



REGULAR BOARD MEETING

SEPTEMBER 14, 2021



**STOCKTON
EAST WATER
DISTRICT**

PROVIDING SERVICE SINCE 1948

www.sewd.net

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MEETING NOTICE

THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE STOCKTON EAST WATER DISTRICT WILL BE HELD AT 12:30 P.M., TUESDAY, SEPTEMBER 14, 2021 AT THE DISTRICT OFFICE, 6767 EAST MAIN STREET STOCKTON, CALIFORNIA 95215

Assistance for the Disabled: If you are disabled in any way and need accommodation to participate in the meeting, please contact Kristin Carido, Administrative Services Manager (209) 948-0333 at least 48-hours in advance for assistance so the necessary arrangements can be made.

DUE TO COVID-19 STOCKTON EAST WATER DISTRICT BOARD MEETINGS WILL BE AVAILABLE BY TELECONFERENCE.

Please call (425) 436-6336/Access Code: 866228# to be connected to the Regular Board Meeting, to begin at 12:30 p.m.

Agendas and minutes are located on our website at www.sewd.net.

AGENDA

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 - a. Material Included, but Bound Separately from Agenda Packet:
 1. SEWD Moves Water To Other Districts, San Joaquin Farm Bureau News, 09/07/21
 2. Scorched Earth: California's Growing Water Crisis, www.abc.com, 09/02/21
 3. Madera County Residents And Farmers Face Groundwater Challenge Of A Lifetime, The Fresno Bee, 08/29/21
 4. California Directs San Joaquin Valley City To Extend Water Service To Neighbors In Need, The Sacramento Bee, 08/27/21
3. Report on General Manager Activities
 - a. Stockton East Water District Activities Update

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I. Agenda Planning/Upcoming Events

1. ACWA Federal Affairs Committee Meeting, 10:00 a.m., 09/15/21
2. San Joaquin County Flood Control and Water Conservation District Advisory Water Advisory Commission Meeting, 1:00 p.m., 09/15/21
3. Greater San Joaquin County Regional Water Coordinating Committee Meeting, 3:00 p.m., 09/15/21
4. Greater Stockton Chamber of Commerce – Meet Your Chamber Leaders Dinner, 6:00 p.m., 09/16/21
5. Central Valley Project Water Association – Executive & Financial Affairs Committee, 10:00 a.m., 09/17/21

J. Report of the Counsel

1. Closed Session - Potential Litigation
Government Code 54956.9 (c) – one case

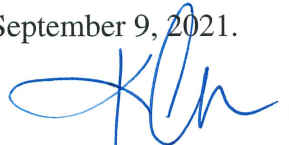
2. Closed Session - Personnel
Government Code 54957

K. Adjournment

Certification of Posting

I hereby certify that on September 9, 2021 I posted a copy of the foregoing agenda in the outside display case at the District Office, 6767 East Main Street, Stockton, California, said time being at least 72 hours in advance of the meeting of the Board of Directors of the Stockton East Water District (Government Code Section 54954.2).

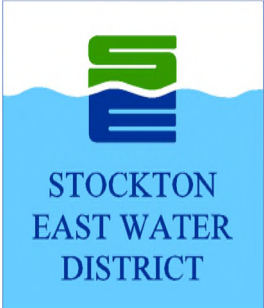
Executed at Stockton, California on September 9, 2021.



Kristin Carido, Administrative Services Manager
Stockton East Water District

Any materials related to items on this agenda distributed to the Board of Directors of Stockton East Water District less than 72 hours before the public meeting are available for public inspection at the District's office located at the following address: 6767 East Main Street, Stockton, CA 95215. Upon request, these materials may be available in an alternative format to persons with disabilities.

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STOCKTON EAST WATER DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

MARCH 31, 2021 AND 2020

DRAFT

STOCKTON EAST WATER DISTRICT

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JWT and Associates, LLP

Certified Public Accountants

1111 East Herndon, Suite 211, Fresno, CA 93720

Voice: (559) 431-7708 Fax: (559) 431-7685

Independent Auditor's Report

To the Board of Directors
Stockton East Water District

We have audited the accompanying financial statements of the business-type activities of Stockton East Water District (the District), as of and for the years ended March 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

As more fully described in Note 1 to the financial statements, District management has not evaluated water assessments receivable from the City of Stockton included in other assets as of March 31, 2021 and 2020 for doubtful accounts. In our opinion, accounting principles generally accepted in the United States of America require that an allowance for doubtful accounts be provided based on historical experience and management's evaluation of outstanding receivables. The effect of this departure from accounting principles generally accepted in the United States of America on the accompanying financial statements of the business-type activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the business-type activities of Stockton East Water District, as of March 31, 2021 and 2020 and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

JW7 & Associates, LLP

Fresno, California
September 14, 2021

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2021

The following is a narrative overview and analysis by the management of Stockton East Water District (the District) of the financial activities of the District for the fiscal year ended March 31, 2021. Readers should consider the information presented here in conjunction with the financial statements.

Financial Highlights

- Total assets of the District were \$162,202,976 with capital assets (Utility Plant in Service) at \$84,111,491, net of accumulated depreciation. Current and other assets were \$39,788,974 and \$28,215,428, respectively.
- Total liabilities were \$85,382,349 consisting of long-term liabilities of \$45,568,459 and current liabilities of \$39,813,890.
- Assets of the District exceeded liabilities at the close of the most recent fiscal year by \$76,066,464 (net position). Of this amount, \$22,802,396 (unrestricted net position) may be used to meet the District's ongoing obligations and \$45,590,492 represents the District's net investment in capital assets.
- The District's net assets increased by \$10,709,749 from \$65,356,715 in FYE 2020 to \$76,066,464 in FYE 2021.
- Total operating revenues for the fiscal year 2020-2021 were \$29,302,061, which is an increase of 12.1% from the prior year or \$3,153,885. Surface and groundwater sales and assessments were largely unchanged from the previous fiscal year. The bulk of the increase came from municipal and industrial water charges. Base Monthly Payments from the District's Urban Contractors increased by \$1,528,217 while rate of equalization charges to other municipal and industrial customers increased by 1,452,094. The remaining significant increase was a result of increased sources of supply revenue in the form of reimbursement for New Hogan Dam O&M expenses due to the Stockton East Water District from Calaveras County Water District (CCWD). The increase was in the amount of \$172,904.
- Total operating expenses for the fiscal year 2020-2021 were \$22,342,896. This figure shows an increase of 19.9% from the prior fiscal year figure of \$18,636,881. Several factors contributed to the significant increase of operating expenses.

Sources of supply expenses saw an increase in expense of \$1,912,053. The increase had two major components. First, the District's contract with the United States Army Corps of Engineers in relation to Stockton East's water supply from New Hogan Dam calls for a five-year billing cycle which takes into account O&M for the preceding five years. The cycle began anew with the invoice for the fiscal year ending on March 31, 2021 which was \$415,689 than the previous year's invoice. Second, the District converted its United States Bureau of Reclamation Contract for water from New Melones Dam from a water service to a repayment contract which necessitated payment of the District's construction obligations for a total \$1,595,236. This makes up the rest of the increase in sources of supply slightly offset by decreased water use from New Melones and a generally flat year-over-year cost per acre-foot cost.

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

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Transmission and distribution costs increased slightly by \$547,632 due to increased activity in canal and distribution system maintenance.

Water treatment costs rose moderately by \$1,383,500. Part of the increase is a result of increase in salaries and benefits of \$641,651 which is expected given general merit increases and MOU dictated cost-of-living increases as well as medical and other premium increases. Additionally, an increase of \$520,080 in filter media expenses made up the majority of the remaining increase; the rest came from general maintenance, instrumentation and controls and other treatment plant related cost increases.

Administrative expenses rose slightly by \$107,859 with no significant fluctuations from the previous fiscal year and depreciation was largely unchanged with an increase of \$8,323. Amortization expenses related to Certificates of Participation were eliminated this year after netting \$253,352 last year when the Certificates were refunded.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District is an independent special District formed by the California Legislature and follows enterprise fund reporting. There are three main divisions to the District's operations: 1) the Municipal and Industrial (M&I) Division is primarily funded by base monthly payments from the Urban Contractors and ground water rate equalization charges from other municipal and industrial customers; 2) the Agricultural (Ag) Division derives its revenues from fees and assessments charged to agricultural irrigators within District boundaries; and 3) the Administration Division is non-revenue generating division that provides administrative support to the M&I and Ag divisions.

Accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The District's basic financial statements are comprised of three components: 1) Statement of Net Position; 2) Statement of Revenues, Expenses and Changes in Net Position; and 3) Statement of Cash Flows. This report also contains other supplemental information in addition to the basic financial statements themselves.

The *Statement of Net Position* presents the current and long-term portions of assets and liabilities separately and may provide a useful indicator of whether the financial position of the District is improving or deteriorating over time. This statement includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the District's creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing profitability and credit worthiness as well as how the District's net position changed during the most recent fiscal year. This statement shows revenues and expenses from operations, non-operating revenues and expenses, and capital contributions, and reconciles the change from one fiscal year to the next. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges.

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2021

The *Statement of Cash Flows* is prepared using the direct method and is concerned solely with input and outlay of cash from operating activities, noncapital financing activities, capital and related financing activities and investing activities. This statement also includes a reconciliation of operating profit (loss) to cash from operating activities. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period.

Notes to the Basic Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

Net Position

As noted earlier, net position may serve as a useful indicator of the District's financial position. As shown in Figure 1, the District's assets exceeded liabilities by \$76,066,464 on March 31, 2021, an increase of \$10,709,749 from the District's net assets at March 31, 2020.

By far the largest portion of the District's net assets reflects its net investment in capital assets (e.g., land, buildings, conveyance facilities, water treatment plant, pipelines and equipment), less related outstanding debt used to acquire those assets. The District uses these assets to provide water services to its customers; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from services to customers or other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Figure 1

Net Position

	3/31/2021	3/31/2020	Variance	%
Current and other assets	\$ 76,313,575	\$ 68,237,502	\$ 8,076,073	11.8%
Property, plant and equipment, net	84,111,491	85,387,849	(1,276,358)	-1.5%
Total assets	160,425,066	153,625,351	6,799,715	4.4%
Current liabilities	39,813,888	37,840,540	1,973,348	5.2%
Long-term liabilities	45,568,459	51,224,461	(5,656,002)	-11.0%
Total liabilities	85,382,348	89,065,001	(3,682,653)	-4.1%
Net investment in capital assets	45,590,492	40,947,124	4,643,368	11.3%
Restricted	7,673,575	10,789,464	(3,115,889)	-28.9%
Unrestricted	22,802,397	13,620,127	9,182,270	67.4%
Total net position	\$ 76,066,464	\$ 65,356,715	\$ 10,709,749	16.4%

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2021

A portion of the District's net position (\$7,673,575) represents resources that are subject to external restrictions on how they may be used. These net positions consist of funds dedicated to specific purposes, e.g., urban contractors' directives, capital construction and dry year reserves. The remaining balance of the District's net assets is unrestricted and may be used to meet the District's ongoing obligations and creditors.

Change in Net Position

As shown in Figure 2, the District's operating, non-operating activities and developer fees increased net assets by \$10,709,749 as compared to a \$9,932,878 increase in net assets in the prior year. The District's reduction in net position increase is due to the combined changes of the following major components:

- The District's FYE 2021 operating profit of \$6,959,165 (that portion of the District's operating revenues in excess of its operating expenses) represents a decrease of \$552,130 from FYE 2020's operating profit of \$7,511,295.
- Non-operating expenses, net decreased \$58,311 from (\$52,187) in FYE 2020 to \$6,124 in FYE 2021.

Figure 2

Changes in Net Position

	3/31/2021	3/31/2020	Variance	%
Operating revenues	\$ 29,302,061	\$ 26,148,176	\$ 3,153,885	12.1%
			-	
Operating expenses	22,342,896	18,636,881	3,706,015	19.9%
Operating profit	6,959,165	7,511,295	(552,130)	-7.4%
Nonoperating revenues (expenses)				
Property taxes	519,585	507,575	12,010	2.4%
Interest, LAIF	301,958	723,678	(421,720)	-58.3%
Interest, investments and other	34,167	1,038,922	(1,004,755)	-96.7%
Gain (loss) on sale of fixed assets	3,061	5,221	(2,160)	-41.4%
Grant Reimbursements	835,616	-	835,616	100.0%
Interest expense	(1,710,954)	(2,084,217)	373,263	-17.9%
GASB 68 pension expense	22,693	(243,367)	266,060	-109.3%
Total non-op revenues/(exp)	6,126	(52,187)	58,313	-111.7%
Developer fees	3,744,457	2,473,771	1,270,686	51.4%
Change in net position	\$ 10,709,749	\$ 9,932,878	\$ 776,871	7.8%
Net position -- beginning of period	65,356,715	55,423,837		
Net position -- end of period	\$ 76,066,464	\$ 65,356,715		

Operating Revenues. Operating revenues increased by 12.1% or \$3,153,885. This is mainly due to increased Base Monthly Payments and groundwater rate of equalization assessments. Base Monthly Payments are treated water payments mandated by the Second Amended Contract. The Second Amended Contract between the District and the Urban Contractors calls for the Urban Contractors to make payments to the District in the amounts necessary to cover the District's cost of all municipal and industrial expenses. Said costs include costs related to sources of supply, transmission and distribution, water treatment plant operation and

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2021

maintenance costs, debt payments on certificates of participation, an installment purchase agreement, state revolving fund loan used for construction of the treatment plant and transmission system, and a share of conveyance and storage facilities, in addition to ground water rate equalization charges paid by other municipal and industrial customers.

Operating Expenses. Operating expenses increased 19.9% or \$3,706,015 due chiefly to decreases in sources of supply expenses of \$1,912,054, water treatment expenses of \$1,383,501, transmission and distribution expenses of \$547,631, and general and administrative expenses of \$107,859.

Non-operating Revenues (Expenses). Total net non-operating revenues (expenses) for FYE 2021 increased \$58,313 from (\$52,188) in FYE 2020 to \$6,124 in FYE 2021. This increase is composed of an increase in grant reimbursements of \$835,616, a decrease in interest expense of \$373,263, an increase in property taxes of \$12,010, a decrease in GASB 68 pension expense of \$266,060 offset by decrease in interest and other income of \$1,004,755, and a decrease in loss on sale of fixed assets of \$2,160.

