



**May 17, 2024**

Dear Shareholder:

Thank you for taking time this afternoon to attend the San Miguelito Mutual Water Company Annual Shareholder Meeting. We appreciate the interest you have shown in our water company.

Many hours of preparation have gone into today's meeting. We hope the information presented will provide you with a clear picture of the Company's operations. There will be a question-and-answer session after the reports.

Please take a moment to review the meeting packet, most particularly the minutes from last year's meeting.

Sincerely,

San Miguelito Mutual Water Company

Board of Directors and Staff



Annual Meeting  
9:00 AM  
May 17, 2024

*San Miguelito Mutual Water Company*

Agenda



Pledge of Allegiance	Michael Nordstrom, President
Minutes of Last Annual Meeting	Robert Campbell, Secretary
President's Remarks	Michael Nordstrom, President
Financial Report	Dwayne Chisam, General Manager
a. Review And Approve The 2023 Draft Financial Statement	
Manager's Report	Dwayne Chisam, General Manager
Capital Projects Review	Dwayne Chisam, General Manager
Questions and Answers	Board of Directors, Consultants and Management
Adjourn	Michael Nordstrom, President

## Board of Directors

May 17, 2024

OFFICE HELD	NAME	EXPIRATION OF TERM
President	Michael Nordstrom	May, 2027
Vice President	Marvin St Pierre	May, 2025
Financial Officer	Paul O'Malley	May 2025
Secretary	Robert Campbell	May, 2027
Director	Bob Pusanik	May, 2027
Director	Robin L. Rossi	May, 2025
Director	Larry Bittner	May, 2025

**SAN MIGUELITO MUTUAL WATER COMPANY  
SHAREHOLDERS LIST  
AS OF 04/23/2024**

PELICAN POINT .....	117 SHARES
INDIAN HILL RESIDENTS .....	162 SHARES
SAN LUIS BAY MOBILE ESTATES .....	2 SHARES
PACHO LTD. PARTNERSHIP .....	4 SHARES
SAN LUIS BAY INN TIMESHARE (SAN LUIS BAY INN) .....	144 SHARES
SILVER OAKS ESTATES RESIDENTS .....	6 SHARES
BDC/AVILA LAND INVESTMENT LLC.....	7 SHARES
KINGFISHER RESIDENTS .....	123 SHARES
CDF-FIRESTATION #13 .....	1 SHARE
SKYLARK MEADOW RESIDENTS .....	65  SHARES
HERON CREST RESIDENTS .....	66  SHARES
QUAIL CANYON RESIDENTS .....	22  SHARES
MALLARD GREEN RESIDENTS .....	53 SHARES
EUREKA ENERGY .....	51 SHARES
ROBIN L. ROSSI (GOLF COURSE) .....	141 SHARES
ROBIN L. ROSSI TRUST .....	3 SHARES
AVILA VILLAGE II LLC .....	6 SHARES
OUAT/LEXINGTON REAL PROP PTNRS LLC .....	30 SHARES
ROBIN L. ROSSI (West Harford & Lot 279) .....	2 SHARES
JANE MILLER (East Harford) .....	1 SHARE
OUAT/COVELOP HOLDINGS, LLC .....	14 SHARES
AVILA BAY ATHLETIC CLUB (AVILA VILLAGE) .....	3 SHARES
AVILA VALLEY ORCHARDS RESIDENTS .....	14 SHARES
COVELOP .....	1 SHARE
SMMWC .....	2 SHARES
MADDEN CUMBERLAND ADAMSKI.....	1 SHARE
<b>TOTAL SHARES IN SMMWC .....</b>	<b>1041 SHARES</b>

San Miguelito Mutual Water Company

Annual Shareholder Meeting  
Minutes

2:00 PM Friday, May 19, 2023

SMMWC Office  
1561 Sparrow Street  
San Luis Obispo, CA

REGISTRATION OF SHAREHOLDERS

The Annual Meeting Packet that included the 2023 Agenda, List of Directors & List of Shareholders as of April 28, 2023, 2022 Annual Meeting Draft Minutes, 2022 Financial Statements, 2022 & 2023 Budget, 2023 Rate Schedule, Manager's Report and Operations Report.

Board Members Present: Michel Nordstrom, Marvin St Pierre, Rob Rossi, and Larry Bittner

Board Member Absent: Paul O'Malley, Robert Peterson, and Rick Koon

Staff: Dwayne, General Manager, Michelle Koon, Accounting & Administrative Manager and Ryan Smith, Utility Supervisor

Legal Counsel: None

Shareholders: Steve Rossi, Steve Adamski, Carol Hayden, Ginger Hahn, Dominique Dunn, Andrew, Robert Campbell, Gerri Hall, Matthew Matter and Bob Pusanik

Guest: None

PLEDGE OF ALLEGIANCE & PRESIDENT'S REMARKS

President Nordstrom opened the meeting at 2:00p.m. with the pledge of allegiance, welcomed the shareholders in attendance and introduced the Board of Directors, staff and consultants present.

President Nordstrom asked if there was a quorum.

