



**SOUTH SAN LUIS OBISPO COUNTY  
SANITATION DISTRICT**

Post Office Box 339, Oceano, California 93475-0339  
1600 Aloha, Oceano, California 93445-9735  
Telephone (805) 489-6666 FAX (805) 489-2765  
[www.sslocsd.us](http://www.sslocsd.us)

**AGENDA  
BOARD OF DIRECTORS MEETING  
Grover Beach City Hall Council Chambers,  
154 South Eighth Street,  
Grover Beach, California 93433**

**Wednesday, February 1, 2023, at 6:00 p.m.**

**Board Members**

Caren Ray Russom, Chair  
Karen Bright, Vice Chair  
Linda Austin, Director

**Agencies**

City of Arroyo Grande  
City of Grover Beach  
Oceano Community Services District

**Alternate Board Members**

Lan George, Director  
Clint Weirick, Director  
Allene Villa, Director

City of Arroyo Grande  
City of Grover Beach  
Oceano Community Services District

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- 1. CALL TO ORDER AND ROLL CALL**
  - 2. PLEDGE OF ALLEGIANCE**
  - 3. AGENDA REVIEW**
  - 4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA**

This public comment period is an invitation to members of the community to present comments, thoughts or suggestions on matters not scheduled on this agenda. Comments should be limited to those matters which are within the jurisdiction of the District. The Brown Act restricts the Board from taking formal action on matters not published on the agenda. In response to your comments, the Chair or presiding Board Member may:

- Direct Staff to assist or coordinate with you.
- Direct Staff to place your issue or matter on a future Board meeting agenda.

Please adhere to the following procedures when addressing the Board:

- Comments should be limited to three (3) minutes or less.
- Your comments should be directed to the Board as a whole and not directed to individual Board members.
- Slanderous, profane or personal remarks against any Board Member, Staff or member of the audience shall not be permitted

Any writing or document pertaining to an open-session item on this agenda which is distributed to a majority of the Board after the posting of this agenda will be available for public inspection at the time the subject writing or document is distributed. The writing or document will be available for public review in the offices of the Oceano CSD, a member agency located at 1655 Front Street, Oceano, California. Consistent with the Americans with Disabilities Act (ADA) and California

Government Code §54954.2, requests for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires modification or accommodation in order to participate at the above referenced public meeting by contacting the District Administrator or Bookkeeper/Secretary at (805) 481-6903. So that the District may address your request in a timely manner, please contact the District two business days in advance of the meeting.

**5. CONSENT AGENDA:**

The following routine items listed below are scheduled for consideration as a group. Each item is recommended for approval unless noted. Any member of the public who wishes to comment on any Consent Agenda item may do so at this time. Any Board Member may request that any item be withdrawn from the Consent Agenda to permit discussion or to change the recommended course of action. The Board may approve the remainder of the Consent Agenda on one motion.

**5A. Approval of Warrants**

**5B. Approval of Meeting Minutes of December 7, 2022**

**5C. Approval of Fiscal Year Ending June 2022 Financial Audit**

**6. ACTION ITEMS:**

**6A. ANNOUNCEMENT OF ROTATION OF CHAIR AND VICE CHAIR FOR THE 2023 CALENDAR YEAR**

Recommendation: The Board consider, confirm, and announce the rotation of Chair and Vice Chair for the 2023 Calendar Year in accordance with District Bylaws

**6B. DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT**

Recommendation: Receive and File.

**7. BOARD MEMBER COMMUNICATIONS:**

**8. CLOSED SESSION:**

**CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to Government Code Section 54956.9: (one case)

**PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Gov. Code 54957(b) Title: Plant Superintendent

**9. ADJOURNMENT**

The next regularly scheduled Board Meeting is March 1, 2023, 6:00 pm at the

**Arroyo Grande Council Chambers,**

212 E. Branch Street, Arroyo Grande, California 93420

WARRANT REGISTER  
2/1/2023  
FISCAL YEAR 2022/23

VENDOR	BUDGET LINE ITEM	DETAIL	WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
ALLIED ADMINISTRATORS	DENTAL	JANUARY 2023	120722-6479	6025	922.58	922.58
ALLSTAR INDUSTRIAL SUPPLY	SAFETY SUPPLY	2958	6480	8056	611.33	611.33
ARAMARK	EMPLOYEE UNIFORMS	11/28; 12/05	6481	7025	743.50	743.50
BRENNTAG	PLANT CHEMICALS	BPI294128	6482	8050	8,715.86	8,715.86
COASTAL ROLL OFF	RUBBISH	NOVEMBER 2022	6483	7093	889.50	889.50
CULLIGAN	EQUIPMENT RENTAL	78327	6484	7032	60.00	60.00
EVERYWHERE RIGHT NOW	COMPUTER SERVICES	DECEMBER 2022	6485	7082	100.00	100.00
GRAINGER	EQUIPMENT MAINTENANCE	9523905660	6486	8030	19.33	19.33
JR FILANC	REDUNDANCY	APPLICATION NO.19	6487	20-7080	605,364.97	605,364.97
LARRY WALKER ASSOCIATES	TRUNK SEWER MAINTENANCE	OCTOBER 2022	6488	8015	3,675.50	3,675.50
LINDE GAS AND EQUIPMENT	EQUIPMENT RENTAL	10/20/22-11/20/22	6489	7032	41.72	41.72
MKN & ASSOCIATES	REDUNDANCY	101676	6490	20-7080	4,996.80	4,996.80
MINERS	EQUIPMENT MAINTENANCE	NOVEMBER 2022	6491	8030	420.91	420.91
NVIRO	SCADA	2471	6492	20-7060	747.43	747.43
OCSO	WATER	09/18/22-11/18/22	6493	7094	526.85	526.85
OEC, INC	CHEMICAL ANALYSIS	2206762; 2207241	6494	7078	400.80	400.80
PERC WATER	REDUNDANCY	8530	6495	20-7080	1,426.00	1,426.00
POLYDYNE	PLANT CHEMICALS	1695577	6496	8050	8,425.43	8,425.43
READY REFRESH	ADMIN OFFICE	10/25/22-11/24/22	6497	8045	111.89	111.89
ROYAL WHOLESALE ELECTRIC	SCADA	7842-1008651	6498	20-7060	275.33	275.33
SAFETY KLEEN	CHEMICAL ANALYSIS	90309848	6499	7078	269.47	269.47
SO CAL GAS	GAS	10/31/22-12/01/22	6500	7092	4,619.71	4,619.71
SOUTH COUNTY SANITARY	RUBBISH	DECEMBER 2022	6501	7093	338.22	338.22
SOUTHWEST VALVE & EQUIPMENT	EQUIPMENT MAINTENANCE	9081	6502	8030	3,559.64	3,559.64
SSLOCSD	EMPLOYEE BENEFITS	NOVEMBER 2022	6503		103,126.34	103,126.34
UMPQUA	CREDIT CARD	NOVEMBER 2022	6504		3,423.53	3,423.53
USA BLUEBOOK	EQUIPMENT MAINTENANCE	188607	6505	8030	130.05	130.05
VWR INTERNATIONAL	LAB SUPPLY'S	2022-171; 2022-163; 2022-176	6506	8040	1,151.83	1,151.83
AMERICAN BUSINESS MACHINES	OFFICE SUPPLY'S	657834	12222-6507	8045	77.65	77.65
ARAMARK	EMPLOYEE UNIFORMS	12/12; 12/19	6508	7025	743.50	743.50
ATT FIRST NET	COMMUNICATIONS	11/03/22-12/02/22	6509	7013	6.48	6.48
BRENNTAG	PLANT CHEMICALS	MULTIPLE	6510	8050	22,258.53	22,258.53
CAREN RAY RUSSOM	BOARD SERVICE	DECEMBER 7, 2022	6511	7075	100.00	100.00
COASTAL JANITORIAL	STRUCTURE MAINTENANCE	DECEMBER 2022	6512	8060	775.00	775.00
CULLIGAN CCWT	RENTAL EQUIPMENT	78526	6513	7032	240.00	240.00
ENGEL & GREY	BIOSOLIDS HANDLING	NOVEMBER 2022	6514	7085	5,752.35	5,752.35
FGL ENVIRONMENTAL	CHEMICAL ANALYSIS	283420A	6515	7078	994.00	994.00
GRAINGER	EQUIPMENT MAINTENANCE	MULTIPLE	6516	8030	162.36	162.36
IDEXX	CAPITAL EQUIPMENT	3118411228	6517	19-8010	4,571.81	4,571.81
I.I. SUPPLY	EQUIPMENT MAINTENANCE	87697; 88020	6518	8030	1,157.22	1,157.22
JB DEWAR	FUEL	166368; 228569	6519	8020	1,934.84	1,934.84
JEFF LEE	BOARD SERVICE	DECEMBER 7, 2022	6520	7075	100.00	100.00
JONES & MAYER	LEGAL COUNSEL	NOVEMBER 2022	6521	7071	805.05	805.05
KEMIRA	PLANT CHEMICALS	9017775961	6522	8050	14,420.03	14,420.03
KENNEDY JENKS	REDUNDANCY	NOVEMBER 2022	6523	20-7080	25,750.58	25,750.58
NATES PLUMBING	STRUCTURE MAINTENANCE	0112147	6524	8060	525.00	525.00
NBS	AGENCY BILLING OCEANO	JANUARY -MARCH 2023	6525	7074	1,656.00	1,656.00
NVIRO	SCADA	2494	6526	20-7060	2,612.50	2,612.50
OEC, INC	CHEMICAL ANALYSIS	MULTIPLE	6527	7078	671.83	671.83
RGS	HUMAN RESOURCES	NOVEMBER 2022	6528	7076	3,003.28	3,003.28
RINCON CONSULTANTS, INC.	BIOLOGICAL MONITORING	44218	6529	20-7080	3,588.95	7,357.70
	HYDROGEOLOGIC STUDY	44579		20-7080	2,544.25	
	COASTAL HAZARD MONITORING	44322		19-7020	1,224.50	
ROYAL	SCADA	7842-1008707	6530	20-7060	275.33	275.33
SPRINT	COMMUNICATIONS	11/04/22-12/03/22	6531	7014	146.51	146.51
STANLEY SECURITY	ALARMS	JANUARY 2023	6532	7011	80.08	80.08
SWRCB	PERMITS	MULTIPLE	6533	7068	25,837.00	25,837.00
TENERA ENVIRONMENTAL	CHEMICAL ANALYSIS	E20718	6534	7078	1,418.62	1,418.62
THE TOP SHOP	SAFETY SUPPLY	8580	6535	8056	815.33	815.33
AGP VIDEO	VIDEO	NOVEMBER 2022	010423-6536	7080	650.00	650.00
ALL SAFE INDUSTRIES	EQUIPMENT MAINTENANCE	SO-10036	6537	8030	182.93	182.93
ALLIED ADMINISTRATORS	DENTAL	FEBRUARY 2023	6538	6025	922.58	922.58
ARAMARK	UNIFORMS	12/26; 01/02	6539	7025	743.50	743.50
CARQUEST	AUTOMOTIVE	7314-1347583	6540	8032	70.02	70.02
CHARTER COMMUNICATIONS	COMMUNICATIONS	11/29/22-01/28/23	6541	7013	639.92	639.92
EVERYWHERE RIGHT NOW	COMPUTER SUPPORT	JANUARY 2023	6542	7082	100.00	100.00
FEDEX	OFFICE SUPPLY'S	7-987-22117	6543	7078	25.08	25.08

