

SUNNYSLOPE COUNTY WATER DISTRICT
SAN BENITO COUNTY, CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PREPARED BY THE FINANCE DEPARTMENT

INTRODUCTORY SECTION:

Transmittal Letter	i
List of Principal Officials	v
Organizational Chart	vi

FINANCIAL SECTION:

Independent Auditor’s Report	1
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Management’s Discussion and Analysis (Required Supplementary Information)	3
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Basic Financial Statements

Statement of Net Position	15
Statement of Revenues, Expenses and Changes in Net Position.....	17
Statement of Cash Flows	18

Notes to Basic Financial Statements

1. Reporting Entity and Summary of Significant Accounting Policies	20
2. Cash and Investments	29
3. Accounts Receivable.....	31
4. Capital Assets, Net.....	32
5. Idle Assets	33
6. Accounts Payable.....	36
7. Long Term Debt Payable	34
8. Pension Plan.....	39
9. Deferred Compensation Plan.....	44
10. Other Post-Employment Benefit Plan (OPEB)	45
11. Net Position.....	50
12. Risk Management	50
13. Significant Commitments and Contingencies.....	51
14. Subsequent Events	53

Required Supplementary Information

Schedule of District’s Proportionate Share of the Plan’s (PERF C) of the Net Pension Liability and Related Ratios as of Measurement Date – Cost Sharing Defined Benefit Pension Plan	54
Schedule of Statutorily Required Employer Contributions – Pension Plan	55
Schedule of Changes in the District’s Net OPEB Liability (Assets) and Related Ratios As of Measurement Date	56
Schedule of Employer OPEB Contributions.....	57

Statistical Section (unaudited)

Index to Statistical Section.....58

 Net Position by Component.....59

 Changes in Net Position.....62

 Operating Revenue by Component.....61

 Water and Sewer Rate.....62

 Customer Count by Class.....63

 Outstanding Debt64

 Pledged Revenue Coverage65

 10 Years of Economic / Demographic Statistics67

 Principle Employers.....68

 Employee County by Department.....69

 Operating Indicators by Function/Program70

 Capital Assets.....71

INTRODUCTORY SECTION



Sunnyslope County Water District

3570 Airline Highway
Hollister, California 95023-9702

Phone (831) 637-4670
Fax (831) 637-1399

November 17, 2020

Members of the Board of Directors
Sunnyslope County Water District
Hollister, California

We are pleased to present the Sunnyslope County Water District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. The CAFR gives an assessment of the District's financial condition, informs readers about District services, gives details of infrastructure replacement projects, discusses current issues, and provides financial and demographic trend information.

McGilloway, Ray, Brown & Kaufman, Accountants and Consultants, have issued an unmodified ("clean") opinion on the Sunnyslope County Water District's (SSCWD's) financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report. While the independent auditors have expressed an unmodified ("clean") opinion that SSCWD's financial statements are presented in conformity with U.S. generally accepted accounting principles (GAAP), responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the District. Management is responsible for the contents of the report, including completeness and reliability of the information presented.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal should be read in conjunction with it.

District Overview

Sunnyslope County Water District was formed December 17, 1954 as a California Special District pursuant to the California County Water District Act, §30000 et seq., to furnish water and wastewater services to residents of the District in San Benito County, California. The District's water system serves an area of approximately 3.9 square miles in the City of Hollister and surrounding areas. The District's wastewater system (of collection, treatment, and disposal) serves a smaller area within the County consisting of Ridgemark Estates and the Oak Creek and Quail Hollow subdivisions. The District serves approximately 6,440 water accounts, of which 99.8% are residential customers, and approximately 1,237 sewer accounts, of which 99% are residential customers.

COVID-19

We want to assure the Board and our customers that your drinking water is safe and reliable. The coronavirus disease 2019 (COVID-19) has no impact on the quality of your drinking water. The Staff at Sunnyslope has been working tirelessly to ensure all customers will receive high-quality drinking water so you may continue to keep your family safe. No water service will be shut off during this time of National Emergency. With the sudden increase in home bound residents, our wastewater/maintenance staff is also working very hard to keep our sewer systems operating efficiently.

Governance

SSCWD is a public agency (special district) governed by a five member independently elected Board of Directors (Board) serving staggered four-year terms elected at-large from within the District's service area. On August 11, 2011, SSCWD adopted the Basis of Authority & Operating Principles of the Board Policy 7000, which further defines the District's Operating Principles of the Board (Norms). The Board of Directors appoints the General Manager who is responsible for the administration of the District. The General Manager organizes and directs District activities in accordance with the Board's policies and priorities.

Title 2 Chapter 2.05 "Board of Directors" of the Sunnyslope County Water District Code (adopted February 17, 2015 by Ordinance 79) codifies governance of the District. Regular meetings of the Board shall be held on the third Tuesday of each calendar month at 5:15 p.m. in the Board Room of Sunnyslope County Water District, 3570 Airline Highway, Hollister, CA., and may be modified by District Policy from time to time.

Financial Management & Policies

Accounting

The District is a proprietary entity and uses enterprise fund accounting to report its activities for financial statement purposes. Proprietary funds are reported using the accrual basis of accounting and account for activities in a manner similar to private business enterprises. The intent of the governing body is that the cost (including depreciation) of providing goods and services to the general public on a continuing basis be financed primarily through user rates, fees, and charges.

Rate Policy

Monthly service charges and consumption rates for residential, multi-family, and non-residential water and sewer service shall be fixed by the Board from time to time and set forth by ordinance.

Budget Process

Budget Preparation Policy 8200 adopted by the Board on July 14, 2011 codifies the budget process. An annual budget proposal shall be prepared by the General Manager, with the assistance of the Finance Manager and input from the District Engineer and Water/Wastewater Superintendent. Prior to review by the Board of Directors, the Board's standing Finance Committee shall meet with the General Manager and Finance Manager and review their annual budget proposal. The proposed annual budget, as reviewed and amended by the Finance Committee, shall be reviewed by the Board at its regular meeting in May or June. The proposed annual budget, as amended by the Board during its review, shall be adopted at a June board meeting.

Internal Controls

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the evaluation of costs and benefits requires estimates and judgments by management. The District's management believes that the current system of internal controls adequately safeguards the District's assets and provides reasonable assurance that accounting transactions are properly recorded.

Investment Policy

District monies not required for immediate expenditure will be invested in compliance with governing provisions of law (see Government Code Sections 53600 et seq.) and the investment policy set forth by Resolution No. 396. The District will maintain adequate cash availability and maximum yield on invested idle funds while ensuring that principal invested is protected from loss. Investments will be made in a range of instruments to insure diversification of District's portfolio and liquidity of assets in an emergency situation.

Major Initiatives

Waste Discharge Requirements

As a result of approval of the Waste Discharge Report and Monitoring from the California Regional Water Quality Control Board (December 3, 2004) for the Ridgemark Estates Wastewater Treatment Facilities, stringent discharge requirements must be achieved. To meet these new requirements, the Ridgemark Estates Wastewater Treatment Facilities were upgraded to include a Sequencing Batch Reactor plant, and as part of the effort to get customers to stop using salt based recharging water softeners, the existing Lessalt surface water treatment plant has been renovated and a pipeline installed to connect this high quality water to the Ridgemark Estates, Oak Creek, and Quail Hollow subdivisions (the District's wastewater customers). Construction of the new West Hills surface water treatment plant is complete, and the City customers are already receiving this high-quality water. The new crosstown pipeline to connect the plant to the District is completed and the delivery of high-quality water to District customers has increased, which should also improve wastewater quality and help the District meet the imposed discharge requirements. These projects were recommended by RMC Water and Environment, a Sanitary Engineering Consulting firm that completed a Long-Term Wastewater Management Plan and Salts Management Program for the District.

Lessalt Water Treatment Plant

In September 2013, as agreed to in the Hollister Urban Area Water Master Plan, the Lessalt Water Treatment Plant ownership was transferred to San Benito County Water District (SBCWD), the wholesale water supplier for this area, by the District and the City. While SBCWD is now the owner, the District and the City are still each responsible for 50% of the costs to operate the Lessalt plant. The District will continue to operate the plant under an Agreement for Operations and Maintenance Services between the District and SBCWD, which was approved by the District's Board on August 14, 2013, and was extended on May 15, 2018 for five years.

West Hills Water Treatment Plant

In September 2017, the newly completed plant began supplying treated water into the City's water distribution system. The plant was constructed as agreed to in the Hollister Urban Area Water Master Plan and is owned by SBCWD. The District and the City are each responsible for 50% of the costs to operate the West Hills plant. The Agreement for Operations and Maintenance Services between the District and SBCWD was amended to include the West Hills Plant and extended on May 15, 2018 for five years.

Hollister Urban Area Water Project (HUAWP)

The District, City, and SBCWD entered into a Water Supply and Treatment Agreement in June, 2013, which defines how the three agencies will construct and operate the new surface water treatment plant called the West Hills Water Treatment Plant (completed in September 2017), upgrade the existing Lessalt Water Treatment Plant (completed in November 2014), and construct various pipelines and pump stations connecting the two water treatment plants to the District and City infrastructures. These projects are referred to as the Hollister Urban Area Water Project (HUAWP). The SBCWD will finance, build, own, and operate the upgraded Lessalt Water Treatment Plant and the West Hills Water Treatment Plant.

The agreement committed SBCWD to finance the HUAWP facilities up to \$30 million and committed the City and the District to reimburse SBCWD for the capital costs, for operation of the facilities, and for the costs of raw water delivered to the treatment plants. The actual project cost projection was amended to \$41.6 million. The excess cost of \$11.6 million was funded with \$4.2 million in Prop 84 Grant Funds, with \$1.7 million cash input from both the City and District, and the balance of \$4 million was financed with a loan procured by SBCWD borrowing from a financial institution. The City and District share equally in the repayment of the \$4 million loan.

The agreement also committed SBCWD to provide \$10 million (\$5 million each to the City and the District) to allow for gradual and stable water rate increases to fund the HUAWP. SBCWD contributed \$0.5 million to the District in fiscal year 2014, \$1.5 million in each of the fiscal years 2015 and 2016, \$1 million in fiscal year 2017, and \$0.5 million in fiscal year 2018 to allow District water rates to gradually increase over six years to the level needed to make the obligated payments to SBCWD.

The remainder of the capital costs for the HUAWP will be split equally between the City and the District. The Water Supply and Treatment Agreement is for a term of 30 years, with subsequent 10-year renewal options, and required the execution of an Operations and Maintenance Agreement with the District for operating the two surface water treatment plants. The Operations and Maintenance Agreement between the District and SBCWD was executed in August 2013 and extended in May 2018 for five years.

Respectfully submitted,

Drew A. Lander

Drew Lander
General Manager



Travis Foster
Finance & Human Resource Manager



LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2020

James F. Parker

President

Term Expires November 2024

Jerry T. Buzzetta

Vice President

Term expires November 2024

Mike Alcorn

Director

Term expires November 2022

Judi H. Johnson

Director

Term expires November 2022

Ann C. Ross

Director

Term expires November 2022

Heidi Quinn

De Lay & Laredo

Attorneys at Law

District Council

Drew Lander, P.E.

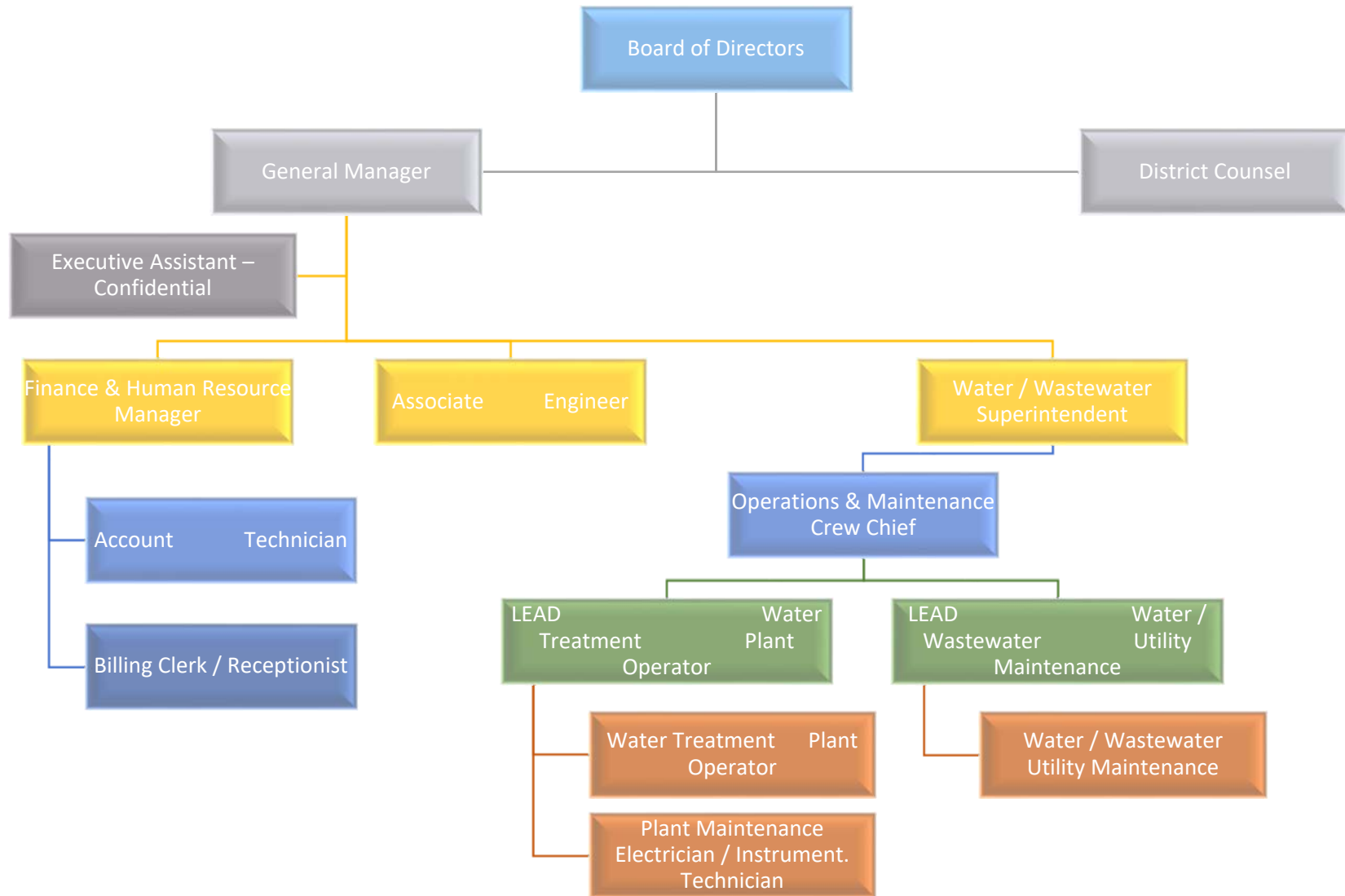
General Manager

MISSION STATEMENT

Our Mission is to provide safe, reliable, and high-quality water and wastewater services to our customers and all future generations in an environmentally and financially responsible manner

Sunnyslope County Water District

Organization Chart – April 1, 2020



Sunnyslope County Water District

Organization Chart – April 1, 2020

- **Board of Directors (5)** (Term Begins – Expires)
 - James F. Parker, President (01/19 – 11/20)
 - Jerry T. Buzzetta, Vice President (09/19 – 11/20)
 - Mike Alcorn (12/18 – 11/22)
 - Ann C. Ross (12/18 – 11/22)
 - Judi H. Johnson (12/18 – 11/22)
- **District Counsel (De Lay & Laredo)**
 - David Laredo, Esq.
 - Heidi Quinn, Esq.
- **General Manager**
 - Drew A. Lander, P.E.
- **Executive Assistant-Confidential**
 - Carol A. Porteur
- **Finance & Human Resource Manager**
 - Travis Foster
- **Account Technicians (3)**
 - Kim A. Malko
 - Kelly L. Roberts
 - Anabel G. Zavala
- **Billing Clerk/Receptionist**
 - Melissa M. Bernal
- **Associate Engineer**
 - Robert (Rob) B. Hillebrecht
- **Water / Wastewater Superintendent**
 - Jose J. Rodriguez
- **Operations & Maintenance Crew Chief**
 - Dee J. Burbank
- **Plant Maintenance Electrician / Instrumentation Technician**
 - Vacant
- **Lead Water Treatment Plant Operator**
 - Manuel (Manny) T. Chavez, Jr.
- **Water Treatment Plant Operator (4)**
 - William (Billy) K. Boltz
 - Ernesto (Ernie) P Eclarin
 - Troy E. Quick
 - Scott A. Watson
- **Lead Water / Wastewater Utility Maintenance**
 - Vacant
- **Water / Wastewater Utility Maintenance (8)**
 - Abel Alvarez
 - Diego Perez Bribiesca
 - Kevin G. Castro
 - Adan Cervantes, Jr.
 - Bazilio (Bas) Hernandez
 - David (Dave) Padilla
 - Michael (Mike) Vargas Garcia
 - Luis Vasquez

FINANCIAL SECTION



McGilloway | Ray
Brown | Kaufman
ACCOUNTANTS AND CONSULTANTS

2511 Garden Road
Suite A180
Monterey, CA 93940
831-373-3337
Fax 831-373-3437

379 West Market Street
Salinas, CA 93901
831-424-2737
Fax 831-424-7936

3478 Buskirk Avenue
Suite A1000
Pleasant Hill, CA 94523
831-373-3337
Fax 831-373-3437

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sunnyslope County Water District
Hollister, California

Report on the Financial Statements

We have audited the accompanying financial statements of Sunnyslope County Water District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Gerald C. Ray, CPA | Patricia M. Kaufman, CPA, CGMA | Jesus Montemayor, CPA | Smriti Shrestha, CPA

Sarita C. Shannon, CPA | Whitney Ernest, CPA | Devvyn MacBeth, CPA | Sukhdev Singh, CPA |
Laura Armbruster, CPA | Rose Maxwell, CPA

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunnyslope County Water District as of June 30, 2020, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Sunnyslope County Water District's 2019 financial statements, and our report dated September 24, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of District's proportionate share of the plan's (PERF C) of the net pension liability and related ratios as of measurement date – cost sharing defined benefit pension plan, the schedule of statutorily required employer contributions pension plan, the schedule of changes in the District's net OPEB liability (asset) and related ratios as of measurement date, and the schedule of employer OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



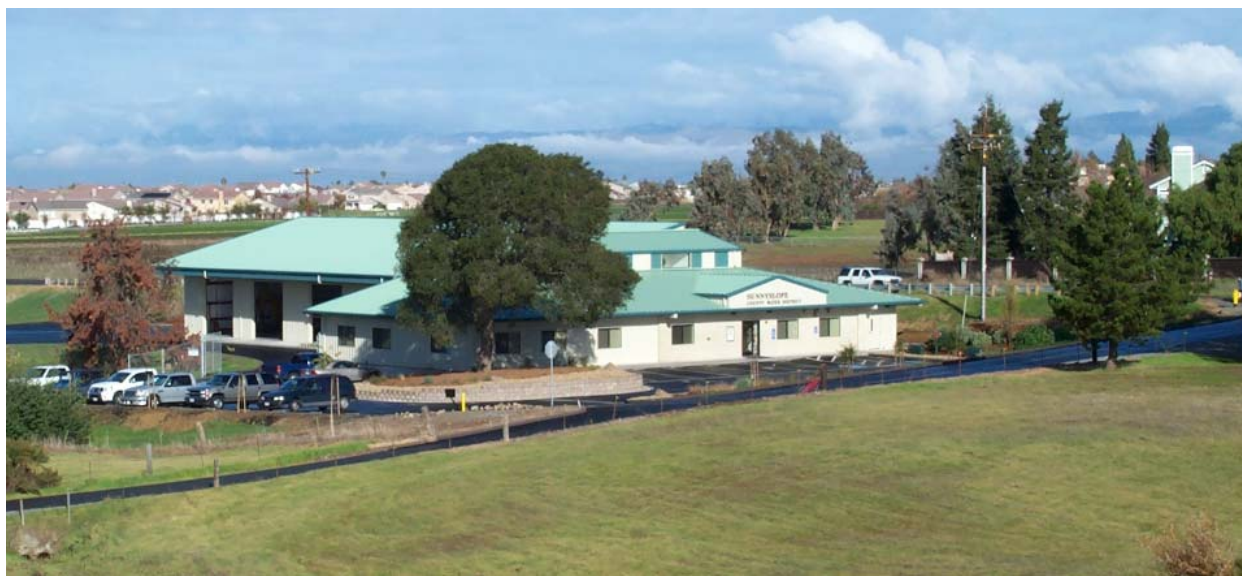
McGilloway, Ray, Brown & Kaufman
Salinas, California
November 17, 2020

Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2020

As management of the Sunnyslope County Water District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020 (with 2019 information provided for comparative purposes only). This information is presented in conjunction with the transmittal letter in the Introductory Section, and with the basic financial statements and related notes, which follow this section.



