Governmental Activities Expenses	9,269,071	7,443,362	10,697,103	11,320,423	11,729,185	9,366,801	9,456,264	10,075,404	14,762,377	12,855,244
Business-Type Activities:										
Wastewater	2,810,151	3,067,678	2,979,170	3,218,784	3,034,043	3,349,796	3,606,611	4,155,448	3,152,752	4,557,233
Solid Waste	617,188	652,671	727,745	787,668	818,427	838,250	871,294	914,689	1,001,779	1,060,070
Reclamation	1,074,595	1,129,451	1,066,328	849,229	1,042,635	954,702	1,046,485	1,158,743	1,211,956	1,221,877
Total Business-Type Activities Expenses	4,501,934	4,849,800	4,773,243	4,855,681	4,895,105	5,142,748	5,524,390	6,228,880	5,366,487	6,839,180
Total Primary Government Expenses	\$ 13,771,005	\$ 12,293,162	\$ 15,470,346	\$ 16,176,104	\$ 16,624,290	\$ 14,509,549	\$ 14,980,654	\$ 16,304,284	\$ 20,128,864	\$ 19,694,424
Program Revenues										
Governmental Activities:										
Charges for Services:										
Fire Protection & Emergency Medical	\$ 195,711	\$ 195,676	\$ 197,095	\$ 197,457	\$ 198,656	\$ 200,729	\$ 202,751	\$ 203,160	\$ 203,214	\$ 203,101
Total Governmental Activities Program Revenues	\$ 195,711	\$ 195,676	\$ 197,095	\$ 197,457	\$ 198,656	\$ 200,729	\$ 202,751	\$ 203,160	\$ 203,214	\$ 203,101
Business-Type Activities:										
Charges for Services:										
Wastewater	757,772	784,863	820,103	892,411	932,675	957,494	1,053,340	1,151,255	1,252,552	1,364,532
Solid Waste	585,157	611,885	699,537	753,162	782,285	807,355	845,158	908,433	940,974	1,020,610
Operating Grants and Contributions	253,425	308,033	282,588	314,190	498,488	412,280	458,566	440,519	481,791	486,475
Capital Grants and Contributions	80,000	-	48,275	178,285	124,386	1,206,429	1,724,019	203,657	136,230	277,908
Total Business-Type Activities Program Revenues	1,676,354	1,704,781	1,850,503	2,138,048	2,337,834	3,383,558	4,081,083	2,703,864	2,811,547	3,149,525
Total Primary Government Program Revenues	\$ 1,872,065	\$ 1,900,457	\$ 2,047,598	\$ 2,335,505	\$ 2,536,490	\$ 3,584,287	\$ 4,283,834	\$ 2,907,024	\$ 3,014,761	\$ 3,352,626
Net (Expense)/Revenue										
Governmental Activities	\$ (9,073,360)	\$ (7,247,686)	\$ (10,500,008)	\$ (11,122,966)	\$ (11,530,529)	\$ (9,166,072)	\$ (9,253,513)	\$ (9,872,244)	\$ (14,559,163)	\$ (12,652,143)
Business-Type Activities	(2,825,580)	(3,145,019)	(2,922,740)	(2,717,633)	(2,557,271)	(1,759,190)	(1,443,307)	(3,525,016)	(2,554,940)	(3,689,655)
Total Primary Government Net (Expense)/Revenue	\$ (11,898,940)	\$ (10,392,705)	\$ (13,422,748)	\$ (13,840,599)	\$ (14,087,800)	\$ (10,925,262)	\$ (10,696,820)	\$ (13,397,260)	\$ (17,114,103)	\$ (16,341,798)

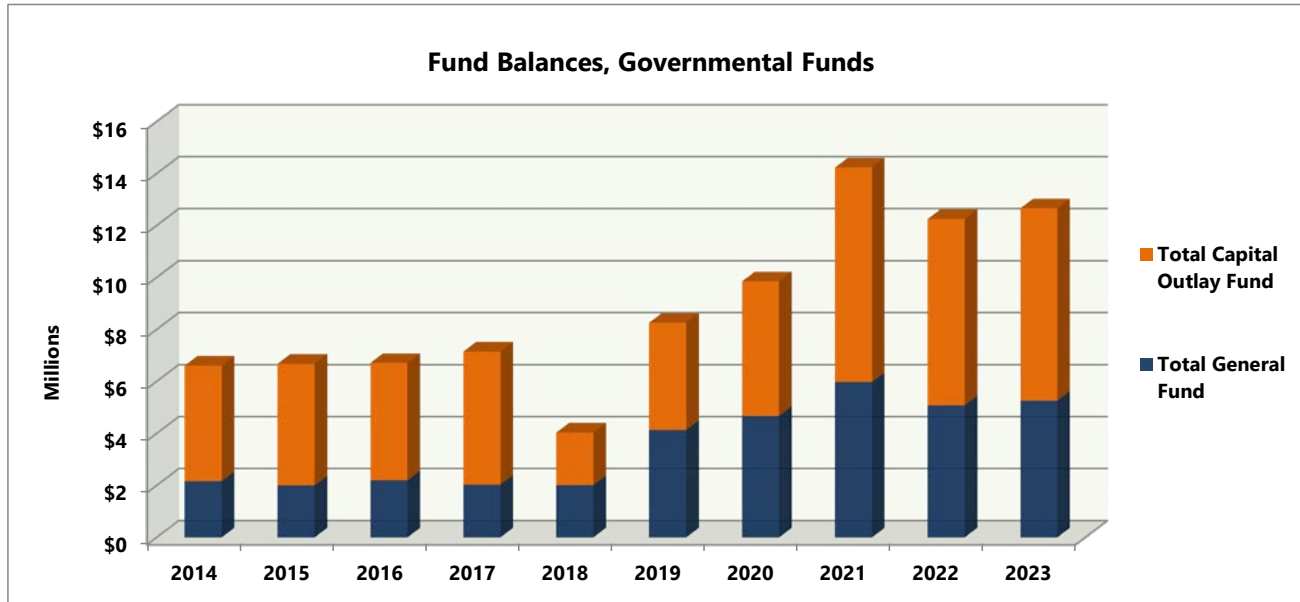
PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Changes in Net Position (Continued)
Last Ten Fiscal Years (2014 through 2023)
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 8,637,205	\$ 9,024,483	\$ 9,683,655	\$ 11,343,982	\$ 11,936,750	\$ 12,708,517	\$ 13,328,408	\$ 14,206,895	\$ 14,753,515	\$ 16,097,676
Proposition 172 Public Safety Sales Tax	175,633	185,038	192,782	202,512	203,458	211,907	224,109	224,109	235,126	252,160
Investment Income	37,698	42,623	65,029	102,833	115,368	150,178	211,104	112,713	56,588	271,851
Net Increase/(Decrease) in Fair Value of Investments	-	-	-	-	-	-	-	-	(334,747)	12,156
Investment Income/(Loss) - Pension Trust	-	-	-	-	-	79,175	38,517	506,212	(318,854)	195,800
Franchise Revenue	76,419	78,801	43,653	91,264	100,772	129,561	134,127	119,568	217,622	213,630
Miscellaneous	34,393	131,792	35,790	61,672	85,302	45,305	42,673	65,252	53,921	131,748
Transfers In/(Out)	(1,064,604)	(1,760,768)	1,218,540	(41,006)	(4,291,147)	(233,716)	(3,396,796)	(916,700)	(947,026)	(5,204,057)
Total Government Activities	7,896,744	7,701,969	11,239,449	11,761,257	8,150,503	13,090,927	10,582,142	14,318,049	13,716,145	11,970,964
Business-Type Activities:										
Property Taxes	2,436,135	2,545,367	2,731,287	1,782,672	1,862,962	1,988,018	2,080,156	2,217,261	2,302,571	2,512,354
Investment Income	50,131	65,393	110,478	121,131	132,357	257,630	272,655	154,839	68,112	321,114
Net Increase/(Decrease) in Fair Value of Investments	-	-	-	-	-	-	-	-	(430,990)	(135,099)
Miscellaneous	32,110	36,092	133,089	76,432	177,660	69,423	68,825	46,519	158,746	61,344
Transfers In/(Out)	1,064,604	1,760,768	(1,218,540)	41,006	4,291,147	233,716	3,396,796	916,700	947,026	5,204,057
Total Business-Type Activities	3,582,980	4,407,620	1,756,314	2,021,241	6,464,126	2,548,787	5,818,432	3,335,319	3,045,465	7,963,770
Total Primary Government	\$ 11,479,724	\$ 12,109,589	\$ 12,995,763	\$ 13,782,498	\$ 14,614,629	\$ 15,639,714	\$ 16,400,574	\$ 17,653,368	\$ 16,761,610	\$ 19,934,734
Change in Net Position										
Governmental Activities	\$ (1,176,616)	\$ 454,283	\$ 739,441	\$ 638,291	\$ (3,380,026)	\$ 3,924,855	\$ 1,328,629	\$ 4,445,805	\$ (843,018)	\$ (681,179)
Business-Type Activities	757,400	1,262,601	(1,166,426)	(696,392)	3,906,855	789,597	4,375,125	(189,697)	490,525	4,274,115
Total Primary Government	\$ (419,216)	\$ 1,716,884	\$ (426,985)	\$ (58,101)	\$ 526,829	\$ 4,714,452	\$ 5,703,754	\$ 4,256,108	\$ (352,493)	\$ 3,592,936



PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years (2014 through 2023)
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,579,175	\$ 1,617,692	\$ 2,123,904	\$ 1,805,050	\$ 2,000,850
Committed	764,000	787,500	839,500	871,500	939,500	981,000	1,042,500	1,115,000	1,306,824	1,647,611
Unassigned	1,399,556	1,207,395	1,357,958	1,159,395	1,072,489	1,573,960	2,011,487	2,736,404	1,965,580	1,607,691
Total General Fund	<u>\$ 2,163,556</u>	<u>\$ 1,994,895</u>	<u>\$ 2,197,458</u>	<u>\$ 2,030,895</u>	<u>\$ 2,011,989</u>	<u>\$ 4,134,135</u>	<u>\$ 4,671,679</u>	<u>\$ 5,975,308</u>	<u>\$ 5,077,454</u>	<u>\$ 5,256,152</u>
Capital Outlay Fund										
Committed	4,445,661	4,686,665	4,518,010	5,118,400	2,022,158	4,127,016	5,180,557	8,257,432	7,175,492	7,406,990
Total Capital Outlay Fund	<u>\$ 4,445,661</u>	<u>\$ 4,686,665</u>	<u>\$ 4,518,010</u>	<u>\$ 5,118,400</u>	<u>\$ 2,022,158</u>	<u>\$ 4,127,016</u>	<u>\$ 5,180,557</u>	<u>\$ 8,257,432</u>	<u>\$ 7,175,492</u>	<u>\$ 7,406,990</u>