WARRANT REGISTER  
2/1/2023 Continued  
FISCAL YEAR 2022/23

VENDOR	BUDGET LINE ITEM	DETAIL	WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
GRAINGER	EQUIPMENT MAINTENANCE	MULTIPLE	6544	8030	2,085.04	2,085.04
GSOLUTIONZ	COMMUNICATIONS		6545	7013	424.03	424.03
IDEXX DISTRIBUTION, INC	CAPITAL EQUIPMENT	3119970201	6546	19-8010	750.00	750.00
II SUPPLY	SAFETY SUPPLY	88787; 88788	6547	8056	68.24	68.24
JB DEWAR	FUEL	229872; 167636	6548	8020	329.40	329.40
LARRY WALKER AND ASSOC.	TRUNK SEWER MAINTENANCE	NOVEMBER 2022	6549	8015	2,955.75	2,955.75
MCMASTER CARR	EQUIPMENT MAINTENANCE	90090655	6550	8030	71.34	71.34
MINERS HARDWARE	EQUIPMENT MAINTENANCE	DECEMBER 2022	6551	8030	541.25	541.25
MNS ENGINEERS	REDUNDANCY	NOVEMBER 2022	6552	20-7080	70,360.16	70,360.16
MR BACKFLOW	EQUIPMENT MAINTENANCE	ANNUAL TESTING	6553	8030	245.00	245.00
OILFILED ENVIRO. & COMPLIANCE	CHEMICAL ANALYSIS	MULTIPLE	6554	7078	1,166.72	1,166.72
PERRY'S ELECTRIC MOTORS	EQUIPMENT MAINTENANCE	26552	6555	8030	1,511.98	1,511.98
PG&E	ELECTRICITY	11/08/22-12/08/22	6556	7091	22,298.11	22,298.11
POLYDYNE	PLANT CHEMICALS	1700931	6557	8050	3,599.97	3,599.97
READY REFRESH	ADMIN BUILDING	11/25/22-12/24/22	6558	8045	85.09	85.09
SO CO SANITARY	RUBBISH	JANUARY 2023	6559	7093	368.99	368.99
SSLOCS	EMPLOYEE BENEFITS	DECEMBER 2022	6560		103,869.90	103,869.90
UMPQUA BANK	CREDIT CARD	DECEMBER 2022	6561		2,377.82	2,377.82
VWR INTERNATIONAL	LAB SUPPLY'S	2022-181	6562	8040	861.95	861.95
AIRFLOW FILTER SERVICE	EQUIPMENT MAINTENANCE	653444	011023-6563	8030	217.46	217.46
BRENNTAG	PLANT CHEMICALS	MULTIPLE	6564	8050	22,138.95	22,138.95
CITY OF GROVER BEACH	AGENCY BILLING	SEPT, OCT, NOV, DEC, JAN	6565	7081	9,158.75	9,158.75
COASTAL ROLLOFF	RUBBISH	DECEMBER 2022	6566	7093	2,140.21	2,140.21
CULLIGAN CCWT	EQUIPMENT RENTAL	78842	6567	7032	60.00	60.00
GRAINGER	EQUIPMENT MAINTENANCE	9562560079	6568	8030	39.07	39.07
JR FILANC	REDUNDANCY	APPLICATION NO. 20	6569	20-7080	380,336.37	380,336.37
LINDE GAS CO	EQUIPMENT RENTAL	33149773	6570	7032	43.52	43.52
MICHAEL K NUNLEY	REDUNDANCY	101844; 101845	6571	20-7080	12,352.28	12,352.28
NVIRO	SCADA	2540	6572	20-7060	4,665.00	4,665.00
OILFIELD ENVIRONMENTAL	CHEMICAL ANALYSIS	MULTIPLE	6573	7078	949.14	949.14
PERC WATER	REDUNDANCY	5859	6574	20-7080	1,766.50	1,766.50
POLYDYNE	PLANT CHEMICALS	1704051	6575	8050	8,425.43	8,425.43
SO CAL GAS	UTILITY GAS	12/01/22-01/03/23	6576	7092	7,281.81	7,281.81
ARAMARK	EMPLOYEE UNIFORMS	01/09/23; 01/16/23	011923-6577	7025	742.76	742.76
ATT FIRST NET	COMMUNICATIONS	12/03/22-01/02/23	6578	7013	80.48	80.48
CITY OF ARROYO GRANDE	AGENCY BILLING	OCTOBER TO DECEMBER	6579	7073	5,577.00	5,577.00
ENGEL & GREY	BIOSOLIDS HANDLING	DECEMBER 2023	6580	7085	7,284.61	7,284.61
GRAINGER	SAFETY SUPPLY	MULTIPLE	6581	8056	61.63	61.63
GSOLUTIONZ	COMMUNICATIONS	11/22/22-12/22/22	6582	7013	351.08	351.08
I.I. SUPPLY	EQUIPMENT MAINTENANCE	88995	6583	8030	82.97	82.97
JB DEWAR	FUEL	168873	6584	8020	220.97	220.97
JONES & MAYER	LEGAL COUNSEL	113875	6585	7071	1,247.00	1,500.53
	OUTSIDE COUNSEL	113876		7070	253.53	
OEC, INC	CHEMICAL ANALYSIS	MULTIPLE	6586	7078	355.65	355.65
PG&E	ELECTRICITY	12/09/22-01/08/23	6587	7091	48,389.80	48,389.80
RINCON CONSULTANTS, INC.	BIOLOGICAL MONITORING	44881	6588	20-7080	6,086.25	14,014.83
	COASTAL HAZARD MONITORING	44964		19-7020	7,928.58	
SPRINT	COMMUNICATIONS	12/04/22-01/03/23	6589	7014	147.19	147.19
STANLEY SECURITY	ALARMS	FEBRUARY 2023	6590	7011	80.08	80.08
TENERA ENVIRONMENTAL	CHEMICAL ANALYSIS	E20745	6591	7078	10,864.52	10,864.52
USA BLUEBOOK	EQUIPMENT MAINTENANCE	233080	6592	8030	199.59	199.59
VWR INTERNATIONAL	LAB SUPPLY'S	2022-176; 2023-184	6593	8040	2,309.16	2,309.16
WEST COAST ROTOR	EQUIPMENT MAINTENANCE	76652	6594	8030	7,855.68	7,855.68
<b>TOTAL</b>					<b>1,646,340.89</b>	<b>1,646,340.89</b>

