

ITEM #5.A

Approval of Minutes of the June 04, 2024 Regular Meeting



**REGULAR MEETING OF THE BOARD OF DIRECTORS
DEL PASO MANOR WATER DISTRICT**

DRAFT MINUTES

**June 04, 2024 6:00 PM
1817 Maryal Drive, Suite 300, Sacramento 95864**

1. CALL TO ORDER:

Vice President Dolk called the meeting to order at 6:10 p.m.

2. ROLL CALL:

Directors Present: Vice President Carl Dolk, Bob Matteoli, Gwynne Pratt, and David Ross

Vacant Position: One Vacant Position

Staff Present:	General Manager	Adam Coyan
	Office Manager	Victoria Hoppe
	Field Supervisor	Mike Jenner
	Certified Public Accountant	Robert Merritt
	District Engineer	Alan Driscoll
	Assistant Legal Counsel	Lauren Bernadette

A quorum of the Board was present.

3. ADOPTION OF AGENDA: Members may pull an item from the agenda.

Director Pratt made a motion to adopt the agenda. The motion was seconded by Director Ross. The agenda was adopted on a 4 Yes/0 No/1 Vacancy vote.

4. PUBLIC COMMENTS - ITEMS NOT ON THE AGENDA The Board of Directors welcomes participation at these meetings. Matters under the jurisdiction of the Board that are not posted on the agenda may be addressed by the public, California law prohibits the Board from acting on any matter which is not on the posted agenda, unless the members determines that it is an emergency or other situation specified in Government Code Section 54954.2. Public comments are limited to five (5) minutes per individual. Please make your comments directly to the DPMWD Chair. Comments will be accepted via teleconference and in writing.

Vice President Dolk called for public comment.

Trish Harrington spoke about the Capital Improvement Plan.

Roy Wilson spoke about LAFCo's hearing.

Carol Rose spoke about the upcoming election.

Marcy spoke about the upcoming election, report back on information requested during meetings, and LAFCo action.

Seeing no further comment, Vice President Dolk closed public comment.

5. CONSENT CALENDAR: All items under Consent Calendar will be considered together by one action of the Board, any Member or members of the public may request that an item be removed and considered separately.

(6:24 pm)

Item 5.A: Approval of Minutes of the May 07, 2024 Regular Meeting

Item 5.B: Approval of Warrants and Payroll

Vice President Dolk called for public comment. Seeing no one come forward, he closed public comment.

Request was made to discuss separately.

It was noted a correction in the minutes for Item 8.C to state the Board directed staff to pursue the Prop218 loan and to not pursue the rate increase.

It was clarified written comment provided by Director Matteoli agreed to have his written comment provided at the meeting to be entered into the record/packet with the assurance it would be released in a records request.

Director Ross made a motion to approve the Consent Calendar Item 5.A, with correction to state the Board directed staff to pursue the Prop218 loan. The motion was seconded by Director Pratt. The motion was approved on a 4 Yes/0 No/1 Vacancy vote.

Vice President Dolk requested clarification on the Starbucks Development funding.

Director Ross made a motion to approve the Consent Calendar Item 5.B. The motion was seconded by Director Pratt. The motion was approved on a 4 Yes/0 No/1 Vacancy vote.

6. PUBLIC HEARING:

There were no Public Hearing items to consider.

7. OLD BUSINESS:

There were no Old Business items to consider.

8. NEW BUSINESS:

Item 8.A: Budget to Actuals

(6:32 pm)

Certified Public Accountant Merritt presented the staff report and fielded inquiries from the Board.

Vice President Dolk called for public comment.

San Juan Water District Representative Helliker provided general comments regarding the presentation.

Roy Wilson provided general comments regarding the presentation.

Seeing no further comments, Vice President Dolk closed public comment.

Director Pratt made a motion to approve the Budget to Actuals. The motion was seconded by Director Matteoli. The motion was approved on a 4 Yes/0 No/1 Vacancy vote.

Item 8.B: Approve Draft 2024/2025 Annual Budget

(6:44 pm)

General Manager Coyan presented the staff report and fielded inquiries from the Board.

Vice President Dolk called for public comment.

Roy Wilson provided general comments regarding the presentation.

Marcy provided general comments regarding the presentation.

Seeing no further comments, Vice President Dolk closed public comment.

General discussion and inquiries ensued amongst the Board.

Director Ross made a motion to approve the 2024/2025 Budget. The motion was seconded by Director Matteoli. The motion was approved on a 4 Yes/0 No/1 Vacancy vote.

Item 8.C: AdHoc Legal Review Advisory Committee

(7:10 pm)

General Manager Coyan presented the staff report and fielded inquiries from the Board.

General discussion ensued from the Board on the merits of the Advisory Committee and Director Matteoli encouraged reinstating the Committee.

Vice President Dolk called for public comment.

Trish Harrington provided general comments regarding the presentation.

Roy Wilson provided general comments regarding the presentation.

Seeing no further comment, Vice President Dolk closed public comment.

Item 8.D: Lafco Resolution & State Water Resource Control Board Available Grant Funding for Consolidation

(7:22 pm)

General Manager Coyan presented the staff report and fielded inquiries from the Board.

Assistant Legal Counsel Bernadette presented her findings.

General discussion and inquiry ensued from the Board.

Vice President Dolk called for public comment.

Sacramento Local Agency Formation Commission Executive Officer Jose Henriquez provided general comments regarding the presentation.

Carol Rose provided general comments regarding the presentation.

Roy Wilson provided general comments regarding the presentation.

Peggy provided general comments regarding the presentation.

Jen Russey provided general comments regarding the presentation.

Seeing no further comment, Vice President Dolk closed public comment.

9. FIELD REPORT: Verbal report

(8:26 pm)

Item 9.A: Field Report on Current and Upcoming Projects

Field Supervisor Jenner summarized the staff report and fielded inquiries from the Board.

10. DIRECTOR REPORT ON COMMITTEE MEETINGS: Verbal report
Each Board Member will have 5 minutes to report out on all associated committees

Item 10.A: Director Dolk
American Water Works Association (AWWA)
Association of California Water Agencies (ACWA)

Item 10.B: Director Matteoli
Association of California Water Agencies (ACWA) Agriculture
Association of California Water Agencies (ACWA) Groundwater
Sacramento Groundwater Authority (SGA)

Item 10.C: Director Ross
California Rural Water Authority (CRWA)
California Special Districts Association (CSDA)

Item 10.D: Joint Powers Insurance (JPIA)

Item 10.E: Director Pratt

Regional Water Authority (RWA)
Water Forum

(8:28 pm)

Director Matteoli provided written record and documents regarding SGA, which were entered into the record.

Director Ross provided a brief update on the CSDA.

Director Pratt provided a brief report on committee meetings attended or would attend at future meetings.

11. GENERAL MANAGERS COMMENTS: Verbal report

(8:35 pm)

General Manager Coyan provided an update on general District matters.

12. CLOSED SESSION:

There were no Closed Session items to consider.

13. DIRECTORS COMMENTS: Verbal information, non-action comments.

(8:38 pm)

Director Ross noted he was disappointed a meeting was scheduled for May 22 when he was to be out of country and inquired if he needed to be a signer on the bank accounts.

Vice President Dolk requested more notices and signs be posted regarding the elections, noted that the Board needed to be mindful of the Brown Act and to send communications and reports to General Manager Coyan for dissemination, and reminded everyone of the joint meeting with Sacramento Suburban.

14. FUTURE AGENDA REQUESTS: Directors can suggest topics they would like on future agendas

(8:41 pm)

Director Matteoli requested future agenda discussion regarding OS West Grant and elections. Consensus was provided in support of the requests.

15. ADJOURNMENT: Next Regular Board of Directors meeting is scheduled for March 05, 2024

Director Ross made a motion to adjourn. Director Pratt seconded the motion. There being no further business, the Board of Directors meeting adjourned at 8:48 p.m.

APPROVAL:

ATTEST:

Carl Dolk, Vice President of the Board

Norma I. Alley, MMC, Clerk of the Board

ITEM #5.B

Approval of Minutes of the June 18, 2024 Special Meeting



**SPECIAL MEETING OF THE BOARD OF DIRECTORS
DEL PASO MANOR WATER DISTRICT**

DRAFT MINUTES

**June 18, 2024 6:00 PM
1817 Maryal Drive, Suite 300, Sacramento 95864**

1. CALL TO ORDER:

Vice President Dolk called the meeting to order at 6:00 p.m.

2. ROLL CALL:

Directors Present: Vice President Carl Dolk, Bob Matteoli, Gwynne Pratt, and David Ross

Vacant Position: One Vacant Position

Staff Present: General Manager Adam Coyan
Office Manager Victoria Hoppe
Assistant Legal Counsel Lauren Bernadette

A quorum of the Board was present.

3. ADOPTION OF AGENDA: Members may pull an item from the agenda.

Director Pratt made a motion to adopt the agenda. The motion was seconded by Director Ross. The agenda was adopted on a 4 Yes/0 No/1 Vacancy vote.

4. PUBLIC COMMENTS - ITEMS NOT ON THE AGENDA The Board of Directors welcomes participation at these meetings. Matters under the jurisdiction of the Board that are not posted on the agenda may be addressed by the public, California law prohibits the Board from acting on any matter which is not on the posted agenda, unless the members determines that it is an emergency or other situation specified in Government Code Section 54954.2. Public comments are limited to five (5) minutes per individual. Please make your comments directly to the DPMWD Chair. Comments will be accepted via teleconference and in writing.

Due to a Special Meeting of the Board, there was no Public Comment taken.

5. CONSENT CALENDAR: All items under Consent Calendar will be considered together by one action of the Board, any Member or members of the public may request that an item be removed and considered separately.

There were no Consent Calendar items to consider.

6. PUBLIC HEARING:

There were no Public Hearing items to consider.

7. OLD BUSINESS:

There were no Old Business items to consider.

8. NEW BUSINESS:

Item 8.A: Calling A General District Election and Requesting Consolidation with The Statewide General Election

(6:03 pm)

General Manager Coyan presented the staff report and Assistant Legal Counsel Bernadette fielded inquiries from the Board.

Vice President Dolk called for public comment.

Carol Rose provided general comments regarding the presentation.

Kathy Lauer provided general comments regarding the presentation.

Cindy Leidahl provided general comments regarding the presentation.

Seeing no further comments, Vice President Dolk closed public comment.

Director Pratt made a motion to approve Resolution No. 24-0618. The motion was seconded by Director Ross. The motion was approved on a 4 Yes/0 No/1 Vacancy vote.

Item 8.B: Rate Freeze

(6:10 pm)

General Manager Coyan presented the staff report and fielded inquiries from the Board.

Director Matteoli provided documentation regarding a cost-of-living article, which was entered into the record.

General discussion and inquiry ensued amongst the Board.

Vice President Dolk called for public comment.

Trish Harrington provided general comments regarding the presentation.

Carol Rose provided general comments regarding the presentation.

Roy Wilson provided general comments regarding the presentation.

Cindy Leidahl provided general comments regarding the presentation.

Seeing no further comments, Vice President Dolk closed public comment.

Direction was provided to staff to research the matter and return for discussion on the July 2 Agenda.

9. FIELD REPORT: Verbal report

Item 9.A: Field Report on Current and Upcoming Projects

There were no Field Report items to report.

10. DIRECTOR REPORT ON COMMITTEE MEETINGS: Verbal report
Each Board Member will have 5 minutes to report out on all associated committees

There were no Director Reports to report.

11. GENERAL MANAGERS COMMENTS: Verbal report

There were not General Manager comments to report.

12. CLOSED SESSION:

There were no Closed Session items to consider.

13. DIRECTORS COMMENTS: Verbal information, non-action comments.

Vice President Dolk announced this was Assistant Legal Counsel Bernadette's last meeting, thanked her for her dedication and hard work, and wished her well with her next endeavors.

14. FUTURE AGENDA REQUESTS: Directors can suggest topics they would like on future agendas

There were no Future Agenda Requests to consider.

15. ADJOURNMENT: Next Regular Board of Directors meeting is scheduled for March 05, 2024

Director Pratt made a motion to adjourn. Director Matteoli seconded the motion. There being no further business, the Board of Directors meeting adjourned at 7:13 p.m.

APPROVAL:

ATTEST:

Carl Dolk, Vice President of the Board

Norma I. Alley, MMC, Clerk of the Board

ITEM #5.C

Approval of Minutes of the July 02, 2024 Regular Meeting



**REGULAR MEETING OF THE BOARD OF DIRECTORS
DEL PASO MANOR WATER DISTRICT**

DRAFT MINUTES

**July 02, 2024 6:00 PM
1817 Maryal Drive, Suite 300, Sacramento 95864**

1. CALL TO ORDER:

Vice President Dolk called the meeting to order at 6:00 p.m.

2. ROLL CALL:

Directors Present: Vice President Carl Dolk, Bob Matteoli, Gwynne Pratt, and David Ross

Vacant Position: One Vacant Position

Staff Present: General Manager Adam Coyan
Office Manager Victoria Hoppe
Field Supervisor Mike Jenner
Certified Public Accountant Robert Merritt
Assistant Legal Counsel Andreas Booher

A quorum of the Board was present.

3. ADOPTION OF AGENDA: Members may pull an item from the agenda.

Director Ross made a motion to adopt the agenda. The motion was seconded by Director Pratt. The agenda was adopted on a 3 Yes/1 No (Matteoli)/1 Vacancy vote.

4. PUBLIC COMMENTS - ITEMS NOT ON THE AGENDA The Board of Directors welcomes participation at these meetings. Matters under the jurisdiction of the Board that are not posted on the agenda may be addressed by the public, California law prohibits the Board from acting on any matter which is not on the posted agenda, unless the members determines that it is an emergency or other situation specified in Government Code Section 54954.2. Public comments are limited to five (5) minutes per individual. Please make your comments directly to the DPMWD Chair. Comments will be accepted via teleconference and in writing.

Vice President Dolk called for public comment.

Stacey Leidahl spoke about the state of the District.

Roy Wilson spoke about the project schedule and budgets regarding Well No. 9 and the hydraulic model update.

Kathy Lauer spoke about water waste.

Cindy Leidahl spoke about the state of the District.

Carol Rose spoke about water waste.

Mr. Pinney spoke about the water meter replacement budget.

Marcy spoke about a rate increase, general matters of the District, and legal counsel changes.

Seeing no further comment, Vice President Dolk closed public comment.

5. CONSENT CALENDAR: All items under Consent Calendar will be considered together by one action of the Board, any Member or members of the public may request that an item be removed and considered separately.

(6:23 pm)

Item 5.A: Approval of Warrants and Payroll

Director Ross inquired about the loan payment and Fox Hollow leak payments.

Vice President Dolk called for public comment.

Trish Harrington inquired regarding the Starbucks Development.

Seeing no one come forward, he closed public comment.

Certified Public Accountant Merritt fielded the inquires from the public and Director Ross.

Director Pratt made a motion to approve the Consent Calendar. The motion was seconded by Director Matteoli. The motion was approved on a 4 Yes/0 No/1 Vacancy vote.

6. PUBLIC HEARING:

There were no Public Hearing items to consider.

