



Regular Board of Directors Meeting

Thursday, January 11, 2024, at 3:00 p.m.
2435 Wallace Avenue, Summerland CA 93067

NOTES

This meeting will be held at the District's office at 2435 Wallace Avenue in Summerland. The public 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>. The public may also attend the meeting. Should you wish to participate 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's website at www.summerlandsd.org, or during normal business hours (8:00 a.m. - 4:00 p.m. weekdays) in the District's office.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board at (805) 969-4344. Notification 24 hours prior to the meeting will help the Clerk make reasonable arrangements to ensure accessibility to this meeting.

AGENDA

- I. **CALL TO ORDER/ROLL CALL**
- II. **PLEDGE OF ALLEGIANCE**
- III. **APPROVAL OF THE AGENDA** [Action Item]
The Board President will ask the Board, public, and staff if there are any additions or modifications to the Agenda.
- IV. **PUBLIC COMMENT** [Non-Agenda Items]
The public may address the Governing Board on items of interest to the public that are not already on the agenda and are within the subject matter jurisdiction of the Board.
The three-minute time limit is pursuant to District regulation.
- V. **APPROVAL OF THE MINUTES FOR THE REGULAR BOARD MEETING OF DECEMBER 14, 2023**
[Action Item]
- VI. **APPROVAL OF THE MONTHLY EXPENSES FOR DECEMBER 2023, INCLUDING PAYROLL AND PETTY CASH** [Action Item]
- VII. **COMMITTEE REPORTS**
 - A. Finance Committee Report
 - B. Administrative, Operations & Personnel Committee Report
 - C. Ad-Hoc Strategic Committee Report

**SUMMERLAND SANITARY DISTRICT
Regular Board of Directors Meeting
AGENDA**

VIII. NEW BUSINESS ITEMS

A. Financial Statements FY2022-23 and Management Report June 30, 2023 [Action Item]

Description: The Board will receive a presentation of the Annual Financial Report and Management Report FY 2022-23 presented by Tracey Solomon, CPA of Bartlett, Pringle & Wolf, LLP. The Board will be requested to accept the Financial Statements and Management Report as presented.

B. Election of Regular Special District Member for Santa Barbara LAFCO [Action Item]

Description: The Board of Directors is requested to elect one of the presented candidates for the Santa Barbara LAFCO Regular Special District Member Seat.

IX. FINANCIAL STATUS REPORT DECEMBER 2023 [Action Item]

The Board will receive Financial Status and Cash Balance Reports for Funds 5215, 5216, and 5217 and may ask staff for explanations. The Board will be asked to accept the reports as presented.

X. OPERATIONS MANAGER REPORT

The Operations Manager will provide a written report on operations, facility, and collection system maintenance and affairs and will provide explanations as requested.

XI. ADMINISTRATIVE MANAGER REPORT

The Administrative Manager will provide a written report on the District's administrative affairs and will provide explanations as requested.

XII. BOARD COMMUNICATIONS

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

XIII. ADJOURNMENT



V

Minutes of the Regular Board of Directors Meeting

Thursday, December 14, 2023, at 3:00 p.m.

These are the minutes of the Summerland Sanitary District Governing Board meeting held at the District's office at 2435 Wallace Avenue, Summerland, California.

The public was able to listen to the meeting telephonically by calling +1 669 900 6833 (San Jose), code 983 226 8568, or through the internet at <https://us02web.zoom.us/j/9832268568>. The public was also invited to attend the meeting in person.

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

PRESIDENT J. COLOMY CALLED THE REGULAR BOARD MEETING TO ORDER AT 3:00 P.M.

I. CALL TO ORDER/ROLL CALL

DIRECTORS PRESENT

JOLENE COLOMY
JOHN FRANKLIN
GARY ROBINSON
JAMES WITMER
MARTIN TUCKER

ABSENT

-

OTHERS PRESENT

DAVID LEWIS Operations Manager
MARJON (MAR) SOUZA Administrative Manager

II. PLEDGE OF ALLEGIANCE

III. APPROVAL OF THE AGENDA

President J. Colomy asked if there were any other modifications and/or changes. Hearing no objections, the agenda was approved.

IV. PUBLIC COMMENT [Non-Agenda Items]

No public comments were submitted in advance. No members of the public were present at the meeting location or via Zoom.

V. ANNUAL ORGANIZATIONAL MEETING

1. Annual Organization and Nominations:

Board Officers shall be elected by the Board for one-year terms in December of each year.

2. Board President J. Colomy asked the Clerk of the Board M. Souza to verify the following:

a. That the Oath(s) of Office have been taken pursuant to the requirements of the California Constitution, Elections Code §10554, and Government Code §1360, and;

b. Compliance with the Political Reform Act (Statement of Economic Interest Report, Form 700) for all newly elected or appointed officials, and those leaving office (Government Code § 87202 and §87203).

Clerk of the Board M. Souza verified that items a and b were complied with and completed.

Summerland Sanitary District
Minutes Regular Board Meeting 12/14/2023

3. Board President J. Colomy announced that:

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

4. Election of Board President:

Nominee: Jim Witmer
Motion: Jolene Colomy
Seconded By: John Franklin

Roll Call:	AYES:	5	J. Colomy, J. Franklin, G. Robinson, M. Tucker, J. Witmer
	NOES:	0	None
	ABSENT:	0	None
	ABSTAIN:	0	None

Newly elected President J. Witmer presided

5. Election of the Following Officers

a) Vice President

Nomination: Gary Robinson
Motion: Jim Witmer
Seconded By: John Franklin

b) Secretary

Nomination: Jolene Colomy
Motion: John Franklin
Seconded By: Gary Robinson

c) Secretary Pro Tempore

Nomination: Martin Tucker
Motion: Gary Robinson
Seconded By: Jolene Colomy

Roll Call for the newly nominated officers:

AYES:	5	J. Colomy, J. Franklin, G. Robinson, M. Tucker, J. Witmer
NOES:	0	None
ABSENT:	0	None
ABSTAIN:	0	None

Appointment of Committee members by the Newly Elected President:

Finance Committee

Appointees: John Franklin and Jolene Colomy

Administration & Operations & Personnel Committee

Appointees: Jim Witmer and Gary Robinson

Summerland Sanitary District
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6. Other Organizational Decisions to be made by the Board

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 the Month

Time: 3:00 p.m.

Place: District's Office, 2435 Wallace Avenue, Summerland CA 93067

8. President J. Witmer 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 outlined in the agenda."

VI. APPROVAL OF THE MINUTES FOR THE REGULAR BOARD MEETING OF NOVEMBER 16, 2023

[Action Item]

Director J. Franklin made a motion to approve the minutes of the Regular Board Meeting of November 16, 2023. The motion was seconded by Director J. Colomy and was carried by the following roll call vote:

AYES:	5	J. Colomy, J. Franklin, G. Robinson, M. Tucker, J. Witmer
NOES:	0	None
ABSENT:	0	None
ABSTAIN:	0	None

VII. APPROVAL OF THE MONTHLY EXPENDITURES FOR NOVEMBER 2023, INCLUDING PAYROLL AND PETTY CASH [Action Item]

District Management answered the Board's questions and clarified information about the payout of bills. Director G. Robinson made a motion to approve the monthly expenditures, including payroll and petty cash totaling \$93,234 for Fund 5215. The motion was seconded by Director J. Colomy, and was carried by the following roll call vote:

AYES:	5	J. Colomy, J. Franklin, G. Robinson, M. Tucker, J. Witmer
NOES:	0	None
ABSENT:	0	None
ABSTAIN:	0	None

VIII. COMMITTEE REPORTS

A. Finance Committee Report

Did not meet.

B. Administration, Operations & Personnel (AOP) Committee

Did not meet.

C. Ad-Hoc Strategic Committee

The Ad-Hoc Strategic Committee met today, December 14th, with the County of Santa Barbara's First District Supervisor Mr. Das Williams. The Countywide Potable Reuse Studies were discussed as well as the District's ocean outfall condition.

VIII. NEW BUSINESS ITEMS

- A. Discussion and Consideration of Approval of the Following Agreement [Action Item]
Employment Agreement- Operations Manager**

Director J. Franklin made a motion to approve the Employment Agreement with Operations Manager Mr. David Lewis as presented. The motion was seconded by Director M. Tucker, and was carried by the following roll call vote:

AYES:	5	J. Colomy, J. Franklin, G. Robinson, M. Tucker, J. Witmer
NOES:	0	None
ABSENT:	0	None
ABSTAIN:	0	None

The Employment Agreement was signed.

The Board thanked Mr. D. Lewis for an outstanding job and is looking forward to a continued partnership.

- B. Consideration to Approve a Proposal for a Summerland Sanitary District (SSD) Collection System and Flow Equalization Analysis to the Montecito Sanitary District (MSD) with funding up to \$30,000 [Action Item]**

Description: The Board received a Cost Study Proposal from Carollo Engineering for the SSD Collection System and Flow Equalization Analysis to MSD with a total of \$131,875.

The proposal provides an expansion of the current completed feasibility study of the SSD wastewater system connection toward the Carpinteria Sanitary District and will mirror the study toward the Montecito Sanitary District. The SSD Board was requested to approve funding of this cost proposal with \$30,000.

