

Agenda

Sacramento Suburban Water District Regular Board Meeting

3701 Marconi Avenue, Suite 100
Sacramento, California 95821

Monday, May 18, 2020
6:00 p.m.

In accordance with the California Department of Public Health’s and the Governor’s Executive Orders N-29-20 and N-33-20, the District’s boardroom is closed and this meeting will take place solely by videoconference and teleconference. The public is invited to listen, observe, and provide comments during the meeting by either method provided below. The Chairperson will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call.

For members of the public interested in viewing and having the ability to comment at the public meeting via Zoom, an internet enabled computer equipped with a microphone and speaker or a mobile device with a data plan is required. Use of a webcam is optional. You also may call in to the meeting using teleconference without video. Please use the following login information for videoconferencing or teleconferencing:

Join the meeting from a computer, tablet or smartphone:

<https://us02web.zoom.us/j/81957415703?pwd=ZENZenMwTXkwc3poNzIrbTIPMmM4dz09>

Meeting ID: 819 5741 5703

Password: 267133

You can also dial in using your phone: 1 (669) 900-6833

New to Zoom? Get the app now and be ready when your first meeting starts: <https://zoom.us/>
Zoom uses encryption of data during Zoom meetings. The District uses a secure password to restrict access to scheduled meetings. The meeting host has control of content sharing, recording, and chat.

Please mute your line.

Where appropriate or deemed necessary, the Board may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District’s Administrative Office at the address listed above.

The public may address the Board concerning an agenda item either before or during the Board’s consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to the General Manager. The President will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 916.679.3972. Requests must be made as early as possible and at least one full business day before the start of the meeting.

Call to Order

Pledge of Allegiance

Roll Call

Announcements

Public Comment

This is the opportunity for the public to comment on non-agenda items within the Board's jurisdiction. Comments are limited to 3 minutes.

Consent Items

The Board will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any Board member, staff, or interested person requests that an item be removed from the Consent Items, it will be considered with the Items for Discussion and/or Action.

1. Minutes of the April 20, 2020, Regular Board Meeting
Recommendation: Approve subject minutes.
2. Employee Recruitment, Hiring, and Promotion Policy (PL – HR 009)
Recommendation: Approve subject policy with changes.

Items for Discussion and/or Action

3. 2019 Comprehensive Annual Financial Report and Annual Audit Results
Recommendation: Approve the 2019 Comprehensive Annual Financial Report and Related Audit Results.
4. Consider Changing the Regular Board Meeting Time
Recommendation: Consider changing the time of the Regular Board Meeting.

General Manager's Report

5. General Manager's Report
 - a. Sacramento Region Collaboration/Integration Study Update
 - b. COVID-19 Update

Assistant General Manager's Report

6. Assistant General Manager's Report
 - a. 2020 Water Transfer Update

Department/Staff Reports

7. Financial Report
 - a. Financial Highlights – April 2020
 - b. Financial Statements – April 2020
 - c. Investments Outstanding and Activity – April 2020
 - d. Cash Expenditures – April 2020
 - e. Credit Card Expenditures – April 2020
 - f. District Reserve Balances – April 2020
 - g. Information Required by LOC Agreement
 - h. Financial Markets Report – April 2020
8. District Activity Report
9. Engineering Report
 - a. Major Capital Improvement Program (CIP) Projects
 - b. Planning Documents
 - c. Other

Director's Reports (Per AB 1234, Directors will report on their meeting activities)

10. a. Regional Water Authority (Director Jones)
Agenda for the May 14, 2020 meeting.

Regional Water Authority Executive Committee (General Manager York)
None.

- b. Sacramento Groundwater Authority (Director Wichert)
None.
- c. Water Caucus Meeting (General Manager York)
None.
- d. Water Forum Successor Effort (General Manager York)
None.
- e. Director Reports – AB 1234

Committee Reports

- 11. a. Finance and Audit Committee (Director Thomas)
Agenda for the May 21, 2020 meeting.
- b. DPMWD/SSWD 2x2 Ad Hoc Committee (Director Locke)
Draft Notes from the May 4, 2020 meeting.

Information Items

- 12. Biannual Groundwater Level Report
- 13. Legislative and Regulatory Update
- 14. Upcoming Water Industry Events
- 15. Upcoming Policy Review
 - a. Discrimination and Harassment Prevention Policy (PL – HR 012)
 - b. Workplace Violence Policy (PL - HR 013)

Director's Comments/Staff Statements and Requests

The Board and District staff may ask questions for clarification and make brief announcements and comments, and Board members may request staff to report back on a matter or direct staff to place a matter on a subsequent agenda.

Closed Session (Closed Session Items are not opened to the public)

- 16. Conference with legal counsel--anticipated litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(4); consideration of initiating litigation involving claims related to TCP contamination.

- 17. Conference with legal counsel--existing litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(1); *Sacramento Suburban Water District v. United States*, United States Court of Federal Claims case no. 1:17-cv-00860-RHH, and *Sacramento Suburban Water District v. United States, et al.*, United States District Court for the Eastern District of California, case no. 2:17-cv-01353-TLN-AC.
- 18. Conference with legal counsel – potential litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(4); consideration of initiating litigation involving the State Water Resources Control Board’s proceedings related to the California Water Fix and the Bay-Delta Water Quality Control Plan Update.

Adjournment

Upcoming Meetings

Thursday, May 21, 2020, at 4:00 p.m., Finance and Audit Committee Meeting
 Monday, June 1, 2020, at 5:00 p.m., SSWD/DPMWD 2x2 Ad Hoc Committee
 Monday, June 15, 2020, at 6:00 p.m., Regular Board Meeting

I certify that the foregoing agenda for the May 18, 2020, meeting of the Sacramento Suburban Water District Board of Directors was posted by May 15, 2020, in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was freely available to the public.

Dan York
 General Manager/Secretary
 Sacramento Suburban Water District

Minutes

Sacramento Suburban Water District
Regular Board Meeting
Monday, April 20, 2020

Location:

Video and Audio Conference Only at 1-669-900-6833, or Zoom at Meeting Id #964 7240 6466

Call to Order – Videoconference/Audioconference Meeting

President Thomas called the meeting to order at 6:03 p.m.

Pledge of Allegiance

President Thomas led the Pledge of Allegiance.

Roll Call

Directors Present: Dave Jones, Craig Locke, Kevin Thomas, Kathleen McPherson, and Robert Wichert.

Directors Absent: None.

Staff Present: General Manager Dan York, Assistant General Manager Mike Huot, Heather Hernandez-Fort, Jeff Ott, Dana Dean, Matt Underwood, Julie Nemitz, and District Legal Counsel Josh Horowitz.

Public Present: William Eubanks, Paul Olmstead, and Greg Zlotnick.

Announcements

General Manager Dan York (GM York) announced:

- The next Sacramento Suburban Water District/Del Paso Manor Water District 2x2 Ad Hoc Committee Meeting is May 4, 2020, at 5:00 p.m.
- The next Finance and Audit Committee (F&A Committee) is May 21, 2020, at 4:00 p.m.
- Carmichael Water District hired Cathy Lee as their new General Manager.

Public Comment

William Eubanks (Mr. Eubanks) expressed his displeasure with the Zoom Conference format stating there are risks involved with using this platform.

Consent Items

1. **Minutes of the March 16, 2020, Regular Board Meeting**
2. **Information Technology-Disaster Recovery Policy (PL – IT 004)**
3. **Reasonable Accommodation and Interactive Process Policy (PL - HR 014)**

4. **Director Sexual Harassment Prevention Training Policy (PL – BOD 005)**
5. **Water Service Rates, Fees, and Charges Setting Policy (PL - Fin 009)**
6. **2020 Water Conservation Program and Stage Declaration**

Director Wichert requested to pull Items 1, 5, and 6 from Consent.

Director Jones moved to approve Items 2, 3, and 4; Director Wichert seconded. The motion passed by unanimous vote.

AYES:	Jones, Locke, McPherson, Thomas, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Regarding Item 1, Director Wichert noted that in the discussion at the March 16, 2020, regular Board meeting, Item 8, Resolution No. 20-06 Amending Regulations No. 7 of the Regulations Governing Water Service, he expressed he was curious why capacity charges for new services were calculated using net position rather than debt position. He noted he did not feel that it was answered correctly.

Director McPherson noted that she received an email correspondence from Jeff Ott (Mr. Ott) where he explained the details of the new Facility Development Charge, but that she was still a little confused.

Mr. Ott explained that you could use any size meter as the base, and then adjust the percentage off that base size, which would then be used to multiply to come up with the total equivalent units.

The Board agreed to discuss this topic further at the next F&A Committee meeting.

Director Wichert moved to approve Item 1, Director Jones seconded. The motion passed by unanimous vote, Director Locke abstained as his connection was intermittent.

AYES:	Jones, McPherson, Thomas, and Wichert.	ABSTAINED:	Locke.
NOES:		RECUSED:	
ABSENT:			

Regarding Item 5, Director Wichert was not in favor of removing the sentence under Section 200.00 A., number 7., which stated, “The estimated wage increases of District customers since the time of the last rate increase. This will be accomplished by utilizing the latest published data from the U.S. Bureau of Labor Statistics, “Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimate” for the “Sacramento-Roseville-Arden Arcade Area.”

Director McPherson expressed that the Board did review that addition as something to consider, but she felt that if they made a decision on rates based on a survey of incomes or wage increases, it could potentially leave out those not working or retired. She additionally stated if all utilities used wage information to decide rates, they would all raise rates, and she didn't feel that was sustainable, further stating she believed the rates should be based on the cost of providing service. She was not in favor of this going into a policy.

President Thomas agreed with both opinions.

Director Jones noted that it was just one of the criteria in the analysis further noting it hasn't made an impact on previous rate increases from the District.

Director Locke expressed he didn't feel a person's wage should be considered at all when analyzing District rates and further stated he believed the rates should be based on the cost of providing service.

The Board agreed to table Item 5 until they were able to hold a Board meeting in person.

Regarding Item 6, Director Wichert inquired if it was considered a "normal water year" or a "dry water year," due to the inconsistencies between the 2020 Water Conservation Program and Stage Declaration staff report and the 2020 Water Transfer staff report.

Assistant General Manager Mike Huot (AGM Huot) pointed out the 2020 Water Conservation Program and Stage Declaration staff report was referring to the District's Regulation 15 reference to a "normal water supply year."

Director Wichert moved to approve Item 6, Director McPherson seconded. The motion passed by unanimous vote.

AYES:	Jones, Locke, McPherson, Thomas, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Items for Discussion and/or Action

7. Discussion on 2020 Rate Increase

Mr. Ott presented the staff report.

Mr. Eubanks requested clarification noting option 2 was not an option based on the Governors Executive Order.

Mr. Ott expressed that the Governors Executive Order came out after the report was written, and that staff was recommending not limiting what classes were able to take advantage of the proposed relief.

Mr. Ott further presented the staff report.

Director McPherson expressed this was a temporary situation and the Board shouldn't assume that the majority of the customers were economically impacted.

Director Wichert expressed the Governors Executive Order was sufficient and that he was not in favor of either option at this time.

Director Locke agreed with Director Wichert, noting the rate increases were approved because the Board determined that was the cost needed to deliver water.

The Board requested staff keep them informed of any changes.

8. **Resolution No. 20-07 Temporary Suspension of Portions of Regulations 5 and 6 in Response to the COVID-19 Epidemic**

Mr. Ott presented the staff report.

Director Wichert expressed his support for the Item, and moved to approve the staff recommendation.

Director McPherson was unsure why a Resolution was necessary.

Mr. Ott expressed the suspension of portions of Regulations 5 and 6 would provide protection for commercial, institutional, industrial, and other commercial businesses that were not included in the Governors Executive Order.

GM York confirmed that the Governors Executive Order does not supersede the District's Regulations Governing Water Service, therefore, a resolution is necessary.

President Thomas moved to approve Resolution 20-07, temporarily suspending disconnections for non-payment and temporarily suspending the imposition of certain charges and fees, Director Wichert seconded. The motion passed by unanimous vote.

AYES:	Jones, Locke, McPherson, Thomas, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

9. **COVID-19 Update**

GM York presented the staff report.

GM York pointed out that there were some projects that were being placed on hold, which would be back on track once normal operations began again.

10. **2020 Water Transfer**

AGM Huot presented the staff report.

Director Jones inquired if the City of Palmdale was a disadvantaged community.

Legal Counsel Josh Horowitz answered that they were a disadvantaged community with limited groundwater supplies.

Director McPherson moved to approve the staff recommendation, President Thomas seconded. The motion passed by a 4/1 vote, Director Wichert opposed.

AYES:	Jones, Locke, McPherson, and Thomas.	ABSTAINED:	
NOES:	Wichert.	RECUSED:	
ABSENT:			

General Manager's Report

11. General Manager's Report

GM York presented the staff report.

a. *Sacramento Region Collaboration/Integration Study Update*

GM York presented the staff report.

Assistant General Manager's Report

12. Assistant General Manager's Report

AGM Huot presented the staff report.

a. *Regional Water Supply/Wheeling Opportunities Update*

AGM Huot presented the staff report.

b. *2020 Water Transfer Update*

AGM Huot presented the staff report.

President Thomas requested information be sent to him regarding details on the water transfer, including each entity's contribution.

Department/Staff Reports

13. Financial Report

Mr. Ott presented the staff report.

President Thomas and Director McPherson requested information be sent to them regarding details on the Board of Directors budget.

a. *Draft - Financial Highlights – March 2020*

A written report was provided.

b. *Draft - Financial Statements – March 2020*

A written report was provided.

- c. *Investments Outstanding and Activity – March 2020*
A written report was provided.
- d. *Cash Expenditures – March 2020*
A written report was provided.
- e. *Credit Card Expenditures – March 2020*
A written report was provided.
- f. *Directors Compensation and Expense Accounting – March 2020*
A written report was provided.
- g. *Draft District Reserve Balances – March 2020*
A written report was provided.
- h. *Information Required by Bond Agreement*
A written report was provided.
- i. *Financial Markets Report – March 2020*
A written report was provided.

14. **District Activity Report**
A written report was provided.

15. **Engineering Report**
A written report was provided.

Director Jones requested information be sent to him regarding the project located on Marconi Avenue near the freeway.

- a. *Major Capital Improvement Program (CIP) Projects*
A written report was provided.
- b. *Planning Documents*
A written report was provided.
- c. *Other*
A written report was provided.

Director’s Reports (Per AB 1234, Directors will report on their meeting activities)

16. a Regional Water Authority (Director Jones)
The agenda for the March 19, 2020 meeting was provided.

Regional Water Authority Executive Committee (General Manager York)
The agenda for the March 25, 2020 and April 22, 2020 meeting was provided.

- b. Sacramento Groundwater Authority (Director Wichert)
The agenda for the April 9, 2020, meeting was provided.
- c. Water Caucus Meeting (General Manager York)
None.
- d. Water Forum Successor Effort (General Manager York)
None.
- e. Director Reports – AB 1234

Director Wichert provided an oral report on the SGA meeting he attended on April 9, 2020.

President Thomas provided an oral report on the SGA meeting he attended on April 9, 2020; the RWA meeting he attended on March 19, 2020; the DPMWD Special Board meeting he attended on March 20, 2020; the DPMWD Board meetings he attended on March 3, April 7 and April 17, 2020; his meetings with the General Manager on March 6, March 27, and April 10, 2020; the webinars he attended on March 31, 2020, for the Water Regulations and April 8, 2020, for the VA's on the Delta.

Director Locke provided an oral report on the SGA meeting he attended on April 9, 2020; the RWA meeting he attended on March 19, 2020; the DPMWD Special Board meeting he attended on March 20, 2020; the DPMWD Board meetings he attended on April 7, 2020; the SJWD Board meeting he attended on March 25 and April 14, 2020; his meeting with the General Manager on February 27, 2020; the NCWA meeting he attended on March 6, 2020; the meeting on Overview of the Coronavirus he attended on April 1, 2020; the webinar he attended on March 21, 2020, on COVID 19; the webinar he attended on March 26, 2020, from JPIA on COVID 19; the webinar he attended on April 2, 2020, on Responding to COVID 19; and the webinar he attended on April 3, 2020 on communication Challenges During COVID 19.

Director McPherson provided an oral report on the SGA meeting she attended on April 9, 2020; the DPMWD Special Board meeting she attended on December 28, 2020; and the RWA Legislative Symposium she attended on March 12, 2020.

Committee Reports

- 17. a. Finance and Audit Committee (Director Thomas)
The Draft Minutes from the April 16, 2020 meeting were provided.
- b. DPMWD/SSWD 2x2 Ad Hoc Committee (Director Locke)
The Draft Notes from the April 6, 2020 meeting were provided.

Information Items

18. **Certification of Risk and Resiliency Assessment**
A written report was provided.
19. **Legislative and Regulatory Update**
A written report was provided.
20. **Upcoming Water Industry Events**
A written report was provided.
21. **Upcoming Policy Review**
A written report was provided.
 - a. Employee Recruitment, Hiring, and Promotion Policy (PL – HR 009)

Director's Comments/Staff Statements and Requests

None.

Adjournment

President Thomas adjourned the meeting at 7:49 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 2

Date: April 23, 2020

Subject: Employee Recruitment, Hiring, and Promotion Policy (PL – HR 009)

Staff Contact: Cassie Crittenden, Human Resources Coordinator

Recommended Board Action:

Approve the updated Employee Recruitment, Hiring, and Promotion Policy (PL – HR 009) with changes.

Background:

On April 20, 2020, the Employee Recruitment, Hiring, and Promotion Policy (PL – HR 009) was brought to the Board for review. To date, no comments from the Board have been received.

Discussion:

Staff recommends adopting the updated Employee Recruitment, Hiring, and Promotion Policy (PL – HR 009). Both, a redlined version (Attachment 1) and clean version (Attachment 2) are included for your reference. In summary, edits were made to the following sections:

Section 200.00 – Remove the “at will” definition as this relates to the right to terminate employment and does not have to do with the recruitment, hiring, and promoting of staff. In addition, the Board of Directors paragraph regarding their authority was moved into section 300.00.

Fiscal Impact:

Adopting the policy updates have no fiscal impact.

Strategic Plan Alignment:

Goal E: Retain and Recruit a Qualified and Stable Workforce.

District customers benefit from having a uniform and consistent policy to help address employee recruitment, hiring, and promotion as this will assist the District in retaining and recruiting a qualified and stable workforce.

Attachments:

- 1 – Employee Recruitment, Hiring, and Promotion Policy (PL – HR 009) - redlined
- 2 - Employee Recruitment, Hiring, and Promotion Policy (PL – HR 009) - clean

Sacramento Suburban Water District

Employee Recruitment, Hiring, and Promotion Policy

Adopted: June 18, 2007

Approved with changes on: ~~July 16, 2018~~ May 18, 2020

100.00 Purpose of the Policy

~~The purpose of this policy is to direct the General Manager to~~ To establish a uniform and consistent process for recruiting, hiring, and promoting District employees that is fair and equitable to all applicants ~~and /employees and hire the and will result in hiring/promoting the~~ most qualified candidate ~~that who~~ best meets the needs of the District.

200.00 Policy

~~Employment with the District is “at will” and all employees serve at the pleasure of the General Manager (California Water Code Section 30580). This means that all employees and the District, by and through the General Manager or his/her designee, have the right to terminate employment at any time, with or without advance notice and with or without cause.~~

The District is committed to ~~insuring~~ ensuring a fair and equitable recruitment and hiring process ~~for all new, vacant and promotional positions~~ that complies with all applicable state and federal laws; ~~resultss~~ in selecting the most qualified candidate based on the needs of the District; ~~provides a~~ contributes to a diverse and dynamic work force; and, shall avoid any favoritism or discrimination. ~~The process, which shall be utilized for all Introductory/Regular/Management and Temporary/Seasonal positions, shall identify and attract qualified candidates, including members of protected groups, and encourage the career growth of current staff. The District will not hire individuals with a documented past or present history of violence to~~ ensure employee and customer safety.

~~The Board of Directors shall approve the hiring of any new staff positions that will increase the total number of regular, full-time District employees. The Board of Directors shall also determine the recruitment process and selection criteria to be used in the event of a vacancy in the position of General Manager.~~

210.00 Equal Opportunity Employer

The District is an equal opportunity employer, and employment decisions are made on the basis of merit, experience, and other bona fide occupational qualifications. The District is committed to complying with all applicable laws providing equal

employment opportunities. This policy prohibits ~~unlawful~~ discrimination based on race, sex, color, national origin, ancestry, and all other protected classes under applicable federal or state laws. This policy applies to all persons involved in the operation of the District, including employees, directors, other officers, contractors, consultants, and vendors. This policy applies to all areas of employment, including recruitment, hiring, training, promotion, transfer, termination, reduction in force, compensation, and other benefits.

300.00 Authority and Responsibility

The General Manager is responsible for administering this policy and has established processes for recruiting, hiring, and promoting staff that align with this policy and the District's Strategic Plan, and are consistent with applicable state and federal labor laws, as set forth in the Employee Recruitment, Hiring, and Promotion Procedure (PR - HR 009). Prior approval from the General Manager or his/her designee is required to fill vacant staff positions and/or to reorganize a department's existing staffing needs. ~~However, the reorganization cannot result in any additional staff positions that will increase the total number of full-time employees beyond that previously approved by the District's Board of Directors.~~

The General Manager or his/her designee must also approve the hiring or promotion of the recommended candidate and starting pay within the pay/salary band for the position. -Nothing in this policy is intended to infringe on the duties of the General Manager as the General Manager has full power and authority to employ and discharge all employees, as authorized under California Water Code Section 30580.

The Board of Directors shall approve the hiring of any new staff positions that will increase the total number of regular, full-time District employees. The Board of Directors shall also determine the recruitment process and selection criteria to be used in the event of a vacancy in the position of General Manager.

400.00 Policy Review

This Policy shall be reviewed at least biennially.

Sacramento Suburban Water District

Employee Recruitment, Hiring, and Promotion Policy

Adopted: June 18, 2007
Approved with changes on: May 18, 2020

100.00 Purpose of the Policy

To establish a uniform and consistent process for recruiting, hiring, and promoting District employees that is fair and equitable to all applicants and employees and hire the most qualified candidate that best meets the needs of the District.

200.00 Policy

The District is committed to ensuring a fair and equitable recruitment and hiring process that complies with all applicable state and federal laws; results in selecting the most qualified candidate based on the needs of the District; contributes to a diverse and dynamic work force; and, shall avoid any favoritism or discrimination. The process, which shall be utilized for all Introductory/Regular/Management and Temporary/Seasonal positions, shall identify and attract qualified candidates, including members of protected groups, and encourage the career growth of current staff. The District will not hire individuals with a documented past or present history of violence to ensure employee and customer safety.

210.00 Equal Opportunity Employer

The District is an equal opportunity employer, and employment decisions are made on the basis of merit, experience, and other bona fide occupational qualifications. The District is committed to complying with all applicable laws providing equal employment opportunities. This policy prohibits discrimination based on race, sex, color, national origin, ancestry, and all other protected classes under applicable federal or state laws. This policy applies to all persons involved in the operation of the District, including employees, directors, other officers, contractors, consultants, and vendors. This policy applies to all areas of employment, including recruitment, hiring, training, promotion, transfer, termination, reduction in force, compensation, and other benefits.

300.00 Authority and Responsibility

The General Manager is responsible for administering this policy and has established processes for recruiting, hiring, and promoting staff that align with this policy and the District's Strategic Plan, and are consistent with applicable state and federal labor

laws, as set forth in the Employee Recruitment, Hiring, and Promotion Procedure (PR - HR 009). Prior approval from the General Manager or his/her designee is required to fill vacant staff positions or to reorganize a department's existing staffing needs.

The General Manager or his/her designee must also approve the hiring or promotion of the recommended candidate and starting pay within the pay/salary band for the position. Nothing in this policy is intended to infringe on the duties of the General Manager as the General Manager has full power and authority to employ and discharge all employees, as authorized under California Water Code Section 30580.

The Board of Directors shall approve the hiring of any new staff positions that will increase the total number of regular, full-time District employees. The Board of Directors shall also determine the recruitment process and selection criteria to be used in the event of a vacancy in the position of General Manager.

400.00 Policy Review

This Policy shall be reviewed at least biennially.



Agenda Item: 3

Date: April 24, 2020

Subject: 2019 Comprehensive Annual Financial Report and Annual Audit Results

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Recommended Board Action:

As recommended by the Finance and Audit Committee, accept the 2019 Comprehensive Annual Financial Report (CAFR) and related Audit Results (Auditor Letters) as attached.

Discussion:

Staff has prepared the District's CAFR for the year-ended December 31, 2019. The Auditors have performed their audit and rendered their opinion, which is found on pages 1 and 2 in the Financial Section of the CAFR (Attachment 4). In addition to the Auditor's Opinion, the CAFR includes the Auditor's Report on Internal Controls as required under Government Auditing Standards (pages 74 and 75).

The Auditors have also provided two letters to the Board (Attachments 1 and 2) wherein they discuss the results of their audit.

1. Governance Letter (Attachment 1) – This letter is a required communication as designated under generally accepted auditing standards. The letter reports to the Board significant audit findings, if any, noted during the audit, estimates used by the District in preparing the CAFR, and difficulties encountered during the audit and disagreements, if any, with management amongst other matters. The Auditors state that 1) “no material weaknesses in internal control were noted as a result of our audit,” 2) “all significant transactions have been recognized in the financial statements in the proper period,” 3) “the financial statement disclosures are neutral, consistent and clear,” and 4) “we encountered no difficulties in dealing with management in performing and completing our audit and that we are pleased to report that no ... disagreements arose during the course of our audit.”
2. Management Letter (Attachment 2) – This letter is written to provide the District with information resulting from the audit on District internal controls. Internal controls are the financially-related policies and procedures of the District. In this letter the auditors mention one item the District will want to make changes to in 2020 that will further strengthen District internal controls. The recommended change has already been implemented.
3. Staff Response to the Management Letter (Attachment 3) – Staff concurred with Auditor recommendations and have implemented the proposed change into District procedures.

4. The CAFR (Attachment 4) is presented in three sections:
 - a) Introductory – Provides readers with background and the organization structural of the District.
 - b) Financial – Begins with the Auditors Opinion, followed by Management’s Discussion and Analysis of the financial results for 2019 and 2018, followed by the Financial Statements, Footnotes, and Required Supplementary Information.
 - c) Statistical Information – Presents other financial information about the District and the community in which it operates and shows historical data for comparative purposes.

Fiscal Impact:

\$48,200 – per Audit Engagement Letter with Richardson & Company, LLP - \$41,550 for the audit, and \$6,650 for the Board requested additional procedures.

Strategic Plan Alignment:

Goal C: Ensure Fiscal Responsibility and Affordable Rates

Produce annual financial statements and supporting documentation to allow outside auditors to provide the District with unqualified audit opinions. The annual financial report is a benefit to District customers as it demonstrates the District’s commitment to financial integrity and transparency.

Attachments:

1. Governance Letter
2. Management Letter
3. Staff Response to the Management Letter
4. 2019 Comprehensive Annual Financial Report (CAFR)



550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

GOVERNANCE LETTER

To the Board of Directors
Sacramento Suburban Water District
Sacramento, California

We have audited the financial statements of the Sacramento Suburban Water District for the year ended December 31, 2019, and have issued our report thereon dated April 8, 2020. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 30, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated July 30, 2019 our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of the District. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit includes obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. No material weaknesses in internal control were noted as a result of our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. The District adopted Governmental Accounting Standards Board (GASB) Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements as of December 31, 2019. Implementation of GASB No. 88 resulted in additional required disclosures in Note 7 to the financial statements. No other new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transaction entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were: depreciable lives and method used to depreciate capital assets, the accrual for pension and postemployment benefits, the estimate of uncollectible accounts receivables, the estimated interest payments on variable interest rate bonds, and the fair value of interest rate swaps. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The accrual for postemployment benefits was determined by an actuarial valuation, which is required to be performed every two years. The accrual for the unfunded pension liability was determined by an annual actuarial valuation performed by CalPERS. The fair value of the interest rate swaps is based on a consultant's valuation based on market interest rates.

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

- Information on the District's pension plans, including the District's share of the unfunded pension liability, is shown in Note 12. The District's share of the unfunded pension liability at June 30, 2019, the most recent measurement date, was \$9,698,403, which is reflected as a liability in the District's financial statements as of December 31, 2019. This liability increased by \$886,030 due to changes in actuarial assumptions and an increase in the District's proportionate share of the liability.
- The postemployment benefit (OPEB) disclosure in Note 13 shows that the District recorded a net OPEB liability of \$6,101,412 as of December 31, 2019. This liability increased by \$245,072 due to the annual service cost and net interest cost exceeding the District's contributions.
- The District's interest rate swaps are discussed in Note 7 to the financial statement.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No adjustments were noted as a result of our audit.

Disagreements With Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 8, 2020.

Management Consultations With Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Schedules of Proportionate Share of the Net Pension Obligation and Contributions, Schedule of Contributions to the OPEB Plan and Schedule of Changes in the Net OPEB Liability and Related Ratios which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We are not engaged to report on introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Additional Procedures

The District requested us to increase the sample size of transactions reviewed as part of our internal control testing. Under generally accepted auditing standards, the auditor selects sample sizes based on their judgment to obtain reasonable assurance the financial statements are free of material misstatement. The requested procedures by the District resulted in the selection of additional transactions to be tested over the amounts required, in our judgment, for the audit. Our sample sizes, including the additional testing, included:

Cash Disbursements

We selected 25 transactions randomly from all disbursements made during the year. We also selected 15 transactions haphazardly from higher dollar disbursements. In addition, we scanned the list of petty cash disbursements made during the year and haphazardly selected 10 transactions for testing.

Wire and Bank Transfers

We haphazardly selected 10 wire and bank transfers during the year.

Credit Card Transactions

We reviewed all transactions charged to the District's credit cards during one month. We also haphazardly selected additional charges made during the year. A total of 83 credit card transactions were reviewed.

Board and Employee Reimbursements

We scanned the listings of all Board and employee reimbursements made during the year. We haphazardly selected 15 reimbursements made to Board members and employees from the listings.

Payroll Disbursements

We randomly selected 10 employees for payroll disbursement testing. We also selected five employees for testing that are part of senior management or involved in the finance and accounting function.

Findings were noted as a result of this additional testing, which are discussed in the Management Letter.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

April 8, 2020



550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

MANAGEMENT LETTER

To the Board of Directors and Management
Sacramento Suburban Water District
Sacramento, California

In planning and performing our audit of the financial statements of the Sacramento Suburban Water District (the District) as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we became aware of the following matter that has been included in this letter for your consideration:

Review of Expense Reports

We recommend that the General Manager's expense reports be reviewed by the Director of Finance and Administration in addition to being reviewed by a Board member.

* * * * *

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the course of the examination. This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than the specified parties.

Richardson & Company, LLP

April 8, 2020



To: Finance and Audit Committee

From: Jeffery S. Ott, Director of Finance and Administration

Date: April 10, 2020

RE: Response to Management Letter from Richardson & Company, LLP

The Auditors (Richardson & Company, LLP) have provided the District with recommendations to improve District internal controls in their Management Letter. While the auditor's note that these recommendations are not in response to material weaknesses or significant internal control deficiencies, staff, nevertheless, concurs with the recommendations and intends on implementing all of them in 2020 by amending or adding to District procedures as follows:

1. Review of Expense Reports

Auditor Comment:

We recommend that the General Manager's expense reports be reviewed by the Director of Finance and Administration in addition to being reviewed by a Board member.

Staff Response:

Current procedure has the Board President reviewing and signing the General Manager's expense reports. Per the recommendation of the auditors, the Director of Finance and Administration has already begun reviewing the General Manager's expense reports prior to being reviewed by the Board President.

Sacramento Suburban Water District

Sacramento, CA

Comprehensive Annual Financial Report

For the Fiscal Years Ended December 31, 2019 and 2018



This page intentionally left blank

Comprehensive Annual Financial Report

For The Fiscal Years Ended December 31, 2019 and 2018



Sacramento Suburban Water District

Sacramento, California

Prepared by:

The Finance Department

This page intentionally left blank

TABLE OF CONTENTS

Page

Introductory Section (Unaudited)

Letter of Transmittal	I-VI
Certificate of Achievement in Financial Reporting	VII
Principal District Officials	VIII
Organization Chart	IX
District Service Area Map	X

Financial Section

Independent Auditor's Report	1-2
Management's Discussion and Analysis (MD&A) (Unaudited)	3-11
Basic Financial Statements:	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14-15
Notes to the Basic Financial Statements	16-55
Required Supplementary Information Other than MD&A (Unaudited):	
Schedule of Proportionate Share of the Net Pension Liability	56
Schedule of Contributions to the Pension Plan	57
Schedule of Contributions to the OPEB Plan	58
Schedule of Changes in the Net OPEB Liability and Related Ratios	59

Statistical Section (Unaudited)

Contents	60
Statements of Net Position	61
Changes in Net Position	62
Operating Revenues by Source	63
Retail Water Rates	64
Facility Development Charges (Connection Fees)	65
Principal Retail Rate Payers	66
Outstanding Debt by Type and Number of Connections	67
Schedule of Net Revenues	68
Demographic and Economic Statistics – Sacramento County	69
Principal Employers – Sacramento County	70
Annual Water Production	71
Wheeling Water Deliveries	72
Operating Activity	73
Full-Time Equivalent Employees	74

Compliance Report

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	75-76
--	-------

This page intentionally left blank

Introductory Section

This page intentionally left blank



April 8, 2020

Board of Directors
Sacramento Suburban Water District
Sacramento, California

We are pleased to present this Comprehensive Annual Financial Report (CAFR) of the Sacramento Suburban Water District (District) for the years ended December 31, 2019 and 2018. The District is required under State law to publish, within six months of the close of each fiscal year, a complete set of basic financial statements presented in conformity with generally accepted accounting principles (GAAP). These basic financial statements are required to be audited in accordance with generally accepted auditing standards, 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 and the State Controller's *Minimum Audit Requirements for California Special Districts*.

This CAFR consists of management's representations concerning the District's finances. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this CAFR. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework designed to protect the District's assets from loss, theft, and misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this CAFR is complete and reliable in all material respects.

The District's basic financial statements have been audited by Richardson & Company, LLP, an independent firm of licensed certified public accountants. In their role as independent auditors, Richardson & Company, LLP worked directly for the Board of Directors and the Board's standing Finance and Audit Committee. The goal of the independent audit is to provide reasonable assurance that the District's basic financial statements for the years ended December 31, 2019 and 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's basic financial statements for the years ended December 31, 2019 and 2018, are fairly presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component in the Financial Section of this CAFR.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is



designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditor's Report in the Financial Section of this CAFR.

District Profile

The District's mission is "to deliver a high quality, reliable supply of water and superior customer service at the lowest responsible water rate." District goals in support of this mission include: assuring a safe and reliable supply of high quality water in an environmentally responsible and sustainable manner for District customers; planning, constructing, operating and maintaining the District water system facilities embracing sustainable practices to provide reliable delivery of high quality water; assuring superior customer service; ensuring effective and efficient management and public reporting of all District financial processes; and providing leadership on regional, statewide and national water management issues that affect the District.

The District was formed on February 1, 2002 under the State of California's County Water District Law by the consolidation of the Northridge Water District and the Arcade Water District. The consolidation was approved and ordered by the Sacramento County Local Agency Formation Commission. The District is located in Sacramento County, north of the American River and serves a large suburban area including portions of Citrus Heights, Carmichael, North Highlands, City of Sacramento (City), and Antelope, as well as McClellan Business Park (formerly McClellan Air Force Base). The District serves water to a population of approximately 182,500 through 46,575 connections.

The District is governed by a 5-member Board of Directors, each of which is elected to four-year terms from geographical divisions by the registered voters residing in each division of the District. The terms of the Directors are staggered, with the Directors from Divisions 1 and 2 elected at the same statewide general election and the Directors from Divisions 3, 4 and 5 elected at the general election two years later.

The District's service area covers approximately 36 square miles (23,032 acres of land). The District's territory is substantially built out. Based on the State's Department of Water Resources Population Tool projections, the District's population is expected to be 190,700 in 2031, when the District is expected to be fully built out having 50,250 connections. Other than residential and commercial in-fill projects, and industrial and commercial development at the McClellan Business Park, the District does not expect significant additional development within its territory.

The service area experiences cool and humid winters and hot and dry summers. The combination of hot and dry weather results in higher water demands during the summer than in winter. Fluctuation in water production from year-to-year typically results from weather conditions in the spring and fall. Demand during the summer and winter generally does not vary significantly from one year to the next with the notable exception of recent drought conservation efforts. The District's water conservation efforts, including ongoing meter retrofitting, have resulted in a lowering of per capita water use over the past several years.

The distribution system, including storage, pump stations and interconnections, has roughly 688 miles of pipeline that range in size from 48-inch transmission mains down to 4-inch distribution mains. There are 49 emergency interties with neighboring agencies along the District's boundary. The District has 6 storage tanks with a collective capacity to hold approximately 15.8 million gallons of water. There are a total of 7 booster pumping stations in the District, three of which are co-located with major storage tanks.

Water Supplies and Management

The water supply of the District is a combination of both surface water and groundwater. Historically, the District had used groundwater as its water supply source; however, in 1997, the District initiated a conjunctive use program, supplementing its groundwater supply with surface water to address the declining groundwater table using in-lieu recharge. The District has made significant investments to put surface water supply and conjunctive use facilities in place, and as a result of these investments, groundwater levels have stabilized or improved.

The District pumps its groundwater from approximately 72 operational wells, which are capable of producing 100% of the annual District water demand. All of the wells pump directly into the distribution system and range between 270 and 1,036 feet deep. The wells of the District are located in the North American Sub-basin which is part of the Sacramento Valley Groundwater Basin. While groundwater levels fluctuate based on hydrological conditions, groundwater levels historically declined within the District over the 50 years prior to the millennium at an average rate of approximately 1.5 to 2.0 feet per year. Since 2000, however, groundwater levels in the portion of the North American Sub-basin from which the District pumps water have stabilized, in large part because of increasing surface water acquisitions by the District in addition to customer conservation practices. Peak season average daily demand from the District's wells is approximately 134 acre feet and is sufficient to supply 100% of water demand within the District. The District is part of the Sacramento Groundwater Authority (SGA), a regional entity formed to manage, stabilize and sustain the Groundwater Basin. Under the provisions of SGA, the District's annual average pumping allotment for groundwater is 35,035 acre-feet. Amounts pumped in excess of this target are subtracted from the District's "Exchangeable Water Balance" (banked groundwater). Amounts of groundwater pumped below this target that are replaced with purchased surface water are added to the District's "Exchangeable Water Balance" with the District credited for in the in-lieu groundwater banked. As of December 31, 2019, the District has banked 233,314 acre-feet of groundwater that it may use at its discretion subject to limitations placed on the District such as Gubernatorial Drought Emergency Executive Orders, and subject to future potential regulations imposed under the 2014 Sustainable Groundwater Management Act.

In addition to groundwater, the District currently imports surface water from two supply sources when available. The District purchases surface water from Placer County Water Agency (PCWA), supplied from the Middle Fork American River and delivered to Folsom Reservoir and Section 215 Central Valley Water Project water from the United States Bureau of Reclamation (USBR), when available. During 2018, the District signed an agreement with USBR to convey PCWA water through the term of the District's contract with PCWA that expires in 2045. The PCWA and USBR water are treated by San Juan Water District at the Peterson Water Treatment Plant pursuant to contract and then conveyed through District-owned transmission pipelines, or contracted pipeline capacity, into the District's water distribution system in the North Service Area. Commencing in 2007, the District also began receiving American River water purchased pursuant to a contract with the City of Sacramento (City). The City water is diverted and treated by the City at its E.A. Fairbairn Water Treatment Plant and conveyed through District-owned pipeline capacity for distribution to customers in the District's South Service Area. All of these sources of surface water ultimately depend upon unimpaired inflow to Folsom Reservoir, or releases from Folsom Reservoir to the Lower American River, and are not available in all years or at all times. The District generally plans to increase surface water deliveries and reduce groundwater deliveries during wet hydrological years and to rely on groundwater deliveries and reduce surface water deliveries during dry hydrological years in a conjunctively managed fashion. This supply flexibility positions the District very favorably with California's new Sustainable Groundwater Management Act.

Revenue Sources

The District's annual revenues come primarily from water sales. Operating revenues segregate water sales into three components used by the District in setting its water rate structure: consumption charges, service charges and capital facilities charges. In addition, the District receives operating revenues from treated water passed through its conveyance system to neighboring water districts as well as from fees charged for certain District services, including penalty charges. Periodically, the District also receives operating revenue from water transfer sales.

The District continues to be in a period of transition as water meters are installed on unmetered residential connections and customers are gradually converted from flat rate accounts to metered rate accounts. Presently, 95 percent of the District is metered, with all connections expected to be fully metered before the year 2025. Current flat rate accounts include a "variable" charge based on parcel size, which is intended to reflect an estimate of water consumption for irrigation purposes. The fixed portion of the charge, based on connection size, reflects the estimated fixed costs of service and a charge to cover pay-as-you-go capital improvements and debt service charges. The District offers a water meter and metered billing to any flat-rate customer on request.

As of January 1, 2020, current residential metered rates include fixed charges (base service, capital facilities and debt service charges) based on connection size plus two-tier water consumption rates. The tier structure includes 15 cubic feet (CCF) per month at a lower initial rate with water consumption in excess of 15 CCF at a higher rate. Non-residential customers are subject to fixed charges based on connection size and a single variable rate based on consumption. All non-residential customers are on metered accounts.

The District's sources of non-operating revenue come primarily from state and federal capital grants, developer contributions, rental income and investment income.

Local Economy¹

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates. Sacramento County (County) is the eighth most populous county in California with a population of roughly 1.55 million and is home to the state's capital. The County sits in the middle of the agriculturally rich 400-mile long Central Valley of California. Sacramento's four-county metropolitan statistical area (metro-area) is the largest metro-area in the Central Valley and is the fifth largest metro-area in the state. From 2012-2018, the population of Sacramento County grew at an annual average rate of 1.0%. Employment in the County consists of a labor force of 717,100 with an unemployment rate of 3.2% in 2019 down from 3.8% in 2018. Employment and population are projected to grow by an average 0.6% and 0.9% per annum, respectively, over the next five years in the County.

The County's economy is broadly based. Government and health and education are the largest sectors of employment, while professional services, wholesale and retail trade, leisure and financial activities follow. Because it contains the state capital, the County's economy is highly influenced by the public sector. Government jobs account for roughly 14% of total employment. Healthcare providers such as UC Davis Health Systems, Sutter Health, Kaiser Permanente and Dignity Health, along with technology based Intel and Apple are large private employers in the county. Job creation over the next five years is expected to come predominantly from professional and business services, followed by leisure and hospitality and education and healthcare.

¹ Source: State of California, Department of Transportation, Socio Economic Files, Sacramento County Economic Forecast.

Long-Term Financial Planning

The District currently has several major construction projects underway. These projects involve rehabilitation or replacement of existing facilities to ensure system reliability, to enhance operational efficiency, to protect the environment and public health, and to comply with water quality regulations. With an aging infrastructure, the District has dedicated significant resources to develop a comprehensive infrastructure assessment and has established specific asset management plans for the ultimate needs of its facilities (typically to the end of each asset's useful service life). These asset plans are intended to allow the District to better plan and budget for future capital facility needs, consisting primarily of capital replacements, which is one of the most significant challenges facing the District. As the future capital needs of the District are primarily repair and replacement projects, the District intends to fund such projects through pay-as-you-go financing rather than the issuance of additional debt.

Relevant Financial Policies and Controls

Key District Financial Policies include the Water Service Charges and Rate Setting Policy, Reserve Policy, Debt Management Policy and the Budget Policy. Such policies, when coupled with the District's Internal Control Structure, guide and protect the financial position of the District.

Water Service Charges and Rate Setting Policy

This policy serves to provide guidance and consistency in District financial planning and the rate setting decision-making process for the Board of Directors and staff. The policy also provides a foundation for the long-term financial sustainability of the District, while providing the outside financial community with a better understanding of the District's commitment to managing itself in a financially prudent and sustainable manner.