The District

Sunnyslope County Water District was formed December 17, 1954 as a California Special District pursuant to the California County Water District Act, §30000 et seq., to furnish water and wastewater services to residents of the District in San Benito County, California. The District's water system serves an area of approximately 3.9 square miles in the City of Hollister and surrounding areas. The District's wastewater system (of collection, treatment, and disposal) serves a smaller area within the County consisting of Ridgemark Estates and the Oak Creek and Quail Hollow subdivisions. The District serves approximately 6,440 water accounts, of which 99.8% are residential customers, and approximately 1,237 sewer accounts, of which 99% are residential customers.

The District is a proprietary entity and uses enterprise fund accounting to report its activities for financial statement purposes. Proprietary funds are reported using the accrual basis of accounting and account for activities in a manner similar to private business enterprises. The intent of the governing body is that the cost (including depreciation) of providing goods and services to the general public on a continuing basis be financed primarily through user rates, fees, and charges.

The Basic Financial Statements

The basic financial statements include: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows.

Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2020

The Statement of Net Position: includes all of the District's Assets and Deferred Outflows, and Liabilities and Deferred Inflows, with the difference between the two reported as Net Position, some of which are restricted in accordance with Board action, or other legal commitments. This statement provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility. Trending increases or decreases in net position over time can serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position can be found on pages 15 and 16.

The Statement of Revenues, Expenses, and Changes in Net Position: presents information illustrating how net position changed during the fiscal year. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The Statement of Revenues, Expenses, and Changes in Net Position can be found on page 17.

The Statement of Cash Flows: presents information relating to the District's cash receipts and cash payments during the year. When used with related disclosures and information in other financial statements, the information in this statement should help readers assess the District's ability to generate future cash flows, its ability to meet its obligations as they come due, and its need for external financing. It also provides insight into the reasons for differences between operating income and associated cash receipts and payments, and the effects of the District's financial position from its non-capital and capital related financing and its investing transactions during the year. This statement answers questions such as where cash came from, what was cash used for, and what was the change in cash balance during the reporting period. The Statement of Cash Flows can be found on pages 18 and 19.

The *Notes to the Basic Financial Statements* provide the reader additional information that is necessary to understand all of the data provided in the basic financial statements. The notes to the financial statements are included immediately following the financial statements and can be found beginning on page 20 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. The required supplementary information is concerning the District's liabilities related to pension and Other Post-Employment Benefits (OPEB) and can be found on pages 54 through 57 of this report.

Financial Analysis

The following condensed schedules contain a summary of financial information that was taken from the basic financial statements to assist readers in assessing the District's overall financial position and operating results as discussed in this Management's Discussion and Analysis (MD&A).

Sunnyslope County Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Condensed Financial Information

Statement of Net Position

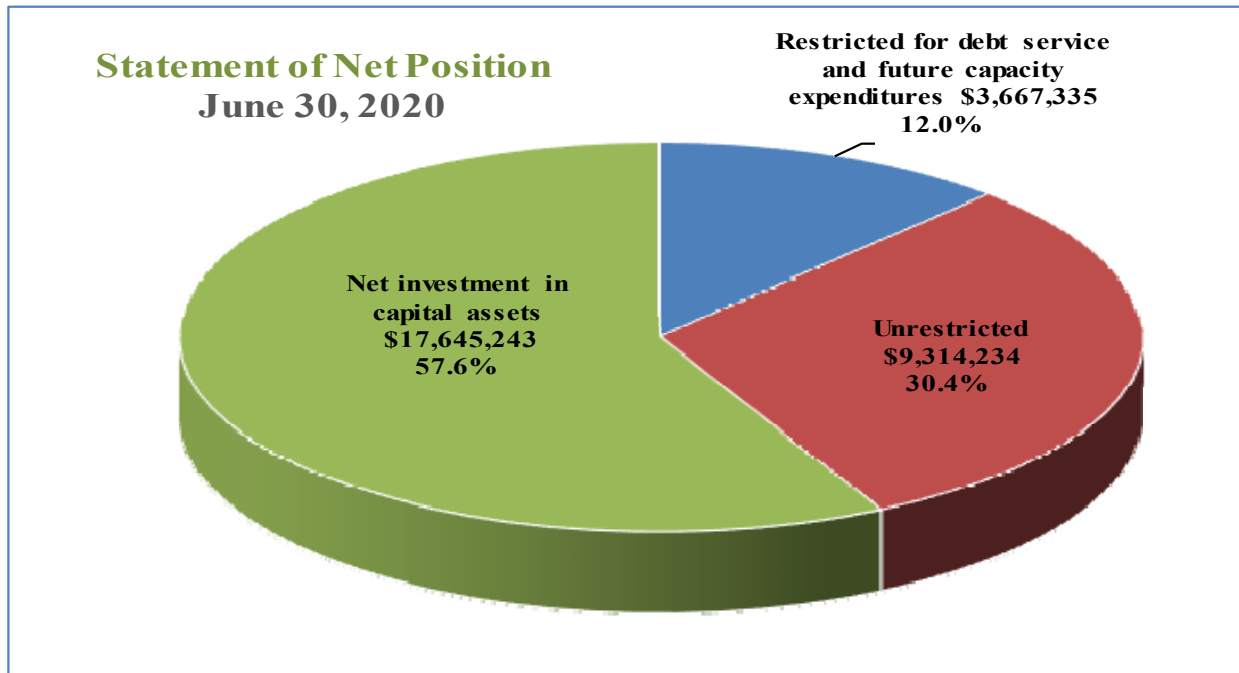
The following is the condensed Statement of Net Position for the fiscal year ended June 30, 2020 and 2019:

Condensed Statement of Net Position

	June 30, 2020	June 30, 2019	Amount Change	Percent Change
Current assets	\$ 12,815,404	\$ 11,866,403	\$ 949,001	8.0%
Other assets	2,231,408	1,414,487	816,921	57.8%
Capital assets, net	43,275,026	42,693,646	581,380	1.4%
Total Assets	58,321,838	55,974,536	2,347,302	4.2%
Deferred outflows of resources	1,378,334	2,565,181	(1,186,847)	-46.3%
Current liabilities	3,205,910	4,240,215	(1,034,305)	-24.4%
Long-term liabilities	24,842,486	27,151,249	(2,308,763)	-8.5%
Total Liabilities	28,048,396	31,391,464	(3,343,068)	-10.6%
Deferred inflows of resources	1,024,964	966,258	58,706	6.1%
Net Position				
Net investment in capital assets	17,645,243	15,712,724	1,932,519	12.3%
Restricted for debt service and capacity fees	3,667,335	1,594,106	2,073,229	130.1%
Unrestricted	9,314,234	8,875,165	439,069	4.9%
Total Net Position	\$ 30,626,812	\$ 26,181,995	\$ 4,444,817	17.0%

As noted earlier, net position over time may serve as a useful indicator of an agency's financial position. The District's assets exceeded liabilities by \$30,626,812 at June 30, 2020, which is the District's net position. The largest portion of the District's net position (57.6%) reflects its investment in capital assets of \$17,645,243 (e.g., land, transmission and distribution systems, wells, tanks, pumps, buildings and structures, equipment, and vehicles), net of accumulated depreciation and related outstanding debt used to acquire those assets. The District uses its capital assets to provide water and wastewater service to its designated service area, and as such, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay the debt.

Sunnyslope County Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2020



After restricting net position for capacity fees and debt service of \$3,667,335 (12%), the remaining net position of \$9,314,234 (30.4%) is unrestricted and may be used at the Board's discretion to continue meeting the needs of the District. See the Notes to Financial Statements, Note 11 – Net Position, for more details on the District's net position.

The District's net position increased \$4,444,817 from the prior fiscal year. The increase is primarily a result of the income from operations, capacity fees collected, developer capital contributions, and interest earned, offset by interest expense.

Statement of Revenues, Expenses, and Changes in Net Position

The District's principal source of revenue is from water sales (59.6% of operating revenue) and wastewater sales (16.7% of operating revenue), which together constitutes 76.2% of operating revenue. The District's principal sources of water supply are from several wells owned by the District, from treated surface water received from the Lessalt Water Treatment Plant, from treated surface water received from the West Hills Water Treatment Plant and through interties with the City of Hollister, with the wells providing approximately 21.8%, the Lessalt WTP providing approximately 57.1% and the West Hills WTP providing approximately 15% of the water pumped into the distribution system. The Board approved water rate increases by Ordinance No. 73 in August 2013, which phased the increases over a six-year period, beginning in December 2013. The Board approved wastewater rate increases by Ordinance No. 74 in August 2013, which phased in the increases of 19.0% each year over a two-year period, beginning in December 2013. The water and wastewater rate increases were deemed necessary to implement the Hollister Urban Area Water Project (HUAWP). Several projects recommended in the HUAWP have been constructed that improve drinking water quality for residents and help the District meet state and federal regulations for water and wastewater. The wastewater rate increase was also implemented to pay for the construction of the new Sequencing Batch Reactor (SBR) at the Ridgemark Wastewater Treatment Plant.

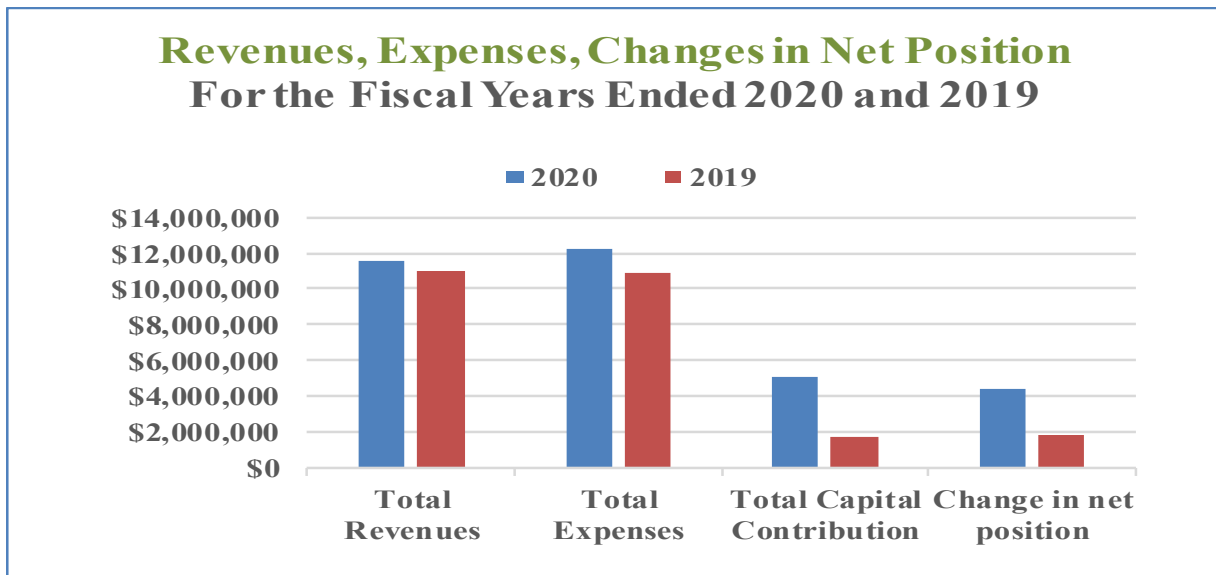
Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2020



Water sales revenue remained flat through the first few years of rate increases, even though we implemented five years of rate increases of approximately 11.5% each year beginning in December 2013 and ending with the final increase of 3% in December 2018. The primary reason for slow revenue growth, in spite of the rate increases, was due to slow customer growth and customer water conservation during the California drought. Water sales revenue has started showing a steady increase over the past two years as construction of new homes has increased in our District. We also expect to see water use vary with the seasons and the amount of rainfall. We believe the increase in water sales revenue over the past two fiscal years was primarily attributable to relaxing conservation measures beginning April 2017, water used for residential construction projects, and by the increase of 288 water customers this fiscal year and 159 water customers last fiscal year. We believe the small decrease in wastewater sales revenue this fiscal year was due the adjustment of the variable component of the sewer rate, which is based on water consumption, and adjusted each April.



Sunnyslope County Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	June 30, 2020	June 30, 2019	Dollar Change	Percent Change
Revenues				
Operating revenues	\$ 11,431,368	\$ 10,768,253	\$ 663,115	6.2%
Non-operating revenues	154,558	204,793	(50,235)	-24.5%
Total revenues	11,585,926	10,973,046	612,880	5.6%
Expenses				
Operating expenses	11,765,346	10,590,079	1,175,267	11.1%
Non-operating expenses	491,098	352,564	138,534	39.3%
Total expenses	12,256,444	10,942,643	1,313,801	12.0%
Income before capital contributions	(670,518)	30,403	(700,921)	-2305.4%
Capital Contributions				
Capacity and connection fees	3,261,100	1,576,300	1,684,800	106.9%
Developer capital asset contributions	1,854,235	166,155	1,688,080	1016.0%
Total capital contribution	5,115,335	1,742,455	3,372,880	193.6%
Change in net position	4,444,817	1,772,858	2,671,959	150.7%
Net position - beginning	26,181,995	24,409,137	1,772,858	7.3%
Net position - ending	\$ 30,626,812	\$ 26,181,995	\$ 4,444,817	17.0%

The primary source of non-operating revenues are water and wastewater capacity fees and investment income. Development of new housing has been picking up momentum, and we had another year of strong capacity fee numbers. We received 282 water capacity fees this fiscal year, compared to 136 last year, and we received 2 wastewater capacity fees this fiscal year, compared to 3 last year. With the improvements to the Lessalt (surface) Water Treatment Plant, bringing the West Hills (surface) Water Treatment Plant online and the addition of a new well back in February 2010, the District no longer has a limited water supply pumping capacity. With the upgrades to the wastewater treatment system, including the construction of the sequencing batch reactor, the District has sufficient wastewater disposal capabilities.

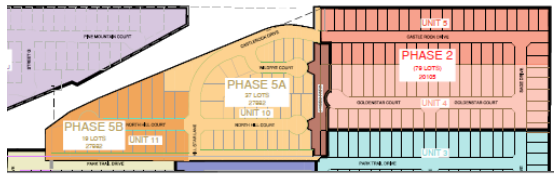
Operating expenses include salaries and benefits for 23 full-time employees, including water and wastewater system operations. The water department's expenses include electricity for pumping water, well water pumping fees, surface water cost and treatment, repairs and maintenance of the production and distribution systems, and an 80% share of customer service and general and administrative costs. The wastewater department's expenses include electricity for sewer pumping stations, repair and maintenance of the sewer manholes and mainline pipes, treatment costs, operation and maintenance of the Sequencing Batch Reactor (SBR), sludge disposal, and a 20% share of customer service and general and administrative costs. Operating expenses are up 11.1% compared to last fiscal year, due primarily to operation and maintenance costs for the West Hills Water Treatment Plant.

Non-operating expenses include interest expense on our debt, and the loss on disposal of assets. Non-operating expenses were up primarily due to the loss on disposal of assets.

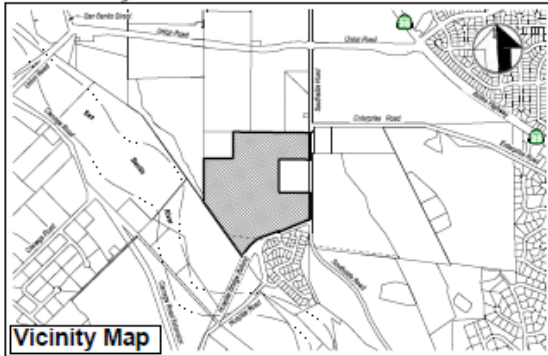
Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2020



Tract No. 342
Sunnyside Estates
 In the unincorporated territory of the County of San Benito, State of California Being a portion of Homestead Lots 42 & 45 of the Rancho San Justo as shown on that map thereof recorded in Book 1 of Maps, at Page 64, San Benito County Records July 2018 Job No. 217051



Contributed capital usually comes from water and wastewater system infrastructure constructed by developers and turned over to the District for operation and maintenance. In fiscal year 2020, we accepted the water infrastructure and appurtenances of six completed subdivision into our system for a total fair value of \$1,854,235. The six subdivisions include Santana Ranch Phase 2 (\$210,800), Santana Ranch Phase 4 (\$252,985), Sunnyside Estates (\$933,825), Klauer Development at 811 Santa Ana (\$41,585) and Annotti Ranch Phases 1 & 2 (\$415,040).



Capital Assets and Debt Administration

Capital Assets

Capital assets include the District's water infrastructure, wastewater infrastructure, land, buildings, equipment, furniture, and work-in-process projects.

