



Sunnyslope County Water District

BOARD OF DIRECTORS

SPECIAL MEETING

District Office Board Room/Teleconference



3570 Airline Hwy., Hollister, CA

NOTICE & AGENDA

DECEMBER 13, 2022
Special Board Meeting - 5:15PM

IN PERSON PUBLIC ACCESS TO DISTRICT MEETINGS IS AVAILABLE AND REMOTE ACCESS CAN BE OBTAINED THROUGH THE FOLLOWING ACCESS POINTS:

ZOOM MEETING ACCESS LINK

<https://us06web.zoom.us/j/82174154607>

Passcode not required

Or Telephone: Dial + 1 (669) 444-9171 and when prompted enter Meeting ID: 821 741 54607

Passcode not required

HEALTH AND SAFETY GUIDELINES

Public access to this meeting is provided both in person and through electronic viewing. Virtual meeting access will continue to be provided until further notice by the District Board; To ensure the health, safety, and welfare of those in attendance, all attendees must comply with any procedures/instructions announced by the Board of Directors or as directed by Staff prior to commencement of the meeting. Face coverings will be provided if health concerns dictate and will be made available upon request. The meeting will be available through Zoom for those who wish to join remotely. Anyone requiring accommodations may contact the Main Office at (831) 637-4670 a minimum of 24 hrs prior to the start of the meeting.

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.”

A. CALL TO ORDER - ROLL CALL

President Buzzetta _____, Vice-President Brown _____,

Director Parker _____, Director Alcorn _____, and Director Mauro _____.

REGULAR SESSION

B. PLEDGE OF ALLEGIANCE

C. APPROVAL OF AGENDA – Any requests to postpone consideration of an agenda item or move an item forward on the agenda will be considered at this time.

D. PUBLIC COMMENTS and AUDIENCE INTRODUCTIONS – The public may comment¹ on any District business, not on the agenda, with a time limit of three minutes per speaker. No actions may be taken by the Board during the public comment period.

E. CONSENT AGENDA – Members of the Board and/or members of the public may pull matters from the Consent Agenda. Any matter pulled from the Consent Agenda requiring action shall be moved to New Business and treated as a matter of new business, or for matters needing clarification shall be moved to Staff Reports and addressed by the respective staff. The public may address the Board² on these items, not to exceed 3 minutes, when the Board reviews each pulled item.

1. Approve Minutes of the Regular Board Meeting of November 15, 2022 (page 1)
2. Receive and Accept Allowance of Claims for Disbursements from November 1, 2022 Through November 30, 2022. (page 8)
3. Receive and Accept Associate Engineer Monthly Status Report (page 11)
4. Receive and Accept Finance Manager Monthly Status Reports:
 - a) Narrative Report (page 13)
 - b) Operation Summary (page 20)
 - c) Statement of Income (page 23)
 - d) Investment Summary (page 25)
 - e) Board Designated Reserves (page 26)

5. Receive and Accept Superintendent Monthly Status Reports:
 - a) Maintenance (page 27)
 - b) City Meter Reading (page 34)
 - c) Groundwater Level Measurement (page 35)
6. Receive and Accept General Manager Monthly Status Report. (page 36)

F. NEW BUSINESS – The Board will review and discuss agenda items and take action or direct staff to return to the Board for action at a following meeting. The public may address the Board² on these items as the Board reviews each item when directed to do so.

1. Conduct A Swearing-In Ceremony For Newly Elected Board Members Mike Alcorn, Dorothy (Dee) Brown, And Edward Mauro, To Fulfill Terms Of Service From December 2022 To November 2026. (Not A Project Under CEQA Per Article 20, Section 15378) (page 38)
2. Take Appropriate Action To Elect A President And Vice-President Of The Board Of Directors, And President To Assign Director Duties To Standing District Committees For 2023. (Not A Project Under CEQA Per Article 20, Section 15378) (page 39)
3. Board Will Review The 2023 Calendar And Modify The Meeting Schedule For The Coming Year As Needed Beginning With Regularly Schedule Board Meetings To Be Scheduled On The 3rd Tuesday Of The Month. Board Will Approve By Motion All Changes To The Calendar. (Not A Project Under CEQA Per Article 20, Section 15378) (page 42)
4. Authorize The Board President To Sign A Resolution Of Recognition Honoring Anabel Zavala For 21 Years Of Employment With The Sunnyslope County Water District And Wishing Her Well In Retirement. (Not A Project Under CEQA Per Article 20, Section 15378) (page 43)
5. Receive Audit Report/Presentation By Patricia Kaufman, CPA/Partner, With McGilloway, Ray, Brown & Kaufman On June 30, 2022 Audit. (Not A Project Under CEQA Per Article 20, Section 15378) (page 45)
6. Approve And Authorize The General Manger To Execute A Contact Amendment For Professional Services With Raftelis Financial Consultants For The Development Of Water And Sewer Rates As Needed To Include The Best Road Mutual Water Company Into The District For An Ammount Not To Exceed \$8,000. (Not A Project Under CEQA Per Article 20, Section 15378). (page 119)

G. STATUS REPORT

1. Governance Committee (JP, MA) – (No Meeting)
2. Water / Wastewater Committee (JP, MA) – (No Meeting)
3. Finance Committee (JB, MA) – (Meeting Held December 7th)
4. Policy and Procedure Committee (DB, EM)– (No Meeting)
5. Personnel Committee (JB, EM) – (No Meeting)
6. Water Resources Association of San Benito County (JP, Alt. MA) – (Meeting Held December 1st)

H. BOARD and STAFF REPORTS

1. Directors
2. District Counsel
3. General Manager – General Manager Report (Oral Report)

I. FUTURE AGENDA ITEMS

- a. San Benito Urban Areas Water Supply and Treatment Management Plan Amendment Ratification

J. ADJOURNMENT

Upon request, Sunnyslope County Water District (SCWD) will make a reasonable effort to provide written agenda materials in appropriate alternative formats, languages or disability-related modification or accommodation, including auxiliary aids or services, to enable all individuals to participate in public meetings. SCWD will also make a reasonable effort to provide translation services upon request. Please submit a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service as soon as possible in advance of the meeting.

Next Regular Board Meeting – TBD, 2022 @ 5:15 p.m., District Office

AGENDA DEADLINE: TBD, 2022 @ 12:00 p.m.

Future Scheduled Committee Meetings

Water Resources Association of San Benito County – February 2nd, 2022 @ 4pm

¹ The person speaking is requested to fill out a speaker card stating items on which they wish to comment to be properly recognized during communications from the public and address comments to the Board of Directors. A limit of three (3) minutes per speaker is requested to allow others an opportunity to comment. Board members may ask questions of the speaker, but no action may be taken and no discussion may be held on non-agenized items raised by the public. The General Manager may refer the matter to the proper personnel for review.

² The person speaking is requested to fill out a speaker card stating their name, address, and items on which they wish to comment to be properly recognized during communications from the public and address comments to the Board of Directors. Please limit your comment to three (3) minutes. Please step up to and speak at the podium.

MINUTES
Regular Meeting of the Board of Directors
of the
SUNNYSLOPE COUNTY WATER DISTRICT
November 15th, 2022

A. CALL TO ORDER: The meeting was called to order at 4:30 p.m. by Vice President Brown, as authorized by the State of California Executive Order N-08-21 via teleconference, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.

ROLL CALL: Present in Person: Vice President Dee Brown (DB), Director Edward Mauro (EM), Director James Parker (JP), Director Mike Alcorn (MA).

Present via teleconference: President Jerry Buzzetta (JB).

B. PUBLIC COMMENTS ON CLOSED SESSION MATTERS: Vice President Brown conducted the meeting in the Board room at the request of President Buzzetta. The Board welcomed members of the public and opened the meeting to public comments regarding matters identified on the Closed Session agenda. No comments were received.

C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS:

1. Conference with Legal Counsel- Pending Litigation (§54956.9)

County of San Benito vs. SSCWD, San Benito County Superior Court Case No. CU-20-00068

2. Public Employee Performance Review (§54957)- Title: General Manager

Vice President Brown retired to closed session at 4:31 p.m. and upon returning to the regular session, moved to take a brief recess at 5:10 p.m. The meeting was reconvened to open session at 5:15 p.m.

D. PLEDGE OF ALLEGIANCE: Director Mauro led those in attendance in the Pledge of Allegiance.

E. REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION:

1. Conference with Legal Counsel- Pending Litigation (§54956.9)

i. A general update was given by Counsel, no reportable actions taken.

2. Public Employee Performance Review (§54957)- Title: General Manager

i. Board met to discuss the annual review of the GM performance, no reportable actions taken.

F. APPROVAL OF AGENDA: Upon a motion made to approve the agenda by Director Mauro, seconded by Director Alcorn, for which Vice President Brown then took a roll call vote as follows: (JP), yes; (MA), yes; (JB), yes; (EM), yes; (DB), yes; the motion carried 5-0.

G. PUBLIC COMMENTS AND AUDIENCE INTRODUCTIONS: The Board welcomed members of the public and opened the meeting to public comments regarding matters not itemized on the agenda.

Steve Rosati introduced himself and commented on current water quality in the Ridgemark area where he a homeowner. Mr. Rosati stated that tenants of his are having extremely hard water that is putting wear and tear on appliances. General Manager Lander responded, informing Mr. Rosati that the State surface water allocation for this year was the main reason for less high-quality water, but the District plans to begin producing water at the Lessalt plant which will improve water quality in the Ridgemark area.

Staff Present for Open Session: In Person: General Manager/Secretary Drew Lander, Executive Assistant/Stenographer Madison Koester, Associate Engineer Rob Hillebrecht, Water/ Wastewater Superintendent Jose Rodriguez, Finance and HR Manager Barry Kelly.

H. CONSENT AGENDA:

1. Approval of Minutes of the Regular Board Meeting of October 18th, 2022.
2. Allowance of Claims – The Board reviewed the Disbursement Summary (below) for the period of October 1, 2022 through October 31, 2022, totaling \$1,564,150.57 which includes \$403,554.10 for payments to vendors, \$360,663.89 for Payroll, \$417,275.33 paid to the City of Hollister for collection of City sewer billings (net of our fees), and \$918.53 for customer refunds.

| <u>Date</u> | <u>Number</u> | <u>Name</u> | <u>Amount</u> | <u>Amount</u> |
|-------------|---------------|--|---------------|---------------|
| 10/03/2022 | JN00250 | Customer Refund- Heather & Ryan Draeger | \$89.29 | Customer |
| 10/03/2022 | JN00251 | Customer Refund- Lulu Michelotti Irrevocable Trust | \$221.42 | Customer |
| 10/03/2022 | JN00252 | Customer Refund- Jamii & Stanley Pura | \$214.02 | Customer |
| 10/03/2022 | JN00253 | Customer Refund- Eric & Tiffany Stoke | \$22.71 | Customer |
| 10/04/2022 | ACH 2378 | BASIC Benefits LLC | \$586.13 | Payroll |
| 10/05/2022 | ACH 2379 | BASIC Benefits LLC | \$44.32 | Payroll |
| 10/05/2022 | ACH 2380 | Principal | \$3,231.41 | Payroll |
| 10/06/2022 | 50594 | Abel Alvarez | \$163.86 | Vendors |
| 10/06/2022 | 50595 | ACC Business | \$1,323.29 | Vendors |
| 10/06/2022 | 50596 | Ace Hardware (Johnson Lumber Co.) | \$355.43 | Vendors |
| 10/06/2022 | 50597 | Brenntag Pacific, Inc. | \$10,689.98 | Vendors |
| 10/06/2022 | 50598 | Brigantino Irrigation | \$82.87 | Vendors |
| 10/06/2022 | 50599 | Central Ag Supply LLC | \$1,217.09 | Vendors |
| 10/06/2022 | 50600 | City of Hollister-Finance Dept | \$445,535.33 | Hollister |
| 10/06/2022 | 50600 | City of Hollister-Finance Dept Reversal | -\$445,535.33 | Hollister |
| 10/06/2022 | 50601 | D & K Marquez Enterprises, Inc. | \$5,455.89 | Vendors |
| 10/06/2022 | 50602 | Eva Green Power | \$8,000.00 | Vendors |
| 10/06/2022 | 50603 | Ferguson Enterprises, Inc. | \$728.89 | Vendors |
| 10/06/2022 | 50604 | Greenwood Chevrolet | \$105.10 | Vendors |
| 10/06/2022 | 50605 | Hach Company | \$1,455.61 | Vendors |
| 10/06/2022 | 50606 | Hollister Auto Parts, Inc. | \$320.02 | Vendors |
| 10/06/2022 | 50607 | Iconix Waterworks (US) Inc. | \$2,555.66 | Vendors |
| 10/06/2022 | 50608 | J M Electric | \$80,093.49 | Vendors |
| 10/06/2022 | 50609 | Meter, Valve & Control | \$6,376.14 | Vendors |
| 10/06/2022 | 50610 | Mission Uniform Service | \$418.53 | Vendors |
| 10/06/2022 | 50611 | MuniQuip, LLC | \$2,898.96 | Vendors |

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|------------|----------|--|-------------|------------|
| 10/06/2022 | 50612 | Nationwide Retirements Solutions | \$8,442.81 | Payroll |
| 10/06/2022 | 50613 | Postmaster | \$19.20 | Vendors |
| 10/06/2022 | 50614 | Recology San Benito County | \$326.68 | Vendors |
| 10/06/2022 | 50615 | San Benito County Water District | \$398.25 | San Benito |
| 10/06/2022 | 50616 | State Water Resources Control Brd- WWOPCP | \$110.00 | Vendors |
| 10/06/2022 | 50617 | TPO | \$967.00 | Vendors |
| 10/06/2022 | 50618 | True Value Hardware | \$52.71 | Vendors |
| 10/06/2022 | 50619 | Tyler Technologies, Inc. | \$6,077.50 | Vendors |
| 10/06/2022 | 50620 | USA Blue Book | \$11,672.41 | Vendors |
| 10/06/2022 | 50621 | UWUA Local 820 | \$738.56 | Vendors |
| 10/06/2022 | ACH 2381 | BASIC Benefits LLC | \$21.06 | Payroll |
| 10/06/2022 | JN00267 | Net Pay | \$69,858.95 | Payroll |
| 10/06/2022 | JN00267 | Total Tax | \$19,205.98 | Payroll |
| 10/11/2022 | ACH 2382 | iCloud | \$11,549.75 | Vendors |
| 10/12/2022 | ACH 2383 | BASIC Benefits LLC | \$12.55 | Payroll |
| 10/12/2022 | ACH 2384 | CalPERS - Retirement | \$23.08 | Payroll |
| 10/12/2022 | ACH 2385 | BASIC Benefits LLC | \$107.00 | Payroll |
| 10/12/2022 | ACH 2386 | CalPERS - Retirement | \$200.00 | Payroll |
| 10/12/2022 | ACH 2387 | CalPERS - Retirement | \$240.17 | Payroll |
| 10/12/2022 | ACH 2388 | CalPERS - Retirement | \$3,997.58 | Payroll |
| 10/12/2022 | ACH 2389 | CalPERS - Retirement | \$7,518.31 | Payroll |
| 10/12/2022 | ACH 2390 | CalPERS - Retirement | \$7,605.14 | Payroll |
| 10/13/2022 | 50622 | AT&T | \$437.01 | Vendors |
| 10/13/2022 | 50623 | AT&T | \$377.20 | Vendors |
| 10/13/2022 | 50624 | Brenntag Pacific, Inc. | \$71,102.71 | Vendors |
| 10/13/2022 | 50625 | EBCO Pest Control | \$69.00 | Vendors |
| 10/13/2022 | 50626 | Employee Relations, Inc. | \$74.97 | Vendors |
| 10/13/2022 | 50627 | Frisch Engineering Inc. | \$13,390.00 | Vendors |
| 10/13/2022 | 50628 | Grainger, Inc. | \$1,100.88 | Vendors |
| 10/13/2022 | 50629 | Hach Company | \$394.90 | Vendors |
| 10/13/2022 | 50630 | Pinnacle HealthCare | \$40.00 | Vendors |
| 10/13/2022 | 50631 | Rain for Rent | \$12,386.96 | Vendors |
| 10/13/2022 | 50632 | Simplot Grower Solutions | \$1,824.68 | Vendors |
| 10/13/2022 | 50633 | Toro Petroleum Corp. | \$5,138.21 | Vendors |
| 10/13/2022 | 50634 | U.S. Bank Corporate Payment Systems | \$520.00 | Vendors |
| 10/14/2022 | ACH 2391 | ADP | \$2,153.50 | Vendors |
| 10/17/2022 | ACH 2392 | BASIC Benefits LLC | \$442.80 | Payroll |
| 10/18/2022 | ACH 2393 | BASIC Benefits LLC | \$61.49 | Payroll |
| 10/18/2022 | ACH 2394 | BASIC Benefits LLC | \$86.24 | Payroll |
| 10/20/2022 | 50635 | A-1 Services | \$403.00 | Vendors |
| 10/20/2022 | 50636 | Ace Hardware (Johnson Lumber Co.) | \$221.43 | Vendors |
| 10/20/2022 | 50637 | ACWA/JPIA | \$13,755.80 | Vendors |
| 10/20/2022 | 50638 | Baker Supplies and Repairs | \$8.19 | Vendors |
| 10/20/2022 | 50639 | Brigantino Irrigation | \$54.23 | Vendors |
| 10/20/2022 | 50640 | Bryan Mailey Electric, Inc | \$5,946.24 | Vendors |
| 10/20/2022 | 50641 | CM Analytical, Inc. | \$21,075.00 | Vendors |
| 10/20/2022 | 50642 | CWEA Membership- TCP | \$202.00 | Vendors |
| 10/20/2022 | 50643 | De Lay & Laredo | \$2,671.00 | Vendors |
| 10/20/2022 | 50644 | DXP Enterprises, Inc. | \$4,520.51 | Vendors |
| 10/20/2022 | 50645 | Greenwood Chevrolet | \$166.56 | Vendors |
| 10/20/2022 | 50646 | Hollister Auto Parts, Inc. | \$60.65 | Vendors |
| 10/20/2022 | 50647 | Kevin Castro | \$262.00 | Vendors |
| 10/20/2022 | 50647 | Kevin Castro Reversal | -\$262.00 | Vendors |
| 10/20/2022 | 50648 | LDJ Manufacturing, Inc. | \$2,584.72 | Vendors |

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| 10/20/2022 | 50649 | Mission Uniform Service | \$720.64 | Vendors |
| 10/20/2022 | 50650 | Nationwide Retirements Solutions | \$8,747.37 | Payroll |
| 10/20/2022 | 50651 | Quinn Company | \$1,290.41 | Vendors |
| 10/20/2022 | 50652 | Raftelis Financial Consultants, Inc. | \$2,312.50 | Vendors |
| 10/20/2022 | 50653 | San Benito County Water District | \$338,793.66 | San Benito |
| 10/20/2022 | 50655 | San Benito County Water District- Pumping | \$42,382.61 | San Benito |
| 10/20/2022 | 50656 | Trans Union LLC | \$181.87 | Vendors |
| 10/20/2022 | 50657 | True Value Hardware | \$52.40 | Vendors |
| 10/20/2022 | 50658 | Tyler Technologies, Inc. | \$24,812.81 | Vendors |
| 10/20/2022 | 50659 | U.S. Bank Corporate Payment | \$1,212.11 | Vendors |
| 10/20/2022 | 50660 | Unified Truck Services | \$991.30 | Vendors |
| 10/20/2022 | 50661 | USA Blue Book | \$3,338.14 | Vendors |
| 10/20/2022 | 50662 | Wright Bros. Indust. Supply | \$96.10 | Vendors |
| 10/20/2022 | ACH 2395 | BASIC Benefits LLC | \$83.00 | Payroll |
| 10/20/2022 | JN00268 | Net Pay | \$67,811.53 | Payroll |
| 10/20/2022 | JN00268 | Total Tax | \$18,722.86 | Payroll |
| 10/21/2022 | ACH 2396 | BASIC Benefits LLC | \$35.00 | Payroll |
| 10/21/2022 | ACH 2402 | Nationwide Retirements Solutions | \$8,587.01 | Payroll |
| 10/21/2022 | JN00254 | Customer Refund- Urvshi & Pragnesh Amin | \$20.25 | Customer |
| 10/21/2022 | JN00255 | Customer Refund- Breckenridge Property FND 2016 LLC | \$187.44 | Customer |
| 10/21/2022 | JN00256 | Customer Refund- T S Burnham | \$90.00 | Customer |
| 10/21/2022 | JN00257 | Customer Refund- Jennifer & Andrew F Dudley | \$39.49 | Customer |
| 10/21/2022 | JN00258 | Customer Refund- Shelby & Derek Hansen | \$33.91 | Customer |
| 10/24/2022 | ACH 2397 | BASIC Benefits LLC | \$100.00 | Payroll |
| 10/25/2022 | ACH 2398 | CalPERS - Retirement | \$23.08 | Payroll |
| 10/25/2022 | ACH 2399 | BASIC Benefits LLC | \$101.30 | Payroll |
| 10/25/2022 | ACH 2400 | CalPERS - Retirement | \$7,501.57 | Payroll |
| 10/25/2022 | ACH 2401 | CalPERS - Retirement | \$7,691.73 | Payroll |
| 10/25/2022 | ACH 2403 | CalPERS - Health Insurance | \$21,171.41 | Payroll |
| 10/27/2022 | 50663 | ACC Business | \$1,323.29 | Vendors |
| 10/27/2022 | 50664 | Ace Hardware (Johnson Lumber Co.) | \$25.12 | Vendors |
| 10/27/2022 | 50665 | Auto Tech Service Center, Inc. | \$850.00 | Vendors |
| 10/27/2022 | 50666 | Brenntag Pacific, Inc. | \$40,196.15 | Vendors |
| 10/27/2022 | 50667 | Brigantino Irrigation | \$19.93 | Vendors |
| 10/27/2022 | 50668 | City of Hollister-Finance Dept | \$417,275.33 | Hollister |
| 10/27/2022 | 50669 | Exceedio | \$3,194.51 | Vendors |
| 10/27/2022 | 50670 | Hach Company | \$164.20 | San Benito |
| 10/27/2022 | 50671 | John Smith Road Landfill | \$1,180.38 | Vendors |
| 10/27/2022 | 50672 | Kevin Castro | \$262.00 | Vendors |
| 10/27/2022 | 50673 | Konica Minolta Premier Finance | \$416.76 | Vendors |
| 10/27/2022 | 50674 | Mid Valley Supply | \$75.69 | Vendors |
| 10/27/2022 | 50675 | Mission Uniform Service | \$370.91 | Vendors |
| 10/27/2022 | 50676 | O'Reilly Auto Parts | \$6.33 | Vendors |
| 10/27/2022 | 50677 | Palace Business Solutions | \$142.87 | Vendors |
| 10/27/2022 | 50678 | Postmaster | \$2,253.49 | Vendors |
| 10/27/2022 | 50679 | Razzolink.com | \$76.95 | Vendors |
| 10/27/2022 | 50680 | Toro Petroleum Corp. | \$2,955.83 | Vendors |
| 10/27/2022 | 50681 | UWUA Local 820 | \$761.64 | Vendors |
| 10/27/2022 | 50682 | Veolia Water Technologies | \$6,799.18 | Payroll |
| 10/27/2022 | 50683 | Verizon Wireless | \$384.99 | Payroll |
| 10/27/2022 | 50684 | William K Boltz | \$98.14 | Payroll |

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|------------|----------|--------------------|-------------|---------|
| 10/27/2022 | ACH 2404 | P G & E | \$91,005.70 | Payroll |
| 10/27/2022 | ACH 2405 | BASIC Benefits LLC | \$115.00 | Payroll |

-\$1,564,150.57 TOTAL

3. Receive Finance Manager Monthly Status Reports: a. Narrative Report, b. Operation Summary, c. Statement of Income, d. Investment Summary, and e. Board Designated Reserves.
4. Receive Superintendent Monthly Status Reports: a. Maintenance, b. City Meter Reading, and c. Groundwater Level Measurement.
5. Receive General Manager Monthly Status Report.
6. Approval of Resolution #582 of the Board of Directors of the Sunnyslope County Water District- Hollister California Proclaiming a Local Emergency, Ratifying the state of Emergency Proclaimed on March 4, 2020, and Authorizing Remote Teleconference Meetings of all District Legislative Bodies for the Following 30 Days in Accord with the Ralph M. Brown Act. (Not a project under CEQA per Article 20, Section 15378).

Vice President Brown asked for public comment and upon receiving none, Vice President Brown requested a motion to approve the consent agenda. Upon a motion made by Director Alcorn to approve the Consent Agenda, seconded by Director Mauro, for which Vice President Brown then took a roll call vote as follows: (JP), yes; (MA), yes; (EM), yes; (JB) yes; and (DB) yes; the motion carried 5-0.

I. NEW BUSINESS:

- 1. Authorize the Board President to Sign Letter of Support for San Benito County Water District’s Accelerated Drought Response Project (ADRoP) application for grant funding through the United States Bipartisan Infrastructure Law (BIL) administered by the Bureau of Reclamation. Funding Opportunity R23AS00019, Small Surface Water and Groundwater Storage Projects.**

General Manager Lander spoke on this item, stating that San Benito County Water District requested a Letter of Support from Sunnyslope. This letter would assist in applying for a grant through the state drought resiliency program. These funds would be used towards developing a project estimated to provide 6000 acre feet of needed water storage.