Reserve Policy

The purpose of this policy is to establish a reserve fund level that is specific to the needs and risks of the District; to identify when and how reserve funds are utilized and replenished; and to recognize the long-term nature of such funds and their relationship to current and projected customer rates. The District's financial reserve fund comprises various funds established for specific purposes and to mitigate certain risks. Collectively, these funds enable the District to operate in a safe and prudent manner, with the Policy providing for appropriate oversight.

Debt Management Policy

The District recognizes the issuance of long-term debt is a valuable funding source. Used appropriately and prudently, long-term debt can minimize the District's water system charges and rates over time. To minimize dependency on debt financing, the District strives to fund annual renewal and replacement capital projects from rates. The District intends to manage itself to exceed the minimum target Debt Service Coverage (DSC) requirements imposed by bond covenants. The District will not issue long-term debt to support operating costs.

Budget Policy

The District's budget serves as the foundation for financial planning and control. The budget is a one-year financial plan for operating and maintenance expenses and capital projects and is adopted by the Board of Directors prior to each new calendar year. The budget is based on certain policies set by the Board of Directors and is reviewed monthly as part of the District's regular financial reporting process. The Board of Directors must approve all supplemental amendments to the budgets and transfers between budgets. The General Manager directs the Director of Finance and Administration in transfers between category levels within individual adopted budgets throughout the fiscal year with subsequent reporting to the Board of Directors.

Internal Controls

District management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse. The internal control composition is designed to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles and other reporting, including regulatory reporting, in accordance with the requirements of such reporting. The internal control structure is also designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Major Initiatives

Major initiatives the District is pursuing include regional efforts regarding water supply and quality, including water conservation and metering. Selected from the recently developed asset management plans, the 2020 budget calls for certain capital improvement projects totaling \$19.6 million. Major projects include: well replacements and rehabilitation of \$3.3 million, new meter installations of \$1.9 million and distribution main replacements and improvements of \$9.4 million; which includes additional water meter installations.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the year ended December 31, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

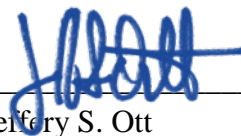
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this CAFR was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. We would also like to thank the Board of Directors for their continued support in the planning, implementation and oversight of the financial and internal control policies of the District.

Respectfully submitted,



Daniel R. York
General Manager



Jeffery S. Ott
Director of Finance and Administration



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Sacramento Suburban Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

Principal District Officials

Board of Directors - Elected Officials

Title	Name	Division	Current Term
President	Kevin M. Thomas	Division 4	12/2018-12/2022
Vice President	Robert P. Wichert	Division 3	12/2018-12/2022
Director	David A. Jones	Division 1	12/2016-12/2020
Director	Craig M. Locke	Division 5	12/2018-12/2022
Director	Kathleen McPherson	Division 2	12/2018-12/2020

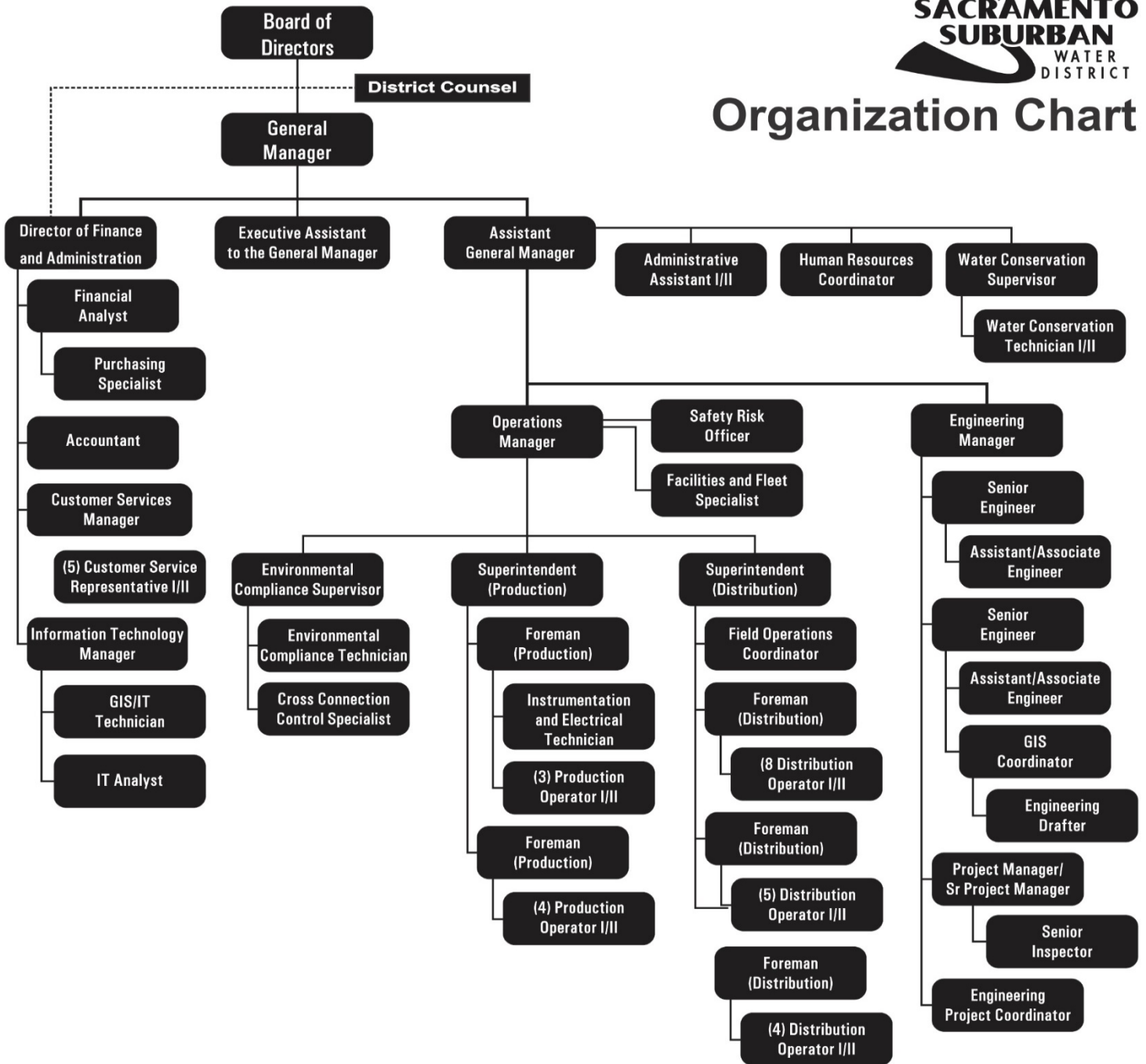
Staff - Appointed Officials

Title	Name
General Manager and Secretary	Daniel R. York
Director of Finance and Administration and Treasurer	Jeffery S. Ott
District Counsel	Bartkiewicz, Kronick & Shanahan, Joshua M. Horowitz

Additional Key Management Staff

Title	Name
Assistant General Manager	Michael J. Huot
Operations Manager	Matthew T. Underwood
Engineering Manager	Dana S. Dean
Customer Services Manager	Julie H. Nemitz

Organization Chart



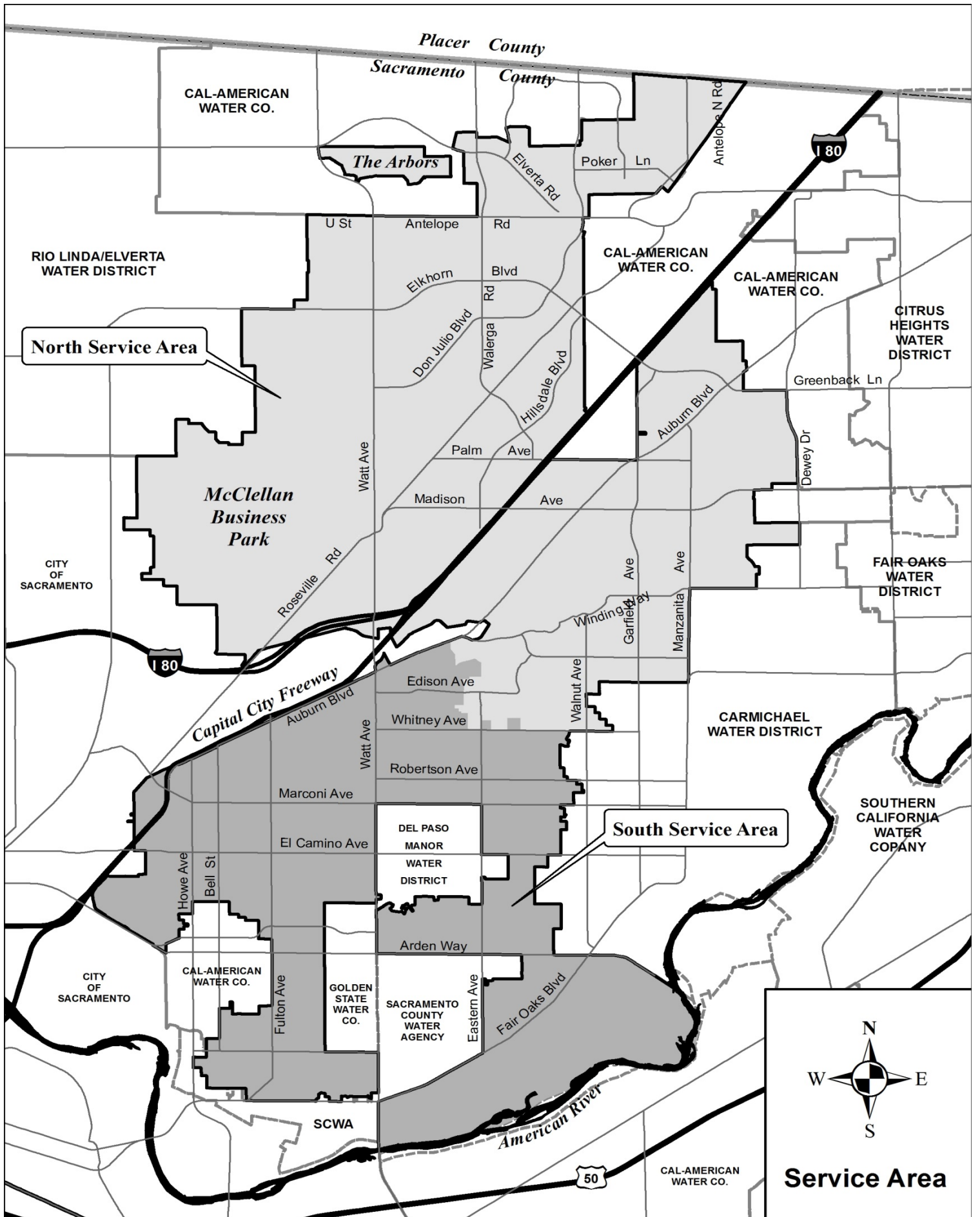
SSWD Administrative Office

3701 Marconi Avenue, Suite 100 | Sacramento, CA 95821-5346

Phone: 916.972.7171 | Fax: 916.972.7639

Office Hours: 8:00 a.m. to 4:30 p.m. Monday-Friday

Web site: sswd.org



Financial Section



550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sacramento Suburban Water District
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of Sacramento Suburban Water District (the District), which comprise the statements of net position as of December 31, 2019 and 2018, and the related statements of revenues, expenses, changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2019 and 2018 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2020, 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

April 8, 2020

**Sacramento Suburban Water District
Management's Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2019 and 2018**

The following Management's Discussion and Analysis (MD&A) provides a general overview and analysis of the financial activities and performance of the District for the years ended December 31, 2019 and 2018. Readers are encouraged to consider the information presented here in conjunction with the Transmittal Letter and the Independent Auditor's Report which precedes this analysis, and the Basic Financial Statements and related Notes to the Basic Financial Statements (Notes), which follow.

Operational Activities and Financial Highlights

Operating activity of the District varies, sometimes significantly, from year to year with the resulting changes affecting District revenues, expenses, capital project expenditures and overall cash flows. Those activities that tend to drive District costs most notably for the periods ending December 2019, 2018, and 2017, are highlighted below.

Water Activities and Highlights

- For the period ended December 31, 2019 the District supplied 30,610 acre-feet of water to 46,575 retail connections, compared to 30,874 acre-feet of water to 46,268 connections in 2018, and 31,254 acre-feet of water to 46,318 connections in 2017.
- In 2019, the District executed a Successor Agreement with McClellan Business Park that entailed, in part, the District paying \$2.6 million to McClellan Business Park (recorded as an operating expense) to settle a 1999 Agreement between the County of Sacramento and the former Northridge Water District for the Conveyance of the McClellan Water Distribution System.
- The District has sufficient capacity to meet customer demand now and for the foreseeable future. The water delivered to District customers meets the regulatory maximum contaminant level (MCL) requirements established by the USEPA and State Water Resources Control Board's Division of Drinking Water. The District also adheres to federal and state regulations that govern the operation of the water system. If the concentration of a constituent exceeds its regulatory MCL, that source is immediately removed from active service. The District regularly tests for over 120 different constituents in its raw and treated water. The results of any detected constituents are published in the "Consumer Confidence Report" or, "Annual Water Quality Report" that is distributed to customers each year in early summer.
- In 2018, the District joined with five other local water purveyors (2018 American River Regional Water Transfer) to transfer surface water to Dudley Ridge Water District and Kern County Water Agency. The District's portion of the transfer resulted in net proceeds of \$853,784 (gross proceeds of \$1,760,900 less costs of \$907,116). Costs comprise the purchase of 4,602 acre-feet of surface water and administrative expenses (legal and consulting).

Capital Project Activities and Highlights

- The District is continuously working on various major construction projects, most of which are related to the replacement of distribution system mainlines that are near the end of their useful service life and the installation of water meters to meet state law requirements as discussed more fully below. In 2019, approximately 5.6 miles of pipeline and appurtenance replacements were installed at a cost of \$10.5

**Sacramento Suburban Water District
Management's Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2019 and 2018**

million, compared to 5.0 miles in 2018 and 5.5 miles in 2017 at costs of \$11.8 million and \$9.1 million, respectively. Total expenditures for all capital projects in 2019, 2018, and 2017 were \$17.2 million, \$17.8 million and \$13.0 million, respectively.

- In accordance with state law, the District is continuing its progress to have all its connections on water meters by the year 2025. During 2019, 2,170 new meters were installed, compared to 2,232 in 2018 and 1,591 in 2017. As of December 31, 2019, approximately 95 percent of the District's connections are on water meters compared to 91 percent at the end of 2018 and 86 percent at the end of 2017. Accordingly, the District is on track to meet this mandate.

Description of the Basic Financial Statements

The Basic Financial Statements are designed to provide readers with a broad overview of the District's finances. Since the District's primary function is to deliver a high quality, reliable supply of water to its consumers and recover the associated costs through customer rates, fees and charges, the Basic Financial Statements report activities in a manner similar to a private-sector business. The Basic Financial Statements are as follows:

The Statements of Net Position present information on all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position, some of which is restricted in accordance with debt covenants. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position present information showing how the District's net position changed during the years ended December 31, 2019 and 2018. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. In other words, the District reports expenses and revenues on an accrual basis rather than a cash basis.

The Statements of Cash Flows present information on the sources and uses of cash within the District throughout the year that serves to explain the change in the amount of the District's cash and cash equivalents that are on hand at the end of each year. Cash generation and/or usage from four different activity-types of the District are provided: operations, non-capital financing, capital and related financing, and investing.

The Notes to the Basic Financial Statements (Notes) provide additional information that is essential to a full understanding of the data provided in the Basic Financial Statements.

The Required Supplementary Information Section of this Comprehensive Annual Financial Report (CAFR) includes information describing the District's contributions to, and funding progress of, the postemployment benefits other than pensions for District employees.

The Statistical Section of this CAFR provides selected financial and operational data over the last ten years where available, which includes the Schedule of Net Revenues showing the District's debt service coverage ratio.

**Sacramento Suburban Water District
Management's Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2019 and 2018**

Condensed Statements of Net Position

(Dollars in Thousands)

Assets	2019	2018	Change	2017	Change
Current assets	\$ 13,382	\$ 13,017	\$ 365	\$ 11,061	\$ 1,956
Non-current assets	39,097	37,934	1,163	39,875	(1,941)
Capital assets, net	303,326	297,120	6,206	290,266	6,854
Total assets	355,805	348,071	7,734	341,202	6,869
Deferred outflows	7,761	8,272	(511)	9,485	(1,213)
Liabilities					
Current liabilities	15,719	11,212	4,507	9,256	1,956
Non-current liabilities	87,552	91,524	(3,972)	94,866	(3,342)
Total liabilities	103,271	102,736	535	104,122	(1,386)
Deferred inflows	839	2,333	(1,494)	1,134	1,199
Net position					
Net investment in capital assets	232,469	221,715	10,754	207,156	14,559
Restricted for debt service fund	2	10	(8)	3,548	(3,538)
Unrestricted	26,985	29,549	(2,564)	34,727	(5,178)
Total net position	\$ 259,456	\$ 251,274	\$ 8,182	\$ 245,431	\$ 5,843

Referring to the table above, total assets increased by \$7.7 million compared to December 31, 2018, to a total of \$355.8 million as of December 31, 2019. The principal reason for the increase continues to be investments in capital assets as the District replaces its aging infrastructure. The source of funds for capital projects is primarily a portion of customer fixed rate charges collected monthly, as well as state and federal grants when available.

Current assets increased by \$0.4 million in 2019 compared to a \$2.0 million increase in 2018. The 2019 increase was primarily attributable to increases in cash and cash equivalents and prepaid assets, net of a decrease in receivables that was attributable to the receipt of \$0.9 million from the City of Sacramento on the 2019 water transfer referred to above, while the 2018 increase was primarily the result of a \$1.5 million increase in cash and cash equivalents.

Non-current assets increased by \$1.2 million in 2019 after having decreased by \$1.9 million in 2018. In 2018, the Series 2009B COP Debt Service Reserve Fund of \$3.5 million was used to liquidate the Series 2009B COP along with proceeds from the issuance of the 2018A Revenue Bond. In 2017, non-current assets increased by \$1.7 million compared to 2016 primarily due to a \$1.2 million increase in investments as deferred cash expenditures on CIP projects were delayed until 2018. Investments comprise the majority of non-current assets. The District continues to invest most of its available cash in the capital markets and maintains a minimal investment in the state's investment pool. The investment portfolio had an unrealized market value gain of \$687,527 as of December 31, 2019 compared to an unrealized loss of \$290,095 as of December 31, 2018.

**Sacramento Suburban Water District
Management's Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2019 and 2018**

Capital assets, net, increased \$6.2 million and \$6.9 million in 2019 and 2018, respectively, due primarily to the construction and replacement of a portion of the District's transmission and distribution system (5.6 and 5.0 miles, respectively), the addition and/or improvements to well facilities, and the installation of 2,170 and 2,232, respectively, of new water meters. Several other capital asset construction projects are in various stages of completion with costs incurred as of December 31, 2019 amounting to \$3.4 million (see Note 5).

As of December 31, 2019 and 2018, deferred outflows of resources primarily include deferred gains and losses on advance debt refundings as well as the recognition of pension expense in accordance with the provisions of GASB Statements No. 68 and 71.

Total liabilities increased by \$0.5 million and decreased by \$1.5 million as of December 31, 2019 and 2018, respectively. The 2019 increase was primarily due to a \$4.5 million increase in current liabilities, which resulted from an accounts payable increase of \$3.7 million, \$2.6 million arising from a settlement with McClellan Business Park, that was not paid until early 2020. Offsetting, in part, this increase was a \$4.0 million decrease in long-term liabilities due to the payment of scheduled principal payments. The decrease in 2018 reflects the reduction in outstanding debt due to the refinancing of the Series 2009B COP along with scheduled principal payments of \$4.4 million. Offsetting these decreases was the recognition of the District's net OPEB liability of \$5.6 million as discussed above.

Non-current liabilities - As part of its debt management strategy, the \$70.1 million debt principal outstanding as of December 31, 2019 includes both fixed-rate debt - \$28.1 million, and variable-rate debt - \$42.0 million (as of December 31, 2019 and 2018, the District had debt principal outstanding of \$76.2 million and \$81.4 million, respectively). The variable-rate debt is supported by an irrevocable direct-pay Letter of Credit provided with an international bank that expires in June 2023, and is partially hedged by a pay-fixed, receive-variable interest rate swap with a notional amount of \$33.3 million as of December 31, 2019, 2018 and 2017. As of December 31, 2019, the negative fair market value of the swap increased from negative \$5.2 million as of December 31, 2018 to negative \$6.7 million (see Note 7) due to falling long-term interest rates.

The District realized an overall increase in net position of \$8.2 million for the year ended December 31, 2019, compared to \$5.8 million and \$11.6 million for the years ended December 31, 2018 and 2017, respectively. The components of net position as of December 31, 2019 are:

- The largest component of District net position is the District's net investment in capital assets which increased by \$10.8 million to \$232.5 million as of December 31, 2019, and is comprised of total capital assets (net of accumulated depreciation) plus deferred outflows on long-term debt refundings less related long-term debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.
- Restricted net position consists solely of debt reserves held in escrow for the District's debt obligations. During 2018, substantially all of these reserves were used to payoff the Series 2009B COP as discussed above.
- At the end of 2019, 2018 and 2017, the District showed a positive balance in its unrestricted net position of \$27.0 million, \$29.5 million, and \$34.7 million, respectively. The decrease of \$2.6 million in the

**Sacramento Suburban Water District
Management's Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2019 and 2018**

unrestricted net position for 2019 reflects the \$2.6 million settlement agreement with McClellan Business Park in 2019 as discussed above.

Condensed Statements of Revenues, Expenses and Changes in Net Position

(Dollars in Thousands)

	2019	2018	Change	2017	Change
Revenues					
Operating revenues	\$ 45,722	\$ 47,417	\$(1,695)	\$ 44,162	\$ 3,255
Rental revenue	379	244	135	258	(14)
Interest and investment revenue	1,763	746	1,017	495	251
Grant revenue pass-through to sub recipients	-	20	(20)	407	(387)
Other non-operating revenues	685	205	480	197	8
Total revenues	48,549	48,632	(83)	45,519	3,113
Expenses					
Operating expenses	26,365	22,460	3,905	20,870	1,590
Depreciation and amortization	12,993	12,460	533	12,182	278
Interest expense	2,632	3,112	(480)	3,450	(338)
Sub recipient grant expense	-	20	(20)	407	(387)
Other non-operating expenses	25	7	18	3	4
Total expenses	42,015	38,060	3,955	36,912	1,148
Net revenue before capital contributions	6,534	10,572	(4,038)	8,608	1,964
Capital contributions	1,648	894	753	2,963	(2,069)
Change in net position	8,182	11,466	(3,284)	11,571	(105)
Net position, beginning of year	251,274	239,808	11,466	233,860	11,571
Net position, end of year	\$ 259,456	\$ 251,274	\$ 8,182	\$ 245,431	\$ 5,843

From the table above it can be seen that the District's net position increased by \$8.2 million for the period ended December 31, 2019 compared to \$5.8 million for 2018. The increases result from a variety of factors as described more fully below.

The District's operating revenues come primarily from its customers. The District charges a metered rate to its commercial customers and a metered or flat rate to residential customers depending on whether the service connections of such customers have a water meter. All District customers, regardless of the type of service, are charged a basic service charge and a fixed charge (capital and debt service) based on the size of their respective service lines.

In addition, as shown in the table above, and as more fully illustrated in the table below, operating revenues decreased by \$1.7 million (3.6%) compared to the year ended December 31, 2018, primarily due to 2018 including a water transfer providing gross revenues of \$1.8 million with no such transfers and related revenue in 2019. In 2018, operating revenues increased by \$3.3 million (7.4%) compared to the year ended December 31, 2017, primarily due to a 2018 water transfer providing gross revenues of \$1.8 million and to a 4.0% general water rate increase effective for all of 2018, despite having reduced water deliveries of 380 acre-feet or 1.2%.

**Sacramento Suburban Water District
Management's Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2019 and 2018**

Operating Revenues

(Dollars in Thousands)

	2019	2018	Change	2017	Change
Operating Revenues					
Water consumption sales	\$ 13,251	\$ 13,272	\$ (21)	\$ 12,544	\$ 728
Water consumption sales – transfers	43	1,761	(1,718)	-	1,761
Water service charge	6,197	6,371	(174)	6,366	5
Capital facilities charge	24,454	24,449	5	23,499	950
Wheeling water charge	644	510	134	676	(166)
Other charges for services	1,133	1,054	79	1,077	(23)
Total operating revenues	\$ 45,722	\$ 47,417	\$ (1,695)	\$ 44,162	\$ 3,255

Non-operating revenues consist primarily of rental revenue, interest and investment income, and grant revenue to be passed through to subrecipients when the District serves as the lead agency in securing various grants.

Interest and Investment Income – Most of the District's cash is invested in fixed-income marketable securities. The yield to maturity on the market portfolio as of December 31, 2019, 2018, and 2017 was 2.26%, 2.28%, and 1.81%, respectively.

Capital Income – The District receives various types of income from capital contributions, such as facility development charges, developer contributions and grant income. Regarding grant income, in the years ended December 31, 2019, 2018 and 2017, the District received \$352 thousand, \$25 thousand and \$1.1 million, respectively, in federal and state grant funds for the purposes of installing a new pumping facility, a new well site and the installation of water meters to accelerate the District's Water Meter Replacement Plan that has been established to meet state law.

Capital Contributions – The District receives revenue in the form of water system assets donated by developers that have been inspected by District staff and meet District standards. The District utilizes such assets to meet the needs of certain of its customers. After a one-year warranty period, the developer is no longer liable to the District. All such assets are recorded at estimated acquisition value on the date received. In 2019, the value of such donated assets was \$1.0 million, compared to \$0.7 million in 2018 and \$1.7 million in 2017.

Operating Expenses

(Dollars in Thousands)

	2019	2018	Change	2017	Change
Operating Expenses					
Source of supply	\$ 3,525	\$ 3,789	\$ (264)	\$ 2,980	\$ 809
Pumping	5,331	4,946	385	4,516	430
Transmission and distribution	7,034	4,193	2,841	4,016	175
Water conservation	490	441	49	452	(11)
Customer accounts	1,373	1,301	72	1,305	(4)
Administrative and general	8,612	7,791	821	7,600	191
Total operating expenses	\$ 26,365	\$ 22,461	\$ 3,904	\$ 20,870	\$ 1,590

**Sacramento Suburban Water District
Management's Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2019 and 2018**

Operating expenses are primarily comprised of purchased treated surface water, electrical and chemical treatment costs of producing potable well water, ongoing system repairs and maintenance, and employee salaries and benefits. The volatility of such expenses from one year to another is primarily driven by the amount of surface water purchased in that year compared to the previous year. As shown in the table above, operating expenses increased in 2019 by \$3.9 million (17.4%) relative to 2018, primarily due to the \$2.6 million settlement with McClellan Business Park as discussed above. In 2018 operating expenses increased by \$1.6 million (7.6%) relative to 2017, primarily due to costs associated with the 2018 American River Regional Water Transfer of \$0.9 million as discussed above.

Non-operating expenses consist primarily of interest expense on the District's debt and the pass-through of grant revenues to subrecipients on grants where the District was the lead agency in securing the grant. Interest expense decreased by \$0.5 million in 2019 primarily the result of refunding the Series 2009B COP with a lower cost revenue bond in 2018 as discussed above. Likewise, in 2018, interest expense decreased by \$0.3 million also primarily due to refunding the Series 2009B COP with a lower cost revenue bond.

Capital Asset Administration

(Dollars in Thousands)

Changes in capital asset amounts for 2019 were as follows:

	Balance 2018	Additions/ Transfers	Deletions/ Transfers	Balance 2019
Capital assets:				
Non-depreciable assets	\$ 10,941	\$ 17,502	\$ (18,664)	\$ 9,779
Depreciable & amortizable assets	466,401	1,754	15,719	483,874
Accumulated depreciation & amortization	(180,222)	(12,993)	2,888	(190,637)
Total capital assets, net	\$ 297,120	\$ 6,263	\$ (57)	\$ 303,326

Changes in capital asset amounts for 2018 were as follows:

	Balance 2017	Additions/ Transfers	Deletions/ Transfers	Balance 2018
Capital assets:				
Non-depreciable assets	\$ 16,784	\$ 17,995	\$ (23,838)	\$ 10,941
Depreciable & amortizable assets	441,704	1,342	23,355	466,401
Accumulated depreciation & amortization	(168,222)	(12,460)	460	(180,222)
Total capital assets, net	\$ 290,266	\$ 6,877	\$ (23)	\$ 297,120

As a water utility, most of the District's assets and annual expenditures relate to the construction, repair and maintenance of its infrastructure. Repair and replacement of aging infrastructure is one of the most significant challenges facing the District. The District assesses and manages its infrastructure and other capital asset needs through prudent and cost-focused planning taking into consideration both current and future water resource availability, consumer peak-demand needs, maximizing the use of existing facilities, consideration for climatic changes, and other such assessments that can be used to sustain service to both current and future consumers. Infrastructure assessment also includes assessing each asset's risk of failure and the attendant consequences to

**Sacramento Suburban Water District
Management's Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2019 and 2018**

District operations. For each infrastructure asset group, a long-term asset management plan has been developed. Infrastructure plans for all District assets are now in place. Despite such plans having a long-term focus, typically to the end of each asset's useful service life, each plan is reviewed and reassessed biannually. See Note 5 for more detailed information on capital asset activity.

Funding for capital projects comes primarily from District customers via a monthly fixed charge levied by the District for the payment of basic service, capital projects and debt service costs. In addition to customer charges, the District also utilizes state and federal grant funds when available for funding capital projects. In 2019, the District received \$1.0 million in grant funds, compared to \$25 thousand in 2018. As of December 31, 2019, the District has \$3.8 million in financial obligations to contractors on its open construction contracts. See Note 15 for more information.

Long-Term Debt Administration

(Dollars in Thousands)

Changes in long-term debt amounts for 2019 were as follows:

	Balance 2018	Additions	Retirements	Balance 2019
Long-term debt:				
2009A Certificates of participation	\$ 42,000	\$ -	\$ -	\$ 42,000
2012A Revenue bond	15,385	-	(2,160)	13,225
2018A Revenue bond	17,295	-	(2,465)	14,830
Other (1)	6,749	-	(584)	6,165
Total long-term debt	\$ 81,429	\$ -	\$ (5,209)	\$ 76,220

Changes in long-term debt amounts for 2018 were as follows:

	Balance 2017	Additions	Retirements	Balance 2018
Long-term debt:				
2009A Certificates of participation	\$ 42,000	\$ -	\$ -	\$ 42,000
2009B Certificates of participation	22,065	-	(22,065)	-
2012A Revenue bond	17,490	-	(2,105)	15,385
2018A Revenue bond	-	19,615	(2,320)	17,295
Other ⁽¹⁾	8,233	-	(1,484)	6,749
Total long-term debt	\$ 89,788	\$ 19,615	\$ (27,974)	\$ 81,429

(1) Consists of unamortized long-term debt premiums and an imputed borrowing of an off-market interest rate swap (See Note 7.)

The issuance of long-term debt is a valuable funding resource for the District. Used appropriately and prudently, long-term debt can minimize the District's water system charges and rates over time. The District manages its debt portfolio so as to mitigate risks inherent in debt issuances within an acceptable tolerance level. By managing debt and its repayment, the District is able to reduce various debt-related risk exposures such as market risk, credit risk, renewal risk, basis risk and tax risk, yet still provide the District with financing options to be utilized in future

**Sacramento Suburban Water District
Management’s Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2019 and 2018**

periods if needed. The District considers managing such risks more beneficial than eliminating such risks. As part of its debt management strategy, the District issues both fixed-rate debt and variable-rate debt. The District does not presently intend to issue additional debt. During 2019, there were no debt issuances or refundings. During 2018, the District refunded the Series 2009B COP with the Issuance of the 2018A Revenue Bond.

The District’s debt covenants require that “Net Revenues” exceed 115% of annual debt service costs. For compliance history, please see the “Schedule of Net Revenues” in the Statistical Section of this CAFR. For both 2019 and 2018, the District’s credit rating was AA+ and Aa2 as rated by Standard and Poor’s Ratings Services, Inc. (S&P) and Moody’s Investor Services, Inc. (Moody’s), respectively. See Note 7 for more information.

2020 Budget

Annually, the District adopts non-appropriated budgets for planning and control purposes. The budgets are adopted on a cash basis. Budgetary controls are set at the department level. The General Manager has the discretion of reallocating budgeted funds between accounts or projects within each budget with subsequent reporting to the Board of Directors.

The District utilizes two primary budgets to manage its activities. One is an annual Capital Budget (divided into two parts - Intermediate-Term Capital and Long-Term Capital) and the other is an Operations and Maintenance Budget. The Long-Term Capital budget is intended to cover all District infrastructure projects that incorporate significant costs or long lead times and planning to complete. The intermediate-term capital budget is intended to incorporate expenditures for operational capital items, such as vehicles, field equipment, back hoes, and computer equipment. The Operations and Maintenance budget covers all recurring operational costs, such as the purchase and treatment of water, repairs and maintenance, employee salaries and benefits and other such expenditures.

On November 18, 2019, the Board approved a \$19.6 million Long-Term Capital budget, a \$1.2 million Intermediate-Term Capital budget and a \$23.0 million Operations and Maintenance budget for calendar year 2020. Upon adoption of the Long-Term Capital budget, the Board also approved certain capital projects as outlined in the District’s asset-management plans developed for each infrastructure asset group.

Conditions Affecting Current Financial Position

California continues to face the threat of severe droughts. Although it is not possible to forecast the impact of the drought on District surface water supplies or the effect, if any, on its financial position, the District has adequate groundwater supplies to meet water demands in its service area through 2020 and beyond.

Requests for Information

This report is designed to provide a general overview of the District’s finances. Questions concerning information provided in this report or requests for additional financial information should be addressed to:

Director of Finance and Administration
Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821-5346

Basic Financial Statements

Sacramento Suburban Water District
Statements of Net Position
December 31, 2019 and 2018

Assets	2019	2018
Current assets:		
Cash and cash equivalents (note 2)	\$ 8,011,079	\$ 7,585,118
Restricted cash and cash equivalents (notes 2 and 3)	1,688	9,768
Receivables, net (note 4)	3,566,015	4,002,891
Inventory	553,990	495,142
Prepays and other current assets	1,249,070	924,084
Total current assets	13,381,842	13,017,003
Noncurrent assets:		
Investments (note 2)	39,040,578	36,369,025
Fair value of interest rate swap (notes 1 and 7)	56,545	1,564,723
Capital assets not being depreciated (note 5)	9,779,255	10,941,353
Capital assets being depreciated and amortized, net (note 5)	293,546,751	286,178,911
Total noncurrent assets	342,423,129	335,054,012
Total assets	355,804,971	348,071,015
Deferred outflows of resources		
Deferred amount on long-term debt refundings (note 1)	5,363,480	6,024,224
Pensions (note 12)	2,054,016	2,223,442
Other post-employment benefits (OPEB) (note 13)	343,227	24,450
Total deferred outflows of resources	7,760,723	8,272,116
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	7,964,283	4,252,016
Accrued interest payable	297,075	269,684
Unearned revenue and customer deposits	1,867,587	1,165,830
Compensated absences, current portion (note 6)	800,000	900,000
Current portion of long-term debt (note 7)	4,790,000	4,625,000
Total current liabilities	15,718,945	11,212,530
Noncurrent liabilities:		
Compensated absences (note 6)	321,671	50,951
Net pension liability (note 12)	9,698,403	8,812,373
Net OPEB obligation (note 13)	6,101,412	5,856,340
Long-term debt, net of current portion (note 7)	71,430,427	76,804,132
Total noncurrent liabilities	87,551,913	91,523,796
Total liabilities	103,270,858	102,736,326
Deferred inflows of resources		
Deferred inflow of effective swap (notes 1 and 7)	56,545	1,564,723
Pensions (note 12)	769,919	741,595
OPEB (note 13)	12,390	26,476
Total deferred inflows of resources	838,854	2,332,794
Net position		
Net investment in capital assets (note 8)	232,469,058	221,715,356
Restricted for debt service reserve fund (note 9)	1,688	9,768
Unrestricted (note 10)	26,985,236	29,548,887
Total net position	\$ 259,455,982	\$ 251,274,011

See accompanying notes to the basic financial statements

Sacramento Suburban Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2019 and 2018

	2019	2018
Operating Revenues:		
Water consumption sales	\$ 13,250,822	\$ 13,272,095
Water consumption sales – transfers	42,578	1,760,900
Water service charge	6,197,481	6,370,582
Capital facilities charge	24,453,627	24,448,810
Wheeling water charge	643,670	510,168
Other charges for services	1,133,375	1,054,182
Total operating revenues	45,721,553	47,416,737
Operating Expenses:		
Source of supply	3,525,538	2,882,315
Source of supply – transfers	-	907,116
Pumping	5,330,573	4,946,462
Transmission and distribution	7,034,411	4,192,517
Water conservation	489,585	440,674
Customer accounts	1,372,995	1,301,011
Administrative and general	8,611,630	7,790,742
Total operating expenses	26,364,732	22,460,837
Operating income before depreciation and amortization	19,356,821	24,955,900
Depreciation and amortization (note 5)	(12,993,403)	(12,460,118)
Operating income	6,363,418	12,495,782
Nonoperating revenues (expenses):		
Rental revenue	378,707	244,205
Interest and investment revenue	1,763,651	746,341
Interest expense	(2,632,398)	(3,112,262)
Other non-operating revenues	685,049	204,479
Grant revenue pass-through to subrecipients	-	20,249
Other non-operating expenses	(245)	-
Subrecipient grant expenses	-	(20,249)
Gain (loss) on disposal of capital assets, net	(24,076)	(6,755)
Total nonoperating revenues (expenses), net	170,688	(1,923,992)
Income before capital contributions	6,534,106	10,571,790
Capital contributions:		
Facility development charges	287,209	158,001
Developer capital contributions	1,008,687	711,019
Federal, state and local capital grants	351,969	24,899
Total capital contributions	1,647,865	893,919
Increase in net position	8,181,971	11,465,709
Net position, beginning of year	251,274,011	239,808,302
Net position, end of year	\$ 259,455,982	\$ 251,274,011

See accompanying notes to the basic financial statements

Sacramento Suburban Water District
Statements of Cash Flows
For The Years End December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash receipts from customers	\$ 47,076,706	\$ 47,125,694
Cash paid to suppliers for goods and services	(16,914,468)	(15,808,303)
Cash paid to employees for services	(4,955,124)	(4,870,433)
Other nonoperating receipts	1,063,512	448,683
Net cash provided by operating activities	<u>26,270,626</u>	<u>26,895,641</u>
Cash flows from non-capital financing activities:		
Grant receipts	-	20,249
Pass-through to sub-recipients	-	(20,249)
Net cash provided by nonoperating financing activities	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(18,247,284)	(18,626,106)
Proceeds from disposal of capital assets	32,750	16,220
Principal payments on long-term debt	(4,625,000)	(26,490,000)
Interest payments on long-term debt	(2,183,934)	(3,559,244)
Proceeds from issuing new long-term debt	-	19,615,000
Issuance costs incurred on long-term debt	-	(203,169)
Principal payments on interest rate swap borrowing payable	(344,033)	(336,991)
Facility development charges received	421,794	292,585
Capital grants received	-	160,346
Net cash used by capital and related financing activities	<u>(24,945,707)</u>	<u>(29,131,359)</u>
Cash flows from investing activities:		
Purchase of investment securities	(17,462,058)	(13,728,603)
Proceeds from sales and maturities of investment securities	15,580,714	16,608,858
Interest received on investment securities	974,306	853,034
Net cash (used) provided by investing activities	<u>(907,038)</u>	<u>3,733,289</u>
Net increase in cash and cash equivalents	417,880	1,497,571
Cash and cash equivalents at beginning of year	7,594,886	6,097,315
Cash and cash equivalents at end of year	<u><u>\$ 8,012,767</u></u>	<u><u>\$ 7,594,886</u></u>
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents	\$ 8,011,079	\$ 7,585,118
Restricted cash and cash equivalents	1,688	9,768
Total cash and cash equivalents	<u><u>\$ 8,012,767</u></u>	<u><u>\$ 7,594,886</u></u>

Continued on next page

See accompanying notes to the basic financial statements

Sacramento Suburban Water District
Statements of Cash Flows, Continued
For the Years Ended December 31, 2019 and 2018

	2019	2018
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 6,363,418	\$ 12,495,782
Adjustments to reconcile operating revenue to net cash provided by operating activities:		
Depreciation and amortization	12,993,403	12,460,118
Bad debt expense	30,645	(17,545)
Other nonoperating receipts	1,063,511	448,683
Change in pension deferred (outflows)	169,426	583,785
Change in pension inflows	28,324	94,322
Change in OPEB deferred (outflows)	(318,777)	(2,678)
Change in OPEB inflows	(14,086)	26,476
Changes in operating assets and liabilities		
(Increase) decrease in operating assets:		
Accounts receivable	(90,915)	396,957
Other receivables	848,252	(806,052)
Inventory	(58,849)	192,219
Prepays and other current assets	(324,986)	(327,204)
Increase (decrease) in operating liabilities:		
Accounts payable	357,923	1,612,180
Unearned revenue	567,172	135,596
Accrued compensated absences	170,720	(68,829)
Net pension liability	886,030	(185,275)
Net OPEB liability	245,072	211,418
Accrued expenses	3,354,343	(354,312)
Total adjustments	19,907,208	14,399,859
Net cash provided by operating activities	\$ 26,270,626	\$ 26,895,641
Noncash investing, capital and financing transactions:		
Receipt of donated capital assets	\$ 1,008,687	\$ 711,019
Change in fair value of investments	674,854	(33,613)
Amortization of premium on long-term debt	(239,672)	(1,147,261)
Amortization of defeasance costs on long-term debt	660,744	653,403
Change in fair value of interest rate swap	(1,508,178)	1,077,666

See accompanying notes to the basic financial statements

**Sacramento Suburban Water District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2019 and 2018**

(1) Reporting Entity and Summary of Significant Accounting Policies

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government 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 principles are described below.

A. Reporting Entity

The Sacramento Suburban Water District (District) provides water to residential, commercial and industrial customers with a total population of approximately 180,000 through 46,268 connections within its boundaries. The water supply of the District is a combination of both surface water and groundwater. The District was formed on February 1, 2002 under the County Water District Law (California Water Code Sections 30000-33901) by the consolidation of the Northridge Water District and the Arcade Water District. The consolidation was approved and ordered by the Sacramento County Local District Formation Commission under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Sections 56000-57550). The District is located in Sacramento County, north of the American River and serves a large suburban area including portions of Citrus Heights, Carmichael, North Highlands, City of Sacramento, and Antelope, as well as McClellan Business Park (formerly McClellan Air Force Base). The District is currently governed by a five-member Board of Directors elected by the voters within the District for staggered four year terms, every two years.

B. Component Unit

The Sacramento Suburban Water District Financing Corporation (Corporation), formerly known as the Arcade Water District Financing Corporation, was created to provide assistance in the issuance of debt. The Corporation is a nonprofit public benefit Corporation organized under the laws of the State of California. The Corporation is governed by a five-member Board of Directors, each of whom must be a member of the District's Board of Director's. Although legally separate from the District, the Corporation is reported as a "blended" component unit of the District, because it shares a common Board of Directors with the District, and its sole purpose is to provide financing to the District. Debt issued by the Corporation is reflected as debt of the District in the basic financial statements. The Corporation has no financial transactions and does not issue financial statements, therefore combining information is not presented.

C. Jointly Governed Organization

The District is a signatory to the Regional Water Authority's (RWA) Joint Powers Agreement. The RWA was formed to address regional water issues with a mission to serve and represent the regional water supply interests of its 21 members in protecting and enhancing the reliability, availability, affordability and quality of water resources. RWA does not possess nor exercise governing or regulatory authority over its members. The District does not have an ongoing financial responsibility to RWA. The financial transactions between the District and RWA during the years ending December 31, 2019 and 2018, primarily involved the payment of annual membership dues and grant administration expenses, which were not material to the District's financial statements. Copies of RWA's annual financial reports and other pertinent information may be obtained from their office at 5620 Birdcage Street, Suite 180, Citrus Heights, CA 95610, from their website at www.rwah2o.org, or by calling (916) 967-7692.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Basis of Accounting and Principles of Presentation

The District is accounted for as an enterprise fund type of the proprietary fund group and therefore accounts for its operations in a manner similar to a private enterprise since it is the intent of the District to recover its cost of providing goods and services to the public on a continuing basis primarily through user charges.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The basic financial statements reflect the flow of economic resources measurement focus and the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred regardless of the timing of related cash flows.

