Sunnyslope County Water District
San Benito County, California

INCORPORATED, DECEMBER 17, 1954

BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR
ENDED JUNE 30, 2021
PREPARED BY THE FINANCE DEPARTMENT

FINANCIAL SECTION:

FINANCIAL SECTION

McGilloway | Ray
Brown | Kaufman
ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sunnyslope County Water District
Hollister, California

Report on the Financial Statements

We have audited the accompanying financial statements of Sunnyslope County Water District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Daniel McGilloway Jr, CPA | Sarita Shannon, CPA | Sukhdev Singh, CPA | Whitney Ernest, CPA |
Laura Armbruster, CPA | Rose Maxwell, CPA

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunnyslope County Water District as of June 30, 2021, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Sunnyslope County Water District's 2020 financial statements, and our report dated November 17, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary information

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

McGilloway, Ray, Brown & Kaufman

McGilloway, Ray, Brown & Kaufman
Salinas, California
December 13, 2021

Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2021

As management of the Sunnyslope County Water District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021 (with 2020 information provided for comparative purposes only). This information is presented in conjunction with the transmittal letter in the Introductory Section, and with the basic financial statements and related notes, which follow this section.

The District

Sunnyslope County Water District was formed December 17, 1954 as a California Special District pursuant to the California County Water District Act, §30000 et seq., to furnish water and wastewater services to residents of the District in San Benito County, California. The District's water system serves an area of approximately 3.9 square miles in the City of Hollister and surrounding areas. The District's wastewater system (of collection, treatment, and disposal) serves a smaller area within the County consisting of Ridgemark Estates and the Oak Creek and Quail Hollow subdivisions. The District serves approximately 6,808 water accounts, of which 99.8% are residential customers, and approximately 1,237 sewer accounts, of which 99.4% are residential customers.

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

The Basic Financial Statements

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

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

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

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

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

Other Information

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

Financial Analysis

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

Condensed Financial Information

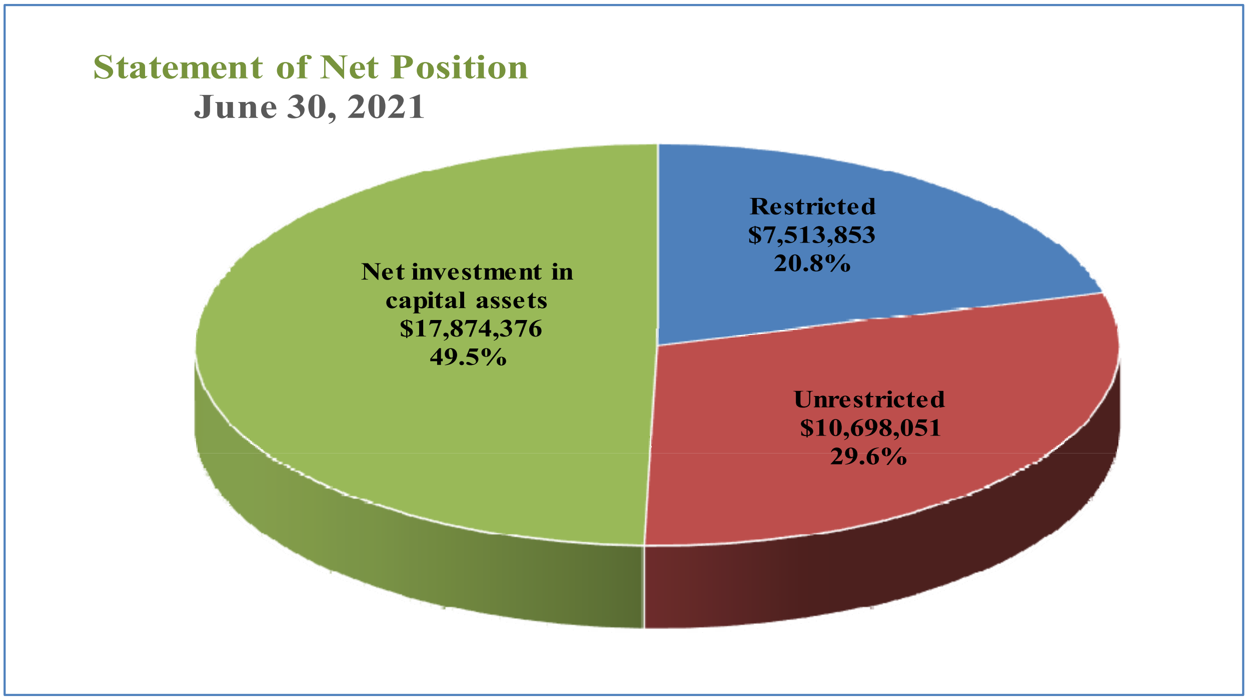
Statement of Net Position

The following is the condensed Statement of Net Position for the fiscal year ended June 30, 2021 and 2020:

Condensed Statement of Net Position

	June 30, 2021	June 30, 2020	Amount Change	Percent Change
Current assets	**$ 20,654,883**	$ 14,538,067	$ 6,116,816	42.1%
Other assets	**515,637**	508,745	6,892	1.4%
Capital assets, net	**42,113,665**	43,275,026	(1,161,361)	-2.7%
Total Assets	**63,284,185**	58,321,838	4,962,347	8.5%
Deferred outflows of resources	**980,565**	1,378,334	(397,769)	-28.9%
Current liabilities	**5,854,499**	3,205,910	2,648,589	82.6%
Long-term liabilities	**21,612,850**	24,842,486	(3,229,636)	-13.0%
Total Liabilities	**27,467,349**	28,048,396	(581,047)	-2.1%
Deferred inflows of resources	**711,121**	1,024,964	(313,843)	-30.6%
Net Position				
Net investment in capital assets	**17,874,376**	17,645,243	229,133	1.3%
Restricted for debt service and capacity fees	**7,513,853**	3,667,335	3,846,518	104.9%
Unrestricted	**10,698,051**	9,314,234	1,383,817	14.9%
Total Net Position	**$ 36,086,280**	$ 30,626,812	$ 5,459,468	17.8%

As noted earlier, net position over time may serve as a useful indicator of an agency's financial position. The District's assets exceeded liabilities by $36,086,280 at June 30, 2021, which is the District's net position. The largest portion of the District's net position (49.5%) reflects its investment in capital assets of $17,874,376 (e.g., land, transmission and distribution systems, wells, tanks, pumps, buildings and structures, equipment, and vehicles), net of accumulated depreciation and related outstanding debt used to acquire those assets. The District uses its capital assets to provide water and wastewater service to its designated service area, and as such, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay the debt.

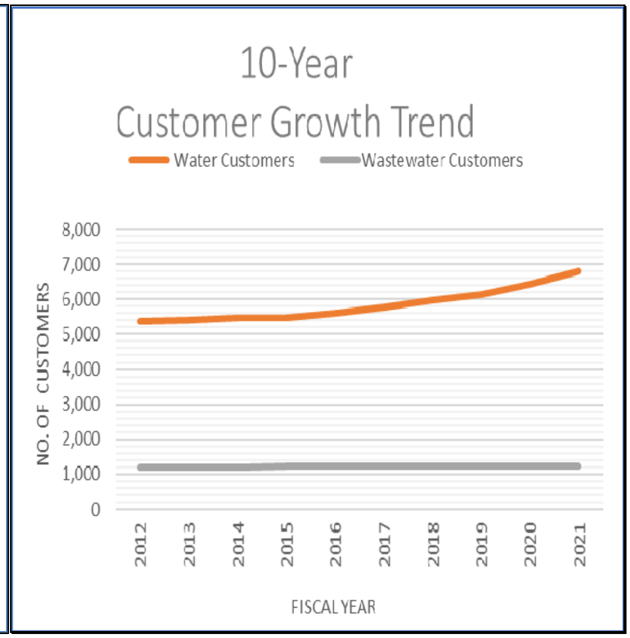


After restricting net position for capacity fees and debt service of $7,513,853 (20.8%), the remaining net position of $10,698,051 (29.6%) is unrestricted and may be used at the Board's discretion to continue meeting the needs of the District. See the Notes to Financial Statements, Note 11 – Net Position, for more details on the District's net position.