The San Miguelito Mutual Water Company Bylaws state: *"The presence in person or by proxy of twenty percent (20%) of the shareholders shall constitute a quorum for the transaction of business at any meeting of shareholders."*

Michelle Koon confirmed there was a sufficient percentage of the shares represented and a quorum was declared. (See representation detail attached.)

MINUTES OF LAST MEETING

President Nordstrom asked the shareholders to review the minutes of the last meeting. There was a motion made by Rob Rossi, seconded by Larry Bittner to accept the minutes of the May 20, 2022, meeting as written. Motion passed unanimously.

NOMINATION & ELECTION OF OFFICERS

President Nordstrom asked if there were any additional nominations from the floor with no additional nominees he excused the voting committee of Michelle Koon, Janice Carr and Mrs. Livick to proceed with opened and counted the Ballots and Proxy.

PRESIDENT'S REMARKS

President Nordstrom expressed his appreciation for the Employees and the Board Members who are voluntarily serving the Company and the Employees. He also spoke about the ongoing process of selling our excess State Water.

## FINANCIAL REPORT

Vice President Marvin St. Pierre presented the San Miguelito Mutual Water Company 2022 Financial Statements, as prepared by the accounting firm of Moss, Levy & Hartzheim LLP.

## MANAGER'S REPORT, OPERATIONS REPORT, 2022 and 2023 CAPITAL PROJECTS REVIEW

Utility Supervisor Ryan Smith went through a prepared slide show to share the project photos. The reports as follows:

### General Managers Report

In 2022 -

- Total water connections are 688 and total number of shares is 1041.
- Water production for 2022 was 168-acre feet. Of that, 51% or 85-acre feet were from our three wells, with the remaining 49% or 83-acre feet delivered by the state water project.
- Total wastewater production for 2022 averages seventy (70) gpd.

### Operations Report –

- Staff continue to do preventative cleaning of the Water and Wastewater system in most neighborhoods.
- Staffing had a larger than normal turnover
- Staff worked with the Regional Water Quality Control Board to review the existing WDID discharge permit requirements

### Capital Projects-

- Tank 100 inspection and refurbishment
- Telemetry system upgrades
- Meter replacement
- Lift Station 2 new pump

### Special Projects -

- The grant money allocated for the Marre Wier has brought the project to 65% complete for the design.
- Monitoring and Reporting Program at Wild Cherry Canyon's Wastewater Treatment Plant

For 2023 –

- Staff will be replacing water system sample taps.
- Staff will be flushing the system and exercising the valves.
- Staff will also continue to replace old meters and refurbish and paint hydrants and infrastructure as needed.

### Capital Projects –

- Meter Replacements.
- Well Cover Replacements for Wells 4A and 5A
- Lift Station 3 Improvement Project
- Telemetry system improvements
- WWTP Sludge Pumping

## QUESTION & ANSWER

None

## ELECTION RESULTS

All results were posted to our website at [smmwc.com](http://smmwc.com)

	Michael Nordstrom	Robert Campbell	Bob Pusanik
total	818	605	699

## ADJOURNMENT

The meeting was adjourned at 2:52p.m.

Proceedings recorded by:

Michelle Koon, Accounting & Administrative Manager

Respectfully Submitted,

Approved:

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Marvin St. Pierre, Vice President

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Michael Nordstrom, President

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# ANNUAL SHAREHOLDERS MEETING

May 19, 2023

## SHARE REPRESENTATION

1041 Total Shares – 20% Necessary for Quorum 209 Shares

Michael Nordstrom	1 share 1 proxy
Marvin St. Pierre	1 share
Rob Rossi – ABR, E. Hartford, AVLLC and OUAT	197 shares
Larry Bitner	1 share 2 proxy
Residential and Commercial in Attendance	375 shares & proxy
<b>TOTAL SHARES REPRESENTED</b>	<b>578 shares</b>

**San Miguelito Mutual Water Company**

**Reviewed Financial Statements**

**December 31, 2023**

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## San Miguelito Mutual Water Company

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Stockholders  
San Miguelito Mutual Water Company  
Avila Beach, CA 93424

We have reviewed the accompanying balance sheet of San Miguelito Mutual Water Company as of December 31, 2023, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

### Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

We are required to be independent of San Miguelito Mutual Water Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Santa Maria, California  
May XX, 2024

**San Miguelito Mutual Water Company**  
Balance Sheet  
December 31, 2023

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**Assets**

Current assets

Cash and cash equivalents (Note 1)	\$ 67,425
Accounts receivable (Note 1)	153
Deposits	448
Prepaid expenses	8,932

Total current assets	<u>76,958</u>
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Property and equipment (Note 4)	13,151,207
Less accumulated depreciation	<u>(7,218,430)</u>

Net property and equipment	<u>5,932,777</u>
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Other assets

Capital and state water reserves (Note 3)	5,325,316
Local water rights (Note 1)	238,030

Total other assets	<u>5,563,346</u>
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Total assets	<u><u>\$ 11,573,081</u></u>
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**Liabilities and stockholders' equity**

Current liabilities

Accounts payable	\$ 132,001
Payroll liabilities	41,942
Unearned revenue	19,325

Total current liabilities	<u>193,268</u>
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Stockholders' equity

Common stock, no par value, 10,000 shares authorized	
1,041 shares issued and outstanding	677,383
Additional paid in capital (Note 6)	14,366,845
Retained earnings	
Unreserved	<u>(3,664,415)</u>

Total stockholders' equity	<u>11,379,813</u>
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Total liabilities and stockholders' equity	<u><u>\$ 11,573,081</u></u>
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See accompanying notes and independent accountants' review report.

