



2435 Wallace Avenue, Summerland CA

Regular Board of Directors Meeting
Thursday January 14, 2021 at 3:00 P.M.

This meeting will be held outdoors at the District's Treatment Plant utilizing social distancing protocols and will be conducted in accordance with the Governor's Executive Order No. N-29-20. To minimize the potential spread of the Covid-19 virus, the District is not permitting public access to the meeting location. You may listen to the meeting telephonically by calling +1 669 900 6833 (San Jose) Meeting Code ID: 983 226 8568 or through the internet at <https://us02web.zoom.us/j/9832268568>.

Should you wish to participate in the meeting by offering comments on either non-agenda or agenda-related items, please follow the instructions set forth in Item IV of the agenda.

Materials related to an item on this Agenda, which are part of the agenda packet, are available for public inspection on the District website www.summerlandsd.org

AGENDA

- I. **CALL TO ORDER**
- II. **PLEDGE OF ALLEGIANCE**
- III. **CERTIFICATE OF APPOINTMENT AND OATH OF OFFICE**
The Summerland Sanitary District received the Certificate of Appointment for the following candidate: Martin E Tucker with a 4-year term: December 4, 2020 through December 6, 2024. The Clerk of the Board will administer the Oath of Office.
- IV. **APPROVAL OF THE AGENDA**
The Board President will ask the Board, public, staff, and legal counsel if there are any additions and/or modifications to the Agenda.
- V. **PUBLIC COMMENT** [Non-Agenda Items]
Those wishing to offer public comment must email comments to the Clerk of the Board at info@summerlandsd.org at least 30 minutes prior to the meeting or provide a telephone number to the Clerk of the Board (which the Clerk will call during the meeting and provide opportunity for such comment). Three- minute time limit will be imposed.
- VI. **APPROVAL OF THE MINUTES FOR THE REGULAR BOARD MEETING AND ORGANIZATIONAL MEETING DECEMBER 10, 2020** [Action Item]
- VII. **APPROVAL OF THE MONTHLY EXPENSES FOR DECEMBER 2020, INCLUDING PAYROLL AND PETTY CASH** [Action item]
- VIII. **COMMITTEE REPORTS UPDATES**
 - A. Finance Committee Report
 - B. Administration, Operations & Personnel (AOP) Committee Report
 - C. Ad-Hoc Committee Report

SUMMERLAND SANITARY DISTRICT
Regular Board of Directors Meeting
AGENDA

IX. NEW BUSINESS [Action Items]

A. Financial Statements FY2019-20 and Management Report June 30, 2020

Description: The Board will receive a presentation of the Annual Financial Report and Management Report FY 2019-20 presented by Tracey Solomon, CPA of Bartlett, Pringle & Wolf, LLP. The Board will be requested to accept the Financial Statements as presented.

Staff Recommendation: To accept the Financial Statements as presented.

B. Request for Compensation Approval for the Board Members Attendance at the Mandatory Sexual Prevention Harassment Training Pursuant AB 1825 & AB1661 and Attendance Requirement of the Board President for Agenda Setting Meetings.

Description: The Board of Directors is requested to approve a \$175 compensation for the required "Sexual Prevention Harassment" training pursuant AB 1825 & AB1661 and for the required Agenda Setting Meetings of the Board President with District Management for Regular and Special Board meetings. This approval request is pursuant Resolution No. 2015-01 Section 1, item C.

Staff Recommendation: Staff recommends that the Board approves compensation. Resolution 2015-01 is included in the Board Meeting package for reference.

X. FINANCIAL STATUS REPORT DECEMBER 2020

The Board will receive a Financial Status and Cash Balances Reports for Funds 5215, 5216 & 5217 and can request staff for explanation. The Board will be asked to accept the report as presented.

XI. CLOSED SESSION ITEM

Conference with Legal Counsel- Existing Litigation (Subdivision (d) of Section §54956.9)
Title of Case: Santa Barbara Superior Court Case Number: 18CV01923/Court of Appeal Case No. B298730. Lucinda Malott Successor Trustee versus Summerland Sanitary District.

XII. TREATMENT PLANT OPERATIONS SUPERVISOR REPORT

The Treatment Plant Operations Supervisor will provide a written report on operations, facility and collection system maintenance and will provide explanation where requested.

XIII. DISTRICT ADMINISTRATIVE MANAGER REPORT

The District Administrative Manager will provide a written report on District's administrative affairs and will provide explanation where requested.

XIV. BOARD COMMUNICATIONS

- A. Board Communications.
- B. Items for future Board meetings.
- C. Next Board meeting date.

XV. ADJOURNMENT



Minutes of the Regular Board of Directors Meeting

Thursday December 10, 2020 at 3:00 P.M.

These are the minutes of the regular meeting of the Governing Board of the Summerland Sanitary District. The Governing Board of the Summerland Sanitary District held a regular meeting outdoors at the district premises located at 2435 Wallace Ave, Summerland, California with social distancing protocols. The meeting was conducted in accordance with the Governor's Executive Order No. N-29-20. To minimize the potential spread of the Covid-19 virus, the District did not permit public access to the meeting location. The public was able to listen to the meeting telephonically by calling +1 669 900 6833 (San Jose) Meeting Code ID: 983 226 8568 or through the internet at <https://us02web.zoom.us/j/9832268568>.

The agenda notice for this meeting, including instructions for the public to provide comments and/or participate in the electronic meeting, was posted at the district's website, bulletin board and at the post office at least 72-hours in advance of the meeting.

PRESIDENT D. NOVIS CALLED THE REGULAR BOARD MEETING TO ORDER AT 3:01 P.M.

I. ROLL CALL

DIRECTORS PRESENT

JOLENE COLOMY
DAVID NOVIS
JOHN FRANKLIN
JAMES WITMER

ABSENT

MARTIN TUCKER

STAFF PRESENT

NOE AGUILAR VEGA Treatment Plant Operations Supervisor
MARJON SOUZA District Administrative Manager
ANTHONY TREMBLEY District Legal Counsel

II. PLEDGE OF ALLEGIANCE

III. ORGANIZATIONAL MEETING

See separate minutes.

IV. APPROVAL OF THE AGENDA

President D. Novis asked if there were any modifications and/or changes to the agenda. Hearing none, the agenda was approved as submitted.

V. PUBLIC COMMENT [NON-AGENDA ITEMS]

No public comments were submitted, and no public was present via telephone, or Zoom.

VIII. CLOSED SESSION ITEM

Conference with Legal Counsel- Existing Litigation (Subdivision (d) of Section §54956.9)

Summerland Sanitary District
Minutes Regular Board Meeting 12/10/2020

Title of Case: Santa Barbara Superior Court Case Number: 18CV01923/Court of Appeal Case No. B298730. Lucinda Malott Successor Trustee versus Summerland Sanitary District

Board President, D. Novis, announced that the Board entered into a closed session with legal counsel and district staff at 3:16 p.m.

President D. Novis announced that the Board reconvened into open session at 3:52 p.m. and reported that no action was taken.

VI. APPROVAL OF THE MINUTES FOR THE REGULAR BOARD MEETING OF NOVEMBER 12, 2020

[Action-item]

A motion was made by Director J. Colomy to approve the minutes of the Regular Board Meeting of November 12, 2020. The motion was seconded by Director J. Witmer. The motion was carried by the following roll call vote:

AYES:	4	J. Colomy, J. Franklin, D. Novis, J. Witmer
NOES:	0	None
ABSENT:	0	None
ABSTAIN:	1	M. Tucker

VII. APPROVAL OF THE MONTHLY EXPENSES FOR NOVEMBER 2020, INCLUDING PAYROLL AND PETTY CASH [Action-item]

District Management answered and clarified questions the Board had about pay out of bills. A motion was made by Director J. Franklin to approve the monthly expenses, including payroll and petty cash totaling \$86,326 for Fund 5215. The motion was seconded by Director J. Witmer. The motion was carried by the following roll call vote:

AYES:	4	J. Colomy, J. Franklin, D. Novis, J. Witmer
NOES:	0	None
ABSENT:	0	None
ABSTAIN:	1	M. Tucker

VIII. COMMITTEE REPORTS

A. Finance Committee Report

The Finance Committee did not meet.

B. Administration, Operations & Personnel (AOP) Committee Report

The AOP-Committee did not meet.

C. Ad-hoc Committee

No Report.

IX. NEW BUSINESS [Action Items]

A. **Outfall Hydraulic Study Proposal**

The Board of the Summerland Sanitary District received a proposal for a Hydraulic Study and was requested to approve the proposal and to authorize to the Treatment Plant Operations Supervisor to sign. Operations Supervisor N. Aguilar Vega informed the Board

that the study will determine if slip lining the outfall will be a valid option. If the outfall can be slip lined the cost is estimated around \$800,000. If the Outfall needs to be replaced, then the District should expect to double this amount. The process for permits can take a couple of years to be completed.

A motion was made by Director J. Franklin to approve the Study Proposal as presented and to authorize the Treatment Plant Operations Supervisor to sign the proposal. The motion was seconded by Director J. Colomy. The motion was carried by the following roll call vote:

AYES:	4	J. Colomy, J. Franklin, D. Novis, J. Witmer
NOES:	0	None
ABSENT:	0	None
ABSTAIN:	1	M. Tucker

B. Disposal of 2001 Chevrolet Company Truck

The Board of the Summerland Sanitary District was requested to approve the disposal of the 2001 Chevrolet Company Truck through J.J. Kane Auctioneers.

A motion was made by Director J. Witmer to approve the disposal of the 2001 Chevrolet Truck through J.J. Kane Auctioneers. The motion was seconded by Director J. Franklin. The motion was carried by the following roll call vote:

AYES:	4	J. Colomy, J. Franklin, D. Novis, J. Witmer
NOES:	0	None
ABSENT:	0	None
ABSTAIN:	1	M. Tucker

C. Resolution No. 2020-11: A Resolution by the Governing Board of the Summerland Sanitary District Adopting Regulations for Purchasing of Goods, Supplies and Services

The Board was requested to adopt Resolution 2020-11

A motion was made by Director J. Franklin to adopt Resolution 2020-11 with the amendment to remove the following sentence under Section 1: "All previously adopted regulations governing purchasing are amended in their entirety to read as follows:". The amended motion was seconded by Director J. Colomy. The motion was carried by the following roll call vote:

AYES:	4	J. Colomy, J. Franklin, D. Novis, J. Witmer
NOES:	0	None
ABSENT:	0	None
ABSTAIN:	1	M. Tucker

Resolution 2020-11 was signed and sealed.

D. Discussion with the Board of Directors to either elect, or decline, to become subject to the Uniform Public Construction Cost Accounting Act for bidding requirements for Public Works Contracts

The Board was requested to discuss becoming subject to the Uniform Public Construction (UCP) Cost Accounting Act for bidding requirements for Public Works Contract with the staff recommendation to decline.

Summerland Sanitary District
Minutes Regular Board Meeting 12/10/2020

The Board discussed the subject and opted to decline becoming subject to the UPC Cost Accounting Act.

X. FINANCIAL STATUS REPORT NOVEMBER 2020

The Board received a Financial Status and Cash Balances Reports for Funds 5215, 5216 & 5217 and staff provided explanation where requested. The Board accepted the report as presented.

XI. TREATMENT PLANT OPERATIONS SUPERVISOR REPORT

Treatment Plant Operations Supervisor N. Aguilar Vega provided a written report and in addition to the report he informed the board that the repair of blower #1 will be included in the capital project request for next fiscal year. 2560 Whitney Avenue Main Extension Project is going to plan, and the construction is almost completed.

XII. DISTRICT ADMINISTRATIVE MANAGER REPORT

District Administrative Manager M. Souza provided a written report and answered questions the board had regarding the report. M. Souza will work with a database developer on a small project to update of the District's customer database and will request additional funding for next FY if the project is successful to integrate additional property related information like district reporting and inspection data in the customer database.

XIII. BOARD COMMUNICATIONS

- A. Board communications: Holiday gathering that was planned for December 17th was canceled. President Novis thanked everyone for their service to the District. Noe Aguilar Vega and Marjon Souza thanked the Board for their time and service this past year and handed out chocolate bonbons as a token of appreciation.
- B. Items for future Board meetings: Presentation of Financial Statement FY19/20 by T. Solomon of Bartlett Pringle & Wolf, LLP.
- C. Next Board meeting date:
Regular Board Meeting January 14, 2021 at 3:00 p.m.