7. OLD BUSINESS:

There were no Old Business items to consider.

8. NEW BUSINESS:

Item 8.A: Budget to Actuals

(6:32 pm)

Certified Public Accountant Merritt presented the staff report and fielded inquiries from the Board.

Vice President Dolk called for public comment.

Roy Wilson provided general comments regarding the presentation.

Trish Harrington provided general comments regarding the presentation.

Seeing no further comments, Vice President Dolk closed public comment.

Item 8.B: Accounts Receivable Aging Report

(6:49 pm)

General Manager Coyan presented the staff report and fielded inquiries from the Board.

Vice President Dolk called for public comment.

Trish Harrington provided general comments regarding the presentation.

Kathy Lauer provided general comments regarding the presentation.

Marcy provided general comments regarding the presentation.

Heather Hutchinson provided general comments regarding the presentation.

Seeing no further comments, Vice President Dolk closed public comment.

Item 8.C: California Special District Association (CSDA) Board of Directors Election Ballot - Term 2025 - 2027; Seat A - Sierra Network

(7:05 pm)

Vice President Dolk introduced the item.

General discussion ensued from the Board.

Vice President Dolk called for public comment.

Trish Harrington provided general comments regarding the presentation.

Seeing no further comment, Vice President Dolk closed public comment.

Director Matteoli made a motion to support Kevin King. The motion was seconded by Vice President Dolk. The motion failed on a 2 Yes/1 No (Pratt)/1 Abstention (Ross)/1 Vacancy vote.

Director Pratt made a motion to support Noelle Mattock. The motion failed for lack of second.

Seeing no other motions, the District did not support any candidate for the CSDA election.

Item 8.D: Rate Freeze

This item was heard out of order.

11. GENERAL MANAGERS COMMENTS: Verbal report

(7:11 pm)

This item was heard out of order.

General Manager Coyan provided an update on general District matters. He noted Mike Jenner would be retiring in August, spoke to leak and hydrant installs, and spoke to potential radon levels/exposure issues.

Vice President Dolk called for public comment.

Stacey Leidahl provided general comments regarding the presentation.

Roy Wilson provided general comments regarding the presentation.

Thomas Spencer provided general comments regarding the presentation.

Seeing no further comment, Vice President Dolk closed public comment.

Item 8.D: Rate Freeze

(7:36 pm)

General Manager Coyan presented the staff report.

Director Matteoli read public comment and testimony into the record, which was not in support of the rate freeze.

Director Pratt and Director Ross expressed concern with not being provided a legal opinion and not being able to make a fully educated decision.

General discussion and inquiry ensued from the Board.

Vice President Dolk called for public comment.

Kathy Lauer provided general comments regarding the presentation.

Roy Wilson provided general comments regarding the presentation.

Heather Hutchinson provided general comments regarding the presentation.

Sacramento Local Agency Formation Commission Executive Officer Jose Henriquez provided general comments regarding the presentation.

Seeing no further comment, Vice President Dolk closed public comment.

General discussion ensued amongst the Board and direction was given to legal staff to provide a written legal opinion and potentially address a special meeting after the joint meeting with Sacramento Suburban.

Item 8.E: Discussion Regarding Senate Bill 552 and Fire Flow Requirements
(8:20 pm)

General Manager Coyan presented the staff report and fielded inquiry from the Board.

General discussion ensued amongst the Board and staff.

Vice President Dolk called a recess at 8:30 p.m. The meeting reconvened at 8:43 p.m.

Director Matteoli inquired regarding interties being used for fire flow calculations.

Director Pratt requested a legal opinion regarding the source, what this means, and clarification on all that had been discussed.

Vice President Dolk called for public comment.

Trish Harrington provided general comments regarding the presentation.

Roy Wilson provided general comments regarding the presentation.

Kathy Lauer provided general comments regarding the presentation.

Mr. Pinney provided general comments regarding the presentation.

Seeing no further comment, Vice President Dolk closed public comment.

9. FIELD REPORT: Verbal report

(9:06 pm)

Item 9.A: Field Report on Current and Upcoming Projects

Field Supervisor Jenner summarized the staff report.

10. DIRECTOR REPORT ON COMMITTEE MEETINGS: Verbal report
Each Board Member will have 5 minutes to report out on all associated committees

Item 10.A: Director Dolk
American Water Works Association (AWWA)
Association of California Water Agencies (ACWA)

Item 10.B: Director Matteoli
Association of California Water Agencies (ACWA) Agriculture
Association of California Water Agencies (ACWA) Groundwater
Sacramento Groundwater Authority (SGA)

Item 10.C: Director Ross
California Rural Water Authority (CRWA)
California Special Districts Association (CSDA)

Item 10.D: Joint Powers Insurance (JPIA)

Item 10.E: Director Pratt
Regional Water Authority (RWA)
Water Forum

(9:09 pm)

Director Pratt provided a brief report on committee meetings attended or would attend at future meetings.

Director Ross provided a brief report on committee meetings attended.

11. GENERAL MANAGERS COMMENTS: Verbal report

This item was heard out of order.

12. CLOSED SESSION:

There were no Closed Session items to consider.

13. DIRECTORS COMMENTS: Verbal information, non-action comments.

(9:18 pm)

Director Matteoli requested a meeting before the joint meeting with Sacramento Suburban.

Director Ross reported on neighborhood meetings attended and willingness to work on grants.

14. FUTURE AGENDA REQUESTS: Directors can suggest topics they would like on future agendas

(9:27 pm)

Vice President Dolk requested follow-up on future meetings regarding Well No. 9 generator and the budget.

Director Ross requested updates on bank statements and the LAIF accounts.

Director Matteoli requested discussion regarding the Districts legal foundation for water rights and provide a water rights analysis. There was not a majority support for this item to be on a future agenda.

Director Pratt requested a report regarding loans and bonds and suggested Jeffrey Land present.

Vice President Dolk called for public comment.

Roy Wilson provided general comments regarding the requests.

Heather Hutchison provided general comments regarding the requests.

Seeing no further comments, Vice President Dolk closed public comment.

15. ADJOURNMENT: Next Regular Board of Directors meeting is scheduled for March 05, 2024

Director Ross made a motion to adjourn. Director Pratt seconded the motion. There being no further business, the Board of Directors meeting adjourned at 10:02 p.m.

APPROVAL:

ATTEST:

Carl Dolk, Vice President of the Board

Norma I. Alley, MMC, Clerk of the Board

ITEM #5.D

Approval of Warrants and Payroll

**Del Paso Manor Water District
JULY 2024 VENDORS PAID**

VENDORS NAME	DESCRIPTION	AMOUNT	CHECK #
ACWA JPIA	Health	\$573.24	11000
ADP	Payroll	\$32,169.18	EFT
ADP Taxes	Payroll Taxes	\$13,840.16	EFT
Appletree Answers	Answering service	\$534.41	CC
AT&T	Maryal Office Internet	\$107.00	CC
AT&T	Lusk Office	\$415.71	CC
AT&T	Maryal Office Phone & Fax	\$245.79	CC
AT&T Mobility	District Cell Phones & iPads	\$527.59	CC
Bay City Electric Works	Well 9 Generator Transfer Switch	\$11,255.57	10983
CalPers	Employee Contribution - Pepra	\$2,958.62	EFT
CalPers	Employee Contribution - Classic	\$3,212.05	EFT
CalPers	Health	\$14,050.40	EFT
CalPers	Unfunded Liability - Classic	\$7,179.83	EFT
CalPers	Unfunded Liability - Pepra	\$42.33	EFT
DEX.YP	Yellow Pages	\$17.00	CC
Emigh Hardware	Material/Supplies	\$464.24	11001
Forsgren Associates, Inc.	Services Rendered Thru 05/25/2024 (Pipeline Planning)	\$2,742.50	10984
Forsgren Associates, Inc.	Services Rendered Thru 05/25/2024 (On-Call Services)	\$5,705.00	10984
Forsgren Associates, Inc.	Services Rendered Thru 05/25/2024 (Well 9 Engineering)	\$6,266.75	10984
Forsgren Associates, Inc.	Services Rendered Thru 05/25/2024 (Hydraulic Model Update)	\$6,522.50	10984
Forsgren Associates, Inc.	Services Rendered Thru 05/25/2024 (Starbucks Dev't Support)	\$3,056.25	10984
Iconix Waterworks	4268 Stock	\$71.12	10985
Iconix Waterworks	4268 Stock	\$105.85	10985
Kronick, Moskovitz, Tiedemann & Girard	Services Rendered Through May 2024	\$9,024.39	10986
Leaf	Photocopy Machine Lease	\$172.92	EFT
Legacy Cleaning Services	Maryal office	\$160.00	CC
Mailrite Print and Mail Inc.	LAFCo Mailer	\$6,992.33	10987
Munibilling	Merchant Return Fee (May 2024)	\$10.00	10988
Munibilling	Q3 2024 Software & Merchant Services	\$2,506.00	10988
PG&E	Gas	\$7.77	EFT
Regional Government Services (RGS)	May 2024 Clerk Services	\$764.88	10989
Regional Water Authority (RWA)	2024-2025 Annual Dues	\$4,534.00	10990

**Del Paso Manor Water District
JULY 2024 VENDORS PAID**

Robert Merritt	CPA - Services Rendered Through May 2024	\$2,375.00	10991
Sacramento Groundwater Authority (SGA)	2024-2025 Annual Dues	\$22,415.00	10992
Sierra Chemical Company	Chemicals	\$526.08	10993
Sierra Chemical Company	Chemicals	\$263.04	10993
Sierra Chemical Company	Chemicals	\$263.04	10993
Smud	Account# 7000000179	\$8,321.18	10994
Streamline	Website	\$249.00	CC
Terrapin Technology Group	Software / Computers	\$430.29	10995
Uinta Holdings, LLC	August 2024 Rent	\$2,700.00	10996
Umpqua Bank	District Credit Card	\$6,215.24	10997
USA Bluebook	Well Part	\$450.83	10998
USA Bluebook	Well Part	\$290.81	10998
USA Bluebook	Well Part	\$679.49	10998
VOYA	June 2024 Employee Contribution	\$500.00	10999
Wex Bank	Gas	\$378.84	EFT
Wizix Technology Group, Inc.	Photocopy Machine	\$112.08	CC
MONTHLY TOTAL----->		\$182,405.30	

Approved at 07/02/2024 Regular Meeting

TOTAL CHECKS ISSUED: 19

PAID VIA CREDIT CARD (CC): 14

PAID VIA ELECTRONIC FUNDS TRANSFER (EFT): 1C

*** DISTRICT FILES INCLUDES INVOICES BEHIND CREDIT CARD BILL WHICH ARE AVAILABLE FOR REVIEW AT THE DISTRICT OFFICE**

Del Paso Manor Water District
 JULY 2024 VENDORS PAID

UMPQUA DISTRICT CREDIT CARD - PAID JULY 2024			
VENDORS NAME	DESCRIPTION	AMOUNT	PAID DATE
Zoom	Cloud Recording	40.00	7/4/2024
Streamline	Website	249.00	7/8/2024
Appletree Answers	Answering service	534.41	7/8/2024
DEX.YP	Yellow Pages	17.00	7/8/2024
Legacy Cleaning Services	Maryal Office	160.00	7/8/2024
Wizix Technology Group, Inc.	Photocopy Machine	112.08	7/8/2024
Amazon	Office Supplies	55.26	7/12/2024
Amazon	Office Supplies	27.97	7/12/2024
AT&T	Maryal Office Internet	107.00	7/15/2024
AT&T	Lusk Office	415.71	7/16/2024
AT&T	Maryal Office Phone & Fax	245.79	7/16/2024
AT&T Mobility	District Cell Phones & iPads	527.59	7/15/2024
Jiffy Lube	Fleet Vehicle Service	161.45	7/16/2024
ModPizza	Staff Lunch	60.79	7/30/2024

MONTHLY TOTAL-----> 2,714.05

**Del Paso Manor Water District
AUGUST 2024 VENDORS FOR APPROVAL**

VENDORS NAME	DESCRIPTION	AMOUNT	CHECK #
ACWA JPIA	Health	\$573.24	
ACWA JPIA	Worker's Comp, Q4 (04/01/2024 - 06/30/2024)	\$4,844.58	
ACWA JPIA	Property Insurance (07/01/2024 - 06/30/2025)	\$5,478.93	
ACWA JPIA	Cyber Liability Program (07/01/2024 - 06/30-2025)	\$576.19	
ADP	Payroll		
ADP Taxes	Payroll Taxes		
Appletree Answers	Answering service		
AT&T	Internet; Phone/Fax		
AT&T	Phone	\$415.81	
AT&T	Phone		
AT&T Mobility	Cell Phones; iPads		
BSK	Labs	\$701.00	
CalPers	Employee Contribution - Classic	\$3,219.75	
CalPers	Employee Contribution - Pepra	\$3,471.73	
CalPers	Health	\$14,037.61	
CalPers	Unfunded Liability - Classic	\$7,179.83	
CalPers	Unfunded Liability - Pepra	\$42.33	
City of Sacramento - Revenue Division	Diversion Billing (January - June 2024)	\$3,433.96	
DEX.YP	Yellow Pages	\$17.00	
Emigh Hardware	Material/Supplies		
Flowline Contractors, Inc.	3952 El Camino Leak	\$4,125.00	
Forsgren Associates, Inc.	Services Rendered Thru 06/25/2024 (Pipeline Planning)	\$4,590.00	
Forsgren Associates, Inc.	Services Rendered Thru 06/25/2024 (Hydrolic Model)	\$881.80	
Forsgren Associates, Inc.	Services Rendered Thru 06/25/2024 (Well 9 Engineering)	\$6,256.25	
Forsgren Associates, Inc.	Services Rendered Thru 06/25/2024 (Ongoing System Modeling)	\$13,083.75	
Forsgren Associates, Inc.	Services Rendered Thru 07/25/2024 (Starbucks Dev't Support)	\$2,825.00	
Forsgren Associates, Inc.	Services Rendered Thru 07/25/2024 (On Call Services)	\$5,920.00	
Kronick, Moskovitz, Tiedemann & Girard	Services Rendered Through June 2024	\$6,012.61	
Legacy Cleaning Services	Maryl office	\$160.00	
MailRite	Billing Mailhouse May 2024 Water Statements	\$2,391.56	
MailRite	2023 CCR Report	\$3,163.22	
MailRite	Billing Mailhouse June 2024 Water Statements	\$2,390.92	
MailRite	Door Hangers	\$911.93	

