



BOARD OF DIRECTORS MEETING

AGENDA

January 4, 2024, Regular Meeting

Monte Rio Community Center

20488 Highway 116

Monte Rio, CA 95462

6:30 p.m.

NOTICE TO PERSONS WITH DISABILITIES: It is the policy of the Sweetwater Springs Water District to offer its public programs, services and meetings in a manner that is readily accessible to everyone, including those with disabilities. Upon request made at least 48 hours in advance of the need for assistance, this Agenda will be made available in appropriate alternative formats to persons with disabilities. This notice is in compliance with the Americans with Disabilities Act (28 CFR, 35.102-35.104 ADA Title II).

Any person who has any questions concerning any agenda item may call the General Manager or Assistant Clerk of the Board to make inquiry concerning the nature of the item described on the agenda; copies of staff reports or other written documentation for each item of business are on file in the District Office and available for public inspection. All items listed are for Board discussion and action except for public comment items. In accordance with Section 5020.40 et seq. of the District Policies & Procedures, each speaker should limit their comments on any Agenda item to five (5) minutes or less. A maximum of twenty (20) minutes of public comment is allowed for each subject matter on the Agenda unless the Board President allows additional time.

I. CALL TO ORDER *(Est. time: 2 min.)*

- A. Board members Present
- B. Board members Absent
- C. Others in Attendance

II. CHANGES TO AGENDA and DECLARATIONS OF CONFLICT *(Est. time: 2 min.)*

III. CONSENT CALENDAR *(Est. time: 5 min.)*

(Note: Items appearing on the Consent Calendar are deemed to be routine and non-controversial. A Board member may request that any item be removed from the Consent Calendar and added as an "Administrative" agenda item for the purposes of discussing the item(s).)

- A. Approval of the Minutes of the December 4, 2023 Regular Board Meeting
- B. Approval of Operations Warrants/Online payments/EFT payments

- C. Receipt of Item(s) of Correspondence.
Note: Correspondence received regarding an item on the Administrative Agenda is not itemized here, but will be attached as back-up to that item in the Board packet and addressed with that item during the Board meeting.

IV. PUBLIC COMMENT: The District invites public participation regarding the affairs of the District. This time is made available for members of the public to address the Board regarding matters which do not appear on the Agenda, but are related to business of the District. Pursuant to the Brown Act, however, the Board of Directors may not conduct discussions or take action on items presented under public comment. Board members may ask questions of a speaker for purposes of clarification.

V. ADMINISTRATIVE

- A. Discussion/Action re FY 2022-23 Draft Audit. *(Est. time 15 min.)*
- B. Discussion/Action re Resolution 24-01, Authorizing The GM To Sign a Contract Amendment With Coastland Civil Engineering For The Update To The District's Master Plan and Development Of a District GIS System And Approving An Overall Budget Of \$218,840. *(Est. time 15 min)*
- C. Discussion /Action re Continuing Use of the Monte Rio Community Center for Board Meetings. *(Est. time 10 min)*
- D. Discussion/Action re Board Subcommittee Reports (standing item) *(Est. time 5 min.)*
Subcommittees: Recruitment/Retention

VI. GENERAL MANAGER'S REPORT

- 1. Laboratory Testing/Regulatory Compliance
- 2. Water Production and Sales
- 3. Leaks
- 4. Guerneville Rainfall
- 5. In-House Construction Projects
- 6. Grants
- 7. Moscow Road Update
- 8. Potter Valley Project
- 9. Gantt Chart

VII. BOARD MEMBERS' ANNOUNCEMENTS

VIII. ITEMS FOR NEXT AGENDA

IX. CLOSED SESSION

- A. Pursuant to Gov. Code Section 54957(b)(1) – Public Employee Performance Evaluation
Title: General Manager

ADJOURN

Sweetwater Springs Water District Mission and Goals

The mission of the Sweetwater Springs Water District (SSWD) is to provide its customers with quality water and service in an open, accountable, and cost-effective manner and to manage District resources for the benefit of the community and environment. The District provides water distribution and maintenance services to five townships adjacent to the Russian River:

- Guerneville
- Rio Nido
- Guernewood Park
- Villa Grande
- Monte Rio

GOAL 1: IMPLEMENT SOUND FINANCIAL PRACTICES TO ENSURE EFFECTIVE UTILIZATION OF DISTRICT RESOURCES

GOAL 2: PROVIDE RELIABLE AND HIGH QUALITY POTABLE WATER WITH FACILITIES THAT ARE PROPERLY CONSTRUCTED, MANAGED AND MAINTAINED TO ASSURE SYSTEM RELIABILITY

GOAL 3: HAVE UPDATED EMERGENCY PREPAREDNESS PLANS FOR ALL REASONABLE, FORESEEABLE SITUATIONS

GOAL 4: DEVELOP AND MAINTAIN A QUALITY WORKFORCE

GOAL 5: PROVIDE EXCELLENT PUBLIC OUTREACH, INFORMATION AND EDUCATION

GOAL 6: ENHANCE BOARD COMMUNICATIONS AND INFORMATION



BOARD MEETING MINUTES*

Meeting Date: December 4, 2023

(*In order discussed)

December 4, 2023
6:30 p.m.

Board Members Present:

Tim Lipinski
Sukey Robb-Wilder
Gaylord Schaap
Nance Jones

Board Members Absent:

Richard Holmer

Staff in Attendance:

Eric Schanz, General Manager
Julie Kenny, Secretary to the Board (training)

Others in Attendance:

Erica Gonzalez, Meyers Nave et al.

I. CALL TO ORDER (6:30 p.m.)

The properly agendized meeting was called to Order by President Lipinski at 6:39 p.m.

II. CHANGES TO AGENDA and DECLARATION OF CONFLICT (6:40 p.m.)

(None.)

III. CONSENT CALENDAR (6:40 p.m.)

President Lipinski reviewed the items on the Consent Calendar. Director Robb-Wilder moved to approve the Consent Calendar, amended to correct a typo. Director Schaap seconded. Motion carried 4-0.

- A. Approval of the following Minutes of the November 2, 2023, Regular Board Meeting
- B. Approval of Operations Warrants/Online payments/EFT
- C. Receipt of items of Correspondence. (None)

IV. PUBLIC COMMENT (6:42 p.m.)

(None.)

V. ADMINISTRATIVE (6:42 p.m.) *

**in the order discussed*

- V-A. (6:42 p.m.) Discussion/Action re FY 2022-23 Draft Audit.** The GM announced that Auditor Michael Celentano would not be able to present the Draft Audit until the January meeting. Director Robb-Wilder moved to continue this item to the January, 2024 Board meeting. Director Jones seconded. Motion carried 4-0.
- V-B. (6:43 p.m.) Discussion/Action re Election of 2023 Officers.** The GM provided an overview of this item. Discussion ensued. Director Robb-Wilder nominated the following Board members to serve as officers:
Director Lipinski – President
Director Holmer – Vice President
Director Jones – Financial Coordinator
Director Schaap seconded. Comments were made by Legal Counsel Erika Gonzalez. There was no public comment. Motion carried 4-0.
- V-C. (6:48 p.m.) Discussion/Action re District Unfunded Liability with CalPERS.** Administrative Manager Julie Kenny provided an overview of this item. Discussion ensued. Comments were made by the GM. Further discussion ensued. Director Jones moved to proceed with an extra payment on our CalPERS Unfunded Liability of \$275,000 in FY 2023-24. Director Robb-Wilder seconded. Motion carried 4-0.
- V-D. (7:25 p.m.) Discussion/Action re Capital Improvement Project updates.** The GM provided an overview of this item. Discussion ensued. No action was taken.
- V-E. (7:49 p.m.) Discussion/Action re Continuing use of the Monte Rio Community Center for Board Meetings.** The GM provided an overview of this item. Discussion ensued. Comments were made by Legal Counsel Erica Gonzalez. Further discussion ensued. Direction was given to staff, and this item was scheduled for further discussion/action at the January meeting.
- V-F. (8:09 p.m.) Discussion/Action re County projects on Moscow Road, Monte Rio Bridge and Dutch Bill Creek Bridge.** The GM provided an overview of this item. No action was taken.
- V-G. (8:11 p.m.) Board Subcommittee Reports (standing item).
Subcommittees: Recruitment/Retention**
- Director Schaap announced that the subcommittee did not meet; therefore, they did not have anything to report.

VI. GENERAL MANAGER'S REPORT (8:13 p.m.)

The GM provided a report on the following items:

1. Laboratory testing / Regulatory Compliance
2. Water production and sales
3. Leaks
4. Guerneville Rainfall
5. In-House Construction Projects
6. Grants
7. Potter Valley Project
8. Gantt Chart

Discussion ensued.

**VII. BOARD MEMBERS' ANNOUNCEMENTS/COMMENTS
(8:28 p.m.)**

(None).

VIII. ITEMS FOR THE NEXT AGENDA (8:41 p.m.)

- 1. Use of Monte Rio Community Center for meetings
- 2. FY 2022-23 Draft Audit
- 3. CIP Update
- 4. Master plan

VII. CLOSED SESSION (8:33 p.m.)

At 8:33 p.m. President Lipinski announced the items in Closed Session. There was no public comment.

At 8:34 p.m. the Board took a brief recess. The Meeting reconvened at 8:43 p.m.

At 8:43 p.m. the Board went into Closed Session. At 9:21 p.m. the meeting reconvened from Closed Session and the following action was announced:

A. Pursuant to Gov. Code Section 54957(b)(1) – Public Employee Performance Evaluation

Title: General Manager

No reportable action

ADJOURN

The meeting adjourned at 9:22 p.m.

Respectfully submitted,

Julie Kenny
Clerk to the Board of Directors

APPROVED:

Gaylord Schaap: _____
 Sukey Robb-Wilder: _____
 Tim Lipinski: _____
 Rich Holmer _____
 Nance Jones _____

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. V-A

FROM: Eric Schanz, General Manager

Meeting Date: January 4, 2024

Subject: Discussion/Action re Draft FY 2022-23 Audit Report

RECOMMENDED ACTION:

Receive a report from Auditor Michael Celentano on the FY 2022-23 Audit.

FISCAL IMPACT:

The FY 2022-23 Audit cost \$8,750.

DISCUSSION:

Our FY 2022-23 Audit was conducted by Michael Celentano, CPA. Attached is the Draft Audit report, together with Mr. Celentano's letters regarding Governance and Internal Controls. Mr. Celentano will be available by phone to provide an overview of the Draft Audit and answer questions. As a reminder, the Audit presents the District's financials using a partial accrual method of accounting, which differs from the cash presentation staff prepares for the Board on a quarterly basis.

MICHAEL A. CELENTANO
Certified Public Accountant
12204 E Camino Loma Vista
Yuma AZ 85367

707-367-9729

maccpa@pacific.net

To the Management and
The Board of Directors of
Sweetwater Springs Water District

I have audited the financial statements of the business-type activities of Sweetwater Springs Water District for the year ended June 30, 2023. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated November 16, 2023. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Sweetwater Springs Water District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the District's financial statements was:

Management's estimate of the other postemployment benefits payable and pension liabilities are based on industry guidelines and actuarial tables. I evaluated the key factors and assumptions used to develop these other postemployment benefits payable and pension liabilities in determining that it is reasonable in relationship to the financial statements taken as a whole

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

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated November 16, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

With respect to the supplementary information accompanying the financial statements, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "M. Celentano", written in a cursive style.

Michael A Celentano
Certified Public Accountant

November 16, 2023

MICHAEL A. CELENTANO

Certified Public Accountant

12204 E Camino Loma Vista

Yuma AZ 85367

707-367-9729

maccpa@pacific.net

To the Management and
The Board of Directors of
Sweetwater Springs Water District

In planning and performing my audit of the financial statements of the business-type activities of Sweetwater Springs Water District as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, I considered Sweetwater Springs Water District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sweetwater Springs Water District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Sweetwater Springs Water District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. I did not identify any deficiencies in internal control that I consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the following deficiency in Sweetwater Springs Water District's internal to be significant deficiency:

District Structure

The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the District to provide oversight and independent review functions.

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

Very truly yours,



Michael A Celentano
Certified Public Accountant
November 16, 2023



November 16, 2023

Michael A Celentano
Certified Public Accountant
12204 E Camino Loma Vista
Yuma AZ 85367

This representation letter is provided in connection with your audit of the financial statements of Sweetwater Springs Water District, which comprise the respective financial position of the business-type activities as of June 30, 2023, and the respective changes in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 16, 2023, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 25, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

22) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial.