The principal operating revenues of the District are charges to customers for water sales and services. Operating expenses include the cost to purchase, pump, treat and deliver water, administrative expenses and depreciation on capital assets. The District distinguishes operating revenues and expenses from non-operating revenues and expenses based on the relationship of the revenue or expense to the production and delivery of water.

Preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the basic financial statements and reported changes in net position during the reporting period. Actual results may differ from those estimates.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Unrestricted and Restricted Cash and Cash Equivalents

For the purpose of the Statements of Cash Flows, the District considers commercial paper and all short-term debt securities (including those for restricted assets) purchased with an original maturity of three months or less at the date of purchase to be cash and cash equivalents. The District also invests funds with the Local Agency Investment Fund (LAIF). Due to the high liquidity of this investment, these funds are classified as a cash equivalent.

2. Receivables and Allowance for Uncollectible Accounts

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District goes through various steps to collect on the account. If uncollectible, the District adjusts its uncollectible accounts using the allowance method.

3. Inventory

Inventory consists primarily of water meters, pipe, valves and pipe-fittings for construction and repair of the District's water transmission and distribution system. Inventory is valued at cost using a first-in, first-out method. Inventory items are charged to expense at the time individual items are withdrawn from inventory or consumed.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

4. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid current assets in the basic financial statements.

5. Investments and Investment Policy

Investments are reported in the accompanying Statements of Net Position at fair value. Changes in fair value that occur during the year are recognized as Interest and Investment revenue reported for that year. Interest and Investment revenue includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity or sale of investments.

6. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Donated capital assets and easements are valued at estimated acquisition value on the date received. Maintenance and repairs are charged to operations when incurred. It is the District's policy to capitalize all capital assets with a cost of more than \$5,000. As more fully explained under the caption "Interest Expense and Income Capitalized," net interest expense incurred during the construction phase of capital assets is included as part of the capitalized value of the constructed assets. Costs of capital assets sold or retired (and the related amounts of accumulated depreciation or amortization) are eliminated from the Statements of Net Position in the year of sale or retirement, and the resulting gain or loss is recognized in non-operating revenues (expenses). Depreciation/amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

• Pipelines	80 years
• Reservoirs and Wells	25 to 40 years
• Water Meters	10 to 20 years
• Building and Building Improvements	10 to 40 years
• Vehicles and Equipment	5 to 10 years
• Furniture and Computers	4 to 7 years
• Construction-In-Progress	None until placed in service

Intangible assets consist primarily of donated permanent property easements and purchased pipeline capacity in a transmission pipeline owned and operated by San Juan Water District, Granite Bay, California.

7. Interest Expense and Income Capitalization

The District capitalizes interest expense as a component of the cost of construction in progress and offsets capitalized interest cost with interest income related to unspent bond proceeds. No interest cost or interest income was capitalized in the years ended December 31, 2019 or 2018.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

8. Deferred Outflows of Resources - Long-Term Debt Refundings

Unamortized gains and losses resulting from advance debt refundings are classified as deferred outflows of resources.

9. Compensated Absences

Compensated absences are accrued and reported as a liability in the period earned. Amounts payable are included in the Statements of Net Position. The District's policy provides vacation leave to employees at a rate of 12 days up to 25 days per year based on the number of years of employment and is considered earned on a pro-rata basis as of each payroll period throughout the year. Earned vacation leave is paid to employees upon separation from the District. Employees under age 55 are paid once a year for all earned vacation leave exceeding 400 hours at their current hourly rate of pay. Based upon meeting certain criteria, employees may be paid for earned vacation leave at any time. Sick leave accrues at the rate of 96 hours per year and is considered earned on a pro-rata basis as of each payroll period throughout the year. Earned sick leave is paid to employees who are age 55 and older upon retirement at their current hourly rate of pay or may be contributed to the District's deferred compensation plan (See Note 11) or the California Public Employee Retirement System (CalPERS) defined benefit pension plan provided by the District for additional service credit (See Note 12). Employees under age 55 are paid once a year for all earned sick leave exceeding 240 hours at one-half of their current hourly rate of pay (See Note 6).

10. Long-Term Debt Discounts and Premiums

Long-term debt discounts and premiums are deferred and amortized over the life of the related debt using the straight-line method. Long-term debt is reported net of the applicable discounts or premiums.

11. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. 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. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Deferred Inflows of Resources – Effective Interest Rate Swap

The District entered into an interest rate swap agreement (swap) to manage interest rate risk and reduce debt service costs on variable-rate debt originally issued simultaneous with the swap. The swap is reported in the accompanying Statements of Net Position at fair value as of December 31, 2019 and 2018, determined using the zero-coupon measurement method, which calculates the future net settlement payments based on current

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

forward rates implied by the yield curve. Using the synthetic instrument method, the swap has been determined to serve as an effective cash flow hedge of the District's variable-rate COP obligations. This swap is categorized as Level 2 based on observable market data derived from LIBOR.

14. Net Position

GASB 63 requires that net position be reported as the difference between assets, plus deferred outflows of resources, less liabilities and less deferred inflows of resources. Net position is to be further classified into three components: net investment in capital assets, restricted, and unrestricted. In addition, the impact of deferred outflows or inflows of resources on net position must be explained.

- **Net Investment in Capital Assets** – This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of long-term debt and deferred amounts related to debt refunding used to acquire such assets and the effect of deferring the recognition of losses from long-term debt refundings. The deferred outflows from losses on long-term debt refundings at December 31, 2019 and 2018, were \$5,363,480 and \$6,024,224, respectively, and are amortized and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. These investments are considered non-expendable.
- **Restricted for Debt Service Reserve Fund** – This component consists of external legal constraints placed on District assets by long-term debt holders.
- **Unrestricted** – This component of net position consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of “net investment in capital assets” or “restricted for debt service reserve fund.” Amounts included as unrestricted are available for designation for specific purposes as established by the District's Board of Directors. When an expense is incurred for which both restricted and unrestricted net position are available for use, it is the District's policy to use restricted resources first then unrestricted resources as they are needed.
- **Effect on Unrestricted Net Position from Deferred Inflow and Outflow of Resources** – The unrestricted net position amount of \$26,985,236 and \$29,548,887 at December 31, 2019 and 2018, respectively, includes the increase in market value of the District's swap and the net pension liability.

The deferred inflows of resources related to the fair market value of the swap of \$56,545 and \$1,564,723 at December 31, 2019 and 2018, would be recognized as an investment gain upon early termination of the swap. The District will only terminate its swap in advance of the contractual termination dates if market conditions permit. The deferred inflow would be recognized as an investment gain if the swap was determined to no longer be an effective hedge. Further, if the debt associated with the swap is refunded, the deferred inflow would be reduced and the deferred loss on refunding decreased by the same amount. The deferred loss on refunding would be amortized as interest expense over the life of the old debt or the life of the new debt, whichever is shorter.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

The deferred outflows of resources related to net pension liabilities of \$2,054,016 and \$2,223,442 at December 31, 2019 and 2018, will be amortized and recognized as pension expense over periods of five years or less. The deferred outflows of resources related to net OPEB liabilities of \$343,227 and \$24,450 at December 31, 2019 and 2018, will be amortized and recognized as OPEB expense over periods of five years or less.

The deferred inflows of resources related to pensions of \$769,919 and \$741,595 at December 31, 2019 and 2018 will be amortized and recognized as pension expense over periods of five years or less. The deferred inflows of resources related to OPEB of \$12,390 and \$26,476 at December 31, 2019 and 2018 will be amortized and recognized as OPEB expense over periods of five years or less.

F. Revenues

1. Water Consumption Sales, Service Charges and Capital Facility Charges (Water Sales)

The District's principal source of income is from water sales. Water rates are established by the Board of Directors and are supported by cost of service studies. Water rates are not subject to regulation by the California Public Utilities Commission or by any other local, state or federal agency. Water sales to District customers are billed on a monthly basis. Invoices for customers who pay on a set basis are billed in advance, while customers who pay based on a consumption basis are billed in arrears. Consumption amounts are determined on a weekly basis each comprising a monthly period. Estimated unbilled water sales revenue for consumption are accrued and recorded in the period the water was used. Capital facility charges, levied for capital asset projects and debt service payments, are applied to all District customers based on their respective service size connection. Wheeling charges are revenues received from neighboring water purveyors who utilize the District's transmission and distribution system. Other charges for services consist of customer related revenues for various services provided by the District including penalty charges. All other revenues are considered non-operating revenues, which comprise primarily investment and grant revenues.

2. Capital Contributions

Capital contributions represent cash, easements, and capital assets contributed to the District by property owners or real estate developers desiring services that require capital expenditures or capacity commitment, and federal and state grant proceeds for certain capital projects and water conservation awareness programs.

G. Budgetary Policies

The District does not operate under any legal budgeting requirement. However, the District adopts an annual non-appropriated operating expense budget and two capital project budgets for planning, control, and evaluation purposes. The budgets are prepared on a cash basis. Budgetary control is maintained at various levels within the District and evaluation is effectuated by comparisons of actual operating expenses and capital project costs with budgeted operating expenses and capital project costs during the year. As required by certain debt covenants, the annual operating budget is also evaluated, along with anticipated revenues, such that net revenues, as defined by the various debt covenants, are equal to or exceed a minimum of 115% of the anticipated debt service for the budget year.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

H. Future Accounting Pronouncements

GASB has issued the following statements which may impact the District's financial reporting requirements in the future. The District is currently analyzing the impact of implementing these new statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement were effective for the year ended December 31, 2019 and the District determined its pension and OPEB trust funds do not meet the criteria of reporting as a fiduciary fund.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures related to Debt, including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in the notes to government financial statements and clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences and significant subjective acceleration clauses. For notes to the financial statement there is a requirement that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement were implemented for the year ended December 31, 2019.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

1) Reporting Entity and Summary of Significant Accounting Policies, continued

H. Future Accounting Pronouncements, continued

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement establishes accounting and reporting requirements for interbank offered rate (IBOR) financial instruments. Some governments, including the District, have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address these and other accounting and financial reporting implications that result from the replacement of an IBOR. The District has LIBOR based investment and derivative financial instruments in its portfolio. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(2) Cash, Cash Equivalents and Investments

As a public agency, the District's investment practices are prescribed by various provisions of the California Government Code, as well as by Board policy. The District's investment policy is reviewed at least biennially by the Board of Directors and describes the Director of Finance & Administration/District Treasurer's investment authority, practices, and limitations. The basic investment policy objectives of the District, in order of importance are - safety of principal, liquidity, interest rate risk hedging, and return on investments.

Cash and investments as of December 31, 2019 and 2018 are classified in the Statements of Net Position as follows:

	2019	2018
Cash and cash equivalents	\$ 8,011,079	\$ 7,585,118
Restricted cash and cash equivalents	1,688	9,768
Investments	39,040,578	36,369,025
Total	<u>\$ 47,053,345</u>	<u>\$ 43,963,911</u>

Restricted cash and cash equivalents and investments are amounts established by Trust Agreements per certain long-term debt covenants. See Note 3 for further details.

Cash, cash equivalents and investments as of December 31, 2019 and 2018 by investment type are as follows:

	2019	2018
Cash on hand	\$ 3,750	\$ 3,750
Deposits with financial institutions	2,787,834	3,949,222
Total cash	<u>2,791,584</u>	<u>3,952,972</u>
California Local Agency Investment Fund (LAIF)	3,818,496	1,232,252
Money market mutual funds	227,098	416,638
Commercial paper	1,173,901	1,983,256
Held by bond trustee:		
Restricted money market mutual funds	1,688	9,768
Total cash equivalents	<u>5,221,183</u>	<u>3,641,914</u>
Negotiable certificates of deposit	5,791,916	6,323,427
U.S. treasury notes/bonds	15,965,840	12,554,748
Federal agency securities	1,514,810	1,474,227
Municipal obligations	99,828	229,632
Corporate notes	9,193,263	8,568,148
Mortgage backed and asset backed securities	3,882,214	4,663,595
Supranationals	2,592,707	2,555,248
Total investments	<u>39,040,578</u>	<u>36,369,025</u>
Total	<u>\$ 47,053,345</u>	<u>\$ 43,963,911</u>

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(2) Cash, Cash Equivalents and Investments, continued

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of December 31, 2019:

Investments by fair value level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Negotiable certificates of deposit	\$ 5,791,916	\$ -	\$ 5,791,916	\$ -
U.S. treasury notes/bonds	15,965,840	15,965,840	-	-
Federal agency securities	1,514,810	-	1,514,810	-
Municipal obligations	99,828	-	99,828	-
Corporate notes	9,193,263	-	9,193,263	-
Mortgage backed and asset backed securities	3,882,214	-	3,882,214	-
Supranationals	2,592,707	-	2,592,707	-
Total investments by fair value level	39,040,578	15,965,840	23,074,738	-
Commercial paper	1,173,901	-	1,173,901	-
Total	\$ 40,214,479	\$ 15,965,840	\$ 24,248,639	\$ -

All securities classified in Level 1 are valued using quoted prices in active markets.

All securities classified in Level 2 are valued using pricing models that are based on market data, such as matrix or model pricing, which use standard inputs, that include benchmark yields, reported trades, broker/dealer quotes, issue spreads, two sided markets, benchmark securities, bids, offers and reference data including market research publications.

All securities classified in Level 3 are valued using cost.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(2) Cash, Cash Equivalents and Investments, continued

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized in accordance with the California Government Code or the District's investment policy, where more restrictive. The table also identifies certain provisions of 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.

Authorized Investment Type	Maximum Maturity⁽¹⁾	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. treasury notes/bonds	5 years	None	None
Federal agency securities	5 years	None	None
Municipal Obligations	5 years	None	None
Repurchase agreements	1 year	50%	None
Bankers acceptances	180 days	40%	5%
Commercial paper ⁽²⁾	270 days	25%	5%
Negotiable certificates of deposit	5 years	30%	5%
Medium-term notes	5 years	30%	5%
Time deposits	1 year	None	None
Money market mutual funds	N/A	20%	10%
Local Government Investment Pools	N/A	None	None
Mortgage backed and asset backed securities	5 years	20%	None
Local Agency Investment Fund (LAIF) ⁽³⁾	N/A	(3)	None
Supranationals	5 years	15%	None

(1) The California Government Code provides authority to the Board to permit maturities beyond 5 years for certain investments. Current Board policy provides for maturities longer than 5 years for funds established by Indentures of Trust.

(2) Limited to funds invested in California Government Code authorized instruments.

(3) California Government Code limits the District's investment for operating and reserve funds in LAIF to \$65 million. There is no ceiling on bond proceeds invested in LAIF. Transactions are limited to 15 per month with a 24 hour notice for withdrawals in excess of \$10 million. Maximum withdrawal amounts are \$65 million and LAIF funds are not eligible for borrowing.

Investment in LAIF

The District is a voluntary participant in LAIF that is regulated by the California Government Code under oversight by the Local Investment Advisory Board, which consists of five members, with the Treasurer of the State of California serving as chairman. The fair value of the District's investment in this pool is reported in the Statements of Net Position as a cash equivalent based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost and current value basis. The District's investment in LAIF at December 31, 2019 and 2018 was \$3,818,496 and \$1,232,252, respectively. The total fair value of all public agencies invested in LAIF at December 31, 2019 and 2018 was \$26,711,885,343 and \$21,266,289,939, respectively.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(2) Cash, Cash Equivalents and Investments, continued

Cash equivalents and investments contain certain risks. The District has implemented various provisions to address the following risks: interest rate risk, credit risk, concentration of credit risk, and custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates on investments with or without embedded options will adversely affect the fair value of an investment. The District manages this risk by holding investments to maturity or by adjusting the effective duration (a measure of the responsiveness of a bond's price to interest rate changes) of the investment portfolio against a nationally recognized benchmark index that most closely relates to the District's investment objectives. The District selected the "Bank of America Merrill Lynch 0-5 Year U.S. Treasury Index" as its benchmark index. The District's duration targets are reviewed quarterly and, dependent on the evaluation of various markets and non-market factors (such as cash-flow needs of the District), a duration goal is set. As of December 31, 2019 and 2018, the effective duration of the "Bank of America Merrill Lynch 0-5 Year U.S. Treasury Index" was 2.09 and 2.32, respectively.

Weighted-average effective duration of cash equivalents were as follows:

Cash Equivalent Type	December 31, 2019		December 31, 2018	
	Fair Value	Duration	Fair Value	Duration
LAIF	\$ 3,818,496	0.62	\$ 1,232,252	0.53
Money market mutual funds	228,786	-	426,406	-
Commercial paper	1,173,901	0.05	1,983,256	0.30
Weighted average duration	\$ 5,221,183	0.46	\$ 3,641,914	0.42

Weighted-average effective duration on investments were as follows:

Investment Type	December 31, 2019		December 31, 2018	
	Fair Value	Duration	Fair Value	Duration
Negotiable certificates of deposit	\$ 5,791,916	1.18	\$ 6,323,427	1.19
U.S. treasury notes/bonds	15,965,840	3.05	12,554,748	2.96
Federal agency securities	1,514,810	1.54	1,474,227	2.49
Municipal obligations	99,828	4.34	229,632	0.21
Corporate notes	9,193,263	1.89	8,568,148	1.70
Mortgage backed and asset backed securities	3,882,214	1.49	4,663,595	1.51
Supranationals	2,592,707	1.02	2,555,248	1.97
Weighted average duration	\$ 39,040,578	2.16	\$ 36,369,025	2.06

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(2) Cash, Cash Equivalents and Investments, continued

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District manages such risk by purchasing investments with nationally recognized credit ratings that meet or exceed District credit rating requirements at the time of purchase. Credit ratings utilized are those provided by Standard and Poor's Ratings Services, where applicable. Additionally, regular monitoring of the credit ratings of purchased securities held in the portfolio is performed to evaluate individual securities for potential sale.

Cash equivalents credit ratings as of December 31, 2019, were as follows:

Cash Equivalent Type		Minimum Legal Rating	<u>Ratings as of Year-End</u>		
			Not Rated	AAA/AA	A-1+/A-1
LAIF	\$ 3,818,496	-	\$ 3,818,496	\$ -	\$ -
Money market mutual funds	228,786	-	-	228,786	-
Commercial paper	1,173,901	A-1	-	-	1,173,901
Total cash equivalents	\$ 5,221,183	-	\$ 3,818,496	\$ 228,786	\$ 1,173,901

Investment credit ratings as of December 31, 2019 were as follows:

Investment Type		Minimum Legal Rating	Not Rated	<u>Ratings as of Year-End</u>			
				AAA	AA+/AA-	A+/A/A-/ A-1/A-1+	BBB+
Negotiable certificates of deposit	\$ 5,791,916	A	\$ -	\$ -	\$ 1,464,630	\$ 4,327,286	\$ -
U.S. treasury notes/bonds	15,965,840	-	-	-	15,965,840	-	-
Federal agency securities	1,514,810	-	-	-	1,514,810	-	-
Municipal obligations	99,828	-	-	-	99,828	-	-
Corporate notes	9,193,263	A	-	-	1,301,593	7,096,380	795,290
Mortgage backed and asset backed securities	3,882,214	AA	1,005,440	2,236,782	639,992	-	-
Supranationals	2,592,707	AA	-	2,592,707	-	-	-
Total investments	\$39,040,578	-	\$1,005,440	\$ 4,829,489	\$20,986,693	\$11,423,666	\$ 795,290

Cash equivalents credit ratings as of December 31, 2018, were as follows:

Cash Equivalent Type		Minimum Legal Rating	<u>Ratings as of Year-End</u>		
			Not Rated	AAA/AA	A-1+/A-1
LAIF	\$ 1,232,252	-	\$ 1,232,252	\$ -	\$ -
Money market mutual funds	426,406	-	-	426,406	-
Commercial paper	1,983,256	A-1	-	-	1,983,256
Total cash equivalents	\$ 3,641,914	-	\$ 1,232,252	\$ 426,406	\$ 1,983,256

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(2) Cash, Cash Equivalents and Investments, continued

Investment credit ratings as of December 31, 2018, were as follows:

Investment Type		Minimum Legal Rating	Not Rated	Ratings as of Year-End			
				AAA	AA+/AA-	A+/A/A-/ A-1/A-1+	BBB+
Negotiable certificates of deposit	\$ 6,323,427	A	\$ -	\$ -	\$ 1,953,315	\$ 4,370,112	\$ -
U.S. treasury notes/bonds	12,554,748	-	-	-	12,554,748	-	-
Federal agency securities	1,474,227	-	-	-	1,474,227	-	-
Municipal obligations	229,632	-	-	-	-	229,632	-
Corporate notes	8,568,148	A	-	-	1,282,537	6,028,164	1,257,447
Mortgage backed and asset backed securities	4,663,595	AA	1,787,688	2,192,396	683,511	-	-
Supranationals	2,555,248	AA	-	2,555,248	-	-	-
Total investments	\$36,369,025	-	\$1,787,688	\$ 4,747,644	\$17,948,338	\$10,627,908	\$ 1,257,447

Concentration of Credit Risk

At December 31, 2019 and 2018 the District had no investments (obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government not listed) representing five percent or more of its investments

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District 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. As of December 31, 2019 and 2018, \$3,357,112 and \$5,241,643 respectively, of the District's deposits were in excess of federal depository insurance (FDIC) limit of \$250,000. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District 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 exposure to custodial credit risk for deposits or investments, other than the following provision: 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.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(3) Restricted Cash, Cash Equivalents and Investments

Restricted cash and cash equivalents are amounts established by debt covenants on certain long-term debt issuances. Restricted cash and cash equivalents as of December 31 were as follows:

	<u>2019</u>	<u>2018</u>
2009A Certificates of participation reserve fund	\$ 1	\$ 1
2012A Revenue bond interest payment fund	798	991
2018A Revenue bond interest payment fund	889	8,776
Total	<u>\$ 1,688</u>	<u>\$ 9,768</u>

(4) Receivables, Net and Restricted Receivable

Receivables as of December 31 consist of the following:

	<u>2019</u>	<u>2018</u>
Water sales and services receivable	\$ 3,085,812	\$ 2,994,896
Allowance for doubtful accounts	(184,140)	(153,494)
Accrued interest receivable	215,053	215,917
Receivable from OPEB trust	91,467	73,372
Receivable from City of Sacramento	-	872,200
Receivable, other	5,854	-
Grant receivable	351,969	-
Total	<u>\$ 3,566,015</u>	<u>\$ 4,002,891</u>

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(5) Capital Assets

Changes in capital assets for the year ended December 31, 2019, were as follows:

	Balance 2018	Additions	Deletions	Transfers	Balance 2019
Non-depreciable assets:					
Land	\$ 1,798,864	\$ -	\$ -	\$ -	\$ 1,798,864
Permanent easements	4,262,786	270,670	-	-	4,533,456
Construction-in-progress	4,879,703	17,231,161	-	(18,663,929)	3,446,935
Total non-depreciable assets	10,941,353	17,501,831	-	(18,663,929)	9,779,255
Depreciable and amortizable assets:					
Land improvements	1,100,698	15,565	-	43,409	1,159,672
Pumping and wells	79,739,331	-	(18,082)	4,208,942	83,930,191
Hydrants, PRV stations, valves	138,743,553	632,714	(67,553)	2,752,767	142,061,481
Purchased trans & dist pipelines	176,225,535	105,303	-	6,437,934	182,768,772
Capacity entitlement	5,282,728	-	-	-	5,282,728
Storage facilities – reservoirs	14,235,352	-	-	127,781	14,363,133
Water meters	37,062,970	418,264	(2,395,274)	4,935,638	40,021,598
Buildings	2,690,040	-	-	-	2,690,040
Buildings improvements	3,663,913	160,733	(219,582)	-	3,605,064
Machinery and equipment	1,329,706	17,900	(38,968)	157,458	1,466,096
Fleet equipment	1,973,176	293,790	(122,654)	-	2,144,312
Office equipment	274,300	-	(80,616)	-	193,684
Computer software	2,891,570	-	(2,550)	-	2,889,020
Computer hardware & equipment	1,188,476	109,871	-	-	1,298,347
Total depreciable & amort. Assets	466,401,348	1,754,140	(2,945,279)	18,663,929	483,874,138
Accumulated depreciation and amortization:					
Land improvements	(876,118)	(25,818)	-	-	(901,936)
Pumping and wells	(40,462,395)	(2,926,703)	18,082	-	(43,371,016)
Hydrants, PRV stations, valves	(73,739,862)	(3,798,646)	67,006	-	(77,471,502)
Purchased trans & dist pipelines	(24,848,534)	(2,201,659)	-	-	(27,050,193)
Capacity entitlement	(3,649,279)	(174,194)	-	-	(3,823,473)
Storage facilities – reservoirs	(4,640,365)	(354,037)	-	-	(4,994,402)
Water meters	(22,115,444)	(2,682,536)	2,341,268	-	(22,456,712)
Buildings	(1,510,723)	(66,348)	-	-	(1,577,071)
Buildings improvements	(2,683,047)	(180,898)	217,309	-	(2,646,636)
Machinery and equipment	(750,035)	(129,453)	38,968	-	(840,520)
Fleet equipment	(1,357,205)	(164,800)	122,654	-	(1,399,351)
Office equipment	(212,520)	(15,043)	80,616	-	(146,947)
Computer software	(2,583,335)	(116,455)	2,550	-	(2,697,240)
Computer hardware & equipment	(793,575)	(156,813)	-	-	(950,388)
Total accumulated depr. & amort.	(180,222,437)	(12,993,403)	2,888,453	-	(190,327,387)
Total depr. & amort. assets, net	286,178,911	(11,239,263)	(56,826)	18,663,929	293,546,751
Total capital assets, net	\$297,120,264	\$ 6,262,568	\$ (56,826)	\$ -	\$ 303,326,006

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(5) Capital Assets, continued

Changes in capital assets for the year ended December 31, 2018, were as follows:

	Balance 2017	Additions	Deletions	Transfers	Balance 2018
Non-depreciable assets:					
Land	\$ 1,798,864	\$ -	\$ -	\$ -	\$ 1,798,864
Permanent easements	4,102,865	159,921	-	-	4,262,786
Construction-in-progress	10,881,969	17,835,319	-	(23,837,585)	4,879,703
Total non-depreciable assets	16,783,698	17,995,240	-	(23,837,585)	10,941,353
Depreciable and amortizable assets:					
Land improvements	1,041,256	59,442	-	-	1,100,698
Pumping and wells	78,597,290	-	(24,610)	1,166,651	79,739,331
Hydrants, PRV stations, valves	132,588,870	288,589	(163,412)	6,029,506	138,743,553
Purchased trans & dist pipelines	163,142,523	262,508	(298)	12,820,802	176,225,535
Capacity entitlement	5,282,728	-	-	-	5,282,728
Storage facilities – reservoirs	14,050,359	-	-	184,993	14,235,352
Water meters	34,000,724	33,135	(210,918)	3,240,029	37,062,970
Buildings	2,690,040	-	-	-	2,690,040
Buildings improvements	3,475,391	188,522	-	-	3,663,913
Machinery and equipment	862,448	71,654	-	395,604	1,329,706
Fleet equipment	1,840,212	216,402	(83,438)	-	1,973,176
Office equipment	274,300	-	-	-	274,300
Computer software	2,851,561	40,009	-	-	2,891,570
Computer hardware & equipment	1,006,853	181,623	-	-	1,188,476
Total depreciable & amort. assets	441,704,555	1,341,884	(482,676)	23,837,585	466,401,348
Accumulated depreciation and amortization:					
Land improvements	(850,125)	(25,993)	-	-	(876,118)
Pumping and wells	(37,600,263)	(2,886,742)	24,610	-	(40,462,395)
Hydrants, PRV stations, valves	(70,239,681)	(3,640,641)	140,460	-	(73,739,862)
Purchased trans & dist pipelines	(22,810,210)	(2,038,600)	276	-	(24,848,534)
Capacity entitlement	(3,475,085)	(174,194)	-	-	(3,649,279)
Storage facilities – reservoirs	(4,290,949)	(349,416)	-	-	(4,640,365)
Water meters	(19,782,878)	(2,543,484)	210,918	-	(22,115,444)
Buildings	(1,444,222)	(66,501)	-	-	(1,510,723)
Buildings improvements	(2,520,986)	(162,061)	-	-	(2,683,047)
Machinery and equipment	(705,395)	(44,640)	-	-	(750,035)
Fleet equipment	(1,303,007)	(137,635)	83,437	-	(1,357,205)
Office equipment	(196,043)	(16,477)	-	-	(212,520)
Computer software	(2,355,023)	(228,312)	-	-	(2,583,335)
Computer hardware & equipment	(648,153)	(145,422)	-	-	(793,575)
Total accumulated depr. & amort.	(168,222,020)	(12,460,118)	459,701	-	(180,222,437)
Total depr. & amort. assets, net	273,482,535	(11,118,235)	(22,975)	23,837,585	286,178,911
Total capital assets, net	\$ 290,266,233	\$ 6,877,005	\$ (22,975)	\$ -	\$297,120,264

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(5) Capital Assets, continued

Major capital asset additions during 2019 and 2018 include construction and major upgrades to the transmission and distribution system, fire hydrants, valves, PRV stations, water meters, and wells. A significant portion of these additions were constructed by the District and transferred out of construction-in-progress upon completion of these various projects.

Construction-In-Progress

The District has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-progress balances at December 31 are as follows:

	2019	2018
Butano/Cottage well construction	\$ 189,079	\$ -
Jonas main replacement	-	1,043,767
Verner/Panorama well construction	531,626	363,930
Palm Avenue well construction	-	2,875,463
Edison Meadows main replacement	281,033	-
Albatross main replacement	761,406	-
Thor main replacement	490,790	-
Naomi main replacement	494,229	-
SCADA RTU panels improvements	-	69,833
Various other distribution main replacements	231,071	86,210
Various other minor projects	245,875	413,002
Well rehabilitation/pump improvements	221,826	27,498
Construction-in-progress	<u>\$ 3,446,935</u>	<u>\$ 4,879,703</u>

There was no impairment of District assets as defined by GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" as of December 31, 2019 and 2018.

(6) Compensated Absences

Compensated absences are comprised of unpaid vacation and sick leave, which is accrued as earned, and accumulated unpaid overtime. The District's liability for compensated absences is determined annually. The current portion of the compensated absences is estimated based on amounts used in the current year.

The changes to compensated absences balances at December 31 are as follows:

Balance 2018	Earned	Taken	Balance 2019	Due Within One Year
\$ 950,951	\$ 971,729	\$ (801,009)	\$ 1,121,671	\$ 800,000

Balance 2017	Earned	Taken	Balance 2018	Due Within One Year
\$ 1,019,780	\$ 825,523	\$ (894,352)	\$ 950,951	\$ 900,000

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(7) Long-Term Debt

Description of the District's Long-Term Debt

The District's long-term debt consists of Refunding Revenue Certificates of Participation (COP obligations) and Refunding Revenue Bonds (bonds) issued for the purpose of refunding debt originally issued to fund portions of the District's capital improvement program (CIP). The COP obligations and bonds are secured by a pledge of the District's net revenues. Such COP obligations and bonds contain certain restrictive covenants, with which the District has complied. All COP obligations and bonds contain call provisions. COP obligations and bonds maturing after the earliest applicable call date are subject to optional, mandatory or extraordinary redemption prior to maturity, without premium.

Long-term debt activities for the year ended December 31, 2019, are as follows:

	Balance 2018	Additions	Retirements	Balance 2019	Current Portion
2009A Certificates of participation	\$ 42,000,000	\$ -	\$ -	\$ 42,000,000	\$ -
2012A Revenue bond	15,385,000	-	(2,160,000)	13,225,000	2,235,000
2018A Revenue bond	17,295,000	-	(2,465,000)	14,830,000	2,555,000
Total principal	74,680,000	-	(4,625,000)	70,055,000	4,790,000
Unamortized bond premium	2,117,100	-	(239,672)	1,877,428	
Imputed borrowing - off-market swap	4,632,032	-	(344,033)	4,287,999	
Total long-term debt	\$ 81,429,132	\$ -	\$ (5,208,705)	\$ 76,220,427	

Long-term debt activities for the year ended December 31, 2018, are as follows:

	Balance 2017	Additions	Retirements	Balance 2018	Current Portion
2009A Certificates of participation	\$ 42,000,000	\$ -	\$ -	\$ 42,000,000	\$ -
2009B Certificates of participation	22,065,000	-	(22,065,000)	-	-
2012A Revenue bond	17,490,000	-	(2,105,000)	15,385,000	2,160,000
2018A Revenue bond	-	19,615,000	(2,320,000)	17,295,000	2,465,000
Total principal	81,555,000	19,615,000	(26,490,000)	74,680,000	\$ 4,625,000
Unamortized bond premium	3,264,361	-	(1,147,261)	2,117,100	
Imputed borrowing - off-market swap	4,969,023	-	(336,991)	4,632,032	
Total long-term debt	\$ 89,788,384	\$19,615,000	\$(27,974,252)	\$ 81,429,132	

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(7) Long-Term Debt, continued

The future debt service schedule of all long-term debt as of December 31, 2019, is as follows:

Year	Principal	Interest ⁽¹⁾	Total
2020	\$ 4,790,000	\$ 2,535,666	\$ 7,325,666
2021	4,965,000	2,364,926	7,329,926
2022	5,120,000	2,178,316	7,298,316
2023	3,585,000	1,988,169	5,573,169
2024	3,770,000	1,846,913	5,616,913
2025-2029	21,415,000	6,873,376	28,288,376
2030-2034	26,410,000	2,676,704	29,086,704
Total	70,055,000	\$ 20,464,070	\$ 90,519,070
Less current portion	(4,790,000)		
Unamortized bond premium	1,877,428		
Imputed borrowing on off-market swap	4,287,999		
Total non-current long-term debt	\$ 71,430,427		

(1) Includes – 1) fixed-rate interest at scheduled payments, 2) variable-rate interest at an estimated rate of 1.855% as of December 31, 2019 (includes market rate plus facility and remarketing fees), and 3) swap payments based on a 3.283% fixed-rate per the amended and restated Swap Confirmation dated April 11, 2012, less the variable receive rate of 1.233% as of December 31, 2019.

2009 Series A COP

In June 2009, the District issued a \$42,000,000 COP obligation, Series 2009A at a variable interest rate, to current refund the \$41,275,000 COP obligation, Series 2004. The variable interest rate resets weekly. This COP obligation was issued with an irrevocable direct-pay letter-of-credit (LOC) which expires on June 30, 2023⁽²⁾. This term debt's maturity is November 1, 2034 and is subject to optional, mandatory and extraordinary sinking fund prepayment and optional and mandatory tender redemption provisions, without premium. The installment purchase agreement defines events of default as 1) default in principal payments; 2) default in interest payments; 3) default by the District of any of the covenants, agreements, or conditions; 4) the filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein; 5) an event of default has occurred with the LOC provider under the terms of the LOC reimbursement agreement. Upon the occurrence of an event of default, the principal of the COP obligation could be declared immediately due and payable.

The LOC reimbursement agreement defines events of default as 1) default in principal and/or interest payments; 2) default by the District of any of the covenants, warranties, certifications, agreements, or conditions; 3) the filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein; 4) an event of default has occurred with the COP obligation.

(1) The credit rating of the District's LOC provider (Sumitomo Mitsui Banking Corporation) as of December 31, 2019 is A1/A/A by Moody's Investor Services, Standard and Poor's Ratings Services, and Fitch IBCA, Inc., respectively.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(7) Long-Term Debt, continued

As discussed more fully under the caption “Interest Rate Swap” below, subsequent to its issuance, a swap was issued to hedge this COP obligation which itself was amended and restructured in 2012 to proportionately match the terms of this COP obligation. The swap has been determined to serve as an effective cash flow hedge in accordance with the provisions of GASB No. 53 as amended by GASB 59 and 64, even though the swap terms do not completely match those of this COP obligation.

As of December 31, 2019, the future debt service schedule of the 2009 Series A COP obligation and associated swap payments are as follows:

Year	2009 Series A COP		Interest Rate ⁽¹⁾		Total
	Principal	Interest ⁽²⁾	Swap, Net		
2020	\$ -	\$ 779,100	\$ 682,787	\$ 1,461,887	
2021	-	779,100	682,787	1,461,887	
2022	-	779,100	682,787	1,461,887	
2023	1,145,000	775,560	679,677	2,600,237	
2024	1,245,000	754,011	660,762	2,659,773	
2025-2029	13,200,000	3,327,035	2,916,025	19,443,060	
2030-2034	26,410,000	1,426,279	1,250,425	29,086,704	
Total	42,000,000	\$ 8,620,185	\$ 7,555,250	\$ 58,175,435	
Less current portion	-				
Imputed borrowing- off-market swap	4,287,999				
Total non-current COP obligation	\$ 46,287,999				

(1) Based on a 3.283% fixed-rate per the amended and restated Swap Confirmation dated April 11, 2012, less the variable receive rate of 1.233% as of December 31, 2019.

(2) Estimated at an assumed rate of 1.855% as of December 31, 2019 (includes market rate plus facility and remarketing fees).

2012 Series A Bond

On April 19, 2012, the District issued \$29,200,000 of Refunding Revenue Bonds Series 2012A (bonds) at a true interest cost of 3.66%, to current refund the Series 2008A-2 COP obligation with an outstanding balance of \$33,300,000. This serial bond’s maturity extends to November 1, 2027 and is subject to optional and extraordinary redemption provisions, without premium. Proceeds of the bonds, less \$417,002 to pay the costs of issuing the bonds, were placed in escrow to immediately pay the outstanding principal plus accrued interest on the Series 2008A-2 COP obligation, without premium.

The loan agreement defines events of default as 1) default in principal payments; 2) default in interest payments; 3) default by the District of any of the covenants, agreements, or conditions; 4) the filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein. Upon the occurrence of an event of default, the principal of the bonds could be declared immediately due and payable.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(7) Long-Term Debt, continued

As of December 31, 2019, the future debt service schedule of the 2012 Series A Revenue Bond is as follows:

Year	Principal	Interest	Total
2020	\$ 2,235,000	\$ 597,394	\$ 2,832,394
2021	2,320,000	500,837	2,820,837
2022	2,405,000	394,798	2,799,798
2023	1,155,000	289,975	1,444,975
2024	1,195,000	231,892	1,426,892
2025-2027	3,915,000	325,950	4,240,950
Total	13,225,000	\$ 2,340,846	\$ 15,565,846
Less current portion	(2,235,000)		
Unamortized bond premium	1,877,428		
Total non-current bond obligation	\$ 12,867,428		

2018 Series A Revenue Refunding Bond (Taxable)

On May 2, 2018, the District issued \$19,615,000 of Refunding Revenue Bonds Series 2018A (Series 2018A Bond) with an average coupon rate of 3.40%, to advance refund \$22,065,000 of outstanding Series 2009B COP Obligations with an average coupon rate of 5.27%. The net proceeds of \$19,403,895 (after payment of \$211,105 in underwriting fees and other cost of issuance expenses) plus an additional \$3,533,324 of Series 2009B restricted debt service reserve funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent and the Series 2009B COP has been repaid in full.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,732,759. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2027 using the effective-interest rate method. The District completed the advance refunding to reduce its total debt service payments over the next nine years by \$1,571,900 and to obtain economic gain (difference between the present values of the old and new debt) of \$1,360,137.

The loan agreement defines events of default as 1) default in principal payments; 2) default in interest payments; 3) default by the District of any of the covenants, agreements, or conditions; 4) the filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein. Upon the occurrence of an event of default, the principal of the bonds could be declared immediately due and payable.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(7) Long-Term Debt, continued

As of December 31, 2019, the future debt service schedule of the 2018 Series A Bond is as follows:

Year	Principal	Interest	Total
2020	\$ 2,555,000	\$ 476,386	\$ 3,031,386
2021	2,645,000	402,202	3,047,202
2022	2,715,000	321,632	3,036,632
2023	1,285,000	242,957	1,527,957
2024	1,330,000	200,248	1,530,248
2025-2027	4,300,000	304,366	4,604,366
Total	14,830,000	\$ 1,947,791	\$ 16,777,791
	Less current portion	(2,555,000)	
	Total non-current COP obligation	\$ 12,275,000	

Arbitrage Rebate Requirement

The federal Tax Reform Act of 1986 imposes an arbitrage rebate requirement that affects all tax-exempt debt issued by the District. The term arbitrage refers to the required payment to the U.S. Treasury of excess interest earnings received on applicable tax-exempt debt obligation proceeds which, for the District, is solely made up of debt service reserve funds (restricted cash, cash equivalents, and investments) that are invested in a higher yield than the yield of the tax-exempt debt obligation issue. The District's ultimate rebate of arbitrage earnings on these issues is contingent on various factors, including future yields on invested proceeds. As of December 31, 2019 and 2018, the District has no arbitrage rebate liability.

Interest Rate Swap

Objective and Terms

In order to take advantage of low interest rates in the marketplace, the District entered into a pay-fixed, receive-variable interest rate swap agreement (swap) with Citibank, N.A. upon issuance of the Series 2005A COP obligation at a cost that was less than what otherwise the District would have paid to issue fixed-rate debt. In April 2012, the swap agreement was subsequently amended and restructured with Citibank, N.A. to match the terms of the Series 2009A COP obligation, albeit at a reduced notional amount, after which the swap was novated to Wells Fargo Bank, N.A. The swap's notional amount amortizes in proportionately like amounts to the Series 2009A COP. The swap agreement requires that the District pay Wells Fargo Bank, N.A. a series of future fixed-rate payments monthly based on an annual rate of 3.283%; Wells Fargo Bank, N.A., in turn, is required to pay the District a series of future variable-rate payments equal to 60% of the 1-Month London Inter-bank Offered Rate (LIBOR) plus 0.18% monthly. At the time of restructuring the swap in 2012, the negative fair value of the swap was determined to be \$6,745,000, the unamortized amount of which is reported as an "imputed borrowing," a component of long-term debt in the Statements of Net Position.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(7) Long-Term Debt, continued

Fair Value

Based on existing market conditions as of December 31, 2019 and 2018, the swap had a negative fair value of \$6,688,455 and \$5,180,277 to the District, respectively. The fair value of the District's swap was a negative number due to the overall decline in interest rates for a comparable swap as of those dates. From the District's perspective, this is because the expected future variable-rate payments due from Wells Fargo Bank, N.A., as of those dates, are lower than when the swap was entered into. Pursuant to the requirements of GASB 53, as amended by GASB 59 and 64, as of December 31, 2019 and 2018, the "on-market" portion of the swap's negative fair value is reported as a component of non-current liabilities on the Statements of Net Position and the offsetting amount is recorded as a deferred outflow or inflow of resources. The "on-market" portion of the swap is considered an effective hedging instrument as of December 31, 2019 and 2018.

	Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Term Date	Counterparty Credit Rating (1)
Dec. 31, 2019	\$33,300,000	April 11, 2012	3.283%	60% LIBOR +.18%	\$ (6,688,455)	Nov. 1, 2034	Aa2/A+/AA-
Dec. 31, 2018	\$33,300,000	April 11, 2012	3.283%	60% LIBOR +.18%	\$ (5,180,277)	Nov. 1, 2034	Aa2/A+/AA-
Dec. 31, 2017	\$33,300,000	April 11, 2012	3.283%	60% LIBOR +.18%	\$ (6,257,943)	Nov. 1, 2034	Aa2/AA-/AA

(1) Moody's Investor Services, Standard and Poor's Ratings Services, and Fitch IBCA, Inc., respectively.