XIV. ADJOURNMENT

A motion was made by Director J. Colomy to adjourn the Regular meeting at 4:25 p.m. The motion was seconded by Director J. Witmer and passed with four ayes and one absent vote.

Respectfully submitted:

Jolene Colomy
Board Secretary

Date: January 14, 2020

Minutes prepared by M. Souza

**SUMMERLAND SANITARY DISTRICT
BOARD OF DIRECTOR'S ORGANIZATIONAL MEETING**

MINUTES

December 10, 2020

1. Certificates of Appointment and Oath of Offices

The Summerland Sanitary District received the Certificates of Appointments for the following candidates:

John W. Franklin	-	4-year term: December 4, 2020 through December 6, 2024
David Novis	-	4-year term: December 4, 2020 through December 6, 2024
Martin E. Tucker	-	4-year term: December 4, 2020 through December 6, 2024

The Clerk of the Board administered the Oath of Office for John W. Franklin and David Novis. Martin E. Tucker was absent.

2. The Clerk of the Board Announced that:

"Pursuant to law, this is the time and place for the meeting to organize the members as a Governing Board."

3. Election of a Board President

Nominee: David Novis

Motion to Approve: Jolene Colomy

Seconded By: John Franklin

Election of David Novis as the Board President was approved by the following roll call:

AYES: Jolene Colomy, John Franklin, David Novis, James Witmer

ABSENT: Martin Tucker

The Newly Elected President D. Novis Presided

4. Appointment of the Following Officers and Committees

Vice-President

Appointee(s): James Witmer

Motion to Approve: John Franklin

Seconded By: Jolene Colomy

Appointment of the Vice-President James Witmer was approved by the following roll call:

AYES: Jolene Colomy, John Franklin, David Novis, James Witmer

ABSENT: Martin Tucker

Organizational Minutes
December 10, 2020

Secretary

Appointee(s): Jolene Colomy

Motion to Approve: David Novis

Seconded By: James Witmer

Appointment of the Secretary Jolene Colomy was approved by the following roll call:

AYES: Jolene Colomy, John Franklin, David Novis, James Witmer

ABSENT: Martin Tucker

Secretary Pro Term

Appointee(s): Martin Tucker

Motion to Approve: David Novis

Seconded By: Jolene Colomy

Appointment of the Secretary Pro Term Martin Tucker was approved by the following roll call:

AYES: Jolene Colomy, John Franklin, David Novis, James Witmer

ABSENT: Martin Tucker

Finance Committee

Appointee(s): Jolene Colomy and John Franklin

Motion to Approve: David Novis

Seconded By: Jim Witmer

Appointment of Finance Committee was approved by the following roll call:

AYES: Jolene Colomy, John Franklin, David Novis, James Witmer

ABSENT: Martin Tucker

Administration, Operations & Personnel (AOP) Committee

Appointee(s): David Novis and Martin Tucker

Motion to Approve: Jolene Colomy

Seconded By: Jim Witmer

Appointment of the AOP Committee was approved by the following roll call:

AYES: Jolene Colomy, John Franklin, David Novis, James Witmer

ABSENT: Martin Tucker

5. **Other Organizational Decisions to be made by the Board**

- a. Designate the dates, time and place for holding regular meetings, pursuant to the requirements of Government Code section 54954(a) and Health and Safety Code section 6488.

Dates: Second Thursday of Each Month

Time: 3:00 P.M.

Place: District Premises

6. **President Announced:**

"The organizational procedures are complete. The Statement of Facts shall be filed with the Secretary of State and the Santa Barbara County Clerk, pursuant to Government Code section 53051(a) and (b). "The Board will now proceed with the regular meeting for District business as set forth in the agenda."

Expenditure Transactions Disbursement Report December 2020

From 12/1/2020 to 12/31/2020

Selection Criteria: Fund = 5215

Layout Options: Summarized By = Fund; Page Break At = Fund; Columns = Vendor

Fund 5215 -- SummerInd San Dist Running Exp

Document	Post On	Dept	LIAcct	Description	Amount	Vendor	Vendor Name
CLM - 0613369	12/3/2020		7508	Legal review Personnel Policies/Handbook	245.00	128645	LIGHTGABLER
CLM - 0613346	12/4/2020		7731	Gasoline November 2020	84.02	522736	McCormix Corporation
CLM - 0613348	12/4/2020		7516	Dig alert ticket cost November 2020	19.80	828128	UNDERGROUND SERVICE ALERT
CLM - 0613350	12/4/2020		7450	Drinking water delivery Nov 30, 2020	31.59	067307	CULLIGAN OF SYLMAR
CLM - 0613354	12/4/2020		7450	Drinking water delivery Nov 18, 2020	31.05	067307	CULLIGAN OF SYLMAR
CLM - 0613355	12/4/2020		7630	Gear Wrench Set	40.00	252171	Burbank Supply Co
CLM - 0613355	12/4/2020		7363	Diablo Blade Set	38.66	252171	Burbank Supply Co
CLM - 0613359	12/4/2020		7362	Wood filler, screws & plywood for Bathroom Project	102.34	151096	CARPINTERIA VALLEY LUMBER CO
CLM - 0614309	12/11/2020		7653	Comp. Ethics Training Acc to Res.2015-01	175.00	026964	DAVID NOVIS
CLM - 0614315	12/11/2020		7653	Comp. Ethics Training Acc to Res.2015-01	175.00	765907	John Franklin
CLM - 0614316	12/11/2020		7653	Comp. Ethics Training Acc to Res.2015-01	175.00	091927	JAMES WITMER
CLM - 0614277	12/14/2020		7763	MWD water usage Mainline Cleaning 3rd Q.	83.37	790180	Summerland Sanitary District
CLM - 0614277	12/14/2020		7510	Payroll Program 2 months subscription cost	140.00	790180	Summerland Sanitary District
CLM - 0614277	12/14/2020		7450	Office & Household suppl. plus face masks	191.22	790180	Summerland Sanitary District
CLM - 0614277	12/14/2020		7430	Cert renew. Grade I S.A. Collection M. Grade I E.N	266.00	790180	Summerland Sanitary District
CLM - 0614277	12/14/2020		7363	E.Nava Reimburse Smog Test	93.50	790180	Summerland Sanitary District
CLM - 0614277	12/14/2020		7363	S.A. Aguilar reimburse car battery and car plug	180.38	790180	Summerland Sanitary District
CLM - 0614304	12/14/2020		7363	Harben Jetter pump rebuild	2,664.58	027043	ALL AMERICAN SEWER TOOLS HARBEN CALIFORNIA
CLM - 0614307	12/14/2020		7460	Electrical Repair for Primary Clarifier MCC	472.50	226497	ELECTRICAL INSTRUMENTATION SERVICES
CLM - 0614317	12/14/2020		7460	Taft: Diagnosing motor overheating Blower #2	262.50	798153	Taft Electric Company
CLM - 0614319	12/14/2020		7763	Water November 2020	120.92	556712	MONTECITO WATER DISTRICT
CLM - 0614320	12/14/2020		7053	Internet and phone Nov 27 through Dec 26, 2020	385.44	776537	COX COMMUNICATIONS - BUSINESS
CLM - 0614323	12/14/2020		6600	Medical Benefits January 2021	7,848.60	002073	SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
CLM - 0614324	12/14/2020		7508	General Legal Services November 2020	3,725.00	111554	LAW OFFICE OF ANTHONY H TREMBLEY
CLM - 0614327	12/14/2020		7516	SWRCB WWTP Annual Billing 07/01/20 -06/30/21	4,302.00	795330	SWRCB/AFRS FEES
CLM - 0614329	12/14/2020		7516	SWRCB SSO Annual Billing 07/01/20 - 06/30/21	2,848.00	795330	SWRCB/AFRS FEES
JE - 0211914	12/15/2020		6475	HRA Administrative Fee - NOV 2020	9.00		
JE - 0212075	12/15/2020		6400	Retirement Contr. Payroll 12-15-2020	6,878.36		

MT

Expenditure Transactions

From 12/1/2020 to 12/31/2020

Selection Criteria: Fund = 5215

Layout Options: Summarized By = Fund; Page Break At = Fund; Columns = Vendor

Fund 5215 -- SummerInd San Dist Running Exp

Document	Post On	Dept	LI Acct	Description	Amount	Vendor	Vendor Name
JE - 0212075	12/15/2020		6475	Retirement Healthcare Contr. retirees 12-15-2020	241.67		
CLM - 0615537	12/17/2020		6100	Regular Salaries Dec 1-15, 2020	15,889.49	790178	Summerland Sanitary District
CLM - 0615537	12/17/2020		6270	Standby Dec 1-15, 2020	381.11	790178	Summerland Sanitary District
CLM - 0615537	12/17/2020		6500	Medicare and Fica Dec 1-15, 2020	1,312.50	790178	Summerland Sanitary District
CLM - 0615526	12/18/2020		7053	Internet and phone Oct 27-Nov 26, 2020	377.37	776537	COX COMMUNICATIONS - BUSINESS
CLM - 0615528	12/18/2020		7053	Phone Wireless December 2020	214.71	297454	VERIZON WIRELESS
CLM - 0615535	12/21/2020		7731	Gasoline December 2020	357.53	522736	McCormix Corporation
CLM - 0615527	12/23/2020		7121	563 gallons of Sod Bisulfite	1,783.58	214614	UNIVAR SOLUTIONS USA INC
CLM - 0615522	12/24/2020		7110	Comp. RBM 12/10/2020	175.00	091927	JAMES WITMER
CLM - 0615529	12/24/2020		7764	Trash Service November 2020	333.67	509950	MARBORG INDUSTRIES
CLM - 0615531	12/24/2020		7761	Electric Bill Nov 6- Dec 9, 2020	3,264.58	767200	SOUTHERN CALIFORNIA EDISON
CLM - 0615532	12/24/2020		7404	FGL Lab testing 10/12 -11/9/2020	1,031.00	270150	FGL ENVIRONMENTAL INC
CLM - 0615553	12/24/2020		6600	Dental, Vision and Life Ins. January 2021	513.68	002073	SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
CLM - 0615519	12/28/2020		7110	Comp. RBM 12/10/2020	175.00	026964	DAVID NOVIS
CLM - 0615521	12/28/2020		7110	Comp. RBM 12/10/2020	175.00	765907	John Franklin
CLM - 0615524	12/28/2020		7110	Comp. RBM 12/10/2020	175.00	009934	JOLENE M COLOMY
CLM - 0615525	12/28/2020		7653	Comp. Ethics Training Acc to Res.2015-01	175.00	009934	JOLENE M COLOMY
CLM - 0615745	12/28/2020		7363	Skimming nets, aluminum pole - credit	152.47	835122	USA BLUEBOOK
CLM - 0616566	12/30/2020		6100	Regular Salaries December 16- 31, 2020	16,349.76	790178	Summerland Sanitary District
CLM - 0616566	12/30/2020		6270	Standby December 16- 31, 2020	381.11	790178	Summerland Sanitary District
CLM - 0616566	12/30/2020		6300	Overtime December 16- 31, 2020	1,273.74	790178	Summerland Sanitary District
CLM - 0616566	12/30/2020		6500	Medicare and Fica December 16- 31, 2020	1,446.60	790178	Summerland Sanitary District
CLM - 0616624	12/30/2020		7430	CASA Annual Membership 2021	1,700.00	124540	CA ASSOC OF SANITATION AGENCIES
CLM - 0616630	12/30/2020		7121	800 Gallons of Sodium Hypochlorite	1,897.00	214614	UNIVAR SOLUTIONS USA INC
CLM - 0616663	12/30/2020		7450	Office & Household supp. & foldable table	195.24	790180	Summerland Sanitary District
CLM - 0616663	12/30/2020		7363	Radiator CCTV-Van & Lawn Mover Belt	243.54	790180	Summerland Sanitary District
CLM - 0616668	12/30/2020		7324	3rd invoice Audit FY 2019/20	2,000.00	067460	BARTLETT PRINGLE & WOLF
JE - 0212352	12/31/2020		6400	Retirement Contr. Payroll 12-31-2020	7,099.10		
JE - 0212352	12/31/2020		6475	Retirement Healthcare Contr. retirees 12-31-2020	241.67		

Expenditure Transactions

From 12/1/2020 to 12/31/2020

Selection Criteria: Fund = 5215

Layout Options: Summarized By = Fund; Page Break At = Fund; Columns = Vendor

Fund 5215 -- SummerInd San Dist Running Exp

Document	Post On	Dept	LIAcct	Description	Amount	Vendor	Vendor Name
				Total SummerInd San Dist Running Exp	91,144.95		

January 14, 2021

Board of Directors
Summerland Sanitary District
P.O. Box 417
Summerland, CA 93067

We are pleased to present this letter related to our audit of the financial statements of Summerland Sanitary District (the District) for the year ended June 30, 2020. This letter is to inform the Board of Directors about significant matters related to the conduct of the annual audit so that it can appropriately discharge its oversight responsibility, and we can comply with professional standards.