**San Miguelito Mutual Water Company**  
Statement of Income  
For the Year Ended December 31, 2023

Revenue	
Water and sewer usage fees	\$ 1,284,566
New service fees	1,205
Late and other administrative fees	19,108
Contract services	-
Building rent	28,800
Sewer facilities rent	45,420
State water payment, stockholders with undeveloped property	63,444
	<u>Total revenue</u>
	1,442,543
Operating expenses	
State water	413,924
Personnel costs	324,321
Consulting	72,331
Depreciation (Note 4)	526,876
Lab tests	50,001
Other programs	1,237
Repairs and maintenance	61,626
Supplies	27,744
Training, education, health and safety	8,224
Telephone and communications	4,781
Uniforms	6,974
Utilities	103,818
Vehicles	26,837
	<u>Total operating expenses</u>
	1,628,694
General and administrative expenses	
Accounting and legal	15,971
Bank fees	2,113
Consulting	16,586
Insurance	34,667
Licenses, fees and dues	33,253
Miscellaneous	3,446
Office supplies and equipment	19,748
Personnel costs	158,766
Property taxes	8,910
Rent	28,800
Repairs and maintenance	5,982
Telephone and internet	4,622
Utilities	4,854
	<u>Total general and administrative expenses</u>
	337,718
	<u>Total expenses</u>
	1,966,412
	<u>Loss from operations</u>
	(523,869)
Other income (expense)	
Interest	138,474
Gain on sale of assets	4,800
	<u>Total other income (expense)</u>
	143,274
	<u>Loss before income taxes</u>
	(380,595)
Provision for income taxes, current (Notes 1 and 5)	(800)
	<u>Net loss</u>
	\$ (381,395)

See accompanying notes and independent accountants' review report.

**San Miguelito Mutual Water Company**  
Statement of Changes in Stockholders' Equity  
For the Year Ended December 31, 2023

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	Common Stock		Additional	Retained	
	Shares	Cost	Paid-in	Earnings	Total
			Capital	(Deficit)	
Balance, December 31, 2022	1,041	\$ 677,383	\$ 13,649,368	\$ (3,283,020)	\$ 11,043,731
Capital Contributions			717,477		717,477
Net loss				(381,395)	(381,395)
Balance, December 31, 2023	<u>1,041</u>	<u>\$ 677,383</u>	<u>\$ 14,366,845</u>	<u>\$ (3,664,415)</u>	<u>\$ 11,379,813</u>

See accompanying notes and independent accountants' review report.

**San Miguelito Mutual Water Company**  
Statement of Cash Flows  
For the Year Ended December 31, 2023

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Cash flows from operating activities:	
Net loss	\$ (381,395)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation	526,876
Earnings on investments	(138,474)
(Increase) decrease in:	
Accounts receivable	2,483
Prepaid expenses	(1,124)
Increase (decrease) in:	
Accounts payable	2,213
Payroll liabilities	(6,160)
Unearned revenue	(9,412)
Net cash used by operating activities	<u>(4,993)</u>
Cash flows from investing activities:	
Purchases of property and equipment	(500,176)
Purchases of investments	<u>(601,694)</u>
Net cash used by investing activities	<u>(1,101,870)</u>
Cash flows from financing activities:	
Capital contributions	<u>717,477</u>
Net cash provided by financing activities	<u>717,477</u>
Net decrease in cash and cash equivalents	(389,386)
Cash and cash equivalents at beginning of year	<u>456,811</u>
Cash and cash equivalents at end of year	<u><u>\$ 67,425</u></u>
Supplementary cash flow information:	
Cash paid for state taxes	<u><u>\$ 800</u></u>

See accompanying notes and independent accountants' review report.

**Note 1 - Nature of Operations and Significant Accounting Policies**

**Nature of Operations**

San Miguelito Mutual Water Company (SMMWC) is a California corporation established to acquire and hold water and water rights, and to maintain water works and distribution facilities for the purpose of furnishing and distributing water for domestic and irrigation purposes to its stockholders, at cost; including the use of the water works and distribution facilities for the purpose of conserving, treating and reclaiming water; and providing sewage treatment services to its stockholders, at cost.

**Significant Accounting Policies**

***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other accruals.

***Use of Estimates***

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

***Revenue Recognition***

SMMWC recognizes its revenues, including water and sewer utility fees, rentals, and interest, when earned on accrual basis of accounting.

***Income Taxes***

Income taxes are provided for the tax effect of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, that will either be taxable or deductible when the assets and liabilities are recovered or settled.