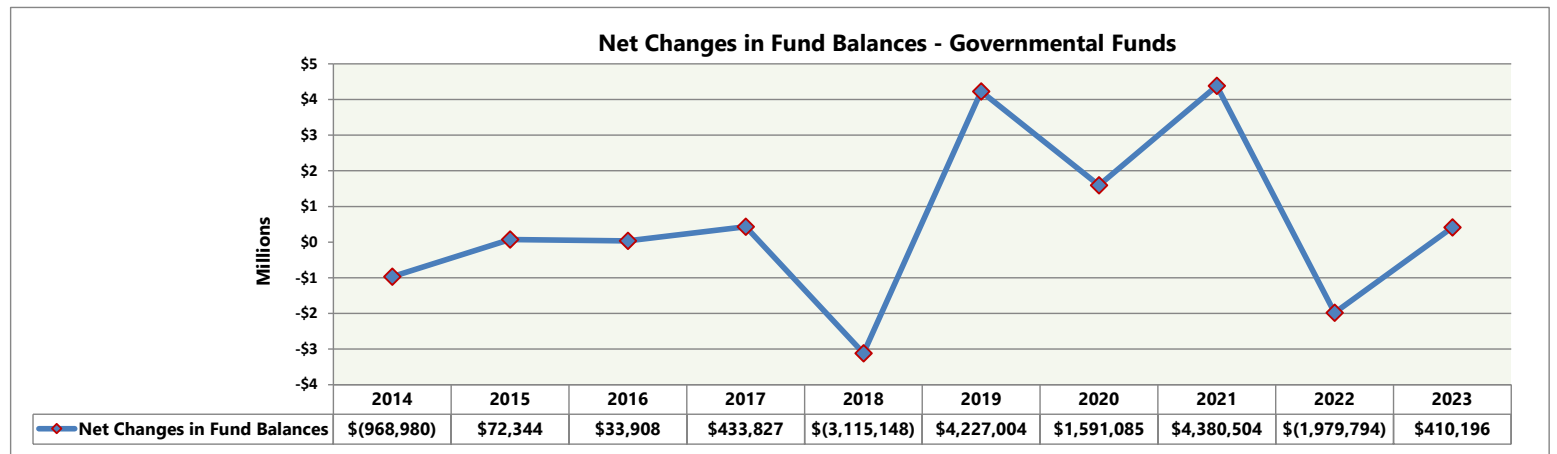


Note: This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

Source: PBCSD Annual Audited Financial Statements

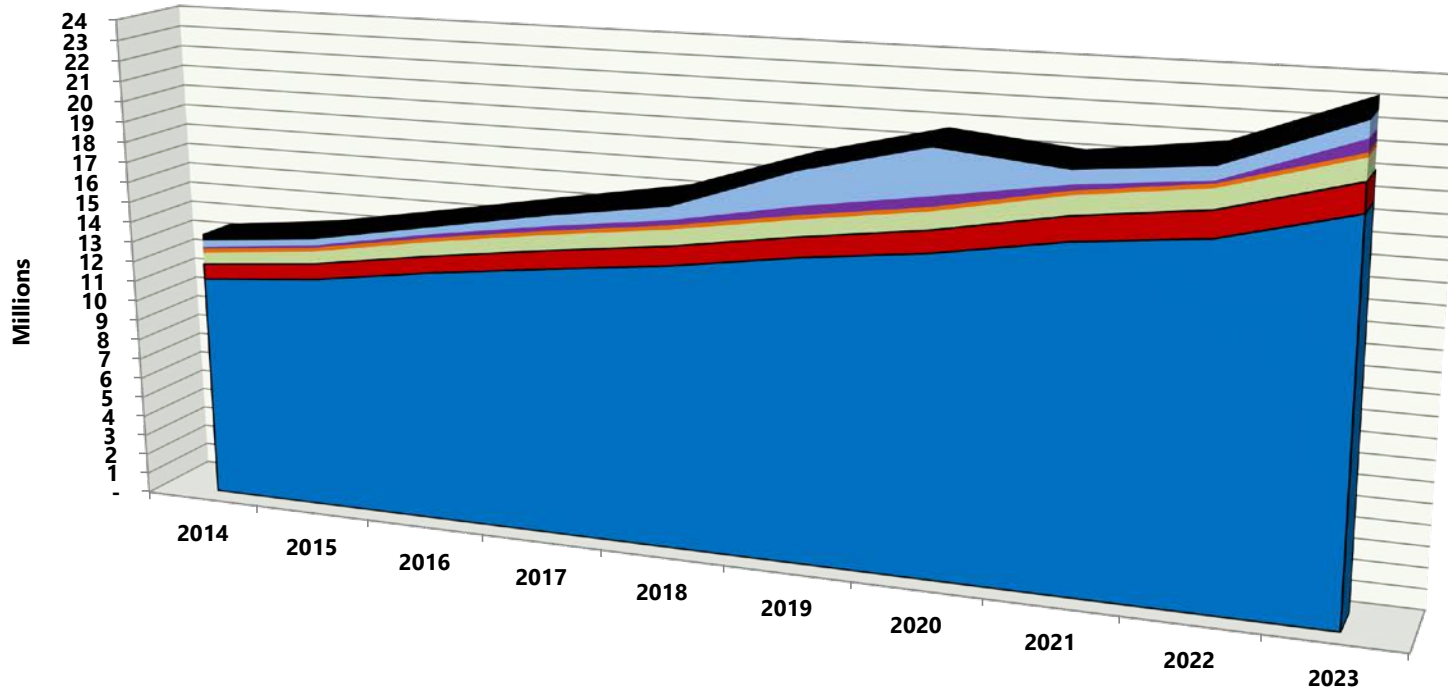
PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years (2014 through 2023)
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Property Taxes	\$ 8,646,988	\$ 8,981,593	\$ 9,656,966	\$ 11,266,890	\$ 11,898,723	\$ 12,585,293	\$ 13,180,797	\$ 14,111,223	\$ 14,621,024	\$ 15,921,238
Fire Service Special Tax	195,890	195,185	197,111	198,064	198,247	200,090	201,958	203,693	203,098	202,600
Franchise Revenue	76,419	78,801	43,653	91,264	100,772	129,561	134,127	119,568	217,622	213,630
Proposition 172 Public Safety Sales Tax	175,633	185,038	192,782	202,512	203,458	211,907	224,109	224,109	235,126	252,160
Investment Income	37,698	42,623	65,029	102,833	115,368	150,178	211,104	112,713	56,588	271,851
Net Increase/(Decrease) in Fair Value of Investments	-	-	-	-	-	-	-	-	(334,747)	12,156
Investment Income/(Loss) - Pension Trust	-	-	-	-	-	79,175	38,517	506,212	(318,854)	195,800
Miscellaneous	34,393	131,792	35,790	61,672	85,302	45,305	42,673	65,252	53,921	131,748
Total Revenues	9,167,021	9,615,032	10,191,331	11,923,235	12,601,870	13,401,509	14,033,285	15,342,770	14,733,778	17,201,183
Expenditures:										
General Government	1,742,924	1,995,620	1,843,360	2,239,659	1,986,065	2,008,344	2,218,949	2,368,782	2,124,592	2,519,591
Fire Protection & Emergency Medical	4,605,444	5,181,068	5,191,123	5,369,291	5,736,231	6,331,670	6,344,237	5,656,835	6,427,847	7,664,725
Undergrounding Utilities	2,382,047	119,490	2,392,778	3,411,980	3,303,659	262,939	91,533	1,189,444	6,792,887	977,896
Fire Water Distribution System	67,408	-	602,016	3,926	-	-	-	-	-	-
Law Enforcement	175,967	171,598	159,066	163,769	205,505	221,924	244,707	260,079	266,331	262,178
Capital Outlay	97,607	314,144	1,187,620	259,777	194,411	115,912	145,978	570,426	154,889	162,540
Total Expenditures	9,071,397	7,781,920	11,375,963	11,448,402	11,425,871	8,940,789	9,045,404	10,045,566	15,766,546	11,586,930
Excess (Deficiency) of Revenues Over (Under) Expenditures	95,624	1,833,112	(1,184,632)	474,833	1,175,999	4,460,720	4,987,881	5,297,204	(1,032,768)	5,614,253
Other Financing Sources (Uses):										
Transfers In										
Transfers In/(Out)	(1,064,604)	(1,760,768)	1,218,540	(41,006)	(4,291,147)	(233,716)	(3,396,796)	(916,700)	(947,026)	(5,204,057)
Total Other Financing Sources (Uses)	(1,064,604)	(1,760,768)	1,218,540	(41,006)	(4,291,147)	(233,716)	(3,396,796)	(916,700)	(947,026)	(5,204,057)
Net Changes in Fund Balances	\$ (968,980)	\$ 72,344	\$ 33,908	\$ 433,827	\$ (3,115,148)	\$ 4,227,004	\$ 1,591,085	\$ 4,380,504	\$ (1,979,794)	\$ 410,196



PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Primary Government Revenue Sources (Accrual Basis)
Last Ten Fiscal Years (2014 through 2023)
(Unaudited)

Primary Government Revenue Sources
Fiscal Year Ended June 30,



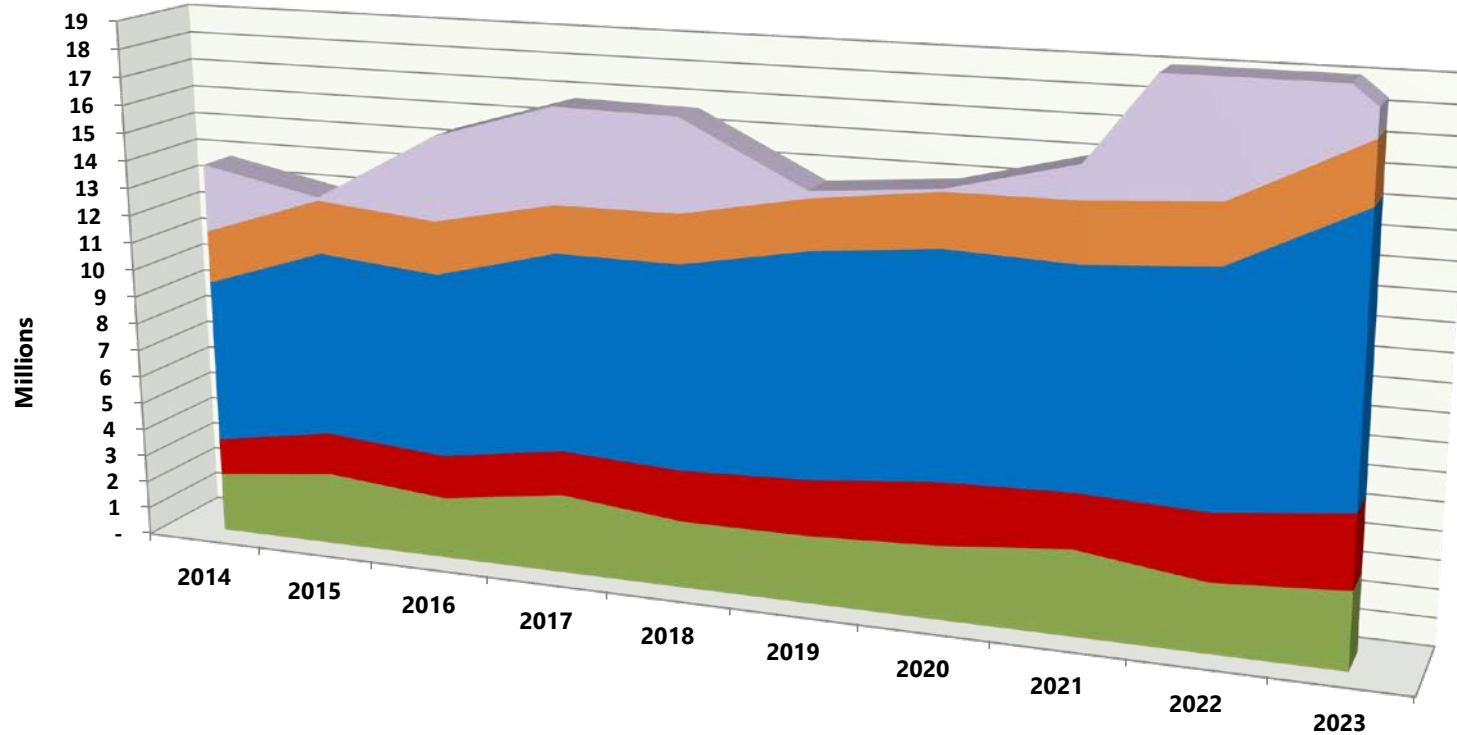
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Revenue	13,351,789	14,010,046	15,043,361	16,118,002	17,151,119	19,224,001	20,645,891	20,054,180	20,860,962	23,214,503
■ Other	318,555	431,723	405,314	431,879	567,192	456,196	469,734	455,448	665,415	658,882
■ Reclamation Contributions	333,425	308,033	330,863	492,475	622,874	1,618,709	2,182,585	644,176	618,021	764,383
■ Investment Income	87,829	108,016	175,507	223,964	247,725	407,808	483,759	267,552	124,700	592,965
■ Fire Service Special Tax	195,711	195,676	197,095	197,457	198,656	200,729	202,751	203,160	203,214	203,101
■ Garbage Service Fee	585,157	611,885	699,537	753,162	782,285	807,355	845,158	908,433	940,974	1,020,610
■ Sewer Service Fee	757,772	784,863	820,103	892,411	932,675	957,494	1,053,340	1,151,255	1,252,552	1,364,532
■ Property Taxes	11,073,340	11,569,850	12,414,942	13,126,654	13,799,712	14,696,535	15,408,564	16,424,156	17,056,086	18,610,030