We hereby certify that the demands numbered serially from 120722-6479--to 011923-6594 together with the supporting evidence have been examined, and that they comply with the requirements of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT. The demands are hereby approved by motion of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT, together with warrants authorizing and ordering the issuance of checks numbered identically with the particular demands and warrants.

BOARD OF DIRECTORS:

DATE:

Chairman

Board Member

Board Member

Secretary



# **SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**

Post Office Box 339, Oceano, California 93475-0339

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## **SUMMARY ACTION MINUTES Meeting of Wednesday, December 7, 2022**

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### **1. CALL TO ORDER AND ROLL CALL**

Chair Lee called the meeting to order and recognized a quorum.

Present: Jeff Lee, Chair, City of Grover Beach  
Caren Ray Russom, Director, City of Arroyo Grande

District Staff: Jeremy Ghent, District Administrator  
Keith Collins, District Legal Counsel  
Mychal Jones, District Superintendent  
Amy Simpson, Bookkeeper/Secretary

### **2. PLEDGE OF ALLEGIANCE**

### **3. AGENDA REVIEW**

**Action:** Approved as presented.

### **4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA**

There was no public comment.

### **5. CONSENT AGENDA:**

**5A. Approval of Warrants**

**5B. Approval of Meeting Minutes of November 2, 2022**

There was no public comment.

**Motion:** Director Ray Russom motioned to approve the Consent Agenda as published.

**Second:** Director Lee

**Action:** Approved unanimously by roll call vote.

## **6. ACTION ITEMS:**

### **6A. PRESENTATION AND APPROVAL OF DRAFT FISCAL YEAR ENDING JUNE 2022 FINANCIAL AUDIT**

Administrator Ghent presented this item. He asked that the record be corrected to read that a Draft Audit was presented at the meeting of December 7, 2022.

Alex Hom reported that the auditors gave the District an unmodified clean opinion with no findings. The two keynotes in changes for Fiscal Year 2022 were an adjustment for presentation purposes to the County Investment Pool and Net Pension Liability.

The Board had a discussion and requested the Audit be brought back on Consent Agenda with the Internal Controls Report and a statement that Moss Levy has issued an unmodified clean opinion.

Mr. Hom responded that the format of the letter, (Page 1 of the Audit Independent Auditors' Report), has been changed by the Association of International Certified Professional Accountants in layout and the opinion is now located in a lower paragraph. The previous audits have not used the words unmodified clean opinion. The second paragraph of the first page states, and this signifies unmodified clean opinion. *In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the major fund of the South San Luis Obispo County Sanitation District, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.*

This paragraph alone states that the audit is unmodified. If it had been modified, there would have been additional language after *present fairly*. The words unmodified clean have always been used in the presentation the night of the meeting of the audit report only. He also reported that the Internal Controls Report will be completed when the audit is finalized. MLH is still waiting for a letter from Legal Counsel to be received.

The Board provided direction to staff to state in the Staff Report and Minutes that the District has received an unmodified clean opinion for the Fiscal Year 2022 Audit.

There was no public comment.

### **6B. DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT**

Superintendent Jones presented the Operations Report and reported during the November 1<sup>st</sup> – November 30<sup>th</sup> reporting period, the District's facility met its Permit limitations as required under the State of California's National Pollutant Discharge Elimination System (NPDES) Permit issued to the District. He corrected the 2022 Permit Exceedances. Corrections are shown in yellow highlight.

### **2022 Permit Exceedances**

- **May 19, 2022** – Total Chlorine Residual Instantaneous Maximum  
This exceedance **EXPIRED** November 15, 2022.
- **July 14, 2022** – Daily Maximum Fecal Coliform  
This exceedance is due to expire January 10, 2023.
- **July 20, 2022** – Daily Maximum Fecal Coliform  
This exceedance is due to expire January 16, 2023.

Director Ghent presented the District Administrator Report. He reported that the Redundancy project is on track and in budget. Staff has been preparing and participating in startup of the new plant trainings.

There was no public comment.

**Action:** The Board received and filed this report.

## **7. BOARD MEMBER COMMUNICATIONS**

The Board wished everyone Happy Holidays.

Char Lee announced he will no longer be on this Board and thanked staff and the community for the support to move the Redundancy Project forward.

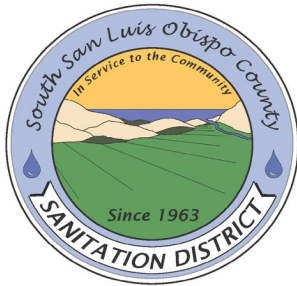
Director Ray Russom thanked Chair Lee for his service on the SSLOCSD Board.

Chair Lee announced that the Central Coast Blue Rural Regional Water Authority (CCBRRWA) is now a joint powers authority between Pismo Beach, Arroyo Grande and Grover Beach for the Central Coast Blue Project.

## **8. ADJOURNMENT:**

6:28 p.m.

***THESE MINUTES ARE DRAFT AND NOT OFFICIAL UNTIL APPROVED BY THE BOARD OF DIRECTORS AT A SUBSEQUENT MEETING.***



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### **Staff Report**

**To:** Board of Directors  
**From:** Jeremy Ghent, District Administrator  
**Via:** Amy Simpson, Bookkeeper/Secretary  
**Date:** February 1, 2023  
**Subject:** **APPROVAL OF FISCAL YEAR ENDING JUNE 2022 FINANCIAL AUDIT**

#### **RECOMMENDATION:**

That the Board approve the audit report of the District's financial records by Moss Levy & Hartzheim, LLP, the District's independent auditor and file the 2021-22 Financial Audit.

#### **BACKGROUND:**

Moss, Levy & Hartzheim, LLP was hired as the District's independent auditor to review District financial statements and records and met with District Staff to develop the Fiscal Year 2021-22 Audit Report at a cost of \$11,060.

State law requires that every general-purpose local government publish an annual report on its financial position and activity, and that the report be audited by an independent firm of certified public accountants. The goal of the independent audit is to provide a reasonable assurance that the District's financial statements are free of material misstatements. In addition, the audit is responsible for providing an independent review of the District's internal financial controls. The District's financial statements, internal documents, and financial controls have been audited by the certified public accountant firm of Moss, Levy & Hartzheim, LLP for the fiscal year ending June 30, 2022.

#### **DISCUSSION:**

At the meeting of December 7, 2022, during the presentation of the District's annual financial audit the Board had questions about previously used positive language about the District's finances and bookkeeping. The Board was seeking to assure that the public understands that the District is being ran well financially. Alex Hom, CPA from MLH presented the firm's audit report of the



District's financial records. Mr. Hom announced that the District received a '*clean unmodified opinion*'. The Board questioned where in the audit the words *clean unmodified* appeared. Mr. Hom responded that the audit has not had the words unmodified clean opinion written into the audit report for several years, but that the phrase is still often used.

The Board directed staff to bring back the final Audit at a future meeting with a staff report that clarifies previous statements.