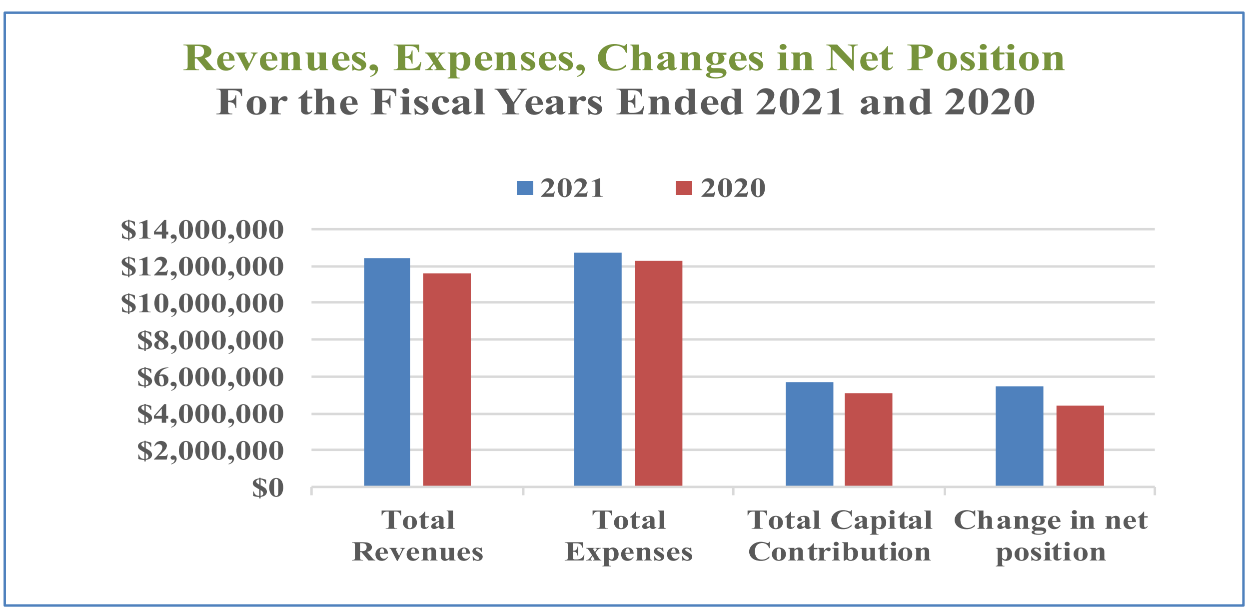
The District's net position increased $5,459,468 from the prior fiscal year. The increase is primarily a result of the income from operations, capacity fees collected, developer capital contributions, and interest earned, offset by interest expense.

Statement of Revenues, Expenses, and Changes in Net Position

The District's principal source of revenue is from water sales (59.2% of operating revenue) and wastewater sales (16.3% of operating revenue), which together constitutes 75.4% of operating revenue. The District's principal sources of water supply are from several wells owned by the District, from treated surface water received from the Lessalt Water Treatment Plant, from treated surface water received from the West Hills Water Treatment Plant and through interties with the City of Hollister, with the wells providing approximately 32.0%, the Lessalt WTP providing approximately 35.1% and the West Hills WTP providing approximately 32% of the water pumped into the distribution system. The Board approved water rate increases by Ordinance No. 73 in December 2013, which phased the increases over a six-year period, beginning in December 2013. The Board approved wastewater rate increases by Ordinance No. 74 in August 2013, which phased in the increases of 19.0% each year over a two-year period, beginning in December 2013. The water and wastewater rate increases were deemed necessary to implement the Hollister Urban Area Water Project (HUAWP). Several projects recommended in the HUAWP have been constructed that improve drinking water quality for residents and help the District meet state and federal regulations for water and wastewater. The wastewater rate increase was also implemented to pay for the construction of the new Sequencing Batch Reactor (SBR) at the Ridgemark Wastewater Treatment Plant.



Water sales revenue remained flat through the first few years of rate increases, even though we implemented five years of rate increases of approximately 11.5% each year beginning in December 2013 and ending with the final increase of 3% in December 2018. The primary reason for slow revenue growth, in spite of the rate increases, was due to slow customer growth and customer water conservation during the California drought. Water sales revenue has started showing a steady increase over the past two years as construction of new homes has increased in our District. We also expect to see water use vary with the seasons and the amount of rainfall. The increase in water sales revenue over the past two fiscal years was primarily attributable to customer growth, 288 in fiscal year 20 and 368 in fiscal year 21. We believe the wastewater sales revenue increase this fiscal year is due to the adjustment of the variable component of the sewer rate, which is based on water consumption, and adjusted each April.



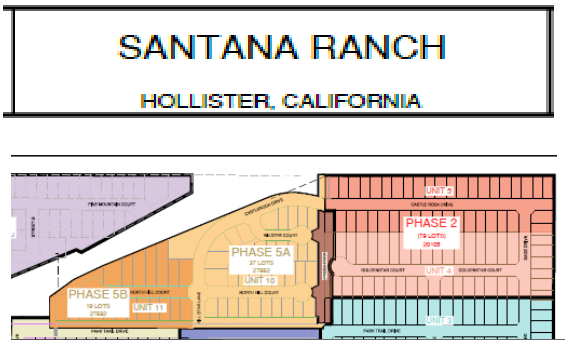
Condensed Statement of Revenues, Expenses, and Changes in Net Position

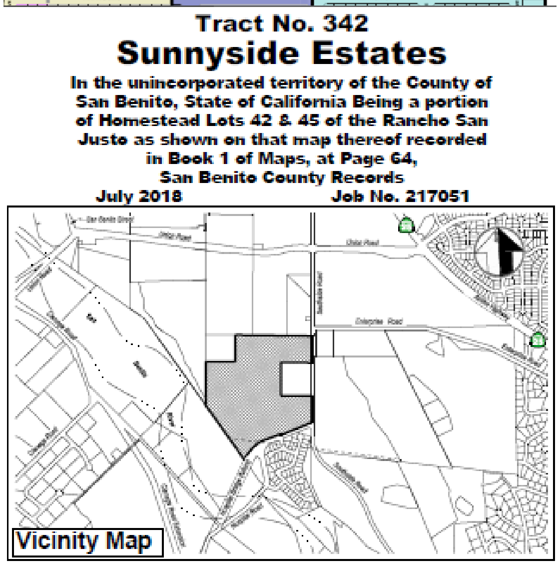
	June 30, 2021	June 30, 2020	Dollar Change	Percent Change
Revenues				
Operating revenues	**$ 12,396,429**	$ 11,431,368	$ 965,061	8.4%
Non-operating revenues	**48,639**	186,682	(138,043)	-73.9%
Total revenues	**12,445,068**	11,618,050	827,018	7.1%
Expenses				
Operating expenses	**12,348,766**	11,765,346	583,420	5.0%
Non-operating expenses	**352,715**	523,222	(170,507)	-32.6%
Total expenses	**12,701,481**	12,288,568	412,913	3.4%
Loss before capital contributions	**(256,413)**	(670,518)	414,105	-61.8%
Capital Contributions				
Capacity and connection fees	**5,002,375**	3,261,100	1,741,275	53.4%
Developer capital asset contributions	**713,506**	1,854,235	(1,140,729)	-61.5%
Total capital contribution	**5,715,881**	5,115,335	600,546	11.7%
Change in net position	**5,459,468**	4,444,817	1,014,651	22.8%
Net position - beginning	**30,626,812**	26,181,995	4,444,817	17.0%
Net position - ending	**$ 36,086,280**	$ 30,626,812	$ 5,459,468	17.8%

The primary source of non-operating revenues are water and wastewater capacity fees and investment income. Development of new housing has been picking up momentum, and we had another year of strong capacity fee numbers. We received 385 water capacity fees this fiscal year, compared to 288 last year, and we received 1 wastewater capacity fees this fiscal year, compared to 2 last year. With the improvements to the Lessalt (surface) Water Treatment Plant, bringing the West Hills (surface) Water Treatment Plant online and the addition of a new well back in February 2010, the District no longer has a limited water supply pumping capacity. With the upgrades to the wastewater treatment system, including the construction of the sequencing batch reactor, the District has sufficient wastewater disposal capabilities.

Operating expenses include salaries and benefits for 22 full-time employees, including water and wastewater system operations. The water department's expenses include electricity for pumping water, well water pumping fees, surface water cost and treatment, repairs and maintenance of the production and distribution systems, and an 80% share of customer service and general and administrative costs. The wastewater department's expenses include electricity for sewer pumping stations, repair and maintenance of the sewer manholes and mainline pipes, treatment costs, operation and maintenance of the Sequencing Batch Reactor (SBR), sludge disposal, and a 20% share of customer service and general and administrative costs. Operating expenses are up 11.1% compared to last fiscal year, due primarily to operation and maintenance costs for the West Hills Water Treatment Plant.

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





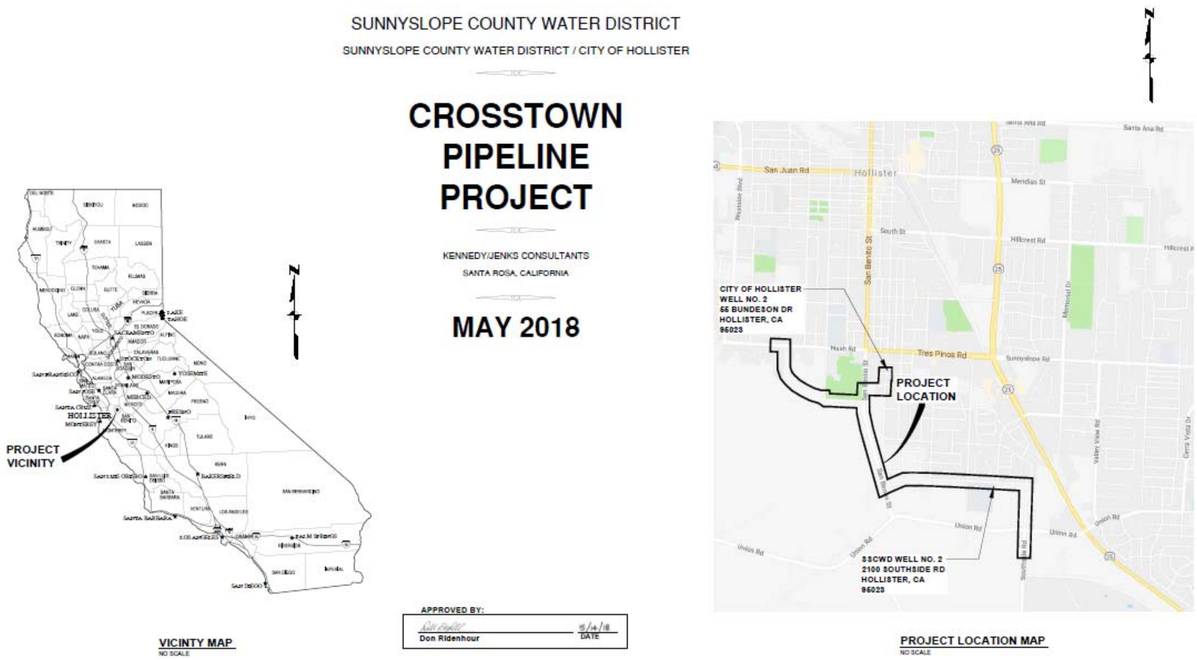
Contributed capital usually comes from water and wastewater system infrastructure constructed by developers and turned over to the District for operation and maintenance. In fiscal year 2021, we accepted the water infrastructure and appurtenances of three completed subdivision into our system for a total fair value of $713,506. The three subdivisions include Santana Ranch Phase 5 ($141,035), Bennett Ranch ($430,340), and Cerro Verde Development ($142,131).