Director Parker inquired whether this would lead to better water quality, to which General Manager Lander confirmed it would. As opposed to straight ground water, this water would be imported surface water, treated and injected into underground aquifers.

Vice President Brown then asked for any public comment. Upon receiving no public comment, Director Parker made a motion to Authorize the Board President to Sign a Letter of Support for San Benito County Water District’s Accelerated Drought Response Project (ADRoP) application for grant funding through the United States Bipartisan Infrastructure Law (BIL) administered by the Bureau of Reclamation. Funding Opportunity R23AS00019, Small Surface Water and Groundwater Storage Projects. This motion was seconded by Director Alcorn for which Vice President Brown then took a roll call vote as follows: (EM), yes; (MA), yes; (JP) yes; (JB) yes; and (DB) yes; the motion carried 5-0.

2. SBCWD DRAFT- Zone 6 Water Rate and Capacity Fee Study (Not a project under CEQA per article 20, Section 15378) For Discussion only.

San Benito County Water District did a water rate and capacity fee study that they are near the end of completing. This item was brought to the board to inform them of the proposed increases and the effect that those will have on the District. Associate Engineer Robert Hillebrecht informed the board that until the District raises our rates the increase would solely be burdened on the District.

Director Alcorn asked when the last rate increase for the district was, to which General Manager Lander informed him it had been 3 years since SSCWD raised rates.

This item required no motion.

3. Approve Amendment 2 to the Agreement for Water and Sewer Facilities and Service for the Promontory at Ridgemark Development for a cost not to exceed \$110,000.00

General Manager Lander was asked to speak on this item. Lander reported that the Water and Sewer Facilities and Service for the Promontory at Ridgemark Project has been coming along nicely. With the replacement of the 8" sewer main to a new 12" one on Marks Dr. there has been multiple recent leaks. Upon further investigation Sunnyslope staff discovered that the water services on Marks Dr. were in poor condition due to steel saddles that had corroded over their 40 years there. In order to stop costly leaks and prevent further issues the best option is to replace the 12 water services in that area. Doing this now the District can share some of the road repair costs with the sewer replacement project, instead of having to come back in and tear out fresh road.

Vice President Brown then asked for any public comment. Upon receiving no public comment, Director Alcorn made a motion to Approve Amendment 2 to the Agreement for Water and Sewer Facilities and Service for the Promontory at Ridgemark Development for a cost not to exceed \$110,000.00. This motion was seconded by Director Mauro for which Vice President Brown then took a roll call vote as follows: (MA), yes; (JP), yes; (EM) yes; (JB) yes; and (DB) yes; the motion carried 5-0.

4. Authorize execution of a 5 Year Employment Contract with Drew Lander, General Manager.

This item was brought to the board as General Manager Lander's current contract is up and in need of a renewal. After completing GM Lander's annual review in closed session the Board members shared their approval of work completed under the prior contract.

Vice President Brown asked for any public comment. Upon receiving no public comment, Director Alcorn made a motion to Authorize execution of a 5 Year Employment Contract with Drew Lander. This motion was seconded by Director Parker for which Vice President Brown then took roll call vote as follows: (JB) yes; (MA) yes; (JP) yes; (EM) yes; and (DB) yes; the motion carried 5-0.

J. BOARD COMMITTEE and STATUS REPORTS

1. **Governance Committee:** (No meeting)
2. **Water/Wastewater Committee:** (No meeting)
3. **Finance Committee:** (No meeting)
4. **Policy and Procedure Committee:** (No meeting)

5. **Personnel Committee:** (No meeting)
6. **Water Resources Association of San Benito County (WRA):** (No meeting)

K. BOARD and STAFF REPORTS

1. **Directors:** No Report.
2. **District Counsel:** No Report.
3. **General Manager:** General Manager/Secretary Lander gave a report on an accident that occurred at the District's West Hills Plant earlier in the month. Due to the damage suffered, West Hills will be down until all the parts that need to be replaced are available, but due to supply chain issues it could be a while. In the meantime, Lessalt will be back up and running and although this accident was not the fault of the District or District staff, analysis will be made to ensure future accidents of this magnitude do not occur again. General Manager Lander also updated the board on the status of the billing Tyler conversion, stating that it there have been some difficulties with coordinating each of the participating consultant groups but the project should be completed this month.

L. FUTURE AGENDA ITEMS:

- i. Urban Area Water Management Plan Amendment Ratification
- ii. FY 2021-2022 Audit Report
- iii. Electing new Board President for 2023

M. ADJOURNMENT: President Buzzetta adjourned the meeting at 6:16 p.m.

APPROVED BY THE BOARD:

Jerry T. Buzzetta, President

RESPECTFULLY SUBMITTED:

Drew A. Lander, Secretary

Sunnyslope County Water District

Disbursement Summary

November 1, 2022 through November 31, 2022

| Date | Num | Name | Amount |
|------------|----------|--|--------------|
| 11/01/2022 | ACH 2406 | BASIC Benefits LLC | \$220.00 |
| 11/03/2022 | 50685 | A Tool Shed | \$968.80 |
| 11/03/2022 | 50686 | Ace Hardware (Johnson Lumber Co.) | \$249.06 |
| 11/03/2022 | 50687 | AT&T | \$1,000.00 |
| 11/03/2022 | 50688 | Carlton's Fire Extinguisher Sales & Serv | \$347.72 |
| 11/03/2022 | 50689 | Central Ag Supply LLC | \$857.60 |
| 11/03/2022 | 50690 | Edges Electrical Group, LLC | \$239.99 |
| 11/03/2022 | 50691 | Grainger, Inc. | \$403.33 |
| 11/03/2022 | 50692 | Mc Kinnon Lumber Co., Inc. | \$31.38 |
| 11/03/2022 | 50693 | Meter, Valve & Control | \$3,012.81 |
| 11/03/2022 | 50694 | Mission Uniform Service | \$332.73 |
| 11/03/2022 | 50695 | MNS Engineers, Inc. | \$6,543.81 |
| 11/03/2022 | 50696 | O'Reilly Auto Parts | \$19.63 |
| 11/03/2022 | 50697 | San Benito County Water District | \$212,688.18 |
| 11/03/2022 | 50698 | San Benito County Water District-Pumping | \$21,509.30 |
| 11/03/2022 | 50699 | San Benito Tire Pros & Automotive | \$25.00 |
| 11/03/2022 | 50700 | Tyler Technologies, Inc. | \$1,450.00 |
| 11/03/2022 | 50701 | USA Blue Book | \$4,222.99 |
| 11/04/2022 | ACH 2407 | BASIC Benefits LLC | \$100.11 |
| 11/04/2022 | JN00287 | Net Pay | \$74,913.75 |
| 11/04/2022 | JN00287 | Total Tax | \$21,794.51 |
| 11/07/2022 | ACH 2408 | BASIC Benefits LLC | \$207.00 |
| 11/07/2022 | ACH 2409 | BASIC Benefits LLC | \$230.00 |
| 11/07/2022 | ACH 2410 | Principal | \$3,439.41 |
| 11/08/2022 | 50702 | AT&T | \$946.00 |
| 11/08/2022 | 50703 | AT&T | \$741.86 |
| 11/08/2022 | 50704 | Backflow Apparatus & Valve Co. (BAVCO) | \$509.54 |
| 11/08/2022 | 50705 | Brenntag Pacific, Inc. | \$78,964.50 |
| 11/08/2022 | 50706 | Central Ag Supply LLC | \$155.86 |
| 11/08/2022 | 50707 | City of Hollister-Finance Dept | \$374,929.02 |
| 11/08/2022 | 50708 | Employee Relations, Inc. | \$13.15 |
| 11/08/2022 | 50709 | Hach Company | \$1,090.73 |
| 11/08/2022 | 50710 | Iconix Waterworks (US) Inc. | \$896.65 |
| 11/08/2022 | 50711 | Meter, Valve & Control | \$23,844.78 |
| 11/08/2022 | 50712 | Rain for Rent | \$2,419.26 |
| 11/08/2022 | 50713 | Recology San Benito County | \$326.68 |
| 11/08/2022 | 50714 | Staples Advantage | \$351.36 |
| 11/08/2022 | 50715 | Toro Petroleum Corp. | \$3,274.96 |
| 11/08/2022 | 50716 | Troy Quick | \$240.06 |
| 11/08/2022 | 50717 | U.S. Bank Corporate Payment Systems | \$4,852.32 |
| 11/08/2022 | 50719 | USA Blue Book | \$912.20 |
| 11/08/2022 | 50720 | Watersmart Software, Inc. | \$6,000.00 |
| 11/08/2022 | ACH 2411 | Colonial Life | \$4,278.22 |
| 11/08/2022 | ACH 2412 | iCloud | \$10,172.55 |

Sunnyslope County Water District

Disbursement Summary

| | | | |
|------------|----------|--|--------------|
| 11/09/2022 | ACH 2413 | CalPERS - Retirement | \$23.08 |
| 11/09/2022 | ACH 2414 | CalPERS - Retirement | \$240.17 |
| 11/09/2022 | ACH 2415 | CalPERS - Retirement | \$3,997.58 |
| 11/09/2022 | ACH 2416 | CalPERS - Retirement | \$7,022.50 |
| 11/09/2022 | ACH 2417 | CalPERS - Retirement | \$7,063.12 |
| 11/10/2022 | ACH 2418 | BASIC Benefits LLC | \$170.71 |
| 11/10/2022 | ACH 2419 | Nationwide Retirements Solutions | \$8,691.75 |
| 11/14/2022 | ACH 2420 | BASIC Benefits LLC | \$218.95 |
| 11/14/2022 | ACH 2421 | ADP | \$2,141.26 |
| 11/15/2022 | ACH 2422 | BASIC Benefits LLC | \$35.00 |
| 11/15/2022 | ACH 2423 | P G & E | \$80,586.40 |
| 11/17/2022 | 50724 | Ace Hardware (Johnson Lumber Co.) | \$401.66 |
| 11/17/2022 | 50725 | Brenntag Pacific, Inc. | \$50,770.00 |
| 11/17/2022 | 50726 | Bryan Mailey Electric, Inc | \$4,925.02 |
| 11/17/2022 | 50727 | De Lay & Laredo | \$2,777.00 |
| 11/17/2022 | 50728 | Don Chapin Co. Inc., The | \$140.00 |
| 11/17/2022 | 50729 | EBCO Pest Control | \$69.00 |
| 11/17/2022 | 50730 | Edges Electrical Group, LLC | \$23.57 |
| 11/17/2022 | 50731 | exceedio | \$7,874.99 |
| 11/17/2022 | 50732 | Green Line | \$19,656.00 |
| 11/17/2022 | 50733 | J M Electric | \$1,482.00 |
| 11/17/2022 | 50734 | John Smith Road Landfill | \$33.00 |
| 11/17/2022 | 50735 | Mark Nicholson, Inc. | \$2,877.57 |
| 11/17/2022 | 50736 | Mid Valley Supply | \$227.07 |
| 11/17/2022 | 50737 | Mission Uniform Service | \$703.64 |
| 11/17/2022 | 50738 | Monterey Signs, Inc. | \$628.19 |
| 11/17/2022 | 50739 | San Benito County Water District | \$326,060.82 |
| 11/17/2022 | 50741 | Shape, Inc. | \$1,908.86 |
| 11/17/2022 | 50742 | Star Concrete | \$2,455.72 |
| 11/17/2022 | 50743 | Trans Union LLC | \$219.10 |
| 11/17/2022 | 50744 | True Value Hardware | \$46.58 |
| 11/17/2022 | 50745 | Wallace Group | \$436.75 |
| 11/17/2022 | 50746 | Wright Bros. Welding & Sheet Metal, Inc. | \$17.56 |
| 11/17/2022 | JN00288 | Net Pay | \$72,886.65 |
| 11/17/2022 | JN00288 | Total Tax | \$21,500.96 |
| 11/21/2022 | 50747 | Platt Electric Supply | \$8,419.08 |
| 11/21/2022 | ACH 2424 | CalPERS - Retirement | \$23.08 |
| 11/21/2022 | ACH 2425 | BASIC Benefits LLC | \$83.00 |
| 11/21/2022 | ACH 2426 | CalPERS - Retirement | \$7,612.58 |
| 11/21/2022 | ACH 2427 | CalPERS - Retirement | \$6,963.70 |
| 11/21/2022 | ACH 2428 | Nationwide Retirements Solutions | \$8,928.02 |
| 11/21/2022 | ACH 2429 | CalPERS - Health Insurance | \$22,578.50 |
| 11/22/2022 | ACH 2430 | BASIC Benefits LLC | \$194.38 |
| 11/23/2022 | 50748 | A-1 Services | \$403.00 |
| 11/23/2022 | 50749 | Award Homes, Inc. | \$27,979.04 |
| 11/23/2022 | 50750 | Bartel Associates, LLC | \$3,075.00 |

Sunnyslope County Water District

Disbursement Summary

| | | |
|---------------------|---------------------------------|-----------------------|
| 11/23/2022 50751 | Bracco's Towing | \$731.25 |
| 11/23/2022 50752 | Brenntag Pacific, Inc. | \$23,681.90 |
| 11/23/2022 50753 | Central Ag Supply LLC | \$957.37 |
| 11/23/2022 50754 | CM Analytical, Inc. | \$20,742.50 |
| 11/23/2022 50755 | Denise Duffy & Associates, Inc. | \$2,606.00 |
| 11/23/2022 50756 | exceedio | \$3,194.51 |
| 11/23/2022 50757 | Iconix Waterworks (US) Inc. | \$5,961.92 |
| 11/23/2022 50758 | Konica Minolta Premier Finance | \$416.76 |
| 11/23/2022 50759 | LDJ Manufacturing, Inc. | \$124.16 |
| 11/23/2022 50760 | Luis M. Vasquez-Herrera | \$196.64 |
| 11/23/2022 50761 | Mid Valley Supply | \$83.27 |
| 11/23/2022 50762 | Mission Uniform Service | \$370.91 |
| 11/23/2022 50763 | Simplot Grower Solutions | \$1,824.68 |
| 11/23/2022 50764 | Toro Petroleum Corp. | \$3,450.63 |
| 11/23/2022 50766 | Tyler Technologies, Inc. | \$6,394.05 |
| 11/23/2022 50767 | USA Blue Book | \$2,501.75 |
| 11/23/2022 50768 | Wright Bros. Indust. Supply | \$35.27 |
| 11/29/2022 ACH 2431 | BASIC Benefits LLC | \$44.85 |
| | | \$1,657,616.84 |

S U M M A R Y:

Accounts Payable Paid to:

| | |
|---|--------------|
| Vendors | \$447,046.68 |
| Payroll - Employee | \$275,382.84 |
| San Benito County | \$560,258.30 |
| City of Hollister for City Billing Collected, Net of Fees | \$374,929.02 |
| Customer Refunds & Returned Checks/ACH | \$0.00 |
| Debt & Finance | \$0.00 |

Total Disbursements

\$1,657,616.84

Staff Report

Agenda Item: E - 3

DATE: December 8, 2022 (December 13, 2022 Meeting)

TO: Board of Directors

FROM: Associate Engineer, Rob Hillebrecht

SUBJECT: Associate Engineer Monthly Status Report

Marks Drive Sewer Replacement

Teichert has completed the installation of the new sewer trunk main down Marks Dr. and are now tying in sewer laterals to the new main. Sewer service has commenced for Promontory using the pipe bridge. This project has taken much longer and become more complicated than originally contemplated due to various utility conflicts and unstable soil conditions. At the intersection of Marks Dr. and Terry Ct., Sunnyslope accommodated Teichert by temporarily turning off water to Terry Ct. and cutting the ACP water main out of the way to allow shoring for the 16-foot-deep sewer main installation. Teichert replaced the portion of water main that was removed, and water service was returned by that evening. Staff are negotiating various change orders with Teichert for this, and other issues encountered.

Hillcrest & El Toro Water Main Repairs

While replacing a sewer pipeline for the City of Hollister, a contractor hit and broke a 4" ACP pipe in the intersection of Hillcrest and El Toro. The pipe had not been marked as it was not on any of Sunnyslope's system maps. Staff immediately responded, determined how to turn off the pipe, and made the repair, and returned water service. Late that afternoon the pipe broke again in a location near the earlier break and staff again isolated and repaired it. The system maps were updated with the new information about the pipe, its location, and how to isolate it.

Updating Water and Sewer System Maps

Sunnyslope maintains our water and sewer system maps on the County GIS system, for which we pay a share of the GIS system cost. Staff regularly update the maps to include new infrastructure from developments, and to correct areas that shown incorrectly. The updates have been shared with the County. These maps are critical for Sunnyslope staff to locate buried facilities, determine how to isolate leaks, and other key uses.

Industrial Wastewater Treatment Plant

The IWTP is receiving asphalt grindings from Teichert's repaving of Highway 101 to create all

weather access on the widened pond levies. This will ensure that Staff can continue to access all areas of the facility during any weather condition to maintain, repair, or alter the plant. Basin 1 has been fully drained, and all sludge and sediment has been removed from it. Basin 2 is hydraulically connected to Pond 1 and cannot be fully drained until the water level of Pond 1 drops further. Basin 2 is expected to have significantly more sludge accumulated in it over the season than Basin 1 had.

Water Loss Audit

The annual water loss audit for FY 2021/2022 was submitted for third-party validation as required in the California Water Code Section 10631. The audit along with all the required supporting documentation was then provided to the validator for their review. Staff had a couple video call meetings with the validator. This year, the audit score was quite a bit higher than previous years due to our testing of source water meters at the wells and interties. This report is submitted to the State. The audit demonstrated that it is not financially advantageous for Sunnyslope to pursue significant water loss reduction measures since our water loss is already very low.

Active Developments

1. The Promontory at Ridgemark has started sewer service for their models and a few of their first homes. Staff have instructed how the Well 8 site must be fenced. Various final punch list items remain outstanding and are being monitored.
2. Vista del Calabria installed the new sewer force main from the new lift station site to the southern end of their site. They have conducted significant potholing in George's Dr. to verify the location of all existing utilities as they will begin installing the 8" force main up to Caryl Ct. where it will discharge into the gravity sewer system.
3. Twin Oaks Phase 3 is fully tied into Sunnyslope's distribution system, and all their water services were trimmed down and placed in meter boxes.
4. West of Fairview Phase 2 has tested the water system in to first half of the development and have tied into Sunnyslope's system at one location. They have also tested the Irrigation system pipeline that was installed through their development and up Fairview. That pipeline is critical for consolidation of Best Road Mutual. They still need to tie into the domestic water main in Fairview which will take considerable coordination with Sunnyslope as it will isolate Santana Ranch from the High Zone tanks.
5. Santana Ranch completed the installation of a 12-inch Irrigation system pipeline across the intersection of Fairview and Hillcrest. They also raised various fire hydrants along Fairview and have completed a few outstanding punch list items. They have also requested a capacity fee credit for the installation of a Pressure Reducing Station on the Irrigation system that is primarily for future expansion of the Irrigation system and provides minimal benefit to them.
6. Santana Ranch Apartments Phase 2 has installed the water system. It still needs to be chlorinated and tested before it will be tied into Sunnyslope's distribution system.

Staff Report

Agenda Item: E – 4a

DATE: December 7, 2022 (December 13, 2022 Meeting)

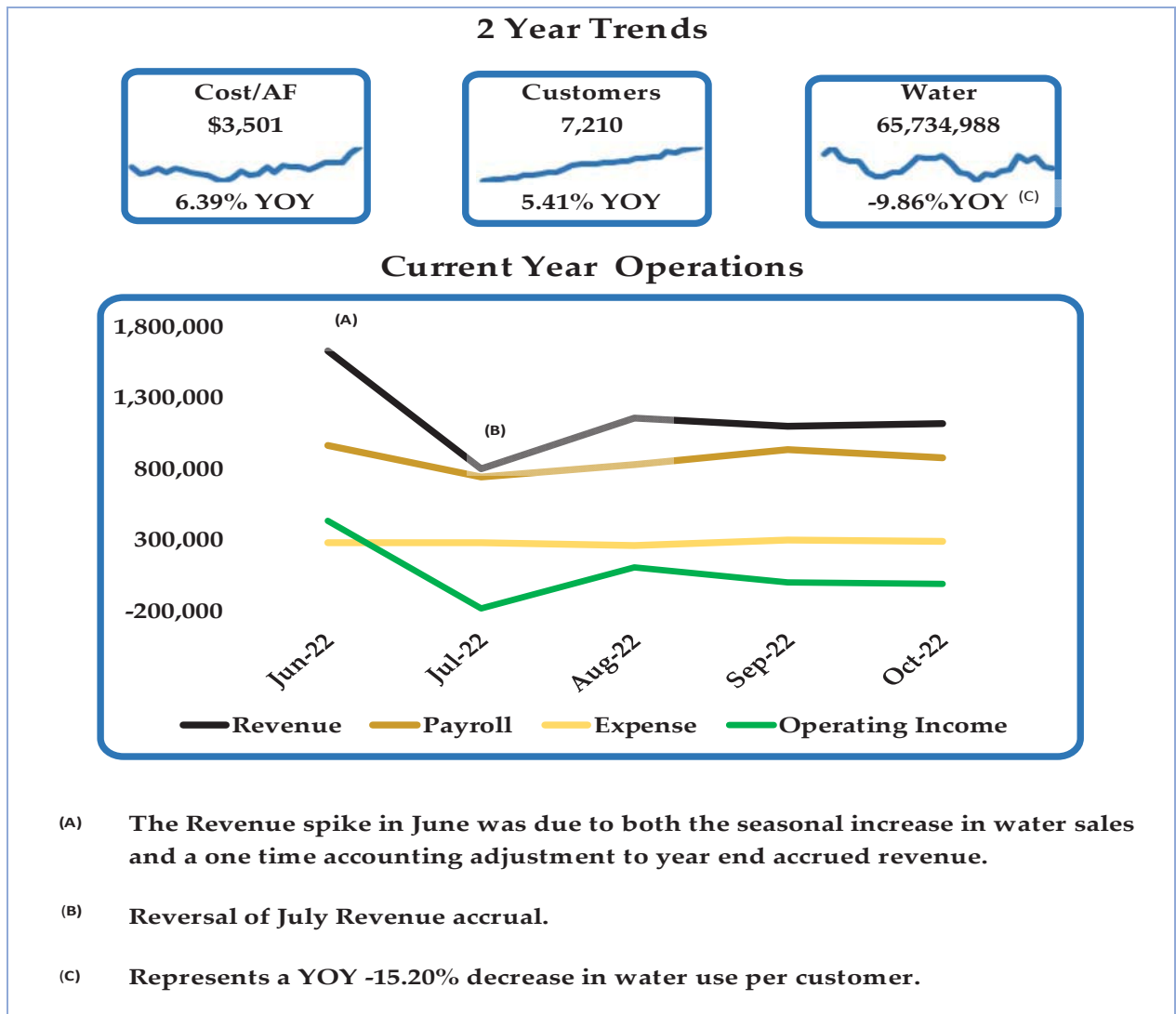
TO: Board of Directors

FROM: Finance & Human Resource Manager, Barry Kelly

SUBJECT: Statements of: a. Operations, b. Income, c. Investment, and d. Board Designated Reserves.

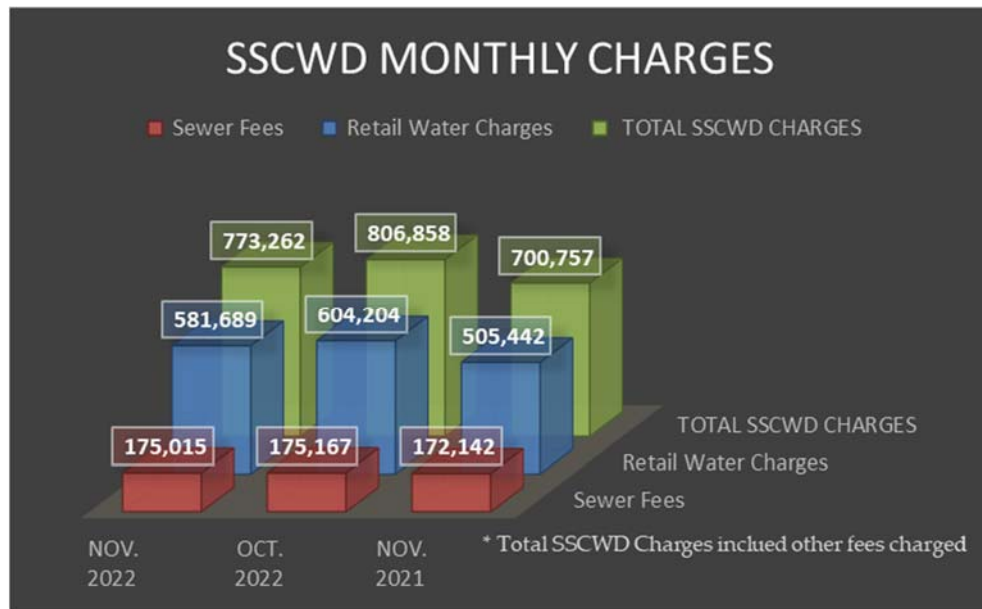
OPERATION SUMMARY

(November 2022)



Connections increased by 19 accounts in FY2022-23 thus far. Due to the high number of prepaid connection fees made in June, the total for the current year is estimated to be 150. We now serve 7,252 customers and 4,979 accounts utilized online services and electronic payments.