* Other Revenue Includes Proposition 172 Public Safety funds, Garbage Franchise Revenue, Sewer Connection Fees, and other Miscellaneous Revenue.

Source: PBCSD Annual Audited Financial Statements

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Primary Government Operating Expenses (Accrual Basis)
Last Ten Fiscal Years (2014 through 2023)
(Unaudited)

Primary Government Operating Expenses
Fiscal Year Ended June 30,



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Expenses	13,771,005	12,903,167	15,368,108	16,704,473	16,628,429	14,437,702	14,823,424	15,955,379	21,865,944	18,329,141
■ Project Expenses	2,450,040	119,490	2,994,794	3,415,906	3,303,659	262,939	91,533	1,189,444	6,792,887	977,896
■ Depreciation	1,898,163	1,923,792	1,910,381	1,700,265	1,749,998	1,785,835	1,895,433	2,087,336	2,093,563	2,132,798
■ Contract Services	5,928,331	6,674,833	6,638,962	7,094,452	7,311,136	7,951,085	7,965,833	7,665,491	8,135,163	9,868,553
■ Other O&M	1,342,297	1,541,630	1,582,685	1,618,563	1,847,966	2,003,721	2,237,148	1,955,203	2,380,478	2,601,691
■ Personnel	2,152,174	2,643,422	2,241,286	2,875,287	2,415,670	2,434,122	2,633,477	3,057,905	2,463,853	2,748,203

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Assessed Value of Taxable Property - PBCSD
(in thousands of dollars)
Last Ten Fiscal Years

Fiscal Year Ended June 30	Secured Roll	Unsecured Roll	Total Assessed Valuations	% Change From Prior Year	Net Assessed Valuations County	PBCSD as percent of County
2014	4,825,360	14,397	4,839,757	4.2%	51,547,065	9.4%
2015	5,005,881	12,000	5,017,880	3.7%	54,466,446	9.2%
2016	5,362,060	14,284	5,376,344	7.1%	57,708,644	9.3%
2017	5,675,943	15,962	5,691,905	5.9%	60,288,377	9.4%
2018	5,965,485	14,910	5,980,395	5.1%	63,645,292	9.4%
2019	6,329,124	17,043	6,346,167	6.1%	67,676,231	9.4%
2020	6,713,942	16,957	6,730,899	6.1%	72,173,931	9.3%
2021	7,085,752	17,774	7,103,526	5.5%	75,006,194	9.5%
2022	7,289,918	17,787	7,307,705	2.9%	77,953,448	9.4%
2023	7,935,335	20,078	7,955,413	8.9%	84,396,102	9.4%

- Notes:**
- (1) Secure property is generally the real property, which is defined as land, mineral, timber, and improvements such as buildings, structures, crops, trees and vines. Also included are unitary properties, including railroads and utilities, which cross the country and are assessed by State Board of Equalization.
 - (2) Unsecured property is generally personal property, including machinery, equipment, office tools, supplies, mobile homes, boats and aircraft.
 - (3) Proposition 13 in 1978 fixed the base for valuation of property subject to taxes at the full cash value. Additionally, Proposition 13 limits the property tax rate to 1% of assessed value, plus the rate necessary to fund local voter-approved bonds and special assessments.

Source: Monterey County Auditor-Controller's Office

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
General Property Tax Levy and
Debt Service Tax Rates for Overlapping (1) Governments within PBCSD
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	General Property Tax Levy	School Districts			
		Pacific Grove USD	Carmel USD	Monterey Peninsula USD	Monterey Peninsula Community College
2014	1.000000%	0.073552%	0.018706%	0.021309%	0.015772%
2015	1.000000%	0.072869%	0.018338%	0.022774%	0.032471%
2016	1.000000%	0.082897%	0.017901%	0.030000%	0.023039%
2017	1.000000%	0.085470%	0.017425%	0.030000%	0.022336%
2018	1.000000%	0.065096%	0.014130%	0.028902%	0.021655%
2019	1.000000%	0.061935%	0.015728%	0.091957%	0.021187%
2020	1.000000%	0.063366%	0.015432%	0.117071%	0.020484%
2021	1.000000%	0.077597%	0.015247%	0.041454%	0.020166%
2022	1.000000%	0.076909%	0.015137%	0.060422%	0.032006%
2023	1.000000%	0.062377%	0.006542%	0.056544%	0.030336%

Notes: (1) In 1978 California voters passed Proposition 13 which sets the property tax rate at 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00%, property owners are charged taxes for the payment of school district bonds. The three school districts are listed above. Property owners pay school district bonds according to the tax rate area in which their property is located and all property owners pay Monterey Peninsula Community College bonds.