Developer Fees. During FYE 2021, the District received \$3,744,457 in developer fees representing capital contributions compared to \$2,473,771 in FYE 2020 for an increase of \$1,270,686.

Budget Comparisons

The following table compares actual operating revenues and expenses to the 2020-2021 budget:

Figure 3

	Budgeted	Actual	Variance
	2020-2021	2020-2021	
Operating Revenues	\$ 29,646,467	\$ 29,302,061	\$ (344,406)
Operating Expenses	23,552,724	18,937,967	(4,614,757)
Net Operating Income	\$ 6,093,743	\$ 10,364,094	\$ 4,270,351

For FYE 2021, operating revenues were \$344,406 lower than budgeted. The difference is mainly due to a variance in Water Equalization Revenues of \$553,449 presumably caused by conservation efforts in the area and a lower than expected transmission and distribution revenues due to a decrease in water wheeled to CSJWCD. These decreases were partially offset by larger than budgeted water assessments of \$191,324 and increase in sources of supply charges to CCWD of \$107,719.

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2021

Capital Asset and Debt Administration

Capital Assets Activity

The District's net investment, after depreciation, in capital assets as of March 31, 2021 amounted to \$84,111,491. The District's capital assets include all land, buildings, conveyance facilities, water treatment plant, pipelines and equipment owned by the District. The total decrease in the District's investment in capital assets for the current fiscal year was 1.5% or \$1,276,358. This represents capital additions of \$2,128,570 offset by \$3,404,928 of depreciation.

Additional information on the District's capital assets can be found within the audited financial statements.

Long Term Debt Activity

On July 15, 2019 the District refunded previously issued Certificates of Participation with Pacific Western Bank as a taxable debt issuance via a note payable. The refunding did not extend repayment terms but rather lowered the cumulative interest rate being paid over the same period. Refunding is estimated to yield \$3,757,786 in savings. Principal indebtedness of the refunded debt on March 31, 2020 was \$33,611,000. The District paid down principal indebtedness according to the terms of the note during the fiscal year ending March 31, 2021 in the amount of \$5,091,000. Principal indebtedness as of March 31, 2021 is \$28,520,000

The District entered into a funding agreement with the State of California Department of Public Health during FYE 2013 to assist the District in financing the construction of a 10 million gallon finished water reservoir and repair of the District's existing finished water reservoir. The funding agreement consists of a \$15,000,000 revolving loan, equal to the estimated total cost of construction and repairs. The revolving loan carries no interest and is amortized over a 20-year term. The loan is due to be retired in 2035.

Total outstanding indebtedness as of March 31, 2021 of \$8,308,773 related to the state revolving fund loan is included in the District's financial statements.

On July 15, 2014, the District entered into a \$3,325,000 note payable with the Bank of Stockton to provide financing relative to the purchase of real property adjacent to the District's treatment plant property, consisting of approximately 230 acres. The term of the note was 5 years with an option to renew the note after the initial term. On July 15 2019, the District renewed the note for an additional 5 years. As of March 31, 2020 total principal outstanding indebtedness of \$2,417,977 is included in the District's financial statements.

Note 8 in the Notes to the Financial Statements contains schedules showing the debt transactions for notes and loans payable for the year, the status of the debt as of March 31, 2021, and schedules of future debt service requirements. In addition, further detailed information regarding debt maturities is contained in the Other Supplemental Information subsection.

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2021

Future Financial Outlook

The California Legislature imposed rate limitations for the District's Agricultural Division when it provided the District with additional powers in 1979. Therefore, by design, the District has limited ability to raise revenues in its Agricultural Division. The Legislature can provide relief from this revenue limitation, but the District will likely need a formal justification report to make any request politically palatable. The District has engaged legislators in the effort to pursue removing the limitation. The Second Amended Contract between the District and its Urban Contractors establishes a base monthly payment by the Urban Contractors that, in addition to ground water rate equalization charges paid by other municipal and industrial customers, covers 100% of the cost of the Municipal Division-Treatment Plant.

The District's water treatment plant is currently rated by the California Department of Public Health (CDPH) to treat 65 million gallons of water per day (mgd). On May 18, 2012, the District entered into an agreement to receive funding through the CDPH's State Revolving Fund Loan Program in the amount of \$15,000,000 for the construction of an additional 10 million gallon finished water reservoir. The 10 million gallon finished water reservoir was completed in November 2013, and represents a step toward expanding future treatment plant capacity.

The District's Statement of Net Position includes water assessments receivable of \$28,000,451 included in other assets, customer deposits of \$29,801,147 related to contracted BMP payments as of March 31, 2021. These amounts reflect errors in BMP payments made by the Urban Contractors. The District has informed the Urban Contractors that the current method of payment of the BMP conflicts with the terms of the Second Amended Contract, and Standard and Poor's has downgraded the District's bond rating as a direct result of the contractors' failure to follow the terms of the Second Amended Contract.

The City of Stockton constructed its Delta Water Supply Project (DWSP), which reduces the City of Stockton's share of water received from the District. As a result, the City of Stockton is of the opinion that its payments to the District will be reduced. This position is not supported as payments under the Second Amended Contract are based upon total water use within the District's service area and not water delivered from the treatment plant. Payments from the Urban Contractors continue to be in error and the District has demanded that payments be made in a timely manner in accordance with the Second Amended Contract. In 2017 the District filed a lawsuit against the Urban Contractors in an effort to ensure the terms of the Second Contract are followed. The parties are participating in mediation hearings to attempt to resolve the issue.

The District will continue to focus its efforts in achieving its mission of restoring and protecting the Eastern San Joaquin Groundwater Basin by serving its community with projects like the water efficiency enhancements completed in 2006-2007 and the Farmington Groundwater Recharge and Seasonal Habitat Program, a 20-year \$33.3 million effort, launched in 2001. Surface water treated and delivered to its Urban Contractors is considered "in-lieu" groundwater recharge (an acre-foot of water not pumped from the basin is available for future use as stored groundwater). By encouraging a dual surface and groundwater supply system among the Urban Contractors, land developers, and the District's agricultural customers, the District can address the problems created by the region's critically over-drafted basin,

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2021

retard saline intrusion, provide seasonal habitat for migratory waterfowl, and ultimately provide a sustainable long-term reliable water supply for its customers.

Joint efforts are ongoing to develop and undertake groundwater recharge/banking projects to achieve a sustainable conjunctively managed surface and groundwater supply for the region. The focus of these projects is the construction of surface water distribution, storage, and recovery systems that store unused surface water and ultimately put it to beneficial use when surface water shortages occur. The District also plans to increase dry-year water availability to the Urban Contractors by developing a 230-acre surface water-storage facility on the north side of the District's water treatment plant. On July 15, 2014, the District completed the purchase of the 230-acre parcel for a total of \$5,300,000. The purchase was partially financed with a \$3,325,000 note payable to the Bank of Stockton. The District has already developed 73 acres of the 230-acre site and has started recharging water beginning August of 2019. Additionally, the District is currently developing plans for a surface water storage facility geared specifically for recharge which encompasses roughly 96 acres. The remaining acreage will have variety of uses unrelated to water storage or recharge.

The District is developing a "banking division" strategy that may operate independent of either the Agricultural or Municipal Divisions. This strategy, modeled after successful water banks in the southern San Joaquin Valley, has the potential to create a revenue stream that assures the long-term viability of the District and its existing divisions.

Requests for Information

The financial report is designed to provide the reader with a general overview of the District's finances. Questions concerning any of the information provided herein or requests for additional information should be addressed to the Finance Director, Stockton East Water District, P.O. Box 5157, Stockton, California 95205.

Stockton East Water District

Statement of Net Position

March 31,

Assets	2021	2020
Current assets		
Cash and cash equivalents	\$ 5,977,580	\$ 25,645,882
Water assessments receivable	976,294	1,516,500
Investments	31,347,150	-
Interest and other receivables	891,446	1,059,048
Current maturities of contract receivable	54,680	54,680
Prepaid expenses and supplies	541,824	934,706
Total current assets	39,788,974	29,210,816
Restricted assets		
Cash and cash equivalents	608,373	10,177,162
Investments	6,974,679	38,977
Developer fees receivable	726,121	558,799
Total restricted assets	8,309,173	10,774,938
Property, plant and equipment, net of depreciation	84,111,491	85,387,849
Other assets		
Water assessments receivable	28,000,451	27,944,146
Contract receivable and other assets	214,977	307,602
Total assets	160,425,066	153,625,351
Deferred outflows of resources	1,777,910	1,971,424
Total assets and deferred outflows of resources	\$ 162,202,976	\$ 155,596,775
Liabilities and net position		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,281,606	\$ 2,492,244
Compensated absences payable	681,910	549,766
Customer prepaid water tolls	29,801,147	28,994,975
Current portion of long-term debt	6,049,226	5,803,554
Total current liabilities	39,813,890	37,840,540
Long-term debt, less current portion		
State revolving fund	7,736,099	8,309,143
Other loans payable	25,461,797	30,937,978
Post employment benefits	6,179,162	6,125,233
Net pension liability	6,191,401	5,852,107
Total liabilities	85,382,349	89,065,001
Deferred inflows of resources	754,164	1,175,060
Total liabilities and deferred inflows of resources	86,136,513	90,240,061
Net position		
Invested in capital assets	45,590,492	40,947,124
Restricted for urban contractors	5,400,405	8,302,201
Restricted for capital projects	1,949,727	2,180,940
Restricted for dry year reserves	323,444	306,323
Unrestricted	22,802,396	13,620,127
Total net position	76,066,464	65,356,715
Total liabilities and net position	\$ 162,202,976	\$ 155,596,775

See accompanying notes to the financial statements

Stockton East Water District

Statement of Revenues, Expenses and Changes in Net Position

For the Years Ended March 31,

Operating revenues	<u>2021</u>	<u>2020</u>
Surface water sales and ground assessments	\$ 1,746,599	\$ 1,745,929
Municipal and industrial water	26,924,669	23,944,358
Source of supply charges	480,793	307,889
Distribution charges	150,000	150,000
Total operating revenues	29,302,061	26,148,176
Operating expenses		
Source of supply	4,687,055	2,775,002
Transmission and distribution	2,486,200	1,938,568
Water treatment	7,519,518	6,136,018
General and administrative	4,245,195	4,137,336
Depreciation and amortization	3,404,928	3,649,957
Total operating expenses	22,342,896	18,636,881
Operating profit	6,959,165	7,511,295
Nonoperating revenues (expenses)		
Property taxes	519,585	507,575
Interest and investment income	336,125	909,314
Grant and other revenues	838,677	858,506
Interest expense	(1,710,954)	(2,084,217)
Developer fees	3,744,457	2,473,771
Total nonoperating revenues	3,727,889	2,664,948
Net pension expense	22,693	(243,367)
Increase in net position	10,709,749	9,932,878
Total net position, beginning of year	65,356,715	55,423,837
Total net position, end of year	\$ 76,066,464	\$ 65,356,715

See accompanying notes to the financial statements

Stockton East Water District

Statement of Cash Flows

For the Year Ended March 31,

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Cash received from customers	\$ 30,759,736	\$ 24,052,818
Cash payments for goods and services	(13,417,905)	(10,860,112)
Cash payments to employees	(3,492,446)	(4,657,605)
Net cash provided by operating activities	<u>13,849,385</u>	<u>8,535,101</u>
Cash flows from non-capital and related financing activities		
Property taxes	519,585	507,575
Grant revenues	835,616	853,285
Net cash provided by non-capital and related financing activities	<u>1,355,201</u>	<u>1,360,860</u>
Cash flows from capital and related financing activities		
Principal payments on certificates of participation	-	(41,700,871)
Interest paid	(1,710,954)	(2,084,217)
Developer fees received	3,744,457	2,473,771
Proceeds from long-term contract receivable	56,305	54,436
Change in other loans payable	(5,803,553)	45,949,982
Purchases of capital assets, net	(2,964,186)	(4,258,858)
Net cash provided by (used) in cap and related financing activities	<u>(6,677,931)</u>	<u>434,243</u>
Cash flows from investing activities		
Net change in restricted assets	(7,080,331)	(9,532,323)
Net change investments	(31,347,150)	-
Interest income	663,735	671,169
Net cash used in investing activities	<u>(37,763,746)</u>	<u>(8,861,154)</u>
Net (de)/increase in cash and cash equivalents	<u>(29,237,091)</u>	<u>1,469,050</u>
Cash and cash equivalents, beginning of period	35,823,044	34,353,994
Cash and cash equivalents, end of period	<u>\$ 6,585,953</u>	<u>\$ 35,823,044</u>

See accompanying notes to the financial statements

Stockton East Water District

Statement of Cash Flows

For the Year Ended March 31,

	<u>2021</u>	<u>2020</u>
Reconciliation of operating income to net cash provided by operating activities		
Income from operations	\$ 6,959,166	\$ 7,511,295
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation and amortization	3,404,928	3,649,957
Other non-cash adjustments	320,007	(518,657)
Changes in operating assets and liabilities		
Water assessments and other receivables	707,808	136,591
Prepaid expenses and supplies	392,882	533,662
Accounts payable	789,362	(544,186)
Accrued payroll and related liabilities	525,365	(1,612)
Customer prepaid water tolls	749,867	(1,803,712)
Deferred revenue	-	(428,237)
Net cash provided by operating activities	<u>\$ 13,849,385</u>	<u>\$ 8,535,101</u>

See accompanying notes to the financial statements

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of Stockton East Water District (the District) is presented to assist in understanding the District's financial statements.

Description of reporting entity

The District was organized on June 7, 1948 under the provisions of the California Water Conservation District Act of 1931.

The District's principal functions are:

- a. Develop and operate groundwater recharge and banking facilities to restore and protect the underground water supply,
- b. Contract for and regulate the flow of water from the New Hogan Dam on the Calaveras River to provide maximum benefit to the underground water supply,
- c. Contract for a supply of water from New Melones Dam on the Stanislaus River and regulate the diversion flow at Goodwin Dam through the New Melones Conveyance System for use within the Stockton East Water District and the Central San Joaquin Water Conservation District,
- d. Distribution of an agricultural surface water supply to more than 26,000 acres by use of check dams in natural channels,
- e. Operation of a drinking water treatment plant to supplement the supply of potable water to the metropolitan Stockton area, and
- f. Develop additional water supply contracts to provide future supplemental sources for the ultimate water needs of the area.

The governing board of the District consists of seven directors elected by the registered voters to represent specific areas within the District.

District management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The District concluded that there are no potential component units which should be included in the reporting entity.