**Del Paso Manor Water District
AUGUST 2024 VENDORS FOR APPROVAL**

Mike Jenner	Reimbursement for tool purchase	\$79.84
Munibilling	Heartland Return Fee (June 2024)	\$20.00
Nick Weddle	Reimbursement for work boots	\$214.96
PG&E	Gas	\$9.15
Regional Government Services (RGS)	June 2024 Clerk Services	\$550.71
Robert Merritt	CPA - Services Rendered Through June 2024	\$1,330.00
Sacramento County Utilities	Utilities	\$255.01
Sierra Chemical Company	Chemicals	\$438.40
Sierra Chemical Company	Chemicals	\$263.04
Sierra Chemical Company	Chemicals	\$569.92
Sierra Chemical Company	Chemicals	\$306.88
Sierra Chemical Company	Chemicals	\$613.76
Sierra Chemical Company	Chemicals	\$306.88
Smud	Account# 7000000179	\$12,218.43
Streamline	Website	\$249.00
TAK Communications, CA, Inc.	2550 Ione Street	\$4,136.20
TAK Communications, CA, Inc.	Fire Hydrants	\$8,185.76
TAK Communications, CA, Inc.	3702 Atwater Road	\$24,585.58
Terrapin Technology Group	Software / Computers	\$218.56
Uinta Holdings, LLC	September 2024 Rent	\$2,700.00
Umpqua Bank	District Credit Card	\$2,714.05
Underground Service Alert of Northern CA & NV	CA State Fee Regulatory Costs (07/2024 - 06/2025)	\$450.66
USA Bluebook	Well Part	\$64.92
VOYA	July 2024 Employee Contribution	\$500.00
Wex Bank	Gas	\$635.35
Wizix Technology Group, Inc.	Photocopy Machine	\$14.50
Wizix Technology Group, Inc.	Photocopy Machine	\$112.08
MONTHLY TOTAL----->		\$158,447.64

Del Paso Manor Water District
BOD Compensation Expense Summary
JULY 2024

JULY 2024 MEETINGS						DOLK	MATTEOLI	PRATT	ROSS
Board Meetings									
7/2/2024	DPMWD - Regular Board Meeting					1	1	1	1
7/30/2024	DPMWD - Special Board Meeting					1	1	1	1
7/10/2024	DPMWD/SSWD Joint Board Meeting					1	1	1	1
7/30/2024	DPMWD/SSWD Joint Board Meeting					1	1	1	1
	DPMWD - Emergency Board Meeting								
ADHOC Committee Meetings									
	Director Compensation Committee Meeting								
	Finance Standing Committee Meeting								
	General Counsel Review Committee								
	General Manager Evaluation Committee								
	LAFCo 2x2 Meeting								
	SSWD / DPMWD 2X2 Committee								
	Succession Planning Committee								
Other Meetings									
	American Water Works Association (AWWA) (Dolk)								
	Association of California Water Agencies (ACWA) (Dolk)								
	Association of California Water Agencies (ACWA) Agriculture (Matteoli)								
	Association of California Water Agencies (ACWA) Groundwater (Matteoli)								
	California Rural Water Authority (CRWA) (Ross)								
	California Special Districts Association (CSDA) (Ross)								
	Ethics Training (AB1234)								
	Joint Powers Insurance (JPIA)								
	Legal Council Meeting								
7/11/2024	Regional Water Authority (RWA) (Pratt)							1	
	Sacramento Groundwater Authority (SGA) (Matteoli / Pratt)								
	Sacramento Suburban Water District (SSWD)								
	Sexual Harassment Prevention Training (AB1825)								
	Water Forum (Pratt)								
	July Monthly Meeting Totals								
	TOTAL MEETINGS					4	4	5	4
	TOTAL COMPENSATED MEETINGS					4	4	5	4
	TOTAL COMPENSATION					\$400	\$400	\$500	\$400

ITEM #8.A

Budget to Actuals

**Del Paso Manor Water District
Budget To Actual Comparison
July 1, 2023 to June 30, 2024**

	Year to Date July 1, 2023 to June 30, 2024	Budget	Percent of Budget
Revenues			
Water Sales	1,786,117	1,358,847	131.44%
C.I.P. Revenue	605,085	598,811	101.05%
Other water sales	1,406	-	Not budgeted
Other customer charges	7,280	-	Not budgeted
Interest income	75,370	30,000	251.23%
Misc. income	441	-	Not budgeted
Total Revenues	2,475,699	1,987,658	124.55%
Employee Related			
Management Salaries	155,202	160,000	97.00%
Staff Salaries	278,465	328,051	84.88%
Director Fees	12,600	22,000	57.27%
Payroll Taxes	41,751	41,000	101.83%
PERS Retirement	109,471	100,500	108.93%
Health	99,439	90,000	110.49%
Retiree Health Benefits & OPEB	66,057	80,000	82.57%
Total Employee Related	762,985	821,551	92.87%
Administration			
Insurance	64,000	59,500	107.56%
Office Expense	105,889	91,500	115.73%
Audit Fees	10,700	12,000	89.17%
Legal Fees	102,074	200,000	51.04%
Election Related	-	3,000	0.00%
Miscellaneous	12,443	5,000	248.86%
Professional Administration Fees	83,823	131,700	63.65%
Bank Charges	2,516	2,000	125.80%
Professional Dues	51,389	58,500	87.84%
Professional Meetings	-	10,000	0.00%
Cert/Continuing Education	-	5,000	0.00%
Total Administration	432,834	578,200	74.86%
Operations			
Conservation	-	3,400	0.00%
Power	91,721	112,000	81.89%
Repairs & Maintenance	132,548	216,000	61.36%
Lab Fees	25,365	7,000	362.36%
Backflow Program	847	2,000	42.35%
Engineering	162,558	250,000	65.02%
City Water	4,251	7,000	60.73%
Capital/Equipment Expenditures	-	60,000	0.00%
Total Operating	417,290	657,400	63.48%
Total Employee Related, Administration and Operating Expenses	1,613,109	2,057,151	78.41%
C.I.P.			
New Pipeline	-	50,000	0.00%
Well #2	-	950,000	0.00%
Well # 6B	-	50,000	0.00%
Well #9	24,218	360,000	6.73%
Interest Expense & Principal Debt Payment	324,330	325,000	99.79%
Total C.I.P.	348,548	1,735,000	20.09%

Amounts above are not audited

Notes

- Misc. expenses include employee relocation and operating interest expenses

	June 2024	Budget	Percentage of Budget
Employee Related			
5102.10 · Management salaries	155,202.00	160,000.00	97.00%
5102.15 · Field salaries	196,568.00	250,000.00	78.63%
5102.20 · Office manager salary	81,897.00	78,051.00	104.93%
5102.05 · Director fees	12,600.00	22,000.00	57.27%
5102.30 · Payroll taxes	41,751.00	41,000.00	101.83%
6451.00 · PERS/retirement	109,471.00	100,500.00	108.93%
6501.00 · Employee healthcare (CalPers)	99,439.00	90,000.00	110.49%
6502.00 · Retiree health benefits	66,057.00	80,000.00	82.57%
Administration			
5251.00 · Insurance			
5251.05 · Liability	46,392.00	40,000.00	115.98%
5251.10 · Property	4,585.00	4,500.00	101.89%
5251.15 · Workers Compensation	13,023.00	15,000.00	86.82%
6151.00 · Office expense			
6151.05 · District office lease	31,620.00	32,000.00	98.81%
6151.10 · Phone service	6,009.00	4,500.00	133.53%
6151.15 · Internet provider	5,530.00	5,000.00	110.60%
6151.20 · Sewer & garbage (Lusk)	1,450.00	2,000.00	72.50%
6151.21 · Miscellaneous (office other)	0.00	0.00	N/A
6151.25 · Postage	38,320.00	20,000.00	191.60%
6151.30 · Printing	443.00	1,000.00	44.30%
6151.35 · Computers & supplies	394.00	3,500.00	11.26%
6151.40 · Office supplies	6,153.00	7,500.00	82.04%
6151.45 · Answering service	6,183.00	5,500.00	112.42%
6151.50 · Office furniture	0.00	2,000.00	0.00%
6151.55 · Payroll preparation	1,985.00	2,000.00	99.25%
6151.60 · GASB 75 valuation	2,160.00	2,000.00	108.00%
6151.70 · Janitorial	1,920.00	2,500.00	76.80%
Office expense - other	3,723.00	0.00	N/A
6152.00 · Building maintenance	2,408.00	2,000.00	120.40%
6251.00 · Audit	10,700.00	12,000.00	89.17%
6255.00 · Election related	0.00	3,000.00	N/A
6301.00 · Legal	102,074.00	200,000.00	51.04%
6401.00 · Misc	12,443.00	5,000.00	248.86%
6601.00 · Professional Admin fees			
6601.05 · SWRCB annual fees	15,598.00	16,000.00	97.49%
6601.10 · NDPES permit	0.00	1,500.00	0.00%
6601.15 · Cal Pers actuarial reports	700.00	700.00	100.00%
6601.25 · Air Quality permits	4,885.00	5,000.00	97.70%
6601.30 · Encroachment permits	0.00	500.00	0.00%
6601.35 · CPA fees	15,983.00	18,000.00	88.79%
6601.00 · Professional admin fees - other	46,657.00	60,000.00	77.76%
6601.50 · Public relations	0.00	30,000.00	0.00%
6171.00 · Bank fees	2,516.00	2,000.00	125.80%

6561.00 · Professional dues			
6561.05 · ACWA	9,783.00	11,000.00	88.94%
6561.10 · AWWA	494.00	700.00	70.57%
6561.15 · CSDA	8,187.00	8,300.00	98.64%
6561.20 · CRWA	750.00	1,000.00	75.00%
6561.25 · RWA	7,864.00	9,500.00	82.78%
6561.30 · SGA	21,243.00	25,000.00	84.97%
6561.35 · SAWWA	0.00	1,000.00	0.00%
6561.00 · Professional dues - other	3,069.00	2,000.00	153.45%
6551.00 · Professional meetings	0.00	10,000.00	0.00%
6610.00 Certification/continuing education	0.00	5,000.00	0.00%

Operations

5121.00 Conservation	0.00	3,400.00	0.00%
5151.00 · Power			
5151.05 · PG&E	103.00	2,000.00	5.15%
5151.10 · SMUD	91,618.00	110,000.00	83.29%
5201.00 · R & M			
5201.05 · Leak repairs	61,802.00	104,000.00	59.43%
5201.10 Field Equipment	947.00	2,000.00	47.35%
5201.15 · Field supplies	17,344.00	35,000.00	49.55%
5201.20 · Fuel for vehicles	5,771.00	9,000.00	64.12%
5201.25 Vehicle repair and maintenance	718.00	3,000.00	23.93%
5201.35 · Chlorine	8,772.00	11,000.00	79.75%
5201.45 · Well repair & maintenance	27,558.00	6,000.00	459.30%
5201.55 · Field staff cellular service	5,417.00	6,000.00	90.28%
5201.00 R & M other	1,328.00	0.00	N/A
5201.70 SSWD Mutual Aide Field Staff	483.00	40,000.00	1.21%
5301.00 · Lab fees (H2O testing)	25,365.00	7,000.00	362.36%
5451.00 City water	4,251.00	7,000.00	60.73%
5452.00 Backflow program	847.00	2,000.00	42.35%
5351.00 Engineering	162,558.00	250,000.00	65.02%

Del Paso Manor Water District
 Budget To Actual Comparison
 July 1, 2024 to July 31, 2024

	Year to Date July 1, 2024 to July 31, 2024	Budget	Percent of Budget
Revenues			
Water Sales	-	2,211,524	0.00%
C.I.P. Revenue	-	1,143,729	0.00%
Other water sales	-	-	Not budgeted
Other customer charges	-	-	Not budgeted
Interest income	-	30,000	0.00%
Misc. income	-	-	Not budgeted
Total Revenues	-	3,385,253	0.00%
Employee Related			
Management Salaries	15,416	185,000	8.33%
Staff Salaries	26,052	255,322	10.20%
Director Fees	1,700	8,000	21.25%
Payroll Taxes	3,302	45,000	7.34%
PERS Retirement	10,901	105,500	10.33%
Health	9,549	90,000	10.61%
Retiree Health Benefits & OPEB	5,648	80,000	7.06%
Total Employee Related	72,568	768,822	9.44%
Administration			
Insurance	12,357	61,000	20.26%
Office Expense	6,980	96,210	7.25%
Audit Fees	-	12,000	0.00%
Legal Fees	-	200,000	0.00%
Election Related	-	3,000	0.00%
Miscellaneous	28	10,000	0.28%
Professional Administration Fees	2,506	148,700	1.69%
Bank Charges	-	2,500	0.00%
Professional Dues	37,153	60,500	61.41%
Professional Meetings	-	10,000	0.00%
Cert/Continuing Education	-	5,000	0.00%
Total Administration	59,024	608,910	9.69%
Operations			
Power	-	102,000	0.00%
Repairs & Maintenance	528	225,000	0.23%
Lab Fees	-	7,000	0.00%
Backflow Program	-	2,000	0.00%
Engineering	-	90,000	0.00%
City Water	-	7,000	0.00%
Total Operating	528	433,000	0.12%
Total Employee Related, Administration and Operating Expenses	132,120	1,810,732	7.30%
C.I.P.			
New Pipeline	-	150,000	0.00%
Well #2	-	950,000	0.00%
Well # 6B	-	50,000	0.00%
Well #7	-	65,000	0.00%
Well #9	-	360,000	0.00%
Interest Expense & Principal Debt Payment	-	325,000	0.00%
Total C.I.P.	-	1,900,000	0.00%

Amounts above are not audited

	<u>July 2024</u>	<u>Budget</u>	<u>Percentage of Budget</u>
Employee Related			
5102.10 · Management salaries	15,416.00	185,000.00	8.33%
5102.15 · Field salaries	18,859.00	170,000.00	11.09%
5102.20 · Office manager salary	7,193.00	85,322.00	8.43%
5102.05 · Director fees	1,700.00	8,000.00	21.25%
5102.30 · Payroll taxes	3,302.00	45,000.00	7.34%
6451.00 · PERS/retirement	10,901.00	105,500.00	10.33%
6501.00 · Employee healthcare (CalPers)	9,549.00	90,000.00	10.61%
6502.00 · Retiree health benefits	5,648.00	80,000.00	7.06%
Administration			
5251.00 · Insurance			
5251.05 · Liability	12,357.00	40,000.00	30.89%
5251.10 · Property	0.00	6,000.00	0.00%
5251.15 · Workers Compensation	0.00	15,000.00	0.00%
6151.00 · Office expense			
6151.05 · District office lease	5,400.00	33,210.00	16.26%
6151.10 · Phone service	0.00	4,500.00	0.00%
6151.15 · Internet provider	356.00	5,000.00	7.12%
6151.20 · Sewer & garbage (Lusk)	0.00	2,000.00	0.00%
6151.21 · Miscellaneous (office other)	560.00	0.00	N/A
6151.25 · Postage	0.00	20,000.00	0.00%
6151.30 · Printing	0.00	1,000.00	0.00%
6151.35 · Computers & supplies	0.00	3,000.00	0.00%
6151.40 · Office supplies	0.00	7,500.00	0.00%
6151.45 · Answering service	504.00	6,000.00	8.40%
6151.50 · Office furniture	0.00	2,000.00	0.00%
6151.55 · Payroll preparation	0.00	2,500.00	0.00%
6151.60 · GASB 75 valuation	0.00	3,000.00	0.00%
6151.70 · Janitorial	160.00	2,500.00	6.40%
6152.00 · Building maintenance	0.00	4,000.00	0.00%
6251.00 · Audit	0.00	12,000.00	0.00%
6255.00 · Election related	0.00	3,000.00	0.00%
6301.00 · Legal	0.00	200,000.00	0.00%
6401.00 · Misc	28.00	10,000.00	0.28%
6601.00 · Professional Admin fees			
6601.05 · SWRCB annual fees	0.00	18,000.00	0.00%
6601.10 · NDPES permit	0.00	1,500.00	0.00%
6601.15 · Cal Pers actuarial reports	0.00	700.00	0.00%
6601.25 · Air Quality permits	0.00	5,000.00	0.00%
6601.30 · Encroachment permits	0.00	500.00	0.00%
6601.35 · CPA fees	0.00	18,000.00	0.00%
6601.00 · Professional admin fees - other	2,506.00	60,000.00	4.18%
6601.50 · Public relations	0.00	45,000.00	0.00%
6171.00 · Bank fees	0.00	2,500.00	0.00%