Swap Payments and Notional Amortization for the Period Ended December 31, 2019:

Year	Notional Amortization	Swap Payments, Net ⁽¹⁾	Total
2020	\$ -	\$ 682,787	\$ 682,787
2021	-	682,787	682,787
2022	-	682,787	682,787
2023	910,000	679,677	1,589,677
2024	985,000	660,762	1,645,762
2025-2029	10,460,000	2,916,025	13,376,025
2030-2034	20,945,000	1,250,425	22,195,425
Total	\$ 33,300,000	\$ 7,555,250	\$ 40,855,250

(1) Based on a 3.283% fixed-rate per the amended and restated Swap Confirmation dated April 11, 2012, less the variable receive rate of 1.233% as of December 31, 2019.

The swap is intended to hedge interest rate risk on a portion of the District's outstanding Series 2009A COP, which bears interest at a variable rate. The swap, however, contains certain risks. The District has implemented various

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(7) Long-Term Debt, continued

provisions to address such risks that include, amongst other risks, credit risk, basis risk, termination risk, credit and extension risk, collateral posting and tax risk.

Credit Risk

Counterparty Credit Risk - The counterparty, Wells Fargo Bank, N.A. could be in default on swap payments owed to the District, or file for bankruptcy. This could result in a termination event, in which case the District could immediately owe (or be owed) the fair market value of the swap. Additionally, if the counterparty's credit rating falls below certain thresholds or is withdrawn, a termination event may result, in which case the District could immediately owe (or be owed) the fair market value of the swap.

District Credit Risk - If the District's credit rating on the Series 2009A COP falls below certain thresholds or is withdrawn, a termination event may result, in which case the District could immediately owe (or be owed) the fair market value of the swap.

Variable Interest Rate Risk (or Basis Risk)

Basis risk is the risk that the interest rates paid by the District on its variable-rate Series 2009A COP obligation may differ from the variable interest rate received from Wells Fargo Bank, N.A. This could result from a general market disparity between weekly rates paid by the District compared to 1-month LIBOR received from Wells Fargo Bank, N.A. It could also result from higher relative rates on the District's Series 2009A COP compared to similar securities. This could be related to factors such as negative investor perception of the credit quality of the Series 2009A COP.

Events of Default and Termination Event Risk

A number of events are specified in the swap agreement that could result in the District immediately owing (or owed) the swap's fair market value. These include, but are not limited to, failure of either party to pay or deliver, breach of the agreement by either party, loss of a credit support provider, downgrades to either the District's or Wells Fargo Bank, N.A.'s credit rating, events of default or bankruptcy of either party, and unscheduled redemptions of principal or modification to the amortization schedule of the District's Series 2009A COP.

Liquidity/Credit Enhancement on Certificates - Credit and Extension Risk

The District's Series 2009A COP is supported by Sumitomo Mitsui Banking Corporation through a direct-pay letter of credit facility. Such a facility is required for the Series 2009A COP to remain marketable and outstanding as variable rate securities. If Series 2009A COP investors perceive this facility negatively, the Series 2009A COP may bear higher rates than comparable securities (which may result in basis risk). In addition, the Certificate credit and liquidity facility must be extended periodically or replaced by a comparable provider. The current facility expires on June 30, 2023. To the extent the facility cannot be replaced or extended, various potential impacts of this, including accelerations of Series 2009A COP principal repayment, could result in a swap termination event.

Collateral Posting Risk

Based on certain thresholds of the fair market value of the swap and the ratings of the District or Wells Fargo Bank, N.A., either party may be required to post collateral (i.e. cash or certain allowable securities). For example, based on the District's current Moody's Investor Services rating of Aa2, the negative fair value of the swap would need to exceed \$20 million before the District would need to post \$1 million in cash or securities as collateral.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(7) Long-Term Debt, continued

Tax Risk

The swap exposes the District to tax risk if a permanent mismatch occurs between the variable-rate received from the swap and the variable-rate paid on the Series 2009A COP due to tax law changes such that the federal or state tax exemption on municipal debt is eliminated or its value reduced.

(8) Net Investment in Capital Assets

The District's net investment in capital assets, net of related debt, at December 31, consists of the following:

	2019	2018
Capital assets not being depreciated	\$ 9,779,255	\$ 10,941,353
Capital assets being depreciated and amortized, net	293,546,751	286,178,911
Deferred outflows on long-term debt refundings	5,363,480	6,024,224
Long term debt	(76,220,427)	(81,429,132)
Net investment in capital assets, considered non-expendable	<u>\$232,469,058</u>	<u>\$221,715,356</u>

(9) Restricted Net Position

Restricted net position balance as of December 31, consists of the following:

	2019	2018
2009A Certificates of participation reserve fund	\$ 1	\$ 1
2012A Revenue bond interest payment fund	798	991
2018A Revenue bond interest payment fund	889	8,776
Total restricted net position	<u>\$ 1,688</u>	<u>\$ 9,768</u>

This component of net position consists of external constraints placed by creditors.

(10) Unrestricted Net Position

Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action at any time. Currently, the District's Reserve Policy calls for three fund classifications that collectively comprise the District's unrestricted net position: Committed funds, Assigned funds and remaining funds not otherwise restricted, committed or assigned. Committed funds are those financial assets set aside by the Board for specific purposes as determined by Board resolution or ordinance. As of December 31, 2019 and 2018 the District has one committed fund with a zero balance for both years. The committed fund is for developers required to install extension facilities (up-sized line or the extension of facilities beyond the frontage of a parcel) as a requirement for obtaining water service. This fund is utilized to reimburse the developer, in whole or in part, for the extension

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(10) Unrestricted Net Position, continued

facility based on the proportion of funds collected from all developers for that calendar year. Assigned funds are those financial assets determined necessary to be retained for specific risk-mitigation purposes as determined by the Board annually or as needs arise. The Board has several classes of such assigned funds but is not bound legally or contractually on the retention of such funds and, as such, amounts in assigned funds are available to meet the general obligations of the District.

(11) Deferred Compensation Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide employees, who elect to participate, the opportunity to defer receipt of a portion of their compensation until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred compensation for income tax purposes. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants or their beneficiaries. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. The market value of all plan assets held in trust by the District for its deferred compensation program at December 31, 2019 and 2018, amounted to \$4,946,408 and \$4,122,547, respectively.

(12) Defined Benefit Pension Plan

A. General Information about the Pension Plan:

Plan Descriptions:

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Cost-Sharing Multiple Employer Defined Benefit Pension Plan administered by the California Public Employees' Retirement System (CalPERS). The Board has established a single "Cost-Sharing Miscellaneous" pension plan with CalPERS that is comprised of the following Rate Plans (Plans):

- Miscellaneous Plan – 3.0% at 60 (Classic Members)
- Miscellaneous Plan – 2.0% at 55 (Classic Members)
- Miscellaneous Plan – 2.0% at 62 (PEPRA)

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 <https://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 members) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(12) Defined Benefit Pension Plan, continued

The Plans' provisions and benefits in effect at December 31, 2019 and 2018, are summarized as follows:

	Miscellaneous		
	Prior to 09/25/2006	After 9/25/2006 and Prior to 01/01/2013	On or after 01/01/2013
Hire date			
Benefit formula	3.0% at 60	2.0% at 55	2.0% at 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 60	50 - 63	52 - 67
Monthly benefits as a % of eligible compensation	2.0% to 3.0%	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	8.00%*	7.00%*	7.25%
Required employer contribution rates – 2019	15.21%	10.33%	7.07%
Required employer contribution rates – 2018	14.37%	9.64%	7.27%
		Closed to new members that are not already CalPERS eligible participants	
Open or Closed to New Entrants	Closed		Open

(* Paid by District on behalf of employees)

In addition to the contribution rates above, the District was also required to make a payment of \$571,291 and \$465,090 toward its unfunded actuarial liability of all Plans during the year ended December 31, 2019 and 2018, respectively.

Contributions:

CalPERS 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 an actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for all 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 District's total employer contributions were \$1,088,919 and \$797,025 for the years ended December 31, 2019 and 2018, respectively. Dependent on the Rate Plan, for the measurement periods ended June 30, 2019 and 2018, the employee contribution rate was 8.0% or 7.0% of annual pay for Classic members. For PEPRA members, the employee contribution rate was 7.25% in 2019 and 6.50% in 2018. The District contributes the full 8.0% or 7.0% for Classic members while PEPRA members contribute the full 7.25 or 6.50%. At December 31, 2019 and 2018, the District's pickup of the employee's 8.0% and 7.0% share was \$260,166 and \$289,189, respectively.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(12) Defined Benefit Pension Plan, continued

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

As of December 31, 2019 and 2018, the District reported a net pension liability for its proportionate share of the net pension liability of the Plans of \$9,698,403 and \$8,812,373, respectively.

The District's net pension liability is measured as the proportionate share of the Pool's net pension liability. The net pension liability is measured as of June 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and 2017 rolled forward to June 30, 2019 and 2018 using standard update procedures. For June 30, 2019 and 2018, the District's proportion of the Net Pension Liability was based on its proportion of the Total Pension Liability less its proportion of the Fiduciary Net Position.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2018 was as follows:

Proportion - June 30, 2018	0.23383 %
Proportion - June 30, 2019	0.24219 %
Change - Increase (Decrease)	0.00836 %

For the year ended December 31, 2019 and 2018, the District recognized pension expense of \$2,172,699 and \$1,289,857, respectively. At December 31, 2019 and 2018, the District reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2019	2018	2019	2018
Pension contributions subsequent to measurement date	\$ 564,567	\$ 537,273	\$ -	\$ -
Changes in assumptions	462,465	1,004,638	163,940	246,217
Net differences between projected and actual earnings on plan investments	-	43,566	169,558	-
Differences between expected and actual experience	673,595	338,116	52,190	115,058
Differences between the employer's contribution and the employer's proportionate share of contributions	-	-	384,231	380,320
Change in employer's proportion	353,389	299,849	-	-
Total	\$2,054,016	\$2,223,442	\$ 769,919	\$ 741,595

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(12) Defined Benefit Pension Plan, continued

The \$564,567 and \$537,273 reported as deferred outflows of resources as of December 31, 2019 and 2018 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year, December 31, 2020 and 2019, respectively. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31</u>			
2019	\$	686,138	
2020	\$	(84,406)	
2021	\$	83,536	
2022	\$	34,262	

B. Actuarial Methods and Assumptions Used to Determine Total Pension Liability:

The total pension liabilities in the June 30, 2019 and 2018 actuarial valuation was determined using the following actuarial assumptions:

	2019	2018
	Miscellaneous	Miscellaneous
Valuation Date	June 30, 2018	June 30, 2017
Measurement Date	June 30, 2019	June 30, 2018
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Long-Term Rate of Return	(2)	(2)

⁽¹⁾ Dependent on age, service and type of employment

⁽²⁾ See Long-Term Expected Rate of Return section below.

The underlying mortality assumptions and all other actuarial assumptions used for December 31, 2019 were derived using CalPERS' Membership Data for all Funds. The mortality rates include 15 years of projected on-going mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries. The underlying mortality assumptions and all other actuarial assumptions used for December 31, 2018 were based on the 2017 CalPERS' experience study for the period 1997 to 2015. Further details on the Experience Studies can be found at the CalPERS website at www.calpers.ca.gov.

Long-Term Expected Rate of Return:

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

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(12) Defined Benefit Pension Plan, continued

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

The expected real rates of return by asset class are for December 31, 2019 and 2018 are as follows:

<u>Asset Class</u>	<u>2019 Target Allocation</u>	<u>Real Return Years 1 – 10 (a)¹</u>	<u>Real Return Years 11+ (b)²</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	-%	(0.92)%
Total	<u>100.0%</u>		

¹ An expected inflation rate of 2.00% used for this period.

² An expected inflation rate of 2.92% used for this period.

Discount Rate:

The discount rate used to measure the total pension liability was 7.15% as of December 31, 2019 and 2018. The projection of cash flows used to determine the discount rate assume that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. 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.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(12) Defined Benefit Pension Plan, continued

C. Changes in the Net Pension Liability:

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the District's proportionate share of the net pension liability for 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:

	2019	2018
	Sensitivity to 1- Percent Change	Sensitivity to 1- Percent Change
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 15,299,189	\$ 14,132,045
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 9,698,403	\$ 8,812,373
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 5,075,349	\$ 4,421,071

Plan Fiduciary Net Position:

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports, which can be found at the CalPERS website at www.calpers.ca.gov

Payable to the Pension Plan:

At December 31, 2019 and 2018, the District had no outstanding payable to the pension plans.

(13) Postemployment Benefits Other Than Pensions (OPEB)

Description of the Plan: The District's defined benefit OPEB plan (Plan) is a single-employer defined benefit plan that provides healthcare, dental and vision benefits for retired employees, certain former Northridge Water District directors, and their survivor dependents, subject to certain conditions. Substantially all of the District's full-time employees may become eligible for postemployment health benefits after age fifty and after working for the District for five years if hired before January 1, 2003. If hired after January 1, 2003, eligibility for such benefits is based on a minimum of ten years of qualifying service working with an employer that is a CalPERS healthcare provider. Retirement from the District is also a condition of eligibility for postemployment health benefits (the District must be the last employer prior to retirement). In addition, eligible retirees are required to pay a portion of the cost of certain medical insurance plans offered by CalPERS above a minimum amount established annually by the District. Eligible retirees hired after January 1, 2003, not fully-vested in postemployment health benefits, are required to pay a portion of health insurance costs up to the extent they are not fully vested. Certain former Northridge Water District directors with twelve years of service are also eligible for postemployment benefits.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(13) Postemployment Benefits Other Than Pensions (OPEB), continued

Benefit provisions are established and may be amended by the District and/or the CalPERS and California Employers' Retiree Benefit Trust (CERBT), a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115. CalPERS issues a publicly available financial report for the CERBT that can be obtained at www.calpers.ca.gov under Forms and Publications.

Employees Covered by Benefit Terms: At December 31, 2019 and 2018, the following current and former employees were covered by the benefit terms:

	<u>2019</u>	<u>2018</u>
Inactive employees or beneficiaries currently receiving benefit payments	43	37
Active employees	<u>65</u>	<u>67</u>
Total number of participants	<u>108</u>	<u>104</u>

Contributions: The contribution requirements of plan members and the District are established and may be amended by the District. The District prefunds the plan by contributing at least 100% of actuarially determined contributions to the CERBT. The Trust is administered by CalPERS as an agent multiple-employer plan. During the year ended December 31, 2019, the District's cash contributions to the trust were \$947,699, comprised of benefit payments of \$892,480, an estimated implicit subsidy of \$54,475 and administrative expenses of \$744. During the year ended December 31, 2018, the District's cash contributions to the trust were \$600,779, comprised of benefit payments of \$557,202, an estimated implicit subsidy of \$42,763 and administrative expenses of \$814.

Net OPEB Liability: The District's net OPEB liability was measured as of June 30, 2018 and 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions: The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2018
Measurement date	June 30, 2019 and 2018
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Investment rate of return	6.75%
Discount rate	6.75%
Inflation	2.75%
Salary increases	3.00% per year
Assumed wage inflation	3.00% per year
Mortality rate	Derived using CalPERS membership data
Mortality improvement	Bickmore Scale MP-17 applied generationally
Healthcare trend rate	Start at 7.5%. Grade down to 4.0% for years after 2076.
Dental/Vision trend rate	3.75% per year

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(13) Postemployment Benefits Other Than Pensions, continued

Demographic actuarial assumptions used in this valuation are based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for a different basis used to project future mortality improvements. Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale Bb to central year 2008.

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:

The expected real rates of return by asset class are for December 31, 2019 and 2018 are as follows:

Asset Class	Percentage of Portfolio	Assumed Gross Return
Global Equity	59.0%	4.82%
Fixed Income	25.0%	1.47%
Treasury Inflation Protected Securities	5.0%	1.29%
Real Estate Investment Trusts	8.0%	3.76%
Commodities	<u>3.0%</u>	0.84%
	<u>100.0%</u>	

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.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(13) Postemployment Benefits Other Than Pensions, continued

Change in Net OPEB Liability:

The change in the net OPEB liability for the plan as of December 31, 2018, is as follows:

	Increase (Decrease)		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at December 31, 2017	\$ 10,375,304	\$ 4,730,382	\$ 5,644,922
Changes for the Year:			
Service Cost	446,983	-	446,983
Interest	719,279	-	719,279
Contributions – employer	-	600,779	(600,779)
Net investment income	-	363,740	(363,740)
Benefit payments	(332,597)	(332,597)	-
Administrative expenses	-	(9,675)	9,675
Net Changes	<u>833,665</u>	<u>622,247</u>	<u>211,418</u>
Balance at December 31, 2018 (measurement date June 30, 2018)	<u>\$ 11,208,969</u>	<u>\$ 5,352,629</u>	<u>\$ 5,856,340</u>

The change in the net OPEB liability for the plan as of December 31, 2019, is as follows:

	Increase (Decrease)		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at December 31, 2018	\$ 11,208,969	\$ 5,352,629	\$ 5,856,340
Changes for the Year:			
Service Cost	460,392	-	460,392
Interest	775,457	-	775,457
Contributions – employer	-	628,922	(628,922)
Net investment income	-	363,678	(363,678)
Benefit payments	(362,199)	(362,199)	-
Administrative expenses	-	(1,823)	1,823
Net Changes	<u>873,650</u>	<u>628,578</u>	<u>245,072</u>
Balance at December 31, 2019 (measurement date June 30, 2019)	<u>\$ 12,082,619</u>	<u>\$ 5,981,207</u>	<u>\$ 6,101,412</u>

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(13) Postemployment Benefits Other Than Pensions, 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:

	2019	2018
	Sensitivity to 1- Percent Change	Sensitivity to 1- Percent Change
1% Decrease	5.75%	5.75%
Net OPEB Liability	\$ 7,859,885	\$ 7,505,272
Current Discount Rate	6.75%	6.75%
Net OPEB Liability	\$ 6,101,412	\$ 5,856,340
1% Increase	7.75%	7.75%
Net OPEB Liability	\$ 4,666,757	\$ 4,511,335

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:

	2019	2018
	Sensitivity to 1- Percent Change	Sensitivity to 1- Percent Change
1% Decrease		
Net OPEB Liability	\$ 4,384,230	\$ 4,333,626
Current Healthcare Trend		
Net OPEB Liability	\$ 6,101,412	\$ 5,856,340
1% Increase		
Net OPEB Liability	\$ 8,264,068	\$ 7,766,774

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.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(13) Postemployment Benefits Other Than Pensions, continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended December 31, 2019 and 2018, the District recognized OPEB expense of \$859,908 and \$838,673, respectively. At December 31, 2019 and 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2019	2018	2019	2018
Net difference between projected and actual earnings on plan investments	\$ -	\$ -	\$ 12,390	\$ 26,476
Employer contributions made subsequent to the measurement date	343,227	24,450	-	-
Total	\$ 343,227	\$ 24,450	\$ 12,390	\$ 26,476

The \$343,227 and \$24,450 reported as deferred outflows of resources as of December 31, 2019 and 2018 related to contributions after the measurement date, consisted of the following:

	2019	2018
Trust contributions	\$ 312,480	\$ -
Implied subsidy benefits	30,335	24,141
Administrative expenses	412	309
Total	\$ 343,227	\$ 24,450

These amounts will be recognized as a reduction of the net OPEB liability in the subsequent 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 December 31	Deferred Outflows/(Inflows) of Resources
2020	\$ (4,752)
2021	(4,752)
2022	(4,752)
2023	1,866

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(13) Postemployment Benefits Other Than Pensions, continued

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. All other amounts are recognized over the expected average remaining service lifetime (EARSL), which was 7.1 and 6.0 years at December 31, 2019 and 2018, respectively.

Payable to the OPEB Plan: At December 31, 2019 and 2018, the District had no outstanding payable to the OPEB plan.

(14) Risk Management

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA).

Description of JPIA: JPIA is an intergovernmental risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

Self-Insurance Programs of JPIA: At December 31, 2019, the District's participation in the self-insurance programs of JPIA is as follows:

General, Automobile, Employment Practices & Public Officials' Liability. Broad coverage against third-party claims for the District, its directors, employees and volunteers. Covered up to the following limits: the JPIA pools for first \$5 million and purchases excess coverage with limit up to \$55 million with aggregated policy limits.

Property Loss: Insured up to replacement value with a \$2,500 deductible per occurrence on scheduled buildings, fixed equipment and contents, actual cash value on scheduled mobile equipment with a \$1,000 deductible per occurrence and actual cash value on scheduled vehicles with a \$1,000 deductible per occurrence. JPIA is self-insured up to \$100,000 per loss and has purchased re-insurance coverage up to a \$500,000,000 limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to sub-limit of \$100,000,000 with deductible of \$25,000 to \$50,000 depending on type of equipment.

Workers' Compensation: Insured for statutory limits, and Employer's Liability is insured up to \$2,000,000 per accident and \$2,000,000 per disease. JPIA is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

Cyber Liability: Including Cyber Security up to \$3,000,000 per occurrence and \$5,000,000 Aggregate Limit. Cyber Liability Deductible varies from \$10,000 to \$50,000 depending on District Revenue.

Employee Dishonesty/Crime Supplement: Insured up to \$100,000 per occurrence with a \$1,000 deductible for employee dishonesty, forgery or alteration and computer fraud. The program covers all employees, the Board of Directors, and the Treasurer.

Separate financial statements of JPIA can be obtained at 2100 Professional Drive, Roseville, CA 95661 or at <http://www.acwajpia.com/FinancialStatements.aspx>.

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(15) Commitments and Contingencies

Sacramento Regional County Sanitation District – Riverwalk Well Field Lease

The District is leasing a 5.5 acre parcel from the Sacramento Regional County Sanitation District for its Riverwalk Well Field. The effective date of the lease was from June 1, 1987 to May 31, 2012. In 2012, the District exercised its option upon expiration of the initial term of the lease and extended the lease term to May 31, 2037. The original lease amount of \$12,750, paid in advance each year, is adjusted annually on the anniversary date of the lease to reflect any increase or decrease of the National Consumer Price Index of the preceding year. The annual lease costs for calendar years 2019 and 2018 were \$27,831 and \$27,545, respectively. Future estimated lease commitment costs for the period January 1, 2020, to May 31, 2037, are estimated to be \$484,723 as of December 31, 2019.

Placer County Water District/Folsom Lake Reservoir – Take-or-Pay Contract

In 1995 (and amended in 2000, 2008, 2016* and 2020**), the District and the Placer County Water Agency (Agency) entered into a 45-year take-or-pay agreement whereby the Agency agreed to make available to the District, subject to water shortage provisions, the following amounts of untreated water at escalating water prices per year.

Year	Contract Requirement	Option to Buy Up to	
2000 to 2007	7,000 to 22,000	-	acre feet
2008	16,000	29,000	acre feet
2009	12,000	24,000	acre feet
2010	12,000	25,000	acre feet
2011	12,000	26,000	acre feet
2012	12,000	27,000	acre feet
2013	12,000	28,000	acre feet
2014 to 2019	12,000	29,000	acre feet
2020 **	8,000	29,000	acre feet
2021 to 2045	12,000	29,000	acre feet

* Contract renegotiated in 2016, extended term of agreement to December 31, 2045.

** Contract renegotiated in 2020, minimum requirement for 2020 decreased from 12,000 to 8,000 acre feet.

Each year the District is required to pay for its annual entitlement or surrender a portion of its rights so that the Agency will be free to put the water to use elsewhere. In order to do this, if the District does not take-or-pay for its annual entitlement for any year, the District’s annual entitlement for each year thereafter is reduced by 50% of the amount which the District did not take-or-pay for during the year. The District’s annual entitlement is subject to certain temporary or permanent reduction or elimination whenever the Agency notifies the District that the Agency has determined that it will not have sufficient water under certain provisions of the contract. In this situation, the District is relieved of its take-or-pay obligation. The most common event that would trigger the Agency providing notification to the District would be a projection of unimpaired inflow to Folsom Lake reservoir dropping below 1.6 million acre-feet. Each year the District is to pay the Agency for each acre-foot of the District’s annual entitlement made available for use in the District’s service area in order of the highest of the following three rates: (1) Thirty-five dollars (\$35); (2) One hundred seventy-five percent (175%) of the acre-foot price the Agency charges the City of Roseville and the San Juan Water District that year for water made available to them in the Folsom Lake reservoir for use within Placer County; or (3) One hundred fifty percent (150%) of the total amount, per acre-foot, including any restoration

Sacramento Suburban Water District
Notes to the Basic Financial Statements, continued
For the Years Ended December 31, 2019 and 2018

(15) Commitments and Contingencies, continued

and other fees and charges, which the Agency is required to pay that year to the U.S. Bureau of Reclamation (Reclamation) for water to be used within the Agency pursuant to the Agency's September 18, 1970 contract with Reclamation as amended, supplemented or renewed.

Grant Awards

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such reviews or audits could generate expenditure disallowances under the terms of the grants, it is management's opinion that any required reimbursements would not be material.

Litigation

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 December 31, 2019.

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is provided primarily by District's customers via a fixed charge based on connection size included in their monthly invoice. As of December 31, 2019, the District's commitment on open construction contracts is \$3.8 million:

Project Name	Approved Contract	Payments To Date	Remaining Commitment
Albatross main replacement	\$ 1,558,456	\$ (733,484)	\$ 824,972
Butano well – pump station construction	539,660	(128,865)	410,795
Thor main replacement	911,219	(614,267)	296,952
Naomi main replacement	1,162,797	(453,912)	708,885
Arcade creek crossing	213,160	(54,886)	158,274
Ulysses/Mercury tank rehabilitation	32,804	(265)	32,539
Well rehabilitation	279,886	(91,564)	188,322
Verner/Panorama well construction	646,584	(15,690)	630,894
Updating asset management plans	776,188	(238,266)	537,922
Total	\$ 6,120,754	\$ (2,331,198)	\$ 3,789,556

(16) Subsequent Event

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on customers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

Required Supplementary Information

**Sacramento Suburban Water District
Required Supplementary Information (Unaudited)
For The Years Ended December 31, 2019 and 2018**

**Schedule of the Proportionate Share of the Net Pension Liability
Last 10 Years ⁽¹⁾**

	2019	2018	June 30 2017	2016	2015	2014
Proportion of the net pension liability	0.242190%	0.233830%	0.228248%	0.220331%	0.208569%	0.204804%
Proportionate share of the net pension liability	\$9,698,403	\$8,812,373	\$8,997,648	\$7,654,038	\$5,722,018	\$5,061,703
Covered payroll – measurement period	\$5,088,815	\$4,491,178	\$4,197,900	\$4,272,005	\$4,212,170	\$4,020,086
Proportionate share of net pension liability as a % of covered payroll	190.58%	196.22%	214.34%	179.17%	135.84%	125.91%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	83.03%

Notes to Schedule:

- (1) Omitted Years: GASB 68 was implemented during 2014. No information was available prior to this date.
- (2) Change in Benefit Terms: The figures above do not include any liability that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. No plan changes have occurred.
- (3) Changes in Assumptions: In 2017, the accounting discount rate reduced from 7.65% to 7.15%.

**Sacramento Suburban Water District
Required Supplementary Information (Unaudited)
For The Years Ended December 31, 2019 and 2018**

**Schedule of Contributions to the Pension Plan
Last 10 Years ⁽¹⁾**

	December 31					
	2019	2018	2017	2016	2015	2014
Contractually required contribution (actuarially determined)	\$1,088,919	\$ 797,025	\$ 879,305	\$ 799,920	\$ 834,729	\$ 620,038
Contributions in relation to the actuarially determined contributions	(1,088,919)	(797,025)	(879,305)	(799,920)	(834,729)	(620,038)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll – calendar year	\$4,928,971	\$4,878,541	\$4,494,291	\$4,292,474	\$4,275,516	\$4,063,473
Contributions as a percentage of covered payroll	22.09%	16.35%	19.56 %	18.64 %	19.52 %	15.26 %
Valuation Date	6/30/2017	06/30/2016	06/30/2015	06/30/2014	06/30/2013	06/30/2012

	December 31					
	2019	2018	2017	2016	2015	2014
Methods and assumptions used to determine contribution rates:						
Actuarial cost method						
Amortization method						
Remaining amortization period						
Asset valuation method						
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases						
Payroll growth	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.25% (2)	7.50% (2)	7.50% (2)	7.50% (2)	7.50% (2)	7.50% (2)
Retirement age and mortality	(6)	(5)	(4)	(3)	(3)	(3)

Notes to Schedule:

- (1) Omitted Years: GASB 68 was implemented during 2014. No information was available prior to this date.
- (2) Net of pension plan investment expenses, includes inflation.
- (3) Probabilities of retirement and mortality are based on CalPERS' 2010 Experience Study for the period from 1997 to 2007.
- (4) Probabilities of retirement and mortality are based on CalPERS' 2014 Experience Study for the period from 1997 to 2011.
- (5) Probabilities of retirement and mortality are based on CalPERS' 2017 Experience Study for the period from 1997 to 2015.
- (6) Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90% of the Scale MP 2016 published by the Society of Actuaries.

**Sacramento Suburban Water District
Required Supplementary Information (Unaudited)
For The Years Ended December 31, 2019 and 2018**

**Schedule of Contributions to the OPEB Plan
For the Year Ended December 31 ⁽⁴⁾**

	2019	2018
Actuarially determined contribution - employer fiscal year ⁽³⁾	\$ 946,596	\$ 603,457
Contributions in relation to the actuarially determined contributions	(947,699)	(603,457)
Contribution deficiency (excess)	\$ (1,103)	\$ -
Covered-employee payroll - employer fiscal year	\$ 5,738,672	\$ 5,286,650
Contributions as a percentage of covered-employee payroll	16.5%	11.4%

Notes to Schedule:

- (1) Valuation Date: June 30, 2018
- (2) Measurement Dates: June 30, 2019 and 2018
- (3) 2019 Contributions to trust of \$892,480 plus \$0 cash benefits plus \$54,475 implied subsidy benefits plus \$744 administrative expenses. 2018 Contributions to trust of \$557,202 plus \$0 cash benefits plus \$45,522 implied subsidy benefits plus \$733 administrative expenses.
- (4) Omitted Years: GASB Statement No. 75 was implemented during the year ended December 31, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until ten years are reported.

Sacramento Suburban Water District
Required Supplementary Information (Unaudited)
For The Years Ended December 31, 2019 and 2018
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended December 31 ⁽⁴⁾

	2019	2018
	Measurement Period 2018/19	Measurement Period 2017/18
Changes in Total OPEB Liability:		
Service cost	\$ 460,392	\$ 446,983
Interest	775,457	719,279
Benefit payments	(362,199)	(332,597)
Net change in total OPEB liability	873,650	833,665
Total OPEB liability – beginning of year	11,208,969	10,375,304
Total OPEB liability – end of year (a)	<u>\$ 12,082,619</u>	<u>\$ 11,208,969</u>
Changes in Plan Fiduciary Net Position:		
Contributions – employer	\$ 628,922	\$ 600,779
Net investment income	363,678	363,740
Benefit payments	(362,199)	(332,597)
Administrative expenses	(1,823)	(9,675)
Net change in plan fiduciary net position	628,578	622,247
Plan fiduciary net position – beginning of year	5,352,629	4,730,382
Plan Fiduciary Net position – end of year (b)	<u>\$ 5,981,207</u>	<u>\$ 5,352,629</u>
Net OPEB Liability – end of year (a)-(b)	<u>\$ 6,101,412</u>	<u>\$ 5,856,340</u>
Fiduciary Net Position as a percentage of the Total OPEB Liability	49.5%	47.8%
Covered-employee payroll	\$ 5,608,583	\$ 5,032,984
Net OPEB Liability as a percentage of covered-employee payroll	<u>108.8%</u>	<u>116.4%</u>

Notes to Schedule:

- (1) Valuation Date: June 30, 2018
- (2) Measurement Dates: June 30, 2019 and 2018
- (3) Benefit changes: None.
- (4) Omitted Years: GASB Statement No. 75 was implemented during the year ended December 31, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until ten years are reported.

This page intentionally left blank

Statistical Section (Unaudited)

This page intentionally left blank

Sacramento Suburban Water District Statistical Information (Unaudited)

Contents

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

	<u>Page Number</u>
<u>Financial Trends</u>	61 - 62
These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	63 - 66
These schedules contain information to help the reader assess the District's most significant local revenue-sources: retail water sales.	
<u>Debt Capacity</u>	67 - 68
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<u>Demographic and Economic Information</u>	69 - 70
This schedule offers demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<u>Operating Information</u>	71 - 74
This schedule contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides and activities it performs.	

Sacramento Suburban Water District
Statistical Information (Unaudited)
Statements of Net Position
Last Ten Years
(Dollars in Thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assets										
Current assets	\$17,056	\$ 12,711	\$ 9,045	\$ 9,632	\$ 4,611	\$ 7,258	\$ 7,944	\$11,061	\$ 13,017	\$ 13,382
Noncurrent assets	40,180	42,714	43,299	44,416	43,456	40,702	38,165	39,875	37,934	39,097
Capital assets:										
Nondepreciable assets	12,483	23,829	10,426	6,022	9,754	10,179	9,761	16,784	10,941	9,779
Depreciable assets	320,928	327,124	358,258	380,164	396,906	416,875	435,906	441,705	466,401	483,875
Accumulated depreciation	(100,380)	(100,084)	(119,900)	(127,125)	(136,477)	(147,676)	(158,960)	(168,222)	(180,222)	(190,327)
Capital assets, net	233,031	240,869	248,784	259,061	270,183	279,378	286,7007	286,7007	286,179	293,547
Total assets	290,267	296,294	301,128	313,109	318,250	327,338	332,816	341,203	348,071	355,805
Deferred outflows of resources	12,656	16,254	11,556	9,175	9,743	9,276	9,400	9,485	8,272	7,761
Liabilities										
Current liabilities	9,387	8,287	7,844	7,840	7,935	8,583	9,314	9,256	11,212	15,719
Noncurrent liabilities	116,508	116,889	110,403	111,250	105,793	101,940	98,484	94,866	91,524	87,552
Total liabilities	125,895	125,176	118,247	119,090	113,728	110,523	107,798	104,122	102,736	103,271
Deferred inflows of resources	-	-	-	2,565	1,819	799	558	1,134	2,333	839
Net position										
Net investment in capital assets	126,110	137,004	146,682	160,474	175,262	188,248	199,526	207,156	221,715	232,469
Restricted	6,642	6,643	3,532	3,520	3,540	3,523	3,540	3,548	10	2
Unrestricted	44,277	43,725	44,223	37,175	33,644	33,521	30,794	34,727	29,549	26,985
Total net position	\$ 177,029	\$ 187,372	\$ 194,437	\$ 201,169	\$ 212,446	\$ 225,292	\$ 233,860	\$ 245,431	\$ 251,274	\$ 259,456

Sacramento Suburban Water District
Statistical Information (Unaudited)
Changes in Net Position
Last Ten Years
(Dollars in Thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenues										
Water sales	\$10,967	\$10,151	\$11,656	\$12,451	\$10,827	\$9,644	\$11,053	\$12,544	\$13,272	\$13,251
Water transfers	637	-	-	536	-	-	-	-	1,761	43
Water service charge	7,174	7,095	6,820	6,608	6,306	6,402	6,349	6,366	6,371	6,197
Capital facilities charge	20,493	20,448	20,619	20,650	20,678	21,646	22,575	23,499	24,449	24,454
Wheeling water charge	273	303	170	6	6	6	167	676	510	644
Other charges	991	960	946	1,068	1,113	992	939	1,077	1,054	1,133
Total operating revenues	40,535	38,957	40,211	41,319	38,930	38,690	41,083	44,162	47,417	45,722
Operating Expenses										
Source of supply	2,290	2,663	2,039	406	67	57	2,471	2,980	3,789	3,525
Pumping	3,265	3,341	4,238	4,706	4,631	5,124	4,852	4,516	4,946	5,331
Transmission and distribution	3,583	3,997	3,596	3,886	3,643	3,621	3,973	4,016	4,193	7,034
Water conservation	415	202	295	321	399	773	587	452	441	490
Customer accounts	968	1,003	976	1,086	1,122	1,159	1,145	1,305	1,301	1,373
Administrative and general	10,176	6,135	5,738	5,919	6,100	6,120	6,818	7,600	7,791	8,612
Total operating expenses	20,697	17,341	16,882	16,324	15,962	16,854	19,846	20,870	22,461	26,365
Operating income before depreciation	19,838	21,616	23,329	24,995	22,968	21,836	21,237	23,292	24,956	19,357
Depreciation	(9,171)	(9,705)	(9,890)	(10,424)	(10,812)	(11,229)	(11,808)	(12,182)	(12,460)	(12,993)
Operating income	10,667	11,911	13,439	14,571	12,156	10,607	9,429	11,110	12,496	6,364
Non-operating revenues	1,693	1,520	(3,540)	488	920	816	834	938	1,195	2,826
Interest expense	(5,133)	(4,773)	(4,157)	(3,914)	(3,802)	(3,633)	(3,561)	(3,450)	(3,112)	(2,632)
Other non-operating expenses	(117)	(7)	(418)	-	-	-	-	(3)	-	-
Gain (loss) on disposal of capital assets, net	243	-	12	-	21	6	(13)	12	(7)	(24)
Income before capital contributions	7,353	8,651	5,336	11,145	9,295	7,796	6,689	8,608	10,572	6,534
Capital contributions	2,405	1,692	1,729	3,096	2,455	5,049	1,879	2,963	894	1,648
Increase in net position	9,758	10,343	7,065	14,241	11,750	12,845	8,568	11,571	11,466	8,182
Net position, beginning of year	166,810	177,029	187,372	194,437	201,169	212,447	225,292	233,860	245,431	251,274
Adjustment	461	-	-	(7,509)	(472)	-	-	-	(5,623)	-
Net position, end of year	177,029	187,372	194,437	201,169	212,447	225,929	233,860	245,431	251,274	259,456

Sacramento Suburban Water District
Statistical Information (Unaudited)
Operating Revenues by Source
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water Sales (Dollars in Thousands):										
Retail	\$38,634	\$37,694	\$39,095	\$39,709	\$37,811	\$37,692	\$39,977	\$42,409	\$44,092	\$43,902
Wheeling	273	303	170	6	6	6	167	676	510	644
Water Transfers	637	-	-	536	-	-	-	-	1,761	43
Total Water Sales	\$39,544	\$37,997	\$39,265	\$40,251	\$37,817	\$37,698	\$40,144	\$43,085	\$46,363	\$44,589

Water Production (Acre Feet):										
Retail	37,983	35,829	38,089	38,554	32,561	27,502	29,312	31,254	30,874	30,610
Wheeling	1,632	2,106	647	348	115	51	264	1,984	1,704	1,539
Water Transfers	2,712	-	-	2,822	-	-	-	-	3,875	-
Total Water Production	42,327	37,935	38,736	41,724	32,676	27,553	29,576	33,238	36,453	32,149

Water Sales/Acre Foot (Whole Dollars):										
Retail	\$ 1,017	\$ 1,052	\$ 1,026	\$ 1,030	\$ 1,161	\$ 1,371	\$ 1,364	\$ 1,357	\$ 1,428	\$ 1,434
Wheeling	\$ 167	\$ 144	\$ 263	\$ 17	\$ 52	\$ 118	\$ 633	\$ 341	\$ 299	\$ 418
Water Transfers	\$ 235	\$ -	-	\$ 190	\$ -	-	-	-	\$ 454	\$ -

Source: District.

Sacramento Suburban Water District
Statistical Information (Unaudited)
Retail Water Rates
Last Ten Years

	2009					
	To					
	2014	2015	2016	2017	2018	2019
Flat Accounts						
Consumption Charge (\$/1,000 per sq. foot)	\$ 0.91	\$ 0.95	\$ 0.98	\$ 1.02	\$ 1.06	\$ 1.06
Flat Service Charge (single unit)						
¾" connection	14.89	15.49	16.11	16.75	17.42	17.42
1" connection	21.55	22.41	23.31	24.24	25.21	25.21
1 ½" connection	40.69	42.32	44.01	45.77	47.60	47.60
2" connection	40.19	41.80	43.47	45.21	47.02	47.02
Metered Accounts						
Consumption Charge (\$/100 cubic feet (CCF))						
Residential – 1st Tier (0-10 CCF)	0.80	0.83	0.87	0.90	0.94	0.94
Residential – 2nd Tier (11+ CCF)	1.00	1.04	1.08	1.12	1.17	1.17
Non-Resid–Off-Peak Rate (Nov-Apr)	0.81	0.84	0.88	0.91	0.95	0.95
Non-Resid.–Peak Rate (May-Oct)	1.01	1.05	1.09	1.14	1.18	1.18
Meter Service Charge (by Meter Size)						
5/8" meter	3.60	3.74	3.89	4.05	4.21	4.21
¾" meter	5.25	5.46	5.68	5.91	6.14	6.14
1" meter	8.50	8.84	9.19	9.56	9.94	9.94
1 ½" meter	16.60	17.26	17.95	18.67	19.42	19.42
2" meter	24.60	27.46	28.55	29.70	30.88	30.88
3" meter	49.20	51.17	53.21	55.34	57.56	57.56
4" meter	81.75	85.02	88.42	91.96	95.64	95.64
6" meter	163.15	169.68	176.46	183.52	190.86	190.86
8" meter	293.40	305.14	317.34	330.04	343.24	343.24
10" meter	472.50	491.40	511.06	531.50	552.76	552.76
12" meter	700.40	728.42	757.55	787.85	819.37	819.37
Flat and Metered Accounts						
Capital Facilities Charge						
5/8" meter	19.25	20.02	20.82	21.65	22.52	22.52
¾" meter or connection	28.70	29.85	31.04	32.28	33.57	33.57
1" meter or connection	48.00	49.92	51.92	53.99	56.15	56.15
1 ½" meter or connection	95.65	99.48	103.46	107.59	111.90	111.90
2" meter or connection	153.10	159.22	165.59	172.22	179.11	179.11
3" meter	287.30	298.79	310.74	323.17	336.10	336.10
4" meter	478.95	498.11	518.03	538.75	560.30	560.30
6" meter	957.60	995.90	1,035.74	1,077.17	1,120.66	1,120.66
8" meter	1,723.80	1,792.75	1,864.46	1,939.04	2,016.60	2,016.60
10" meter	2,777.45	2,888.55	3,004.09	3,124.25	3,249.22	3,249.22
12" meter	4,117.65	4,282.36	4,453.65	4,631.80	4,817.07	4,817.07

Source: District

Sacramento Suburban Water District
Statistical Information (Unaudited)
Facility Development Charges (Connection Fees)
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5/8" service	\$ 2,996	\$ 3,338	\$ 3,544	\$ 3,826	\$ 2,762	\$ 3,130	\$ 3,168	\$ 3,228	\$3,418	\$3,524
¾" service	4,472	4,982	5,290	5,711	4,122	4,672	4,728	4,817	5,102	5,260
" service	7,468	8,319	8,834	9,537	6,884	7,802	7,896	8,045	8,519	8,785
1 ½" service	14,891	16,589	17,616	19,017	13,726	15,558	15,745	16,041	16,989	17,518
2" service	23,835	26,552	28,196	30,439	21,970	24,902	25,202	25,676	27,192	28,039
3" service	44,718	49,817	52,901	57,108	41,220	46,720	47,282	48,172	51,016	52,605
4" service	74,545	83,045	88,185	95,199	68,714	77,882	78,820	80,304	85,044	87,692
6" service	149,046	166,040	176,318	190,341	137,386	155,718	157,952	160,559	170,038	175,332
8" service	268,309	298,902	317,403	342,648	219,826	249,158	252,157	256,904	272,071	280,541
10" service	432,291	481,581	511,390	552,063	316,034	358,202	362,514	369,339	391,143	403,320
12" service	640,946	714,028	758,225	818,592	463,725	525,600	531,927	541,941	573,935	591,803

Source: District.