To clarify past statements and language used, District staff has reviewed the audits, staff reports presentations and minutes from 2019-20; 2020-21 and 2021-22 audits. The words unmodified clean opinion were not found in the audits and staff reports but were the opening words for Alex Hom's presentations and captured in the Minutes of the meetings in each of those years.

Below are excerpts from the 2019-20, 2020-21 and 2021-22 Audit stating that the Auditors opinion is that the financial statements present fairly the respective financial position of the business-type activities of the District.

### **2021-22**

#### ***Opening Statement of Audit Presentation***

Alex Hom, "In the draft of the audit report we gave the District an unmodified clean opinion. There were no findings."

#### ***Opinion (verbatim from Audit Report)***

We have audited the accompanying financial statements of the South San Luis Obispo County Sanitation District (District) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the major fund of the South San Luis Obispo County Sanitation District, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **2020-21**

#### ***Opening Statement of Audit Presentation***

Alex Hom, "We gave the District an unmodified clean opinion. There were no findings."

#### ***Opinion (verbatim from Audit Report)***

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

### **2019-20**

#### ***Opening Statement of Audit Presentation***

Alex Hom, "For the 19/20 audit we gave the District an unmodified clean opinion.")

#### ***Opinion (verbatim from Audit Report)***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the South San Luis Obispo County Sanitation District, as of

June 30, 2020, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**CONCLUSION:**

Staff concluded that the language “clean unmodified opinion” had only been used verbally to describe the District’s audited financials. The previous 3 years of audits have all used current standard Audit language of “....present fairly, in all material respects....”

The District has maintained clean and unmodified financials by the old standard as noted by the updated synonymous language that our “financials present fairly, in all material respects.”

**ATTACHMENT:**      2021/22 Audit with Internal Controls Report

**SOUTH SAN LUIS OBISPO COUNTY  
SANITATION DISTRICT**

**FINANCIAL STATEMENTS**  
June 30, 2022

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
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**June 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
South San Luis Obispo County Sanitation District  
Oceano, California

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the South San Luis Obispo County Sanitation District (District) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the major fund of the South San Luis Obispo County Sanitation District, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5, the schedule of Proportionate Share of Net Pension Liability on page 24, the schedule of Pension Contributions on page 25, the schedule of Changes in OPEB Liability and Related Ratios on page 26, and the schedule of OPEB Contributions on page 27 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, of the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022, on our consideration of the South San Luis Obispo County Sanitation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, 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.

*Moss, Kelly & Haugheim LLP*

Santa Maria, CA  
November 18, 2022

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT  
POST OFFICE BOX 339  
1600 ALOHA PLACE  
OCEANO, CA 93475

Management's Discussion and Analysis  
Fiscal Year Ending June 30, 2022

The following is a discussion of the consolidated financial condition and the results of operations of the South San Luis Obispo County Sanitation District (the District) for the year ending June 30, 2022. This discussion refers to and is qualified by information contained in the financial statements and in the notes to the financial statements. Thus, it should be read together with these statements in the Audit Report. The financial audit of the South San Luis Obispo County Sanitation District has been performed by Moss, Levy & Hartzheim, CPAs, in accordance with U.S. generally accepted auditing standards.

**Financial Highlights**

- At June 30, 2022 the District's total net position was \$20.48 million. Fiscal Year 2021 ended with a total net position of \$19.67 million. This is an increase of 4.15% for net position.
- Total operating revenues increased by 0.46% from \$5.72 million in 2021 to \$5.75 million at June 30, 2022.
- At June 30, 2022 cash and cash equivalents is \$21.10 million with a total current and long-term liability of \$32.01 million.
- Total operating expenses were \$3,960,908. Operating revenues exceeded operating expenses by \$1,788,410.
- Overall increase of cash and cash equivalents realized a decrease from \$36.81 million in Fiscal Year 2021 to \$21.10 million in Fiscal year 2022. This decrease was due to the expenditure of Redundancy construction funding.

**Overview of the Financial Statements:**

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows all provide information about the District's activities and present a long-term view of its finances.

These statements are prepared using the accrual basis of accounting which recognizes expenses when incurred and revenue when earned rather than when payment is made or received and is widely used by most private sector companies. These statements also report on the District's net position and changes in the position resulting from the current

years activity. Over time, increases or decreases in the District's net position are one indicator of whether its financial position is improving or declining.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The various funds are presented in the accompanying financial statements as a proprietary fund category, enterprise fund type.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 10-23 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its employees.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position increased from \$19.67 million at June 30, 2021 to \$20.48 million at the close of June 30, 2022.

Net position reflects the District's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these fixed capital assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the monies needed to repay any District debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### **Business-type Activities.**

The business-type activities increased the District's net position by \$816 thousand. The key elements are as follows: operating and non-operating revenues exceeded operating and non-operating expenses as of June 30, 2022. Capital contributions to the District's system totaled \$46 thousand as of June 30, 2022. The total revenues exceeded expenses during the 2022 fiscal year. The District's Construction in Progress value has been recorded as capitalized amounts as detailed in Note 4 on page 15.

### **Capital Asset and Debt Administration**

**Capital Assets.** The District's investments in capital assets for its business type activities as of June 30, 2022 amounts to \$3.14 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, machinery, and equipment.

Additional information on the South San Luis Obispo County Sanitation District capital assets can be found in Note 4 on page 15 of this report.



**Long-term Debt.** At the end of June 30, 2022, the District held debt of Certificates of Participation and compensated absences.

Additional information on the District's long-term debt can be found in Notes 5,6,7 and 8 on pages 15-23 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

**Certificates of Participation.** On December 1, 2020 the District issued two series of Certificates of Participation for funding the District's Redundancy Project. The payment of this Debt for the upcoming 22/23 fiscal year is \$951,169 for the Series A and \$89,300 for the Series B.

**Rate Increase.** Upon completion of the District's Redundancy Project the District will undertake a review of rates as actual operation and maintenance expenses of the new facilities become known. The District expects to conduct a rate study during fiscal year 23/24

**Other Post-Employment Benefits.** The District provides other post-employment benefits (OPEB) through the California Employers' Retiree Benefit fund which is administered by CalPERS. In 2000, the District joined the CalPERS medical program. An actuarial was performed with a measurement date of June 30, 2021 that was rolled forward to determine the District's June 30, 2022 total OPEB obligation. Information can be found on pages 20-23.

### **Requests for Information**

This financial report is designed to provide a general overview of the South San Luis Obispo County Sanitation District's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the District Administrator, South San Luis Obispo County Sanitation District 1600 Aloha Place, Oceano, CA 93445.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
June 30, 2022

**ASSETS**

Current Assets:

Cash and investments	\$ 21,100,535
Accounts receivable	391,791
Prepaid expenses	19,343
Total current assets	<u>21,511,669</u>

Noncurrent Assets:

Deposits	1,308
Capital assets	
Land	431,425
Construction in progress	24,831,461
Property, plant & equipment	27,325,929
Accumulated depreciation	(21,232,379)
Total noncurrent assets	<u>31,357,744</u>

Total assets	<u>52,869,413</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred pensions	330,523
Deferred OPEB	377,244
Total deferred outflows of resources	<u>707,767</u>

**LIABILITIES**

Current Liabilities:

Accounts payable	1,049,060
Accrued liabilities	39,779
Compensated absences, current portion	15,377
Brine deposits	10,000
Interest payable	218,686
Certificate of participation, current portion	385,000
Unamortized premium, current portion	38,832
Total current liabilities	<u>1,756,734</u>

Long-Term Liabilities:

Compensated absences, net of current portion	41,621
Net pension liability	868,708
Other post employment benefits	1,544,700
Certificate of participation, net of current portion	26,755,000
Unamortized premium, net of current portion	1,038,756
Total long term liabilities	<u>30,248,785</u>

Total liabilities	<u>32,005,519</u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred pensions	776,214
Deferred OPEB	310,528
Total deferred inflows of resources	<u>1,086,742</u>

**NET POSITION**

Net investment in capital assets	3,138,848
Restricted for capital expansion	3,330,633
Restricted for Redundancy project	8,926,776
Unrestricted	<u>5,088,662</u>
Total net position	<u>\$ 20,484,919</u>

The notes to basic financial statements are an integral part of this statement.