The Income Taxes Topic of Financial Accounting Standards Board (FASB) Accounting Standards Codification requires, among other things, the recognition and measurement of tax positions based on a "more likely than not" (likelihood greater than 50% approach). As of December 31, 2023, the SMMWC did not maintain any tax positions that did not meet the "more likely than not" threshold and, accordingly, all tax positions have been fully recorded in the provision for income taxes. SMMWC's policy is to consistently classify interest and penalties associated with income taxes separately from the provision for income taxes, accordingly, no interest or penalties associated with income taxes have been included in the provision for income taxes. SMMWC does not expect any material changes through December 31, 2023. Although SMMWC does not maintain any uncertain tax positions, tax returns remain subject to examination by the Internal Revenue Service for years ended on or after December 31, 2020, and by the California Franchise Tax Board for the years ended on or after December 31, 2019.

***Comprehensive Income***

There are currently no differences between net income or loss, and comprehensive income or loss.

***Cash and Cash Equivalents***

Cash and cash equivalents consist of a non-interest bearing checking account and an interest-bearing savings account that are used for operations. Reimbursable projects, restricted cash, and working capital reserves invested in certificates of deposit are not considered cash equivalents since these amounts are restricted in use.

***Accounts Receivable***

Receivables are accounted for on the accrual basis and become past due after 30 days. No allowance for uncollectable accounts has been provided, as SMMWC typically collects all outstanding amounts. Receivables are written off if all efforts at collection have failed and management determines that collection is unlikely. At December 31, 2023, accounts receivable totaled \$153, consisting of \$153 owed for state water receivable.

**Note 1 - Nature of Operations and Significant Accounting Policies (continued)**

**Water Rights**

Local water rights are recorded at cost, and do not reflect fair value. SMMWC is the grantee of water rights. Local water is a renewable asset; therefore local water rights are not amortized.

**Property, Plant and Equipment**

Expenditures for property and equipment in excess of \$5,000 are capitalized and recorded at cost. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts and any resulting gain or loss is recorded in the year of disposal.

**Subsequent Events**

Subsequent events have been evaluated through May XX, 2024, which was the date the financial statements were available to be issued.

**Note 2 - Concentrations of Risk**

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. SMMWC deposits its cash with high quality financial institutions, and management believes SMMWC is not exposed to significant credit risk on those amounts. At December 31, 2023, SMMWC did not have any accounts in excess of depository insurance limits.

SMMWC's income is generated from consumers who are also stockholders of the Company. Accordingly, concentrations of sales or receivables are expected.

**Note 3 - Restricted Cash**

SMMWC has multiple restricted cash accounts, consisting of capital and working capital reserves totaling \$5,325,316. Included in this amount is \$5,325,316 for repair and replacement of fixed assets at December 31, 2023.

**Note 4 - Property and Equipment**

Depreciation expense totaled \$500,176 for the year ended December 31, 2023. Property and equipment consisted of the following at December 31, 2023:

	Estimated Useful Lives in Years	2022	Additions	Disposals	2023
Water and sewage distribution	15-45	\$ 10,590,591	\$ 421,935	\$ -	\$ 11,012,526
State water construction	39	836,072			836,072
Building	39	711,236			711,236
Vehicles	5-7	192,312	78,241	(20,108)	250,445
Office equipment	3-7	80,080			80,080
Land, Lot 17		130,424			130,424
Land, Lot 67		130,424			130,424
Property, plant and equipment at cost		12,671,139	500,176	(20,108)	13,151,207
Accumulated depreciation		(6,711,662)	(526,876)	20,108	(7,218,430)
Net property and equipment		<u>\$ 5,959,477</u>	<u>\$ (26,700)</u>	<u>\$ -</u>	<u>\$ 5,932,777</u>

**Note 5 - Deferred Income Taxes**

SMMWC uses accounting methods that recognize depreciation sooner for income tax reporting than for financial statement reporting, resulting in a valuation difference that would normally create a deferred income tax liability. SMMWC has also accrued both federal and state income tax net operating losses over the past ten years, which would normally create a deferred income tax asset. The deferred income tax asset created by SMMWC's net operating losses exceeds the deferred income tax liability created by SMMWC's depreciation expense differences. A net deferred income tax asset totaling \$913,991 was calculated for the year ended December 31, 2023. Since SMMWC does not expect to utilize this deferred tax asset in the foreseeable future a valuation allowance totaling (\$913,991) that offsets the deferred tax asset was recorded, for net deferred taxes of zero at December 31, 2023. The net change in the net deferred tax asset and valuation allowance totaled \$80,093 for the year ended December 31, 2023.

SMMWC is subject to state income tax at 8.84% of taxable income, or \$800, whichever is greater. The provision for state income tax for the year ended December 31, 2023 was \$800.

**Note 6 - Contributed Capital**

SMMWC charges a monthly special assessment to all stockholders for the repair and replacement of property and equipment. This amount is recorded as additional paid in capital on the accompanying balance sheet, and totaled \$14,366,845, for the year ended December 31, 2023.