Sacramento Suburban Water District
Statistical Information (Unaudited)
Principal Retail Rate Payers
Current Year and Ten Years Prior

Principal Retail Rate Payers	<u>December 31, 2019</u>			<u>December 31, 2009</u>		
	Revenues Collected	Rank	Percent of Retail Sales Revenue	Revenues Collected	Rank	Percent of Retail Sales Revenue
McClellan Business Park	\$ 536,169	1	1.22%	\$ 461,930	1	1.20%
San Juan Unified School District	360,926	2	0.82%	223,825	3	0.58%
Carmel Partners, MS#3, The Arbors	216,877	3	0.49%	273,729	2	0.71%
Woodside Association, Inc.	169,987	4	0.39%	152,472	4	0.40%
Autumn Ridge Apartments	168,493	5	0.38%	-	-	-
Twin Rivers Union School District	145,833	6	0.33%	-	-	-
Eskaton Village	145,377	7	0.33%	126,271	5	0.33%
Sacramento County (AFS/SCRSD)	126,240	8	0.29%	106,684	9	0.28%
Fulton-El Camino Rec/Park District	122,825	9	0.28%	-	-	-
Logan Park Apartments	122,653	10	0.28%	114,870	8	0.30%
Timberlake Association	-	-	-	118,204	6	0.31%
BRE Properties	-	-	-	116,321	7	0.30%
Kaiser Permanente	-	-	-	101,610	10	0.26%
Total Principal Retail Rate Payers	\$ 2,115,380	-	4.82%	\$ 1,795,916	-	4.67%
Total Annual Retail Water Sales Revenue	\$43,901,930	-	-	\$38,422,567	-	-

Source: District.

Sacramento Suburban Water District
Statistical Information (Unaudited)
Outstanding Debt by Type and Number of Connections
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Long-Term Debt:										
(Dollars in Thousands)										
Series 2005B	\$ 125									
Series 2008A-2	34,960	\$33,300								
Series 2009A	42,00	42,000	\$48,553	\$48,249	\$47,939	\$47,623	\$47,299	\$46,969	\$46,632	\$46,288
Series 2009B	36,109	34,495	32,732	30,943	29,074	27,120	25,086	22,973	-	-
Series 2012A			30,760	28,646	26,516	24,351	22,117	19,847	17,502	15,102
Series 2018A									17,295	14,830
Total Debt	113,194	109,795	112,045	107,838	103,529	99,094	94,502	89,789	81,429	76,220
No. of Connections	44,185	44,655	44,776	45,391	46,112	46,414	46,650	46,318	46,268	46,575
Debt Per Connection										
(Whole Dollars)	\$ 2,562	\$ 2,459	\$ 2,502	\$ 2,376	\$ 2,245	\$ 2,135	\$ 2,026	\$ 1,939	\$ 1,760	\$ 1,637

Source: District

**Sacramento Suburban Water District
Statistical Information (Unaudited)**

Schedule of Net Revenues

Last Ten Years

(Dollars in Thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Water sales	\$ 38,634	\$ 37,694	\$ 39,095	\$ 39,709	\$ 37,811	\$ 37,692	\$ 39,977	\$ 42,408	\$ 44,092	\$ 43,902
Water transfers	637	-	-	536	-	-	-	-	1,761	43
Wheeling charge	273	303	170	6	6	6	167	676	510	644
Water services	991	960	946	1,068	1,113	992	939	1,077	1,054	1,133
Facility development charges	121	161	380	187	561	543	264	135	158	287
Investment income	1,267	1,052	(3,888)	633	547	271	613	572	767	1,076
Other	669	468	360	399	373	358	279	444	449	1,064
Total revenues	42,592	40,638	37,063	42,538	40,410	39,863	42,239	45,312	48,791	48,149
Operating Expenses										
Transmission and distribution	3,583	3,997	3,596	3,886	3,642	3,621	3,973	4,016	4,193	7,034
Administrative and general*	10,293	6,142	6,156	5,919	6,100	6,120	6,822	7,603	7,791	8,612
Pumping	3,265	3,341	4,238	4,706	4,632	5,124	4,852	4,516	4,946	5,331
Water purchases	2,290	2,663	2,039	406	67	57	2,471	2,980	3,789	3,525
Customer accounts	968	1,003	976	1,086	1,122	1,159	1,145	1,305	1,301	1,373
Water conservation	415	202	295	322	400	773	587	452	441	490
Total expenses	20,814	17,348	17,300	16,325	15,963	16,854	19,850	20,873	22,461	26,365
Net revenue	21,778	23,290	19,763	26,214	24,447	23,008	22,389	24,439	26,330	21,784
Debt service	7,974	7,829	7,576	7,462	7,484	7,443	7,471	7,559	7,462	7,205
Coverage ratio	2.73	2.97	2.61	3.51	3.26	3.09	2.99	3.23	3.53	3.02
Revenues available for capital projects and other purposes	<u>\$ 13,804</u>	<u>\$ 15,460</u>	<u>\$ 12,187</u>	<u>\$ 18,751</u>	<u>\$ 16,963</u>	<u>\$ 15,565</u>	<u>\$ 14,918</u>	<u>\$ 16,880</u>	<u>\$ 18,868</u>	<u>\$ 14,579</u>

* Administrative and general operating expenses include "other non-operating expenses" as reported on the Statements of Revenues, Expenses and Changes in Net Position.

Source: District

Sacramento Suburban Water District
Statistical Information (Unaudited)
Demographic and Economic Statistics
Sacramento County*
Last Ten Years

Year	Population	Personal Income (\$ in 000s)	Per Capita Income	Labor Force	Number Employed	Number Unemployed	Unemployment Rate
2019	Information Not Currently Available			717,100	694,000	23,100	3.20%
2018	1,540,975	\$ 80,969,087	\$52,544	705,700	678,800	26,900	3.80%
2017	1,530,615	\$ 76,832,120	\$ 50,197	702,000	669,500	32,600	4.60%
2016	1,513,260	\$ 73,922,295	\$ 48,850	695,200	657,600	37,700	5.40%
2015	1,496,130	\$ 71,532,171	\$ 47,811	686,000	644,900	41,000	6.00%
2014	1,477,522	\$ 66,707,690	\$ 45,148	680,700	631,000	49,700	7.30%
2013	1,459,474	\$ 62,592,345	\$ 42,887	680,200	619,800	60,400	8.90%
2012	1,446,585	\$ 60,264,004	\$ 41,659	681,300	609,700	71,600	10.50%
2011	1,434,506	\$ 57,945,529	\$ 40,394	680,000	597,700	82,300	12.10%
2010	1,421,651	\$ 55,125,588	\$ 38,776	683,100	597,000	86,100	12.60%

* Information for Demographic and Economic Statistics is provided for the County of Sacramento since the District is located solely within the County and such information is not available specifically for the District's service area.

Source:

Population and Income: U.S. Department of Commerce, Bureau of Economic Analysis.

Labor Force and Employment Data: Annual Averages; State of California, Employment Development Department.

**Sacramento Suburban Water District
Statistical Information (Unaudited)**

Employers
Sacramento County*

Principal Employers	<u>December 31, 2019</u>			<u>December 31, 2011</u> **		
	Employees	Rank	Percentage of Total Labor Force	Employees	Rank	Percentage of Total Labor Force
State of California	76,131	1	10.62%	70,937	1	10.43%
UC Davis Health System	12,674	2	1.77%	8,580	3	1.26%
Kaiser Permanente	11,404	3	1.59%	6,367	7	0.94%
Sacramento County	11,130	4	1.55%	11,300	2	1.66%
U.S. Government	10,227	5	1.43%	-	-	-
Sutter Health Sacramento Sierra Region	8,809	6	1.23%	6,958	4	1.02%
Dignity Health	7,000	7	0.98%	6,942	5	1.02%
Elk Grove Unified School District	6,381	8	0.89%	5,619	8	0.83%
Intel Corp.	6,200	9	0.86%	6,515	6	0.96%
San Juan Unified School District	5,289	10	0.74%	4,600	9	0.68%
Sacramento City Unified School District	-	-	-	4,500	10	0.66%
Total	155,245		21.65%	132,218		19.44%
Total Labor Force	717,100			680,000		

* Information for Employers in Sacramento County, ranked by number of employees, is provided for the County of Sacramento since the District is located within the County and such information is not available solely for the District's service area.

** Data for period ended December 31, 2009 not available.

Source:

Employers – Sacramento County: Sacramento Business Journal, Book of Lists 2019, Vol. 36, No. 45, p.74.

Total Labor Force: Annual Averages; State of California, Employment Development Department.

**Sacramento Suburban Water District
Statistical Information (Unaudited)**

Annual Water Production

Last Ten Years

(Reported in Acre Feet)

Year	<u>North Service Area</u>			<u>South Service Area</u>			Total Production
	Surface	Ground	Sub Total	Surface	Ground	Sub Total	
2019	10,843	6,283	17,126	6,404	7,080	13,484	30,610
2018	10,450	7,085	17,535	-	13,339	13,339	30,874
2017	10,162	7,364	17,526	1,301	12,427	13,728	31,254
2016	11,025	5,679	16,704	423	12,185	12,608	29,312
2015	80	15,702	15,782	-	11,720	11,720	27,502
2014	-	18,790	18,790	-	13,771	13,771	32,561
2013	409	21,869	22,278	-	16,276	16,276	38,554
2012	4,096	17,697	21,793	6,463	9,833	16,296	38,089
2011	12,626	7,738	20,364	4,084	11,381	15,465	35,829
2010	15,518	6,522	22,040	2,289	13,654	15,943	37,983

Source: District.

Sacramento Suburban Water District
Statistical Information (Unaudited)
 Wheeling Water Deliveries
 Last Ten Years
 (Reported in Acre Feet)

Year	California American Water Company	Citrus Heights Water District	Rio Linda / Elverta Water District	City of Sacramento	County of Sacramento	San Juan Water District	Total Deliveries
2019	1,539	-	-	-	-	-	1,539
2018	1,551	-	-	153	-	-	1,704
2017	1,983	-	1	-	-	-	1,984
2016	251	-	-	-	-	13	264
2015	-	-	-	-	-	51	51
2014	-	-	11	104	-	-	115
2013	-	17	-	331	-	-	348
2012	584	-	25	28	5	-	647
2011	2,103	1	2	-	-	-	2,106
2010	1,628	1	3	-	-	-	1,632

Source: District.

Sacramento Suburban Water District
Statistical Information (Unaudited)
 Operating Activity
 Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Production Department</u>										
<i>Water Quality</i>										
Complaints	214	131	137	174	30	1	13	51	14	16
Inquiries	90	114	159	171	110	159	197	119	159	129
<u>Distribution Department</u>										
<i>Service Orders</i>										
Main Leaks	76	82	64	77	61	70	66	52	40	53
Service Line Leaks	199	232	268	242	125	101	75	105	72	65
Locate & Expose	507	320	332	253	353	253	208	172	165	97
Determine Responsibility	1,346	1,557	1,770	1,891	839	630	654	621	681	621
<i>Water Main Shutdown:</i>										
-- Emergency	85	83	99	110	86	27	29	29	16	34
-- Scheduled	76	125	160	170	100	32	13	6	9	13
<i>Preventive Maintenance Program</i>										
Fire Hydrants Inspected	-	437	1,248	1,237	1,255	1,597	251	28	200	873
<i>Fire Hydrant Valves</i>										
Inspected	-	-	-	-	1,202	1,508	247	51	235	845
<i>Fire Hydrants Valves</i>										
Exercised	-	-	-	-	975	1,385	225	49	234	768
Valves Inspected	1,235	442	1,406	923	898	434	880	708	1,758	1,900
Valves Exercised								641	1,536	1,414
<i>After Hours Activity</i>										
Calls Received	810	925	1,012	1,012	1,024	1,145	741	553	496	704
Calls Responded	322	437	433	367	338	605	442	342	332	417
<u>Field Services Department</u>										
<i>Meters</i>										
<i>Preventive Maintenance –</i>										
Meters Tested	142	53	150	135	57	32	128	135	114	125
<i>Preventive Maintenance –</i>										
Meters Replaced	804	268	189	644	143	117	1,159	279	941	929
<i>Preventive Maintenance –</i>										
Meter Re-Builds	-	-	-	-	67	43	240	232	245	245
<i>Customer Service</i>										
Shut Off (non-payment)	2,940	3,127	2,158	2,066	2,561	2,051	1,804	1,772	1,861	1,949
Restore Service	2,004	1,799	1,976	1,451	2,100	1,801	1,742	1,772	1,723	1,795
<i>Customer Pressure</i>										
Inquiries	-	-	-	-	121	113	143	118	125	132
<i>Service Requests/Work Orders</i>										
Service Requests Generated	15,761	21,221	23,026	18,641	22,736	24,204	16,092	17,858	18,957	24,483
Work Orders Generated	12,187	15,625	12,382	14,460	11,939	10,898	12,417	14,257	14,722	15,870

Source: District.

Sacramento Suburban Water District
Statistical Information (Unaudited)
 Full-Time Equivalent Employees
 Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administration	8	8	8	8	10	10	10	10	11	14
Customer Service	6	6	6	6	5	5	5	6	6	5
Engineering	9	9	9	10	10	10	10	10	9	10
Production and Water Treatment	14	15	15	13	15	15	14	18	14	14
Distribution	23	23	23	22	22	22	23	24	24	22
Total	60	61	61	59	62	62	62	68	64	65

Source: District.

**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
Sacramento Suburban Water District
Sacramento, California

We have audited, in accordance with the 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 Sacramento Suburban Water District (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 8, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 over financial reporting was for the limited purpose described in the preceding paragraph 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors
Sacramento Suburban Water District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatements, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provision 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*.

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

April 8, 2020



Agenda Item: 4

Date: May 4, 2020

Subject: Consider Changing the Regular Board Meeting Time

Staff Contact: Dan York, General Manager

Recommended Board Action:

Either:

1. Direct staff to bring back a Resolution and amend Policy PL-BOD 002, Rules for Proceedings of the Board of Directors with desired changes; or
2. Take no action.

Background:

On October 16, 2017, the District's Board approved changing the regular Board meeting times from 6:30 p.m. to 6:00 p.m., effective January 2018. Prior to the change, the proposal was announced on the District's website and the public was encouraged to contact staff to provide their input.

At the January 2020 regular Board meeting, a Director requested to bring back a staff report to discuss adjusting the regular Board meeting start times and days. It was suggested that an earlier start time may make it more convenient for the public, staff, and the Board, as an earlier start time of the meeting would potentially make for an earlier end time for the meeting.

It was also suggested to review the day of the week, particularly for the January and February regular Board meetings. SSWD regular Board meetings are currently held the third Monday of every month. Since the third Monday of January and February are holidays, the meetings for January and February are held on the fourth Monday. This is an opportunity for the Board to discuss whether SSWD continues with this schedule into the future.

On February 24, 2020, staff was directed to bring the item back to consider changing the regular Board meeting time to discuss. President Thomas requested to table the item as Director Wichert requested to be present so he could provide input. A few comments were made by the Directors and the public before the item was tabled.

Director Jones and Director McPherson expressed they would be available for any time of the day if a different time for the regular Board meeting times were chosen. Mr. Eubanks inquired if staff made any public outreach attempts regarding changing the time of the regular Board meeting. A District customer in attendance, Linda Brown, let the Board know it might be difficult for her to attend earlier Board meetings.

Consider Changing the Regular Board Meeting Time

May 4, 2020

Page 2 of 2

The Board agreed to table the item and requested staff to solicit customer input regarding changing the time of the regular Board meeting on the District website and on the bill message. Once the outreach was conducted, the Board directed staff to bring the item back to the next regular Board meeting in April for discussion.

Discussion:

Since February, 2020, staff has invited customer input by posting a proposal to change the start time of the regular Board meetings on the website. Additionally, the announcement was made on the bill message printed on some March bills. The message went out to two bill cycles (approximately 1/2 of District customers). Because of COVID-19, the bill message was changed mid-March announcing the Marconi office closure. To date, staff has not received any input from customers on a proposal to change the start time of the regular Board meetings.

The location, times, and dates of the regular Board meetings are included in Rule 3 of the Policy PL-BOD 002, Rules for Proceedings of the Board of Directors. In order to make changes to that section of the policy, an adopted Resolution by the Board of Directors is required.

If the Board chooses to change the start time of the regular Board meetings, staff will bring back the required resolution in June 2020.

Staff has also provided Board meeting times and dates of local water agencies in the region (see Attachment 1).

Strategic Plan Alignment:

Goal B – Optimize Operational and Organizational Efficiencies

Goal D – Maintain Excellent Customer Service

Revising District Board meeting time or day could benefit District customers, staff, and Board members allowing the Board meetings to end earlier in the evenings and providing more consistency by having the Board meetings the fourth week of every month, including month's with holidays.

Attachment

1 - Local Water Purveyors Regular Board Meeting Information

Local Water Purveyors Regular Board Meeting Information Attachment 1

- Carmichael Water District: <http://carmichaelwd.org/> - Every 3rd Monday of the month at 6:00 p.m.
- Citrus Heights Water District: <http://chwd.org/> - Every 3rd Wednesday of the month at 6:30 p.m.
- Del Paso Manor Water District: <https://www.delpasomanorwd.org/> (916)487-0419 - Every 1st Tuesday of the month at 6:30 p.m.
- El Dorado County Water Agency - <http://www.edlafco.us/> - Every 2nd Wednesday of the month at 10:00 a.m.
- El Dorado Irrigation District - <http://www.eid.org/> - Every 2nd and 4th Monday's of the month at 9:00 a.m.
- Fair Oaks Water District: <http://www.fowd.com/> - Every 2nd Monday of the month at 6:30 p.m.
- Natomas Mutual Water Company - <http://natomaswater.com/> - Every 2nd Tuesday of the month at 9:00 a.m.
- Orangevale Water Company - <https://orangevalewater.com/> - Every 1st Tuesday of the month at 4:00 p.m.
- Placer County Water Agency: <https://pcwa.net/> - Every 1st and 3rd Thursdays of the month at 2:00 p.m.
- Rio Linda/Elverta Community WD: <http://www.rlecwd.com/> - Every 3rd Monday of the month at 6:30 p.m.
- San Juan Water District: <http://www.sjwd.org/> - Every 4th Wednesday of the month at 6:00 p.m.
- Sacramento Cnty Water Agency: <https://waterresources.saccounty.net/Pages/default.aspx> - Every Tuesday at 9:30 a.m. and Various Wednesday's.



Agenda Item: 5

Date: May 8, 2020

Subject: General Manager's Report

Staff Contact: Dan York, General Manager

a. Sacramento Region Collaboration/Integration Study Update

A kick-off meeting was conducted on April 29, 2020, between the consultant and the Steering Committee (General Managers) to discuss the following:

- Review of project scope, timeline, and any needed adjustments due to Covid-19
- Discussion of membership and roles of the Study's Steering Committee
- Discussion of project communications and stakeholder engagement plan
- Review the Project Charter format
- Data request discussion

The consultant has requested the following data, with a May 15th deadline:

- Budgets
- Organization and Staffing
- Number of Service Connections
- Water System Overview

During the kick-off meeting, which was held virtually, Citrus Heights Water District (CHWD) had several questions/comments related to the Study, of which most were covered in the agenda. In order to get through the agenda in an efficient manner, CHWD was asked to submit a memorandum containing their questions/issues related to the Study. On May 12th, CHWD provided an eight-page memorandum. The Study's Steering Committee will discuss and recommend a response to CHWD's memorandum.

b. COVID-19 Update

On May 1, 2020, Sacramento County issued a new Public Health Order (Order) that extends through the end of May 22, 2020. This Order essentially extends the previous Order issued on April 7, 2020. There are some minor differences, but nothing in the May 1 Order relaxes restrictions that impacts District's Operations.

The COVID-19 Task Force team was created in Mid-April and had their first meeting on April 17, 2020. As can be seen in Attachment 1, the Task Force is charged with scanning external resources for COVID-19 information, triaging relevant information to the District and providing updates to the General Manager, and developing a Return to Work

General Manager's Report

May 8, 2020

Page 2 of 2

Plan. As new Orders and guidelines come out, the Task Force provides recommendations on how to respond appropriately.

The main objective of the Return to Work Plan is providing a path for staff to transition back to more normal working conditions. Primarily, providing a road map for staff to transition from teleworking to physically reporting to work and operating more similarly to pre-COVID conditions. As we make this transition, safety of our employees and the public will be our highest priority. There are a number of items staff will need to implement prior to phasing back to work. A couple examples are ensuring our employees and customers have access to proper sanitary supplies, such as disinfectants and masks, and implementing social distancing protocols.

Attachment:

1 – COVID 19 Task Force



COVID-19 Task Force

Mission

Provide guidance on returning back to work in a safe and non-disruptive manner and triage COVID-19 information received externally that is beneficial to inform District staff.

Purpose

- ✓ **Provide Return to Work Plan**
 - Establish triggers for phasing back into work, such as the County of Sacramento lifting Shelter-in-Place requirements
 - Recommend necessary modifications to facilities and work environments to comply with new social distancing requirements
 - Ensure staff, vendors, and public are safe when returning to work
 - Identify procedures, policies, and best practices that need revised in the COVID 19 environment
 - Ensure Return to Work Plan aligns with Federal, State, and Local regulations and guidelines
 - Develop new protocols for being sick at the workplace, such as returning after symptoms subside
- ✓ **Triaging External Information**
 - COVID-19 information deemed relevant to the District will be forwarded to the General Manager
 - Task Force will scan external outlets for relevant COVID-19 information
 - Information will be received from many sources such as Federal, State, Local, ACWA, AWWA, etc.
- ✓ **Communications**
 - COVID-19 information relevant to the District and the community will be prepared and distributed via communication tools
 - Relevant information will be sent out to District staff as needed
 - Questions about information provided can be routed to the COVID Task Force

Expectations

- Returning back to work is a safe journey for all
- Ensure the transition back to work is smooth and disruptions are minimal
- Decisions on returning to work are transparent and understood by staff
- Suggestions and ideas for a smooth transition back to work are heard

Composition

The COVID-19 Task Force is a work group focused on phasing staff back to work and helping filter the extensive amount of information being provided from multiple external sources. Members of this Task Force were chosen because of their knowledge and expertise in human resources, safety, and District Operations, which are critical components in our Return to Work Plan. COVID-19 Task Force members include the Safety/Risk Officer, HR

Coordinator, Operations Manager, and the Assistant General Manager. Much of the work will require the Task Force to reach out to other Departments and solicit additional staff input.

Governance

In order to effectively meet its mission and purpose, the COVID-19 Task Force governance must be clear. Below is the framework:

- The COVID -19 Task Force will obtain feedback and suggestions from staff to help formulate the Return to Work Plan
- Act upon direction of the General Manager and report back when necessary.
- The COVID-19 Task Force will disband after the current COVID-19 response is substantially complete and the General Manager approves.

Roles

✓ **Chair**

The Assistant General Manager will be the Task Force Chair and will be the liaison to the General Manager, facilitate Task Force meetings, and manage the activities of the Task Force.

✓ **Return to Work Plan**

The Operations Manager will be responsible for drafting and completing the Return to Work Plan. Input will come from the COVID-19 Task Force, the General Manager, and various key staff.

✓ **Communications**

The HR Coordinator will be responsible for researching information related to COVID-19 that may impact the District, staff, or operations. This will be completed by reviewing county, state, and federal notifications related to COVID-19, summarizing the data, and compiling it on a spreadsheet that will be emailed to the General Manager on a weekly basis, at minimum. In addition, members of the Task Force will be responsible for forwarding any additional information related to COVID-19 to the HR Coordinator, including the source of information found and a brief summary of the data. This information will be included in the weekly summary emailed to the General Manager.

The Safety/Risk Officer will draft internal communication bulletins from the task force for distribution to employees, which will be reviewed by the General Manager prior to distributing.

✓ **Meeting Minutes**

The Administrative Assistant will complete meeting minutes and provide the agenda for Task Force meetings.

Frequency of Meetings

The Task Force will initially meet once a week. This frequency may change in the future and will be at the discretion of the Task Force.



Agenda Item: 6

Date: May 12, 2020

Subject: Assistant General Manager’s Report

Staff Contact: Mike Huot, Assistant General Manager

a. 2020 Water Transfer Update

The Regional 2020 Water Transfer is making steady progress. Petitions to transfer water from July through November were filed on May 1, 2020, and public comments are due in early June 2020. The water purveyors participating in the 2020 Water Transfer are offering State Water Project contractors up to 18,500 acre-feet of surface water in July, August, September, October, and November of 2020. Transferring water in October and November would be a first for the region. Buyers have indicated an interest to receive water during October and November, but there are some process issues that need to be addressed and resolved before transferring water in October and November.

Sellers will forego using the surface water that would be diverted from the American River and instead use groundwater. The Sacramento Groundwater Authority provided Sacramento Suburban Water District (SSWD) and the City of Sacramento (City) a letter of support for the proposed water transfer by stating it is consistent with their groundwater management program and promotes conjunctive use (Attachment 1).

The City is the Sellers Agent and will be responsible for administering the Administration Expenses and Reimbursements. A Memorandum of Agreement (MOA) has been drafted, which structures the Administrative Expenses and Reimbursement allocations for the participating agencies. There is an Administrative Reimbursement that the Buyers pay the participating agencies for the administrative expenses, which is up to \$50,000 if the water transfer is 10,000 acre-feet or more. The MOA is substantially complete.

The buyer-seller agreement has been provided to the State Water Contractor staff who are representing the buyers. A final agreement is anticipated to be ready for signatures the week of May 18, 2020.

The next key milestone will be completing a Conveyance Agreement with the State Department of Water Resources (DWR). DWR will review the water transfer proposal, including the technical information. It is expected to have a Conveyance Agreement completed by the end of the month.

Attachment:

1 – SGA Support Letter for the 2020 Water Transfer



April 29, 2020

Dan York
Sacramento Suburban Water District
3701 Marconi #100
Sacramento, CA 95821

Brett Ewart
City of Sacramento
1395 35th Avenue
Sacramento, CA 95822

Transmitted via e-mail

Dear Mr. York and Mr. Ewart:

This is in response to your 2020 Water Transfer Notification dated April 28, 2020. I am writing to express the Sacramento Groundwater Authority's (SGA) support of the proposed transfer as it is consistent with our groundwater management program, which promotes the conjunctive use of surface water and groundwater.

As you are aware, SGA adopted a Water Accounting Framework (WAF) in 2010. The WAF defined groundwater use patterns that would ensure sustainability of the underlying basin. The WAF also defined how agencies that were practicing conjunctive use beyond the levels required to stabilize the basin could accumulate transferrable balances to participate in groundwater substitution programs.

These opportunities are intended to further incentivize conjunctive use practices. Through 2019, the transferrable balances of Sacramento Suburban Water District and the City of Sacramento are at 233,314 acre-feet and 69,351 acre-feet, respectively. These are far in excess of the proposed transfer, so we are pleased to be able to concur with your activity this year.

Please feel free to contact Rob Swartz of my staff at rswartz@rwh2o.org or 916-607-9208, if you need any additional information.

Sincerely

A handwritten signature in black ink, appearing to read 'James Peifer', written in a cursive style.

James Peifer
Executive Director



Agenda Item: 7

Date: May 10, 2020

Subject: Financial Report

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Eight reports are attached for your information. Please note formatting changes and additional reports:

- Financial Highlights – April 2020
- Financial Statements – April 2020
- Investments Outstanding and Activity – April 2020
- Cash Expenditures – April 2020
- Credit Card Expenditures – April 2020
- District Reserve Balances – April 2020
- Information Required by LOC Agreement
- Financial Markets Report – April 2020

Financial Highlights

The Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position are presented in this report. It is gleaned from the financial statements presented on subsequent pages. Key information from this report indicates the District's cash balance is \$4.3 million less, while investments are \$3.4 million more than on April 30, 2019; long term debt has decreased by \$5.2 million; and net position has increased by \$9.9 million in the last 12 months as the District continues to invest in capital infrastructure replacements while decreasing its outstanding debt. With the Governor of California's Executive Order 20-42 suspending the disconnection of water service for non-payment for residential and certain commercial customers, the District is closely monitoring payment activity and accounts receivable balances. Accounts receivable have increased \$0.3 million year to date compared to the same period last year. This increase adjusted for this year's increased revenues would equate to \$0.2 million. Operating revenues increased \$0.8 million while operating expenses decreased \$0.6 million year to date compared to the same period a year ago.

Statements of Net Position:

District cash and cash equivalents decreased to \$5.9 million as of April 30, 2020, down \$2.1 million from \$8.0 million at December 31, 2019, due primarily to settlement payment of \$2.6 million to McClellan Business Park (MCBP) to satisfy an agreement between MCBP and SSWD. Cash held in the District's bank accounts (\$4.4 million as of April 30) is held in accordance with state and federal regulations, which state that cash held in the District's bank accounts above the

FDIC insured limits must be fully collateralized with government securities that are equal to or greater than 110% of the District's cash balance in the bank at any time.

Investments increased since December 31, 2019, by \$1.4 million to a total of \$40.4 million, reflecting the reinvestment of interest received and unrealized market value gains. Investment portfolio balances and activity are reported on subsequent pages.

Gross capital assets increased by \$3.9 million to \$497.6 million as of April 30, 2020, since December 31, 2019, resulting from expenditures on CIP, which includes distribution main replacement projects, well improvement projects, and meter retrofits costs. Capital assets are primarily funded by monthly remuneration from customers through rates, facility development fees, developer contributions, as well as grant funds, when available, and District reserves when necessary.

Net position stands at \$263.4 million as of April 30, 2020, compared to \$259.5 million at December 31, 2019, for an increase of \$3.9 million. This increase is primarily due to \$3.4 million in operating income, \$0.3 million in net non-operating income, and \$0.2 million in capital contributions as of April 30, 2020.

Statements of Revenues, Expenses, and Changes in Net Position:

The net position increase of \$3.9 million as of April 30, 2020, is \$1.7 million more than the first four months of 2019. Net changes are mainly comprised of:

1. Water consumption sales increased by \$0.8 million compared to the same period of 2019 due to increased water deliveries as 6,671 acre-feet of water was delivered in 2020 compared to 5,953 acre-feet in 2019. In addition to the increase in water consumption, a 5.0% rate increase also occurred on January 1, 2020.
2. Total operating revenues increased as well due to Water Service Charges increasing by \$0.4 million in line with the 5.0% rate increase referred to above.
3. Wheeling water charge decreased by \$0.3 million due to unavailability of Placer County Water Agency (PCWA) water to sell to Cal-American Water Company.
4. Other Charge for Services decreased by \$0.1 million as Collection Charges and Penalty Charges were not collected during the month of April to comply with the Governor's Executive Order due to COVID-19 pandemic.
5. Operating expenses decreased by \$0.7 million from the same period in 2019 due primarily to: 1) the decrease of surface water costs as less surface water was taken from both PCWA and the City of Sacramento due to suspension of surface water availability and 2) the decrease in operating inventory costs as endpoint replacing costs are now budgeted and accounted for in the CIP program.

6. Investment income increased by \$0.5 million compared to the same period a year ago, primarily due to unrealized holding gains in the first four months of 2020.

Budgets:

The District's operating and maintenance expenditures through April 2020 came in less than the approved budget by \$1.7 million. Most of this positive variance is due to 1) water cost savings from not purchasing surface water due to surface water unavailability and 2) expenditure timing differences.

There was no operating capital project expenditures in April 2020. The total budget for the year is \$1.2 million. This was intentional as the District readies for the COVID-19 economic impact.

The District's Capital Improvement Project (CIP) budget for 2020 is \$19.6 million. For 2020, \$3.8 million has been spent while \$9.1 million has been committed. Expenditures continue to be primarily in distribution system replacements, new well construction, well improvements, and meter retrofit projects.

Debt - April 2020

This report also shows District activity in repaying its long-term debt obligations. Scheduled 2020 principal payments of \$4.8 million are not due until the end of October 2020. Total principal outstanding as of April 31, 2020, remains at \$70.1 million.

Interest expense consists of: 1) interest paid to bondholders, 2) letter-of-credit facility fees, 3) remarketing fees, 4) arbitrage rebate liabilities, and 5) net SWAP interest.

For the first four months of 2020, the District has incurred interest expense of \$924,761 versus a forecast of \$878,599, or a \$46,162 negative variance. This was primarily due to a liquidity issue in the municipal variable rate debt obligation (VRDO) market. Since the initial spike in rates during week of March 16, 2020, rates have decreased. The last reset for the week of April 29 saw rates drop to 0.18% compared to 1.23% of their normal, pre-pandemic levels in the municipal VRDO market.

Investments Outstanding and Activity – April 2020

Reserve funds are invested in diverse investments that consist of corporate notes, Federal Agency bonds and discount notes, U.S. Treasury bonds, notes and bills, Supra-National Agency notes, commercial paper, municipal bonds, negotiable certificates of deposit, asset-backed securities, collateralized mortgage obligations, and LAIF (Local Agency Investment Fund). The District's investments are under the day-to-day management of PFM Asset Management, LLC (PFM). PFM manages the portfolio in compliance with the District's Investment Policy and provides monthly and quarterly reporting, analytics, and proposes strategies for the District. The market portfolio is currently earning a rate of 2.14% per annum, while LAIF is earning 1.65%. District staff monitors investment assets quarterly and reviews/approves the effective duration of the District's portfolio against its benchmark index on a quarterly basis as well.

During the month of April 2020, the District purchased two Federal Agency Notes for \$0.9 million (par). The District received principal pay downs on three Federal Agency Collateralized Mortgage Obligations of \$9,786 (par) and five Asset-Backed Security Obligations of \$78,357 (par). One Corporate Bond was matured for \$0.3 million (par). See “Investment Activity” section in the attached report for further details.

The District has instructed its investment manager to hold in cash pay downs and maturities and to not reinvest proceeds at this time. In anticipation of the effects of the COVID-19 pandemic on cash flow, the District will maintain a higher cash balance in the event funds are needed.

All investments are invested and accounted for in accordance with the District Investment Policy (PL - FIN 003) and Government Code.

Cash Expenditures – April 2020

During the month of April, the District made cash payments totaling \$3.4 million. The primary expenditures were – \$1.4 million for 2020 capital improvement projects, \$0.7 million for payroll, pension and health benefits, \$0.1 million for water costs including pumping and chemical costs, \$0.8 million for debt service, and \$0.4 million for all other O&M expenses.

Purchasing Card Expenditures – April 2020

Per the District’s Purchasing Card Policy (PL – FIN 006), a monthly report detailing each purchasing card transaction by cardholder is provided.

During the month, the District spent \$14,444 for various purchases on the six District purchasing cards. Details by vendor and purpose are included in this report.

District Reserve Balances

The District’s Reserve Policy, PL – Fin 004, requires the District to maintain a certain level of cash and investments on hand at any one time, as determined by the Board annually. Balances as of April 30, 2020, are \$46,462,285 compared to \$47,268,398 at December 31, 2019.

Information Required by LOC Agreement

Per Article 5.2 (b) of the 2009A COP Reimbursement Agreement with Sumitomo Mitsui Banking Corporation (LOC Provider), year-to-date net revenues available for the payment of debt service costs and an estimate of debt service payments for the upcoming six months are provided.

**Sacramento Suburban Water District
Financial Highlights
Period Ended**

STATEMENTS OF NET POSITION

	<u>Year-To-Date</u> <u>4/30/2020</u>	<u>Year-To-Date</u> <u>4/30/2019</u>
LIQUIDITY		
Cash and cash equivalents	\$5,867,995.46	\$10,207,046.39
INVESTMENT		
Investments	40,396,935.64	37,045,474.35
ACCOUNTS RECEIVABLE		
	2,164,790.17	1,893,899.37
CAPITAL ASSETS		
Property, plant and equipment	497,547,861.25	480,578,413.51
Accumulated depreciation	<u>(194,901,585.13)</u>	<u>(184,556,599.97)</u>
	302,646,276.12	296,021,813.54
LIABILITIES		
Long Term Debt	(76,024,243.60)	(81,235,353.40)
NET POSITION		
Net Position	<u>263,404,490.15</u>	<u>253,540,992.35</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>Month</u> <u>4/30/2020</u>	<u>Year-To-Date</u> <u>4/30/2020</u>	<u>Month</u> <u>4/30/2019</u>	<u>Year-To-Date</u> <u>4/30/2019</u>
NET INCOME				
Operating Revenue	3,492,343.92	13,496,952.95	3,191,941.32	12,723,158.49
Operating Expense	(1,404,971.24)	(5,489,281.66)	(1,501,288.41)	(6,140,125.84)
Other, Net	(1,058,381.88)	(4,059,163.37)	(1,136,375.58)	(4,316,050.99)
Change in Net Position	<u>\$1,028,990.80</u>	<u>\$3,948,507.92</u>	<u>\$554,277.33</u>	<u>\$2,266,981.66</u>

**Sacramento Suburban Water District
Statements of Net Position**

	As Of	Month End	Year End
		<u>4/30/2020</u>	<u>12/31/2019</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		\$5,867,915.01	\$8,011,078.56
Restricted Cash and cash equivalents		80.45	1,687.83
Accounts receivable, net of allowance for uncollectible accounts		2,164,790.17	2,901,672.06
Interest receivable		193,885.82	215,053.00
Grants receivables		7,296.94	351,969.29
Other receivables			97,320.57
Inventory		538,056.66	553,991.25
Prepaid expenses and other assets		1,252,396.91	1,249,069.53
TOTAL CURRENT ASSETS		10,024,421.96	13,381,842.09
NONCURRENT ASSETS			
Investments		40,396,935.64	39,040,578.27
Fair value of interest rate swaps		56,545.00	56,545.00
TOTAL NONCURRENT ASSETS		40,453,480.64	39,097,123.27
Property, plant and equipment		497,579,175.25	493,653,393.30
Accumulated depreciation		(194,901,585.13)	(190,327,387.33)
TOTAL CAPITAL ASSETS		302,677,590.12	303,326,005.97
TOTAL ASSETS		353,155,492.72	355,804,971.33
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on long-term debt refunding		5,143,231.64	5,363,479.76
Pension contribution subsequent to measurement date		2,054,016.00	2,054,016.00
Other post-employment benefits		343,227.00	343,227.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		360,695,967.36	363,565,694.09
LIABILITIES			
CURRENT LIABILITIES			
Current portion of long-term debt and capital leases		4,790,000.00	4,790,000.00
Accounts payable		1,026,080.72	3,769,360.97
Accrued interest		0.02	297,075.42
Deferred revenue and other liabilities		2,107,362.15	1,867,586.59
Accrued expenses		327,341.83	4,194,921.54
TOTAL CURRENT LIABILITIES		8,250,784.72	14,918,944.52
NONCURRENT LIABILITIES			
Long-term debt		71,234,243.60	71,430,427.20
Compensated absences		1,167,779.89	1,121,671.14
Net pension liability		9,698,403.00	9,698,403.00
Net other post-employment benefits liability		6,101,412.00	6,101,412.00
TOTAL NONCURRENT LIABILITIES		88,201,838.49	88,351,913.34
TOTAL LIABILITIES		96,452,623.21	103,270,857.86
DEFERRED INFLOWS OF RESOURCES			
Deferred intflow of effective swaps		56,545.00	56,545.00
Employee pensions		769,919.00	769,919.00
Other post-employment benefits		12,390.00	12,390.00
NET POSITION			
Invested in capital assets, net of related debt		232,469,058.53	232,469,058.53
Restricted		1,687.83	1,687.83
Unrestricted		30,933,743.79	26,985,235.87
TOTAL NET POSITION		263,404,490.15	259,455,982.23
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION		360,695,967.36	363,565,694.09

Sacramento Suburban Water District
Statements of Revenues, Expenses and Changes in Net Position
Period Ended

	Month	Year-To-Date	Month	Year-To-Date
	4/30/2020	4/30/2020	4/30/2019	4/30/2019
OPERATING REVENUES				
Water consumption sales	\$785,782.06	\$2,977,149.94	\$536,262.17	\$2,219,234.71
Water service charge	2,682,059.13	10,289,782.51	2,559,079.43	9,844,792.44
Wheeling water charge	6,010.08	6,055.08	1,000.27	305,375.47
Other charges for services	18,492.65	223,965.42	95,599.45	353,755.87
TOTAL OPERATING REVENUES	3,492,343.92	13,496,952.95	3,191,941.32	12,723,158.49
OPERATING EXPENSES				
Source of supply	5,146.31	262,575.01	215,603.48	747,040.40
Pumping	269,327.19	1,053,273.66	280,400.81	1,055,265.64
Transmission and distribution	331,238.10	1,284,018.77	349,037.31	1,594,905.19
Water conservation	31,749.90	127,786.29	30,988.53	131,508.27
Customer accounts	80,994.61	356,226.15	96,750.44	403,967.94
Administrative and general	686,515.13	2,405,440.71	528,507.84	2,209,648.34
TOTAL OPERATING EXPENSES	1,404,971.24	5,489,320.59	1,501,288.41	6,142,335.78
Operating income before depreciation	2,087,372.68	8,007,632.36	1,690,652.91	6,580,822.71
Depreciation and amortization	(1,143,455.40)	(4,574,197.80)	(1,083,478.26)	(4,334,163.35)
OPERATING INCOME	943,917.28	3,433,434.56	607,174.65	2,246,659.36
NON-OPERATING REV. (EXP.)				
Rental income	8,393.20	85,433.25	17,694.78	95,685.98
Interest and investment income	290,432.40	1,113,306.55	86,455.51	620,971.86
Interest expense and debt related costs	(269,998.31)	(948,850.53)	(218,444.41)	(900,758.18)
Other non-operating revenues	63.60	24,043.46	54,239.80	75,778.20
Other non-operating expenses		3.00	199.00	19.44
Gain(loss) on disposal of capital assets		9,255.00		30,820.00
NON-OPERATING REV. (EXP.)	28,890.89	283,190.73	(59,855.32)	(77,482.70)
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	972,808.17	3,716,625.29	547,319.33	2,169,176.66
CAPITAL CONTRIBUTIONS				
Facility development charges	25,823.00	201,523.00	6,958.00	91,615.00
Federal, state and local capital grants	30,359.63	30,359.63		6,190.00
TOTAL CAPITAL CONTRIBUTIONS	56,182.63	231,882.63	6,958.00	97,805.00
CHANGE IN NET POSITION	1,028,990.80	3,948,507.92	554,277.33	2,266,981.66
Net position at beginning of period	262,375,499.35	259,455,982.23	252,986,715.02	251,274,010.69
NET POSITION AT END OF PERIOD	263,404,490.15	263,404,490.15	253,540,992.35	253,540,992.35

**Sacramento Suburban Water District
Operations and Maintenance Budget
Period Ended**

	Month Of April			2020 YTD		
	Actual	Budget	Variance	Actual	Budget	Variance
BUDGETED OPERATING EXPENSES						
Board of Directors	\$10,292.07	\$13,526.34	\$3,234.27	\$30,907.48	\$54,105.36	\$23,197.88
Administrative	137,813.05	208,875.71	71,062.66	676,030.01	835,152.84	159,122.83
Finance	115,372.61	116,932.79	1,560.18	403,908.75	506,231.16	102,322.41
Customer Services	80,994.61	111,586.24	30,591.63	356,226.15	446,344.96	90,118.81
Field Operations	35,853.38	46,289.62	10,436.24	166,938.17	193,608.48	26,670.31
Production	274,473.50	656,664.09	382,190.59	1,315,848.67	2,191,511.36	875,662.69
Distribution	231,735.78	245,043.20	13,307.42	796,267.94	858,172.80	61,904.86
Field Services	99,502.32	123,628.26	24,125.94	470,849.21	525,497.04	54,647.83
Maintenance	49,912.57	57,244.97	7,332.40	199,735.11	240,979.88	41,244.77
Water Conservation	31,749.90	44,302.34	12,552.44	127,786.29	197,234.36	69,448.07
Engineering	200,561.26	201,475.89	914.63	505,775.87	531,903.56	26,127.69
GIS/CAD	21,958.20	33,477.20	11,519.00	102,673.98	124,308.80	21,634.82
Human Resources	13,293.13	19,620.32	6,327.19	61,568.66	86,481.28	24,912.62
Information Technology	101,458.86	116,893.59	15,434.73	274,804.30	367,574.36	92,770.06
TOTAL OPERATING EXPENSES	1,404,971.24	1,995,560.56	590,589.32	5,489,320.59	7,159,106.24	1,669,785.65