The following summarizes various matters which must be communicated to you under auditing standards generally accepted in the United States of America.

The Respective Responsibilities of the Auditor and Management

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated April 28, 2020, which includes communication regarding the planned scope and timing of our audit and our identification of and planned audit response to significant risks of material misstatement. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

The following is a list of the matters, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Alternative Treatments Discussed with Management

We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the District's financial statements:

Useful Lives of Capitalized Assets and Depreciation

The District assigns useful lives to capital assets of between 5 and 50 years. The District depreciates the assets on a straight-line basis. The actual useful lives of these assets could differ from the assigned lives.

Other Postemployment Benefits

In accordance with GASB Statement No. 75, each participating cost-sharing employer is required to report its proportionate share of the collective net OPEB liability, OPEB expense, and deferred outflows/inflows of resources. SBCERS actuaries calculated these amounts in accordance with the parameters of GASB 75.

Net Pension Liability

In accordance with GASB Statement No. 68, each participating cost-sharing employer is required to report its proportionate share of the collective net pension liability, pension expense, and deferred outflows/inflows of resources. SBCERS actuaries calculated these amounts in accordance with the parameters of GASB 68.

Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. The definition includes adjustments which were not recorded by the District because they are not material to the current financial statements but might be potentially material to future financial statements.

The following adjustments were recorded after the initial trial balance was provided:

- \$29,723 to include cash accounts not recorded by the County.
- \$20,113 to accrue accounts payable at year end.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management during the audit.

Management Representations

In conjunction with the audit of the financial statements, we have been provided a letter of certain representations from management dated January 14, 2021.

Conclusion

This report is intended solely for the information and use of the Board of Directors and management it is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Summerland Sanitary District.

Very truly yours,

BARTLETT, PRINGLE & WOLF, LLP
Certified Public Accountants and Consultants

DRAFT

**SUMMERLAND
SANITARY DISTRICT
June 30, 2020 and 2019
FINANCIAL STATEMENTS**



BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

SUMMERLAND SANITARY DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1 - 2
Management's Discussion and Analysis.....	3 - 9
Basic Financial Statements:	
Statement of Net Position.....	10
Statement of Revenues, Expenses and Changes in Net Position.....	11
Statement of Cash Flows.....	12
Notes to Financial Statements.....	13 - 31
Required Supplementary Information:	
Santa Barbara County Employees' Retirement System – Schedule of Summerland Sanitary District's Proportionate Share of the Net Pension Liability.....	32
Santa Barbara County Employees' Retirement System – Schedule of Summerland Sanitary District's Contributions.....	33
Other Post-Employment Benefits (OPEB) Plan – Schedule of Changes in the Net OPEB Liability and Related Ratios.....	34

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Summerland Sanitary District:**

Report on the Financial Statements

We have audited the accompanying financial statements of Summerland Sanitary District (the District) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and state regulations governing special districts; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the State Controller's *Minimum Audit Requirements of California Special Districts*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2020 and 2019, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matter

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9, the Santa Barbara County Employees' Retirement System Schedule of Summerland Sanitary District's Proportionate Share of the Net Pension Liability on page 32, the Santa Barbara County Employees' Retirement System Schedule of Summerland Sanitary District's Contributions on page 33, and the Other Postemployment Benefits (OPEB) Plan Schedule of Changes in the Net OPEB Liability and Related Ratios on page 34, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Santa Barbara, California
January 14, 2021

**SUMMERLAND SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DRAFT

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Summerland Sanitary District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the District's financial statements and related notes, which follow this section.

Financial Statements

This discussion and analysis provides an introduction and a brief description of the District's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The District's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements

The statement of net position includes all the District's assets and deferred outflows and liabilities and deferred inflows, with the difference reported as net position. Net position may be displayed in the categories:

- Net Investment in Capital Assets
- Restricted Net Position
- Unrestricted Net Position

The statement of net position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The statement of revenues, expenses and changes in net position presents information which shows how the District's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net position measures the success of the District's operations over the past year and determines whether the District has recovered its costs through user fees and other charges.

The statement of cash flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operating
- Non-capital financing
- Capital and related financing
- Investing

This statement differs from the statement of revenues, expenses and changes in net position because the statement of cash flows accounts only for transactions that result in cash receipts or cash disbursements.

**SUMMERLAND SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DRAFT

Financial Statements (Continued)

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements. The notes to the basic financial statements can be found on pages 13 through 31.

Financial Highlights

- The District's net position increased by 6.1% or \$214,581 to \$3,711,427 in fiscal year 2020 as a result of a \$214,581 increase from operations. In the prior year, the District's net position increased by 3.4% or \$116,036 to \$3,496,846 in fiscal year 2019 as a result of a \$116,036 increase from operations.
- The District's operating revenues increased by 0.9% or \$9,165 in fiscal year 2020. In the prior year, operating revenues increased by 10.2% or \$94,000.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position reports information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Statement of Net Position

One can think of the District's net position – the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources – as a way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in Federal and State wastewater standards.

The District has an Operations Fund, A Restricted Capital Facilities Fund, and an Unrestricted Board Designated Fund for Capital Replacement and Repair (respectively fund 5215, 5216 and 5217).

The District's net position at June 30, 2020 totaled \$3,711,427 compared to \$3,496,846 at June 30, 2019. The increase in net position can be attributed to an increase from operations.

**SUMMERLAND SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DRAFT

Condensed Statement of Net Position

The following is a summary of the District's statement of net position as of June 30, 2020 compared to June 30, 2019:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Assets:			
Current assets	\$ 1,820,888	\$ 1,639,153	\$ 181,735
Restricted assets	342,877	303,605	39,272
Capital assets, net	2,589,792	2,543,720	46,072
Other assets	1,664	1,664	-
Total assets	<u>4,755,221</u>	<u>4,488,142</u>	<u>267,079</u>
Deferred Outflows of Resources:			
Deferred pensions	364,223	364,746	(523)
Deferred other post-employment benefits	11,805	4,694	7,111
Total deferred outflows of resources	<u>376,028</u>	<u>369,440</u>	<u>6,588</u>
Liabilities:			
Current liabilities	46,349	17,489	28,860
Long-term liabilities	1,258,618	1,222,440	36,178
Total liabilities	<u>1,304,967</u>	<u>1,239,929</u>	<u>65,038</u>
Deferred Inflows of Resources:			
Deferred pensions	94,760	99,649	(4,889)
Deferred other post-employment benefits	20,095	21,158	(1,063)
Total deferred inflows of resources	<u>114,855</u>	<u>120,807</u>	<u>(5,952)</u>
Net Position:			
Net investment in capital assets	2,589,792	2,543,720	46,072
Restricted	311,461	303,605	7,856.00
Unrestricted	55,872	109	55,763.00
Unrestricted, board designated for capital	754,302	649,412	104,890.00
Total net position	<u>\$ 3,711,427</u>	<u>\$ 3,496,846</u>	<u>\$ 214,581</u>

Assets of the District exceed liabilities by \$3,711,427 as of June 30, 2020 and \$3,496,846 as of June 30, 2019.

A large portion of the District's net position (70% and 73% as of June 30, 2020 and June 30, 2019, respectively) reflects its net investment in capital assets used to acquire those assets that are still outstanding. The District uses these capital assets to provide sewer service to customers within the District's service area; consequently, these assets are *not* available for future spending.

Restricted net position as of June 30, 2020 and June 30, 2019 was \$311,461 and \$303,605, respectively, and is restricted for capital outlay.

At the end of the fiscal years 2020 and 2019, the District shows a positive balance in its unrestricted net position of \$810,174 and \$649,521, respectively, which may be utilized in future years. As of June 30, 2020 and June 30, 2019, \$754,302 and \$649,412, respectively, of the unrestricted balance was designated and reserved by the board for capital replacement and repair.

**SUMMERLAND SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DRAFT

Statement of Net Position (Continued)

The following is a summary of the District's statement of net position as of June 30, 2019 compared to June 30, 2018:

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Assets:			
Current assets	\$ 1,639,153	\$ 1,566,516	\$ 72,637
Restricted assets	303,605	244,857	58,748
Capital assets, net	2,543,720	2,602,879	(59,159)
Other assets	1,664	2,404	(740)
Total assets	<u>4,488,142</u>	<u>4,416,656</u>	<u>71,486</u>
Deferred Outflows of Resources:			
Deferred pensions	364,746	322,031	42,715
Deferred other post-employment benefits	4,694	4,912	(218)
Total deferred outflows of resources	<u>369,440</u>	<u>326,943</u>	<u>42,497</u>
Liabilities:			
Current liabilities	17,489	29,127	(11,638)
Long-term liabilities	1,222,440	1,223,791	(1,351)
Total liabilities	<u>1,239,929</u>	<u>1,252,918</u>	<u>(12,989)</u>
Deferred Inflows of Resources:			
Deferred pensions	99,649	95,722	3,927
Deferred other post-employment benefits	21,158	14,149	7,009
Total deferred inflows of resources	<u>120,807</u>	<u>109,871</u>	<u>10,936</u>
Net Position:			
Net investment in capital assets	2,543,720	2,602,879	(59,159)
Restricted	303,605	229,422	74,183
Unrestricted	109	1,649	(1,540)
Unrestricted, board designated for capital	649,412	546,860	102,552
Total net position	<u>\$ 3,496,846</u>	<u>\$ 3,380,810</u>	<u>\$ 116,036</u>

Assets of the District exceed liabilities by \$3,496,846 as of June 30, 2019 and \$3,380,810 as of June 30, 2018.

A large portion of the District's net position (73% and 77% as of June 30, 2019 and June 30, 2018, respectively) reflects its net investment in capital assets used to acquire those assets that are still outstanding. The District uses these capital assets to provide sewer service to customers within the District's service area; consequently, these assets are *not* available for future spending.

Restricted net position as of June 30, 2019 and June 30, 2018 was \$303,605 and \$229,422, respectively, and is restricted for capital outlay.

**SUMMERLAND SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DRAFT

Statement of Net Position (Continued)

At the end of the fiscal years 2019 and 2018, the District shows a positive balance in its unrestricted net position of \$649,521 and \$548,509, respectively, which may be utilized in future years. As of June 30, 2019, \$649,412 of the unrestricted balance was designated and reserved by the board for capital replacement and repair.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position shows how the District's net position changed during the fiscal year. Net position increased by \$214,581 for the fiscal year ended June 30, 2020 and increased by \$116,036 for the fiscal year ended June 30, 2019. Following is a summary of the District's statement of revenues, expenses and changes in net position for the year ending June 30, 2020 compared to June 30, 2019:

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 1,024,495	\$ 1,015,330	\$ 9,165
Non-operating revenues	400,897	285,147	115,750
Total revenues	<u>1,425,392</u>	<u>1,300,477</u>	<u>124,915</u>
Expenses:			
Operating expenses	1,062,440	1,036,190	26,250
Depreciation	148,371	148,251	120
Total expenses	<u>1,210,811</u>	<u>1,184,441</u>	<u>26,370</u>
Change in net position	214,581	116,036	98,545
Net position, beginning of year	<u>3,496,846</u>	<u>3,380,810</u>	<u>116,036</u>
Net position, end of year	<u>\$ 3,711,427</u>	<u>\$ 3,496,846</u>	<u>\$ 214,581</u>

In 2020 the District's total revenues increased by \$124,915 primarily due to contributed capital of the Ortega Ridge Road mainline extension. Total expenses increased by \$26,370 primarily due to pension cost.