The District's investment in capital assets as of June 30, 2020 was \$43,275,026, net of accumulated amortization and depreciation. The \$2,882,433 in major capital asset additions for the current year included 516 new and replacement water meters installed (\$149,129), new vehicles purchased (\$96,608), the acceptance of a new subdivision water infrastructure (\$1,854,235), completion of the Crosstown Pipeline Project to connect the District to the West Hills Water Treatment Plant capitalizing \$4,555,709 in prior year Work in Process (WIP) in addition to \$633,489 in current year WIP for a total project placed in

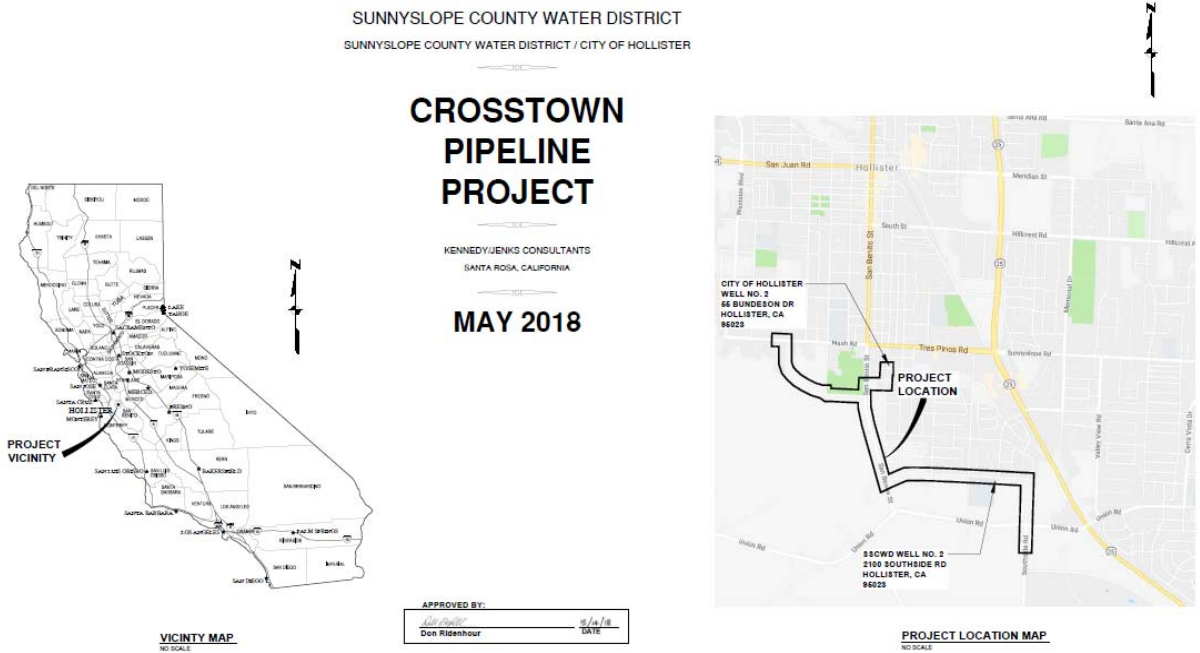


Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2020

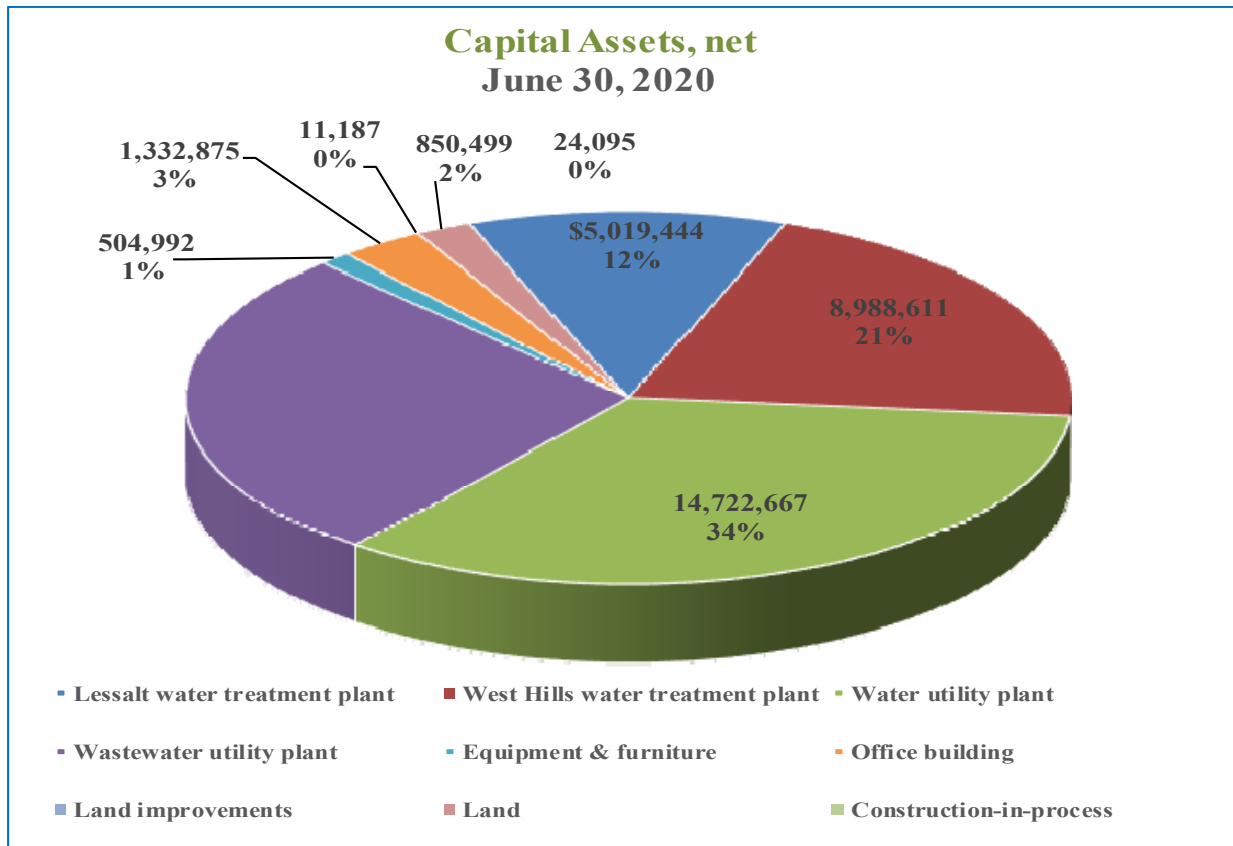
service cost (\$5,189,199), and other WIP projects (\$24,094). The capital additions were offset by disposition of capital assets (\$350,429), amortization expense (\$888,334), and depreciation expense (\$1,352,243).



Schedule of Capital Assets, net of depreciation

	June 30, 2020	June 30, 2019	Dollar Change	Percent Change
Water rights				
Lessalt water treatment plant	\$ 5,019,444	\$ 5,236,111	\$ (216,667)	-4.1%
West Hills water treatment plant	8,988,611	9,660,278	(671,667)	-7.0%
Water utility plant	14,722,667	8,479,673	6,242,994	73.6%
Wastewater utility plant	11,820,656	12,136,161	(315,505)	-2.6%
Equipment & furniture	504,992	344,880	160,112	46.4%
Office building	1,332,875	1,359,369	(26,494)	-1.9%
Land improvements	11,187	11,653	(466)	-4.0%
Land	850,499	850,499	-	0.0%
Construction-in-process	24,095	4,615,022	(4,590,927)	-99.5%
Capital assets, net	\$ 43,275,026	\$ 42,693,646	\$ 581,380	1.4%

Sunnyslope County Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2020



Long-Term Debt

As of June 30, 2020, the District had long-term debt and long-term liabilities, totaling \$24,902,014. The decrease in loans and commitments payable is due to principal payments on the outstanding debt. The increase in deposits from customers is primarily due to customer turnover and new customers. The decrease in net pension liability and the net OPEB liability is primarily due to the impact of the District making additional payments toward the unfunded liabilities. More information on the District's pension plan can be found in Note 8 – Pension Plan of the financial statements. More information on the District's OPEB plan can be found in Note 10 – Other Post-Employment Benefit Plan of the financial statements.

Schedule of Long-Term Debt & Long-Term Liabilities

	June 30, 2020	June 30, 2019	Dollar Change	Percent Change
Accrued compensated absences	\$ 117,745	\$ 139,291	\$ (21,546)	-15.5%
Loans payable	11,546,111	12,302,309	(756,198)	-6.1%
Commitments payable	14,083,675	14,678,613	(594,938)	-4.1%
Deposits from customers	523,521	497,064	26,457	5.3%
Net pension liability	21,460	888,029	(866,569)	-97.6%
Net OPEB liability	-	14,776	(14,776)	-100.0%
Debt & long-term liabilities	\$ 26,292,512	\$ 28,520,082	\$ (2,227,570)	-7.8%

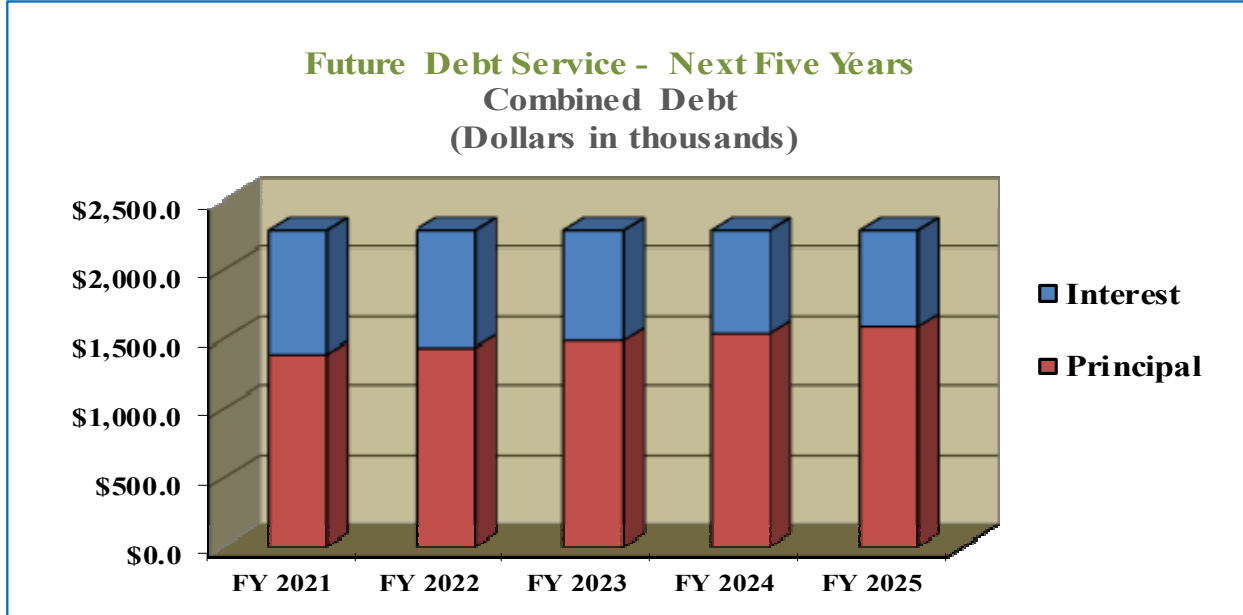
Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2020

Future Debt Service

The District's debt service requirements for the next five years, through June 30, 2025, are shown on the following table, averaging \$2,279.5 thousand annually.



Other Future Economic Factors

From the years 2002 to 2015, the District experienced low to no housing growth, however, in fiscal years 2020 and 2019, new housing starts within the District service boundary have generated 282 and 136 new water connections, and 2 and 3 wastewater connections, respectively. In past years, the most prevalent issues affecting growth in the District have been: a housing moratorium imposed by the City of Hollister (City) due to its limited wastewater treatment and disposal capabilities, the imposition of a 1% housing growth cap by the County of San Benito, and limited wastewater treatment and disposal capacity at our Ridgemark Estates Wastewater Treatment Facilities. The City lifted the housing moratorium in late 2008 upon completion of their upgraded wastewater facility. The District completed the upgrades to its Ridgemark Wastewater Treatment Plant in 2013, which allows for future development within the Ridgemark area.



Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2020

Rates and Fees

The District conducted a water rate study in 2013, in conjunction with the City. New water rates were passed after a public hearing was held in August 2013. The new water rates returned the District to a three-tier rate structure. The first approved increase took effect on December 21, 2013 and occurs on December 21 of each subsequent year through 2018. The result of the series of rate increases spread over the six-year time frame should produce an 11.5% increase in water revenue each fiscal year for years 2014 to 2018, finishing with a 3% increase in fiscal year 2019.

The state of California recently experienced a period of severe drought (ending roughly in fiscal year 2017). During the drought, the state imposed certain levels of mandatory water conservation in all water service municipalities and special districts throughout the state. Our customers were mandated to reduce their water consumption by 28% compared to their use in 2013 and were achieving better than a 28% reduction. In late June 2016, the District was able to relax the water conservation mandate to 15%, then in April 2017, the District was able to relax the conservation measures imposed on customers. The reduced water consumption, while good for the drought, translated into reduced revenues for the District. If a drought reoccurs in the near future, prolonged reduction in revenues could trigger the need to increase water rates.

The District also conducted a wastewater rate study in 2013. New wastewater rates were passed after a public hearing was held in August 2013. The first approved increase took effect on December 21, 2013 and a second increase took effect on December 21, 2014, increasing by 19.0% each year. No increases in wastewater rates are anticipated for fiscal years 2017 through 2020.

Finally, the District conducted a water and wastewater capacity charge rate study in 2013. The new water and wastewater capacity charges were passed after a public hearing in August 2013, effective October 6, 2013. These fees are charges imposed as a condition of providing new or increased water and wastewater services through new connections. The new water capacity fee for a 5/8", 3/4", or 1" meter size is \$11,000, effective July 1, 2019, was \$10,975, effective July 1, 2018, and is adjusted annually. The new wastewater capacity fee for a single-family residential dwelling is \$19,875 per dwelling unit, effective July 1, 2019, was \$19,825 per dwelling unit, effective July 1, 2018, and is adjusted annually. The capacity fees increase on July 1 of each year by the San Francisco Construction Index for the prior year as published in the Engineering News Record.

COVID-19

As a result of California State Executive Orders N-25-20 and N-29-20, the Sunnyslope County Water District offices will be closed to the public until notified by the Governor's office of lifting restrictions. Please rest assured that we are working diligently behind the scenes to keep you safe during this current pandemic. The District has not had an operational disruption of service delivery or regulatory compliance violations from the onset of the pandemic through the issuance date of the financials

Sunnyslope County Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Contacting the District Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overall view of the District's finances and to demonstrate the District's accountability for the financial resources it manages. If you have questions about this report or need additional financial information, contact the General Manager by writing Sunnyslope County Water District, 3570 Airline Highway, Hollister, California, 95023.



Sunnyslope County Water District
Statement of Net Position
June 30, 2020
(with prior year data for comparative purposes only)

Assets	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and investments	\$ 8,703,813	\$ 8,468,614
Restricted cash and investments	1,944,672	760,000
Accounts receivable, net	1,676,791	2,046,718
Interest receivable	25,402	40,497
Inventory supplies	392,740	455,335
Prepaid expenses	71,986	95,239
Total Current Assets	<u>12,815,404</u>	<u>11,866,403</u>
Noncurrent Assets		
Restricted cash and investments	1,722,663	834,106
Capital assets		
Water rights, net	14,008,055	14,896,389
Depreciable, net	28,392,378	26,903,860
Nondepreciable	874,593	893,397
Idle assets	471,341	580,381
Net OPEB asset	37,404	-
Total Noncurrent Assets	<u>45,506,434</u>	<u>44,108,133</u>
Total Assets	<u>58,321,838</u>	<u>55,974,536</u>
Deferred Outflows of Resources		
Deferred outflows - pension	1,342,133	2,518,140
Deferred outflows - OPEB	36,201	47,041
Total Deferred Outflows of Resources	<u>1,378,334</u>	<u>2,565,181</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 59,700,172</u>	<u>\$ 58,539,717</u>

See accompanying notes to basic financial statements

Sunnyslope County Water District
Statement of Net Position
June 30, 2020
(with prior year data for comparative purposes only)

	<u>2020</u>	<u>2019</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 1,529,601	\$ 2,662,300
Accrued expenses	226,283	209,082
Accrued compensated absences - current portion	59,528	24,895
Loan and commitment payable - current portion	1,390,498	1,343,938
Total Current Liabilities	<u>3,205,910</u>	<u>4,240,215</u>
Long-Term Liabilities		
Accrued compensated absences - less current portion	58,217	114,396
Bank loan payable - less current portion	2,475,264	2,722,544
State Revolving Fund loan payable	8,293,005	8,823,566
Commitment payable for water rights	13,471,019	14,090,874
Deposits received	523,521	497,064
Net pension liability	21,460	888,029
Net OPEB liability	-	14,776
Total Long-Term Liabilities	<u>24,842,486</u>	<u>27,151,249</u>
Total Liabilities	<u>28,048,396</u>	<u>31,391,464</u>
Deferred Inflows of Resources		
Deferred inflows - pension	996,221	950,826
Deferred inflows - OPEB	28,743	15,432
Total Deferred Inflows of Resources	<u>1,024,964</u>	<u>966,258</u>
Total Liabilities and Deferred Inflows of Resources	<u>29,073,360</u>	<u>32,357,722</u>
Net Position		
Net investment in capital assets	17,645,243	15,712,724
Restricted for capacity fees	2,907,335	834,106
Restricted for debt service	760,000	760,000
Unrestricted	9,314,234	8,875,165
Total Net Position	<u>30,626,812</u>	<u>26,181,995</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 59,700,172</u>	<u>\$ 58,539,717</u>

See accompanying notes to basic financial statements

Sunnyslope County Water District
Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2020
(with prior year data for comparative purposes only)

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Water services	\$ 6,811,696	\$ 6,388,181
Wastewater service	1,904,292	1,927,095
Contracted services	2,491,382	2,245,204
Late fees	49,248	69,241
Customer fees	172,030	135,360
Other	<u>2,720</u>	<u>3,172</u>
Total Operating Revenues	<u>11,431,368</u>	<u>10,768,253</u>
Operating Expenses		
Salaries and benefits	3,376,955	3,128,312
Operations and maintenance	6,147,814	5,504,239
Amortization and depreciation	<u>2,240,577</u>	<u>1,957,528</u>
Total Operating Expenses	<u>11,765,346</u>	<u>10,590,079</u>
Operating Income (Loss)	<u>(333,978)</u>	<u>178,174</u>
Non-Operating Revenues (Expenses)		
Interest income	129,305	180,671
Unrealized gain on investments	25,253	24,122
Gain (loss) on disposal of assets	32,124	(1,412)
Impairment loss	(109,040)	-
Other expense	(84,264)	-
Interest expense	<u>(329,918)</u>	<u>(351,152)</u>
Net Non-Operating Expenses	<u>(336,540)</u>	<u>(147,771)</u>
Income (Loss) Before Capital Contribution	<u>(670,518)</u>	<u>30,403</u>
Capital Contribution		
Capacity and connection fees	3,261,100	1,576,300
Developer capital asset contributions	<u>1,854,235</u>	<u>166,155</u>
Total Capital Contributions	<u>5,115,335</u>	<u>1,742,455</u>
Change in Net Position	4,444,817	1,772,858
Net Position - Beginning of Year	<u>26,181,995</u>	<u>24,409,137</u>
Net Position - End of Year	<u><u>\$ 30,626,812</u></u>	<u><u>\$ 26,181,995</u></u>