**SACRAMENTO SUBURBAN WATER DISTRICT
OPERATING CAPITAL BUDGET
4/30/2020**

Project Number	Project Name	Original Budget	Current Month Expenditures	Expenditures Year-To-Date	Committed Year-To-Date	Remaining Balance
SF20-482	UPDATING ASSET MGMT PLANS	\$ 565,000.00	\$ -	\$ 141,150.71	\$ 154,678.00	\$ 269,171.29
SF20-483	FENCE REPLACE - 2 WELL SITES	14,000.00		-	3,400.00	\$ 10,600.00
SF20-484	MARCONI CUST SERV AREA IMPRV	75,000.00		-		\$ 75,000.00
SF20-485	OFF FURNITURE/WORKSTATIONS	5,000.00		-		\$ 5,000.00
SF20-486	HVA/ROOF/BUILD REPAIRS	30,000.00		-		\$ 30,000.00
SF20-487	VEHICLE REPL - TRUCK# 46	32,000.00		-		\$ 32,000.00
SF20-488	VEHICLE REPL - TRUCK# 49	47,000.00		-		\$ 47,000.00
SF20-489	VEHICLE REPL - TRUCK# 54	47,000.00		-		\$ 47,000.00
SF20-490	VEHICLE REPL - TRUCK# 56	47,000.00		-		\$ 47,000.00
SF20-491	VEHICLE REPL - TRUCK# 4	31,000.00		-		\$ 31,000.00
SF20-492	VEHICLE REPL - TRUCK# 16	31,000.00		-		\$ 31,000.00
SF20-493	BOARD ROOM WALL MAP	4,000.00		-		\$ 4,000.00
SF20-494	HARDWARE REFRESH PROGRAM	167,000.00		-		\$ 167,000.00
SF20-495	SOFTWARE ENHANCEMENTS/MODULES	110,000.00		-		\$ 110,000.00
SF20-496	BOARD PACKAGE SOFTWARE	25,000.00		-		\$ 25,000.00
TOTAL		\$ 1,230,000.00	\$ -	\$ 141,150.71	\$ 158,078.00	\$ 930,771.29

**Sacramento Suburban Water District
Capital Improvement Project Budget
4/30/2020**

Project No.	Project Name	Original Budget	Current Month Expenditures	Expenditures Year-To-Date	Committed Year-To-Date	Remaining Balance
SC20-009	WELL REHAB/PUMP ST IMPROVEMENT	\$ 1,953,000.00	\$ 132,363.03	\$ 165,093.53	\$ 693,090.00	\$ 1,094,816.47
SC20-010	SCADA RTU/COMMUN IMPROVEMENT	615,000.00	2,887.50	2,887.50	61,520.00	\$ 550,592.50
SC20-011	WELL DESTRUCTION/SITE DEMOLITI	300,000.00	1,948.00	1,948.00	-	\$ 298,052.00
SC20-012	WELL NEW CONST/REPLACEMENTS	3,300,000.00	8,815.00	59,746.85	844,861.00	\$ 2,395,392.15
SC20-018	DISTRIBUTION MAIN REPL/IMPRV	9,414,000.00	668,679.65	1,926,300.09	6,217,230.00	\$ 1,270,469.91
SC20-022	WTR RELATED STREET IMPRV	200,000.00	70,215.00	73,470.00	19,458.00	\$ 107,072.00
SC20-024	METER RETROFIT PROGRAM	1,888,000.00	215,887.46	1,097,224.98	788,819.00	\$ 1,956.02
SC20-034	RESERVIOR/TANK IMPROVMENT	210,000.00		664.00	96,275.00	\$ 113,061.00
SC20-035	CORROSION CONTROL-TRAN MAINS	50,000.00	500.00	21,000.00	32,135.00	\$ (3,135.00)
SC20-038	LARGE WTR METER >3" REPL	80,000.00	2,743.93	2,743.93	6,884.00	\$ 70,372.07
SC20-039	PM METER REPLACEMENT	250,000.00	-	-	-	\$ 250,000.00
SC20-040	AMI ENDPOINTS REPL	1,300,000.00	125,013.92	425,096.74	308,101.00	\$ 566,802.26
SC20-048	RIGHT OF WAY/EASEMENT ACQUISIT	5,000.00		-	-	\$ 5,000.00
		\$ 19,565,000.00	\$ 1,229,053.49	\$ 3,776,175.62	\$ 9,068,373.00	\$ 6,720,451.38

**Sacramento Suburban Water District
Debt
4/30/2020**

Principal Current Month

	Series 2009A COP	Series 2012A	Series 2018A	Total
Beginning Balance	\$ 42,000,000	\$ 13,225,000	\$ 14,830,000	\$ 70,055,000
Additions:				-
Reductions: Payment	-	-	-	-
Ending Balance	<u>\$ 42,000,000</u>	<u>\$ 13,225,000</u>	<u>\$ 14,830,000</u>	<u>\$ 70,055,000</u>

Principal Year-To-Date

	Series 2009A COP	Series 2012A	Series 2018A	Total
Beginning Balance	\$ 42,000,000	\$ 13,225,000	\$ 14,830,000	\$ 70,055,000
Additions:				-
Reductions: Payment	-	-	-	-
Ending Balance	<u>\$ 42,000,000</u>	<u>\$ 13,225,000</u>	<u>\$ 14,830,000</u>	<u>\$ 70,055,000</u>

Interest Expense

	Current Month Actual	Year-To-Date Actual	Budget	Variance
Interest Expense	<u>\$ 325,163</u>	<u>\$ 924,761</u>	<u>\$ 878,599</u>	<u>\$ (46,162)</u>

**Investments Outstanding and Activity
April 2020**



Managed Account Detail of Securities Held

For the Month Ending **April 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828Q78	175,000.00	AA+	Aaa	01/03/17	01/05/17	171,527.34	1.86	6.54	174,197.94	177,078.13
US TREASURY NOTES DTD 05/31/2014 2.000% 05/31/2021	912828WN6	300,000.00	AA+	Aaa	09/01/16	09/02/16	310,781.25	1.22	2,508.20	302,458.77	305,859.36
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	375,000.00	AA+	Aaa	07/06/17	07/11/17	377,270.51	1.85	1,263.59	375,731.31	384,023.44
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	250,000.00	AA+	Aaa	08/01/17	08/03/17	245,205.08	1.72	8.49	248,304.76	253,945.30
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	475,000.00	AA+	Aaa	10/05/17	10/10/17	463,997.07	1.85	16.14	470,931.44	482,496.07
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	1,200,000.00	AA+	Aaa	08/30/17	08/31/17	1,181,062.50	1.64	40.76	1,193,181.50	1,218,937.44
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	135,000.00	AA+	Aaa	01/03/18	01/04/18	133,286.13	2.18	6.88	134,207.73	139,429.69
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	950,000.00	AA+	Aaa	05/03/18	05/07/18	919,644.53	2.73	48.40	934,780.51	981,171.88
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	1,050,000.00	AA+	Aaa	07/03/18	07/06/18	1,018,992.19	2.69	53.50	1,033,784.29	1,084,453.12
US TREASURY NOTES DTD 08/15/2012 1.625% 08/15/2022	912828TJ9	500,000.00	AA+	Aaa	09/05/18	09/07/18	479,023.44	2.76	1,696.43	487,805.00	516,093.75
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	125,000.00	AA+	Aaa	01/07/19	01/10/19	123,198.24	2.51	890.28	123,790.55	131,250.00
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	1,375,000.00	AA+	Aaa	01/30/19	01/31/19	1,353,193.36	2.55	9,793.10	1,360,147.09	1,443,750.00
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	400,000.00	AA+	Aaa	04/01/19	04/05/19	389,109.38	2.32	2,717.21	391,923.57	416,625.00
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	575,000.00	AA+	Aaa	03/04/19	03/06/19	554,133.79	2.53	3,905.99	559,825.80	598,898.44



Managed Account Detail of Securities Held

For the Month Ending **April 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	700,000.00	AA+	Aaa	06/03/19	06/07/19	694,503.91	1.83	4,755.12	695,747.52	729,093.75
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	725,000.00	AA+	Aaa	05/01/19	05/03/19	707,554.69	2.25	4,924.95	711,819.36	755,132.81
US TREASURY NOTES DTD 10/31/2016 1.625% 10/31/2023	912828T91	650,000.00	AA+	Aaa	07/01/19	07/03/19	645,708.98	1.78	28.70	646,531.36	680,164.03
US TREASURY NOTES DTD 10/31/2016 1.625% 10/31/2023	912828T91	2,050,000.00	AA+	Aaa	10/02/19	10/04/19	2,061,771.48	1.48	90.53	2,060,110.18	2,145,132.71
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	375,000.00	AA+	Aaa	02/03/20	02/07/20	385,180.66	1.36	2,513.74	384,647.84	400,781.25
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	475,000.00	AA+	Aaa	03/02/20	03/06/20	498,137.70	0.85	3,184.07	497,316.07	507,656.25
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	925,000.00	AA+	Aaa	01/02/20	01/07/20	938,622.07	1.66	6,200.55	937,664.53	988,593.75
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	1,150,000.00	AA+	Aaa	11/01/19	11/06/19	1,173,269.53	1.55	7,708.79	1,170,843.91	1,229,062.50
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	1,925,000.00	AA+	Aaa	12/02/19	12/05/19	1,953,875.00	1.66	12,903.85	1,951,314.48	2,057,343.75

Security Type Sub-Total		16,860,000.00					16,779,048.83	1.92	65,265.81	16,847,065.51	17,626,972.42
--------------------------------	--	----------------------	--	--	--	--	----------------------	-------------	------------------	----------------------	----------------------

Supra-National Agency Bond / Note											
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	900,000.00	AAA	Aaa	09/12/17	09/19/17	897,840.00	1.64	1,912.23	899,734.21	902,430.00
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	700,000.00	AAA	Aaa	10/02/17	10/10/17	706,488.37	1.81	7,106.94	701,106.37	705,980.10
INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021	4581X0DB1	225,000.00	AAA	Aaa	04/12/18	04/19/18	224,505.00	2.70	196.88	224,840.57	229,767.08



Managed Account Detail of Securities Held

For the Month Ending **April 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Supra-National Agency Bond / Note											
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 07/25/2018 2.750% 07/23/2021	459058GH0	750,000.00	AAA	Aaa	07/18/18	07/25/18	748,245.00	2.83	5,614.58	749,281.32	771,643.50

Security Type Sub-Total		2,575,000.00					2,577,078.37	2.13	14,830.63	2,574,962.47	2,609,820.68
--------------------------------	--	---------------------	--	--	--	--	---------------------	-------------	------------------	---------------------	---------------------

Municipal Bond / Note											
CHAFFEY UHSD, CA TXBL GO BONDS DTD 12/05/2019 2.101% 08/01/2024	157411TK5	100,000.00	AA-	Aa1	11/06/19	12/05/19	100,000.00	2.10	525.25	100,000.00	102,406.00

Security Type Sub-Total		100,000.00					100,000.00	2.10	525.25	100,000.00	102,406.00
--------------------------------	--	-------------------	--	--	--	--	-------------------	-------------	---------------	-------------------	-------------------

Federal Agency Collateralized Mortgage Obligation											
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/01/2021	3136B1XP4	152,352.63	AA+	Aaa	04/11/18	04/30/18	155,383.09	2.93	451.98	153,564.81	153,817.00
FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/01/2022	3137BM6P6	200,000.00	AA+	Aaa	04/04/18	04/09/18	201,703.13	2.88	515.00	200,888.87	207,229.87
FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	113,345.29	AA+	Aaa	12/07/18	12/17/18	113,344.95	3.20	302.54	113,345.05	116,931.53
FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024	3137FQ3V3	117,732.06	AA+	Aaa	11/20/19	11/26/19	117,729.23	2.09	205.25	117,729.49	120,832.31
FHMS K043 A2 DTD 03/01/2015 3.062% 12/25/2024	3137BGK24	275,000.00	AA+	Aaa	03/19/20	03/25/20	288,621.09	1.97	701.71	288,330.78	298,946.10

Security Type Sub-Total		858,429.98					876,781.49	2.52	2,176.48	873,859.00	897,756.81
--------------------------------	--	-------------------	--	--	--	--	-------------------	-------------	-----------------	-------------------	-------------------

Federal Agency Bond / Note											
FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021	3130A8QS5	975,000.00	AA+	Aaa	07/14/16	07/15/16	969,071.03	1.25	3,260.16	973,573.80	985,055.18
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	130,000.00	AA+	Aaa	08/17/16	08/19/16	129,555.27	1.32	334.03	129,884.67	131,635.53



Managed Account Detail of Securities Held

For the Month Ending **April 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note												
FNMA NOTES	DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	420,000.00	AA+	Aaa	08/17/16	08/19/16	418,299.00	1.33	1,079.16	419,558.90	425,284.02
FEDERAL HOME LOAN BANK NOTES	DTD 04/16/2020 0.500% 04/14/2025	3130AJHU6	450,000.00	AA+	Aaa	04/15/20	04/16/20	447,768.00	0.60	93.75	447,786.36	447,387.30
FANNIE MAE NOTES	DTD 04/24/2020 0.625% 04/22/2025	3135G03U5	450,000.00	AA+	Aaa	04/22/20	04/24/20	449,073.00	0.67	54.69	449,076.56	450,127.35
Security Type Sub-Total			2,425,000.00					2,413,766.30	1.04	4,821.79	2,419,880.29	2,439,489.38
Corporate Note												
HOME DEPOT INC CORP NOTES	DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	175,000.00	A	A2	05/24/17	06/05/17	174,898.50	1.82	1,277.50	174,996.76	175,096.78
WELLS FARGO & COMPANY NOTES	DTD 07/22/2015 2.600% 07/22/2020	94974BGM6	375,000.00	A-	A2	09/01/15	09/04/15	377,103.75	2.48	2,681.25	375,088.34	375,867.00
CATERPILLAR FINL SERVICE NOTE	DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	275,000.00	A	A3	09/05/17	09/07/17	274,769.00	1.88	805.52	274,973.37	275,838.75
APPLE INC CORP NOTES	DTD 11/13/2017 2.000% 11/13/2020	037833DJ6	400,000.00	AA+	Aa1	11/06/17	11/13/17	399,664.00	2.03	3,733.33	399,939.91	402,922.80
WAL-MART STORES INC CORP NOTE	DTD 10/20/2017 1.900% 12/15/2020	931142EA7	375,000.00	AA	Aa2	10/11/17	10/20/17	374,456.25	1.95	2,691.67	374,892.38	378,180.38
US BANCORP CORP NOTES (CALLABLE)	DTD 01/29/2016 2.350% 01/29/2021	91159HHL7	350,000.00	A+	A1	12/11/17	12/13/17	350,983.50	2.26	2,101.94	350,217.02	353,373.65
IBM CORP CORP NOTES	DTD 02/06/2018 2.650% 02/05/2021	44932HAG8	400,000.00	A	A2	02/01/18	02/06/18	399,804.00	2.67	2,532.22	399,949.88	404,200.00
JOHN DEERE CAPITAL CORP NOTES	DTD 03/13/2018 2.875% 03/12/2021	24422EUD9	375,000.00	A	A2	03/08/18	03/13/18	374,745.00	2.90	1,467.45	374,926.64	381,179.63
NATIONAL RURAL UTIL COOP NOTE	DTD 02/26/2018 2.900% 03/15/2021	63743HER9	150,000.00	A	A2	02/21/18	02/26/18	149,833.50	2.94	555.83	149,952.43	152,558.25
NATIONAL RURAL UTIL COOP NOTE	DTD 02/26/2018 2.900% 03/15/2021	63743HER9	225,000.00	A	A2	04/12/18	04/19/18	224,048.25	3.05	833.75	224,714.74	228,837.38



Managed Account Detail of Securities Held

For the Month Ending **April 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description	S&P	Moody's	Trade	Settle	Original	YTM	Accrued	Amortized	Market		
Dated Date/Coupon/Maturity	Par	Rating	Rating	Date	Date	Cost	at Cost	Cost	Value		
CUSIP											
Corporate Note											
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	225,000.00	A	A1	05/16/16	05/19/16	230,170.50	2.00	250.00	225,933.68	228,388.28
PEPSICO INC CORP (CALLABLE) NOTE DTD 10/10/2017 2.000% 04/15/2021	713448DX3	225,000.00	A+	A1	10/05/17	10/10/17	224,955.00	2.01	200.00	224,987.76	227,631.15
BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	35,000.00	A-	A2	11/01/17	11/03/17	35,271.60	2.39	30.63	35,075.91	35,540.44
AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	225,000.00	A-	A2	05/25/16	05/31/16	224,478.00	2.30	2,475.00	224,892.99	227,622.38
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	150,000.00	A	A1	05/03/18	05/10/18	149,896.50	3.12	2,144.17	149,964.37	153,391.05
STATE STREET CORP NOTES DTD 05/19/2016 1.950% 05/19/2021	857477AV5	110,000.00	A	A1	05/19/16	05/24/16	109,532.50	2.04	965.25	109,901.67	111,243.66
CHARLES SCHWAB CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	250,000.00	A	A2	05/17/18	05/22/18	249,992.50	3.25	3,611.11	249,997.36	254,267.00
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	240,000.00	A-	A2	09/13/17	09/18/17	240,000.00	2.33	465.60	240,000.00	240,339.60
PACCAR FINANCIAL CORP NOTE DTD 03/01/2019 2.850% 03/01/2022	69371RP75	150,000.00	A+	A1	02/22/19	03/01/19	149,868.00	2.88	712.50	149,919.43	153,191.70
BANK OF AMERICA CORP NOTES DTD 05/17/2018 3.499% 05/17/2022	06051GHH5	90,000.00	A-	A2	05/14/18	05/17/18	90,000.00	3.50	1,434.59	90,000.00	91,463.31
JPMORGAN CHASE & CO BONDS DTD 03/22/2019 3.207% 04/01/2023	46647PBB1	675,000.00	A-	A2	03/15/19	03/22/19	675,000.00	3.21	1,803.94	675,000.00	694,449.45
PNC BANK NA CORP NOTES DTD 01/23/2019 3.500% 01/23/2024	693475AV7	380,000.00	A-	A3	02/12/19	02/15/19	382,705.60	3.34	3,620.56	382,043.83	405,466.84
MORGAN STANLEY CORP NOTES DTD 04/28/2014 3.875% 04/29/2024	61746BDQ6	375,000.00	BBB+	A3	07/19/19	07/23/19	396,483.75	2.59	80.73	392,993.57	403,351.50



Managed Account Detail of Securities Held

For the Month Ending **April 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
AMERICAN HONDA FINANCE CORP NOTE DTD 06/27/2019 2.400% 06/27/2024	02665WCZ2	375,000.00	A	A3	07/11/19	07/15/19	373,140.00	2.51	3,100.00	373,439.20	374,889.00
GOLDMAN SACHS GROUP INC BONDS DTD 07/08/2014 3.850% 07/08/2024	38141EC23	375,000.00	BBB+	A3	07/08/19	07/11/19	392,467.50	2.84	4,531.77	389,642.44	398,803.88
BB&T CORPORATION CORP BONDS DTD 07/29/2019 2.500% 08/01/2024	05531FBH5	400,000.00	A-	A3	08/01/19	08/05/19	400,664.00	2.46	2,500.00	400,565.66	413,340.40
WALT DISNEY COMPANY/THE DTD 09/06/2019 1.750% 08/30/2024	254687FK7	400,000.00	A-	A2	09/03/19	09/06/19	398,368.00	1.83	1,225.00	398,581.42	406,257.60
BANK OF NY MELLON CORP DTD 10/24/2019 2.100% 10/24/2024	06406RAL1	150,000.00	A	A1	01/21/20	01/28/20	150,660.00	2.00	61.25	150,624.16	154,145.85
Security Type Sub-Total		7,930,000.00					7,973,959.20	2.54	47,892.56	7,963,214.92	8,101,837.71
Commercial Paper											
MUFG BANK LTD/NY COMM PAPER DTD 01/13/2020 0.000% 10/06/2020	62479LK61	800,000.00	A-1	P-1	01/10/20	01/13/20	789,320.00	1.82	0.00	793,680.00	797,567.20
Security Type Sub-Total		800,000.00					789,320.00	1.82	0.00	793,680.00	797,567.20
Certificate of Deposit											
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	375,000.00	A-1	P-1	06/05/18	06/07/18	374,857.50	3.10	4,684.17	374,979.31	375,846.00
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	625,000.00	A-1+	P-1	08/03/17	08/07/17	625,000.00	2.05	2,989.58	625,000.00	627,350.63
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	670,000.00	A-1	P-1	08/01/18	08/03/18	670,000.00	3.19	16,029.75	670,000.00	674,674.59
SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020	86565BPC9	380,000.00	A-1	P-1	10/16/18	10/18/18	379,483.20	3.45	536.75	379,880.90	384,728.34
SWEDBANK (NEW YORK) CERT DEPOS DTD 05/16/2019 2.270% 11/16/2020	87019U6D6	700,000.00	A-1	P-1	11/16/17	11/17/17	700,000.00	2.24	7,282.92	700,000.00	705,183.50



Managed Account Detail of Securities Held

For the Month Ending **April 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit											
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	650,000.00	AA-	Aa2	06/07/18	06/08/18	650,000.00	3.24	8,424.00	650,000.00	666,008.85
SOCIETE GENERALE NY CERT DEPOS DTD 02/19/2020 1.800% 02/14/2022	83369XDL9	400,000.00	A	A1	02/14/20	02/19/20	400,000.00	1.80	1,440.00	400,000.00	398,072.00
MUFG BANK LTD/NY CERT DEPOS DTD 02/28/2019 2.980% 02/25/2022	55379WZU3	375,000.00	A	A1	02/27/19	02/28/19	375,000.00	2.96	2,017.71	375,000.00	387,741.38
NORDEA BANK ABP NEW YORK CERT DEPOS DTD 08/29/2019 1.850% 08/26/2022	65558TLL7	400,000.00	AA-	Aa3	08/27/19	08/29/19	400,000.00	1.84	1,336.11	400,000.00	406,277.20
SKANDINAV ENSKILDA BANK LT CD DTD 09/03/2019 1.860% 08/26/2022	83050PDR7	400,000.00	A+	Aa2	08/29/19	09/03/19	400,000.00	1.85	1,343.33	400,000.00	406,368.40
DNB BANK ASA/NY LT CD DTD 12/06/2019 2.040% 12/02/2022	23341VZT1	400,000.00	AA-	Aa2	12/04/19	12/06/19	400,000.00	2.03	3,332.00	400,000.00	408,753.20
Security Type Sub-Total		5,375,000.00					5,374,340.70	2.55	49,416.32	5,374,860.21	5,441,004.09
Asset-Backed Security											
ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	2,865.22	NR	Aaa	01/24/17	01/31/17	2,864.97	1.70	2.16	2,865.16	2,865.47
FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	21,459.97	NR	Aaa	01/18/17	01/25/17	21,459.89	1.67	15.93	21,459.95	21,461.68
ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	39,870.71	NR	Aaa	03/21/17	03/29/17	39,866.01	1.78	31.54	39,869.27	39,880.27
TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	315,289.87	AAA	Aaa	05/09/18	05/16/18	315,285.17	2.96	414.78	315,287.30	319,343.96
HAROT 2018-4 A3 DTD 11/28/2018 3.160% 01/15/2023	43815AAC6	325,000.00	AAA	Aaa	11/20/18	11/28/18	324,951.41	3.16	456.44	324,968.15	331,022.35
ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	325,139.38	AAA	Aaa	06/19/18	06/27/18	325,117.14	3.00	433.52	325,126.15	328,354.29
CCCT 2018-A1 A1 DTD 01/31/2018 2.490% 01/20/2023	17305EGK5	750,000.00	NR	Aaa	01/25/18	01/31/18	749,896.20	2.49	5,239.38	749,943.15	759,216.53



Managed Account Detail of Securities Held

For the Month Ending **April 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100											
Security Type/Description			S&P	Moody's	Trade	Settle	Original	YTM	Accrued	Amortized	Market
Dated Date/Coupon/Maturity	CUSIP	Par	Rating	Rating	Date	Date	Cost	at Cost	Interest	Cost	Value
Asset-Backed Security											
NAROT 2018-C A3 DTD 12/12/2018 3.220% 06/15/2023	65478NAD7	350,000.00	AAA	Aaa	12/04/18	12/12/18	349,932.94	3.22	500.89	349,953.56	358,541.16
VZOT 2020-A A1A DTD 01/29/2020 1.850% 07/22/2024	92348TAA2	200,000.00	AAA	Aaa	01/21/20	01/29/20	199,976.58	1.85	113.06	199,977.91	200,958.60
COMET 2019-A2 A2 DTD 09/05/2019 1.720% 08/15/2024	14041NFU0	800,000.00	AAA	NR	08/28/19	09/05/19	799,798.56	1.73	611.56	799,825.22	816,004.24
Security Type Sub-Total		3,129,625.15					3,129,148.87	2.49	7,819.26	3,129,275.82	3,177,648.55
Managed Account Sub-Total		40,053,055.13					40,013,443.76	2.14	192,748.10	40,076,798.22	41,194,502.84
Securities Sub-Total		\$40,053,055.13					\$40,013,443.76	2.14%	\$192,748.10	\$40,076,798.22	\$41,194,502.84
Accrued Interest											\$192,748.10
Total Investments											\$41,387,250.94

**Investment Activity
April 2020**



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
BUY										
04/15/20	04/16/20	FEDERAL HOME LOAN BANK NOTES DTD 04/16/2020 0.500% 04/14/2025	3130AJHU6	450,000.00	(447,768.00)	0.00	(447,768.00)			
04/22/20	04/24/20	FANNIE MAE NOTES DTD 04/24/2020 0.625% 04/22/2025	3135G03U5	450,000.00	(449,073.00)	0.00	(449,073.00)			
Transaction Type Sub-Total				900,000.00	(896,841.00)	0.00	(896,841.00)			
INTEREST										
04/01/20	04/01/20	BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	240,000.00	0.00	2,793.60	2,793.60			
04/01/20	04/01/20	JPMORGAN CHASE & CO BONDS DTD 03/22/2019 3.207% 04/01/2023	46647PBB1	675,000.00	0.00	10,823.63	10,823.63			
04/01/20	04/01/20	MONEY MARKET FUND	MONEY0002	0.00	0.00	370.31	370.31			
04/01/20	04/25/20	FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/01/2021	3136B1XP4	157,392.51	0.00	462.39	462.39			
04/01/20	04/25/20	FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	120,716.75	0.00	321.63	321.63			
04/01/20	04/25/20	FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/01/2022	3137BM6P6	200,000.00	0.00	515.00	515.00			
04/01/20	04/25/20	FHMS K043 A2 DTD 03/01/2015 3.062% 12/25/2024	3137BGK24	275,000.00	0.00	701.71	701.71			
04/01/20	04/25/20	FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024	3137FQ3V3	118,161.25	0.00	205.58	205.58			
04/15/20	04/15/20	COMET 2019-A2 A2 DTD 09/05/2019 1.720% 08/15/2024	14041NFU0	800,000.00	0.00	1,146.67	1,146.67			
04/15/20	04/15/20	TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	325,000.00	0.00	801.67	801.67			
04/15/20	04/15/20	BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	225,000.00	0.00	2,812.50	2,812.50			
04/15/20	04/15/20	ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	18,828.99	0.00	11.37	11.37			
04/15/20	04/15/20	PEPSICO INC CORP (CALLABLE) NOTE DTD 10/10/2017 2.000% 04/15/2021	713448DX3	225,000.00	0.00	2,250.00	2,250.00			



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	04/15/20	04/15/20	NAROT 2018-C A3 DTD 12/12/2018 3.220% 06/15/2023	65478NAD7	350,000.00	0.00	939.17	939.17			
	04/15/20	04/15/20	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	82,598.87	0.00	57.93	57.93			
	04/15/20	04/15/20	ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	400,000.00	0.00	873.66	873.66			
	04/15/20	04/15/20	HAROT 2018-4 A3 DTD 11/28/2018 3.160% 01/15/2023	43815AAC6	325,000.00	0.00	855.83	855.83			
	04/15/20	04/15/20	ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	98,411.72	0.00	87.32	87.32			
	04/16/20	04/16/20	SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020	86565BPC9	380,000.00	0.00	6,548.35	6,548.35			
	04/19/20	04/19/20	INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021	4581X0DB1	225,000.00	0.00	2,953.13	2,953.13			
	04/19/20	04/19/20	BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	35,000.00	0.00	459.38	459.38			
	04/20/20	04/20/20	VZOT 2020-A A1A DTD 01/29/2020 1.850% 07/22/2024	92348TAA2	200,000.00	0.00	308.33	308.33			
	04/24/20	04/24/20	BANK OF NY MELLON CORP DTD 10/24/2019 2.100% 10/24/2024	06406RAL1	150,000.00	0.00	1,575.00	1,575.00			
	04/29/20	04/29/20	MORGAN STANLEY CORP NOTES DTD 04/28/2014 3.875% 04/29/2024	61746BDQ6	375,000.00	0.00	7,265.63	7,265.63			
	04/30/20	04/30/20	US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	2,135,000.00	0.00	20,015.63	20,015.63			
	04/30/20	04/30/20	US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828Q78	175,000.00	0.00	1,203.13	1,203.13			
	04/30/20	04/30/20	US TREASURY NOTES DTD 10/31/2016 1.625% 10/31/2023	912828T91	2,700,000.00	0.00	21,937.50	21,937.50			
	04/30/20	04/30/20	US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	1,925,000.00	0.00	12,031.25	12,031.25			
Transaction Type Sub-Total					12,936,110.09	0.00	100,327.30	100,327.30			



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
MATURITY										
04/17/20	04/17/20	TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	275,000.00	275,000.00	2,681.25	277,681.25	126.50	0.00	
Transaction Type Sub-Total				275,000.00	275,000.00	2,681.25	277,681.25	126.50	0.00	
PAYDOWNS										
04/01/20	04/25/20	FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/01/2021	3136B1XP4	2,443.76	2,443.76	0.00	2,443.76	(48.61)	0.00	
04/01/20	04/25/20	FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	7,153.84	7,153.84	0.00	7,153.84	0.02	0.00	
04/01/20	04/25/20	FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024	3137FQ3V3	188.68	188.68	0.00	188.68	0.00	0.00	
04/15/20	04/15/20	TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	9,710.13	9,710.13	0.00	9,710.13	0.14	0.00	
04/15/20	04/15/20	ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	18,996.72	18,996.72	0.00	18,996.72	2.24	0.00	
04/15/20	04/15/20	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	20,167.16	20,167.16	0.00	20,167.16	0.08	0.00	
04/15/20	04/15/20	ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	5,158.61	5,158.61	0.00	5,158.61	0.45	0.00	
04/15/20	04/15/20	ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	24,324.46	24,324.46	0.00	24,324.46	1.66	0.00	
Transaction Type Sub-Total				88,143.36	88,143.36	0.00	88,143.36	(44.02)	0.00	
Managed Account Sub-Total					(533,697.64)	103,008.55	(430,689.09)	82.48	0.00	
Total Security Transactions					(533,697.64)	\$103,008.55	(430,689.09)	\$82.48	\$0.00	

**Cash Expenditures
April 2020**

AP Warrant List from 4/1/2020 to 4/30/2020

Group	Vendor Name	Amount	Description
Benefits			
	ACWA JPIA INSURANCE/EAP - Invoices:2	\$359.80	Miscellaneous Employee Benefits
	AFLAC - Invoices:2	\$1,492.68	Supplemental Insurance
	AMERITAS (VISION) - Invoices:1	\$2,073.36	Employee Benefit - Vision
	BASIC PACIFIC - Invoices:3	\$1,152.40	Miscellaneous Employee Benefits
	CIGNA GROUP INS LIFE/LTD - Invoices:1	\$4,957.07	Employee Benefit - LTD Insurance
	CIGNA-DENTAL INS - Invoices:2	\$28,205.01	Employee Benefit - Dental
	EMPLOYEE RELATIONS NETWORK - PAYROLL - 2	\$209.35 \$592,896.32	Miscellaneous Employee Benefits Payroll
	PERS LONG TERM CARE PROGRAM -	\$2,657.04	Miscellaneous Employee Benefits
	PERS HEALTH - Invoices:2	\$114,988.51	OPEB - Retiree Benefits Premium
	SUTTER MEDICAL FOUNDATION -	\$249.00	Miscellaneous Employee Benefits
CIP & OCB			
	AECOM TECHNICAL SERVICES INC -	\$58,065.16	Construction In Progress
	ARMORCAST PRODUCTS COMPANY -	\$40,104.56	Construction In Progress
	BROWN & CALDWELL - Invoices:6	\$90,222.79	Construction In Progress
	CITY OF SACRAMENTO/ ENCROACHMENT -	\$5,076.98	Construction In Progress
	COUNTY OF SAC PUBLIC WORKS -	\$1,656.00	Construction In Progress
	DOMENICHELLI & ASSOCIATES -	\$53,251.90	Construction In Progress
	DOUG VEERKAMP GENERAL ENGR -	\$324,620.70	Construction In Progress
	ERC CONTRACTING - Invoices:1	\$16,476.25	Construction In Progress
	FERGUSON WATERWORKS - Invoices:4	\$3,034.23	Construction In Progress
	FLOWLINE CONTRACTORS INC -	\$372,995.16	Construction In Progress
	GM CONSTRUCTION & DEVELOPERS -	\$8,504.22	Construction In Progress
	KIRBY PUMP AND MECHANICAL -	\$46,479.00	Construction In Progress
	LUHDORFF & SCALMANINI - Invoices:2	\$14,946.80	Construction In Progress
	PACE SUPPLY CORP - Invoices:7	\$112,491.42	Construction In Progress
	R & B COMPANY - Invoices:1	\$49,550.28	Construction In Progress
	RAWLES ENGINEERING - Invoices:2	\$43,570.00	Construction In Progress
	ROADRUNNER DRILLING & PUMP CO -	\$79,386.90	Construction In Progress
	S E AHLSTROM INSPECTION - Invoices:3	\$14,310.00	Construction In Progress
	SENSUS USA INC - Invoices:1	\$2,975.57	Construction In Progress
	TRAFFIC MANAGEMENT GROUP INC (TMI)	\$500.00	Construction In Progress
	WEST YOST & ASSOCIATES - Invoices:2	\$11,301.53	Construction In Progress
	WOOD RODGERS ENGINEERING -	\$26,800.00	Construction In Progress
Debt Service			
	CITIGROUP GLOBAL MARKETS INC -	\$13,053.28	2009A COP Interest Expense
	MUFG UNION BANK NA-DEBT SERVICES -	\$549,291.79	Accrued Interest - 2012A Revenue
	SUMITOMO MITSUI BANKING	\$208,921.16	2009A COP Interest Expense
	WELLS FARGO SWAP - Invoices:1	\$63,559.12	2009A COP Interest Expense
Financial Services			
	BARTEL ASSOCIATES LLC - Invoices:1	\$1,450.00	Audit Services
	FIELDMAN ROLAPP & ASSOCIATES -	\$355.50	Financial Services
	PFM ASSET MANAGEMENT LLC -	\$3,600.40	Financial Services
	RICHARDSON & CO LLP - Invoices:1	\$7,965.00	Audit Services
	WESTAMERICA BANK ANALYSIS FEES -	\$7,643.39	Financial Services
	WESTAMERICA CARD PROCESSING STMT -	\$9,279.56	Financial Services
	WORLDPAY INTEGRATED PAYMENTS -	\$634.06	Financial Services
Other			

AP Warrant List from 4/1/2020 to 4/30/2020

Group	Vendor Name	Amount	Description
	A1 FABRICATION & WELDING - Invoices:1	\$220.00	Operating Supplies
	ACWA JPIA INSURANCE AUTHORITY -	\$25,422.81	Workers Compensation
	ADT - Invoices:1	\$616.44	Building Service Expense - Office
	AIRGAS USA LLC - Invoices:2	\$283.03	Operating Supplies
	ALL PRO BACKFLOW - Invoices:5	\$7,461.00	Backflow Services
	ANDREGG PSOMAS - Invoices:1	\$4,169.50	Consulting Services
	ANSWERNET - Invoices:1	\$716.00	Communication
	ARMANINO - Invoices:1	\$14,421.25	Licenses, Permits & Fees
	ARNOLD KUNST - Invoices:1	\$150.00	BMP Rebates
	AT&T - Invoices:6	\$7,741.73	Communication
	ATLAS DISPOSAL - Invoices:2	\$380.70	Building Service Expense - Office
	ATLAS FENCE - Invoices:3	\$4,400.00	Construction Services
	BADGER METER INC - Invoices:2	\$44,159.16	Materials
	BARTKIEWICZ KRONICK & SHANAHAN -	\$9,667.10	Legal Services
	BENDER ROSENTHAL INC - Invoices:4	\$4,384.25	Consulting Services
	BROADRIDGE MAIL LLC - Invoices:11	\$30,459.64	Contract Services
	BROWER MECHANICAL - Invoices:3	\$951.00	Building Maintenance - Office &
	BURKETTS OFFICE PRODUCTS -	\$80.80	Operating Supplies
	BURTON ROBB /BURT'S LAWN & GARDEN	\$150.00	Contract Services
	CALIFORNIA LABORATORY SERVICES -	\$3,939.00	Inspection & Testing
	CAPITAL SWEEPER SERVICE - Invoices:1	\$170.00	Building Service Expense - Office
	CDWG - Invoices:2	\$1,149.12	Operating Supplies
	CECIL & CECIL ENTERPRISES INC -	\$9,995.00	Consulting Services
	CENTRAL VALLEY ENG & ASPHALT -	\$22,802.00	Misc. Repairs
	CHARLES CROWDER - Invoices:1	\$150.00	BMP Rebates
	CHARLES SUAREZ - Invoices:1	\$150.00	BMP Rebates
	CINTAS - Invoices:10	\$3,684.95	Building Maintenance - Office &
	CITY OF SACRAMENTO DEPT OF	\$12.90	Utilities
	COMCAST - Invoices:1	\$45.68	Communication
	CONSOLIDATED COMMUNICATIONS -	\$427.28	Communication
	COUNTY OF SAC MUNICIPAL SERVICES -	\$147.70	Building Service Expense - Office
	COUNTY OF SAC UTILITIES - Invoices:2	\$402.51	Utilities
	Customer Refunds: 55	\$14,190.18	Refund Clearing Account
	DAVID FOLEY - Invoices:1	\$150.00	BMP Rebates
	DAVID HEIN - Invoices:1	\$150.00	BMP Rebates
	DIRECT TV - Invoices:1	\$5.00	Communication
	ELEVATOR TECHNOLOGY INC - Invoices:2	\$200.00	Building Service Expense - Office
	EMIGH ACE HARDWARE - Invoices:3	\$66.23	Building Maintenance - Office &
	FASTENAL COMPANY - Invoices:3	\$435.76	Operating Supplies
	FIRST SECURITY SERVICES - Invoices:1	\$674.16	Building Service Expense - Office
	FLEETWASH INC - Invoices:3	\$1,076.94	Vehicle Maintenance Services
	GRAINGER - Invoices:3	\$239.08	Operating Supplies
	HARROLD FORD - Invoices:4	\$1,975.29	Vehicle Maintenance Services
	HECTOR SEGOVIANO - Invoices:1	\$180.00	Other Training
	HERBURGER PUBLICATIONS INC -	\$165.00	Public Relations
	HOLLIS POLK - Invoices:1	\$150.00	BMP Rebates
	HOPKINS TECHNICAL PRODUCT -	\$767.97	Operating Supplies
	ICONIX WATERWORKS (US) INC -	\$25,276.04	Operating Supplies
Other	24		

AP Warrant List from 4/1/2020 to 4/30/2020

Group	Vendor Name	Amount	Description
	IN COMMUNICATIONS - Invoices:2	\$13,083.40	Public Relations
	INFERRERA CONSTRUCTION	\$540.00	Consulting Services
	IRON MOUNTAIN OFF SITE DATA	\$424.13	Equipment Maintenance Services
	J&J LOCKSMITH - Invoices:2	\$36.59	Building Maintenance - Office &
	JOAN FRANZINO - Invoices:1	\$225.00	Public Relations
	KENDALL NICOLE CORDER - Invoices:1	\$150.00	BMP Rebates
	LES SCHWAB TIRE CENTER/MADISON -	\$4,167.41	Equipment Maintenance Services
	MATT UNDERWOOD - Invoices:1	\$60.00	Required Training
	MICHAEL PHILLIPS LANDSCAPE CORP -	\$7,295.00	Building Service Expense - Office
	MICHELLE HIRT - Invoices:1	\$60.00	Required Training
	MUELLER SYSTEMS - Invoices:1	\$28,150.00	Licenses, Permits & Fees
	NINJIO LLC - Invoices:1	\$137.89	Equipment Maintenance Services
	OFFICE DEPOT INC - Invoices:4	\$742.12	Office Supplies
	PEST PROS - Invoices:2	\$192.10	Building Service Expense - Office
	PETERSON BRUSTAD INC - Invoices:1	\$12,042.98	Consulting Services
	RAMOS ENVIRONMENTAL - Invoices:2	\$837.50	Hazardous Waste Disposal
	RANDALL ALLEN - Invoices:1	\$150.00	BMP Rebates
	RANJEETA PAL - Invoices:1	\$107.00	BMP Rebates
	RAY MORGAN CO - Invoices:2	\$836.47	Equipment Maintenance Services
	ROBERT GREGOREK - Invoices:1	\$564.00	BMP Rebates
	RUE EQUIPMENT INC - Invoices:6	\$641.43	Equipment Maintenance Services
	SACRAMENTO SUBURBAN WATER	\$61.62	Other Training
	SERVPRO - Invoices:1	\$1,077.09	Building Service Expense - Office
	SHRED-IT - Invoices:1	\$78.84	Contract Services
	SONITROL - Invoices:1	\$888.54	Contract Services
	TEE JANITORIAL & MAINTENANCE -	\$6,447.00	Building Service Expense - Office
	TETRA TECH INC - Invoices:3	\$18,241.00	Construction Services
	TINA LYNN DESIGN - Invoices:4	\$905.00	Public Relations
	TODD ARTRIP - Invoices:1	\$60.00	Required Training
	TULLY & YOUNG - Invoices:2	\$5,125.00	Consulting Services
	US BANK CORPORATE PAYMENT SYSTEM -	\$14,443.96	Vehicle Maintenance Supplies
	VERIZON WIRELESS/DALLAS TX -	\$5,994.24	Communication
	VICKI SPRAGUE - Invoices:1	\$100.00	Membership & Dues
	VIRGINIA SUE SUPPLE - Invoices:1	\$638.00	BMP Rebates
	VITALIY PATSULA - Invoices:1	\$5,260.00	
	VOYAGER FLEET SYSTEMS - Invoices:1	\$8,504.02	Operating Supplies
	WASTE MANAGEMENT - Invoices:3	\$356.47	Building Service Expense - Office
	WENDY J WILSON - Invoices:1	\$150.00	BMP Rebates
Water Costs			
	SMUD - Invoices:1	\$61,438.18	Electrical Charges
		<u>\$3,436,137.43</u>	

**Credit Card Expenditures
April 2020**

Sacramento Suburban Water District
US Bank Purchasing Card Program
CalCard Expenditures
April 2020