A motion was made by Director G. Robinsons to approve the Proposal for a Summerland Sanitary District Collection System and Flow Equalization Analysis to the Montecito Sanitary District with funding of \$30,000, under the condition that all identified parties participate in the study. The motion was seconded by Director J. Colomy, and was carried by the following roll call vote:

AYES:	5	J. Colomy, J. Franklin, G. Robinson, M. Tucker, J. Witmer
NOES:	0	None
ABSENT:	0	None
ABSTAIN:	0	None

IX. FINANCIAL STATUS REPORT – NOVEMBER 2023 [Action Item]

The Board received Financial Status and Cash balance reports for Funds 5215, 5216, and 5217, and staff provided explanations as requested.

A motion was made by Director J. Colomy to accept the financial status report for November 2023. The motion was seconded by Director J. Franklin, and was carried by the following roll call vote:

AYES:	5	J. Colomy, J. Franklin, G. Robinson, J. Witmer, M. Tucker
NOES:	0	None
ABSENT:	0	None
ABSTAIN:	0	None

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X. OPERATIONS MANAGER REPORT

Operations Manager D. Lewis provided a written and oral report and answered Board questions.

XI. ADMINISTRATIVE MANAGER REPORT

Administrative Manager M. Souza provided a written and oral report and answered Board questions.

IX. BOARD COMMUNICATIONS

A. None.

B. Items for future Board meetings: Tracey Solomon from Bartlett Pringle & Wolf LLP will present the Audit Statements FY2022-23.

C. The next regular board meeting is Thursday, January 11, 2024

X. ADJOURNMENT

President J. Witmer adjourned the meeting at 3:40 p.m.

Respectfully submitted:

Jolene Colomy
Secretary

Date: January 11, 2024

Minutes prepared by M. Souza

Expenditure Transactions

From December 1 through 31, 2023

From 12/1/2023 to 12/31/2023

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 - 0762150	12/4/2023		7510	Call Center Service - November 2023	44.36	106048	CENTRAL COMMUNICATIONS
CLM - 0762311	12/4/2023		7516	Dig alert ticket cost November 2023	17.50	828128	UNDERGROUND SERVICE ALERT
CLM - 0762312	12/4/2023		7731	Gasoline November 2023	192.98	522736	McCormix Corporation
CLM - 0762418	12/4/2023		7763	Drinking water delivery 11-6-2023	23.81	067307	CULLIGAN OF VENTURA COUNTY
CLM - 0762421	12/4/2023		7763	Drinking water 11-20-2023	16.11	067307	CULLIGAN OF VENTURA COUNTY
CLM - 0762423	12/4/2023		7404	FGL Lab testing 8-7 to 10-18-2023	5,264.00	270150	FGL ENVIRONMENTAL INC
CLM - 0762429	12/4/2023		7516	SWRCB WWTP Annual Billing 7/1/2023-6/30/2024	5,473.00	795330	SWRCB/AFRS FEES
CLM - 0762432	12/4/2023		7516	SWRCB WWTP Annual Billing 7/1/2023-6/30/2024-Coll.	3,746.00	795330	SWRCB/AFRS FEES
JE - 0258474	12/4/2023		6475	HRA Administrative Fee - NOV 2023	13.50		
CLM - 0762653	12/7/2023		7510	Call Center Service - December 2023	75.65	106048	CENTRAL COMMUNICATIONS
CLM - 0762987	12/7/2023		6600	Medical Benefits January 2024	5,996.47	002073	SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
CLM - 0763176	12/7/2023		7110	Comp. Agenda Setting Meeting 12-7-2023	175.00	009934	JOLENE M COLOMY
CLM - 0763343	12/12/2023		7430	SBCSDA Membership Renewal 12-12-2023	300.00	710327	SANTA BARBARA COUNTY SPECIAL DISTRICTS ASSOC
CLM - 0763594	12/12/2023		7053	Internet December, 2023	84.38	776537	COX COMMUNICATIONS - BUSINESS
CLM - 0763598	12/12/2023		7363	Quin- Generator batteries & filters 11-30-2023	805.03	651603	QUINN CO
CLM - 0763635	12/12/2023		7362	LED Strip Lights (2) Anti Slip Mat	171.79	790180	Summerland Sanitary District
CLM - 0763635	12/12/2023		7362	1 CA State and 1 American Flag	136.20	790180	Summerland Sanitary District
CLM - 0763635	12/12/2023		7363	PLC Parts for SCADA	303.86	790180	Summerland Sanitary District
CLM - 0763635	12/12/2023		7363	Kitchen Faucet	152.24	790180	Summerland Sanitary District
CLM - 0763635	12/12/2023		7363	Cleaning Tools and Lithium Batteries	78.79	790180	Summerland Sanitary District
CLM - 0763635	12/12/2023		7450	MS Office and Zoom monthly subscription	24.24	790180	Summerland Sanitary District
CLM - 0763635	12/12/2023		7450	Household Supplies November	120.84	790180	Summerland Sanitary District
CLM - 0763635	12/12/2023		7450	Envelopes and Case of 10 reams copy paper	73.47	790180	Summerland Sanitary District
CLM - 0763635	12/12/2023		7653	Training Staff (2) Spill Regulatory Reporting	450.00	790180	Summerland Sanitary District
CLM - 0763692	12/12/2023		7764	Trash Service November 2023	362.61	509950	MARBORG INDUSTRIES
CLM - 0763695	12/12/2023		7053	Phone Wireless November 2023	183.34	297454	VERIZON WIRELESS
CLM - 0765156	12/14/2023		7110	Compensation Regular Board Meeting 12/14/2023	175.00	167410	GARY W ROBINSON
JE - 0258969	12/15/2023		6400	Retirement Contr. Employer & EE Payroll 12-15-2023	5,827.95		
JE - 0258969	12/15/2023		6475	Healthcare Contr. 401(h) Retirees 12-15-2023	300.19		

credit
card
expenses



11

Expenditure Transactions

From 12/1/2023 to 12/31/2023

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 - 0764584	12/18/2023		6100	Regular Salaries Dec 1-15, 2023	16,322.16	790178	Summerland Sanitary District
CLM - 0764584	12/18/2023		6270	Standby Dec 1-15, 2023	883.21	790178	Summerland Sanitary District
CLM - 0764584	12/18/2023		6300	Overtime Dec 1-15, 2023	152.52	790178	Summerland Sanitary District
CLM - 0764584	12/18/2023		6500	Medicare and Fica Dec 1-15, 2023	1,387.62	790178	Summerland Sanitary District
CLM - 0764688	12/19/2023		7121	849 Gallons of Sodium Hypochlorite	3,498.89	214614	UNIVAR SOLUTIONS USA INC
CLM - 0764693	12/19/2023		7362	Pac-West Termite Control	1,125.00	190710	PAC-WEST TERMITE CONTROL
CLM - 0764914	12/20/2023		7763	Water November 2023	131.49	556712	MONTECITO WATER DISTRICT
CLM - 0764915	12/20/2023		7363	Quinn-Generator Coolant	113.95	651603	QUINN CO
CLM - 0764919	12/20/2023		7404	FGL Lab testing 10-16 to 11-15-2023	2,183.00	270150	FGL ENVIRONMENTAL INC
CLM - 0765149	12/21/2023		7363	Towel Rags for maintenance work	70.04	252171	Burbank Supply Co
CLM - 0765150	12/21/2023		7110	Compensation Regular Board Meeting 12/14/2023	175.00	009934	JOLENE M COLOMY
CLM - 0765154	12/21/2023		7110	Compensation Regular Board Meeting 12/14/2023	175.00	091927	JAMES WITMER
CLM - 0765155	12/21/2023		7110	Compensation Regular Board Meeting 12/14/2023	175.00	765907	John Franklin
CLM - 0765157	12/21/2023		7110	Compensation Regular Board Meeting 12/14/2023	175.00	009758	MARTIN TUCKER
CLM - 0765173	12/21/2023		7110	Comp. Ad Hoc Committee Meeting 12/14/2023	175.00	765907	John Franklin
CLM - 0765174	12/21/2023		7110	Comp. Ad Hoc Committee Meeting 12/14/2023	175.00	167410	GARY W ROBINSON
JE - 0259236	12/29/2023		6100	Relocate EE Contr. SBCERS 2nd Q to 6100 Payroll	4,812.08		
JE - 0259236	12/29/2023		6400	Relocate EE Contr. SBCERS 2nd Q to 6100 Payroll	-4,812.08		
CLM - 0765457	12/31/2023		6100	Regular Salaries Dec 16-31, 2023	16,792.74	790178	Summerland Sanitary District
CLM - 0765457	12/31/2023		6270	Standby Dec 16-31, 2023	968.78	790178	Summerland Sanitary District
CLM - 0765457	12/31/2023		6300	Overtime Dec 16-31, 2023	734.12	790178	Summerland Sanitary District
CLM - 0765457	12/31/2023		6500	Medicare and Fica Dec 16-31, 2023	1,475.34	790178	Summerland Sanitary District
JE - 0259235	12/31/2023		6400	Retirement Contr. Employer & EE Payroll 12-31-2023	5,854.49		
JE - 0259235	12/31/2023		6475	Healthcare Contr. 401(h) Retirees 12-31-2023	300.19		
Total SummerInd San Dist Running Exp					83,631.85		

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VIII A

January 11, 2024

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, 2023. This letter is to inform the Board of Directors about significant matters related to the conduct of our audit so that it can appropriately discharge its oversight responsibility, and we can comply with professional responsibilities.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated August 3, 2023, 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.

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 Accounting Policies

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

Significant Unusual Transactions

We did not identify any significant unusual transactions.

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 and Uncorrected Misstatements

Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the District are noted below. Audit adjustments for this purpose, do not include those adjustments resulting from bookkeeping assistance that management has requested we provide in connection with the audit.

