



**May 19, 2023**

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



## San Miguelito Mutual Water Company

### Annual Meeting

May 19, 2023, 2:00pm

SMMWC Board Room  
1561 Sparrow Street  
San Luis Obispo, CA 93405-8056  
or

**Please join our meeting from your computer, tablet or smartphone.**

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### Agenda

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2:00pm	Pledge of Allegiance	Michael Nordstrom, President
	Minutes of Last Meeting	Marvin St Pierre, Vice President
	President's Remarks	Michael Nordstrom, President
	Financial Report	Marvin St Pierre, Vice President
	Manager's Report	Michael Nordstrom, President
	Capital Projects Review	Ryan Smith, Utility Supervisor
	Questions and Answers	Board of Directors, Management
	Ballot Results	League of Women Voters, Election Inspector
	Adjourn	Michael Nordstrom, President

## Board of Directors

May 19, 2023

OFFICE HELD	NAME	EXPIRATION OF TERM
President	Michael Nordstrom	May, 2023
Vice President	Marvin St Pierre	May, 2025
Financial Officer	Larry Bittner	May 2025
Secretary	Robert Peterson	May, 2023
Director	Rick Koon	May, 2023
Director	Robin L. Rossi	May, 2025
Director	Paul O'Malley	May, 2025

**SAN MIGUELITO MUTUAL WATER COMPANY  
SHAREHOLDERS LIST  
AS OF 04/28/2023**

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 .....	9 SHARES
KINGFISHER RESIDENTS .....	121 SHARES
CDF-FIRESTATION #13 .....	1 SHARE
SKYLARK MEADOW RESIDENTS .....	65 <sup>1</sup> SHARES
HERON CREST RESIDENTS .....	66 <sup>1</sup> SHARES
QUAIL CANYON RESIDENTS .....	22 <sup>1</sup> SHARES
MALLARD GREEN RESIDENTS .....	53 SHARES
SCM AVILA BEACH PARTNERS LLC .....	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 20, 2022

SMMWC Office  
1561 Sparrow Street  
San Luis Obispo, CA

Or

VIA  
GTOMEETING.COM

REGISTRATION OF SHAREHOLDERS

The Annual Meeting Packet that included the 2022 Agenda, List of Directors & List of Shareholders as of May 20, 2022, 2021 Annual Meeting Draft Minutes, 2021 Financial Statements, 2021 & 2022 Budget, 2022 Rate Schedule, Manager's Report and Operations Report.

Board Members Present: Michel Nordstrom, Marvin St Pierre, Rick Koon, Rob Rossi, Larry Bittner, Bob Peterson

Board Member Absent: Paul O'Malley

Staff: Geoff English, General Manager, Michelle Edson, Accounting & Administrative Manager and Shannon Santos, Operations Support & Customer Service

Legal Counsel: None

Shareholders: Dominique Dunn, Andrew Winterbottom, Karla Bittner, 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 Edson 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 Bob Peterson, seconded by Bob Pusanik to accept the minutes of the May 22, 2021, meeting as written. Motion passed with amendment 6 – 0. Paul O'Malley absent.

## PRESIDENT'S REMARKS

President Nordstrom expressed his appreciation for the Board Members who are voluntarily serving the Company and the Employees.

## FINANCIAL REPORT

General Manager Geoff English presented the San Miguelito Mutual Water Company 2021 Financial Statements, as prepared by the accounting firm of Moss, Levy & Hartzheim LLP. He read this from the financial report. "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". It was a clean audit report without any necessary modifications required.

## MANAGER'S REPORT, OPERATIONS REPORT, 2021 and 2022 CAPITAL PROJECTS REVIEW

General Manager English prepared a slide show presentation to share the 2021 projects. The reports as follows:

### General Managers Report

In 2021 -

- Total water connections are 688 and total number of shares is 1041.
- Water production for 2021 was 179.1-acre feet. Of that, 70% or 124.3-acre feet was delivered by state water project, the remaining 30% came from our three wells.
- Total wastewater production for 2021 averages 60 to 80 gpd.