Vendor Name	Description	Amount	Proj/GLAcct
WESNEW AUTO PARTS	BR4HS SPARK PLUGS FOR SMALL EQUIPMENT MAINTENANCE	\$37.98	12-54004
AMAZON.COM	HONDA AIR FILTERS AND TUNE UP KIT FOR SMALL EQUIPMENT MAINTENANCE	\$47.11	12-54004
PEP BOYS	FUEL STABLIZER AND ENGINE CLEANER	\$21.52	12-54003
THE HOME DEPOT	SUPPLIES TO MAKE SAFETY DEVICE TO STORE VALVE KEYS AT MARCONI	\$63.62	12-54008
UPS	SHIP FREEZE MACHINE TO RIGID FOR REPAIR	\$177.77	12-53003
IVES	COUNTERBLANCED FORKLIFT TRAINING/TESTING MATERIALS	\$296.74	12-52101
THE HOME DEPOT	REPAIR TOILET AT ANTELOPE - FLOOR BOLTS RUSTED/BROKEN	\$14.08	12-54008
THE HOME DEPOT	TOILET SEAT TO REPLACE BROKEN SEAT - ANTELOPE - MEN'S RR LARGE STALL	\$27.99	12-54008
THE HOME DEPOT	RETURNED 20" LINES FOR LAVATORY SINKS AT MARCONI	(\$64.44)	12-54008
ROBERT BROOKE	HOOKS FOR RESTROOMS WITH PARTITIONS - WALNUT	\$55.24	12-54008
THE HOME DEPOT	12" SUPPLY LINES FOR LAVATORY SINKS AT MARCONI	\$53.66	12-54008
AMAZON.COM	TWO SANITARY NAPKIN RECEPTACLES AND BAGS FOR RR MARCONI - UNI-SEX	\$95.22	12-54008
THE HOME DEPOT	LAVATORY FAUCETS (5) FOR MARCONI - KITCHEN FAUCET AND SUPPLY LINES	\$519.44	12-54008
THE HOME DEPOT	RETURN DEFECTIVE KITCHEN FAUCET - MARCONI	(\$74.35)	12-54008
THE HOME DEPOT	KITCHEN FAUCET - MARCONI	\$160.55	12-54008
AMAZON.COM	COUNTERTOP MULTIFOLD HAND TOWEL DISPENSER - MARCONI - KITCHEN	\$69.50	12-54008
J&J LOCKSMITH	OPEN SAFE AT MARCONI	\$89.00	12-54008
PEP BOYS	VEHICLE/EQUIPMENT MAINTENANCE SUPPLIES	\$42.78	12-54006
AMAZON.COM	3 EACH COUNTERTOP MULTIFOLD HAND TOWEL DISPENSER - MARCONI	\$191.79	12-54008
SACCNTY WST NARS	HAZARDOUS MATERIALS DISPOSAL - SPRAY CAN, BATTERIES, MERCURY, ETC	\$346.80	12-54010
PEP BOYS	HEAD LIGHT FOR VEHICLE #56	\$30.69	12-54010
AMAZON MARKETPLACE	PROTECTIVE PHONE CASES FOR S10 PHONES	\$118.40	18-52101
AMAZON MARKETPLACE	LOGITECH WEBCAMS FOR MATT UNDERWOOD AND MIKE HUOT	\$191.58	18-52101
GLOBAL KNOWLEDGE	TRAINING FOR POWER BI FOR ANALYST FOR GRAYSON MOYSE	\$1,595.00	18-51406
GLOBAL KNOWLEDGE	TRAINING FOR POWER BI NEXT LEVEL FOR POWER USERS	\$1,595.00	18-51406
AMAZON MARKETPLACE	MONITOR CABLES FOR TELECOMUTING SETUP	\$53.70	18-52101
AMAZON MARKETPLACE	ERGONOMIC MICE FOR JEFF & WAYNE	\$43.08	18-52101
AMAZON MARKETPLACE	HDMI CABLES FOR TELECOMUTING SETUP	\$45.06	18-52101
AMAZON MARKETPLACE	FLASH DRIVES FOR PUBLIC RECORDS REQUESTS	\$31.24	18-52101
AMAZON MARKETPLACE	PROTECTIVE PHONE CASES FOR FIELD STAFF	\$329.50	18-52101
AMAZON MARKETPLACE	PROTECTIVE PHONE CASES FOR ADMIN STAFF	\$64.60	18-52101
MICROSOFT OFFICE	REFUND FROM MICROSOFT FOR DOUBLE CHARGE	(\$240.00)	18-54506
SAMS CLUB	CHIPS FOR ANNUAL PERFORMANCE EVALUATION LUNCHON	\$11.98	02-56000
SAMS CLUB	FEBRUARY ALL HANDS MEETING	\$98.98	02-51403
AMAZON.COM	CALCULATOR FOR JEFF OTT	\$69.94	03-52108

RALEY'S	SODA FOR ANNUAL PERFORMANCE EVALUATION LUNCHON	\$11.42	02-56000
RALEY'S	SODA FOR LUNCH WITH THE GM ON 02/28/2020	\$11.42	02-51403
GRAC.ORG	GWRA WEBINAR FOR ENGINEERING DEPARTMENT	\$75.00	15-51407
RALEY'S	COOKIES FOR LUCH WITH THE GM ON 02/28/2020	\$7.98	02-51403
AMAZON.COM	MAGAZINE ORGANIZERS FOR LIBRARY	\$76.98	03-52108
COSTCO.COM	COFFEE FOR MARCONI OFFICE	\$87.92	03-52108
SAMSClub.COM	GENERAL OFFICE SUPPLIES	\$205.63	03-52108
AMAZON	KITCHEN SUPPLIES- WALNUT	\$13.31	03-52108
UNIVERSAL CLASS	TRAINING-SARAH DAINS	\$189.00	03-51407
SAFETY CENTER	TRAINING-AARON KING	\$150.00	06-51407
AMAZON	OFFICE SUPPLIES- WALNUT	\$10.75	03-52108
AMAZON	OFFICE SUPPLIES- WALNUT	\$43.05	03-52108
CVS	SUPPLIES-COVID-19	\$56.72	05-52101
WALMART	SUPPLIES-COVID-19	\$332.45	05-52101
SMART & FINAL	SUPPLIES-COVID-19	\$12.90	05-52101
AMAZON	KITCHEN SUPPLIES- MARCONI	\$53.10	03-52108
99 CENT ONLY STORE	SUPPLIES-COVID-19	\$23.81	05-52101
99 CENT ONLY STORE	SUPPLIES-COVID-19	\$17.34	05-52101
99 CENT ONLY STORE	SUPPLIES- COVID-19	\$15.23	05-52101
GRAC.ORG	TRAINING-DAVID ARMAND	\$335.00	14-51407
HOME DEPOT	REPLACEMENT TOOLS, TRUCK 57	\$755.05	06-52101
SMART & FINAL	KITCHEN SUPPLIES-WALNUT	\$127.10	03-52108
AWWA	TRAINING-SHAWN CHANEY	\$549.00	05-55001
HOME DEPOT	WAREHOUSE SUPPLIES	\$99.04	05-52101
AWWA	TRAINING- KYLE JIVIDEN	\$549.00	05-55001
AMAZON	WAREHOUSE SUPPLIES	\$21.33	05-52101
SOUTHWEST	TRAINING-AIRFARE, SHAWN CHANEY	\$200.96	05-55001
SOUTHWEST	TRAINING- AIRFARE, KYLE JIVIDEN	\$234.96	05-55001
SKILLPATH	TRAINING-JOSH GAGNON	\$269.00	08-51407
SKILLPATH	TRAINING-KYLE JIVIDEN	\$269.00	08-51407
THE WATER SCHOOL	07-51406=\$1596 08-51406=\$1197 14-51407=\$399	\$3,192.00	
AMAZON	WAREHOUSE SUPPLIES	\$91.01	05-52101
FRED PRYOR	TRAINING-CHAD JIVIDEN	\$99.00	07-51407
HOME DEPOT	CREDIT- WELDING HELMET	(\$39.84)	06-52101
HOME DEPOT	TARPS- ANTELOPE MATERIAL BINS	\$107.71	07-52101
DLR RESORT	CREDIT-CONFERENCE CANCELLED, TOM FOX	(\$291.33)	08-55001
DLR RESORT	CREDIT - CONFERENCE CANCELLED, TODD ARTRIP	(\$291.33)	08-55001
DLR RESORT	CREDIT- CONFERENCE CANCELLED, HECTOR SEGOVIANO	(\$291.33)	08-55001
DLR RESORT	CREDIT-CONFERENCE CANCELLED, HANNAH DUNRUD	(\$572.13)	06-55001
AMAZON	SUPPLIES-COVID-19	\$119.59	05-52101
AMAZON	SUPPLIES-COVID-19	\$75.40	05-52101
ZORO	SUPPLIES-COVID-19	\$524.32	05-52101
ULINE	SUPPLIES-COVID-19	\$325.29	05-52101
AMAZON	SUPPLIES-COVID-19	\$381.40	05-52101
	Totals:	\$14,443.96	

**District Reserve Balances
April 30, 2020**

**Sacramento Suburban Water District
Reserve Fund Balance**

	<u>April 30, 2020</u>	<u>December 31, 2019</u>
Debt Service Reserve	\$ -	\$ -
Facilities Reimbursement	-	-
Emergency/Contingency	12,275,211	11,194,277
Operating	11,554,746	13,907,193
Rate Stabilization	4,759,300	4,656,400
Interest Rate Risk	-	-
Grant	500,000	137,500
Capital Asset	17,373,028	17,373,028
TOTAL	<u><u>\$ 46,462,285</u></u>	<u><u>\$ 47,268,398</u></u>

**Cash and Investments
Per District Balance Sheet
(Provided for Reconciliation Purposes)**

	<u>April 30, 2020</u>	<u>December 31, 2019</u>
Cash and Cash Equivalents	\$ 5,871,383	\$ 8,011,079
Investments	40,396,936	39,040,578
Interest Receivable	193,886	215,053
Restricted Cash	80	1,688
TOTAL	<u><u>\$ 46,462,285</u></u>	<u><u>\$ 47,268,398</u></u>

Information Required by Bond Agreement

**Sacramento Suburban Water District
6 - Months Debt Service Schedule
4/30/2020**

Total SSWD Debt Service						
Month	Principal	Interest Adjustable/Fixed/Swap	Facility Fee	Remarketing	Debt Service	
May-20	\$ -	\$ 80,634.20	\$ -	\$ -	\$ 80,634.20	
June-20	-	80,634.20	50,400.00	13,125.00	144,159.20	
July-20	-	80,634.20	-	-	80,634.20	
August-20	-	80,634.20	-	-	80,634.20	
Sept-20	-	80,634.20	50,400.00	13,125.00	144,159.20	
Oct-20	4,790,000.00	611,534.20	-	-	5,401,534.20	

Series 2012A Fixed Rate Bonds (\$23,440,000.00)						
Month	Principal	Interest - Fixed 4.25%			Debt Service	
May-20		\$ -	\$ -	\$ -	\$ -	
June-20		-	-	-	-	
July-20		-	-	-	-	
August-20		-	-	-	-	
Sept-20		-	-	-	-	
Oct-20	2,235,000.00	306,613.00	-	-	2,541,613.00	

Series 2009A Adjustable Rate COPs (\$42,000,000.00)						
Month	Principal	Interest, Adjustable 0.18%	Facility Fee 0.480%	Remarketing 0.125%	Debt Service	
May-20		\$ 6,300.00			\$ 6,300.00	
June-20		6,300.00	50,400.00	13,125.00	69,825.00	
July-20		6,300.00			6,300.00	
August-20		6,300.00			6,300.00	
Sept-20		6,300.00	50,400.00	13,125.00	69,825.00	
Oct-20		6,300.00			6,300.00	

Series 2018A Fixed Rate COPs (\$27,915,000)						
Month	Principal	Interest - Fixed 3.17%			Debt Service	
May-20		\$ -	\$ -	\$ -	\$ -	
June-20		-	-	-	-	
July-20		-	-	-	-	
August-20		-	-	-	-	
Sept-20		-	-	-	-	
Oct-20	2,555,000.00	224,287.00	-	-	2,779,287.00	

2012 SWAP Interest, Net (\$33,000,000.00)						
Month	Principal	Interest, Swap Net (3.283-0.42429 -.18)%			Debt Service	
May-20		\$ 74,334.20	-	-	74,334.20	
June-20		\$ 74,334.20	-	-	74,334.20	
July-20		\$ 74,334.20	-	-	74,334.20	
August-20		\$ 74,334.20	-	-	74,334.20	
Sept-20		\$ 74,334.20	-	-	74,334.20	
Oct-20		\$ 74,334.20	-	-	74,334.20	

**Sacramento Suburban Water District
Schedule of Net Revenues
As Of**

	Actual Year-To-Date 4/30/2020	Budget Year-To-Date 4/30/2020
REVENUES		
Water sales charges	\$13,496,952.95	\$13,233,000.00
Facility development charges	201,523.00	100,000.00
Interest and investment income	321,761.16	323,332.00
Rental & other income	118,731.71	150,000.00
TOTAL REVENUES	14,138,968.82	13,806,332.00
EXPENSES		
Source of supply	262,575.01	1,032,400.00
Pumping	917,308.80	948,433.96
Transmission and distribution	1,267,117.15	1,385,337.84
Water conservation	127,786.29	197,234.36
Customer accounts	356,226.15	446,344.96
Administrative and general	2,558,304.19	3,147,826.12
TOTAL EXPENSES	5,489,317.59	7,157,577.24
NET REVENUE	8,649,651.23	6,648,754.76

Financial Markets Report April 30, 2020

Summary of District's Debt Portfolio:

Debt	Original Par	Outstanding	Issuance	Credit Enhancement	Final Maturity
2009A	\$ 42,000,000	\$ 42,000,000	Adjustable Rate Revenue COP's	Sumitomo Bank*	11/1/2034
2012A	\$ 29,200,000	\$ 13,225,000	Fixed Rate Revenue Bond		11/1/2027
2018A	<u>\$ 19,615,000</u>	<u>\$ 14,830,000</u>	Fixed Rate Revenue Bond		11/1/2028
	<u>\$ 90,105,000</u>	<u>\$ 70,055,000</u>			

* Credit enhancement expires 6/30/2023

Current Status of District's Variable-Rate Debt Portfolio:

Debt	Outstanding	Credit Enhancement	Bank Owned	Sold in Market	Market Rate
2009A	\$42,000,000	Sumitomo Bank LOC	None	\$42,000,000	0.79%
	Notional Amount	Counterparty	FMV	Receive Rate	Fixed Rate
Swap	\$33,300,000	Wells Fargo Bank, N.A.	(\$9,729,212)	0.604%	3.283%

Current Status of District's Investment Portfolio (April 30, 2020):

Fair Market Value	Security Type	Yield
\$ 349,958.76	Money Market	0.00%
848,898.63	LAIIF	1.65%
797,567.20	commercial paper	1.82%
3,177,648.55	Asset-Backed Securities	2.49%
5,441,004.09	Certificates of Deposit	2.55%
8,101,837.71	Corporate Notes	2.54%
2,439,489.38	Federal Agency Securities Bonds/Notes	1.04%
897,756.81	Federal Agency Collateralized Mortgage Obligation	2.52%
102,406.00	Municipal Obligations	2.10%
2,609,820.68	Supra-National Agency Bond	2.13%
17,626,972.42	Treasury Bonds/Notes	1.92%
\$ 42,393,360.23		2.11%

Market:

Listed below is the most recent market summary provided by the District's Investment Portfolio Advisor (PFM Asset Management):

Current Bond Markets

- U.S. Treasury yields plunged in the wake of the Fed's rate cuts and a broad flight-to-quality. Short-term yields settled near 0% and long-term rates fell to record lows with the 10-year Treasury well below 1%. As a result of the entire curve declining, longer duration bonds outperformed their short-term counterparts by notable margins.
- At the same time, yield spreads on all securities widened sharply, causing corporate, municipal and securitized sectors to far underperform Treasuries. Corporate and asset-backed security (ABS) saw their widest spreads since the 2008-2009 financial crisis.

PFM Outlook

- The Fed's market support programs are just starting to impact the markets. The mere announcement calmed the markets, and the central bank's pledge to "act as appropriate to support the economy" provides further support in the face of the novel coronavirus outbreak. This should lead to moderating volatility in the coming months.
- Federal agency yield spreads increased during the month to their widest levels in over 10 years. Given the sector's high quality and liquidity, PFM viewed wider spreads as an opportunity to add to agency allocations.
- Investment-grade (IG) corporate bond spreads widened significantly in March, although they never reached stressed levels seen during the 2008-2009 financial crisis. In the coming months, the IG corporate market will face numerous challenges and uncertainties as companies respond to the dislocation brought on by the near shutdown of the economy. We believe the prudent action is to remain cautious and vigilant. While spreads are significantly wider, PFM's view is that under current conditions, the risks still outweigh the potential benefits.
- With strong Fed support, the volatility in the asset-backed and mortgage-backed securities (MBS) sectors has subsided somewhat. The risk remains elevated due to concerns about the ability of borrowers to make timely loan payments and caution is advised.
- In the money markets, repurchase agreement rates have fallen to near zero. Yield spreads on commercial paper and bank CDs widened sharply, but issuers began to re-enter the market in late March, supported by the Fed's liquidity support measures.

(Source: PFMAM April 2020 Monthly Market Review).

Debt Portfolio:

The District's debt portfolio is evenly divided between fixed-rate debt and variable-rate debt. While the District's exposure to variable market rate increases has been reduced via the interest rate swap, the District is exposed to interest rate risk primarily on the un-hedged portion of its variable-rate COP, representing

Financial Markets Report
April 30, 2020

\$8.7 million. Such risk is managed by the District through adherence to the District's Reserve Policy that addresses the management of interest rate risk through prudent investing of reserves in short-term variable-rate securities in an amount at least equal to the un-hedged debt exposure.

Investment Portfolio:

In this market environment, the investment objective is to position portfolio durations modestly short of benchmarks while emphasizing intermediate maturities and underweighting longer maturities thus shortening the portfolio.



Agenda Item: 8

Date: May 5, 2020

Subject: District Activity Report

Staff Contact: Matt Underwood, Operations Manager

This report describes significant District Activities and milestones over the past month. Included in this report are the (1) Water Operations Activity Report, (2) District Claims Update Report, (3) Water Quality Report, (4) Customer Service Monthly Activity Report, and (5) Community Outreach Report.

1. Water Operations Activity Report

This shows the types and number of activities that are in the Production, Distribution, and Field Services Departments.

Water Operations Activity

April 2020	Monthly Avg CY 2020	Total CY 2020	Total # in System	Goal CY 2020	% of Goal Completed in CY 2020
------------	---------------------	---------------	-------------------	--------------	--------------------------------

Production Department

Water Quality

Complaints	2	1	4	—	—	—
Taste & Odor Complaints	0	0	0	—	—	—

Distribution Department

Service Orders

Main Leaks	1	4	14	—	—	—
Service Line Leaks	2	5	20	—	—	—

Water Main Shutdown

-- Emergency	0	2	8	—	—	—
-- Scheduled	2	5	20	—	—	—

Preventive Maintenance Program

Fire Hydrants Inspected	6	42	166	6,173	1,235	13.4%
Fire Hydrant Valves Inspected	9	40	161	5,869	1,174	13.7%
Fire Hydrant Valves Exercised	9	37	147	5,869	1,174	12.5%
Mainline Valves Inspected	3	81	322	11,023	2,205	14.6%
Mainline Valves Exercised	3	57	228	11,023	2,205	10.3%
Blow Off Valves Inspected	0	9	37	1,049	210	17.6%
ARV/CARV Inspected	0	5	19	283	57	33.6%

Field Services Department

Meters

PM - Meters Tested (3 - 10 inch)	0	11	42	450	120	35.0%
PM - Meters Replaced (⁵ / ₈ - 1 inch)	0	13	52	41,167	1,000	5.2%
PM - Meter Re-Builds (1 ¹ / ₂ - 2 inch)	0	24	94	2,449	245	38.4%
Customer Pressure Inquiries	8	10	38	—	—	—

Field Operations Department

After Hours Activity (On-Call Technician)

Calls Received Distribution	33	34	136	—	—	—
Calls Responded Distribution	21	21	85	—	—	—
Calls Received Production	16	23	92	—	—	—
Calls Responded Production	5	6	24	—	—	—

2. District Claims Update Report

This summarizes claims received by the District. Under the District's Claims Processing Policy, the Board of Directors grants the General Manager, or his or her designee, the authority to review and to approve or reject a claim. The processing of all claims will be conducted in accordance with the Government Claims Act and Ordinance 02-02, including the time limits on claims processing and requirements for presenting claims. All claims will be presented as information to the Board of Directors at a regularly scheduled Board Meeting.

Claims Status: No claims under investigation or approved by the General Manager in April 2020.

3. Customer Service Monthly Activity Report

Customer Service Activity Report for the month of April 2020.

Total Calls	Calls Abandoned	% of Calls Abandoned	Average Wait on Queue	Max Wait on Queue	Average Talk Time
2,181	25	1.1%	16s	5m, 24s	2m, 58s

4. Community Outreach Report

June Bill Insert

The June bill insert will begin on May 26, 2020, and will continue until June 22, 2020. A sample of the bill insert is shown below.

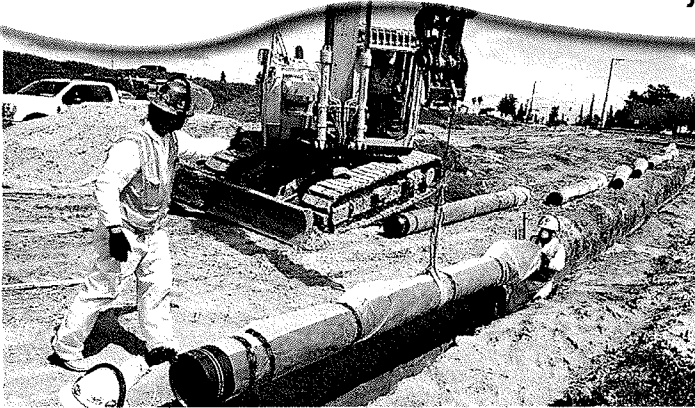
June Bill Insert

00239917



H₂O on the Go

June 2020



Tap Talk

Tap Talk | Using Grant Funding To Help With Capital Improvement Projects

One of the ways SSWD helps keep costs down for rate payers is by utilizing state and federal grants to fund capital improvement projects. Over the past 10 years, SSWD has received over \$4 million in grants for a variety of projects.

Recent grants included:

\$2,287,589 in grant funding from the California Department of Water Resources (DWR) to finish adding water meters to all customer accounts by 2025, as required by state law. This funding includes \$279,000 to help SSWD meet its goal of retrofitting 1,298 flat rate services with meters this year.

Tap Talk | page 2

Staying Safe While Keeping the Water Flowing

At SSWD, we are continually updating our operations in response to the latest COVID-19 guidance from federal, state and local agencies.

For example, our field staff has designated teams that are rotating shifts to abide by the social distancing guidelines in order to keep everyone safe and healthy during the pandemic. This approach also ensures that we have a “deep bench” of expertise at the ready.

Customer service is primarily working remotely with team members working in the office on a rotating basis and following strict social distancing and hygiene guidelines while there.

All departments are utilizing video conferencing for meetings and training sessions.

We could not be more proud of how our entire team has responded and their commitment to providing an uninterrupted supply of safe, clean drinking water to our customers.

Check and Save This Summer

Here are some handy tips and techniques to help you have a happy, healthy and water-wise yard this summer.

- Check the soil moisture before you water. The best and most accurate way to know if your plants need water is to check the soil moisture level first with a moisture meter or screwdriver.
- You can also take a six to eight inch screwdriver and push it into the ground. If you can push the screwdriver in more than three inches below the surface, you don't need to water.

Check and Save | page 2

sswd.org

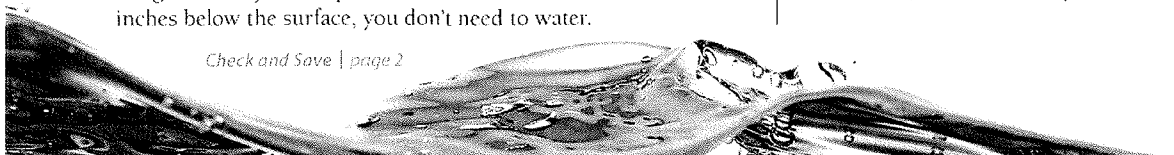
Phone: 916.972.7171

Fax: 916.972.7639

3701 Marconi Avenue, Suite 100

Sacramento, CA 95821-5346

Hours: M-F, 8:00 a.m. to 4:30 p.m.



June Bill Insert



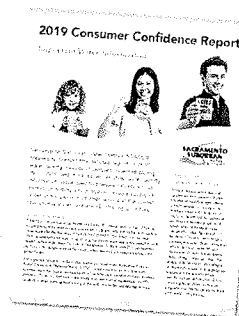
Ott Named New Finance Director

Jeff Ott has been hired as SSWD's new Director of Finance and Administration. Jeff brings years of experience working in the water industry and previously worked for San Jose Water Company and Citrus Heights Water District. He also ran his own consulting firm that provided professional IT and financial services to water providers. He is licensed by the California State Board of Accountancy and is a member of the California Society of Certified Public Accountants.

He succeeds Dan Bills who has retired after having served as the Director of Finance and Administration for more than 16 years. Dan led the District financially through the post-merger era, the financial crisis of 2008-2009 and many other challenges. Under his stewardship, SSWD's Finance Department received top honors for accounting and reporting year after year.

Consumer Confidence Report Coming Soon

SSWD's 2019 Consumer Confidence Report (CCR) will be available on July 1st. The CCR is an annual report that contains detailed information about the about the quality of water we provide, its sources, and other required information. The information in the CCR is based, in part, on samples we take of the water supply on a regular basis. You can view the 2019 CCR when it becomes available as well as previous reports online at <http://www.sswd.org/departments/water-quality/consumer-confidence-reports>.



WaterSense | Helping People Be Water Efficient

WaterSense is a partnership program developed by the U.S. Environmental Protection Agency to help consumers make smart water choices that save water, energy and money without sacrificing performance.

The WaterSense label is given to products that have been independently certified to use at least 20 percent less water and perform as well or better than standard models. Products that feature the WaterSense label include aerators, faucets, showerheads, spray sprinkler bodies, toilets and weather-based sprinkler timers.

Since 2006, WaterSense has helped Americans save nearly 4 trillion gallons of water and more than \$80 billion in water and energy bills. You can find out more about the program at www.epa.gov/watersense.

Tap Talk | from page 1

\$72,969 from DWR to help SSWD and the City of Sacramento better connect their water systems. Funds will enable SSWD to more easily receive treated surface water from Sacramento when available and allow SSWD to provide ground-water to the City when needed.

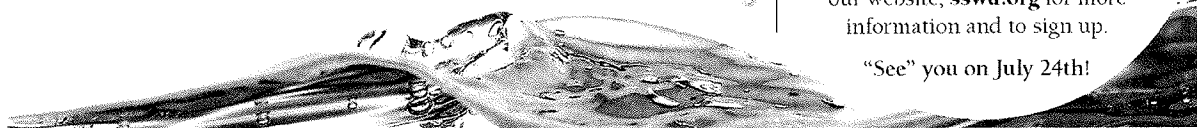
Check and Save | from page 1

- Program your sprinkler timer to provide the right amount of water your plants need. The Sacramento Region Smart Irrigation Scheduler can help you figure out the perfect run times for your yard. You can find a link to the scheduler at BeWaterSmart.info.
- Make sure your sprinklers are set to run early in the morning so more water gets to your plants and less is lost to evaporation.
- Visit BeWaterSmart.info and check out the library of videos they have available. You can learn about the benefits of high-efficiency rotator sprinklers, how to use the seasonal adjust feature on your sprinkler timer, the best way to water mature trees and other handy water-wise tips.

Virtual Tap Talk Live!!

Please join SSWD on July 24th at 12:00 p.m. for our first virtual Tap Talk Live! Our Staff is excited for this opportunity to provide you with updates on District operations and how to save water in the summer months. Visit our website, sswd.org for more information and to sign up.

"See" you on July 24th!





Agenda Item: 9

Date: April 29, 2020

Subject: Engineering Report

Staff Contact: Dana Dean, P.E., Engineering Manager

Summarized below are significant Engineering Department activities. The report is separated into the following sections: a) Major Capital Improvement Program (CIP) Projects; b) Planning Documents; and c) Other.

a. Major Capital Improvement Program (CIP) Projects

The District continues to deliver CIP projects consistent with the Board’s approved funding program.

1) Supply – New Production Wells

The table below shows stages of the current projects. Overall, projects are on-track for completion consistent with planning.

Well	Completion Target	
	Design	Construction
78 Butano / Cottage	Spring 2020	Spring 2021
79 Verner / Panorama ¹	Summer 2020	Fall 2021

¹Funding is being pursued with Regional Water Authority via the *2019 Proposition 1 Integrated Regional Water Management Implementation Grant*.

2) Distribution

Main Replacement Program

The table below shows stages of the current major main replacement projects. Overall, projects are on-track for completion consistent with planning.

Project	Completion Target	
	Design	Construction
Thor (3.6 miles of main)	Complete	Fall 2020

Meter Retrofit Program

The Meter Retrofit Program is on track to be complete by 2022 before the State deadline of January 2025. The 2020 project shown in the table below is on schedule.

Project	Completion Target	
	Design	Construction
2020 Project (796 meters)	Complete	Summer/Fall 2020

b. Planning Documents

The District has planning documents (e.g., Asset Management Plans – AMPs and Master Plans – MPs) for all of its infrastructure categories. Plans are generally updated on a staggered schedule and the update frequencies range from 3 to 7 years. The table below lists the plans scheduled for updates in the near future.

Presently there is uncertainty with estimating completion schedules due to effects of COVID-19. Below are the current estimates for completion time frames. Some of the AMP estimation completion dates have moved until later this year and the SCADA AMP to early next year.

Plan	Completion Target
Fleet AMP	Draft – June 2020 Final – July 2020
Transmission Main AMP	Draft – June 2020 Final – August 2020
Buildings and Structures AMP	Draft – Q2 2020 Final – Q3 2020
Groundwater Wells AMP	Draft – Q2 2020 Final – Q3 2020
SCADA AMP	Draft – Q4 2020 Final – Q1 2021
2020 Urban Water Management Plan ¹	2021
Meter AMP	

¹ Schedule is set by the California Department of Water Resources.

c. Other

Major Activities Related to Active Wells

The table below shows the active wells undergoing work this year.

Well	Activity	Completion Target
N20 Cypress	Condition Assessment & Pump Repair	Spring 2020
40A Auburn/Yard	Electrical System Study & Motor Repair	Spring 2020
N10 Walnut	Condition Assessment & Pump Repair	Spring 2020
59A Bainbridge/ Holmes School	Condition Assessment & Pump Repair	Spring 2020
N32B Poker	Condition Assessment & Pump Repair	Spring 2020
N34 Cottage	Condition Assessment & Pump Repair	Spring 2020
70 Sierra/Blackmer	Condition Assessment & Pump Repair	Summer 2020
69 Hillsdale / Cooper	Condition Assessment & Pump Repair	Summer 2020
N33 Walerga	Condition Assessment	Summer 2020
41 Albatross/Iris	Electrical & Motor Control Upgrade	Fall 2020
52 Weddigen/Gothberg	Electrical & Motor Control Upgrade	Fall 2020
N8 Field	Electrical & Motor Control Upgrade	Fall 2020

Safety Upgrades for the Administration Building's Backup Electrical System

This project will provide the District an electrical distribution panel compliant with National Fire Protection Association's Standard 70E (*Standard for Electrical Safety in the Workplace*). The preliminary schedule is to have design completed in early summer 2020 and construction completed in December 2020.

ITEM 10 A.

REGIONAL WATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, May 14, 2020, 9:00 a.m.

AMENDED AGENDA

The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the Authority's Administrative Office at the address listed above. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the Executive Director of the Authority at (916) 847-7589. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Note: Pursuant to the Governor's Executive Order N-29-20, and given the state of emergency regarding the threat of COVID-19, the meeting will be held via teleconference.

We encourage Board members and participants to join the meeting 10 minutes early. Note that we will use GoToMeeting to share slides and other information during the meeting. Use the link below to join GoToMeeting. If you have a microphone that you can use with your computer, it should be possible to both listen to, and participate in, the meeting through GoTo Meeting. If you do not have a microphone, or a headset with a microphone, that plugs into your computer via USB port, you will need to call into the toll-free telephone conference line to listen and comment, although you still should be able to view the meeting materials on GoToMeeting. Please do not simultaneously use a microphone through GoToMeeting and the telephone conference line. That combination results in audio problems for all participants.

Meeting Information:

Please join my meeting from your computer, tablet or smartphone.
<https://global.gotomeeting.com/join/364958861>

You can also dial in using your phone.
United States: +1 (571) 317-3122

Access Code: **364-958-861**

1. CALL TO ORDER AND ROLL CALL
2. PUBLIC COMMENT
3. CONSENT CALENDAR
 - a. Minutes from the March 19, 2020 9 Regular Board meeting
Action: Approve the March 19, 2020 Regular Board meeting minutes
 - b. Amend RWA Conflict of Interest Code (RWA Policy 200.4)
Action: Amend Conflict of Interest Code (RWA Policy 200.4)

- c. **FY 2019-2020 Audit**
Action: Approve the FY 2019-2020 Audit

- 4. FISCAL YEAR 2020 – 2021 BUDGET**
Presentation: Josette Reina-Luken, Financial and Administrative Services Manager
Action: Approve Fiscal Year 2020-2021 Budget
- 5. FEDERAL AFFAIRS AD HOC COMMITTEE UPDATE**
Information Update and Discussion: Sean Bigley, Ad Hoc Committee Chair
- 6. FEDERAL AFFAIRS AND RWA COMMITTEE**
Information and Discussion: Jim Peifer, Executive Director
Action: Determine structure of RWA Federal Affairs Committee
- 7. LEGISLATIVE AND REGULATORY UPDATE**
Presentation: Ryan Ojakian, Legislative and Regulatory Affairs Manager
- 8. WATER LOSS REGULATION UPDATE**
Presentation: Amy Talbot, Senior Project Manager
- 9. EXECUTIVE DIRECTOR'S REPORT**
- 10. DIRECTORS' COMMENTS**

ADJOURNMENT

Upcoming meetings:

Executive Committee Meetings: Wednesday, May 27, 2020, 8:30 a.m. and June 24, 2020 at the RWA Office, the location is subject to change depending on the COVID-19 emergency

Regular Board Meeting: Thursday, July 9, 2020, 9:00 a.m., at the RWA Office, the location is subject to change depending on the COVID-19 emergency

Special Board Meetings - Strategic Planning Workshops: Friday, June 19, 2020 and Friday, June 26, 2020. Location and times are yet to be determined

The RWA Board Meeting electronic packet is available on the RWA website at <https://rwah2o.org/meetings/board-meetings/> to access and print the packet.



Agenda Item: 10 e.

Date: May 14, 2020

Subject: Director's Reports – AB 1234

Staff Contact: Dan York, General Manager

In accordance with Directors' Compensation and Expense Reimbursement Policy (PL – BOD 003) section 300.50, "To comply with reporting requirements of Government Code section 53232.3, the District will prepare a list of the meetings attended by each Director for which the District provided compensation, and a list of the amount and purpose of each expense reimbursement paid by the District to each Director. This information will be included with the agenda materials for each regular monthly Board of Directors meeting. At the next regular Board meeting, Directors also must provide either an oral or written report of meetings and other authorized events attended for which they were compensated by the District. If multiple officials attended the same event, a joint report may be made."

Agenda Item 11 a.

Agenda
Sacramento Suburban Water District
Finance and Audit Committee

3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Thursday, May 21, 2020
4:00 p.m.

In accordance with the California Department of Public Health’s and the Governor’s Executive Orders N-29-20 and N-33-20, the District’s boardroom is closed and this meeting will take place solely by videoconference and teleconference. The public is invited to listen, observe, and provide comments during the meeting by either method provided for below. The Chairperson will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call.

For members of the public interested in viewing and having the ability to comment at the public meeting via Zoom, an internet enabled computer equipped with a microphone and speaker or a mobile device with a data plan is required. Use of a webcam is optional. You also may call in to the meeting using teleconference without video. Please use the following login information for videoconferencing or teleconferencing:

Join the meeting from a computer, tablet or smartphone:

<https://us02web.zoom.us/j/89821322450?pwd=ZVJVVXN4ZDRCaDlvaTk2K2FJQzU4UT09>

Meeting ID: 898 2132 2450

Password: 999331

You can also dial in using your phone: 1-669-900-6833

New to Zoom? Get the app now and be ready when your first meeting starts: <https://zoom.us/>

Please mute your line.

Where appropriate or deemed necessary, the Committee may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District’s Administrative Office at the address listed above.

The public may address the Committee concerning an agenda item either before or during the Committee’s consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to the General Manager. The President will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 916.679.3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Call to Order

Roll Call

Announcements

Public Comment

This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Committee. Comments are limited to 3 minutes.

Consent Items

The committee will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any member of the Committee, staff or interested person requests that an item be removed from the Consent Items, it will be considered with the action items.

1. Minutes of the April 16, 2020 Finance and Audit Committee Meeting

Recommendation: Approve subject minutes.

Items for Discussion and/or Action

2. Review and Approve Request for Proposal for Audit Services

Recommendation: Approve subject Request for Proposal.

3. Annual Update Process for FDC's

Director of Finance and Administration, Jeff Ott, would like to discuss with committee changing the annual method of updating FDC's to follow the charge model used for the last rate study. This would require a modification of Regulation #7.

Adjournment

Upcoming Meetings:

Monday, June 1, 2020, at 5:00 p.m., SSWD/DPMWD 2x2 Ad Hoc Committee
Monday, June 15, 2020, at 6:00 p.m., Regular Board Meeting

I certify that the foregoing agenda for the May 21, 2020 meeting of the Sacramento Suburban Water District Finance and Audit Committee was posted by May 18, 2020 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was made available to the public during normal business hours.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Notes

**Sacramento Suburban Water District/Del Paso Manor Water District
2x2 Ad Hoc Committee**

Monday, May 4, 2020 at 5:00 P.M.

Location:

Videoconference or Teleconference Only at 1 (669) 900-6833, or [https://zoom.us/Meeting ID: 882-8142-7625](https://zoom.us/MeetingID:882-8142-7625)

Call to Order

Chair Locke called the meeting to order at 5:03 p.m.

Roll Call

Committee Members

via Videoconference: Craig Locke, Marissa Burt, and John Lenahan.

Directors Absent: Robert Wichert.

SSWD Staff via
Videoconference

or Teleconference: General Manager Dan York, Assistant General Manager Mike Huot, Heather Hernandez-Fort, David Armand, Todd Artrip, and Matt Underwood.

DPMWD Staff via
Videoconference

or Teleconference: Consulting Manager Jeff Nelson and Ken Ingle.

Public Present via
Videoconference

or Teleconference: William Eubanks, Roger Nelson, Michael Clohossey, Natalie Clohossey, Paul Olmstead, Paul Selsky, Carol Rose, and Greg Schneider.

Consent Items

- Notes of the April 6, 2020, Sacramento Suburban Water District/Del Paso Manor Water District 2x2 Ad Hoc Committee**

Marissa Burt (Director Burt) moved to approve Item 1, Craig Locke (Chair Locke) seconded. The motion passed by unanimous vote.

AYES:	Locke, Burt, and Lenahan.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:	Wichert.		

Items for Discussion and/or Action

2. Del Paso Manor Water District Meter Recommendation

Sacramento Suburban Water District (SSWD) General Manager Dan York (Mr. York) presented the staff report.

Mr. York answered clarifying questions.

Chair Locke noted that Mr. York quoted prices for contractors and that Mr. York could provide DPMWD with contact information for those contractors if needed.

Mr. York answered more clarifying questions.

Mike Clohossey (Mr. Clohossey) recommended DPMWD Board begin by inspecting the other meters in the District to determine an order of priority for replacement/repair, and additionally inquired if the charge for meter replacement was passed onto the owner.

Mr. York answered that the District owns the meters; therefore, it's part of the infrastructure related to operations and maintenance program.

3. Sacramento Suburban Water District and Del Paso Manor Water District Operating Services Agreement

Mr. York presented the staff report.

Director Burt and John Lenahan (Director Lenahan) agreed to work towards extending the current contract with the potential for enhancing it.

Director Burt commented that she was interested in having the ability to utilize a wide variety of staff positions through SSWD if possible.

Chair Locke inquired if SSWD was charging for their services and wanted to be mindful of their time to ensure that SSWD staff was available for the additional work.

Mr. York expressed that he and DPMWD Consulting Manager Jeff Nelson (Mr. Nelson) could work together on drafting an extension to the contract past July 31, 2020, to present to both Boards for discussion and/or approval.

William Eubanks (Mr. Eubanks) recommended DPMWD hire a consultant for some of their requests.

4. Safety Condition Assessment

Mr. York presented the staff report.

Mr. Nelson commented that he agreed with the suggestions made by Mr. York, and planned on working with Mr. York and DPMWD staff to generate a list in order of highest priority.

Director Burt inquired how the wells in DPMWD got into such bad shape.

Mr. York expressed he believed it was due to a lack of funding for infrastructure improvements.

Director Burt expressed her frustration with the condition of DPMWD wells and emphasized how important it was for her that the DMPWD wells be fixed and maintained.

Chair Locke stated he was happy to have SSWD staff assist with developing a plan; however, he was against exposing SSWD staff to any hazardous conditions.

Mr. Nelson stated he was preparing a plan and understood Chair Locke's safety concerns.

Mr. Clohossey asked some clarifying questions from Mr. York, stated that the water in DPMWD had a reputation for being high quality and reliable water from those same wells, and supported DMPWD moving forward with infrastructure improvements as laid out in their Master Plan. He further supported raising rates to fund those improvements.

Mr. York expressed he was most concerned with the safety issues.

Mr. Clohossey voiced concerns over JPIA not addressing the safety issues.

Mr. Eubanks commented that SSWD fulfilled what was requested; therefore, he suggested removing the item from any further agenda.

Director Burt expressed her appreciation for Mr. York and SSWD staff for all of their work with the assessment.

5. **Groundwater Facility Assessment**

Mr. York presented the staff report.

Director Burt requested to talk offline with Mr. York to get further details.

Mr. Nelson expressed there was a short time between getting the information and providing the staff report for the meeting. He noted it would be a more detailed report in the future.

6. **Del Paso Manor Water District Environmental Compliance Assessment**

Mr. York presented the staff report and answered clarifying questions.

Director Burt inquired what the next steps were.

Mr. Nelson expressed he would like to talk with the SSWD's Environmental Compliance Supervisor and do some further investigating into the PCE contaminate.

Mr. York expressed he was available to assist as well.

Director Locke stated he was interested in seeing geographic data on the PCE contaminate.

Mr. York continued presenting the staff report and findings.

Director Burt inquired what they could do going forward to ensure DPMWD wells were being sampled correctly.

Mr. York expressed they should have a water quality sampling program in place.

Director Burt expressed her appreciation for Mr. York and SSWD staff. She continued by reading the following section of the attachment to the staff report under summary, “The presentation of data and the reporting inaccuracies in DPMWD’s 2018 CCR do not adhere to DDW’s CCR guidance. As discussed previously, a review of the data indicates there were reportable MCL violations for iron at Wells 2, 4, 5, and 9 (Well 3 was re-permitted as Standby) that should have been included and discussed in the 2018 CCR. Inaccuracies involving reporting and data presentation also affect DPMWD’s customers. One of the primary purposes of the CCR is to accurately convey information about water quality to customers. Inaccurate and incomplete information may provide customers with a false sense of security. It may also make them less willing to increase funding to address problems that they do not know exist.” She concluded by expressing her frustration and disappointment in the findings, and noted she was eager to work with Mr. Nelson to provide DPMWD customers with safe and reliable water similar to SSWD.

Mr. Eubanks expressed that SSWD fulfilled what was requested; therefore, SSWD staff should not need to provide any additional assistance with the item.

7. Water Industry Affiliations

Mr. York presented the staff report and answered clarifying questions.

8. Training and Mentoring Opportunities

Mr. York presented the staff report.

Mr. Nelson expressed he would get together with Mr. York offline to discuss options.

9. Next Meeting Date, Time, and Topics for Discussion

Mr. York presented the staff report.

The Committee agreed to hold the next SSWD/DPMWD 2x2 Ad Hoc Committee on Monday, June 1, 2020, at 5:00 p.m.

Mr. York noted that he would draft an agenda and send it to the Committee for review and approval.

Director Locke recommended to send it out towards the end of May.

10. Public Comment

None.

Adjournment

Chair Locke adjourned the meeting at 6:47 p.m.



Agenda Item: 12

Date: May 4, 2020

Subject: Biannual Groundwater Level Report

Staff Contact: Matt Underwood, Operations Manager

Groundwater levels are monitored as part of a regional water management program designed to help local purveyors implement water sustainability practices. Static (standing) and dynamic (pumping) water level data also assist staff in the operational placement of the well pumps in relation to these levels. Furthermore, drawdown, the difference between the static and dynamic levels, in conjunction with well yield, provides important information about the performance and efficiency of District wells. Drawdown measurements can also be used to help detect other problems in their early stages, such as plugging of well screens by encrustation.

The data tables in Attachment 1 provide a summary of the standing water levels collected at all active District wells for the past 6 years. The standing water levels are measured in the spring and fall of each year. The fall data generally indicates a reduction in the groundwater levels as a result of reduced recharge and pumping demands throughout the summer months; and the spring data generally indicates a replenishment of the groundwater aquifer levels throughout the winter months from reduced demand and aquifer recharge from precipitation. At the bottom of each table are the Fall Average, Spring Average, and Overall Average since 2015.