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

- \$29,198 to include cash accounts not recorded by the County.
- \$11,488 to accrue accounts payable at year end.
- \$1,274 to adjust compensated absences.

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

Observations About the Audit Process

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.

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.

Significant Difficulties Encountered in Performing the Audit

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

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities: AICPA Independence

The American Institute of Certified Public Accountants (AICPA) regularly emphasizes that auditor independence is a joint responsibility and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with AICPA independence rules. For Bartlett, Pringle and Wolf, LLP (BPW) to fulfill its professional responsibility to maintain and monitor independence, management, the Board of Directors, and BPW each play an important role.

Our Responsibilities

- AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. BPW is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality management over compliance with independence rules and firm policies.

The District's Responsibilities

- Timely inform BPW, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, or officers.
 - New beneficial owners of the District's which have significant influence.
 - Change in corporate structure impacting affiliates such as add-on acquisitions or exits.
- Provide necessary affiliate information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the District and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with BPW.
- Not entering into relationships resulting in close family members of BPW covered persons, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the District.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the District, including the draft representation letter to be dated January 11, 2024 and provided to us by management, are attached as Exhibit A.

Board of Directors, Summerland Sanitary District
January 11, 2024
Page 5

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

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Exhibit A

January 11, 2024

Bartlett, Pringle & Wolf, LLP
1123 Chapala Street
Santa Barbara, CA 93101

Dear Sir or Madam:

This representation letter is provided in connection with your audits of the basic financial statements of Summerland Sanitary District (the District) which comprise the statement of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of January 11, 2024 the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 3, 2023 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take. No subsequent events have occurred that would require adjustment to the estimate and related disclosures included in the financial statements.

DRAFT

Exhibit A

5. Related party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the District include:
 - a. Those with jointly governed organizations in which the District participates.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
9. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
10. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
11. The government has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88.
12. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
13. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
14. The following have been properly recorded and or disclosed in the financial statements:
 - a. Net positions and fund balance classifications.
 - b. The fair value of investments.
 - c. All significant estimates and material concentrations known to management which are required to be disclosed.

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Exhibit A

- d. Deposits and investment securities categories of risk.
 - e. Environmental clean-up obligations.
 - f. Assets and liabilities measured at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification.
15. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
- a. The District has no significant amounts of idle property and equipment or permanent excess plant capacity.
 - b. The District has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
 - c. Provision has been made to reduce all other investments and other assets that have permanently declined in value to their realizable values.
 - d. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
16. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
- a. For uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2023 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2023.
 - b. For pension obligations, post-retirement benefits other than pensions and deferred compensation agreements attributable to employee services rendered through June 30, 2023.
 - c. For any material loss to be sustained in the fulfillment of or from the inability to fulfill any service commitments.
 - d. For environmental clean-up obligations.
17. There are no:
- a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency that are not recorded in the financial

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Exhibit A

statements. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination other than what is disclosed in the financial statements.

- b. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the FASB Accounting Standard Codification.
- d. Related-party transactions required to be disclosed in the financial statements.
- e. Guarantees, whether written or oral, under which the District is contingently liable.
- f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
- g. Line of credit or similar arrangements.
- h. Security agreements in effect under the Uniform Commercial Code.
- i. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
- j. Contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
- k. Liabilities which are subordinated in any way to any other actual or possible liabilities.
- l. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
- m. Debt issue provisions.
- n. Authorized but unissued bonds and or notes.
- o. Risk financing activities.
- p. Derivative financial instruments.

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Exhibit A

- q. Special and extraordinary items.
 - r. Impairments of capital assets.
18. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders.
19. The District has satisfactory title to all owned assets.
20. We have compiled with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
21. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

22. We have provided you with:
- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the District for whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board.
23. All transactions have been recorded in the accounting records and are reflected in the financial statements.
24. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
25. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those

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Exhibit A

risks, and the controls that we have designed and implemented in response to those risks.

26. We have no knowledge of allegations of fraud or suspected fraud, affecting the District's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
27. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements received in communications from employees, former employees, or others.
28. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
29. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements, and have determined that no material impact is expected. Accordingly, no loss accrual is recorded in the financial statements.
30. We have disclosed to you the identity of the District's related parties and all the related-party relationships and transactions of which we are aware.
31. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the District's ability to record, process, summarize, and report financial data.
32. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
33. We are responsible for compliance with laws and regulations applicable to the District including adopting, approving, and amending budgets.
34. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated Plan benefits for the Pension and OPEB Plans are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Pension or OPEB Plan's actuary.

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35. We believe that the information obtained from the audited financial statements of and other participant information provided by SBCERS and the actuary is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the Pension or OPEB Plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plans or its auditor.

Supplementary Information

36. With respect to the Management's Discussion and Analysis, the Schedule of Summerland Sanitary District's Proportionate Share of Net Pension Liability, the Schedule of Summerland Sanitary District's Contributions, and the Schedule of Summerland Sanitary District's Changes in the Net OPEB Liability and Related Ratios as required by Governmental Accounting Standards Board to supplement the financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
37. We are responsible for and have reviewed and approved the proposed adjustments to the trial balances identified during the audit, and will post all adjustments accordingly. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statements and related notes.
38. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Summerland Sanitary District

Signature: _____

Marjon Souza, District Administrative Manager

Signature: _____

David Lewis, Operations Manager

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**SUMMERLAND
SANITARY DISTRICT
June 30, 2023 and 2022
FINANCIAL STATEMENTS**



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

SUMMERLAND SANITARY DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Summerland Sanitary District (the District) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023 and 2022, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

Required Supplementary Information

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 33, the Santa Barbara County Employees' Retirement System – Schedule of Summerland Sanitary District's Contributions on page 34, and the Other Postemployment Benefits (OPEB) Plan – Schedule of Changes in the Net OPEB Liability and Related Ratios on page 35, 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 11, 2024

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

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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, 2023 and 2022. 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

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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 32.

Financial Highlights

- The District's net position increased by 8% or \$271,523 to \$3,668,609 in fiscal year 2023 as a result of operating loss of \$83,361 and non-operating income of \$354,884. In the prior year, the District's net position decreased by 10.6% or \$403,569 to \$3,397,086 in fiscal year 2022 as a result of operating loss of \$84,706 and non-operating loss of \$318,863.
- The District's operating revenues increased by 4.7% or \$48,564 in fiscal year 2023. In the prior year, operating revenues decreased by 1.7% or \$17,996.

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, 2023 totaled \$3,668,609 compared to \$3,397,086 at June 30, 2022. The activity attributable to the changes in net position can be found on the statement of revenues, expenses and changes in net position.

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

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Condensed Statement of Net Position

The following is a summary of the District's statement of net position as of June 30, 2023 compared to June 30, 2022:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Assets:			
Current assets	\$ 2,218,347	\$ 2,397,618	\$ (179,271)
Restricted assets	216,337	227,445	(11,108)
Capital assets, net	2,621,457	2,588,056	33,401
Total assets	<u>5,056,141</u>	<u>5,213,119</u>	<u>(156,978)</u>
Deferred Outflows of Resources:			
Deferred pensions	228,584	270,388	(41,804)
Deferred other post-employment benefits	25,071	32,935	(7,864)
Total deferred outflows of resources	<u>253,655</u>	<u>303,323</u>	<u>(49,668)</u>
Liabilities:			
Current liabilities	64,848	390,099	(325,251)
Long-term liabilities	1,452,048	1,241,480	210,568
Total liabilities	<u>1,516,896</u>	<u>1,631,579</u>	<u>(114,683)</u>
Deferred Inflows of Resources:			
Deferred pensions	75,727	445,157	(369,430)
Deferred other post-employment benefits	48,564	42,620	5,944
Total deferred inflows of resources	<u>124,291</u>	<u>487,777</u>	<u>(363,486)</u>
Net Position:			
Net investment in capital assets	2,621,457	2,588,056	33,401
Restricted	216,339	228,518	(12,179)
Unrestricted	830,813	580,512	250,301
Total net position	<u>\$ 3,668,609</u>	<u>\$ 3,397,086</u>	<u>\$ 271,523</u>

Assets and deferred outflows of resources of the District exceed liabilities and deferred inflows of resources by \$3,668,609 as of June 30, 2023 and \$3,397,086 as of June 30, 2022.

A large portion of the District's net position (71% and 76% as of June 30, 2023 and June 30, 2022, respectively) reflects its net investment in capital assets net of related debt used to acquire those assets that are still outstanding. Net investment in capital assets excludes unspent debt proceeds. 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.

Total liabilities had an overall decrease of \$114,683 as of June 30, 2023 compared to June 30, 2022. During 2023, payments of \$43,415 were made on the \$500,000 debt to finance the outfall repair project, bringing the debt balance to \$456,585 at June 30, 2023. Additionally, current liabilities decreased due to the payment made in 2023 of \$343,541 that was accrued for costs related to the ocean outfall project at June 30, 2022. The decrease related to the ocean outfall project accrual was offset by an increase in the net pension liability as of June 30, 2023, as reflected in the actuarial valuation.

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

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Statement of Net Position (Continued)

Restricted net position as of June 30, 2023 and June 30, 2022 was \$216,339 and \$228,518, respectively, and is restricted for capital outlay. At the end of the fiscal years 2023 and 2022, the District shows a positive balance in its unrestricted net position of \$830,813 and \$580,512, respectively, which may be utilized in future years. As of June 30, 2023 and June 30, 2022, \$941,469 and \$784,779, respectively, was included in fund 5217 designated by the board for capital replacement and repair.