See accompanying notes to basic financial statements

Sunnyslope County Water District
Statement of Cash Flows
For The Year Ended June 30, 2020
(with prior year data for comparative purposes only)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Cash received from customers	\$ 11,827,752	\$ 10,135,796
Cash paid to suppliers	(7,201,715)	(4,368,707)
Cash paid to employees	(3,047,446)	(4,191,401)
Net Cash Provided by Operating Activities	<u>1,578,591</u>	<u>1,575,688</u>
Cash Flows from Capital and Related Financing Activities		
Capacity and connection fees received	3,261,100	1,576,300
Proceeds from sale of capital assets	18,660	946
Acquisition and construction of capital assets	(1,023,427)	(4,402,789)
Loan and commitment payments	(1,351,136)	(1,299,879)
Interest paid	(329,918)	(351,152)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>575,279</u>	<u>(4,476,574)</u>
Cash Flows from Investing Activities		
Interest received	129,305	180,671
Change in value of LAIF	25,253	24,122
Net Cash Provided by Investing Activities	<u>154,558</u>	<u>204,793</u>
Net increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	2,308,428	(2,696,093)
Cash and Cash Equivalents at Beginning of Year	<u>10,062,720</u>	<u>12,758,813</u>
Cash and Cash Equivalents at End of Year	<u>\$ 12,371,148</u>	<u>\$ 10,062,720</u>
Unrestricted Cash and Cash Equivalent	\$ 8,703,813	\$ 8,468,614
Restricted Cash and Cash Equivalent	<u>3,667,335</u>	<u>1,594,106</u>
	<u>\$ 12,371,148</u>	<u>\$ 10,062,720</u>

See accompanying notes to basic financial statements

Sunnyslope County Water District
Statement of Cash Flows
For The Year Ended June 30, 2020
(with prior year data for comparative purposes only)

	2020	2019
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ (333,978)	\$ 178,174
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Amortization and depreciation	2,240,577	1,957,528
(Increase) decrease in accounts receivable	369,927	(671,009)
(Increase) decrease in inventory supplies	62,595	(60,325)
Decrease in prepaid expenses	23,253	73,980
Increase in net OPEB asset	(37,404)	-
(Increase) decrease in deferred outflows - pension	1,176,007	(507,680)
(Increase) decrease in deferred outflows - OPEB	10,840	(17,238)
Increase (decrease) in accounts payable	(1,132,699)	1,132,026
Increase (decrease) in accrued expenses	(4,345)	2,971
Increase in deposits from customers	26,457	38,553
Decrease in net pension liability	(866,569)	(211,279)
Decrease in net OPEB liability	(14,776)	(21,861)
Increase (decrease) in deferred inflows - pension	45,395	(320,182)
Increase in deferred inflows - OPEB	13,311	2,030
Net Cash Provided by Operating Activities	\$ 1,578,591	\$ 1,575,688
Supplemental Disclosures of Non-Cash and related Financing and Investing Activities:		
Contributed Assets	\$ 1,854,235	\$ 166,155

See accompanying notes to basic financial statements

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Sunnyslope County Water District (the District) was formed December 17, 1954 as a California Special District pursuant to the California County Water District Act, §30000 et seq., to furnish water and wastewater services to residents of the District in San Benito County, California. The District is governed by a five-member Board of Directors who serve overlapping four-year terms. The District operates as a non-taxable governmental entity and earns the majority of its revenues from water sales and services to residential users. The District's water system serves an area of approximately 3.9 square miles in the City of Hollister and surrounding areas. The District's wastewater system serves a smaller area within the County consisting of Ridgemark Estates and the Oak Creek and Quail Hollow subdivisions. For fiscal year 2020, water sales constitute approximately 59.60% of operating revenues and wastewater sales are approximately 16.70% of operating revenues.

B. Basis of Accounting

The District's single enterprise fund (a business-type activity) is accounted for using the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when they are incurred.

C. Accounting Principles

The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

D. Basis of Presentation and Measurement Focus

The Proprietary fund financial statements are reported using the *economic resource measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus all assets and liabilities (whether current or non-current) associated with the District's activities are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned while expenses are recognized when the liability is incurred regardless of the timing of cash flow.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District is charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, maintenance of capital assets, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Capital contributions consist of contributed capital assets and special charges that are legally restricted for capital expenditures by state law or by the Board action that established those charges.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

E. Budgets

The Board of Directors adopts the budget by passage with a majority vote prior to July 1st, for the new fiscal year, with a mid-year review. The budget is adopted by the governing Board as an operating plan and budgetary basis financial statements are not presented because there is no legal requirement to report budgetary basis financial information.

F. New Accounting Pronouncements

The District applies all applicable Governmental Accounting Standards Board (GASB) pronouncements for certain accounting and financial reporting guidance.

The District implemented the following statements for the year ended June 30, 2020:

Statement No. 88	<i>"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"</i>	The provisions of this statement are effective for reporting periods beginning after June 15, 2019. The District has implemented this pronouncement for the fiscal year 2019-20.
Statement No. 95	<i>"Postponement of the Effective Dates of Certain Authoritative Guidance"</i>	The provisions of this statement are effective immediately. The District has implemented this pronouncement for the fiscal year 2019-20.

Pending Accounting Standards

GASB has issued the following statements which may impact the District's financial reporting requirements in the future:

Statement No. 84	<i>"Fiduciary Activities"</i>	The provisions of this statement are effective for reporting periods beginning after December 15, 2019.
Statement No. 87	<i>"Leases"</i>	The provisions of this statement are effective for reporting periods beginning after June 15, 2021.
Statement No. 89	<i>"Accounting for Interest Cost Incurred before the End of a Construction Period"</i>	The provisions of this statement are effective for reporting periods beginning after December 15, 2020.
Statement No. 90	<i>"Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61"</i>	The provisions of this statement are effective for reporting periods beginning after December 15, 2019.
Statement No. 91	<i>"Conduit Debt Obligations"</i>	The provisions of this statement are effective for reporting periods beginning after December 15, 2021.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

Statement No. 92	<i>"Omnibus 2020"</i>	The provisions of this statement are effective for reporting periods beginning after June 15, 2021.
Statement No. 93	<i>"Replacement of Interbank Offered Rates"</i>	The provisions of this statement are effective for reporting periods beginning after June 15, 2020.
Statement No. 94	<i>"Public-Private and Public-Public Partnerships and Availability Payments Arrangements"</i>	The provisions of this statement are effective for reporting periods beginning after June 15, 2022.
Statement No. 96	<i>"Subscription-Based Information Technology Arrangements"</i>	The provisions of this statement are effective for reporting periods beginning after June 15, 2022.
Statement No. 97	<i>"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"</i>	The provisions of this statement are effective for reporting periods beginning after June 15, 2021.

G. Cash and Investments

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand, demand deposits, money market accounts, short-term investments with original maturities of three months or less from the date of acquisition and investments with Local Authority Investment Fund (LAIF) managed by the State of California. Deposits in LAIF are generally available for withdrawal on a next day basis and, therefore, considered cash equivalents.

For purposes of determining cash equivalents, the District has defined its policy concerning the treatment of short-term investments to include investments with a maturity of three months or less when purchased, as cash equivalents if management does not plan to reinvest the proceeds. Short-term investments that management intends to rollover into similar investments are considered part of the investment portfolio and are classified as investments.

Investments - All investments are stated at fair value, except for money market investments which have a remaining maturity of less than one year when purchased, which are stated at amortized cost.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

Under the provisions of the District's investment policy, and in accordance with Section 53601 of the California Government Code, the following investments are authorized:

- ◆ U.S. Treasury Obligations, or Federal Agency Securities
- ◆ FDIC Insured Certificates of Deposit
- ◆ Fully Collateralized Certificates of Deposit
- ◆ Commercial Paper, (rated in highest short-term ratings category)
- ◆ California's Local Agency Investment Fund
- ◆ Securities of the State of California, its agencies, or any local agency within the state
- ◆ Medium term corporate notes (rated "A" or better)
- ◆ Negotiable Certificates of Deposit (rated "A" or better)
- ◆ Shares of beneficial interest issued by diversified management companies that are money market funds registered with Securities and Exchange Commission (highest rating by at least 2 rating organizations)
- ◆ Registered Treasury Notes or Bonds of any of the other remaining 49 states
- ◆ Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7

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

LAIF determines value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

The District valued its investments in LAIF as of June 30, 2020, by multiplying its account balance with LAIF times a fair value factor determined by LAIF for all LAIF participants by total aggregate amortized cost.

H. Receivables

Receivables include amounts due from water utility customers as well as amounts due from contracts, and other receivables. The District provides an allowance for doubtful accounts for all accounts deemed uncollectible. The allowance for fiscal year 2020 is calculated as 2.5% of the outstanding receivable balance on the District's accounts. The bad debt allowance is held low due to the District's strict shut-off policy for accounts that reach 3 months past due, and the District's deposit requirement policy. Management's periodic evaluation of outstanding receivables is based on the District's past loss experience. The majority of accounts that become uncollectible are final bills to customers who have left our service area. Once collection efforts have been exhausted, a list of accounts deemed uncollectible is provided to management for approval to write-off and are turned over to a collection agency for further attempts at collection. Due California Executive Order N-42-20 in response to the state of emergency as a result of the threat of COVID-19, no water service will be shut off during this time of National Emergency.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

The District provides water and wastewater services to residential and commercial customers who reside or do business in our service area. As part of normal operating practices, credit is granted to customers with a good prior credit history with the District or a TransUnion credit score of 700 or greater (a fee applies) on an unsecured basis. New customers or customers who have been shut-off for non-payment are required to pay, in addition to any other past-due balances or applicable fees, a deposit of \$125 if a water only customer, or a deposit of \$400 if a water and wastewater customer (less any amount currently held on deposit), prior to the start or reinstatement of service. New customers also may opt to pay 50% of the required deposit if they also sign up for the District's automatic electronic payment program for a minimum of three years.

I. Inventories and Prepaid Expenses

Inventory consists primarily of water meters, parts, and spare pumps that are used in the repair and maintenance of water and wastewater utility plant and is valued at cost using the consumption method on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

J. Restricted Cash and Investments

Restricted cash and investments represent allocations of cash and investments that are a statutory or contractual requirement. The District has established various accounts to provide for specific activities in accordance with special regulations and restrictions placed by contracts, laws or regulations of other governments. Specific detail on source of restrictions is provided in Note 11 – Net Position. Restricted capacity fees are used first to fund debt obligations and the Debt Service Reserve is restricted by the California State Water Resource Control Board's Debt Covenant to establish a Reserve equal to one year's debt service.

K. Capital Assets

Capital assets purchased or constructed by the District are carried at historical cost. Constructed costs include direct labor, materials, transportation, and such indirect items as engineering, supervision, employee fringe benefits, and interest on net borrowed funds related to plant under construction. Contributed assets from developers, such as water main services, fire hydrants, valves, and related appurtenances, are stated at their cost to construct or fair market value at the date of donation to the District. The District's capitalization threshold by asset category are as follows:

	Actual Cost & FMV
Land (by purchase, gift, donation, or bequest)	
Land Improvements	\$ 5,000
Buildings and Improvements	10,000
Leasehold Improvements	10,000
Furniture and Equipment	1,000
Property Leased from Others Under Capital Leases	1,000
Computer Software	1,000

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

Land and construction in progress are not depreciated. Depreciation on the other assets is calculated using the straight-line method over the following estimated useful lives of the assets:

Hydrants, Transmission Mains, Lift Stations	40 Years
Valves, Storage Tanks, Service Lines	40 Years
Distribution Pipes (Water & Wastewater Mains)	40 Years
Wells, Buildings	25-40 Years
Landscaping/Grading/Lighting/Fencing/Paving	10-25 Years
Backflow Prevention	10-20 Years
Tools and Shop Equipment	7-15 Years
Meters, Chlorination and Other Treatment Equipment	10 Years
Office Furniture/Supplies, Electrical Systems	7-10 Years
Pumps, Transportation Equipment	5-10 Years
Lab/Monitoring and SCADA Monitoring Equipment	5-10 Years
Computers/Printers	5 Years

L. Idle Assets

Idle assets consist of potential site for Well #12 on Southside Road, including some engineering and design work, hydrogeology and water quality testing, environmental review work, drilling a test well, and a 2-acre parcel lot line adjustment; and a potential site for expansion of the West Hills Water Treatment Plant. In Fiscal Year 2019-2020, Well #1 and Well #9 were written off, which are further described in Note 5.

The Well #12 test well was taken out of service in 2012 because the project is on hold until such future time as we need additional groundwater, and the cost of the 2-acre lot line adjustment was taken out of service in 2016. In 1999, two adjoining parcels of land were purchased jointly with the City as a future site for a surface water treatment plant. One of the parcels was ultimately chosen for the site of the West Hills Water Treatment Plant, which was jointly donated in 2015 to San Benito County Water District (SBCWD) under the Hollister Urban Area Water Supply and Treatment Agreement. The remaining adjoining parcel is being held for possible future expansion needs and was taken out of service in 2016.

M. Water Rights

The District participates in various water rights agreements for imported surface water. These agreements are included in capital assets as water rights which are further described in Note 4 Capital Assets, Net and Note 7C Commitment Payable

N. Compensated Absences

The District's employment policy provides for the accumulation of earned vacation leave and vested sick leave.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

Vacation

The District’s policy permits full-time employees to accrue vacation time as follows:

Compensated Absences

0 - 5 years of service	10 paid days
6 - 10 years of service	15 paid days
11 - 15 years of service	20 paid days
16 + years of service	22 paid days

Employees may accumulate earned but unused vacation benefits, up to a maximum of 240 hours, which are eligible for payment upon separation from the District. The liability for such leave is reported as an expense when incurred.

Sick Leave

The District also allows employees to accrue unused sick days. Any current employee who has completed ten years of continuous service with the District and who retires under CalPERS will be compensated for 25% of accrued unused sick leave in excess of 240 hours at the then current rate of pay at the time of retirement. The liability for such leave is reported as an expense when incurred.

Another option provides that any current employee who has completed ten years of continuous service with the District and having an unused sick leave accrual balance in excess of 500 hours, may “cash-out” up to a maximum of 96 hours of unused sick leave annually, as long as the cashed-out hours do not reduce the unused sick leave accrual balance to less than 500 hours. The employee may elect to contribute any portion of this payout directly to their deferred compensation plan account, up to the maximum plan contribution allowed that year. The expense for this option is recorded annually at the time this election is made. Accumulated sick leave lapses when employees separate from the District in any other manner.

O. Pension Plan

The District offers 2 retirement plans to its employees. Employees hired before January 1, 2013 are members of the CalPERS Classic Plan and employees hired after January 1, 2013 are members of the California Public Employees' Pension Reform Act Plan (PEPRA Plan).

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expenses, information about the fiduciary net position of the San Sunnyslope County Water District’s California Public Employees’ Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS finance office. 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. See Note 8 for the CalPERS Classic Plan disclosures.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July1, 2018 to June 30, 2019

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

P. Other Post-Employment Benefits (OPEB)

The District provides post-employer retirement benefits to its employees to assist with future medical premium costs.

For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. Investments are reported at fair value. See Note 10 for additional disclosures. GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The District has the following items that qualify for reporting in this category:

- ◆ Deferred outflows of resources related to pensions are reported in the government-wide financial statements as described further in Note 8.
- ◆ Deferred outflows of resources related to OPEB are reported in the government-wide financial statements as described further in Note 10.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- ◆ Deferred inflows of resources related to pensions are reported in the government-wide financial statements as described further in Note 8.
- ◆ Deferred inflows of resources related to OPEB are reported in the government-wide financial statements as described further in Note 10.

R. Net Position

The statement of net position reports all financial and capital resources. The difference between assets and liabilities is net position. The three components of net position are:

Net investment in capital assets, net of related debt – This component of net position consists of capital assets, including infrastructure, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

Restricted – This component of net position consists of constraints placed on the use of net positions by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restricted net position includes water and wastewater capacity (connection) fees. The resolution establishing the authority for water and wastewater capacity fees restricts the use of these fees to the construction, acquisition, or financing of capital assets. The water and wastewater capacity fees are exchange transactions (non-operating revenues). The connecting party receives a benefit (connection to the system) approximately equal in value to the amount paid.

Unrestricted – This category represents net positions of the District that do not meet the definition of "Restricted net position" or "Net investment in capital assets, net of related debt."

S. Water & Wastewater Service Revenue Recognition

Revenues are recognized when earned and include accrual of revenue for the 10 days at fiscal year-end. Metered water accounts are read and billed on a monthly cycle that ends on the 20th of the month. Meter readings usually begin 3 to 4 working days prior to the 20th of the month. Wastewater customers are also billed monthly and are included with the water billing. Bills are mailed on or near the last working day of the month.

T. Contracted Services Revenue Recognition

Contracted services revenues are recognized when the performance obligation is satisfied over time.

U. Amortization

The District has Water Rights per various agreements for imported surface water. These Water Rights are amortized over the term of the agreements, which are further described in Note 4, Capital Assets, Net and Note 7, C. Commitments Payable.

V. Restricted and Unrestricted Resources

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

W. Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

X. Comparative Prior Year Financial Information

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's prior year financial statements, from which this selected financial data was derived.

Y. Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's financial statement presentation.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Cash and investments	\$ 8,703,813
Restricted cash and investments	3,667,335
Total cash and investments	<u>\$ 12,371,148</u>

The carrying value of the District's cash and investments, including restricted and designated balances as of June 30, 2020 were as follows:

	Restricted	Designated	Undesignated Unrestricted	Total
Petty Cash	\$ -	\$ -	\$ 1,333	\$ 1,333
Heritage Bank of Commerce	-	-	5,374,292	5,374,292
Local Agency Investment Fund	3,667,335	2,717,275	610,913	6,995,523
Total	<u>\$ 3,667,335</u>	<u>\$ 2,717,275</u>	<u>\$ 5,986,538</u>	<u>\$ 12,371,148</u>

Investments Authorized by the District's Investment Policy

The District's investment policy conforms to state law (Government Code Sections 53601 through 53659). The District's investment policy authorizes investment in commercial paper at local banking institutions and in the local government investment pool administered by the State of California. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Investment in State Investment Pool: The District is a voluntary participant in the Local Agency Investment Fund (LAIF) an investment pool managed by the State of California. LAIF is a special fund of the California State Treasury through which local governments may pool investments. As of June 30, 2020, the total fair value amount invested by all public agencies in LAIF is \$101,607,078,218 and managed by the State Treasurer. Of that amount, 3.37% is invested in medium-term and short-term structured notes and asset-back securities. No amounts were invested in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Disclosures Related to Fair Value Measurement: The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the District has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

- Level 3 inputs are unobservable and significant to the fair value measurement. These unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). The unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

As of June 30, 2020, the District had no leveled investments. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Accordingly, the District's measured fair value of its proportionate share in these types of investments is based on uncategorized inputs not defined as a Level 1, Level 2, or Level 3 input.