25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

26) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.


27) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

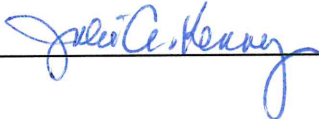
28) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

29) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

30) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34, as amended, and GASBS No 84.

- 31) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#), as amended
- 32) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) , and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Provisions for uncollectible receivables have been properly identified and recorded.
- 35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 37) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 40) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 41) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 42) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: 

Signature: 

Title: General Manager

Title: ADMIN MGR

SWEETWATER SPRINGS WATER DISTRICT

BASIC FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Draft

**SWEETWATER SPRINGS WATER DISTRICT
FINANCIAL STATEMENTS**

JUNE 30, 2023 AND 2022

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MICHAEL A. CELENTANO
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Board of Directors
Sweetwater Springs Water District
Guerneville, California

Independent Auditor's Report

Qualified Opinions

I have audited the accompanying financial statements of the business-type activities Sweetwater Springs Water District as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Sweetwater Springs Water District's basic financial statements as listed in the table of contents. In my opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Sweetwater Springs Water District as of June 30, 2023 and 2022 and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

Management has not adopted GASB Statement 68 "Accounting and Financial Reporting of Pension Plans." and amendments to GASB 68". Accounting principles generally accepted in the United States of America require that Deferred Inflows/Outflows and Adjusted Pension Expense be recorded currently which would increase the assets and liabilities and change the pension expense. The effect on Deferred Inflows/Outflows and payroll and employee benefits expenses has not been determined. See Footnote 6 for more detail.

Management has not adopted GASB Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". Accounting principles generally accepted in the United States of America require that Unfunded Postemployment Benefit's Liability, Deferred Inflows/Outflows and Adjusted Employee Benefits Expense be recorded currently which would increase the liabilities and decrease the fund balance and change the employee benefit expense. The amount by which this departure would affect the liabilities by increasing Net OPEB Liability by \$201,132 and decreasing fund balance by \$201,132. The effect on Deferred Inflows/Outflows and payroll and employee benefit expenses has not been determined. See Footnote 11 for more detail.

.Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Sweetwater Springs Water District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, I:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Michael A Celentano
Certified Public Accountant

November 16, 2023

Management Discussion & Analysis (Unaudited)

Management has prepared this financial overview of the activities of the Sweetwater Springs Water District for the fiscal year ended June 30, 2023. It serves as an introduction to the financial statements contained in the Audit Report and a summary of major activities of the District for the fiscal year. Much of the analysis is comparative to last year's activity.

The Discussion begins with a comparison of key financial activities to the prior year, together with a selection of financial activities that management considers worthy of special note for FY 2022-23. The condensed financial statements that follow provide a financial summary of the Audit Report. Following the financial statements are additional details on capital spending, District debt and future plans of the District.

I. SELECTED FINANCIAL ACTIVITIES IN 2022-23

Selected revenues, expenses, and balances:

	<u>FY 2022-23</u>	<u>FY 2021-22</u>
Water Sales:	\$2,926,608	\$2,789,045
Net Income (Change in Net Position):	(\$120,777)	\$1,820,816
Net Income excluding non-cash rev/exp:	\$1,878,269	\$2,018,542
Surplus operating income transferred to CIRF:	\$400,000	\$430,000
Operating Expenses (before depreciation):	\$1,995,951	\$2,173,238
Capital Improvement expenditures:	\$1,693,418	\$715,426
Debt Payments (principal + interest):	\$779,373	\$777,969
District reserves above policy:	\$2,676,773	\$2,450,358
Net Pension Liability or Surplus (PERS UL):	\$428,161	(\$634,822)
Capital Debt:	\$8,625,190	\$9,165,415

Other Notes for FY 2022-23

(1) Grants received: FY 2022-23 income includes \$198,709 in grant funding.

(2) PERS Unfunded Liability: PERS investment losses reported FY 2022-23 (for FY 2021-22) were over \$1 million – completely wiping out last year's Net Pension surplus and leaving the District with a Net Pension shortfall of \$428,161 at FYE.

II. BASIC FINANCIAL STATEMENTS

The Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The two statements contained in this Management's Discussion and Analysis are condensed versions of the statements in the Audit Report:

The Statement of Net Position is comparable to a Balance Sheet. It 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 of the District's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

All of the current fiscal year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position, comparable to an Income Statement. This statement measures the success of the District's operations over the past fiscal year and can be used to determine the District's creditworthiness and whether the District has successfully recovered all its costs through its user fees and other charges.

Not included in this Management's Discussion and Analysis but required in the Audit report is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

STATEMENT OF NET POSITION

A summary of the District's Statement of Net Position in FY 2022-23 compared to FY 2021-22 is presented in Table 1 below. Generally, an increase in the District's net position is a good indicator of whether its financial health is improving or deteriorating. The District's net position decreased by \$120,777 to \$14,963,932 at FYE 2023, down from \$15,084,709 at FYE 2022, largely due to fewer grant proceeds and a large unrealized loss from our FY 2021-22 investment returns (first reported in FY 2022-23) on funds held with CalPERS.

Condensed Statement of Net Position				
	<u>FYE 2022</u>	<u>FYE 2022</u>	<u>\$ Change</u>	<u>% Change</u>
Cash	3,227,398	3,800,035	(572,637)	-15.1%
Capital Assets	20,310,844	19,557,957	752,887	3.8%
Receivables/Other Assets	663,542	1,113,650	(450,108)	-40.4%
Total Assets	24,201,784	24,471,642	(269,858)	-1.1%
Bond & Loan principal debt outstanding	8,625,190	9,165,415	(540,225)	-5.9%
Other long-term liabilities	441,433	(610,113)	1,051,546	-172.4%
Other short-term liabilities	171,229	831,631	(660,402)	-79.4%
Total Liabilities	9,237,852	9,386,933	(149,081)	-1.6%
Net investment in capital assets	11,685,654	10,392,542	1,293,112	12.4%
Restricted	0	0	0	
Unrestricted	3,278,278	4,692,167	(1,413,889)	-30.1%
Total Net Position	14,963,932	15,084,709	(120,777)	-0.8%

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position provides additional information concerning this year's revenues and expenses that impacted net position. Table 2 below compares the District's Statement of Revenues, Expenses, and Changes in Net Position in FY 2022-23 versus FY 2021-22. The District's normal sources of revenue and expenses compared favorably in FY 2022-23 to FY 2021-22: Operating and normal non-operating revenues were up; Operating and normal non-operating expenses were down. However, one-time revenues (grant funding) were less than last year, and unrealized PERS investment returns were much less – a loss of \$1,065,984 – as reported in the FY 2022-23 financials compared to last year.

Table 2
Condensed Statement of Revenues, Expenses, and Changes in Net Position

	<u>FYE 2023</u>	<u>FYE 2022</u>	<u>\$ Change</u>	<u>% Change</u>
Water Sales	2,926,608	2,789,045	137,563	4.9%
Total Operating Revenues	2,926,608	2,789,045	137,563	4.9%
Operating Expenses:				
Salaries & Benefits	1,288,451	1,397,937	(109,486)	-7.8%
Services & Supplies	707,500	775,301	(67,801)	-8.7%
Depreciation Expense*	933,062	935,373	(2,311)	-
Total Operating Expenses	2,929,013	3,108,611	(179,598)	-5.8%
Net Operating Income (Loss)	(2,405)	(319,566)	317,161	99.2%
Non-Operating Revenue				
Non-Operating Revenue	982,312	938,757	43,555	4.6%
Non-Operating Expenses:				
Non-Operating Expenses:	(233,409)	(248,632)	15,223	-6.1%
Capital Project Grants	198,709	712,610	(513,901)	-72.1%
Unrealized Non-Operating Revenue (Expense)*	(1,065,984)	737,647	(1,803,631)	-244.5%
Total Non-Operating Revenue (Expenses)	(118,372)	2,140,382	(2,258,754)	-105.5%
Net Income (Loss)				
or Change in Net Position	(120,777)	1,820,816	(1,941,593)	-106.6%

* This item does not affect the District's FY cash flow

Total **operating and non-operating revenues** were \$3,908,920, 4.8% more than last year. Operating revenue (Water Sales) was up 4.9% from last year; charges for water were increased by 5%. Non-operating revenue is primarily flat charge revenue. Collected via property tax bills and expected to remain constant from year to year at around \$750,000, this year it came in at \$770,616. Finally, in FY 2022-23 the District received \$198,709 in grant funding, down from \$712,610 last year.

On the expense side, total **operating and non-operating expenses (including depreciation expense)** were \$3,162,422, 5.9% less than last year. The District's staffing costs stabilized in FY 2022-23 resulting in savings across the Board as the need for spending on transition consultants for the General Manager position subsided. Separate from the District's normal operating expense is the unrealized non-operating expense, which in FY 2022-23 consists of PERS investment losses of \$1,065,984 reported in FY 2022-23. We discuss this line item separately not only because PERS investment returns can swing widely from year to year significantly skewing overall numbers, but also because they are a non-cash expense.

III. CAPITAL SPENDING

In FY 2022-23, the District completed the CIP 2021 project and the Monte Rio Well 5 Rehabilitation project, plus continued/started other projects as noted below:

Project	Project Description	Amount spent FY 2022-23	% complete at FYE 2023
CIP 2021	Replace 5600 lf of galvanized pipe and lead goosenecks with 6" HDPE main on Old River Rd and Woodland Dr.	\$1,065,532	100% complete (Project Total: \$1,788,555)

Lower Harrison Tank Replacement	Removed old tank and replace with new 125,000 gallon tank	\$38,754	As of FYE, construction portion not yet out to bid. Est. \$586,000
Monte Rio Bridge	Remove steel main from old bridge, replace with 800 lf ductile main on new bridge	\$3,735	County project delayed for an undetermined time.
Monte Rio Well 5 Rehab	Rehab MR Well 5 and building controls	\$32,678	100% complete Project Total: \$110,190)
Moscow Road	Relocate 200 lf 8" C-900 line with 8" ductile on the river side	\$3,352	This is part of a pending County project. Est. at \$150,000
Moscow Road Emergency Project 2023	Install 150 lf of 8" c-900 main damaged by mudslide. Install 475 lf 8" water main outside the slide area to mitigate a future slide.	\$197,527	77% complete Est. \$257,640
Neeley Road project	Replace 1200 lf 2" galvanized water main and 17 water services with 6-inch C-900 pipe, plus one fire hydrant.	\$339,860	69.4% complete Est. \$489,790

In addition to these capital projects, \$11,980 was spent on Tank/Facilities improvements.

IV. DISTRICT DEBT/SOURCES OF DEBT REPAYMENT

At the beginning of FY 2022-23, the District owed a total of \$9,165,415 in bond debt and a private placement loan. During the year the District made \$540,225 in principal payments. With interest, debt payments totaled \$779,373. No new debt was taken out in FY 2022-23. At FYE, the District owed a total of \$8,625,190 in borrowed funds.

The table below summarizes activity on the bonds and loans in FY 2022-23:

<u>DEBT TYPE</u>	<u>ORIGINAL PRINCIPAL</u>	<u>PRINCIPAL OWED JULY 1, 2022</u>	<u>PRINCIPAL PAID FY 2022-23</u>	<u>PRINCIPAL OWED FYE 2023</u>
USDA G.O. Bonds	\$1,647,875 (2014)	\$1,458,798	\$29,637	\$1,429,161
USDA G.O. Bonds	\$1,535,000 (2019)	\$1,484,000	\$26,000	\$1,458,000
Capital One Bonds	7,993,000 (2013)	\$4,959,392	\$306,300	\$4,653,092
Private Placement Loan	\$3,000,000 (2008)	\$1,263,225	\$178,288	\$1,084,937
		\$9,165,415	\$540,225	\$8,625,190

V. DISTRICT RESERVES AND RESERVES ABOVE POLICY

The District adopted a Reserve Policy in 2009 that calls for leaving a designated amount of District funds in reserve for emergencies. All other District funds are considered "reserves above policy" and available for spending. In FY 2022-23, reserves above policy at FYE totaled \$2,676,773. These funds are primarily used to make District debt payments and for capital improvements

VI. ECONOMIC FACTORS, PROJECTED CAPITAL EXPENDITURES/SOURCES OF FUNDING

The bulk of the District's typical and unrestricted income is tied to water sales and flat charge revenue, both unaffected in any major way by economic events. The bulk of the District's cash on hand - over 85 percent - is conservatively managed via the County of Sonoma's investment pool. Interest rates remain low but are beginning to rise. Invested principal is secure. In addition to funds invested with the County, the District has invested in mutual funds through the Public Agency Retirement System (PARS). Use of the PARS funds is limited to an amount no greater than the costs of the PERS retirement program. The PARS investment is similar to the District's investment with the California Employee Retirement Benefit Trust (CERBT), managed by CalPERS. Use of funds invested with CERBT are limited to amounts no greater than the cost of retiree health benefits.