Projected Revenue for FY2022-23 has decreased 12% YOY but is within 1% of the budget. The current budget assumes that the decrease from water conservation efforts wash with the growth in accounts. The decline is attributed to lower forecasted contract revenues. Metered water YTD through Nov was 385.6 MM gallons vs 401.2 MM in the prior year.



The percentage of past due accounts statistics from November through January will not be available until later in the month. Accurate aging of receivables in Tyler will not be available due to complications with some conversion parameters which will be corrected next month. Late charges will be suspended in November and December until account payment statuses are corrected.

STATEMENT OF INCOME

(October 22)

For the month, we show an overall Net Operating loss of \$17k vs a budgeted loss of \$512k. The positive variance is attributed to seasonality in water consumption. The Water department continues to drive the operating shortfall. The growth in costs compared to the prior year is modest which is reflected in the Acre Foot per cost statistic. The persistent shortfall reflects the need for

the rate study. The last rate increase occurred July 2018. The cost per Acre Foot of SSCWD water through October is \$3501 which is a 6.4% increase.

INVESTMENT SUMMARY

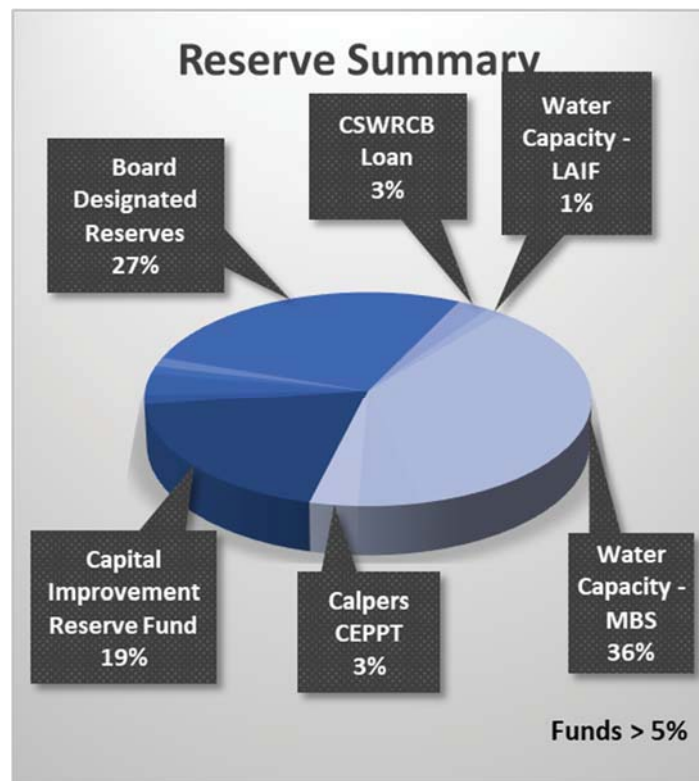
(October 2022)

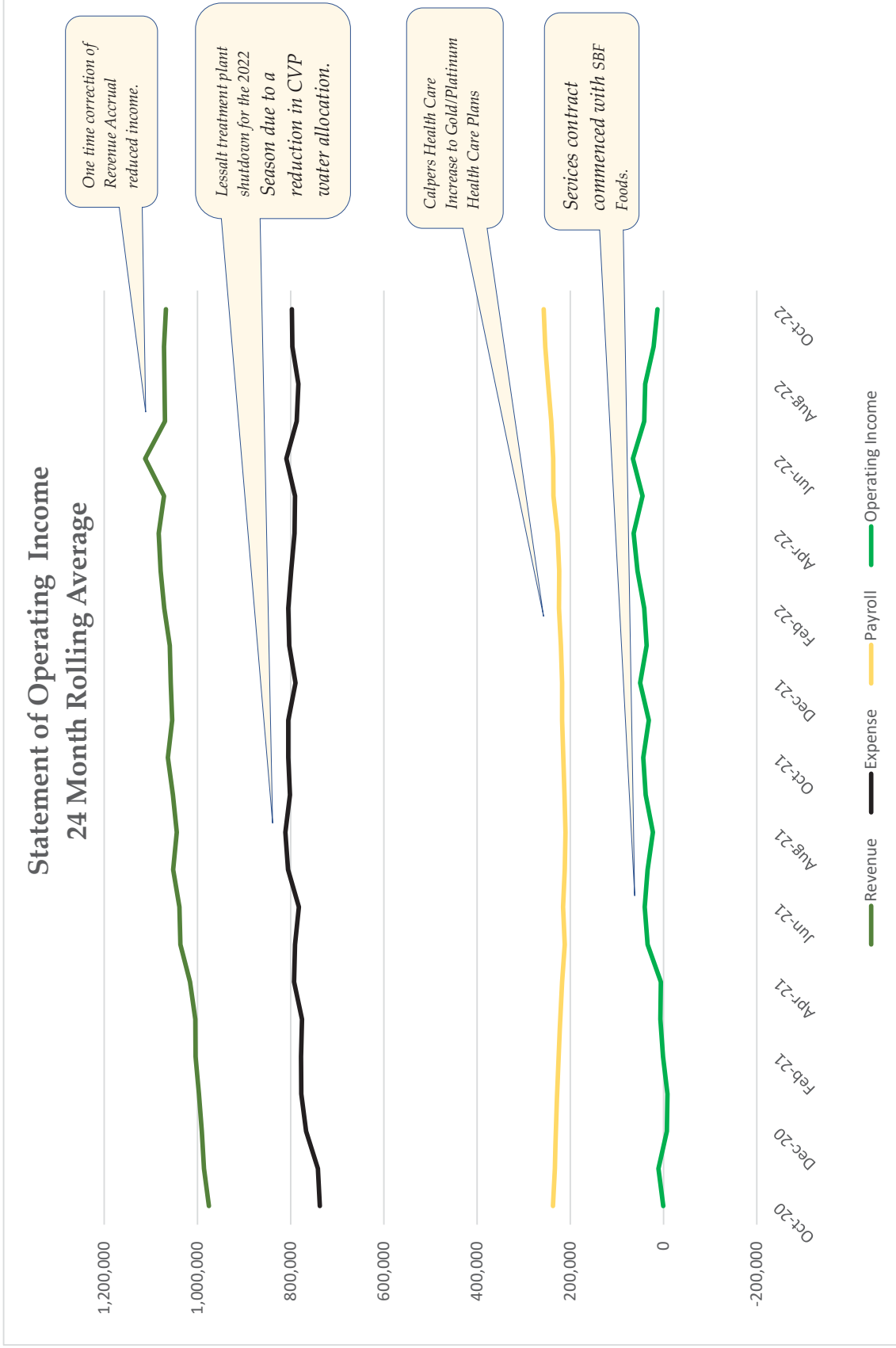
Cash and invested funds total \$23. million, a decrease of 291k for the month. The decrease is because San Benito County has been withholding O&M reimbursement payments subject to the Districts reporting of current year to date reporting of payroll. This issue has been resolved and funds were released in November and December.

RESERVES

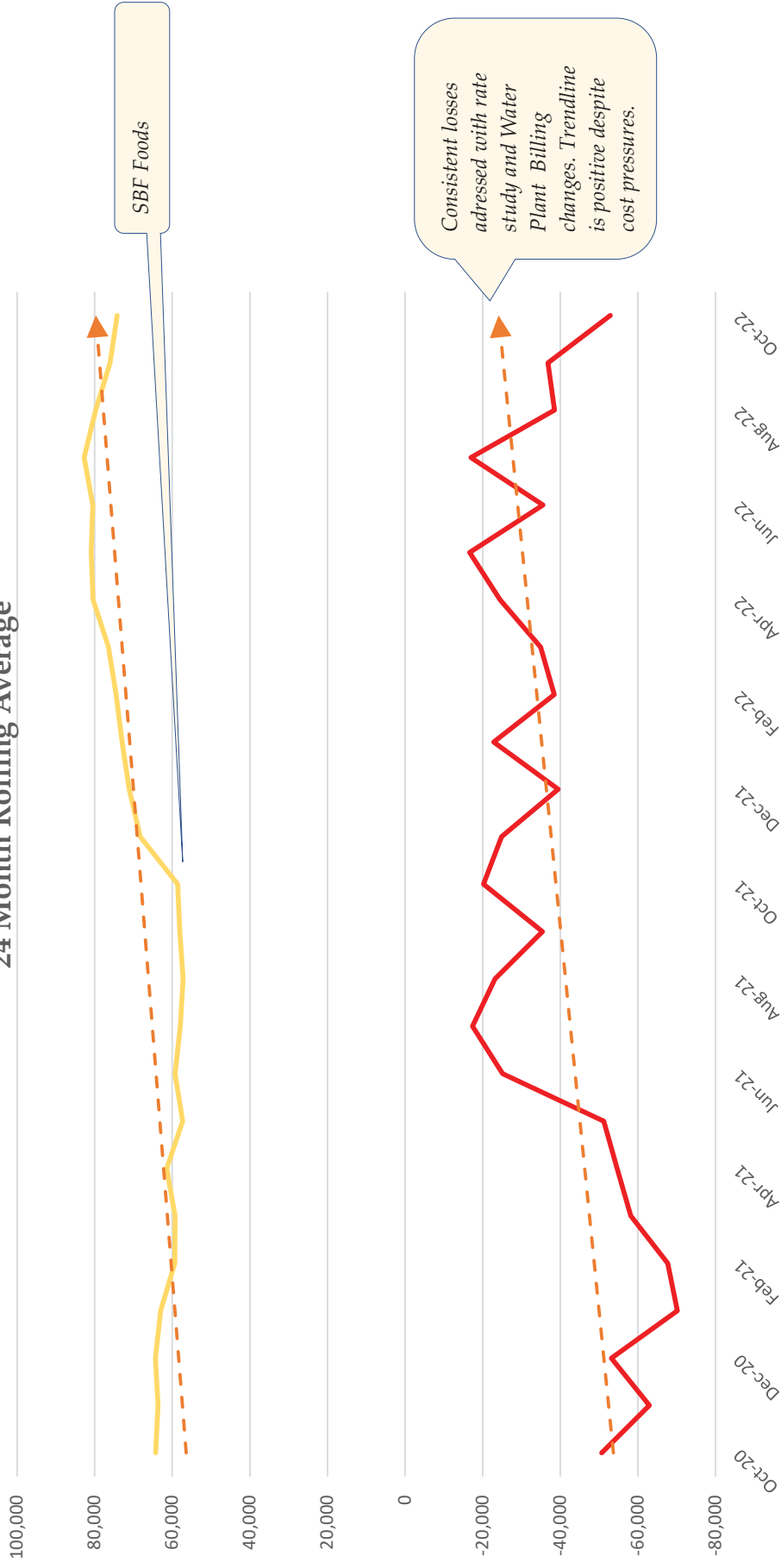
(October 2022)

Reserves in October total \$22.9 million which equals 48% of capitalized assets. See the Board Designated Reserve report for a summary of the transactions and the status of actual expenditures per Board authorized expenditures.

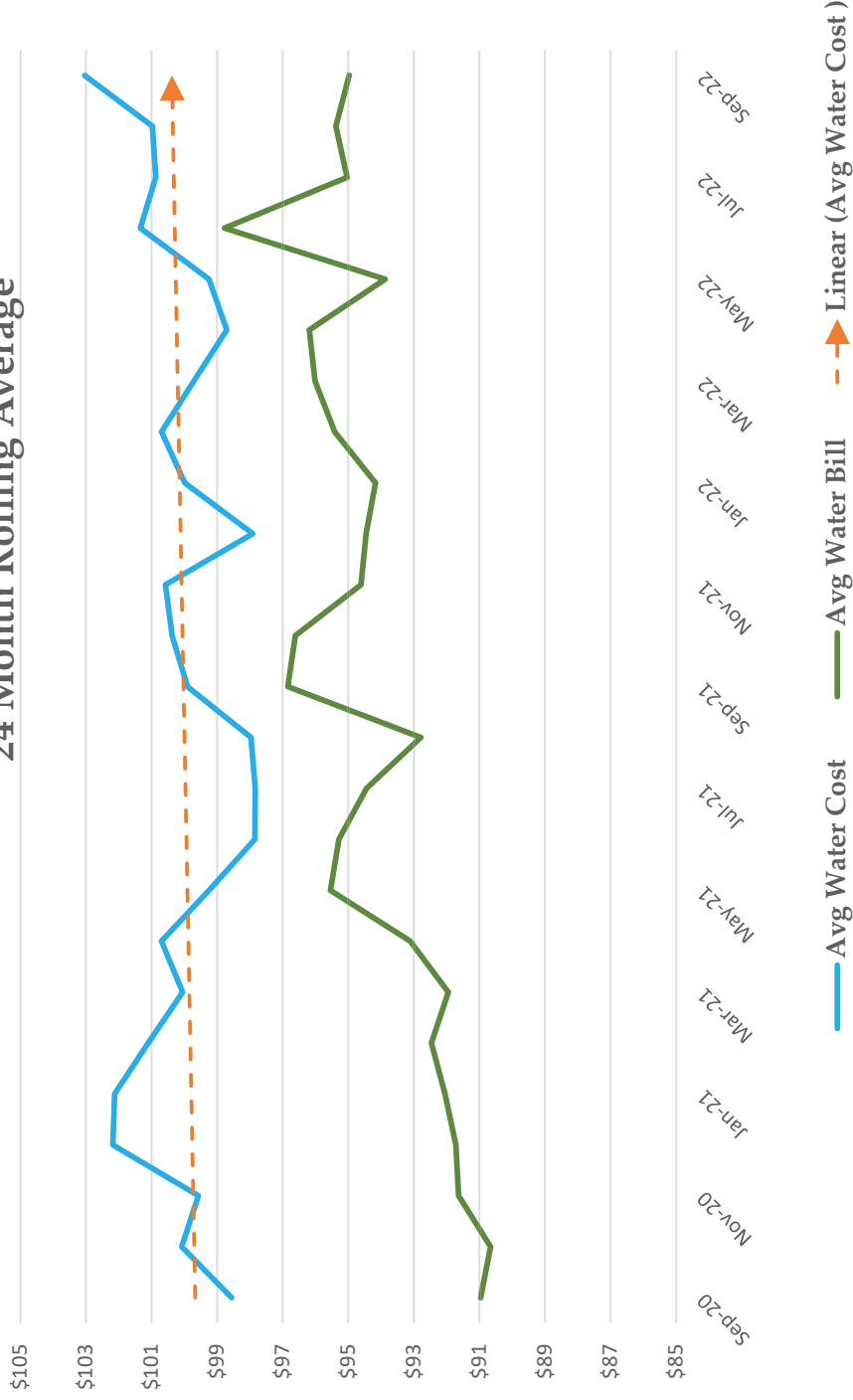




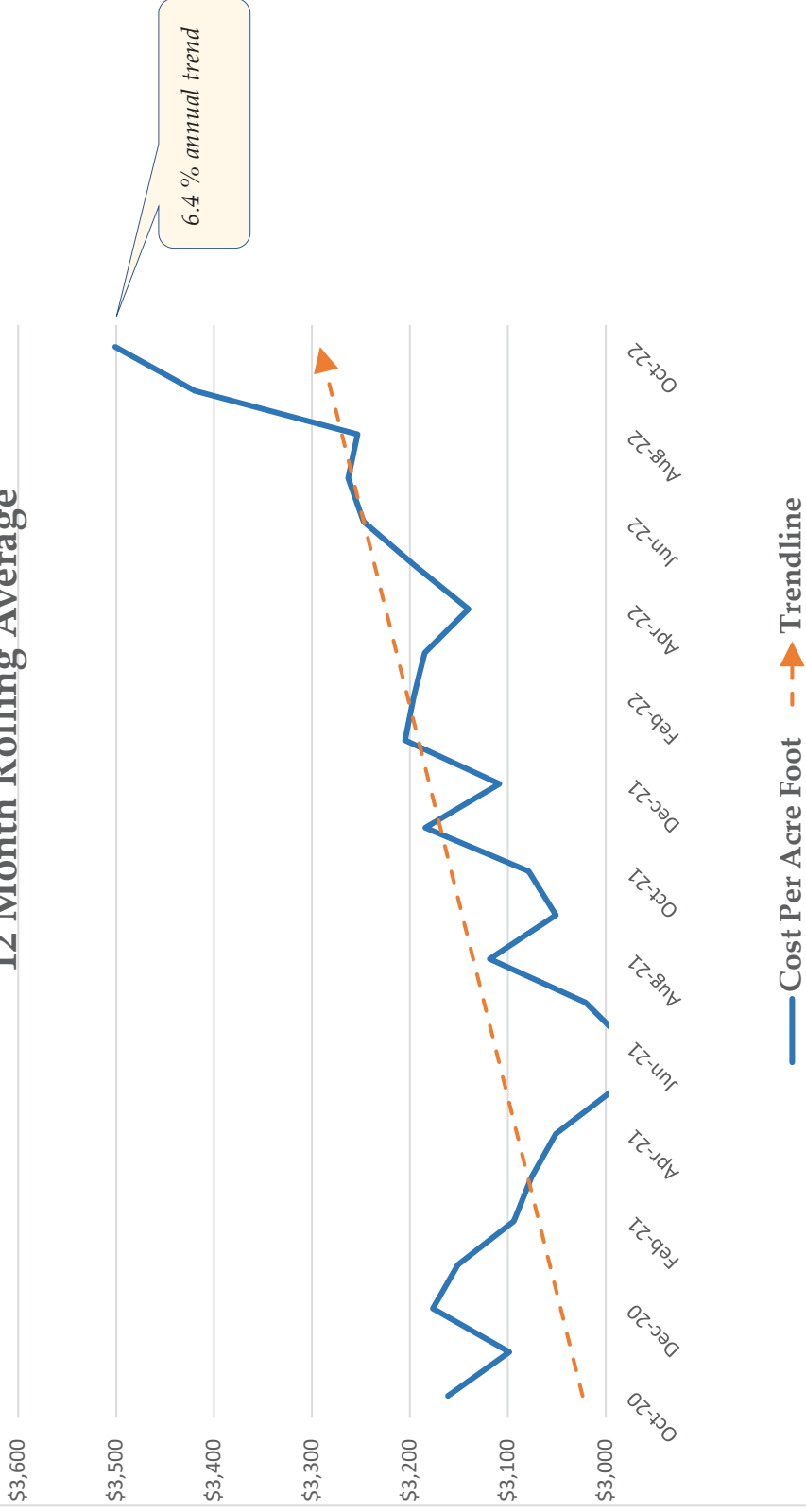
Operating Income by Segment 24 Month Rolling Average



Per Customer Water Charges 24 Month Rolling Average



Cost Per Acre Foot 12 Month Rolling Average



Sunnyslope County Water District

2022 / 2023
OPERATION SUMMARY (This Year)

| ITEMS | JULY 2022 | AUG. 2022 | SEPT. 2022 | OCT. 2022 | NOV. 2022 | TOTALS |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| NO. WATER CAPACITY FEE RECD | - | 5 | 14 | - | - | 19 |
| NO. WW CAPACITY FEE RECD | | | | | | |
| NO. WATER ACCOUNTS | 7,136 | 7,171 | 7,184 | 7,210 | 7,252 | |
| NO. SSCWD SEWER ACCTS | 1,234 | 1,238 | 1,236 | 1,240 | 1,241 | |
| NO. COH SEWER ACCTS | 4,638 | 4,675 | 4,692 | 4,709 | 4,822 | |
| Total WaterSmart / Invoice Cloud | 5,616 | 5,274 | 5,264 | 5,115 | 4,979 | |
| NO. E-BILL Invoice Cloud (Paperless) | 1,711 | 1,774 | 1,792 | 1,837 | | |
| MONTHLY CHARGES | | | | | | |
| Retail Water Charges | \$ 453,214.18 | \$ 752,415.08 | \$ 699,038.85 | 604,203.62 | 581,689.21 | \$ 3,090,560.94 |
| Sewer Fees | 116,635.17 | 175,778.36 | 175,854.39 | 175,167.28 | 175,014.76 | 818,449.96 |
| Installation Fees | - | 405.00 | 7,290.00 | - | 880.00 | 8,575.00 |
| Late Fees | 8,935.54 | 11,140.54 | 12,190.06 | 12,659.14 | - | 44,925.28 |
| Admin. Collection Fees, net | | | | | | |
| COH Billing Fees | 13,989.00 | 14,091.00 | 14,130.00 | 14,178.00 | 14,508.00 | 70,896.00 |
| Other Misc. Fees | 690.00 | 810.00 | 980.00 | 650.00 | 1,170.00 | 4,300.00 |
| TOTAL SSCWD CHARGES | \$ 593,463.89 | \$ 954,639.98 | \$ 909,483.30 | \$ 806,858.04 | \$ 773,261.97 | \$ 4,037,707.18 |
| CITY OF HOLLISTER CHARGES | | | | | | |
| COH Sewer Fees | 416,964.67 | 420,086.18 | 421,288.49 | 423,329.93 | 424,769.20 | \$ 2,106,438.47 |
| COH Street Sweeping | 10,683.28 | 10,783.04 | 10,809.92 | 10,849.04 | 10,867.20 | 53,992.48 |
| COH Senior Discount | (1,246.20) | (1,286.40) | (1,306.50) | (1,326.60) | (1,326.60) | (6,492.30) |
| Total COH Charges | 426,401.75 | 429,582.82 | 430,791.91 | 432,852.37 | 434,309.80 | 2,153,938.65 |
| Late Fees | - | - | - | - | - | - |
| TOTAL COH CHARGES | \$ 426,401.75 | \$ 429,582.82 | \$ 430,791.91 | \$ 432,852.37 | \$ 434,309.80 | \$ 2,153,938.65 |
| ACCOUNTS RECEIVABLE - Aged | | | | | | |
| A/R for Sunnyslope Water ** | \$ 948,794.59 | \$ 1,011,469.90 | \$ 975,756.28 | \$ 975,438.28 | \$ 947,830.97 | |
| A/R for City of Hollister ** | 458,304.45 | 471,888.29 | 471,274.87 | 515,020.33 | 540,851.83 | |
| Outstanding Bills Owed | \$ 1,407,099.04 | \$ 1,483,358.19 | \$ 1,447,031.15 | \$ 1,490,458.61 | \$ 1,488,682.80 | |
| Past Due | \$ 188,801.28 | \$ 189,085.53 | \$ 209,454.47 | \$ 303,265.45 | - | |
| % Past Due | 13.42% | 12.75% | 14.47% | 20.35% | 0.00% | |