### Operations Report –

- Staff continue to do preventative cleaning of the Water and Wastewater system in most neighborhoods.
- Staff painted and refurbished pumps, hydrants, pipes, vents and electrical panels throughout the system.
- Staff continued to proactively remove tree roots from sewer lines and manholes.
- Well 4A was videotaped, brushed clean and fitted with a new pump.
- Well 5A and 6A were outfitted with transducers that communicate water levels 24/7.

### Capital Projects-

- Tank 550 inspection, painting and replacement of staff gage.
- Water meter replacement and the clean out of tank 400.
- Meters installed at the Wastewater Treatment Plant and at Lift Station 3.
- Telemetry system upgrades.
- Pump replacement at Lift Station 2.

### 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 2022 –

- 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.
- Tank 100 Inspection & Refurbished
- Booster Pump Replacement
- Telemetry system improvements
- Lift Station Pump Replacement & Rehab
- Replacement of Aeration Equipment

## QUESTION & ANSWER

Andrew Winterbottom asked if we have seen any subside in the wells? President Nordstrom stated the drawdown test done in August 2021 which is one of the hotter months showed almost no drawdown. Carla Bittner asked if we could lift the Tuesday and Friday outdoor irrigation mandate? General Manager English replied that we are currently in Stage II Conservation and Tuesday and Friday irrigation is required.

ADJOURNMENT

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

Proceedings recorded by:  
Michelle Edson, Accounting & Administrative Manager

Respectfully Submitted,

Approved:

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Marvin St Pierre, Vice President

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Michael Nordstrom, President

DRAFT

# ANNUAL SHAREHOLDERS MEETING

May 20, 2022

## SHARE REPRESENTATION

1041 Total Shares – 20% Necessary for Quorum 209 Shares

Michael Nordstrom	1 share
Marvin St. Pierre	1 share
Robert Peterson	1 share
Larry Bittner	1 share
Rob Rossi – ABR, E. Hartford, AVLLC and OUAT	197 shares
Rick Koon – Avila Land Development, LLC.	11 shares
Residential and Commercial in Attendance	4 shares
<b>TOTAL SHARES REPRESENTED</b>	<b>216 shares</b>

**San Miguelito Mutual Water Company**

**Reviewed Financial Statements**

**December 31, 2022**

## **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, 2022, 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.

*Moss, Levy & Hartzheim LLP*

Santa Maria, California

April 21, 2023

**San Miguelito Mutual Water Company**  
Balance Sheet  
December 31, 2022

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**Assets**

Current assets

Cash and cash equivalents (Note 1)	\$ 456,811
Accounts receivable (Note 1)	2,636
Deposits	448
Prepaid expenses	7,808

Total current assets	<u>467,703</u>
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Property and equipment (Note 4)	12,671,139
Less accumulated depreciation	<u>(6,711,662)</u>

Net property and equipment	<u>5,959,477</u>
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Other assets

Capital and state water reserves (Note 3)	4,585,148
Local water rights (Note 1)	<u>238,030</u>

Total other assets	<u>4,823,178</u>
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Total assets	<u><u>\$ 11,250,358</u></u>
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**Liabilities and stockholders' equity**

Current liabilities

Accounts payable	\$ 129,788
Payroll liabilities	48,102
Unearned revenue	<u>28,737</u>

Total current liabilities	<u>206,627</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)	13,649,368
Retained earnings	
Unreserved	<u>(3,283,020)</u>

Total stockholders' equity	<u>11,043,731</u>
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Total liabilities and stockholders' equity	<u><u>\$ 11,250,358</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, 2022**