**SUMMERLAND SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DRAFT

Statement of Revenues, Expenses and Changes in Net Position (Continued)

Following is a summary of the District's statement of revenues, expenses and changes in net position for the year ending June 30, 2019 compared to June 30, 2018:

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 1,015,330	\$ 921,330	\$ 94,000
Non-operating revenues	285,147	249,207	35,940
Total revenues	<u>1,300,477</u>	<u>1,170,537</u>	<u>129,940</u>
Expenses:			
Operating expenses	1,036,190	971,493	64,697
Depreciation	148,251	145,374	2,877
Total expenses	<u>1,184,441</u>	<u>1,116,867</u>	<u>67,574</u>
Change in net position	116,036	53,670	62,366
Net position, beginning of year	3,380,810	3,445,286	(64,476)
Prior period adjustment	-	(118,146)	118,146
Net position, beginning of year, as restated	<u>3,380,810</u>	<u>3,327,140</u>	<u>53,670</u>
Net position, end of year	<u>\$ 3,496,846</u>	<u>\$ 3,380,810</u>	<u>\$ 116,036</u>

In 2019 the District's total revenues increased by \$129,940, due primarily to an increase in sewer services. Total expenses increased by \$67,574 primarily due to: increases in salaries and benefits, merit pay, pension cost and legal fees.

Property and Equipment

Changes in property and equipment for fiscal year ending June 30, 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2020</u>
Non-depreciable assets	\$ 2,525	\$ -	\$ -	\$ 2,525
Depreciable assets	5,255,476	196,387	(46,322)	5,405,541
Accumulated depreciation	<u>(2,714,281)</u>	<u>(148,371)</u>	<u>44,378</u>	<u>(2,818,274)</u>
Total property and equipment, net	<u>\$ 2,543,720</u>	<u>\$ 48,016</u>	<u>\$ (1,944)</u>	<u>\$ 2,589,792</u>

SUMMERLAND SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

DRAFT

Property and Equipment (Continued)

Changes in property and equipment for fiscal year ending June 30, 2019 were as follows:

	Balance 2018	Additions/ Transfers	Deletions/ Transfers	Balance 2019
Non-depreciable assets	\$ 2,525	\$ -	\$ -	\$ 2,525
Depreciable assets	5,274,300	94,512	(113,336)	5,255,476
Accumulated depreciation	(2,673,946)	(148,251)	107,916	(2,714,281)
Total property and equipment, net	<u>\$ 2,602,879</u>	<u>\$ (53,739)</u>	<u>\$ (5,420)</u>	<u>\$ 2,543,720</u>

At the end of fiscal years 2020 and 2019, the District's investment in capital assets net of accumulated depreciation amounted to \$2,589,792 and \$2,543,720, respectively. This investment in capital assets includes land, sewage treatment facilities, subsurface lines, ocean outfall lines and equipment. Capital assets additions during 2020 include \$109,890 for subsurface lines and \$86,497 for equipment additions. During 2019, additions include \$80,345 for subsurface lines and \$14,167 for equipment additions. Additionally, capital assets deletions during 2020 include \$27,548 for sewage treatment facilities, \$4,983 for subsurface lines and \$13,791 for equipment with accumulated depreciation amounted to \$44,378. During 2019 capital assets deletions include \$11,183 for sewage treatment facilities and \$102,153 for equipment with accumulated depreciation amounted to \$107,916.

Conditions Affecting Current Financial Position

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present and future.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Administrative Manager at 2435 Wallace Avenue, Summerland, CA 93067.

SUMMERLAND SANITARY DISTRICT
STATEMENT OF NET POSITION
June 30, 2020 and 2019

DRAFT

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 1,815,320	\$ 1,631,138
Interest receivable	5,568	8,015
Total current assets	<u>1,820,888</u>	<u>1,639,153</u>
Restricted assets:		
Cash and cash equivalents, restricted (Note 2)	341,804	302,103
Interest receivable, restricted	1,073	1,502
Total restricted assets	<u>342,877</u>	<u>303,605</u>
Property and equipment:		
Total property and equipment	5,408,066	5,258,001
Accumulated depreciation	<u>(2,818,274)</u>	<u>(2,714,281)</u>
Net property and equipment (Notes 1 and 3)	<u>2,589,792</u>	<u>2,543,720</u>
Other assets:		
Other receivable	1,664	1,664
Total assets	<u>4,755,221</u>	<u>4,488,142</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pensions (Note 4)	364,223	364,746
Deferred other post-employment benefits (Note 5)	11,805	4,694
Total deferred outflows of resources	<u>376,028</u>	<u>369,440</u>
LIABILITIES		
Current liabilities:		
Accounts payable	46,349	17,489
Total current liabilities	<u>46,349</u>	<u>17,489</u>
Long-term liabilities:		
Accrued compensated absences (Note 1)	23,781	59,167
Other accrued expenses (Note 7)	153,000	153,000
Net pension liability (Note 4)	906,106	848,594
Other post-employment benefits liability (Note 5)	175,731	161,679
Total long-term liabilities	<u>1,258,618</u>	<u>1,222,440</u>
Total liabilities	<u>1,304,967</u>	<u>1,239,929</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pensions (Note 4)	94,760	99,649
Deferred other post-employment benefits (Note 5)	20,095	21,158
Total deferred inflows of resources	<u>114,855</u>	<u>120,807</u>
NET POSITION		
Net investment in capital assets	2,589,792	2,543,720
Restricted	311,461	303,605
Unrestricted	55,872	109
Unrestricted, board designated for capital	<u>754,302</u>	<u>649,412</u>
Total net position	<u>\$ 3,711,427</u>	<u>\$ 3,496,846</u>

See accompanying notes

DRAFT

SUMMERLAND SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Service charges	\$ 976,035	\$ 936,347
Connection fees	37,880	71,424
Inspection fees	5,580	5,143
Administrative revenue	5,000	2,416
Total operating revenues	<u>1,024,495</u>	<u>1,015,330</u>
Operating expenses:		
Salaries and benefits	791,210	756,715
Facilities	93,226	90,607
Services and supplies	178,004	188,868
Depreciation	148,371	148,251
Total operating expenses	<u>1,210,811</u>	<u>1,184,441</u>
Operating loss	<u>(186,316)</u>	<u>(169,111)</u>
Non-operating revenues (expenses):		
Property taxes	253,513	240,070
Loss on disposal of assets	(1,947)	(5,420)
Investment earnings	39,441	50,497
Net non-operating income	<u>291,007</u>	<u>285,147</u>
Change in net position before contributions	104,691	116,036
Capital contributions	<u>109,890</u>	<u>-</u>
Change in net positions	214,581	116,036
Net position, beginning of year	<u>3,496,846</u>	<u>3,380,810</u>
Net position at end of year	<u>\$ 3,711,427</u>	<u>\$ 3,496,846</u>

See accompanying notes

**SUMMERLAND SANITARY DISTRICT
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019**

DRAFT

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 1,024,495	\$ 1,016,070
Cash payments to suppliers for goods and services	(242,370)	(291,113)
Cash payments to employees for services	<u>(767,572)</u>	<u>(789,627)</u>
Net cash provided (used) by operating activities	<u>14,553</u>	<u>(64,670)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from property taxes	<u>253,513</u>	<u>240,070</u>
Net cash provided by noncapital financing activities	<u>253,513</u>	<u>240,070</u>
Cash Flows from Capital and Related Financing Activities:		
Additions-equipment	(86,497)	(14,156)
Additions-subsurface lines	<u>-</u>	<u>(80,356)</u>
Net cash used by capital and related financing activities	<u>(86,497)</u>	<u>(94,512)</u>
Cash Flows from Investing Activities:		
Investment earnings	<u>42,314</u>	<u>47,571</u>
Net cash provided by investing activities	<u>42,314</u>	<u>47,571</u>
Net change in cash	223,883	128,459
Cash and restricted cash and equivalents at beginning of period	<u>1,933,241</u>	<u>1,804,782</u>
Cash and restricted cash and equivalents at end of period	<u>\$ 2,157,124</u>	<u>\$ 1,933,241</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$ (186,316)	\$ (169,111)
Adjustments to reconcile operating loss to net cash provide (used)		
by operating activities:		
Depreciation	148,371	148,251
Decrease (increase) in:		
Other receivable	-	740
Deferred outflows	(6,588)	(42,497)
Increase (decrease) in:		
Accounts payable	28,860	(11,638)
Net pension liability	57,512	34,828
Other post-employment benefits	14,052	(3,651)
Deferred inflows	(5,952)	10,936
Accrued compensated absences	<u>(35,386)</u>	<u>(32,528)</u>
Net cash provided (used) by operating activities	<u>\$ 14,553</u>	<u>\$ (64,670)</u>

See accompanying notes

**SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

DRAFT

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

A) Organization and Operations of the Reporting Entity

Summerland Sanitary District (District) was formed in 1957, under the provisions of the Sanitary District Act of 1923 Health and Safety Code, State of California, Section 6400, et seq. The District is located in an area generally known as Summerland in Santa Barbara, California. The District was organized to provide sewage collection and treatment for residents within the District's geographical boundaries.

The District is governed by a Board of Directors consisting of five members elected at large. The Directors serve with minimal compensation for attendance at official board meetings or services as adopted through resolution 2006-01. The Board employs and is assisted by a General Manager, Secretary/Clerk of the Board, and such other personnel as are required to operate the District.

B) Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through use charges for sewer services and connection fees. Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and the producing and delivering of goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges for sewer services and connection fees. Operating expenses of the District include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District is responsible for funding all of its expenses, regardless of the operation or non-operating classification.

The financial statements of the District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

C) Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

D) Budgetary Policies

The District prepares an annual budget which estimates major sources of revenue to be received during the fiscal year, as well as estimated expenditures needed for operation of District facilities.

E) Property Taxes and Sewer Service Charges

Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations. Secured property taxes are levied on July 1 and become delinquent on December 10 and April 10, for the first and second installments, respectively. Unsecured personal property taxes are collected in one installment and become delinquent August 31.

Property taxes and sewer service charges are allocated on the County of Santa Barbara's annual tax bills to property owners who receive sewer service by the District. The County of Santa Barbara Tax Collector's Office collects the property taxes and sewer charge payments from the property owners and transfers the collection to the District's operating fund held with the County Treasurer's Office. During fiscal year 1994, the District adopted the *Teeter Plan* as defined under California Revenue and Taxation Code. Under the Teeter Plan, the District receives from the County 99.5% of the annual assessed secured and unsecured property taxes and 100% of its annual sewer service charges for the year, with the County responsible for the collection of any delinquent property taxes and sewer service charges. Therefore, the County receives the benefits of collecting all penalty and interest charges on the delinquent property taxes and sewer service charges; hence, no accrual for uncollected property taxes and sewer service charges is recorded at year-end.

F) Compensated Absences

Vacation Accrual

Employees are encouraged to use their accrued vacation benefits each calendar year. Full and part-time employees may accrue up to a maximum of two times their annual accrual amount as indicated below based upon full-time employment.

<u>Years of Service Completed</u>	<u>Maximum Vacation Accrual</u>
Up to 4 years	160 hours
5 to 9 years	240 hours
10 to 14 years	320 hours
15+ years	400 hours

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

F) Compensated Absences (Continued)

In the event an employee's earned but unused vacation benefit reaches the maximum accrual that is allowed, vacation benefits will cease to accrue until the employee takes enough vacation to lower the maximum accrual entitlement. Vacation benefit accruals will then resume up to the maximum time allowed.

Sick Leave Pay Out

Employees hired before May 2008

Upon retirement from the District through the County Retirement System, all accrued unused sick leave up to a maximum of 90 (ninety) days shall be paid to the employee in accordance with the following schedule:

<u>Years of Service Completed</u>	<u>Sick Leave Pay Out</u>
Up to 10 years	50%
10 to 20 years	75%
20+ years	100%

Sick leave pay will be calculated based on the employee's current regular hourly rate of pay. Accumulated sick leave over 90 (ninety) days will be rolled over to the retirement system for service time credit.