Source: Monterey County Auditor-Controller's Office

COUNTY OF MONTEREY
Principal Property Taxpayers
For the Year Ended June 30, 2023 and June 30, 2014
(Unaudited)

Tax Payer	Type of Business	2023			2014		
		Taxable Assessed Value (\$'000)	Rank	Percentage of Total County Assessed Value	Taxable Assessed Value (\$'000)	Rank	Percentage of Total County Assessed Value
Pebble Beach Company	Tourism	960,552	1	1.14%	532,109	1	1.03%
Pacific Gas & Electric Company	Utility	956,204	2	1.13%	461,745	3	0.90%
Chevron USA, Inc.	Petroleum	457,244	3	0.54%	358,544	4	
Dynegy Moss Landing LLC.	Utility	289,800	4	0.34%	491,400	2	0.95%
D'Arrigo Bros Co.	Agriculture	226,401	5	0.27%			0.00%
California-American Water Company	Utility	191,831	6	0.23%	112,803	6	
Northridge Owner LP	Retail	162,089	7	0.19%	108,280	7	0.21%
VBS Propco LLC.	Real Estate	142,840	8	0.17%			
Global AG Properties II USA LLC.	Agriculture	133,666	9	0.16%			
AAT Del Monte LLC.	Real Estate	124,050	10	0.15%			
Aera Energy LLC.	Utility				342,390	5	0.66%
Pacific Bell Telephone Company	Utility				106,854	8	0.21%
Pacific Holdings LP ET AL	Real Estate				93,825	9	0.18%
CMP-1 LLC.					75,457	10	0.15%
Ten Largest Taxpayers' Total		3,644,677		4.32%	2,683,407		5.20%
All Other Taxpayers' Total		80,751,425		95.68%	48,863,658		94.80%
Total		84,396,102		100%	51,547,065		100%

Source: Monterey County Property Tax Records

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Supplemental Tax Collections	Delinquent Tax Collections (2)	Total Tax Collections
		Amount	Percentage of Levy			
2014	10,791,979	10,721,136	99.34%	165,857	167,919	11,054,912
2015	11,185,622	11,123,733	99.45%	214,752	149,389	11,487,874
2016	12,009,919	11,964,014	99.62%	241,265	147,106	12,352,386
2017	12,703,717	12,665,856	99.70%	241,654	99,693	13,007,203
2018	13,348,204	13,337,229	99.92%	288,980	103,027	13,729,235
2019	14,156,441	14,105,231	99.64%	291,385	140,986	14,537,602
2020	15,013,734	14,824,270	98.74%	273,046	124,134	15,221,450
2021	15,834,412	15,778,407	99.65%	330,369	180,447	16,289,224
2022	16,315,593	16,301,111	99.91%	403,260	175,586	16,879,956
2023	17,759,212	17,752,085	99.96%	468,288	164,121	18,384,494

Notes: (1) Includes Current Secured and Unsecured Taxes only.

(2) Includes Delinquent Secured and Unsecured Taxes collected in the current year, regardless of original year of levy.

Sources: Pebble Beach Community Services District financial information
 Monterey County Auditor-Controller AB-8 calculations

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Demographic and Economic Statistics

Monterey County, California
Last Ten Calendar Years

Calendar Year	Population	Per Capita Personal Income	Personal Income (in thousands)	Median Age	Annual Unemployment Rate
2012	426,762	43,034	18,365,298	33	11.4%
2013	428,826	44,851	19,233,171	33	10.1%
2014	431,344	46,109	19,889,054	34	9.1%
2015	433,898	49,836	21,623,627	34	8.1%
2016	435,232	52,448	22,827,059	34	7.6%
2017	437,907	54,395	23,819,797	34	7.2%
2018	435,594	56,193	24,477,179	35	4.7%
2019	434,061	59,838	25,973,189	35	7.8%
2020	434,172	61,510	26,504,847	38	6.6%
2021	434,283	63,449	27,747,802	38	14.0%

Source: Monterey County ACFR (Fiscal Year Ended June 30, 2022)
 2023 Calendar Year End data is not available as of report date.

Pebble Beach, California
For the Years 2000 and 2010

Year	Population (1)	Per Capita Personal Income (2)	Personal Income (3)	Median Age (1)	Unemployment Rate (4)
2000	4,590	70,609	324,095,310	57.2	1.7%
2010	4,509	84,137	379,373,733	57.8	3.3%

Note: Data for the Pebble Beach area is only available from the decennial census.

Sources: (1) US Census Bureau, American FactFinder - Census Summary Files 2000 and 2010
 (2) US Census Bureau, American FactFinder - Census Summary Files 2000 and 2010 American Community Survey
 (3) Estimated by combining items (1) and (2)
 (4) State of California, Employment Development Department, Labor Market Information Division

PEBBLE BEACH COMMUNITY SERVICES DISTRICT

Principal Employment by Industry - Monterey County

For the Year Ended June 30, 2023 and June 30, 2014

(Unaudited)

Industry	2023		2014	
	Number of Employed	Percent of Total	Number of Employed	Percent of Total
Agriculture	83,500	35.8%	68,000	34.2%
Government	35,800	15.4%	30,700	15.4%
Leisure and Hospitality	26,800	11.5%	23,000	11.6%
Educational and Health Services	22,100	9.5%	17,900	9.0%
Retail Trade	16,400	7.0%	16,000	8.0%
Professional and Business Services	15,900	6.8%	12,300	6.2%
Natural Resources, Mining and Construction	7,200	3.1%	5,200	2.6%
Other Services	5,700	2.4%	5,000	2.5%
Wholesale Trade	5,600	2.4%	5,600	2.8%
Manufacturing	5,200	2.2%	5,300	2.7%
Financial Activities	4,300	1.8%	3,900	2.0%
Transportation, Warehousing and Utilities	3,800	1.6%	4,500	2.3%
Information	900	0.4%	1,400	0.7%

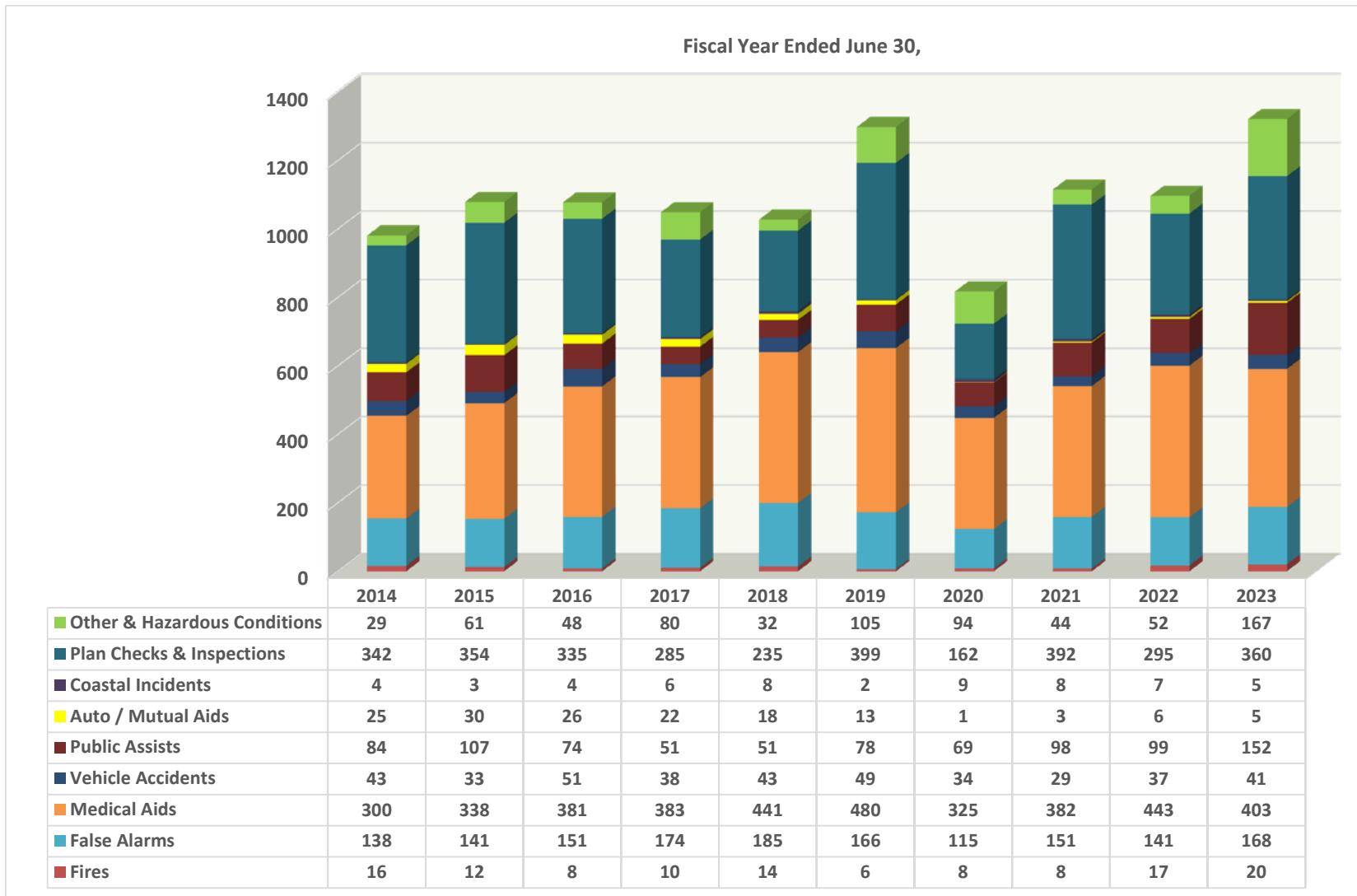
Source: State of California Employment Development Department, Labor Market Information Division Industry Employment & Labor Force by Month Estimates for Monterey County (March 2022 Benchmark). Report Date: October 20, 2023

