



BOARD OF DIRECTORS MEETING AGENDA

**November 4, 2021 Regular Meeting
6:30 p.m.**

Meeting link:

<https://sweetwaterspringswaterdistrict.my.webex.com/sweetwaterspringswaterdistrict.my/j.php?MTID=m9b2da9f25695fe43720d6335d65cb5bd>

Meeting number: 2559 007 8667

Password: y8GVf8KC3UZ

OR

Join by phone: +1-415-655-0001 US Toll

Access code: 2559 007 8667

Password: 98483852

All guests that join the virtual meeting will be muted with their camera/ video turned off. Guest(s) will be unmuted and video turned on when they are speaking. Proper decorum including appearance is required.

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 September 30, 2021 Board Meeting and the September 12, 2021 Special 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.
- D. Reconfirming circumstances of COVID-19 state of emergency, Resolution 21-18 findings and authorizing continued remote meetings

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 2020-2021 Audit Report (presentation by Michael Celentano) *(Est. time 20 min.)*
- B. Discussion/Action re Resolution 21-19 Michael Celentano, Auditor Contract Extension *(Est. time 10 min.)*
- C. Discussion/Action re Ratifying Resolution 21-20 Regional Government Services (RGS) Contract *(Est. time 10 min.)*
- D. Discussion/Action re Jerry Keys 14473 Old Cazadero Rd Service *(Est. time 10 min.)*
- E. Discussion/Action re FY 2021-2022 Actual vs. Budgeted Report – 1Q *(Est. time 10 min.)*
- F. Discussion/Action re Summary of Meeting with Supervisor Lynda Hopkins and Sonoma Water representative *(Est. time 20 min.)*
- G. Discussion/Action re Lower Russian River Municipal Advisory Committee (LRRMAC) Update (Director Spillane) *(Est. time 10 min.)*

VI. GENERAL MANAGER’S REPORT

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: All employees

B. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: Two (2) cases

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: September 30, 2021

(*In order discussed)

September 30, 2021
6:30 p.m.

Board Members Present:

Tim Lipinski
Gaylord Schaap (arr. 6:36 p.m.)
Larry Spillane
Sukey Robb-Wilder
Rich Holmer

Board Members Absent:

(None)

Staff in Attendance:

Ed Fortner, General Manager
Julie Kenny, Secretary to the Board

Others in Attendance:

Rachel Hundley, Legal Counsel
Keith McDonald
Victor Mendez
Deborah Muchmore

I. CALL TO ORDER (6:32 p.m.)

The properly agendized meeting was called to Order by President Robb-Wilder at 6:32 p.m.

II. CHANGES TO AGENDA and DECLARATION OF CONFLICT (6:32 p.m.)

(None.)

III. CONSENT CALENDAR (6:33 p.m.)

President Robb-Wilder reviewed the items on the Consent Calendar. Discussion ensued. Director Holmer moved to approve the Consent Calendar. Director Lipinski seconded the motion. Motion carried 4-0. The following items were approved:

- A. Approval of the Minutes of the September 2, 2021 Board Meeting and the September 20, 2021 Special Board Meeting
- B. Approval of Operations Warrants/Online payments/EFT payments.
- C. Receipt of items of Correspondence (None)

IV. PUBLIC COMMENT (6:34 p.m.)

(None.)

V. ADMINISTRATIVE (6:34 p.m.) *

**in the order discussed*

- V-A. (6:34 p.m.) Discussion/Action re Resolution 21-18, Finding Proclaimed State of Emergency and Authorizing Remote Teleconference Meetings of Legislative Bodies.** The GM provided an overview of this item. Comments were made by Legal Counsel Rachel Hundley. Discussion ensued. Director Robb-Wilder suggested two small amendments to the Resolution. There were no objections:

At the 5th Whereas, last line: Added the word “until” before September 30, 2021
At the 7th Whereas, first line: replace the word “took” with “takes”

Director Spillane moved to approve Resolution 21-18, Finding Proclaimed State of Emergency and Authorizing Remote Teleconference Meetings of Legislative Bodies. Director Schaap seconded. Motion carried 5-0.

- V-B. (6:40 p.m.) Discussion/Action re COVID-19 Workplace Policy.** The GM provided an overview of this item. Public comment was made by Julie Kenny. Public comment was made by Keith McDonald. Public comment was made by Victor Mendez. Discussion ensued, including comments made by Legal Counsel Rachel Hundley. No action was taken.
- V-C. (7:36 p.m. p.m.) Discussion/Action re Summary of Meeting with Supervisor Lynda Hopkins on September 29, 2021.** The GM provided an overview of this item. Director Schaap and Director Holmer provided further overview. Discussion ensued. No action was taken.
- V-D. (7:45 p.m.) Discussion/Action re Lower Russian River Municipal Advisory Committee (LRRMAC) Update (Director Spillane).** Director Spillane had no updates. No action was taken.

VI. GENERAL MANAGER’S REPORT (7:46 p.m.)

The GM provided a report on the following items:

1. Laboratory testing
2. Water production and sales
3. Leaks
4. Guerneville rainfall
5. In-House Construction Projects
6. Audit
7. Lower Russian River Community Advisory Group Governance Meeting, including report by Director Holmer
8. Personnel
9. Water Rights
10. Monte Rio Bridge
11. CDBG Funding
12. Flume Pilot Project
13. Gantt Chart
14. Economic Impact of No Disconnects for Non-payment

VII. BOARD MEMBERS' ANNOUNCEMENTS/COMMENTS
(8:10v p.m.)

Director Robb-Wilder announced she would be out of town later in October.

VIII. ITEMS FOR THE NEXT AGENDA (8:11 p.m.)

1. October 12, 2021 Special Meeting at 7 p.m.
 - Renew virtual meeting for the November Board meeting
 - Discuss COVID 14-day leave policy
2. November 4, 2021 Regular meeting
 - Draft Audit presentation
 - 2021-22 Actual vs. Budgeted report – 1Q
 - Lower Russian River MAC report (Director Spillane)
 - Water Audit
 - Water Rights
 - Discussion re District vaccination/testing policy

IX. CLOSED SESSION (8:24 p.m.)

At 8:24 p.m., President Robb-Wilder announced the Closed Session item. At 8:25 p.m. the Board took a brief break then at 8:30 p.m. went into Closed Session. At 10:13 p.m. the meeting reconvened and the following action was announced:

- A. **Pursuant to Gov. Code Section 54957(b)(1) – Public Employee Performance Evaluation**
Title: General Manager
No action was taken.
- B. **Pursuant to Gov. Code Section 54957(b)(1) – Public Employee Performance Evaluation**
Title: General Manager
No action was taken.
- C. **Conference with Legal Counsel – Anticipated Litigation. Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9**
Number of cases: 1
No action was taken.

ADJOURN

The meeting adjourned at 10:13 p.m.

Respectfully submitted,

Julie Kenny
Clerk to the Board of Directors

APPROVED:

Gaylord Schaap: _____
Sukey Robb-Wilder: _____

Tim Lipinski:
Rich Holmer
Larry Spillane



SPECIAL BOARD MEETING MINUTES*

Meeting Date: October 12, 2021

(*In order discussed)

October 12, 2021
7 p.m.

Board Members Present:

Tim Lipinski
Larry Spillane
Sukey Robb-Wilder
Rich Holmer
Gaylord Schaap

Board Members Absent:

None.

Staff in Attendance:

Ed Fortner, General Manager

Others in Attendance:

Rachel Hundley, Legal Counsel
Deborah Muchmore

I. CALL TO ORDER (7 p.m.)

The properly agendized meeting was called to Order by President Robb-Wilder at 7:01 p.m.

II. PUBLIC COMMENT (7:02 p.m.)

(None.)

III. CLOSED SESSION (7:02 p.m.) *

**in the order discussed*

At 7:02 p.m., President Robb-Wilder announced the Closed Session items. Discussion ensued. At 7:50 p.m. the Board went into Closed Session. At 7:50 the meeting reconvened and the following action was announced:

A. Pursuant to Gov. Code Section 54957(b)(1)-PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: All Employees

No action was taken.

B. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: two cases

No action was taken.

IV. ADMINISTRATIVE (7:52 p.m.) *

**in the order discussed*

- V-A. (7:53 p.m.) Discussion/Action re Resolution 21-18, Covid Virtual Meeting Extension Approval.** Director Holmer moved to reconfirm the findings in Resolution 21-18 authorizing the District to continue with virtual Board meetings. Director Spillane seconded. Motion carried 5-0.
- V-B. (8:03 p.m.) Discussion/Action re Human Resources Consultant Contract Approval.** The GM provided an overview of this item. Discussion ensued. Director Lipinski made a motion to appoint a new ad hoc committee of Director Robb-Wilder and Director Holmer to finalize a contract with RGS to be signed by the President of the Board. Director Holmer seconded. Motion carried 5-0.
- V-C. (8:25 p.m.) Discussion/Action re Resolution 21-17, Amended Meter Reading Contract Approval.** The GM provided an overview of this item. Discussion ensued. Director Holmer moved to approve Resolution 21-17, Approving Third Amendment to Services Agreement for Meter Reading Services, as amended to add Section 4(b) to Exhibit A. Director Lipinski seconded. Motion carried 5-0.

ADJOURN

The meeting adjourned at 8:35 p.m.

Respectfully submitted,

Julie Kenny
Clerk to the Board of Directors

APPROVED:

Gaylord Schaap: _____
 Sukey Robb-Wilder: _____
 Tim Lipinski: _____
 Rich Holmer _____
 Larry Spillane _____

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. III-D

FROM: Ed Fortner, General Manager

Meeting Date: November 4, 2021

SUBJECT: Reconfirming circumstances of COVID-19 state of emergency, Resolution 21-18 findings, and authorizing continued remote meetings

RECOMMENDED ACTION: Staff recommends the Board make a motion to reconfirm the findings made in Section 2 of Resolution 21-18 adopted September 30, 2021 and continue authorizing remote meetings pursuant to emergency procedures under the Brown Act.

FISCAL IMPACT: none

SUMMARY:

On September 30, 2021, the Board adopted Resolution 21-18 (attached to this report), which made certain findings related to the COVID-19 pandemic and its impact on the District's ability to meet safely in person. Specifically, by Section 2 of Resolution 21-18, the Board made the following findings: The Board of Directors has considered the circumstances of the state of emergency; and

The states of emergency, as declared by the Governor and County of Sonoma continue to impact directly the ability of the District's legislative bodies, as well as staff and members of the public, to safely meet in person; and Meeting in person would present imminent risks to the health and safety of members of the public, members of the District's legislative bodies, and District employees due to the continued presence and threat of COVID-19. Section 54953 of the Government Code, as amended by Assembly Bill 361 (2021), requires the Board to reconsider the circumstances of the state of emergency and make certain findings every thirty days in order to meet remotely under special teleconference rules. The Board may make these findings by motion, which would be recorded in the meeting minutes. If this item is approved as a part of the consent calendar, a "motion to approve" would, in effect, approve the staff recommendation described above.

Resolution No. 21-18

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT FINDING PROCLAIMED STATE OF EMERGENCY AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF LEGISLATIVE BODIES

WHEREAS, all meetings of the legislative bodies of the Sweetwater Springs Water District (“District”) are open and public, as required by the Ralph M. Brown Act, Government Code Section 54950, *et seq*, and any member of the public may observe, attend, and participate in the business of such legislative bodies; and

WHEREAS, on March 4, 2020, Governor Newsom declared a State of Emergency as a result of the rapid spread of the novel coronavirus disease 2019 (“COVID-19”); and

WHEREAS, on March 4, 2020, the Board of Supervisors of the County of Sonoma ratified a Proclamation of a Local Emergency and Declaration of Local Health Emergency due to COVID-19; and

WHEREAS, on March 17, 2020, in response to the COVID-19 pandemic, Governor Newsom issued Executive Order N-29-20 suspending certain provisions of the Ralph M. Brown Act (“Brown Act”) in order to allow local legislative bodies to conduct meetings telephonically or by other means, after which District staff implemented virtual meetings for all meetings of legislative bodies within the District; and

WHEREAS, on June 11, 2021, Governor Newsom issued Executive Order N-08-21, which terminated the provisions of Executive Order N-29-20 that allows local legislative bodies to conduct meetings telephonically or by other means effective September 30, 2021; and

WHEREAS, on September 16, 2021, Governor Newsom signed Assembly Bill 361 (2021) (“AB 361”), which amended the Brown Act to allow local legislative bodies to continue to conduct meetings by teleconference under specified conditions and pursuant to special rules on notice, attendance, and other matters; and

WHEREAS, AB 361, pursuant to Executive Order N-15-21, took full effect on October 1, 2021 and requires the Board of Directors to make specific findings to continue meeting under special teleconference rules; and

WHEREAS, such findings include that the Governor has declared a State of Emergency pursuant to Government Code section 8625 and that the legislative body determines meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, the Board of Director hereby finds a proclaimed state of emergency and that the presence of COVID-19 and the increase of cases due to the Delta variant would present imminent risks to the health or safety of attendees, including members of the public and District employees, should meetings of the District’s legislative bodies be held in person; and

WHEREAS, the Board of Directors and the General Manager shall ensure meetings of the District's legislative bodies comply with the special teleconference rules under the Brown Act, as amended by Assembly Bill 361.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sweetwater Springs Water District as follows:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Findings. In compliance with the special teleconference rules of Section 54953 of the Government Code, as established by Assembly Bill 361 (2021), the Board of Directors hereby makes the following findings:

The Board of Directors has considered the circumstances of the state of emergency; and

The states of emergency, as declared by the Governor and County of Sonoma continue to impact directly the ability of the District's legislative bodies, as well as staff and members of the public, to safely meet in person; and

Meeting in person would present imminent risks to the health and safety of members of the public, members of the District's legislative bodies, and District employees due to the continued presence and threat of COVID-19.

Section 3. Remote Teleconference Meetings. The District's legislative bodies may continue to meet remotely in compliance with the special teleconference rules of Section 54953 of the Government Code, as amended by Assembly Bill 361 (2021), in order to protect the health and safety of the public. The General Manager is hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution.

Section 4. Review After 30 Days. The Board of Directors will review these findings and the need to conduct meetings by teleconference within thirty (30) days of adoption of this resolution

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption.

[Continued on next page.]

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 September 30, 2021, by the following vote:

Director	Aye	No
Sukey Robb-Wilder	_____	_____
Tim Lipinski	_____	_____
Richard Holmer	_____	_____
Gaylord Schaap	_____	_____
Larry Spillane	_____	_____

Sukey Robb-Wilder
President of the Board of Directors

Attest: Julie A. Kenny
Clerk of the Board of Directors

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. V-A

FROM: Ed Fortner, General Manager

Meeting Date: November 4, 2021

Subject: Discussion/Action re Draft FY 2020-21 Audit Report

RECOMMENDED ACTION:

Receive a report from Auditor Michael Celentano on the FY 2020-21 Audit.

FISCAL IMPACT:

The FY 2020-21 Audit cost \$8,250.

DISCUSSION:

Attached is the Draft Audit report, together with Mr. Celentano's letters regarding Governance and Internal Controls. Our FY 2020-21 Audit was conducted by Michael Celentano, CPA late September. Mr. Celentano will be present 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.

SWEETWATER SPRINGS WATER DISTRICT

BASIC FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

**SWEETWATER SPRINGS WATER DISTRICT
FINANCIAL STATEMENTS**

JUNE 30, 2021 AND 2020

TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Position.....	10
Statement of Revenues, Expenses, and Changes in Net Position.....	11
Statement of Cash Flows.....	12
Notes to Basic Financial Statements	14

MICHAEL A. CELENTANO

Certified Public Accountant

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Board of Directors
Sweetwater Springs Water District
Guerneville, California

Independent Auditor's Report

I have audited the accompanying financial statements of the business-type activities of Sweetwater Springs Water District as of and for the year ended June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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 \$235,029 and decreasing fund balance by \$ \$235,029. The effect on Deferred Inflows/Outflows and payroll and employee benefit expenses has not been determined. See Footnote 11 for more detail.