Capital Assets and Debt Administration

Capital Assets

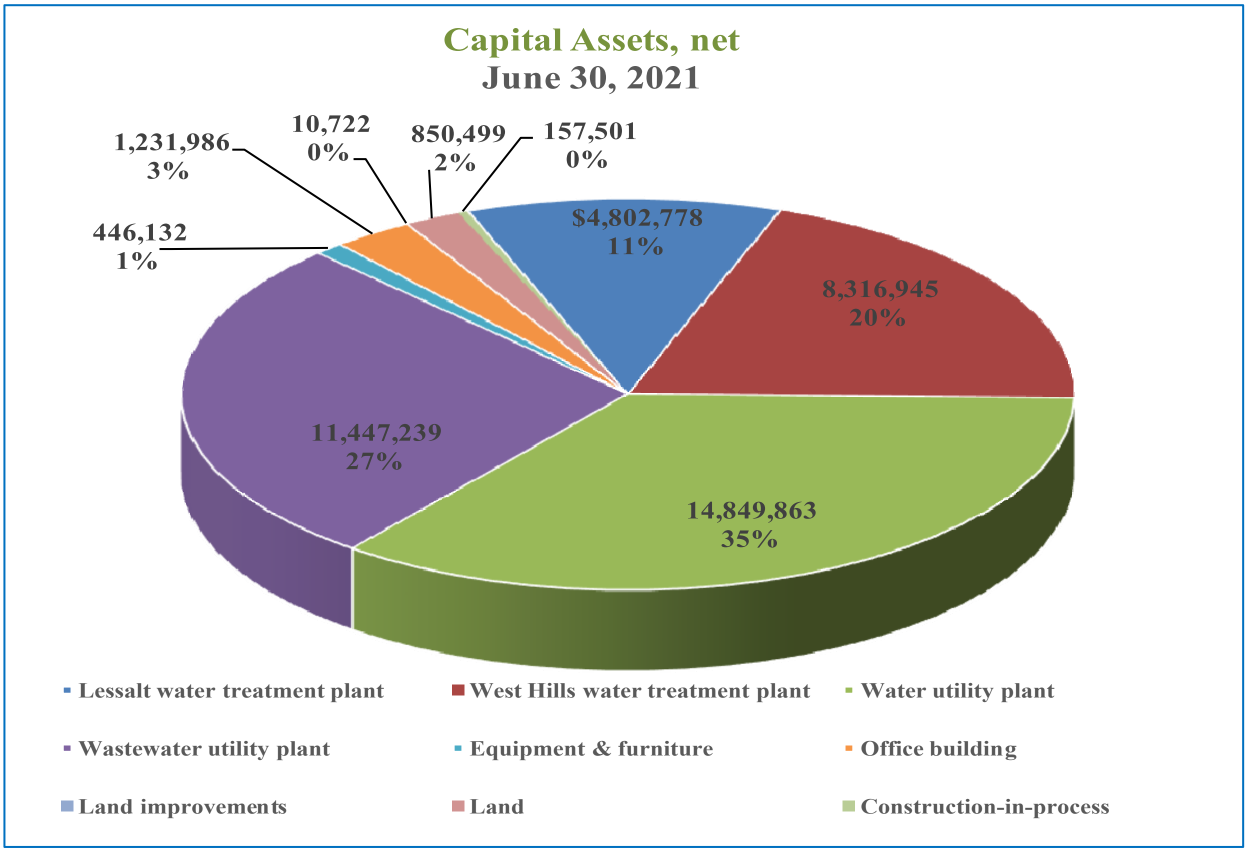
Capital assets include the District's water infrastructure, wastewater infrastructure, land, buildings, equipment, furniture, and work-in-process projects.

The District's investment in capital assets as of June 30, 2021 was $42,113,665, net of accumulated amortization and depreciation. The $1,882,428 in major capital asset additions for the current year, other than donated assets, included 706 new and replacement water meters installed ($213,008), and other WIP projected ($161,073). The capital additions were offset by disposition of capital assets ($12,075), amortization expense ($888,334), and depreciation expense ($1,449,380).



Schedule of Capital Assets, net of depreciation

	June 30, 2021	June 30, 2020	Dollar Change	Percent Change
Water rights				
Lessalt water treatment plant	**$ 4,802,778**	$ 5,019,444	$ (216,666)	-4.3%
West Hills water treatment plant	**8,316,945**	8,988,611	(671,666)	-7.5%
Water utility plant	**14,849,863**	14,722,667	127,196	0.9%
Wastewater utility plant	**11,447,239**	11,820,656	(373,417)	-3.2%
Equipment & furniture	**446,132**	504,992	(58,860)	-11.7%
Office building	**1,231,986**	1,332,875	(100,889)	-7.6%
Land improvements	**10,722**	11,187	(465)	-4.2%
Land	**850,499**	850,499	-	0.0%
Construction-in-process	**157,501**	24,095	133,406	553.7%
Capital assets, net	**$ 42,113,665**	$ 43,275,026	$ (1,161,361)	-2.7%



Long-Term Debt

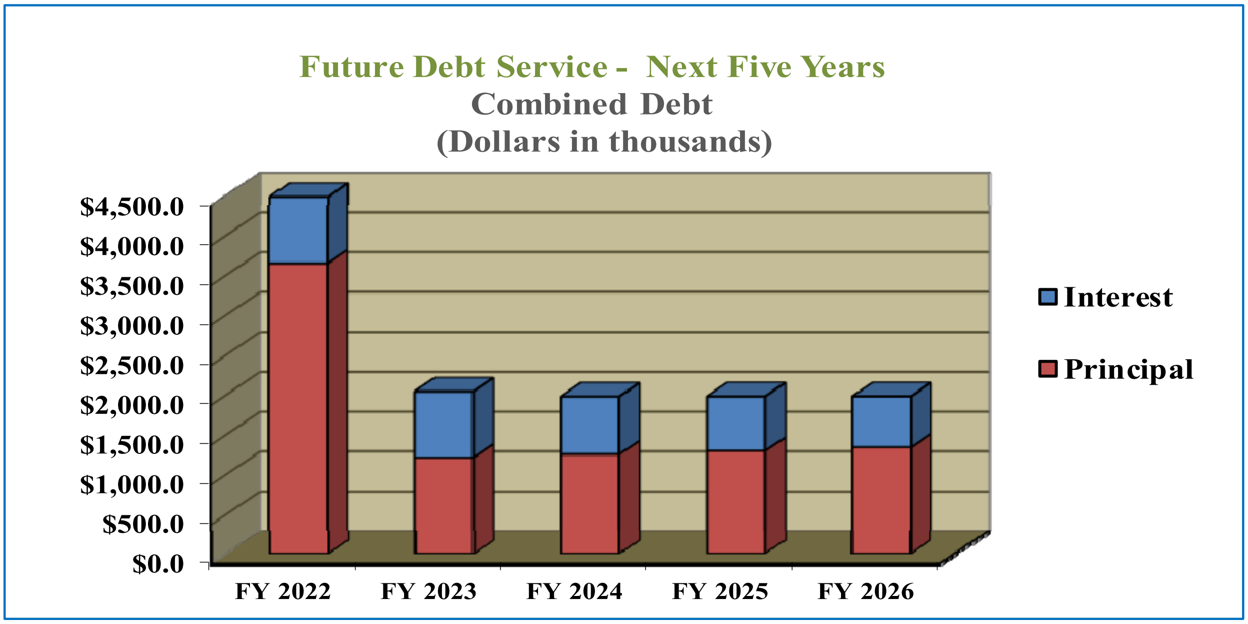
As of June 30, 2021, the District had long-term debt and long-term liabilities, totaling $25,329,335. The decrease in loans and commitments payable is due to principal payments on the outstanding debt. The increase in deposits from customers is primarily due to customer turnover and new customers. The decrease in net pension liability and the net OPEB liability is primarily due to the impact of the District making additional payments toward the unfunded liabilities. More information on the District's pension plan can be found in Note 8 – Pension Plan of the financial statements. More information on the District's OPEB plan can be found in Note 10 – Other Post-Employment Benefit Plan of the financial statements.