Revenue		
Water and sewer usage fees		\$ 1,379,720
New service fees		1,155
Late and other administrative fees		20,568
Contract services		18,000
Building rent		27,600
Sewer facilities rent		45,420
State water payment, stockholders with undeveloped property		54,027
	Total revenue	<u>1,546,490</u>
Operating expenses		
State water		385,889
Personnel costs		327,370
Consulting		6,813
Depreciation (Note 4)		486,881
Lab tests		48,530
Other programs		1,917
Repairs and maintenance		109,039
Supplies		27,807
Training, education, health and safety		8,153
Telephone and communications		7,125
Uniforms		7,002
Utilities		115,894
Vehicles		23,853
	Total operating expenses	<u>1,556,273</u>
General and administrative expenses		
Accounting and legal		17,409
Bank fees		3,779
Consulting		39,120
Insurance		29,850
Licenses, fees and dues		31,345
Miscellaneous		2,646
Office supplies and equipment		19,221
Personnel costs		228,964
Property taxes		8,352
Rent		27,600
Repairs and maintenance		7,385
Telephone and internet		4,383
Utilities		3,999
	Total general and administrative expenses	<u>424,053</u>
	Total expenses	<u>1,980,326</u>
	Loss from operations	<u>(433,836)</u>
Other income (expense)		
Interest		52,567
	Total other income (expense)	<u>52,567</u>
	Loss before income taxes	<u>(381,269)</u>
Provision for income taxes, current (Notes 1 and 5)		<u>(800)</u>
	Net loss	<u>\$ (382,069)</u>

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, 2022**

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	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	
	<u>Shares</u>	<u>Cost</u>	<u>Paid-in</u>	<u>Earnings</u>	<u>Total</u>
			<u>Capital</u>	<u>(Deficit)</u>	
Balance, December 31, 2021	1,041	\$ 677,383	\$ 12,952,083	\$ (2,900,951)	\$ 10,728,515
Capital Contributions			697,285		697,285
Net loss				(382,069)	(382,069)
Balance, December 31, 2022	<u>1,041</u>	<u>\$ 677,383</u>	<u>\$ 13,649,368</u>	<u>\$ (3,283,020)</u>	<u>\$ 11,043,731</u>

See accompanying notes and independent accountants' review report.

**San Miguelito Mutual Water Company**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2022**

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Cash flows from operating activities:	
Net loss	\$ (382,069)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	486,881
Earnings on investments	(52,567)
(Increase) decrease in:	
Accounts receivable	6,459
Prepaid expenses	(1,242)
Increase (decrease) in:	
Accounts payable	115,195
Payroll liabilities	(1,857)
Unearned revenue	(24,707)
Net cash provided by operating activities	<u>146,093</u>
Cash flows from investing activities:	
Purchases of property and equipment	(431,998)
Purchases of investments	<u>(385,515)</u>
Net cash used by investing activities	<u>(817,513)</u>
Cash flows from financing activities:	
Capital contributions	<u>697,285</u>
Net cash provided by financing activities	<u>697,285</u>
Net increase in cash and cash equivalents	25,865
Cash and cash equivalents at beginning of year	<u>430,946</u>
Cash and cash equivalents at end of year	<u><u>\$ 456,811</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, 2022, 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, 2022. 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, 2019, and by the California Franchise Tax Board for the years ended on or after December 31, 2018.

***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, 2022, accounts receivable totaled \$2,636, consisting of \$2,497 owed for December utility bills and the state water receivable of \$139.

**San Miguelito Mutual Water Company**  
Notes to the Financial Statements  
For the Year Ended December 31, 2022

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**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 April 21, 2023, 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, 2022, SMMWC had \$201,644 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 \$4,585,148. Included in this amount is \$4,585,148 for repair and replacement of fixed assets at December 31, 2022.

**Note 4 - Property and Equipment**

Depreciation expense totaled \$486,881 for the year ended December 31, 2022. Property and equipment consisted of the following at December 31, 2022:

	Estimated Useful Lives in Years	2021	Additions	Disposals	2022
Water and sewage distribution	15-45	\$ 10,253,412	\$ 337,179	\$ -	\$ 10,590,591
State water construction	39	836,072			836,072
Building	39	695,263	15,973		711,236
Vehicles	5-7	113,466	78,846		192,312
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		12,239,141	431,998		12,671,139
Accumulated depreciation		(6,224,781)	(486,881)		(6,711,662)
Net property and equipment		<u>\$ 6,014,360</u>	<u>\$ (54,883)</u>	<u>\$ -</u>	<u>\$ 5,959,477</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 \$833,898 was calculated for the year ended December 31, 2022. Since SMMWC does not expect to utilize this deferred tax asset in the foreseeable future a valuation allowance totaling (\$833,898) that offsets the deferred tax asset was recorded, for net deferred taxes of zero at December 31, 2022. The net change in the net deferred tax asset and valuation allowance totaled \$80,234 for the year ended December 31, 2022.