Qualified Opinion

In my opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraphs, 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, 2021 and 2020 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

October 19, 2021

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, 2021. 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 2020-21. The condensed financial statements that follow provide a complete 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 2020-21

Selected revenues, expenses, and balances:

	<u>FY 2020-21</u>	<u>FY 2019-20</u>
Water Sales:	\$2,756,680	\$2,600,592
Net Income (Change in Net Position):	\$1,657,538	\$1,326,785
Net Income excluding non-cash rev/exp:	\$652,668	\$384,249
Surplus operating income transferred to CIRF:	\$270,000	\$190,000
Operating Expenses (before depreciation):	\$1,971,245	\$1,915,118
Capital Improvement expenditures:	\$244,180	\$64,472
Debt Payments (principal + interest):	\$1,141,570	\$1,028,074
District reserves above policy:	\$2,351,087	\$2,020,353
Net Pension Liability (PERS UL):	\$104,210	\$483,508
Capital Debt:	\$9,689,186	\$10,561,406

Other Notes for FY 2020-21

(1) Fire event. In August 2020, the Walbridge Fire precipitated mandatory evacuations in our service area. The District filed a FEMA claim for 75% reimbursement for preventative brush removal on Mt. Jackson, but at FYE no funds had been received and this project was put on hold.

(2) Grant received: In FY 2020-21 the District was approved to receive \$115,900 in Community Development Block Grant (CDBG) funding for CIP 2021 Design costs from the Community Development Commission (CDC). A total of \$93,283 was received as of FYE.

(3) Extra payment made to PERS to reduce Net pension liability (UL). In FY 2020-21 the District made a second extra UL payment to PERS in the sum of \$500,000, in addition to the \$500,000 extra payment made in FY 2019-20. These extra payments were financed in-house by the District's policy reserves, to be reimbursed over a period of seven years beginning in FY 2020-21. The extra UL payments reduced District UL from \$955,362 in FY 2018-19 to \$483,508 in FY 2019-20 to \$104,210 in FY 2020-21.

(4) Coronavirus (COVID) pandemic. The impact of the global pandemic on the District's financial activities has been insignificant and is therefore not called out in this Audit.

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 2020-21 compared to FY 2019-20 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 increased by \$652,668 to \$13,263,893 at FYE 2021, up from \$12,611,225 at FYE 2020, largely due to reducing our pension (part of "Other long-term liabilities" in the table below) and debt liabilities.

Condensed Statement of Net Position

	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>\$ Change</u>	<u>% Change</u>
Cash	3,025,538	3,025,913	(375)	0.0%
Capital Assets	19,776,879	20,357,734	(580,855)	-2.9%
Other Assets	450,747	462,658	(11,911)	-2.6%
Total Assets	23,253,165	23,846,305	(593,140)	-2.5%
Bond & Loan principal debt outstanding	9,689,186	10,561,406	(872,220)	-8.3%
Other long-term liabilities	157,795	531,592	(373,797)	-70.3%
Other short-term liabilities	142,291	142,082	209	0.1%
Total Liabilities	9,989,272	11,235,080	(1,245,808)	-11.1%
Net investment in capital assets	10,087,693	9,796,329	291,364	3.0%
Restricted	0	0	0	
Unrestricted	3,176,200	2,814,896	361,304	12.8%
Total Net Position	13,263,893	12,611,225	652,668	5.2%

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 2020-21 versus FY 2019-20.

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

	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>\$ Change</u>	<u>% Change</u>
Water Sales	2,756,680	2,600,592	156,088	6.0%
Property Tax Assessment (flat charge)	845,486	786,565	58,921	7.5%
Non-Operating Revenues	291,565	209,891	81,674	38.9%
Total Revenues	3,893,731	3,597,048	296,683	8.2%
Operating Expenses:				
Salaries & Benefits	1,285,266	1,309,457	(24,191)	-1.8%
Services & Supplies	685,978	605,661	80,317	13.3%
				-
Total Operating Expenses	1,971,244	1,915,118	56,126	2.9%
Non-Operating Expenses:				
Interest	264,948	355,145	(90,197)	-25.4%
Other	0	0	0	0.0%
Total Non-Operating Expenses	264,948	355,145	(90,197)	-25.4%
Total Expenses	2,236,192	2,270,263	(34,071)	-1.5%
Income before Other Items and Depreciation Expense	1,657,539	1,326,785	330,754	24.9%
Other income - unrealized investment gains	51,873	0	51,873	-
Other - PERS UL Interest & Assumption Chges	(155,254)	(83,597)	(71,657)	0.0%
Depreciation Expense	(901,490)	(858,939)	(42,551)	5.0%
Change in Net Position (Net Income)	652,668	384,249	268,419	69.9%

Income before Other Items and Depreciation Expense was \$1,657,538, an increase of \$330,753 from last fiscal year.

Total **revenues** were \$3,893,731, about 8.2% more than last year. Water Sales were up 6% from last year; charges for water were increased by 5%. Flat charge revenue, collected via property tax bills, is expected to remain constant from year to year at around \$750,000. This year it came in at \$845,486, bolstered by a one-time flat charge collection on a large construction project in Guerneville (West County Health Center). Non-operating revenues -- \$291,565 -- consist primarily of (1) interest income; (2) rent received from cell tower tenants on the District's Mt. Jackson property; and (3) construction of new services during the fiscal year.

On the expense side, total **expenses** decreased by \$34,070, or 1.5%, compared to last year mostly due to decreases in capital interest expense. Salaries & Benefits also decreased as the District operated short-staffed for part of the year.

Income after accounting for "Other Items" (Change in Net Position) was \$652,668 at FYE, compared to \$384,249 in FY 2019-20. Included in "other items" are non-cash revenues/expenses. They include (1) Unrealized investment earnings/losses on District funds invested with the Public Agency Retirement Service (PARS); (2) PERS interest charges on UL, as well as adjustments to UL due to changes in PERS

assumptions that impact the calculation of projected future costs of the District's retirement program.; and (3) Depreciation expense calculations.

III. CAPITAL SPENDING

In FY 2020-21, the District began CIP 2021, and also completed a small emergency project in Monte Rio.

Project	Project Description	Amount spent FY 2020-21	% complete at FYE 2021
CIP 2021	Replace 5600 lf of galvanized pipe and lead goosenecks with 6" HDPE main on Old River Rd and Woodland Dr.	\$114,958	Unknown. At FYE, construction portion not yet out to bid.
Main St. Monte Rio Emergency Project	Replace 1040' of 4" steel main with 6" HDPE prior to scheduled paving by the County of Sonoma.	\$129,222	100% complete.

In addition to these capital projects, a total of \$22,608 was spent on Tank/Facilities improvements and \$47,677 was spent to purchase a new utility truck.

IV. DISTRICT DEBT/SOURCES OF DEBT REPAYMENT

At the beginning of FY 2020-21, the District owed a total of \$10,561,405 in bond debt, state loans, and a private placement loan. During the year the District made \$872,219 in principal payments, including paying off the last State Loan one year early. No new debt was taken out in FY 2020-21. At FYE, the District owed a total of \$9,689,186 in borrowed funds.

The table below summarizes activity on the bonds and loans in FY 2020-21:

<u>DEBT TYPE</u>	<u>ORIGINAL PRINCIPAL</u>	<u>PRINCIPAL OWED JULY 1, 2020</u>	<u>PRINCIPAL PAID FY 2020-21</u>	<u>PRINCIPAL OWED FYE 2021</u>
USDA G.O. Bonds	\$1,647,875 (2014)	\$1,516,026	\$28,278	\$1,487,748
USDA G.O. Bonds	\$1,535,000 (2019)	\$1,535,000	\$25,000	\$1,510,000
Capital One Bonds	7,993,000 (2013)	\$5,623,892	\$368,000	\$5,255,892
State Loans	\$3,013,500 (1996)	\$282,727	\$282,727	\$0
Private Placement Loan	\$3,000,000 (2008)	\$1,603,760	\$168,215	\$1,435,545
		\$10,561,405	\$872,219	\$9,689,186

With interest, actual payments on District bond and loan debt were \$1,141,570. The District allocates revenue from flat charges, the CDR¹ portion of the Water Sales revenue, and capital interest to pay for annual principal and interest on debt, itemized for FY 2020-21 as shown below:

Flat Charges: \$848,198

¹ CDR stands for "Capital Debt Reduction".
Sweetwater Springs Water District
Management Discussion & Analysis
FY 2020-21

CDR Revenue:	\$316,573
Capital interest:	<u>\$10,722</u>
Total:	\$1,175,493

The surplus from these sources of revenue -- \$33,923 in FY 2020-21 – together with operating surpluses (\$270,000) forms the basis for in-house funding for capital construction.

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 2020-21, District policy reserves were \$1,402,661. However, during the year, \$500,000 of policy reserves were loaned to Operations in addition to the \$500,000 loaned in FY 2019-20 for the purpose of paying down pension (UL) debt. Payback on this loan also began this year, with the first of seven \$135,000 installments reimbursed to policy reserves from Operations. At FYE policy reserves net the portion of these loans still outstanding were \$537,661. Reserves above policy were \$2,351,087, as detailed below:

Total District Funds*:	\$2,888,748
Less Policy Reserves:	<u>(\$537,661)</u>
Reserves Above Policy:	\$2,351,087

** Does not include Operations checking accounts*

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

The bulk of the District’s 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 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 2020-25 Capital Improvement Program identifies over \$3.7 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. The District's capital construction is funded from four sources:

- **Surplus revenue.** The District’s goal is to increase surplus operating revenue to \$500,000 annually. In FY 2020-21 it was budgeted at \$270,000, and that amount was actually achieved. Together with surplus flat charge/CDR revenue of \$33,923, total surplus revenue in FY 2021 totalled \$303,923.
- **Grants.** At FYE the District was approved to receive \$115,900 in CDBG grant funding from the CDC. At FYE, \$93,283 had been received. The District is actively pursuing grant funding from several sources.
- **Loan proceeds.** The District is not considering incurring additional debt at FYE.
- **Reserves.** Reserves available for capital spending and capital debt ("reserves above policy") were at \$2,351,087 at FYE 2021. Less anticipated debt

expenditures in FY 2021-22 as well as funds with PARS and CERBT, reserves available for capital projects at FYE were \$1,231,117:

Reserves Above Policy:	\$2,351,087
Less FY 2021-22 debt payments:	(\$782,537):
Less funds at PARS/CERBT:	<u>(\$337,433)</u>
Reserves available for capital projects:	\$1,231,117

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, 2021 and 2020

	June 30, 2021	June 30, 2020
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 1,937,788	\$ 1,766,601
Accounts receivable	131,859	151,762
Flat charges receivables	30,622	33,333
Unbilled revenue	225,512	214,808
Inventory	56,505	56,505
Prepaid expenses	6,250	6,250
TOTAL CURRENT ASSETS	2,388,536	2,229,259
NONCURRENT ASSETS		
Land	143,053	143,053
Construction in progress	114,958	-
Buildings and improvements	32,429,180	32,277,351
Machinery and equipment	711,404	663,169
Less-accumulated depreciation	(13,621,716)	(12,725,839)
TOTAL CAPITAL ASSETS, NET	19,776,879	20,357,734
OTHER NONCURRENT ASSETS		
Restricted cash and investments	1,087,750	1,259,312
TOTAL OTHER NONCURRENT ASSETS	1,087,750	1,259,312
TOTAL ASSETS	23,253,165	23,846,305
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	8,098	-
Accrued wages	15,020	12,281
Accrued interest	99,016	103,418
Customer deposits	15,077	16,277
Road maintenance obligations	5,080	10,106
Current portion of long term debt	523,771	728,225
TOTAL CURRENT LIABILITIES	666,062	870,307
LONG TERM LIABILITIES		
Compensated absences	65,398	54,359
General obligation bonds payable	7,902,190	8,253,641
California safe drinking water bonds payable	-	143,429
Citizens business bank (COP) payable	1,263,225	1,436,111
Net pension liability	104,210	483,508
Other postemployment benefits payable	(11,813)	(6,275)
TOTAL LONG TERM LIABILITIES	9,323,210	10,364,773
TOTAL LIABILITIES	9,989,272	11,235,080
NET POSITION		
Net Investment in capital assets	10,087,693	9,796,329
Unrestricted	3,176,200	2,814,896
TOTAL NET POSITION	\$ 13,263,893	\$ 12,611,225

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, 2021 and 2020

	<u>Totals</u> <u>June 30, 2021</u>	<u>Totals</u> <u>June 30, 2020</u>
Operating Revenues		
Charges for services	\$ 2,756,680	\$ 2,600,592
Total Operating Revenues	<u>2,756,680</u>	<u>2,600,592</u>
Operating Expenses		
Salaries and employee benefits	1,285,266	1,309,457
Service and supplies	685,978	605,661
Depreciation	901,490	858,939
Total Operating Expenses	<u>2,872,734</u>	<u>2,774,057</u>
Operating Income (Loss)	<u>(116,054)</u>	<u>(173,465)</u>
Non-Operating Revenues (Expenses)		
Interest income	15,601	45,058
Rents	113,109	109,392
Flat charges	845,486	786,565
Grant income	93,283	
Other non-operating revenue	121,445	55,441
Change in actuarial assumptions	(135,975)	(33,628)
Interest expense unfunded pension liability	(19,279)	(49,969)
Interest expense	<u>(264,948)</u>	<u>(355,145)</u>
Total Non-Operating Revenues (Expenses)	<u>768,722</u>	<u>557,714</u>
Net Income (Loss)	652,668	384,249
Total Net Position, Beginning of Fiscal Year	<u>12,611,225</u>	<u>12,226,976</u>
Total Net Position, End of Fiscal Year	<u><u>\$ 13,263,893</u></u>	<u><u>\$ 12,611,225</u></u>

See accompanying notes to basic financial statements

SWEETWATER SPRINGS WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2021 and 2020

	Totals June 30, 2021	Totals June 30, 2020
Cash Flows From Operating Activities		
Cash received from customers	\$ 2,764,679	\$ 2,575,819
Payments to suppliers for goods and services	(682,906)	(670,795)
Payments to employees and related items	(1,277,026)	(1,296,413)
Net cash flows provided by operating activities	804,747	608,611
Cash Flows From Capital and Related Financing Activities		
Acquisition of capital assets	(320,635)	(265,940)
Proceeds from long term debt	-	37,893
Grant income	93,283	
Payments on long term debt	(872,220)	(684,427)
Payments on net pension liability	(534,552)	(555,451)
Interest payments	(269,350)	(381,539)
Net cash flows (used) by capital and related financing activities	(1,903,474)	(1,849,464)
Cash Flows From Non-Capital and Related Financing Activities		
Flat charges	848,197	791,585
Miscellaneous non-operating revenues	121,445	55,441
Net cash provided by non-capital and related financing activities	969,642	847,026
Cash Flows From Investing Activities		
Rents	113,109	109,392
Interest income	15,601	4,558
Net cash flows provided by investing activities	128,710	154,450
Net Increase (Decrease) in Cash and Investments	(375)	(239,377)
Cash and Investments, Beginning of Fiscal Year	3,025,913	3,265,290
Cash and Investments, End of Fiscal Year	\$ 3,025,538	\$ 3,025,913
Reconciliation of Cash and Investments to Amounts Reported on the Statement of Net Position:		
Cash and investments	\$ 1,937,788	\$ 1,766,601
Restricted cash and investments	1,087,750	1,259,312
	\$ 3,025,538	\$ 3,025,913
Supplemental Disclosures:		
Interest expense during the fiscal year	\$ 264,948	\$ 355,145
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, 2021 and 2020**

(Continued)

	Totals June 30, 2021	Totals June 30, 2020
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:		
Operating income (loss)	\$ (116,054)	(173,465)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	901,490	858,959
Salaries and employee benefits		
(Increase) Decrease in Operating Assets:		
Accounts receivable/Unbilled Revenue	9,199	(24,773)
Inventory		
Prepaid expenses		
Increase (Decrease) in Operating Liabilities:		
Accounts payable	8,098	(65,134)
Accrued wages	2,739	5,738
Compensated absences	11,039	4,282
Customer deposits payable	(1,200)	966
Road maintenance obligations	(5,026)	5,003
Other postemployment benefits payable	(5,538)	(2,945)
Total Adjustments	920,801	782,076
Net Cash Provided by Operating Activities	\$ 804,747	\$ 608,611