Schedule of Long-Term Debt & Long-Term Liabilities

	June 30, 2021	June 30, 2020	Dollar Change	Percent Change
Accrued compensated absences	**$ 172,779**	$ 117,745	$ 55,034	46.7%
Loans payable	**10,768,268**	11,546,111	(777,843)	-6.7%
Commitments payable	**13,471,019**	14,083,675	(612,656)	-4.4%
Deposits from customers	**548,594**	523,521	25,073	4.8%
Net pension liability	**368,675**	21,460	347,215	1618.0%
Debt & long-term liabilities	**$ 25,329,335**	$ 26,292,512	$ (963,177)	-3.7%

Future Debt Service

The District's debt service requirements for the next five years, through June 30, 2026, are shown on the following table, averaging $2,500.7 thousand annually.



Other Future Economic Factors

From the years 2002 to 2015, the District experienced low to no housing growth, however, in fiscal years 2021 and 2020, new housing starts within the District service boundary have generated 385 and 288 new water connections, and 1 and 2 wastewater connections, respectively. In past years, the most prevalent issues affecting growth in the District have been: a housing moratorium imposed by the City of Hollister (City) due to its limited wastewater treatment and disposal capabilities, the imposition of a 1% housing growth cap by the County of San Benito, and limited wastewater treatment and disposal capacity at our Ridgemark Estates Wastewater Treatment Facilities. The City lifted the housing moratorium in late 2008 upon completion of their upgraded wastewater facility. The District completed the upgrades to its Ridgemark Wastewater Treatment Plant in 2013, which allows for future development within the Ridgemark area.

Rates and Fees

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

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

The District also conducted a wastewater rate study in 2013. New wastewater rates were passed after a public hearing was held in August 2013. The first approved increase took effect on December 21, 2013 and a second increase took effect on December 21, 2014, increasing by 19.0% each year. No increases in wastewater rates are anticipated for fiscal years 2017 through 2022.

Finally, the District conducted a water and wastewater capacity charge rate study in 2013. The new water and wastewater capacity charges were passed after a public hearing in August 2013, effective October 6, 2013. These fees are charges imposed as a condition of providing new or increased water and wastewater services through new connections. The new water capacity fee for a 5/8", ¾", or 1" meter size is $11,000, effective July 1, 2019, was $10,975, effective July 1, 2018, and is adjusted annually. The new wastewater capacity fee for a single-family residential dwelling is $19,875 per dwelling unit, effective July 1, 2019, was $19,825 per dwelling unit, effective July 1, 2018, and is adjusted annually. The capacity fees increase on July 1 of each year by the San Francisco Construction Index for the prior year as published in the Engineering News Record.

COVID-19

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

Contacting the District Financial Management

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

Sunnyslope County Water District
Statement of Net Position
June 30, 2021
(with prior year data for comparative purposes only)

Assets	2021	2020
Current Assets		
Cash and investments	$ 10,727,527	$ 8,703,813
Accounts receivable, net	1,898,032	1,676,791
Interest receivable	-	25,402
Inventory supplies	432,087	392,740
Prepaid expenses	83,384	71,986
Restricted cash and investments	7,513,853	3,667,335
Total Current Assets	20,654,883	14,538,067
Noncurrent Assets		
Capital assets		
Water rights, net	13,119,723	14,008,055
Depreciable, net	27,985,941	28,392,378
Nondepreciable	1,008,001	874,593
Idle assets	471,341	471,341
Net OPEB asset	44,296	37,404
Total Noncurrent Assets	42,629,302	43,783,771
Total Assets	63,284,185	58,321,838
Deferred Outflows of Resources		
Deferred outflows - pension	957,954	1,342,133
Deferred outflows - OPEB	22,611	36,201
Total Deferred Outflows of Resources	980,565	1,378,334
Total Assets and Deferred Outflows of Resources	$ 64,264,750	$ 59,700,172

Sunnyslope County Water District
Statement of Net Position
June 30, 2021
(with prior year data for comparative purposes only)

	2021	2020
Liabilities		
Current Liabilities		
Accounts payable	$ 1,738,050	$ 1,529,601
Accrued expenses	399,964	226,283
Accrued compensated absences - current potion	56,526	59,528
Loan and commitment payable - current potion	3,656,957	1,390,498
Total Current Liabilities	5,851,497	3,205,910
Long-Term Liabilities		
Accrued compensated absences - less current portion	116,253	58,217
Bank loan payable - less current portion	-	2,475,264
State Revolving Fund loan payable	7,748,648	8,293,005
Commitment payable for water rights	12,833,682	13,471,019
Deposits received	548,594	523,521
Net pension liability	368,675	21,460
Total Long-Term Liabilities	21,615,852	24,842,486
Total Liabilities	27,467,349	28,048,396
Deferred Inflows of Resources		
Deferred inflows - pension	696,415	996,221
Deferred inflows - OPEB	14,706	28,743
Total Deferred Inflows of Resources	711,121	1,024,964
Total Liabilities and Deferred Inflows of Resources	28,178,470	29,073,360
Net Position		
Net investment in capital assets	17,874,376	17,645,243
Restricted for capacity fees	6,753,853	2,907,335
Restricted for debt service	760,000	760,000
Unrestricted	10,698,051	9,314,234
Total Net Position	36,086,280	30,626,812
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 64,264,750	$ 59,700,172

Sunnyslope County Water District
Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2021
(with prior year data for comparative purposes only)

	2021	2020
Operating Revenues		
Water services	$ 7,337,986	$ 6,811,696
Wastewater service	2,015,077	1,904,292
Contracted services	2,867,240	2,491,382
Late fees	-	49,248
Customer fees	173,850	172,030
Other	2,276	2,720
Total Operating Revenues	12,396,429	11,431,368
Operating Expenses		
Salaries and benefits	3,598,238	3,376,955
Operations and maintenance	6,412,816	6,147,814
Amortization and depreciation	2,337,712	2,240,577
Total Operating Expenses	12,348,766	11,765,346
Operating Income (Loss)	47,663	(333,978)
Non-Operating Revenues (Expenses)		
Interest income	48,639	129,305
Unrealized gain (loss) on investments	(34,200)	25,253
Gain on disposal of assets	-	32,124
Impairement loss	-	(109,040)
Other expense	(38)	(84,264)
Interest expense	(318,477)	(329,918)
Net Non-Operating Expenses	(304,076)	(336,540)
Loss Before Capital Contribution	(256,413)	(670,518)
Capital Contribution		
Capacity and connection fees	5,002,375	3,261,100
Developer capital asset contributions	713,506	1,854,235
Total Capital Contributions	5,715,881	5,115,335
Change in Net Position	5,459,468	4,444,817
Net Position - Beginning of Year	30,626,812	26,181,995
Net Position - End of Year	$ 36,086,280	$ 30,626,812

Sunnyslope County Water District
Statement of Cash Flows
For The Year Ended June 30, 2021
(with prior year data for comparative purposes only)

	2021	2020
Cash Flows from Operating Activities		
Cash received from customers	$ 12,200,261	$ 11,827,752
Cash paid to suppliers	(6,246,980)	(7,201,715)
Cash paid to employees	(2,953,406)	(3,047,446)
Net Cash Provided by Operating Activities	2,999,875	1,578,591
Cash Flows from Capital and Related Financing Activities		
Capacity and connection fees received	5,002,375	3,261,100
Proceeds from sale of capital assets	-	18,660
Acquisition and construction of capital assets	(462,845)	(1,023,427)
Loan and commitment payments	(1,390,499)	(1,351,136)
Interest paid	(318,477)	(329,918)
Net Cash Provided by Capital and Related Financing Activities	2,830,554	575,279
Cash Flows from Investing Activities		
Interest received	74,001	129,305
Change in value of LAIF	(34,200)	25,253
Net Cash Provided by Investing Activities	39,801	154,558
Net increase in cash and cash equivalents and restricted cash and cash equivalents	5,870,230	2,308,428
Cash and Cash Equivalents at Beginning of Year	12,371,148	10,062,720
Cash and Cash Equivalents at End of Year	$ 18,241,378	$ 12,371,148
Unrestricted Cash and Cash Equivalent	$ 10,727,527	$ 8,703,813
Restricted Cash and Cash Equivalent	7,513,853	3,667,335
	$ 18,241,380	$ 12,371,148

See accompanying notes to basic financial statements

Sunnyslope County Water District
Statement of Cash Flows
For The Year Ended June 30, 2021
(with prior year data for comparative purposes only)

	2021	2020
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$ 47,663	$ (333,978)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Amortization and depreciation	2,337,712	2,240,577
(Increase) decrease in accounts receivable	(221,241)	369,927
(Increase) decrease in inventory supplies	(39,347)	62,595
(Increase) decrease in prepaid expenses	(11,398)	23,253
Increase in net OPEB asset	(6,892)	(37,404)
Decrease in deferred outflows - pension	384,179	1,176,007
Decrease in deferred outflows - OPEB	13,590	10,840
Increase (decrease) in accounts payable	208,449	(1,132,699)
Increase (decrease) in accrued expenses	228,715	(4,345)
Increase in deposits from customers	25,073	26,457
Increase (decrease) in net pension liability	347,215	(866,569)
Decrease in net OPEB liability	-	(14,776)
Increase (decrease) in deferred inflows - pension	(299,806)	45,395
Increase (decrease) in deferred inflows - OPEB	(14,037)	13,311
Net Cash Provided by Operating Activities	$ 2,999,875	$ 1,578,591
Supplemental Disclosures of Non-Cash and related Financing and Investing Activities:		
Contributed Capital Assets	$ 713,506	$ 1,854,235

1. <u>REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

A. Reporting Entity

The Sunnyslope County Water District (the District) was formed December 17, 1954 as a California Special District pursuant to the California County Water District Act, §30000 et seq., to furnish water and wastewater services to residents of the District in San Benito County, California. The District is governed by a five-member Board of Directors who serve overlapping four-year terms. The District operates as a non-taxable governmental entity and earns the majority of its revenues from water sales and services to residential users. The District's water system serves an area of approximately 3.9 square miles in the City of Hollister and surrounding areas. The District's wastewater system serves a smaller area within the County consisting of Ridgemark Estates and the Oak Creek and Quail Hollow subdivisions. For fiscal year 2021, water sales constitute approximately 59.2% of operating revenues and wastewater sales are approximately 16.30% of operating revenues.