The District's 2021-26 Capital Improvement Program identifies almost \$5 million of additional capital projects. According to the District's long-term budget for this same time period annual capital construction costs will average about \$750,000 plus anticipated grant funding and use of District reserves to make up the balance of project costs. The District's capital construction is funded from four sources:

- **Surplus revenue.** In FY 2022-23 surplus operating revenue was \$400,000 and surplus capital revenue was \$397,491, for a total of \$797,491.
- **Grants.** In FY 2022-23 the District recorded \$198,709 in grant funding for capital projects and is approved for additional grant funding expected to be received for the next two years.
- **Loan proceeds.** The District is not considering incurring additional debt at FYE.
- **Reserves at FYE.** Reserves available for capital spending and capital debt ("reserves above policy") were at \$2,676,773 at FYE 2023. Less anticipated debt expenditures in FY 2023-24 as well as funds held with PARS and CERBT, at FYE reserves available for future capital project expenditures were approximately \$1.4 million.

VII. REQUEST FOR INFORMATION

This financial report is designed to provide our customers and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Sweetwater Springs Water District at P.O. Box 48, Guerneville, California, 95446.

SWEETWATER SPRINGS WATER DISTRICT
STATEMENT OF NET POSITION
June 30, 2023 and 2022

	June 30, 2023	June 30, 2022
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 1,994,936	\$ 2,744,334
Accounts receivable	162,609	177,464
Flat charges receivables	25,344	26,859
Grant receivable	166,323	688,973
Unbilled revenue	246,066	157,600
Inventory	56,505	56,505
Prepaid expenses	6,695	6,250
TOTAL CURRENT ASSETS	2,658,478	3,857,985
NONCURRENT ASSETS		
Land	143,053	143,053
Construction in progress	605,607	830,384
Buildings and improvements	34,340,931	32,430,205
Machinery and equipment	711,404	711,404
Less-accumulated depreciation	(15,490,151)	(14,557,089)
TOTAL CAPITAL ASSETS, NET	20,310,844	19,557,957
OTHER NONCURRENT ASSETS		
Restricted cash and investments	1,232,462	1,055,700
TOTAL OTHER NONCURRENT ASSETS	1,232,462	1,055,700
TOTAL ASSETS	24,201,784	24,471,642
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	42,633	697,183
Accrued wages	19,720	14,759
Accrued interest	87,710	93,449
Customer deposits	18,602	21,158
Road maintenance obligations	2,564	5,082
Current portion of long term debt	557,398	540,225
TOTAL CURRENT LIABILITIES	728,627	1,371,856
LONG TERM LIABILITIES		
Compensated absences	40,527	43,298
General obligation bonds payable	7,166,712	7,540,253
Citizens business bank (COP) payable	901,080	1,084,937
Net pension liability	428,161	(634,822)
Other postemployment benefits payable	(27,255)	(18,589)
TOTAL LONG TERM LIABILITIES	8,509,225	8,015,077
TOTAL LIABILITIES	9,237,852	9,386,933
NET POSITION		
Net Investment in capital assets	11,685,654	10,392,542
Unrestricted	3,278,278	4,692,167
TOTAL NET POSITION	\$ 14,963,932	\$ 15,084,709

See accompanying notes to basic financial statements

SWEETWATER SPRINGS WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2023 and 2022

	<u>Totals</u> <u>June 30, 2023</u>	<u>Totals</u> <u>June 30, 2022</u>
Operating Revenues		
Charges for services	\$ 2,926,608	\$ 2,789,045
Total Operating Revenues	<u>2,926,608</u>	<u>2,789,045</u>
Operating Expenses		
Salaries and employee benefits	1,288,451	1,397,937
Service and supplies	707,500	775,301
Depreciation	933,062	935,373
Total Operating Expenses	<u>2,929,013</u>	<u>3,108,611</u>
Operating Income (Loss)	<u>(2,405)</u>	<u>(319,566)</u>
Non-Operating Revenues (Expenses)		
Interest income	61,222	15,200
Rents	123,561	119,868
Flat charges	770,616	820,819
Grant income	198,709	712,610
Other non-operating revenue	26,913	(17,130)
Change in actuarial assumptions	(1,065,984)	737,647
Interest expense unfunded pension liability	-	-
Interest expense	<u>(233,409)</u>	<u>(248,632)</u>
Total Non-Operating Revenues (Expenses)	<u>(118,372)</u>	<u>2,140,382</u>
Net Income (Loss)	(120,777)	1,820,816
Total Net Position, Beginning of Fiscal Year	<u>15,084,709</u>	<u>13,263,893</u>
Total Net Position, End of Fiscal Year	<u>\$ 14,963,932</u>	<u>\$ 15,084,709</u>

See accompanying notes to basic financial statements

SWEETWATER SPRINGS WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2023 and 2022

	Totals June 30, 2023	Totals June 30, 2022
Cash Flows From Operating Activities		
Cash received from customers	\$ 2,852,997	\$ 2,811,352
Payments to suppliers for goods and services	(775,212)	(743,716)
Payments to employees and related items	(1,281,975)	(1,368,800)
Net cash flows provided by operating activities	795,810	698,836
Cash Flows From Capital and Related Financing Activities		
Acquisition of capital assets	(2,291,258)	(111,142)
Grant income	721,359	23,637
Payments on long term debt	(540,225)	(523,771)
Payments on net pension liability	(3,001)	(1,385)
Interest payments	(239,148)	(254,199)
Net cash flows (used) by capital and related financing activities	(2,352,273)	(866,860)
Cash Flows From Non-Capital and Related Financing Activities		
Flat charges	772,131	824,582
Miscellaneous non-operating revenues	26,913	(17,130)
Net cash provided by non-capital and related financing activities	799,044	807,452
Cash Flows From Investing Activities		
Rents	123,561	119,868
Interest income	61,222	15,200
Net cash flows provided by investing activities	184,783	135,068
Net Increase (Decrease) in Cash and Investments	(572,636)	774,496
Cash and Investments, Beginning of Fiscal Year	3,800,034	3,025,538
Cash and Investments, End of Fiscal Year	\$ 3,227,398	\$ 3,800,034
Reconciliation of Cash and Investments to Amounts Reported on the Statement of Net Position:		
Cash and investments	\$ 1,994,936	\$ 2,744,334
Restricted cash and investments	1,233,462	1,055,700
	\$ 3,228,398	\$ 3,800,034
Supplemental Disclosures:		
Interest expense during the fiscal year	\$ 233,409	\$ 248,632
Interest capitalized during the fiscal year	\$ -	\$ -

(continued)

See accompanying notes to basic financial statements

**SWEETWATER SPRINGS WATER DISTRICT
COMPARATIVE STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2023 and 2022**

(Continued)

	Totals June 30, 2023	Totals June 30, 2022
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:		
Operating income (loss)	\$ (2,405)	(319,566)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	933,062	935,373
(Increase) Decrease in Operating Assets:		
Accounts receivable/Unbilled Revenue	(73,611)	22,307
Inventory		
Prepaid expenses	(445)	
Increase (Decrease) in Operating Liabilities:		
Accounts payable	(49,241)	83,776
Accrued wages	4,961	(261)
Compensated absences	(2,771)	(22,100)
Customer deposits payable	(2,556)	6,081
Road maintenance obligations	(2,518)	2
Other postemployment benefits payable	(8,666)	(6,776)
Total Adjustments	798,215	1,018,402
Net Cash Provided by Operating Activities	\$ 795,810	\$ 698,836

See accompanying notes to basic financial statements

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Sweetwater Springs Water District (District) was formed on December 6, 1988 with Resolution #88-2184 through an election under Section 30290 of the California State Water Code. The District supplies water services to residential and commercial users, and provides for connections to and the servicing of the delivering system. The District's Board of Directors has the responsibility of overseeing the financial activities of the District.

The District accounting policies conform to accounting principles generally accepted in the United States of America as applicable to governments, in accordance with the uniform system of accounts for water utility special enterprise districts as prescribed by the State Controller in compliance with the government code of the State of California.

B. Basis of Accounting

The District follows the accrual basis of accounting. The District's policy is to record all assets, liabilities, revenues, and expenses on the accrual basis of accounting and the flow of economic resources measurement focus. Under this method, revenue is recognized when earned and expenses are recognized when the related liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

C. Proprietary Fund Accounting

The District has one fund which is considered a proprietary fund.

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

In accordance with GASB Statement No. 20 and No. 62, the District has opted to apply all applicable GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operation of the fund. All other expenses are reported as non-operating expenses.

D. Budgetary Reporting

The annual budget is prepared in accordance with the basis of accounting utilized by the District. The budget is not legally required and therefore budget to actual information has not been presented, either as a statement or required or other supplementary information.

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

Note 1: Summary of Significant Accounting Policies (Continued)

E. Receivables

Bad debts associated with accounts receivable for services are tracked each year by staff, but have been deemed immaterial. Other receivables, if any, are shown at the anticipated recoverable amount, unless otherwise noted.

F. Flat Charges Receivable

Flat charges receivable represent direct charges owed to the District by property owners.

G. Inventories

Inventory consists primarily of water meters, water pipes, valves and fittings. Inventory is valued at estimated cost.

H. Capital Assets

Property, plant, and equipment are recorded at cost or estimated historical cost if actual cost is not available. Contributed assets are recorded at their fair value at the time of transfer to the District. Assets with a value of \$1,000 or less are expensed in the years acquired.

Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Depreciation is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. The range of estimated useful lives are as follows:

Water system	20 - 40 years
Leasehold improvements	7 years
Equipment	3-5 years

I. Vacation and Sick Leave

Vacation pay is accrued by the District in the period earned. At June 30, 2023 and 2022, accrued vacation pay amounted to \$40,527 and \$43,298 respectively.

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

Note 2: Cash and Investments

The cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of District debt instruments or District agreements.

The District's cash and investments are comprised of the following at June 30, 2023:

	Unrestricted	Restricted	Totals
Cash on hand	\$ 300	\$ -	\$ 300
Cash in bank	140,725	152,198	292,923
Cash and investments	1,853,911	1,080,264	2,934,175
Total Cash and Investments	\$ 1,994,936	\$ 1,232,462	\$ 3,227,398
Statement of Net Position:			
Cash and investments	\$ 1,994,936		
Restricted cash and investments	1,232,462		
Total	\$ 3,227,398		

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

The table below identifies the investment types that are authorized for the Sweetwater Springs Water District (District) by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State of California Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agencies	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper - Selected Agencies	270 days	25%	10%
Commercial Paper - Other Agencies	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements & Securities Lending Agreements	92 days	20 % of the base value of the portfolio	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	None
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 50 Million

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. The District manages its exposure to interest rate risk by investing a majority of its cash and investments in the County Pooled Investment Fund.

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

Investment Type	Totals	Remaining maturity (in Months)					
		12 Months or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
Public Agency Retirement Svc	\$ 258,150	\$ 258,150					
County Pooled Investment Fund	\$ 2,676,025	\$ 2,676,025	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ 2,934,175</u>	<u>\$ 2,934,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

Note 2: Cash and Investments (Continued)

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
Public Agency Retirement Svc	\$ 258,150						\$ 258,150
County Pooled Investment Fund	\$ 2,676,025	N/A	\$ -	\$ -	\$ -	\$ -	\$ 2,676,025
Total	\$ 2,934,175		\$ -	\$ -	\$ -	\$ -	\$ 2,934,175

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, the District's deposits with financial institutions were \$125,048 in excess of federal depository insurance limits.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Sonoma County Investment Pool).