The following is a summary of the District's statement of net position as of June 30, 2022 compared to June 30, 2021:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Assets:			
Current assets	\$ 2,397,618	\$ 2,092,412	\$ 305,206
Restricted assets	227,445	250,276	(22,831)
Capital assets, net	2,588,056	2,555,016	33,040
Total assets	<u>5,213,119</u>	<u>4,897,704</u>	<u>315,415</u>
Deferred Outflows of Resources:			
Deferred pensions	270,388	417,746	(147,358)
Deferred other post-employment benefits	32,935	39,739	(6,804)
Total deferred outflows of resources	<u>303,323</u>	<u>457,485</u>	<u>(154,162)</u>
Liabilities:			
Current liabilities	390,099	17,196	372,903
Long-term liabilities	1,241,480	1,427,565	(186,085)
Total liabilities	<u>1,631,579</u>	<u>1,444,761</u>	<u>186,818</u>
Deferred Inflows of Resources:			
Deferred pensions	445,157	84,575	360,582
Deferred other post-employment benefits	42,620	25,198	17,422
Total deferred inflows of resources	<u>487,777</u>	<u>109,773</u>	<u>378,004</u>
Net Position:			
Net investment in capital assets	2,588,056	2,555,016	33,040
Restricted	228,518	250,277	(21,759)
Unrestricted	580,512	995,362	(414,850)
Total net position	<u>\$ 3,397,086</u>	<u>\$ 3,800,655</u>	<u>\$ (403,569)</u>

Assets and deferred outflows of resources of the District exceed liabilities and deferred inflows of resources by \$3,397,086 as of June 30, 2022 and \$3,800,655 as of June 30, 2021.

A large portion of the District's net position (76% and 67% as of June 30, 2022 and June 30, 2021, respectively) reflects its net investment in capital assets net of related debt used to acquire those assets that are still outstanding. Net investment in capital assets excludes unspent debt proceeds. 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.

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

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Statement of Net Position (Continued)

Total liabilities had an overall increase of \$186,818 as of June 30, 2022 compared to June 30, 2021. During 2022, \$500,000 of new debt was incurred to finance the outfall repair project. Additionally, current liabilities includes \$343,541 that was accrued for costs related to the ocean outfall project. The increase related to the ocean outfall project was offset by a decrease in the net pension liability as of June 30, 2022, as reflected in the actuarial valuation.

Restricted net position as of June 30, 2022 and June 30, 2021 was \$228,518 and \$250,277, respectively, and is restricted for capital outlay. At the end of the fiscal years 2022 and 2021, the District shows a positive balance in its unrestricted net position of \$580,512 and \$995,362, respectively, which may be utilized in future years. As of June 30, 2022, and June 30, 2021, \$784,779 and \$1,350,227, respectively, was included in fund 5217 designated 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 \$271,523 for the fiscal year ended June 30, 2023 and decreased by \$403,569 for the fiscal year ended June 30, 2022. Following is a summary of the District's statement of revenues, expenses and changes in net position for the year ending June 30, 2023 compared to June 30, 2022:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 1,085,103	\$ 1,036,539	\$ 48,564
Non-operating revenues	354,884	297,208	57,676
Total revenues	<u>1,439,987</u>	<u>1,333,747</u>	<u>106,240</u>
Expenses:			
Operating expenses	1,004,148	951,272	52,876
Non-operating expenses	-	616,071	(616,071)
Depreciation	164,316	169,973	(5,657)
Total expenses	<u>1,168,464</u>	<u>1,737,316</u>	<u>(568,852)</u>
Change in net position	271,523	(403,569)	675,092
Net position, beginning of year	<u>3,397,086</u>	<u>3,800,655</u>	<u>(403,569)</u>
Net position, end of year	<u>\$ 3,668,609</u>	<u>\$ 3,397,086</u>	<u>\$ 271,523</u>

In 2023 the District's total revenues increased by \$48,564 primarily by increased service charges and property taxes. Total expenses decreased by \$568,852 primarily due to a legal settlement of \$202,080 in 2022 and a loss on disposal of capital assets of \$413,990 in 2022, which was offset by a increase in salaries and benefits expenses and professional services and supplies expenses.

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

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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, 2022 compared to June 30, 2021:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 1,036,539	\$ 1,054,535	\$ (17,996)
Non-operating revenues	297,208	293,107	4,101
Total revenues	<u>1,333,747</u>	<u>1,347,642</u>	<u>(13,895)</u>
Expenses:			
Operating expenses	951,272	1,096,555	(145,283)
Non-operating expenses	616,071	-	616,071
Depreciation	169,973	161,859	8,114
Total expenses	<u>1,737,316</u>	<u>1,258,414</u>	<u>478,902</u>
Change in net position	(403,569)	89,228	(492,797)
Net position, beginning of year	<u>3,800,655</u>	<u>3,711,427</u>	<u>89,228</u>
Net position, end of year	<u>\$ 3,397,086</u>	<u>\$ 3,800,655</u>	<u>\$ (403,569)</u>

In 2022 the District's total revenues decreased by \$13,895 primarily due to having no connection fees or capital contributions in the current year, which was partially offset by increased service charges and property taxes. Total expenses increased by \$478,902 primarily due to a legal settlement of \$202,080 in 2022 and a loss on disposal of capital assets of \$413,990, which was offset by a decrease in salaries and benefits expenses.

Property and Equipment

Changes in property and equipment for fiscal year ending June 30, 2023 were as follows:

	<u>Balance 2022</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2023</u>
Non-depreciable assets	\$ 2,525	\$ -	\$ -	\$ 2,525
Depreciable assets	5,578,788	201,163	(545,664)	5,234,287
Accumulated depreciation	<u>(2,993,257)</u>	<u>(164,316)</u>	<u>542,218</u>	<u>(2,615,355)</u>
Total property and equipment, net	<u>\$ 2,588,056</u>	<u>\$ 36,847</u>	<u>\$ (3,446)</u>	<u>\$ 2,621,457</u>

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

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Property and Equipment (Continued)

Changes in property and equipment for fiscal year ending June 30, 2022 were as follows:

	Balance 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022
Non-depreciable assets	\$ 2,525	\$ -	\$ -	\$ 2,525
Depreciable assets	5,508,716	617,003	(546,931)	5,578,788
Accumulated depreciation	<u>(2,956,225)</u>	<u>(169,973)</u>	<u>132,941</u>	<u>(2,993,257)</u>
Total property and equipment, net	<u>\$ 2,555,016</u>	<u>\$ 447,030</u>	<u>\$ (413,990)</u>	<u>\$ 2,588,056</u>

At the end of fiscal years 2023 and 2022, the District's investment in capital assets net of accumulated depreciation amounted to \$2,621,457 and \$2,588,056, respectively. This investment in capital assets includes land, sewage treatment facilities, subsurface lines, ocean outfall lines and equipment. Capital assets additions during 2023 include \$935 for sewage treatment facilities, \$7,644 for subsurface lines, and \$192,584 for equipment additions. Additionally, capital assets deletions during 2023 include \$375,417 for sewage treatment facilities, \$5,383 for subsurface lines, \$7,998 for ocean outfall lines, and \$156,866 for equipment, with accumulated depreciation amounted to \$542,218. The disposals resulted in a net loss of \$3,446. Capital assets additions during 2022 include \$13,098 for sewage treatment facilities, \$65,507 for subsurface lines, \$412,917 for ocean outfall lines, and \$125,481 for equipment additions. Additionally, capital assets deletions during 2022 include \$28,460 for sewage treatment facilities, \$30,721 for subsurface lines, \$414,236 for ocean outfall lines, and \$73,514 for equipment, with accumulated depreciation amounted to \$132,941. The disposals resulted in a net loss of \$413,990, primarily due to the abandonment of the rehabilitation ocean outfall project.

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, 2023 and 2022

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	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 2,206,639	\$ 2,393,761
Interest receivable	11,708	3,857
Total current assets	<u>2,218,347</u>	<u>2,397,618</u>
Restricted assets:		
Cash and cash equivalents, restricted (Note 2)	215,190	227,096
Interest receivable, restricted	1,147	349
Total restricted assets	<u>216,337</u>	<u>227,445</u>
Property and equipment:		
Total property and equipment	5,236,812	5,581,313
Accumulated depreciation	<u>(2,615,355)</u>	<u>(2,993,257)</u>
Net property and equipment (Notes 1 and 3)	<u>2,621,457</u>	<u>2,588,056</u>
Total assets	<u>5,056,141</u>	<u>5,213,119</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pensions (Note 5)	228,584	270,388
Deferred other post-employment benefits (Note 6)	<u>25,071</u>	<u>32,935</u>
Total deferred outflows of resources	<u>253,655</u>	<u>303,323</u>
LIABILITIES		
Current liabilities:		
Accounts payable	20,087	346,684
Current portion of long-term debt (Note 4)	<u>44,761</u>	<u>43,415</u>
Total current liabilities	<u>64,848</u>	<u>390,099</u>
Long-term liabilities:		
Accrued compensated absences (Note 1)	20,913	21,550
Long-term debt (Note 4)	411,824	456,585
Other accrued expenses (Note 8)	153,000	153,000
Net pension liability (Note 5)	710,861	429,186
Other post-employment benefits liability (Note 6)	<u>155,450</u>	<u>181,159</u>
Total long-term liabilities	<u>1,452,048</u>	<u>1,241,480</u>
Total liabilities	<u>1,516,896</u>	<u>1,631,579</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pensions (Note 5)	75,727	445,157
Deferred other post-employment benefits (Note 6)	<u>48,564</u>	<u>42,620</u>
Total deferred inflows of resources	<u>124,291</u>	<u>487,777</u>
NET POSITION		
Net investment in capital assets	2,621,457	2,588,056
Restricted	216,339	228,518
Unrestricted	<u>830,813</u>	<u>580,512</u>
Total net position	<u>\$ 3,668,609</u>	<u>\$ 3,397,086</u>