Employees hired after May 2008

Upon retirement from the District accumulated sick leave will be rolled over into the retirement system for service time credit. Employees who voluntarily resign before retirement through the County Retirement System or are discharged from District service are not eligible for sick leave pay-out of any accrued and unused sick leave hours.

As of June 30, 2020 and 2019 compensated absences were \$23,781 and \$59,167, respectively.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

G) Property and Equipment

Property and equipment acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$1,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Sewage treatment facilities – 5 to 50 years
- Subsurface lines – 5 to 50 years
- Ocean outfall lines – 8 to 20 years
- Equipment – 3 to 30 years

H) Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, and is classified into three components as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds.

Restricted – This component of net position consists of assets which are legally restricted by outside parties for use for a specific purpose.

Unrestricted – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.” Dedicated net position represents unrestricted assets which are segregated by the Board of Directors for specific future uses.

When an expense is incurred for purposes for which both unrestricted and restricted resources are available for use, it is the District's policy to apply restricted assets first, then unrestricted resources.

I) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Summerland Sanitary District's proportionate share of the Santa Barbara County Employees' Retirement System (Retirement System) plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Retirement System. 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.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

J) Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the total OPEB liability of the District and additions to/deductions from the District's OPEB liability have been determined on the same basis. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms.

K) Future Governmental Accounting Standards Board (GASB) Pronouncements

The Governmental Accounting Standards Board Statements listed below will be implemented in future financial statements. These statements will be evaluated by the District to determine if they will have a material impact to the financial statements once effective.

Statement No. 87 *"Leases"*

The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 89 *"Accounting for Interest Cost Incurred Before the End of a Construction Period"*

The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)

Note 2 – Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months to be cash equivalents.

Authorized Deposits and Investments

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions. Investments are to be made in the Santa Barbara County Pooled Investment Fund (SBCPIF).

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon liquidation or sale of investments.

Cash and cash equivalents are classified in the statement of net position as of June 30, as follows:

	2020	2019
Cash and cash equivalents, unrestricted	\$ 1,815,320	\$ 1,631,138
Cash and cash equivalents, restricted capacity fees	341,804	302,103
Total	<u>\$ 2,157,124</u>	<u>\$ 1,933,241</u>

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 2 – Cash and Cash Equivalents (Continued)

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

	<u>2020</u>	<u>2019</u>
Deposits held with financial institutions	\$ 29,773	\$ 30,813
Deposits held with Santa Barbara County Pooled Investment Fund (SBCPIF)	2,127,351	1,902,428
Total	<u>\$ 2,157,124</u>	<u>\$ 1,933,241</u>

Santa Barbara County Pooled Investment Fund

The cash with the County of Santa Barbara is managed by the County Treasurer's Office. Sewer service charges and property taxes collected for the District are deposited in the District's operating account (fund). The majority of expenses of the District are processed through this account. The Pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like Pool. California Government Code statutes and the County Treasury Oversight Committee set forth the various investment policies that the County Treasurer must follow. All participants in the Pool are allocated their proportionate share of the net realized earnings on investments quarterly based upon each participant's average daily cash balance. Unrealized gains and losses are also apportioned quarterly to participants based upon the participant's ending cash balance. Credit and market risk is unknown for the District's Pool share. The fair value of the Pool is based on the value of the Pool shares.

The County of Santa Barbara's bank deposits are either federally insured or collateralized in accordance with the California Government Code. Pool detail is included in the County of Santa Barbara's Comprehensive Annual Financial Report (CAFR). Copies of the CAFR may be obtained from the County of Santa Barbara Auditor-Controller's Office – 105 E. Anapamu Street, Santa Barbara, CA 93101.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depositor financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. The District had deposits with bank balances of \$29,773 as of June 30, 2020. Of the bank balance, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

**SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

DRAFT

Note 2 – Cash and Cash Equivalents (Continued)

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 Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as SBCPIF).

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value is sensitive to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The SBCPIF is considered to have a maturity of less than 12 months.

Note 3 – Property and Equipment

Property and equipment additions during 2020 include \$109,890 for subsurface lines and \$86,497 for equipment additions. Additionally, property and equipment deletions during 2020 include \$27,548 for sewage treatment facilities, \$4,983 for subsurface lines and \$13,791 for equipment. Changes in capital assets during 2020 were as follows:

	Balance 2019	Additions	Disposals	Balance 2020
Non-depreciable assets:				
Land	\$ 2,525	\$ -	\$ -	\$ 2,525
Total non-depreciable assets	2,525	-	-	2,525
Depreciable assets:				
Sewage treatment facilities	2,943,129	-	(27,548)	2,915,581
Subsurface lines	1,603,345	109,890	(4,983)	1,708,252
Ocean outfall lines	52,961	-	-	52,961
Equipment	656,041	86,497	(13,791)	728,747
Total depreciable assets	5,255,476	196,387	(46,322)	5,405,541
Accumulated depreciation	(2,714,281)	(148,371)	44,378	(2,818,274)
Total depreciable assets, net	2,541,195	48,016	(1,944)	2,587,267
Total capital assets, net	\$ 2,543,720	\$ 48,016	\$ (1,944)	\$ 2,589,792

**SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

DRAFT

Note 3 – Property and Equipment (Continued)

Property and equipment additions during 2019 include \$80,345 for subsurface lines and \$14,167 for equipment additions. Additionally, property and equipment deletions during 2019 include \$11,183 for sewage treatment facilities and \$102,153 for equipment. Changes in capital assets during 2019 were as follows:

	Balance 2018	Additions	Disposals	Balance 2019
Non-depreciable assets:				
Land	\$ 2,525	\$ -	\$ -	\$ 2,525
Total non-depreciable assets	<u>2,525</u>	<u>-</u>	<u>-</u>	<u>2,525</u>
Depreciable assets:				
Sewage treatment facilities	2,954,312	-	(11,183)	2,943,129
Subsurface lines	1,523,000	80,345	-	1,603,345
Ocean outfall lines	52,961	-	-	52,961
Equipment	<u>744,027</u>	<u>14,167</u>	<u>(102,153)</u>	<u>656,041</u>
Total depreciable assets	5,274,300	94,512	(113,336)	5,255,476
Accumulated depreciation	<u>(2,673,946)</u>	<u>(148,251)</u>	<u>107,916</u>	<u>(2,714,281)</u>
Total depreciable assets, net	<u>2,600,354</u>	<u>(53,739)</u>	<u>(5,420)</u>	<u>2,541,195</u>
Total capital assets, net	<u><u>\$ 2,602,879</u></u>	<u><u>\$ (53,739)</u></u>	<u><u>\$ (5,420)</u></u>	<u><u>\$ 2,543,720</u></u>

Note 4 – Retirement Plan

General Information about the Pension Plans

Plan Descriptions –The District is a member of Santa Barbara County’s cost sharing multiple-employer defined benefit pension plan, which is administered by the Santa Barbara County Employees’ Retirement System (Retirement System). On April 28, 1994, the Board of Directors approved and adopted Resolution No. 1984-01, allowing the employees of the District to join the Santa Barbara County Employees’ Retirement System. The Retirement System was organized under the provision of the 1937 County Employees Retirement Act on January 1, 1944.

The District currently participates in General Plan 5B for employees who started prior to January 1, 2013, and PEPR Plan 8 for employees who started on or after January 1, 2013. All plans provide benefits as defined by law upon retirement, death or disability of members based upon a combination of age, years of service, final average salary (generally the 12 highest paid consecutive months), and the benefit options selected. Cost-of-living adjustments after retirement are provided in these plans.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 4 – Retirement Plan (Continued)

Fiduciary Responsibility –The Retirement System is controlled by its own Retirement Board, which acts as a fiduciary agent for the accounting and control of the member and employee contributions and investment income. The Retirement System issues its own Comprehensive Annual Financial Report which includes note disclosures and required supplementary information for the pension plan. This may be obtained online at www.sbcers.org or by writing to the Santa Barbara County Employees' Retirement System at 3916 State Street, Suite 210, Santa Barbara, CA 93105.

Benefits Provided –All pension plans provide benefits, in accordance with CERL regulations, upon retirement, disability or death of members. Retirement benefits are based on years of service, final average compensation, and retirement age. Employees terminating before accruing 5 years of retirement service credit (5 year vesting) forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within the prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning 5 years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. Differences between expected or actual experience for vested and non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

Service related disability benefits are based upon final average compensation or retirement benefits (if eligible). Non-service related disability benefits are based on 1) years of service and final average compensation or 2) retirement benefits (if eligible). Death benefits are based upon a variety of factors including whether the participant was retired or not. Annual cost-of-living adjustments (COLAs) after retirement are provided in all plans. COLAs are granted to eligible retired members each April based upon the Bureau of Labor Statistics Average Consumer Price Index (CPI) for All Urban Consumers for the Los Angeles-Riverside-Orange County area as of the preceding January 1 and is subject to an annual maximum dependent upon the provisions of the plans.

Specific details for the retirement, disability or death benefit calculations and COLA maximums for each of the pension plans are available in the separately issued SBCERS' Comprehensive Annual Financial Report (CAFR).

Contributions – Per Article 16 of the Constitution of the State of California, contribution requirements of the active employees and the participating employers are established and may be amended by the SBCERS Board of Retirement. Depending upon the applicable plan, employees are required to contribute a certain percent of their annual pay. For each of the plans, the District's contractually required contribution rate for the years ended June 30, 2020 and 2019, was a specified percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Additional amounts required to finance any unfunded accrued liability are the responsibility of the plan sponsors. Active members are plan members who are currently accruing benefits and/or paying contributions into the applicable plan.

**SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

DRAFT

Note 4 – Retirement Plan (Continued)

The employer and employee contribution rates in effect at June 30, 2020 (measurement date June 30, 2019), are summarized as follows:

	<u>General Plan 5B</u>	<u>PEPRA Plan 8</u>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 57	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-62	52-67
Monthly benefits, as a % of eligible compensation	0.6681% to 1.3093%	0.0100% to 0.0250%
Required employee contribution rates	5.86% - 12.15%	8.31% - 9.30%
Required employer contribution rates	35.56%	29.03% - 30.02%

The Plans' provisions and benefits in effect at June 30, 2019 (measurement date June 30, 2018), are summarized as follows:

	<u>General Plan 5B</u>	<u>PEPRA Plan 8</u>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 57	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-62	52-67
Monthly benefits, as a % of eligible compensation	0.6681% to 1.3093%	0.0200% to 0.0270%
Required employee contribution rates	5.86% - 12.15%	8.32% - 9.81%
Required employer contribution rates	34.79%	27.81% - 29.30%

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

As of June 30, 2020 and 2019, the Summerland Sanitary District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Net Pension Liability	\$ 906,106	\$ 848,594

For the year ended June 30, 2020, the net pension liability of all of the Plans is measured as of June 30, 2019, and the total pension liability for all Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, updated to June 30, 2019.

For the year ended June 30, 2019, the net pension liability of all of the Plans is measured as of June 30, 2018, and the total pension liability for all Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, updated to June 30, 2018.

**SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

DRAFT

Note 4 – Retirement Plan (Continued)

The District's proportion of the net pension liability was based on a projection of their long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for all Plans with actuarial valuation dates of June 30, 2018 and 2017 (measurement dates June 30, 2019 and 2018, respectively) were as follows:

For the Year Ended June 30, 2020 (Measurement Date June 30, 2019)		For the Year Ended June 30, 2019 (Measurement Date June 30, 2018)	
Proportion - June 30, 2018	0.0982%	Proportion - June 30, 2017	0.0865%
Proportion - June 30, 2019	0.1062%	Proportion - June 30, 2018	0.0982%
Change - Increase (Decrease)	<u>0.0080%</u>	Change - Increase (Decrease)	<u>0.0117%</u>

For the years ended June 30, 2020 and 2019, the District recognized pension expense of \$199,924 and \$137,619, respectively.