6561.00 · Professional dues			
6561.05 · ACWA	4,915.00	11,000.00	44.68%
6561.10 · AWWA	251.00	700.00	35.86%
6561.15 · CSDA	4,094.00	8,300.00	49.33%
6561.20 · CRWA	945.00	1,000.00	94.50%
6561.25 · RWA	4,534.00	9,500.00	47.73%
6561.30 · SGA	22,415.00	25,000.00	89.66%
6561.35 · SAWWA	0.00	1,000.00	0.00%
6561.00 · Professional dues - other	0.00	4,000.00	0.00%
6551.00 · Professional meetings	0.00	10,000.00	0.00%
6610.00 Certification/continuing education	0.00	5,000.00	0.00%

Operations

5151.00 · Power			
5151.05 · PG&E	0.00	2,000.00	0.00%
5151.10 · SMUD	0.00	100,000.00	0.00%
5201.00 · R & M			
5201.05 · Leak repairs	0.00	100,000.00	0.00%
5201.10 Field Equipment	0.00	2,000.00	0.00%
5201.15 · Field supplies	0.00	30,000.00	0.00%
5201.20 · Fuel for vehicles	0.00	9,000.00	0.00%
5201.25 Vehicle repair and maintenance	0.00	3,000.00	0.00%
5201.35 · Chlorine	0.00	10,000.00	0.00%
5201.45 · Well repair & maintenance	0.00	25,000.00	0.00%
5201.55 · Field staff cellular service	527.00	6,000.00	8.78%
5201.00 R & M other	0.00	0.00	N/A
5201.70 SSWD Mutual Aide Field Staff	0.00	40,000.00	0.00%
5301.00 · Lab fees (H2O testing)	0.00	7,000.00	0.00%
5451.00 City water	0.00	7,000.00	0.00%
5452.00 Backflow program	0.00	2,000.00	0.00%
5351.00 Engineering	0.00	90,000.00	0.00%

Del Paso Manor Water District
Monthly Cash Flow Activity (Unaudited)
June 2024

	<u>Operating Bank Account</u>	<u>L.A.I.F.</u>	<u>Total</u>
Account Balances at June 1, 2024	\$ 892,349	\$ 1,863,353	\$ 2,755,702
Rate payer collections	196,582	-	196,582
Payroll disbursements	(39,576)	-	(39,576)
Vendor payments	<u>(361,467)</u>	<u>-</u>	<u>(361,467)</u>
Account Balances at June 30, 2024	<u>\$ 687,888</u>	<u>\$ 1,863,353</u>	<u>\$ 2,551,241</u>

The activity above is not audited

**Del Paso Manor Water District
CIP Rollforward
As of June 30, 2024**

	CIP Rollforward	Total Cash and Investments
Balances as of July 1, 2021		
Cash	296,324	
Investments	1,106,299	
Accounts receivable	<u>49,903</u>	
	1,452,526	2,848,723
Fiscal 2022 CIP revenues	598,666	
Fiscal 2022 CIP expenditures	(83,372)	
Principal payments on LTD	(177,000)	
Interest payments on LTD	<u>(147,030)</u>	
Balance at 6/30/22	1,643,790	3,166,924
Fiscal 2023 CIP revenues	596,871	
Fiscal 2023 CIP expenditures	(409,600)	
Principal payments on LTD	(183,000)	
Interest payments on LTD	<u>(141,278)</u>	
Balance at 6/30/23	1,506,783	2,287,521
Fiscal 2024 CIP revenues	605,085	
Principal payments on LTD	(189,000)	
Interest payments on LTD	<u>(135,330)</u>	
Balance at 6/30/24	<u><u>1,787,538</u></u>	2,551,240

Other CIP disbursements could be applied, lowering the CIP balances.

ITEM #8.B

2022/2023 Final Audit

DEL PASO MANOR WATER DISTRICT

BOARD MEETING

DATE: August 06, 2024

AGENDA ITEM NO. 8.B

SUBJECT: 2022/2023 Final Audit

STAFF CONTACT:

Adam Coyan, General Manager

BACKGROUND:

Government Code 26909 requires special districts to have an annual independent audit conducted by the county auditor or certified public accountant.

On April 2nd, 2019 Richardson and Company was selected to complete the District yearly audit.

The 2022/2023 audit is being presented for review.

RECOMMENDATION:

Review and approve final 2022/2023 Audit

ATTACHMENTS:

Audited Financial Statements (June 30, 2023 and 2022)

ENVIRONMENTAL IMPACT:

This item is not a project under Section 21065 of the California Public Resources Code, as it could not have any direct or indirect impact on the environment.

FINANCIAL IMPACT:

This item will not have any direct or indirect financial impact on the district.

DEL PASO MANOR WATER DISTRICT
SUMMARY OF FISCAL YEAR 2022/23 AUDIT RESULTS

Reports issued

- Auditors opinion on the financial statements
- Report on internal control and compliance
- Governance letter
- Management letter with recommendations

Independent Auditor's Report (pages 1 to 2)

- Unmodified (clean) opinion with emphasis of matters
 - Going concern due to issues raised by LAFCO
 - OPEB Valuation not including implicit rate subsidy

Highlights of financial statements

- Management discussion & analysis (pages 4 to 7)
- Statements of Net Position (pages 8 and 9)
 - Unrestricted net position of \$1.6 million (reserves available)
- Statement of Revenue/Expense (page 10)
 - Expense exceeded revenues by \$116,544 (use of reserves)
 - Includes depreciation, pension and OPEB entries not affecting cash
- Pension Plan, Note F (pages 23 to 27)
 - Pension liability of \$1 million, based on 2022 CalPERS valuation
 - Increased \$555,000 due to unusually large investment losses on plan assets as of 6/30/22 valuation date
- OPEB Plan, Note G (pages 28 to 33)
 - OPEB liability of \$248,000 based on 2021 actuarial valuation
 - Increased \$112,000
 - No contributions to trust in fiscal year 2022/23
- Going concern matters, Note J (pages 33 and 34)

Internal Control and Compliance report (pages 38 to 41)

- Material weaknesses in internal control noted
 - Payroll duties not segregated during GM vacancy
 - Billing/cash receipt duties not segregated
- Complied with laws, contracts material to financials

Governance Letter

- Areas where estimates are used
- Audit adjustments – none noted
- Unadjusted differences – 1 item, discrepancy in receivables between GL and billing system
- No difficulties in performing the audit and no unusual accounting practices

Management letter

- Areas for improvement identified
 - Determine cause of discrepancy in receivables between GL and billing system
 - Investment policy to be reviewed and approved by the Board annually
 - Review of capital asset listing for items no longer on hand
 - Risk assessment process to be developed

DEL PASO MANOR WATER DISTRICT

Audited Financial Statements

June 30, 2023 and 2022

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DEL PASO MANOR WATER DISTRICT

Audited Financial Statements

June 30, 2023 and 2022

TABLE OF CONTENTS

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4
<u>Basic Financial Statements</u>	
Statements of Net Position.....	8
Statements of Revenues, Expenses and Changes in Net Position.....	10
Statements of Cash Flows	11
Notes to The Basic Financial Statements.....	13
<u>Required Supplementary Information</u>	
Schedule of the Proportionate Share of the Net Pension Liability and Schedule of Contributions to the Pension Plan (Unaudited).....	35
Schedule of Changes in the Net OPEB Liability and Related Ratios (Unaudited)	36
Schedule of Contributions to OPEB Plan (Unaudited).....	37
<u>Compliance Section</u>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38
Schedule of Findings.....	40
Schedule of Prior Year Findings.....	41

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Del Paso Manor Water District
Sacramento, California

Opinions

We have audited the accompanying financial statements of Del Paso Manor Water District (the District), which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Substantial Doubt About the District's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note J to the financial statements, the District has until May 1, 2025 to remedy its financial issues identified by Sacramento Local Agency Formation Commission, indicating that substantial doubt exists about the District's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note J. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Emphasis of Matters

As discussed in Note G to the financial statements, the District's actuary applied Section 3.7.7(c)4 of Actuarial Standard of Practice No. 6, as revised, and determined age adjusted health insurance premiums are not necessary in the calculation of the District's net other postemployment benefits (OPEB) liability, and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefits

To the Board of Directors
Del Paso Manor Water District

payments. Had the actuary included age adjusted health insurance premiums in the calculation of the net OPEB liability, the OPEB liability may have been significantly larger in the amount. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

To the Board of Directors
Del Paso Manor Water District

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 25, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Richardson & Company, LLP

July 25, 2024

**Del Paso Manor Water District
Management's Discussion and Analysis
June 30, 2023**

This section of the Del Paso Manor Water District annual financial report presents an analysis of the District's financial performance during the fiscal year ending June 30, 2023. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2022/2023

- At the end of the current year, total net position (total assets and deferred outflows less total liabilities and deferred inflows) of the District was a positive \$2.9 million.
- During the year, the district's net position decreased by approximately \$89,000.
- The District's capital asset balance before depreciation was \$7.9 million at the end of the year.
- The District has recognized a liability in the amount of \$1 million for a net pension obligation due to Governmental Accounting Standards Board Statement (GASB) 68. The liability increased approximately \$555 thousand from the prior year. See Note F of the basic financial statements.
- The District has recognized a liability in the amount of \$248 thousand for post-employment benefits. The liability increased approximately \$112 thousand from the prior year. See Note G of the basic financial statements.
- Notes payable decreased \$189 thousand during fiscal 2023 from \$4.1 million at June 30, 2022 to \$4 million at June 30, 2023.
- During fiscal 2022, the District implemented GASB Statement No. 87, Leases. This statement requires the recognition of a lease liability and an intangible right to use lease asset for the office space currently being used by the District. As of June 30, 2023, the carrying value of the lease asset and lease liability is \$99,889 and \$107,364 respectively. See Note E of the basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements, and Other Required Supplementary Information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statements of Net Position include information on the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). The Statements of Revenues, Expenses and Changes in Net Position identify the District's revenues and expenses for the fiscal years ending June 30, 2023 and 2022. These statements provide information on the District's operations over the past two fiscal years, and can be used to determine whether the District has recovered all if it's actual and projected costs through user fees and other charges. The third component of the financial statements is the Statement of Cash Flows. These statements provide information on the District's cash receipts, cash payments and changes in cash resulting

**Del Paso Manor Water District
Management's Discussion and Analysis
June 30, 2023**

from operating, investments and financing activities. From the Statements of Cash Flows, the reader can obtain comparative information on the sources and uses of cash and the changes in the cash and cash equivalent balances.

FINANCIAL ANALYSIS OF THE DISTRICT

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position provide an indication of the District's financial condition and also indicate if the financial condition of the District has improved during the last fiscal year. The District's Net Position reflects the difference between assets and liabilities.

A summary of the District's Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are presented below:

Condensed Statements of Net Position As of June 30,
2023, 2022 and 2021

	2023	2022	Increase/(Decrease) from 2022	2021
Current and other assets	\$ 2,626,230	\$ 3,428,460	\$ (802,230)	\$ 3,062,381
Capital assets, net	5,229,505	4,888,367	341,138	4,812,584
Total assets	7,855,735	8,316,827	(461,092)	7,874,965
Deferred outflows of resources	900,660	633,366	267,294	546,151
Current liabilities	442,893	505,694	(62,801)	222,911
Long-term liabilities	5,327,549	4,872,138	455,411	5,342,439
Total liabilities	5,770,442	5,377,832	392,610	5,565,350
Deferred inflows of resources	107,437	577,301	(469,864)	83,309
Net investment in capital assets	1,190,394	661,968	528,426	572,689
Unrestricted net position	1,715,360	2,333,092	(617,732)	2,199,768
Total net position	<u>\$ 2,905,754</u>	<u>\$ 2,995,060</u>	<u>\$ (89,306)</u>	<u>\$ 2,772,457</u>

Condensed Statements of Revenue, Expenses and Changes in Net Position
Fiscal Years Ended June 30, 2022, 2021 and 2020

	2023	2022	Increase/(Decrease) from 2022	2021
Operating revenues	\$ 2,043,804	\$ 2,028,182	\$ 15,622	\$ 2,039,174
Non-operating revenues	26,370	8,656	17,714	11,624
Total revenues	2,070,174	2,036,838	33,336	2,050,798
Depreciation expense	238,118	217,217	20,901	200,526
Operating expenses	1,779,291	1,423,884	355,407	1,150,607
Total expenses	2,017,409	1,641,101	376,308	1,351,133
Non-operating expenses	(169,309)	(173,134)	(3,825)	(176,583)
Changes in net position	(116,544)	222,603	(339,147)	523,082
Beginning net position	2,995,060	2,772,457	222,603	2,249,375
Ending net position	<u>\$ 2,878,516</u>	<u>\$ 2,995,060</u>	<u>\$ (116,544)</u>	<u>\$ 2,772,457</u>

**Del Paso Manor Water District
Management's Discussion and Analysis
June 30, 2023**

CURRENT AND OTHER ASSETS

As of June 30, 2022, the District's current and other assets totaled \$3.4 million which was an increase of \$366,000 over the June 30, 2021 balances of approximately \$3.1 million. Much of the increase in current assets was a result of increases in cash and investments of \$318,000 and accounts receivable of \$41,000. Interest receivable and the balances of prepaid expenses were comparable to the June 30, 2021 balances. The increase in cash and investments was the result of an improvement in net position, and cash flows from operating activities exceeding cash used for capital and related financing activities by \$285,000. The majority of the cash used for capital and related financing activities was for debt service on the District's note payable of \$328,000, and the acquisition and construction of capital assets of \$141,000.

CAPITAL ASSETS

As of June 30, 2022, the District's investments in capital assets, including factoring accumulated depreciation, totaled \$4.9 million which was an increase of \$76,000 over the capital asset balances at June 30, 2021 of \$4.8 million.

During the year, the District invested approximately \$113,000 into wells and the distribution system. The District also assumed \$17,000 in system improvements from developer construction. This "donated infrastructure" was recognized as other revenue during the year. Depreciation and amortization expense for the fiscal years 2022 and 2021 was \$217,217 and \$200,526 respectively.

CURRENT LIABILITIES

As of June 30, 2022 the District's current liabilities totaled approximately \$506,000 which was an increase of \$283,000 over the June 30, 2021 balances. Much of the increase in current liabilities was the result of higher accounts payable and higher balances in the current portion of long term liabilities. The higher balances in accounts payable at June 30, 2022 were the result of amounts due to contractors and consultants, compared to the amounts due at June 30, 2021.