**Note 7 - Commitments and Contingencies**

SMMWC entered into agreements with San Luis Obispo County Flood Control and Water Conservation District, and the Central Coast Water Authority to bring state and local water to the area serviced by SMMWC in exchange for payment of SMMWC's pro rata portion of the state's water construction costs based on the annual amount of water requested, and its pro-rata share of ongoing operating and maintenance costs of the state water system. State water construction costs including capitalized interest and other fees totaled \$836,072, at December 31, 2023. See Note 4.

**Note 8 - Retirement Plan**

SMMWC offers an individual retirement account (IRA) retirement plan to its employees who work thirty or more hours each week and have completed ninety days of employment. SMMWC contributes an amount equal to three percent of all eligible employees' pre-tax wages each month. Participating employees are enrolled in the plan after six months of continuous employment, when all accrued retirement funds are placed in the plan trust. Retirement plan expense for the year ended December 31, 2023 totaled \$9,974.

**Note 9 - Rent**

Monthly transfers of \$2,400, or \$28,800 annually, are transferred from operations to capital reserves for use of the building. The amounts are recorded as building rent revenue and rent expense in the accompanying statement of income.

**San Miguelito Mutual Water Company**  
**Operational Earnings Report**  
**Approved - 2024 Budget**

**Water**

	<b>2023 Budget</b>	<b>2023 Est. Actuals</b>	<b>2024 Budget</b>
Water Revenue (w/o capital)	<b>\$901,501</b>	<b>\$821,742</b>	<b>\$859,784</b>
Residential	\$449,159	\$420,000	\$425,503
Commerical	\$201,445	\$181,000	\$191,007
Irrigation	\$200,155	\$170,000	\$198,582
State Water ( undeveloped shares)	\$50,742	\$50,742	\$44,692
 Water Expenses	 <b>(\$900,670)</b>	 <b>(\$932,907)</b>	 <b>(\$859,175)</b>
State Water	(\$346,834)	(\$422,901)	(\$309,960)
Operating Expense	(\$303,070)	(\$268,500)	(\$313,500)
Gen Admin Expense (50%)	(\$250,765)	(\$241,506)	(\$235,715)
 Net Water Operational Earnings	 <b>\$832</b>	 <b>(\$111,165)</b>	 <b>\$609</b>

<b>2024 Capital Fee \$</b>	
<b>Water</b>	<b>\$263,250</b>
<b>Sewer</b>	<b>\$325,400</b>
<b>Total</b>	<b>\$588,650</b>

**Wastewater**

	<b>2023 Budget</b>	<b>2023 Est. Actuals</b>	<b>2024 Budget</b>
Wastewater Revenue (w/o capital)	<b>\$559,009</b>	<b>\$540,000</b>	<b>\$558,046</b>
Residential	\$367,628	\$370,000	\$374,389
Commerical	\$177,104	\$155,000	\$168,336
Contract Customers	\$14,277	\$15,000	\$15,321
 Wastewater Expenses	 <b>(\$559,635)</b>	 <b>(\$524,006)</b>	 <b>(\$558,215)</b>
Operating Expense	(\$308,870)	(\$282,500)	(\$322,500)
Gen Admin Expense (50%)	(\$250,765)	(\$241,506)	(\$235,715)
Net Wastewater Operational Earnings	<b>(\$626)</b>	<b>\$15,995</b>	<b>(\$169)</b>
 <b>SMMWC Overall Operating Earnings</b>	 <b>\$206</b>	 <b>(\$95,170)</b>	 <b>\$440</b>

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2024 YE	Operational	State Water Reserve	Capital Reserves
Estimate	\$50,000	\$192,000	\$5,177,500
Minimum Target	\$70,000	\$210,000	\$5,500,000

**San Miguelito Mutual Water Company**  
**Approved - 2024 State Water Budget**

<b>State Water Reserves as of Dec 31, 2023</b>	<b>\$192,000</b>	<b>EST. Jan 2024 payment</b> \$186,600					
<b>State Water Reserves as of Dec 31, 2024</b>	<b>\$195,000</b>						
<b>Min Target</b>	<b>\$210,000</b>						
	<b>2023 Budget</b>		<b>2023 Est. YE</b>		<b>2024 Budget</b>	<b>Funding @ 82%</b>	
Money Transferred to State Water Reserve Fund (226.81 AF/2017 82.475 %)	\$296,092		\$296,088		\$265,268		Monthly Trans \$22,105.65 82.48%
Developer State Water Reimbursement (48.19 AF/2017 17.525%)	\$50,742		\$50,742		\$44,692		17.53%
Investment Income, Late Fees, and Interest Income from SWR	\$3,000		\$3,500		\$3,000		
	<u>\$349,834</u>		<u>\$350,330</u>		<u>\$312,960</u>		
<b>CONTRIBUTIONS to State Water Reserve</b>							
DWR Charges for State Water - (275 AF)	(\$248,137)		(\$308,659)		(\$260,000)		\$311,000
DWR Charges for State Water Drought Buffer	(\$49,306)		(\$51,308)		(\$51,000)		
DWR Pay-Go Cost <sup>6</sup>	\$1,991		\$0		\$0		
CCWA(O&M Wheeling-State Water Aqueduct to Lopez)	(\$35,219)		(\$42,934)		(\$42,000)		
SLOFCWCD (O&M, Wheeling - Lopez to SMMWC)	(\$23,242)		(\$20,000)		(\$25,000)		
	<u>(\$353,912)</u>		<u>(\$422,901)</u>		<u>(\$309,960)</u>		
<b>PAYMENTS from State Water Reserve</b>							
<b>NET CHANGE to State Water Reserves</b>			<u>(\$72,571)</u>		<u>\$3,000</u>		\$85,040 shortfall if we don't sell SW