Basis of accounting

The financial statements have been prepared on the economic resources measurement focus and the accrual basis of accounting. As allowed by Governmental Accounting Standards Board (GASB) Statement No. 56, *Codification of Accounting and Financial Reporting Guidance* the District's proprietary funds follow all GASB pronouncements and accounting standards set by the Financial Accounting Standards Board (FASB) and included in the Accounting Standards Codification (ASC), except those that conflict with a GASB pronouncement.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of accounting

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The District's operating revenues include all revenues derived from the District's principal functions. Operating expenses include all costs related to the District's principal functions, general and administrative expenses, depreciation on capital assets and amortization on certificates of participation and installment purchase agreement issuance costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, except for developer fees which are reported separately and represent capital contributions charged by the District relative to water service area annexation.

The District combines the accounts of all divisions. Interdivision transactions are eliminated in combination.

Fund accounting

The District utilizes proprietary funds to account for its activities, which are similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.

Budgetary accounting

The District utilizes formal budgetary procedures as required by District contracts, but is not required to adopt such procedures by law. The District adopts a budget annually which is approved by the Board of Directors.

Cash and cash equivalents

For purposes of the statement of cash flows, the District considers cash on hand, amounts due on demand from financial institutions within three months to be cash and cash equivalents.

Investments

Investments with an original maturity of three months or less when purchased are reported at cost, which approximates fair value. Investments that mature beyond three months when purchased are reported at fair value. Fair value is determined by examining quoted market prices. The change in fair value is included in nonoperating revenues and expenses in the statement of revenues, expenses and changes in net assets.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Water assessments receivable

Water assessments receivable includes all amounts invoiced and not received by the District for surface water sales and groundwater assessments and municipal and industrial water. Under accounting principles generally accepted in the United States of America, an allowance for doubtful accounts is required to be provided based on historical experience and management's evaluation of outstanding receivables. The District maintains water assessments receivable included in other assets totaling \$28,000,451 and \$27,944,146 from the City of Stockton as of March 31, 2021 and 2020, respectively. The City of Stockton constructed the Delta Water Supply Project (DWSP) to supplement the supply of potable water for the City of Stockton's water service area. The construction of DWSP reduced the City of Stockton's share of water received from the District and, as a result, the City of Stockton has reduced its Base Monthly Payment (BMP) payment. However, BMPs under the Second Amended Contract are based on total water use within the District's service area and not water delivered from the treatment plant. BMPs from the City of Stockton continue to be in error and the District has demanded that payments be made in a timely manner in accordance with the Second Amended Contract. District management has not evaluated water assessments receivable from the City of Stockton included in other assets as of March 31, 2021 and 2020 for doubtful accounts.

Except as noted in the previous paragraph, District management considers all accounts receivable from water users and others to be fully collectible. Accordingly, an allowance for doubtful accounts has not been recorded in these financial statements.

Prepaid chemicals and supplies

The District's prepaid supplies, which includes chemicals, fuel and laboratory supplies is stated at the lower of cost or market using the first-in, first-out (FIFO) method of valuation.

Restricted assets

Restricted assets recorded in the financial statements consist of cash and cash equivalents, investments, interest receivable and developer fees receivable restricted for the following:

- Repayment of certificates of participation
- Urban Contractors' (City of Stockton, California Water Service Company, Lincoln Village Maintenance District and Colonial Heights Maintenance District) directives
- New Melones Conveyance System construction and improvements originating from certificates of participation issuances
- Treatment plant repairs and replacement
- Dry year reserves

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Capital assets

All capital assets are valued at historical cost. The District’s policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation has been provided on capital assets and is charged as an expense against operations each year. The total amount of depreciation taken over the years is reported on the balance sheet as a reduction in the book value of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District has assigned the useful lives listed below to capital assets.

Water contracts and rights	40 years
Wells and equipment	5 – 20 years
Groundwater recharge projects and pipelines	10 – 50 years
New Melones Conveyance System	5 – 50 years
Ponding dams	15 – 50 years
Bridges and crossings	5 – 33 years
Treatment plant	10 – 50 years
Treatment plant equipment	5 – 30 years
Automotive equipment	5 – 15 years
Administration building	10 – 25 years
Furniture and office equipment	5 – 10 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Amortization of cost of issuance and refunding costs

Issuance costs related to certificates of participation and installment purchase agreements are capitalized and amortized using the effective interest method over the life of the respective certificates of participation and installment purchase agreement. Refunding costs related to the issuance of certificates of participation used to advance refund other certificates of participation are capitalized and amortized using the effective interest method over the remaining life of the old debt (had it not been refunded) or the life of the new debt, whichever is shorter. All is recorded in accordance with GASB 65.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year financial statement presentation. Net positions was unaffected.

Customer prepaid water tolls

Overpayments of BMP payments by the Urban Contractors are accrued and reported as customer deposits. As of March 31, 2021, customer deposits consist of \$26,410,359 from California Water Service Company, \$2,745,103 from Lincoln Village Maintenance District, and \$645,685 from Colonial Heights Maintenance District. As of March 31, 2020, customer deposits consist of \$25,604,187 from California Water Service Company, \$2,745,103 from Lincoln Village Maintenance District, and \$645,685 from Colonial Heights Maintenance District.

Deferred outflows/inflows of resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. This separate financial statement element, *deferred outflows and inflows of resources*, represents a consumption and acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/expenditure) until then. The District reported \$1,777,910 and \$1,971,424 and \$754,164 and \$1,175,060 of deferred outflow and inflows, respectively, as of March 31, 2021 and 2020.

Due from other divisions

Expenses incurred by each division are occasionally paid by another division, upon authorization by the Board of Directors pursuant to its authorizing legislation.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Net position

Equity in the financial statements is classified as net position and displayed in three components as follows:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- c. Unrestricted net position – Consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

Net position restrictions

Net position restricted for Urban Contractors' directives, New Melones Conveyance System construction and improvements, treatment plant repairs and replacements and dry year reserves, are recorded in the financial statements as restricted net position.

Surface water sales and ground water assessments

Surface and ground water revenues result from assessments by the District and are based upon acres irrigated or actual usage for agricultural or municipal and industrial purposes.

Municipal and industrial water

Municipal and industrial water revenues are primarily derived from fees charged under the Second Amended Contract. In addition, ground water rate equalization charges levied on ground water users within the municipal and industrial water service area are also included in municipal and industrial water revenue.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Property taxes

Property taxes levied January 1, 2020 were payable in two installments on December 10, 2020 and April 10, 2021. Property taxes levied January 1, 2018 were payable in two installments on December 10, 2018 and April 10, 2020. The County of San Joaquin bills and collects property taxes on behalf of the District.

The District is allocated a portion of property taxes collected by San Joaquin County. Property taxes receivable represents a portion of the July 1 to June 30 property taxes earned but uncollected at March 31.

Grant revenues

Income from grant agreements is recognized over the periods in which performance under the respective grant agreement relates. Determination of the classification of grant revenues as operating or nonoperating is based on the capital or operating nature of the related expenditures.

Subsequent events

The District has evaluated all events and transactions that occurred after March 31, 2021, and through the date the financial statements were available to be issued.

Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recent accounting pronouncements-

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued April 2018, improves the information that is disclosed in notes related to debt. Statement No. 88 simplifies which liabilities government should include when disclosing information related to debt. It requires that additional information related to debt be disclosed. This statement is effective for fiscal years beginning after June 15, 2020. Management is currently evaluating the impact of the provisions of GASB 88 on the financial statements

GASB Statement No. 87, *Leases* addresses changes to the reporting of leases. The GASB rules will bring significantly all leases on to lessees' balance sheets. The new guidance requires lessee government to report on (1) amortization expense, (2) interest expense on the lease liability and (3) note disclosures about the lease, general description and agreements, along with the amount of lease assets recognized and a schedule of future payments. The lessor government will report in its financial statements (1) lease receivable, (2) interest revenue on the receivable, (3) lease revenue corresponding with the reduction of the deferred inflow, and (4) note disclosures about the leases, general description and leasing agreement, along with the total amount of inflows of resources recognized from leases. The new rules exclude leases related to investment assets, short-term leases and certain regulated leases. The new statement is effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the impact of the provisions of GASB 87 on the financial statements

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

GASB 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

The District recognized additional liabilities for outstanding defined pension benefit obligations as of March 31, 2021.

Note 2 – Cash and Cash Equivalents

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 government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District's bank deposits are not held in public deposit accounts and are, therefore, not collateralized in accordance with the California Government Code.

Cash held by the San Joaquin County Treasury is pooled with other County deposits for investment purposes by the County Treasurer in accordance with the investment policy of the County Treasurer. The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained in the Pool. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances. The value of the District shares in the Pool, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the District's position in the Pool. The District's investment in the Pool is unrated, stated at amortized cost which approximates fair value, available upon demand and considered cash equivalents. The District is not required to and does not maintain a formal investment policy. This accounts were moved to another financial institutions and were \$0 balance at March 31, 2021.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 3 – Investments

The District is a voluntary participant in the following external investment pool: Local Agency Investment Fund (LAIF). LAIF 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 investments in these pools are reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the pools for their entire portfolio (in relation to the amortized cost of that portfolio).

Note 4 – Restricted Assets

The following is a summary of restricted assets along with the purpose of each restriction as of March 31,

	<u>2021</u>	<u>2020</u>
Repayment of certificates of participation	\$ -	\$ -
Urban Contractors' directives	5,400,405	8,019,229
New Melones Conveyance System construction and improvements	818,024	1,160,290
Treatment plant repairs and replacement	1,121,702	1,018,295
Dry year reserves	323,444	306,323
	<u>\$ 7,663,575</u>	<u>\$ 10,504,137</u>

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 5 – Capital Assets

Capital asset activity for the year ended March 31, 2021 is as follows:

	<u>March 31, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfer</u>	<u>March 31, 2021</u>
Nondepreciable capital assets					
Land and land rights	\$ 7,610,338	\$ -	\$ -	\$ -	\$ 7,610,338
Construction in progress	0	1,782,060		346,424	2,128,484
Total nondepreciable capital assets	<u>7,610,338</u>	<u>1,782,060</u>	<u>-</u>	<u>346,424</u>	<u>9,738,822</u>
Depreciable capital assets					
Water contracts and rights	3,142,139				3,142,139
Wells and equipment	1,677,668	32,171			1,709,839
Groundwater recharge projects	2,297,775				2,297,775
Pipeline	17,869,310				17,869,310
New Melones Conveyance	77,257,508			-	77,257,508
Ponding dams	712,576			-	712,576
Bridges and crossings	200,624	-			200,624
Treatment plant	46,127,268	314,340		(346,424)	46,095,183
Treatment plant equipment	2,011,720				2,011,720
Automotive equipment	1,526,003	-	(132,725)		1,393,277
Administration building	282,831				282,831
Furniture and office equipment	246,646				246,646
Total depreciable assets	<u>153,352,068</u>	<u>346,511</u>	<u>(132,725)</u>	<u>(346,424)</u>	<u>153,219,429</u>
Less accumulated depreciation	<u>(75,574,558)</u>	<u>(3,404,928)</u>	<u>132,725</u>	<u>-</u>	<u>(78,846,760)</u>
Total depreciable assets, net	<u>77,777,511</u>	<u>(3,058,417)</u>	<u>-</u>	<u>(346,424)</u>	<u>74,372,669</u>
Total capital assets, net	\$ 85,387,849	\$ (1,276,358)	\$ -	\$ -	\$ 84,111,491

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 5 – Capital Assets (Continued)

Capital asset activity for the year ended March 31, 2020 is as follows:

	Balance March 31, 2019	Additions	Disposals	Transfers	Balance March 31, 2020
Nondepreciable capital assets					
Land and land rights	7,610,338	-			7,610,338
Construction in progress	2,544,252	-		(2,544,252)	-
Total nondepreciable capital assets	10,154,590	-	-	(2,544,252)	7,610,338
 Depreciable capital assets					
Water contracts and rights	3,142,139				3,142,139
Wells and equipment	1,643,787	33,882		-	1,677,669
Groundwater recharge projects	2,297,775	-		-	2,297,775
Pipeline	17,869,310	-			17,869,310
New Melones Conveyance	77,257,508	-		-	77,257,508
Ponding dams	712,576			-	712,576
Bridges and crossings	65,082	135,542			200,624
Treatment plant	39,520,374	4,062,642		2,544,252	46,127,268
Treatment plant equipment	2,011,720	-			2,011,720
Automotive equipment	1,499,212	26,791	-		1,526,003
Administration building	282,831	-			282,831
Furniture and office equipment	246,646	-			246,646
Total depreciable capital assets	146,548,960	4,258,857	-	2,544,252	153,352,069
 Less accumulated depreciation	<u>(72,177,954)</u>	<u>(3,396,604)</u>	<u>-</u>	<u>-</u>	<u>(75,574,558)</u>
Total depreciable capital assets, net	<u>74,371,006</u>	<u>862,253</u>	<u>-</u>	<u>2,544,252</u>	<u>77,777,511</u>
Total capital assets, net	<u>\$ 84,525,596</u>	<u>\$ 862,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,387,849</u>

Construction in progress at March 31, 2021 consists of three projects. Stockton East Water District is in process of designing a new fish ladder at Bellota Weir, reconstructing the Bellota Weir itself, screening the Bellota intake, and constructing a fish exclusion at the Old Calaveras River headgate structure. The project has multiple benefits and is a priority list item on the State's Fish Passage and Water Diversion for Screening lists. As a part of the CALFED Bay Delta Ecosystem Restoration Program, Department of Water Resources' (DWR's) Fish Passage Improvement Program (FPIP) conducted the "(Calaveras River Fish Migration Barriers Assessment Report", which included a detailed fishery study and modeling of potential impediments to migration in the Calaveras River and recommended similar actions at Bellota as the proposed Project. The proposed Project is also an important element of the Calaveras River Habitat Conservation Plan (HCP) as part of Stockton East Water District's (SEWD's) application for National Marine Fisheries Service's Incidental Take Permit (ITP)The design is expected to be completed in fiscal year 2022-2023.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 5 – Capital Assets (Continued)

As of March 31, 2021 the District has expended \$512,694 towards the design, which is included in the March 31, 2021 construction in progress account. The District estimates costs to complete the design will be \$2,679,884, which will be funded out of the Treatment Plant budget and grants for this purpose.