See accompanying notes to basic financial statements

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2021 AND 2020

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, 2021 AND 2020

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, 2021 and 2020, accrued vacation pay amounted to \$65,398 and \$54,359 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, 2021 AND 2020

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, 2021:

	Unrestricted	Restricted	Totals
Cash on hand	\$ 300	\$ -	\$ 300
Cash in bank	195,297	154,860	350,157
Cash and investments	1,742,191	932,890	2,675,081
Total Cash and Investments	\$ 1,937,788	\$ 1,087,750	\$ 3,025,538
Statement of Net Position:			
Cash and investments	\$ 1,937,788		
Restricted cash and investments	1,087,750		
Total	\$ 3,025,538		

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, 2021 AND 2020

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	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	\$ 273,549	\$ 273,549					
County Pooled Investment Fund	\$ 2,401,532	\$ 2,401,532	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ 2,675,081</u>	<u>\$ 2,675,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2021 AND 2020

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	\$ 273,549						\$ 273,549
County Pooled Investment Fund	\$ 2,401,532	N/A	\$ -	\$ -	\$ -	\$ -	\$ 2,401,532
Total	\$ 2,675,081		\$ -	\$ -	\$ -	\$ -	\$ 2,675,081

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, 2021, the District's deposits with financial institutions were \$144,432 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, 2021 AND 2020

Note 3: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance at July 1, 2020	Additions	Deletions	Transfers	Balance at June 30, 2021
Capital assets, not being depreciated:					
Land	\$ 143,053	\$ -	\$ -	\$ -	\$ 143,053
Construction in progress		114,958			114,958
Total capital assets, not being depreciated	143,053	114,958			258,011
Capital Assets, being depreciated:					
Building and improvements	32,277,351	151,829			32,429,180
Machinery and equipment	663,169	53,848	(5,613)		711,404
Total capital assets, being depreciated	32,940,520	205,677	(5,613)		33,140,584
Accumulated depreciation:					
Building and improvements	(12,126,649)	(876,927)			(13,003,576)
Machinery and equipment	(599,190)	(24,563)	5,613		(618,140)
Total accumulated depreciation	(12,725,839)	(901,490)	5,613		(13,621,716)
Total depreciable assets, net	20,214,681	(695,813)			19,518,868
Total capital assets, net	\$ 20,357,734	\$ (580,855)	\$ -	\$ -	\$ 19,776,879

Depreciation expense of \$901,490 was incurred and recorded as an operating expense for June 30, 2021.

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, 2021:

	Balance at June 30, 2020	Additions	Repayments	Balance at June 30, 2021	Due Within One Year
2003 General Obligation Bonds	3,051,026		(53,278)	2,997,748	54,950
2013 General Obligation Refunding Bonds	5,623,893		(368,000)	5,255,893	296,500
California Safe Drinking Bonds	282,727		(282,727)		
Citizens Business Bank Certificates of Participation	1,603,760		(168,215)	1,435,545	172,321
Total	\$ 10,561,406	\$ -	\$ (872,220)	\$ 9,689,186	\$ 523,771

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2021 AND 2020

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, 2021 are as follows:

2022	28,950	\$	35,336	\$	64,286
2023	29,637		34,649		64,286
2024	30,341		33,945		64,286
2025	31,062		33,225		64,287
2026	31,799		32,488		64,287
2027-2031	170,691		150,751		321,442
2032-2036	191,945		129,506		321,451
2037-2044	215,849		105,616		321,465
2042-2046	242,728		78,751		321,479
2047-2051	272,953		48,541		321,494
2052-2054	241,793		14,568		256,361
	<u> </u>		<u> </u>		<u> </u>
Total	<u>\$ 1,487,748</u>	<u>\$</u>	<u>697,376</u>	<u>\$</u>	<u>2,185,124</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, 2021 AND 2020

The scheduled annual minimum debt service requirements at June 30, 2021 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	26,000	\$ 33,683	\$ 59,683
2023	26,000	33,098	59,098
2024	27,000	32,501	59,501
2025	27,000	31,894	58,894
2026	28,000	31,275	59,275
2027-2031	150,000	146,498	296,498
2032-2036	167,000	128,689	295,689
2037-2041	187,000	108,844	295,844
2042-2046	215,000	167,124	382,124
2047-2051	240,000	60,638	300,638
2052-2056	266,000	32,226	298,226
2027-2058	151,000	4,691	155,691
Total	<u>\$ 1,510,000</u>	<u>\$ 811,161</u>	<u>\$ 2,321,161</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, 2021 AND 2020

Note 4: Long-Term Debt (Continued)

2013 General Obligation Refunding Bonds (Continued)

The scheduled annual minimum debt service requirements at June 30, 2021 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 296,500	\$ 141,992	\$ 438,492
2023	306,300	133,614	439,914
2024	316,200	124,961	441,161
2025	323,500	116,069	439,569
2026	330,800	106,974	437,774
2027-2032	2,167,160	369,592	2,536,752
2032-2033	1,515,432	64,002	1,579,434
Total	<u>\$ 5,255,892</u>	<u>\$ 1,057,204</u>	<u>\$ 6,313,096</u>

California Safe Drinking Bonds Payable

On June 24, 1993 the State Department of Water Resources provided a \$2,870,000 loan to the District under the Safe Drinking Water Bond Act of 1986. The project financed by this loan consists of construction of three wells, interconnection of the system's service area, and construction of five storage facilities and appurtenances.

The bonds bear interest at 2.955% and mature on April 2022. Principal payments are due semi-annually on October 1 and April 1 including interest. A 5% administrative fee was included in the principal amount. This loan was paid off during the year.

Note 4: Long-Term Debt (Continued)

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.

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2021 AND 2020

The scheduled annual minimum debt service requirements at June 30, 2021 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 172,887	\$ 43,190	\$ 216,077
2023	178,288	37,789	216,077
2024	183,857	32,219	216,076
2025	189,601	26,475	216,076
2026	195,524	20,552	216,076
2027-2029	515,388	24,224	539,612
Total	<u>\$ 1,435,545</u>	<u>\$ 184,449</u>	<u>\$ 1,619,994</u>

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 extend the lease for an additional three years at \$2,730 per month.

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 \$401.

The total rental payments for all leasing arrangements charged to expenses were \$32,488 and \$31,002 for June 30, 2021 and 2020 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, 2020 Annual Actuarial Valuation Report. Details of the benefits

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2021 AND 2020

provided can be obtained in Appendix B of the June 30, 2020 actuarial valuation report. This report is a publically 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, 2018 (the measurement date), the active employee contribution rate is 6.908 percent of annual pay and the average employer's contribution rate is 10.484 percent of annual payroll for the 2% @ 55 plan and the active employee contribution rate is 6.750 percent of annual pay and the average employer's contribution rate is 7.732 percent of annual payroll for the 2% @ 62 plan. Employer contributions rates may change if plan contracts are amended.

Annual Pension Cost

For June 30, 2021, the District's annual pension cost of \$68,732 for PERS was equal to the District's required and actual contributions and plus an additional \$534,552 towards its unfunded liability. The required portion of the contribution was determined as part of the June 30, 2019 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, 2021 was determined as part of the June 30, 2018 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>
6/30/19	67,856	100%	0
6/30/20	70,738	100%	0
6/30/21	68,732	100%	0

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2021 AND 2020

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>
6/30/18	4,758,575	3,764,195	993,380	79.1%	741,245
6/30/19	5,190,479	4,204,166	986,313	81.0%	595,195
6/30/20	5,505,873	4,891,246	614,627	88.8%	443,092

The table below shows a two-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>
6/30/18	26,354	24,180	2,174	91.7%	51,622
6/30/19	46,738	44,732	2,006	95.7%	245,097
6/30/20	107,053	102,198	4,855	95.5%	346,587

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.

Cash restricted to long-term debt repayment is held in the debt service accounts, and cash restricted to water system improvements is held in the construction accounts. The restrictions arise from provisions of the General Obligation Bond Issues and California Safe Drinking Water Loan Contract #58340.

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

SWEETWATER SPRINGS WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2021 AND 2020

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). As of June 2021, \$114,958 was paid to Coastland.

In December, 2020 the District entered into a contract with Piazza Construction for emergency preventative fire hazard work to remove debris on Mt. Jackson in the sum of \$178,833. As of June 2021, this project was on hold pending final approval of FEMA funding to offset the costs of this project.

In March, 2021, the District entered into a contract with Piazza Construction for emergency mainline work on Main St., Monte Rio in the sum of \$129,222. As of June 2021, this project was completed. A total of \$129,222 was paid to Piazza.

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 Classis 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 (\$143 in 2021 and \$139 in 2020).

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 2020-21 the District contributed \$11,043, which covered current premiums and \$3,000 of additional prefunding of benefits. Currently, there are 5 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, 2021 AND 2020

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	\$	5,475
Interest on net OPEB obligation		(300)
Adjustment to ARC		330
Annual OPEB cost (expense)		5,505
Contributions made		(11,043)
Increase in net OPEB obligation		(5,538)
Net OPEB obligation – Beginning of the year		(6,275)
Net OPEB obligation – End of year	\$	(11,813)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2018-19, 2019-20 and 2020-21 were as follows:

Fiscal Year	Annual OPEB Cost	Percent of Annual OPEB Cost	OPEB Obligation (Asset)
6/30/2019	\$ 6,038	130%	\$ (4,038)
6/30/2020	\$ 6,839	128%	\$ (6,983)
6/30/2021	\$ 5,503	100%	\$ (11,813)

Funded Status and Funding Progress

As of June 30, 2021, the most recent Alternate Measurement Method valuation date, the plan was 21.4% funded. The actuarial accrued liability for benefits was \$298,913, and the actuarial value of assets was \$63,884, resulting in an unfunded actuarial accrued liability (UAAL) of \$235,029. The covered payroll (annual payroll of active employees covered by the plan) was \$444,309, and the ration of the UAAL to the covered payroll was 52.9 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

Projects 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, 2021 AND 2020

In fiscal year 2018-19, the District revised its actuarial assumptions used to calculate the ARC as follows: (1) The minimum Employer Contribution rate of increase was decreased from 3.2 percent to 2.75 percent based on five years' actual MEC increases. (2) The discount rate used was increased from .3 percent to 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, 2021 was twenty-four (23) 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%

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 4, 2021 that meet the above definition.

MICHAEL A. CELENTANO

Certified Public Accountant

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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, 2021, 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
October 19, 2021

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, 2021. 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 October 19, 2021. 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 October 19, 2021.

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', with a long horizontal flourish extending to the right.

Michael A Celentano
Certified Public Accountant

October 19, 2021

October 19, 2021

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, 2021, 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 October 19, 2021 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 December 13, 2019 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) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 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 all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) 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.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) 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.
- 13) 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.
- 14) 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.
- 15) 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.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) 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

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) 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.
- 20) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 21) 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.
- 22) 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 statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives. 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.
- 24) 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.
- 25) 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.
- 26) 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.
- 27) 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.
- 28) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 29) 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.
- 30) 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.
- 31) Provisions for uncollectible receivables have been properly identified and recorded.
- 32) 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.
- 33) 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.
- 34) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 35) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 36) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 37) 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.

38) 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.

Signature: _____

Title: _____

Signature: _____

Title: _____

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. V-B

FROM: Ed Fortner, General Manager

Meeting Date: November 4, 2021

SUBJECT: Resolution 21-19, Extending a Contract for Audit Services with Michael Celentano, CPA and Authorizing the General Manager to Sign the Letter of Engagement

RECOMMENDED ACTION:

Approve Resolution 21-19.

FISCAL IMPACT:

\$8,500 for FY 2021-2022 and \$8,750 for FY 2022-2023.

DISCUSSION:

Mr. Celentano has been conducting the District's annual audit for the last seven years. At the December Board meeting, staff recommended and the Board concurred pursuing a two-year extension with Mr. Celentano.

Staff has reviewed the letter of engagement Mr. Celentano sent and found it acceptable. His proposed fees of \$8,500 and \$8,750 are \$250 and \$500 more each than the FY 2020-2021 audit.

It is recommended that the Board approve Resolution 21-19.

Resolution No. 21-19

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT APPROVING A CONTRACT FOR AUDIT SERVICES WITH MICHAEL CELENTANO, CPA FOR FY 2021-2022 AND FY 2022-2023

WHEREAS, pursuant to District Policy 4050.15, “the District Board of Directors shall retain an independent auditor to conduct an annual review of District books, records, and financial interests; and

WHEREAS, pursuant to Water Code Section 30540 (2), the Board shall retain an auditor as an independent contractor to conduct an annual audit of the District’s books, records, and financial affairs; and

WHEREAS, the Board of Directors has evaluated the proposed letter contract of Michael Celentano, CPA for audit services for FY 2021-2022 and FY 2022-2023 at the following rates;

FY ending June 30, 2022 not to exceed \$8,500
FY ending June 30, 2023 not to exceed \$8,750

1. **NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the Sweetwater Springs Water District has reviewed the letter contract presented by Michael Celentano, CPA dated October 25, 2021, and finds the terms and conditions acceptable; and
2. **BE IT FURTHER RESOLVED**, that the General Manager is authorized to sign said Contract

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 November 4, 2021, by the following vote.

Director	Aye	No
Sukey Robb-Wilder	_____	_____
Tim Lipinski	_____	_____
Richard Holmer	_____	_____
Gaylord Schaap	_____	_____
Larry Spillane	_____	_____

Sukey Robb-Wilder
President of the Board of Directors

Attest: Julie A. Kenny
Clerk of the Board of Directors

MICHAEL A. CELENTANO
Certified Public Accountant
12204 E Camino Loma Vista
Yuma AZ 85367
707-367-9729

October 25, 2021

Board of Directors
Sweetwater Springs Water District
PO Box 48
Guerneville, CA 95446

I am pleased to confirm my understanding of the services I am to provide Sweetwater Springs Water District for the year ended June 30, 2022 and 2023. I will audit the financial statements of the business-type activities which collectively comprise the basic financial statements of Sweetwater Springs Water District as of and for the year ended June 30, 2022 and 2023. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Sweetwater Springs Water District's basic financial statements. Such information, although not a part of the basic financial statements Sweetwater Springs Water District's, 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. As part of my engagement, I will apply certain limited procedures to Sweetwater Springs Water District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.

Audit Objective

The objective of my audit is the expression of my opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. My audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures I consider necessary to enable me to express such an opinion. I cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for me to modify my opinion or add emphasis-of-matter or other-matter paragraphs. If my opinion on the financial statements is other than unmodified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or am unable to form or have not formed an opinion, I may decline to express an opinion or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services I provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to me and for the accuracy and completeness of that information. You are also responsible for providing me with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial

statements, (2) additional information that I may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom I determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to me in the written representation letter that the effects of any uncorrected misstatements aggregated by me during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing me about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing me of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include my report on the supplementary information in any document that contains and indicates that I have reported on the supplementary information. Your responsibilities include acknowledging to me in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to me any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to my attention. I will also inform the appropriate level of management of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential. My responsibility as an auditor is limited to the period covered by my audit and does not extend to any later periods for which I am not engaged as auditors.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. I will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of my audit, I will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

My audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, I will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I will perform tests of Sweetwater Springs Water District's compliance with the provisions of applicable laws,

regulations, contracts, and agreements. However, the objective of my audit will not be to provide an opinion on overall compliance and I will not express such an opinion.

Other Services

I will prepare the financial statements of the District in conformity with U.S. generally accepted accounting principles based on information provided by you. I will perform the services in accordance with applicable professional standards.

I will propose adjusting journal entries and expect the District to accept responsibility for these entries.

The other services are limited to the financial statement services previously defined and proposing adjusting journal entries. I, in my sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Engagement Administration, Fees, and Other

I may from time to time, and depending on the circumstances, use third-party service providers in serving your account. I may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, I maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, I will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and I will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that I am unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, I will remain responsible for the work provided by any such third-party service providers.