**Notes:**

1. Money Transferred to State Water Reserve is based monthly on Water Billing Revenue from shareholders. In 2024 we are financing these cost at 82%. We anticipation credits back for taking considerable less than allocated for in 2023.
2. Developer State Water Reimbursement payments are to cover reserved State Water allocations for current undeveloped property. These payments are made in January and July of each year.
3. Payments to DWR for the cost of State Water and the Drought Buffer are made in January (60%) and July (40%) of each year. DWR State Water Drought Buffer is money paid to insure that SMMWC's State Water allocation (of 275 AF) is covered in drought conditions.
4. CCWA (Central Coast Water Authority) charges are for the treatment, O&M and wheeling of State Water from the California State Aqueduct to Lopez via the Central Coast Branch. Fixed O&M (90% of charges) billed in May. Variable O&M (10%) billed quarterly.
5. SLOFCWCD (SLO Flood Control and Water Conservation District ) charges are for the treatment, O&M and wheeling of State Water from Lopez (Zone 3) to SMMWC via CSA (County Service Area) 12.
6. DWR charges are primarily based on the full entitlement of 275 AFY. CCWA & SLOFCWCD (transmission charges) are based on a combination of entitlement, requested deliveries and actual deliveries. 275 Acre Feet is approximately 90 million gallons. (325,851 gallons per Acre Foot)
7. San Miguelito accounting is accrual basis, meaning the amount shown in Developer State Water Reimbursement, is the amount that has been invoiced not received. An accrual to cash adjustment has been added to show monies still outstanding for state water invoices.
8. Starting in 2021 SLO County Delta Conveyance Project study will be financed over the next 4 to 5 years. In 2021 & 2022 we budgeted \$7,700 for these charges however they were added in to the SLOFCWCD bill and not itemized out. In 2023 we have added a credit of 15,400. to the DWR Pay Go Cost of \$13,323. showing a credit of \$1,991.

**San Miguelito Mutual Water Company**  
**Approved - 2024 Capital Summary Reserve Report**

	2023 Budget	2023 Estimated YE	2024 Budget
<b>Capital Reserve Inflow</b>			
Capital Reserve Fee Income (developed)	\$596,210	\$596,210	\$588,650 <sup>1</sup>
Capital Reserve Fee Income (undeveloped)	\$141,588	\$141,588	\$141,588 <sup>2</sup>
Investment Interest	\$40,000	\$90,000	\$60,000
Sycamore Capital Rent	\$45,420	\$45,420	\$45,420
SMMWC Office Building Rent	\$28,800	\$28,800	\$30,000 <sup>3</sup>
Total Capital Reseves Inflow	<u><b>\$852,018</b></u>	<u><b>\$902,018</b></u>	<u><b>\$865,658</b></u>
<b>Capital Reserve Outflow</b>			
System Infrastructure Projects	(\$465,000)	(\$470,000)	(\$510,000)
Special Projects	(\$23,000)	\$0	(\$125,000)
Total Capital Outflow	<u><b>(\$488,000)</b></u>	<u><b>(\$470,000)</b></u>	<u><b>(\$635,000)</b></u>
Net Capital Reserves	<u><b>\$364,018</b></u>	<u><b>\$432,018</b></u>	<u><b>\$230,658</b></u>

**NOTES            2024**

1. Operating Earnings Transferred to Capital Reserves should be at least equal to the number of active shares times the implicit water and sewer Capital Charges per month. Then times 12 months for the year.

2. Capital Reserve Fee Income (undeveloped) is a capital assessment that applies only to those shares where the developer is not developing their property, but must participate in their share of SMMWC capital improvements.

3. 2024 Office building rent of \$2,500 per month is paid to Capital Reserves, which funded the building. By December 2024 we will have paid back \$264,000

4. Contribution from Gross Operating Earnings + Capital Reserve fee income from active shares should be at least equal to the Depreciation Expense. As of December 31, 2022 Depreciation Expense was about \$486,861.