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 for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2020, \$250,000 of the balance on deposit with Heritage Bank of Commerce was covered by federal depository insurance, and the excess of \$5,124,292 was collateralized by the pledging institution as required by Section 53652 of the California Government Code.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the District and that the District will not be able to recover the value of its investments or collateral securities. Credit risk is mitigated by investing only in U.S. Treasury Obligations, Federal Agency securities and in other high-quality investments, and by diversifying the portfolio so that the failure of any issuer would not unduly harm the District's cash flow. The District diversifies its investments by security type and institution. The LAIF is managed by the State Treasurer is not rated and Heritage Bank of Commerce has a credit rating of Green/***/BB from Veribanc, Inc.

Concentration of Credit Risk: Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments represent a concentration. The investment in LAIF account, representing 100% of the

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

portfolio are not considered a concentration of risk. The District was in compliance with these limitations as of June 30, 2020, certain individual investments exceeds 5% of the total investment portfolio (including cash and cash equivalents) as follows:

	<u>Value</u>	<u>Cost</u>	<u>0-3 Months</u>	<u>4-12 Months</u>
Local Agency Investment Fund	<u>\$ 6,995,523</u>	<u>\$ 6,961,323</u>	<u>\$ 6,995,523</u>	<u>\$ -</u>

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting exposure to fair value losses arising from interest rates, the District’s investment policy limits the maturity of investments in accordance with Government Code.

Information about the sensitivity of the fair values of the District’s investment to market interest rate fluctuations is provided by the above table that shows the distribution of the District’s investment.

3. ACCOUNTS RECEIVABLE

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectible accounts) amount on the financial statements. Below is the detail of the receivables as of June 30, 2020, including applicable allowances for uncollectible accounts

	Sunnyslope Water & Wastewater <u>Sales and Services</u>	City of Hollister Customer <u>Billings</u>	Other <u>Receivables</u>	Total June 30, 2020
Accounts receivable	\$ 995,149	\$ 395,510	\$ 310,002	\$ 1,700,661
Less: Allowance for uncollectible accounts	<u>(23,870)</u>	<u>-</u>	<u>-</u>	<u>(23,870)</u>
Net accounts receivable	<u>\$ 971,279</u>	<u>\$ 395,510</u>	<u>\$ 310,002</u>	<u>\$ 1,676,791</u>

The District entered into an agency agreement with the City of Hollister to bill wastewater and street sweeping charges to District’s water customers who receive their wastewater service from the City. Accounts receivable from customers includes \$395,510 due from the City’s customers as of June 30, 2020. Likewise, accounts payable includes \$395,510 due to the City for the amount billed to their customers as of June 30, 2020. See Note 6 – Accounts Payable. No provision was made for uncollectible accounts for the accounts receivable balance due from the City’s customers.

Other receivables represent those billings outside of the normal water and wastewater sales and services. The receivables include \$299,724 in Contracted Services billings for the operation and maintenance of the Lessalt Water Treatment Plant and the West Hills Water Treatment Plant and \$10,278 in billable staff time on Subdivision Projects.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

4. CAPITAL ASSETS, NET

The change in capital assets of the District for the year ended June 30, 2020 are summarized as follows:

	June 30, 2019	Additions	Disposals	Transfers	June 30, 2020
Water rights					
Lessalt water treatment plant	\$ 6,500,000	\$ -	\$ -	\$ -	\$ 6,500,000
West Hills water treatment plant	12,200,000	-	-	-	12,200,000
Depreciable assets					
Water utility plant	17,465,192	2,664,594	(4,782)	4,366,985	24,491,989
Wastewater utility plant	15,483,177	19,179	-	44,577	15,546,933
Equipment and furniture	2,231,073	107,164	(286,335)	144,147	2,196,049
Office building	2,737,613	67,402	-	-	2,805,015
Land improvements	21,449	-	-	-	21,449
Non-depreciable assets					
Land	850,499	-	-	-	850,499
Construction-in-process	4,615,022	24,094	(59,312)	(4,555,709)	24,095
Total capital assets	<u>62,104,025</u>	<u>2,882,433</u>	<u>(350,429)</u>	<u>-</u>	<u>64,636,029</u>
Accumulated amortization	<u>(3,803,611)</u>	<u>(888,334)</u>	<u>-</u>	<u>-</u>	<u>(4,691,945)</u>
Accumulated depreciation	<u>(15,606,768)</u>	<u>(1,352,243)</u>	<u>289,953</u>	<u>-</u>	<u>(16,669,058)</u>
Capital assets, net	<u>\$ 42,693,646</u>	<u>\$ 641,856</u>	<u>\$ (60,476)</u>	<u>\$ -</u>	<u>\$ 43,275,026</u>

The accumulated amortization and depreciation by major classes are summarized as follows:

	June 30, 2019	Additions	Disposals	June 30, 2020
Amortization				
Water rights				
Lessalt water treatment plant	\$ (1,263,889)	\$ (216,667)	\$ -	\$ (1,480,556)
West Hills water treatment plant	(2,539,722)	(671,667)	-	(3,211,389)
Total amortization	<u>(3,803,611)</u>	<u>(888,334)</u>	<u>-</u>	<u>(4,691,945)</u>
Depreciation				
Water utility plant	(8,985,519)	(787,421)	3,618	(9,769,322)
Wastewater utility plant	(3,347,016)	(379,261)	-	(3,726,277)
Equipment & furniture	(1,886,193)	(91,199)	286,335	(1,691,057)
Office building	(1,378,244)	(93,896)	-	(1,472,140)
Land improvements	(9,796)	(466)	-	(10,262)
Total depreciation	<u>(15,606,768)</u>	<u>(1,352,243)</u>	<u>289,953</u>	<u>(16,669,058)</u>
Total amortization and depreciation	<u>\$ (19,410,379)</u>	<u>\$ (2,240,577)</u>	<u>\$ 289,953</u>	<u>\$ (21,361,003)</u>

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

5. IDLE ASSETS

Idle assets are valued at cost. Management believes that, based on Level 2 inputs, Well #1 and the Site for Well #9 are impaired at this time, and that the value of the idle assets should be written off. For the remaining idle assets, management believes, based on Level 3 inputs, there is no impairment in value at this time, and that cost is equivalent to fair value of the idle assets. Fair value measurements of impaired capital assets are categorized based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Idle assets of the District for the year ended June 30, 2020 are summarized as follows:

	June 30, 2019	<u>Additions</u>	<u>Disposals</u>	June 30, 2020
Well #1	\$ 69,884	\$ -	\$ (69,884)	\$ -
Site for Well #9 or Water Treat. Plant	69,790	-	(69,790)	-
Site for Well #12	115,194	-	-	115,194
Well #12 Test Well	176,676	-	-	176,676
Site for Future W. Hills Water Treat. Plant Expan.	179,471	-	-	179,471
Total idle assets	<u>611,015</u>	<u>-</u>	<u>(139,674)</u>	<u>471,341</u>
Accumulated depreciation	<u>(30,634)</u>	<u>-</u>	<u>30,634</u>	<u>-</u>
Idle assets	<u>\$ 580,381</u>	<u>\$ -</u>	<u>\$ (109,040)</u>	<u>\$ 471,341</u>

6. ACCOUNTS PAYABLE

The District entered into an agency agreement with the City to bill wastewater and street sweeping charges to District's water customers who receive their wastewater service from the City beginning July 1, 2007. Accounts payable includes \$395,510 due to the City for the amount billed to their customers as of June 30, 2020. Likewise, accounts receivable from customers includes \$395,510 due from the City's customers as of June 30, 2020 - see Note 3 Accounts Receivable.

Amounts are aggregated into a single accounts payable total on the financial statements. Below is the detail of the payable amounts as of June 30, 2020:

	Sunnyslope Water District Vendors	City of Hollister Customer Billings	Total June 30, 2020
Accounts payable	<u>\$ 1,134,091</u>	<u>\$ 395,510</u>	<u>\$ 1,529,601</u>

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

7. LONG TERM DEBT PAYABLE

The change in loans and commitments payable of the District for the year ended June 30, 2020, are summarized as follows:

	June 30, 2019	Increase	Decrease	June 30, 2020	Due Within One Year
Accrued compensated absences	\$ 139,291	\$ 106,285	\$ (127,831)	\$ 117,745	\$ 59,528
Direct Borrowings and Placements					
Bank loan payable	2,961,626	-	(239,082)	2,722,544	247,280
State Revolving Fund loan payable	9,340,683	-	(517,116)	8,823,567	530,562
Commitment payable	14,678,613	-	(594,938)	14,083,675	612,656
Total Direct Borrowings and Placements	26,980,922	-	(1,351,136)	25,629,786	1,390,498
Total Long-Term Liabilities	\$ 27,120,213	\$ 106,285	\$ (1,478,967)	\$ 25,747,531	\$ 1,450,026

The aggregate maturities of loans and commitments are as follows:

Fiscal Year Ending June 30,	Direct Borrowings and Placements		
	Principal	Interest	Total
2021	\$ 1,390,498	\$ 888,960	\$ 2,279,458
2022	1,437,452	842,006	2,279,458
2023	1,486,065	793,393	2,279,458
2024	1,536,394	743,064	2,279,458
2025	1,588,503	690,955	2,279,458
2026-2030	8,622,286	2,606,124	11,228,410
2031-2035	6,871,818	1,215,842	8,087,660
2036-2040	1,532,375	443,700	1,976,075
2041-2044	1,164,395	87,111	1,251,506
	\$ 25,629,786	\$ 8,311,155	\$ 33,940,941

A. Municipal Finance Corporation – City National Bank Loan

On October 1, 2014, the District entered into a loan agreement with Municipal Finance Corporation in the amount of \$3,943,126, for the purpose of refinancing the Capital Project Bond. The loan was immediately assigned to City National Bank. Loan repayment is over a term of 15 years at the rate of 3.4% interest and is payable in semiannual loan payments of \$168,881, beginning on April 16, 2015, and maturing on October 16, 2029. Principal and interest are to be paid from pledged future revenues.

In accordance with the covenants of the agreement, the District shall revise and collect rates, fees and charges sufficient to pay all maintenance and operation costs, loan repayments of principal and interest on any parity obligations without preference or priority, all payments due for compliance with the agreement and parity obligations and all payments required to meet any other obligations of the District which are charges, liens, encumbrances from the gross revenues with respect to such fiscal year.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

In addition, the District shall collect rates, fees and charges sufficient to yield net revenues equal to 115% of the aggregate amount of loan repayments and principal and interest on any parity obligations coming due and payable with respect to such fiscal year. Net revenue available for debt service for the year ended June 30, 2020, is determined as follows:

Gross Revenue	\$ 11,431,368
Expenses	<u>11,765,346</u>
Operating Revenue (Loss)	(333,978)
Add:	
Depreciation and amortization	<u>2,240,577</u>
Revenue	1,906,599
Add:	
Capacity and connection fees	<u>3,261,100</u>
Net Revenue	<u>\$ 5,167,699</u>
Annual Debt Service including Parity Obligations	<u>\$ 2,279,458</u>
Net Revenue Ratio	227%
Required Net Revenue Ratio	115%

In the event of default, the bank has the right to declare 1) all principal components and accrued interest shall immediately become due and payable and 2) take whatever action may appear necessary to collect the loan repayments or enforce performance and observance of any obligation, agreement or covenant of the District under the loan agreement.

The maturities of City National Bank loan payable are as follows:

Fiscal Year Ending June 30,	Direct Borrowings and Placements		
	Principal	Interest	Total
2021	\$ 247,280	\$ 90,482	\$ 337,762
2022	255,759	82,003	337,762
2023	264,529	73,233	337,762
2024	273,600	64,162	337,762
2025	282,981	54,781	337,762
2026-2030	<u>1,398,395</u>	<u>121,537</u>	<u>1,519,932</u>
	<u>\$ 2,722,544</u>	<u>\$ 486,198</u>	<u>\$ 3,208,742</u>

B. State Revolving Fund Loan – State Water Resources Control Board

On April 11, 2011, the District entered into a project financing agreement with the State Water Resources Control Board for a State Revolving Fund (SRF) loan in the amount of \$11.4 million. This loan provided funds for the construction of the Ridgemark Wastewater Treatment and Recycled Water Improvements Project (the System), which generally consisted of upgrade and consolidation of the District’s Ridgemark I and Ridgemark II wastewater treatment facilities. The term of the agreement is from December 14, 2010 to September 30, 2033. The construction completion date was extended to September 30, 2013 and the initiation of operation date to January 1, 2014. The loan is scheduled to be repaid over a 20-year period beginning September 30, 2014.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

Interest accrued during the construction period of \$345,037 is being added to the principal balance due on the loan. The annual interest rate is 2.6%, resulting in amortized principal and interest payments of \$759,975 per year. Principal and interest are to be paid from pledged future revenues of the System.

The SRF loan is collateralized by a pledge of revenues derived and to be derived from the operations of the District after deduction therefrom of the amounts necessary to pay all operating and maintenance charges of the District. The District is also required to establish and maintain a reserve fund equal to one year's debt service from available cash.

The SRF loan is collateralized by a pledge of net revenues derived and to be derived from the operations of the District. Net revenues are revenues received from the ownership or operation of the System less the amounts necessary to pay all system operating and maintenance charges of the District, excluding depreciation, replacement and obsolescence charges or reserves and amortization of intangibles. The District is also required to establish and maintain a reserve fund equal to one year's debt service from available cash. In addition, the District covenants to establish rates and charges in amounts sufficient to generate net revenues equal to at least 1.2 times the total annual debt service. Net revenue available for debt service for the year ended June 30, 2020, is determined as follows:

Wastewater System Revenue	\$ 1,954,909
Cost of Good Sold	579,796
Other Expenses	701,665
Total Expenses	<u>1,281,461</u>
Operating Wastewater System Income	<u>673,448</u>
Add:	
Depreciation	<u>406,283</u>
Net Revenue	<u>\$ 1,079,731</u>
Annual Debt Service	<u>\$ 759,975</u>
Net Revenue Ratio	1.42
Required Net Revenue Ratio	1.20

In the event of violation of any material provision of the agreement and the District fails to return to compliance with the provisions, the State Water Resources Control Board may terminate the agreement by written notice. In the event of such termination, the District must repay an amount equal to installment payments due, including accrued interest and any penalty assessments.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

The maturities of SRF loan payable are as follows:

Fiscal Year Ending June 30,	Direct Borrowing and Placement		
	Principal	Interest	Total
2021	\$ 530,562	\$ 229,413	\$ 759,975
2022	544,356	215,619	759,975
2023	558,510	201,465	759,975
2024	573,031	186,944	759,975
2025	587,930	172,045	759,975
2026-2030	3,177,047	622,826	3,799,873
2031-2035	2,852,131	187,767	3,039,898
	<u>\$ 8,823,567</u>	<u>\$ 1,816,079</u>	<u>\$ 10,639,646</u>

C. Commitments Payable – San Benito County Water District – Surface Water Treatment Facilities

The San Benito County Water District (SBCWD) committed to finance up to \$30 million of the project costs to upgrade the surface water treatment process at the Lessalt Water Treatment Plant to meet current water quality regulations, and to construct a second surface water treatment plant called the West Hills Water Treatment Plant. These funds were committed in two tranches. The first tranche of \$13 million was made available on the effective date of the agreement, September 1, 2013. The second tranche of \$17 million was made available effective May 1, 2015, the start of the construction phase of the West Hills Water Treatment Plant.

The actual project cost exceeded \$30 million by \$11.6 million, and these additional project costs were financed with a combination of \$4.2 million in Proposition 84 Grant Funds, \$3.4 million from reserves of the District and the City, and a \$4 million loan procured by SBCWD. The District paid it's \$1.7 million share from reserves during fiscal year 2017, which was capitalized as water rights and is being amortized accordingly. The loan commitment of \$4 million by SBCWD became tranche 3 and was made available on January 1, 2016. The District and the City are committed to share equally in the costs associated with these two surface water treatment plants and share in the rights to receive the treated water produced.

The District's share of the first tranche capital cost is \$6.5 million and is spread in equal monthly payments over thirty years at an interest rate of 4.5%. The District's share of the second tranche capital cost is \$8.5 million and is spread in equal monthly payments over twenty years at an interest rate of 4.0%. The District's share of the third tranche capital cost is \$2 million, which is being repaid quarterly over a 15 year period at an interest rate of 3.45%, with the District's monthly payment based on one-third of its share of the quarterly payment.

In accordance with the financial covenants of the agreement, the District shall pledge net Water revenues, defined as gross revenues received during any period less the amount required by the District to pay for all operation and maintenance costs during such period. Operation and maintenance costs shall mean the reasonable and necessary costs and expenses for maintaining and operating the water system, excluding depreciation, replacement and obsolescence charges or reserves, amortization of intangibles, payments of principal and interest on all outstanding parity debt or other obligations of the District and costs of capital additions, replacements or improvements chargeable to a capital account.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

In the event of default, the District will be required to pay all direct damages including the District's respective share of all remaining capital costs incurred for development and construction of facilities, including interest, in addition to any obligations that remain unpaid as of the date of the default.

The aggregate maturities of commitments are as follows:

Fiscal Year Ending June 30,	Direct Borrowing and Placement		
	Principal	Interest	Total
2021	\$ 612,656	\$ 569,065	\$ 1,181,721
2022	637,337	544,384	1,181,721
2023	663,026	518,695	1,181,721
2024	689,763	491,958	1,181,721
2025	717,592	464,129	1,181,721
2026-2030	4,046,844	1,861,761	5,908,605
2031-2035	4,019,687	1,028,075	5,047,762
2036-2040	1,532,375	443,700	1,976,075
2041-2044	1,164,395	87,111	1,251,506
	<u>\$ 14,083,675</u>	<u>\$ 6,008,878</u>	<u>\$ 20,092,553</u>

The maturities of Tranche 1 commitment payable are as follows:

Fiscal Year Ending June 30,	Direct Borrowing and Placement		
	Principal	Interest	Total
2021	\$ 142,530	\$ 252,685	\$ 395,215
2022	149,077	246,138	395,215
2023	155,926	239,289	395,215
2024	163,089	232,126	395,215
2025	170,582	224,633	395,215
2026-2030	977,907	998,168	1,976,075
2031-2035	1,224,140	751,935	1,976,075
2036-2040	1,532,375	443,700	1,976,075
2041-2044	1,164,395	87,111	1,251,506
	<u>\$ 5,680,021</u>	<u>\$ 3,475,785</u>	<u>\$ 9,155,806</u>

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

Fiscal Year Ending June 30,	Direct Borrowing and Placement		
	Principal	Interest	Total
2021	\$ 348,164	\$ 269,936	\$ 618,100
2022	362,348	255,752	618,100
2023	377,111	240,989	618,100
2024	392,475	225,625	618,100
2025	408,465	209,635	618,100
2026-2030	2,305,929	784,571	3,090,500
2031-2035	2,712,342	275,140	2,987,482
	<u>\$ 6,906,834</u>	<u>\$ 2,261,648</u>	<u>\$ 9,168,482</u>

The maturities of Tranche 3 commitment payable are as follows:

Fiscal Year Ending June 30,	Direct Borrowing and Placement		
	Principal	Interest	Total
2021	\$ 121,962	\$ 46,444	\$ 168,406
2022	125,912	42,494	168,406
2023	129,989	38,417	168,406
2024	134,199	34,207	168,406
2025	138,545	29,861	168,406
2026-2030	763,008	79,022	842,030
2031-2031	83,205	1,000	84,205
	<u>\$ 1,496,820</u>	<u>\$ 271,445</u>	<u>\$ 1,768,265</u>

8. PENSION PLAN

A. *General Information about the Pension Plan*

Plan Description - All qualified employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan (PERF C or the Plan) is administered by the California Public Employees Retirement System (CalPERS). A menu of benefit provisions as well as other requirements are established by State statutes within the California Public Employees' Retirement Law (PERL). The District's Board of Directors selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. 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.