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

Note 3: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

Capital assets, not being depreciated:

Land	\$ 143,053	\$ -	\$ -	\$ -	\$ 143,053
Construction in progress	830,384	579,493	(804,270)		605,607
	<u>973,437</u>	<u>579,493</u>	<u>(804,270)</u>		<u>748,660</u>

Capital Assets, being depreciated:

Building and improvements	32,430,205	1,910,726			34,340,931
Machinery and equipment	711,404				711,404
	<u>33,141,609</u>	<u>1,910,726</u>			<u>35,052,335</u>

Accumulated depreciation:

Building and improvements	(13,910,869)	(904,982)			(14,815,851)
Machinery and equipment	(646,220)	(28,080)			(674,300)
	<u>(14,557,089)</u>	<u>(933,062)</u>			<u>(15,490,151)</u>
Total accumulated depreciation	<u>18,584,520</u>	<u>977,664</u>			<u>19,562,184</u>
Total depreciable assets, net	<u>\$ 19,557,957</u>	<u>\$ 1,557,157</u>	<u>\$ (804,270)</u>	<u>\$ -</u>	<u>\$ 20,310,844</u>

Depreciation expense of \$933,062 was incurred and recorded as an operating expense for June 30, 2023.

Note 4: Long-Term Debt

The following is a summary of changes in long-term debt for the District for the fiscal year ended June 30, 2023:

	Balance at June 30, 2022	Additions	Repayments	Balance at June 30, 2023	Due Within One Year
2003 General Obligation Bonds	2,942,797		(55,637)	2,887,160	57,341
2013 General Obligation Refunding Bonds	4,959,393		(306,300)	4,653,093	316,200
Citizens Business Bank Certificates of Participation	1,263,225		(178,288)	1,084,937	183,857
Total	<u>\$ 9,165,415</u>	<u>\$ -</u>	<u>\$ (540,225)</u>	<u>\$ 8,625,190</u>	<u>\$ 557,398</u>

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

Note 4: Long-Term Debt (Continued)

2003 General Obligation Bonds

On April 29, 2003, and pursuant to Resolution No. 03-15, the District authorized the issuance of General Obligation Bond of 1990, Series 2003 in the principal amount of \$4,000,000. The bond was issued as a single fully registered bond and matures in installments of the same principal amounts on the same dates as the registered bonds it represents. Interest on the bond is 4.5% per annum, payable commencing on March 1, 2004 and semi-annually thereafter on September 1st and March 1st in each year to maturity. During the fiscal year ended June 30, 2014, the District prepaid \$1,994,000 of the outstanding principal on the 2003 General Obligation Bonds from a portion of the proceeds of the 2013 General Obligation Refunding Bonds. The first installment payment that was due September 1, 2014 was deferred until September 1, 2015. The accrued interest of \$36,875, as a result of the deferred payment date, was added to the principal balance for a total outstanding balance of \$1,647,875.

The scheduled annual minimum debt service requirements at June 30, 2023 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	30,341	\$ 33,945	\$ 64,286
2025	31,062	33,225	64,287
2026	31,799	32,488	64,287
2027	32,555	31,733	64,288
2028	33,328	30,960	64,288
2029-2033	178,894	142,551	321,445
2034-2038	201,171	120,285	321,456
2039-2043	226,224	95,247	321,471
2044-2048	254,394	67,091	321,485
2049-2053	286,072	35,428	321,500
2054	123,321	4,438	127,759
Total	<u>\$ 1,429,161</u>	<u>\$ 627,391</u>	<u>\$ 2,056,552</u>

2018 General Obligation Bonds

On December 1, 2018, and pursuant to Resolution No. 17-6 and 17-7, the District authorized the issuance of General Obligation Bonds in the principal amount of \$1,535,000. The bond was issued as a single fully registered bond and matures in installments of the same principal amounts on the same dates as the registered bonds it represents. Interest on the bond is 2.25% per annum, payable commencing on June 1, 2019 and semi-annually thereafter on December 1st and June 1st in each year to maturity.

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

Note 4: Long-Term Debt (Continued)

The scheduled annual minimum debt service requirements at June 30, 2023 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	27,000	\$ 32,501	\$ 59,501
2025	27,000	31,894	58,894
2026	28,000	31,275	59,275
2027	29,000	30,634	59,634
2028	29,000	29,981	58,981
2029-2033	157,000	139,601	296,601
2034-2038	174,000	121,005	295,005
2039-2043	198,000	100,193	298,193
2044-2048	225,000	77,224	302,224
2049-2053	250,000	49,616	299,616
2054-2058	275,000	20,017	295,017
2059	39,000	439	39,439
Total	<u>\$ 1,458,000</u>	<u>\$ 664,380</u>	<u>\$ 2,122,380</u>

2013 General Obligation Refunding Bonds

On August 1, 2013, the District issued \$7,993,000 of General Obligation Refunding Bonds bearing interest of 4.50% and payable semi-annually on September 1 and March 1, maturing on September 1, 2033. The proceeds of the Bonds were used to (i) prepay, in full, the 1992 General Obligation Bonds; (ii) partial prepayment of the 2003 General Obligation Bonds, and (iii) pay the costs of issuing the Bonds. The outstanding principal balance of the 2013 General Obligation Refunding Bonds at June 30, 2015 was \$7,553,000.

\$7,821,765 from the 2013 General Obligation Refunding Bonds was placed in an irrevocable trust that is to be used to service the future debt requirements of the 1992 General Obligation Bonds and the 2003 General Obligation Bonds. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts) of \$648,545. The aggregate difference in debt service between the old and new debt is \$923,427.

The District defeased the 1992 General Obligation Bonds by placing a portion of the proceeds of the 2013 General Obligation Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the 1992 General Obligation Bonds. Accordingly, the trust account assets and the liability for the defeased 1992 General Obligation Bonds is not included in the District's financial statements.

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

Note 4: Long-Term Debt (Continued)

2013 General Obligation Refunding Bonds (Continued)

The scheduled annual minimum debt service requirements at June 30, 2023 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 316,200	\$ 124,961	\$ 441,161
2025	323,500	116,069	439,569
2026	330,800	106,974	437,774
2027	339,900	97,651	437,551
2028	437,273	86,849	524,122
2029-2033	2,385,659	241,869	2,627,528
2034	519,761	7,225	526,986
Total	<u>\$ 4,653,093</u>	<u>\$ 781,598</u>	<u>\$ 5,434,691</u>

Citizens Business Bank Certificates of Participation Payable

On August 1, 2008, Citizens Business Bank as assigned from Municipal Finance Corporation provided a \$3,000,000 loan to the District in the form of Certificates of Participation.

The Certificates of Participation bear interest at 4.75% through August 1, 2018 and then due to a rate renegotiation with Citizen Business Bank in November 2016 was reduced to 3.1% and will remain until the loan matures on August 1, 2028. Principal and interest payments are due semi-annually on February 1st and August 1st in the amount of \$117,007 through August 1, 2018 and \$108,038 for the remainder of the loan.

The scheduled annual minimum debt service requirements at June 30, 2023 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 183,867	\$ 32,219	\$ 216,086
2025	189,601	26,475	216,076
2026	195,524	20,552	216,076
2027	201,633	14,444	216,077
2028	207,932	8,145	216,077
2029	106,390	1,649	108,039
Total	<u>\$ 1,084,947</u>	<u>\$ 103,484</u>	<u>\$ 1,188,431</u>

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

Note 5: Operating Leases

The District has entered into an operating lease arrangement as lessee for the District offices. The term of the lease was for five years with an option to extend for seven, one year periods. The initial five year lease expired on July 31, 2014. On May 6, 2014, the District renegotiated the office lease. The new lease commences August 1, 2014 and expires on July 31, 2017, at a cost of \$2,364 per month. The new lease had an option to extend for one additional term of three years which was extended on July 31, 2017 through July 31, 2020 at \$ 2,483 per month. On April 16, 2020 the District exercised its option to extend the lease for an additional three years at \$2,606 per month. This extension has an option to extent the lease for an additional three years at \$2,736 per month which was extended in July 2023.

The District has also entered into an operating lease arrangement as lessee for a postage machine. The term of the lease is five years, beginning in October 2020. The District's current quarterly lease expense for the postage machine is \$418.

The total rental payments for all leasing arrangements charged to expenses were \$32,945 and \$32,540 for June 30, 2023 and 2022 respectively.

Note 6: Employees Retirement Plan (Defined Benefit Pension Plan)

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2022 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2022 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2020 (the measurement date), the active employee contribution rate is 6.92 percent of annual pay and the average employer's contribution rate is 10.32 percent of annual payroll for the 2% @ 55 plan and the active employee contribution rate is 6.75 percent of annual pay and the average employer's contribution rate is 7.47 percent of annual payroll for the 2% @ 62 plan. Employer contributions rates may change if plan contracts are amended.

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

Annual Pension Cost

For June 30, 2023, the District's annual pension cost of \$ 67,115 for PERS was equal to the District's required and actual contributions and plus an additional \$ 3,001 towards its unfunded liability. The required portion of the contribution was determined as part of the June 30, 2020 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.00% investment rate return of (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 2.75% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of PERS assets was determined by an amortization that will pay for all gains and losses over a fixed 20-year period. The required and actual contribution rate for June 30, 2023 was determined as part of the June 30, 2020 actuarial valuation in which PERS using the same assumptions as the previous year

Three-Year Trend Information For PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/21	68,732	100%	0
6/30/22	66,612	100%	0
6/30/23	67,115	100%	0

The table below shows a three-year analysis of the actuarial accrued liability of the 2% @55 plan, the plan's share of the pool's market value of assets, plan's share of the pool's unfunded liability, funded ratio and the annual covered payroll as of June 30:

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Shared Mkt Value/Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>
6/30/20	5,505,873	4,891,246	614,627	88.8%	443,092
6/30/21	5,998,048	6,613,573	(615,525)	110.3%	406,661
6/30/22	6,367,329	5,991,216	376,113	94.1%	281,300

The table below shows a three-year analysis of the actuarial accrued liability of the 2% @62 plan, the plan's share of the pool's market value of assets, plan's share of the pool's unfunded liability, funded ratio and the annual covered payroll as of June 30:

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Shared Mkt Value/Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>
6/30/20	107,053	102,198	4,855	95.5%	346,587
6/30/21	187,446	205,360	(17,914)	109.6%	367,075
6/30/22	194,883	178,896	15,987	91.8%	343,636

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

Note 7: Net Position

GASB Statement No. 63 require that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition on net investment in capital assets or restricted net position.

The District maintains the majority of its cash with the Sonoma County Treasury in a general operating account, debt service accounts, and construction accounts.

Note 8: Deferred Compensation Plans

The District offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are available to all employees. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by a third party administrator (ING and AIG Valic) for the exclusive benefit of the plan participants and their beneficiaries as prescribed by Internal Revenue Code Section 457 (g). Accordingly, these assets have been excluded from the accompanying financial statements.

Note 9: Risk Management

The District participates in a joint venture under a joint powers agreement (JPA) with the Special District Risk Management Authority (SDRMA) for insurance purposes. The SDRMA is a joint powers agency formed pursuant to Section 6500 et seq., California Government Code, is comprised of California special districts, and agencies. The relationship between the District and JPA is such that the JPA is not a component of the District for financial reporting purposes. The SDRMA's purpose is to jointly fund and develop programs to provide stable, efficient, and long term risk financing for special districts. These programs are provided through collective self-insurance; the purchase of insurance coverage's; or a combination thereof. SDRMA provides general and auto liability, workers' compensation, public officials' and employees' errors and omissions, employment practices liability, property loss, and boiler and machinery coverage.

Note 10: Contingencies

In July 2020, the District entered into a contract with Coastland Civil Engineering for Design/Engineering Services related to CIP 2021 in the sum of \$144,958. In May, 2021 the contract was amended (increased to \$150,000). This project was completed. A total of \$139,054 was paid to Coastland.

In December 2021, the District entered into a contract with Bartley Pump LLC for rehabilitation and electrical work on two (2) District wells in the sum of \$89,212. This project was completed. A total of \$94,146 was paid to Bartley Pump.

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

In February, 2022, the District entered into a contract with Piazza Construction for construction of CIP 2021 in the sum of \$1,353,421. In FY 2021-22, change orders totaling \$32,085 were approved, bringing the total contract with Piazza to \$1,385,506. This project was completed. A total of \$1,413,144 was paid to Piazza.

In February, 2022, the District entered into a contract with Coastland Civil Engineering for Construction Management Services related to CIP 2021 in the sum of \$161,880. This project was completed.. A total of \$197,425 was paid to Coastland.