See accompanying notes

SUMMERLAND SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2023 and 2022

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	<u>2023</u>	<u>2022</u>
Operating revenues:		
Service charges	\$ 1,065,794	\$ 1,031,362
Connection fees	12,083	-
Inspection fees	1,971	1,683
Administrative revenue	<u>5,255</u>	<u>3,494</u>
Total operating revenues	<u>1,085,103</u>	<u>1,036,539</u>
Operating expenses:		
Salaries and benefits	662,472	635,690
Facilities	139,080	132,392
Services and supplies	202,596	183,190
Depreciation	<u>164,316</u>	<u>169,973</u>
Total operating expenses	<u>1,168,464</u>	<u>1,121,245</u>
Operating loss	<u>(83,361)</u>	<u>(84,706)</u>
Non-operating revenues (expenses):		
Property taxes	319,187	287,207
Gain (loss) on disposal of assets	16,554	(413,990)
Loss on settlement of litigation	-	(202,080)
Investment earnings	<u>19,143</u>	<u>10,000</u>
Net non-operating income	<u>354,884</u>	<u>(318,863)</u>
Change in net position	271,523	(403,569)
Net position, beginning of year	<u>3,397,086</u>	<u>3,800,655</u>
Net position, end of year	<u>\$ 3,668,609</u>	<u>\$ 3,397,086</u>

See accompanying notes

**SUMMERLAND SANITARY DISTRICT
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022**

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	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 1,085,103	\$ 1,036,539
Cash payments to suppliers for goods and services	(668,273)	(531,715)
Cash payments to employees for services	(720,961)	(746,194)
Net cash used by operating activities	<u>(304,131)</u>	<u>(241,370)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from property taxes	<u>319,187</u>	<u>287,207</u>
Net cash provided by noncapital financing activities	<u>319,187</u>	<u>287,207</u>
Cash Flows from Capital and Related Financing Activities:		
Additions-equipment	(192,584)	(125,481)
Additions-subsurface lines	(7,644)	(134,883)
Additions-disposal plant	(935)	(13,098)
Proceeds from debt	-	500,000
Payments on debt	(43,415)	-
Net cash provided (used) by capital and related financing activities	<u>(244,578)</u>	<u>226,538</u>
Cash Flows from Investing Activities:		
Investment earnings	10,494	7,947
Proceeds from sale of long-term asset	20,000	-
Net cash provided by investing activities	<u>30,494</u>	<u>7,947</u>
Net change in cash	(199,028)	280,322
Cash and restricted cash and equivalents at beginning of period	<u>2,620,857</u>	<u>2,340,535</u>
Cash and restricted cash and equivalents at end of period	<u>\$ 2,421,829</u>	<u>\$ 2,620,857</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (83,361)	\$ (84,706)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	164,316	169,973
Loss on settlement of litigation	-	(202,080)
Decrease (increase) in:		
Deferred outflows	49,668	154,162
Increase (decrease) in:		
Accounts payable	(326,597)	(14,053)
Net pension liability	281,675	(613,884)
Other post-employment benefits	(25,709)	(25,937)
Deferred inflows	(363,486)	378,004
Accrued compensated absences	(637)	(2,849)
Net cash used by operating activities	<u>\$ (304,131)</u>	<u>\$ (241,370)</u>

See accompanying notes

**SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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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 2015-01. The Board employs and is assisted by an Operations Manager, Administrative Manager, 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 operating 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

Upon retirement from the District through the County Retirement System, all accrued unused sick leave up to a maximum of 80 (eighty) hours 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 80 (eighty) hours will be rolled over to 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. If the employee is rehired within one year of the initial separation due to voluntary resignation before retirement through the County Retirement System or discharge from District service, all previously unused sick leave will be reinstated.

As of June 30, 2023 and 2022 compensated absences were \$20,913 and \$21,550, 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.” Board designated 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 if applicable. 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. 100 <i>"Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"</i>	The requirements of this statement are effective for periods beginning after June 15, 2023. (FY 23/24)
Statement No. 101 <i>"Compensated Absences"</i>	The requirements of this statement are effective for periods beginning after December 15, 2023. (FY 24/25)

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 or less 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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents, unrestricted	\$ 2,206,639	\$ 2,393,761
Cash and cash equivalents, restricted capacity fees	215,190	227,096
Total	<u>\$ 2,421,829</u>	<u>\$ 2,620,857</u>

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

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Note 2 – Cash and Cash Equivalents (Continued)

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

	<u>2023</u>	<u>2022</u>
Deposits held with financial institutions	\$ 29,198	\$ 28,501
Deposits held with Santa Barbara County Pooled Investment Fund (SBCPIF)	2,392,631	2,592,356
Total	<u>\$ 2,421,829</u>	<u>\$ 2,620,857</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 \$29,198 as of June 30, 2023. Of the bank balance, up to \$250,000 is federally insured, any balance over \$250,000 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 2023 include \$935 for sewage treatment facilities, \$7,644 for subsurface lines and \$192,584 for equipment additions. Additionally, property and equipment deletions during 2023 include \$375,417 for sewage treatment facilities, \$5,383 for subsurface lines, \$7,998 for ocean outfall lines and \$156,866 for equipment.

Changes in capital assets during 2023 were as follows:

	Balance 2022	Additions	Disposals	Transfers	Balance 2023
Non-depreciable assets:					
Land	\$ 2,525	\$ -	\$ -	\$ -	\$ 2,525
Total non-depreciable assets	2,525	-	-	-	2,525
Depreciable assets:					
Sewage treatment facilities	2,017,225	935	(375,417)	-	1,642,743
Subsurface lines	2,687,515	7,644	(5,383)	-	2,689,776
Ocean outfall lines	93,203	-	(7,998)	-	85,205
Equipment	780,845	192,584	(156,866)	-	816,563
Total depreciable assets	5,578,788	201,163	(545,664)	-	5,234,287
Accumulated depreciation	(2,993,257)	(164,316)	542,218	-	(2,615,355)
Total depreciable assets, net	2,585,531	36,847	(3,446)	-	2,618,932
Total capital assets, net	\$ 2,588,056	\$ 36,847	\$ (3,446)	\$ -	\$ 2,621,457

**SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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Note 3 – Property and Equipment (Continued)

Property and equipment additions during 2022 include \$13,098 for sewage treatment facilities, \$65,507 for subsurface lines, \$412,917 for ocean outfall lines and \$125,481 for equipment additions. Additionally, property and equipment deletions during 2022 include \$28,460 for sewage treatment facilities, \$30,721 for subsurface lines, \$414,236 for ocean outfall lines and \$73,514 for equipment.

Changes in capital assets during 2022 were as follows:

	<u>Balance 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance 2022</u>
Non-depreciable assets:					
Land	\$ 2,525	\$ -	\$ -	\$ -	\$ 2,525
Total non-depreciable assets	<u>2,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,525</u>
Depreciable assets:					
Sewage treatment facilities	2,919,917	13,098	(28,460)	(887,330)	2,017,225
Subsurface lines	1,804,559	65,507	(30,721)	848,170	2,687,515
Ocean outfall lines	52,961	412,917	(414,236)	41,561	93,203
Equipment	731,279	125,481	(73,514)	(2,401)	780,845
Total depreciable assets	5,508,716	617,003	(546,931)	-	5,578,788
Accumulated depreciation	(2,956,225)	(169,973)	132,941	-	(2,993,257)
Total depreciable assets, net	<u>2,552,491</u>	<u>447,030</u>	<u>(413,990)</u>	<u>-</u>	<u>2,585,531</u>
Total capital assets, net	<u>\$ 2,555,016</u>	<u>\$ 447,030</u>	<u>\$ (413,990)</u>	<u>\$ -</u>	<u>\$ 2,588,056</u>

Note 4 – Long-Term Debt

On April 19, 2022, the District entered into a loan agreement with Municipal Finance Corporation in the amount of \$500,000, with repayment in ten annual payments of \$58,915, with a 3.1% fixed interest rate. The loan proceeds are used to fund the outfall pipeline repair project. The outstanding balance was \$456,585 and \$500,000 at June 30, 2023 and 2022, respectively. The loan is secured by a pledge of Net Revenues. Total annual requirements to amortize the debt are as follows:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 44,761	\$ 14,154	\$ 58,915
2025	46,148	12,767	58,915
2026	47,579	11,336	58,915
2027	49,054	9,861	58,915
2028	50,574	8,340	58,914
2029 - 2032	<u>218,469</u>	<u>17,190</u>	<u>235,659</u>
	<u>\$ 456,585</u>	<u>\$ 73,648</u>	<u>\$ 530,233</u>

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

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Note 5 – 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.

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).

**SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

DRAFT

Note 5 – Retirement Plan (Continued)

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, 2023 and 2022, 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.

The employer and employee contribution rates in effect at June 30, 2023 (measurement date June 30, 2022), 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	6.03% - 12.23%	8.40% - 9.51%
Required employer contribution rates	37.52%	31.36% - 32.47%

The Plans' provisions and benefits in effect at June 30, 2022 (measurement date June 30, 2021), 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	6.03% - 12.23%	8.36% - 9.63%
Required employer contribution rates	39.33%	32.95% - 34.22%

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

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Note 5 – Retirement Plan (Continued)

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

As of June 30, 2023 and 2022, 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, 2023</u>	<u>June 30, 2022</u>
Net Pension Liability	\$ 710,861	\$ 429,186

For the year ended June 30, 2023, the net pension liability of all of the Plans is measured as of June 30, 2022, 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, 2021, updated to June 30, 2022.