Item 5C. Attachment

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUND**  
For the Fiscal Year Ended June 30, 2022

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**Operating Revenues:**

Sewer services fees	\$ 5,749,318
Total operating revenues	<u>5,749,318</u>

**Operating Expenses:**

Gross wages	862,686
Payroll taxes and benefits	70,666
Employee benefits	188,499
Retirement contribution	448,885
OPEB expense	52,990
Uniforms	21,830
Repairs and maintenance	244,567
Equipment rental	2,725
Insurance	56,577
Depreciation	770,415
Communications	17,536
Utilities	356,141
Property tax	33,810
Special services	198,900
Office and supplies	8,694
Fuel and oil	3,964
Membership, permits, and license fees	57,718
Legal	20,379
Accounting	16,859
Plant chemicals, lab, and analysis	445,464
Employee training	10,728
Solids handling	62,254
Small tools	8,621
Total operating expenses	<u>3,960,908</u>
Net operating income	<u>1,788,410</u>

**Non-Operating Revenues (Expenses):**

Investment loss	(355,596)
Interest expense	(631,105)
Loss on disposal of assets	<u>(31,879)</u>
Total non-operating revenues (expenses)	<u>(1,018,580)</u>

**Capital Contributions:**

Connection fees	<u>46,404</u>
Change in net position	816,234

**Net Position:**

Net position, beginning of fiscal year	<u>19,668,685</u>
Net position, end of fiscal year	<u>\$ 20,484,919</u>

The notes to basic financial statements are an integral part of this statement.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
For the Fiscal Year Ended June 30, 2022

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 5,888,018
Payments to vendors	(2,818,220)
Payments to employees	<u>(637,992)</u>
Net cash provided by operating activities	<u>2,431,806</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital contributions	46,404
Acquisition and construction of capital assets	(16,784,476)
Principal paid on capital debt	(370,000)
Interest paid on capital debt	<u>(676,019)</u>
Net cash used by capital and related financing activities	<u>(17,784,091)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received less investment loss	<u>(353,472)</u>
Net cash used by investing activities	<u>(353,472)</u>
Net change in cash and cash equivalents	(15,705,757)
Cash and cash equivalents, July 1, 2021	<u>36,806,292</u>
Cash and cash equivalents, June 30, 2022	<u><u>\$ 21,100,535</u></u>

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND (Continued)**  
For the Fiscal Year Ended June 30, 2022

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**Reconciliation of operating income to net cash provided**

**by operating activities:**

Operating income	\$ 1,788,410
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	770,415
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Accounts receivable	81,476
Prepaid expenses	56,819
Deposits	405
Deferred outflows of resources relating to pensions	(5,403)
Deferred outflows of resources relating to OPEB	47,553
Accounts payable	(490,413)
Compensated absences	(13,456)
OPEB liability	(277,262)
Net pension liability	(497,216)
Deferred inflows of resources relating to pensions	747,240
Deferred inflows of resources relating to OPEB	<u>223,238</u>

Net cash provided by operating activities	<u><u>\$ 2,431,806</u></u>
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The notes to basic financial statements are an integral part of this statement.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- I. Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.
- J. Compensated Absences - Accumulated unpaid employee vacation and sick leave benefits are recognized as liabilities of the District.
- K. Restricted Assets - Restricted assets are financial resources segregated for a special purpose such as construction of improvements and financing of debt obligations. These assets are for the benefit of a distinct group and as such are legally or contractually restricted.
- L. Use of Estimates  
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.
- M. Net Position  
GASB Statement No. 63, requires that the difference between assets added to the deferred outflows of resources and liabilities be added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.  
  
Net position that is net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on them by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions, or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.
- N. Pensions  
For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South San Luis Obispo County Sanitation District's Public Employee's Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.
- O. Deferred Outflows and Inflows of Resources  
Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," the District recognizes deferred outflows and inflows of resources.  
  
In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Note 7 and Note 8 for a detailed listing of the deferred outflows of resources the District has reported.

**NOTE 1 - REPORTING ENTITY**

The reporting entity is the South San Luis Obispo County Sanitation District. The District is responsible for trunk main and sewer pipes from the Cities of Arroyo Grande, Grover Beach, and the Oceano Community Services District. The District is governed by a three-member body, known as the District Board, who are appointed by the respective member agencies on a yearly basis. The District Board includes one representative from each of its Member Agencies, specifically, the City of Arroyo Grande, City of Grover Beach and the Oceano Community Services District. The District provides wastewater disposal services.

There are no component units included in this report which meet the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, No. 80 and No. 90.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Accounting Policies - The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

B. Accounting Method - The District is organized as an Enterprise Fund and follows the accrual method of accounting, whereby revenues are recorded as earned, and expenses are recorded when incurred.

C. Fund Financial Statements - The fund financial statements provide information about the District's proprietary fund.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

D. Proprietary Fund Type

**Enterprise Fund**

An Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

E. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash and restricted and unrestricted certificates of deposit with original maturities of three months or less.

F. Property, Plant, and Equipment - Capital assets purchased by the District are recorded at cost. Contributed or donated capital assets are recorded at fair value when acquired.

G. Depreciation - Capital assets owned by the District are depreciated over their estimated useful lives (ranging from 5-40 years) under the straight-line method of depreciation.

H. Receivables - The District did not experience bad debt losses; accordingly, no adjustment has been made for doubtful accounts, and accounts receivable is shown at the adjusted value.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

O. Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Note 7 and Note 8 for a detailed listing of the deferred inflows of resources the District has reported.

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB plan) and additions to/deductions from the Plans' 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.

Q. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provisions of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 99	"Omnibus 2022"	The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.
Statement No. 100	"Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.



**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2022

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**NOTE 3 - CASH AND INVESTMENTS**

Investments are carried at fair value in accordance with GASB Statement No. 31. On June 30, 2022, the District had the following cash and investments on hand:

Cash on hand	\$ 40
Cash in bank	160,126
Cash and investments with County Treasurer	18,332,030
Local Agency Investment Fund (LAIF)	<u>2,608,339</u>
 Total cash and investments	 <u>\$ 21,100,535</u>

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 the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. 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 had investments in the San Luis Obispo County Investment Pool and the Local Agency Investment Fund, those external pools measured under Level 2.

Investments Authorized by the California Government Code

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	N/A	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase and Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	5 years	15%	10%
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	N/A	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75 Million
State Registered Warrants, Notes, or Bonds	5 years	None	None
Notes and Bonds of other Local California Agencies	5 years	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 - 24 Months	25 - 60 Months	More than 60 Months
San Luis Obispo Investment Pool	\$ 18,332,030	\$ 18,332,030	\$ -	\$ -	\$ -
State Investment Pool (LAIF)	2,608,339	2,608,339			
	<u>\$ 20,940,369</u>	<u>\$ 20,940,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code and the District's investment policy, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Rating as of Fiscal Year End			
			AAA	Aa	Baa	Not Rated
San Luis Obispo Investment Pool	\$ 18,332,030	N/A	\$ -	\$ -	\$ -	\$ 18,332,030
State Investment Pool (LAIF)	2,608,339	N/A				2,608,339
	<u>\$ 20,940,369</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,940,369</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair 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 the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2022, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Investment in State Pool (LAIF)

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**NOTE 4 - SCHEDULE OF CAPITAL ASSETS**

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2022, is shown below:

	Balance July 1, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Land	\$ 431,425	\$ -	\$ -	\$ -	\$ 431,425
Construction in Progress	9,429,989	16,460,890		(1,059,418)	24,831,461
Property, Plant, & Equipment	26,067,947	323,586	(125,022)	1,059,418	27,325,929
Total capital assets	35,929,361	16,784,476	(125,022)		52,588,815
Less Accumulated Depreciation	(20,555,107)	(770,415)	93,143		(21,232,379)
Net capital assets	\$ 15,374,254	\$ 16,014,061	\$ (31,879)	\$ -	\$ 31,356,436

**NOTE 5 – LONG-TERM LIABILITIES**

The changes in long-term liabilities for the fiscal year ended June 30, 2022, are as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due within One year
Certificate of participation	\$ 27,510,000	\$ -	\$ (370,000)	\$ 27,140,000	\$ 385,000
Unamortized premium	1,116,420		(38,832)	1,077,588	38,832
Compensated absences	70,454	61,506	(74,962)	56,998	15,377
OPEB	1,821,962	52,088	(329,350)	1,544,700	
Net pension liability	1,365,924	2,209	(499,425)	868,708	
Total	\$ 31,884,760	\$ 115,803	\$ (1,312,569)	\$ 30,687,994	\$ 439,209

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2022

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**NOTE 6 – CERTIFICATES OF PARTICIPATION**

On December 1, 2020, the 2020 Certificates of Participation Series A for \$23,045,000 and Series B for \$4,465,000 at a premium of \$1,155,252 were issued to provide funding for the Redundancy Project. The District has pledged all net revenues to repay the 2020 Certificates of Participation. In the event of default, all principal and accrued interest becomes due. The certificates are payable semiannually on March 1 and September 1 of each year with interest rates varying from 2% to 5%. As of June 30, 2022, \$27,140,000 was still outstanding.