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, 2022 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 \$13,649,368, for the year ended December 31, 2022.

**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, 2022. 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, 2022 totaled \$9,636.

**Note 9 - Rent**

Monthly transfers of \$2,300, or \$27,600 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- 2023 Budget**

**Water**

	2022 Budget	2022 Est. Actuals	2023 Budget
Water Revenue (w/o capital)	\$897,149	\$897,027	\$901,501
Residential	\$447,246	\$447,000	\$449,159
Commerical	\$191,925	\$191,000	\$201,445
Irrigation	\$204,194	\$205,000	\$200,155
State Water ( undeveloped shares)	\$53,784	\$54,027	\$50,742
 Water Expenses	 (\$897,924)	 (\$935,210)	 (\$900,669)
State Water	(\$383,399)	(\$375,064)	(\$346,834)
Operating Expense	(\$292,000)	(\$324,600)	(\$303,070)
Gen Admin Expense (50%)	(\$222,525)	(\$235,546)	(\$250,765)
 Net Water Operational Earnings	 (\$775)	 (\$38,183)	 \$832

<b>2023</b>	<b>Capital Fee \$</b>
<b>Water</b>	<b>\$263,250</b>
<b>Sewer</b>	<b>\$332,960</b>
<b>Total</b>	<b>\$596,210</b>

**Wastewater**

	2022 Budget	2022 Est. Actuals	2023 Budget
Wastewater Revenue (w/o capital)	\$511,633	\$511,000	\$559,009
Residential	\$341,791	\$339,000	\$367,628
Commerical	\$157,028	\$158,000	\$177,104
Contract Customers	\$12,814	\$14,000	\$14,277
 Wastewater Expenses	 (\$514,025)	 (\$527,546)	 (\$559,635)
Operating Expense	(\$291,500)	(\$292,000)	(\$308,870)
Gen Admin Expense (50%)	(\$222,525)	(\$235,546)	(\$250,765)
Net Wastewater Operational Earnings	(\$2,392)	(\$16,546)	(\$626)
 <b>SMMWC Overall Operating Earnings</b>	 (\$3,167)	 (\$54,729)	 \$206

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2022 YE	Operational	State Water Reserve	Capital Reserves
Estimate	\$80,000	\$272,000	\$5,050,000
Minimum Target	\$70,000	\$210,000	\$4,800,000

**San Miguelito Mutual Water Company**  
**Approved- 2023 State Water Budget**

<b>State Water Reserves as of Dec 31, 2022</b>	<b>\$280,000</b>	<b>EST. Jan 2023 payment \$186,000</b>			
<b>State Water Reserves as of Dec 31, 2023</b>	<b>\$275,616</b>				
<b>Min Target</b>	<b>\$210,000</b>				
			<b>2022 Budget</b>	<b>2022 Est. YE</b>	<b>2023 Budget</b>
Money Transferred to State Water Reserve Fund (226.81 AF/2017 82.475 %)			\$329,615	\$329,616	\$311,087
Developer State Water Reimbursement (48.19 AF/2017 17.525%)			\$53,784	\$54,027	\$50,742
Investment Income, Late Fees, and Interest Income from SWR			\$3,000	\$494	\$3,000
			<b>\$386,399</b>	<b>\$384,137</b>	<b>\$364,829</b>
<b>CONTRIBUTIONS to State Water Reserve</b>					
DWR Charges for State Water - (275 AF)			(\$260,699)	(\$258,575)	(\$248,137)
DWR Charges for State Water Drought Buffer			(\$38,500)	(\$47,646)	(\$49,306)
DWR Pay-Go Cost <sup>8</sup>			(\$7,700)	\$0	\$1,991
CCWA(O&M Wheeling-State Water Aqueduct to Lopez)			(\$41,500)	(\$34,324)	(\$35,219)
SLOFCWCD (O&M, Wheeling - Lopez to SMMWC)			(\$35,000)	(\$45,344)	(\$38,542)
			<b>(\$383,399)</b>	<b>(\$385,869)</b>	<b>(\$369,213)</b>
<b>PAYMENTS from State Water Reserve</b>					
<b>NET CHANGE to State Water Reserves</b>			<b>\$3,000</b>	<b>(\$1,752)</b>	<b>(\$4,384)</b>