Stockton East Water District is in process of constructing improvements within the New Melones Conveyance facility. The improvements will ameliorate severance concerns related to landowner's along the conveyance system and will help said landowner's transport of vehicles, supplies, and equipment. The project is expected to be completed in the 3rd quarter of FY 2021-2022. As of March 31, 2021 the District has expended \$483,962 towards the project which is included in the March 31, 2021 construction in progress account. The District estimates costs to complete the project will be \$174,644, which will be funded out of the administration division's New Melones Conveyance Fund's reserves.

Stockton East Water District is in process of developing and implementing a new SCADA system to be used in its treatment plant. A SCADA system is made up of programmable logic controllers (PLCs) which communicate with objects within the SCADA system such as machinery, devices and displays. The SCADA software processes, distributes, and displays the data, helping operators and other employees analyze the data and make important decisions. It can also automate certain tasks and provide failsafes for the system. The project is expected to be completed in FY 2023-2024. As of March 31, 2021 the District has expended \$1,131,827 towards the project which is included in the March 31, 2021 construction in progress account. The District estimates costs to complete the project will be \$1,750,000, which will be funded out of the administration division's budget.

Note 6 – Long-Term Contract Receivable

Under terms of the "District Contract" dated August 25, 1970, between Stockton East Water District and Calaveras County Water District, the payment of all obligations under the "New Hogan Contract" is the responsibility of Stockton East Water District. The District Contract provides for payment by Calaveras County Water District to Stockton East Water District for 43.5% of the construction costs of New Hogan Dam exclusive of recreation features. The original amount receivable was determined by reference to the final construction cost of \$15,362,636. The contract also provides for payment to Stockton East Water District for Calaveras County Water District's share of expense for operation, maintenance, replacement, contract administration and water-master expense. Total remaining balance at March 31, 2021 and 2020, (including current portion) was \$269,657 and \$325,045, respectively.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 7 – Long-Term Debt: Certificates of Participation and Installment Purchase Agreement

The certificates of participation and installment purchase agreement issuances were closed and paid off during the year ended March 31, 2020.

Note 8 – Long-Term Debt: Other Loan Payable

In 2019, the District entered in three notes payable with Pacific Western Bank to provide financing for the retirement and repayment of all Certificates of Participation and Installment Agreement as noted in Note 7. The interest rates range from 4.31% to 4.90%, ten year amortization period. Future principal payments for the five succeeding years of March 31, 2021 are as follows: \$5,331,000 in 2022; \$3,135,000 in 2023; \$3,292,000 in 2024; \$3,455,000 in 2025, and \$3,085,000 in 2026.

The District entered into a funding agreement with the State of California Department of Public Health. The purpose of the funding agreement is to assist the District in financing the construction of a 10 million gallon finished water reservoir and repair of the District's existing finished water reservoir. The funding agreement consists of a \$15,000,000 revolving loan, equal to the total estimated construction cost and repairs. The revolving loan carries no interest, and, upon completion of construction and repairs, is amortized over a 20-year term and payable in semi-annual payments each January 1 and July 1, beginning July 1, 2020. The District will fund the repayment of the revolving loan with municipal and industrial water revenues. The balance of the state revolving fund loan was \$8,308,773 and \$8,882,188 as of March 31, 2021 and 2020, respectively. Future principal payments for the five succeeding years of March 31, 2021 are as follows: \$572,674 in 2021; \$572,674 in 2022; \$572,674 in 2023; \$572,674 in 2024; and \$572,674 in 2025.

In 2014, the District entered into a \$3,325,000 note payable with the Bank of Stockton to provide financing relative to the purchase of real property adjacent to the District's treatment plant property, consisting of approximately 230 acres. The note is payable in 19 quarterly installments of \$56,932, with interest at 3.95%, collateralized by a deed of trust on real property, with all remaining principal and accrued interest due July 15, 2024. The District will fund the repayment of the Bank of Stockton note payable with municipal and industrial water revenues. Future principal payments for the succeeding years from March 31, 2021 are as follows: \$144,029 in 2022, \$149,803 in 2023, \$155,809 in 2024, \$162,055 in 2025, and \$168,552 in 2026.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 9 – Net Position

Reconciliations of net investment in capital assets and restricted net position classifications in the financial statements as of March 31, 2021 and 2020 are as follows:

Net investment in capital assets	<u>2021</u>	<u>2020</u>
Investments	\$ -	\$ 38,977
Developer fees receivable	726,121	558,799
Capital assets, net of accumulated depreciation	84,111,491	85,387,849
COP issuance costs, net of accumulated amortization	-	12,174
Current liabilities (payable from restricted assets)	(6,049,226)	(5,803,554)
Long-term debt	(33,197,896)	(39,247,121)
Total net investment in capital assets	<u>\$ 45,590,490</u>	<u>\$ 40,947,124</u>
Restricted for urban contractors		
Cash and cash equivalents – restricted	10,000	5,321,079
Investments and interest receivable, restricted	5,390,405	27,388
Total net position restricted for urban contractors	<u>\$ 5,400,405</u>	<u>\$ 5,348,467</u>
Restricted for capital projects		
Cash and cash equivalents – restricted	598,373	1,792,563
Investments and interest receivable, restricted	1,351,353	7,345
Total net position restricted for capital projects	<u>\$ 1,949,726</u>	<u>\$ 1,799,908</u>
Restricted for dry year reserves		
Cash and investments – restricted	323,444	286,193
Total net position restricted for dry year reserves	<u>\$ 323,444</u>	<u>\$ 286,193</u>

Note 10 – Compensated Absences

As of March 31, 2021 and 2020, the District’s accrued liabilities for accumulated unused vacation and sick leave were \$681,910 and \$549,766, respectively. Employees accrue vacation and sick leave benefits based on length of service and current compensation. Accumulated vacation days are subject to a maximum accrual of 240 hours. Accumulated unused sick leave is 25% vested upon five years of continued service and 50% vested upon ten years of continued service. Employees are paid for their accumulated unused vacation and sick leave upon separation of service.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 11 – Developer Fees

Developer fees are collected to repay debt associated with the New Melones Conveyance System, which is currently expected to be thru 2029. Fees collected are recorded in the statement of revenues, expenses and changes in net assets. A schedule of the changes in total developer fees collected during the years ended March 31, 2021 and 2020 is as follows:

	<u>City of Stockton</u>	<u>San Joaquin County</u>	<u>Total</u>
Total developer fees collected as of March 31, 2019	<u>\$ 70,189,440</u>	<u>\$ 4,929,802</u>	<u>\$ 75,119,242</u>
Developer fees collected during the year ended March 31, 2020	<u>2,290,124</u>	<u>184,647</u>	<u>2,473,771</u>
Total developer fees collected as of March 31, 2020	<u>\$ 72,479,564</u>	<u>\$ 5,249,208</u>	<u>\$ 77,593,013</u>
Developer fees collected during the year ended March 31, 2021	<u>3,485,406</u>	<u>259,051</u>	<u>3,774,457</u>
Total developer fees collected as of March 31, 2021	<u>\$ 75,964,970</u>	<u>\$ 5,508,259</u>	<u>\$ 81,473,229</u>

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 12 – Defined Benefit Pension Plan

Plan description

The District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an cost-sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS. CalPERS issues a separate comprehensive annual financial report. CalPERS maintains all plan documents on a June 30 fiscal year basis. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

California Public Employees Pension Reform Act of 2012

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2020 (PEPRA) into law. PEPRA took effect January 1, 2013.

Key components of the legislation are as follows:

- Establishes PEPRA, which will apply to all public employers and public pension plans on and after January 1, 2013 (Except specific exemptions);
- Establishes new retirement tiers/benefits for new public employees;
- Requires that new employees pay at least 50% of the total annual normal cost and that current employees approach the same goal through collective bargaining;
- Increases retirement age for all new public employees.

Separate tiers based on employee classification (Miscellaneous 2% at 55 and PEPRA Miscellaneous 2% at 62) are maintained and reported by CalPERS on behalf of the District. Both tiers are under the scope of GASB 68.

Funding policy

Active plan members who are part of the Miscellaneous 2% at 55 tier are required to contribute 7% of their annual covered salary which the District pays as a component of the employees' benefit package. Active plan members who are part of the PEPRA Miscellaneous 2% at 62 tier are required to contribute 50% of the total normal cost. District contributions on behalf of active plan members who are part of the PEPRA Miscellaneous 2% at 55 tier will continue until March 31, 2026, at which time the current memorandum of understanding with employees expires.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 12 – Defined Benefit Pension Plan (continued)

The Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*, became effective for 2014 fiscal years. The statement established accounting and financial reporting standards for the recognition and disclosure requirements for employers with a liability to a defined benefit pension plan. GASB 68 requires that the District's liability be measured as the portion of the present value of projected benefit payments to be provided to current and inactive employees that is attributed to the employee's past periods of service, less the amount of the plan's net position. The statement also requires employers to present information about the changes in net pension liability. The District is also required to present a ten year schedule containing the net pension liability and certain related ratios, and information about statutorily or contractually required contributions and related ratios. Until a full ten year trend is compiled, the District will present information for only those years for which information is available.

The following is information the District is required to disclose under GASB 68.

Pension liabilities: At March 31, 2021, the District reported a liability of \$5,852,107 for its proportionate share of the net pension liability. The District's proportion of the net pension liability was based on the District's share of contributions in the plan relative to the total contributions of all participating employers. At June 30, 2020, the District's proportion was .00007 percent. The District's liability as of March 31, 2021 was measured as of June 30, 2020, for the measurement period of June 30, 2019 to June 30, 2020.

Employees covered by benefit terms: There are currently 38 active participants in the plan, and 38 participants receiving benefits, also one is no longer employed by the District but is vested.

Contributions: The recommended contribution for the 2021 plan year is \$687,595 (assuming contributions will be deposited throughout the plan year). The overall contributions to the plan as a percentage of covered-employee payroll was 17.3%. Additionally, the District made a voluntary contribution of \$148,528 in November 2019.

Actuarial assumptions: Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earning of the individual between entry age and assumed exit age. The total pension liability in the June 30, 2020 measurement date actuarial valuation was determined using the following assumptions, applied to all periods in the measurement: 1) Inflation of 2.75%; 2) Payroll growth of 3%; 3) 7.5% investment rate of return.

Mortality rates were based on the CalPERS experience Study for a eighteen year period reported in December 2017.

Sensitivity of the net pension liability to changes in the discount rate: It is estimated that a 1% increase in the discount rate would decrease the net pension liability by approximately \$2.92 million dollars and a 1% decrease in the discount rate would increase the net pension liability by approximately \$3.53 million dollars.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 12– Defined Benefit Pension Plan (continued)

Discount rate: The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan’s net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Deferred Outflows and Inflows of Resources: The following table presents deferred outflows and inflows of resources related to pensions as of March 31, 2021:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	-	44,161
Differences between Expected and Actual Experience	319,061	-
Differences between Projected and Actual Investment Earnings	183,925	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	139,508
Change in Employer's Proportion	17,845	501,403
Pension Contributions Made Subsequent to Measurement Date	687,595	-
	<u>1,208,427</u>	<u>685,070</u>

Deferred outflows and inflows of resources will be amortized in pension expense in future years as required.

Note 13 – Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all permanent District employees, permits them to defer a portion of their compensation until future years, and is strictly voluntary on behalf of the employees, and is not mandated by the District. The deferred compensation is available to employees upon termination, retirement, death or unforeseeable emergency.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 14 – Other Post-Employment Benefits

The District provides post-employment health benefits, in accordance with a negotiated memorandum of understanding with employees and adoption by the Board of Directors, for retired employees who meet the eligibility requirements and elect the option. Benefits are recognized as claims are paid. The District implemented GASB 75 as of April 1, 2020. The required disclosures from the new standard are as follows:

Plan description

Plan administration. The District administers the Other Post-Employment Benefit (OPEB) Plan, a single employer defined benefit plan.

Benefits provided. The District provides post-employment health benefits, in accordance with a negotiated memorandum of understanding with employees and adoption by the Board of Directors, for retired employees who meet the eligibility requirements and elect the option.

In order to be eligible to retire with District-paid health benefits, an employee must have been hired before April 1, 2015, completed five years of service with the District, and have retired under CalPERS. For retirements occurring before the effective date of the MOU dated August 19, 2008, the District will pay full medical premiums for the lifetime of the retiree. For retirements occurring after the effective date of the MOU, the following two additional provisions apply:

1. Retirees over age 65 must enroll in Medicare to preserve their eligibility for lifetime District-paid benefits; and
2. The District will contribute a percentage of a covered spouse's medical premium based on years of service of the retiree as follows: 0% for less than 20 years of service, 50% for at least 20 years but less than 30 years of service, and 100% for 30 or more years of service.

Benefits are recognized as claims are paid.

Plan membership. At March 31, 2021, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	20
Active plan members	20

Contributions. The District pays 100% of the cost of the OPEB plan. The District funds the plan on a pay-as-you-go basis.

Net OPEB Liability

The District's Net OPEB Liability was measured as of March 31, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of April 1, 2020. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

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

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 14 – Other Post-Employment Benefits (continued)

Salary increases	3.00 percent
Inflation rate	2.75 percent
Healthcare cost trend rate	5.00-5.20 percent for 2021-2069

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the April 1, 2020 valuation were based on a review of plan experience during the period April 1, 2020 to March 31, 2021.

Discount rate. GASB 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 (if any)	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
March 31, 2020	March 31, 2020	4.00%	2.48	2.48%
March 31, 2021	March 31, 2021	4.00%	2.47%	2.47%

The components of the net OPEB liability were as follows:

Total OPEB liability	6,179,162
Plan fiduciary net position	0
Net OPEB liability	\$6,179,162

Measurement date	March 31, 2021
Reporting date	March 31, 2021

Covered payroll	\$2,529,834
Net OPEB liability (asset) as a percentage of covered payroll	244.25%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 14 – Other Post-Employment Benefits (continued)

Schedule of Changes in Net OPEB Liability (April 1, 2020 to March 31, 2021)

Total OPEB Liability	
Service Cost	\$ 108,009
Interest	148,469
Changes of benefit terms	0
Difference between expected and actual experience	(90,030)
Changes of assumptions	155,699
Benefit payments ¹	(268,218)
Net change in total OPEB liability	53,929
Total OPEB liability – April 1, 2020 (a)	\$ 6,125,233
Total OPEB liability – March 31, 2021 (b)	\$ 6,179,162
Plan fiduciary net position	
Contributions – employer ¹	268,218
Net investment income	0
Benefit payments ¹	(268,218)
Trustee fees	0
Administrative expense	0
Net change in plan fiduciary net position	0
Plan fiduciary net position – April 1, 2020 (c)	\$0
Plan fiduciary net position – March 31, 2021 (d)	\$0
Net OPEB liability – April 1, 2020 (c) – (a)	\$ 6,125,233
Net OPEB liability – March 31, 2021 (d) – (b)	\$ 6,179,162

¹ Amount includes implicit subsidy associated with benefits paid.