At June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2020		June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 146,781	\$ -	\$ 141,649	\$ -
Differences between actual and expected experience	-	(31,333)	-	(50,947)
Changes in assumptions	91,688	(18,950)	127,172	(23,363)
Investment return		(34,338)		
Changes in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	105,791	(10,139)	74,001	(25,339)
Net differences between projected and actual earnings on plan investments	19,963	-	21,924	-
	<u>\$ 364,223</u>	<u>\$ (94,760)</u>	<u>\$ 364,746</u>	<u>\$ (99,649)</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

Employer contributions of \$146,781 reported at June 30, 2020 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

**SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

DRAFT

Note 4 – Retirement Plan (Continued)

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

Year Ended June 30:	Amount
2021	\$ 58,948
2022	33,313
2023	16,227
2024	14,194
2025	-
Thereafter	-
	<u>\$ 122,682</u>

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 and 2018 actuarial measurement date were determined using the following actuarial assumptions:

	<u>For the Year Ended June 30, 2020</u>	<u>For the Year Ended June 30, 2019</u>
Valuation Date	June 30, 2018	June 30, 2017
Measurement Date	June 30, 2019	June 30, 2018
Actual Cost Method	Entry Age	Entry Age
Actuarial Assumptions		
Administrative expenses	Plan expenses base of \$5.5 million for the fiscal year ending June 30, 2019, to be split between employees and employers based on their share of the overall contributions, with wage inflation increases of 3.00% each year.	Plan expenses base of \$5.3 million for the fiscal year ending June 30, 2018, to be split between employees and employers based on their share of the overall contributions, with wage inflation increases of 3.00% each year.
Discount rate	7.00%	7.00%
Inflation	3.00%	3.00%
COLA Increases:		
Basic COLA	2.75%	2.75%
Post-Retirement COLA	2.60%	2.60%
Projected Salary Increase	3.00% plus merit component	3.00% plus merit component
Investment Rate of Return	7.00% (1)	7.00% (1)
Post-Retirement Mortality	Sex distinct 2014 CalPERS Healthy Annuitant Mortality Tables, with generational improvements using Projection Scale MP-2016	Sex distinct 2014 CalPERS Healthy Annuitant Mortality Tables, with generational improvements using Projection Scale MP-2016

(1) Net of pension plan investment expense

The actuarial assumptions used in the June 30, 2018, updated to the June 30, 2019 valuation, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2016.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 4 – Retirement Plan (Continued)

The long-term expected rate of return on pension plan investments (7.0 percent) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for the years ended June 30, 2020 and 2019 in the following table:

Asset Class	For the Year Ended June 30, 2020		For the Year Ended June 30, 2019	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Emerging markets equity	7%	8.25%	7%	7.75%
Developed market non-U.S. equity	11%	5.75%	11%	5.50%
Private equity	10%	7.00%	10%	7.50%
Broad US equity	19%	4.30%	19%	4.30%
Core fixed income	17%	1.25%	17%	1.00%
Custom non-core fixed income	11%	3.50%	11%	2.92%
Custom real return	15%	3.90%	15%	3.57%
Custom real estate	10%	4.30%	10%	4.71%
Cash	0%	-0.25%	0%	-0.25%
Total	100%		100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 4 – Retirement Plan (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability for all Plans, calculated using the discount rate for all Plans, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

For the Year Ended June 30, 2020		For the Year Ended June 30, 2019	
1% Decrease	6.0%	1% Decrease	6.0%
Net Pension Liability	\$ 1,516,482	Net Pension Liability	\$ 1,392,489
Current Discount Rate	7.0%	Current Discount Rate	7.0%
Net Pension Liability	\$ 906,106	Net Pension Liability	\$ 848,594
1% Increase	8.0%	1% Increase	8.0%
Net Pension Liability	\$ 407,720	Net Pension Liability	\$ 404,924

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

Note 5 – Other Post-Employment Benefits (OPEB)

Plan Description – The District is a member of Santa Barbara County’s cost sharing multiple-employer defined benefit postemployment healthcare plan (OPEB Plan), which is administered by the Santa Barbara County Employees’ Retirement System (Retirement System). The OPEB Plan provides medical benefits to eligible retired employees, as well as to their eligible dependents, pursuant to California Government Code Section 31694 et. seq.

The Retirement System issues its own Comprehensive Annual Financial Report which includes note disclosures and required supplementary information for the OPEB Plan. This may be obtained online at www.sbcers.org or by writing to the Santa Barbara County Employees’ Retirement System at 3916 State Street, Suite 210, Santa Barbara, CA 93105.

Plan Benefits – The District participates in the Santa Barbara County Employees’ Retirement System (SBCERS) which negotiates health care contracts with providers for its participating retired members of the Retirement System. Retirees are offered the same health plans as active employees, as well as enhanced senior plans for retirees on Medicare. Retiree premiums are rated separately from active employees; as such, the District does not have a retiree premium implicit rate subsidy.

Pursuant to the OPEB Plan, the District has determined to provide a monthly insurance premium subsidy of \$15 (whole dollars) per year of credited service from the 401(h) account for Eligible Retired Participants participating in the health insurance plan. The monthly insurance premium subsidy is applied directly by the Retirement System to pay the premium and is not paid to the retiree or other party. The maximum amount paid in any month does not exceed the premium; any

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 5 – Other Post-Employment Benefits (OPEB) (Continued)

amount in excess of the premium is forfeited. If an Eligible Retired Participant does not participate in the health insurance plan, then the Retirement System reimburses the Eligible Retired Participant for other medical care expenses. The maximum monthly amount paid is \$4 (whole dollars) per year of credited service.

If a member is eligible for a disability retirement benefit, the member can receive a monthly health plan subsidy of \$187 (whole dollars) per month or a subsidy of \$15 (whole dollars) per month per year of service, whichever is greater. This subsidy is treated as a nontaxable amount to the disabled recipient.

Survivors of Eligible Retired Participants (spouses and dependents) continue to receive a subsidy proportionate to their percentage of the retiree's pension benefit (if any).

Funding Policy – The contribution requirements of plan members and the District are established and may be amended by the District and its board of directors. The required contribution is based on projected pay-as-you-go financing requirements. The District pays 100% of costs on behalf of the eligible participants.

Net OPEB Liability – As of June 30, 2020, the District reported a net OPEB liability of \$175,731. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018, updated to June 30, 2019.

Actuarial Assumptions – The total OPEB liability measured as of June 30, 2019 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increase rate	3% plus an additional longevity and promotion increase compounded based on years of service.
Investment rate of return	7.0%, net of investment expense.
Healthcare cost trend rates	The Healthcare Cost Trend Rate is not applicable because the total cost of health benefits is not valued. Only the monthly benefit provided is valued using the assumption that no future increase will be granted to the amount.
Future retiree plan election	55% - monthly subsidy of \$15 per year of service; 45% - \$4 cash benefit option.
Mortality rates	Mortality rates are based on the sex distinct CalPERS Healthy Annuitant Mortality Tables or CalPERS Disable Annuitant Mortality Tables (as applicable), with Generational improvement using Projection Scale MP-2016 from a base year of 2009.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 5 – Other Post-Employment Benefits (OPEB) (Continued)

The actuarial assumptions used in the valuation as of June 30, 2018, updated to June 30, 2019, were based on 1) the demographic assumptions determined in the actuarial experience study of July 1, 2013 – June 30, 2016 for the Pension Plan, 2) implementation of the OPEB Funding Policy, and 3) current experience for OPEB Plan election by retirees. As the benefit for the OPEB plan is a fixed payment per year of service that is currently lower than the premiums paid for coverage, and is expected to remain so into the future, no age related costs are required to be developed.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.5 percent. The discount rate used at the June 30, 2019 measurement date assumed that contributions will continue based upon the current OPEB Funding Policy. The OPEB plan's long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability – The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e. Fair value of Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2019 for the District's proportionate share.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2019 (Measurement Date June 30, 2018)	\$ 161,679	\$ -	\$ 161,679
Changes Recognized for the Measurement Period:			
Service cost	5,741	-	5,741
Interest	6,281	-	6,281
Difference between expected and actual experience	(1,439)	-	(1,439)
Changes of assumptions	7,982	-	7,982
Contributions - employer	-	4,688	(4,688)
Contributions - member	-	-	-
Benefit payments	(4,513)	(4,513)	-
Administrative expense	-	(175)	175
Net Changes	14,052	-	14,052
Balance at June 30, 2020 (Measurement Date June 30, 2019)	\$ 175,731	\$ -	\$ 175,731

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 5 – Other Post-Employment Benefits (OPEB) (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019.

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 200,364	\$ 175,731	\$ 155,359

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued SBCERS financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources – For the fiscal year ended June 30, 2020, the District recognized OPEB expense of (\$14,052). OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or method. At June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2020		June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 4,621	\$ -	\$ 4,694	\$ -
Differences between expected and actual experience	-	(5,361)	-	(4,066)
Changes in assumptions	7,184	(14,734)	-	(17,092)
	<u>\$ 11,805</u>	<u>\$ (20,095)</u>	<u>\$ 4,694</u>	<u>\$ (21,158)</u>

Employer contributions of \$4,621 reported at June 30, 2020 as deferred outflows of resources related to contributions subsequent to measurement date will be recognized as a reduction of OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Amount
2021	\$ 2,875
2022	2,875
2023	2,875
2024	2,875
2025	517
Thereafter	894
	<u>\$ 12,911</u>

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District, as a member of the Special District Risk Management Authority (SDRMA), has purchased various insurance policies to manage the potential liabilities that may occur from the previously named sources. SDRMA's purpose is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2020, the District participated in the liability and property programs of the SDRMA.

Settled claims have not exceeded any of the coverage amounts in any of the last two fiscal years and there were no reductions in the District's insurance coverage during the year ending June 30, 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include amounts for claims that have been incurred but not reported (IBNR). There was no IBNR claims payable as of June 30, 2020.

Global Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the District operates.

Note 7 – Commitments and Contingencies

In the ordinary course of conducting business, various legal matters may be pending, however, in the opinion of the District's management, the ultimate disposition of these matters will have no significant impact on the financial position of the District.

The District has been notified by the U.S. Environmental Protection Agency (EPA) that it is considered a Potentially Responsible Party to the Casmalia Disposal Site (Site), an inactive commercial hazardous waste treatment, storage, and disposal facility. The District is one among thousands of waste generators that contributed waste to the Site.

On January 2, 2000, the EPA made a *de minimis* settlement offer to the District and other former customers of the Site. The settlement is being offered to waste contributors of the minimal amounts of waste in comparison to the other waste at the Site, and of the minimal amounts of toxic or other hazardous effects of the waste in comparison to other waste at the Site. The EPA has offered the *de minimis* parties the opportunity to fully resolve their liability in exchange for cash payments based on the volume of waste sent to the Site each year.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 7 – Commitments and Contingencies (Continued)

The District, along with the other members represented in the *de minimis* settlement offer, has not yet accepted the EPA's offer. The *de minimis* group has uncovered numerous deficiencies in the proposed settlement offer that need to be addressed. Consequently, the *de minimis* group has proposed a counter settlement offer, which the District believes the EPA will accept. This liability for the District was estimated not to exceed \$153,000 which was accrued and recorded by the District.

Note 8 – Significant Non-Cash Capital and Related Financing Activities

The District received contributions of capital for a mainline extension on Ortega Ridge Road in the amount of \$109,890 during fiscal year ended June 30, 2020.

Note 9 – Subsequent Events

Subsequent events have been evaluated through January 14, 2021, the date that the financial statements were available to be issued.

DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

**SUMMERLAND SANITARY DISTRICT
SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF SUMMERLAND SANITARY DISTRICT'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 10 Years***

DRAFT

	2020	2019	2018	2017	2016	2015
Valuation date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the net pension liability	0.1062%	0.0982%	0.0865%	0.0880%	0.0881%	0.0935%
Proportionate share of the net pension liability	\$ 906,106	\$ 848,594	\$ 813,766	\$ 739,828	\$ 641,040	\$ 570,666
Covered payroll	\$ 433,121	\$ 388,149	\$ 347,798	\$ 337,744	\$ 328,613	\$ 338,923
Proportionate share of the net pension liability as percentage of covered-employee payroll	209.2%	218.6%	234.0%	219.0%	195.1%	168.4%
Plan fiduciary net position as a percentage of the total pension liability	78.9%	77.6%	74.9%	75.2%	77.7%	80.5%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2019 measurement date.

Net pension liability as a percentage of covered payroll demonstrates the relative size of the unfunded liability by expressing it in terms of current personnel expenditures.

* Fiscal year 2015 was the 1st year of implementation.