Monthly		
	Water	WW
2023	\$27.00	\$30.00
2024	\$27.00	\$30.00

San Miguelito Mutual Water Company  
Approved - 2024 Capital Projects Report

System Infrastructure	Water/ Wastewater	Acct #	Staff/ Contract	Priority	Start QTR	Finish QTR	Capital Labor	2024 Budget Primary	Spent YTD	2024 Budget Remaining	Cost to Complete	Projected Total Project Cost	YTD Under (Over) Budget
<u>Water</u>													
Telemetry System Implementation Phase	W	1420.1	C	Med				\$10,000					
Meter Replacement	W	1434.1	S	High				\$60,000					
WTP Building/Relocate Seatrain	W	1434.2	C	Med				\$75,000					
Rehab Install 3rd Booster Pump @ WTP	W	1434.3	C	Med				\$35,000					
<u>Wastewater</u>													
Telemetry System Implementation Phase	WW	1420.5	C	Med				\$10,000					
Lift Station #3 Improvement Project	WW	1434.4	C	Med				\$55,000					
Sludge Removal Project/Perk Pond Rehab	WW	1434.5	C/S	High				\$40,000					
Manhole Rehab Project Indian Hill	WW	1434.6	C	High				\$48,000					
<u>Other</u>													
Golf Cart (replace the oldest one)		1434.7		Med				\$10,000					
Truck (replace the ford ranger w/mid size truck)		1434.8		High				\$55,000					
Used Tractor W/Implements		1434.9		High				\$45,000					
Office Upgrades/GM desktop		1434.10		High				\$5,000					
<u>Capital Labor Reimbursement</u>													
SYSTEM PROJECTS								\$62,000					
2024 Capital Projects Water/WW Totals								\$0	\$510,000	\$0	\$0	\$0	\$0
<u>Special Projects</u>													
Marre Weir Design 2022		1432.13											
Marre Weir Project Grant Writing Support 2023	W	1433.11	C	Med				\$44,246	\$30,000				
State Water Sales - Enviromental Review Findings Document	W	1433.10	C	Med				\$8,000	\$0				
SMMWC WWTP Options	WW	1432.2	C	Med				\$25,000	\$95,000				
Special Projects Totals								\$77,246	\$125,000	\$0	\$0	\$0	\$0
								2023					
<u>2024 Total Capital Projects</u>								<u>\$77,246</u>	<u>\$635,000</u>				
\$712,246													

LEGEND	
<b>Priority:</b> <b>HIGH</b> - Critical for System Operations <b>MED</b> - Recommended Improvement to System <b>LOW</b> - Can be Postponed <b>DEF</b> - Project has been Deferred	<b>Projects in:</b> <b>White</b> - Have not been started <b>Grey</b> - Have been started <b>Lined Through</b> - Have been canceled

**SAN MIGUELITO MUTUAL WATER COMPANY  
RATE SCHEDULE  
2023 & 2024**

10/27/2022

**RESIDENTIAL - Shareholders**

Water Rates	Monthly Availability Charge (includes capital reserve) 5/8", 3/4" & 1" residential meters	\$57.89
	Monthly Usage Charges (per 100 gallons)	
	0 gal. to 1500 gal.	\$0.000
	1,500 gal. to 10,000 gal.	\$1.200
	10,000 gal. to 50,000 gal.	\$1.520
	50,000 gal. & over	\$1.660
Sewer Rates	Monthly Availability Charge (includes capital reserve)	\$80.11

**COMMERCIAL, IRRIGATION & CONSTRUCTION - Shareholders**

Water Rates	Monthly Availability Charge (includes capital reserve) 3/4" or smaller meter	\$86.84
	1" meter	\$144.73
	1 1/2" meter	\$289.45 (hydrant mtr)
	2" meter	\$463.12
	3" meter	\$868.35
	4" meter	\$1,273.58
	6" meter	\$2,894.50
	8" meter	\$4,631.20
	Monthly Usage Charges (per 100 gallons)	
	0 gal. to 1500 gal.	\$0.000
	1,500 gal. to 10,000 gal.	\$1.200
	10,000 gal. to 50,000 gal.	\$1.520
	50,000 gal. & over	\$1.660
Commercial Sewer Rates	Per 3000 gal. Water Usage (minimum charge \$80.11 - includes capital reserve)	\$80.11

**CAPITAL RESERVE FEE - Shareholders**

Monthly Undeveloped Shares (per share)	\$57.00
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**MISCELLANEOUS MONTHLY CHARGES**

Dormant Account Charge	\$87.89
Water Softener Surcharge	\$150.00
Special Meter Read Fee (Sub-meters)	\$25.00

## SERVICE CHARGES & FEES

Administration Fee	\$25.00
New Account Set-up Charge	\$35.00 (one-time fee)
Share Transfer w/certificate	\$125.00
Lost Share Fee (additional charge)	\$125.00
State Water Allocation (undev property)	% of County Chg
Disconnect Fee/Cust Req Mtr Shut Off	\$50.00
Reconnection Fee - Cust Req	\$50.00
Reconnection Fee/Mtr Shut Off Non Pay(during business hours 8am-3:30pm)	\$50.00
Reconnection Fee/Mtr Shut Off Non Pay(after business hours)	\$150.00
Return Check Fee - SW	\$25.00
Meter Testing (per occurrence)	\$130.00
New Meter Installations	\$700.00
(standard installation 1" or smaller meter)	
New Meter Installations	Time & Material
(1 1/2" and larger meters and all meter downsizing)	
Misc. Receivables	Time & Material
Copy Cost-Hard, Scanned or Emailed (1st. three pages free per mo)	.33 per page

## TIME & MATERIAL RATES

HOURLY LABOR RATES	REGULAR (7 am - 3:30 pm)	AFTER HOURS (3:30 pm - 7 am)
General Manager	\$125.00	\$187.50
Utility Manager/Supervisor	\$75.00	\$112.50
System Operator	\$60.00	\$90.00
Laborer	\$40.00	\$60.00
Clerical	\$50.00	\$75.00

Note: Staff time will be portal to portal.