I understand that your employees will prepare all cash or other confirmations I request and will locate any documents selected by me for testing.

The audit for the year ended June 30, 2022 and 2023 would commence on or about September and would be completed no later than January. Michael A Celentano is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. My fee for these services will be at my standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that I agree that my gross fee, including expenses will not exceed \$8,500 for the year ended June 30, 2022 and \$8,750 for the year ending June 30, 2023. My standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. My invoices for these fees will be rendered each month as work progresses and are payable on presentation. If I elect to terminate my services for nonpayment, my engagement will be deemed to have been completed upon written notification of termination, even if I have not completed my report. You will be obligated to compensate me for all time expended and to reimburse me for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs.

I appreciate the opportunity to be of service to Sweetwater Springs Water District and believe this letter accurately summarizes the significant terms of my engagement. If you have any questions, please let me know. If you agree with the terms of my engagement as described in this letter, please sign the enclosed copy and return it to me.

Very truly yours,

Michael A. Celentano
Certified Public Accountant

RESPONSE:

This letter correctly sets forth the understanding of Sweetwater Springs Water District.

By: _____

Title: _____

Date: _____

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. V-C

FROM: Rachel Hundley, District Counsel

Meeting Date: November 4, 2021

SUBJECT: DISCUSSION/ACTION RE RATIFICATION OF HUMAN RESOURCES CONTRACT WITH REGIONAL GOVERNMENT SERVICES (RGS)

RECOMMENDED ACTION: Discussion and direction from Board. Approval of Resolution 21-20, ratifying a contract for human resources services with RGS.

FISCAL IMPACT: None

DISCUSSION:

At an October 12, 2021 special meeting, and in response to concerns about the District workplace climate during the ongoing COVID-19 pandemic, the Board of Directors considered a recommendation made by a subcommittee comprised of Directors Holmer and Schaap of a proposal by Regional Government Services (RGS) for certain human resources services. More specifically, the proposed services include an assessment of administrative processes and systems, organizational culture, communications up and down the organization, training, and leadership qualities. The Board of Directors accepted the recommendation and authorized President Robb-Wilder to negotiate and execute an agreement with RGS.

Although President Robb-Wilder was authorized to enter into the agreement on behalf of the District, it is brought before the Board for full ratification for the purposes of clarity and acknowledgement of this Board-led effort. Approval of Resolution 21-20 would ratify the attached agreement.

Also at the October 12, 2021, District Counsel Rachel Hundley informed the Board that a waiver of a potential conflict would be needed if Hundley was going to advise on the contract negotiations with RGS due to the fact that RGS also is a client of Meyers Nave. Because RGS and Meyers Nave both serve public agencies, Meyers Nave has implemented systems to separate the attorneys who represent RGS from the attorneys who represent public agency clients who contract with RGS. President Robb-Wilder executed a waiver letter, attached. The Board of Directors may withdraw the District's consent to this waiver at any time.

The Board of Directors directed a subcommittee of Directors Schaap and Holmer to solicit, receive, and evaluate proposals for certain human resources services. The Board also directed the subcommittee to work with District Counsel to prepare proposed agreement(s) or agreement terms with recommended service provider(s) for Board consideration and possible approval. Staff recommends the Board consider the proposal(s) recommended by the subcommittee and authorize the Board President to execute an agreement with the service provider selected by the Board, if any, subject to terms or conditions that may be set by the Board. Staff also recommends the Board give direction to staff on facilitation and implementation of the services.

5006440.1

Resolution No. 21-20

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT RATIFYING AN AGREEMENT FOR HUMAN RESOURCES CONSULTING SERVICES WITH REGIONAL GOVERNMENT SERVICES

WHEREAS, in response to concerns about the Sweetwater Springs Water District (“District”) workplace climate during the ongoing COVID-19 pandemic, the Board of Directors, at an October 12, 2021 special meeting, authorized President Robb-Wilder to negotiate and execute an agreement for certain human resources services with Regional Government Services (“RGS”), a joint powers authority (“Agreement”); and

WHEREAS, the desired services include an assessment of administrative processes and systems, organizational culture, communications up and down the organization, training, and leadership qualities; and

WHEREAS, in accordance with Board direction and authorization, President Robb-Wilder negotiated and executed an Agreement with RGS on October 21, 2021, attached hereto as Exhibit A; and

WHEREAS, although the Board previously authorized President Robb-Wilder to enter into the Agreement on behalf of the District, the Board now desires to ratify the Agreement for the purposes of clarity and acknowledgment of this Board-led effort.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Sweetwater Springs Water District hereby ratifies the Consulting Services Agreement Between the Sweetwater Springs Water District and Regional Government Services for Human Resources Consulting Services dated October 18, 2021 and fully executed on October 21, 2021, attached hereto as Exhibit A and incorporated herein.

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 November 4, 2021, by the following vote.

Director	Aye	No
Sukey Robb-Wilder	_____	_____
Tim Lipinski	_____	_____
Richard Holmer	_____	_____
Gaylord Schaap	_____	_____
Larry Spillane	_____	_____

Sukey Robb-Wilder
President of the Board of Directors

Attest: Julie A. Kenny
Clerk of the Board of Directors

5006469.1



1999 Harrison Street, 9th Floor
Oakland, California 94612
tel (510) 808-2000
fax (510) 444-1108
www.meyersnave.com

Rachel E. Hundley
rhundley@meyersnave.com

October 12, 2021

Ed Fortner, General Manager
Sweetwater Springs Water District
P.O. Box 48
Guerneville, CA
95446

Re: Conflicts Consent

Dear Mr. Fortner,

As you know, Meyers Nave is very pleased to continue to represent Sweetwater Springs Water District ("District") as district counsel across a broad range of matters. In this capacity, we were asked to advise the District regarding an agreement between the District and Regional Government Services ("RGS"), pursuant to which RGS would provide the District with administrative and financial services, as well as human resources and planning services ("Agreement").

Other attorneys from our firm represent RGS as General Counsel assisting on management and administrative services.

In advising the District regarding the Agreement mentioned above, actual or potential conflicts of interest may arise for our firm should the interests of the parties become inconsistent or adverse to each other. With this possibility in mind, we write to request your informed written consent to our representation of the District regarding the Agreement, as well as our continued representation of RGS regarding other unrelated matters currently existing or in the future, where the District and RGS are not simultaneously involved.

As of this writing, RGS has not engaged Meyers Nave to assist as to this Agreement, this consent shall apply however, should RGS make such a request. This consent request is made pursuant to the applicable sections of the California Rules of Professional Conduct, which we adhere to as lawyers practicing in California.

To avoid the potential for a possible conflict of interest to arise in the future as to our concurrent representation of the District and RGS, we intend to conduct ourselves on these terms:

a) To ensure client confidentiality, Meyers Nave will maintain separate attorney teams advising the District and RGS as to the Agreement. Attorneys working on each matter

Ed Fortner, General Manager
Sweetwater Springs Water District
Re: Conflicts Consent
October 28, 2019
Page 2

will be disqualified from work for the other and will be directed to refrain from communication as to each matter.

b) Meyers Nave will not disclose to RGS any confidential information we have acquired or acquire at any time in the present or future as a result of our lawyer-client relationship with the District. Meyers Nave will likewise not disclose to the District any confidential information we acquire as a result of our lawyer-client relationship with RGS.

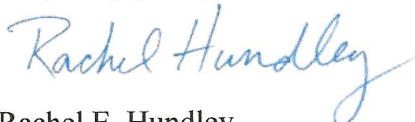
c) Meyers Nave recognizes that we are obligated to exercise independent professional judgment on behalf of the District in any matter in which our firm represents the District, unaffected to any extent by Meyers Nave's then current or potential future relationship with RGS. We have examined our relationship with RGS and have concluded that it will not affect our ability to fully represent the District.

In summary and to assist you in determining whether or not to consent to the above, we do not believe, based on our thorough review of the facts as we understand them, that there will be any adverse effects upon either the District or RGS resulting from our representation as described herein.

We ask that you consider this consent request carefully. You may wish to confer with independent legal counsel regarding this consent, and should feel free to do so. If, after review and consideration of the foregoing, the District accepts the conditions of this conflict waiver, please sign the enclosed copy of this letter and return it to me as soon as possible.

Please do not hesitate to call me if you have any questions or concerns about the foregoing.

Very truly yours,




Rachel E. Hundley
Attorney at Law

c: Conflicts Dept., Meyers Nave

Ed Fortner, General Manager
Sweetwater Springs Water District
Re: Conflicts Consent
October 28, 2019
Page 3

Sweetwater Springs Water District consents to the representation described above.

Sweetwater Springs Water District



Dated: 10/20/2021

By: Ed Fortner
Its: General Manager

3878352.1

**CONSULTING SERVICES AGREEMENT BETWEEN
THE SWEETWATER SPRINGS WATER DISTRICT (SSWD)
AND
REGIONAL GOVERNMENT SERVICES AUTHORITY (RGS)
FOR
HUMAN RESOURCES CONSULTING SERVICES**

THIS AGREEMENT for strategic planning services is made by and between the Sweetwater Springs Water District, a county water district ("District"), and Regional Government Services, a Joint Powers Authority ("Consultant") (together sometimes referred to as the "Parties") as of October 18, 2021 (the "Effective Date").

Section 1. SERVICES. Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to District the services described in the Scope of Work attached as Exhibit A at the time and place and in the manner specified therein. In the event of a conflict in or inconsistency between the terms of this Agreement and Exhibit A, the Agreement shall prevail.

- 1.1 **Term of Services.** The term of this Agreement shall begin on the Effective Date and shall end on the date the services specified in Exhibit A are completed, unless the term of the Agreement is otherwise terminated or extended, as provided for in Section 8. The time provided to Consultant to complete the services required by this Agreement shall not affect the District's right to terminate the Agreement, as referenced in Section 8.
- 1.2 **Standard of Performance.** Consultant shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged.
- 1.3 **Assignment of Personnel.** Consultant shall assign only competent personnel to perform services pursuant to this Agreement. In the event that District or Consultant, at any time during the term of this Agreement, desires the reassignment of personnel, District and Consultant shall meet and discuss in good faith to address the issue of concern, including but not limited to reassigning such person or persons. Consultant acknowledges and agrees that the persons named in its proposal, as described in Exhibit A, shall be assigned to the District's engagement.
- 1.4 **Time.** Consultant shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in Subsection 1.2 above and to satisfy Consultant's obligations hereunder.
- 1.5 **Reserved**

Section 2. COMPENSATION. District hereby agrees to pay Consultant a sum not to exceed \$7,000 (total including reimbursable expenses), notwithstanding any contrary indications that may be contained in Consultant's proposal, for services to be performed and reimbursable costs incurred under this Agreement. In the event of a conflict between this Agreement and Consultant's proposal, attached as Exhibit A, regarding the amount of compensation, this Agreement shall prevail. District shall pay Consultant for

services rendered pursuant to this Agreement at the time and in the manner set forth herein. The payments specified below shall be the only payments from District to Consultant for services rendered pursuant to this Agreement. Consultant shall submit all invoices to District in the manner specified herein. Except as specifically authorized by District in writing, Consultant shall not bill District for duplicate services performed by more than one person.

Consultant and District acknowledge and agree that compensation paid by District to Consultant under this Agreement is based upon Consultant's estimated costs of providing the services required hereunder, including salaries and benefits of employees and subcontractors of Consultant. Consequently, the Parties further agree that compensation hereunder is intended to include the costs of contributions to any pensions and/or annuities to which Consultant and its employees, agents, and subcontractors may be eligible. District therefore has no responsibility for such contributions beyond compensation required under this Agreement.

- 2.1 Invoices.** Consultant shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date.
- 2.2 Monthly Payment.** District shall make monthly payments, based on invoices received, for services satisfactorily performed, and for authorized reimbursable costs incurred. District shall have 30 days from the receipt of an invoice that complies with all of the requirements above to pay Consultant.
- 2.3 Total Payment.** District shall pay for the services to be rendered by Consultant pursuant to this Agreement. District shall not pay any additional sum for any expense or cost whatsoever incurred by Consultant in rendering services pursuant to this Agreement. District shall make no payment for any extra, further, or additional service pursuant to this Agreement.

In no event shall Consultant submit any invoice for an amount in excess of the maximum amount of compensation provided above either for a task or for the entire Agreement, unless the Agreement is modified prior to the submission of such an invoice by a properly executed change order or amendment.
- 2.4 Hourly Fees.** Fees for work performed by Consultant on an hourly basis shall not exceed the amounts shown on the compensation schedule attached hereto as Exhibit B.
- 2.5 Reimbursable Expenses.** Reimbursable expenses are specified in Exhibit B, a Expenses not listed in Exhibit B are not chargeable to District. Reimbursable expenses are included in the total amount of compensation provided under this Agreement that shall not be exceeded.
- 2.6 Payment of Taxes.** Consultant is solely responsible for the payment of employment taxes incurred under this Agreement and any similar federal or state taxes.

2.7 Payment upon Termination. In the event that the District or Consultant terminates this Agreement pursuant to Section 8, the District shall compensate the Consultant for all outstanding costs and reimbursable expenses incurred for work satisfactorily completed as of the date of written notice of termination. Consultant shall maintain adequate logs and timesheets to verify costs incurred to that date.

2.8 Authorization to Perform Services. Consultant is not authorized to perform any services or incur any costs whatsoever under the terms of this Agreement until receipt of authorization from the Contract Administrator.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Consultant shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the services required by this Agreement. District shall make available to Consultant only the facilities and equipment listed in this section, and only under the terms and conditions set forth herein.

District shall furnish physical facilities such as desks, filing cabinets, and conference space, as may be reasonably necessary for Consultant's use while consulting with District employees and reviewing records and the information in possession of the District. The location, quantity, and time of furnishing those facilities shall be in the sole discretion of District. In no event shall District be obligated to furnish any facility that may involve incurring any direct expense, including but not limited to computer, long-distance telephone or other communication charges, vehicles, and reproduction facilities.

Section 4. INSURANCE REQUIREMENTS. Before any services are provided under this Agreement, Consultant, at its own cost and expense, unless otherwise specified below, shall procure the types and amounts of insurance listed below against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the Consultant and its agents, representatives, employees, and subcontractors. Consistent with the following provisions, Consultant shall provide proof satisfactory to District of such insurance that meets the requirements of this section and under forms of insurance satisfactory in all respects, and that such insurance is in effect prior to beginning work to the District. Notwithstanding the foregoing, District acknowledges that as a public agency Consultant can, pursuant to California Government Code Section 990, satisfy the insurance requirements set forth herein with a combination of self-insurance and self-insured pool insurance. Consultant shall maintain the insurance policies required by this section throughout the term of this Agreement. The cost of such insurance shall be included in the Consultant's proposal. Consultant shall not allow any subcontractor to commence work on any subcontract until Consultant has obtained all insurance required herein for the subcontractor(s) and provided evidence that such insurance is in effect to District. VERIFICATION OF THE REQUIRED INSURANCE SHALL BE SUBMITTED AND MADE PART OF THIS AGREEMENT PRIOR TO START OF WORK. Consultant shall maintain all required insurance listed herein for the duration of this Agreement.

4.1 Workers' Compensation.

4.1.1 General Requirements. Consultant shall, at its sole cost and expense, maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Consultant. The Statutory Workers' Compensation Insurance and Employer's Liability Insurance shall be

provided with limits of not less than **\$1,000,000** per accident. In the alternative, Consultant may rely on a self-insurance program to meet those requirements, but only if the program of self-insurance complies fully with the provisions of the California Labor Code. Determination of whether a self-insurance program meets the standards of the California Labor Code shall be solely in the discretion of the Contract Administrator.

The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the District for all work performed by the Consultant, its employees, agents, and subcontractors.

4.1.2 Submittal Requirements. To comply with Subsection 4.1, Consultant shall submit the following:

- a. Certificate of Liability Insurance in the amounts specified in the section; and
- b. Waiver of Subrogation Endorsement as required by the section.