**Notes:**

1. Money Transferred to State Water Reserve is based monthly on Water Billing Revenue from shareholders. In 2023 we are financing these cost at 98%. We anticipation credits back for taking less than allocated for in 2022.
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- 2023 Capital Summary Reserve Report**

	2022 Budget	2022 Estimated YE	2023 Budget
<b>Capital Reserve Inflow</b>			
Capital Reserve Fee Income (developed)	\$585,845	\$585,845	\$596,210
Capital Reserve Fee Income (undeveloped)	\$139,766	\$139,766	\$141,588
Investment Interest	\$40,000	\$38,739	\$40,000
Sycamore Capital Rent	\$45,420	\$45,420	\$45,420
SMMWC Office Building Rent	\$27,600	\$27,600	\$28,800
<b>Total Capital Reseves Inflow</b>	<b><u>\$838,631</u></b>	<b><u>\$837,370</u></b>	<b><u>\$852,018</u></b>
<b>Capital Reserve Outflow</b>			
System Infrastructure Projects	(\$517,000)	(\$332,557)	(\$465,000)
Special Projects	(\$800,000)	(\$92,273)	(\$23,000)
<b>Total Capital Outflow</b>	<b><u>(\$1,317,000)</u></b>	<b><u>(\$424,830)</u></b>	<b><u>(\$488,000)</u></b>
<b>Net Capital Reserves</b>	<b><u>(\$478,369)</u></b>	<b><u>\$412,540</u></b>	<b><u>\$364,018</u></b>

**NOTES                      2022**

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. 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, 2021 Depreciation Expense was about \$486,861.

3. 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.

4. 2023 Office building rent of \$2,400 per month is paid to Capital Reserves, which funded the building. By December 2022 we will have paid back \$205,200.

Monthly		
	Water	WW
2022	\$27.00	\$29.00
2023	\$27.00	\$30.00

San Miguelito Mutual Water Company  
Approved- 2023 Capital Projects Report

System Infrastructure	Water/ Wastewater	Acct #	Staff/ Contract	Priority	Start QTR	Finish QTR	Capital Labor	2023 Budget Primary	Spent YTD	2023 Budget Remaining	Cost to Complete	Projected Total Project Cost	YTD Under (Over) Budget
<b>Water</b>													
Telemetry System Implementation Phase	W	1420.1	C	Med				\$30,000					
Meter Replacement	W		S	High				\$47,000					
Water Sampling Equipment (Hach sl100 meter)	W			Med				\$8,500					
WTP Building/Relocate Seatrain	W		C	Med				\$104,500					
Well 4A and 5A Cover Replacement	W		C	Med				\$6,000					
<b>Wastewater</b>													
Telemetry System Implementation Phase	WW	1420.5	C	Med				\$5,000					
Sewer Jetter Trailer	WW			Med				\$95,000					
6"Force Main Extension Project - (investigation only)	WW		C	High				\$5,000					
LS #3 Improvement Project	WW		C	High				\$63,500					
Manhole RehabProject	WW		C	High				\$15,500					
WWTP Sludge Removal	WW		C	Med				\$55,000					
<b>Other</b>													
Computer Network Upgrade Project (new server)								\$15,000					
<b>Capital Labor Reimbursement</b>													
SYSTEM PROJECTS								\$15,000					
<b>2023 Capital Projects Water/WW Totals</b>							\$0	\$465,000	\$0	\$0	\$0	\$0	\$0