In March, 2022, the District agreed to a Task Order with Coastland Civil Engineering for Design/Engineering Services related to Lower Harrison Tank driveway retaining wall in the sum of \$69,675. As of June 2023, \$60,323 was paid to Coastland.

In April 2023, the District entered into a contract with Piazza Construction in the sum of \$144,000 for construction of Moscow Road Water Line Repairs project. Including change orders, as of June 2023 a total of \$159,662 was paid to Piazza.

In April 2023, the District entered into a contract with Coastland Civil Engineering for Construction Management Services related to the Moscow Road Water Line Repairs project in the sum of \$50,000. As of June 2023, a total of \$37,865 was paid to Coastland.

In April 2023, the District entered into a contract with Piazza Construction in the sum of \$377,190 for construction of the Neeley Road project. Including change orders, as of June 2023 a total of \$311,788 was paid to Piazza.

In April 2023, the District entered into a contract with Coastland Civil Engineering for Construction Management Services related to the Neeley Road project in the sum of \$112,000. As of June 2023, a total of \$28,073 was paid to Coastland.

Note 11: Post-Retirement Health Insurance

The District provides certain health insurance benefits to retired employees in accordance with memoranda of understanding as follows:

For employees who retire from the District and from CalPERS after at least five (5) years of service with CalPERS and who have reached the age of fifty-two (52) years old (fifty (50) years old for Classic PERS members), and who continue health insurance through a District-sponsored health insurance plan, the District will contribute the minimum monthly amount (as required by CalPERS) of the health insurance premium (\$151 in 2023 and \$149 in 2022).

Funding Policy

The District adopted a resolution to enter into an agreement with CalPERS to participate in the California Employer's Retiree Benefit Trust Program (CERBT). For fiscal year 2022-23 the District contributed \$13,800, which covered retiree current premiums plus \$3,000 of additional prefunding of benefits. Currently, there are 6 retirees who are receiving benefits.

Annual OPEB and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

parameters of GASB Statement No. 45's Alternative Measurement Method allowed for employers with less than 100 plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$	5,043
Interest on net OPEB obligation		(889)
Adjustment to ARC		<u>979</u>
Annual OPEB cost (expense)		5,133
Contributions made		<u>(13,800)</u>
Increase in net OPEB obligation		(8,666)
Net OPEB obligation - Beginning of the year		<u>(18,589)</u>
Net OPEB obligation - End of year	\$	<u>(27,255)</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2020-21, 2021-22 and 2022-23 were as follows:

Fiscal Year	Annual OPEB	Percent of Annual OPEB Cost	OPEB Obligation (Asset)
6/30/2021	\$ 5,503	100%	\$ (11,813)
6/30/2022	\$ 4,214	262%	\$ (18,589)
6/30/2023	\$ 5,133	269%	\$ (27,255)

Funded Status and Funding Progress

As of June 30, 2023, the most recent Alternate Measurement Method valuation date, the plan was 23.8% funded. The actuarial accrued liability for benefits was \$263,990, and the actuarial value of assets was \$62,858, resulting in an unfunded actuarial accrued liability (UAAL) of \$201,132. The covered payroll (annual payroll of active employees covered by the plan) was \$318,436, and the ratio of the UAAL to the covered payroll was 63 percent.

The Alternate Measurement Method valuation of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The Alternate Measurement Method valuation methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2023 AND 2022

Actuarial assumptions used to calculate the ARC as follows: (1) The minimum Employer Contribution rate of increase is 2.75 percent based on five years' actual MEC increases. (2) The discount rate used is 3.50 percent based on methodology presented in GASB 75. In addition actuarial assumptions presume 75 percent of employees will choose to participate in CalPERS health upon retirement. The actuarial value of assets is not applicable (No assets as of the initial valuation date). The UAAL is being amortized as a flat percentage of covered payrolls over thirty years. The remaining amortization period at June 30, 2023 was twenty-one (21) years.

Other Postemployment Benefits

Schedule of Funding Progress

Valuation Date	Liability (a)	Assets (b)	Net Liability (a) – (b)	Status (b)/(a)
6/30/2014	\$ 392,471	\$ 15,287	\$ 377,184	3.9%
6/30/2015	\$ 422,461	\$ 21,482	\$ 400,979	5.1%
6/30/2016	\$ 418,666	\$ 25,428	\$ 393,238	6.1%
6/30/2017	\$ 479,571	\$ 31,495	\$ 448,076	6.6%
6/30/2018	\$ 370,760	\$ 37,076	\$ 333,684	10.0%
6/30/2019	\$ 360,271	\$ 42,621	\$ 317,650	11.8%
6/30/2020	\$ 319,468	\$ 47,203	\$ 272,265	14.7%
6/30/2021	\$ 298,913	\$ 63,884	\$ 235,029	21.4%
6/30/2022	\$ 236,807	\$ 57,837	\$ 178,970	24.4%
6/30/2023	\$ 263,990	\$ 62,858	\$ 201,132	23.8%

Note 12: Subsequent Event

Subsequent events are those events or transactions that occur subsequent to the effective date of the financial statements, but prior to the issuance of the final reports, which may have a material effect on the financial statement or disclosures therein.

There are no subsequent events that have occurred through November 16, 2023 that meet the above definition.

Draft

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. V-B

FROM: Eric Schanz, General Manager

Meeting Date : January 4, 2024

Subject: RESOLUTION 24-01, RE UPDATE TO THE DISTRICT'S WATER MASTER PLAN AND DEVELOPMENT OF A DISTRICT GIS SYSTEM

RECOMMENDED ACTION: Approve Resolution 24-01, Authorizing The GM To Sign a Contract Amendment With Coastland Civil Engineering For The Update To The District's Master Plan and Development Of a District GIS System And Approving An Overall Budget Of \$218,840.

FISCAL IMPACT: The fiscal impact of the proposed Professional Services Agreement is \$218,840.

DISCUSSION:

The District's previous Master Plan was prepared in the 2000's and is outdated. There have been a number of changes that have taken place, including a number of capital projects. In addition to the outdated Master Plan, no complete hydraulic model exists for the overall District. A model was completed of the Guerneville system in 2018 to determine the adequacy of existing infrastructure and possible upgrades to support the Guerneville Park Resort Project; however, the model did not include the Monte Rio water system. Accordingly, modeling of the Monte Rio system is needed, and one overall model of the entire system needs to be developed. The model will include usage from all existing and known development within the District boundaries, as well as desired future redundancy projects.

The end result of the update to the Master Plan will include a final report that will address the following:

- Description of existing system.
- Background research findings.
- Outline of historical system issues.
- Listing of Capital Projects needed to support existing uses.
- Existing production capabilities.
- System modeling of water system for the existing conditions.
- Mapping of existing system.
- Cost estimates for all identified Capital Projects.
- Prioritization of identified projects.

In addition to the Master Plan update, the District has asked Coastland to include a scope of work to develop an overall GIS system for all of the District's distribution system,
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AWARD OF THE UPDATE TO THE DISTRICT'S WATER MASTER PLAN AND DEVELOPMENT OF A GIS SYSTEM

January 4, 2024

tanks, wells and other appurtenances. Although the District had contracted with a firm several years ago to do some mapping, District staff have not been able to utilize the mapping that was produced in a way that is useful for District staff. The GIS system to be developed by Coastland allow both office and field personnel to easily access data from the map. Due to budget constraints, the GIS system will be completed in phases. This first phase will create the GIS system that will include all distribution mains, system valves, hydrants, blow-offs, pumps, wells, tanks, Sonoma County tax parcels, District boundary, LiDAR contours, and aerial imagery. Records as-built drawings will also be made available as links through the GIS portal.

With the update of the master plan, there will be a few critical issues that need to be closely analyzed. One of the critical issues will be water usage data and consideration of water conservation measures. Due to drought conditions in California over the last 10 years there have been a number of voluntary and mandatory measures implemented state wide that have resulted in lower water consumption patterns on a per capita basis. Water conservation experienced within the District will most likely lower the storage requirements for domestic water. Another critical issue will be fire protection. Since 2017, fire protection has become a major issue in Sonoma County and throughout the State. This increased awareness of fire protection may result in increasing watermain sizes in portions of the District, as well as a potential increase in storage or pumping capacities. The updated Master Plan will look closely at both of these critical issues.

The proposed scope of work is a comprehensive update to the master plan that includes analysis of the existing system, documents production capabilities of the existing wells, calculates the demands from the existing population, updates the computerized District wide water model to incorporate the Monte Rio system, determines needed infrastructure to support existing users and presents all of the analyses and findings in a report to be presented to and adopted by the District Board. Once the master plan is completed, it is anticipated that the projects recommended in the report will ultimately be incorporated into a Capital Improvement Program that will assist the District with priorities and match funding and needs for the next several years.

Resolution No. 24-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT AUTHORIZING THE GENERAL MANAGER TO SIGN A CONTRACT AMENDMENT WITH COASTLAND CIVIL ENGINEERING FOR THE UPDATE TO THE DISTRICT'S MASTER PLAN AND DEVELOPMENT OF A DISTRICT GIS SYSTEM AND APPROVING AN OVERALL BUDGET OF \$218,840

WHEREAS, the existing District Master Plan is over 20 years old and is in need of a comprehensive update; and

WHEREAS, the District also desires to develop a comprehensive Geographical Information System (GIS) that incorporates all District facilities; and

WHEREAS, Coastland Civil Engineering, as the District's Engineer, has provided a scope and fee for updating the Master Plan and development of a GIS System; and

WHEREAS, District staff has reviewed the proposal from Coastland Civil Engineering and found it to be acceptable and in line with industry standards.

NOW, THEREFORE BE IT RESOLVED, that the District Board of Directors of the Sweetwater Springs Water District hereby authorizes and directs the General Manager to execute on the behalf of the District a contract amendment with Coastland Civil Engineering to perform the work described in Exhibit "A" attached for a not to exceed amount of \$218,840.

I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on January 4, 2024, by the following vote.

Director	Aye	No
Sukey Robb-Wilder	_____	_____
Tim Lipinski	_____	_____
Richard Holmer	_____	_____
Gaylord Schaap	_____	_____
Nance Jones	_____	_____

Tim Lipinski
President of the Board of Directors

Attest: Nicole King
Clerk of the Board of Directors

[END OF RESOLUTION]

**PROJECT SPECIFIC SUPPLEMENTAL AGREEMENT
FOR UPDATING THE DISTRICT’S MASTER PLAN AND FOR
DEVELOPMENT OF A GIS SYSTEM**

WHEREAS, the Sweetwater Springs Water District (herein referred to as “Agency”) entered into an On-Call Professional Services Agreement on October 5, 2020, with Coastland Civil Engineering, Inc. (herein referred to as “Consultant”) to provide On-Call Engineering Services; and

WHEREAS, said On-Call Professional Services Agreement for Engineering allows for the addition of project specific engineering services via task order; and

WHEREAS, the Agency has determined that the Agency needs additional Professional Engineering Services for the Update of the District’s Master Plan and Development of a GIS System (hereinafter referred to as “Project”); and

WHEREAS, the Agency does not have the current staff with expertise to provide these services and needs to retain a consultant with the appropriate experience for this work; and

WHEREAS, Consultant has experienced staff with the proper experience and background to carry out the duties involved for this work; and

WHEREAS, Agency wishes to retain Consultant for the performance of the additional services associated with said Project, subject to all the terms and conditions as set for in the original Public Agency Agreement with Consultant.

THEREFORE, Agency and Consultant mutually agree to the scope of work and additional fee as follows:

Scope of Work

All additional work associated with the Project shall be per the scope of work attached as Exhibit “A”.

Payment Terms

For Consultant Services associated with the Project, Agency agrees to pay Consultant in accordance with the payment terms provided on Exhibit “B” attached hereto and incorporated herein by this reference.

IN WITNESS HEREOF, the parties have caused their authorized representative to execute this amendment on _____, 2024.

SWEETWATER SPRINGS WATER DISTRICT “AGENCY”

BY: _____

COASTLAND CIVIL ENGINEERING, LLP. “CONSULTANTS”

BY: _____
John L. Wanger, CEO

Exhibit “A”

SCOPE OF WORK

WATER MASTER PLAN UPDATE

Task 1 – Meetings with District Representatives

We will conduct a project kick-off meeting with District staff to discuss the project in detail and collect all available background material. At this meeting, we will work with the District to identify areas of any water problems and/or concerns. We will also review the base maps to identify what areas need to be confirmed or modified to create a reliable reference document.