**SUMMERLAND SANITARY DISTRICT
SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF SUMMERLAND SANITARY DISTRICT'S CONTRIBUTIONS
Last 10 Years***

DRAFT

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 146,781	\$ 141,649	\$ 121,519	\$ 108,337	\$ 103,582	\$ 98,716
Contributions in relation to the actuarially determined contributions	\$ 146,781	\$ 141,649	\$ 121,519	\$ 108,337	\$ 103,582	\$ 98,716
Contribution deficiency (excess)	-	-	-	-	-	-
Covered payroll	\$ 419,605	\$ 433,121	\$ 388,149	\$ 347,798	\$ 337,744	\$ 328,613
Contributions as a percentage of covered-employee payroll	34.98%	32.70%	31.31%	31.15%	30.67%	30.04%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2019-20 were derived from the June 30, 2018 valuation report.

* Fiscal year 2015 was the 1st year of implementation.

**SUMMERLAND SANITARY DISTRICT
OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last 10 Years***

DRAFT

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 5,741	\$ 5,464	\$ 6,437
Interest on the total OPEB liability	6,281	5,937	5,013
Difference between expected and actual experience	(1,439)	(4,575)	-
Changes of assumptions	7,982	(5,964)	(16,507)
Benefit payments	(4,513)	(4,513)	(4,614)
Net change in the total OPEB liability	14,052	(3,651)	(9,671)
Total OPEB liability - beginning	161,679	165,330	175,001
Total OPEB liability - ending (a)	<u>\$ 175,731</u>	<u>\$ 161,679</u>	<u>\$ 165,330</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 4,688	\$ 4,731	\$ 4,847
Net investment income	-	-	-
Benefit payments	(4,513)	(4,513)	(4,614)
Administrative expenses	(175)	(218)	(233)
Net change in the Plan Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position - beginning	-	-	-
Plan Fiduciary Net Position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 175,731</u>	<u>\$ 161,679</u>	<u>\$ 165,330</u>
Plan Fiduciary Net Position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered - employee payroll	\$ 433,121	\$ 388,149	\$ 347,798
Net OPEB Liability as a percentage of covered-employee payroll	40.57%	41.65%	47.54%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	June 30, 2018	June 30, 2017	June 30, 2016

Notes to Schedule:

- * Historical information is required only for measurement periods for which GASB 75 is applicable.
Future years' information will be displayed up to 10 years as information becomes available.

TXB

RESOLUTION NO. 2015-01

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SUMMERLAND SANITARY DISTRICT
SETTING COMPENSATION FOR DAYS OF SERVICE
BY BOARD MEMBERS, REIMBURSEMENT OF
BOARD MEMBER EXPENSES, PROVIDING FOR
ETHICS TRAINING AND RELATED MATTERS**

WHEREAS, California Health and Safety Code Section 6489 provides that each member ("Director") of the Board of Directors ("Board") shall receive per diem compensation for each of day of service rendered, together with expenses, subject to the limits set forth by law; and

WHEREAS, AB 1234 (Chapter 700, Statutes of 2005) added and amended certain statutory requirements, which among other things govern the receipt of per diem and expense reimbursements by Directors; and

WHEREAS, this Resolution is intended to set forth the District's policy and procedures for compensation and reimbursement of expenses of Directors, to ensure compliance with AB 1234;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. **Per Diem Compensation/Day of Service.** Pursuant to Health and Safety Code Section 6489(a), each Director shall receive compensation from the District in the amount of One Hundred Seventy Five Dollars (\$175) per day, whether sitting on the Board or acting pursuant to its orders, for the following:

A. Attendance at regular, special, committee, or adjourned meetings of the Board of Directors. Compensation is up to a total of six (6) meetings a month.

B. Attendance at meetings providing ethics training in accordance with Government Code section 53232.1.

C. Other meetings or conferences which the Board approves as an agenda item at a regular meeting preceding such meeting or conference, that serves as a benefit to the District and constitute the performance of official duties.

2. Reimbursement of Expenses.

A. Each Director shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of official duties, including those expenses relating to travel, meals, lodging and other actual and necessary expenses, for attendance at meetings and conferences of organizations listed in Section 1, or as otherwise approved by the Board as an agenda item pursuant to Section 1.F. In accordance with Government Code section 53232.2(c), the District shall use the IRS rates for reimbursement of such expenses as established in Publication 463 or any successor publication thereto.

B. If the lodging expenses are in connection with a conference or organized educational activity, including but not limited to ethics training, conducted by the California Association of Sanitation Agencies or the California Special Districts Association, or as otherwise approved by the Board in accordance with Section 1, the cost shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available to the Director at the time of booking. If the group rate is not available, the Director shall use comparable lodging that is consistent with the requirements of this policy. A Director shall use government and group rates offered by a provider of transportation or lodging services for travel and lodging when available.

C. Any expenses which do not fall within this policy or the IRS reimbursable rates shall be approved by the Board in a public meeting prior to the Director incurring such expense, except where a group rate is not available for lodging as set forth above.

D. The following expenses will not be reimbursed:

1. Alcoholic beverages.
2. Parking or traffic violations.
3. In-room movies.
4. Laundry service.
5. Entertainment.
6. Expenses incurred on behalf of a spouse, dependent or traveling companion.

3. Expense Reports.

A. Within thirty (30) days after attendance at a meeting, conference, or event for which expenses have been approved, a Director shall submit a signed expense reimbursement request on a form approved by the District, together with valid receipts documenting each expense.

B. At the end of each calendar month, Director shall submit to the Clerk of the Board a signed "Director's Compensation for Meetings Attended and Mileage Reimbursement" form, documenting the meetings attended by the Director during the month and the corresponding miles to be reimbursed, if any.

C. The Clerk of the Board shall produce and distribute an annual report containing the expense reimbursements of the Directors. The report shall be presented to the Board on an annual basis.

4. **Board Member Reports.** All Board members, either verbally or in writing, shall briefly report on meetings attended at District expense at the next regularly scheduled Board meeting following the meeting for which the reimbursement is received.

5. **Ethics Training.** In accordance with Government Code section 53234, Directors and any designated employees shall receive at least two (2) hours of training in general ethics principles and ethics laws relevant to his or her public service every two (2) years. Certificates of completion of ethics training shall be maintained by the District for at least five (5) years.

6. **Effective Date.** These Board Members Compensation Policies and Procedures shall take effect March 13, 2015 and shall replace Resolution 2006-01.

PASSED AND ADOPTED by the Governing Board of SUMMERLAND SANITARY DISTRICT this 12th day of March, 2015, by the following vote:

AYES: J. Colony, B. Franklin, J. Franklin, P. Novis, M. Tucker

NAYS: X

ABSENT: X



[Signature]
John Franklin, President
Board of Directors
SUMMERLAND SANITARY DISTRICT

ATTEST: [Signature]

Financial Status (Real-Time)

December 2020

As of: 12/31/2020 (50% Elapsed)
Accounting Period: OPEN

Selection Criteria: Fund = 5215

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 5215 -- SummerInd San Dist Running Exp

Line Item Account	6/30/2021 Fiscal Year Adjusted Budget	12/31/2020 Year-To-Date Actual	6/30/2021 Fiscal Year Variance	6/30/2021 Fiscal Year Pct of Budget
Revenues				
Taxes				
3010 -- Property Tax-Current Secured	230,000.00	133,933.63	-96,066.37	58.23 %
3015 -- PT PY Corr/Escapes Secured	0.00	566.38	566.38	--
3020 -- Property Tax-Current Unsecd	9,500.00	8,292.14	-1,207.86	87.29 %
3023 -- PT PY Corr/Escapes Unsecured	0.00	41.84	41.84	--
3040 -- Property Tax-Prior Secured	0.00	-14.45	-14.45	--
3050 -- Property Tax-Prior Unsecured	0.00	74.31	74.31	--
3054 -- Supplemental Pty Tax-Current	3,500.00	657.04	-2,842.96	18.77 %
3056 -- Supplemental Pty Tax-Prior	0.00	-6.20	-6.20	--
Taxes	243,000.00	143,544.69	-99,455.31	59.07 %
Fines, Forfeitures, and Penalties				
3057 -- PT-506 Int, 480 CIOS/CIC Pen	0.00	6.02	6.02	--
Fines, Forfeitures, and Penalties	0.00	6.02	6.02	--
Use of Money and Property				
3380 -- Interest Income	15,000.00	1,629.89	-13,370.11	10.87 %
3381 -- Unrealized Gain/Loss Invstmnts	-1,564.00	-3,563.07	-1,999.07	227.82 %
Use of Money and Property	13,436.00	-1,933.18	-15,369.18	-14.39 %
Intergovernmental Revenue-State				
4220 -- Homeowners Property Tax Relief	1,000.00	160.32	-839.68	16.03 %
Intergovernmental Revenue-State	1,000.00	160.32	-839.68	16.03 %
Charges for Services				
5091 -- Planning & Engrng-Plan Ck Fes	1,200.00	1,488.00	288.00	124.00 %
5430 -- Sanitation Services	1,006,726.00	570,698.50	-436,027.50	56.69 %
5433 -- Inspection Fees	2,700.00	2,631.18	-68.82	97.45 %
5746 -- Administrative Revenue	2,700.00	1,392.00	-1,308.00	51.56 %

Financial Status (Real-Time)

As of: 12/31/2020 (50% Elapsed)
Accounting Period: OPEN

Selection Criteria: Fund = 5215

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 5215 -- SummerInd San Dist Running Exp

Line Item Account	6/30/2021 Fiscal Year Adjusted Budget	12/31/2020 Year-To-Date Actual	6/30/2021 Fiscal Year Variance	6/30/2021 Fiscal Year Pct of Budget
Charges for Services	1,013,326.00	576,209.68	-437,116.32	56.86 %
Revenues	1,270,762.00	717,987.53	-552,774.47	56.50 %
Expenditures				
Salaries and Employee Benefits				
6100 -- Regular Salaries	409,214.00	189,910.09	219,303.91	46.41 %
6200 -- Extra Help and/or Labor	0.00	2,704.42	-2,704.42	--
6270 -- Stand-by Pay	12,500.00	4,821.87	7,678.13	38.57 %
6300 -- Overtime	4,200.00	2,349.10	1,850.90	55.93 %
6400 -- Retirement Contribution	145,889.00	81,069.71	64,819.29	55.57 %
6475 -- Retiree Medical OPEB	9,800.00	2,954.04	6,845.96	30.14 %
6500 -- FICA Contribution	31,305.00	15,753.10	15,551.90	50.32 %
6600 -- Health Insurance Contrib	72,812.00	45,372.78	27,439.22	62.31 %
6900 -- Workers Compensation	16,866.00	16,051.68	814.32	95.17 %
Salaries and Employee Benefits	702,586.00	360,986.79	341,599.21	51.38 %
Services and Supplies				
7030 -- Clothing and Personal	2,100.00	2,140.54	-40.54	101.93 %
7053 -- Telephone Service Local	9,000.00	4,781.67	4,218.33	53.13 %
7090 -- Insurance	36,800.00	37,898.69	-1,098.69	102.99 %
7110 -- Directors Fees	15,000.00	7,000.00	8,000.00	46.67 %
7121 -- Operating Supplies	26,700.00	14,762.56	11,937.44	55.29 %
7324 -- Audit and Accounting Fees	25,000.00	18,384.50	6,615.50	73.54 %
7362 -- Building Maintenance	8,000.00	2,713.62	5,286.38	33.92 %
7363 -- Equipment Maintenance	14,000.00	10,229.02	3,770.98	73.06 %
7404 -- Public Health Lab Serv	23,200.00	14,430.00	8,770.00	62.20 %
7430 -- Memberships	8,490.00	7,031.58	1,458.42	82.82 %
7450 -- Office Expense	4,000.00	1,868.42	2,131.58	46.71 %
7454 -- Books & Subscriptions	290.00	48.00	242.00	16.55 %

Financial Status (Real-Time)

As of: 12/31/2020 (50% Elapsed)
Accounting Period: OPEN

Selection Criteria: Fund = 5215

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 5215 -- SummerInd San Dist Running Exp