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Full-Time Equivalent Government Employees by Function / Program
Last Ten Fiscal Years
(Unaudited)

Function / Program	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PBCSD Staff										
General Government and Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0
Finance and Information Systems	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
Engineering	2.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Wastewater and Recycled Water Maintenance	5.0	5.0	5.0	5.0	5.0	4.0	6.0	5.0	6.0	5.0
Subtotal	12.0	11.0	12.0	13.0	13.0	12.0	14.0	12.0	13.0	14.0
Fire Protection and Emergency Medical Staff (Contract)										
Pebble Beach Station (100% Funded)	22.0	22.0	22.0	22.0	22.0	22.0	20.0	20.0	20.0	20.0
Carmel Hill Station (50% Funded)	6.0	6.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Command Staff (37.5% Funded)	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Office and Other Support Staff (17% to 37.5% Funded)	1.735	1.735	1.395	1.395	1.395	1.615	3.460	3.460	3.460	3.460
Subtotal	31.985	31.985	30.145	30.145	30.145	30.365	30.210	30.210	30.210	30.210
Total	43.985	42.985	42.145	43.145	43.145	42.365	44.210	42.210	43.210	44.210

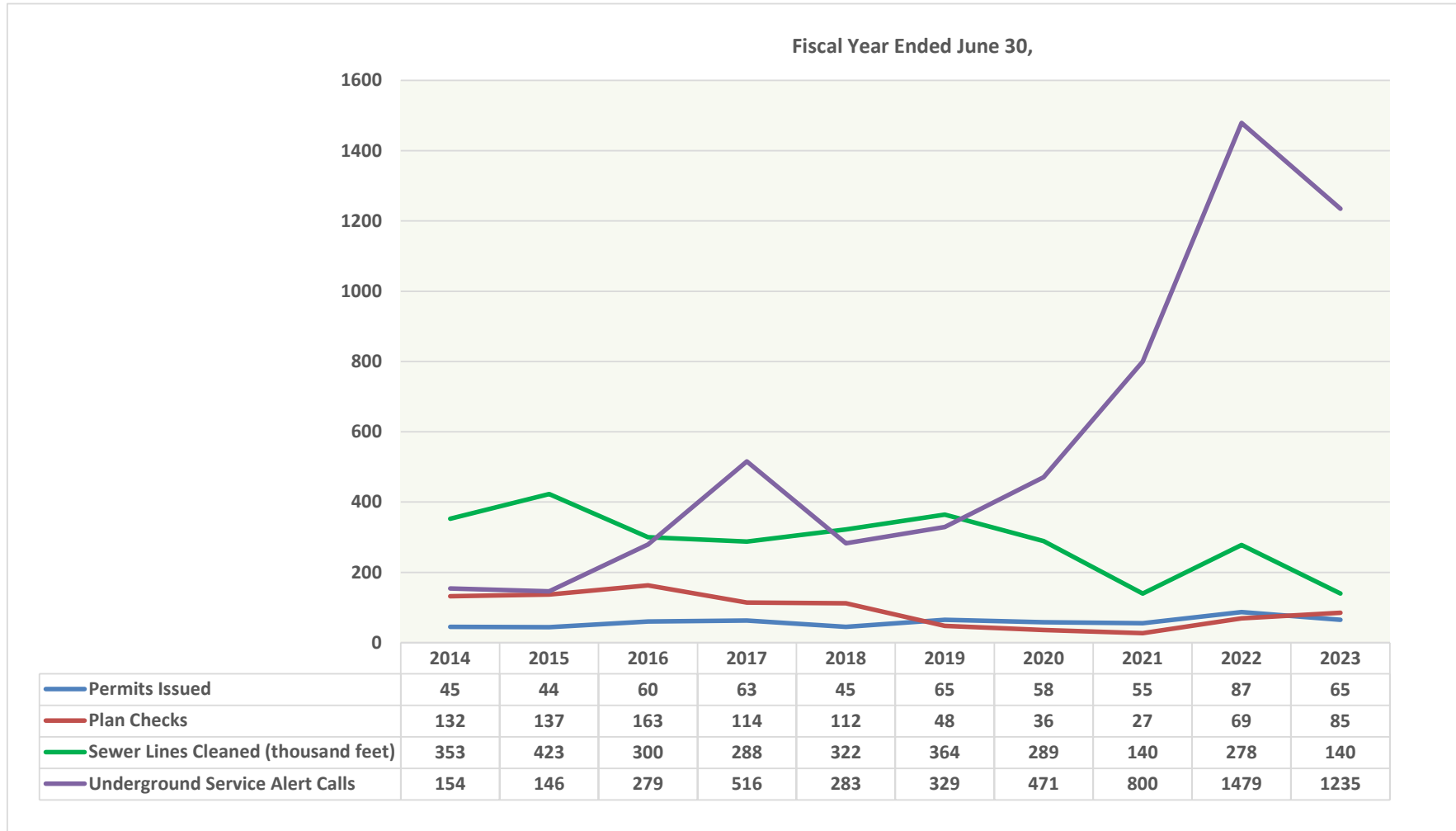
* PBCSD contracts with CAL FIRE for firefighting and paramedic staff.
Source: PBCSD Classification Plan and CAL FIRE contract

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Operating Indicators by Function - Fire Operations and Prevention
Last Ten Fiscal Years
(Unaudited)