Once the project is underway, we propose to have up to four meetings with District staff to review maps, data, calculations and assumptions.

Task 2 – Background Document Review

We will assemble and review all available information pertaining to the water system including existing studies, reports, as-built drawings, maps, utility information, improvement plans, calculations, water consumption data, well data and other pertinent information as necessary.

Task 3 – Staff Interviews

We will interview District staff to gain a better understanding of issues within the water system. This will include descriptions of how the wells are operated, any reservoir issues, a review of needed/desired control systems (SCADA for tank elevations), reservoir maintenance, valve maintenance, known system deficiencies, clarification of isolation valves between the various pressure zones, pump station operations and other pertinent information. Depending on the information gained from the staff interviews, field investigations with District staff may be needed to review field conditions. This information will be essential to develop an accurate system model.

Task 4 – Field Investigation

In an effort to ensure comprehensive and reliable base mapping, we propose to conduct spot field investigations, as necessary, to verify accuracy. We will work with the District to determine what areas of the systems need to be confirmed. At a minimum, we proposed to visit all well and reservoir sites and obtain GPS data (location and elevations) to ensure that the water model reflects actual field elevations.

Task 5 – Update Base Map

Due to our efforts to model the Guerneville system, we believe we have a good feel for the mapping associated with this system. However, with the Monte Rio system, we anticipate that we will have to update the existing mapping to include

modifications with respect to existing connections and interconnections, pipe sizes, valve locations, storage tanks and pressure zone interconnects.

Once all of the information has been gathered, we will meet with District staff to review and ultimately produce an updated map in conjunction with Phase 1 of the GIS system development.

Task 6– Update the District-wide Hydraulic Water Model

Our initial task is to update the 2018 model of the Guerneville system to incorporate changes from recent capital projects. Simultaneously, we will work on developing the hydraulic model for the Monte Rio system. This will include developing the computer model of the system that will include all water lines, hydrants, tanks, pumps, and pressure zone connections. Water use information will be determined from documented usage (average and peak day demands) in the existing system. The computer water model for the Monte Rio system will be included with the Guerneville system and analyzed for domestic and fire flows to determine the adequacy of water main sizes, pump station sizes, storage facilities and water demands for current conditions. To ensure that the model is properly calibrated, we will require hydrant flow check data from the District. This will require flow testing of hydrants in various parts of the water system.

Task 7 – Water Production

As part of the overall Master Plan update, water production information will be gathered from District records. This information is needed to compare demands to actual production capabilities to ensure that there is sufficient water available to meet domestic and fire suppression as required by the State. We will rely on District staff to provide information on existing water rights, water production records, and well and pump data over the past 10 years to ensure it is appropriately reflected in the Master Plan update. It will be important to account for up to 10 years of data, as water conservation measures have led to decreasing water needs which in turn has led to lower demand.

Task 8 - Water Storage and Demand

We will calculate the overall water demand for the existing customers in the District's service area. To the extent known by District personnel, we can include demands for vacant parcels where construction is practical. Ultimately, we will derive the overall demand for the District. It should be noted that our analysis will look at pressure zones, storage and demands produced in each pressure zone in the District.

Task 9 – Production vs. Demand and Storage Analysis

Once information from Tasks 7 and 8 is gathered, we will compare water production capabilities versus water demands for the District. During this comparison, we will evaluate storage requirements based on existing customers and analyze water production improvements that may be needed to supply adequate water to meet State requirements. Our analysis will also include a comparison of the demands versus storage requirements for the various

pressure zones in the District to ensure that adequate storage will exist in each of the zones based on demands.

Task 10 – Identification of Improvement Projects

Based on the results of Tasks 1-9, we will develop a list of projects required to address existing deficiencies in the District's water system. Identification of each project will include a brief description of the project, including a listing of various improvements needed for each project

Once all the projects are identified, we will use the updated map from Task 5 and identify what improvements may be needed to meet current domestic and fire flow demands.

Task 11 – Cost Estimates

For each of the projects identified in Task 10, we will prepare current year construction cost estimates based on the best available information. The estimates will include the facility size, estimated quantity, the unit cost and total cost for each item. An overall summary of estimates will be prepared and included in the final report. This will be in the form of a spreadsheet listing of projects. Projects required for current demand will be separated from projects required for full build-out.

Task 12 – Summary Report

We will prepare a report summarizing our findings and which shows all of the information generated above. The report will address existing conditions which will identify current deficiencies and potential problem areas. A prioritization plan for project implementation will be included.

A draft report will be prepared for District review. District comments will be reviewed and incorporated into the final document as required. In brief, the master plan will include the following:

- Description of existing system.
- Background research findings.
- Outline of historical utility problems.
- Projects needed to support existing uses.
- Existing production capabilities.
- System modeling of water system for the existing conditions.
- Mapping of existing system.
- Cost estimates.
- Prioritization of identified projects.

GIS MAPPING – PHASE 1

Task 1 – Setup and Review of Existing Digital Mapping Data

As an initial task, our team will set up the hosting environment for the new GIS map, will create the ArcGIS Enterprise website, and will prepare the data that will serve as the base, or layers for the maps and applications.

Additionally, as the District had another consultant do some work on a GIS system for the District, every effort will be made to make the best use of any existing data and improve it for use in the final product. In our review of the existing GIS data, we found that there are approximately 50 locations where

assets such as valves and hydrants are “floating free” and disconnected from the distribution system. For these locations, our team will work with District staff and, if necessary, field verify the configuration to ensure mapping reflects actual field conditions.

Task 2 – Maps and Applications

Based on information completed in Task 1, we will translate all digital information into a new GIS system that will include roads, parcels, waterlines, valves, tanks, well locations and other pertinent information as indicated in the bullet point list below.

Base Layers:

- Sonoma County tax parcels
- SSWD boundary
- Building footprints
- LiDAR contours
- Hill shade derived from LiDAR
- Aerial imagery
- A selection of Esri base maps

Distribution System:

- System valves
- Hydrants
- Check valves
- Air release valves
- Pressure reducing valves
- Blow-offs
- Pumps
- Wells
- Tanks
- Distribution mains

The new GIS map will use ArcGIS software. Once the GIS map is completed, we will configure maps and applications and make them available via:

- A dedicated Sweetwater Springs Water District (SSWD) ArcGIS Enterprise website for access by District staff.
- An Esri Field Maps mobile application. This app is free to download on iOS and Android. The intent of using this application is to be able to make all GIS information available to District staff on their cell phones.

We will arrange for all data to be hosted in the cloud using Amazon Web Services (AWS). Maps and applications will include the content per Task 3.

Task 3 – Engineering Plans

We will obtain any available engineering plans from the District (for those that Coastland | DCCM has not done, we will arrange to have them scanned to PDF) and make them available as hyperlinks on the water distribution mains. These PDFs will be organized per street name so that the link opens to the plan and profile sheet for each specific street.

Exhibit "B"
ESTIMATED COST

Based on our scope of work, we are proposing that the services associated with this project be completed for a not-to-exceed amount of \$218,840. The amount, quoted is assuming that all of the work for this project will fall under the scope of work as previously described. If additional work is necessary that falls outside of this scope of work, we can either re-negotiate a new scope of work or provide these services on a time and materials basis per our adopted schedule of hourly rates.

Please note that in the not-to-exceed amount, we have included an estimated amount of \$500 for reimbursable expenses (i.e. printing, plotting, etc.) These reimbursable costs will be billed at cost plus 15%.

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. V-C

FROM: Eric Schanz, General Manager

Meeting Date: January 4, 2024

Subject: Discussion/Action re Continued Use of the Monte Rio Community Center For Board Meetings

RECOMMENDED ACTION:

Authorize staff to sign 6-month contract for use of the Monte Rio Community Center for regular monthly Board meetings.

FISCAL IMPACT:

The cost of holding meetings at the Monte Rio Community Center would be \$187.50/month for six months, plus a one-time \$50 administrative fee.

DISCUSSION:

At our December Board meeting, we discussed whether or not we want to continue meeting at the Monte Rio Community Center. Staff was directed to confirm pricing and hopefully negotiate a lower price than we paid for the last six months. Staff contacted the MRCC administrator, Marina, and she agreed to a monthly charge of \$187.50 – lower than what we have been paying. That is because our prior rate was based on a 3-hour meeting, but her records show that most of our meetings are only 2.5 hours. With Board approval, staff will move forward with completing the paperwork to confirm the room rental.



20488 Highway 116 • Mailing Address: P.O. Box 877, Monte Rio, CA 95462
(707) 865-9956 - Fax (707) 865-0229
events@mrrpd.org • www.mrrpd.org

FACILITY USE AGREEMENT

Date of Desired Use: First Thursdays, January - June	Time: 6:30 -9:00
Intended Use of Facility: Board Meeting	No. of Guests: 10 -15
Facility: REDWOOD ROOM	Organization Name: Sweetwater Springs Water District
Name/Title of Applicants: Julie Kenny/Administrative Manager	
Mailing Address: P O Box 48, Monte Rio CA 95462	
Phone Numbers: 707 869-4000	
Alcohol on Site	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Email Addresses: sws@monitor.net	

1. The person applying on behalf of a society, group, company, district, agency or organization must be a member of that body and empowered to bind it to the terms of this agreement.
2. The undersigned applicant states that, to the best of his/her knowledge, the facilities named in this agreement will not be used for the commission of any unlawful act. Further, the undersigned applicant hereby agrees to monitor all people present and prohibit any and all unlawful acts.
3. The undersigned applicant agrees to assume full financial responsibility for any and all loss, damage, or injury caused to the facility during the period contracted, or by any member of their group.
4. The undersigned applicant understands that permission to use the facilities does not constitute endorsement or sponsorship of the program or activity by the **Monte Rio Recreation & Park District**. The undersigned applicant agrees to make this clear to any and all interested persons or parties.
5. The undersigned applicant understands that no alcohol may be served or permitted, without specific written authorization to that effect. The undersigned applicant agrees that if alcohol is served or permitted, all reasonable steps shall be taken to prevent the consumption of alcohol by minors and/or those who appear to be intoxicated. In the event that a person appears intoxicated, all reasonable efforts shall be made to prevent that person from additional drinking of alcohol and from operating a motor vehicle. If alcohol is to be sold, the necessary ABC permit will be required.

*Alcohol Consumption/Special Event Insurance Requirement: The Monte Rio Recreation and Park District requires the undersigned to maintain a comprehensive general liability policy in an amount equal to or greater than One Million Dollars which names the Monte Rio Recreation and Park District as an additional insured. This policy shall be written by an insurance company which is acceptable to the Monte Rio Recreation and Park District. A **certificate of insurance and attached endorsement** documenting this requirement must be on file with the Monte Rio Recreation and Park District THREE MONTHS prior to the event or sooner depending upon the contract date.*

If alcohol will be served or is brought in or sold, this must be listed on the endorsement page. Please indicate your understanding of this requirement by initialing here. _____ \$1 Million _____ \$2 Million

6. **PERSONNEL:** A staff person will be present to open and close for your event, but may not be present for the duration; however, a staff person will be available on-call throughout. Facilities must not be left unattended at any time. If extra staff hours are required, a \$30/hour fee will be charged. MRRPD will not be responsible for any theft during the event.
7. **FEES:**
Booking Fee: A non-refundable fee of 25% of the total rental fee (or \$100 whichever is greater) is required to hold the date and will be returned **only if the date is not available**. The application will be processed within two weeks of receipt and the Booking Fee will be applied to the full amount owed for the event. With 30 days notice, the undersigned has the right to re-schedule to another available date without penalty.

Security/Cleaning Deposit: A security deposit in the amount of \$250 to \$2,000 is due 90 days prior to your event. Facilities must be returned to their original condition or the deposit, or a portion thereof, will be forfeited. The Deposit may also be used for cleaning charges, damages and/or overtime charges. A credit card may be required to be on file for extra charges. The Deposit, or a portion thereof, will be returned within 30 days following event date.

Administrative Fee: A one-time administrative fee of \$50.00 covers the cost of meetings, phone calls and event coordination as may be needed.

Trash Fees: Standard catering protocol requires that all trash be removed from the premises at the close of the event. MRRPD asks all clients to remove trash and recycling from the event site. If that is not possible, a fee of \$40 will be charged. MRRPD suggests that all decorations be recyclable or usable at the end of the event and discourages the distribution of single-use plastics.