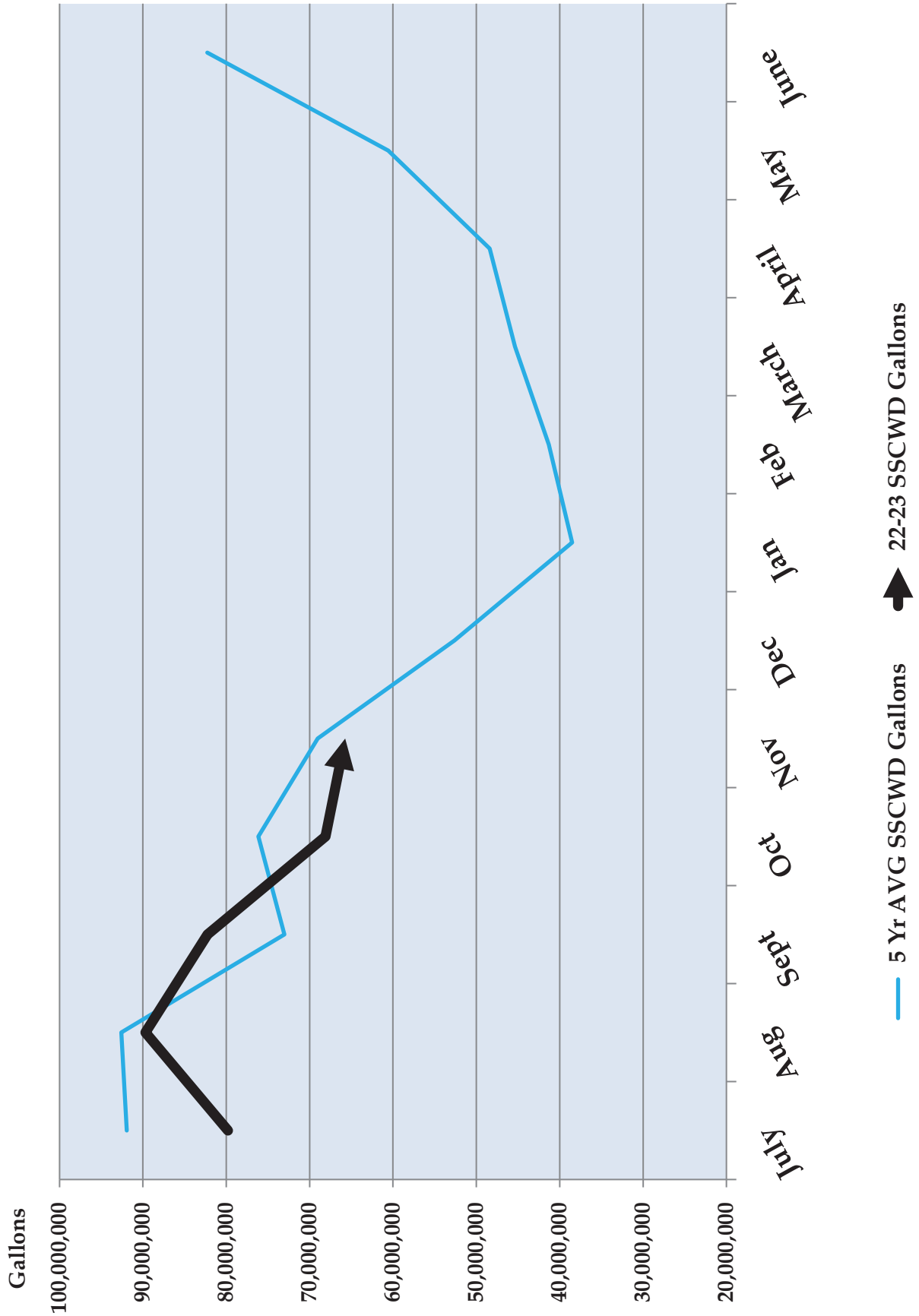
Sunnyslope County Water District

2022 / 2023 OPERATION SUMMARY (This Year)

| ITEMS | JULY 2022 | AUG. 2022 | SEPT. 2022 | OCT. 2022 | NOV. 2022 | TOTALS |
|------------------------------------|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| WATER METERED | | | | | | |
| Cubic Feet | 10,668,300 | 11,991,600 | 10,996,600 | 9,102,500 | 8,788,100 | 51,547,100 |
| SSCWD Gallons | 79,798,884 | 89,697,168 | 82,254,568 | 68,086,700 | 65,734,988 | 385,572,308 |
| Well Flow to COH Gallons | 9,993,400 | 12,467,500 | 10,469,400 | 10,240,500 | 10,034,800 | 53,205,600 |
| Surface Flow to COH Gallons | 4,672,919 | 6,053,117 | 2,849,503 | 3,281,157 | 3,969,120 | 20,825,816 |
| TOTAL METERED | 94,465,203 | 108,217,785 | 95,573,471 | 81,608,357 | 79,738,908 | 459,603,724 |
| WATER SOURCE | | | | | | |
| Well #2 (Southside Road) | 14,620,800 | 16,109,000 | 17,999,800 | 12,772,800 | 3,458,800 | 64,961,200 |
| Well #5 (Ray Cir/Enterprise) | 4,426,629 | 2,873,649 | 5,474,117 | 12,491,741 | 10,164,533 | 35,430,669 |
| Well #7 (Enterprise Rd) | 13,104,944 | 14,774,745 | 14,101,175 | 6,192,146 | 8,357,979 | 56,530,989 |
| Well #8 (Ridgemark) | 16,505,000 | 15,396,000 | 10,433,000 | 10,553,000 | 24,089,000 | 76,976,000 |
| Well #11 (Southside Road) | 23,613,000 | 28,949,000 | 24,292,000 | 18,279,000 | 16,165,000 | 111,298,000 |
| TOTAL from Wells | 72,270,373 | 78,102,394 | 72,300,092 | 60,288,687 | 62,235,312 | 345,196,858 |
| Lessalt W.T.P. I (High Zone) | - | - | - | - | - | - |
| Lessalt W.T.P. I (Middle Zone) | - | - | 360,000 | - | - | 360,000 |
| West Hills W.T.P. (@ Well #2) | 12,203,000 | 15,694,000 | 12,456,000 | 11,640,000 | 11,006,000 | 62,999,000 |
| West Hills W.T.P. (@ Well #11) | 19,908,000 | 25,536,000 | 20,356,000 | 18,911,000 | 14,476,000 | 99,187,000 |
| TOTAL from Surface Water | 32,111,000 | 41,230,000 | 33,172,000 | 30,551,000 | 25,482,000 | 162,546,000 |
| City Well Flow to SSCWD Gallons | 190,200 | 163,000 | 143,200 | 79,000 | 218,500 | 793,900 |
| City Surface Flow to SSCWD Gallons | 11,200 | 14,400 | 8,900 | 10,200 | 12,800 | 57,500 |
| TOTAL from City Interties | 201,400 | 177,400 | 152,100 | 89,200 | 231,300 | 851,400 |
| TOTAL PUMPED | 104,582,773 | 119,509,794 | 105,624,192 | 90,928,887 | 87,948,612 | 508,594,258 |
| Estimated Water Loss | 10,117,570 | 11,292,009 | 10,050,721 | 9,320,530 | 8,209,704 | 48,990,534 |
| Water Loss % | 9.674% | 9.449% | 9.516% | 10.250% | 9.335% | 9.633% |
| Estimated Water Gain | - | - | - | - | - | - |
| Water Gain % | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | - | - | - | - | - | - |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Total Net Water Loss | 0.000 | | | | | |

Chart Includes: Only Water Metered to SSCWD Customers,
Chart Does Not Include: COH Interties Wholesale Water Flow

Total Water Metered to SSCWD Customers



Sunnyslope County Water District

STATEMENT OF INCOME
 FOR THE FISCAL YEAR ENDING JUNE 30, 2023 (This Year)
 UN-AUDITED 11/21/2022

| *** WATER *** | Sep-22 | Oct-22 | Variance Over / (Under) Prior Month | Sep-21 | Oct-21 | FY 22/23 BUDGET |
|--|--------------------|---------------------|---|------------------------------|---------------------|-----------------------|
| | Year- To-Date | Year- To-Date | Prior Year-To- Date | Projected 22/23 Actual | | |
| OPERATING REVENUES | | | | | | |
| Water Sales | 710,228 | 699,927 | (10,300) | 764,642 | 627,628 | 7,387,000 |
| Contracted Services | 173,947 | 209,947 | 36,000 | 228,311 | 228,311 | 2,518,770 |
| Installation Fees | 7,290 | - | (7,290) | 5,670 | 12,555 | |
| Late Fees | 9,832 | 10,811 | 980 | 7,883 | 7,915 | |
| Other Revenue | 10,465 | 14,151 | 3,686 | 11,168 | 13,252 | 140,000 |
| TOTAL OPERATING REVENUES | 911,762 | 934,837 | 23,075 | 1,017,674 | 889,661 | 10,045,770 |
| OPERATING EXPENSES | | | | | | |
| Salaries and Benefits | (245,704) | (259,492) | (13,788) | (187,487) | (211,200) | (3,315,612) |
| Operating Expenses | (714,564) | (780,055) | (65,490) | (685,945) | (772,547) | (8,344,748) |
| TOTAL OPERATING EXPENSES | (960,268) | (1,039,547) | (79,279) | (873,432) | (983,746) | (11,660,360) |
| NET OPERATING INCOME | (48,506) | (104,710) | (56,204) | 144,243 | (94,085) | (1,614,590) |
| NON OPERATING INCOME & (EXPENSES) | | | | | | |
| Capacity Fees | 248,400 | - | (248,400) | 168,000 | 372,000 | - |
| Donated Asset | - | - | - | - | - | - |
| Miscellaneous Income (Farm Labor Camp) | - | - | - | - | - | - |
| Adjust LAIF Investment to Fair Value | - | - | - | - | - | - |
| Interest Income | 5,539 | 25,230 | 19,691 | 2,610 | 389 | 48,000 |
| Allocated from G & A (Interest & Sale of Assets) | 5,716 | 4,070 | (1,646) | (233) | (1,484) | - |
| Other Non-Operational | (1,321) | (1,931) | (609) | 170,377 | 370,905 | - |
| TOTAL NON OPERATING INCOME & (EXPENSES) | 258,334 | 27,369 | (230,965) | \$ 314,619 | \$ 276,820 | 48,000 |
| NET WATER INCOME (LOSS) | \$ 209,828 | \$ (77,341) | (287,168) | \$ 144,243 | \$ (94,085) | \$ (1,566,590) |
| NET WATER INCOME (LOSS) Adjusted for Non Budgeted Items | \$ (49,828) | \$ (106,641) | (56,813) | \$ 148,597 | \$ (801,111) | \$ (1,614,590) |

Sunnyslope County Water District

STATEMENT OF INCOME
 FOR THE FISCAL YEAR ENDING JUNE 30, 2023 (This Year)
 UN-AUDITED 11/21/2022

| | Sep-22 | Oct-22 | Variance Over / (Under) Prior Month | Sep-21 | Oct-21 |
|--|------------------|------------------|---|------------------|-------------------|
| *** WASTEWATER *** | | | | | |
| OPERATING REVENUES | | | | | |
| Sewer Sales | 175,854 | 175,644 | (211) | 172,512 | 171,915 |
| Contracted Services | 137,497 | 35,154 | (102,343) | 24,245 | 132,981 |
| Installation Fees | | | - | | |
| Late Fees | 2,458 | 2,732 | 274 | 1,971 | 1,979 |
| Other Revenue | 4,065 | 2,117 | (1,948) | 2,818 | 2,776 |
| TOTAL OPERATING REVENUES | 319,874 | 215,646 | (104,227) | 201,546 | 309,650 |
| OPERATING EXPENSES | | | | | |
| Salaries and Benefits | (51,532) | (30,835) | 20,698 | (35,454) | (41,404) |
| Operating Expenses | (219,065) | (94,726) | 124,339 | (94,609) | (91,168) |
| TOTAL OPERATING EXPENSES | (270,598) | (125,561) | 145,037 | (130,063) | (132,572) |
| NET OPERATING INCOME | 49,276 | 90,085 | 40,809 | 71,483 | 177,079 |
| NON OPERATING INCOME & (EXPENSES) | | | | | |
| Capacity Fees | | | - | - | - |
| Miscellaneous Income | | | - | - | - |
| Adjust LAIF Investment to Fair Value | | | - | | |
| Interest Income | 376 | 5,706 | 5,330 | 1,228 | 183 |
| Allocated from G & A (Interest & Sale of Assets) | (534) | (295) | (295) | (58) | (371) |
| Other Non-Operational | (158) | 5,411 | 5,569 | (49,088) | (188) |
| TOTAL NON OPERATING INCOME & (EXPENSES) | (316) | 5,822 | 6,138 | (47,908) | (193) |
| NET WASTEWATER INCOME (LOSS) | 48,960 | 95,907 | 46,378 | 23,575 | 176,886 |
| NET WASTEWATER INCOME (LOSS) | \$ 48,742 | \$ 90,085 | 46,378 | \$ 21,224 | \$ 177,079 |
| <i>Adjusted for Non Budgeted Items</i> | | | | | |

| | Sep-22 | Oct-22 | Variance Over / (Under) Prior Year | Sep-21 | Oct-21 |
|--|-------------------|--------------------|--|-------------------|------------------|
| *** WATER & WASTEWATER *** | | | | | |
| *** COMBINED INCOME (LOSS) WATER & WASTEWATER *** | 258,946 | 18,156 | (240,790) | 337,014 | 453,711 |
| *** COMBINED INCOME (LOSS) WATER & WASTEWATER | \$ (1,085) | \$ (16,556) | \$ (15,470) | \$ 165,467 | \$ 82,994 |
| <i>Adjusted for Non - Budgeted Items</i> | | | | | |

| YEAR-TO-DATE | PRIOR YEAR-TO-DATE | PROJECTED ACTUAL | FY 22/23 BUDGET |
|-------------------|--------------------|-------------------|-------------------|
| 643,912 | 688,362 | 1,931,735 | 2,149,000 |
| 242,958 | 338,911 | 421,848 | 421,848 |
| - | - | - | - |
| 10,098 | 7,544 | 30,293 | 35,000 |
| 12,902 | 11,181 | 38,705 | 35,000 |
| 909,869 | 1,045,998 | 2,422,581 | 2,605,848 |
| | | | |
| (172,084) | (145,661) | (516,252) | (784,542) |
| (542,177) | (515,232) | (1,524,530) | (1,225,103) |
| (714,261) | (660,893) | (2,040,782) | (2,009,645) |
| 195,609 | 385,105 | 381,799 | 596,203 |
| | | | |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 6,859 | 3,096 | 20,578 | 12,000 |
| (341) | (509) | (1,023) | - |
| (564) | (50,259) | (1,692) | - |
| 5,955 | (47,671) | 17,863 | 12,000 |
| 201,563 | 337,433 | 399,662 | 608,203 |
| | | | |
| \$ 195,045 | \$ 334,846 | \$ 380,107 | \$ 596,203 |

| YEAR-TO-DATE | PRIOR YEAR-TO-DATE | PROJECTED ACTUAL | FY 22/23 BUDGET |
|--------------------|--------------------|---------------------|-----------------------|
| 266,576 | 1,393,049 | 49,664 | (958,387) |
| | | | |
| \$ (65,113) | \$ 483,443 | \$ (421,004) | \$ (1,016,387) |

Sunnyslope County Water District
Investment Summary
2022 / 2023 (This Year)

| BANK ACCOUNT | INTEREST RATE | JULY 2022 | AUGUST 2022 | SEPTEMBER 2022 | OCTOBER 2022 | JUNE 2022 |
|--|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <u>Heritage Bank of Commerce</u> | | | | | | |
| CHECKING ACCOUNT Operating - General Fund | 0 | 6,474,985 | 6,595,525 | 8,198,265 | 5,876,164 | 6,296,579 |
| CHECKING SUBTOTAL | | 6,474,985 | 6,595,525 | 8,198,265 | 5,876,164 | 6,296,579 |
| MONEY MARKET ACCT (MMA) | | | | | | |
| Invested - General Fund | 0.35% | 4,082,888 | 4,085,316 | 4,086,491 | 4,087,880 | 4,082,888 |
| MMA SUBTOTAL | | 4,082,888 | 4,085,316 | 4,086,491 | 4,087,880 | 4,082,888 |
| <u>L.A.I.F.</u> | | | | | | |
| As of: Jul 2022 | | | | | | |
| (Local Agency Investment Fund) | | | | | | |
| General Fund | 1.09% | -10,115,844 | -9,993,451 | -9,898,728 | -9,804,006 | -10,115,844 |
| Water Connect. Fee | 1.09% | 4,705,166 | 4,576,720 | 477,998 | 387,497 | 4,705,166 |
| Sewer Connect. Fee | 1.09% | 1,320,135 | 1,320,135 | 1,320,135 | 1,328,357 | 1,320,135 |
| SRF Loan Reserve | 1.09% | 760,000 | 760,000 | 760,000 | 760,000 | 760,000 |
| Board Designated Reserves | 1.09% | 8,380,859 | 8,386,912 | 8,390,912 | 8,394,409 | 8,380,859 |
| L.A.I.F. SUBTOTAL | | 5,050,316 | 5,050,316 | 1,050,316 | 1,066,257 | 5,050,316 |
| <u>CEPPT</u> | | | | | | |
| (CA Employee Pension Plan Trust) | | | | | | |
| Employee Pension Reserve | 0 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 640,401 |
| CEPPT SUBTOTAL | | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 640,401 |
| <u>MBS Securities</u> | | | | | | |
| (CD Brokerage - Water Capacity Funds) | | | | | | |
| Employee Pension Reserve | 2.80% | 6,971,574 | 6,976,565 | 8,971,305 | 10,984,409 | 6,704,841 |
| MBS SUBTOTAL | | 6,971,574 | 6,976,565 | 8,971,305 | 10,984,409 | 6,704,841 |
| GRAND TOTAL | | 23,579,763 | 23,707,721 | 23,306,377 | 23,014,710 | 22,775,024 |
| YTD Total | | | | | | |
| * TOTAL INTEREST RECORDED | 60.172 | 17,038 | 6,283 | 5,915 | 30,937 | 44,848 |

Sunnyslope County Water District

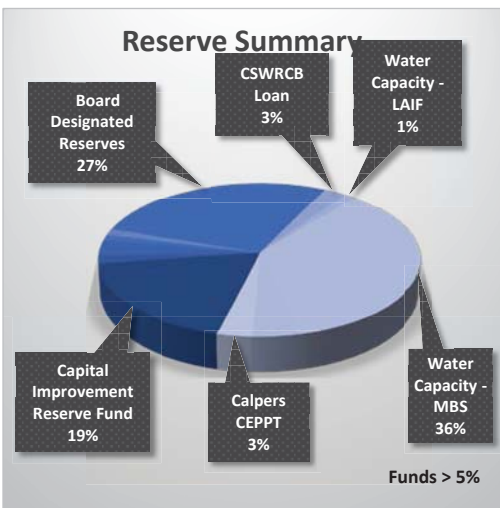
Reserve Summary

As of October 31, 2022
 (Policy #8600)

| | <u>10/31/2022</u> | <u>Increase</u> | <u>Decrease</u> | <u>6/30/2022</u> | <u>6/30/2022</u> | <u>Change</u> |
|---|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| 1 Capital Improvement Reserve Fund | \$ 5,863,936 | | | \$ 5,863,936 | \$ 1,709,419 | \$ 4,154,517 |
| 2 Rate Stabilization Fund | 250,000 | | - | 250,000 | - | \$ 250,000 |
| 3 Drought Contingency Reserve | 500,000 | | | 500,000 | 400,000 | 100,000 |
| 4 Emergency Fund | 1,000,000 | | | 1,000,000 | 100,000 | 900,000 |
| 5 Vehicle Replacement Fund | 362,132 | 14,054 | | 348,078 | 197,549 | 150,529 |
| 6 Office and Misc. Equipment Replacement Fund | 418,845 | | | 418,845 | 266,754 | 152,091 |
| Board Designated Reserves | 8,394,912 | 14,054 | - | 8,380,859 | 2,673,722 | 5,707,137 |
| 7 CSWRCB Loan | 760,000 | | | 760,000 | 760,000 | - |
| 8 Water Capacity -LAIF | 387,497 | 77,222 | 4,394,891 | 4,705,165 | 6,732,709 | (2,027,543) |
| 8a Water Capacity - MBS | 10,984,409 | 4,028,737 | (250,831) | 6,704,841 | | 6,704,841 |
| 9 Wastewater Capacity | 1,328,357 | 8,222 | | 1,320,135 | 21,125 | 1,299,010 |
| 10 Calpers CEPPT | 1,000,000 | | (359,599) | 640,401 | - | 640,401 |
| Legally Restricted Reserves | 14,460,263 | 4,114,181 | 3,784,460 | 14,130,542 | 7,513,834 | 6,616,708 |
| TOTAL | \$ 22,855,175 | \$ 4,128,234 | \$ 3,784,460 | \$ 22,511,401 | \$ 10,187,556 | \$ 12,323,845 |
| Unreserved Cash & Invested Funds | \$159,535.06 | | | | | |
| Percentage of Total Capital Assets | 47.89% | | | | | |

Detailed Transactions:

| | | | |
|--|---------------------|---------------------|----------------------|
| Depr. Expense | \$ 14,054 | | \$ 461,194 |
| Board Authorized Changes to Policy #8600 | \$ - | | \$ 5,729,257 |
| LAIF Interest Income | \$ 16,444 | | \$ 20,013 |
| MBS Interest | \$ 38,737 | | \$ 5,672 |
| Debt Amortization | | (3,595,109) | \$ (1,184,682) |
| Water Capacity Fees | 69,000 | 3,990,000 | \$ (862,875) |
| Sewer Capacity Fees | | | \$ 1,299,000 |
| CEPPT Funding | | | \$ 1,000,000 |
| Transfers | 3,990,000 | 4,000,000 | \$ 6,950,000 |
| Fixed asset Additions | - | - | \$ (483,314) |
| Fair Market Value & Misc Adj | | (610,430) | \$ (610,420) |
| | \$ 4,128,234 | \$ 3,784,460 | \$ 12,323,845 |



Board Approved Disbursement Analysis

| Date: | Description: | Vendor | Resolution | Actual |
|------------|---------------------------|------------------|------------|---------|
| 1/19/2021 | Audit (FY21,FY22 & FY 23) | MRBK | 76,160 | 27,870 |
| 2/16/2021 | Outsource Invoicing | Info Send | 25,000 | 0 |
| 11/16/2021 | Temetra | Meter Valve & Cc | 30,000 | 10,640 |
| 2/15/2022 | District Election | SBC | 60,000 | 0 |
| 2/15/2022 | Rate Study | Raftelis | 84,502 | 5,917 |
| 2/15/2022 | Ignition SCADA part 2 | Frisch & Calcon | 127,000 | 160,349 |
| 8/16/2022 | Fuel Trailer | LDJ Mfg | 30,000 | 28,935 |
| 10/18/2022 | Itron Meters | Meter Valve & Cc | 156,849 | 30,221 |
| 11/15/2022 | Promontory Amendment 2 | Century Homes | 110,000 | 0 |

Staff Report

Agenda Item: E – 5a

DATE: December 6, 2022 (December 13, 2022, Meeting)

TO: Board of Directors

FROM: Water/Wastewater Superintendent, Jose J. Rodriguez

SUBJECT: Superintendent Monthly Status Report: a. Maintenance, b. City Meter Reading, and c. Groundwater Level Measurement.

Narrative

1. All three quarterly reports were completed and submitted on time by November 10, 2022.
2. On Saturday, November 5, a utility dump truck hit a power pole on Union Road which evidently caused a power surge up to the water treatment facility and caused extensive electrical damage to various pieces of equipment. Staff is working diligently to get the repair parts ordered. The State Water Resources Control Board was notified. San Benito County Water District will be processing an insurance claim for all losses associated with this damage.
3. Staff and Management met with several agencies to assess damage at the plant and review replacement options and additional water production options.
4. The contractor working for the City on Hillcrest Rd hit a water main. Water main was isolated and new section of pipe was installed. Staff worked thru the evening to restore water service to the customers. This repair work will be billed to the Contractor.
5. Hollister Fire Department completed live Fire extinguisher training at the administration building. Staff was shown trained on the fire extinguisher identification along with proper technique of putting out a small fire. Maintenance staff also performed spill control containment training and reviewed the district's spill kits.
6. Westhills Water Treatment Plant – Old Sodium Hydroxide tank was broken down into small pieces and taken to landfill for disposal.
7. Industrial Wastewater Treatment Plant – Triechert has begun to deliver grindings to the plant. Sharp Engineering is using a roller to compact grinding around Basin 2 and Pond 1.

In addition to the daily, weekly & monthly work schedule, our maintenance personnel also performed these additional special work projects.

Water (6) November 2022

1. Repaired 6" water main damaged by contractor on El Toro Drive and Hillcrest Intersection
2. Repaired water main leak at 1670 Brighton Drive.
3. Replaced broken 2" service line saddle at 633 Marks Drive.
4. Replaced curb stop at 2130 Cerra Vista Drive.
5. Completed fire extinguisher, spill, and emergency training.
6. Pulled, cleaned, and inspected chlorine injectors at well sites.





| | |
|-------------------------|--|
| Project Location | : Sunnyslope County Water District – Hillcrest/El Toro Rd |
| Project | : Repair broken Water Main |
| Department | : Water Department |
| Description | : Contractors working on Hilcrest Road, and El Toro were digging with and excavator to lay new sewer line. At the intersection of El Toro they hit a 6-inch water main causing some water disruption in the area. |



| | |
|-------------------------|--|
| Project Location | : Sunnyslope County Water District Office |
| Project | : Annual Fire Extinguisher Training |
| Department | : All Departments |
| Description | : Conducted annual Fire Extinguisher training which reviewed how to identify proper fire extinguisher, how to use a fire extinguisher on a live fire and additional fire safety tips. |

LESSALT Water Treatment Plant (1)

1. Acid reagents change and peroxide clean Total Organic Compounds analyzer.

West Hills Water Treatment Plant (4)

1. Shut down plant due to truck hitting power pole and causing electrical issues
2. Removed old Sodium Hydroxide tank and took to John Smith Landfill.
3. Replaced Actiflow Influent PH probe.
4. Continue working with multiple contractors to assess damage from power issues.



| | |
|-------------------------|---|
| Project Location | : Sunnyslope County Water District - Westhills Water Treatment Plant |
| Project | : Powder Activate Sludge (PAC)/ sludge hauling |
| Department | : Water Department |
| Description | : Westhill water treatment facility uses PAC for taste and odor control and to ensure the removal of organic chemicals from the source water. As part of normal plant operation, excess PAC is routinely wasted into drying beds and allowed to dry out to minimize the weight to be sent to the landfill. Once PAC has dried and most of the water is removed, it is scooped up, placed in bins, and taken to the John Smith Landfill for disposal. |

Wastewater (5)

1. Pulled pump #2 at Main Lift Station for inspection.
2. Pulled and cleaned pump #2 at Oak Canyon Lift Station to remove debris.
3. Continued pumping effluent water from Pond #3 to Pond #6 at SBR Wastewater Plant.
4. Finished trimming back perimeter trees at SBR Wastewater Plant.
5. Pulled and cleaned pump #2 at RM2 List Station to remove debris.