For the year ended June 30, 2022, the net pension liability of all of the Plans is measured as of June 30, 2021, 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, 2020, updated to June 30, 2021.

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, 2021 and 2020 (measurement dates June 30, 2022 and 2021, respectively) were as follows:

<u>For the Year Ended June 30, 2023</u> <u>(Measurement Date June 30, 2022)</u>		<u>For the Year Ended June 30, 2022</u> <u>(Measurement Date June 30, 2021)</u>	
Proportion - June 30, 2021	0.0909%	Proportion - June 30, 2020	0.0988%
Proportion - June 30, 2022	0.0955%	Proportion - June 30, 2021	0.0909%
Change - Increase (Decrease)	<u>0.0046%</u>	Change - Increase (Decrease)	<u>-0.0079%</u>

**SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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Note 5 – Retirement Plan (Continued)

For the years ended June 30, 2023 and 2022, the District recognized pension expense of \$54,065 and \$87,785, respectively.

At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2023		June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 133,736	\$ -	\$ 160,009	\$ -
Differences between actual and expected experience	-	(1,684)	-	(1,953)
Changes in assumptions	10,958	(2,848)	13,907	(9,472)
Investment return	-	(4,430)	-	(339,083)
Changes in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	46,642	(66,765)	43,969	(94,649)
Net differences between projected and actual earnings on plan investments	37,248	-	52,503	-
	<u>\$ 228,584</u>	<u>\$ (75,727)</u>	<u>\$ 270,388</u>	<u>\$ (445,157)</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 \$133,736 reported at June 30, 2023 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, 2024.

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
2024	\$ 1,477
2025	(12,552)
2026	(44,452)
2027	74,648
2028	-
Thereafter	-
	<u>\$ 19,121</u>

**SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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Note 5 – Retirement Plan (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 and 2020 actuarial valuations were determined using the following actuarial assumptions:

	<u>For the Year Ended June 30, 2023</u>	<u>For the Year Ended June 30, 2022</u>
Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Actual Cost Method	Entry Age	Entry Age
Actuarial Assumptions		
Administrative expenses	Plan expenses base of \$5.6 million for the fiscal year ending June 30, 2022, 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 \$5.5 million for the fiscal year ending June 30, 2021, 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, 2021, updated to the June 30, 2022 valuation, were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2019.

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.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

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Note 5 – Retirement Plan (Continued)

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, 2023 and 2022 in the following table:

Asset Class	For the Year Ended June 30, 2023		For the Year Ended June 30, 2022	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Emerging markets equity	7%	7.75%	7%	8.00%
Developed market non-U.S. equity	11%	5.00%	11%	5.50%
Private equity	10%	6.50%	10%	6.75%
Broad US equity	19%	3.30%	19%	4.05%
Core fixed income	17%	0.00%	17%	0.00%
Custom non-core fixed income	11%	3.13%	11%	3.20%
Custom real return	15%	3.73%	15%	4.00%
Custom real estate	10%	4.50%	10%	4.55%
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.

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, 2023		For the Year Ended June 30, 2022	
1% Decrease	6.0%	1% Decrease	6.0%
Net Pension Liability	\$ 1,327,427	Net Pension Liability	\$ 997,219
Current Discount Rate	7.0%	Current Discount Rate	7.0%
Net Pension Liability	\$ 710,861	Net Pension Liability	\$ 429,186
1% Increase	8.0%	1% Increase	8.0%
Net Pension Liability	\$ 206,450	Net Pension Liability (Asset)	\$ (35,400)

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

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

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Note 6 – 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 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, 2023, the District reported a net OPEB liability of \$155,450. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, updated to June 30, 2022.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 6 – Other Post-Employment Benefits (OPEB) (Continued)

Actuarial Assumptions – The total OPEB liability measured as of June 30, 2022 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 improvements projected from 2017 using 80% of Projection Scale MP-2020.

The actuarial assumptions used in the valuation as of June 30, 2021, updated to June 30, 2022, were based on 1) the demographic assumptions determined in the actuarial experience study of July 1, 2016 – June 30, 2019 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 3.54 percent. The discount rate used at the June 30, 2022 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.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

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Note 6 – Other Post-Employment Benefits (OPEB) (Continued)

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, 2022 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, 2022 (Measurement Date June 30, 2021)	\$ 181,159	\$ -	\$ 181,159
Changes Recognized for the Measurement Period:			
Service cost	4,963	-	4,963
Interest	3,904	-	3,904
Difference between expected and actual experience	(253)	-	(253)
Changes of assumptions	(28,523)	-	(28,523)
Contributions - employer	-	6,072	(6,072)
Benefit payments	(5,800)	(5,800)	-
Administrative expense	-	(272)	272
Net Changes	(25,709)	-	(25,709)
Balance at June 30, 2023 (Measurement Date June 30, 2022)	\$ 155,450	\$ -	\$ 155,450

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, 2022.

	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
Total OPEB Liability	\$ 175,399	\$ 155,450	\$ 138,794
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	\$ 175,399	\$ 155,450	\$ 138,794

For the measurement period ended June 30, 2021.

	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	\$ 207,106	\$ 181,159	\$ 159,744
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	\$ 207,106	\$ 181,159	\$ 159,744

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

DRAFT

Note 6 – Other Post-Employment Benefits (OPEB) (Continued)

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, 2023, the District recognized OPEB income of \$4,836. OPEB income /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, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2023		June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 6,043	\$ -	\$ 5,990	\$ -
Differences between expected and actual experience	-	(23,215)	-	(33,265)
Changes in assumptions	19,028	(25,349)	26,945	(9,355)
	<u>\$ 25,071</u>	<u>\$ (48,564)</u>	<u>\$ 32,935</u>	<u>\$ (42,620)</u>

Employer contributions of \$6,043 reported at June 30, 2023 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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
2024	\$ (14,914)
2025	(12,554)
2026	(517)
2027	(517)
2028	(517)
Thereafter	(517)
	<u>\$ (29,536)</u>

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

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Note 7 – Risk Management

Insurance and Claims

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, 2023, 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, 2023. 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, 2023.

Note 8 – 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.

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.

SUMMERLAND SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

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Note 9 – Significant Non-Cash Capital and Related Financing Activities

The District accrued \$343,541 of capital related expenses for the ocean outfall rehabilitation project that was included in account payable as of June 30, 2022.

Note 10 – Subsequent Events

Subsequent events have been evaluated through January 11, 2024 the date that the financial statements were available to be issued.

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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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the net pension liability	0.0955%	0.0909%	0.0988%	0.1062%	0.0982%	0.0865%	0.0880%	0.0881%	0.0935%
Proportionate share of the net pension liability	\$ 710,861	\$ 429,186	\$ 1,043,070	\$ 906,106	\$ 848,594	\$ 813,766	\$ 739,828	\$ 641,040	\$ 570,666
Covered payroll	\$ 397,580	\$ 398,183	\$ 418,370	\$ 433,121	\$ 388,149	\$ 347,798	\$ 337,744	\$ 328,613	\$ 338,923
Proportionate share of the net pension liability as percentage of covered payroll	178.8%	107.8%	249.3%	209.2%	218.6%	234.0%	219.0%	195.1%	168.4%
Plan fiduciary net position as a percentage of the total pension liability	84.0%	89.4%	75.2%	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, 2022 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 133,736	\$ 160,009	\$ 135,385	\$ 146,781	\$ 141,649	\$ 121,519	\$ 108,337	\$ 103,582	\$ 98,716
Contributions in relation to the actuarially determined contribution	\$ 133,736	\$ 160,009	\$ 135,385	\$ 146,781	\$ 141,649	\$ 121,519	\$ 108,337	\$ 103,582	\$ 98,716
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 420,228	\$ 397,580	\$ 398,183	\$ 418,370	\$ 433,121	\$ 388,149	\$ 347,798	\$ 337,744	\$ 328,613
Contributions as a percentage of covered payroll	31.82%	40.25%	34.00%	35.08%	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 2022-23 were derived from the June 30, 2020 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***

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 4,963	\$ 4,791	\$ 5,410	\$ 5,741	\$ 5,464	\$ 6,437
Interest on the total OPEB liability	3,904	4,566	6,161	6,281	5,937	5,013
Difference between expected and actual experience	(253)	(30,662)	(9,505)	(1,439)	(4,575)	-
Changes of assumptions	(28,523)	1,168	34,134	7,982	(5,964)	(16,507)
Benefit payments	(5,800)	(5,800)	(4,835)	(4,513)	(4,513)	(4,614)
Net change in the total OPEB liability	(25,709)	(25,937)	31,365	14,052	(3,651)	(9,671)
Total OPEB liability - beginning	181,159	207,096	175,731	161,679	165,330	175,001
Total OPEB liability - ending (a)	<u>\$ 155,450</u>	<u>\$ 181,159</u>	<u>\$ 207,096</u>	<u>\$ 175,731</u>	<u>\$ 161,679</u>	<u>\$ 165,330</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 6,072	\$ 6,045	\$ 5,000	\$ 4,688	\$ 4,731	\$ 4,847
Net investment income	-	-	-	-	-	-
Benefit payments	(5,800)	(5,800)	(4,835)	(4,513)	(4,513)	(4,614)
Administrative expenses	(272)	(245)	(165)	(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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 155,450</u>	<u>\$ 181,159</u>	<u>\$ 207,096</u>	<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%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 181,770	\$ 176,136	\$ 418,370	\$ 433,121	\$ 388,149	\$ 347,798
Net OPEB liability as a percentage of covered-employee payroll	85.52%	102.85%	49.50%	40.57%	41.65%	47.54%
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	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.