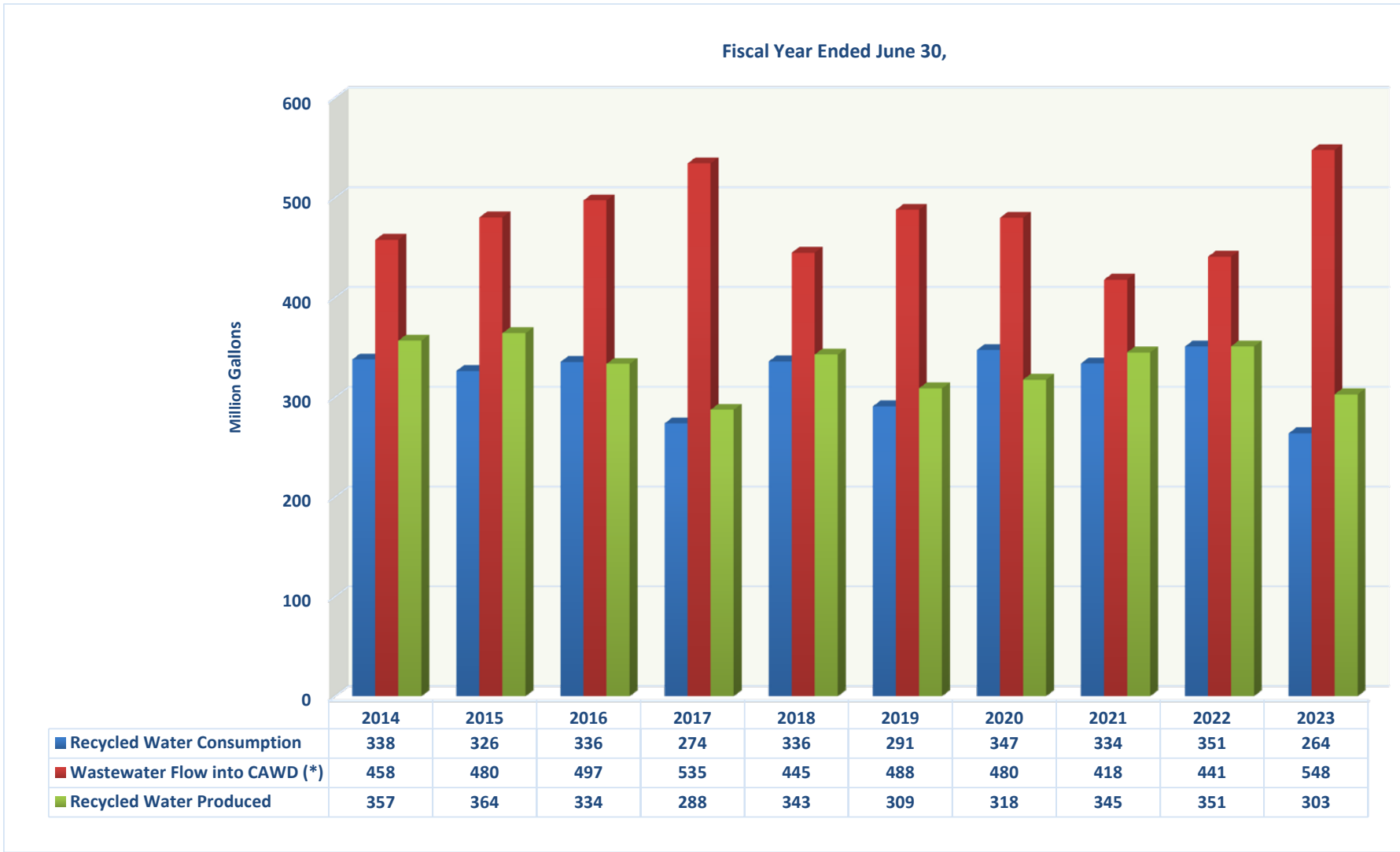
Source: PBCSD Monthly Board Reports

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Operating Indicators By Function - Wastewater Operations
Last Ten Fiscal Years
(Unaudited)**



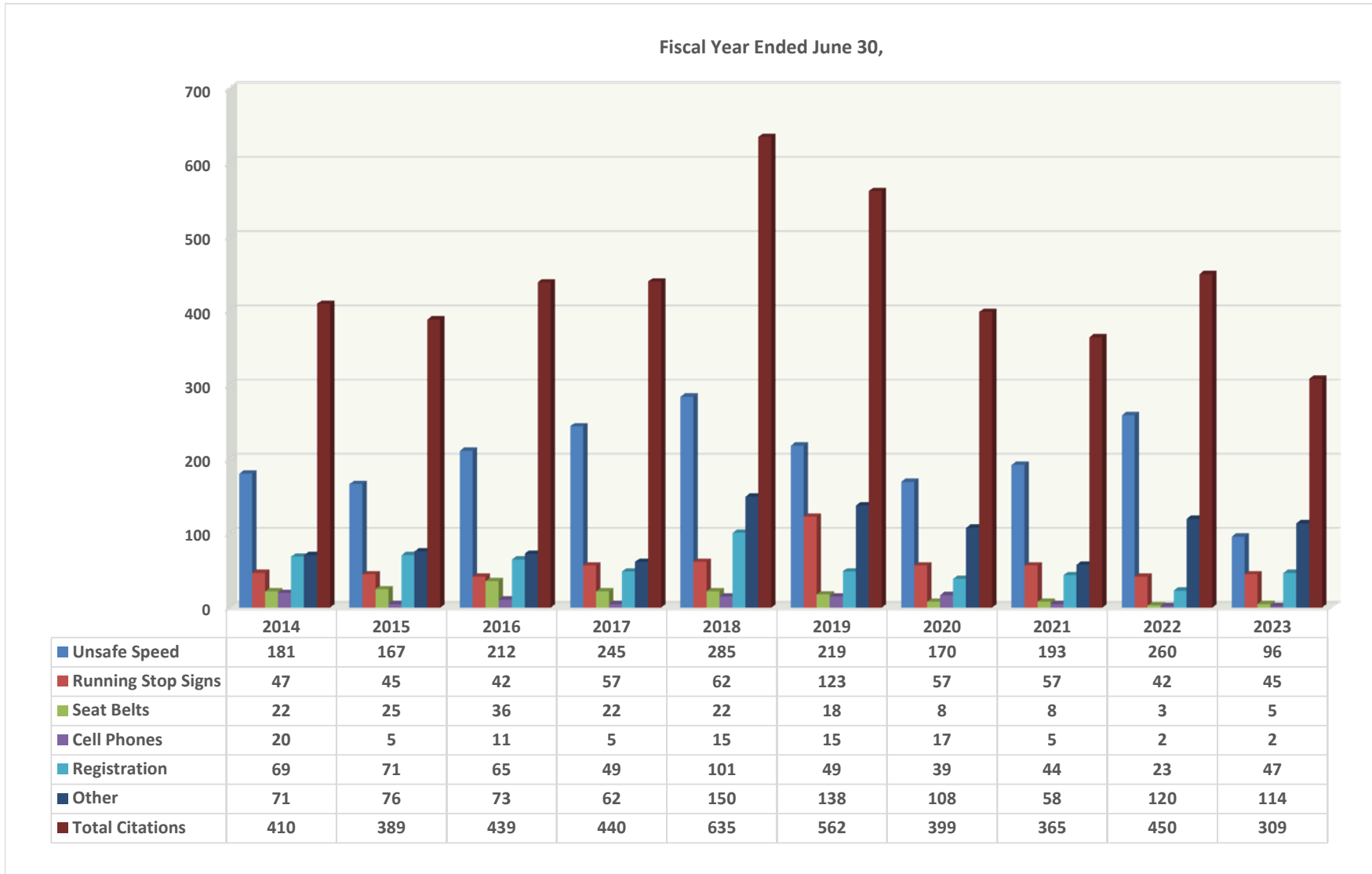
Source: PBCSD Monthly Board Reports

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Operating Indicators by Function - Recycled Water Production and Usage
(in million gallons)
Last Ten Fiscal Years
(Unaudited)