Industrial Plant (4)

1. Sharp Engineering started putting down crushed asphalt on roads.
2. Continued cutting and clearing weeds around ponds.
3. Sharp Engineering removed sludge from basin #1.
4. Flushed and sampled wastewater monitoring wells.

| Completed This Month | Job Descriptions | Completed YTD 2022 – 2023 July 1 to June 30 | Completed 2021 – 2022 July 1 to June 30 | Completed 2020 – 2021 July 1 to June 30 | Completed 2019 – 2020 July 1 to June 30 |
|----------------------|---|---|---|---|---|
| 174 | Work Orders | 1042 | 2520 | 2469 | 2715 |
| N/A | Temporary Manual Read Water Meters Installed in New Construction Accounts | 70 | 292 | 368 | 256 |
| N/A | Radio Read Meters & ERTs Installed in New Construction Accounts | 0 | 1 | 21 | 0 |
| N/A | Total: Manual Read Meters Replaced with Radio Read Meters & ERT's, including Radio Meters Installed in New Construction Accounts | 90 (Total = 7013) | 300 | 282 | 191 |
| N/A | Existing Radio Read Meters & ERTs Replaced with New Radio Read Meters & ERTs | 85 | 309 | 322 | 304 |
| 30 | Valves Exercised (Approx. 2674 in SSCWD System 3/2021) | 266 | 487 | 721 | 319 |
| 37 | Fire Hydrants Flushed (Approx. 938 in SSCWD System 3/2021) | 282 | 342 | 749 | 281 |
| 20 | Meters on Repair List | 132 | 335 | 326 | 449 |
| 20 | Emergency Calls | 94 | 161 | 174 | 156 |
| 132 | Locates on our Water/Sewer Lines | 717 | 1816 | 1732 | 1037 |
| 0 | Sewer Inspections | 0 | 0 | 0 | 0 |
| 0 | Shutoff Notices | 0 | 0 | 0 | 112 |
| 0 | Water Services Replaced | 8 (Total = 942) | 39 | 12 | 15 |

(3/2021 Update Valve and Fire Hydrant Count, Includes Santana Ranch pH 1, Villages, Tyler Knoll, Walnut Park, Creekside)



Hollister/Sunnyslope Intertie Water Balance

| Report Date: December 1, 2022 | | | | | |
|--|---|---------------------|---------------------------|------------------------------------|--------------------|
| Current Consumption Period: October 12, 2022 | | to | | November 16, 2022 | |
| Intertie Location | Groundwater Flow to COH | Surface Flow to COH | Groundwater Flow to SSCWD | Surface Flow to SSCWD | to |
| | i n G a l l o n s | | | | |
| Southside Road Intertie Water Total Flow | 0 | 610,920 | | | |
| Sunset & Memorial Water Total Flow | 6,046,400 | 2,107,200 | 0 | | 0 |
| Sunnyslope & Memorial Water Total Flow | 2,223,300 | 760,600 | 216,300 | | 11,900 |
| Hillcrest and Memorial Water Total Flow | 2,800 | 1,200 | 2,200 | | 900 |
| Santa Ana & La Baig Water Total Flow | 1,762,300 | 489,200 | | | |
| Intertie Sub-Total Water Flow | 10,034,800 | 3,969,120 | 218,500 | | 12,800 |
| <i>Total Combined Surface and Ground Water Intertie Flow</i> | 14,003,920 | | 231,300 | | |
| City of Hollister Well 2 Surface Water Total Flow (West Hills) | | 4,239,000 | | | |
| City of Hollister Well 4 Surface Water Total Flow (West Hills) | | 14,211,000 | | | |
| City of Hollister Well 5 Surface Water Total Flow (West Hills) | | 11,593,000 | | | |
| Sunnyslope Well 2 Surface Water Total Flow (West Hills) | | | | 11,006,000 | |
| Sunnyslope Well 11 Surface Water Total Flow (West Hills) | | | | 14,476,000 | |
| Sunnyslope Surface Water Total Flow (LESSALT) | | | | 0 | |
| Surface Water Flow Sub-Totals | | 30,043,000 | | 25,482,000 | |
| Ground Water and Surface Water Flow Totals | 10,034,800 | 34,012,120 | 218,500 | | 25,494,800 |
| Current Period: | COH half of Surface Water Flow to Distribution (LESSALT & WH) | | 27,762,500 | | |
| | Net Ground/Surface Water Balance Owed to SSCWD (to COH) | 9,816,300 | 6,236,820 | | |
| | Beginning Water Balance Owed to SSCWD (to COH) | 765,400,075 | -334,879,520 | | |
| | Gallons Billed to COH thru Report Date November 1, 2022 | 0 | | Informational Last Month Net Total | 430,520,555 |
| | Sub-total Ending Water Balance Owed to SSCWD (to COH) | 775,216,375 | -328,642,700 | Net Sub Total | 446,573,675 |
| | Half of Total Gallons LESSALT Discharge to City of Hollister Wastewater Treatment Plant during the current consumption period | | | - | |
| | Exchange Factor; Half of the total gallons discharged to COH WWTP from LESSALT multiplied by a factor of 4 | | | - | |
| | Ending Water Balance Owed to SSCWD (to COH) | 775,216,375 | -328,642,700 | Net Total | 446,573,675 |

| | | | | | |
|----------|---|------------|--------------|--------------|--------------|
| Current: | West Hills WTP Total Flow to Distribution | 55,525,000 | | | |
| | Percent of Surface Water Received | COH | 54.1% | SSCWD | 45.9% |
| Current: | COH half of West Hills WTP Total Flow to Distribution | 27,762,500 | | | |
| | West Hills WTP Surface Water Total Flow to COH | 30,043,000 | | | |

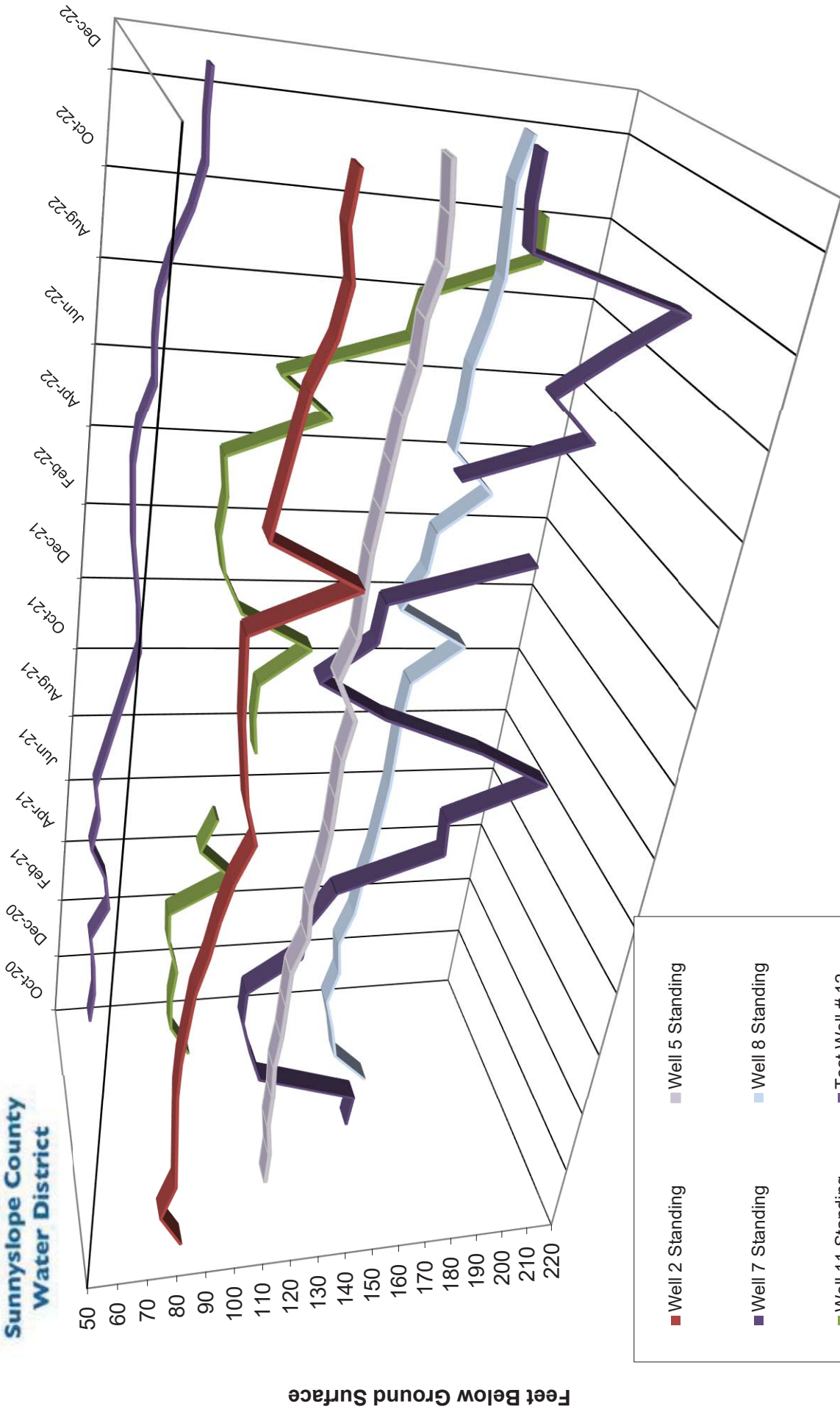
| From April 1, 2021 to Present | | | | | |
|-------------------------------|---|-------------|--------------------|--------------|--------------------|
| YTD | LESSALT WTP Total Flow to Distribution | 129,596,000 | | | |
| | West Hills WTP Total Flow to Distribution | 854,152,500 | | | |
| | Surface WTPs Total Flow to Distribution | 983,748,500 | | | |
| | Total YTD Surface Flow to COH/SSCWD | COH | 526,579,395 | SSCWD | 457,169,105 |
| | Percent of Surface Water Received | COH | 53.5% | SSCWD | 46.5% |

Depth to Standing Water Level Below Ground Surface



**Sunnyslope County
 Water District**

Month/Year



| | |
|------------------|-----------------|
| Well 2 Standing | Well 5 Standing |
| Well 7 Standing | Well 8 Standing |
| Well 11 Standing | Test Well # 12 |

Ground Elevation in Feet Above Sea Level
 Well 2 = 325
 Well 5 = 438
 Well 7 = 361
 Well 8 = 481

Well 11 = 330
 Test Well 12 = 308

Staff Report

Agenda Item: E – 6

DATE: December 8, 2022 (December 13, 2022 Meeting)
TO: Board of Directors
FROM: General Manager, Drew Lander P.E.
SUBJECT: General Manager Monthly Status Report

ACTIVE TASKS:

1. **Solar Field Design** – Design work is continuing. No delays have been reported.
2. **Increase in Field Maintenance** – The past two months have resulted in an increase in field repair of water distribution piping. Two repairs have been the result of contractor errors, three have been indirectly related to contractor activities and three others have occurred on sections of pipe that are over 40 years in age. This is notable for discussion to notify the Board that management is tracking the causes of pipe repairs to establish patterns. These patterns may inform future CIP projects, maintenance needs or training for underground locating.
3. **Office Technology and Public Access** – Tyler ERP Billing conversion is nearly complete. The November billing did not go as planned. Due to a delay in some conversion of our new bill format the bills were not able to be printed through a third-party vendor on time. To ensure bills were mailed on time staff pivoted and printed all bills, folded, and mailed them without the help of bulk mail processing. Electronic bills have also been delayed until the formatting is corrected. This has caused additional work for staff who have been patiently fielding calls from customers who cannot yet see their virtual billing statement on the District website. I have instructed staff to waive all late fees through November and December until all bills are received correctly and in a timely manner.
4. **IWTP Update** – I am happy to report that the PG&E reduction measures implemented prior to the 2022 canning season have been successful. The process consultant working for PG&E has reported that power savings has resulted in an additional \$100,000 incentive credit to SB Foods. The additional improvement costs implemented at the ponds are offset by this credit. These savings are directly forwarded to SB Foods and not SSCWD, however the successfulness of these

types of projects demonstrates technical expertise of staff. Planning for 2023 canning season is underway.

5. **Sewer Treatment Contract Negotiations** – No further negotiations have occurred and negotiations are scheduled to begin again in January 2023.
6. **Permit Compliance** – Monthly water reports have been completed on time and no violations were reported.
7. **Staffing** – Hiring for a new account technician will begin at the end of the month. Longtime employee Anabel Zavala has announced her retirement effective December 30th, 2022.

Staff Report

Agenda Item: F - 1

DATE: December 8, 2019 (December 13, 2019 Meeting)

TO: Board of Directors

FROM: General Manager, Drew Lander

SUBJECT: Conduct A Swearing-In Ceremony For Newly Elected Board Members Mike Alcorn, Dorothy (Dee) Brown, And Edward Mauro, To Fulfill Terms Of Service From December 2022 To November 2026. (Not A Project Under CEQA Per Article 20, Section 15378)

RECOMMENDATION:

The General Manager/Secretary will administer the Oath of Office to the three incumbent Board members to fulfill a new term from December 2022 to November 2026.

BACKGROUND:

Director Mike Alcorn, Dorothy Brown and Edward Mauro have been reelected to the Sunnyslope County Water District, having run unopposed in the General Election held November 8, 2022.

Oath of office will be administered by the Secretary to the Board of Directors.

FINANCIAL IMPACT:

There is no fiscal impact anticipated with the swearing in of Board members.

ENVIRONMENTAL IMPACT:

The proposed action is not a project as defined by the California Environmental Quality Act per Article 20, Section 15378.

Staff Report

Agenda Item: F – 2

DATE: December 8, 2022 (December 13, 2022 Meeting)

TO: Board of Directors

FROM: Drew Lander, General Manager

SUBJECT: Take Appropriate Action To Elect A President And Vice-President Of The Board Of Directors, And President To Assign Director Duties To Standing District Committees For 2023. (Not A Project Under CEQA Per Article 20, Section 15378)

BACKGROUND:

The Board of Directors annually elects one of the five Board of Directors to serve as the President of the Board and a second Director to serve as the Vice President of the Board. The new President of the Board then assumes the appointment and assigns Directors to serve on the four standing committees and fulfill rolls representing the Board at the Water Resources Agency meetings, on the Governance Committee, the Association of California Water Agency Joint Powers Insurance Authority, and to perform check signing responsibilities on behalf of the District on a quarterly basis. Director Jerry Buzzetta served as President and Director Dee Brown has served as Vice President for 2022. The current committee assignments are as follows:

Finance Committee:

Directors: Mike Alcorn & Jerry Buzzetta (Alternate – Dee Brown)

Staff: General Manager and Finance/HR Manager

The committee reviews all District Finance activities, investment, purchase, policies including Investment Recommendations, Budget, and Audit Review, & the West hills/Lessalt Budget Review.

Water & Wastewater Committee / Governance Committee:

Directors: Mike Alcorn & Jim Parker (Alternate – Ed Mauro)

Staff: General Manager and Associate Engineer

The committee reviews and provides direction for new and existing water and wastewater projects and programs including planning and construction phases. Meets with other government representatives and private groups regarding joint project considerations. Attends the Governance Committee as it pertains to the Urban Areas Water/Wastewater Management Plan.

Employee & Personnel Committee:

Directors: Jerry Buzzetta & Ed Mauro (Alternate – Jim Parker)

Staff: General Manager and Finance/HR Manager

The committee reviews and advises on employee personnel policies. Actively participates in Employee Negotiations process and assessment of personnel issues as needed.

Policy and Procedures Committee:

Directors: Dee Brown & Ed Mauro (Alternate – Jim Parker)

Staff: General Manager and Finance/HR Manager

This Committee reviews and recommends certain Policy and Procedures not related to other Committee Assignments and responsibilities.

Water Resources Agency:

Director: Jim Parker (Alternate – Mike Alcorn)

Staff: General Manager and Associate Engineer

The District's representative appointed to Water Resources Agency of San Benito County (WRA) Board of Directors. The participant WRA agencies are San Benito County Water District, City of Hollister, City of San Juan Bautista, and Sunnyslope County Water District. The WRA is a corroborative group that provides recommendations to respective member boards but cannot make direct decisions. This committee does oversee water conservation programs, salinity issues, and groundwater management practices.

ACWA/JPIA – Board Representative:

Directors: Dee Brown (Alternate – Jerry Buzzetta)

The District's representative attends the semi-annual JPIA board meetings and vote on behalf of the District.

District Check Signing Responsibility:

Directors: 1st Quarter – Jim Parker, 2nd Quarter – Ed Mauro,
3rd Quarter – Mike Alcorn, and 4th Quarter – Dee Brown

The Director assigned will come into the District Office and sign checks weekly and on special occasions as needed.

FISCAL IMPACT:

There is no financial impact of appointing Board Members as President, Vice President, and Directors to standing District committees.

ENVIRONMENTAL IMPACT:

The proposed action is not a project as defined by the California Environmental Quality Act per Article 20, Section 15378.

RECOMMENDATION:

Staff recommends the Board take appropriate action to elect a President and Vice-President of the Board of Directors, and the newly elected President will then assign Directors to standing District committees for 2023, including quarterly check signing duties.

Staff Report

Agenda Item: F - 3

DATE: December 8, 2019 (December 13, 2019 Meeting)

TO: Board of Directors

FROM: General Manager, Drew Lander

SUBJECT: Board Will Review The 2023 Calendar And Modify The Meeting Schedule For The Coming Year As Needed Beginning With Regularly Schedule Board Meetings To Be Scheduled On The 3rd Tuesday Of The Month. Board Will Approve By Motion All Changes To The Calendar. (Not A Project Under CEQA Per Article 20, Section 15378)

RECOMMENDATION:

The Board may review the calendar for 2023 and by majority vote, amend meeting dates and adopt all changes by approval of a motion.

BACKGROUND:

The Board of Directors meets on the 3rd Tuesday of the month for regularly scheduled board meetings. The Board may review the calendar and if approved by a majority vote the Board may elect to move any board meetings with conflicts to another meeting day. The approved calendar once moved and approved by the board will then be reflected on the District website as the Regularly scheduled board meetings of the 2023 calendar year.

Dates to review:

| | |
|-------------|--------------|
| January 17 | July 18 |
| February 21 | August 15 |
| March 21 | September 19 |
| April 18 | October 17 |
| May 16 | November 21 |
| June 20 | December 19 |

FINANCIAL IMPACT:

There is no fiscal impact anticipated with the moving of meeting dates.

ENVIRONMENTAL IMPACT:

The proposed action is not a project as defined by the California Environmental Quality Act per Article 20, Section 15378.

Staff Report

Agenda Item: F-4

DATE: December 8, 2022 (December 13, 2022 meeting)

TO: Board of Directors

FROM: Drew Lander, General Manager

SUBJECT: Authorize the Board President to Sign a Resolution of Recognition Honoring Anabel Zavala for 21 Years of Employment with the Sunnyslope County Water District and Wishing her Well in Retirement. (Not a project under CEQA per Article 20, Section 15378)

RECOMMENDATION:

Authorize the Board President to sign the accompanying resolution of recognition #583 honoring Anabel Zavala for her service to SSCWD.

BACKGROUND:

Anabel Zavala has served SSCWD for 21 years, starting in 2011. She has been with the district during an important tenure where the district has expanded and increased in technological and operational significance. Her contribution in the office and her warm personality will be greatly missed.

Anabel's last day in the office will be December 16th. Staff have expressed their appreciation for Anabel and the resolution before the board will record the appreciation that the board and management express for the service she has given to the district.

FISCAL IMPACT:

None

ENVIRONMENTAL IMPACT:

The proposed action is not a project as defined by the California Environmental Quality Act per Article 20, Section 15378.

ATTACHMENTS:

1. Resolution of Recognition #583

Staff Report

Agenda Item: F - 5

DATE: December 7, 2022 (December 13, 2022 meeting)

TO: Board of Directors

FROM: Barry Kelly, Finance and Human Resource Manager

SUBJECT: Receive Audit Report/Presentation By Patricia Kaufman, CPA/Partner, With McGilloway, Ray, Brown & Kaufman On June 30, 2022 Audit. (Not A Project Under CEQA Per Article 20, Section 15378)

BACKGROUND:

The Audit Requirements for Special Districts is found in the California Code of Regulations Title 2, Section 1131.2. A financial Audit is due within 6 months of the concluding fiscal year. In 2020 the Board authorized a three-year contract for McGilloway, Ray, Brown & Kaufman (MRBK) to perform Audit services for the District. Patricia Kaufman, CPA/Partner with McGilloway, Ray, Brown & Kaufman, will give the Board a report/presentation regarding the District's June 30, 2022 audit and the resulting audited financial statements (attached) and Governance Letter (attached).

FISCAL IMPACT:

While there is no dollar fiscal impact, the District needs to provide audited financial statements to an array of governmental, banking, and financial entities to remain in compliance with various agreements and to be compliant with governmental transparency oversight regulations.

ENVIRONMENTAL IMPACT:

The proposed action is not a project as defined by Article 20, Section 15378 of the State CEQA Guidelines and therefore CEQA is not applicable.

RECOMMENDED ACTION:

Accept by a motion of the Board, the June 30, 2022 financial statements of Sunnyslope County Water District that were audited by the accounting firm McGilloway, Ray, Brown & Kaufman.

Sunnyslope County Water District

Presented by:

Matt Pressey, Audit Manager



McGilloway | Ray | Brown | Kaufman
ACCOUNTANTS AND CONSULTANTS

Reports Issued

- ▶ Independent Auditor's Report on Financial Statements (unmodified)
- ▶ Communication with those Charged with Governance

Audited Financial Statements

- ▶ Audit opinion unqualified
 - ▶ Unmodified opinion - Financial statements are fairly stated in all material respects (Page 1)
- ▶ Basic financial statements
 - ▶ Statement of Net Position (Pages 14-15)
 - ▶ Statement of Revenues, Expenses and Changes in Net Position (Page 16)
 - ▶ Statement of Cash Flows (Pages 17-18)
 - ▶ Notes to financial statements (Pages 19-51)

Communication with those Charged with Governance

- ▶ Significant Audit Findings
 - ▶ Management is responsible for the selection and use of appropriate accounting policies – we noted no transaction entered into the District books during the FY 2021-22 for which there is lack of authoritative guidance or consensus
 - ▶ Accounting estimates - evaluated the underlying assumptions for allowance for uncollectible accounts, useful lives/depreciation, deferred inflows and outflows, pension liability, and postemployment benefit liability and found them to be appropriate
- ▶ All significant transactions have been recognized in the financial statements in the proper period
- ▶ Sensitive Financial Statement Disclosures
 - The disclosure of Pension Plan in Note 8 - CalPERS GASB Statement No. 68, *Accounting Valuation Report*, with the measurement date of June 30, 2021
 - The disclosure of Other Post-Employment Benefit (OPEB) Plan in Note 10 - GASB Statement 75, *Accounting Valuation Report*, with the measurement date of June 30, 2021

Management Letter – Material Deficiency

- ▶ None Noted!

Statement of Net Position- Assets

| | June 30, 2022 | June 30, 2021 | Change |
|------------------------------------|----------------------|----------------------|---------------------|
| Current assets | \$ 25,643,221 | \$ 20,654,883 | \$ 4,988,338 |
| Capital assets, net | 40,320,376 | 42,113,665 | (1,793,289) |
| Other non-current assets | 2,209,616 | 515,637 | 1,693,979 |
| Deferred outflows of resources | 2,939,258 | 980,565 | 1,958,693 |
| Total assets and deferred outflows | <u>\$ 71,112,471</u> | <u>\$ 64,264,750</u> | <u>\$ 6,847,721</u> |

Current Assets: Increased due to an increase in cash from operating activities and capacity and connection fees.

Capital Assets, Net: Decreased due to depreciation and amortization expenses, in excess of additions.

Other non-current assets: Increase is due to pension asset recognized in the current year

Statement of Net Position- Liabilities

| | June 30, 2022 | June 30, 2021 | Change |
|---|------------------|------------------|----------------|
| Current liabilities | | | |
| Long-term liabilities | \$ 3,421,085 | \$ 5,851,497 | \$ (2,430,412) |
| Deposits received | 19,513,821 | 20,698,583 | (1,184,762) |
| Net pension liability | 542,815 | 548,594 | (5,779) |
| Net OPEB liability | - | 368,675 | (368,675) |
| Deferred inflows of resources | 200,933 | - | 200,933 |
| Total liabilities and deferred inflows | 965,838 | 711,121 | 254,717 |
| Net Position | 24,644,492 | 28,178,470 | (3,533,978) |
| Net investment in capital assets | 19,738,046 | 17,874,376 | 1,863,670 |
| Restricted for capacity and connection fees | 12,730,141 | 6,753,853 | 5,976,288 |
| Restricted for debt services | 1,400,401 | 760,000 | 640,401 |
| Unrestricted | 12,599,391 | 10,698,051 | 1,901,340 |
| Total net position | 46,467,979 | 36,086,280 | 10,381,699 |
| Total liabilities and net position | \$ 71,112,471 | \$ 64,264,750 | \$ 6,847,721 |

Current Liabilities: Decreased due to prior year payoff of the City National Bank Loan.

Long-Term Liabilities: Decreased due to current year principal payments on debt and commitments.

Net Pension Liability, Net OPEB Liability, and Related Deferred Inflows: Changes due to actuarial valuation.

Restricted for Capacity and Connection Fees: Increased due to current year charges in new connection and capacity fees.