LONG - TERM DEBT

As of June 30, 2022, the District had \$4,347,000 in outstanding business-type debt as reported in the statement of net position and in the notes to the financial statements. A principal payment of \$183,000 and interest payments of \$141,278 are scheduled to be made on this note in the 2023 fiscal year. Refer to Note D in the notes to the basic financial statements for additional discussion on the District's long term debt.

As stated above, during fiscal 2022, the District implemented GASB Statement No. 87, Leases. This statement required the recognition of a lease liability and an intangible right to use lease asset for the office space currently being used by the District. As of June 30, 2022 the carrying value of the lease asset and lease liability is \$128,429 and \$131,450 respectively. Principal payments of \$24,086 and interest payments of \$6,034 are scheduled to be made on this lease in the 2023 fiscal year. See Note E of the basic financial statements.

OPERATING REVENUES AND EXPENSES

Water sales and other revenues decreased modestly from 2021 to 2022 by about \$14,000. Operating expenses during 2022 increased \$273,000 over the prior year. Much of the increase was from the maintenance of the transmission and distribution system, legal and engineering expenses. Expenses related

**Del Paso Manor Water District
Management's Discussion and Analysis
June 30, 2023**

to the District's long term debt were comparable from 2021 to 2022 with interest expense of \$177,000 and \$173,000 respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District approved a rate increase in May 2018 with an effective date of June 16, 2018 for monthly billed accounts, and July 1, 2018 for bi-monthly billed accounts. This rate increase will cover the District's increased costs associated with daily operation and maintenance of the District along with rebuilding the reserves. The Board set a reserve fund goal of six months of operations and maintenance expenses with the goal of meeting this target in three to four years. Del Paso Manor Water District's rates continue to remain competitive with other water purveyors in the region.

The aging infrastructure of the District still needs to be addressed. The Board is currently updating the 2009 Master Plan in an effort to redefine the issues and develop a plan for replacement of the aging facilities. Once this update is completed they will look at the economics and develop a plan to finance the next phases of projects.

In addition, the District is staying engaged with legislative and regulatory requirements that may require fees and/or costs to the District, thus potentially affecting consumer rates. To meet California's Sustainability Groundwater Management Act requirements, the District participates in the Sacramento Groundwater Authority which is one of the recognized Groundwater Sustainability Agencies in the North American Sub-basin.

The fiscal 2023 approved operating budget was 72% higher than the 2022 budget. Total expenditures for employee related, administration, and operational expenses are budgeted for \$1,870,520 in 2023 compared to \$1,089,627 for 2022. Significant increases in the budget are in employee salaries and benefits, legal fees, professional administration fees, repairs and maintenance of the distribution system, and engineering. In addition, \$325,000 is budgeted for debt service on the District's long term debt and \$1,650,000 for capital improvements to the distribution system for fiscal 2023.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or to request additional financial information, please contact the Del Paso Manor Water District's General Manager at 1817 Maryal Drive, Suite 300, Sacramento, CA 95864.

DEL PASO MANOR WATER DISTRICT

STATEMENTS OF NET POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 495,808	\$ 913,992
Investments	1,764,768	2,252,932
Accounts receivable	326,775	238,435
Accrued interest receivable	17,002	4,218
Prepaid expenses	21,877	18,883
Total Current Assets	<u>2,626,230</u>	<u>3,428,460</u>
Capital Assets:		
Nondepreciable	246,469	185,218
Depreciable, net of accumulated depreciation/amortization	4,983,036	4,703,149
Total Capital Assets, Net	<u>5,229,505</u>	<u>4,888,367</u>
TOTAL ASSETS	<u>7,855,735</u>	<u>8,316,827</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	239,951	261,474
Pensions	440,463	166,551
Other post-employment benefits (OPEB)	220,246	205,341
TOTAL DEFERRED OUTFLOWS	<u>900,660</u>	<u>633,366</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 8,756,395</u>	<u>\$ 8,950,193</u>

Continued

DEL PASO MANOR WATER DISTRICT
STATEMENTS OF NET POSITION (Continued)

June 30, 2023 and 2022

	2023	2022
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 209,088	\$ 225,266
Due to other governments	7,854	57,198
Accrued expenses and other liabilities	3,968	11,333
Unearned revenue	935	935
Current portion of noncurrent liabilities	221,048	210,962
Total Current Liabilities	442,893	505,694
Noncurrent Liabilities:		
Notes payable, net of current portion	3,975,000	4,164,000
Lease liabilities, net of current portion	86,666	115,198
Compensated absences, net of current portion	14,610	9,150
Net pension liability	1,003,413	448,166
Net OPEB liability	247,860	135,624
Total Noncurrent Liabilities	5,327,549	4,872,138
TOTAL LIABILITIES	5,770,442	5,377,832
DEFERRED INFLOWS OF RESOURCES		
Pensions	100,053	471,194
Other post-employment benefits (OPEB)	7,384	106,107
TOTAL DEFERRED INFLOWS	107,437	577,301
NET POSITION		
Net investment in capital assets	1,190,394	661,968
Unrestricted	1,688,122	2,333,092
TOTAL NET POSITION	2,878,516	2,995,060
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 8,756,395	\$ 8,950,193

The accompanying notes are an integral part of these financial statements.

DEL PASO MANOR WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Water sales	\$ 2,017,791	\$ 2,010,070
Other water sales	1,259	519
Other revenue	24,754	693
TOTAL OPERATING REVENUES	<u>2,043,804</u>	<u>2,011,282</u>
OPERATING EXPENSES		
General and administrative	1,386,388	954,626
Transmission and distribution	309,933	319,109
Pumping	101,620	97,823
Water purchases	6,574	6,371
Depreciation / amortization	238,118	217,217
Pension expense adjustment	(89,806)	18,877
Other post-employment benefits (OPEB)	64,582	27,078
TOTAL OPERATING EXPENSES	<u>2,017,409</u>	<u>1,641,101</u>
NET INCOME FROM OPERATIONS	26,395	370,181
NON-OPERATING REVENUES (EXPENSES)		
Investment income earned	24,620	8,656
Gain on disposal of capital assets	1,750	
Interest expense	(169,309)	(173,134)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(142,939)</u>	<u>(164,478)</u>
CAPITAL CONTRIBUTIONS		
Donated infrastructure		16,900
TOTAL CAPITAL CONTRIBUTIONS		<u>16,900</u>
CHANGE IN NET POSITION	(116,544)	222,603
Net position, beginning of year	<u>2,995,060</u>	<u>2,772,457</u>
NET POSITION AT END OF YEAR	<u>\$ 2,878,516</u>	<u>\$ 2,995,060</u>

The accompanying notes are an integral part of these financial statements.

DEL PASO MANOR WATER DISTRICT

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,955,464	\$ 1,969,091
Cash payments to suppliers for goods and services	(1,519,333)	(896,312)
Cash payments to employees for services	(417,491)	(298,120)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>18,640</u>	<u>774,659</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisitions and construction of capital assets	(579,256)	(123,978)
Principal paid on long-term debt	(183,000)	(177,000)
Interest paid on long-term debt	(147,786)	(150,503)
Gain on Disposal of Fixed Assets	1,750	
Lease payment	(28,532)	(11,249)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(936,824)</u>	<u>(462,730)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	11,836	6,272
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>11,836</u>	<u>6,272</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(906,348)	318,201
Cash and investments at beginning of year	<u>3,166,924</u>	<u>2,848,723</u>
CASH AND INVESTMENTS AT END OF YEAR	<u><u>\$ 2,260,576</u></u>	<u><u>\$ 3,166,924</u></u>

Continued

DEL PASO MANOR WATER DISTRICT

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash and investments - financial statement classification		
Cash and cash equivalents	\$ 495,808	\$ 913,992
Investments	<u>1,764,768</u>	<u>2,252,932</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 2,260,576</u>	<u>\$ 3,166,924</u>

RECONCILIATION OF NET INCOME FROM OPERATIONS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 26,395	\$ 370,181
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation/amortization	238,118	217,217
Gain on sales of assets		
(Increase) Decrease in:		
Accounts receivable	(88,340)	(41,136)
Prepaid expense	(2,994)	(4,358)
Deferred outflows for pensions and OPEB	(288,817)	(109,846)
Accounts payable	(16,178)	241,714
Due to other Govt	(49,344)	
Accrued expenses and other liabilities	(7,365)	9,707
Unearned revenue		(1,055)
Compensated absences	6,825	3,713
Net pension liability	555,247	(384,602)
Net OPEB liability	112,236	(20,868)
Lease liability	2,721	
Deferred inflows for pensions and OPEB	<u>(469,864)</u>	<u>493,992</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 18,640</u>	<u>\$ 774,659</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Amortization of deferred amortization on refunding	\$ 21,523	\$ 22,631
Right-of-use assets obtained in exchange for lease liabilities		152,122
Developer-constructed infrastructure		16,900

The accompanying notes are an integral part of these financial statements.

DEL PASO MANOR WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Del Paso Manor Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity: The District was established in 1956 as a water district located in the central portion of Sacramento County northeast of the City of Sacramento and north of the lower American River. The District serves a population of approximately 4,854. The District is predominately residential in character, with interspersed commercial areas. The District is governed by a Board of Directors consisting of five directors elected by residents of the District.

Basis of Presentation: The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, net of related debt, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Earned but unbilled water services are accrued as revenue.

Water lines were constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance. Water lines and other infrastructure additions constructed by private developers are recorded as capital revenue in the year deeded to the District.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

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

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net assets by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net assets that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earning process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the District's pension and OPEB plan as described in Notes F and G, and for deferred amounts related to bond refunding.

Pensions: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they were reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits and investments in money market mutual funds and LAIF.

Capital Assets: Capital assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Self-constructed assets are recorded based on the amount of direct labor and materials charged to the asset construction. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

DEL PASO MANOR WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (Continued)

Description	Estimated Life
Infrastructure (Wells)	5-45 years
Reservoir and tanks	40 years
Pumping equipment	5-45 years
Hydrants	45 years
Transmission and Distribution	30-45 years
Meters	10 years
Building, structures and improvements	15-35 years
Office equipment	5-7 years
Field equipment and vehicles	5-20 years

Maintenance and repairs are charged to operations when incurred. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Depreciation and amortization expense aggregated \$238,118 and \$217,217 for the years ended June 30, 2023 and 2022, respectively.

Deferred Amount from Refunding Debt: The difference between the reacquisition price of refunded debt and the net carrying amount of the previously outstanding debt is deferred and reported as a deferred outflow on the balance sheet. These amounts are amortized over the term of the new debt. Amortization expense totaled \$21,523 and \$22,631 for the years ended June 30, 2023 and 2022, respectively.

Compensated Absences: The District’s policy allows employees to accumulate earned but unused vacation which will be paid to employees upon separation from the District’s service. The cost of vacation is recognized in the period earned.

New Pronouncements: In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

The District is currently analyzing the impact of the required implementation of this new statement.

DEL PASO MANOR WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2023 and 2022

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30 are classified in the accompanying financial statements as follows:

	2023	2022
Cash and cash equivalents	\$ 495,808	\$ 913,992
Investments	1,764,768	2,252,932
Total cash and cash equivalents	\$ 2,260,576	\$ 3,166,924

Cash and cash equivalents as of June 30 consisted of the following:

	2023	2022
Cash on hand	\$ 293	\$ 19,763
Deposits with financial institutions	495,515	894,229
Total cash	495,808	913,992
Investments in Local Agency Investment Fund (LAIF)	1,764,768	2,252,932
Total investments	1,764,768	2,252,932
Total cash and cash equivalents	\$ 2,260,576	\$ 3,166,924

Investment policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy.

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

During the year ended June 30, 2023 and 2022, the District’s permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
California Local Agency Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	None
Money Market Mutual Funds	N/A	20%	10%
LAIF	N/A	\$4 million	None
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
California Local Agency Investment Fund	N/A	None	None
County Pooled Investments	N/A	None	None
Time Deposits	5 years	None	None

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 its exposure to fair value losses arising from rising interest rates, the District generally manages its interest rate risk by investing in the Local Agency Investment Fund (LAIF), which provides the necessary cash flow and liquidity needed for operations.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating agency.

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested in any one issuer to the amount stipulated by the California Government Code. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of total District investments.

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 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

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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

At June 30, 2023, the carrying amount of the District's deposits were \$495,515 and the balances in financial institutions were \$656,381 and of this amount \$406,381 was not insured by federal depository insurance, but was covered by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District. At June 30, 2022, the carrying amount of the District's deposits were \$913,699 and the balances in financial institutions were \$894,229 and of this amount \$644,652 was not insured by federal depository insurance, but was covered by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District.

Investment in LAIF: The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at amortized cost, which approximates fair value. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The total fair value amount invested by all public agencies in LAIF as of June 30, 2023, is \$177,045,532,802 managed by the State Treasurer. The Local Investment Advisory Board (the Board) has oversight responsibility for LAIF. The Board consists of five members as designated by the State Statute. At June 30, 2023, these investments matured in an average of 260 days.