* CAWD: Carmel Area Wastewater District Treatment Plant
Source: PBCSD Monthly Board Reports

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Operating Indicators by Function - Supplemental Traffic Enforcement Program Citations
Last Ten Fiscal Years
(Unaudited)



Source: PBCSD Monthly Board Reports

PEBBLE BEACH COMMUNITY SERVICE:
Operating Information - Capital Assets by Function/Program
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Land	1,371,224	1,371,224	1,371,224	1,371,224	1,371,224	1,371,224	1,371,224	1,371,224	1,371,224	1,371,224
Construction in Progress	11,575	180,402	5,259	5,259	5,259	5,259	8,259	507,128	22,082	133,411
Buildings and Facilities	4,387,431	4,387,431	4,667,139	4,667,139	4,667,139	4,707,079	4,707,079	4,725,967	4,948,887	4,961,072
Vehicles & Equipment	3,741,447	3,886,765	4,808,873	4,984,204	5,006,639	5,082,611	5,179,364	5,232,033	5,432,703	5,230,789
Subtotal Capital Assets	9,511,677	9,825,821	10,852,495	11,027,826	11,050,261	11,166,173	11,265,926	11,836,352	11,774,896	11,696,496
Less Accumulated Depreciation	(4,681,469)	(5,032,584)	(5,298,704)	(5,671,342)	(5,984,440)	(6,447,362)	(6,821,112)	(7,221,561)	(7,407,835)	(7,597,687)
Total Capital Assets-Governmental Activities	<u>\$ 4,830,208</u>	<u>\$ 4,793,237</u>	<u>\$ 5,553,791</u>	<u>\$ 5,356,484</u>	<u>\$ 5,065,821</u>	<u>\$ 4,718,811</u>	<u>\$ 4,444,814</u>	<u>\$ 4,614,791</u>	<u>\$ 4,367,061</u>	<u>\$ 4,098,809</u>
Business Type Activities										
Wastewater										
Land	-	-	-	-	-	-	-	-	-	-
Construction in Progress	494,835	1,118,713	4,006,485	6,014,694	5,761,022	828,846	1,038,789	1,585,883	2,130,642	3,426,143
Buildings and Facilities	1,727,568	1,727,568	1,727,568	1,727,567	1,727,568	1,744,170	1,794,281	1,794,281	1,899,836	1,891,764
Collection Lines	16,030,732	16,030,732	16,354,984	16,354,984	17,782,567	17,782,567	18,241,919	18,267,141	19,397,263	20,458,626
Pump Stations	10,766,202	11,211,831	10,303,568	10,303,568	10,469,957	10,707,198	10,776,956	10,941,404	10,941,404	11,602,764
Treatment Plant Rights	1,529,794	1,572,238	1,631,020	2,126,592	2,278,619	7,843,154	8,257,482	8,576,911	8,615,796	8,632,128
Vehicles & Equipment	1,590,766	1,590,766	1,580,829	1,556,601	1,511,628	1,582,021	1,582,021	1,893,251	1,887,660	1,920,924
Subtotal Capital Assets	32,139,897	33,251,848	35,604,453	38,084,006	39,531,361	40,487,956	41,691,448	43,058,871	44,872,601	47,932,349
Less Accumulated Depreciation	(17,060,997)	(17,812,256)	(17,547,258)	(18,216,901)	(18,892,705)	(19,673,196)	(20,560,735)	(21,334,961)	(22,290,149)	(23,218,477)
Subtotal Capital Assets-Wastewater	<u>\$ 15,078,900</u>	<u>\$ 15,439,592</u>	<u>\$ 18,057,195</u>	<u>\$ 19,867,105</u>	<u>\$ 20,638,656</u>	<u>\$ 20,814,760</u>	<u>\$ 21,130,713</u>	<u>\$ 21,723,910</u>	<u>\$ 22,582,452</u>	<u>\$ 24,713,872</u>
Reclamation										
Land	2,854,000	2,854,000	2,854,000	2,854,000	2,854,000	2,854,000	2,854,000	2,854,000	2,854,000	2,854,000
Construction in Progress	29,069	29,069	32,965	33,055	72,112	1,278,541	30,294	193,071	140,914	81,073
Distribution Lines	10,186,594	10,186,594	10,186,594	10,186,594	10,186,594	10,186,594	10,186,594	10,186,594	10,186,594	10,186,594
Pump Stations	622,993	622,993	622,993	622,993	622,993	622,993	622,993	622,993	622,993	622,993
Storage Facilities	10,876,388	10,876,388	10,920,769	11,089,448	11,170,791	11,170,791	13,967,053	14,007,932	14,196,321	14,534,070
Vehicles & Equipment	135,842	135,842	134,387	143,901	143,153	143,153	319,158	319,158	306,055	306,055
Subtotal Capital Assets	24,704,886	24,704,886	24,751,708	24,929,991	25,049,643	26,256,072	27,980,092	28,183,748	28,306,877	28,584,785
Less Accumulated Depreciation	(9,187,135)	(10,008,553)	(10,790,838)	(11,325,877)	(11,865,291)	(12,407,713)	(12,995,632)	(13,713,855)	(14,430,918)	(15,166,320)
Subtotal Capital Assets-Reclamation	<u>\$ 15,517,751</u>	<u>\$ 14,696,333</u>	<u>\$ 13,960,869</u>	<u>\$ 13,604,114</u>	<u>\$ 13,184,352</u>	<u>\$ 13,848,359</u>	<u>\$ 14,984,460</u>	<u>\$ 14,469,893</u>	<u>\$ 13,875,959</u>	<u>\$ 13,418,465</u>
Total Capital Assets-Business Type Activities	<u>\$ 30,596,651</u>	<u>\$ 30,135,925</u>	<u>\$ 32,018,064</u>	<u>\$ 33,471,219</u>	<u>\$ 33,823,008</u>	<u>\$ 34,663,119</u>	<u>\$ 36,115,173</u>	<u>\$ 36,193,803</u>	<u>\$ 36,458,411</u>	<u>\$ 38,132,337</u>

Note: PBCSD owns 1/3 capacity rights to the Carmel Area Wastewater District's Treatment Plant.

Source: PBCSD Annual Audited Financial Statements

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
Summary of Capital Assets
June 30, 2023

General

Date established	July 1, 1982
Form of government	Board of Directors/Manager
Area	8 square miles

Fire Protection

Number of stations	2 *
Number of fire engines	6 *
Number of other vehicles	14 *
Number of fire personnel	47 *

Wastewater

Miles of collection lines	82
Number of pump stations	8
Number of treatment plants	1 **
Capacity (millions of gallons per day)	3
Number of flow metering stations	1
Number of vehicles	9

Reclamation (Recycled Water)

Miles of distribution lines	7
Number of pump stations	2 ***
Number and storage capacity of reservoirs	1 / 115 million gallons
Number and storage capacity of storage tanks	1 / 2.5 million gallons
Number of recycled water users	5

Source: PBCSD capital asset database, historical, and financial records.

* PBCSD contracts with CAL FIRE and the neighboring Cypress and Carmel Highlands fire protection districts to pool resources and share the costs of 27 personnel, 1 fire station and engine, and 11 command and fire operations support vehicles.

** In a contract with Carmel Area Wastewater District, PBCSD owns one third capacity rights of CAWD's wastewater treatment plant.

*** A potable water pump station at Viscaino Rd is jointly owned and maintained by PBCSD and California American Water (Cal-Am). Another pump station at Forest Lake is fully owned and maintained by the District.