B. Basis of Accounting

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

C. Accounting Principles

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

D. Basis of Presentation and Measurement Focus

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

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

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

E. Budgets

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

F. New Accounting Pronouncements

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

The District implemented the following statements for the year ended June 30, 2021:

Statement No. 84	*"Fiduciary Activities"*	The provisions of this statement are effective for reporting periods beginning after December 15, 2019. The District has implemented this pronouncement for the fiscal year 2020-21.
Statement No. 90	*"Majority Equity Interests —An Amendment of GASB Statements No. 14 and No. 61"*	The provisions of this Statement are effective for reporting periods beginning after December 15, 2019. The District has implemented this pronouncement for the fiscal year 2020-21.
Statement No. 93	*"Replacement of Interbank Offered Rates"*	The provisions of this Statement are effective for reporting periods beginning after June 15, 2020. The District has implemented this pronouncement for the fiscal year 2020-21.

<u>Pending Accounting Standards</u>

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

Statement No. 87	*"Leases"*	The provisions of this statement are effective for reporting periods beginning after June 15, 2021.
Statement No. 89	*"Accounting for Interest Cost Incurred before the End of a Construction Period"*	The provisions of this statement are effective for reporting periods beginning after December 15, 2020.
Statement No. 91	*"Conduit Debt Obligations"*	The provisions of this statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92	*"Omnibus 2020"*	The provisions of this statement are effective for reporting periods beginning after June 15, 2021.
Statement No. 94	*"Public-Private and Public-Public Partnerships and Availability Payments Arrangements"*	The provisions of this statement are effective for reporting periods beginning after June 15, 2022.
Statement No. 96	*"Subscription-Based Information Technology Arrangements"*	The provisions of this statement are effective for reporting periods beginning after June 15, 2022.
Statement No. 97	*"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"*	The provisions of this statement are effective for reporting periods beginning after June 15, 2021.
Statement No. 98	*"Annual Comprehensive Financial Report"*	The provisions of this statement are effective for reporting periods beginning after June 15, 2022.

G. Cash and Investments

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

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

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

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

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

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

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

The District valued its investments in LAIF as of June 30, 2021, by multiplying its account balance with LAIF times a fair value factor determined by LAIF for all LAIF participants by total aggregate amortized cost.

H. Receivables

Receivables include amounts due from water utility customers as well as amounts due from contracts, and other receivables. The District provides an allowance for doubtful accounts for all accounts deemed uncollectible. The allowance for fiscal year 2021 is calculated as 2.5% of the outstanding receivable balance on the District's accounts. The bad debt allowance is held low due to the District's strict shut-off policy for accounts that reach 3 months past due, and the District's deposit requirement policy. Management's periodic evaluation of outstanding receivables is based on the District's past loss experience. The majority of accounts that become uncollectible are final bills to customers who have left our service area. Once collection efforts have been exhausted, a list of accounts deemed uncollectible is provided to management for approval to write-off and are turned over to a collection agency for further attempts at collection. Due California Executive Order N-42-20 in response to the state of emergency as a result of the threat of COVID-19, no water service will be shut off during this time of National Emergency.

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

I. Inventories and Prepaid Expenses

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

J. Restricted Cash and Investments

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

K. Capital Assets

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

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

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

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

L. Idle Assets

Idle assets consist of potential site for Well #12 on Southside Road, including some engineering and design work, hydrogeology and water quality testing, environmental review work, drilling a test well, and a 2-acre parcel lot line adjustment, and a potential site for expansion of the West Hills Water Treatment Plant.

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

M. Water Rights

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

N. Compensated Absences

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

<u>Vacation</u>

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

<u>Compensated Absences</u>

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

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

<u>Sick Leave</u>

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

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

O. Pension Plan

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

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expenses, information about the fiduciary net position of the San Sunnyslope County Water District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS finance office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 8 for the CalPERS Classic Plan disclosures.

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

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July1, 2019 to June 30, 2020

P. Other Post-Employment Benefits (OPEB)

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

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

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July1, 2019 to June 30, 2020

Q. Deferred Outflows/Inflows of Resources

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

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

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

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

R. Net Position

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

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

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

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

S. Water & Wastewater Service Revenue Recognition

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

T. Contracted Services Revenue Recognition

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

U. Amortization

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

V. Restricted and Unrestricted Resources

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

W. Use of Estimates

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

X. Comparative Prior Year Financial Information

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

Y. Reclassifications

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

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2021 are classified in the accompanying financials statements as follows:

Cash and investments	$ 10,727,527
Restricted cash and investments	7,513,853
Total cash and investments	$ 18,241,380

The carrying value of the District's cash and investments, including restricted and designated balances as of June 30, 2021 were as follows:

	Restricted	Undesignated Unrestricted	Total
Petty Cash	$ -	$ 800	$ 800
Heritage Bank of Commerce	-	11,214,556	11,214,556
Local Agency Investment Fund	7,513,853	(487,829)	7,026,024
Total	$ 7,513,853	$ 10,727,527	$ 18,241,380

<u>Investments Authorized by the District's Investment Policy</u>

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

<u>Investment in State Investment Pool</u>: The District is a voluntary participant in the Local Agency Investment Fund (LAIF) an investment pool managed by the State of California. LAIF is a special fund of the California State Treasury through which local governments may pool investments. As of June 30, 2021, the total fair value amount invested by all public agencies in LAIF is $193,321,015,759 and managed by the State Treasurer. Of that amount, 2.31% is invested in medium-term and short-term structured notes and asset-back securities. No amounts were invested in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the District has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
- Level 3 inputs are unobservable and significant to the fair value measurement. Theses unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). The unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

As of June 30, 2021, the District had no leveled investments. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2021, $250,000 of the balance on deposit with Heritage Bank of Commerce was covered by federal depository insurance, and the excess of $10,964,556 was collateralized by the pledging institution as required by Section 53652 of the California Government Code.

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

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

Concentration of Credit Risk: Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments represent a concentration. The investment in LAIF account, representing 100% of the portfolio are not considered a concentration of risk.

The LAIF investment portfolio as follows:

	Value	Cost	0-3 Months	4-12 Months
Local Agency Investment Fund	$ 7,026,024	$ 7,025,441	$ 7,026,024	$ -

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

3. ACCOUNTS RECEIVABLE, NET

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectible accounts) amount on the financial statements. Below is the detail of the receivables as of June 30, 2021, including applicable allowances for uncollectible accounts

	Sunnyslope Water & Wastewater Sales and Services	City of Hollister Customer Billings	Other Receivables	Total June 30, 2021
Accounts receivable	$ 963,279	$ 439,793	$ 519,440	$ 1,922,512
Less: Allowance for uncollectible accounts	(24,480)	-	-	(24,480)
Net accounts receivable	$ 938,799	$ 439,793	$ 519,440	$ 1,898,032

The District entered into an agency agreement with the City of Hollister to bill wastewater and street sweeping charges to District's water customers who receive their wastewater service from the City. Accounts receivable from customers includes $439,793 due from the City's customers as of June 30, 2021. Likewise, accounts payable includes $439,793 due to the City for the amount billed to their customers as of June 30, 2021. See Note 6 – Accounts Payable. No provision was made for uncollectible accounts for the accounts receivable balance due from the City's customers.

Other receivables represent those billings outside of the normal water and wastewater sales and services The receivables include $505,283 in contracted services billings for the operation and maintenance of the Lessalt Water Treatment Plant, the West Hills Water Treatment Plan and San Benito Foods. Receivables also include $14,156 in miscellaneous billable services.