4.2 Commercial General and Automobile Liability Insurance.

4.2.1 General Requirements. Consultant, at its own cost and expense, shall maintain commercial general liability insurance for the term of this Agreement in an amount not less than **\$1,000,000** and automobile liability insurance for the term of this Agreement in an amount not less than **\$1,000,000** per occurrence, combined single limit coverage for risks associated with the work contemplated by this Agreement. If a Commercial General Liability Insurance or an Automobile Liability form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit. Such coverage shall include but shall not be limited to, protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property resulting from activities contemplated under this Agreement, including the use of owned and non-owned automobiles.

4.2.2 Minimum Scope of Coverage. Commercial general coverage shall be at least as broad as Insurance Services Office Commercial General Liability occurrence form CG 0001 (most recent edition) covering comprehensive General Liability on an "occurrence" basis. Automobile coverage shall be at least as broad as Insurance Services Office Automobile Liability form CA 0001, Code 1 (any auto). No endorsement shall be attached limiting the coverage.

4.2.3 Additional Requirements. Each of the following shall be included in the insurance coverage or added as a certified endorsement to the policy:

- a. The Insurance shall cover on an occurrence or an accident basis, and not on a claims-made basis.
- b. District, its officers, officials, employees, and volunteers are to be covered as additional insureds as respects: liability arising out of work or operations performed by or on behalf of the Consultant; or automobiles owned, leased, hired, or borrowed by the Consultant .
- c. Consultant hereby agrees to waive subrogation which any insurer or contractor may require from vendor by virtue of the payment of any loss. Consultant agrees to obtain any endorsements that may be necessary to affect this waiver of subrogation.
- d. For any claims related to this Agreement or the work hereunder, the Consultant's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

4.2.4 Submittal Requirements. To comply with Subsection 4.2, Consultant shall submit the following:

- a. Certificate of Liability Insurance in the amounts specified in the section;
- b. Additional Insured Endorsement as required by the section;
- c. Waiver of Subrogation Endorsement as required by the section; and
- d. Primary Insurance Endorsement as required by the section.

4.3 Professional Liability Insurance.

4.3.1 General Requirements. Consultant, at its own cost and expense, shall maintain for the period covered by this Agreement professional liability insurance for licensed professionals performing work pursuant to this Agreement in an amount not less than \$2,000,000 covering the licensed professionals' errors and omissions. Any deductible or self-insured retention shall not exceed \$150,000 per claim.

4.3.2 Claims-Made Limitations. The following provisions shall apply if the professional liability coverage is written on a claims-made form:

- a. The retroactive date of the policy must be shown and must be before the date of the Agreement.

- b. Insurance must be maintained and evidence of insurance must be provided for at least 5 years after completion of the Agreement or the work, so long as commercially available at reasonable rates.
- c. If coverage is canceled or not renewed and it is not replaced with another claims-made policy form with a retroactive date that precedes the date of this Agreement, Consultant shall purchase an extended period coverage for a minimum of 5 years after completion of work under this Agreement.
- d. A copy of the claim reporting requirements must be submitted to the District for review prior to the commencement of any work under this Agreement.

4.3.3 Additional Requirements. A certified endorsement to include contractual liability shall be included in the policy.

4.3.4 Submittal Requirements. To comply with Subsection 4.3, Consultant shall submit the Certificate of Liability Insurance in the amounts specified in the section.

4.4 All Policies Requirements.

4.4.1 Acceptability of Insurers. All commercial insurance required by this section is to be placed with insurers with a Bests' rating of no less than A:VII.

4.4.2 Verification of Coverage. Prior to beginning any work under this Agreement, Consultant shall furnish District with complete copies of all Certificates of Liability Insurance delivered to Consultant by the insurer, including complete copies of all endorsements attached to the policies. All copies of Certificates of Liability Insurance and certified endorsements shall show the signature of a person authorized by that insurer to bind coverage on its behalf. If the District does not receive the required insurance documents prior to the Consultant beginning work, it shall not waive the Consultant's obligation to provide them. The District reserves the right to require complete copies of all required insurance policies at any time.

4.4.3 Deductibles and Self-Insured Retentions. Consultant shall disclose to District the self-insured retentions and deductibles before beginning any of the services or work called for by any term of this Agreement. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, employees, and volunteers; or the Consultant shall provide a financial guarantee satisfactory to the District guaranteeing payment of losses and related investigations, claim administration and defense expenses.

4.4.4 Wasting Policies. No policy required by this Section 4 shall include a "wasting" policy limit (i.e. limit that is eroded by the cost of defense).

4.4.5 Endorsement Requirements. Each insurance policy required by Section 4 shall be endorsed to state that coverage shall not be canceled by either party, except after 30 days' prior written notice has been provided to the District.

4.4.6 Subcontractors. Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

4.5 Remedies. In addition to any other remedies District may have if Consultant fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, District may, at its sole option exercise any of the following remedies, which are alternatives to other remedies District may have and are not the exclusive remedy for Consultant's breach:

- Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement;
- Order Consultant to stop work under this Agreement or withhold any payment that becomes due to Consultant hereunder, or both stop work and withhold any payment, until Consultant demonstrates compliance with the requirements hereof; and/or
- Terminate this Agreement.

Section 5. INDEMNIFICATION AND CONSULTANT'S RESPONSIBILITIES. Refer to the attached Exhibit C, which is incorporated herein and made a part of this Agreement.

Section 6. STATUS OF CONSULTANT .

6.1 Independent Contractor. At all times during the term of this Agreement, Consultant shall be an independent contractor and shall not be an employee of District. District shall have the right to control Consultant only insofar as the results of Consultant's services rendered pursuant to this Agreement and assignment of personnel pursuant to Subsection 1.3; however, otherwise District shall not have the right to control the manner or means by which Consultant accomplishes services rendered pursuant to this Agreement. Notwithstanding any other District, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by District. In the event that any consultant employee or subconsultant providing services under this Agreement is determined by a court of competent jurisdiction or the District's Retirement Program to be eligible for enrollment in the Retirement Program as an employee of the District, to the fullest extent of the law, District shall indemnify, defend, and hold harmless Consultant for any payment that District is required as a result to make to the Retirement Program, whether in the form of

employee and/or employer contributions or any similar obligations as well as for the payment of any penalties and interest on such payments.

- 6.2 Consultant Not an Agent.** Except as District may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of District in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind District to any obligation whatsoever.

Section 7. LEGAL REQUIREMENTS.

- 7.1 Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 Compliance with Applicable Laws.** Consultant and any subcontractors shall comply with all laws and regulations applicable to the performance of the work hereunder, including but not limited to the Americans with Disabilities Act, and any copyright, patent or trademark law. Consultant's failure to comply with any law(s) or regulation(s) applicable to the performance of the work hereunder shall constitute a breach of contract.
- 7.3 Other Governmental Regulations.** To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, Consultant and any subcontractors shall comply with all applicable rules and regulations to which District is bound by the terms of such fiscal assistance program.
- 7.4 Licenses and Permits.** Consultant represents and warrants to District that Consultant and its employees, agents, and any subcontractors have all licenses, permits, qualifications, and approvals of whatsoever nature that are legally required to practice their respective professions. Consultant represents and warrants to District that Consultant and its employees, agents, any subcontractors shall, at their sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions. In addition to the foregoing, Consultant and any subcontractors shall obtain and maintain during the term of this Agreement any required valid Business Licenses from District.
- 7.5 Nondiscrimination and Equal Opportunity.** Consultant shall not discriminate, on the basis of a person's race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, or sexual orientation, against any employee, applicant for employment, subcontractor, bidder for a subcontract, or participant in, recipient of, or applicant for any services or programs provided by Consultant under this Agreement. Consultant shall comply with all applicable federal, state, and local laws, policies, rules, and requirements related to equal opportunity and nondiscrimination in employment, contracting, and the provision of any services that are the subject of this Agreement, including but not limited to the satisfaction of any positive obligations required of Consultant thereby.

Consultant shall include the provisions of this Subsection in any subcontract approved by the Contract Administrator or this Agreement.

Section 8. TERMINATION AND MODIFICATION.

8.1 Termination. District may cancel this Agreement at any time and without cause upon written notification to Consultant .

Consultant may cancel this Agreement upon 30 days' written notice to District and shall include in such notice the reasons for cancellation.

In the event of termination, Consultant shall be entitled to compensation for services performed to the effective date of termination; District, however, may condition payment of such compensation upon Consultant delivering to District any or all documents, photographs, computer software, video and audio tapes, and other materials provided to Consultant or prepared by or for Consultant or the District in connection with this Agreement.

8.2 Extension. District may, in its sole and exclusive discretion, extend the end date of this Agreement beyond that provided for in Subsection 1.1. Any such extension shall require a written amendment to this Agreement, as provided for herein. Consultant understands and agrees that, if District grants such an extension, District shall have no obligation to provide Consultant with compensation beyond the maximum amount provided for in this Agreement. Similarly, unless authorized by the Contract Administrator, District shall have no obligation to reimburse Consultant for any otherwise reimbursable expenses incurred during the extension period.

8.3 Amendments. The Parties may amend this Agreement only by a writing signed by all the Parties.

8.4 Assignment and Subcontracting. District and Consultant recognize and agree that this Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's unique personal competence, experience, and specialized personal knowledge. Moreover, a substantial inducement to District for entering into this Agreement was and is the professional reputation and competence of Consultant . Consultant may not assign this Agreement or any interest therein without the prior written approval of the Contract Administrator. Consultant shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors noted in the proposal, without prior written approval of the Contract Administrator.

8.5 Survival. All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between District and Consultant shall survive the termination of this Agreement.

8.6 Options upon Breach by Consultant . If Consultant materially breaches any of the terms of this Agreement, District's remedies shall include, but are not limited to, the following:

- 8.6.1 Immediately terminate the Agreement;
- 8.6.2 Retain the reports, work papers and any other work product prepared by Consultant pursuant to this Agreement;
- 8.6.3 Retain a different Consultant to complete the work described in Exhibit A not finished by Consultant and charge Consultant the difference between the cost to complete the work described in Exhibit A that is unfinished at the time of breach and the amount that District would have paid Consultant pursuant to Section 2 if Consultant had completed the work.

Section 9. KEEPING AND STATUS OF RECORDS.

- 9.1 **Records Created as Part of Consultant's Performance.** All reports, work papers, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Consultant prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the District. Consultant hereby agrees to deliver those documents to the District upon termination of the Agreement. It is understood and agreed that the documents and other materials, including but not limited to those described above, prepared pursuant to this Agreement are prepared specifically for the District and are not necessarily suitable for any future or other use. District and Consultant agree that, until final approval by District, all data, plans, specifications, reports and other documents are confidential and will not be released to third parties without prior written consent of both Parties. Notwithstanding the foregoing, Consultant is a public agency subject to the California Public Records Act (the "CPRA") and will comply with this Agreement to the extent that it does not conflict with CPRA
- 9.2 **Consultant's Books and Records.** Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the District under this Agreement for a minimum of 3 years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement.
- 9.3 **Inspection and Audit of Records.** Any records or documents that Subsection 9.2 of this Agreement requires Consultant to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the District. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds \$10,000.00, the Agreement shall be subject to the examination and audit of the State Auditor, at the request of District or as part of any audit of the District, for a period of 3 years after final payment under the Agreement.

Section 10. MISCELLANEOUS PROVISIONS.

- 10.1 Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 10.2 Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Contra Costa or in the United States District Court for the Northern District of California.
- 10.3 Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 10.4 No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 10.5 Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.
- 10.6 Use of Recycled Products.** Consultant shall prepare and submit all reports, written studies and other printed material on recycled paper to the extent it is available at equal or less cost than virgin paper.
- 10.7 Conflict of Interest.** Consultant may serve other clients, but none whose activities within the corporate limits of District or whose business, regardless of location, would place Consultant in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Consultant shall not employ any District official in the work performed pursuant to this Agreement. No officer or employee of District shall have any financial interest in this Agreement that would violate California Government Code Section 1090 *et seq.*

Consultant hereby warrants that it is not now, nor has it been in the previous 12 months, an employee, agent, appointee, or official of the District. If Consultant was an employee, agent, appointee, or official of the District in the previous 12 months, Consultant warrants that it did not participate in any manner in the forming of this Agreement. Consultant understands that, if this Agreement is made in violation of California Government Code Section 1090 *et seq.*, the entire Agreement is void and Consultant will not be entitled to any compensation for services performed pursuant to this Agreement, including reimbursement of expenses, and Consultant will be required to reimburse the District for any sums paid to the Consultant. Consultant understands that, in addition to the

foregoing, it may be subject to criminal prosecution for a violation of California Government Code Section 1090 *et seq.*, and, if applicable, will be disqualified from holding public office in the State of California.

- 10.8 Solicitation.** Consultant agrees not to solicit business at any meeting, focus group, or interview related to this Agreement, either orally or through any written materials.
- 10.9 Contract Administration.** This Agreement shall be administered by Kimberly Corcoran ("Contract Administrator"). All correspondence shall be directed to or through the Contract Administrator or his or her designee.
- 10.10 Notices.** Any written notice to Consultant shall be sent to:

Sophia Selivanoff, Deputy Executive Director
Regional Government Services Authority
P.O. Box 1350
Carmel Valley, CA 93924

Any written notice to District shall be sent to:

Rachel Hundley, General Counsel
Sweetwater Springs Water District
P.O. Box 48
Guerneville CA 95446

- 10.12 Integration.** This Agreement, including the scope of work attached hereto and incorporated herein as Exhibits A, B, and C represents the entire and integrated agreement between District and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral.

<u>Exhibit A</u>	Scope of Services
<u>Exhibit B</u>	Compensation Schedule & Reimbursable Expenses
<u>Exhibit C</u>	Indemnification

- 10.13 Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE

The Parties have executed this Agreement as of the Effective Date. The persons whose signatures appear below certify that they are authorized to sign on behalf of the respective Party.

SWEETWATER SPRINGS WATER DISTRICT

REGIONAL GOVERNMENT SERVICES

DocuSigned by:
Sueky Robb-Wilder 10/21/2021
SUEKY ROBB-WILDER,
PRESIDENT, BOARD OF DIRECTORS

DocuSigned by:
Richard Averett 10/21/2021
RICHARD AVERETT,
EXECUTIVE DIRECTOR

Approved as to Form:

Approved as to Form:

DocuSigned by:
Rachel Hurdley 10/21/2021
Rachel Hurdley, General Counsel

DocuSigned by:
Jordyn Bishop for Sky Woodruff 10/21/2021
Sky Woodruff, Authority Counsel

EXHIBIT A

SCOPE OF SERVICES

Statement of Work

Sweetwater Springs Water District, a small water district with 9 employees, provides water distribution and maintenance services to around 3800 residential and commercial customers in five unincorporated towns along the lower Russian River. The employees are experiencing open conflict with and distrust of management. While relations have been touchy for more than a year, a recent exacerbating factor has been the roll-out of a new COVID policy. There may also be conflict or coercion among employees. Other possible areas for review include administrative processes and systems, organizational culture, communications up and down the organization, training, and leadership qualities.

The District wants to understand the core issues causing and exacerbating the conflict, receive recommendations on how to resolve issues, and then work to restore the work environment to one that is professional, respectful and harmonious. This assessment should provide insight into organizational strengths, opportunities, challenges, and needs. RGS will assign Senior Advisor Deborah Muchmore to lead his project.

The Scope of Work for this contract is to assess the current situation and offer resolution recommendations and sustainable improvement options.

The assessment's final and key deliverable is a presentation and a report to the Board of Directors and other District determined stakeholders that: 1) describes findings and high-level themes; and 2) as appropriate, recommends strategies and solutions, including but not limited to policy, role clarification, skills and/or culture training.

Work can commence as early as the week of October 18. Interviews may begin in the first week of November with initial findings by mid-November and a final report by the middle of December.

Organizational Needs Assessment and Workplan

RGS consultants will:

- Introduce the project with a pre-assessment expectation setting meeting to create a workable space of mutually-agreed upon conduct during the assessment process.
- Conduct individual interviews with all District staff and appropriate Directors, with the purpose of identifying key issues, perceived obstacles and options for resolution.