Statement of Revenues, Expenses, and Changes in Net Position

| | June 30, 2022 | June 30, 2021 | Change |
|--|---------------------|---------------------|----------------------|
| Operating revenues | \$13,345,614 | \$12,396,429 | \$ 949,185 |
| Operating expenses | 8,876,930 | 12,348,766 | (3,471,836) |
| Income (loss) from operations | 4,468,684 | 47,663 | 4,421,021 |
| Non-operating revenues (expenses), net | (1,436,510) | (304,076) | (1,132,434) |
| Income (loss) before capital contribution Capital contribution | 3,032,174 | (256,413) | 3,288,587 |
| Capacity and connection fees Developer capital assets contributions | 7,349,525 | 5,002,375 | 2,347,150 |
| | - | 713,506 | (713,506) |
| Change in net position | 10,381,699 | 5,459,468 | 4,922,231 |
| Net position - beginning of year | 36,086,280 | 30,626,812 | 5,459,468 |
| Net position - end of year | <u>\$46,467,979</u> | <u>\$36,086,280</u> | <u>\$ 10,381,699</u> |

Operating Expenses: Decrease is due to pension credit in the current year.

Capacity and Connection Fees: Increase due to the District received 501 new water capacity fees in current year as compared to 385 in prior year.

Thank You!



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

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

We have audited the basic financial statements of Sunnyslope County Water District for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 21, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Sunnyslope County Water District are described in Note 1, Significant Accounting Policies, to the financial statements. As described in Note 1 to the financial statements, the District adopted GASB Statement No. 87 “Leases”, GASB No. 89 “Accounting for Interest Costs Incurred before the End of a Construction Period”, GASB No. 92 “Omnibus 2020”, and GASB No. 97 “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.” Adoption of new accounting pronouncements have no impact on the beginning net position. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District’s financial statements were:

Management’s estimate of the allowance for uncollectible accounts is calculated as a percentage of the outstanding balance using historical and economic data. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of the useful lives of a capital asset is based on historical experience with similar capital assets. We evaluated the key factors and assumptions used to develop depreciation and determined that it is reasonable in relation to the financial statements taken as a whole.

Gerald Ray, CPA | Patricia Kaufman, CPA, CGMA | Smriti Shrestha, CPA

Management's estimate of the net pension liability and related deferral are based on an amount actuarially determined in accordance with the parameters of GASB Statement 68. We evaluated the key factors and assumptions used to develop the net pension liability and related deferral and determined that it is reasonable in relation to the financial statements.

Management's estimate of the net OPEB asset and related deferrals are based on an amount actuarially determined in accordance with the parameters of GASB Statement 75. We evaluated the key factors and assumptions used to develop the net OPEB liability (asset) and related deferrals and determined that it is reasonable in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements was were:

The disclosure of Pension Plan in Note 8 to the financial statements - GASB Statement 68, *Accounting Valuation Report*, with the measurement date of June 30, 2021.

The disclosure of Other Post-Employment Benefits (OPEB) Plan in Note 10 to the financial statements - GASB Statement 75, *Accounting Valuation Report*, with the measurement date of June 30, 2021.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule of "Passed Adjusting Journal Entries Report" summarizes uncorrected misstatement of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Also attached is the "Adjusting Journal Entries Report."

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 13, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

Report on Required Supplementary Information

We applied certain limited procedures to Management’s Discussion and Analysis, the schedule of the District’s proportionate share of the net pension liability (asset) 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, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the board of directors and management of Sunnyslope County Water District and is not intended to be, and should not be, used by anyone other than these specified parties.



McGilloway, Ray, Brown & Kaufman
Salinas, California
December 13, 2022

Client: **Sunnyslope County Water District**
 Period Ending: **6/30/2022**

B-02

Adjusting Journal Entries JE # 5

To record LAIF at amortized cost basis 06.30.22.

| | | | |
|--------------|----------------------------------|------------------|------------------|
| 1-98-8125 | Fair Market Value Adjustment | 64,867.00 | 64,867.00 |
| 1-1050 | LAIF | | |
| Total | | 64,867.00 | 64,867.00 |
| | Total All Journal Entries | 64,867.00 | 64,867.00 |

Sunnyslope County Water District

San Benito County, California

INCORPORATED, DECEMBER 17, 1954



**BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR
ENDED JUNE 30, 2022
PREPARED BY THE FINANCE DEPARTMENT**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sunnyslope County Water District
Hollister, California

Opinion

We have audited the accompanying financial statements of Sunnyslope County Water District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sunnyslope County Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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



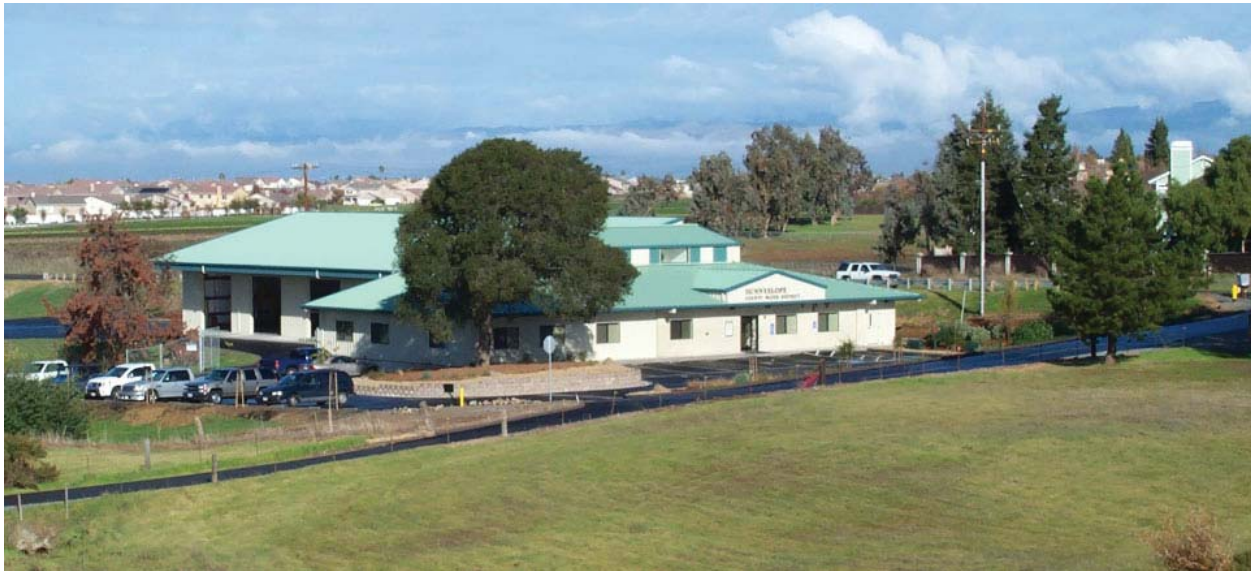
McGilloway, Ray, Brown & Kaufman
Salinas, California
December 13, 2022

Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2022

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, 2022 (with 2021 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 County areas. The District's wastewater system (of collection, treatment, and disposal) serves a few housing developments within the County consisting of Ridgemark Estates and the Oak Creek and Quail Hollow subdivisions. The District serves approximately 7,139 water accounts, of which 99.7% are residential customers, and approximately 1,238 sewer accounts, of which 99.4% 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, 2022

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 14 and 15.

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 16.

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 17 and 18.

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 19 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 53 through 56 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, 2022

Condensed Financial Information

Statement of Net Position

The following is the condensed Statement of Net Position for the fiscal year ended June 30, 2022 and 2021:

Condensed Statement of Net Position

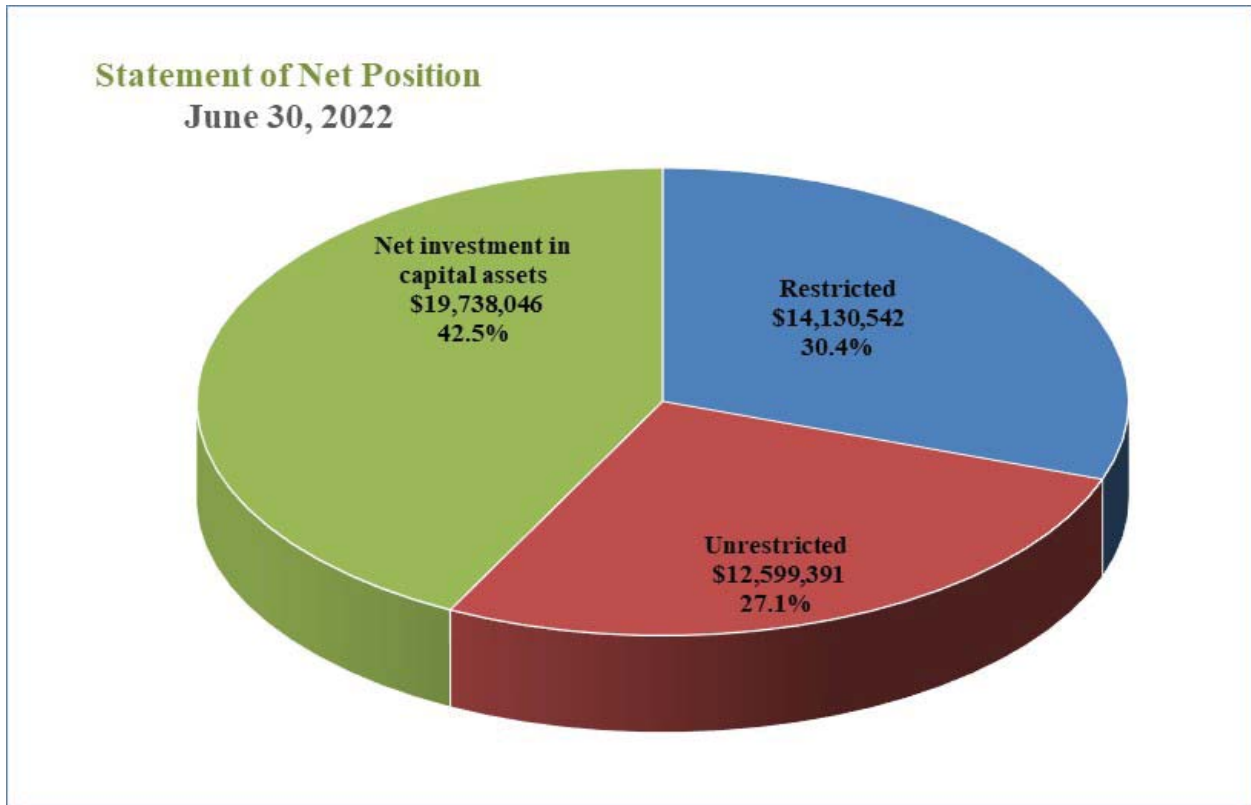
| | June 30, 2022 | June 30, 2021 | Amount Change | Percent Change |
|----------------------------------|--------------------------|------------------|------------------|-------------------|
| Current assets | \$ 25,643,221 | \$ 20,654,883 | \$ 4,988,338 | 24.2% |
| Other assets | 2,209,616 | 515,637 | 1,693,979 | 328.5% |
| Capital assets, net | 40,320,376 | 42,113,665 | (1,793,289) | -4.3% |
| Total Assets | 68,173,213 | 63,284,185 | 4,889,028 | 7.7% |
| Deferred outflows of resources | 2,939,258 | 980,565 | 1,958,693 | 199.8% |
| Current liabilities | 3,421,085 | 5,851,497 | (2,430,412) | -41.5% |
| Long-term liabilities | 20,257,569 | 21,615,852 | (1,358,283) | -6.3% |
| Total Liabilities | 23,678,654 | 27,467,349 | (3,788,695) | -13.8% |
| Deferred inflows of resources | 965,838 | 711,121 | 254,717 | 35.8% |
| Net Position | | | | |
| Net investment in capital assets | 19,738,046 | 17,874,376 | 1,863,670 | 10.4% |
| Restricted for debt service | | | | |
| and capacity fees | 14,130,542 | 7,513,853 | 6,616,689 | 88.1% |
| Unrestricted | 12,599,391 | 10,698,051 | 1,901,340 | 17.8% |
| Total Net Position | \$ 46,467,979 | \$ 36,086,280 | \$ 10,381,699 | 28.8% |

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 \$46,467,979 at June 30, 2022, which is the District's net position. The largest portion of the District's net position (42.5%) reflects its investment in capital assets of \$19,738,046 (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. Other assets and Deferred outflows of resources pertain to valuation of both pension assets and obligations. In total, current year adjustments increased the Net Position by \$1,863,670. Pension balances are evaluated based on the previous fiscal year activity. In fiscal year 2021 the pension funds experienced returns on investments significantly above projections.

Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2022



After restricting net position for capacity fees and debt service of \$14,130,542 (30.4%), the remaining net position of \$12,599,391 (27.1%) 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 \$10,381,699 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

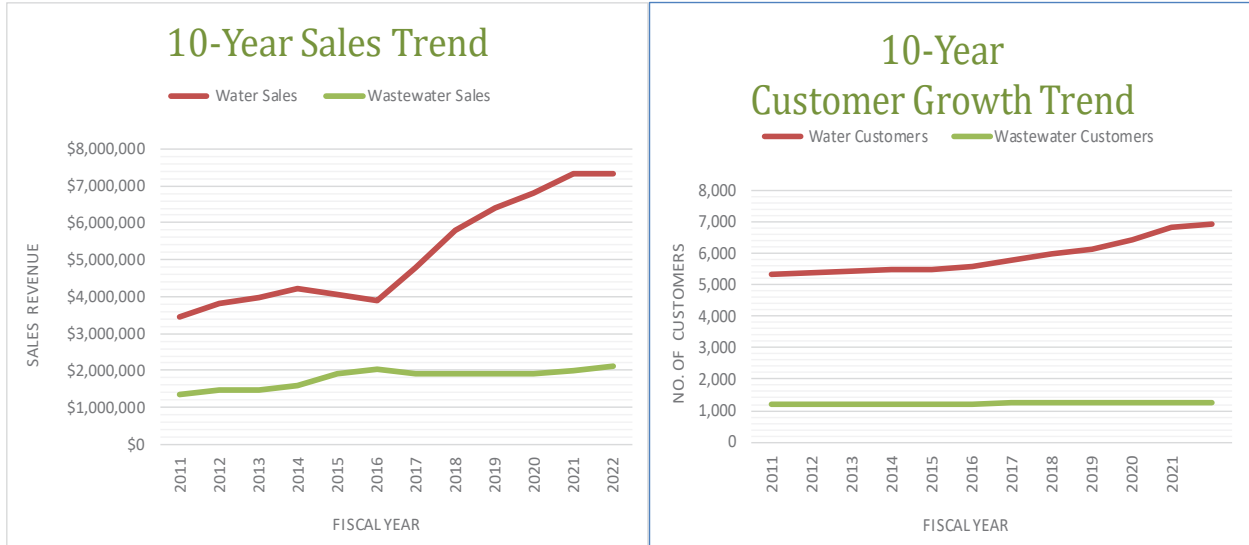
The District's principal source of revenue is from water sales (55.0% of operating revenue) and wastewater sales (15.9% of operating revenue), which together constitutes 70.9% of operating revenue. The District's principal sources of water supply are from several wells owned by the District, from treated 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. Presently wells are providing approximately 58.1%, the Lessalt WTP providing approximately 2.4% and the West Hills WTP providing approximately 37.1% of the water pumped into the distribution system. These percentages have changed in recent years due to surface water allocations associated with the statewide drought. The Board approved water rate increases by Ordinance No. 73 in December 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

Sunnyslope County Water District

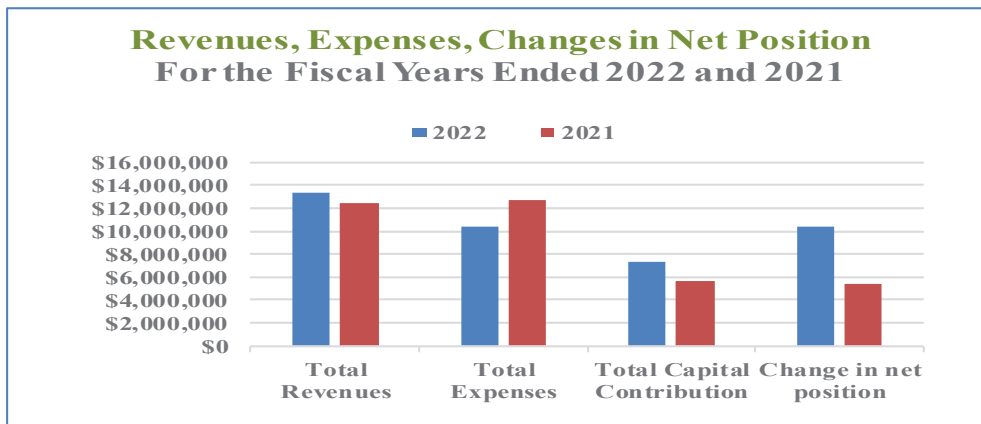
Management's Discussion and Analysis

For the Year Ended June 30, 2022

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.



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 shown an increase over the past two years due to construction of new homes. We expect to see water use fluctuate with the seasons and the amount of rainfall received. The customer base grew 368 in fiscal year 21 and 331 in fiscal year 22. We believe the wastewater sales revenue increase this fiscal year is due to 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, 2022

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

| | June 30, 2022 | June 30, 2021 | Dollar | Change | Percent Change |
|---------------------------------------|----------------------|------------------|--------|-------------|-------------------|
| Revenues | | | | | |
| Operating revenues | \$ 13,345,614 | \$ 12,396,429 | \$ | 949,185 | 7.7% |
| Non-operating revenues | 44,846 | 48,639 | | (3,793) | -7.8% |
| Total revenues | 13,390,460 | 12,445,068 | | 945,392 | 7.6% |
| Expenses | | | | | |
| Operating expenses | 9,674,577 | 12,576,761 | | (2,902,184) | -23.1% |
| Non-operating expenses | 683,709 | 124,720 | | 558,989 | 448.2% |
| Total expenses | 10,358,286 | 12,701,481 | | (2,343,195) | -18.4% |
| Gain before capital contributions | 3,032,174 | (256,413) | | 3,288,587 | 1282.5% |
| Capital Contributions | | | | | |
| Capacity and connection fees | 7,349,525 | 5,002,375 | | 2,347,150 | 46.9% |
| Developer capital asset contributions | - | 713,506 | | (713,506) | -100.0% |
| Total capital contribution | 7,349,525 | 5,715,881 | | 1,633,644 | 28.6% |
| Change in net position | 10,381,699 | 5,459,468 | | 4,922,231 | 90.2% |
| Net position - beginning | 36,086,280 | 30,626,812 | | 5,459,468 | 17.8% |
| Net position - ending | \$ 46,467,979 | \$ 36,086,280 | \$ | 10,381,699 | 28.8% |

The primary source of non-operating revenues are water and wastewater capacity fees and investment income. Development of new housing has maintained momentum, and we had another year of strong capacity fee numbers. We received 331 water capacity fees this fiscal year, compared to 368 last year, and we received 61 wastewater capacity fees this fiscal year, compared to 1 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 significantly increased 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 for all existing customers and for developments under construction.

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 down 6.0% compared to last fiscal year excluding pension adjustments. The decrease in

Sunnyslope County Water District

Management’s Discussion and Analysis

For the Year Ended June 30, 2022

expenses is attributed to the reduction in surface water purchase and treatment and the idling of the Lessalt water treatment plant.

Non-operating expenses include interest expense on our debt, and the loss on disposal of assets.

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 2022 there were no completed subdivisions or donated capital.

Capital Assets and Debt Administration

Capital Assets

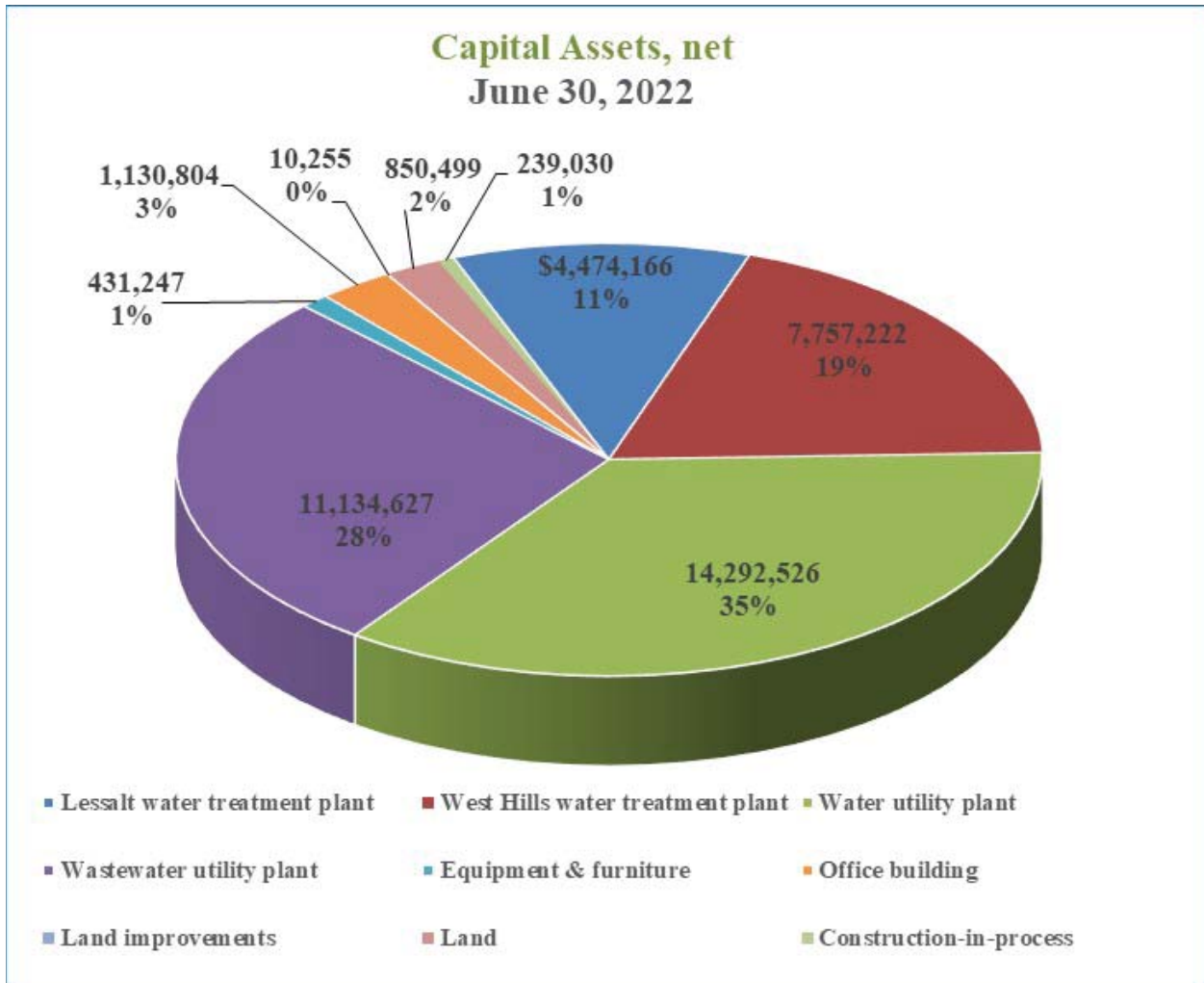
Capital assets include the District’s water infrastructure, wastewater infrastructure, land, buildings, equipment, furniture, and work-in-process.

The District’s investment in capital assets as of June 30, 2022 was \$40,320,376, net of accumulated amortization and depreciation. The \$712,230 in major capital asset additions for the current year included 610 new and replacement water meters installed (\$181,137), and work-in-process (\$122,067). The capital additions are offset by disposition of capital assets of which there were none, amortization expense (\$814,306), and depreciation expense (\$1,469,797).

Schedule of Capital Assets, net of depreciation

| | June 30, 2022 | June 30, 2021 | Dollar Change | Percent Change |
|----------------------------------|--------------------------|----------------------|-----------------------|-------------------|
| Water rights | | | | |
| Lessalt water treatment plant | \$ 4,474,166 | \$ 4,802,778 | \$ (328,612) | -6.8% |
| West Hills water treatment plant | 7,757,222 | 8,316,945 | (559,723) | -6.7% |
| Water utility plant | 14,292,526 | 14,849,863 | (557,337) | -3.8% |
| Wastewater utility plant | 11,134,627 | 11,447,239 | (312,612) | -2.7% |
| Equipment & furniture | 431,247 | 446,132 | (14,885) | -3.3% |
| Office building | 1,130,804 | 1,231,986 | (101,182) | -8.2% |
| Land improvements | 10,255 | 10,722 | (467) | -4.4% |
| Land | 850,499 | 850,499 | - | 0.0% |
| Construction-in-process | 239,030 | 157,501 | 81,529 | 51.8% |
| Capital assets, net | \$ 40,320,376 | \$ 42,113,665 | \$ (1,793,289) | -4.3% |

Sunnyslope County Water District Management's Discussion and Analysis For the Year Ended June 30, 2022



Long-Term Debt

As of June 30, 2022, the District had long-term debt and long-term liabilities, totaling \$21,498,676. 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.