Fee Summary		Details/fee breakdown:	
Booking Fee (non-refundable)	\$ 0	(25% of fees or \$100, whichever is greater is due upon booking)	
Total Rental Fee	\$ 1125.00	Jan 4, Feb 1, March 7, April 4, May 2, June 6 (2024)	
Administrative Fee \$50 (TBD)	\$ 50.00	-	
Staff Fee \$38	\$ 0	-	
Additional Fees (various)	\$ 0	-	
Trash Haul-Away Fee			
(over 30 guests) \$40	\$ 0	-	
Total Fees	\$ 1175.00	-	
SECURITY DEPOSIT REQUIRED	\$ 0	Separate check or credit card to be held in file.	
First payment due	\$ 0	UPON SIGNING (No fee for date change; non-refundable if cancellation)	
Final payment due 90 days prior to event	\$ 0	on	-

CREDIT CARD	Name on Card: -	Card Type (VISA/MC): -	
Card Number: -	Security Code: -	Exp. Date: -	
Billing Zip Code: -	Signature: _____		

8. **Hold Harmless:** User agrees to be solely responsible for any and all liability, claims, loss damages, costs and expenses, including attorneys' fees, arising out of or resulting from any injury to persons or damage to property which arise out of its use of the District's facilities. User agrees to defend, indemnify and hold harmless the District, its officers, agents, employees and volunteers against any and all such claims, demands, causes of action, suits and expenses, arising out of or resulting from its use of the District's facilities.
9. The undersigned applicant understands and acknowledges that the allowable hours of use for all MRRPD facilities end at 10:00 p.m. on weekends (Friday and Saturday nights) and 9:00 p.m. on weeknights (all other nights). Applicant is responsible for enforcing strict compliance with all time limits. MRRPD reserves the right to terminate any event at any time in the event that its representatives determine that continued use of its facilities constitutes a public nuisance, or that the applicant is not in compliance with any of the requirements established for use of the facilities by this Agreement, or otherwise. It is understood that amplified sound at the Monte Rio Amphitheater and Community Center will end at 10 p.m. on Friday and Saturday and 9 p.m. all other days.
10. **AMPHITHEATER:** If you are renting the Amphitheater, and you estimate more than 50 people in attendance, you are required to rent portable toilets for the duration of your event (one unit for each 50 people estimated). The first portable toilet must be an ADA (disabled accessible) unit with a wash stand. Signing this contract indicates an understanding of this requirement.

11. Required documents:

DUE:	REQUIRED:
<u>UPON SIGNING</u>	Facility Use Agreement
<u>UPON SIGNING</u>	Rules and Regulations for Facilities Use
-	Portable toilets required
<u>UPON SIGNING</u>	Non-refundable booking fee in the amount of \$ _____
-	Security deposit check/CC \$ _____
-	Special event insurance & cert. of general liability insurance w/attached endorsement
-	Permits – City/County/State
-	Liquor license

The undersigned grants MRRPD rights to photos and video of the event taken for media purposes. _____(initial)

I hereby attest that I have read and understood the terms of this agreement. I understand that both my organization and I are hereby bound by the terms of this agreement and shall abide by them; and, as the authorized representative signatory of the applying entity, I am empowered to bind the entity to the terms of this agreement. To the best of my knowledge the information listed above is accurate. I also understand that the use of the facility is not contracted, until all required documentation has been provided. Use authorized by:

Signature of Applicant _____ Date _____ Monte Rio Recreation & Park District Date _____

**MONTE RIO RECREATION & PARK DISTRICT
FACILITY USE AGREEMENT
INSURANCE PROVISIONS**

INDEMNIFICATION

The (USER/RENTER)

shall indemnify, defend, and hold harmless the Monte Rio Recreation & Park District (DISTRICT), its officers, employees, and agents from any and all losses, costs, expenses, claims, liabilities, actions, or damages, including liability for injuries to any person or persons or damage to property arising at any time out of or in any way related to the USER/RENTER's use or occupancy of a facility or property controlled by the DISTRICT, unless solely caused by the gross negligence or willful misconduct of DISTRICT, its officers, employees, or agents.

INSURANCE REQUIREMENTS

General liability insurance: The USER/RENTER shall procure and maintain, for the duration of the use period contemplated herein, commercial general liability insurance with coverage at least as broad as Insurance Services Office Form CG 00 01, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted. If alcohol is sold during the permitted activity, coverage must include full liquor liability.

Such insurance shall name DISTRICT, its officers, employees, agents, and volunteers as additional insureds prior to the use of the facility. The USER/RENTER shall file certificates of such insurance with the DISTRICT, which shall be endorsed to provide thirty (30) days' notice to the DISTRICT of cancellation or any change of coverage or limits. If a copy of the insurance certificate is not on file prior to the event, the DISTRICT may deny access to the facility.

All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance or is on the List of Approved Surplus Line Insurers in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VII (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the DISTRICT's self-insurance pool.

Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the USER/RENTER maintains higher limits than the minimums shown above, the DISTRICT requires and shall be entitled to coverage for the higher limits maintained by the USER/RENTER. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to DISTRICT.

COMPLIANCE WITH ALL APPLICABLE LAW, RULES, & REGULATIONS

A USER/RENTER shall comply with all local, state, and federal laws and regulations related to the use of the facility and public gatherings.

The USER/RENTER agrees to abide by all applicable local, federal, and state accessibility standards and regulations.

The USER/RENTER further agrees that it is solely responsible for reviewing and ensuring compliance with all applicable public health rules, regulations, orders, and/or guidance in effect at the time of the use of the facility including, but not limited to, physical distancing, limits on the size of gatherings, use of appropriate sanitation practices, etc.

DISTRICT reserves the right to immediately revoke USER/RENTER's right to use of the facility under this agreement should USER/RENTER fail to comply with any provision of this section.

FORCE MAJEURE

Force Majeure Events: Notwithstanding anything to the contrary contained in this agreement, the DISTRICT shall be excused from its obligations under this agreement to the extent and whenever it shall be prevented from the performance of such obligations by any Force Majeure Event. For purposes of this agreement, a "Force Majeure Event" includes but is not limited to fires, floods, earthquakes, pandemic, epidemic, civil disturbances, acts of terrorism, regulation of any public authority, and other causes beyond their control. The USER/RENTER waives any right of recovery against DISTRICT and the USER/RENTER shall not charge results of "acts of God" to DISTRICT, its officers, employees, or agents.

Signature

Date

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. V-D

FROM: Eric Schanz, General Manager

Meeting Date: January 4, 2024

Subject: Board subcommittee reports

RECOMMENDED ACTION:

Receive updates from active Board subcommittees.

FISCAL IMPACT:

Varies.

DISCUSSION:

This item is a standing placeholder for any Board subcommittee updates that have not been addressed in a separate item.

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. VI

FROM: Eric Schanz, General Manager

Meeting Date: January 4, 2024

Subject: GENERAL MANAGER'S REPORT

RECOMMENDED ACTION: Receive report from the General Manager.

FISCAL IMPACT: None

DISCUSSION:

- 1. Laboratory Testing/ Regulatory Compliance:** Water quality tests confirm that all SSWD water meets all known State and Federal water quality standards.
- 2. Water Production and Sales:** Water sales in November were 15,777 units (Monte Rio cycle). Water Sales for November are lower than last year at this time and are the lowest for the month of November overall compared to previous years. Total combined Monte Rio and Guerneville water production for November was 50.23 AF.
- 3. Leaks:** There were a total of 4 water main repairs in November requiring 52 work hours total, and 7 service line leaks requiring 57 work hours total (Figure 2). There were 3 water main leaks in Guerneville and 1 in Monte Rio. There were 3 service line repairs in Guerneville, 3 Service line repairs in Rio Nido and 1 service line repair in Monte Rio.
- 4. Guerneville Rainfall:** Cumulative rainfall for November was 4.98 inches with the start of the new water year. (Figure 3).
- 5. In-House Construction Projects:** There were no in-house construction projects for the month of November.

6. Grants:

DWR Grant: The request for extension of the agreement has been approved with an additional award of \$231,542 for construction of the Lower Harrison Tank bringing the total amount grant funded to \$871,654. However, the request to create a (Task 5) Generator Replacement at El Bonita Wells was not approved by DWR staff as there are insufficient funds at this time for the project.

FEMA Grant Moscow Road: The FEMA Grant is still in the review process.

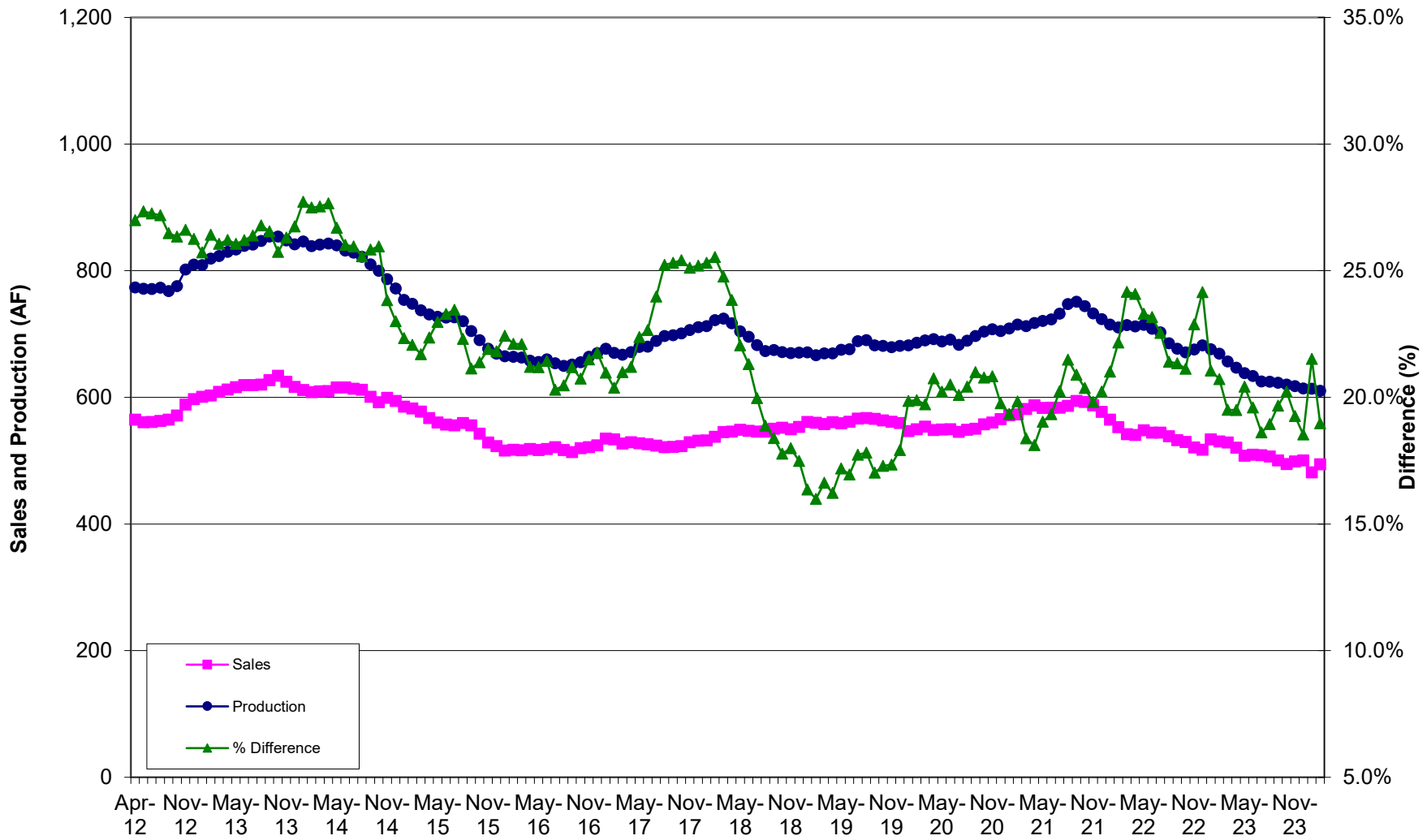
CDBG Grant Wright Road Design: The WRA is working on the environmental report.