Interviews will include questions such as these:

Trust

- On a scale of 1 – 10 (1=low, 10=high), how would you rate trust within the District?
- What has happened that has negatively impacted trust? Positively impacted trust?

- What needs to happen to increase trust to a 10?

Communications:

- Describe communication in the District
- Between management and employees
- Between employees
- What could be done to improve communications?

Teamwork

- When is teamwork in the District at its best? At its worst?
- What can be done to increase the level of teamwork?

Conflict

- What issues are currently causing the most conflict in the District?
- How would you like to see conflict resolved?
- What action can be taken to encourage people to resolve conflicts calmly and at the lowest possible level?

Training

- What training have you had technically for your position? For supervising? For managing?
- What additional training do you feel you might need to be more effective?

- Review and analyze interview responses and policy documentation to extract themes relevant to enhancing the trust and teamwork effectiveness of the District.
- Craft recommendations for solutions which may include (but are not limited to) updating job descriptions, developing SMART objectives, and/or participating in trainings, coaching, or experiential workshops to enhance organizational strengths, minimize challenges, and maximize opportunities.
- Manage the project workflow and communication, by:
 - Tracking changes in scope and/or project timing and ensuring documented agreement.
 - Holding mid-project meetings with key stakeholders and/or staff to share key issues, high-level themes and discuss solutions, areas of strength, and areas that may benefit from more focus.

Sweetwater Springs personnel will:

- Enable all employees and appropriate board members to have up to 90 minutes to participate in interviews.
- Ensure individual interviews can be conducted on-site and in-person whenever possible.
- Provide space where individual interviews can be held while maintaining privacy.
- Provide access to relevant policies, labor agreements, job descriptions and other requested organizational memos and documents as well as work sites and facilities.
- Support RGS consultants as appropriate to enable them to perform tasks effectively.

EXHIBIT B

COMPENSATION SCHEDULE & REIMBURSABLE EXPENSES

COMPENSATION

Fees. District agrees to pay to Consultant the hourly rates set forth in the tables below for each Consultant employee providing services to District, which are based in part on Consultant's full cost of compensation and support for the Consultant's employee(s) providing the services herein described.

Payment Address. All payments due Consultant shall be paid to:

Regional Government Services Authority
PO Box 1350
Carmel Valley, CA 93924

RGS STAFF CLASSIFICATIONS AND HOURLY RATE

CLASSIFICATION	HOURLY RATE*
Chief Operating Officer	\$125 to \$215
Deputy Chief Operating Officer	\$120 to \$195
Senior/Lead Advisor	\$115 to \$190
Advisor	\$105 to \$160
Project Advisor	\$95 to \$125
Project Coordinator	\$75 to \$120
Technical Specialist	\$65 to \$115

** The Hourly Rate does not include direct external costs which will be invoiced to District with no markup.*

REIMBURSABLE EXPENSES

While it is anticipated that expenses for travel/lodging, advertising, training or testing materials, and other direct external costs will be minimal, such expenses are not included in hourly rates and will be invoiced to the District at cost with no markup. Mileage for site visits (if needed) will be calculated/invoiced using the current IRS rate.

EXHIBIT C

INDEMNIFICATION

Consultant shall indemnify, defend with counsel acceptable to District (such acceptance shall not be unreasonably withheld), and hold harmless District and its officers, elected officials, employees, agents and volunteers from and against any and all liability, loss, damage, claims, expenses, and costs (including without limitation, attorney's fees and costs and fees of litigation) (collectively, "Liability") of every nature to the extent arising out of or in connection with Consultant's negligent performance of the services called for or its failure to comply with any of its obligations contained in this Agreement, except such Liability caused by the active negligence or willful misconduct of District.

The Consultant's obligation to defend and indemnify shall not be excused because of the Consultant's inability to evaluate Liability or because the Consultant evaluates Liability and determines that the Consultant is not liable to the claimant. The Consultant must respond within 30 days to the tender of any claim for defense and indemnity by the District.

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. V-D

FROM: Ed Fortner, General Manager

Meeting Date: November 4, 2021

SUBJECT: Jerry Keys 14473 Old Cazadero Road Application for Service

RECOMMENDED ACTION:

Receive report, and Mr. Keys request to waive Capacity fees.

FISCAL IMPACT:

\$7,489.95

DISCUSSION:

A potential buyer for the property at 14473 Old Cazadero Road contacted the District to determine the cost to establish service. Jack Bushgen investigated the location and checked with Julie Kenny as to existing service. There has never been an active account or service to this location by the District. The District did discover a meter at this location in 2008. The meter was pulled, and a shell account was created to track the location. This home has been vacant since at least 1992, when the District began business. Since there has never been District service to this location, it was determined that this service application would fall under a new service request. District policy states that all new services will pay a Capacity charge and pay for all expenses to meet current District specifications.

Mr. Keys, the property owner, has spoken with Julie and Jack and disagrees with this decision. I was briefed by Julie and Jack and talked to Mr. Keys on 10/26/2021. I agree with staff that this application should be treated as a new service and should pay the Capacity fee, be put on the list for our annual assessment, and pay to upgrade the service to current standards. Mr. Key expressed interest in being put on the agenda to protest the decision. Mr. Keys submitted a letter (attached) to that effect.

10/21/2021
Mike Kittel
3953 bones road
Sebastopol, CA 95472

New Service Request at:

**14473 old Cazadero road
Guerneville, CA 95446
Parcel No. 072-080-051**

Dear Mr. Kittel

This letter is to confirm that water is available for the above-referenced property. The cost to you shall be:

Service Installation (1" meter): **\$ 3,215.09**
(Payable to "**Sweetwater Springs Water District**")
(Includes 1-inch cts service line, meter, meter box,
and a customer isolation valve at the meter.)

Capacity charge: **\$ 7,489.95 ***

*** (Payable to "County of Sonoma")**

(Covers all flat charges due thru FY 2021-22. After this
one-time payment, a line item of \$198/year will appear on
your property tax bill as "Sweetwater Improvements")

*** Pays flat charges thru FY 2021-22**

TOTAL: \$10,705.04

The district will only guarantee that pressure and flow for this water service will meet minimum requirements at the site of the meter.

The cost and availability of this water service are for ninety (60) days from this date. The District must receive full payment of all costs prior to installing the service. Should you postpone actual installation until after that 60 days have passed, the District will have to re-evaluate the availability and cost to bring water service to the property.

Our installation of this water service does not assure compliance with the County Fire Marshall's requirements, nor any requirements set forth by the Director for Permit and Resource Management. **If you are required to install a tank, the District requires backflow prevention device before the service will be turned on.**

If you have any further questions, please contact me at our District office at 869-4000.

Very truly yours

Jack Bushgen
Field Manager

Sweetwater Springs Water District My name is Gerald Keys, living in Concord CA. I've own a vacation cabin in Guerneville since 2000, I'm in the process of selling it, Now. 10/2021 . Recently my buyer Brian Harbour informed me there is a huge water bill on the property. I was shocked!! This bill refers to a water service that was never turned on. At my first visit 2000 on the property I called your office and an employee came out. He showed me the meter but didn't unlock it, as the pipes were rusted. He told me to call the office when I was ready to have water turned on. I never did, as I put in copper pipes that were stolen. All these years I have never had waterservice there as I work mostly in Concord. Neighbors next door let me use their hose. I never received water bills, nor were they on my taxes.!, I think it is your responsibility to notify me of your billing practice. I think these charges should be forgiven.

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. V-E

FROM: Ed Fortner, General Manager

Meeting Date: November 4, 2021

**SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU
SEPTEMBER 30, 2021 (25%)**

RECOMMENDED ACTION:
(Discussion item only.)

FISCAL IMPACT:
(None.)

DISCUSSION:

This report presents the 1st quarter actual revenues and expenses. This comprises 25% of the year by time and so we compare the revenues and expenses to that standard.

Operating Budget:

1Q Revenue is less than 25% of budgeted amount.

Water Sales, the largest revenue line item, came in at 2.7% less than the 25% schedule. This is unusual because the first quarter of the fiscal year occurs during our peak sales months, and also because budgeted amounts are typically set conservatively. One reason for the lagging sales is that, whether due to water conservation and drought or the end of pandemic-related "shelter-in-place", we sold 10.5% less water this year than last year during the same period. That translates to 7,448 units, or 5.5 million gallons, less water sold. Also, it should be noted that water sales represent cash collected and deposited in the bank during the period, not billings. If deposits are delayed around the end of the quarter, it will impact reaching budgeted goals. That sort of impact, however, will smooth in the ensuing quarters.

Overall revenues are also below budgeted amounts due to the reduced Water Sales.

1Q Expenditures are higher than 25% of budgeted amount.

1Q expenditures are higher than budgeted. This is typical because certain District bills -- such as insurance -- are paid in full at the beginning of the fiscal year.

Expenses this quarter are unremarkable other than the pleasant news that our Liability insurance costs came in \$26,468 less than budgeted. Last year, for reasons not known but assumed to be wildfire related, our liability insurance increased by about \$18,400 to \$64,397. This year we budgeted \$65,000 for this line item. However, the bill came in at \$38,532 – again for reasons unknown.

For more detail on all the budget line items, please refer to the attached Actual vs. Budgeted breakdown provided with your packet.

Capital Budget:

The 1Q Capital Budget (Table 2) is typical for the 1st Quarter - most revenues will not come in until later in the year.

Revenue from the annual assessment, Capital Debt Reduction Charge (CDRC) and transfers to in-house construction will not occur until later in the fiscal year.

Major 1st Quarter expenses are for initial payments for GO Bonds, the Capital One Revenue Bond, the USDA GO bond, and the Private Placement Loan.

FUNDS AT THE COUNTY

Attached is the County Fund Balances for the 1st Quarter. Fund and Loan Balances show a comparison of the budgeted and 1st Quarter balances. Also attached is the County Fund Balances for the 1st Quarter. County Fund Balances include the funds at PARS and CERBT. At the end of the quarter, Total District Reserves were \$2,466,412 and Reserves Above Policy were \$1,563,751.

Funds at the County show typical activity for the 1st quarter of the year.

Sweetwater Springs Water District
FY 2020-21 Operating Budget Variances as of September 30, 2021 (25%)

Note: Document is cumulative. Changes to text made from previous reports are "d" in the "Changed" column and underlined.

	FY 2021-22 Actual	2021-22 Budget	\$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
Ordinary Income/Expense						
Income						
OPERATING REVENUE						
4031 - Water Sales						
4031.10- Base Rate	441,055	1,814,787	-1,373,732	24.3%		
4031.11- Current Charges	118,686	735,568	-616,882	16.14%		
4031.12- Capital Debt Reduction Charge	80,371	332,402	-252,031	24.18%		
Total 4031 - Water Sales	640,111	2,882,757	-2,242,646	22.21%	<u>In the 1Q this item is underbudget, which is unusual during the summer season.</u>	*
Total OPERATING REVENUE	640,111	2,882,757	-2,242,646	22.21%		
NON-OPERATING REVENUE						
1700 - Interest	707	10,000	-9,293	7.07%		
3600 - Construction New Services	300	7,000	-6,700	4.29%		
3601 - Construction - Service Upgrades	0	5,000	-5,000	0.0%		
4032 - Rent	28,976	112,970	-83,994	25.65%		
4040 - Miscellaneous Income	323	1,500	-1,177	21.52%		
Total NON-OPERATING REVENUE	30,305	136,470	-106,165	22.21%		
Total Income	670,417	3,019,227	-2,348,810	22.21%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 - Wages	202,008	885,000	-682,992	22.83%		
5912 - Overtime	9,245	34,000	-24,755	27.19%		
5916 - On-Call Pay	8,225	36,000	-27,775	22.85%		
5918 - Extra help - Contract	9,386	37,000	-27,614	25.37%		
Total Salary	228,864	992,000	-763,136	23.07%		
Benefits						
5500 - Flex Spending (Flex spending monies)	376	0	376	100.0%		
5920 - Retirement net employee share	16,903	78,000	-61,097	21.67%		
5920.4 - Retirement - UL Mandatory	1,385	1,385	0	100.0%		
5922 - Payroll Taxes - Employer Paid	3,295	16,761	-13,466	19.66%		
5930 - Health/Dental/Vision/AFLAC Ins.	67,540	237,000	-169,460	28.5%		
5931 - Retiree Health	5,145	11,700	-6,555	43.97%	<u>In the 1Q, annual contribution to CERBT (\$3,000) made.</u>	*
5941 - Life insurance - GM	0	1,000	-1,000	0.0%		
5940 - Workers Comp Insurance	22,842	25,000	-2,158	91.37%	<u>In the 1Q, workers' compensation insurance was paid for the year.</u>	*
Total Benefits	117,486	370,846	-253,360	31.68%		
Total SALARY & BENEFITS	346,350	1,362,846	-1,016,496	25.41%		
SERVICES & SUPPLIES						
Communications						
6040-I - Internet service	812	3,500	-2,688	23.21%		
6040-C - Cell Phones	1,695	5,200	-3,505	32.6%		
6040-P - Pagers & Radios	0	0	0	0.0%		
6040-T - Telephones	9,001	24,820	-15,819	36.26%		
Total Communications	11,508	33,520	-22,012	34.33%		
Insurances						

Sweetwater Springs Water District

FY 2020-21 Operating Budget Variances as of September 30, 2021 (25%)

Note: Document is cumulative. Changes to text made from previous reports are "d in the "Changed" column and underlined.

	FY 2021-22 Actual	2021-22 Budget	\$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	* = Ch ged
6101 · Gen. Liability	38,532	65,000	-26,468	59.28%	<u>In the 1Q, paid for the year. Annual costs came in</u>	*
Total Insurances	38,532	65,000	-26,468	59.28%	<u>underbudget this year.</u>	
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	1,933	18,000	-16,067	10.74%	-	
6151 · Office Maintenance	1,923	5,000	-3,077	38.45%		
Total Maint/Rep - Office & Vehicles	3,856	23,000	-19,144	16.76%		
Maint/Repair - Facilities						
6085 · Janitorial Services	1,834	9,600	-7,766	19.1%		
6100 · SCADA system	1,886	6,500	-4,615	29.01%		
6180 · Distribution System Repairs	-1,737	50,000	-51,737	-3.47%	<u>In the 1Q, this line item received a large</u> <u>reimbursement from In-House Construction that</u> <u>exceeded 1Q expenditures.</u>	*
6235 · Treatment Sys/Well Repairs	6,677	75,000	-68,323	8.9%		
6143 · Generator Maintenance	144	5,000	-4,856	2.89%		
Total Maint/Repair - Facilities	8,804	146,100	-137,296	6.03%		
Miscellaneous Expenses						
6280 · Memberships	798	10,100	-9,302	7.9%		
6303 · Claims	0	1,500	-1,500	0.0%		
6593 · Governmental Fees	6,630	18,500	-11,870	35.84%		
Total Miscellaneous Expenses	7,428	30,100	-22,672	24.68%		
Office Expense						
6410 · Postage	6,198	19,000	-12,802	32.62%		
6430 · Printing Expense	979	7,000	-6,021	13.98%	-	
6461 · Office Supplies	1,976	6,000	-4,024	32.93%	-	
6800 · Subscriptions/Legal Notices	1,951	1,250	701	156.06%		
6890 · Computers/Software	334	3,500	-3,166	9.55%		
Total Office Expense	11,438	36,750	-25,312	31.12%		
Operating Supplies						
6300 · Chemicals	1,165	18,000	-16,835	6.47%	-	
6880 · Tools and Equipment	1,836	7,500	-5,664	24.49%		
6881 · Safety Equipment	653	2,500	-1,847	26.13%		
Total Operating Supplies	3,655	28,000	-24,345	13.05%		
Professional Services						
6514 · Lab/Testing Fees	2,891	12,500	-9,609	23.13%		
6570 · Consultant Fees	391	35,000	-34,609	1.12%	-	
6590 · Engineering	2,885	10,000	-7,115	28.85%	-	
6610 · Legal	10,412	30,000	-19,588	34.71%	-	
6630 · Audit/Accounting	7,746	36,000	-28,254	21.52%		
Total Professional Services	24,324	123,500	-99,176	19.7%		
Rents & Leases						
7913 · Policy Reserve Loan	135,000	135,000	0	100.0%		
6820 · Equipment	417	3,300	-2,883	12.65%		
6840 · Building & Warehouse	10,425	32,000	-21,575	32.58%	<u>1Q Bldg. rent paid thru October.</u>	*
Total Rents & Leases	145,843	170,300	-24,457	85.64%		

Sweetwater Springs Water District
FY 2020-21 Operating Budget Variances as of September 30, 2021 (25%)

Note: Document is cumulative. Changes to text made from previous reports are "d" in the "Changed" column and underlined.