Sensitivity of the net 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 or 1-percentage-point higher than the current discount rate:

	1% Decrease (1.27%)	Discount Rate (2.27%)	1% Increase (3.27%)
Net OPEB liability (asset)	7,149,982	6,179,162	5,392,325

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

	1% Decrease (4.90% decreasing to 4.00%)	Trend Rate (6.00% decreasing To 5.00%)	1% Increase (6.90% decreasing to 6.00%)
Net OPEB liability (asset)	5,307,288	6,179,162	7,267,384

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 14 – Other Post-Employment Benefits (continued)

Net OPEB Expense

The District’s Net OPEB expense for March 31, 2021 was \$328,978.

Net OPEB Liability - beginning (a)	\$ 6,125,233
Net OPEB Liability – ending (b)	\$ 6,179,162
Change in Net OPEB Liability [(b)-(a)]	53,929
Change in Deferred Outflows	65,512
Change in Deferred Inflows	69,093
Employer Contributions	268,218
Net OPEB Expense – April 1, 2020 to March 31, 2021	\$ 456,752

Service Cost	108,009
Interest Cost	148,469
Recognition of Deferred Outflows and Inflows	
Differences between expected and actual experience	(20,937)
Changes of assumptions	221,211
Differences between projected and actual investments	0
Total	200,274
Net OPEB Expense – April 1, 2020 to March 31, 2021	\$456,752

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

At March 31, 2021, the District’s deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	0	69,063
Changes in assumptions or other inputs	566,276	0
Differences between projected and actual return investments	0	0
Total	\$ 566,276	\$69,063

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal Year ending June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	221,211	(20,937)
2023	218,591	(20,937)
2024	115,614	(20,937)
2025	10,863	(6,282)

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 15 – Joint Venture (Joint Powers Agreement)

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to insure for risks of loss, the District participates in a joint venture under a joint powers agreement with the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). The relationship between the District and the JPIA is such that the JPIA is not a component unit of the District for financial reporting purposes.

The JPIA arranges for and provides self-insured programs for liability, property, workers' compensation and underground storage tank pollution liability coverages for member districts. Each district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPIA. The District's share of surpluses and deficits cannot be determined, although District management does not expect such amounts, if any, to be material in relation to the financial statements.

The latest audited financial information for the JPIA is for the fiscal year ending September 30, 2020 and the condensed financial information of the JPIA is as follows:

Total assets and deferred outflows	\$ 238,579,823
Total liabilities and deferred inflows	<u>(114,892,616)</u>
Net position	<u>\$ 123,687,207</u>

The entity did not have long-term debt outstanding at September 30, 2020. The District's share of the year-end assets, liabilities or fund equity has not been calculated by the JPIA.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 16 – Commitments and Contingencies

Second Amended Contract

The District is a party to the Second Amended Contract with City of Stockton, California Water Service Company, San Joaquin County, Lincoln Village Maintenance District, and Colonial Heights Maintenance District (Urban Contractors) in which the District agreed to make available to the Urban Contractors a minimum of 20,000 acre-feet of treated water. The contract calls for the Urban Contractors to make payments to the District in the amounts necessary to reimburse the District for all municipal and industrial source of supply and transmission and distribution expenses, operation and maintenance costs of the treatment plant, principal and interest payments on certificates of participation used for the construction of the treatment plant and for the municipal and industrial share of conveyance and storage facilities and other items as specified under the Second Amended Contract. The Contract remains in effect until April 1, 2035.

Contractor payments under the Second Amended Contract are based on the proportion of total water produced by the respective contractor from any source, not only the amount delivered from the District. In April 2012, the Urban Contractors signed an agreement, separate from the Second Amended Contract and not signed by the District, reallocating use of the District's water supply. The agreement also reallocated payments to the District based on water delivered by the District, rather than total water produced, which is inconsistent with the methodology in the Second Amended Contract. Therefore, while the District has received payments in amounts equal to the total amount owed by all contractors under the Second Amended Contract, the payments have not been made by the contractor to whom the charge was allocated. This issue is currently the subject of litigation among the parties. It is too early to estimate an outcome. As of August 2021, the parties are participating in mediation hearings to attempt to resolve the issue.

New Melones Contract

Under terms of a contract known as the "New Melones Contract" dated October 4, 1983 between the United States of America and Stockton East Water District, the District contracted to receive water from the New Melones Dam and Reservoir on the Stanislaus River. The New Melones Contract establishes minimum and maximum amounts of water to be delivered for both agricultural and municipal and industrial use. These amounts of water delivered may be reduced under certain limited circumstances. Rates for the water delivered to the District are based on the rates set by the California Central Valley Project and the Bureau of Reclamation for agricultural and municipal and industrial water.

The District has converted its contract to a "permanent" contract via provisions made available by the WIIN Act of 2016. This conversion means the District no longer needs to renew its contract and it would not be subject to certain limitations such as those imposed by the Reclamation Reform Act of 1982. The District does, however, within three years of conversion, have to pay for its allocated construction costs for irrigation and within a year for M&I. Under the previous terms of the contract those amounts had to be repaid by 2030. The District budgeted enough money in its FY 2020-2021 budget to fully pay said amounts, and they have been paid in full.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2021 and 2020

Note 16 – Commitments and Contingencies (Continued)

New Hogan Dam Contract

Under terms of a contract known as the “New Hogan Contract” dated August 25, 1970, between the United States of America, Stockton East Water District and Calaveras County Water District, the two districts contracted to receive the full yield of the New Hogan Project in exchange for repaying the United States of America a portion of the construction costs of New Hogan Dam, excluding recreation features. This repayment obligation was paid in 2011.

The District now continues to pay for a portion of the annual operation, maintenance, replacement and contract administration costs. This payment is determined every five years based on estimated costs as determined by the U.S. Army Corps of Engineers and adjusted for the differences between the actual costs and estimated costs of the prior five years.

New Melones Conveyance System

The District constructed the New Melones Conveyance System (the “System”) which transports water from the New Melones Reservoir to the District’s water treatment plant, as well as providing water for irrigation. This water provides a surface water supply in addition to the District’s existing surface supply from the New Hogan Reservoir and wells pumping ground water. The System consists of the purchase of an undivided one-third interest in Goodwin Dam, a diversion structure at Goodwin Dam, the Goodwin Tunnel, and the Upper Farmington Canal Improvements to Shirley, Hoods and Rock Creeks for conveyance, the Lower Farmington canal, Peters Pipeline and improvements to the existing District water treatment plant. The System contains both single-use facilities, to be used exclusively by the District, and facilities that may be used to provide New Melones water to the Central San Joaquin Water Conservation District.

Merger with Central San Joaquin Water Conservation District

The District is currently pursuing consolidation with its neighbor district to the south, the Central San Joaquin Water Conservation District. The districts came to terms on a merger agreement, and has filed a joint application with the San Joaquin Local Agency Formation Commission (LAFCO). LAFCO is now preparing a Municipal Services Review, which is the first step in moving towards consolidation. No formal timeline is available with regards to approval by LAFCO or completion of the consolidation.

Note 17 – Governing Board

As of March 31, 2021, the seven members of the District’s Board of Directors were as follows:

<u>Director</u>	<u>Division</u>	<u>Term expires</u>
Richard Atkins	1	December 2024
Andrew Watkins	2	December 2022
Alvin Cortopassi	3	December 2024
Melvin Panizza	4	December 2024
Paul Sanguinetti	5	December 2022
Loralee McGaughey	6	December 2022
Thomas McGurk	7	December 2022

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COMBINING FINANCIAL STATEMENTS

Stockton East Water District
Combining Statement of Net Position

March 31, 2021

	Admin	Agricultural	Municipal Division		Consolidated Total	2020 Consolidated Total
			Groundwater	Treatment Plant		
Assets						
Current assets						
Cash and cash equivalents	\$1,747,510	\$605,659	\$2,208,630	\$1,415,780	5,977,580	25,645,882
Water assessments receivable	-	631,978	15,506	328,810	976,294	1,516,500
Interest receivable	12,880	2,708	2,240	17,768	35,596	129,811
Investments	11,773,851	\$2,478,140.03	1,960,020	15,135,139	31,347,150	14,627
Other receivables	542,819	-	(1,820)	314,851	855,850	914,610
Due to (from) other divisions	(1,987,293)	(688,172)	(2,626,784)	5,302,248	-	-
Contract receivable, current	54,680	-	-	-	54,680	54,680
Inventory	-	-	-	138,655	138,655	178,237
Prepaid expenses	191,194	-	147,489	64,484	403,169	756,469
Restricted assets						
Cash and cash equivalents	10,273	\$5,000	5,000	588,100	608,373	10,177,162
Investments	852,363	\$212,024	86,088	5,824,204	6,974,679	38,977
Developer fees receivable	-	-	-	726,121	726,121	558,799
Total current and restricted assets	13,198,277	3,247,337	1,796,370	29,856,161	48,098,147	39,985,755
Property, plant and equipment, net	46,576,374	294,359	6,176,067	31,064,692	84,111,491	85,387,849
Other assets						
Water assessments receivable	-	-	-	28,000,451	28,000,451	27,944,146
Long term contract receivable	214,977	-	-	-	214,977	270,365
Debt refunding costs, net of amortization	-	-	-	-	-	37,237
Total assets	59,989,628	3,541,696	7,972,437	88,921,304	160,425,066	153,625,351
Deferred outflows	1,434,821	56,525	-	286,564	1,777,910	1,971,424
Total assets and deferred outflows	61,424,449	\$ 3,598,221	7,972,437	89,207,868	\$ 162,202,976	\$ 155,596,775
Liabilities and net position						
Current liabilities						
Accounts payable and accrued liabilities	2,304,233	-	172	977,201	3,281,606	2,492,245
Compensated absences payable	261,737	-	-	420,172	681,910	549,766
Customer prepaid water tolls	-	-	-	29,801,147	29,801,147	28,994,975
Deferred revenue	-	-	-	-	-	-
Current portion of long-term debt	4,881,000	-	145,181	1,023,044	6,049,226	5,803,554
Interest payable	-	-	-	-	-	-
Total current liabilities	7,446,970	-	145,354	32,221,565	39,813,890	37,840,540
Long-term debt, less current portion						
Certificates of participation	-	-	-	-	-	-
State revolving fund loan	-	-	-	7,736,099	7,736,099	8,309,144
Other loan payable	21,704,000	-	2,272,797	1,485,000	25,461,797	30,937,978
Interest payable	-	-	-	-	-	-
Accrued post-employment benefits	2,408,134	667,477	-	3,103,551	6,179,162	6,125,233
Net pension liability	6,191,401	-	-	-	6,191,401	5,852,107
Total liabilities	37,750,505	667,477	2,418,151	44,546,215	85,382,349	89,065,001
Deferred inflows	715,447	6,080	-	32,637	754,164	1,175,060
Net position						
Invested in capital assets	19,991,373	294,359	3,758,089	21,546,670	45,590,492	40,947,124
Restricted for urban contractors	-	-	-	5,400,405	5,400,405	8,302,201
Restricted for capital projects	828,024	-	-	1,121,702	1,949,727	2,180,940
Restricted for dry year reserves	-	231,065	92,379	-	323,444	306,323
Unrestricted	2,139,099	2,399,240	1,703,818	16,560,239	22,802,396	13,620,127
Total net position	22,958,496	2,924,664	5,554,286	44,629,016	76,066,464	65,356,715
Total liabilities and net position	\$ 61,424,448	\$ 3,598,221	\$ 7,972,437	\$89,207,867.80	\$ 162,202,976	\$ 155,596,775

Stockton East Water District

Combining Statement of Revenues, Expenses and Changes in Net Position

March 31, 2021

	Admin	Agricultural	Groundwater	Municipal Division Treatment Plant	Eliminations	Consolidated Total	2020 Consolidated Total
Operating revenues							
Surface water sales and assessments	\$ -	\$ 1,699,873	\$ 46,726	\$ -	\$ -	\$ 1,746,599	\$ 1,745,929
Municipal and industrial water				26,924,669		26,924,669	23,944,358
Administration charges	4,253,426				(4,253,426)	0	-
Source of supply charges	480,793					480,793	307,889
Transmission and distribution charges	3,063,836			150,000	(3,063,836)	150,000	150,000
Total operating revenues	7,798,056	1,699,873	46,726	27,074,669	(7,317,262)	29,302,061	26,148,176
Operating expenses							
Source of supply	1,110,366	441,733	227,922	2,907,034		4,687,055	2,775,002
Transmission and distribution charges	2,469,608	558,564	646,222	1,875,643	(3,063,836)	2,486,200	1,938,569
Water treatment			4,591	7,514,928		7,519,518	6,136,018
General and admin	4,375,585	672,931		3,450,104	(4,253,426)	4,245,195	4,137,336
Depreciation	2,026,384	20,611	46,462	1,311,471		3,404,928	3,396,605
Amortization	-					-	253,352
Total operating expenses	9,981,942	1,693,840	925,197	17,059,179	(7,317,262)	22,342,896	18,636,881
Operating profit (loss)	(2,183,886)	6,034	(878,471)	10,015,489	-	6,959,165	7,511,295
Nonoperating revenues (expenses)							
Property taxes	519,585	-	-	-		519,585	507,575
Interest, San Joaquin County	88,592	25,357	16,456	171,552		301,956	723,678
Interest, investments and other	11,599	-	21,953	615		34,170	1,038,922
Loss on sale of fixed assets	3,061			-		3,061	5,221
Grant revenues	160,958	-	-	674,658		835,616	-
Interest expense	(1,503,967)	-	(96,305)	(110,682)		(1,710,954)	(2,084,217)
Developer fees	-			3,744,457		3,744,457	2,473,771
Net income prior to other items	(2,904,059)	31,390	(936,367)	14,496,089	-	10,687,056	10,176,244
Net pension expense	22,693					22,693	(243,367)
Interdivision transfers- debt service	-	(352,897)		352,897		-	-
Interdivision transfers- other	5,692,417	527,178	2,128,695	(8,348,290)		-	-
Change in net position	2,811,051	205,671	1,192,329	6,500,696		10,709,749	9,932,878
Net position, beginning of year	20,147,444	2,718,992	4,361,958	38,128,321		65,356,715	55,423,837
Net position, end of year	\$ 22,958,496	\$ 2,924,664	\$ 5,554,286	\$ 44,629,016	\$ -	\$ 76,066,464	\$ 65,356,715

THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF STOCKTON EAST WATER DISTRICT WAS HELD AT THE DISTRICT OFFICE
6767 EAST MAIN STREET, STOCKTON, CA
ON TUESDAY, SEPTEMBER 7, 2021 AT 12:30 P.M.