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE C – CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2023 and 2022 are as follows:

	Balance July 1, 2022	Additions	Tranfers/ Deletions	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 8,505			\$ 8,505
Construction in progress	176,713	\$ 89,478	\$ (28,227)	237,964
	<u>185,218</u>	<u>89,478</u>	<u>(28,227)</u>	<u>246,469</u>
Capital assets being depreciated:				
Source of supply	2,463,688	85,351		2,549,039
Pumping plant	1,051,717			1,051,717
Transmission and distribution	2,446,984	294,038	28,227	2,769,249
General plant and administration	1,248,784	110,389	(50,041)	1,309,132
	<u>7,211,173</u>	<u>489,778</u>	<u>(21,814)</u>	<u>7,679,137</u>
Intangible Right-to-Use assets:				
Leased building	142,699			142,699
Leased copier	9,423			9,423
	<u>152,122</u>			<u>152,122</u>
Less accumulated depreciation:				
Source of supply	(622,427)	(54,780)		(677,207)
Pumping plant	(306,232)	(24,943)		(331,175)
Transmission and distribution	(1,082,233)	(65,771)		(1,148,004)
General plant and administration	(634,670)	(62,199)	50,041	(646,828)
	<u>(2,645,562)</u>	<u>(207,693)</u>	<u>50,041</u>	<u>(2,803,214)</u>
Less accumulated amortization:				
Leased building	(14,270)	(28,540)		(42,810)
Leased copier	(314)	(1,885)		(2,199)
	<u>(2,660,146)</u>	<u>(238,118)</u>	<u>50,041</u>	<u>(2,848,223)</u>
Net capital assets being depreciated	<u>4,703,149</u>	<u>251,660</u>	<u>28,227</u>	<u>4,983,036</u>
Net capital assets	<u>\$ 4,888,367</u>	<u>\$ 341,138</u>	<u>\$</u>	<u>\$ 5,229,505</u>

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE C – CAPITAL ASSETS (Continued)

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 8,505			\$ 8,505
Construction in progress	98,767	\$ 77,946		176,713
	<u>107,272</u>	<u>77,946</u>		<u>185,218</u>
Capital assets being depreciated:				
Source of supply	2,459,603	4,085		2,463,688
Pumping plant	1,051,717			1,051,717
Transmission and distribution	2,398,853	48,131		2,446,984
General plant and administration	1,239,985	10,716	\$ (1,917)	1,248,784
	<u>7,150,158</u>	<u>62,932</u>	<u>(1,917)</u>	<u>7,211,173</u>
Intangible Right-to-Use assets:				
Leased building		142,699		142,699
Leased copier		9,423		9,423
		<u>152,122</u>		<u>152,122</u>
Less accumulated depreciation:				
Source of supply	(569,436)	(52,991)		(622,427)
Pumping plant	(281,289)	(24,943)		(306,232)
Transmission and distribution	(1,017,447)	(64,786)		(1,082,233)
General plant and administration	(576,674)	(59,913)	1,917	(634,670)
	<u>(2,444,846)</u>	<u>(202,633)</u>	<u>1,917</u>	<u>(2,645,562)</u>
Less accumulated amortization:				
Leased building		(14,270)		(14,270)
Leased copier		(314)		(314)
	<u>(2,444,846)</u>	<u>(217,217)</u>	<u>1,917</u>	<u>(2,660,146)</u>
Net capital assets being depreciated	<u>4,705,312</u>	<u>(2,163)</u>		<u>4,703,149</u>
Net capital assets	<u>\$ 4,812,584</u>	<u>\$ 75,783</u>	<u>\$</u>	<u>\$ 4,888,367</u>

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE D – LONG-TERM LIABILITIES

The activity of the District’s long-term liabilities during the year, ended June 30, 2023 and 2022 were as follows:

	Balance July 1, 2022	Additions	(Reductions)	Balance June 30, 2023	Due Within One Year
2020 Installment loan	\$ 4,347,000		\$ (183,000)	\$ 4,164,000	\$ 189,000
Lease liabilities	140,873		(25,811)	115,062	28,396
Compensated absences	11,437	\$ 24,080	(17,255)	18,262	3,652
Net pension liability	448,166	555,247		1,003,413	
Net OPEB liability	135,624	112,236		247,860	
	<u>\$ 5,083,100</u>	<u>\$ 691,563</u>	<u>\$ (226,066)</u>	<u>\$ 5,548,597</u>	<u>\$ 221,048</u>

	Balance July 1, 2021	Additions	(Reductions)	Balance June 30, 2022	Due Within One Year
2020 Installment loan	\$ 4,524,000		\$ (177,000)	\$ 4,347,000	\$ 183,000
Lease liabilities		\$ 152,122	(11,249)	140,873	25,675
Compensated absences	7,724	15,596	(11,883)	11,437	2,287
Net pension liability	832,768		(384,602)	448,166	
Net OPEB liability	156,492		(20,868)	135,624	
	<u>\$ 5,520,984</u>	<u>\$ 167,718</u>	<u>\$ (605,602)</u>	<u>\$ 5,083,100</u>	<u>\$ 210,962</u>

The District’s long-term liabilities consist of the following:

2020 Advance Refunding: In June 2020, the District issued an installment loan in the amount of \$4,694,000 to advance refund the previously outstanding 2018 Advance Refunding. The 2020 Installment Loan is payable in semiannual installments including interest of 3.25% and matures in July 2040. Interest payments range from \$5,070 to \$88,990 semi-annually. Principal payments range from \$170,000 to \$312,000 annually.

The refunding resulted in a deferred amount on refunding of \$239,951 and \$261,474 at June 30, 2023 and 2022, respectively, which is being amortized over the remaining life of the refunded debt. Amortization expense totaled \$21,523 and \$22,631 for the years ended June 30, 2023 and 2022, respectively, and is included in interest expense.

The 2020 Installment Loan is an obligation of the CSDA Finance Corporation (Corporation) payable solely from payments received from the District pursuant to an Installment Purchase Contract between the Corporation and the District. The obligation of the District to make installment payments is payable solely from net revenues of the District’s water system and certain funds and accounts created under the Installment Purchase Contract. The 2020 Installment Purchase Contract requires the District to agree to fix, prescribe, and collect rates and charges for its water service which will be at least sufficient to yield each fiscal year net revenues equal to 120% of the annual debt service in such fiscal year. Should the District default on payments or any covenants of the agreement, all moneys and investments in the funds and accounts held under the agreement and all gross revenues thereafter received shall be applied to principal and accrued interest.

DEL PASO MANOR WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2023 and 2022

NOTE D – LONG-TERM LIABILITIES (Continued)

The following is a schedule of maturities for the long-term debt outstanding:

	Principal	Interest
For the Year Ended June 30:		
2024	\$ 189,000	\$ 135,330
2025	194,000	129,187
2026	200,000	122,883
2027	207,000	116,382
2028	213,000	109,655
2029-2033	1,173,000	439,855
2034-2038	1,374,000	236,600
2039-2040	614,000	30,095
	\$ 4,164,000	\$ 1,319,987

Pledged Revenue: The District pledged future water system revenues, net of specified expenses, to repay the 2020 Installment Loan in the original amount of \$4,694,000. Proceeds of the 2020 Installment Loan were used to refund the previously outstanding 2018 Revenue Certificates of Participation. The 2020 Installment Loan is payable solely from water customer net revenues. Total principal and interest remaining to be paid on the 2020 Installment Loan was \$5,483,987 and \$5,808,265 at June 30, 2023 and 2022, respectively. Total principal and interest paid was \$324,278 and \$324,030, and the total water net revenues were \$162,752 and \$556,676 for the years ended June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, the District’s net revenues were 50% and 172% of debt service payments.

NOTE E – LEASE OBLIGATION

The District leases office space under a lease that ended in December 2021, which was renewed in November 2021 for 5 years, beginning in January 2022, through December 2026. The District also has a 5-year lease for a copier entered into May 3, 2022, through March of 2028. For the purposes of discounting future payments on the leases, the District used a discount rate of 5%. The intangible right of use asset is being amortized over 5 years, the term of the lease, including option periods. Amortization expense was \$30,424 and \$14,584 during the year ended June 30, 2023 and 2022, respectively. Minimum lease payments over the remaining term of the lease include:

Year Ended	Principal	Interest
June 30		
2024	\$ 28,396	\$ 5,127
2025	31,629	3,656
2026	34,946	1,989
2027	19,578	347
2028	513	5
	\$ 115,062	\$ 11,124

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE F – PENSION PLANS

Plan Descriptions: All qualified employees are eligible to participate in the District’s cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. The District participates in the Miscellaneous and PEPRA Miscellaneous rate plans.

Benefit provisions under the Plans are established by State statute and Board resolution. 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 at www.calpers.ca.gov.

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 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments are applied as specified by the Public Employees’ Retirement Law.

The Plan provisions and benefits in effect at June 30, 2023 and 2022 are summarized as follows:

	Classic Miscellaneous Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Plan (On or after January 1, 2013)
Hire date		
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1% to 2.5%	1.0% to 2.5%
Required employee contribution rates - 2021/22	7.00%	6.75%
Required employer contribution rates - 2021/22	10.88%	7.59%
Required employee contribution rates - 2022/23	7.00%	6.75%
Required employer contribution rates - 2022/23	10.87%	7.47%

In addition to the contribution rates above, the District was also required to make payments of \$75,073 and \$64,634 towards its unfunded actuarial liability during the years ended June 30, 2023 and 2022, respectively.

The Classic Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE F – PENSION PLANS (Continued)

Contributions: Section 20814(c) of the California Public Employees’ Retirement Law 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. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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.

The employer contributions for the Plans were \$100,772 and \$86,279 for the years ended June 30, 2023 and 2022, respectively.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2023 and 2022, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$1,003,413 and \$448,166, respectively.

The District’s net pension liability is measured as the proportionate share of the net pension liability. The net pension liability as of June 30, 2023 and 2022 is measured as of June 30, 2022 and 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 and 2020 rolled forward to June 30, 2022 and 2021 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2022 was as follows:

Proportion - June 30, 2021	0.01974%
Proportion - June 30, 2022	0.02360%
Change - Increase	<u>0.00386%</u>
Proportion - June 30, 2022	0.02360%
Proportion - June 30, 2023	<u>0.02144%</u>
Change - Decrease	<u>-0.00216%</u>

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE F – PENSION PLANS (Continued)

For the year ended June 30, 2023 and 2022, the District had pension expense of \$10,965 and \$101,809, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 100,772		\$ 86,279	
Differences between actual and expected experience	20,150	\$ (13,496)	50,257	
Changes in assumptions	102,821			
Change in employer's proportion	32,921		30,015	
Proportionate Share of Contributions		(86,557)		
Differences between the employer's contribution and the employer's proportionate share of contributions				\$ (79,969)
Net differences between projected and actual earnings on plan investments	183,799			(391,225)
Total	<u>\$ 440,463</u>	<u>\$ (100,053)</u>	<u>\$ 166,551</u>	<u>\$ (471,194)</u>

The \$100,772 and \$86,279 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended June 30, 2023 and 2022, respectively. Other amounts reported as net deferred inflows of resources related to pensions at June 30, 2023 will be recognized as pension expense as follows:

Fiscal Year Ended June 30

2024	\$ 47,794
2025	49,314
2026	30,112
2027	112,418
	<u>\$ 239,638</u>

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE F – PENSION PLANS (Continued)

Actuarial Assumptions: The total pension liabilities in the actuarial valuations for each of the Plans were determined using the following actuarial assumptions:

	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.9% (1)	7.15% (1)
Inflation	2.30%	2.50%
Salary Increases	Varies by entry age and service	Varies by entry age and service
Mortality	Derived using CalPERS Membership Data for all Funds	Derived using CalPERS Membership Data for all Funds

(1) Net of pension plan investment expenses, including inflation

The mortality table used was developed based on CalPERS-specific data. The table for June 30, 2020 includes 15 years of mortality improvements using Society of Actuaries Scale 90% of 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). Further details of the Experience Study can be found on the CalPERS website.

Discount Rate: The discount rates used to measure the total pension liability were 6.90% and 7.15% as of June 30, 2023 and 2022, respectively. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is appropriate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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 the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE F – PENSION PLANS (Continued)

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement dates of June 30. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	2023			2022		
	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	49.0%	4.80%	5.98%	50.0%	4.80%	5.98%
Fixed Income	23.0%	1.00%	2.62%	28.0%	1.00%	2.62%
Inflation Assets	5.0%	0.77%	1.81%	0.0%	0.77%	1.81%
Private Equity	20.0%	6.30%	7.23%	8.0%	6.30%	7.23%
Real Assets	3.0%	3.75%	4.93%	13.0%	3.75%	4.93%
Liquidity	0.0%	0.00%	-0.92%	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>			<u>100.0%</u>		

- (a) An expected inflation of 2.3% used for this period.
- (b) An expected inflation of 2.92% used for this period.

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

	2023	2022
1% Decrease	5.90%	6.15%
Net Pension Liability	\$ 1,538,214	\$ 937,398
Current Discount Rate	6.90%	7.15%
Net Pension Liability	\$ 1,003,413	\$ 448,166
1% Increase	7.90%	8.15%
Net Pension Liability	\$ 563,404	\$ 43,726

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

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE G – OTHER POST-EMPLOYMENT BENEFITS

Plan Description: The District's defined benefit OPEB plan (the Plan) is a single employer OPEB plan administered by CalPERS through participation in California Employers' Retiree Benefit Trust (CERBT) Fund. On June 1, 2005 the Board of Directors passed a resolution to establish health benefit vesting requirements for future retirees under the Public Employees' Medical and Hospital Care Act, whereas an employee who is employed by the District for 5 years or longer and who has met other vesting requirements as defined by Government Code 20079, shall receive up to a maximum 100% of the health benefits for the employee premium plus 90% of the additional premium required for enrollment of family members in selected plans. The retiree benefits for employees hired prior to August 1, 2005 are entitled to receive the same benefits as active employees noted above. Those hired after August 1, 2005 are entitled to receive medical only lifetime benefits with required service of 20 years and the plan paying 50% of premiums after 10 years of service and an additional 5% for each additional year of service with a maximum District contribution of 100%. The minimum age for receiving benefits is 50 and there is no District cap. The plan also provides coverage for dependents. For employees who are eligible to participate in the plan, the District will contribute health benefit costs for the retiree and family members at an amount approved by resolution and accepted by CalPERS based on the average amount of the HMO plans offered by CalPERS. A retiree with less than the required years of service with the District will receive no benefit, unless they have previous employment qualifying them for CalPERS retirement, in which case they are eligible to receive the CalPERS minimum at the time of retirement. The CalPERS minimum is set by law. The Board of Directors grants the authority to establish and amend the benefit terms to the CalPERS Board of Trustees (CalPERS Board). CalPERS issues a publicly available financial report for the CERBT that can be obtained at www.calpers.ca.gov under Forms and Publications.

Benefits Provided: The Plan provides healthcare benefits for retirees, surviving spouses and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits are covered by the Plan.

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

	<u>2023</u>	<u>2022</u>
Inactive employees or beneficiaries currently receiving benefit payments	6	6
Active employees	<u>3</u>	<u>3</u>
Total	<u><u>9</u></u>	<u><u>9</u></u>

Contributions: The Board of Directors grants the authority to establish and amend the contribution requirements of the District and employees. Employees are not required to contribute to the Plan. No cash contributions were made to the trust during the years ended June 30, 2023 and 2022. In addition, during the years ended June 30, 2023 and 2022, the District paid retiree premiums of \$65,974 and \$67,279, respectively.

Net OPEB Liability: The District's net OPEB liability was measured as of June 30, 2021 and 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE G – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions: The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	2023	2022
Valuation date	June 30, 2021	June 30, 2021
Measurement date	June 30, 2022	June 30, 2021
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Actuarial assumptions:		
Discount rate	6.75%	6.75%
Inflation	2.5%	2.5%
Salary increases	2.75% per year	2.75% per year
Investment rate of return	6.75%	6.75%
Mortality rate	Derived using CalPERS membership data	Derived using CalPERS membership data
Pre-retirement turnover	Derived using CalPERS membership data	Derived using CalPERS membership data
Healthcare trend rate	4% annually	4% annually

Mortality information for active and retired employees was based on the 2017 CalPERS tables, for the years ended June 30, 2023 and 2022. The pre-retirement turnover information was developed based on the 2017 CalPERS Turnover for Miscellaneous Employees tables created by CalPERS, for the years ended June 30, 2023 and 2022.