Surface water was not available to the District from January 2013 through January 2016, due to drought conditions. However, since then precipitation has substantially increased the flows into Folsom Lake allowing the District to take surface water in the North Service Area (NSA).

Despite the reduced use of surface water this year (discontinued in the SSA on February 1, 2020, and in the NSA on February 13, 2020) it has resulted in an increase in the average standing water level for spring in the NSA when compared to the spring levels from 2013 – 2016. The average standing water level for spring in the SSA has significantly increased, due in large part to the use of surface water throughout the fall and winter of 2019. The groundwater levels District-wide indicate a general trend toward a replenishing aquifer over the past 16 years as shown on the linear trend line on the SSWD System Wide Average Biannual Static Water Level Graph from October 2003 through April 2020 (Attachment 2).

The stability of the aquifer in both the NSA and the SSA is a direct result of customers doing their part to reduce water use during drought periods combined with the District's utilization of surface water when available during wet years through the District's Conjunctive Use Program. These combined efforts result in the District banking water in the aquifer. These reserves allow the District to use its groundwater sources in drought years without sustaining substantial negative effects on the long-term health of the aquifer.

Attachments:

- 1 – Biannual Static Groundwater Level Measurements
- 2 – Average Biannual Static Groundwater Levels

Biannual Static Groundwater Level Measurements



Attachment 1

North Service Area Biannual Static Groundwater Level Measurements

(Depth to Groundwater, feet)

Well Name	Well #	Apr 2015	Oct 2015	Apr 2016	Oct 2016	Apr 2017	Oct 2017	Apr 2018	Oct 2018	Apr 2019	Oct 2019	Apr 2020
Melrose / Channing	27	121	127	117	124	114	124	116	123	112	114	115
Watt / Elkhorn	31A	116	121	112	118	110	116	111	118	108	110	109
La Cienega / Melrose	34	123	127	118	124	115	N/A	117	124	113	115	115
Thomas / Elkhorn	39	135	138	128	134	N/A	N/A	127	N/A	N/A	N/A	N/A
Weddigen / Gothberg	52	137	143	132	140	130	139	133	141	132	139	129
Fairbairn / Karl	56A	121	127	119	124	116	125	116	124	112	116	115
32nd Street / Elkhorn	58	110	115	106	114	108	113	107	114	103	106	N/A
Bainbridge / Holmes School	59A	155	160	152	157	149	161	150	154	146	147	146
Galbrath / Antelope Woods	64	137	142	131	140	131	138	134	135	128	131	130
McClellan Park	MC10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capehart 1C	MC-C1	114	120	112	116	110	111	110	111	105	109	N/A
Capehart 3C	MC-C3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Evergreen	N1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Engle	N3	123	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hillsdale	N5	168	172	163	169	162	171	163	164	157	159	160
Palm	N6A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	116	114
Rosebud	N7	115	118	113	116	113	118	114	120	109	114	112
Field	N8	124	130	122	N/A	N/A	129	125	126	126	125	123
Cameron	N9	121	128	120	122	121	129	122	128	114	120	118
Walnut	N10	143	N/A	141	149	N/A	148	N/A	N/A	N/A	140	139
St. John	N12	134	142	134	136	134	141	135	140	133	136	131
Orange Grove	N14	113	118	115	115	115	120	103	120	117	114	113
Cabana	N15	161	164	N/A	130	127	N/A	N/A	N/A	N/A	N/A	N/A
Oakdale	N17	159	164	156	117	115	121	112	126	113	114	113
Cypress	N20	130	140	130	133	132	131	131	131	N/A	131	129
River College	N22	123	129	120	123	119	126	120	126	117	119	122
Freeway	N23A	128	132	124	124	124	130	135	136	121	123	122
Don Julio	N24	165	177	157	170	162	162	162	167	155	158	167
Sutter	N25	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	142	N/A	N/A
Monument	N26	205	209	190	202	190	193	195	196	186	189	191
Jamestown	N27	140	N/A	137	138	136	137	137	138	135	137	137
Merrihill	N29	135	140	134	137	134	137	134	141	132	136	133
Parkoaks	N30	135	138	134	132	131	129	134	136	129	134	131
Barrett Meadows	N31	151	157	151	154	152	156	151	156	145	152	150
Poker	N32A	N/A	173	164	172	164	166	165	N/A	158	162	161
Poker	N32B	177	173	164	171	162	166	165	166	167	162	160
Poker	N32C	N/A	N/A	168	169	164	164	N/A	N/A	160	162	158
Walerga	N33	167	171	162	168	160	162	161	164	155	158	N/A
Cottage	N34	N/A	N/A	142	N/A	N/A	N/A	N/A	N/A	N/A	139	137
North Antelope	N35	152	156	145	150	146	145	146	146	139	142	142
Verner	N36	155	159	152	153	151	153	N/A	N/A	N/A	151	149
Coyle	N38	150	N/A	147	148	N/A	151	148	147	148	N/A	N/A
Rutland	N39	N/A	N/A	N/A	145	141	147	145	145	140	146	145
Average Static Water Level		139	146	137	141	136	141	135	139	133	135	135

Fall Average 2015 - 2019:

140

Spring Average 2015 - 2020:

136

Overall Average 2015 - 2020:

138

Updated: May 1, 2020

Biannual Static Groundwater Level Measurements



Attachment 1

South Service Area Biannual Static Groundwater Level Measurements

(Depth to Groundwater, feet)

Well Name	Well #	Apr 2015	Oct 2015	Apr 2016	Oct 2016	Apr 2017	Oct 2017	Apr 2018	Oct 2018	Apr 2019	Oct 2019	Apr 2020
El Prado / Park Estates	2A	81	84	80	N/A	88	95	90	86	89	86	86
Kubel / Armstrong	3A	94	73	68	76	70	75	73	78	72	72	70
Bell / Marconi	4B	94	97	88	99	90	101	92	99	91	91	89
Bell / El Camino	5	89	92	89	91	87	92	89	92	88	93	86
Ravenwood / Eastern	9	N/A	108	102	108	101	105	101	109	102	103	97
Hernando / Santa Anita Park	12	77	76	74	79	75	82	77	81	76	80	75
Calderwood / Marconi	13	95	95	94	94	84	90	94	100	94	95	91
Marconi South / Fulton	14	97	99	91	98	93	98	95	100	94	99	93
Riding Club / Ladino	18	93	98	92	99	88	96	90	N/A	90	92	87
Watt / Arden	20A	101	104	101	105	97	104	100	108	100	102	98
West / Becerra	22	112	114	111	117	N/A	121	112	121	111	112	N/A
Marconi North / Fulton	23	122	123	N/A	93	95	96	92	99	92	93	92
Beccerra / Woodcrest	24	105	110	104	111	104	110	105	111	104	104	100
Thor / Mercury	25	109	111	106	111	102	110	102	116	106	105	102
Greenwood / Marconi	26	119	125	119	123	116	121	114	127	120	N/A	117
Red Robin / Darwin	28	98	98	96	102	98	102	99	102	98	98	96
Rockbridge / Keith	30	65	67	64	66	61	68	65	69	64	66	62
Eden / Root	32A	117	124	116	121	116	120	112	N/A	118	117	113
Auburn / Norris	33A	103	103	99	105	100	108	102	106	101	100	99
Ulysses / Mercury	35	105	107	101	107	99	104	99	109	101	101	98
Morse / Cottage Park	37	73	78	72	78	71	79	73	78	73	75	72
Watt / Auburn	38	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Auburn Yard	40	100	110	112	110	111	113	112	N/A	111	97	N/A
Auburn Yard	40A	100	99	99	104	102	104	100	108	99	100	97
Albatros / Iris	41	97	93.7	96	101	98.4	101	99	103	N/A	N/A	N/A
Edison / Truax	43	89	87	84	93	87	94	88	92	87	86	86
Jamestown / Middleberry	45	64	64	61	65	58	67	65	69	63	65	62
Jonas / Sierra Mills	46	67	68	65	71	63	67	64	70	63	66	63
Copenhagen / Arden	47	114	118	111	119	109	112	110	117	109	109	106
Stewart / Lynndale	55A	137	143	132	140	130	96	89	99	87	90	89
Whitney / Concetta	60	96	97	93	98	86	132	125	133	126	126	121
Merrily / Annadale	65	115	115	109	114	112	121	114	N/A	110	N/A	N/A
Eastern / Woodside Church	66	127	135	128	133	128	142	128	136	127	128	123
Northrop / Dornajo	68	49	48	48	51	42	50	46	50	46	49	46
Hilldale / Cooper	69	65	67	63	68	62	67	66	67	63	65	61
Sierra / Blackmer	70	48	50	46	48	39	48	44	50	43	49	43
Rodney T. Franz	71	73	71	72	74	64	74	69	74	65	67	65
River Walk / NETP	72	73	78	72	77	68	77	68	77	66	70	68
River Walk / NETP East	73	73	78	73	78	71	83	69	78	68	72	67
River Walk / NETP South	74	73	78	72	76	70	79	68	77	70	70	66
Enterprise / Northrop	75	48	65	52	56	48	57	48	57	50	50	51
Fulton / Fair Oaks	76	50	51	48	52	42	51	46	52	47	50	46
Larch / Northrop	77	74	73	72	76	69	76	70	N/A	69	73	69
Average Static Water Level		90	92	87	92	85	93	87	92	87	86	83

Fall Average 2015 - 2019:

91

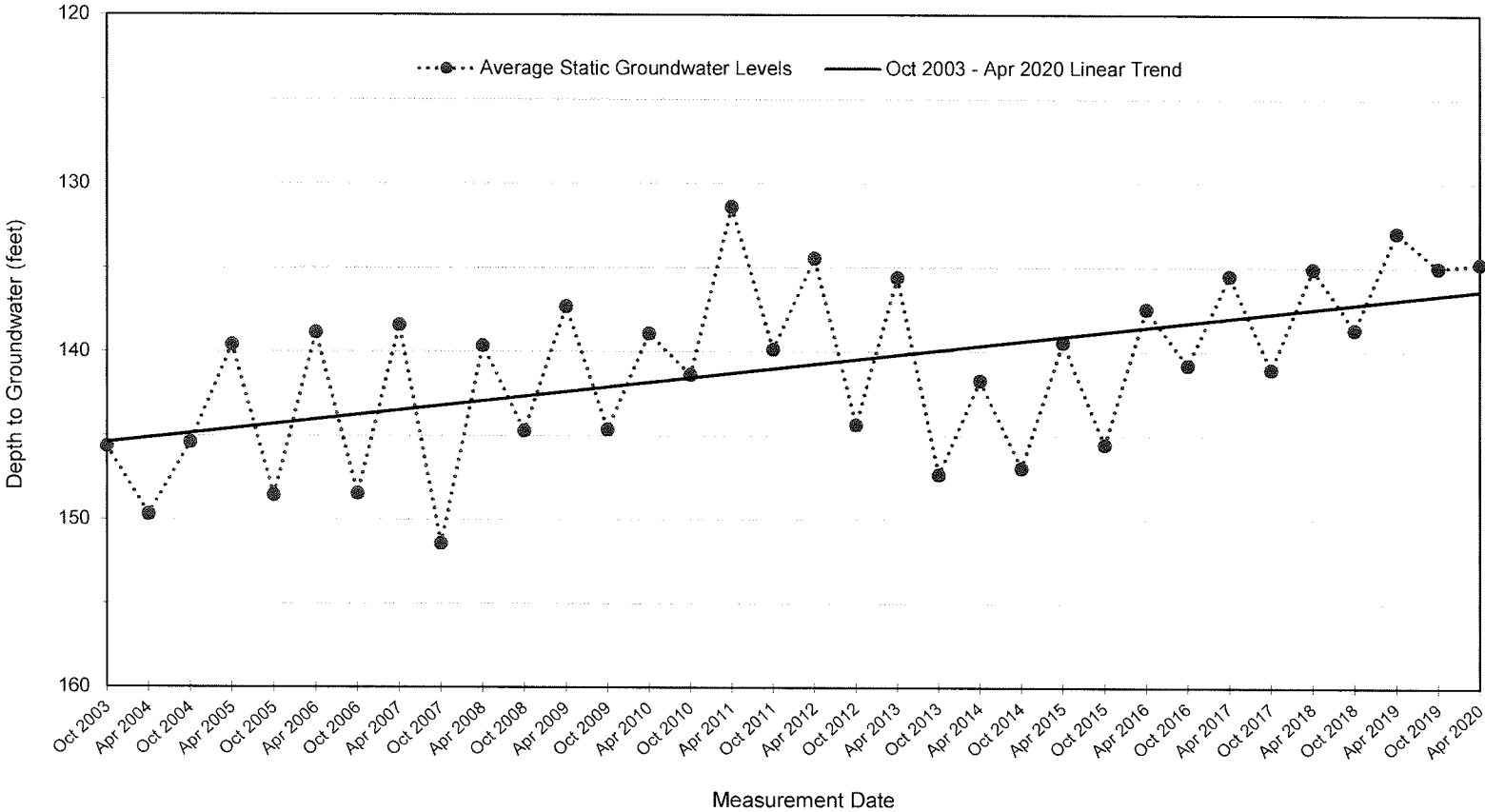
Spring Average 2015 - 2020:

86

Overall Average 2015 - 2020:

88

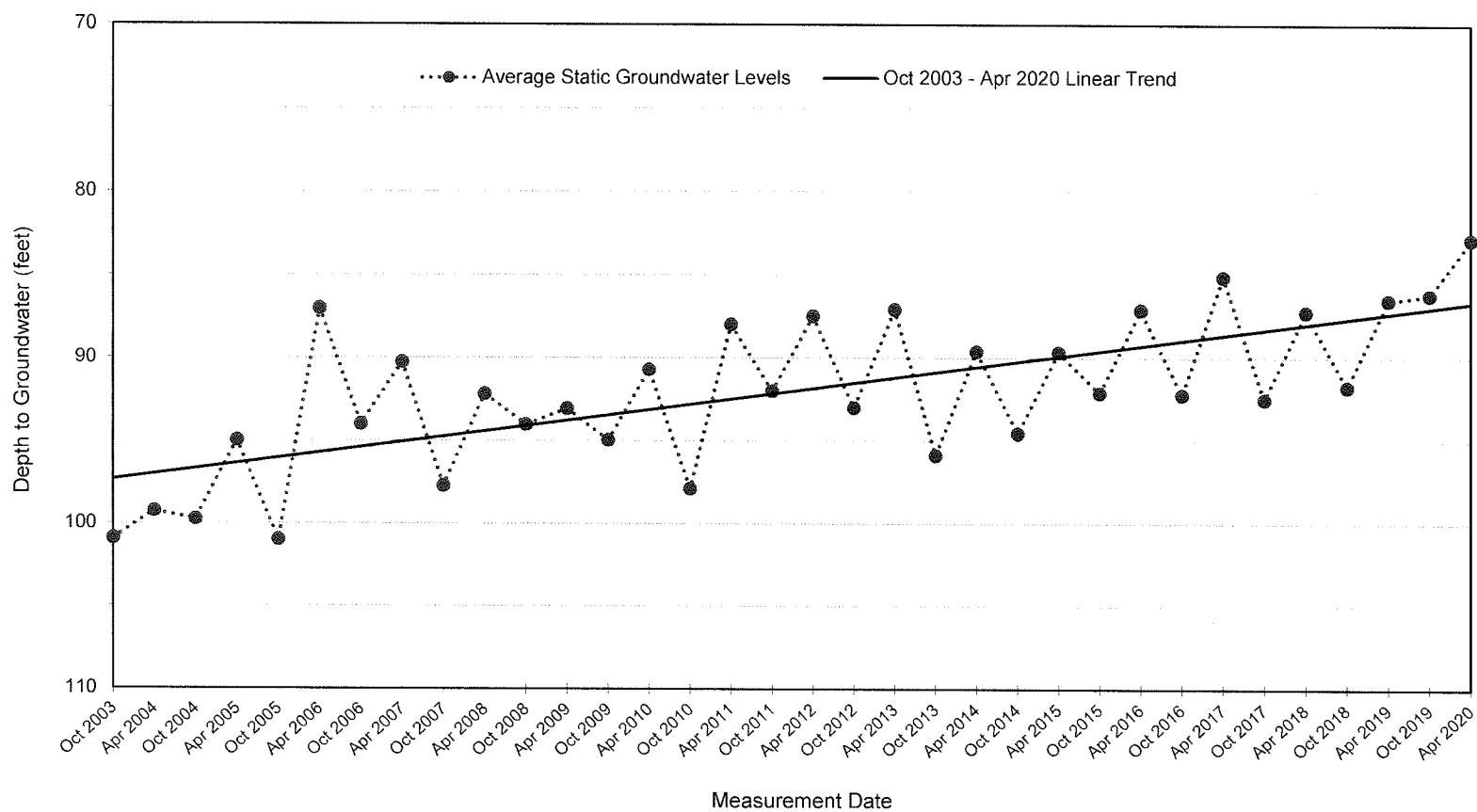
SSWD North Service Area
Average Biannual Static Goundwater Levels



Average Biannual Static Groundwater Levels

Attachment 2

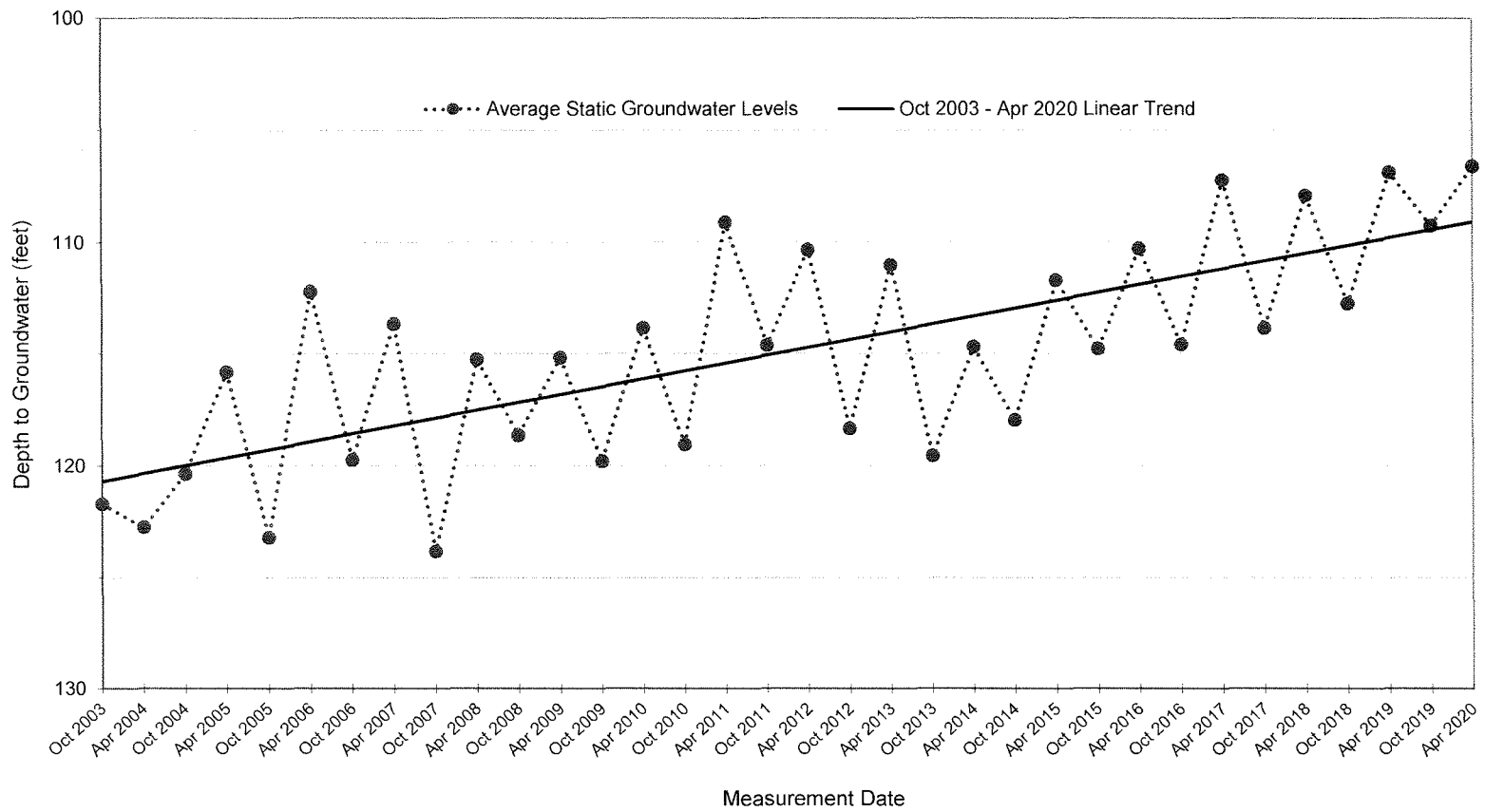
SSWD South Service Area Average Biannual Static Groundwater Levels



Average Biannual Static Groundwater Levels

Attachment 2

**SSWD System-wide
Average Biannual Static Groundwater Levels
October 2003 - April 2020***



*Graph represents data from a separate table (not depicted in Attachment 1) that contains the combined data from both the North Service Area and the South Service Area from October 2003 - April 2020.



Agenda Item: 13

Date: April 30, 2020

Subject: Legislative and Regulatory Update

Staff Contact: Greg Bundesen, Water Conservation Supervisor

1. RWA Government Affairs Committee

The 2019/20 legislative session reconvened on January 6, 2020. Table 1 on the next page shows the Assembly Bills (AB) and Senate Bills (SB) staff will track throughout the year. Table 1 is organized to show the bill number, name, voting results, District's recommended position regarding the bill (favor, not favor, watch), the Regional Water Authority's (RWA) position, and the Association of California Water Agency's (ACWA) position. Staff works with RWA and ACWA to follow each bill and update Table 1 during the legislative session. A summary of each bill can be provided upon request. Due to the high number of bills, staff only tracks the bills tracked by RWA's Advocacy Committee, ACWA's Legislative Committee, and other bills that could impact the District.

2. Notable Updates

- a. The State Legislature has undergone many changes due to its response regarding the COVID-19 virus. The following are notes about the measures taken, or that can be taken, by the Legislature:
 - i. The Legislative session was placed in recess for three (3) weeks and is set to reopen in the beginning of May 2020.
 - ii. The Legislative calendar can be waived and adjusted as needed.
 - iii. Three items that cannot be changed due to being written into the California Constitution are:
 1. The Legislature must pass a budget by June 16;
 2. The Legislature must go on recess in August; and,
 3. Bills must still be in print for 72 hours before being read in committee.
 - iv. State tax filings are not due until 60 days after April 15.
- b. Many of the bills that have been previously reported may ultimately be changed or abandoned due to the shortened legislative session. Table 1 reflects the bills that ACWA and the RWA deem most relevant to water utility operations.
- c. The State Water Resources Control Board voted to make utility reporting on water conservation activities mandatory beginning October 1, 2020. The reporting will be similar to the reporting required during the drought. District staff has been voluntarily reporting conservation activity since the requirement to report expired in 2018.

3. Correspondence

- a. Staff submitted a letter in support of AB 2182. AB 2182 would add flexibility for the use of backup power generation during Public Safety Power Shutoffs. A copy of the letter can be furnished upon request.

Table 1: Assembly and Senate Bill Tracking				
Bill Number	Name	District Position	RWA Position	ACWA Position
AB 2182	Emergency Backup Generators: Water and Wastewater Facilities: Exemption	Favor	Favor	Bill Sponsor
AB 2705	Electricity: Deenergizing Events	TBD	TBD	Favor if Amended
AB 2720	California Environmental Quality Act (CEQA): Negative Declaration and Mitigated Negative Declarations: Groundwater Recharge Projects	TBD	Support	TBD
AB 2887	Statewide Emergencies: Mitigation	TBD	TBD	Watch
AB 2968	County Emergency Plans: Best Practices	TBD	TBD	Favor if Amended
AB 3279	CEQA: Administrative and Judicial Procedures	TBD	TBD	Not Favor Unless Amended
SB 950	CEQA: Housing and Land Use	TBD	Support if Amended	Watch
SB 974	CEQA: Small Community Water System: Exemption	TBD	TBD	Watch
SB 971	Small Water Supplier and Countywide Water Shortage Contingency Planning	TBD	TBD	Watch
SB 1312	Electrical Corporations: Deenergization: Prudency Standards	TBD	TBD	Favor
SB 1313	Electrical Corporations: Deenergization	TBD	TBD	Favor
SB 1386	Local Government: Assessments, Fees, and Charges: Water	TBD	TBD	Support



Agenda Item: 14

Date: May 11, 2020

Subject: Upcoming Water Industry Events

Staff Contact: Heather Hernandez-Fort, Executive Assistant to the General Manager

Note that the Board adopted Policy governing Director compensation and expense reimbursement section 200.20(g) states that Directors may receive a meeting stipend (currently \$100.00) for “meetings, water industry events or office visits of a substantial duration concerning substantive District business as requested and approved for payment by the General Manager or the Board President...” Just because information is presented on upcoming water industry events, or regularly scheduled meetings of other water districts, does not necessarily imply that approval for a compensable meeting or reimbursement of expenses are triggered.

Below is a list of upcoming water industry events:

Upcoming Events

1. SGA Board Meeting
June 11, 2020
SGA Office, Sacramento
<https://www.sgah2o.org>
2. RWA Board Meeting
July 9, 2020
RWA Office, Sacramento
<http://rwah2o.org/>
3. ACWA Virtual Summer Conference
July 28-31, 2020
Monterey, CA
<https://www.acwa.com/events/2020-spring-conference-exhibition/>
4. SGA Board Meeting
August 13, 2020
SGA Office, Sacramento
<https://www.sgah2o.org>
5. Sacramento Metro Chamber of Commerce Capitol to Capitol – Board Approved Conference
September 8-12, 2020
Washington, D.C.
<https://metrochamber.org/>

Upcoming Water Industry Events

May 11, 2020

Page 2 of 3

6. RWA Board Meeting
September 10, 2020
RWA Office, Sacramento
<http://rwah2o.org/>
7. SGA Board Meeting
October 8, 2020
SGA Office, Sacramento
<https://www.sgah2o.org>
8. American Water Works Association Annual Fall Conference & Exposition
October 26-29, 2020
Las Vegas, NV
https://www.ca-nv-awwa.org/canv/CNS/Events_Classes/Future_Events/CNS/EventsandClasses/Copy_of_events.aspx?hkey=40976128-710b-4097-b27b-e35fe6133849
9. RWA Board Meeting
November 12, 2020
RWA Office, Sacramento
<http://rwah2o.org/>
10. ACWA Fall Conference
December 1-4, 2020
Indial Wells, CA
<https://www.acwa.com/events/2020-fall-conference-exhibition/>
11. SGA Board Meeting
December 10, 2020
SGA Office, Sacramento
<https://www.sgah2o.org>

Below is a partial list of local Water Purveyors Regular Board Meeting information and websites:

- Carmichael Water District: <http://carmichaelwd.org/> - Every 3rd Monday of the month at 6:00 p.m.
- Citrus Heights Water District: <http://chwd.org/> - Every 3rd Wednesday of the month at 6:30 p.m.
- Del Paso Manor Water District: <https://www.delpasomanorwd.org/> (916)487-0419 - Every 1st Tuesday of the month at 6:30 p.m.
- El Dorado County Water Agency - <http://www.edlafco.us/> - Every 2nd Wednesday of the month at 10:00 a.m.
- El Dorado Irrigation District - <http://www.eid.org/> - Every 2nd and 4th Monday's of the month at 9:00 a.m.
- Fair Oaks Water District: <http://www.fowd.com/> - Every 2nd Monday of the month at 6:30 p.m.
- Natomas Mutual Water Company - <http://natomaswater.com/> - Every 2nd Tuesday of the month at 9:00 a.m.
- Orangevale Water Company - <https://orangevalewater.com/> - Every 1st Tuesday of the month at 4:00 p.m.
- Placer County Water Agency: <https://pcwa.net/> - Every 1st and 3rd Thursdays of the month at 2:00 p.m.
- Rio Linda/Elverta Community WD: <http://www.rlecwd.com/> - Every 3rd Monday of the month at 6:30 p.m.
- San Juan Water District: <http://www.sjwd.org/> - Every 4th Wednesday of the month at 6:00 p.m.



Agenda Item: 15 a.

Date: April 23, 2020

Subject: Upcoming Policy Review – Discrimination and Harassment Prevention Policy (PL – HR 012)

Staff Contact: Cassie Crittenden, Human Resources Coordinator

The Discrimination and Harassment Prevention Policy (PL – HR 012) is scheduled for its biennial review. The subject policy was originally adopted by the Board on July 21, 2003, and last reviewed on May 21, 2018.

Staff recommends the following minor changes:

Minor grammatical corrections throughout the policy.

Section 200.00 – Revised to include all employees will receive training on sexual harassment prevention and not just supervisors and other key personnel.

The policy is scheduled for Board review and approval at the June 15, 2020, regular Board meeting. If a Director wishes to comment on the policy, please provide those comments to staff by May 26, 2020. If no comments are received by any Director, this policy will be placed on the consent agenda.

Attachments:

1 – Discrimination and Harassment Prevention Policy (PL – HR 012) - redlined

Sacramento Suburban Water District

Discrimination and Harassment Prevention Policy

Adopted: July 21, 2003

Approved with changes on: ~~May 21, 2018~~ June 15, 2020**100.00 Purpose of the Policy**

The purpose of this policy is to confirm the District's commitment to provide a work environment free of unlawful discrimination and harassment.

200.00 Policy

The District strictly prohibits unlawful discrimination and harassment on the basis of an employee's race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military or veteran status. Discrimination and harassment in the workplace or in the course and scope of employment by any person in any form that is in violation of this policy is prohibited.

Prohibited unlawful discrimination and harassment includes, but is not limited to, the following:

- Verbal harassment such as epithets, jokes, derogatory comments or slurs based on the person's race, religion, color, national origin, ancestry, gender (including gender identity and gender expression, sex, age, marital status, actual or perceived sexual orientation (including gay, lesbian, bisexual or transgender), physical or mental disability or condition, military or veteran status, or genetic information;
- Physical harassment such as assault, impeding or blocking movement, or any physical interference with normal work or movement when directed at an individual based on one of the categories above; and
- Visual harassment such as derogatory posters, cartoons, or drawings based on one of the categories above. Also included are e-mails that may be inappropriate, offensive, harassing, ~~and~~ or that create a hostile work environment.
- Sexual harassment (see below).

This policy applies to all persons involved in functions of the District including directors, supervisors, managers, employees, contractors, consultants, vendors, and other third parties. This policy applies to all areas of employment including recruitment, hiring, training, promotion, transfer, disciplinary action including termination, reduction in force, compensation, and other benefits.

Sexual harassment by any person in or from the work environment is strictly prohibited. Sexual harassment includes, but is not limited to, unwelcome sexual advances, requests for sexual favors, or other verbal, visual, or physical conduct of a sexual nature, regardless of whether the conduct is motivated by sexual desire, when:

- Submission to such conduct is made either expressly or by implication of a term or condition of an individual's employment;
- Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting the individual; or
- Such conduct has the purpose or effect of interfering with an individual's work performance; creating an intimidating, hostile, threatening or offensive working environment; or adversely affecting the employee's performance, evaluation, assigned duties, or any other condition of employment or career development.

Sexual harassment also includes any act of retaliation against an employee for reports of violation of this policy or for participating in the investigation of a sexual harassment complaint. Other examples of sexual harassment include unwelcome sexual flirtations or propositions; verbal abuse of a sexual nature; graphic verbal comments about an individual's body; sexually degrading words used to describe an individual; e-mails that may be inappropriate, offensive, harassing, ~~and~~ or create a hostile work environment; and the display in the work environment of sexually suggestive objects or pictures, posters, jokes, cartoons, or calendar illustrations. The District will comply with laws requiring sexual harassment prevention training for all ~~supervisors and other key personnel~~ employees.

The District encourages all employees to report immediately any incidents of discrimination ~~and~~ or harassment forbidden by this policy so that complaints can be resolved quickly and fairly. The District will promptly and thoroughly investigate any complaint of discrimination ~~and~~ or harassment of any type and will take whatever corrective and remedial action is deemed necessary, including disciplining or discharging any individual who is believed to have violated this policy. All complaints and investigations will be designated as confidential to the extent possible and permitted by law.

If the employee chooses, s/he may file a complaint with the State of California Department of Fair Employment and Housing and/or with the United States Equal Employment Opportunity Commission. These agencies are charged with the responsibility of accepting and reviewing all complaints.

The District will not retaliate against an employee for reporting an allegation of discrimination ~~and~~ or harassment and it will not tolerate or permit retaliation by other employees against the reporting employee or any employees interviewed during the investigative phase. Any employee who believes s/he has been retaliated against because of a claim of discrimination ~~and~~ or harassment, or being involved in the investigative phase of a discrimination ~~and~~ or harassment complaint, may file a claim of retaliation with the District, the State of California Department of Fair

Employment and Housing, and/or the United States Equal Employment Opportunity Commission.

300.00 Authority and Responsibility

The General Manager and each supervisor/manager will be responsible for maintaining a workplace free of discrimination and harassment. This responsibility includes discussing this policy with all employees and assuring them they are not required to endure insulting, degrading, or exploitative treatment or any other form of discrimination or harassment. The District will distribute a copy of this policy to all new employees and will periodically remind all employees of their rights and duties regarding discrimination and harassment, at minimum on an annual basis. Management and supervisory employees must also comply with the legal requirement to receive supervisor sexual harassment training every two years. The District will post the federal/state anti-discrimination and harassment poster on the employee bulletin board.

The General Manager is responsible for ensuring that all reports and complaints of discrimination and/or harassment are investigated promptly, thoroughly and fairly, regardless of the manner in which they are made or the individuals involved, and confidentiality shall be maintained to the extent possible. The person who receives the complaint, if other than the General Manager, shall refer the complaint to the General Manager. The General Manager will review every case, including all investigation findings and recommendations. The General Manager has established a timely and thorough process for investigating all reports or complaints of unlawful discrimination and/or harassment as set forth in the Discrimination and Harassment Prevention Procedure (PR – HR 008). If a complaint is substantiated, appropriate corrective and remedial action will be taken, up to and including termination of employment.

If the person alleged to have engaged in discrimination and/or harassment is the General Manager, then the person who received the complaint shall refer it to the President of the District's Board of Directors and the President, in consultation with District counsel, shall be responsible for investigating the complaint. As with all other complaints and investigations, it will be designated as confidential to the extent possible.

If the person alleged to have engaged in discrimination and/or harassment is a member of the Board of Directors, the General Manager shall consult with District counsel prior to and during the investigative process.

400.00 Policy Review

This Policy shall be reviewed at least biennially.



Agenda Item: 15 b.

Date: May 13, 2020

Subject: Upcoming Policy Review – Workplace Violence Policy (PL – HR 013)

Staff Contact: Cassie Crittenden, Human Resources Coordinator

The Workplace Violence Policy (PL – HR 013) is scheduled for its biennial review. The subject policy was originally adopted by the Board on July 21, 2003, and was last reviewed on July 16, 2018.

Staff recommends minor grammatical corrections throughout the policy. Major changes are as follows:

Section 100.10 – Deleted this section titled “Definitions” and moved the examples of workplace violence and dangerous weapons to section 200.00 as they should be included in this policy section.

Section 200.00 – Removed redundant language that is captured in section 100.00. Reorganized the existing content for clarity and added the examples of workplace violence and dangerous weapons originally captured in section 100.10

Section 300.00 – Removed redundant language.

These edits were reviewed and approved by legal counsel. The policy is scheduled for Board approval at the June 15, 2020, regular Board meeting. If a Director wishes to comment on the policy, please provide those comments to staff by May 26, 2020. If no comments are received by any Director, this policy will be placed on the consent agenda.

Attachment:

1 – Workplace Violence Policy (PL – HR 013) - redlined

Sacramento Suburban Water District

Workplace Violence Policy

Adopted: July 21, 2003

Approved with changes on: ~~July 16, 2018~~ June 15, 2020

100.00 Purpose of the Policy

The purpose of this policy is to confirm the District's commitment to providing a safe and violence-free workplace since the safety and security of employees and customers are very important to the District. Threats, threatening behavior, acts of violence, or any related conduct that interferes with a director's's, ~~officer's,~~ employee's, ~~customer,~~ 's or ~~contractors~~ ~~sultant~~'s work performance or security, a customer's or visitor's safety, or the District's operations will not be tolerated.

200.00 Policy

~~Any person who makes threats, exhibits threatening behavior, or engages in violent acts on District property may be removed from the premises pending the outcome of an investigation.~~ Threats, threatening behavior, or other acts of violence off District property, but directed at District employees or the public while conducting District business, is a violation of this policy. As part of this policy, the District seeks to prevent workplace violence before it begins and reserves the right to address behavior that suggests a propensity toward violence before any violent behavior occurs. The District believes that prevention of workplace violence begins with recognition of potential early warning signs and has established training programs to address situations that may present the possibility of violence.

Conduct under this policy includes, but is not limited to:

1. Fighting, hitting, striking, pushing, or other physical contact of any kind;
2. Threats of any kind, including threats made via telephone, fax, electronic or conventional mail, or any other communication medium, regardless of whether made on District property site or off District property-site;
3. Threatening, physically aggressive, or violent behavior, such as intimidation or attempts to instill fear in others;
4. Other behavior that suggests a propensity towards violence, including belligerent speech, excessive arguing or swearing, sabotage, or threats to sabotage District property, or a demonstrated pattern of refusal to follow District policies and procedures;
5. Defacing District property or causing physical damage to the facilities; and
6. Carrying, displaying, threatening to use or using weapons or firearms of any kind.

Dangerous weapon is a device or instrument that is capable of causing death or great bodily harm including, but not limited to, the following:

1. A firearm of any type, whether loaded or unloaded;
2. Any type of bomb, grenade, or other incendiary or explosive device;
3. Any type of knife, dirk, dagger, sword, or stiletto having a blade longer than three inches;
4. Any razor with an unguarded blade;
5. Any wood or metal pipe or bar used or intended to be used as a club;
6. Any hand-operated instrument or device such as a crossbow, slingshot, brass or composite knuckles, or shuriken (throwing stars); and
7. Any instrument or device capable of releasing or injecting any poisonous substance capable of causing death or great bodily harm.

Any person who makes threats, exhibits threatening behavior, or engages in violent acts on District property may be removed from the premises pending the outcome of an investigation.

To ensure the District maintains a workplace that is safe and free of violence for all employees and customers, the District prohibits the possession or use of dangerous weapons on District property. A license issued by a law enforcement agency to carry a dangerous weapon does not supersede this policy. District property is defined as all District owned or leased buildings and surrounding areas such as sidewalks, walkways, driveways, and parking lots under District ownership or control. This policy also applies to all vehicles that come onto District property. Notwithstanding the above, this prohibition does not apply to a dangerous weapon carried by an authorized law enforcement official who is on duty at the time he or she is on District premises for any purpose.

As part of this policy, the District seeks to prevent workplace violence before it begins and reserves the right to address behavior that suggests a propensity toward violence before any violent behavior occurs. The District believes that prevention of workplace violence begins with recognition of potential early warning signs and has established training programs to address situations that may present the possibility of violence.**100.10—Definitions**

Workplace violence includes, but is not limited to, the following:

1. Fighting, hitting, striking, pushing or other physical contact of any kind;
2. Threats of any kind, including threats made via telephone, fax, electronic or conventional mail, or any other communication medium, regardless of whether made on site or off site;
3. Threatening, physically aggressive, or violent behavior, such as intimidation or attempts to instill fear in others;
4. Other behavior that suggests a propensity towards violence, including belligerent speech, excessive arguing or swearing, sabotage, or threats to sabotage District property, or a demonstrated pattern of refusal to follow District policies and procedures;

- ~~5. Defacing District property or causing physical damage to the facilities; and~~
- ~~6. Carrying, displaying, threatening to use or using weapons or firearms of any kind.~~

~~Dangerous weapon is a device or instrument that is capable of causing death or great bodily harm including, but not limited to, the following:~~

- ~~8. A firearm of any type, whether loaded or unloaded;~~
- ~~9. Any type of bomb, grenade, or other incendiary or explosive device;~~
- ~~10. Any type of knife, dirk, dagger, sword, or stiletto having a blade longer than three inches;~~
- ~~11. Any razor with an unguarded blade;~~
- ~~12. Any wood or metal pipe or bar used or intended to be used as a club;~~
- ~~13. Any hand-operated instrument or device such as a crossbow, slingshot, brass or composite knuckles, or shuriken (throwing stars); and~~
- ~~14. Any instrument or device capable of releasing or injecting any poisonous substance capable of causing death or great bodily harm.~~

~~definition does not apply to a dangerous weapon carried by an authorized law enforcement official who is on duty at the time he or she is on District premises for any purpose~~**200.00 — Policy**

~~The District strictly prohibits directors, employees, officers, consultants, contractors, vendors, customers, visitors or anyone else on District premises or engaging in a District-related activity off District premises from behaving in a violent or threatening manner. Any person who makes threats, exhibits threatening behavior, or engages in violent acts on District property may be removed from the premises pending the outcome of an investigation. Threats, threatening behavior, or other acts of violence off District property, but directed at District employees or the public while conducting District business, is a violation of this policy.~~

~~Workplace violence is prohibited whether it might occur on District premises, in District parking lots, or while conducting District business. All workplace violence that occurs off District premises but is directed at District employees or the public while conducting business for the District is a violation of this policy.~~

~~To insure the District maintains a workplace that is safe and free of violence for all employees and customers, the District prohibits the possession or use of dangerous weapons on District property. A license issued by a law enforcement agency to carry a dangerous weapon does not supersede this policy. District property is defined as all District owned or leased buildings and surrounding areas such as sidewalks, walkways, driveways and parking lots under District ownership or control. This policy also applies to all vehicles that come onto District property.~~

~~As part of this policy, the District seeks to prevent workplace violence before it begins and reserves the right to address behavior that suggests a propensity toward violence before any violent behavior occurs. The District believes that prevention of workplace violence begins with recognition of potential early warning signs and has established training programs to address situations that may present the possibility of violence.~~

300.00 Authority and Remedies

Employees are responsible for immediately notifying the General Manager, Assistant General Manager, or any other manager of any threats or violent behavior they have witnessed, received, or have been told that another person witnessed or received; or whenever they witness any display, use, or threat to use any dangerous weapon on District property or in connection with performance of District business off premises. ~~Employees should also immediately report any behavior they have witnessed, which they regard as threatening or violent when that behavior is job related or might be carried out on District property or in connection with employment.~~

An employee ~~shall~~ also notify the General Manager if a restraining order is in effect either protecting or restraining the employee, or if an employee is in any way involved in or connected to a violent or potentially violent non-work-related situation that could result in workplace violence. Any employee that receives a protective or restraining order that lists District premises as a protected area also is required to provide a copy of the order to the General Manager.

All reports of workplace violence will be taken seriously and will be investigated promptly and thoroughly by the General Manager or his/her designee. If warranted, a written report of any investigation ~~and/or~~ immediate discipline or other corrective action will be prepared concerning the incident or conduct involving workplace violence. ~~—~~A report involving a District employee will become a part of that employee's personnel file and may be used in any further proceedings involving the employee to the extent permitted by law. ~~In~~ appropriate circumstances, the District will inform the reporting individual and any actual or alleged perpetrator of the results of the investigation. ~~To~~ the extent possible, the District will maintain the confidentiality of the reporting employee and of the investigation. The District may, ~~however,~~ need to disclose results in appropriate circumstances; for example, in order to protect individual safety. ~~The~~ District will not tolerate retaliation against any employee who reports actual or suspected workplace violence.

Violations of this policy will lead to disciplinary action that may include termination of employment, arrest, and prosecution. ~~In~~ addition, if the source of such inappropriate behavior is a member of the public, the response may also include barring that person from District property, termination of business relationships with the person, ~~and/or~~ preferring filing charges or seeking a restraining order against the person.

400.00 Policy Review

This Policy shall be reviewed at least biennially.