**SANTA BARBARA
LOCAL AGENCY FORMATION COMMISSION**

<p style="text-align: center;">NOMINATION FOR <u>REGULAR</u> SPECIAL DISTRICT MEMBER</p> <p style="text-align: center;"><i>Return to: Executive Officer</i> Santa Barbara LAFCO 105 East Anapamu Street, Room 407 Santa Barbara CA 93101 or FAX to (805) 568-2249 or email to lafoo@sblafco.org</p>	<p style="text-align: center;">LAFCO STAFF USE</p> <p>Date Received: <u>12/21/23</u></p>
<p>Please print in ink or type</p>	
<p>POSITION SOUGHT: Regular Special District Member</p>	
<p>NAME OF NOMINEE: <u>Craig Geyer</u></p>	
<p>NOMINEE'S DISTRICT: <u>Goleta West Sanitary District</u></p>	
<p>MAILING ADDRESS:</p> <p><u>6587 Camino Venturoso</u></p> <p><u>Goleta Ca. 93117</u></p> <p>Phone: Bus. <u> </u>. Cell: <u>805-896-9889</u></p>	
<p>SIGNATURE OF NOMINATOR:</p> <p><u>Goleta West Saintry District</u> Name of Independent Special District</p> <p style="text-align: center;"><u><i>Craig Geyer</i></u> Signature</p> <p><u>Craig Geyer</u> Print Name</p> <p>Nominator Title (please check one)</p> <p><input type="checkbox"/> Presiding Officer of the Special District Board</p> <p><input checked="" type="checkbox"/> Presiding Officer's alternate as designated by Special District Board to vote or make a nomination in this election. (Gov. Code sec. 56332.)</p> <p>Date: _____</p>	

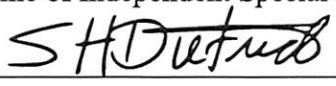
ADDITIONAL INFORMATION: On this form or an accompanying letter, describe the nominee's personal interests, qualifications, experience, education, volunteer activities or community organization memberships that may bear on the nomination for the Regular Special District Member: This information will be distributed to all independent special districts.

CRAIG GEYER

Incumbent LAFCO Regular Commissioner


- * Board Director—Goleta West Sanitary
- * Special Districts Representative for;
- * S.B. County Treasury Oversight Committee
- * S.B. Countywide RDA Oversight Committee

**SANTA BARBARA
LOCAL AGENCY FORMATION COMMISSION**

<p style="text-align: center;">NOMINATION FOR <u>REGULAR</u> SPECIAL DISTRICT MEMBER</p> <p style="text-align: center;"><i>Return to:</i> Executive Officer Santa Barbara LAFCO 105 East Anapamu Street, Room 407 Santa Barbara CA 93101 or FAX to (805) 568-2249 or email to lafco@sblafco.org</p>	<p style="text-align: center;">LAFCO STAFF USE</p> <p>Date Received: <u>1/3/24</u></p>
Please print in ink or type	
<p>POSITION SOUGHT: Regular Special District Member</p>	
<p>NAME OF NOMINEE: <u>Jorge Magana</u></p> <p>NOMINEE'S DISTRICT: <u>Mission Hills Community Service District</u></p> <p>MAILING ADDRESS:</p> <p><u>1550 Burton Mesa Blvd</u></p> <p><u>Lompoc, Ca 93436</u></p> <p>π</p> <p>Phone: Bus. <u>8057334366</u> Cell: <u>8058951362</u></p>	
<p>SIGNATURE OF NOMINATOR:</p> <p style="text-align: center; color: blue; font-size: 1.2em;">Mission Hills Community Services District</p> <p>Name of Independent Special District</p> <p style="text-align: center;"></p> <p>Signature</p> <p style="text-align: center; color: blue; font-size: 1.2em;">Stephen H Dietrich</p> <p>Print Name</p> <p>Nominator Title (please check one)</p> <p><input checked="" type="checkbox"/> Presiding Officer of the Special District Board</p> <p><input type="checkbox"/> Presiding Officer's alternate as designated by Special District Board to vote or make a nomination in this election. (Gov. Code sec. 56332.)</p> <p>Date: December 31, 2023</p>	

ADDITIONAL INFORMATION: On this form or an accompanying letter, describe the nominee's personal interests, qualifications, experience, education, volunteer activities or community organization memberships that may bear on the nomination for the Regular Special District Member: This information will be distributed to all independent special districts.

**SANTA BARBARA
LOCAL AGENCY FORMATION COMMISSION**

<p style="text-align: center;">NOMINATION FOR <u>REGULAR</u> SPECIAL DISTRICT MEMBER</p> <p style="text-align: center;"><i>Return to: Executive Officer</i> Santa Barbara LAFCO 105 East Anapamu Street, Room 407 Santa Barbara CA 93101 or FAX to (805) 568-2249 or email to lafoo@sblafco.org</p>	<p style="text-align: center;">LAFCO STAFF USE</p> <p>Date Received: <u>1/4/24</u></p>
<p>Please print in ink or type</p>	
<p>POSITION SOUGHT: Regular Special District Member</p>	
<p>NAME OF NOMINEE: <u>DORINNE LEE JOHNSON</u></p>	
<p>NOMINEE'S DISTRICT: <u>MONTECITO SANITARY DISTRICT</u></p>	
<p>MAILING ADDRESS:</p> <p><u>1042 MONTE CRISTO LANE</u></p> <p><u>SANTA BARBARA, CA 93108</u></p>	
<p><small>π</small> Phone: Bus. <u>805-969-4200</u> . Cell: <u>310-850-8808</u></p>	
<p>SIGNATURE OF NOMINATOR:</p> <p style="text-align: center;"><u>MONTECITO SANITARY DISTRICT</u> Name of Independent Special District</p> <p style="text-align: center;"> Signature</p> <p style="text-align: center;"><u>Ellwood T. Barrett II</u> Print Name</p> <p>Nominator Title (please check one)</p> <p><input checked="" type="checkbox"/> Presiding Officer of the Special District Board</p> <p><input type="checkbox"/> Presiding Officer's alternate as designated by Special District Board to vote or make a nomination in this election. (Gov. Code sec. 56332.)</p> <p>Date: <u>1-4-2024</u></p>	

Dorinne Lee Johnson

Current Position: Secretary, Montecito Sanitary District

Former Board President 2020-2022

Term: 2020-2024



Dorinne Lee Johnson is a 2nd-generation Asian American who grew up in Northern California and moved to Montecito in 2003. Dorinne has extensive experience with over 25 years in construction and fabrication technology. She had her own certified WBE, a “women-owned business enterprise” specializing in construction management, civil engineering, and environmental design. She earned her BFA degree from CCA in Environmental Design with an emphasis on Architectural Design and is a post-graduate alumnus of the Art Center College of Design in Pasadena, CA. Her award-winning projects and designs range from government to corporate facilities nationwide. A partial list of her past clients includes: Caltrans, Harris Engineering and Associates, Toyota Motor USA, Northrop Grumman, Chicago Merchandize Mart, and the University of Oregon.

Public service has been a large part of Dorinne’s career. She has a strong and dedicated commitment to Montecito and has helped her community by serving on the Montecito Association Board of Directors and as their Chair of the Land Use Committee, which reviewed major infrastructure projects throughout Montecito before and after the debris flow of 2018. She was appointed by former Santa Barbara County Supervisor, Salud Carbajal, to serve on the Santa Barbara County Historic Landmarks Commission (HLAC) in 2012 and the Montecito Board of Architectural Review (MBAR) in 2014. She was appointed by the (late) Senator Roberti to serve on the California State Public Procurement Committee and was appointed by the former State Treasurer, Matt Fong, to serve on the Caltrans Minority Advisory Board for the Architects and Engineers for the State of California.

Dorinne ran for and was elected to the Montecito Sanitary District Board in 2020 because she believes in protecting our ratepayers with honesty, clear communication, and transparency; she feels it is more crucial than ever to protect, preserve and enhance our semi-rural community and maximize our natural environment and resources for our future generations of Montecito.