Sunnyslope County Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Schedule of Long-Term Debt & Long-Term Liabilities

| | June 30, 2022 | June 30, 2021 | Dollar Change | Percent Change |
|--------------------------------|--------------------------|----------------------|-----------------------|-------------------|
| Accrued compensated absences | \$ 172,598 | \$ 172,779 | \$ (181) | -0.1% |
| Loans payable | 7,748,648 | 10,768,268 | (3,019,620) | -28.0% |
| Commitments payable | 12,833,682 | 13,471,019 | (637,337) | -4.7% |
| Deposits from customers | 542,815 | 548,594 | (5,779) | -1.1% |
| Net pension liability | - | 368,675 | (368,675) | -100.0% |
| Net OPEB liability | 200,933 | - | 200,933 | N/A |
| Debt and long-term liabilities | \$ 21,498,676 | \$ 25,329,335 | \$ (3,830,659) | -15.1% |

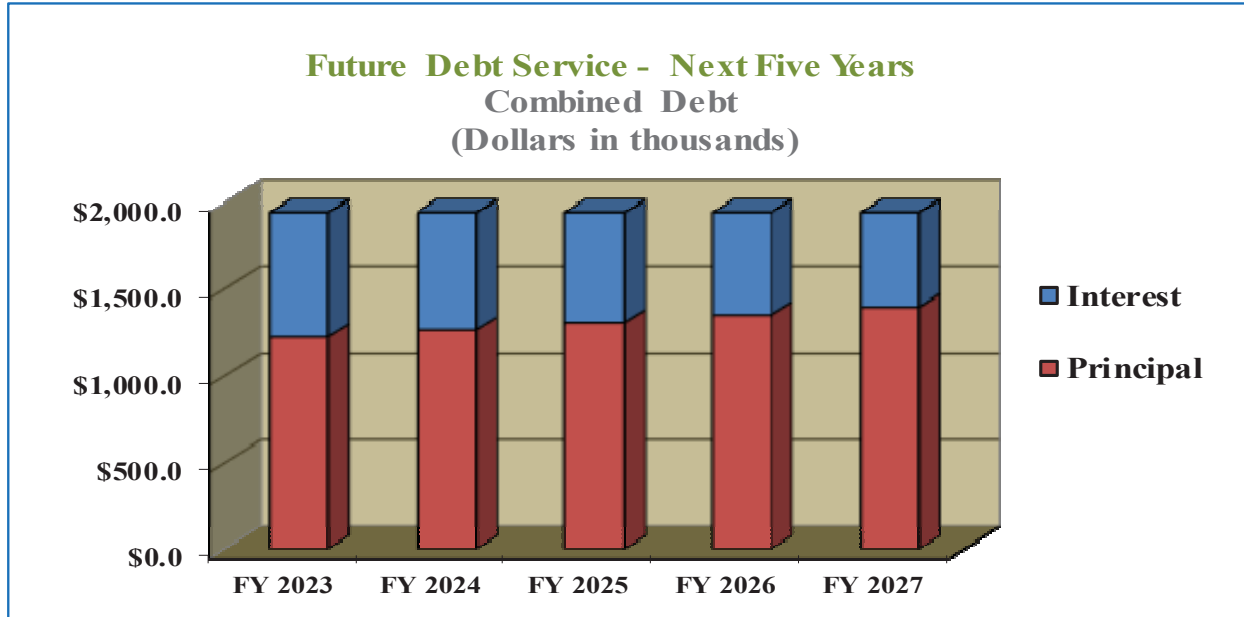
Sunnyslope County Water District

Management’s Discussion and Analysis

For the Year Ended June 30, 2022

Future Debt Service

The District’s debt service requirements for the next five years, through June 30, 2027, are shown on the following table, averaging \$1,980.7 thousand annually.



Other Future Economic Factors

From the years 2002 to 2015, the District experienced low to no housing growth, however, in fiscal years 2022 and 2021, new housing starts within the District service boundary have generated 331 and 368 new water connections, and 6 and 1 wastewater connections, respectively. Due to drought conditions, the state cut the District’s surface water allocation to zero. For the current year and the next two fiscal years, the effect of this will be somewhat offset from the storage of prior allocations in the San Justo reservoir. Beyond those two years, San Benito County Water District is currently engaged in securing a larger state allocation from the state water project and is planning for the development of a new underground storage project. Due to cost trends and in consideration of the need to expand the county’s storage potential of surface water the District has contracted with Raftelis to perform a new rate study. We anticipate a new rate structure starting in fiscal year 2023.

Rates and Fees

The District 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 2022.

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 water capacity fee for a 5/8”, ¾”, or 1” meter size was \$11,000, effective July 1, 2019, and \$10,975, effective July 1, 2018, and is adjusted annually. The wastewater capacity fee for a single-family residential

Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2022

dwelling was \$19,875 per dwelling unit, effective July 1, 2019, and \$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. The current rates effective July 1, 2022, are \$14,205 and \$24,950 for a single-family dwelling for water and waste, respectively.

COVID-19

As a result of California State Executive Orders N-25-20 and N-29-20, the District abstained from administering shutoffs associated with non-payment of service bills. The District holds an average of \$250,000 in unpaid monthly service charges. The District is expected to reinstate the practice of service shutoffs beginning in February 2023. 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.

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, 2022
(with prior year data for comparative purposes only)

| Assets | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| Current Assets | | |
| Cash and investments | \$ 8,580,416 | \$10,727,527 |
| Accounts receivable, net | 2,300,236 | 1,898,032 |
| Inventory supplies | 373,658 | 432,087 |
| Prepaid expenses | 258,369 | 83,384 |
| Restricted cash and investments | 14,130,542 | 7,513,853 |
| Total Current Assets | <u>25,643,221</u> | <u>20,654,883</u> |
| Noncurrent Assets | | |
| Capital assets | | |
| Water rights, net | 12,231,388 | 13,119,723 |
| Depreciable, net | 26,978,009 | 27,985,941 |
| Nondepreciable | 1,110,979 | 1,008,001 |
| Idle assets | 471,341 | 471,341 |
| Net pension asset | 1,738,275 | - |
| Net OPEB asset | - | 44,296 |
| Total Noncurrent Assets | <u>42,529,992</u> | <u>42,629,302</u> |
| Total Assets | <u>68,173,213</u> | <u>63,284,185</u> |
| Deferred Outflows of Resources | | |
| Deferred outflows - pension | 2,550,801 | 957,954 |
| Deferred outflows - OPEB | 388,457 | 22,611 |
| Total Deferred Outflows of Resources | <u>2,939,258</u> | <u>980,565</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 71,112,471</u> | <u>\$ 64,264,750</u> |

See accompanying notes to basic financial statements

Sunnyslope County Water District
Statement of Net Position
June 30, 2022
(with prior year data for comparative purposes only)

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 1,501,869 | \$ 1,738,050 |
| Accrued expenses | 678,109 | 399,964 |
| Accrued compensated absences - current portion | 19,571 | 56,526 |
| Loan and commitment payable - current portion | 1,221,536 | 3,656,957 |
| Total Current Liabilities | <u>3,421,085</u> | <u>5,851,497</u> |
| Long-Term Liabilities | | |
| Accrued compensated absences - less current portion | 153,027 | 116,253 |
| State Revolving Fund loan payable | 7,190,138 | 7,748,648 |
| Commitment payable for water rights | 12,170,656 | 12,833,682 |
| Deposits received | 542,815 | 548,594 |
| Net pension liability | - | 368,675 |
| Net OPEB liability | 200,933 | - |
| Total Long-Term Liabilities | <u>20,257,569</u> | <u>21,615,852</u> |
| Total Liabilities | <u>23,678,654</u> | <u>27,467,349</u> |
| Deferred Inflows of Resources | | |
| Deferred inflows - pension | 863,434 | 696,415 |
| Deferred inflows - OPEB | 102,404 | 14,706 |
| Total Deferred Inflows of Resources | <u>965,838</u> | <u>711,121</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>24,644,492</u> | <u>28,178,470</u> |
| Net Position | | |
| Net investment in capital assets | 19,738,046 | 17,874,376 |
| Restricted for capacity fees | 12,730,141 | 6,753,853 |
| Restricted for debt service | 1,400,401 | 760,000 |
| Unrestricted | 12,599,391 | 10,698,051 |
| Total Net Position | <u>46,467,979</u> | <u>36,086,280</u> |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 71,112,471</u> | <u>\$ 64,264,750</u> |

Sunnyslope County Water District
Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2022
(with prior year data for comparative purposes only)

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| Operating Revenues | | |
| Water services | \$ 7,346,626 | \$ 7,337,986 |
| Wastewater service | 2,116,652 | 2,015,077 |
| Contracted services | 3,513,647 | 2,867,240 |
| Late fees | 115,540 | - |
| Customer fees | 207,940 | 173,850 |
| Other | 45,209 | 2,276 |
| Total Operating Revenues | <u>13,345,614</u> | <u>12,396,429</u> |
| Operating Expenses | | |
| Salaries and benefits | 3,468,707 | 2,198,821 |
| Pension | (3,532,778) | 672,949 |
| Operations and maintenance | 7,380,516 | 7,367,275 |
| Amortization and depreciation | 2,358,132 | 2,337,716 |
| Total Operating Expenses | <u>9,674,577</u> | <u>12,576,761</u> |
| Operating Income | <u>3,671,037</u> | <u>(180,332)</u> |
| Non-Operating Revenues (Expenses) | | |
| Interest income | 44,846 | 48,639 |
| Unrealized gain (loss) on investments | (675,297) | (34,200) |
| Other expense | (8,412) | (38) |
| Interest expense | - | (90,482) |
| Net Non-Operating Expenses | <u>(638,863)</u> | <u>(76,081)</u> |
| Income (loss) Before Capital Contribution | <u>3,032,174</u> | <u>(256,413)</u> |
| Capital Contribution | | |
| Capacity and connection fees | 7,349,525 | 5,002,375 |
| Developer capital asset contributions | - | 713,506 |
| Total Capital Contributions | <u>7,349,525</u> | <u>5,715,881</u> |
| Change in Net Position | 10,381,699 | 5,459,468 |
| Net Position - Beginning of Year | <u>36,086,280</u> | <u>30,626,812</u> |
| Net Position - End of Year | <u>\$ 46,467,979</u> | <u>\$ 36,086,280</u> |

See accompanying notes to basic financial statements

Sunnyslope County Water District
Statement of Cash Flows
For The Year Ended June 30, 2022
(with prior year data for comparative purposes only)

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Cash received from customers | \$12,937,631 | \$12,200,261 |
| Operating expenses | (7,380,516) | (7,367,279) |
| Change in accounts payable | (236,181) | 208,449 |
| Change in inventory | 58,429 | (39,347) |
| Change in prepaid expenses | (174,985) | (11,398) |
| Change in accrued expenses | 319,153 | 8,132 |
| | | |
| Cash paid to suppliers | (7,414,100) | (7,201,443) |
| Cash paid to employees | (3,542,815) | (2,226,938) |
| | | |
| Net Cash Provided by Operating Activities | <u>1,980,716</u> | <u>2,771,880</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Capacity and connection fees received | 7,349,525 | 5,002,375 |
| Acquisition and construction of capital assets | (564,843) | (462,845) |
| Loan and commitment payments | (3,656,957) | (1,390,499) |
| Interest paid | - | (90,482) |
| Net Cash Provided by Capital and Related Financing Activities | <u>3,127,725</u> | <u>3,058,549</u> |
| Cash Flows from Investing Activities | | |
| Interest received | 44,848 | 74,003 |
| Change in value of LAIF | (683,711) | (34,200) |
| Net Cash Provided (Used) by Investing Activities | <u>(638,863)</u> | <u>39,803</u> |
| Net increase in cash and cash equivalents and restricted cash and cash equivalents | 4,469,578 | 5,870,232 |
| Cash and Cash Equivalents at Beginning of Year | <u>18,241,380</u> | <u>12,371,148</u> |
| Cash and Cash Equivalents at End of Year | <u>\$22,710,958</u> | <u>\$18,241,380</u> |
| | | |
| Unrestricted Cash and Cash Equivalent | \$ 8,580,416 | \$10,727,527 |
| Restricted Cash and Cash Equivalent | <u>14,130,542</u> | <u>7,513,853</u> |
| | <u>\$22,710,958</u> | <u>\$18,241,380</u> |

See accompanying notes to basic financial statements

Sunnyslope County Water District
Statement of Cash Flows
For The Year Ended June 30, 2022
(with prior year data for comparative purposes only)

| | 2022 | 2021 |
|--|--------------|--------------|
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | |
| Operating Income | \$ 3,671,037 | \$ (180,332) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | |
| Amortization and depreciation | 2,358,132 | 2,337,712 |
| (Increase) in accounts receivable | (402,204) | (221,241) |
| (Increase) decrease in inventory supplies | 58,429 | (39,347) |
| (Increase) in prepaid expenses | (174,985) | (11,398) |
| Increase (decrease) in net OPEB asset | 245,229 | (6,892) |
| Decrease in deferred outflows - pension | 569,497 | 384,179 |
| Decrease in deferred outflows - OPEB | (2,528,190) | 13,590 |
| Increase (decrease) in accounts payable | (236,181) | 208,449 |
| Increase in accrued expenses | 277,964 | 228,715 |
| Increase (decrease) in deposits from customers | (5,779) | 25,073 |
| Increase (decrease) in net pension liability | (2,106,950) | 347,215 |
| Increase (decrease) in deferred inflows - pension | 167,019 | (299,806) |
| Increase (decrease) in deferred inflows - OPEB | 87,698 | (14,037) |
| Net Cash Provided by Operating Activities | \$ 1,980,716 | \$ 2,771,880 |
| Supplemental Disclosures of Non-Cash and related Financing and Investing Activities: | | |
| Contributed Capital Assets | \$ - | \$ 713,506 |

Sunnyslope County Water District

Notes to Basic Financial Statements June 30, 2022

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 2022, water sales constitute approximately 55.00% of operating revenues and wastewater sales are approximately 15.86% 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, depreciation, and other recoverable charges 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, 2022

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, 2022:

| | | |
|------------------|---|---|
| Statement No. 87 | <i>"Leases"</i> | The provisions of this statement were effective for reporting periods beginning after June 15, 2021. The District has implemented this pronouncement for the fiscal year 2021-2022. |
| Statement No. 89 | <i>"Accounting for Interest Cost Incurred before the End of a Construction Period"</i> | The provisions of this statement were effective for reporting periods beginning after December 15, 2020. The District has implemented this pronouncement for the year 2021-2022. |
| Statement No. 92 | <i>"Omnibus 2020"</i> | The provisions of this statement are effective for reporting periods beginning after June 15, 2021. The District has implemented this pronouncement for the fiscal year 2021-2022. |
| 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 were effective for reporting periods beginning after June 15, 2021. The District has implemented this pronouncement for the fiscal year 2021-2022. |

Sunnyslope County Water District

Notes to Basic Financial Statements June 30, 2022

Pending Accounting Standards

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

| | | |
|-------------------|---|---|
| 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. 98 | <i>"Annual Comprehensive Financial Report"</i> | The provisions of this statement are effective for reporting periods beginning after June 15, 2022 |
| Statement No. 99 | <i>"Omnibus 2022"</i> | The provisions of this statement are effective for reporting periods beginning after June 15, 2022. |
| Statement No. 100 | <i>"Accounting Changes and Error Correction" An Amendment of GASB statement No. 62</i> | The provisions of this statement are effective for reporting periods beginning after June 15, 2023. |
| Statement No. 101 | <i>"Compensated Absences"</i> | The provisions of this statement are effective for reporting periods beginning after December 15, 2023. |

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.

Sunnyslope County Water District

Notes to Basic Financial Statements June 30, 2022

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.

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, 2022, 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 2022 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

Sunnyslope County Water District

Notes to Basic Financial Statements
 June 30, 2022

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.

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 acquisition value at the date of donation to the District. The District’s capitalization threshold by asset category are as follows:

| | Actual Cost or 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, 2022

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 and 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.

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 of Hollister 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.

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 7 B Commitment Payable.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2022

N. Compensated Absences

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

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.

Sunnyslope County Water District

Notes to Basic Financial Statements June 30, 2022

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, 2020 |
| Measurement Date (MD) | June 30, 2021 |
| Measurement Period (MP) | July1, 2020 to June 30, 2021 |

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 (asset), 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, 2021 |
| Measurement Date (MD) | June 30, 2021 |
| Measurement Period (MP) | July1, 2020 to June 30, 2021 |

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 that time. 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:

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2022

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.

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 (capital contributions). 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, B Commitment 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.

Sunnyslope County Water District

Notes to Basic Financial Statements
 June 30, 2022

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.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2022 are classified in the accompanying financials statements as follows:

| | |
|---------------------------------|----------------------|
| Cash and investments | \$ 8,580,416 |
| Restricted cash and investments | <u>14,130,542</u> |
| Total cash and investments | <u>\$ 22,710,958</u> |

The carrying value of the District’s cash and investments, including restricted and designated balances as of June 30, 2022 were as follows:

| | <u>Restricted</u> | <u>Unrestricted</u> | <u>Total</u> |
|------------------------------|----------------------|---------------------|----------------------|
| Petty Cash | \$ - | \$ 800 | \$ 800 |
| Heritage Bank of Commerce | - | 10,379,467 | 10,379,467 |
| CEPPT | 640,401 | - | 640,401 |
| MBS Securities | 6,704,841 | - | 6,704,841 |
| Local Agency Investment Fund | <u>6,785,300</u> | <u>(1,799,851)</u> | <u>4,985,449</u> |
| Total | <u>\$ 14,130,542</u> | <u>\$ 8,580,416</u> | <u>\$ 22,710,958</u> |

Included in the unrestricted cash and investments are \$8,380,859 of Board Designated funds as disclosed in Note 11, Net Position.

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, 2022, the total fair value amount invested by all public agencies in LAIF is \$231,570,067,770 and managed by the State Treasurer. 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

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Notes to Basic Financial Statements June 30, 2022

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.
- 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, 2022, 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.

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 deposit 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, 2022, \$250,000 of the balance on deposit with Heritage Bank of Commerce was covered by federal depository insurance, and the excess of \$10,129,467 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

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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 are not considered a concentration of risk.

The LAIF investment portfolio is as follows at June 30, 2022:

| | <u>Amortized Cost</u> | <u>0-3 Months</u> |
|------------------------------|-----------------------|-------------------|
| Local Agency Investment Fund | \$ 4,985,449 | \$4,985,449 |

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.

3. ACCOUNTS RECEIVABLE, NET

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, 2022, including applicable allowances for uncollectible accounts:

| | Sunnyslope Water & Wastewater Sales and Services | City of Hollister Customer Billings | Other Receivables | Total June 30, 2022 |
|---|--|---|----------------------|------------------------|
| Accounts receivable | \$ 1,041,492 | \$ 462,994 | \$ 821,787 | \$ 2,326,273 |
| Less: Allowance for uncollectible accounts | (26,037) | - | - | (26,037) |
| Net accounts receivable | <u>\$ 1,015,455</u> | <u>\$ 462,994</u> | <u>\$ 821,787</u> | <u>\$ 2,300,236</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 \$462,994 due from the City’s customers as of June 30, 2022. Likewise, accounts payable includes \$462,994 due to the City for the amount

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Notes to Basic Financial Statements
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billed to their customers as of June 30, 2022. 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 \$532,394 in contracted services billings for the operation and maintenance of the Lessalt Water Treatment Plant, the West Hills Water Treatment Plan and San Benito Foods. Receivables also include \$289,393 in miscellaneous billable services.

4. CAPITAL ASSETS, NET

The change in capital assets of the District for the year ended June 30, 2022 are summarized as follows:

| | June 30, 2021 | Additions | Disposals | Transfers | June 30, 2022 |
|----------------------------------|---------------------|----------------------|-------------|-------------|---------------------|
| 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 | 25,478,144 | 302,704 | - | 22,036 | 25,802,884 |
| Wastewater utility plant | 15,556,045 | 72,560 | - | - | 15,628,605 |
| Equipment and furniture | 2,243,727 | 67,512 | - | - | 2,311,239 |
| Office building | 2,805,015 | - | - | 18,502 | 2,823,517 |
| Land improvements | 21,449 | - | - | - | 21,449 |
| Non-depreciable assets | | | | | |
| Land | 850,499 | - | - | - | 850,499 |
| Construction-in-process | 157,501 | 122,067 | - | (40,538) | 239,030 |
| Total capital assets | <u>65,812,380</u> | <u>564,843</u> | <u>-</u> | <u>-</u> | <u>66,377,223</u> |
| Accumulated amortization | <u>(5,580,277)</u> | <u>(888,333)</u> | <u>-</u> | <u>-</u> | <u>(6,468,610)</u> |
| Accumulated depreciation | <u>(18,118,438)</u> | <u>(1,469,799)</u> | <u>-</u> | <u>-</u> | <u>(19,588,237)</u> |
| Capital assets, net | <u>\$42,113,665</u> | <u>\$(1,793,289)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$40,320,376</u> |

Sunnyslope County Water District

Notes to Basic Financial Statements
 June 30, 2022

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

| | June 30, 2021 | Additions | Disposals | June 30, 2022 |
|-------------------------------------|------------------------|-----------------------|-------------|------------------------|
| Amortization | | | | |
| Water rights | | | | |
| Lessalt water treatment plant | \$ (1,697,222) | \$ (216,668) | \$ - | \$ (1,913,890) |
| West Hills water treatment plant | (3,883,055) | (671,665) | - | (4,554,720) |
| Total amortization | <u>(5,580,277)</u> | <u>(888,333)</u> | <u>-</u> | <u>(6,468,610)</u> |
| Depreciation | | | | |
| Water utility plant | (10,628,281) | (882,079) | - | (11,510,360) |
| Wastewater utility plant | (4,108,806) | (385,172) | - | (4,493,978) |
| Equipment and furniture | (1,797,595) | (100,898) | - | (1,898,493) |
| Office building | (1,573,029) | (101,181) | - | (1,674,210) |
| Land improvements | (10,727) | (469) | - | (11,196) |
| Total depreciation | <u>(18,118,438)</u> | <u>(1,469,799)</u> | <u>-</u> | <u>(19,588,237)</u> |
| Total amortization and depreciation | <u>\$ (23,698,715)</u> | <u>\$ (2,358,132)</u> | <u>\$ -</u> | <u>\$ (26,056,847)</u> |

5. IDLE ASSETS

Idle assets are recorded at cost. Management believes there is no impairment the carrying amount of the idle assets at June 30, 2022.

Idle assets of the District at June 30, 2022 are summarized as follows:

| | |
|------------------------------|-------------------|
| Site for Well #12 | \$ 115,194 |
| Well #12 Test Well | 176,676 |
| Site for Future W. Hills | |
| Water Treat. Plant Expansion | <u>179,471</u> |
| Total idle assets | <u>\$ 471,341</u> |

6. ACCOUNTS PAYABLE

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 beginning July 1, 2007. Accounts payable includes \$462,994 due to the City for the amount billed to their customers as of June 30, 2022. Likewise, accounts receivable from customers includes \$462,994 due from the City's customers as of June 30, 2022 - see Note 3 Accounts Receivable.

Amounts are aggregated into a single accounts payable total on the financial statements. Below is the detail of the accounts payable as of June 30, 2022:

| Sunnyslope Water District Vendors | City of Hollister Customer Billings | Total |
|--------------------------------------|--|---------------------|
| <u>\$ 1,038,875</u> | <u>\$ 462,994</u> | <u>\$ 1,501,869</u> |

Sunnyslope County Water District

Notes to Basic Financial Statements
June 30, 2022

7. LONG TERM DEBT PAYABLE

The change in loans and commitments payable of the District for the year ended June 30, 2022, are summarized as follows:

| | June 30, 2021 | Increase | Decrease | June 30, 2022 | Due Within One Year |
|--|---------------------|-------------------|-----------------------|---------------------|------------------------|
| Accrued compensated absences | \$ 172,779 | \$ 290,584 | \$ (290,765) | \$ 172,598 | \$ 19,571 |
| Direct Borrowings and Placements | | | | | |
| Bank loan payable | 2,475,264 | - | (2,475,264) | - | - |
| State Revolving Fund loan payable | 8,293,004 | - | (544,356) | 7,748,648 | 558,510 |
| Commitment payable | 13,471,019 | - | (637,337) | 12,833,682 | 663,026 |
| Total Direct Borrowings and Placements | 24,239,287 | - | (3,656,957) | 20,582,330 | 1,221,536 |
| Total Long-Term Liabilities | <u>\$24,412,066</u> | <u>\$ 290,584</u> | <u>\$ (3,947,722)</u> | <u>\$20,754,928</u> | <u>\$1,241,107</u> |

The aggregate maturities of loans and commitments are as follows:

| Fiscal Year Ending June 30, | Direct Borrowings and Placements | | |
|--------------------------------|----------------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2023 | \$ 1,221,536 | \$ 720,160 | \$ 1,941,696 |
| 2024 | 1,262,794 | 678,902 | 1,941,696 |
| 2025 | 1,305,521 | 636,175 | 1,941,696 |
| 2026 | 1,349,773 | 591,923 | 1,941,696 |
| 2027 | 1,395,605 | 546,091 | 1,941,696 |
| 2028-2032 | 7,467,388 | 1,988,480 | 9,455,868 |
| 2033-2037 | 4,454,944 | 792,359 | 5,247,303 |
| 2038-2042 | 1,676,401 | 299,672 | 1,976,073 |
| 2043-2044 | 448,368 | 12,713 | 461,081 |
| | <u>\$20,582,330</u> | <u>\$ 6,266,475</u> | <u>\$26,848,805</u> |

A. 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. 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.

Sunnyslope County Water District

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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. 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, 2022, is determined as follows:

| | |
|------------------------------------|---------------------|
| Wastewater System Revenue | <u>\$ 2,184,025</u> |
| Cost of Good Sold | 319,978 |
| Other Expenses | <u>951,569</u> |
| Total Expenses | <u>1,271,547</u> |
| Operating Wastewater System Income | 912,478 |
| Add: | |
| Capacity fees | 1,299,000 |
| Depreciation | <u>421,035</u> |
| Net Revenue | <u>\$ 2,632,513</u> |
| Annual Debt Service | <u>\$ 759,975</u> |
| Net Revenue Ratio | 3.46 |
| 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.