Future minimum payment obligations for the certificates at June 30, 2022, are as follows:

Series A			
Fiscal Year Ended June 30	Principal	Interest	Total
2023	\$ 385,000	\$ 566,169	\$ 951,169
2024	400,000	546,544	946,544
2025	430,000	525,794	955,794
2026	450,000	503,794	953,794
2027	605,000	477,419	1,082,419
2028-2032	3,460,000	1,951,857	5,411,857
2033-2037	3,865,000	1,554,370	5,419,370
2038-2042	4,235,000	1,186,351	5,421,351
2043-2047	4,700,000	725,762	5,425,762
2048-2051	4,145,000	189,169	4,334,169
	<u>\$ 22,675,000</u>	<u>\$ 8,227,229</u>	<u>\$ 30,902,229</u>

Series B			
Fiscal Year Ended June 30	Principal	Interest	Total
2023	\$ -	\$ 89,300	\$ 89,300
2024		89,300	89,300
2025		89,300	89,300
2026	4,465,000	44,650	4,509,650
	<u>\$ 4,465,000</u>	<u>\$ 312,550</u>	<u>\$ 4,777,550</u>

**NOTE 7 – DEFINED BENEFIT PENSION PLAN**

**A. General Information about the Pension Plans**

*Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District 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.

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

**A. General Information about the Pension Plans (Continued)**

*Benefits Provided*

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

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

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.09% to 2.42%	1.0% to 2.5%
Required employee contribution rates	7.96%	6.75%
Required employer contribution rates	11.59%+\$102,257	7.59%+ \$8,736

*Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is 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. Contributions to the pension plan from the District were \$204,264 for the fiscal year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$868,708 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2021, the District's proportion was 0.04575%, which increased by 0.01337% from June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized pension expense of \$448,885. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 204,264	\$ -
Differences between expected and actual experience	97,416	
Changes in assumptions		
Net difference between projected and actual earnings on retirement plan investments		758,337
Adjustment due to differences in proportions	21,005	5,446
Difference in actual contributions and proportionate share of contributions	7,838	12,431
	<u>\$ 330,523</u>	<u>\$ 776,214</u>

\$204,264 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

Fiscal Year Ending June 30	Amount
2023	\$ (128,491)
2024	(143,271)
2025	(168,627)
2026	(209,566)
	<u>\$ (649,955)</u>

*Actuarial Assumptions*

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.0% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

- (1) The mortality table used was developed based on CALPERS' specific data. The table includes 15 years of mortality improvements using 90% Scale MP 2016 published by the Society of Actuaries. For more details on this table, please refer to the 2017 experience study.

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

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

*Discount Rate*

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for public agency plans (including PERF C), 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB No. 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2021-22 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as it has changed its methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

(a) An expected inflation of 2.00% used for this period.

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

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, 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 (6.15 percent) or 1- percentage point higher (8.15 percent) than the current rate:

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
District's proportionate share of the net pension plan liability	\$ 1,542,983	\$ 868,708	\$ 311,296

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**C. Payable to the Pension Plan**

At June 30, 2022, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2022.

**NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Plan Description

The District provides post-retirement health benefits to all retirees with five years of service who retire from the District, and must have reached the minimum age of 50. Benefits continue for the lifetime of the retiree. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefit Terms

For those hired prior to 2013, the employee shall receive 100% of the stipulated amount. For those hired between 2013 through 2017, they shall receive 50% of the premium. For any employees hired after 2017, they will receive the minimum employer contribution.

Employees Covered

As of the June 30, 2021, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active plan members	9
Inactive employees or beneficiaries currently receiving benefits	7
<b>Total</b>	<b>16</b>

The District currently finances benefits on a pay-as-you-go basis.



**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT****NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**OPEB Liability

The District's OPEB liability was measured as of June 30, 2021 and the total OPEB liability was determined by an actuarial valuation dated June 30, 2020 that was rolled forward to determine the June 30, 2021 total OPEB liability, based on the following assumptions:

Discount Rate	2.16%
Inflation	2.50%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Mortality Rate	Derived from 2017 CalPERS Active Mortality for Miscellaneous Employees
Pre-Retirement Turnover	2017 CalPERS Turnover for Miscellaneous employees.

Actuarial assumptions used in the June 30, 2021 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

The long-term expected rate of 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 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. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 2.16 percent.

*Change of assumptions.* The discount rate was decreased from 2.20 percent to 2.16 percent and inflation was decreased from 2.75 percent to 2.50 percent.

*Discount rate.* GASB No. 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long Term Expected Return of Plan Investments	Municipal 20 Year High Grade Rate Index	Discount Rate
June 30, 2022	June 30, 2021	2.16%	2.16%	2.16%
June 30, 2021	June 30, 2020	2.20%	2.20%	2.20%

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2022

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**NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	
(Valuation Date, June 30, 2021)	\$ 1,821,962
Changes recognized for the measurement period:	
Service cost	12,593
Interest	39,495
Changes of assumptions	(234,894)
Experience (Gains)/Losses	(29,564)
Benefit payments	(64,892)
Net Changes	(277,262)
Balance at June 30, 2022	
(Measurement Date, June 30, 2021)	\$ 1,544,700

*Sensitivity of the OPEB liability to changes in the discount rate.* The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease 1.16%	Current Rate 2.16%	1% Increase 3.16%
OPEB Liability	\$ 1,760,861	\$ 1,544,700	\$ 1,368,101

*Sensitivity of the OPEB liability to changes in the healthcare trend rates.* The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current healthcare cost trend rates:

	1% Decrease (3.00%)	Healthcare Cost Trend Rate (4.00%)	1% Increase (5.00%)
OPEB Liability	\$ 1,482,555	\$ 1,544,700	\$ 1,633,250

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2022

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**NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$52,990. As of the fiscal year ended June 30, 2022, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 59,461	\$ -
Change in assumptions	317,783	255,194
Differences between expected and actual experience		55,334
	<u>\$ 377,244</u>	<u>\$ 310,528</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to OPEB liability to be recognized in future periods in a systematic and rational manner. \$59,461 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the pension expense as follows:

<u>Fiscal year Ending June 30,</u>	<u>Amount</u>
2023	\$ 902
2024	902
2025	902
2026	902
2027	902
Thereafter	2,745
	<u>\$ 7,255</u>

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

According to the District's staff and attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
Last 10 Years\*  
As of June 30, 2022

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The following table provides required supplementary information regarding the District's Pension Plan.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability	0.01606%	0.01255%	0.01232%	0.01200%
Proportionate share of the net pension liability	\$ 868,708	\$ 1,365,924	\$ 1,262,383	\$ 1,156,301
Covered payroll	\$ 846,584	\$ 784,070	\$ 702,820	\$ 762,177
Proportionate share of the net pension liability as percentage of covered payroll	102.6%	174.2%	179.6%	151.7%
Plan's total pension liability	\$ 46,174,942,264	\$ 43,702,930,887	\$ 41,426,453,489	\$ 38,944,855,364
Plan's fiduciary net position	\$ 40,766,653,876	\$ 32,822,501,335	\$ 31,179,414,067	\$ 29,308,589,559
Plan fiduciary net position as a percentage of the total pension liability	88.29%	75.10%	75.26%	75.26%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.01186%	0.01163%	0.01117%	0.00894%
Proportionate share of the net pension liability	\$ 1,176,202	\$ 1,006,552	\$ 766,801	\$ 556,113
Covered payroll	\$ 776,359	\$ 648,335	\$ 512,061	\$ 496,070
Proportionate share of the net pension liability as percentage of covered payroll	151.5%	155.3%	149.7%	112.1%
Plan's total pension liability	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631
Plan's fiduciary net position	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

\*- Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
Last 10 Years\*  
As of June 30, 2022

The following table provides required supplementary information regarding the District's Pension Plan.