4. CAPITAL ASSETS, NET

The change in capital assets of the District for the year ended June 30, 2021 are summarized as follows:

	June 30, 2020	Additions	Disposals	Transfers	June 30, 2021
Water rights					
Lessalt water treatment plant	$ 6,500,000	$ -	$ -	$ -	$ 6,500,000
West Hills water treatment plant	12,200,000	-	-	-	12,200,000
Depreciable assets					
Water utility plant	24,491,989	986,155	-	-	25,478,144
Wastewater utility plant	15,546,933	9,112	-	-	15,556,045
Equipment and furniture	2,196,049	32,088	-	15,590	2,243,727
Office building	2,805,015	-	-	-	2,805,015
Land improvements	21,449	-	-	-	21,449
Non-depreciable assets					
Land	850,499	-	-	-	850,499
Construction-in-process	24,095	148,996	-	(15,590)	157,501
Total capital assets	64,636,029	1,176,351	-	-	65,812,380
Accumulated amortization	(4,691,945)	(888,332)	-	-	(5,580,277)
Accumulated depreciation	(16,669,058)	(1,449,380)	-	-	(18,118,438)
Capital assets, net	$ 43,275,026	$ (1,161,361)	$ -	$ -	$ 42,113,665

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

	June 30, 2020	Additions	Disposals	June 30, 2021
Amortization				
Water rights				
Lessalt water treatment plant	$ (1,480,556)	$ (216,666)	$ -	$ (1,697,222)
West Hills water treatment plant	(3,211,389)	(671,666)	-	(3,883,055)
Total amortization	(4,691,945)	(888,332)	-	(5,580,277)
Depreciation				
Water utility plant	(9,769,322)	(858,959)	-	(10,628,281)
Wastewater utility plant	(3,726,277)	(382,529)	-	(4,108,806)
Equipment & furniture	(1,691,057)	(106,538)	-	(1,797,595)
Office building	(1,472,140)	(100,889)	-	(1,573,029)
Land improvements	(10,262)	(465)	-	(10,727)
Total depreciation	(16,669,058)	(1,449,380)	-	(18,118,438)
Total amortization and depreciation	$ (21,361,003)	$ (2,337,712)	$ -	$ (23,698,715)

5. IDLE ASSETS

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

Idle assets of the District for the year ended June 30, 2021 are summarized as follows:

	June 30, 2020	Additions	Disposals	June 30, 2021
Site for Well #12	$ 115,194	$ -	$ -	$ 115,194
Well #12 Test Well	176,676	-	-	176,676
Site for Future W. Hills Water Treat. Plant Expan.	179,471	-	-	179,471
Total idle assets	$ 471,341	$ -	$ -	$ 471,341

6. ACCOUNTS PAYABLE

The District entered into an agency agreement with the City to bill wastewater and street sweeping charges to District's water customers who receive their wastewater service from the City beginning July 1, 2007. Accounts payable includes $439,793 due to the City for the amount billed to their customers as of June 30, 2021. Likewise, accounts receivable from customers includes $439,793 due from the City's customers as of June 30, 2021 - see Note 3 Accounts Receivable.

Amounts are aggregated into a single accounts payable total on the financial statements. Below is the detail of the payable amounts as of June 30, 2021:

	Sunnyslope Water District Vendors	City of Hollister Customer Billings	Total June 30, 2021
Accounts payable	$ 1,298,257	$ 439,793	$ 1,738,050

7. LONG TERM DEBT PAYABLE

The change in loans and commitments payable of the District for the year ended June 30, 2021, are summarized as follows:

	June 30, 2020	Increase	Decrease	June 30, 2021	Due Within One Year
Accrued compensated absences	$ 117,745	$ 193,859	$ (138,825)	$ 172,779	$ 56,526
Direct Borrowings and Placements					
Bank loan payable	2,722,544	-	(247,280)	2,475,264	2,475,264
State Revolving Fund loan payable	8,823,567	-	(530,563)	8,293,004	544,356
Commitment payable	14,083,675	-	(612,656)	13,471,019	637,337
Total Direct Borrowings and Placements	25,629,786	-	(1,390,499)	24,239,287	3,656,957
Total Long-Term Liabilities	$ 25,747,531	$ 193,859	$ (1,529,324)	$ 24,412,066	$ 3,713,483

The aggregate maturities of loans and commitments are as follows:

Fiscal Year	Direct Borrowings and Placements		
Ending June 30,	Principal	Interest	Total
2022	$ 3,656,957	$ 829,517	$ 4,486,474
2023	1,221,536	724,237	1,945,773
2024	1,262,794	683,112	1,945,906
2025	1,305,522	640,520	1,946,042
2026	1,349,773	596,410	1,946,183
2027-2031	7,385,539	2,263,110	9,648,649
2032-2036	5,639,975	985,403	6,625,378
2037-2041	1,602,770	373,303	1,976,073
2042-2044	814,421	41,873	856,294
	$ 24,239,287	$ 7,137,485	$ 31,376,772

A. Municipal Finance Corporation – City National Bank Loan

On October 1, 2014, the District entered into a loan agreement with Municipal Finance Corporation in the amount of $3,943,126, for the purpose of refinancing the Capital Project Bond. The loan was immediately assigned to City National Bank. Loan repayment is over a term of 15 years at the rate of 3.4% interest and is payable in semiannual loan payments of $168,881, beginning on April 16, 2015, and maturing on October 16, 2029. Principal and interest are to be paid from pledged future revenues. The District elected to prepay the outstanding balance including interest and fees in the amount of $2,475,264 on October 7, 2021.

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

In addition, the District shall collect rates, fees and charges sufficient to yield net revenues equal to 115% of the aggregate amount of loan repayments and principal and interest on any parity obligations coming due and payable with respect to such fiscal year. Net revenue available for debt service for the year ended June 30, 2021, is determined as follows:

Gross Revenue	$ 12,396,429
Expenses	12,348,766
Operating Revenue	47,663
Add:	
Depreciation and amortization	2,337,712
Revenue	2,385,375
Add:	
Capacity and connection fees	5,002,375
Net Revenue	$ 7,387,750
Annual Debt Service including Parity Obligations	$ 2,279,458
Net Revenue Ratio	324%
Required Net Revenue Ratio	115%

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

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

Fiscal Year	Direct Borrowings and Placements		
Ending June 30,	Principal	Interest	Total
2022	$ 2,475,264	$ 65,564	$ 2,540,828

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

On April 11, 2011, the District entered into a project financing agreement with the State Water Resources Control Board for a State Revolving Fund (SRF) loan in the amount of $11.4 million. This loan provided funds for the construction of the Ridgemark Wastewater Treatment and Recycled Water Improvements Project (the System), which generally consisted of upgrade and consolidation of the District's Ridgemark I and Ridgemark II wastewater treatment facilities. The term of the agreement is from December 14, 2010 to September 30, 2033. The construction completion date was extended to September 30, 2013 and the initiation of operation date to January 1, 2014. The loan is scheduled to be repaid over a 20-year period beginning September 30, 2014. Interest accrued during the construction period of $345,037 is being added to the principal balance due on the loan. The annual interest rate is 2.6%, resulting in amortized principal and interest payments of $759,975 per year. Principal and interest are to be paid from pledged future revenues of the System.

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

The SRF loan is collateralized by a pledge of net revenues derived and to be derived from the operations of the District. Net revenues are revenues received from the ownership or operation of the System less the amounts necessary to pay all system operating and maintenance charges of the District, excluding depreciation, replacement and obsolescence charges or reserves and amortization of intangibles. The District is also required to establish and maintain a reserve fund equal to one year's debt service from available cash. In addition, the District covenants to establish rates and charges in amounts sufficient to generate net revenues equal to at least 1.2 times the total annual debt service. Net revenue available for debt service for the year ended June 30, 2021, is determined as follows:

Wastewater System Revenue	$ 2,047,437
Cost of Good Sold	631,601
Other Expenses	803,225
Total Expenses	1,434,826
Operating Wastewater System Income	612,611
Add:	
Capacity fees	21,125
Depreciation	416,644
Net Revenue	$ 1,050,380
Annual Debt Service	$ 759,975
Net Revenue Ratio	1.38
Required Net Revenue Ratio	1.20

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

The maturities of SRF loan payable are as follows:

Fiscal Year	Direct Borrowing and Placement		
Ending June 30,	Principal	Interest	Total
2022	$ 544,356	$ 215,619	$ 759,975
2023	558,510	201,465	759,975
2024	573,031	186,944	759,975
2025	587,930	172,045	759,975
2026	603,216	156,759	759,975
2027-2031	3,259,650	540,223	3,799,873
2032-2034	2,166,311	113,612	2,279,923
	$ 8,293,004	$ 1,586,667	$ 9,879,671

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

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

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

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

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

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

The aggregate maturities of commitments are as follows:

Fiscal Year Ending June 30,	Direct Borrowing and Placement Principal	Interest	Total
2022	$ 637,337	$ 548,334	$ 1,185,671
2023	663,026	522,772	1,185,798
2024	689,763	496,168	1,185,931
2025	717,592	468,475	1,186,067
2026	746,557	439,651	1,186,208
2027-2031	4,125,889	1,722,887	5,848,776
2032-2036	3,473,664	871,791	4,345,455
2037-2041	1,602,770	373,303	1,976,073
2042-2044	814,421	41,873	856,294
	$ 13,471,019	$ 5,485,254	$ 18,956,273

The maturities of Tranche 1 commitment payable are as follows:

Fiscal Year Ending June 30,	Direct Borrowing and Placement Principal	Interest	Total
2022	$ 149,077	$ 246,138	$ 395,215
2023	155,926	239,289	395,215
2024	163,089	232,126	395,215
2025	170,582	224,633	395,215
2026	178,418	216,797	395,215
2027-2031	1,022,832	953,241	1,976,073
2032-2036	1,280,376	695,697	1,976,073
2037-2041	1,602,770	373,303	1,976,073
2042-2044	814,421	41,873	856,294
	$ 5,537,491	$ 3,223,097	$ 8,760,588