Employees Covered - All full-time District employees are eligible for benefits under the Plan in one of two tiers. Employees hired prior to January 1, 2013, or who are hired after December 31, 2012 and qualify as "classic" members on date of hire are in Tier 1 (rate plan #620), and employees hired after December 31, 2012 and who do not qualify as "classic" members are in Tier 2 (rate plan #26656). As June 30, 2020, there are 23 full-time employees, with 18 in Tier 1, and 5 in Tier 2.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the PERL. The District's Plans' provisions and benefits in effect as of June 30, 2020, are summarized as follows:

	Miscellaneous	
	Classic	PEPRA
Hire date	Hire prior to January 1, 2013	Hire on or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% at 62
Benefit vesting schedule	5 years service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	2.7%	2.0%
Final compensation period	1 year	3 years
Required employee contribution rates	8.00%	6.750%
Required employer contribution rates	13.182%	6.985%
Required Payment of Unfunded Liability	\$41,363	\$3,849

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. In addition to creating new retirement formulas for newly hired members, PEPRA also effectively closed all existing active risk pools to new employees.

Contribution Description - Section 20814(c) of the California PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. 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. District contribution rates may change if plan contracts are amended. It is the responsibility of the District to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions (EPMC) or cost sharing whether by contract amendment or by resolution of the governing board. The District's contributions were as follows:

	Fiscal Year Paid	
	2019/20	2018/19
Misc. Classic	\$ 183,796	\$ 1,313,810
Misc. PEPRA	45,909	37,199
	<u>\$ 229,705</u>	<u>\$ 1,351,009</u>

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the net pension liability as of June 30, 2020 and 2019 were as follows:

	Fiscal Year Ended	
	June 30, 2020	June 30, 2019
District's Miscellaneous Plan	\$ 21,460	\$ 888,029
Total Net Pension Liability	\$ 21,460	\$ 888,029

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions for all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2020 and 2019 were as follows:

Fiscal year ended	Percentage Share of Risk		Change: Increase/(Decrease)
	6/30/2020	6/30/2019	
Measurement date	6/30/2019	6/30/2018	
Percentage of Plan (PERF C) NPL	0.00021%	0.00922%	-0.00901%

For the year ended June 30, 2020, the District recognized pension expense of \$584,552. As of June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,490	\$ 115
Changes in assumption	1,023	363
Net differences between projected and actual earnings on plan investments	-	375
Change in employer's proportion	184,951	890,149
Differences between the employer's contributions and the employer's proportionate share of contributions	924,964	105,219
Pension contributions subsequent to measurement date	229,705	-
Total	\$ 1,342,133	\$ 996,221

The deferred outflows of resources to contributions of \$229,705 were subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

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

<u>Year Ended June 30,</u>	
2021	\$ 56,483
2022	48,713
2023	10,936
2024	<u>75</u>
Total	<u>\$ 116,207</u>

Actuarial Methods and Assumptions used to determine Total Pension Liability - For the measurement period ended June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 actuarial accounting valuation. The June 30, 2019 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method Entry Age Normal in accordance with the requirements of GASB Statement No. 68

Actuarial Assumptions:

Investment rate of return	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality rate table*	Derived using CalPERS' Membership Data for all Funds
Post-retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

*The Mortality table used was developed based on CalPERS's specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of the scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Changes of Assumptions – There were no changes in the discount rate for the PERF C, which remained at 7.15%.

Discount Rate – The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

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

The expected real rates of return by asset class per the CalPERS' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019 as followed:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10*	Real Return Years 1-10**
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00	1.00	2.62
Inflation assets	-	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)

*An expected inflation of 2.00% used for this period

**An expected inflation of 2.92% used for this period

Amortization of Deferred Outflows and Deferred Inflows of Resources – Net difference between projected and actual earnings on pension plan investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining net difference between projected and actual investment earning on pension plan investments is amortized over the remaining amortization periods. Net difference between projected and actual investment earning on pension plan investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

Deferred outflows of resources and deferred inflows of resources relating to differences between expected and actual experience and changes of assumptions are amortized over the Expected Average Remaining Service Lifetime (EARSL) of members provided with pensions through the Plan determined as of the beginning of the related measurement period. The EARSL for PERF C for the June 30, 2019 measurement date is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of all active employees) by 140,593 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability of the District’s Plan as of the Measurement Date June 30, 2019, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate		
	6.15% (1% Decrease)	7.15% (Current Rate)	8.15% (1% Increase)
Measurement date		June 30, 2019	
Fiscal Year End		June 30, 2020	
Net Pension Liability (Asset)	\$ 1,777,360	\$ 21,460	\$ (1,427,911)

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

Subsequent Events – There were no subsequent events that would materially affect the results presented in this disclosure.

9. DEFERRED COMPENSATION PLAN

The District offers its employees a choice between two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Retirement law allows “rollovers” of 457 plan assets into other qualified retirement plans. Participants are fully vested at all times and the District or creditors of the District have no claim against the plan. All funds are held by outside trustees and excluded from the statement of net position in conformity with Government Auditing Standards.

Effective July 1, 2010, the District agreed to match the lesser of 30% of the employee deferral contribution or \$468, to the extent that District contributions and employee deferral do not exceed the maximum permitted by law.

For the year ended June 30, 2020, employee contributions consisting of employee deferrals, compensated absences, and cash in lieu of insurance benefits converted to deferred compensation totaled \$276,937. For the year ended June 30, 2020, the required employer matching contribution was \$7,050.

The investment balances and financial institutions that administer the District’s 457 Plans are as follows:

Plan Administrator	Investment Balance
Nationwide Retirement Solutions, Inc.	\$ 3,147,850
CalPERS Supplemental Income Plan	101,181
Total	\$ 3,249,031

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

10. OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB)

A. *General Information about the OPEB Plan*

Plan Description: The District rejoined the Public Employees' Medical & Hospital Care Act (PEMHCA) in January 2011 for its employees. The healthcare plan is offered through the California Public Employees' Retirement System (CalPERS). The Sunnyslope County Water District Retiree Healthcare Plan provides benefits as approved by the Board and subject to the requirements of California Government Code Section 22892. For purposes of reporting under GASB Statements 74 and 75, the plan is an agent multiple employer plan administered by the CalPERS Employers' Retirement Benefit Trust (CERBT).

The plan information is as follows:

<u>Fiscal Year End</u>	<u>June 30, 2020</u>
Plan Type	Agent Multiple Employer
OPEB Trust	Yes
Special Funding Situations	No
Nonemployer Contributing Entities	No

Employees Covered: As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the healthcare plan:

<u>June 30, 2020 Fiscal Year End</u>	<u>Number of</u>
<u>June 30, 2019 Measurement Date</u>	<u>Covered</u>
<u>June 30, 2019 Valuation Date</u>	<u>Participants</u>
Actives Employees	22
Inactive Employees Currently Receiving Benefit Payments	5
Inactive Employees Entitled to but not yet Receiving Benefit Payments	*4
Total Employees	31

*Estimated

Benefits and Eligibility: Under the CalPERS health plan, the District is required to pay the minimum employer health premium contribution for the District's eligible retirees and eligible surviving spouses. The employee is responsible for paying the remainder of the monthly healthcare premium. The minimum employer contribution for retirees' health premiums for calendar year 2020 is \$139 per month. The amount will increase in subsequent years to reflect inflation in the cost of healthcare. These benefits are being paid through the CalPERS California Employers' Retirement Benefit Trust (CERBT). To be eligible for retirement medical, an active employee must be at least 50 and have a minimum of 5 years of service and retire directly from the District.

Contributions: The District intends to contribute to the Trust the actuarially determined contribution (ADC) net of the pay-as-you-go benefits paid annually directly from employer resources. For the fiscal year ended June 30, 2020, the District's cash contributions were \$6,766 in premium payments made on behalf of retirees, and implied subsidy payments of \$27,025, resulting in total payments of \$33,791. No trust contributions were made in 2019/20 fiscal year.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

B. OPEB Liabilities (Asset), OPEB Expenses, and Deferred Outflows/Inflows of Resources Related to OPEB

OPEB Liability (Asset): As of the June 30, 2019 measurement date, the District's total OPEB liability (asset) were as follows:

<u>Fiscal Year Ended</u>	<u>June 30, 2020</u>
<u>Measurement Date</u>	<u>June 30, 2019</u>
Total OPEB Liability (TOL)	\$ 531,542
Fiduciary Net Position (FNP)	568,946
Total Net OPEB Liability (Asset)	<u>\$ (37,404)</u>
Funded status (FNP/TOL)	107.0%

Changes in the OPEB Liability: The changes in the total OPEB liability for the District Plan are as follows:

<u>Changes in Net OPEB Liability</u>	<u>Total OPEB Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net OPEB Liability(Asset) (a) - (b)</u>
Balance at June 30, 2019 (Measurement Date June 30, 2018)	\$ 524,955	\$ 510,179	\$ 14,776
Service Cost	12,588	-	12,588
Interest	33,406	-	33,406
Changes of Benefit Terms	-	-	-
Actual versus Expected Experience	(20,154)	-	(20,154)
Changes of Assumptions	2,794	-	2,794
Employer Contributions	-	47,047	(47,047)
Employee Contributions	-	-	-
Net Investment Income	-	33,879	(33,879)
Benefit Payments	(22,047)	(22,047)	-
Administrative Expenses	-	(112)	112
Net Changes	<u>6,587</u>	<u>58,767</u>	<u>(52,180)</u>
Balance at June 30, 2020 (Measure Date June 30, 2019)	<u>\$ 531,542</u>	<u>\$ 568,946</u>	<u>\$ (37,404)</u>

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$5,762. As of fiscal year ended June 30, 2020, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Differences Between Projected and Actual Earnings on Plan Investments	\$ -	\$ -
Differences Between Expected and Actual Experience	-	17,430
Changes of Assumptions	2,410	11,313
Employer Contributions after Measurement Date	33,791	-
Total	\$ 36,201	\$ 28,743

Deferred outflows of resources in the amount of \$33,791 related to contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30,	
2021	\$ (7,186)
2022	(7,184)
2023	(3,836)
2024	(2,491)
2025	(2,346)
Thereafter	(3,290)
Total	\$ (26,333)

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gain and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

Actuarial Methods and Assumptions Used to Determine the OPEB Liability: The District's net OPEB liability (asset) was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

Significant Accounting Actuarial Assumptions and Methods:

Fiscal Year End	June 30, 2020
Measurement Date	June 30, 2019
Valuation Date	June 30, 2019
Discount Rate	6.50%
Long-Term Expected Rate of Return on Assets	6.50%
General Inflation	Expected Authority contributions to keep sufficient plan assets to pay all benefits from trust
Mortality Rate	2.75% annually
Pre-Retirement Turnover and Retirement	Mortality rates from CalPERS 2017 actuarial valuation. The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% of Society of Actuaries Scale MP 2016.
Salary Increases	Retirement and termination rates from CalPERS 2017 actuarial valuation for "public agency miscellaneous 2.7% at 55," based on the 1997-2015 experience study. No disablement assumed
Healthcare Trend Rate	3% per year
Participation	Medical premium amounts are assumed to increase 5% per year. The CalPERS minimum required employer contribution is assumed to increase 4% per year
Changes of benefit terms	50% of active employees are assumed to elect health care benefits at retirement
	None

Change of Assumption: The probabilities of retirement, termination and mortality have been changed from the 2014 CalPERS assumptions to the 2017 CalPERS assumptions.

Discount Rate: The discount rate used to measure the total OPEB liability was 6.50%. The cash flows of the OPEB plan were projected to future years, assuming that the District will contribute an amount equal to retirees' benefits. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 6.50%.

Expected Long-Term Rate of Return on Investments: The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

The asset class percentages are taken from the current composition of the CERBT trust, and the expected yields are taken from a recent CalPERS publication for the Pension Fund:

Measurement Date	6/30/19	
CERBT Trust: Pension Fund		
Asset Class %	% of Fund	Expected Real Rate of Return
Global Equity	57%	5.25%
Fixed Income	27%	0.99%
Treasury Securities	5%	0.45%
Real Estate Trusts	8%	4.50%
Commodities	3%	3.90%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.50%

Discount Rate Sensitivity Analysis: The following schedule presents the District's net OPEB liability (asset) if it were calculated using discount rate that is that is 1 percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate (6.50%) for measurement period ended June 30, 2019:

	Discount Rate		
	(1% Decrease)	(Current Rate)	(1% Increase)
	5.50%	6.50%	7.50%
Net OPEB Liability (Asset)	\$ 41,631	\$ (37,404)	\$ (101,515)

Medical Trend Sensitivity Analysis: The following presents the net OPEB liability (asset) of the District if it were calculated using health care cost trend rates that are one percentage point lower (4.0%) or one percentage point higher (6.0) than the current rate (5.0%), for measurement period ended June 30, 2019:

	Healthcare Trend		
	(1% Decrease)	(Current Rate)	(1% Increase)
	4.0%	5.0%	6.0%
Net OPEB Liability (Asset)	\$ (101,789)	\$ (37,404)	\$ 41,558

Pension Plan Fiduciary Net Positions – Investments Authorized by the Trust's Investment Policy – The CERBT's investment policies authorize three separate Portfolio Strategies ("Strategy 1", "Strategy 2", and "Strategy 3"). Levels of expected return and risk vary among the Portfolios. The District has opted to invest its assets using Strategy 1.

Subsequent Events – There were no subsequent events that would materially affect the results presented in this disclosure.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

11. NET POSITION

Net position represents the difference between assets and liabilities. Designations of unrestricted net position represents the District Board of Director's intention for the use of resources. The net position amounts at June 30, 2020 were as follows:

Net investment in capital assets	<u>\$ 17,645,243</u>
Restricted:	
Water capacity fees	2,867,486
Wastewater capacity fees	39,849
Debt service reserve	760,000
Total restricted	<u>3,667,335</u>
Unrestricted:	
Designated:	
Capital improvement reserve	1,775,906
Vehicle replacement	148,634
Emergency equipment replacement	100,000
Office and miscellaneous equipment replacement	292,735
Drought contingency reserve	400,000
	<u>2,717,275</u>
Undesignated	6,596,959
Total unrestricted	<u>9,314,234</u>
Total Net Position	<u><u>\$ 30,626,812</u></u>

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions and natural disaster for which the District carries commercial insurance. The District is a member of the Association of California Water Agencies-Joint Powers Insurance Authority (ACWA-JPIA) for workers' compensation coverage. The relationship between the District and the JPIA is such that the JPIA is not component units of the District for financial reporting purposes. The ACWA-JPIA arranges for and provides property and liability insurance for its nearly 370 members. ACWA-JPIA is governed by a board consisting of a representative from each member district. The board controls the operations of ACWA-JPIA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in ACWA-JPIA. Separate financial statements of ACWA-JPIA can be obtained by request to Finance Department, 2100 Professional Drive, Roseville, CA 95661.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

Condensed financial information of ACWA-JPIA as of September 30, 2019 is as follows:

Total Assets	\$ 212,099,851
Deferred Outflows of Resouces	553,790
Total Liabilities	(112,046,920)
Deferred Inflows of Resouces	<u>(1,672,219)</u>
Net Position	<u>\$ 98,934,502</u>
Total Revnues	\$ 181,825,144
Total Expenditures	<u>(169,356,246)</u>
Net Increase	<u>\$ 12,468,898</u>

The District has the following commercial insurance policies:

<u>Coverage</u>	<u>Deductible</u>	<u>Coverage Limit</u>
General Liability	N/A	Ranging from \$10,000 to \$3,000,000
Commercial Excess Liability	N/A	\$4,000,000
Auto Liability	N/A	Ranging from \$5,000 to \$1,000,000
Public Officials and Management Liability	\$1,000	\$1,000,000 / \$3,000 000
Privacy Liability & Network	\$1,000	Ranging from \$50,000 to \$1,000,000
Property		
Buildings, personal property, and fixed equipment	\$2,500	\$1,000,000 / \$18,250,794
Mobile equipment	\$1,000	Ranging from \$64,000 to \$298,181
Commercial Crime	\$1,000	Ranging from \$5,000 to \$500,000

Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the District has coverage for such claims. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

13. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Hollister Urban Area Water Supply and Treatment Agreement: In August 2013, the District, the City, and SBCWD each approved the Hollister Urban Area Water Supply and Treatment Agreement. The agreement defined the roles and terms of financing for the project which included: the upgrade of Lessalt Water Treatment Plant, and the design and construction of the West Hills Water Treatment Plant including associated pipelines. The SBCWD will finance, build, own, and operate the upgraded Lessalt Water Treatment Plant and the new West Hills Water Treatment Plant.

The SBCWD committed to finance up to \$30 million of the project costs. These funds were committed in two tranches. The first tranche of \$13 million was made available on the effective date of the agreement, September 1, 2013. The second tranche of \$17 million was made available at the time of execution of the start of the construction phase for the West Hills Water Treatment

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

Plant, May 1, 2015. The agreement calls for the SBCWD to recover its investment in the capital projects from the District and the City over a 20-30-year period through a capital component, including interest, in the finished water rate. The actual project cost exceeded the \$30 million financing in place by \$11.6 million. The additional funding consisted of \$4.2 million in Prop 84 Grant Funds, \$1.7 million cash input from both the City and the District, and the balance of \$4 million financed as a third tranche loan to SBCWD from a financial institution, to be repaid equally by the City and the District. The third tranche loan of \$4 million was borrowed January 1, 2016 at a rate of 3.45% interest and is to be repaid quarterly over a 15-year period. For more information on the debt schedules, see Note 7 – Long Term Debt Payable.

Of the project costs, SBCWD is contributing \$10 million in non-reimbursable funds; \$5 million to the District and \$5 million to the City. The District plans to use the \$5 million to stabilize water rates and allow a gradual increase to meet future revenue needs. The water rate stabilization credit reported in the operating expenses for the year ended June 30, 2020 is \$0, since the total credit of \$5 million was received in prior fiscal years.

Hollister Urban Area Agreement for Operation and Maintenance Services: In August 2013, the District and SBCWD each approved the Hollister Urban Area Agreement for Operation and Maintenance Services. This agreement establishes the District as the contract operator for the Lessalt Water Treatment Plant. This agreement was established for a term of 5 years with options to renew for subsequent terms of 5 years. The District began operating the Lessalt plant in September 2013 under this agreement. The operation of the West Hills Water Treatment Plant was added to the agreement prior to completion of the plant construction in 2017. The Operation and Maintenance Agreement covering the operation of both the Lessalt and West Hills Water Treatment Plants was extended in May 2018.