	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ 204,264	\$ 177,437	\$ 161,923	\$ 136,795
Contribution in relation to the actuarially determined contributions	204,264	177,437	161,923	136,795
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 862,687	\$ 846,584	\$ 784,070	\$ 702,820
Contributions as a percentage of covered payroll	23.68%	20.96%	20.65%	19.46%
	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 98,219	\$ 104,648	\$ 77,019	\$ 48,422
Contribution in relation to the actuarially determined contributions	98,219	104,648	77,019	48,422
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 762,177	\$ 776,539	\$ 648,335	\$ 512,061
Contributions as a percentage of covered payroll	12.89%	13.48%	11.88%	9.46%

\*- Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS**  
Last 10 Years\*  
As of June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability				
Service cost	\$ 12,593	\$ 8,416	\$ 71,936	\$ 75,519
Interest on the total OPEB liability	39,495	50,948	68,087	68,178
Actual and expected experience difference	(29,564)	(7,164)	(33,833)	
Changes in assumptions	(234,894)	345,086	63,487	(76,832)
Change in benefit terms			(403,851)	
Benefit payments	<u>(64,892)</u>	<u>(60,728)</u>	<u>(69,690)</u>	<u>(68,012)</u>
Net change in total OPEB Liability	(277,262)	336,558	(303,864)	(1,147)
Total OPEB liability - beginning	1,821,962	1,485,404	1,789,268	1,790,415
Total OPEB liability - ending	<u>\$ 1,544,700</u>	<u>\$ 1,821,962</u>	<u>\$ 1,485,404</u>	<u>\$ 1,789,268</u>
Covered payroll	\$ 846,584	\$ 784,070	\$ 702,820	\$ 762,177
Total OPEB liability as a % of covered payroll	182.46%	232.37%	211.35%	234.76%
	<u>2018</u>			
Total OPEB Liability				
Service cost	\$ 73,498			
Interest on the total OPEB liability	60,374			
Actual and expected experience difference				
Changes in assumptions				
Change in benefit terms				
Benefit payments	<u>(65,396)</u>			
Net change in total OPEB Liability	68,476			
Total OPEB liability - beginning	1,721,939			
Total OPEB liability - ending	<u>\$ 1,790,415</u>			
Covered payroll	\$ 776,359			
Total OPEB liability as a % of covered payroll	230.62%			

\*- Fiscal year 2018 was the 1st year of implementation, therefore only five years are shown.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**SCHEDULE OF OPEB CONTRIBUTIONS**

Last 10 Years\*

As of June 30, 2022

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The District's contribution for the fiscal year ended June 30, 2022 was \$59,461. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2022, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2021 was \$64,892. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2021, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2020 was \$60,728. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2020, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2019 was \$69,690. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2019, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2018 was \$73,106. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2018, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

\*- Fiscal year 2018 was the 1st year of implementation, therefore only five years are shown.



**INDEPENDENT AUDITORS' 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***

Board of Directors  
South San Luis Obispo County Sanitation District  
Oceano, 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 South San Luis Obispo County Sanitation District (the District), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2022.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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 or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

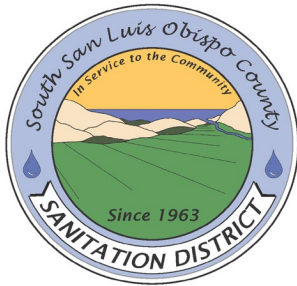
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

**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.

*Moss, Remy & Hartshorn LLP*

Santa Maria, CA  
November 18, 2022



# **SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**

Post Office Box 339 Oceano, California 93475-0339  
1600 Aloha Oceano, California 93445-9735  
Telephone (805) 489-6666 FAX (805) 489-2765  
[www.sslocsd.org](http://www.sslocsd.org)

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## **Staff Report**

**To:** Board of Directors  
**From:** Jeremy Ghent, District Administrator  
**Date:** February 1, 2023  
**Subject:** **ANNOUNCEMENT OF ROTATION OF CHAIR AND VICE CHAIR FOR  
THE 2023 CALENDAR YEAR**

### **RECOMMENDATION:**

The Board consider, confirm, and announce the rotation of Chair and Vice Chair for the 2023 Calendar Year in accordance with District Bylaws

### **BACKGROUND AND DISCUSSION:**

Per the District's Bylaws, Election of Chair and Vice Chair is established in the District Bylaws as an annual rotation.

Section 1 of the District Bylaws state:

*1.4 The Chair and Vice Chair of the Board shall be elected annually at the first meeting in January of each calendar year, or at the next regular or special meeting if Directors have not been timely designated by their respective agencies.*

*The election of Chair shall be made in accordance with the following rotation:*

- 1. The Oceano Community Services District*
- 2. The City of Grover Beach*
- 3. The City of Arroyo Grande*

*The election of the Vice Chair shall be the person elected to serve as the Chair the preceding year.*

**OUTCOME:**

The table below illustrates the prior officers and the rotated officers.

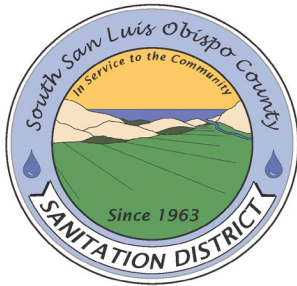
<b>TITLE</b>	<b>PRESENT OFFICERS (2022)</b>	<b>ROTATED OFFICERS (2023)</b>
Chair	Grover Beach	Arroyo Grande
Vice Chair	Oceano	Grover Beach
Director	Arroyo Grande	Oceano

The table below names the 2023 year District Officers and Alternates.

<b>Community</b>	<b>2023 Primary Director</b>	<b>2023 Alternate Director</b>
Arroyo Grande	Caren Ray Russom (Chair)	Lan George
Grover Beach	Karen Bright (Vice Chair)	Clint Weirick
Oceano	Linda Austin	Allene Villa

Section 1.5 of the District bylaws state that:

*1.5 The term of office for the Chair and Vice Chair of the Board shall commence on February 1 of the year immediately following their election.*



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## Staff Report

**To:** Board of Directors

**From:** Jeremy Ghent, District Administrator; Mychal Jones, Plant Superintendent

**Date:** February 1, 2023

**Subject:** **DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT**

This report represents ongoing information on the latest District staff activities on major capital projects and studies, programmatic initiatives, regional collaboration, miscellaneous activities, and Plant Operations. *Updates since the last report are provided in italics below:*

### **Capital Projects:**

#### **Redundancy Project:**

- *Project remains on schedule and on budget.*
- *Excavation dewatering is completed.*
- *Staff and the Contractor have been coordinating and scheduling training on the new equipment*

#### **Storm Event (January 9<sup>th</sup>):**

- *The District experienced no spills or damage during the January 9<sup>th</sup> storm event.*
- *On Monday January 9<sup>th</sup> the lagoon surrounding the plant flooded to recent highs and caused minor flooding to neighboring properties.*
- *The District was in communication with the County Flood Control District staff throughout the evening.*
- *Staff installed protective flood gates that protect critical plant equipment as a precautionary measure.*
- *Flood levels were not a direct operational issue at the plant site.*
- *At approximately 4:30pm the South levy failed causing wide flooding to the agriculture fields.*
- *Staff continued to manually operate the plant until approximately 11pm on Monday when flows fell back within operating parameters. The last operator left at 2am.*
- *Tuesday morning at 7am the District Administrator conducted an inspection of the North Levy to assess damages and risks to the Sanitation District. The inspection identified approximately 12 'boils' (pics attached) along the north levy adjacent to the Taylor Agriculture Field between 22<sup>nd</sup> and Delta Street. These boils almost certainly developed from ground squirrel activity in the levy. County Public Works was immediately notified and provided photos of the damage. The boils are allowing some water to pass through the levy wall. This flow is problematic because of the erosion produced. Unaddressed these locations could fail rapidly causing a loss of flood protection to the North and inundating the treatment facility and hundreds of residents.*























**Misc:**

- *District Administrator met with the City of San Luis Obispo Wastewater Manager to discuss regional biosolids regulations.*

**Plant Tours:**

- *None*

**Tentative Items:**

- *Redundancy Quarterly Update (March 1)*
- *Review of By-Laws (March 1)*
- *Review of Personnel Policy Manual (March 1)*
- *Midyear Budget Review (March 1)*



## Plant Operations Report

During the December 1<sup>st</sup> – January 25<sup>th</sup> reporting period, the District's facility met its Permit limitations as required under the State of California's National Pollutant Discharge Elimination System (NPDES) Permit issued to the District.