The maturities of Tranche 2 commitment payable are as follows:

Fiscal Year Ending June 30,	Direct Borrowing and Placement Principal	Interest	Total
2022	$ 362,348	$ 255,752	$ 618,100
2023	377,111	240,989	618,100
2024	392,475	225,625	618,100
2025	408,465	209,635	618,100
2026	425,107	192,993	618,100
2027-2031	2,399,876	690,624	3,090,500
2032-2035	2,193,288	176,094	2,369,382
	$ 6,558,670	$ 1,991,712	$ 8,550,382

The maturities of Tranche 3 commitment payable are as follows:

Fiscal Year Ending June 30,	Direct Borrowing and Placement Principal	Interest	Total
2022	$ 125,912	$ 46,444	$ 172,356
2023	129,989	42,494	172,483
2024	134,199	38,417	172,616
2025	138,545	34,207	172,752
2026	143,032	29,861	172,893
2027-2031	703,181	79,022	782,203
	$ 1,374,858	$ 270,445	$ 1,645,303

8. PENSION PLAN

A. General Information about the Pension Plan

Plan Description - All qualified employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan (PERF C or the Plan) is administered by the California Public Employees Retirement System (CalPERS). A menu of benefit provisions as well as other requirements are established by State statutes within the California Public Employees' Retirement Law (PERL). The District's Board of Directors selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Employees Covered - All full-time District employees are eligible for benefits under the Plan in one of two tiers. Employees hired prior to January 1, 2013, or who are hired after December 31, 2012 and qualify as "classic" members on date of hire are in Tier 1 (rate plan #620), and employees hired after December 31, 2012 and who do not qualify as "classic" members are in Tier 2 (rate plan #26656). At June 30, 2021, there are 22 full-time employees, with 11 in Tier 1, and 11 in Tier 2.

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

The District's Plans' provisions and benefits in effect as of June 30, 2021, are summarized as follows:

	Miscellaneous	
	Classic	PEPRA
Hire date	Hire prior to January 1, 2013	Hire on or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% at 62
Benefit vesting schedule	5 years service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	2.7%	2.0%
Final compensation period	1 year	3 years
Required employee contribution rates	8.00%	6.750%
Required employer contribution rates	14.194%	7.732%
Required Payment of Unfunded Liability	$67,143	$3,201

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

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

	Fiscal Year Paid	
	2020/21	2019/20
Misc. Classic	$ 154,593	$ 183,796
Misc. PEPRA	86,768	45,909
	$ 241,361	$ 229,705

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the net pension liability as of June 30, 2021and 2020 were as follows:

	Fiscal Year Ended	
	June 30, 2021	June 30, 2020
Total Net Pension Liability	$ 368,675	$ 21,460

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions for all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2021 and 2020 were as follows:

	Percentage Share of Risk Pool		Change: Increase/(Decrease)
Fiscal year ended	6/30/2021	6/30/2020	
Measurement date	6/30/2020	6/30/2019	
Percentage of Plan (PERF C) NPL	0.00339%	0.00021%	0.00318%

For the year ended June 30, 2021, the District recognized pension expense of $672,949. As of June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 18,999	$ -
Changes in assumption	-	2,630
Net differences between projected and actual earnings on plan investments	10,952	-
Change in employer's proportion	302,501	359,935
Differences between the employer's contributions and the employer's proportionate share of contributions	384,141	333,850
Pension contributions subsequent to measurement date	241,361	-
Total	$ 957,954	$ 696,415

The deferred outflows of resources to contributions of $241,361 were subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

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

Year Ending June 30,	
2022	$ 29,257
2023	(3,164)
2024	(11,167)
2025	5,252
Total	$ 20,178

Actuarial Methods and Assumptions used to determine Total Pension Liability - For the measurement period ended June 30, 2020 (the measurement date), the total pension liability was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The total pension liability was based on the following assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Investment rate of return	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality rate table*	Derived using CalPERS' Membership Data for all Funds
Post-retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

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

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

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

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

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

The expected real rates of return by asset class per the CalPERS' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020 as followed:

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

*An expected inflation of 2.00% used for this period

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

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

Deferred outflows of resources and deferred inflows of resources relating to differences between expected and actual experience and changes of assumptions are amortized over the Expected Average Remaining Service Lifetime (EARSL) of members provided with pensions through the Plan determined as of the beginning of the related measurement period. The EARSL for PERF C for the June 30, 2020 measurement date is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of all active employees) by 145,663 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the proportionate share of the net pension liability of the District's Plan as of the Measurement Date June 30, 2020, calculated using the discount rate of 7.15%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate		
	6.15% (1% Decrease)	7.15% (Current Rate)	8.15% (1% Increase)
Measurement date		June 30, 2020	
Fiscal Year End		June 30, 2021	
Net Pension Liability (Asset)	$ 2,262,349	$ 368,675	$ (1,196,008)

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

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

9. DEFERRED COMPENSATION PLAN

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

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

For the year ended June 30, 2021, employee contributions consisting of employee deferrals, compensated absences, and cash in lieu of insurance benefits converted to deferred compensation totaled $235,497. For the year ended June 30, 2021, the required employer matching contribution was $7,159.

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

Plan Administrator	Investment Balance
Nationwide Retirement Solutions, Inc.	$ 3,700,337
CalPERS Supplemental Income Plan	130,547
Total	$ 3,830,884

10. OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB)

A. General Information about the OPEB Plan

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

The plan information is as follows:

Fiscal Year End	June 30, 2021
Plan Type	Agent Multiple Employer
OPEB Trust	Yes
Special Funding Situations	No
Nonemployer Contributing Entities	No

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

June 30, 2021 Fiscal Year End June 30, 2020 Measurement Date June 30, 2019 Valuation Date	Number of Covered Participants
Actives Employees	23
Inactive Employees Currently Receiving Benefit Payments	6
Inactive Employees Entitled to but not yet Receiving Benefit Payments	5
Total Employees	34

Benefits and Eligibility: Under the CalPERS health plan, the District is required to pay the minimum employer health premium contribution for the District's eligible retirees and eligible surviving spouses. The employee is responsible for paying the remainder of the monthly healthcare premium. The minimum employer contribution for retirees' health premiums for calendar year 2021 is $143 per month. The amount will increase in subsequent years to reflect inflation in the cost of healthcare. These benefits are being paid through the CalPERS California Employers' Retirement Benefit Trust (CERBT). To be eligible for retirement medical, an active employee must be at least 50 and have a minimum of 5 years of service and retire directly from the District.

Contributions: The District intends to contribute to the Trust the actuarially determined contribution (ADC) net of the pay-as-you-go benefits paid annually directly from employer resources. For the fiscal year ended June 30, 2021, the District's cash contributions were $10,151 in premium payments made on behalf of retirees, and implied subsidy payments of $3,403, resulting in total payments of $13,554. No trust contributions were made in 2020/21 fiscal year.

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

OPEB Asset: As of the June 30, 2020 measurement date, the District's total OPEB liability (asset) were as follows:

Fiscal Year Ended	June 30, 2021
Measurement Date	June 30, 2020
Total OPEB Liability (TOL)	$ 544,479
Fiduciary Net Position (FNP)	588,775
Total Net OPEB Asset	$ (44,296)
Funded status (FNP/TOL)	108.1%

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

Changes in Net OPEB Asset	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balance at June 30, 2020 (Measurement Date June 30, 2019)	$ 531,542	$ 568,946	$ (37,404)
Service Cost	13,276	-	13,276
Interest	33,452	-	33,452
Changes of Benefit Terms	-	-	-
Actual versus Expected Experience	-	-	-
Changes of Assumptions	-	-	-
Employer Contributions	-	33,791	(33,791)
Employee Contributions	-	-	-
Net Investment Income	-	20,107	(20,107)
Benefit Payments	(33,791)	(33,791)	-
Administrative Expenses	-	(278)	278
Net Changes	12,937	19,829	(6,892)
Balance at June 30, 2021 (Measure Date June 30, 2020)	$ 544,479	$ 588,775	$ (44,296)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: As of fiscal year ended June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Differences Between Projected and Actual Earnings on Plan Investments	$ 7,019	$ -
Differences Between Expected and Actual Experience	-	14,706
Changes of Assumptions	2,038	-
Employer Contributions after Measurement Date	13,554	-
Total	$ 22,611	$ 14,706

Deferred outflows of resources in the amount of $13,554 related to contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB asset during the fiscal year ending June 30, 2022.

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

Year Ending June 30,	Outflows/ (Inflows) of Resources
2022	$ (3,811)
2023	(463)
2024	882
2025	1,027
2026	(2,346)
Thereafter	(938)
Total	$ (5,649)

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gain and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. For the fiscal year ended June 30, 2021, the District recognized OPEB expense of $6,221.