The maturities of SRF loan payable are as follows:

| Fiscal Year Ending June 30, | Direct Borrowing and Placement | | |
|--------------------------------|--------------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2023 | \$ 558,510 | \$ 201,465 | \$ 759,975 |
| 2024 | 573,031 | 186,944 | 759,975 |
| 2025 | 587,930 | 172,045 | 759,975 |
| 2026 | 603,216 | 156,759 | 759,975 |
| 2027 | 618,900 | 141,075 | 759,975 |
| 2028-2032 | 3,344,401 | 455,472 | 3,799,873 |
| 2033-2034 | <u>1,462,660</u> | <u>57,288</u> | <u>1,519,948</u> |
| | <u>\$ 7,748,648</u> | <u>\$ 1,371,048</u> | <u>\$ 9,119,696</u> |

Sunnyslope County Water District

Notes to Basic Financial Statements

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B. 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 its \$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.

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.

Sunnyslope County Water District

Notes to Basic Financial Statements
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The aggregate maturities of commitments are as follows:

| Fiscal Year Ending June 30, | Direct Borrowing and Placement | | |
|--------------------------------|--------------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2023 | \$ 663,026 | \$ 518,695 | \$ 1,181,721 |
| 2024 | 689,763 | 491,958 | 1,181,721 |
| 2025 | 717,591 | 464,130 | 1,181,721 |
| 2026 | 746,557 | 435,164 | 1,181,721 |
| 2027 | 776,705 | 405,016 | 1,181,721 |
| 2028-2032 | 4,122,987 | 1,533,008 | 5,655,995 |
| 2033-2037 | 2,992,284 | 735,071 | 3,727,355 |
| 2038-2042 | 1,676,401 | 299,672 | 1,976,073 |
| 2043-2044 | 448,368 | 12,713 | 461,081 |
| | <u>\$12,833,682</u> | <u>\$ 4,895,427</u> | <u>\$17,729,109</u> |

The maturities of Tranche 1 commitment payable are as follows:

| Fiscal Year Ending June 30, | Direct Borrowing and Placement | | |
|--------------------------------|--------------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2023 | \$ 155,926 | \$ 239,289 | \$ 395,215 |
| 2024 | 163,089 | 232,126 | 395,215 |
| 2025 | 170,581 | 224,634 | 395,215 |
| 2026 | 178,418 | 216,797 | 395,215 |
| 2027 | 186,614 | 208,601 | 395,215 |
| 2028-2032 | 1,069,820 | 906,253 | 1,976,073 |
| 2033-2037 | 1,339,197 | 636,876 | 1,976,073 |
| 2038-2042 | 1,676,401 | 299,672 | 1,976,073 |
| 2043-2044 | 448,368 | 12,713 | 461,081 |
| | <u>\$ 5,388,414</u> | <u>\$ 2,976,961</u> | <u>\$ 8,365,375</u> |

The maturities of Tranche 2 commitment payable are as follows:

| Fiscal Year Ending June 30, | Direct Borrowing and Placement | | |
|--------------------------------|--------------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2023 | \$ 377,111 | \$ 240,989 | \$ 618,100 |
| 2024 | 392,475 | 225,625 | 618,100 |
| 2025 | 408,465 | 209,635 | 618,100 |
| 2026 | 425,107 | 192,993 | 618,100 |
| 2027 | 442,426 | 175,674 | 618,100 |
| 2028-2032 | 2,497,651 | 592,849 | 3,090,500 |
| 2033-2035 | 1,653,087 | 98,195 | 1,751,282 |
| | <u>\$ 6,196,322</u> | <u>\$ 1,735,960</u> | <u>\$ 7,932,282</u> |

Sunnyslope County Water District

Notes to Basic Financial Statements
June 30, 2022

The maturities of Tranche 3 commitment payable are as follows:

| Fiscal Year Ending June 30, | Direct Borrowing and Placement | | |
|--------------------------------|--------------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2023 | \$ 129,989 | \$ 38,417 | \$ 168,406 |
| 2024 | 134,199 | 34,207 | 168,406 |
| 2025 | 138,545 | 29,861 | 168,406 |
| 2026 | 143,032 | 25,374 | 168,406 |
| 2027 | 147,665 | 20,741 | 168,406 |
| 2028-2031 | 555,516 | 33,906 | 589,422 |
| | <u>\$ 1,248,946</u> | <u>\$ 182,506</u> | <u>\$ 1,431,452</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). At June 30, 2022, there are 23 full-time employees, with 9 in Tier 1, and 14 in Tier 2.

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, 2022, are summarized as follows:

Sunnyslope County Water District

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| | 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 | 7.96% | 6.750% |
| Required employer contribution rates | 14.020% | 7.590% |
| Required Payment of Unfunded Liability | \$24,347 | \$2,499 |

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 | |
|---------------|-------------------|-------------------|
| | 2021/22 | 2020/21 |
| Misc. Classic | \$ 159,139 | \$ 154,593 |
| Misc. PEPRA | 102,036 | 86,768 |
| | <u>\$ 261,175</u> | <u>\$ 241,361</u> |

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

As of June 30, 2022, the District reported net pension assets (liabilities) for its proportionate share of the net pension asset (liability) as of June 30, 2022 and 2021 were as follows:

| | Fiscal Year Ended | |
|-------------------------------------|---------------------|---------------------|
| | June 30, 2022 | June 30, 2021 |
| Total Net Pension Asset (Liability) | <u>\$ 1,738,275</u> | <u>\$ (368,675)</u> |

Sunnyslope County Water District

Notes to Basic Financial Statements
June 30, 2022

The District's net pension asset (liability) is measured as the proportionate share of the net pension asset (liability). The net pension liability is measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions for all participating employers, actuarially determined. The District's proportionate share of the net pension asset (liability) as of June 30, 2022 and 2021 were as follows:

| | Percentage Share of Risk | | Change: Increase/(Decrease) |
|---------------------------------|--------------------------|-----------|--------------------------------|
| | Pool | | |
| Fiscal year ended | 6/30/2022 | 6/30/2021 | |
| Measurement date | 6/30/2021 | 6/30/2020 | |
| Percentage of Plan (PERF C) NPL | -0.03214% | 0.00339% | -0.03553% |

For the year ended June 30, 2022, the District recognized pension credit of \$3,532,777. As of June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 194,929 |
| Changes in assumption | - | - |
| Net differences between projected and actual earnings on plan investments | 1,517,421 | - |
| Change in employer's proportion | 601,475 | 159,972 |
| Differences between the employer's contributions and the employer's proportionate share of contributions | 170,730 | 508,533 |
| Pension contributions subsequent to measurement date | 261,175 | - |
| Total | \$ 2,550,801 | \$ 863,434 |

The deferred outflows of resources to contributions of \$261,175 were subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

Sunnyslope County Water District

Notes to Basic Financial Statements
June 30, 2022

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’ Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021 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, 2021 measurement date is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of all active employees) by 150,648 (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, 2022

Sensitivity of the Proportionate Share of the Net Pension (Asset) Liability to Changes in the Discount Rate The following presents the proportionate share of the net pension (asset) liability of the District’s Plan as of the Measurement Date June 30, 2021, calculated using the discount rate of 7.15%, as well as what the net pension liability (asset) 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:

| | <u>Discount Rate</u> | | |
|-------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | <u>6.15%</u> <u>(1% Decrease)</u> | <u>7.15%</u> <u>(Current Rate)</u> | <u>8.15%</u> <u>(1% Increase)</u> |
| Measurement date | | June 30, 2021 | |
| Fiscal Year End | | June 30, 2022 | |
| Net Pension Liability (Asset) | \$ 332,786 | \$ (1,738,275) | \$ (3,450,391) |

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 Accounting 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, 2022, employee contributions consisting of employee deferrals, compensated absences, and cash in lieu of insurance benefits converted to deferred compensation totaled \$236,221. For the year ended June 30, 2022, the required employer matching contribution was \$7,159.

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

| <u>Plan Administrator</u> | <u>Investment Balance</u> |
|---------------------------------------|-------------------------------|
| Nationwide Retirement Solutions, Inc. | \$ 3,546,698 |
| CalPERS Supplemental Income Plan | 113,399 |
| Total | <u>\$ 3,660,097</u> |

Sunnyslope County Water District

Notes to Basic Financial Statements
 June 30, 2022

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, 2022</u> |
|-----------------------------------|-------------------------|
| Plan Type | Agent Multiple Employer |
| OPEB Trust | Yes |
| Special Funding Situations | No |
| Nonemployer Contributing Entities | No |

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

| <u>June 30, 2022 Fiscal Year End</u> | <u>Number of</u> |
|---|---------------------|
| <u>June 30, 2021 Measurement Date</u> | <u>Covered</u> |
| <u>June 30, 2021 Valuation Date</u> | <u>Participants</u> |
| Actives Employees | 23 |
| Inactive Employees Currently Receiving Benefit Payments | 6 |
| Inactive Employees Entitled to but not yet Receiving Benefit Payments | 6 |
| Total Employees | <u>35</u> |

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 2022 is \$149 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, 2022, the District's cash contributions were \$12,516 in premium payments made on behalf of retirees, and implied subsidy payments of \$52,071, resulting in total payments of \$64,587. No trust contributions were made in 2021/22 fiscal year.

Sunnyslope County Water District

Notes to Basic Financial Statements
June 30, 2022

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

OPEB Asset: As of the June 30, 2021 measurement date, the District's total OPEB liability (asset) were as follows:

| <u>Fiscal Year Ended</u> | <u>June 30, 2022</u> |
|------------------------------|----------------------|
| <u>Measurement Date</u> | <u>June 30, 2021</u> |
| Total OPEB Liability (TOL) | \$ (951,381) |
| Fiduciary Net Position (FNP) | 750,448 |
| Total Net OPEB Liability | <u>\$ (200,933)</u> |
| Funded status (FNP/TOL) | 78.9% |

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

| <u>Changes in Net OPEB Asset</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, 2021 (Measurement Date June 30, 2020) | \$ 544,479 | \$ 588,775 | \$ (44,296) |
| Service Cost | 13,674 | - | 13,674 |
| Interest | 34,951 | - | 34,951 |
| Changes of Benefit Terms | - | - | - |
| Actual versus Expected Experience | 371,832 | - | 371,832 |
| Changes of Assumptions | - | - | - |
| Employer Contributions | - | 13,555 | (13,555) |
| Employee Contributions | - | - | - |
| Net Investment Income | - | 161,896 | (161,896) |
| Benefit Payments | (13,555) | (13,555) | - |
| Administrative Expenses | - | (223) | 223 |
| Net Changes | <u>406,902</u> | <u>161,673</u> | <u>245,229</u> |
| Balance at June 30, 2022 (Measure Date June 30, 2021) | <u>\$ 951,381</u> | <u>\$ 750,448</u> | <u>\$ 200,933</u> |

Sunnyslope County Water District

Notes to Basic Financial Statements
 June 30, 2022

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: As of fiscal year ended June 30, 2022, the District reported deferred outflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Net Differences Between Projected and Actual | | |
| Earnings on Plan Investments | \$ - | \$ 90,422 |
| Differences Between Expected and Actual | | |
| Experience | 321,935 | 11,982 |
| Changes of Assumptions | 1,660 | - |
| Employer Contributions after Measurement Date | 64,862 | - |
| Total | <u>\$ 388,457</u> | <u>\$ 102,404</u> |

Deferred outflows of resources in the amount of \$64,862 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, 2023.

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

| <u>Year Ending June 30,</u> | <u>Deferred Outflows of Resources</u> |
|---------------------------------|---|
| 2023 | \$ 14,555 |
| 2024 | 15,900 |
| 2025 | 16,045 |
| 2026 | 12,674 |
| 2027 | 38,807 |
| Thereafter | 123,210 |
| Total | <u>\$ 221,191</u> |

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. For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$21,792

Sunnyslope County Water District

Notes to Basic Financial Statements
 June 30, 2022

Actuarial Methods and Assumptions Used to Determine the OPEB Liability: The District’s net OPEB asset was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

Significant Accounting Actuarial Assumptions and Methods:

| | |
|--|---|
| Fiscal Year End | June 30, 2022 |
| Measurement Date | June 30, 2021 |
| Valuation Date | June 30, 2021 |
| Discount Rate | 6.50% |
| Long-Term Expected | 6.50% |
| General Inflation | 2.75% annually |
| Mortality Rate | 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. |
| Pre-Retirement Turnover and Retirement | 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 |
| Salary Increases | 3% per year |
| Healthcare Trend Rate | Medical premium amounts are assumed to increase 5% per year. The CalPERS minimum required employer contribution is assumed to increase 4% per year |
| Participation | 50% of active employees are assumed to elect health care benefits at retirement |
| Changes of Benefit Terms | None |
| Changes in Actuarial Assumptions | None |

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%.

Sunnyslope County Water District

Notes to Basic Financial Statements
June 30, 2022

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. 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 | June 30, 2021 | |
|--|---------------|----------------|
| CERBT Trust: Pension Fund | Expected Real | |
| Asset Class % | % of Fund | Rate of Return |
| Global Equity | 59% | 5.25% |
| Fixed Income | 25% | 0.99% |
| Treasury Securities | 5% | 0.45% |
| Real Estate Trusts | 8% | 4.50% |
| Commodities | 3% | 3.00% |
| 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 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, 2021:

| | Discount Rate | | |
|--------------------|---------------|----------------|---------------|
| | (1% Decrease) | (Current Rate) | (1% Increase) |
| | 5.50% | 6.50% | 7.50% |
| Net OPEB Liability | \$ 305,007 | \$ 200,933 | \$ 96,562 |

Medical Trend Sensitivity Analysis: The following presents the net OPEB liability 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, 2021:

| | Healthcare Trend | | |
|--------------------|------------------|----------------|---------------|
| | (1% Decrease) | (Current Rate) | (1% Increase) |
| | 4.0% | 5.0% | 6.0% |
| Net OPEB Liability | \$ 94,598 | \$ 200,933 | \$ 307,491 |

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, 2022

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, 2022 were as follows:

| | |
|--|----------------------|
| Net investment in capital assets | \$ 19,738,046 |
| Restricted: | |
| Water capacity fees | 11,410,006 |
| Wastewater capacity fees | 1,320,135 |
| Debt service reserve | 1,400,401 |
| Total restricted | <u>14,130,542</u> |
| Unrestricted: | |
| Designated: | |
| Capital improvement reserve | 5,863,936 |
| Vehicle replacement | 348,078 |
| Emergency equipment replacement | 1,000,000 |
| Office and miscellaneous equipment replacement | 418,845 |
| Rate stabilization fund | 250,000 |
| Drought contingency reserve | 500,000 |
| | <u>8,380,859</u> |
| Undesignated | 4,218,532 |
| Total unrestricted | <u>12,599,391</u> |
| Total Net Position | <u>\$ 46,467,979</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, 2022

Condensed financial information of ACWA-JPIA as of September 30, 2021 is as follows:

| | |
|-------------------------------|-----------------------|
| Total Assets | \$ 271,770,359 |
| Deferred Outflows of Resouces | 1,189,142 |
| Total Liabilities | (123,558,690) |
| Deferred Inflows of Resouces | <u>409,721</u> |
| Net Position | <u>\$ 149,810,532</u> |
| | |
| Total Revenues | \$ 200,883,781 |
| Total Expenditures | <u>(174,760,456)</u> |
| Net Increase | <u>\$ 26,123,325</u> |

The District has the following commercial insurance policies:

| Coverage | Deductible | Coverage Limit |
|--|------------|--------------------------------------|
| 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 / \$18,522,839 |
| Mobile equipment | \$1,000 | Ranging from \$64,000 to \$291,547 |
| 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.

Sunnyslope County Water District

Notes to Basic Financial Statements June 30, 2022

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 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, 2022 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, 2022, SBCWD was billed for actual operations and maintenance costs of the Lessalt Water Treatment Plant of \$1,050,845 and of the West Hills Water Treatment Plant of \$1,688,896, 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.

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, 2022, the District had the following pending litigation:

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

Sunnyslope County Water District

Notes to Basic Financial Statements June 30, 2022

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. Currently, the parties have entered into non-binding mediation. The most recent session was held November 30, 2021. Resolution of the disagreement has not yet been reached.

14. SUBSEQUENT EVENTS

Date of Management Review

Events occurring after June 30, 2022 have been evaluated by Management for possible adjustment to the financial statements or disclosure as of December 13, 2022 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY
INFORMATION

Sunnyslope County Water District
Required Supplementary Information
 June 30, 2022

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

| Measurement Date | Fiscal Year End | | | | | | | | | |
|---|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------|--|
| | 06/30/22 | 06/30/21 | 06/30/20 | 6/30/19 | 6/30/18 | 6/30/17 | 6/30/16 | 6/30/15 | 6/30/14 | |
| District's proportion of the net pension liability (asset) | -0.003214% | 0.00339% | 0.00021% | 0.00922% | 0.01108% | 0.02895% | 0.02852% | 0.02451% | | |
| District's proportionate share of the net pension liability (asset) | \$(1,738,274) | \$368,675 | \$21,460 | \$888,029 | \$1,099,308 | \$2,505,138 | \$1,957,613 | \$1,524,958 | | |
| District's covered-employee payroll * | \$ 2,145,242 | \$2,051,543 | \$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 (asset) as a percentage of covered-employee payroll | -81.03% | 17.97% | 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 (asset) | 88.29% | 75.10% | 75.26% | 75.26% | 73.31% | 74.06% | 78.40% | 79.82% | | |

[^] Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.
 * For the year ending on the measurement date

Sunnyslope County Water District
Required Supplementary Information
 June 30, 2022

Schedule of Statutorily Required Employer Contributions

| | Pension Plan | | | | | | | |
|--|--------------|-------------|-------------|----------------|-------------|----------------|-------------|--------------|
| | 6/30/22 | 06/30/21 | 06/30/20 | 6/30/19 | 6/30/18 | 6/30/17 | 6/30/16 | 6/30/15 |
| Fiscal year ended | | | | | | | | |
| Actuarially determined contribution | \$ 261,175 | \$ 241,361 | \$ 229,705 | \$ 257,869 | \$ 209,739 | \$ 287,182 | \$ 245,300 | \$ 233,521 |
| Contributions in relation to the actuarially determined contribution | 261,175 | 241,361 | 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 payroll * | \$2,308,348 | \$2,145,242 | \$2,051,543 | \$ 2,104,470 | \$1,909,079 | \$ 1,687,978 | \$1,488,922 | \$ 1,434,655 |
| Contributions as a percentage of covered payroll | 11.31% | 11.25% | 11.20% | 64.20% | 10.99% | 115.10% | 16.48% | 16.28% |

^ Fiscal year 2015 was the 1st year of implementation, therefore only eight 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, 2019 |
|--------------------------------|--|
| 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 29 years |
| Asset valuation method | Market value of assets |
| Inflation | 2.500% |
| Salary increases | Varies by Entry Age and Service |
| Discount Rate * | 7.00% (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, 2022

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

| Measurement Date | Last 10 Years [^] | | | | |
|--|----------------------------|-------------------|-------------------|-------------------|-------------------|
| | Fiscal Year End | | | | |
| | 06/30/22 | 06/30/21 | 06/30/20 | 06/30/19 | 06/30/18 |
| | 06/30/21 | 06/30/20 | 06/30/19 | 06/30/18 | 06/30/17 |
| Changes in total OPEB liability | | | | | |
| Service cost | \$ 13,674 | \$ 13,276 | \$ 12,588 | \$ 12,221 | \$ 11,865 |
| Interest | 34,951 | 33,452 | 33,406 | 31,865 | 29,860 |
| Actual benefits payments | (13,555) | (33,791) | (22,047) | (18,719) | (3,042) |
| Actual and expected experience difference | 371,832 | - | (20,154) | - | - |
| Changes in benefits terms | - | - | - | - | - |
| Changes in assumption | - | - | 2,794 | - | - |
| Net changes in total OPEB liability | 406,902 | 12,937 | 6,587 | 25,367 | 38,683 |
| Total OPEB liability - beginning | 544,479 | 531,542 | 524,955 | 499,588 | 460,905 |
| Total OPEB liability - ending | <u>\$ 951,381</u> | <u>\$ 544,479</u> | <u>\$ 531,542</u> | <u>\$ 524,955</u> | <u>\$ 499,588</u> |
| Changes in plan fiduciary net position | | | | | |
| Employer contributions | \$ 13,555 | \$ 33,791 | \$ 47,047 | \$ 29,380 | \$ 13,803 |
| Employee contributions | - | - | - | - | - |
| Net investment income | 161,896 | 20,107 | 33,879 | 36,810 | 43,390 |
| Benefit payments | (13,555) | (33,791) | (22,047) | (18,719) | (3,042) |
| Administrative expenses | (223) | (278) | (112) | (243) | (211) |
| Net changes in plan fiduciary net position | 161,673 | 19,829 | 58,767 | 47,228 | 53,940 |
| Plan fiduciary net position - beginning | 588,775 | 568,946 | 510,179 | 462,951 | 409,011 |
| Plan fiduciary net position - ending | <u>\$ 750,448</u> | <u>\$ 588,775</u> | <u>\$ 568,946</u> | <u>\$ 510,179</u> | <u>\$ 462,951</u> |
| Net OPEB liability (Asset) | | | | | |
| Total OPEB liability | \$ 951,381 | \$ 544,479 | \$ 531,542 | \$ 524,955 | \$ 499,588 |
| Plan fiduciary net position | 750,448 | 588,775 | 568,946 | 510,179 | 462,951 |
| Net OPEB liability (asset) | 200,933 | (44,296) | (37,404) | 14,776 | 36,637 |
| Net OPEB liability (asset) funded percentage | 78.9% | 108.1% | 107.0% | 97.2% | 92.7% |
| Covered payroll * | \$ 1,975,708 | \$ 2,494,879 | \$ 2,104,470 | \$ 1,909,079 | \$ 1,687,978 |
| Net OPEB liability (asset) as a percent of covered payroll | 10.17% | -1.78% | -1.78% | 0.77% | 2.17% |

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

* For the year ending on the measurement date.

Sunnyslope County Water District

Required Supplementary Information

June 30, 2022

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.

Staff Report

Agenda Item: **F – 6**

DATE: December 7, 2022 December 13, 2022 Meeting)

TO: Board of Directors

FROM: General Manager, Drew Lander P.E.

SUBJECT: Approve And Authorize The General Manger To Execute A Contact Amendment For Professional Services With Raftelis Financial Consultants For The Development Of Water And Sewer Rates As Needed To Include The Best Road Mutual Water Company Into The District For An Amount Not To Exceed \$8,000. (Not A Project Under CEQA Per Article 20, Section 15378).

BACKGROUND:

In February 2022 the Board approved a services contract with Raftelis for an amount not to exceed \$84,502. These services include the rate model and evaluation of rates for the Sunnyslope water and wastewater service areas. Best Road Mutual Water Company (BRMWC) is getting closer to an agreement for water service consolidation with SSCWD and the next step is to develop a rate model for the cost of water service to the additional 48 customers. Rafelis has provided a quote for these services and the expense of this model will be ultimately funded by BRMWC.

These services are most expeditiously added to the existing service contract that the District is administering currently. An agreement with BRMWC will include the reimbursement of this expense.

FISCAL IMPACT:

The fiscal impact will not exceed \$8,000 and this expense will be reimbursed by BRMWC through the consolidation process.

ENVIRONMENTAL IMPACT:

The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

RECOMMENDATION:

Staff recommends the Board approve a motion and authorize execution of a contract amendment for the professional services noted in an amount not to exceed \$8,000.

ATTACHMENTS:

Raftelis Additional Services Proposal



November 21, 2022

Mr. Drew Lander
General Manager
Sunnyslope County Water District
P.O. Box 899
Hollister, CA 95024

Subject: Additional Scope to Address Possible New Service Area

Dear Mr. Lander:

Per our November 14, 2022 call, Raftelis has developed the following additional scope and fee to address Sunnyslope County Water District possibly annexing a new service area comprising approximately 50 homes to be served by one well and an irrigation line. Raftelis further understands that the new customers would be connected by the beginning of FY 2025.

Raftelis will include incorporate these additional customers into the financial plan, cost-of-service, rate setting, and reporting. We will presume that all customers are online at the start of FY 2025.

To address this additional scope, we respectfully request an increase in funding of \$7,680.

If you need any other information to process this request, please let us know. We appreciate your attention to this matter and the opportunity for our firm to continue to provide assistance to the District on this important project.

Sincerely,

A handwritten signature in black ink that reads 'Melissa E. Elliott'.

Melissa Elliott

Executive Vice President

P: 303.305.1141 / E: melliott@raftelis.com