### Expenses

Reimbursement for expenses included, as a direct result of the scope of work or at the request of the customer will be invoiced at cost plus 15%.

- All material used in drawing, printing and reproduction
- Postage and delivery charges
- Long distance telephone and data transmission
- Outside professional consultant/contractor fees
- All material required for installation and repair

## PENALTIES & INTEREST

-Utility Billing Late Penalty (after the 28th of mo)	10% of balance
-Secondary Receivables Late Penalty (after 30 days)	10% of balance
-Interest - 60+ days (all receivables)	1.5% of balance per month

## **BILLING SCHEDULE**

### Utility Billing

-Meters are read at the end of each month and all charges are billed monthly on the 1st of the next month, due on the 28th.

### Secondary Receivables

-State Water Availability for Undeveloped Properties - Billed in January and July each year - net 30.

-Time & Material Receivables - Billed at time of service - net 30.

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NOTE: Contracts for Non-shareholders are established on a case-by-case basis to include, but not limited to, standard shareholder usage charges plus a 30% surcharge, capital fees, legal and administrative costs.

# San Miguelito Mutual Water Company

## General Manager's Report

Meter and Share Activity – In 2023 there were no new residential water meters set. As of May 2023, our totals for meters and shares are as follows:

### Meter Summary

Residential	634
Commercial	20
Irrigation	31
Construction/Hydrant	2
Total	687

### Share Summary

Residential	635
Commercial	190
Inactive	216
Total	1,041

Water Production 2023 – Last year we produced 43,942,653. gallons (135 Acre Feet) of that 76 AF (55%) was delivered by State Water and 61 AF (45%) was produced from our Wells. The Board of Directors set a production goal for 2023 of 50% State Water and 50% Well Water.

The distribution of our water use is:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Residential	59%	51%	55%	58%	54%	54%	53%	56%	56%	52%	52%
Commercial	19%	18%	21%	17%	21%	19%	19%	22%	21%	21%	20%
Irrigation	17%	21%	22%	22%	21%	23%	24%	18%	18%	22%	25%
System	5%	10%	2%	3%	4%	04%	04%	04%	05%	05%	03%

Wastewater Collection, Treatment and Disposal – Our wastewater treatment plant processed approximately 27 million gallons (80AF) of wastewater in 2023. Average Daily flows varied from a low of 67,000 gals per day in October to a high of 96,000 gals per day in month in March. January was the month with the highest rainfall at 13.58 inches, total rain for the year was 42.72 inches.

State Water 2023/2024 – Due to 2023's high rainfall conditions the State Department of Water Resources set the State Water allocations to 100% of the State Water Contractors "Table A" allocation by year end. The Water Company's Table A allocation is 275 AF. 2024's allocation is set at 40% of the State Water Contractors "Table A" allocation.

# **San Miguelito Mutual Water Company**

## **Operations Report**

### **2023**

#### **Systems Maintenance**

Operations staff continued with preventative maintenance that included replacing water system sample taps, flushing the system and exercising valves.

We had a larger than normal turnover in our operational employees, so we spent a lot of time training, educating, and certifying our team.

Staff continued to work with the Regional Water Quality Control Board to review the existing WDID discharge permit requirements.

#### **Capital Projects**

The approved 2023 Capital Improvement Program budget included approximately \$196,000. for water system improvements and \$239,000. for wastewater system improvements. Also included in the 2023 CIP budget was the purchase of a new server and some computer updates at a cost of \$15,000.

The major water projects included water meter replacements in Indian Hill and an emergency change in projects to a VFD replacement at the water treatment plant and the generator in Heron Crest.

The major wastewater system improvements included in this year were the purchase of a sewer jetting trailer and an emergency change in projects to a generator and VFD replacement at lift station 3.

#### **Special Projects**

SMMWC has been a participant in a grant funded effort to develop improvement plans for a new fishway and repair of the Marre Weir. The grant allocated funds paid for an engineering firm to complete the plans to 65% for the Lower San Luis Creek Steelhead Habitat Restoration, Fish Passage, and Seawater Intrusion Barrier Planning Project. The 65% plan has been completed and some of the necessary permitting and associated reports have been submitted. Additional funding will be required to complete the plans to 100% and to secure the required permits from the regulatory agencies involved.

Additionally, SMMWC is working with the County to develop the procedures required for SMMWC to sell a portion of unused State Water based on the completed Cleath Harris Groundwater Reliability testing and study.