For the year ended June 30, 2020, SBCWD was billed for actual operations and maintenance costs of the Lessalt Water Treatment Plant of \$906,029 and of the West Hills Water Treatment Plant of \$1,441,344, including labor and benefits. One-half of these amounts were charged back to the District for its 50% share of the cost to operate the plants.

Crosstown Pipeline Construction Project: The District has entered into various contracts, memorandums of understanding, and reimbursement agreements with various vendors and agencies for the purchase of material and construction of a pipeline to connect the District to the West Hills Water Treatment Plant, which will enable the District's customers to receive treated surface water from this source. The pipeline begins on Nash Road and continues around the west and south sides of San Benito High School, where it will continue on San Benito Street to the City's Bundeson Well and the District's Wells #2 and #11 on Southside Road. The amounts contracted for are based on the various contractor's and agencies estimated cost of construction. The project was completed in September of 2019 for a total project cost of \$7,214,706 of which the District paid \$5,189,199 and the City of Hollister paid \$2,025,507.

Litigation: The District is subject to various legal proceedings and claims that arise in the ordinary course of business. The District would pursue or defend cases vigorously through trial unless facts develop that warrant an attempt to see an out-of-court settlement. As of June 30, 2020, the District had the following pending litigation:

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2020

County of San Benito v. SSCWD, Lynn Hilden, Susan Hilden

San Benito Superior Court (CU-20-00068)

Litigation: This matter relates to a series of landslides beginning in May 2018 that occurred in the same general area on Southside Road, a parcel of land adjacent to the District's Ridgemark Wastewater Treatment Facility and ponds. The County of San Benito (County) and Lynn and Susan Hilden (Hildens), the adjacent property owners, filed claims against the District. The County seeks approximately \$1.2 million for costs to remediate the slide area. The Hildens seek recovery of approximately \$200,000 in damages. The District disputes these claims and is represented by special counsel appointed by its insurer. The District has insurance coverage in the amount \$1,000,000, and also holds excess insurance. There is no self-insured retention.

Parties: County of San Benito, Lynn and Susan Hilden, the District

Plaintiffs' Representative: Pamela Graham, Colantuono, Highsmith & Whatley, PC

Hildens Counsel: Paul Rovella, JRG Attorneys at Law

District's Counsel: Justin Mallory, Bremer, Whyte Brown & O'Meara, LLP; Heidi A. Quinn, De Lay & Laredo

Status: The County filed a complaint against the District and the Hildens with the San Benito Superior Court on June 4, 2020. The District and the Hildens have filed Cross-Complaints against the other parties. A Case Management Conference is scheduled for March 2, 2021.

COVID-19

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state, and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the District is not reasonably estimable at this time. The District staff has made operational adjustments to mitigate the risk of COVID in the workplace and to comply with all regulations set forth by government agencies. The District has not had an operational disruption of service delivery or regulatory compliance violations from the onset of the pandemic through the issuance date of the financials. District management continues to assess risks surrounding COVID-19 on a daily basis and makes any necessary operational adjustments based on these risk assessments.

14. SUBSEQUENT EVENTS

Date of Management Review

Events occurring after June 30, 2020 have been evaluated by Management for possible adjustment to the financial statements or disclosure as of November 17, 2020 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY
INFORMATION

Sunnyslope County Water District
Required Supplementary Information
 June 30, 2020

Schedule of the District's Proportionate Share of the Plan's (PERF C) of the Net Pension Liability
 and Related Ratios as of Measurement Date
 Cost Sharing Defined Benefit Pension Plan
 Last 10 Years[^]

	Fiscal Year End					
	06/30/20 6/30/19	6/30/19 6/30/18	6/30/18 6/30/17	6/30/17 6/30/16	6/30/16 6/30/15	6/30/15 6/30/14
Measurement Date						
District's proportion of the net pension liability	0.00021%	0.00922%	0.01108%	0.02895%	0.02852%	0.02451%
District's proportionate share of the net pension	\$21,460	\$888,029	\$1,099,308	\$2,505,138	\$1,957,613	\$1,524,958
District's covered-employee payroll *	\$2,104,470	\$1,909,079	\$1,687,978	\$1,488,922	\$1,434,655	\$1,519,954
District's proportionate share of the net pension liability as a percentage of covered-employee payroll	1.02%	46.52%	65.13%	168.25%	136.45%	100.33%
Plan's fiduciary net position as a percentage of the plan's total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

[^] Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

* For the year ending on the measurement date

Sunnyslope County Water District
Required Supplementary Information
 June 30, 2020

Schedule of Statutorily Required Employer Contributions
 Pension Plan
 Last 10 Years[^]

Fiscal year ended	06/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15
Actuarially determined contribution	\$ 229,705	\$ 257,869	\$ 209,739	\$ 287,182	\$ 245,300	\$ 233,521
Contributions in relation to the actuarially determined contribution	229,705	1,351,009	209,739	1,942,855	245,300	233,521
Contribution deficiency (excess)	\$ -	\$ (1,093,140)	\$ -	\$ (1,655,673)	\$ -	\$ -
District's covered-employee payroll *	\$ 2,051,543	\$ 2,104,470	\$ 1,909,079	\$ 1,687,978	\$ 1,488,922	\$ 1,434,655
Contributions as a percentage of covered-employee payroll	11.20%	64.20%	10.99%	115.10%	16.48%	16.28%

[^] Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

* For the fiscal year ending on the date shown

Actuarially Determined Contribution Assumptions (From the CalPERS reports (Appendix A))

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of pay, direct rate smoothing
Remaining Amortization Periods	Differs by employer rate plan but not more than 30 years
Asset valuation method	Market value of assets
Inflation	2.625%
Salary increases	Varies by Entry Age and Service
Discount Rate *	7.25% (net of administrative expenses)
Mortality	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries

*Please note, the discount rate used for Actuarially Determined Contributions is different from the one used for Total Pension Liability.

Sunnyslope County Water District

Required Supplementary Information

June 30, 2020

Schedule of Changes in the District's Net OPEB Liability (Asset)
and Related Ratios as of Measurement Date

Last 10 Years[^]

Measurement Date	Fiscal Year End		
	06/30/20 06/30/19	06/30/19 06/30/18	06/30/18 06/30/17
Changes in total OPEB liability			
Service cost	\$ 12,588	\$ 12,221	\$ 11,865
Interest	33,406	31,865	29,860
Actual benefits payments	(22,047)	(18,719)	(3,042)
Actual and expected experience difference	(20,154)	-	-
Changes in assumption	2,794	-	-
Net changes in total OPEB liability	6,587	25,367	38,683
Total OPEB liability - beginning	524,955	499,588	460,905
Total OPEB liability - ending	<u>\$ 531,542</u>	<u>\$ 524,955</u>	<u>\$ 499,588</u>
Changes in plan fiduciary net position			
Employer contributions	\$ 47,047	\$ 29,380	\$ 13,803
Employee contributions	-	-	-
Net investment income	33,879	36,810	43,390
Benefit payments	(22,047)	(18,719)	(3,042)
Administrative expenses	(112)	(243)	(211)
Net changes in plan fiduciary net position	58,767	47,228	53,940
Plan fiduciary net position - beginning	510,179	462,951	409,011
Plan fiduciary net position - ending	<u>\$ 568,946</u>	<u>\$ 510,179</u>	<u>\$ 462,951</u>
Net OPEB liability (Asset)			
Total OPEB liability	\$ 531,542	\$ 524,955	\$ 499,588
Plan fiduciary net position	568,946	510,179	462,951
Net OPEB liability (asset)	(37,404)	14,776	36,637
Net OPEB liability (asset) funded percentage	107.0%	97.2%	0.0%
Covered payroll *	\$ 2,104,470	\$ 1,909,079	\$ 1,687,978
Net OPEB liability (asset) as a percent of covered payroll	-1.78%	0.77%	2.17%

[^] Fiscal year 2018 was the 1st year of implementation, therefore only three years are shown.

* For the year ending on the measurement date.

Sunnyslope County Water District

Required Supplementary Information

June 30, 2020

Schedule of Employer OPEB Contributions

This schedule is not required. No actuarially determined contribution (ADC) has been calculated, since the District does not base contributions on the ADC.

STATISTICAL SECTION (unaudited)

SUNNYSLOPE COUNTY WATER DISTRICT WATER

Index to Statistical Section (unaudited)

This section of the District’s comprehensive annual financial report presents detailed information as an important source for understanding the District’s overall economic condition and accompanies the financial statements, note disclosures and required supplementary information.

<u>Contents</u>	<u>Page</u>
------------------------	--------------------

Financial Trends - The following schedules contain information to assist the reader with understanding how the previous year’s financial statements allow the users to assess trends.

Net Position by Component.....	59
Changes in Net Position.....	60

Revenue Capacity - The following schedules contain information to assist the user with assessing the District’s ability to raise own-source revenue.

Operating Revenue by Component.....	61
Water and Sewer Rate.....	62
Customer Count by Class.....	63

Debt Capacity - The following schedules contain information to assist the user with assessing the District’s ability to service the current debt obligations and the District’s ability to issue new debt.

Outstanding Debt	64
Pledged Revenue Coverage	65

Demographic and Economic Information - The following schedules contain information to assist the user with better understanding the environment where the District functions.

10 Years of Economic / Demographic Statistics	67
Principal Employers.....	68

Operating Information - The following schedules contain information to assist the user with better understanding the environment where the District functions.

Employee Count by Department.....	69
Operating Indicators by Function/Program	70
Capital Assets.....	71

Sunnyslope County Water District
Net Position by Component (unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015 (Restated)	2016	2017	2018	2019	2020
Net investment in capital assets	\$ 8,386,824	\$ 9,410,975	\$ 10,248,076	\$ 7,611,428	\$ 8,256,723	\$ 10,025,270	\$ 11,570,668	\$ 11,803,788	\$ 15,712,724	\$ 17,645,243
Restricted for capacity and connection fees	242,823	346,590	675,752	692,367	387,039	1,019,961	1,301,103	2,637,185	834,106	2,907,335
Restricted for debt service	-	-	-	760,000	760,000	760,000	760,000	760,000	760,000	760,000
Unrestricted	2,733,280	2,365,407	2,383,075	6,425,904	5,579,637	7,895,810	8,157,408	9,208,164	8,875,165	9,314,234
Total Net Position	<u>\$ 11,362,927</u>	<u>\$ 12,122,972</u>	<u>\$ 13,306,903</u>	<u>\$ 15,489,699</u>	<u>\$ 14,983,399</u>	<u>\$ 19,701,041</u>	<u>\$ 21,789,179</u>	<u>\$ 24,409,137</u>	<u>\$ 26,181,995</u>	<u>\$ 30,626,812</u>

Data Source: Sunnyslope County Water District Finance Department

Sunnyslope County Water District
Changes in Net Position (unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (Restated)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating Revenues										
Water services	\$ 3,444,792	\$ 3,831,896	\$ 3,961,498	\$ 4,229,177	\$ 4,057,162	\$ 3,906,473	\$ 4,772,902	\$ 5,792,363	\$ 6,388,181	\$ 6,811,696
Wastewater service	1,347,927	1,469,441	1,486,944	1,605,290	1,905,245	2,022,469	1,896,654	1,899,620	1,927,095	1,904,292
Contracted services	116,787	118,395	119,286	120,387	597,584	840,114	1,148,781	1,964,137	2,245,204	2,491,382
Late fees	72,549	69,440	63,953	67,426	71,595	66,231	64,488	66,798	69,241	49,248
Customer fees	110,780	95,393	98,942	96,171	92,386	145,977	139,182	172,095	135,360	172,030
Other	2,068	1,421	207	18,465	5,816	4,753	2,207	4,035	3,172	2,720
Total Operating Revenues	5,094,903	5,585,986	5,730,831	6,136,915	6,729,788	6,986,018	8,024,214	9,899,047	10,768,253	11,431,368
Operating Expenses										
Salaries and benefits	2,446,220	2,150,115	2,282,697	2,342,479	2,938,852	2,275,660	2,632,743	3,097,578	3,128,312	3,376,955
Operations and maintenance	1,653,136	1,744,660	1,507,609	1,808,603	2,566,699	3,151,424	3,746,998	4,886,689	5,504,239	6,147,814
Water rate stabilization credit	-	-	-	(500,000)	(1,135,007)	(2,046,556)	(1,093,776)	(416,667)	-	-
Amortization and depreciation	725,659	714,078	700,411	1,176,911	1,350,112	1,796,218	1,940,316	1,957,634	1,957,528	2,240,577
Total Operating Expenses	4,825,015	4,608,853	4,490,717	4,827,993	5,720,656	5,176,746	7,226,281	9,525,234	10,590,079	11,765,346
Operating Income (Loss)	269,888	977,133	1,240,114	1,308,922	1,009,132	1,809,272	797,933	373,814	178,174	(333,978)
Non-Operating Revenues (Expenses)										
Interest income	11,381	9,974	6,078	8,409	15,991	27,101	37,926	94,493	180,671	129,305
Unrealized gain (loss) on investments	-	-	-	-	-	3,082	(6,299)	(11,959)	24,122	25,253
Gain (loss) on disposal of assets	(4,053)	(171,662)	(38,216)	(29,833)	(126,868)	(12,691)	3,050	-	(1,412)	32,124
Impairment loss	-	-	-	-	-	-	-	-	-	(109,040)
Other income	57,028	2,186	50	50	-	20,619	-	-	-	-
Other expense	(9,294)	(8,898)	(3,131)	(5,529)	(25,000)	-	-	-	-	(84,264)
Interest expense	(254,704)	(242,848)	(234,155)	(426,211)	(501,334)	(411,546)	(386,772)	(371,889)	(351,152)	(329,918)
Net Non-Operating Expenses	(199,642)	(411,248)	(269,374)	(453,114)	(637,211)	(373,435)	(352,095)	(289,355)	(147,771)	(336,540)
Income (Loss) Before Capital Contribution	70,246	565,885	970,740	855,808	371,921	1,435,837	445,838	84,459	30,403	(670,518)
Capital Contribution										
Capacity and connection fees	174,752	102,665	327,670	349,306	278,675	1,798,155	1,642,300	2,542,250	1,576,300	3,261,100
Developer capital asset contributions	-	-	-	977,682	725,000	1,483,650	-	191,502	166,155	1,854,235
Total Capital Contributions	174,752	102,665	327,670	1,326,988	1,003,675	3,281,805	1,642,300	2,733,752	1,742,455	5,115,335
Change in Net Position	244,998	668,550	1,298,410	2,182,796	1,375,596	4,717,642	2,088,138	2,818,211	1,772,858	4,444,817
Net Position - Beginning of Year	11,117,929	11,362,927	12,122,972	13,306,903	15,489,699	14,983,399	19,701,041	21,789,179	24,409,137	26,181,995
Prior Period Adjustments										
Inventory Adjustment	-	91,495	-	-	-	-	-	-	-	-
GASB 65 - Cost of Issuance Write Off	-	-	(114,479)	-	-	-	-	-	-	-
Pension Liabilities	-	-	-	-	(1,881,896)	-	-	-	-	-
OPEB Liabilities	-	-	-	-	-	-	-	(198,253)	-	-
Net Position - End of Year	\$ 11,362,927	\$ 12,122,972	\$ 13,306,903	\$ 15,489,699	\$ 14,983,399	\$ 19,701,041	\$ 21,789,179	\$ 24,409,137	\$ 26,181,995	\$ 30,626,812

Data Source: Sunnyslope County Water District Finance Department

Sunnyslope County Water District
Operating Revenue by Component (unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u> (Restated)	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Water Sales - SSCWD ●	\$ 3,444,792	\$ 3,831,896	\$ 3,961,498	\$ 4,229,177	\$ 4,057,162	\$ 3,906,473	\$ 4,772,902	\$ 5,792,363	\$ 6,388,181	\$ 6,811,696
Wastewater service - SSCWD ●	1,347,927	1,469,441	1,486,944	1,605,290	1,905,245	2,022,469	1,896,654	1,899,620	1,927,095	1,904,292
Contracted services:										
Lessalt Water Treatment Plant ◇	-	-	-	-	476,120	718,005	922,560	838,039	855,527	906,029
West Hills Water Treatment Plant ◇	-	-	-	-	-	-	101,364	995,301	1,251,646	1,441,345
City of Hollister Sewer Billing Fees ◇	116,787	118,395	119,286	120,387	121,464	122,109	124,857	130,797	138,030	144,009
Subtotal Contracted Services	<u>116,787</u>	<u>118,395</u>	<u>119,286</u>	<u>120,387</u>	<u>597,584</u>	<u>840,114</u>	<u>1,148,781</u>	<u>1,964,137</u>	<u>2,245,204</u>	<u>2,491,382</u>
Late fees	72,549	69,440	63,953	67,426	71,595	66,231	64,488	66,798	69,241	49,248
Customer fees	110,780	95,393	98,942	96,171	92,386	145,977	139,182	172,095	135,360	172,030
Other	<u>2,068</u>	<u>1,421</u>	<u>207</u>	<u>18,465</u>	<u>5,816</u>	<u>4,753</u>	<u>2,207</u>	<u>4,035</u>	<u>3,172</u>	<u>2,720</u>
Total Operating Revenues	<u>\$ 5,094,903</u>	<u>\$ 5,585,986</u>	<u>\$ 5,730,831</u>	<u>\$ 6,136,915</u>	<u>\$ 6,729,788</u>	<u>\$ 6,986,018</u>	<u>\$ 8,024,214</u>	<u>\$ 9,899,047</u>	<u>\$ 10,768,253</u>	<u>\$ 11,431,368</u>

● Revenue Data not available for Water Sales and Wastewater Service by Class

◇ Largest Remitter of Own-Source Revenue (All other payors remit approximately the same amount)

Data Source: Sunnyslope County Water District Finance Department

**Sunnyslope County Water District
Water and Sewer Rates (unaudited)
Last Ten Fiscal Years**

WATER RATES							
<i>Single Family</i>							<i>Non-Single Family</i>
FY	Base Rate	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Consumption Charge (per 100 cu ft)
2011	\$ 17.57	\$ 2.02	\$ 2.35	\$ 2.95	\$ 4.11	\$ 7.95	\$ 2.44
2012	\$ 17.57	\$ 2.02	\$ 2.35	\$ 2.95	\$ 4.11	\$ 7.95	\$ 2.44
2013	\$ 17.57	\$ 2.02	\$ 2.35	\$ 2.95	\$ 4.11	\$ 7.95	\$ 2.44
2014	\$ 20.44	\$ 1.99	\$ 2.95	\$ 4.38	\$ -	\$ -	\$ 2.65
2015	\$ 22.79	\$ 2.22	\$ 3.29	\$ 4.88	\$ -	\$ -	\$ 2.95
2016	\$ 25.41	\$ 2.47	\$ 3.67	\$ 5.45	\$ -	\$ -	\$ 3.29
2017	\$ 28.33	\$ 2.76	\$ 4.09	\$ 6.07	\$ -	\$ -	\$ 3.67
2018	\$ 31.59	\$ 3.08	\$ 4.56	\$ 6.77	\$ -	\$ -	\$ 4.10
2019	\$ 32.54	\$ 3.17	\$ 4.70	\$ 6.97	\$ -	\$ -	\$ 4.22
2020	\$ 32.54	\$ 3.17	\$ 4.70	\$ 6.97	\$ -	\$ -	\$ 4.22