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President Watkins called the regular meeting to order at 12:30 p.m. and Director Cortopassi led the Pledge of Allegiance.

Present at roll call at the District were Directors Atkins, Cortopassi, McGaughey, McGurk, Sanguinetti and Watkins. Also present were Manager Moody, Assistant Manager Hopkins, Finance Director Vega, Administrative Services Manager Carido, District Engineer Evensen, Administrative Clerk Feliciano and Legal Counsel Zolezzi. Present at roll call via teleconference was Director Panizza.

B. CONSENT CALENDAR (None)**C. PUBLIC COMMENT** (None)**D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS**

1. Minutes 08/31/21 Regular Meeting

A motion was moved and seconded to approve the August 31, 2021 Regular Board Meeting Minutes, as presented.

Roll Call:

Ayes: Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti, Watkins

Nays: None

Abstain: None

Absent: None

2. Warrants – California Public Employees’ Retirement System

A motion was moved and seconded to approve the September 7, 2021 Warrants, as presented.

Roll Call:

Ayes: Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti, Watkins

Nays: None

Abstain: None

Absent: None

3. Forecast Informed Reservoir Operations (FIRO-MAR) Study

Manager Moody inquired with the Board about their interest in participating in the New Hogan Reservoir Climate Resiliency and Multi-Benefit Flood Risk Reduction Feasibility Study. President Watkins added Staff needs to create the documents to then be reviewed by Legal Counsel but requires the Board to show intent to support the Study. The completed Resolution will be brought back to the Board for approval to participate in the Study.

Director McGurk inquired what the District’s role is in the Study. President Watkins replied the District was asked to be the lead agency on the three-year project. Manager Moody commented the benefits are not flooding in the City but because the District holds the water

rights, the Study needs the District's participation for forecast informed reservoir operation and to move the water off of the river during flood control operations.

Legal Counsel Zolezzi inquired if the Army Corps of Engineers are involved. Manager Moody replied yes, they will be.

Director Atkins inquired on the amount of grant funds. Manager Moody replied the Department of Water Resources is providing \$3.8 million and will be matched by the Army Corps of Engineers. Director Atkins inquired about the timeline. Manager Moody replied the Study was given a three-year timeline.

Director McGurk inquired if staff is familiar with flood control work. President Watkins replied the context of the Study is new. Manager Moody commented there may be opportunities in the future for flood control grants to complete projects for flood control in the City of Stockton.

President Watkins inquired if staff communicated with Merced on their Pilot Study. Legal Counsel added Mendocino also completed a Pilot Study. President Watkins inquired with staff about reaching out to those entities for information. Assistant Manager Hopkins replied yes. This item was for information only.

4. Stockton East Water District – High Voltage Electrical System Repairs

Manager Moody reported staff has studied the electrical grid on campus and have identified five electrical power poles in high service that failed.

President Watkins inquired if the power poles service the wells. Assistant Manager Hopkins replied they service both the wells and High Service Pump Station. President Watkins added electrical service was added to high service about ten years ago.

President Watkins inquired if the poles were going to be the same height or if the lines were being raised since there have been issues with copper being stolen and the equipment being tampered with. Assistant Manager Hopkins replied they will be the same height. Manager Moody commented staff will consider the options.

Director McGaughey inquired if the electrical poles are checked regularly. Assistant Manager Hopkins replied they should be checked every 3-5 years but there were no records of the service being performed so staff scheduled it.

President Watkins inquired if there was a hotspot or connection issue. Assistant Manager Hopkins replied the picture on page 18 illustrates the connections for the overhead wire which connects to the underground wire that were loose. This item was for information only.

5. Stockton East Water District – Sodium Hypochlorite Project Alternative Project Delivery Methods, 09/01/21

Manager Moody reported at the 30% design presentation with the consultant engineer, the option for design build was brought up in an effort to avoid the possibility of change orders when the project approached the construction phase. Manager Moody reported District Engineer Evensen collaborated with the consultant engineer to come up with recommendations of how to complete the project with the concerns in mind. District Engineer Evensen explained the design was nearing 90% and there would be no significant cost savings

to change the plan at this point. District Engineer Evensen reported the project should have begun with an alternative delivery method like Construction Management at Risk or design build. With the Construction Management at Risk process, the District would hire a consultant engineer and then the District and the consultant engineer would hire a contractor to complete the project with a guaranteed maximum price. With the Design Build method, a Design Build construction company would be hired, complete with engineering staff, and they would do the whole project. Manager Moody clarified changing the plan to a design build is not a good idea because the project is small and it is nearing the 90% design phase. This item was for information only.

6. Dr. Joe Waidhofer Drinking Water Treatment Plant – Request for Proposals for Electrical Motor Control Center Replacement (MCC-2M System) Project
Manager Moody reported the Electrical Motor Control Center Replacement (MCC-2M System) is a budgeted item planned for this year; staff has prepared a Request for Proposals (RFP) to acquire a contractor to provide a design proposal and a cost analysis to replace the MCC-2M. District Engineer Evensen commented it was installed in 1979 and is a critical component for the flocculation area and needs to be updated.

Director McGurk inquired if this control center can be hacked. Manager Moody replied no, it is a switch board for major loads out of the flocculation basin. Director McGurk inquired if a computer controls the MCC-2M. District Engineer replied it is controlled by Staff. This item was for information only.

7. United States Bureau of Reclamation – New Melones O&M Charges in a Drought Year Memo, 09/04/21
Manager Moody commended Finance Director Vega on a phenomenal job putting together a Memorandum that is easy to understand the United States Bureau of Reclamation (USBR) New Melones O&M Charges; it explains the difference between the water year and finance year. Manager Moody reported USBR's finance year begins October 1st and the water year begins January 1st. Manager Moody added the District in 2015 took water from New Melones from October thru February and instead of paying \$19.21 AF, the District paid \$135.05 AF; O&M charges are incurred when water is taken from New Melones outside USBR's fiscal year.

President Watkins commented that the District needs to discontinue taking New Melones water after September 30th for irrigation purposes. Manager Moody replied he would like the Board to decide that practice going forward. President Watkins added those irrigators need to be told now that there will no longer be any New Melones water available after September 30th because paying the O&M cost is unacceptable.

President Watkins recommended we stop taking New Melones water after September 30th this fiscal year and the Board concurred.

8. Stockton East Water District – Request for Bids for Tunnel Outlet Flume Project Discussion
Manager Moody reported the Request for Bids for the Tunnel Outlet Flume Project has been published and bids are due September 23rd, 2021. Manager Moody reported this project has a very narrow window of eight weeks during the shutdown of the New Melones system, which construction could potentially be moved to next summer depending if the District receives New Melones water. Manager Moody added once the bids are submitted, the District can

assess the cost and bring it to the Board to decide when to complete the project. This item was for information only.

E. COMMITTEE REPORTS

Eastern San Joaquin Groundwater Authority Ad-Hoc Technical Advisory Committee (TAC) Meeting, 09/02/21

President Watkins and Manager Moody attended the September 2, 2021 Eastern San Joaquin Groundwater Authority Ad-Hoc Technical Advisory Committee (TAC) Meeting. President Watkins reported the Request for Qualifications was finalized and will be presented for the Board to approve at the September 8, 2021 Eastern San Joaquin Groundwater Authority Joint Exercise of Powers Authority Meeting. President Watkins reported there was an update on the TSS wells; Assistant Manager Hopkins has been made the point of contact for that matter. President Watkins added two WaterSMART grants were awarded. The next meeting is scheduled for October 6, 2021.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 08/30/21

Manager Moody provided a handout of the Water Supply Report for information only that included storage, release, and production data collected from various sources as of midnight last night.

There is 96,646 AF in storage at New Hogan Reservoir. Current releases are set at 160 cfs. Current release at Goodwin Dam to Stanislaus River are set at 352 cfs and release to all water users are set at 200 cfs. There are 10 irrigator(s) on New Hogan and 4 irrigator(s) on New Melones. There are currently no Out-of-District irrigator(s). The water treatment plant is currently processing 32 mgd. The City of Stockton is currently processing 24 mgd.

2. Information Items:

Manager Moody noted items: (None)

3. Report on General Manager Activities

a. United States Bureau of Reclamation – Funding Opportunity No. R21AS00289 – WaterSMART: Applied Sciences Water Smart Grant for Fiscal Year 2021 for Eastside Groundwater Use Measurement Project (ASG-20), 09/02/21

Manager Moody reported the District was awarded two WaterSMART grants; one is to double our capacity to purchase meters in the amount of \$75,000.00 and the other is for Stockton East Water District, Central San Joaquin Water Conservation District, North San Joaquin Water Conservation District and San Joaquin County to use ET satellite data tracking in the amount of \$58,000.00. Manager Moody added there was an additional grant for \$50,000.00 awarded for the Hosie Crossing; kudos to District staff for their hard work in applying for grants to benefit the District.

President Watkins inquired if the Dal Porto's were contacted about the project at Hosie Crossing. District Engineer Evensen replied yes.

b. Stockton East Water District Activities Update

Manager Moody reported a meeting with San Joaquin County to discuss Elkhorn Golf Club regarding switching Elkhorn Golf Club from groundwater to surface water. Manager Moody commented the District cannot provide the water because we do not have a connection but we can supplement the water to Woodbridge if they were willing to deliver

the water to Elkhorn Golf Club. President Watkins commented City of Stockton has the ability to deliver the water as well. Manager Moody replied that he would like to get City of Stockton involved as well.

Manager Moody reported he is meeting with Finance Director Vega on Friday to finalize the numbers to submit to Central San Joaquin Water Conservation District.

Director Cortopassi inquired when we will know if we have water for Central San Joaquin Water Conservation District. Manager Moody replied we will know by the end of March.

G. DIRECTOR REPORTS (None)

H. COMMUNICATIONS (None)

I. AGENDA PLANNING/UPCOMING EVENTS

1. Eastern San Joaquin Groundwater Authority Joint Exercise of Powers Authority Meeting, 9:00 a.m., 09/08/21
2. San Joaquin County & Delta Water Quality Coalition Meeting, 9:00 a.m., 09/13/21

J. REPORT OF THE COUNSEL

1. Closed Session: REAL PROPERTY – GOVERNMENT CODE SECTION 54956.9 – Property: Water Rights
Agency Negotiator: Scot A. Moody
Negotiating Parties: USACE & SJFCA
Under Negotiation: Borrow Material
2. Closed Session - Potential Litigation
Government Code 54956.9 (c) – one case
3. Closed Session – Personnel
Government Code 54957

President Watkins adjourned the meeting to closed session at 1:05 p.m. to discuss closed session agenda items. Administrative Clerk Feliciano was excused from the closed session meeting at 1:20 p.m. The regular meeting reconvened at 1:28 p.m., with no reportable action.

K. ADJOURNMENT

President Watkins adjourned the meeting at 1:29 p.m.

Respectfully submitted,

Scot A. Moody
Secretary of the Board

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**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
SEPTEMBER 14, 2021**

Vendor name	Account #	Description	Amount	Invoice No.
1 Pacific Western Bank	20-5401-0	CONSTRUCTION FUND 56 Payment 5-Component 3 - Series 2019 Debt Service Int	593,880.00	PMT#5 - Comp 3 Int
2 Pacific Western Bank	20-5401-0	Payment 5-Component 1 - Series 2019 Debt Service Int	50,534.75	PMT#5 - Comp 1 Int
		CONSTRUCTION FUND 56 TOTAL	\$644,414.75	

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**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
SEPTEMBER 14, 2021**

Vendor name	Account #	Description	Amount	Invoice No.
		AGRICULTURAL FUND 67		
3 US Bureau of Reclamation-DOI	10-5211-0	CVP NM Water true-up Aug-500/AF	19,820.00	W0329-Sept 2021
4 US Bureau of Reclamation-DOI	10-5211-0	CVP NM Water Sep-500/AF	19,820.00	W0329-Sept 2021
		AGRICULTURAL FUND 67 TOTAL	\$39,640.00	

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**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
SEPTEMBER 14, 2021**

Vendor name	Account #	Description	Amount	Invoice No.
		GROUNDWATER PROD. FUND 68		
5 US Bureau of Reclamation-DOI	10-52111-0	CVP NM Water true-up Aug-2,000/AF	111,940.00	W0329-Sept 2021
6 US Bureau of Reclamation-DOI	10-52111-0	CVP NM Water Sept-2,000/AF	111,940.00	W0329-Sept 2021
		GROUNDWATER PROD. FUND 68 TOTAL	\$223,880.00	

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**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
SEPTEMBER 14, 2021**

Vendor name	Account #	Description	Amount	Invoice No.
		ADMIN FUND 70		
7 Action Asap Delivery Service	10-5126-0	Aug 2021 Courier services	680.00	90405
8 ACWA/JPIA (Health Benefits)	10-5047-0	Oct 2021 medical, dental, vision, & life insurance-Admin	14,439.28	0671965-Oct 2021
9 ACWA/JPIA (Health Benefits)	10-5062-0	Oct 2021 medical, dental, vision, & life insurance-DIR	10,174.59	0671965-Oct 2021
10 ACWA/JPIA (Health Benefits)	10-5050-0	Oct 2021 medical, dental, vision, & life insurance-RET Admin	3,813.04	0671965-Oct 2021
11 ADT Security Services	10-5141-0	09/18/21-10/17/21 Alarm monitoring services for Admin Bldg	44.51	Sept 2021-402372261
12 American West Communications, L.P.	10-5141-0	Sept 2021 Gopher Ridge tower rental for the WS maintenance	579.63	September 2021
13 Anthony Barkett	10-5155-0	Oct 2021 consulting fees-efforts to protect NM water	5,500.00	Oct 2021
14 Association of California Water Agencies	10-5103-0	ACWA 2021 fall conference & exhibition-RA, TM, PS, AW, SM	3,625.00	INV009676/77/75/74/73
15 Availability Professional Staffing	10-5044-0	Administrative clerk 80 hours (week of 08/16/21 & 08/23/21)	2,800.00	4814/4765
16 Boutin Jones Inc.	10-5162-0	Legal services on 08/10/21-08/23/21	1,995.00	143206
17 Cerida Investment Corp.	10-5141-0	Answering service from 08/31/21-09/27/21	146.00	112-79789
18 Dameron Medical Group Inc.	10-5102-0	Pre-employment exam 07/27/21	415.00	3269K8236
19 De Lage Landen Financial Services, Inc	10-5124-0	09/22/21-10/21/21 SEWD printers (5 + finance) lease	1,415.57	73694481/73692032
20 Doyce Boesch	10-5155-0	October 2021 consulting services by Doyce Boesch	7,000.00	October 2021
		ADMIN FUND 70		