Actuarial Methods and Assumptions Used to Determine the OPEB Asset: The District's net OPEB asset was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

Significant Accounting Actuarial Assumptions and Methods:

Fiscal Year End Measurement Date Valuation Date	June 30, 2021 June 30, 2020 June 30, 2019
Discount Rate	6.50%
Long-Term Expected	6.50%
General Inflation	2.75% annually
Mortality Rate	Mortality rates from CalPERS 2017 actuarial valuation. The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% of Society of Actuaries Scale MP 2016.
Pre-Retirement Turnover and Retirement	Retirement and termination rates from CalPERS 2017 actuarial valuation for "public agency miscellaneous 2.7% at 55," based on the 1997-2015 experience study. No disablement assumed
Salary Increases	3% per year
Healthcare Trend Rate	Medical premium amounts are assumed to increase 5% per year. The CalPERS minimum required employer contribution is assumed to increase 4% per year

Participation	50% of active employees are assumed to elect health care benefits at retirement
Changes of Benefit Terms	None
Changes in Actuarial Assumptions	None

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

Expected Long-Term Rate of Return on Investments: The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The asset class percentages are taken from the current composition of the CERBT trust, and the expected yields are taken from a recent CalPERS publication for the Pension Fund:

Measurement Date	June 30, 2020	
CERBT Trust: Pension Fund Asset Class %	% of Fund	Expected Real Rate of Return
Global Equity	57%	5.25%
Fixed Income	27%	0.99%
Treasury Securities	5%	0.45%
Real Estate Trusts	8%	4.50%
Commodities	3%	3.90%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.50%

Discount Rate Sensitivity Analysis: The following schedule presents the District's net OPEB liability (asset) if it were calculated using discount rate that is that is 1 percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate (6.50%) for measurement period ended June 30, 2020:

	Discount Rate		
	(1% Decrease) 5.50%	(Current Rate) 6.50%	(1% Increase) 7.50%
Net OPEB Liability (Asset)	$ 37,066	$ (44,296)	$ (110,477)

Medical Trend Sensitivity Analysis: The following presents the net OPEB liability (asset) of the District if it were calculated using health care cost trend rates that are one percentage point lower (4.0%) or one percentage point higher (6.0) than the current rate (5.0%), for measurement period ended June 30, 2020:

	Healthcare Trend		
	(1% Decrease) 4.0%	(Current Rate) 5.0%	(1% Increase) 6.0%
Net OPEB Liability (Asset)	$ (115,488)	$ (44,296)	$ 43,242

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

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

11. NET POSITION

Net position represents the difference between assets and liabilities. Designations of unrestricted net position represents the District Board of Director's intention for the use of resources. The net position amounts at June 30, 2021 were as follows:

Net investment in capital assets	$ 17,874,376
Restricted:	
Water capacity fees	6,732,728
Wastewater capacity fees	21,125
Debt service reserve	760,000
Total restricted	7,513,853
Unrestricted:	
Designated:	
Capital improvement reserve	1,709,419
Vehicle replacement	197,550
Emergency equipment replacement	100,000
Office and miscellaneous equipment replacement	266,753
Drought contingency reserve	400,000
	2,673,722
Undesignated	8,024,329
Total unrestricted	10,698,051
Total Net Position	$ 36,086,280

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions and natural disaster for which the District carries commercial insurance. The District is a member of the Association of California Water Agencies-Joint Powers Insurance Authority (ACWA-JPIA) for workers' compensation coverage. The relationship between the District and the JPIA is such that the JPIA is not component units of the

District for financial reporting purposes. The ACWA-JPIA arranges for and provides property and liability insurance for its nearly 370 members. ACWA-JPIA is governed by a board consisting of a representative from each member district. The board controls the operations of ACWA-JPIA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in ACWA-JPIA. Separate financial statements of ACWA-JPIA can be obtained by request to Finance Department, 2100 Professional Drive, Roseville, CA 95661.

Condensed financial information of ACWA-JPIA as of September 30, 2020 is as follows:

Total Assets	$ 237,525,073
Deferred Outflows of Resouces	1,054,750
Total Liabilities	(113,075,164)
Deferred Inflows of Resouces	(1,817,452)
Net Position	$ 123,687,207
Total Revenues	$ 197,639,443
Total Expenditures	(172,886,738)
Net Increase	$ 24,752,705

The District has the following commercial insurance policies:

Coverage	Deductible	Coverage Limit
General Liability	N/A	Ranging from $10,000 to $3,000,000
Commercial Excess Liability	N/A	$4,000,000
Auto Liability	N/A	Ranging from $5,000 to $1,000,000
Public Officials and Management Liability	$1,000	$1,000,000 / $3,000 000
Privacy Liability & Network	$1,000	Ranging from $50,000 to $1,000,000
Property		
Buildings, personal property, and fixed equipment	$2,500	$1,000,000 / $18,522,839
Mobile equipment	$1,000	Ranging from $64,000 to $291,547
Commercial Crime	$1,000	Ranging from $5,000 to $500,000

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

13. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

The SBCWD committed to finance up to $30 million of the project costs. These funds were committed in two tranches. The first tranche of $13 million was made available on the effective date of the agreement, September 1, 2013. The second tranche of $17 million was made available at the time of execution of the start of the construction phase for the West Hills Water Treatment Plant, May 1, 2015. The agreement calls for the SBCWD to recover its investment in the capital projects from the District and the City over a 20-30-year period through a capital component, including interest, in the finished water rate. The actual project cost exceeded the $30 million financing in place by $11.6 million. The additional funding consisted of $4.2 million in Prop 84 Grant Funds, $1.7 million cash input from both the City and the District, and the balance of $4 million financed as a third tranche loan to SBCWD from a financial institution, to be repaid equally by the City and the District. The third tranche loan of $4 million was borrowed January 1, 2016 at a rate of 3.45% interest and is to be repaid quarterly over a 15-year period. For more information on the debt schedules, see Note 7 – Long Term Debt Payable.

Of the project costs, SBCWD is contributing $10 million in non-reimbursable funds; $5 million to the District and $5 million to the City. The District plans to use the $5 million to stabilize water rates and allow a gradual increase to meet future revenue needs. The water rate stabilization credit reported in the operating expenses for the year ended June 30, 2021 is $0, since the total credit of $5 million was received in prior fiscal years.

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

For the year ended June 30, 2021, SBCWD was billed for actual operations and maintenance costs of the Lessalt Water Treatment Plant of $1,077,730 and of the West Hills Water Treatment Plant of $1,575,700, including labor and benefits. One-half of these amounts were charged back to the District for its 50% share of the cost to operate the plants.

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

Litigation: The District is subject to various legal proceedings and claims that arise in the ordinary course of business. The District would pursue or defend cases vigorously through trial unless facts develop that warrant an attempt to see an out-of-court settlement. As of June 30, 2021, the District had the following pending litigation:

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

San Benito Superior Court (CU-20-00068)

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

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

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

Hildens Counsel: Paul Rovella, JRG Attorneys at Law

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

Status: The County filed a complaint against the District and the Hildens with the San Benito Superior Court on June 4, 2020. The District and the Hildens have filed Cross-Complaints against the other parties. Currently, the parties have entered into non-binding mediation. The most recent session was held November 30, 2021. Resolution of the disagreement has not yet been reached.

COVID-19

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

14. SUBSEQUENT EVENTS

Date of Management Review

Events occurring after June 30, 2021 have been evaluated by Management for possible adjustment to the financial statements or disclosure as of December 13, 2021 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Sunnyslope County Water District

Required Supplementary Information
June 30, 2021

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

	Fiscal Year End						
	06/30/21	06/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15
Measurement Date	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
District's proportion of the net pension liability	0.00339%	0.00021%	0.00922%	0.01108%	0.02895%	0.02852%	0.02451%
District's proportionate share of the net pension liability	$368,675	$21,460	$888,029	$1,099,308	$2,505,138	$1,957,613	$1,524,958
District's covered-employee payroll *	$2,051,543	$2,104,470	$1,909,079	$1,687,978	$1,488,922	$1,434,655	$1,519,954
District's proportionate share of the net pension liability as a percentage of covered-employee payroll	17.97%	1.02%	46.52%	65.13%	168.25%	136.45%	100.33%
Plan's fiduciary net position as a percentage of the plan's total pension liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

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

Sunnyslope County Water District

Required Supplementary Information
June 30, 2021

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

Fiscal year ended	06/30/21	06/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15
Actuarially determined contribution	$ 241,361	$ 229,705	$ 257,869	$ 209,739	$ 287,182	$ 245,300	$ 233,521
Contributions in relation to the actuarially determined contribution	241,361	229,705	1,351,009	209,739	1,942,855	245,300	233,521
Contribution deficiency (excess)	$ -	$ -	$ (1,093,140)	$ -	$ (1,655,673)	$ -	$ -
District's covered payroll *	$ 2,145,242	$ 2,051,543	$ 2,104,470	$ 1,909,079	$ 1,687,978	$ 1,488,922	$ 1,434,655
Contributions as a percentage of covered payroll	11.25%	11.20%	64.20%	10.99%	115.10%	16.48%	16.28%

^ Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.
* For the fiscal year ending on the date shown

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

Valuation Date	June 30, 2018
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of pay, direct rate smoothing
Remaining Amortization Periods	Differs by employer rate plan but not more than 30 years
Asset valuation method	Market value of assets
Inflation	2.500%
Salary increases	Varies by Entry Age and Service
Discount Rate *	7.00% (net of administrative expenses)
Mortality	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries

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

Sunnyslope County Water District

Required Supplementary Information
June 30, 2021

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

Last 10 Years^

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

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

* For the year ending on the measurement date.

Sunnyslope County Water District

Required Supplementary Information
June 30, 2021

Schedule of Employer OPEB Contributions

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