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

Asset Class	2023		2022	
	Percentage of Portfolio	Assumed Gross Return	Percentage of Portfolio	Assumed Gross Return
Global Equity	59.0%	7.55%	59.0%	7.80%
Fixed Income	25.0%	4.25%	25.0%	4.50%
Tresaurry Inflation Protected Securities	5.0%	3.00%	5.0%	3.25%
Real Estate Investment Trusts	8.0%	7.25%	8.0%	7.50%
Commodities	3.0%	7.55%	3.0%	7.80%
	<u>100.0%</u>		<u>100.0%</u>	

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE G – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Discount Rate: The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 954,229	\$ 818,605	\$ 135,624
Changes in the year:			
Service cost	16,647		16,647
Interest	62,388		62,388
Differences between expected and actual experience	(9,278)		(9,278)
Contributions - employer		67,279	(67,279)
Net investment income		(109,551)	109,551
Administrative expenses		(207)	207
Benefit payments	(67,279)	(67,279)	-
Net changes	<u>2,478</u>	<u>(109,758)</u>	<u>112,236</u>
Balance at June 30, 2023 (measurement date June 30, 2021)	<u>\$ 956,707</u>	<u>\$ 708,847</u>	<u>\$ 247,860</u>

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	\$ 798,805	\$ 642,313	\$ 156,492
Changes in the year:			
Service cost	7,695		7,695
Interest	54,311		54,311
Differences between expected and actual experience	132,932		132,932
Changes in assumptions	22,845		22,845
Contributions - employer		62,359	(62,359)
Net investment income		176,535	(176,535)
Administrative expenses		(243)	243
Benefit payments	(62,359)	(62,359)	-
Net changes	<u>155,424</u>	<u>176,292</u>	<u>(20,868)</u>
Balance at June 30, 2022 (measurement date June 30, 2021)	<u>\$ 954,229</u>	<u>\$ 818,605</u>	<u>\$ 135,624</u>

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE G – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2023		
	Current		
	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Net OPEB liability	\$ 351,005	\$ 247,860	\$ 161,955

	2022		
	Current		
	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Net OPEB liability	\$ 238,410	\$ 135,624	\$ 50,078

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	2023		
	Current		
	1% Decrease 3%	Healthcare Cost Trend Rates 4%	1% Increase 5%
Net OPEB liability	\$ 148,574	\$ 247,680	\$ 366,531

	2022		
	Current Healthcare Cost		
	1% Decrease 3%	Trend Rates 4%	1% Increase 5%
Net OPEB liability	\$ 46,224	\$ 135,624	\$ 242,023

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report at www.calpers.ca.gov.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2023 and 2022 the District recognized OPEB expense of \$64,582 and \$27,078, respectively. At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

DEL PASO MANOR WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE G – OTHER POST-EMPLOYMENT BENEFITS (Continued)

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 65,974		\$ 67,279	
Difference between expected and actual experience	78,674	\$ (7,384)	105,803	
Change in assumptions	13,519		18,182	
Net differences between projected and actual earnings on plan investments	<u>62,079</u>		<u>14,077</u>	<u>\$ (106,107)</u>
Total	<u>\$ 220,246</u>	<u>\$ (7,384)</u>	<u>\$ 205,341</u>	<u>\$ (106,107)</u>

The \$65,974 and \$67,279 reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	
2024	\$ 41,427
2025	40,842
2026	33,361
2027	<u>31,258</u>
	<u>\$ 146,888</u>

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in the total OPEB liability and the 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.

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. The net difference between expected and actual experience is recognized over the expected average remaining service lifetime (EARS�), which was 4.9 years at the June 30, 2021 valuation date.

Age-Adjusted Premiums Not Used: As a general rule, Actuarial Standard of Practice 6 (ASOP 6) indicates retiree costs should be based on actual claim costs or age-adjusted premiums. However, the Plan’s net OPEB liability was not computed using age-adjusted premiums because the District’s actuary applied Section 3.7.7(c)4 for the ASOP 6 and determined age-adjusted premiums are not necessary and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefit payments. This is due to the District participating in the CalPERS health insurance plan, PEMHCA. PEMHCA uses blended premiums for active and retired participants and is expected to continue this

DEL PASO MANOR WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE G – OTHER POST-EMPLOYMENT BENEFITS (Continued)

practice into the future. Contributions based on age-adjusted premiums would be larger than contributions based on actual premiums charged by PEMHCA. The actuary believes this would overstate contributions to the CERBT that would not be able to be recovered by the District. Many other actuaries believe it is appropriate to use age-adjusted premiums when computing net OPEB liabilities under GASB Statement No. 75. The District’s net OPEB liability would have been significantly larger had it been computed using age-adjusted premiums.

NOTE H – INSURANCE

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public official’s liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District’s deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and Auto Liability (includes public officials liability)	\$5,000,000	\$55,000,000	None
Property Damage	10,000,000	500,000,000	\$500 to \$25,000
Fidelity	100,000		1,000
Workers Compensation liability	2,000,000	excess of \$2 million	None
Cyber Liability		\$2,000,000 per member/ \$5,000,000 aggregate	75,000 to 100,000

The District continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the District is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE I – CONTINGENCIES

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition as of June 30, 2023.

NOTE J – GOING CONCERN

The Sacramento County Grand Jury and the Sacramento Local Agency Formation Commission (LAFCO) have issued reports between November 2021 and May 2024 that cite concerns about the District’s operational safety and management practices.

DEL PASO MANOR WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2023 and 2022

NOTE J – GOING CONCERN (Continued)

Substantial well rehabilitation and water main replacements are needed at an estimated cost of \$52 million and meter replacement costs of \$5 to \$6 million. The District has been unable to obtain grant funding for these projects. A rate increase was approved starting November 2023, but is only expected to generate approximately \$9 million. LAFCO has given the District until May 1, 2025 to remedy the issues identified or the District will be required to dissolve. The Board of Directors are evaluating their options, including obtaining a loan and consolidation with another agency.

REQUIRED SUPPLEMENTARY INFORMATION

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DEL PASO MANOR WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (UNAUDITED)
Last 10 Years**

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.02144%	0.02360%	0.01974%	0.01898%	0.01827%	0.01787%	0.01727%	0.01607%	0.01719%
Proportionate share of the net pension liability	\$ 1,003,413	\$ 448,166	\$ 832,768	\$ 760,047	\$ 688,430	\$ 704,360	\$ 587,867	\$ 440,960	\$ 420,396
Covered payroll - measurement period	\$ 290,274	\$ 263,531	\$ 150,650	\$ 324,130	\$ 338,501	\$ 323,644	\$ 312,320	\$ 303,257	\$ 295,442
Proportionate share of the net pension liability as a percentage of covered payroll	345.68%	170.06%	552.78%	234.49%	203.38%	217.63%	188.23%	145.41%	142.29%
Plan fiduciary net position as a percentage of the total pension liability	74.42%	87.91%	77.10%	77.65%	78.15%	75.05%	81.02%	84.93%	82.11%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact.

Changes in assumptions: The discount rate was changed from 7.50% in 2015 to 7.65% in 2016 and 2017 and to 7.15% in 2018 and 7% in 2021 and 6.9% in 2022

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
Last 10 Years**

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 100,772	\$ 86,279	\$ 76,551	\$ 59,861	\$ 67,069	\$ 58,501	\$ 51,598	\$ 45,788	\$ 37,674
Contributions in relation to the actuarially determined contributions	(100,772)	(86,279)	(76,551)	(59,861)	(67,069)	(58,501)	(51,598)	(45,788)	(37,674)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - fiscal year	\$ 344,047	\$ 290,274	\$ 263,531	\$ 150,650	\$ 324,130	\$ 338,501	\$ 323,644	\$ 312,320	\$ 309,257
Contributions as a percentage of covered payroll	29.29%	29.72%	29.05%	39.74%	20.69%	17.28%	15.94%	14.66%	12.18%

Notes to Schedule:

Valuation date: June 30, 2020 June 30, 2019 June 30, 2018 June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014 June 30, 2013 June 30, 2012

Methods and assumptions used to determine contribution rates:

	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Valuation cost method									
Amortization method									
Remaining amortization period									
Asset valuation method									
Inflation	2.50%	2.500%	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases					Entry age normal				
Payroll growth	2.75%	2.750%	2.750%	2.875%	Level percentage of payroll, closed				
Investment rate of return(1)	7.00%	7.15%	7.00%	7.25%	Varies, not more than 30 years				
Retirement age	(4)	(4)	(3)	(3)	Market Value	Market Value	Market Value	Market Value	(2)
					Varies by entry age and service				(2)
					3.00%	3.00%	3.00%	3.00%	3.00%
					7.375%	7.50%	7.50%	7.50%	7.50%
					(3)	(3)	(2)	(2)	(2)

Notes to Schedule:

(1) Net of administrative expenses, includes inflation.

(2) Probabilities of retirement and mortality are based on CalPERS' 2010 Experience Study for the period from 1997 to 2007.

(3) Probabilities of retirement and mortality are based on CalPERS' 2014 Experience Study for the period from 1997 to 2011.

(4) Probabilities of retirement and mortality are based on CalPERS' 2017 Experience Study for the period from 1997 to 2015.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015, thus information prior to this date was not presented.

DEL PASO MANOR WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)

	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	\$ 16,647	\$ 7,695	\$ 7,489	\$ 19,157	\$ 18,644	\$ 18,145
Interest	62,388	54,311	53,671	46,030	42,424	38,939
Differences between expected and actual experience	(9,278)	132,932	(748)	94,801		
Changes in assumptions	-	22,845		(18,338)		
Benefit payments	(67,279)	(62,359)	(49,941)	(7,185)	(7,860)	(7,742)
Net change in total OPEB liability	2,478	155,424	10,471	134,465	53,208	49,342
Total OPEB liability - beginning	954,229	798,805	788,334	653,869	600,661	551,319
Total OPEB liability - ending (a)	<u>\$ 956,707</u>	<u>\$ 954,229</u>	<u>\$ 798,805</u>	<u>\$ 788,334</u>	<u>\$ 653,869</u>	<u>\$ 600,661</u>
Plan fiduciary net position:						
Contributions - employer	\$ 67,279	\$ 62,359	\$ 49,941	\$ 25,000	\$ 25,000	\$ 23,112
Benefit payments	(67,279)	(62,359)	(49,941)	(7,185)	(7,860)	(7,742)
Net investment income (loss)	(109,551)	176,535	21,925	37,288	40,420	47,627
Administrative expenses	(207)	(243)	(303)	(124)	(912)	(239)
Net change in plan fiduciary net position	(109,758)	176,292	21,622	54,979	56,648	62,758
Plan fiduciary net position - beginning	818,605	642,313	620,691	565,712	509,064	446,306
Plan fiduciary net position - ending (b)	<u>\$ 708,847</u>	<u>\$ 818,605</u>	<u>\$ 642,313</u>	<u>\$ 620,691</u>	<u>\$ 565,712</u>	<u>\$ 509,064</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 247,860</u>	<u>\$ 135,624</u>	<u>\$ 156,492</u>	<u>\$ 167,643</u>	<u>\$ 88,157</u>	<u>\$ 91,597</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>74.09%</u>	<u>85.79%</u>	<u>80.41%</u>	<u>78.73%</u>	<u>86.52%</u>	<u>84.75%</u>
Covered-employee payroll - measurement period	<u>\$ 290,274</u>	<u>\$ 263,531</u>	<u>\$ 150,650</u>	<u>\$ 324,130</u>	<u>\$ 338,501</u>	<u>\$ 323,644</u>
Net OPEB liability as percentage of covered-employee payroll	<u>85.39%</u>	<u>51.46%</u>	<u>103.88%</u>	<u>51.72%</u>	<u>26.04%</u>	<u>28.30%</u>
Notes to schedule:						
Valuation date	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Discount rate	6.75%	7.0%	7.0%	7.0%	7.5%	7.5%

Benefit changes. None.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

DEL PASO MANOR WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution - employer fiscal year	\$ 65,974	\$ 67,279	\$ 62,359	\$ 49,941	\$ 7,185	\$ 7,860
Contributions in relation to the statutorily required contributions	<u>(65,974)</u>	<u>(67,279)</u>	<u>(62,359)</u>	<u>(49,941)</u>	<u>(32,185)</u>	<u>(32,860)</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>
Covered-employee payroll - employer fiscal year	\$ 344,047	\$ 290,274	\$ 263,531	\$ 150,650	\$ 324,130	\$ 338,501
Contributions as a percentage of covered-employee payroll	19.18%	23.18%	23.66%	33.15%	2.22%	2.32%

Notes to Schedule:

An actuarially determined contribution rate was not calculated. The required contributions reported represent retiree premium payments.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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COMPLIANCE REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Del Paso Manor Water District
Sacramento, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Del Paso Manor Water District Sacramento, California (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 25, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings as Finding 2023-001 and schedule of prior year findings as Finding 2020-001 that we consider to be a material weaknesses.

To the Board of Directors
Del Paso Manor Water District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Del Paso Manor Water District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

July 25, 2024

DEL PASO MANOR WATER DISTRICT

SCHEDULE OF FINDINGS

For the Year Ended June 30, 2023

Finding 2023-001 – Internal Controls over – Material Weakness

Condition: Duties related to processing payroll are not adequately segregated and a review of the payroll by someone not involved in the process was not performed due to vacancy of the general manager position during the year. We noted the Office Manager input payroll changes in the payroll system and did the final processing of payroll. The Office Manager also served as the Interim General Manager from March 2023 to June 2023.

Criteria: Internal controls over financial reporting should be in place to ensure the District has the ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements and to properly reduce the risk of fraud by establishing proper separation of duties and review functions.

Cause: The District has limited staff to ensure adequate segregation of duties and the District was without a General Manager to perform reviews to mitigate the risk of the lack of segregation of duties.

Effect: An increased risk that a material misstatement of the financial statements could occur due to fraud or error and not be detected or corrected timely.

Recommendation: A back-up plan should be developed for review of payroll reports upon the vacancy of the general manager position. The general manager or someone separate from the processing of payroll should review and initial each payroll register.

District's Response: The District plans on implementing these recommendations.

DEL PASO MANOR WATER DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2023

Finding 2020-001 – Internal Controls over Billings and Cash Receipts – Material Weakness

Condition: Duties related to processing customer bills and collections of the bills are not adequately segregated. We noted the Office Manager generates customer bills, processes customer payments, makes bank deposits, and can adjust or write-off customer accounts with no review of work performed.

Criteria: Internal controls over financial reporting should be in place to ensure the District has the ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements and to properly reduce the risk of fraud by establishing proper separation of duties and review functions.

Cause: The District has limited staff to ensure adequate segregation of duties and has not put in place reviews to mitigate the risk of the lack of segregation of duties.

Effect: An increased risk that a material misstatement of the financial statements could occur due to fraud or error and not be detected or corrected timely.

Recommendation: While it is difficult to segregate duties due to limited staff size, the following procedures can be put in place to compensate for this lack of segregation of duties:

1. The Office Manager should not be given rights within the billing system to make adjustments to customer accounts or to write off balances. If this is not possible, then at a minimum, a list of billing adjustments needs to be generated from the system and reviewed by either the General Manager or the outside accountant.
2. On a monthly basis, the outside accountant needs to compare the receivable balance from the billing system to the general ledger and follow up on the nature of any reconciling items.
3. The General Manager should review the Accounts Receivable Aging Report from the utility billing system on a monthly basis.

District's Response: The District plans on implementing these recommendations.

Status: The District has not yet resolved the lack of segregation of duties issues.

ITEM #8.C

LAFCo Resolution

DEL PASO MANOR WATER DISTRICT

BOARD MEETING

DATE: August 06, 2024

AGENDA ITEM NO. 8.C

SUBJECT: LAFCo RESOLUTION FOR CONSOLIDATION WITH SSWD

STAFF CONTACT:

Adam Coyan, General Manager

BACKGROUND:

On July 30th, 2024 at the joint special meeting SSWD and DPMWD voted to consolidate. The adopted resolutions should be substantially similar for the purpose of submitting LAFCo.