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
SEPTEMBER 14, 2021**

Vendor name	Account #	Description	Amount	Invoice No.
21 Giuliani & Kull Inc	10-5154-0	Professional survey for water treatment plant	8,000.00	1674
22 Jan-Pro of the Greater Bay Area	10-5154-0	Sept 2021 monthly janitorial services -Admin Bldg	365.00	8225
23 Kristin V. Coon	10-5131-0	Prof. service Water Conservation Educ. Oct. 2021	15,587.79	2021-10
24 Kyle Brothers	10-5103-0	Water quality exam reimbursement	305.00	WQE Grade 1
25 Platt Electric Supply Inc.	10-5147-0	Adapter, conduit, wiring duct for WS spill sites prj 2219	114.01	1W47987
26 Platt Electric Supply Inc.	10-5147-0	Strain relief for L. Farming. canal headworks SCADA prj 2221	4.92	1W57107
27 Quill Corporation	10-5125-0	Office supplies ordered on 08/19/21-08/26/21	483.03	18918781/1632/1635
28 SEWD Vehicle Fund	10-5181-0	Aug 2021 - Vehicle Mileage Reimbursement- Admin	1,024.40	Aug 2021-Admin
29 Smart & Final	10-5125-0	Boardroom supplies ordered on 08/13/21	483.19	4031310003803
30 Standard Insurance Co.	10-5047-0	Sept 2021 long term insurance-Admin	402.65	Sept 2021
31 US Bank Corporate Payment Systems	10-5127-0	Meeting expense on 07/27/21-08/20/21	1,247.80	Carido4194-082321acefg
32 US Bank-Best Buy	10-5124-0	Office equipment ordered on 08/05/21	1,083.49	Carido4194-082321b
33 US Bank-Verizon	10-5141-0	District issued cell phone for new employee	31.99	Carido4194-082321h
34 US Bank-Amazon	10-5141-0	District issued cell phone accessories for new employee	35.53	Carido4194-082321i
35 US Bank-FreeConferenceCall.com	10-5141-0	Virtual phone (07/28/21-08/27/21)	9.00	Curtis4744-082321a
36 US Bank Corporate Payment Systems	10-5127-0	Meeting expense on 08/03/21	365.97	Curtis4744-082321c
37 US Bank-Amazon	10-5125-0	Office supplies ordered on 08/03/21	302.51	Curtis4744-082321bdef
38 US Bank-Amazon	10-5124-0	AGM monitor replacement with webcam and microphone	517.19	Curtis4744-082321g
39 US Bank-BC Water Jobs	10-5133-0	Administrative clerk/assistant recruitment job posting	200.00	Curtis4744-082321h
40 US Bank Corporate Payment Systems	10-5127-0	Meeting expense on 07/29/21	36.80	Hopkins7237-082321a
41 US Bank-CA Board of Prof. Engineers	10-5114-0	Engineering license renewal	180.00	Hopkins7237-082321b
42 US Bank-SJWater.org	10-5105-0	Online subscription for SJWater.org	48.00	Moody3859-082321a
43 US Bank-Delta Ready Mix	10-5146-0	Concrete for SCADA communication towers-WTP	487.78	Riojas0385-082321a
44 US Bank-Delta Ready Mix	10-5147-0	Concrete for SCADA communication towers-WS	243.89	Riojas0385-082321a
45 US Bank-FCC	10-5146-0	FCC annual license (fee charge)	70.00	Vernier9685-082321a
46 US Bank-GoDaddy.com	10-5140-0	Annual domain renewal	21.17	Vernier9685-082321b
47 Verizon Wireless Multi-line account	10-5141-0	Wireless charges from 07/26/21-08/25/21	1,631.04	9887095329
48 Verve Networks	10-5140-0	After hours service for server shut down	2,833.15	20944R
49 Wille Electric Supply Co, Inc.	10-5147-0	Strain relief for Lower Farmington canal headworks SCADA	4.61	S2045496.001
		ADMIN FUND 70 TOTAL	\$88,747.53	

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**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
SEPTEMBER 14, 2021**

Vendor name	Account #	Description	Amount	Invoice No.
		WATER SUPPLY FUND 71		
50 AA and Bob Allen, Inc.	10-5203-0	Sand for Gotelli Bridge replacement prj 2233	465.48	131974
51 ACWA/JPIA (Health Benefits)	10-5047-0	Oct 2021 medical, dental, vision, & life insurance-NM	16,350.55	0671965-Oct 2021
52 ACWA/JPIA (Health Benefits)	10-5050-0	Oct 2021 medical, dental, vision, & life insurance-RET WS	7,304.98	0671965-Oct 2021
53 ACWA/JPIA (Health Benefits)	10-5056-0	Oct 2021 medical, dental, vision, & life insurance-NH	5,603.45	0671965-Oct 2021
54 Capital Rubber Co., Ltd.	10-5213-0	Hose and nozzle for cleaning trash racks on NM system	91.25	5148831
55 HDS White Cap Construction Supply	10-5203-0	Supplies for safety fencing for Gotelli bridge prj 2233	1,217.00	10014793683
56 Jensen Precast	10-5203-0	Traffic rated concrete box and lid for Gotelli prj 2233	311.40	CD99118895
57 Jesse The Tree Guy, Inc	10-5203-0	Clean and haul away tree & debris for Gotelli prj 2233	8,000.00	INV0007
58 Motion Industries, Inc.	10-5213-0	Seals for servicing Ironman gearbox for Duck Creek trash rack	70.64	CA14-972978
59 PG&E 0530302291-6	10-5213-0	Electricity charges- Birdcage trash rack 08/02/21-08/31/21	593.36	05303022916-09/01/21
60 PG&E 6722855250-0	10-5202-0	Electricity 07/27/21-08/25/21 Mosher Slough Headworks	15.27	67228552500-08/27/21
61 Platt Electric Supply Inc.	10-5203-0	Wire connectors for Gotelli bridge replacement prj 2233	33.90	1W35384
62 Rent A Toilet	10-5203-0	Rental of portable restroom for Gotelli bridge prj 2233	200.00	33208
63 SEWD Vehicle Fund	10-5218-0	Aug 2021 - Vehicle Mileage Reimbursement- NM	5,917.81	Aug 2021 NM

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
SEPTEMBER 14, 2021**

Vendor name	Account #	Description	Amount	Invoice No.
		WATER SUPPLY FUND 71		
64 SEWD Vehicle Fund	10-5207-0	Aug 2021 - Vehicle Mileage Reimbursement- NH	5,193.16	Aug 2021-NH
65 Standard Insurance Co.	10-5047-0	Sept 2021 long term insurance-NH	244.36	Sept 2021
66 Standard Insurance Co.	10-5056-0	Sept 2021 long term insurance-NH	88.76	Sept 2021
67 UniFirst Corporation	10-5213-0	08/26/21 & 09/02/21 weekly laundry service	91.56	370 1337453/370 1335934
68 US Bank-Delta Ready Mix	10-5205-0	Concrete for SCADA communication towers-NH	243.89	Riojas0385-082321a
69 US Bank-Delta Ready Mix	10-5216-0	Concrete for SCADA communication towers-S/H/RC	243.89	Riojas0385-082321a
70 US Bank-Delta Ready Mix	10-5217-0	Concrete for SCADA communication towers-L. Farmington	243.88	Riojas0385-082321a
		WATER SUPPLY FUND 71 TOTAL	\$52,524.59	

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**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
SEPTEMBER 14, 2021**

Vendor name	Account #	Description	Amount	Invoice No.
		FISH SCREEN IMPROVEMENT FUND 89		
71 ECORP Consulting, Inc	10-5180-0	Prof services for Bellota fish screen and pasage July 2021	5,203.75	94008
72 Kjeldsen, Sinnock & Neudeck Inc.	10-5180-0	Prof Services for the Fish Screen Improvement Proj July 2021	157,682.45	30933
		FISH SCREEN IMPROVEMENT FUND 89 TOTAL	\$162,886.20	

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**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
SEPTEMBER 14, 2021**

Vendor name	Account #	Description	Amount	Invoice No.
		VEHICLE FUND 91		
73 Campora Propane Service	10-5182-0	Propane for Unit 70	56.94	297749
74 Fastenal Company	10-5182-0	Windshield fluid purchased on 08/16/21	19.34	CASTC151576
75 Grainger, Inc.	10-5343-0	Filter wrench	13.80	9026784570
76 Holt of CA	10-5182-0	Filters to service Units 73, 45, & 50	126.36	PS001071865
77 US Bank-Stockton Filter Supply Company	10-5182-0	Filter to service Unit 50	62.49	Cahoon8501-082321b
78 US Bank-Amazon	10-5182-0	Front break pads for carts	119.96	Higares3304-082321a
79 US Bank-Amazon	10-5182-0	Brake rotors and axles for maintenance on Unit 58 and 61	288.72	Higares3304-082321bc
		VEHICLE FUND 91 TOTAL	\$687.61	

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**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
SEPTEMBER 14, 2021**

Vendor name	Account #	Description	Amount	Invoice No.
		MUNICIPAL & INDUSTRIAL FUND 94		
80 ACWA/JPIA (Health Benefits)	10-5047-0	Oct 2021 medical, dental, vision, & life insurance-M&I	54,016.80	0671965-Oct 2021
81 ACWA/JPIA (Health Benefits)	10-5050-0	Oct 2021 medical, dental, vision, & life insurance-RET M&I	11,685.96	0671965-Oct 2021
82 Comfort Air, Inc.	10-5326-0	Evaluate HVAC in OPS	378.00	95384
83 Fastenal Company	10-5344-0	TP consumables purchased 08/16/21	75.30	CASTC151576
84 FedEx	10-5322-0	Shipping charges for 08/19/21	100.59	7-489-99527
85 Ferguson Enterprises	10-5326-0	Replacement faucet for OPS breakroom	91.31	9413849
86 FGL Environmental	10-5308-0	SUV-EPA documentation on 07/13/21	270.00	139693A
87 FGL Environmental	10-5308-0	Organic & Inorganic analysis sampled on 08/10/21 & 08/17/21	323.00	151783A/151777A/51328A
88 FGL Environmental	10-5308-0	Coliform bacti monitoring sampled on 08/04/21-08/24/21	846.00	151120A-152164A
89 George W. Lowry Inc.	10-5321-0	Oil to service emergency generators on High Service	811.51	2621698
90 GHX Industrial LLC	10-5321-0	Gasket material	89.98	15239855

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
SEPTEMBER 14, 2021**

Vendor name	Account #	Description	Amount	Invoice No.
		MUNICIPAL & INDUSTRIAL FUND 94		
91 Grainger, Inc.	10-5321-0	Baldwin oil filters (8)	427.98	9020115748
92 Grainger, Inc.	10-5343-0	Dial test indicator	210.45	9020115748
93 Grainger, Inc.	10-5343-0	Shaft alignment clamp tool	463.90	9019492108
94 Grainger, Inc.	10-5344-0	TP consumables purchased 08/18/21	44.90	9026784570
95 Grainger, Inc.	10-5344-0	Steel strap, marking tape, filters	125.57	523/7515/7531
96 HDS White Cap Construction Supply	10-5344-0	TP consumables ordered on 08/11/21	3.15	10014742315
97 HDS White Cap Construction Supply	10-5343-0	Tools and equipment ordered on 08/11/21 & 08/17/21	198.19	10014742315/0014773272
98 Jan-Pro of the Greater Bay Area	10-5326-0	Sept. 2021 monthly janitorial services -OPS Bldg	378.00	8225
99 Motion Industries, Inc.	10-5321-0	Bearings to service sludge pumps on SED Basins 3 & 4	280.02	CA14-972977/CA14-973084
100 Pacific Western Bank	20-5411-0	Payment 5-Component 2 - Series 2019 Debt Service Int	45,279.00	PMT #5 - Comp 2 Int
101 PG&E 0908023195-5	10-5302-0	Electricity 07/22/21-08/22/21 WTP East Side Feeder	11,384.02	09080231955-08/27/21
102 PG&E 2544904013-5	10-5302-0	Electricity 07/22/21-08/22/21 TP HS @6749 E Main	168,691.41	25449040135-08/25/21
103 Platt Electric Supply Inc.	10-5321-0	Wire crimps for repairs to P-25 VFD	10.48	1V95468
104 SEWD Vehicle Fund	10-5181-0	Aug 2021 - Vehicle Mileage Reimbursement-M&I	3,425.20	Aug 2021-M&I
105 Standard Insurance Co.	10-5047-0	Sept 2021 long term insurance-M&I	1,289.19	Sept 2021
106 Stockton Filter & Supply Co. Inc	10-5321-0	Filters to service emergency generators on High service	89.90	213509
107 Stockton Scavengers/Waste Management Corp	10-5304-0	Aug 2021 Monthly garbage service @6767 East Main St & 40YD	1,009.86	0043484-0051-8/86-0051-7
108 Stockton Windustrial Co.	10-5321-0	Pipe and fittings to repair leak on tank-5	137.78	337052.01
109 Thatcher Company of CA	10-5301-0	Acidified alum delivered on 08/25/21 & 08/26/21	9,351.04	286839/286856
110 UniFirst Corporation	10-5342-0	08/26/21 & 09/02/21 weekly laundry service	260.60	370 1337453/370 1335934
111 Univar USA Inc.	10-5301-0	Caustic soda delivered on 08/24/21 & 09/01/21	8,602.22	49425287/8860/8861