SEWER RATES					
<i>Single Family</i>			<i>Multi-Family Residential</i>		
FY	Base Rate	Volume Chg per HCF*	FY	Base Rate (per Unit)	Volume Chg per HCF*
2011	\$ 67.25	\$ 3.98	2011	\$ 51.16	\$ 3.98
2012	\$ 67.25	\$ 3.98	2012	\$ 51.16	\$ 3.98
2013	\$ 67.25	\$ 3.98	2013	\$ 51.16	\$ 3.98
2014	\$ 80.62	\$ 4.74	2014	\$ 61.33	\$ 4.74
2015	\$ 95.93	\$ 5.64	2015	\$ 72.98	\$ 5.64
2016	\$ 95.93	\$ 5.64	2016	\$ 72.98	\$ 5.64
2017	\$ 95.93	\$ 5.64	2017	\$ 72.98	\$ 5.64
2018	\$ 95.93	\$ 5.64	2018	\$ 72.98	\$ 5.64
2019	\$ 95.93	\$ 5.64	2019	\$ 72.98	\$ 5.64
2020	\$ 95.93	\$ 5.64	2020	\$ 72.98	\$ 5.64

*Based on average winter water usage for Feb & Mar billings

Data Source: Sunnyslope County Water District Finance Department

**Sunnyslope County Water District
Customer Count by Class (unaudited)
Last Ten Fiscal Years**

	Fiscal Year									
	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
Water Classifications										
Single Family - H, I, O, S	5,050	5,091	5,141	5,162	5,294	5,456	5,670	5,822	5,843	6,105
Multi Family - H1, I1, O1, S1	208	209	210	213	212	213	214	215	215	216
Landscape Recreation - H2, I2, O2, S2	54	55	55	40	41	41	47	49	49	56
Commercial - H3, I3, O3, S3	20	20	20	19	19	19	19	19	19	18
Industrial - H4, I4, O4, S4	-	-	-	-	-	-	-	-	-	-
Institutional/Government - H5, I5, O5, S5	22	22	22	22	22	21	21	21	21	21
Fire Service - H6, I6, O6, S6	13	13	12	12	12	12	12	12	12	13
Agriiculture - AG	2	2	2	2	1	1	1	1	1	1
Fire Hydrant Meters - F	3	4	5	7	6	7	9	13	16	10
Total Customers	5,372	5,416	5,467	5,477	5,607	5,770	5,993	6,152	6,176	6,440

Data Source: Sunnyslope County Water District Finance Department

**Sunnyslope County Water District
Outstanding Debt (unaudited)
Last Ten Fiscal Years**

Year	10 Year Debt Service and Commitments Payable						Total Debt Service and Commitments Payable	SSCWD Customer Count	Annual Debt Service per Customer Account *
	2002 Capital Projects Bonds	2015 State Revolving Fund (SRF) Loan	San Benito County Water District Capital Tranche 1	San Benito County Water District Capital Tranche 2	San Benito County Water District Capital Tranche 3	Municipal Finance Corp. City National Bank Loan			
	Principal & Interest	Principal & Interest	Principal & Interest	Principal & Interest	Principal & Interest	Principal & Interest	Principal & Interest		
2011	\$ 334,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 334,309	5,416	\$ 62
2012	334,549	-	-	-	-	-	334,549	5,467	61
2013	334,433	-	-	-	-	-	334,433	5,467	61
2014	333,933	-	-	-	-	-	333,933	5,477	61
2015	235,544	759,975	395,215	-	-	138,881	1,529,615	5,607	273
2016	-	759,969	395,215	618,100	-	337,763	2,111,047	5,770	366
2017	-	759,975	395,215	618,100	168,406	337,762	2,279,458	5,993	380
2018	-	759,975	395,215	618,100	169,406	337,763	2,279,458	6,152	371
2019	-	759,975	395,215	618,100	168,406	337,762	2,279,458	6,176	369
2020	-	759,975	395,215	618,100	168,406	337,762	2,279,458	6,440	354

* Debt Service Per Capita Not Available

Data Source: Sunnyslope County Water District Finance Department

**Sunnyslope County Water District
Pledged Revenue Coverage (unaudited)
Last Ten Fiscal Years**

2015 State Revolving Fund (SRF) Loan										
	<i>Debt Covenant Not Applicable 2011 - 2014</i>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Wastewater System Revenue	N/A	N/A	N/A	N/A	\$ 1,961,615	\$ 2,076,935	\$ 1,950,258	\$ 1,954,711	\$ 1,941,018	\$ 1,954,909
COGS	N/A	N/A	N/A	N/A	635,967	477,688	555,614	530,146	537,931	579,796
Operating Expenses	N/A	N/A	N/A	N/A	783,412	702,839	680,908	665,150	688,193	701,665
Total Expenses	N/A	N/A	N/A	N/A	1,419,379	1,180,527	1,236,522	1,195,296	1,226,124	1,281,461
Operating Wastewater System Income	N/A	N/A	N/A	N/A	542,236	896,408	713,736	759,415	714,894	673,448
Add:										
Depreciation	N/A	N/A	N/A	N/A	445,965	434,510	410,485	409,433	407,022	406,283
Net Revenue ¹	N/A	N/A	N/A	N/A	\$ 988,201	\$ 1,330,918	\$ 1,124,221	\$ 1,168,848	\$ 1,121,916	\$ 1,079,731
Annual Debt Service	N/A	N/A	N/A	N/A	\$ 759,975	\$ 759,975	\$ 759,975	\$ 759,975	\$ 759,975	\$ 759,975
Net Revenue Ratio ²	N/A	N/A	N/A	N/A	1.30	1.75	1.48	1.54	1.48	1.42
Required Net Revenue Ratio	N/A	N/A	N/A	N/A	1.20	1.20	1.20	1.20	1.20	1.20
1 Revenue and expenses include internal accounting of allocated costs to the Sewer Class.										
2 The District shall establish rates and charges in amounts sufficient to generate net revenues equal to at least 1.2 times the total annual debt service. Net revenues are revenues received from the ownership or operation of the Wastewater System.										

Data Source: Sunnyslope County Water District Finance Department

**Sunnyslope County Water District
Pledged Revenue Coverage (unaudited)
Last Ten Fiscal Years**

City National Bank Loan Net Revenue Ratio										
	<i>Debt Covenant Not Applicable 2011 - 2014</i>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross Revenue	N/A	N/A	N/A	N/A	\$ 6,729,788	\$ 6,986,018	\$ 8,024,214	\$ 9,899,047	\$ 10,768,253	\$ 11,431,368
Expenses	N/A	N/A	N/A	N/A	5,720,656	5,176,746	7,226,281	9,525,234	10,590,079	11,765,346
Operating Revenue (Loss)	N/A	N/A	N/A	N/A	1,009,132	1,809,272	797,933	373,813	178,174	(333,978)
Add:										
Depreciation and amortization	N/A	N/A	N/A	N/A	1,350,112	1,796,218	1,940,316	1,957,634	1,957,528	2,240,577
Revenue	N/A	N/A	N/A	N/A	2,359,244	3,605,490	2,738,249	2,331,447	2,135,702	1,906,599
Add:										
Capacity and connection fees	N/A	N/A	N/A	N/A	278,675	1,798,155	1,642,300	2,542,250	1,576,300	3,261,100
Net Revenue	N/A	N/A	N/A	N/A	\$ 2,637,919	\$ 5,403,645	\$ 4,380,549	\$ 4,873,697	\$ 3,712,002	\$ 5,167,699
Annual Debt Service including Parity Obligations	N/A	N/A	N/A	N/A	\$ 1,529,615	\$ 2,111,047	\$ 2,279,458	\$ 2,279,458	\$ 2,279,458	\$ 2,279,458
Net Revenue Ratio	N/A	N/A	N/A	N/A	172%	256%	192%	214%	163%	227%
Required Net Revenue Ratio	N/A	N/A	N/A	N/A	115%	115%	115%	115%	115%	115%

The District shall collect rates, fees and charges sufficient to yield net revenues equal to 115% of the aggregate amount of loan repayments and principal and interest on any parity obligations coming due and payable with respect to such fiscal year.

2002 Capital Projects Bonds

The District assigned all Revenues for the punctual payment of the interest and principal of the Bonds.

Data Source: Sunnyslope County Water District Finance Department

**Sunnyslope County Water District
10 Years of Economic / Demographic Statistics (audited)
San Benito County**

Source	Year	Population	% Increase/ (Decrease)	Per Capita Personal Income	% Increase/ (Decrease)	Personal Income	% Increase/ (Decrease)	School Enrollment	% Increase/ (Decrease)	Unemployment Rate	% Increase/ (Decrease)
A	2011	55,982		\$37,506		\$2,099,641,000		11,199		15.9%	
A	2012	56,614	1.1%	38,616	3.0%	2,186,195,000	4.1%	11,253	0.5%	13.9%	-12.6%
A	2013	57,267	1.2%	40,398	4.6%	2,313,448,000	5.8%	11,233	-0.2%	11.1%	-20.1%
A	2014	57,867	1.0%	41,910	3.7%	2,425,205,000	4.8%	11,206	-0.2%	10.1%	-9.0%
A	2015	58,243	0.6%	46,239	10.3%	2,693,104,000	11.0%	11,166	-0.4%	7.6%	-24.8%
A	2016	59,235	1.7%	48,634	5.2%	2,880,850,000	7.0%	11,114	-0.5%	7.1%	-6.6%
A	2017	60,199	1.6%	50,955	4.8%	3,067,422,000	6.5%	11,164	0.4%	6.8%	-4.2%
A	2018	61,537	2.2%	53,822	5.6%	3,312,046,000	8.0%	11,253	0.8%	5.8%	-14.7%
B	2019	61,513	0.0%	+ Not Available		+ Not Available		11,438	1.6%	5.1%	-12.1%
B	2020	62,353	1.4%	+ Not Available		+ Not Available		11,545	0.9%	8.7%	70.6%

A *Population, Per Capita Personal Income and Personal Income:*

[https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1](https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1#reqid=70&step=1&isuri=1&acrdn=1)

School Enrollment: Ed-data (<http://www.ed-data.org/county/San-Benito>)

Unemployment Rate: U.S. Bureau of Labor Statistics (www.bls.gov) *San Jose Economic Area Summary Updated November 3, 2020*

B *Population:* <http://dof.ca.gov/Forecasting/Demographics/Estimates/e-1/>

School Enrollment: Ed-data (<http://www.ed-data.org/county/San-Benito>)

Unemployment Rate: U.S. Bureau of Labor Statistics (www.bls.gov) *San Jose Economic Area Summary Updated November 3, 2020*

+ Information not available

**Sunnyslope County Water District
Principal Employers (unaudited)
Information is Not Available nor Applicable**

Sunnyslope County Water District is a small water district servicing primarily residential households.

Data Source: Sunnyslope County Water District Finance Department

**Sunnyslope County Water District
Employee Count by Department (unaudited)**

Department	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water/Wastewater Utility Maint.	8	8	8	8	8	9	8	8	8	8
Water Plant Operators	1	1	1	1	1	1	5	5	5	5
Customer Service	3	3	3	3	3	3	3	4	4	4
G&A	7	7	7	6	6	6	6	6	6	6
Total	19	19	19	18	18	19	22	23	23	23

Data Source: Sunnyslope County Water District Finance Department

Sunnyslope County Water District
Operating Indicators by Function / Program (unaudited)
Last Ten Fiscal Years

Operating Indicators by Function / Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NO. WATER CAPACITY FEE RECEIVED	32	15	41	40	19	159	153	230	136	282
NO. WW CAPACITY FEE RECEIVED	-	-	-	2	5	10	2	3	3	2
<u>WATER METERED</u>										
SSCWD Gallons	816,580,380	826,849,672	859,325,588	877,287,312	727,195,876	598,251,148	660,724,108	726,100,804	747,881,068	786,053,752
Well Flow to City of Hollister (COH) Gallons	193,583,362	274,241,912	120,910,156	124,943,252	102,496,700	201,187,318	217,703,900	144,300,400	42,754,600	65,703,100
Surface Flow to COH Gallons	240,938,800	272,268,300	156,311,000	133,731,700	97,590,400	118,280,923	142,705,335	50,267,051	36,484,761	65,888,940
TOTAL METERED	1,251,102,542	1,373,359,884	1,136,546,744	1,135,962,264	927,282,976	917,719,389	1,021,133,343	920,668,255	827,120,429	917,645,792
<u>WATER SOURCE (Gallons)</u>										
Well #2 (Southside Road)	157,749,000	197,789,954	110,170,106	104,977,234	94,524,619	51,104,113	76,531,976	75,035,061	35,845,663	6,113,000
Well #5 (Ray Cir/Enterprise)	62,333,000	52,520,602	52,915,086	42,988,099	31,182,240	7,366,978	12,327,823	15,180,188	8,941,125	21,196,267
Well #7 (Enterprise Rd)	76,823,151	99,373,604	56,349,266	73,686,161	55,171,132	80,211,945	86,531,727	73,594,150	37,775,991	40,494,399
Well #8 (Ridgemark)	151,133,000	163,292,000	166,787,000	189,902,000	107,153,000	7,893,000	-	858,000	11,241,000	23,531,000
Well #11 (Southside Road)	247,505,000	302,227,000	207,622,000	241,467,000	258,640,000	246,190,000	281,292,000	232,801,000	134,973,000	115,050,000
Total Wells	695,543,151	815,203,160	593,843,458	653,020,494	546,670,991	392,766,036	456,683,526	397,468,399	228,776,779	206,384,666
Lessalt W.T.P. I (High Zone)	-	-	-	-	78,976,000	224,948,000	281,512,000	317,295,000	280,031,000	333,522,000
Lessalt W.T.P. I (Middle Zone)	492,000,000	547,000,000	568,000,000	433,000,000	232,574,000	295,115,000	339,180,000	215,201,000	249,692,000	208,055,000
West Hills W.T.P (@ Well #2)	-	-	-	-	-	-	-	-	-	69,310,000
West Hills W.T.P (@ Well #11)	-	-	-	-	-	-	-	-	-	73,307,000
City Well Flow to SSCWD Gallons	33,189,400	24,240,300	2,147,900	81,343,100	101,087,900	14,621,400	33,700	14,188,900	56,965,900	33,354,900
City Surface Flow to SSCWD Gallons	7,130,900	3,009,022	1,860,800	6,365,000	4,904,600	3,495,300	18,100	18,134,700	64,652,900	24,201,100
TOTAL PUMPED	1,227,863,451	1,389,452,482	1,165,852,158	1,173,728,594	964,213,491	930,945,736	1,077,427,326	962,287,999	880,118,579	948,134,666
<u>AVERAGE NUMBER OF CUSTOMER ACCOUNTS FOR THE FISCAL YEAR</u>										
SSCWD Water Accounts	5,317	5,363	5,395	5,439	5,481	5,527	5,692	5,873	6,091	6,311
SSCWD Sewer Accounts	1,205	1,203	1,205	1,209	1,212	1,215	1,223	1,229	1,233	1,234
City of Hollister Sewer Accounts Billed	3,190	3,242	3,271	3,305	3,342	3,362	3,431	3,589	3,808	3,974

Data Source: Sunnyslope County Water District Finance Department

**Sunnyslope County Water District
Capital Assets (unaudited)**

Sunnyslope County Water District Facilities

<u>Facility</u>	<u>Description</u>	<u>Capacity</u>	<u>ADDRESS</u>
District Office	Office building, shop, inventory storage		3570 Airline Hwy
Ridgemark Wastewater Treatment Plant	SBR treatment plant, percolation ponds, sludge drying beds	0.35 MGD	10 Georges Drive
Ridgemark II Lift Station	Sewer lift station, overflow ponds, abandoned percolation ponds, Nitrate injection & storage	130gpm	1650 Sonny's Way
Well #2	Well, Crosstown pipeline booster, blending stations, inventory	1000gpm well + 2MGD Xtown	2100 Southside Road
Well #5	Well 5, High-Mid Zone PRV, Irrigation System piping	700gpm	Ralphs Drive
Well #7	Well 7, sand & base rock storage, abandoned Well 6	700gpm	500 Enterprise Road
Well #11	Well 11	1200gpm	2783 A Southside Road
Fairview Road Water Tank	3.5MG welded steel tank, abandoned 2.0MG welded steel tank	3.5MG	Fairview Road
Ridgemark Water Tanks	0.5MG welded steel tank, 1.0MG welded steel tank	1.5MG	3 Franks Drive
Ridgemark WWTP Pond #6	Percolation Pond		Everest Drive
Main Sewer Lift Station	Lift Station	315gpm	560 Marks Drive
Well #8	Well 8, chlorination equipment & storage	900gpm	1 South Ridgemark Drive
Well #12	Test Well site	n/a	Southside Road
Airline Booster Pump Station	Middle to High zone booster pump, PRV	300gpm	3400 Airline Highway
Oak Canyon Sewer Lift Station	Sewer lift station		Oak Canyon Court
Paullus Drive Sewer Lift Station	Sewer lift station, Nitrate injection & storage		715 Paullus Drive
Santa Ana Intertie	PRV, metered intertie with City of Hollister, water quality analyzers		690 Santa Ana Rd.
Hillcrest Intertie	Metered intertie with City of Hollister, water quality analyzers		791 Memorial Dr.
Sunnyslope Intertie	Metered intertie with City of Hollister, water quality analyzers		1500 Memorial Dr.
Sunset Intertie	Metered intertie with City of Hollister, water quality analyzers		991 Sunset Dr.
Labor Camp Intertie	PRV, metered intertie with City of Hollister, water quality analyzers		3224 Southside Rd.
Oak Creek PRV	Pressure Reducing Valve (PRV)		1290 Oak Creek Dr.
Quail Hollow PRV	Pressure Reducing Valve (PRV)		820 Quail Hollow Dr.
Quail Ridge Way PRV	Pressure Reducing Valve (PRV)		1245 Quail Ridge Way
Lessalt Water Treatment Plant (SBCWD)	GAC & Microfiltration treatment plant, booster station to Mid & High Zone, treated water tank, building	2.5MGD	1391 Fairview Road
West Hills Water Treatment Plant (SBCWD)	PAC & ActiFlow with conventional filtration, building, chemical storage, raw water booster, drying beds, settling basins	4.5MGD	
Water Distribution System	2 pressure zones, mains 4-20", services, meters, valves, hydrants generally serving the eastern half of Hollister and surrounding unincorporated San Benito County	82 miles of pipeline	
Wastewater Collections System	Sewer mains, manholes, force mains, cleanouts serving Ridgemark, Oak Creek, & Quail Hollow		

Data Source: Sunnyslope County Water District Engineering Department