Special Projects	Water/ Wastewater	Acct #	Staff Contract	Priority	Start QTR	Finish QTR	Capital Labor	2023 Budget Primary	Spent YTD	2023 Budget Remaining	Cost to Complete	Projected Total Project Cost	YTD Under (Over) Budget
State Water Sales - Enviromental Review Findings Document	W							\$8,000					
Marre Weir Project Grant Writing Support	W	1426.5	C	Med				\$15,000					
<b>Capital Labor Reimbursement</b>													
SPECIAL PROJECTS													
<b>Special Projects Totals</b>							\$0	\$23,000	\$0	\$0	\$0	\$0	\$0

**2023 Total Capital Projects** **\$488,000**

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

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

10/27/2022

**RESIDENTIAL - Shareholders**

Water Rates	Monthly Availability Charge	\$57.89
	(includes capital reserve) 5/8", 3/4" & 1" residential meters	
	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	\$80.11
	(includes capital reserve)	

**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
Commercial Sewer Rates	Per 3000 gal. Water Usage	\$80.11
	( <u>minimum</u> charge \$80.11 - includes capital reserve)	

**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 (standard installation 1" or smaller meter)	\$700.00
New Meter Installations (1 1/2" and larger meters and all meter downsizing)	Time & Material
Misc. Receivables	Time & Material
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## 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 2022 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	33
Construction/Hydrant	1
Total	688

### Share Summary

Residential	635
Commercial	190
Inactive	216
Total	1,041

Water Production 2022 – Last year we produced 54,450,441 gallons (168 Acre Feet) of water. 83 AF (49%) was delivered by State Water and 85 AF (51%) was produced from our Wells. The Board of Directors set a production goal for 2022 of 50% State Water and 50% Well Water.

The distribution of our water use is:

	<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>	<u>2012</u>
Residential	51%	55%	58%	54%	54%	53%	56%	56%	52%	52%	55%
Commercial	18%	21%	17%	21%	19%	19%	22%	21%	21%	20%	20%
Irrigation	21%	22%	22%	21%	23%	24%	18%	18%	22%	25%	23%
System	10%	2%	3%	4%	04%	04%	04%	05%	05%	03%	02%

Wastewater Collection, Treatment and Disposal – Our wastewater treatment plant processed approximately 26 million gallons (80AF) of wastewater in 2022. Average Daily flows varied from a low of 61,589 gals per day in November to a high of 84,530 gals per day the following month in December. December was the month with the highest rainfall at 7.35 inches, total rain for the year was 12.55 inches.

State Water 2022/2023 – In 2022 due to multiple years of low rainfall conditions the State Department of Water Resources set the State Water allocations to 15% of the State Water Contractors “Table A” allocation. The Water Company’s Table A allocation is 275 AF and 275 AF of Drought Buffer, providing for 82.50AF of our delivery to come from the 2022 allocation and the additional water to come from our previously carryover State Water. In October of 2022 we placed our SW allocation request for 2023, at this time the SW allocation was set at 5%. After all the rain in December and the first part of 2023 the State Water allocations have gone up to 100%.

# **San Miguelito Mutual Water Company**

## **Operations Report**

### **2022**

#### **Systems Maintenance**

Operations staff continued with preventative maintenance that included production well pump maintenance, hydrant flushing and miscellaneous leak repairs throughout the system.

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 worked with the Regional Water Quality Control Board to review the existing WDID discharge permit requirements.

#### **Capital Projects**

The approved 2022 Capital Improvement Program budget included approximately \$174,500 for water system improvements and \$186,000 for wastewater system improvements. Also included in the 2022 CIP budget were the purchase of a ¾ ton truck with a portable fuel tank and golf cart for meter reading.

The major water projects included inspection and refurbishment of tank 100, telemetry system improvements and the purchase of automated reading water meters. The phased improvements to the water telemetry system focused on better remote monitoring of necessary operational information such as well levels and flow rates.

The major wastewater system improvements included in this year's projects were aeration equipment replacements and a new pump for lift station 2 and pipe replacements at the Wild Cherry Canyon Wastewater Treatment Plant.

#### **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 Sate Water based on the completed Cleath Harris Groundwater Reliability testing and study.