Line Item Account	6/30/2021 Fiscal Year Adjusted Budget	12/31/2020 Year-To-Date Actual	6/30/2021 Fiscal Year Variance	6/30/2021 Fiscal Year Pct of Budget
7459 -- IT Professional Services	4,000.00	1,504.00	2,496.00	37.60 %
7460 -- Professional & Special Service	12,350.00	2,090.00	10,260.00	16.92 %
7508 -- Legal Fees	45,000.00	17,187.60	27,812.40	38.19 %
7510 -- Contractual Services	12,940.00	3,504.52	9,435.48	27.08 %
7516 -- Permitting Services	9,600.00	7,684.95	1,915.05	80.05 %
7530 -- Publications & Legal Notices	300.00	205.92	94.08	68.64 %
7546 -- Administrative Expense	3,600.00	0.00	3,600.00	0.00 %
7630 -- Small Tools & Instruments	500.00	40.00	460.00	8.00 %
7653 -- Training Fees & Supplies	7,175.00	1,321.00	5,854.00	18.41 %
7671 -- Special Projects	11,900.00	13,073.00	-1,173.00	109.86 %
7730 -- Transportation and Travel	1,000.00	402.50	597.50	40.25 %
7731 -- Gasoline-Oil-Fuel	2,400.00	1,065.60	1,334.40	44.40 %
7761 -- Electricity	34,500.00	20,611.65	13,888.35	59.74 %
7763 -- Water	2,000.00	893.11	1,106.89	44.66 %
7764 -- Refuse	4,000.00	1,979.98	2,020.02	49.50 %
Services and Supplies	323,845.00	192,852.43	130,992.57	59.55 %
Expenditures	1,026,431.00	553,839.22	472,591.78	53.96 %
Changes to Fund Balances				
Decrease to Restricted				
9797 -- Unrealized Gains	3,564.00	3,563.07	-0.93	99.97 %
Decrease to Restricted	3,564.00	3,563.07	-0.93	99.97 %
Changes to Fund Balances	3,564.00	3,563.07	-0.93	99.97 %
SummerInd San Dist Running Exp	247,895.00	167,711.38	-80,183.62	67.65 %
Net Financial Impact	247,895.00	167,711.38	-80,183.62	67.65 %

Financial Status (Real-Time)

As of: 12/31/2020 (50% Elapsed)
Accounting Period: OPEN

Selection Criteria: Fund = 5216

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 5216 -- Summerland San Cap Facilities

Line Item Account	6/30/2021 Fiscal Year Adjusted Budget	12/31/2020 Year-To-Date Actual	6/30/2021 Fiscal Year Variance	6/30/2021 Fiscal Year Pct of Budget
Revenues				
Use of Money and Property				
3380 -- Interest Income	6,300.00	548.90	-5,751.10	8.71 %
3381 -- Unrealized Gain/Loss Invstmnts	977.00	-1,035.18	-2,012.18	-105.95 %
Use of Money and Property	7,277.00	-486.28	-7,763.28	-6.68 %
Charges for Services				
5091 -- Planning & Engrng-Plan Ck Fes	0.00	0.00	0.00	--
5432 -- Connection Fees	12,385.00	2,110.00	-10,275.00	17.04 %
Charges for Services	12,385.00	2,110.00	-10,275.00	17.04 %
Revenues	19,662.00	1,623.72	-18,038.28	8.26 %
Expenditures				
Capital Assets				
8200 -- Structures&Struct Improvements	10,000.00	2,361.00	7,639.00	23.61 %
8300 -- Equipment	20,000.00	4,184.26	15,815.74	20.92 %
8400 -- Infrastructure	60,000.00	53,202.50	6,797.50	88.67 %
Capital Assets	90,000.00	59,747.76	30,252.24	66.39 %
Expenditures	90,000.00	59,747.76	30,252.24	66.39 %
Changes to Fund Balances				
Decrease to Restricted				
9797 -- Unrealized Gains	1,036.00	1,035.18	-0.82	99.92 %
Decrease to Restricted	1,036.00	1,035.18	-0.82	99.92 %
Changes to Fund Balances	1,036.00	1,035.18	-0.82	99.92 %
Summerland San Cap Facilities	-69,302.00	-57,088.86	12,213.14	82.38 %
Net Financial Impact	-69,302.00	-57,088.86	12,213.14	82.38 %

Financial Status (Real-Time)

As of: 12/31/2020 (50% Elapsed)
Accounting Period: OPEN

Selection Criteria: Fund = 5216
Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 5216 -- Summerland San Cap Facilities

Line Item Account	6/30/2021 Fiscal Year Adjusted Budget	12/31/2020 Year-To-Date Actual	6/30/2021 Fiscal Year Variance	6/30/2021 Fiscal Year Pct of Budget
-------------------	---	--------------------------------------	--------------------------------------	---

Financial Status (Real-Time)

As of: 12/31/2020 (50% Elapsed)
Accounting Period: OPEN

Selection Criteria: Fund = 5217

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 5217 -- SummerInd San Dist-Capital Rep

Line Item Account	6/30/2021 Fiscal Year Adjusted Budget	12/31/2020 Year-To-Date Actual	6/30/2021 Fiscal Year Variance	6/30/2021 Fiscal Year Pct of Budget
Revenues				
Use of Money and Property				
3380 -- Interest Income	8,500.00	1,384.70	-7,115.30	16.29 %
3381 -- Unrealized Gain/Loss Invstmnts	4,955.00	-1,573.50	-6,528.50	-31.76 %
Use of Money and Property	13,455.00	-188.80	-13,643.80	-1.40 %
Revenues	13,455.00	-188.80	-13,643.80	-1.40 %
Expenditures				
Capital Assets				
8200 -- Structures&Struct Improvements	6,000.00	0.00	6,000.00	0.00 %
8300 -- Equipment	45,000.00	0.00	45,000.00	0.00 %
8400 -- Infrastructure	100,000.00	0.00	100,000.00	0.00 %
Capital Assets	151,000.00	0.00	151,000.00	0.00 %
Expenditures	151,000.00	0.00	151,000.00	0.00 %
Changes to Fund Balances				
Decrease to Restricted				
9797 -- Unrealized Gains	1,574.00	1,573.50	-0.50	99.97 %
Decrease to Restricted	1,574.00	1,573.50	-0.50	99.97 %
Changes to Fund Balances	1,574.00	1,573.50	-0.50	99.97 %
SummerInd San Dist-Capital Rep	-135,971.00	1,384.70	137,355.70	-1.02 %
Net Financial Impact	-135,971.00	1,384.70	137,355.70	-1.02 %

Cash Balances

As of: 12/31/2020
Accounting Period: OPEN

Selection Criteria: Fund = 5215, 5216, 5217

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund	12/1/2020 Beginning Balance	Month-To-Date Cash Receipts (+)	Month-To-Date Treasury Credits (+)	Month-To-Date Warrants and Wire Transfers (-)	Month-To-Date Treasury Debits (-)	12/31/2020 Ending Balance
5215 -- SummerInd San Dist Running Exp	633,730.28	1,312.00	667,394.29	0.00	108,421.67	1,194,014.90
5216 -- Summerland San Cap Facilities	266,280.11	0.00	0.00	0.00	3,559.00	262,721.11
5217 -- SummerInd San Dist-Capital Rep	750,490.77	0.00	0.00	0.00	0.00	750,490.77
Total Report	1,650,501.16	1,312.00	667,394.29	0.00	111,980.67	2,207,226.78

Cash Balances

As of: 12/31/2020
Accounting Period: OPEN

Selection Criteria: Fund = 5215, 5216, 5217

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund	12/1/2020 Beginning Balance	Month-To-Date Cash Receipts (+)	Month-To-Date Treasury Credits (+)	Month-To-Date Warrants and Wire Transfers (-)	Month-To-Date Treasury Debits (-)	12/31/2020 Ending Balance
5215 -- SummerInd San Dist Running Exp	633,730.28	1,312.00	667,394.29	0.00	108,421.67	1,194,014.90
5216 -- Summerland San Cap Facilities	266,280.11	0.00	0.00	0.00	3,559.00	262,721.11
5217 -- SummerInd San Dist-Capital Rep	750,490.77	0.00	0.00	0.00	0.00	750,490.77
Total Report	1,650,501.16	1,312.00	667,394.29	0.00	111,980.67	2,207,226.78

SUMMERLAND SANITARY DISTRICT**Regular Board of Directors Meeting January 14, 2021
Treatment Plant Operations Supervisor Report****OPERATIONS AND FACILITY MAINTENANCE:**

- Daily water meter readings being performed by staff. Water usage normal.
- On December 24, 2020, the monthly reports for November 2020 were sent in via CIWQS automated online program on a timely basis with no violations to report.
- District is open to the public by appointment only and staff continued to follow COVID-19 safety guidelines.
- Updated the Standard Operating Procedures for both the pH and chlorine meter used for effluent testing.
- Provided information to Marine Project Management to begin the outfall hydraulic study.
- Held staff safety meeting "Four Generations" (Safety booklet).
- Staff took "Coronavirus 105 - Cleaning and Disinfecting your Workplace" online safety training provided by Target Solutions.
- Staff mounted new cabinet in the restroom.
- Staff operated the belt press for 8 hours.
- Staff completed weekly grounds maintenance and landscape work which consists of mowing, weed whacking, blowing, edging and raking. Grounds are watered weekly during dry months with reclaimed water.

COLLECTION SYSTEM / LIFT STATIONS:

- Staff responded to a sanitary sewer overflow (SSO) on Ortega Hill Road in front of Summerland Antiques Collective on Saturday December 19, 2020. Carpinteria Sanitary District was called for aid in clearing the blockage. Sewage was completely recovered from the creek located on the Northeast side of Lookout Park. SSO was reported in CIWQS and notice was given to all regulatory agencies required by the Districts NPDES permit.
- Created Mainline Hotspot Jetting Schedule with Lead Collections Operator.
- Reviewed and approved plumbing plans for the construction of a 1,200 ft^2 ADU at 2320 Ortega Ranch Road.
- The construction of 2560 Whitney Avenue Mainline Extension was completed. Staff videoed the mainline extension as a final inspection and found the mainline extension to meet district standards.
- Staff removed 35 gallons of grit from the lift station #2 well.
- Staff continued monthly FOG (Fats, Oils and Grease) inspections at restaurants in town. All restaurants are in compliance.
- Staff made periodic rounds of the collection system to check for any problems, primarily checking the hot spot manholes to ensure proper flow activity.
- Staff conducted daily rounds at all lift stations to check for proper operation including the checking of each lift station's emergency generator and filling generators with fuel if necessary and performed maintenance.
- Staff cleaned 11,328 feet of mainline.
- Staff videoed 784 feet of mainline.

SUMMERLAND SANITARY DISTRICT**Regular Board of Directors Meeting January 14, 2021
District Administrative Manager Report****Annual Disclosure Requirement for Reimbursements >\$100 Lodging and Travel**

February 19, 2020 \$113.10 to M.S. for mileage reimbursement for business errands 2019.
September 12, 2020 \$402.50 to A.D. for mileage reimbursement Op. I exam Sacramento.

Required Anti-Harassment Training – AB1234 & AB1661

The Board is requested to complete the training by February 1, 2021.

Application for Will Serve Letter for construction of ADU

- 2320 Ortega Ranch Road
- 2510 Whitney Avenue

Both applications have been reviewed and approved.

SSD Customer Database SSD – Met via Zoom with a contracted database developer for work session and plan. Expect first phase of the upgrade to be completed by January 15, 2021.

SSD Customer Database Archives- Reviewed all customer property information in the archives and online and updated information where deemed necessary.

Attended Webinar through CSDA: New Cal/OSHA COVID-19 Safety Standard.

Personnel Policy Handbook: Received the Personnel Handbook with legal review/changes from Karen Gabler of LightGabler Law LLP and reviewed, together with the TP Operations Supervisor, all the proposed changes and labor law updates that are incorporated in the handbook. The next proposed step is to call for a meeting with the AOP-Committee who will review the Personnel Handbook with the proposed changes. The finalized result will be presented to the Board at the next regular meeting.

Compensation/Salary Analysis: Attained Koff & Associates to conduct the salary analysis, as budgeted for this fiscal year, for the District's Treatment Plant Operator Supervisor and the District Administrative Manager position.

Covid-19 Vaccinations- Called Santa Barbara County 211 and was informed that Wastewater Treatment personnel are classified as 1B essential workers. SSD personnel will be scheduled for the first round of vaccinations mid to end February 2021.