### Monthly Plant Data for December 2022

December 2022	INF Flow MGD	INF Peak Flow MGD	INF BOD mg/L	EFF BOD mg/L	BOD % Removal	INF TSS mg/L	EFF TSS mg/L	TSS % Removal	Fecal Coliform MPN/100 mL	Chlorine Usage lbs/day
Low	1.91	2.9	320	13.9		300	12.2		<1.8	94
High	2.79	5.2	623	25		664	20		350	375
Dec 2022 AVG	2.19	3.45	502	18.1	96.4	503	16.1	96.8	47	228
Dec 2021 AVG	2.17	3.52	458	22.8	95	472	24	94.9	54	168
Limit	5.0			40/60/90	>80		40/60/90	>80	2000	

### Monthly Plant Data for January 2023

January 2023	INF Flow MGD	INF Peak Flow MGD	INF BOD mg/L	EFF BOD mg/L	BOD % Removal	INF TSS mg/L	EFF TSS mg/L	TSS % Removal	Fecal Coliform MPN/100 mL	Chlorine Usage lbs/day
Low	2.23	3.2	210	17.7		403	21.8		<1.8	281
High	5.92	10	604	25		743	30.3		33	500
Jan 2023 AVG	2.68	4.3	423	21.2	95.0	528	24.8	95.3	10	384
Jan 2022 AVG	2.21	3.5	492	23	95.2	505	21.9	95.7	21.3	153
Limit	5.0			40/60/90	>80		40/60/90	>80	2000	

### Operation and Maintenance Tasks

- Built and installed new air relief valve for influent pump
- Cleaned out polymer pumping system
- Operations staff met to discuss midnight shutdown to allow Redundancy Project contractor to perform electrical tie in
- Checked and marked Underground Service Alerts
- Performed midnight shutdown for electrical tie in of temporary generator
- Fabricated and installed new reclaim water strainer basket in influent pump room
- Replaced blown centrifuge auger fuses
- Performed midnight shutdown for electrical tie in of new permanent utility power
- Installed new battery trickle charger on emergency bypass pump
- Performed weed abatement throughout treatment facility
- Test ran multiple pieces of maintenance equipment to ensure proper operation
- Repaired broken pressure gauge feed pipe on Fixed Film Reactor (FFR) pump No. 1
- Cleaned up treatment facility maintenance shop
- Drained rainwater out of secondary containments throughout treatment facility
- Replaced 1-inch ball valve on FFR water line

- Installed new ground fault circuit interrupter for ISCO sampler
- Loaned 1 tote of Sodium Bisulfite and 1 tote of Sodium Hypochlorite to assist the City of Pismo WWTP. The City of Pismo WWTP has returned the totes.
- Assisted San Luis Obispo County with levee repairs
- Drained one primary clarifier at a time for inspection
- Disposed of old plant hoses
- Prepared old plant equipment for recycling and disposal
- Creative Fence company installed new front automatic gate
- Performed FFR flush
- Drained and rinsed first four channels of Chlorine Contact Tank (CCT)
- Performed confined space entry into CCT to repair drain valve

### **Work Orders Completed**

- Rinsed all surfaces of clarifiers
- De-ragged primary clarifier sludge pumps
- Test ran emergency generator and emergency bypass pump
- Test ran effluent pumps
- Performed monthly safety walk
- Flushed all sump pumps
- Replaced desiccators in electrical panels throughout treatment facility

### **Preventative Maintenance:**

- All clarifier drive mechanisms
- Plant carts
- Digester vacuum/pressure relief valves
- Mechanical bar screens
- Disinfection probes
- Front Loader
- 6-inch pump
- Heating and air conditioning filter
- Forklift

### **Training**

Staff participated in training on:

- New Underground Service Alert notification program
- Hazard Material Business Plan and Spill Prevention Control & Countermeasures
- Eaton electrical systems and equipment training

### **Call Outs**

- December 8, 2022, 11:27 PM – Power Failure. Operations staff responded and found temporary generator inoperable. Operations staff notified Redundancy Project contractor of failure, and contractor responded and got temporary generator back up and running. The treatment facility was on the District's emergency generator while temporary generator was down.
- December 10, 2022, 9:03 PM – Power Failure. Operations staff responded and verified plant operation on emergency generator. Utility power failure was due to a downed power line. Operations staff remained on site until power was restored at approximately 1:30 AM.
- January 3, 2023, 3:30 AM – High ORP. Operations staff responded and verified operation of the District's disinfection system. The high alarm was due to heavy flows from rainfall causing a slug

of flow through the treatment facility. The disinfection system was operating nominally, and no more call outs were received.

- January 9, 2023, 4:49 AM – High ORP. Operations staff responded and verified operation of the District's disinfection system. The high alarm was due to heavy flows from severe rainfall causing high flows through the treatment facility. The disinfection system was operating nominally given the higher flows.
- January 19, 2023, 5:59 PM – High ORP. Operations staff responded and verified operation of the District's disinfection system. The high alarm was due to plant flows returning to normal after filling primary clarifier No. 2. The disinfection system was operating nominally and returned to normal.

### **Air Pollution Control District Site Visit**

The San Luis Obispo County Air Pollution Control District (APCD) performed a site visit to ensure the District was meeting its APCD Permit requirements. There were no findings or violations to report from the visit.

### **Severe Storm Event**

On January 9, 2023, from 4PM – 10:30PM, the District's treatment facility saw the highest wet weather flow from one of San Luis Obispo County's most severe storms on record. The District's treatment facility saw a sustained influent flow of approximately 12.5 million gallons for about 2.5 hours. That is 3.5 million gallons more than the District's design rating of 9 million gallons. Due to the excessive flows well past the District's rated design, there were instances of overflowing at primary treatment processes. All overflow was contained on site via the treatment facility's self-contained storm drainage and returned to the head of the treatment facility. No spills left the site and there were no overflows of the District's trunk sewer collection system. All District staff was on site working tirelessly to maintain the excessive flows through the treatment facility. No damage or failures occurred at the treatment facility and all District staff remained in good spirits given the circumstances.

### **Notice of Violation Enforcement**

On January 18, 2023, the District received Expedited Payment Letter No. R3-2023-0009. The Expedited Payment Letter is a conditional offer to participate in the Expedited Payment Program from the Central Coast Regional Water Quality Control Board. The conditional offer is for the settlement of the non-serious violations that occurred on April 23, 2021, and May 5, 2021. The District has been assessed a total mandatory minimum penalty in the amount of \$6,000.

The District has accepted the Conditional Offer to Participate in Expedited Payment Program. By accepting the offer, the District will avoid the issuance of a formal enforcement action and settle the alleged violations identified in the Notice of Violation. In addition, acceptance of the offer waives the District's right to a hearing, and the District must pay the mandatory minimum penalty as indicated in the Notice of Violation. The Central Coast Water Board will accept the payment in settlement of any enforcement action that would otherwise arise out of the violations identified in the Notice of Violation. The Central Coast Water Board enforcement staff will forego issuance of a formal administrative complaint, will not refer the violations to the Attorney General, and will waive its right to seek additional discretionary civil liabilities for the violations identified in the Notice of Violation.

### **2022 Non-Serious Violations**

- **May 19, 2022** – Total Chlorine Residual Instantaneous Maximum  
This exceedance **EXPIRED** November 15, 2022.
- **July 14, 2022** – Daily Maximum Fecal Coliform  
This exceedance **EXPIRED** January 10, 2023.
- **July 20, 2022** – Daily Maximum Fecal Coliform

This exceedance **EXPIRED** January 16, 2023.

Non-serious (also known as chronic) violations are subject to a mandatory minimum penalty of \$3,000 each when four or more occur in any period of six consecutive months (period commencing on the date that one of the violations occurs and ending 180 days after that date). The first three violations in that period are not assessed a mandatory minimum penalty. The District will not be assessed a penalty for the exceedances that occurred in 2022. All three Permit exceedances from 2022 have expired and will not count against the District. Currently the District is carrying no violations.

## Staff

2022 SSLOCSD Employee Appreciation Dinner