	FY 2021-22 Actual	2021-22 Budget	\$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*= Ch ged
Transportation & Travel						
7120 · Seminars & related travel	0	5,000	-5,000	0.0%		
7201 · Vehicle Gas	4,937	24,000	-19,063	20.57%		
7300 · Travel Reimbursements	1,072	6,480	-5,408	16.54%		
Total Transportation & Travel	6,008	35,480	-29,472	16.94%		
Uniforms						
6021.1 · Boots	715	1,500	-785	47.66%		
6021.3 · T-shirts	1,138	1,800	-662	63.22%	In the 1Q, t-shirts were purchased for the year.	✘
6021.4 · Jackets	0	240	-240	0.0%		
Total Uniforms	1,853	3,540	-1,687	52.34%		
Utilities						
7320 · Electricity	37,188	125,000	-87,812	29.75%		
7321 · Propane	51	3,000	-2,949	1.71%		
Total Utilities	37,240	128,000	-90,760	29.09%		
Total SERVICES & SUPPLIES	300,488	823,290	-522,802	36.5%		
Total OPERATING EXPENSES	646,838	2,186,136	-1,539,298	29.59%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	0	24,000	-24,000	0.0%		
8511.2 - Leasehold Improvements	0	0	0	0.0%		
8517 · Field/office equipment	0	5,000	-5,000	0.0%		
8573 · Vehicles	0	0	0	0.0%		
Total FIXED ASSET EXPENDITURES	0	29,000	-29,000	0.0%		
Total Expense	646,838	2,215,136	-1,568,298	29.2%		
Net Ordinary Income	23,579	804,091	-780,512	2.93%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	0	316,573	-316,573	0.0%		
8620.3 · Tfers to CIRF	0	270,000	-270,000	0.0%		
8620.5 · Tfers to Building Fund	0	15,000	-15,000	0.0%		
8620.2 · Tfers to In-House Constr	0	25,000	-25,000	0.0%		
Total TRANSFERS TO OTHER FUNDS	0	626,573	-626,573	0.0%		

Sweetwater Springs Water District
FY 2021-22 Capital Budget Variances as of September 30, 2021 (25%)

	<u>Jul 20 - Sept 21</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>	<u>Notes</u>
Income					
New Construction flat charges revenue	0.00	27,000.00	-27,000.00	0.0%	
CY Direct Charges	0.00	710,000.00	-710,000.00	0.0%	
PY Direct Charges	0.00	40,000.00	-40,000.00	0.0%	
Interest Revenue	2,092.21	25,000.00	-22,907.79	8.37%	
Grant Proceeds	23,636.65	0.00	23,636.65	100.0%	
Tfer from Operations - CDR	0.00	332,402.00	-332,402.00	0.0%	
Tfer from Operations - In House Constr.	0.00	25,000.00	-25,000.00	0.0%	
Tfer from Operations - Surplus Income	0.00	430,000.00	-430,000.00	0.0%	
Total Income	25,728.86	1,589,402.00	-1,563,673.14	1.62%	
Expense					
In-House Construction	11,007.84	25,000.00	-13,992.16	44.03%	
CIP 2021 (Main repl: Old River Rd; Woodland)	17,940.04	1,326,000.00	-1,308,059.96	1.35%	
Moscow Rd. Project	1,080.00	0.00	1,080.00	100.0%	
Principal Pymt -USDA Bonds	28,950.00	54,278.00	-25,328.00	53.34%	
Principal - Priv. Placemnt Loan	85,212.50	167,650.00	-82,437.50	50.83%	
Principal-2013 Cap One Rev Bond	296,500.00	368,000.00	-71,500.00	80.57%	
Capital Interest	130,650.62	319,908.00	-189,257.38	40.84%	
Total Expense	571,341.00	2,260,836.00	-1,689,495.00	25.27%	
Net Capital Income	-545,612.14	-671,434.00	125,821.86	81.26%	

Non-Operating Balances FY 2020-21 and Reserves Above Policy

Beginning balances: (Note: Warrants requested in FP 12 for last fiscal year are not subtracted from Cash until FP 1 of the next year. They are instead recorded as "Vendors Payable")											TOTAL at COUNTY ↓	GRAND TOTAL: COUNTY + USDA + PARS/CERBT	FY 2021-22 Policy Reserves: \$1,319,089 <small>Reserve Loans Outstanding: \$230,000 (Est. Oct. 2019) \$500,000 (Est. Nov 2020)</small>
NAME	CERBT <small>(Contributions are part of Reserves)</small>	PARS <small>(Contributions are part of Reserves)</small>	Operations	Bldg Fund <small>(part of Policy Reserves)</small>	FY 2020-21 POLICY RESERVES: \$1,319,089 <small>(\$155,721)</small>	In-house Construction	Capital Improvements	Guernewood Project Escrow Funds	Cap One Bonds and Citizens Bank Loan Debt	USDA Bond Debt <small>(at WestAmerica)</small>			POLICY RESERVES NET RESERVE LOANS: \$589,089
Fund	CONTRIBUTIONS: \$42,518	CONTRIBUTIONS: \$200,000	76751	76752	76753	76755	76756	76757	76762				Reserves Above Policy:
Dep't			7106 0100	7106 0200	7106 0300	7106 0500	7106 0600	7106 0700	7106 1200				
FP1-Jul	\$63,883.98	\$273,549.20	\$135,143.78	\$55,850.00	\$257,991.00	\$27,765.22	\$1,257,993.84	\$3,920.00	\$547,949.12	\$149,782.46	\$2,286,612.96	\$2,775,603.64	\$1,872,942.64
FP2-Aug	\$63,883.98	\$279,403.45	\$260,143.78	\$55,850.00	\$257,991.00	\$22,151.92	\$1,279,408.16	\$3,920.00	\$178,392.22	\$149,785.09	\$2,057,857.08	\$2,550,929.60	\$1,648,268.60
FP3-Sept	\$66,521.00	\$271,276.70	\$125,143.78	\$55,850.00	\$392,991.00	\$22,151.92	\$1,264,662.95	\$3,920.00	\$178,392.22	\$85,502.49	\$2,043,111.87	\$2,466,412.06	\$1,563,751.06
FP4-Oct											\$0.00	\$0.00	
FP5-Nov											\$0.00	\$0.00	
FP6-Dec											\$0.00	\$0.00	
FP7-Jan											\$0.00	\$0.00	
FP8-Feb											\$0.00	\$0.00	
FP9-Mar											\$0.00	\$0.00	
FP10-Apr											\$0.00	\$0.00	
FP11-May											\$0.00	\$0.00	
FP12-Jun											\$0.00	\$0.00	
FP 13 (FINAL)											\$0.00	\$0.00	

** Available Funds: 76758 and 76759 (State Loan reserve funds); 76754 (Fed Loan); 76757 (Guernewood Park); 76761 (Cap and Debt policy reserve) (These columns are hidden)
 *** Starting FY 2017-18, Bldg Fund and PARS considered part of Reserves; Starting FY 2019-20, CERBT is also part of reserves, but only the contributions (not earnings) to PARS and CERBT are included

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. V-F

FROM: Ed Fortner, General Manager

Meeting Date: November 4, 2021

SUBJECT: DISCUSSION/ACTION RE OCTOBER 13 MEETING WITH SUPERVISOR HOPKINS AND SONOMA WATER PERSONNEL

RECOMMENDED ACTION: Discussion and direction from Board.

FISCAL IMPACT: none

DISCUSSION:

President Robb-Wilder, Matt Emrick, and I met with Supervisor Hopkins on October 13 to discuss several District issues. Supervisor Hopkins arranged this meeting after our August 19 meeting with her and our September 19 meeting in Monte Rio with County Departments. The focus of this meeting was to engage Sonoma County Water Agency (SCWA) in a discussion of drought conditions and water rights. During the first half-hour, Sukey, Matt, and I met with Linda and discussed the District's desire to coordinate closely and work cooperatively with SCWA around drought response, water rights, and any other shared issues. We also discussed SCWA's 2016 letter to the District that was interpreted as threatening that the District would be required to contract with SCWA for water purchase during drought conditions. We also asked Linda if the SCWA position stated by Grant Davis in multiple public meetings that the District had "no legal right to use water without a contract" under drought conditions was his opinion or SCWA policy. Linda stated that it was not SCWA policy. We also discussed SCWA's 2016 petition to amend their water rights pursuant to the 2008 biological opinion and whether SCWA was filing a new petition soon.

SCWA staff, including GM Grant Davis, Corey O'Donnell, and Don Seymour, joined the meeting in the second half-hour. Linda led the second half-hour and presented the District's desire to work more cooperatively, and asked SCWA to refrain from public statements that could be viewed as adversarial. Productive discussion around cooperation and drought response. The group discussed the 2016 SCWA Petition for amended water rights, the Environmental Impact Report (EIR), and the 2008 biological opinion. The lack of responses by SCWA to protests and comments was due to the overwhelming number of protests. Thus SCWA intends to resubmit an amended EIR and petition for amended water rights in 2022 with a new public comment period. The amended EIR is supposed to address the earlier

EIR public comments and protests. Overall, it was a productive meeting, and Linda has shown great support for the District and our customers.

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. V-G

FROM: Ed Fortner, General Manager

Meeting Date: November 4, 2021

SUBJECT: Lower Russian River Municipal Advisory Committee (LRRMAC) Update by Director Spillane

RECOMMENDED ACTION: Receive report.

FISCAL IMPACT: none

SUMMARY:

Director Spillane has volunteered to attend the Lower Russian River Community Advisory Group meetings and report to the District.

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. VI

FROM: Ed Fortner, General Manager

Meeting Date: November 4, 2021

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. The State Water Board performed the annual Monte Rio system inspection. The inspection went well.
- 2. Water Production and Sales:** Water sales in September were 24,731 units (56.8 AF Guerneville cycle), and production was 63.7 AF. One year ago, sales were higher, and production was higher (69.1 AF and 72.1 AF, respectively). Figure 1 shows sales, production, and % difference for the combined systems; the water loss trend was up this month as a running twelve-month average (21.0%). Water conservation has increased over the last two months during the declared drought. In August, production was down 11.9%, and sales were down 16.3% from August 2020. In September, production was down 11.5%, and sales were down 17.8%.
Looking at the data over the last ten years, water production has dropped approximately 29%, and sales have dropped 18%, although water sales and production are up during the COVID period. The water loss percentage was around 30% and now is in the 15-20% range. Much of the production and water loss drop can be attributed to capital projects.
- 3. Leaks:** In September, we had four total leak repairs with 40 hours on them. Two leaks were in Guerneville, and two were in Monte Rio. All leaks were in older lines. That is fewer leaks and fewer person-hours than the prior month and fewer leaks and fewer person-hours than September one year ago (8 and 78). Figure 2 shows service and main leaks separately with a total leak line as well. For Calendar Year 2020, total leaks were 99,

up from 78 in 2019. That was a drought year following a very wet year, and many of the repairs were due to ground shifting. Also, 52 leaks were on mains, and 48 were on service lines. In 2019 47 leaks were on mains, and 31 were on service lines. Leaks may go up during this second consecutive drought year. Looking at the leaks chart over the last ten years, we have come down from around 300 leaks per year to under 100 - quite a difference and very noticeable in what the field crews are able to do - address ongoing issues with in-house projects instead of chasing leaks every day.

- 4. Guerneville Rainfall:** October rainfall was 13.66", higher than the long-term average month, and puts the yearly total (13.66") above the long-term annual average. We experienced a second consecutive drought year in 2021. October begins a new precipitation year. The rain year 2021 was the lowest recorded precipitation for the District, below the 17.7" from 1977. Governor Newsom declared a drought emergency for Sonoma and Mendocino Counties, and Sonoma County has issued a drought emergency also. SSWD was not given a curtailment order in August. After the atmospheric river, we experienced in October, the curtailment orders were removed for the entire Russian River.
- 5. In-House Construction Projects:** There was one in-house construction project in September. Staff spent 67 hours locating and confirming a service connection for potential new construction at 14670 Eagles Nest Ln. It was determined that a water main extension would be required for the new construction, and an estimate was made.
- 6. Lower Russian River Community Advisory Group Governance Meeting:** There was a virtual meeting of the LRRCAG on October 28 to discuss Wastewater solutions for Monte Rio and Villa Grande. Meetings have been held with elected officials to discuss the study and possible funding.
- 7. Personnel:** Ben Douglas was hired for the vacant Maintenance Operator Trainee position. Ben started on October 11. We continue to interview for the pending vacancy as Bryon Edgmon is leaving the District effective November 1. I suggest the Board consider an early hire for a Maintenance Trainee position in anticipation of Bernard's pending retirement to allow for training time.
- 8. Monte Rio Bridge:** I met with Johannes Hovertsz with Sonoma County Public Works, and he assured me that their funding would not pay for the water main attachment. I also requested he search their records for any agreements or encroachment permits for our water main attachment dating back to 1934, when the existing bridge was constructed. We did discuss improving coordination and communication of County projects from now on. Unfortunately, I have not received any replies to multiple follow-up emails. Rachel Hundley has drafted formal information requests for these records. At this time, I recommend we ask Rachel to submit the information requests formally.

- 9. 2020 Water Audits:** I completed the water audits for Guerneville and Monte Rio, validated them by a third party, and submitted them to the State Water Board. Non-revenue water (NRW) reflects all water losses, including meter inaccuracies and unauthorized use, water loss (WL) is production minus sales, and real water losses (RWL) (the most relevant metric) is water loss minus known loss such as hydrant flushing, leak repair losses, and fire suppression use. The water losses for Guerneville were NRW-19.5%, WL-17.14%, RWL-15%. Monte Rio losses were NRW-15%, WL-12.78%, RWL-10.57%. Combined losses were NRW-18.28%, WL-15.93%, RWL-13.81%. Overall, the District has improved over the years, and losses are down year over year.
- 10. CDBG Funding:** The Board of Supervisors met on July 27 and approved the Community Development Commission (CDC) annual plan that includes \$705,000.00 for our FY 2020-2021 CIP for Old River Rd and Woodland Drive water main replacement. We hoped to sign the grant agreement in early September. We have no update on when HUD will formally approve the funds. Once HUD approves, CDC will enter into the Grant Agreement with the District. The CDC reviewed and approved the contract language draft. We intend on getting the entire project out to bid as early as possible. Phase I of the project, design, and planning are completed other than bidding. We have drawn the entire \$115,920.00 of CDBG funding down and submitted all required reports.
- 11. Flume Pilot Project:** We kicked off the Flume water leak detection device pilot program and advertised it on Next Door. I issued a press release to the local papers. We also have a notice on our website and a blurb on our bills. The Sonoma West online publication had our press release included. I also sent out the press release to the local chambers of commerce. We have a minimal subscription to date. We began sending out flyers for this month and next month's billing.
- 12. Gantt Chart:** The Gantt Chart is updated for November 2021.
- 13. Economic Impact of no Disconnects for Non-payment:** The total uncollected amount in this Guerneville billing cycle due to non-payment with the non-Disconnect Executive Order is **10,889.52**. This amount is tracking up from last billing period. We will continue to follow this amount. I have applied for reimbursement for the uncollected revenue through a CalOES grant.