Financial Status (Real-Time)

As of December 31, 2023

As of: 12/31/2023 (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	6/30/2024 Fiscal Year Adjusted Budget	12/31/2023 Year-To-Date Actual	6/30/2024 Fiscal Year Variance	6/30/2024 Fiscal Year Pct of Budget
Revenues				
Taxes				
3010 -- Property Tax-Current Secured	303,380.00	186,023.36	-117,356.64	61.32 %
3011 -- Property Tax-Unitary	0.00	2.11	2.11	--
3015 -- PT PY Corr/Escapes Secured	0.00	338.95	338.95	--
3020 -- Property Tax-Current Unsecd	10,700.00	12,279.63	1,579.63	114.76 %
3023 -- PT PY Corr/Escapes Unsecured	0.00	301.60	301.60	--
3040 -- Property Tax-Prior Secured	0.00	-53.39	-53.39	--
3050 -- Property Tax-Prior Unsecured	0.00	291.63	291.63	--
3054 -- Supplemental Pty Tax-Current	4,000.00	1,749.39	-2,250.61	43.73 %
3056 -- Supplemental Pty Tax-Prior	0.00	48.55	48.55	--
Taxes	318,080.00	200,981.83	-117,098.17	63.19 %
Fines, Forfeitures, and Penalties				
3057 -- PT-506 Int, 480 CIOS/CIC Pen	0.00	21.73	21.73	--
Fines, Forfeitures, and Penalties	0.00	21.73	21.73	--
Use of Money and Property				
3380 -- Interest Income	6,000.00	3,265.33	-2,734.67	54.42 %
Use of Money and Property	6,000.00	3,265.33	-2,734.67	54.42 %
Intergovernmental Revenue-State				
4220 -- Homeowners Property Tax Relief	1,000.00	176.42	-823.58	17.64 %
Intergovernmental Revenue-State	1,000.00	176.42	-823.58	17.64 %
Charges for Services				
5091 -- Planning & Engrng-Plan Ck Fes	2,100.00	1,256.00	-844.00	59.81 %
5430 -- Sanitation Services	1,065,078.00	598,531.84	-466,546.16	56.20 %
5433 -- Inspection Fees	2,500.00	1,258.00	-1,242.00	50.32 %
5746 -- Administrative Revenue	3,700.00	1,856.00	-1,844.00	50.16 %

H

Financial Status (Real-Time)

As of: 12/31/2023 (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	6/30/2024 Fiscal Year Adjusted Budget	12/31/2023 Year-To-Date Actual	6/30/2024 Fiscal Year Variance	6/30/2024 Fiscal Year Pct of Budget
Charges for Services	1,073,378.00	602,901.84	-470,476.16	56.17 %
Revenues	1,398,458.00	807,347.15	-591,110.85	57.73 %
Expenditures				
Salaries and Employee Benefits				
6100 -- Regular Salaries	429,879.00	213,221.99	216,657.01	49.60 %
6270 -- Stand-by Pay	21,642.00	10,945.74	10,696.26	50.58 %
6300 -- Overtime	9,500.00	3,155.58	6,344.42	33.22 %
6400 -- Retirement Contribution	125,069.00	61,423.07	63,645.93	49.11 %
6475 -- Retiree Medical OPEB	9,000.00	3,683.28	5,316.72	40.93 %
6500 -- FICA Contribution	34,541.00	17,390.23	17,150.77	50.35 %
6600 -- Health Insurance Contrib	64,365.00	37,439.71	26,925.29	58.17 %
6900 -- Workers Compensation	16,473.00	12,613.56	3,859.44	76.57 %
Salaries and Employee Benefits	710,469.00	359,873.16	350,595.84	50.65 %
Services and Supplies				
7030 -- Clothing and Personal	2,550.00	3,275.63	-725.63	128.46 %
7053 -- Telephone Service Local	9,560.00	4,101.26	5,458.74	42.90 %
7090 -- Insurance	60,000.00	62,913.49	-2,913.49	104.86 %
7110 -- Directors Fees	22,050.00	8,575.00	13,475.00	38.89 %
7121 -- Operating Supplies	41,544.00	23,297.76	18,246.24	56.08 %
7324 -- Audit and Accounting Fees	27,500.00	17,707.50	9,792.50	64.39 %
7362 -- Building Maintenance	10,700.00	2,876.03	7,823.97	26.88 %
7363 -- Equipment Maintenance	16,275.00	8,046.54	8,228.46	49.44 %
7404 -- Public Health Lab Serv	26,091.00	20,465.00	5,626.00	78.44 %
7430 -- Memberships	8,801.00	7,712.00	1,089.00	87.63 %
7450 -- Office Expense	4,400.00	2,783.97	1,616.03	63.27 %
7454 -- Books & Subscriptions	550.00	121.20	428.80	22.04 %
7459 -- IT Professional Services	4,000.00	1,511.60	2,488.40	37.79 %

Financial Status (Real-Time)

As of: 12/31/2023 (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	6/30/2024 Fiscal Year Adjusted Budget	12/31/2023 Year-To-Date Actual	6/30/2024 Fiscal Year Variance	6/30/2024 Fiscal Year Pct of Budget
7460 -- Professional & Special Service	49,350.00	2,145.00	47,205.00	4.35 %
7508 -- Legal Fees	35,000.00	8,146.20	26,853.80	23.27 %
7510 -- Contractual Services	9,654.00	711.34	8,942.66	7.37 %
7516 -- Permitting Services	11,385.00	10,028.81	1,356.19	88.09 %
7530 -- Publications & Legal Notices	600.00	232.50	367.50	38.75 %
7546 -- Administrative Expense	3,600.00	0.00	3,600.00	0.00 %
7630 -- Small Tools & Instruments	500.00	0.00	500.00	0.00 %
7653 -- Training Fees & Supplies	6,225.00	1,294.05	4,930.95	20.79 %
7671 -- Special Projects	6,670.00	6,670.00	0.00	100.00 %
7730 -- Transportation and Travel	750.00	183.29	566.71	24.44 %
7731 -- Gasoline-Oil-Fuel	3,500.00	896.13	2,603.87	25.60 %
7761 -- Electricity	58,000.00	29,188.77	28,811.23	50.33 %
7763 -- Water	2,717.00	1,287.08	1,429.92	47.37 %
7764 -- Refuse	4,302.00	2,161.14	2,140.86	50.24 %
Services and Supplies	426,274.00	226,331.29	199,942.71	53.10 %
Expenditures	1,136,743.00	586,204.45	550,538.55	51.57 %
SummerInd San Dist Running Exp	261,715.00	221,142.70	-40,572.30	84.50 %
Net Financial Impact	261,715.00	221,142.70	-40,572.30	84.50 %

Cash Balances (Real-Time)

As of December 31, 2023

As of: 12/31/2023
Accounting Period: OPEN

Selection Criteria: Fund = 5215,5216, 5217

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

Fund	12/1/2023 Beginning Balance	Month-To-Date Cash Receipts (+)	Month-To-Date Treasury Credits (+)	Month-To-Date Warrants and Wire Transfers (-)	Month-To-Date Treasury Debits (-)	12/31/2023 Ending Balance
5215 -- SummerInd San Dist Running Exp	333,192.07	0.00	740,504.63	0.00	66,138.81	1,007,557.89
5216 -- Summerland San Cap Facilities	229,937.29	0.00	0.00	0.00	0.00	229,937.29
5217 -- SummerInd San Dist-Capital Rep	1,416,183.87	0.00	0.00	0.00	0.00	1,416,183.87
Total Report	1,979,313.23	0.00	740,504.63	0.00	66,138.81	2,653,679.05

SUMMERLAND SANITARY DISTRICT

Regular Board of Directors Meeting January 11, 2024

Operations Manager Report**OPERATIONS AND FACILITY MAINTENANCE:**

- Staff completed weekly ground maintenance and landscape work including mowing, weed whacking, blowing, edging, and raking.
- The submersible mixing pump in the effluent tank was replaced with a submersible backup pump that was kept in stock and a new one was purchased.
- Staff checked and recalibrated the chlorine analyzer probes.
- The Instrumentation Technician upgraded the sodium hypochlorite pump and reprogrammed the system controller to improve efficiency and reliability. Residual tracking issues were also corrected.
- The Instrumentation Technician is preparing a scope of work, material list, and estimate for the blower optimization project. The estimate includes a replacement dissolved oxygen meter.
- Belt Press was operated on 12/13 and 1/3/2024. Each Digester Mix pumps were serviced and de-ragged during Belt Press operations .
- The biosolids were hauled/trucked to the Liberty Composting Facility in Lost Hills CA on 12/28 and 12/29/2023.
- Staff hauled accumulated electronic waste and batteries to the MarBorg recycling center on 11/29/2023.
- Preventative maintenance on Lift Station Emergency Generators, including battery and filter replacement was performed. The radiator replacement is in progress.
- A power glitch during the rainstorm on 12/20 required a call out at 10:30 pm. The SCADA required restarting and all equipment was checked for proper operation. A traffic accident occurred during the response, requiring a Workers' Compensation Incident report.

COLLECTION SYSTEM / LIFT STATIONS:

- Staff made periodic rounds of the collection system to check for any problems, primarily checking the hot spot manholes to ensure proper flow.
- Each of the three lift stations was checked and tested daily.
- Santa Barbara Streets Department reported a sinkhole on the westbound lane of Wallace Ave. Staff investigated and determined the 1.5 ft. sinkhole was not related to the adjacent sewer line was CCTV inspected and found to be in good condition.
- Lift Station #3 lost the alarm dialer communication twice during the rain events. Frontier Communications was contacted, and a technician responded and corrected the issue.

REGULATORY COMPLIANCE:

- Daily meter readings and sample collection being performed by staff for regulatory compliance and process control.
- The monthly Self-Monitoring Report (SMR) for November 2023 was submitted to the California Regional Water Quality Control Board (CRWQCB) in CIWQS, with no permit violations. The monthly "No Spill Certification" was also submitted to CIWQS.
- The annual Instrument Calibration Reports were submitted to the district for regulatory compliance.
- Staff completed an Electrical Safety online safety training course.

SUMMERLAND SANITARY DISTRICT

**Regular Board of Directors Meeting January 11, 2024
District Administrative Manager Report**

Property Reclassification

A second inspection was completed for 2436 Banner Avenue. Property has been reclassified from three EDUs to one EDU. A refund check for Sewer Service Charges for January through June 2024 was issued.

Administration (tasks completed outside the regular scope of work)

- Submitted Statement of Facts to the Secretary of State regarding the Board organization.
- Completed the year-end annual payroll reporting and W-2 information.
- Completed the online training Conflict Resolution.
- Facilitated Worker's Compensation Incident Reporting.

Scheduled Days Off:

-