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
SEPTEMBER 14, 2021**

Vendor name	Account #	Description	Amount	Invoice No.
		MUNICIPAL & INDUSTRIAL FUND 94		
112 US Bank-Amazon	10-5321-0	Filters to service water fountain in maintenance	69.21	Cahoon8501-082321a
113 US Bank-Walmart	10-5343-0	Tire pressure guage with air chuck high service	16.39	Higares3304-082321d
114 US Bank-Galco Industrial Electro	10-5321-0	Parts for repairs to pump on SED Basins 3 & 4	84.59	Higares3304-082321e
115 US Bank-Harbor Freight	10-5321-0	Tools to repair sludge pump on SED Basin 4	24.81	Higares3304-082321f
116 US Bank-RV & Auto Parts	10-5343-0	Cell phone booster for field work in low reception areas	665.81	Higares3304-082321g
117 US Bank-Lowe's Home Centers	10-5343-0	Tool kit for new electrician	129.71	Higares3304-082321h
118 US Bank-United Circuit Breakers	10-5321-0	Breakers for repairs to DB-1	798.79	Higares3304-082321i
119 US Bank-Paypal Ebay	10-5321-0	Ethernet communication module for MCC-3M motor control	102.99	Higares3304-082321j
120 US Bureau of Reclamation-DOI	10-5211-0	CVP NM Water true-up Aug-6000/AF	335,820.00	W0329-Sept 2021
121 US Bureau of Reclamation-DOI	10-5211-0	CVP NM Water Sept-6000/AF	335,820.00	W0329-Sept 2021
122 USA Blue Book	10-5307-0	Lab supplies ordered on 08/09/21	107.90	690769
123 Valley Landscaping & Maintenance Inc	10-5324-0	WTP landscaping services for August 2021	2,445.00	79525
124 Valley Springs Feed & Pet Supply	10-5321-0	Flea meds for dogs	42.88	0115
		MUNICIPAL & INDUSTRIAL FUND 94 TOTAL	\$996,479.39	

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**STOCKTON EAST WATER DISTRICT
INVOICES AND PAYROLL FOR BOARD PACKAGE
SEPTEMBER 14, 2021**

Fund Number	Fund Summary	AP Amount
Fund 56	Construction Fund	644,414.75
Fund 67	Agricultural Fund	39,640.00
Fund 68	Groundwater Prod. Fund	223,880.00
Fund 70	Administration Fund	88,747.53
Fund 71	Water Supply Fund	52,524.59
Fund 89	Fish Screen Improvement Fund	162,886.20
Fund 91	Vehicle Fund	687.61
Fund 94	Municipal & Industrial Fund	996,479.39
	TOTAL FUND SUMMARY	\$2,209,260.07

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Short Names/Acronym List

ACH	Aluminum Chlorohydrate
ACWA	Association of California Water Agencies
Admin	Administration
Ads	Advertisement
AF	Acre Feet
AG	Agriculture
AR	Accounts Receivable
AWP	Alternative Work Program
CEQA	California Environmental Quality Act
Chgs	Charges
CM	Construction Management
COP	Certificate of Participation
CSDA	California Special District Authority
CSJWCD	Central San Joaquin Water Conservation District
CVPWA	Central Valley Project Water Association
CWS	California Water Services Company
DB	Distribution Box
DBCP	Dibromochloropropane
DDTS	Direct Distance Telephone Service
DL	Direct Line
EDB	Ethylene Dibromide
Educ	Education
ESA	Endangered Species Act
FCC	Federal Communications Commission
FCCU	Financial Center Credit Union
FOIA	Freedom of Information Act
FWPS	Finished Water Pump Station
GM	General Manager
HCP	Habitat Conservation Plan
HP	Hewlett Packard
HVAC	Heating, Ventilating Airconditioning
LD	Long Distance
LFC	Lower Farmington Canal
LT2	Long Term 2 -Enhanced Surface Water Treatment Rule
M&O	Maintenance & Operations
MCC	Master Control Center
MIB	Methylisoborneol
Misc.	Miscellaneous
mtg	Meeting
NH-	New Hogan
NM	New Melones
NH3-N	Ammonia
NMCF	New Melones Conveyance Facility
NWRP	New Water Reservoir Project
OBA	Oxygen Breathing Apparatus
PACL	Poly Aluminum Chloride
PM	Preventive Maintenance
Prof	Professional
PSM	Process Safety Management
PVC	Polyvinyl Chloride
RMP	Risk Management Plan
SCADA	Supervisory Control And Data Acquisition
SCBA	Self Contained Breathing Apparatus
SEWD	Stockton East Water District
SWRCB	State Water Resources Control Board
St	Street
T5	Water Treatment Operator Certificate Grade 5
Tel	Telephone
THM	Trihalomethane
TO	Task Order
TP	Treatment Plant
UFC	Upper Farmington Canal
UPS	Uninterrupted Power Supply
VAMP	Vernalis Adaptive Management Plan
VFD	Variable Frequency Drive
WMP	Water Management Plan
WQMS	Water Quality Monitoring System
WS	Water Supply
WSEP	Water Supply Enhancement Project
WTP	Water Treatment Plant

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Vehicles	
Unit 36 2004 Chevy Pickup 2500hd Silverado	Pickup Truck
Unit 37-2004 Jeep Grand Cherokee Laredo	Automobile
Unit 47 2008 Chevy Pickup Silverado 2500 4x4	Pickup Truck
Unit 49 2009 Ford Edge AWD - Ltd	Automobile
Unit 55 2010 Ford F150 Pickup	Pickup Truck
Unit 57 2011 Ford F150 Pickup Long Bed	Pickup Truck
Unit 64 2015 Ford F250 S-Duty 4wd	Pickup Truck
Unit 65 2015 Ford F250 S-Duty 4wd	Pickup Truck
Unit 66 2015 Ford F250 S-Duty 4wd	Pickup Truck
Unit 67 2015 Ford F250 S-Duty 4wd	Pickup Truck
Unit 69 2015 Ford F150 4x4 Supercrew Pickup	Pickup Truck
Unit 76 2020 Ford Escape	Automobile
Light equipment	
Genie GS 1930 Scissor Lift	Lift
Unit 70 2016 Cat Forklift	Forklift
Unit 58 2014 Polaris Ranger EV- Maintenance	Utility Vehicle
Unit 59 2014 Polaris Ranger EV- Maintenance	Utility Vehicle
Unit 60 2014 Polaris Ranger EV- Operations	Utility Vehicle
Unit 61 2014 Polaris Ranger EV- Water Supply	Utility Vehicle
Unit 62 2014 Polaris Ranger EV- Water Supply	Utility Vehicle
Unit 63 2014 Polaris Ranger EV- Operations	Utility Vehicle
Heavy equipment	
Mower-walker	Tractor
Unit 16 2003 Ford 450 -- diesel	Heavy Truck
Unit 26 1990 International Dump Truck	Heavy Truck
Unit 29 Caterpillar Backhoe	Heavy Equip.
Unit 31 1998 Freightliner Boom Truck 15 ton	Heavy Truck
Unit 38 John Deere 6420 Tractor	Tractor
Unit 41 Case Tractor 570mxt Turbo	Tractor
Unit 45 2008 Ford F650 Flatbed Truck (diesel)	Heavy Truck
Unit 48 2008 Chevy Kodiak C4500 (diesel)	Heavy Truck
Unit 52 Kubota Tractor	Tractor
Unit 53 2011 Kenworth T300 Dump Truck (dsl)	Heavy Truck
Unit 56 2010 Ford F450 Truck	Heavy Truck
Unit 73 2018 Caterpillar Backhoe	Heavy Equip.
Unit 74 2019 Ford F250 S-Duty 4wd	Pickup Truck
Unit 75 2019 Ford F250 S-Duty 4wd	Pickup Truck
Accessories	
Dive Boat	Accessory
Boat Trailer	Trailer
Allis-Chalmers Disc	Accessory
Pak Flail Mower (orange)	Accessory
Alamo Articulate Mower Attachment	Accessory
Landpride RCR2596 Rotary Mower	Accessory
Unit 30 Big Tex Equipment Trailer /25,900gvr	Trailer
Unit 34 2000 Cartaway Tank Trailer /6000gvr	Trailer
Unit 43 2007 Wells Cargo Trailer Model TW122	Trailer
Unit 44 1996 Genie Lift TZ-34/20 Knuckleboom	Trailer
Unit 50 6 Diesel Pump	Trailer
Unit 51 12 Diesel Pump	Trailer
Unit 68 2015 Welding Trailer	Trailer
Unit 71 2017 Utility Landscaping Trailer	Trailer
Unit 72 2002 Utility Trailer	Trailer

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Board of Directors Meeting

AGENDA

Wednesday, September 8, 2021

9:00 a.m. – 10:30 a.m.

Teleconference Only

Call-In Information Provided

- I. **Call to Order/Pledge of Allegiance & Safety Announcement/Roll Call** (*Please remember to keep your phone line muted and unmute when announcing yourself for attendance or speaking)
- II. **SCHEDULED ITEMS – *Presentation materials to be posted on ESJGroundwater.org and emailed prior to the meeting. Copies of presentation materials will be available at the meeting.***
 - A. **Action/Discussion Items:**
 1. Approval of Minutes of June 9, 2021 (Attached)
 2. Review and Adopt Policy Statement to SWRCB Administrative Hearing Office to support the American River Water Rights Permit 29657
 3. SWRCB Comment to DWR on ESJ GSP (Attached)
 - B. **Staff/DWR Report**
 1. Report on 9/2/21 TAC Meeting (Glenn Prasad)
 2. RFQ for Basin Accounting Framework and Funding/Financing Alternatives
 3. DWR Update and FSS status
 4. DWR FIROMAR Pilot Project
- III. **Directors' Comments and GSA Project Status Reports**
 1. Central Delta Water Agency (CDWA)
 2. Central San Joaquin Water Conservation District (CSJWCD)
 3. City of Stockton
 4. City of Lodi
 5. City of Manteca
 6. City of Stockton
 7. Eastside San Joaquin GSA
 8. Linden County Water District (LCWD)
 9. Lockeford Community Services District (LCSD)
 10. North San Joaquin Water Conservation District (NSJWCD)
 11. Oakdale Irrigation District (OID)
 12. San Joaquin County #1
 13. San Joaquin County #2 (Cal Water)
 14. South Delta Water Agency (SDWA)
 15. South San Joaquin Irrigation District (SSJID)

EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY

Board of Directors Meeting

AGENDA

(Continued)

16. Stockton East Water District (SEWD)

17. Woodbridge Irrigation District (WID)

IV. Secretary Report

V. Public Comment (non-agendized items)

VI. Future Agenda Items

VII. Adjournment

NOTICE: Coronavirus COVID-19

See Attached Notice Regarding COVID 19, Closure of Board Chambers to the Public During the Eastern San Joaquin Groundwater Authority Board of Directors Meeting and Teleconference Information

Next Regular Meeting

Wednesday, December 8, 2021

10:30 a.m. – 12:00 p.m.

Location TBD

Action may be taken on any item

Agendas and Minutes may also be found at <http://www.ESJGroundwater.org>

Note: If you need disability-related modification or accommodation in order to participate in this meeting, please contact San Joaquin County Public Works Water Resources Staff at (209) 468-3089 at least 48 hours prior to the start of the meeting.

Important Notice Regarding COVID 19 and Closure of Board Chambers to the Public During Eastern San Joaquin Groundwater Authority Board of Directors Meetings

On March 18, 2020, Governor Gavin Newsom issued Executive Order N-29-20 recognizing that COVID 19 continues to spread throughout our community resulting in serious and ongoing economic harm. Governor Newsom has therefore waived certain requirements of the Ralph M. Brown Act relating to public participation and attendance at public meetings.

Based on guidance from the California Department of Public Health and the California Governor's Officer, ***effective immediately*** and while social distancing measures are imposed, Board chambers will be closed to the public during the Eastern San Joaquin Groundwater Board of Directors Meetings.

EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY

Board of Directors Meeting

AGENDA

(Continued)

In order to minimize the spread of the COVID 19 virus, the following options are available to members of the public to listen to these meetings and provide comments to the Board of Directors before and during the meeting:

1. You are strongly encouraged to listen to the Eastern San Joaquin Groundwater Authority Board of Directors meetings by attending the teleconference:

Microsoft Teams meeting

Join on your computer or mobile app

[Click here to join the meeting](#)

Or call in (audio only)

+1 209-645-4071 United States, Stockton

Phone Conference ID: 239 455 833#

[Find a local number](#) | [Reset PIN](#)

[Learn More](#) | [Meeting options](#)

If you are connecting to Microsoft Teams for the first time, you will need to download the program to you PC. You can also download the Microsoft Teams App to you Apple or Android device by visiting the App Stores.

Once connected, we request you kindly mute your phone.

2. If you wish to make a comment on a specific agenda item, please submit your comment via email by 5:00 p.m. on the Tuesday prior to the meeting. Please submit your comment to the Clerk/Secretary of the Board at kmsith@sjgov.org. Your comment will be shared with the Board members and placed into the record at the meeting. Every effort will be made to read comments received during the meeting into the record but some comments may not be read due to time limitations. Comments received after an agenda item will be made part of the record if received prior to the end of the meeting.

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Weekly Water Report	As of: Sept. 6, 2021	As of: Sept. 13, 2021
New Hogan (NHG) TOC	317,100	
Storage:	96,646	AF
Net Storage Change:	-2,512	AF
Inflow:	22	CFS
Release:	160	CFS
New Melones (NML) Allocation	75,000	
Storage:	889,216	AF
Net Storage change:	-17,771	AF
Inflow:	258	CFS
Release:	1,660	CFS
Source: CDEC Daily Reports		

Goodwin Diversion (GDW)		
Inflow (Tulloch Dam):	1,666	CFS
Release to Stanislaus River (S-98):	352	CFS
Release to OID (JT Main):	558	CFS
Release to SSJID (SO Main):	246	CFS
Release to SEWD:	<u>200</u>	CFS
Total Release	1,356	CFS
Source: Tri-Dam Operations Daily Report		
Farmington Dam (FRM)		
Diverted to SEWD:	N/A	CFS
Diverted to CSJWCD:	0	CFS
Source: USACE WCDS Hourly Report		

Surface Water Used		
Irrigators on New Hogan:	10	
Irrigators on New Melones:	4	
Out-Of-District Irrigators:	0	
DJWWTP Production:	32	MGD
North Stockton:	0	MGD
South Stockton:	6	MGD
Cal Water:	26	MGD
City of Stockton DWSP Production:	24	MGD

District Ground Water Extraction		
74-01	0	GPM
74-02	0	GPM
North	0	GPM
South	0	GPM
Extraction Well # 1	<u>0</u>	GPM
Total Well Water Extraction	0	GPM

Note: All flow data reported here is preliminary and subject to revision.

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