7. **Moscow Road:** On December 22, 2023 Moscow Road officially reopened. A community ribbon cutting ceremony was held with the County, Gillotti Construction and Sweetwater Springs Water District. Supervisor Linda Hopkins and Director of Sonoma Infrastructure Johannes Hoeverstz were in attendance along with several people that worked on the project.
8. **Potter Valley Project Update:** As previously reported a proposal was submitted by The Mendocino County Inland Water and Power Commission, the Round Valley Indian Tribes and the Sonoma County Water Agency to preserve Potter Valley diversions and to have fish passage by creating a regional entity that will have the legal and financial capacity to own, construct and operate a new water diversion facility near PG &E's Cape Horn Dam on the Eel River.

On December 5, 2023 The Sonoma County Board of Supervisors, who also serve as the Board of Directors for the Sonoma County Water Agency, voted to approve a Joint Exercise of Powers Agreement with Mendocino County Inland Water and Power Commission to form the Eel-Russian Project Authority. See Link to Press Release: <https://www.sonomawater.org/news/post/18434/>

9. **Gantt Chart:** The Gantt Chart is updated for December 2023 (Figure 4).

**Figure 1. Water Production and Sales 12 Month Moving Averages
Sweetwater Springs Water District Since April 2012**



**Figure 2. Sweetwater Springs Water District Main and Service Pipeline Breaks
Moving Annual Average Since November 2012**

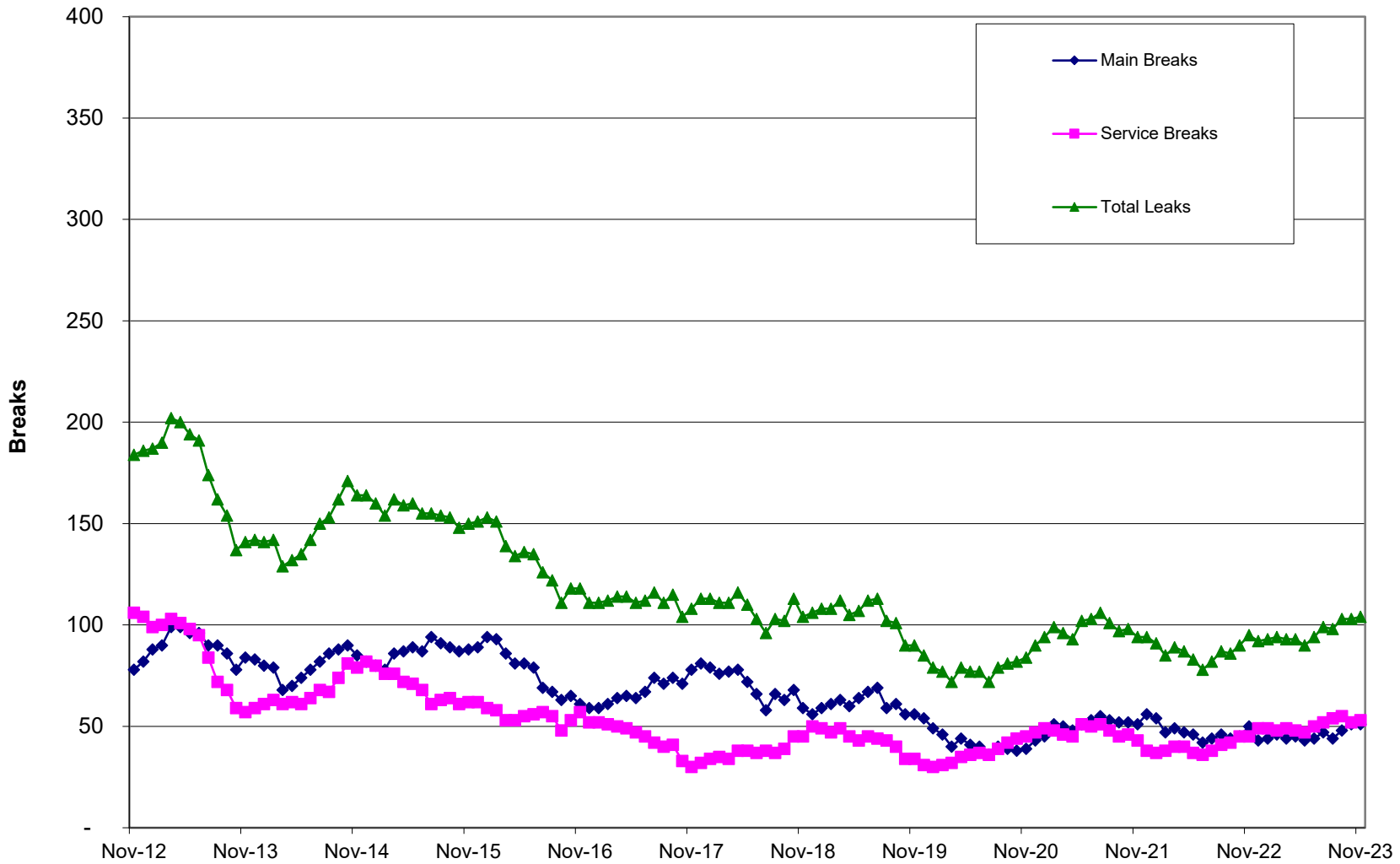
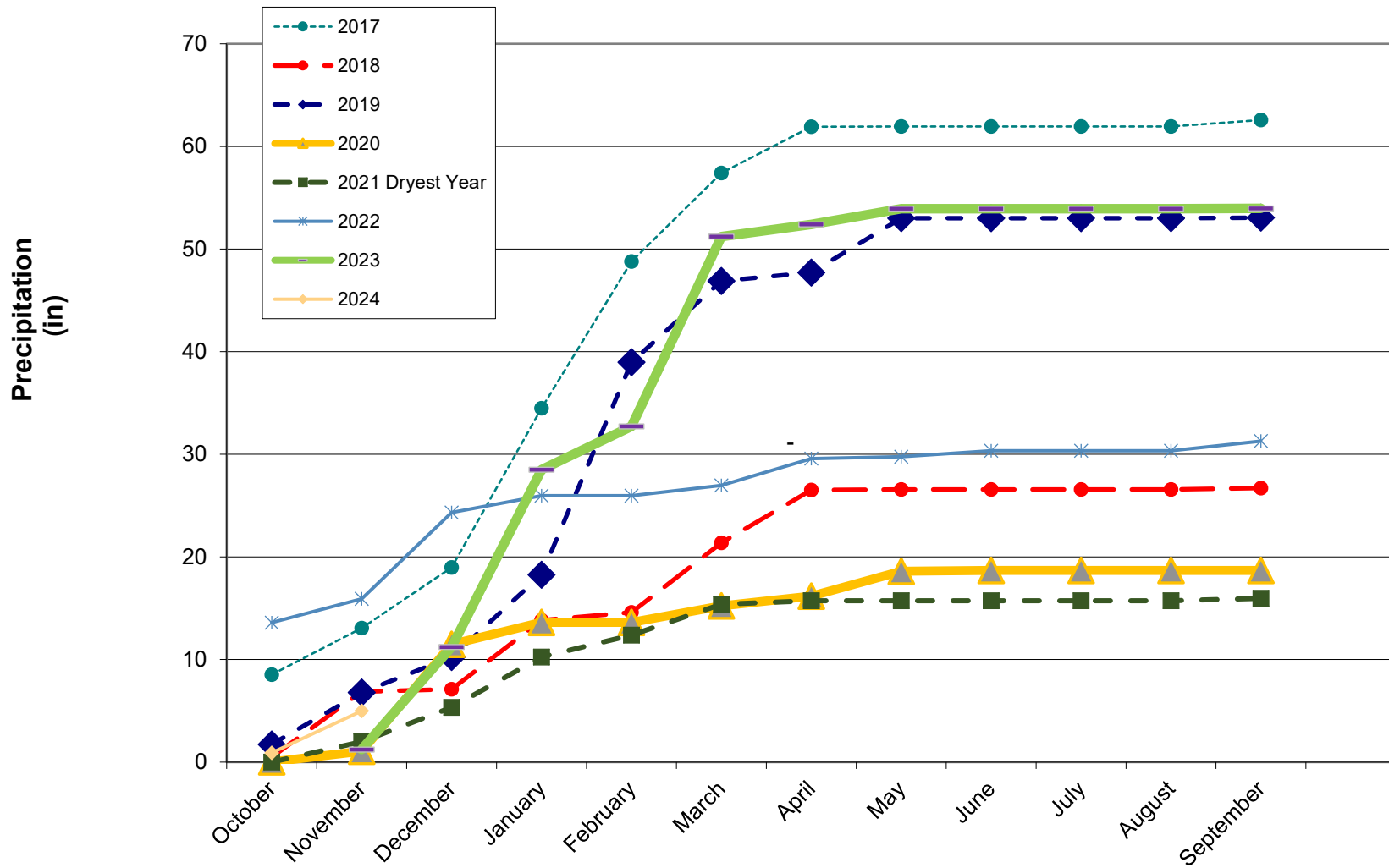


Figure 3. Guerneville Cumulative Monthly Rainfall





USGS 11467000 RUSSIAN R A HACIENDA BRIDGE NR GUERNEVILLE CA



- Discharge
- Estimated discharge
- Period of approved data
- Period of provisional data

NUMBER OF WATER UNITS SOLD FY 23 - 24

	FY01-02	FY02-03	FY03-04	FY04-05	FY05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
JULY	34,371	26,447	26,355	33,578	22,195	27,469	27,147	28,091	21,035	17,808	20,061	22,850	25,890	22,074	16,377	19,044	19,608	20,255	19,273	22,297	21,558	20,306	17,833
AUGUS	39,803	37,750	42,080	41,615	37,799	41,863	37,202	37,907	34,878	32,328	28,486	33,190	29,163	32,208	26,070	26,811	29,485	28,325	27,419	28,582	26,302	22,555	24,231
SEPTEN	33,723	34,532	36,056	35,309	29,823	35,984	31,721	32,753	30,320	29,673	26,091	29,829	26,157	24,091	21,678	22,893	24,037	25,805	24,886	27,175	22,746	21,271	21,933
OCTOBI	40,672	34,063	37,008	38,553	38,707	37,900	36,493	34,938	32,282	32,334	32,091	33,727	31,628	27,724	24,606	29,333	29,495	32,827	27,310	30,099	24,731	31,859	23,693
NOVEM	28,272	28,729	26,973	27,839	26,680	24,076	24,444	25,746	23,111	24,160	21,350	22,218	20,729	19,489	20,101	19,462	21,884	21,351	22,640	23,173	17,984	16,472	15,777
DECEMI	25,380	27,758	27,283	25,508	23,925	25,550	21,556	24,762	21,116	20,802	20,299	22,818	23,452	21,256	20,873	18,070	21,297	20,468	22,288	25,982	21,110	20,372	
JANUAI	16,091	19,287	16,799	15,416	16,127	15,862	13,309	14,631	14,764	13,734	14,645	16,242	16,316	11,914	12,727	13,676	14,146	15,335	12,925	15,529	15,062	11,588	
FEBRU	21,697	23,010	20,689	19,695	22,716	20,963	18,647	21,199	19,233	18,386	16,641	18,372	20,967	17,770	17,189	16,504	17,693	16,950	17,284	15,506	18,727	13,139	
MARCH	17,207	15,092	17,374	14,985	15,456	16,693	14,556	14,417	14,414	12,387	12,569	13,884	13,772	12,351	13,058	12,315	11,657	12,653	12,827	12,846	11,236	11,980	
APRIL	17,728	19,527	21,406	21,089	18,825	21,047	19,227	18,414	17,611	17,129	17,936	17,914	17,053	16,636	17,748	16,809	16,279	18,547	16,886	17,038	17,024	16,685	
MAY	19,118	16,237	19,793	16,372	13,921	15,402	15,721	15,861	14,273	14,134	14,880	15,075	14,514	16,120	14,217	13,083	13,011	13,319	14,602	15,866	13,375	12,354	
JUNE	29,799	27,074	28,882	22,512	24,108	25,457	29,211	26,259	19,143	20,871	23,765	26,850	22,092	20,436	19,020	19,198	21,220	20,612	21,453	24,720	21,975	19,426	
Total	323,861	309,506	320,698	312,471	290,282	308,266	289,234	294,978	262,180	253,746	248,814	272,969	261,733	242,069	223,664	227,198	239,812	246,447	239,793	258,813	231,830	218,007	103,467