**Figure 1. Water Production and Sales 12 Month Moving Averages
Sweetwater Springs Water District Since September 2008**

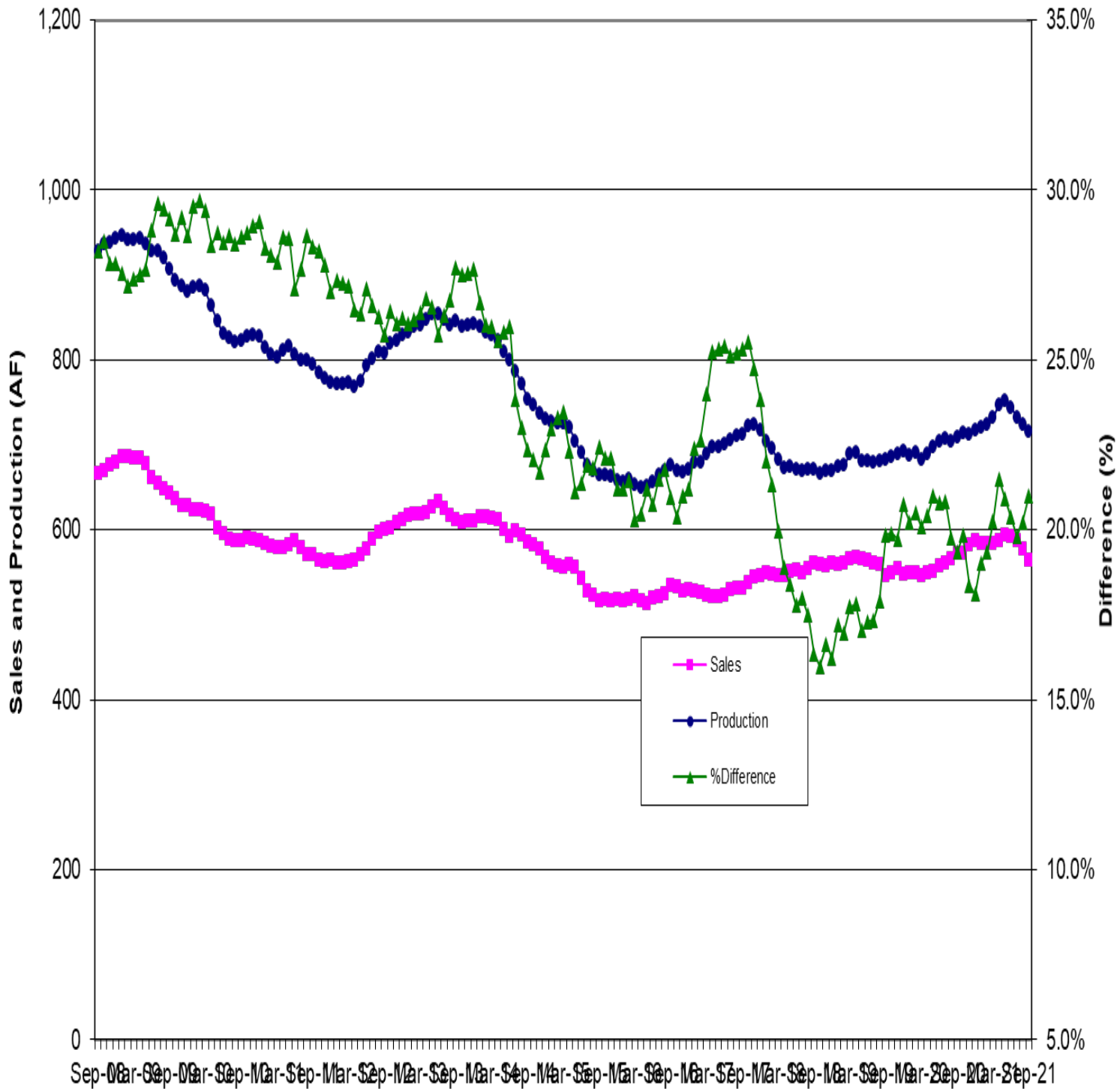


Figure 2. Sweetwater Springs Water District Main and Service Pipeline Breaks Moving Annual Average Since September 2008

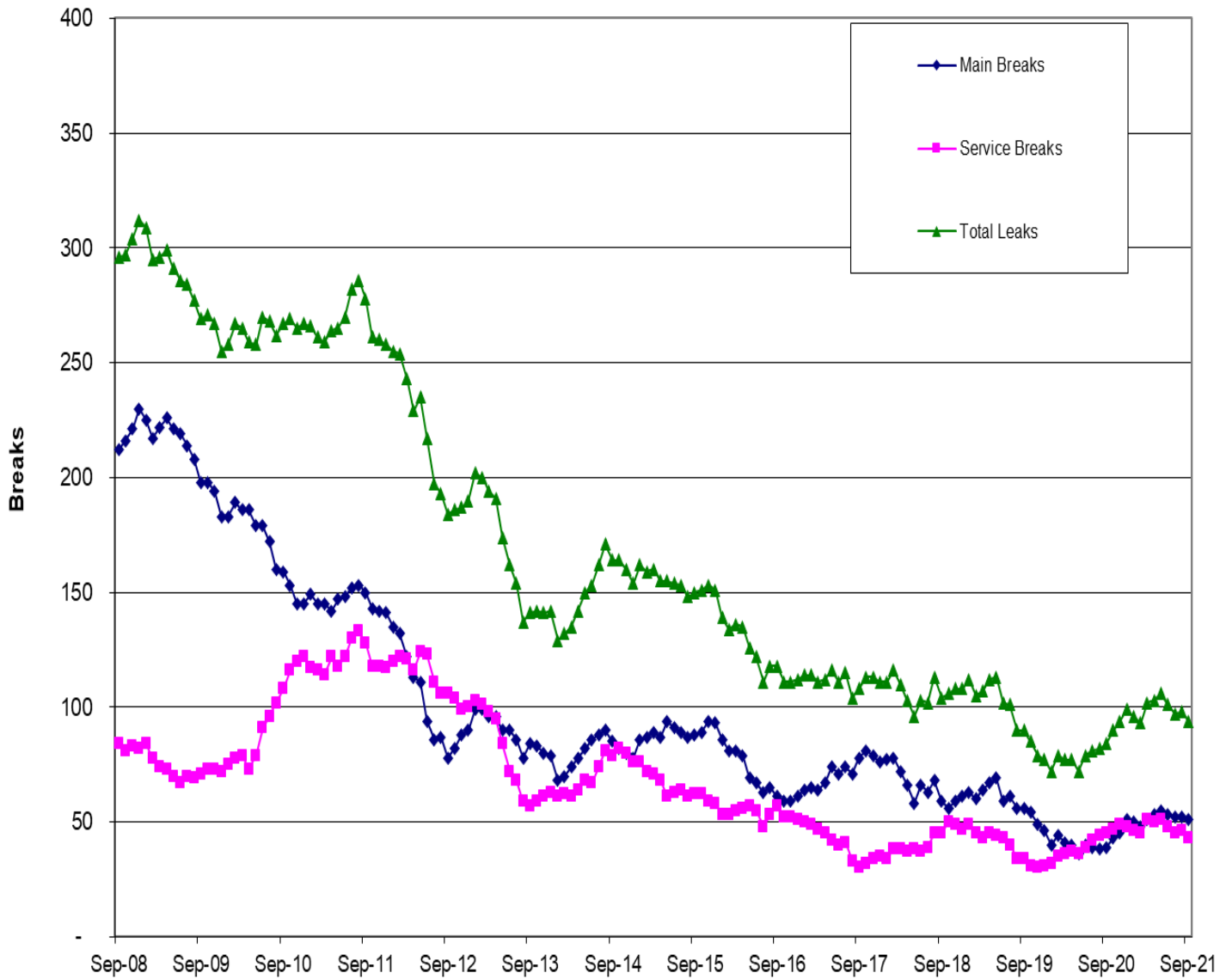
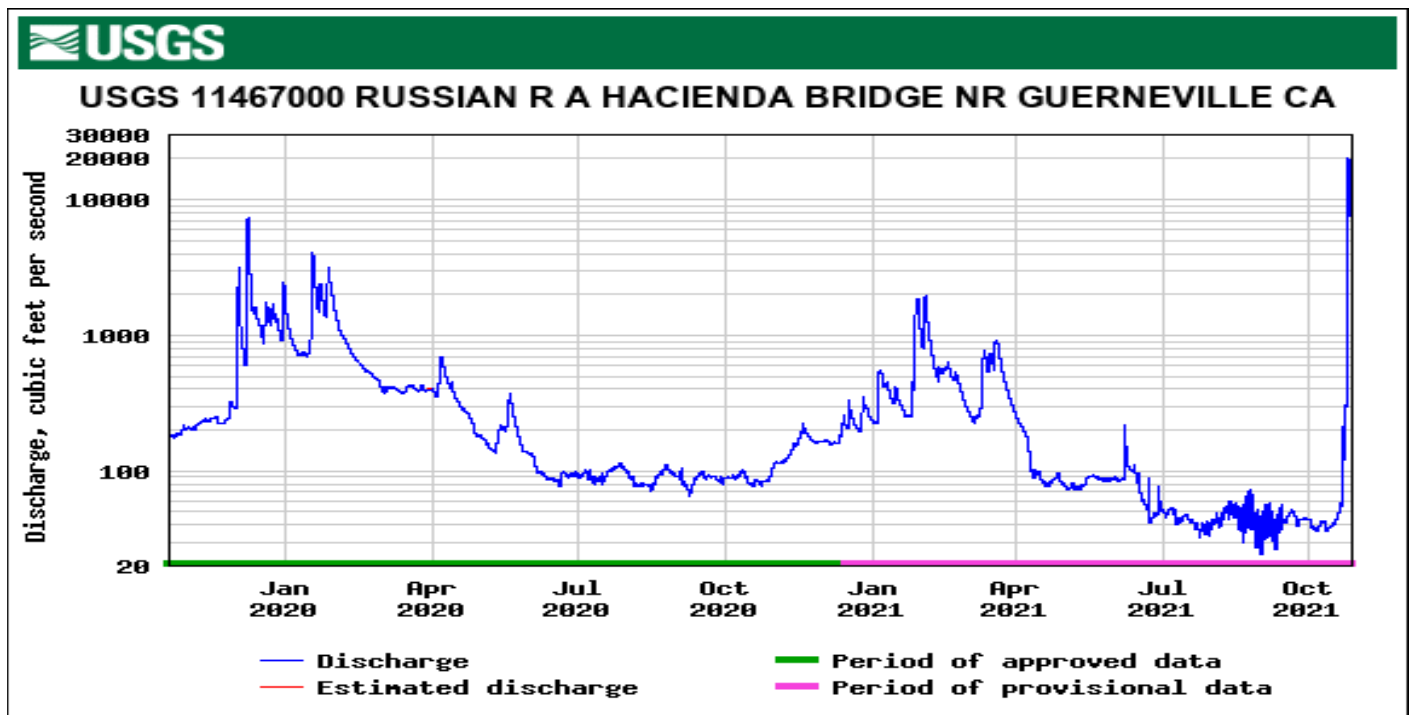
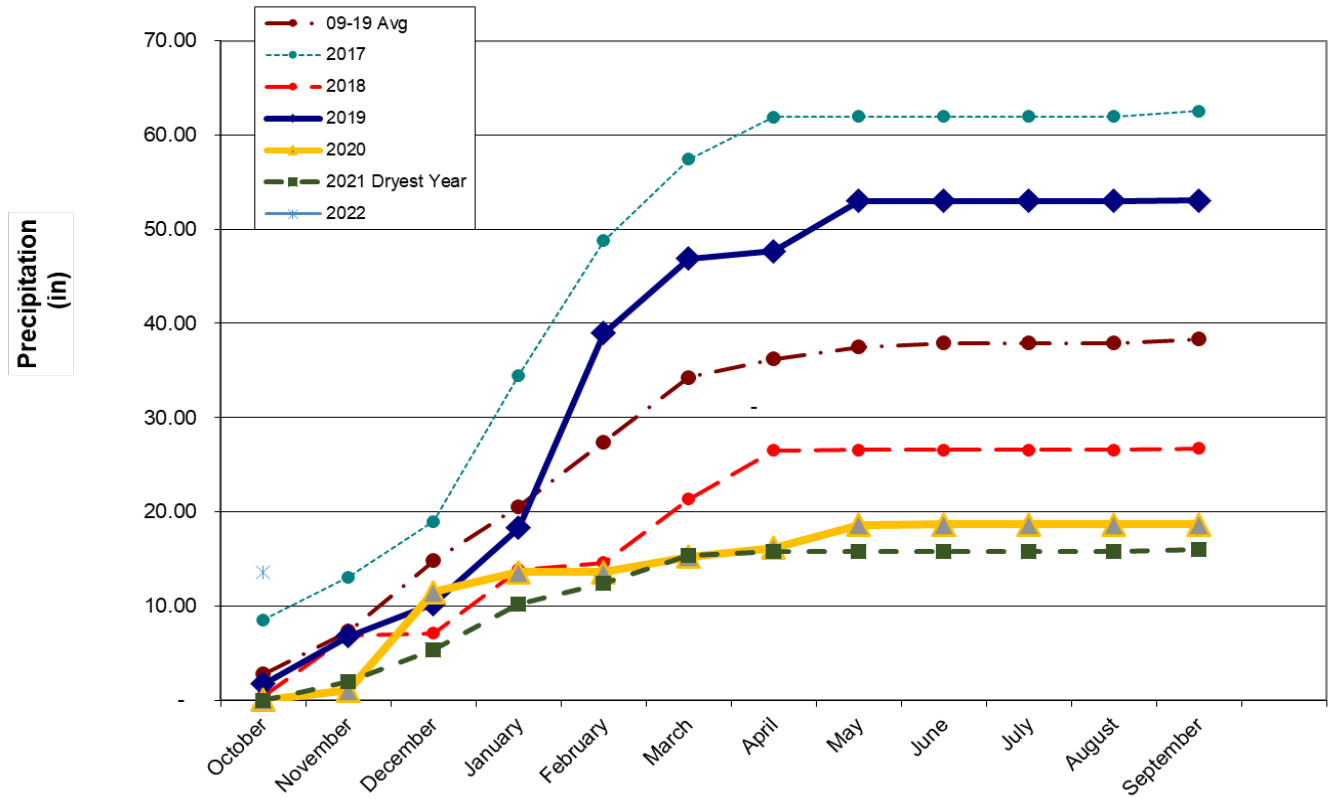


Figure 3. Guerneville Cumulative Monthly Rainfall



Tracking the Economic Impact of Suspending Water Disconnects for Non-payment					
EVEN CYCLE (Guerneville)			ODD CYCLE (Monte Rio)		
Billing Date	# of Customers whose prior bill was still unpaid when next bill mailed	\$ Value of Past Due Amounts** (including unpaid customer deposits)	Billing Date	# of Customers whose prior bill was still unpaid when next bill mailed	\$ Value of Past Due Amounts** (including unpaid customer deposits)
2/15/2020 (Historical disconnect procedure)	0	\$0	3/15/2020 (SB 998 extends time before disconnect)	10	\$1,565
4/15/2020 (Exec. Order N-42-20: Disconnects completely suspended)	24	\$4,096	5/15/2020	5	\$594.02
6/15/2020	9	\$2,947.56	7/15/2020	8	\$1,261.02
8/15/2020	7	\$2,464.32	9/15/2020 (Suspended delinquency process due to wildfire.)	57	\$7,646.52
10/15/2020	16	\$5,094.43	11/15/2020	18	\$4,406.13
12/15/2020	23	\$7,260.48	1/15/2021	20	\$3,766.59
2/15/2021	35	\$11,140.50* (\$3,555 of this total is one customer)	3/15/2021	18	\$6,203.05
4/15/2021	28	\$11,762.54	5/15/2021	16	4040.58
6/15/2021	19	\$8,670.96	7/15/2021	7	\$3,542.24
8/15/2021	14	\$6,835.88	9/15/2021	9	3,513.03
10/15/2021	24	10,889.52			

As of 10/15, 10 customers are in COVID-19 Agreements. These customers are not included in the numbers above if their COVID Agreements are in good standing.