The resolutions should include at least the following information:

- The actions and conditions of approval that SSWD and DPMWD request from LAFCO
- Each District's designated agent authorized to sign on the Board's behalf and who will act as the primary contact with LAFCO
- A map of the territory affected by the proposal
- Specify what should be done with zones of benefit and/or benefit assessments – since neither DPMWD or SSWD have such zones, this should be confirmed
- Specify fiscal and operational considerations and requirements, including any proposal to form a new assessment district within the existing DPMWD service area to finance new and improved infrastructure
- Specify governance requirements such as Directors being elected by division and the composition of the first Board of the combined district
- Specify any other conditions of approval requested of LAFCO

RECOMMENDATION:

Receive information and direct staff

ATTACHMENTS:

Example resolution of consolidation

ENVIRONMENTAL IMPACT:

This item is an update to an existing structure and does not need a CEQA review.

FINANCIAL IMPACT:

This item is in the current budget and the project has been approved.

ATTACHMENT 1

DRAFT

SACRAMENTO SUBURBAN WATER DISTRICT

RESOLUTION NO. 24-XX

A RESOLUTION MAKING APPLICATION TO THE SACRAMENTO LOCAL AGENCY FORMATION COMMISSION FOR CONSOLIDATION WITH CARMICHAEL WATER DISTRICT

WHEREAS, the Sacramento Suburban Water District (SSWD) was formed and is operating under the County Water District Law (Water Code sections 30000 and following), and supports the consideration of consolidation with another water district, provided that both districts consent to the consolidation, and the consolidation would be in the best interest of the customers of each district;

WHEREAS, SSWD has negotiated and reached a decision with the Carmichael Water District (CWD), which was formed and is operating under the Irrigation District Law (Water Code sections 20500 and following), to consolidate the two districts as provided in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code sections 56000 and following; the "LAFCo Law");

WHEREAS, SSWD and CWD have conducted an evaluation of the feasibility of consolidating SSWD and CWD through a process that has involved (1) formation of a joint 2x2 Committee, (2) nineteen meetings of the joint 2x2 Committee that have been open to the public, and conducted over the course of two years, (3) retention of a consulting firm to conduct an evaluation of the practices, policies, procedures, rates, financial situation and other factors that would be important to policymakers as they consider the benefits and risks of a consolidation of SSWD and CWD, (4) mailing of information on the proposed consolidation to each customer of SSWD and CWD, (5) holding three joint meetings of the Boards of Directors of SSWD and CWD to present information on the consolidation proposal and receive public comment on it, (6) SSWD and CWD holding two separate public information workshop meetings to present information on the consolidation proposal and to receive their respective ratepayers' input on the proposal, (7) regular discussion of the consolidation proposal during meetings of the Boards of Directors of SSWD and CWD, (8) responding in writing to written questions received from the public concerning the consolidation proposal, (9) briefings on the proposed consolidation for elected officials, other public agencies, and interested parties, and (10) meetings with the respective employees of SSWD and CWD to discuss the consolidation proposal;

WHEREAS, the SSWD and CWD General Managers jointly prepared a report, Further Analysis of Combining Carmichael Water District and Sacramento Suburban Water District (Further Analysis Report), that details major aspects of both districts regarding governance, policies and regulations, finance, water rates, employee benefits, water supplies, and that both districts provide the same core service with similar operating criteria and principles which verified that the consolidation would be feasible and provide beneficial opportunities to would be in the best interests of the customers of SSWD and CWD; and

WHEREAS, the Board of Directors of SSWD and CWD have reviewed the Further Analysis Report and other information that has been developed during the consolidation investigation process that is referred to above, and approved the Further Analysis Report at the October 24, 2023 Joint Board meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of SSWD as follows:

1. The foregoing recitals are true, represent the findings and independent judgment of the SSWD Board of Directors, and are hereby incorporated by reference.
2. Application is hereby made under the LAFCo Law to the Sacramento Local Agency Formation Commission for the consolidation of SSWD and CWD into a single successor district that shall include the territory presently included within the boundaries of each existing district.
3. The President of the SSWD Board of Directors and the General Manager of SSWD are hereby authorized and directed to complete and execute all documents required in connection with this application, and to do and perform every action necessary to carry out the purposes of this resolution.
4. This application is expressly made subject to the following special terms and conditions, which SSWD requests that LAFCO include within the order approving this consolidation application, the terms and conditions specified in subsections (c) and (d) being made under subdivisions (c), (h), (i), (j), (k), (l), (m), (p), (t), and (v) of Government Code section 56886:
 - a. The effective date of the consolidation shall be following official certification by LAFCo, or as soon as possible thereafter.
 - b. The name of the consolidated district shall be determined by the effective date of the consolidation following official certification by LAFCo and shall be deemed to be formed and to operate under the County Water District Law.
 - c. Upon and after the consolidation, the following conditions shall apply to and bind the Board of Directors of the consolidated district:
 - (1) the following contracts, debts and contingent liabilities of the respective districts, although to be assigned to the consolidated district shall, nonetheless, continue to be the exclusive responsibility of the ratepayers within the respective service areas of SSWD and CWD until paid in full:
 - (i) all bonds, certificates of participation and similar indebtedness, including any refunding thereof,
 - (ii) any other debt respecting real estate (including office buildings and other structures, pump stations and well sites), exclusive of such other debt respecting transmission and distribution system facilities, easements and

rights-of-way,
(iii) liability respecting any claims that have not been asserted in writing as of the effective date of the consolidation, and
(iv) any contracts, debts or liabilities, contingent or otherwise, specified in essentially parallel resolutions adopted by the Boards of Directors of both districts prior to the effective date of the consolidation; and

(2) the following assets of the respective districts, although to be assigned to the consolidated district shall, nonetheless, permanently inure to the exclusive benefit of the ratepayers within the respective service areas of SSWD and CWD: water right Licenses 1387 (A000138) and 8731 (A004743), the equity in real estate (including office buildings and other structures, pump stations and well sites), exclusive of transmission and distribution system facilities, easements and rights-of-way held by the respective districts as of the effective date of the consolidation except for all cash and investments, water sales receivable, and accrued interest receivable attributes to each respective district; and

(3) the territory and customers within CWD as of the effective date of the consolidation shall have the exclusive right to the surface water supply made available by and diverted pursuant to the following appropriative water rights: License 1387 (A000138), License 8731 (A004743), and the consolidated district shall not petition to change these rights; and

(4) the territory and customers within CWD as of the effective date of the consolidation shall have the first priority to the surface water supply made available by and diverted pursuant to the following appropriative water right: Permit 7356 (A012367), and the consolidated district shall prevent surface water made available by Permit 7356 from flowing out of the territory within CWD and into the territory within SSWD, unless and until all demands of the customers within CWD that can be met with this surface water have been met; and

(5) the water production and distribution facilities shall be operated to maximize the use of surface water made available by License 1387, License 8731, and Permit 7356 within the territory in CWD.

d. Upon the consolidation and for a period of three years following the effective date of the consolidation, and for so long thereafter as the Board of Directors of the consolidated district shall determine, the following conditions shall apply to and bind the Board of Directors of the consolidated district:

(1) all contracts, debts, and liabilities of the respective districts, including contingent liabilities, other than those identified in or pursuant to section

Commented [AF1]: Consider whether these conditions are ones that CWD wants, and if so, whether the three year time horizon for these conditions is appropriate.

4(c), although to be assigned to the consolidated district shall, nonetheless, continue to be the exclusive responsibility of the ratepayers within the respective service areas of SSWD and CWD **as of the effective date of the consolidation**, rather than the consolidated district,

~~(2) previously authorized charges, fees, assessments and taxes of SSWD and CWD, which have been determined by the Boards of Directors of each respective district to properly allocate the costs incurred among its ratepayers, shall continue to be applied within the affected territory of each district, and any changes made to such charges, fees, assessments and taxes shall be governed by the same principles determined by the Board of Directors of each respective district, unless the Board of Directors of the consolidated district specifically determines that different principles shall apply;~~

~~(3)~~**(2)** the funds derived from the respective water systems **of SSWD and CWD, respectively**, be accounted for separately, so that the ratepayers benefitting from a water system bear the cost of operation, maintenance, repair, replacement, improvement, ~~and bond debt service of that water system,~~

Commented [AF2]: Deleted to provide consolidated board flexibility to adjust rates consistent with current law.

Commented [AF3]: I suggest deleting this phrase so that there is no conflict with 4c(1)(i), which states that bond debt remain each service area's obligation until paid.

~~(4)~~(3) the territory within CWD as of the effective date of the consolidation shall be designated the “Carmichael Service Area” following the consolidation;

~~(5)~~(4) the territory within SSWD as of the effective date of the consolidation shall be designated the “Sacramento Suburban Service Area” following the consolidation; and

~~(6)~~(5) the Board of Directors of the consolidated district shall determine from time to time which funds derived from the operation of the Carmichael Service Area water system and the Sacramento Suburban Service Area water system shall be used to pay the cost of administration of the consolidated district, and other costs of activities of the consolidated district that benefit the consolidated district as a whole.

- e. Subject to the foregoing, all assets, revenues, funds on deposit, rights and liabilities under contracts, liabilities for payment of principal and interest on contractual obligations for real property, furnishings and equipment, operating expenses, supplies, licenses and permits, and any contingent liabilities for existing civil litigation shall accrue to the consolidated district.
- f. The Board of Directors of the consolidated district shall appoint a permanent General Manager under an employment agreement approved by the Board of Directors of the consolidated district as promptly as possible after LAFCo records the Certificate of Completion finalizing the consolidation.
- g. As of the effective date of the consolidation, all of the respective employees of SSWD and CWD shall become employees of the consolidated district. To the extent practical, every attempt will be made to maintain such employees in the same or similar positions of authority and responsibility with the consolidated district. The compensation, benefits and other terms and conditions of employment of all of the respective employees of SSWD and CWD shall not be reduced by virtue of their becoming employees of the consolidated district. These provisions shall not limit the authority of the General Manager of the consolidated district to exercise his/her discretion with respect to rights of assignment, transfer, discipline, and discharge of employees in accordance with the County Water District Law and other provisions of law. Notwithstanding the foregoing, SSWD and CWD agree that the consolidated district will honor any remaining term in the union contract for the existing unionized employees of CWD. Once any remaining term expires, the existing unionized employees of CWD are not guaranteed to remain unionized, and any determination as to whether the consolidated district will have union employees will be subject to a post-consolidation vote of all rank and file employees who might potentially be part of a represented class of employees.

h. As of the effective date of the consolidation, the current employees of SSWD shall continue to be covered by the SSWD CalPERS retirement program and the current employees of CWD shall continue to be covered by the CWD CalPERS retirement program unless CalPERS requires otherwise. The Board of Directors of the consolidated district may propose a unified retirement plan to all employees, subject to compliance with all applicable legal requirements governing any change in public employee retirement plans.

i. In accordance with the provisions of Water Code sections 21552.1 and 30500.1 and subsection (n) of Government Code 56886, the composition and election of the Board of Directors of the consolidated district shall be as follows:

(1) The initial Board of Directors of the consolidated district shall consist of eleven members, composed of the existing five members of the Board of Directors of SSWD and the existing five members of the Board of Directors of CWD, each of whom shall serve the same term of office that they were serving as of the effective date of the consolidation. The eleventh seat on the Board of Directors of the consolidated district will be vacant. The Board of Directors of SSWD and CWD recommends that the Board of Directors of the consolidated district vote to eliminate the eleventh seat on the Board as provided in subdivision (c) of both Water Code sections 21552.1 and 30500.1. Board of Directors of the consolidated district shall be elected by and from divisions, as set forth below.

(2) Consistent with Water Code section 30500.1, subdivision (b), ~~the~~ number of seats on the Board of Directors shall be reduced to the permanent size of seven in the general district election of the consolidated district to be held in November 2026.

~~(3)~~ The Board of Directors of the consolidated district shall be elected by and from divisions within the consolidated district without an incumbent at the general district election in 2026 provided that, ~~if in the event that~~ there is a delay in the effective date of the consolidation that prevents the Board of Directors of the consolidated district from establishing the boundaries of divisions in time to provide the notice required by Elections Code section 10522 (125 days prior to the general district election), then and by and from divisions at the general district election in 2028.

jk. Adoption of this resolution of application shall be subject to the adoption of a resolution in substantially the same form by the Board of Directors of CWD.

5. This Resolution shall take effect as of TBD.

~~5-6.~~ This resolution stands as part of the application package for consolidation made under LAFCo law. SSWD and CWD will prepare an application for consolidation that is

consistent with the terms of this resolution. The Board of Directors of SSWD and CWD will separately consider approval of this application package prior to submittal to LAFCo.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Suburban Water District on the XXth day of MONTH, 2024, by the following vote:

AYES:
NOES:
ABSENT:

By: _____
Kevin Thomas
President, Board of Directors
Sacramento Suburban Water District

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the Board of Directors of Sacramento Suburban Water District at a regular meeting hereof held on the XXth day of MONTH, 2024.

(SEAL)

By: _____
Dan York
General Manager/Secretary
Sacramento Suburban Water District

ITEM #9.A

Field Report on Current and Upcoming Projects



DEL PASO MANOR WATER DISTRICT REGULAR BOARD MEETING FIELD REPORT

MEETING DATE: August 06, 2024

AGENDA ITEM 9.A:

Leaks: We had 0 mainline leaks, 0 service line leak on our side, and 3 service line leak on the customers side

Complaints: We had 0 water quality concern

Water Waste: We had 4 water waste report

Field Work:

1. 36 USA's marked in July
2. We cut in 3 new curb stops
3. TCR sampling for July were all absent
4. Quarterly Bacti and other samples have been completed
5. We have located 6 more curb stops for a total to date of 545

Current and Upcoming Projects:

1. Curb stop locates
2. Mainline valve measurements ongoing project
3. Cleaning up well sites
4. Fire Hydrant painting

**FIELD STAFF RESPONSIBLE FOR REPORT: Nick Weddle, O&M Tech II / CC
08/06/2024**

ITEM #11

General Managers Report



DEL PASO MANOR WATER DISTRICT REGULAR BOARD MEETING GENERAL MANAGERS REPORT

MEETING DATE: August 06, 2024

AGENDA ITEM 11:

Meetings:

- Mona Ebrahimi
- Dan York
- State Water Resource Control Board Permitting
- State Water Resource Control Board Grant Funding
- Municipal Service Advisor
- Jeffery Land and Associates
- Forsgren
- Director Pratt
- Director Matteoli
- Director Ross
- Acting President Dolk
- LAFCo Open House

Work:

Well 9

- Well 9 Automatic Transfer Switch has been delivered
 - The design has been completed
 - SMAQMD: Air Quality Permit application is in review
 - Prepared for three board meeting including staff reports and support information
 - Starbucks plans have been approved through the district
 - Forsgren has finished calibration of the hydraulic model
 - Starbucks project plans are approved
-