

CALAVERAS COUNTY WATER DISTRICT FINANCE COMMITTEE MEETING

AGENDA

Tuesday, January 19, 2021
1:00 p.m.

Calaveras County Water District
120 Toma Court (P O Box 846)
San Andreas, California 95249

Based on guidance from the California Governor's Office and Department of Public Health, in order to minimize the potential spread of the COVID-19 virus, the Calaveras County Water District will convene its public meeting of the Finance Committee telephonically until further notice.

The following options are available to members of the public to attend these meetings and provide comments to the Committee before and during the meeting

Microsoft Teams meeting

Join on your computer or mobile app

[Click here to join the meeting](#)

Or call in (audio only)

[+1 689-206-0281](#)

Phone Conference ID: 786 780 107#

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at 209-754-3028. Notification in advance of the meeting will enable CCWD to make reasonable arrangements to ensure accessibility to this meeting. Any documents related to agenda items that are made available to the Board before or at the meeting shall be available for review by the public at 120 Toma Court, San Andreas, CA 95249.

ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. **PUBLIC COMMENT:** Comments limited to three minutes per person.
2. **APPROVAL OF MINUTES:** For the meeting of December 15, 2020.
3. **NEW BUSINESS**
 - 3a. Appoint new chairperson to Finance Committee
(Rebecca Callen, Director of Administrative Services)
 - 3b. Report on the Monthly Financial Reports for December 2020
(Rebecca Callen, Director of Administrative Services)

- 3c. Discussion and Direction regarding Authorizing the Write Off of the Lake Tulloch Sewer Assessment District No. 8S1 Loan
(Rebecca Callen, Director of Administrative Services)
- 3d. Discussion and Direction on Refunding Assessment District Financings:
DaLee/Cassidy and Fly In Acres
(Rebecca Callen, Director of Administrative Services)
- 3e. Discussion and Direction Regarding Sewer Fund Repayment Agreement between the Sewer Fund (Fund 500) and the Water Fund (Fund 300)
(Rebecca Callen, Director of Administrative Services)
- 3f. Discussion and Direction Regarding Mid-Year Fiscal Year 2020-21 Operating and Capital Improvement Program Budgets
(Rebecca Callen, Director of Administrative Services)
- 3g. Discussion and Directions Regarding the Annual Audit, Management's Responses and Accounting Changes
(Rebecca Callen, Director of Administrative Services)

4. DIRECTOR OF ADMINISTRATIVE SERVICES COMMENTS

5. GENERAL MANAGER COMMENTS

6. DIRECTOR COMMENTS

7. FUTURE AGENDA ITEMS

8. NEXT COMMITTEE MEETING

9. ADJOURNMENT

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The following Committee Members were present:

Bertha Underhill	Director
Cindy Secada	Director

Staff Present:

Michael Minkler	General Manager
Rebecca Callen	Director of Administrative Services
Patti Christensen	Accountant II
Zachary Thompson	Accountant II
Jessica Self	External Affairs Manager

Public Present:

None

ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

Meeting called to order at 1:00 p.m., Director Underhill led the Pledge of Allegiance

1. Public Comment: None.
2. Approval of Minutes: Minutes approved for the meetings of October 20, 2020 and November 17, 2020.
3. New Business:

3a. Report on the Monthly Financial Reports for November 2020:

Ms. Callen explained the new formatting of the Budget Status Report and went into some detail regarding the water and wastewater sales increase. There was a brief review of revenue, and an explanation on the decrease in interest revenue. Ms. Callen continued to review the operating expenses, followed by a discussion regarding the COVID-19 FEMA grant process. Ms. Callen then spoke briefly on the Capital Rehabilitation & Repair (R&R) reports.

3b. Discussion and Direction Regarding the Past Due Accounts, Process and Policy Changes:

Ms. Callen stated that staff has been monitoring the past due process and following the (State) moratorium on banning the lock off process during the COVID-19 pandemic. There was a discussion on the process and utilizing IVR (Interactive Voice Response) rather than mailing past due notices. Other items discussed were communicating with customers, emergency situations, and the customer service phone response. Ms. Callen discussed filing liens against delinquent customers instead of placing the delinquencies on the County's tax rolls. Ms. Callen also talked about the payment plan process and how staff is recommending a one (1) year payback period rather than the current six (6) month payment plan.

The Directors were supportive of the policy changes and a revised draft will be brought to the next Finance Committee meeting.

3c. Discussion on Chandler Investments Update:

Ms. Callen gave a brief history of the Districts investments and the policy change to invest through Chandler Asset Management. Ms. Callen mentioned that LAIF interest rate has dropped to .56% and it is time to transfer money to the US Bank Custodial account for Chandler Asset Management to invest. Funds will be transferred starting in January with a \$10M initial transfer and an additional \$2M per month with a target investment amount of \$20M. LAIF's current balance is approximately \$32.8M. The transfer of funds will be reported on the Monthly Investment Transaction Report reported to the Board of Directors. Director Underhill asked how often Chandler will report and Ms. Callen answered in-house monthly, and an in-person

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presentation to the Board quarterly, followed by a discussion about how the transfers and account balances and/or investments will appear on the annual audit report.

4. Director of Administrative Services Comments:

Ms. Callen stated that staff is working on project tracking capabilities (through Smartsheet) for Tyler Technologies and the AMI/AMR project and is working with Cisco to evaluate the phone system capabilities. Ms. Callen mentioned the auditors are finishing the audit and it will be presented to the Board in January. There was a discussion on back office process changes that will be brought to the Finance Committee soon; talk about the website, it's navigation and a need to revamp the system.

5. General Manager Comments:

Mr. Minkler commented on a main line break in the Ebbetts Pass area that was repaired yesterday. He also talked about the continuing COVID-19 operational status.

6. Director Comments:

Director Secada wished everyone a Merry Christmas.

Director Underhill asked if there will be any personnel changes going into the new year. Mr. Minkler said there is not anything to report on at this time. She also wished everyone a Merry Christmas and Happy New Year.

7. Future Agenda Items:

- Standard Financial Reporting
- Past Due Accounts/Payment Plans
- Discussion/Direction Back Office Processing

8. Next Committee Meeting:

January 19, 2021 at 1 p.m.

9. Adjournment:

Meeting adjourned at 2:49 p.m.

Respectfully Submitted,

P Christensen

Patti Christensen, Accountant II

Approved:

Rebecca Callen

Rebecca Callen, Director of Administrative Services

Agenda Item

DATE: January 19, 2021
TO: Finance Committee
FROM: Rebecca Callen, Director of Administrative Services
SUBJECT: Selection of Finance Committee Chairperson

RECOMMENDED ACTION:

Finance Committee Member to choose a chairperson

SUMMARY:

At the January 13, 2021 Board of Director's meeting, it was requested to keep the committee assignments the same for the 2021 year as 2020. Board President Davidson approved the request.

The Finance Committee is represented by:

Director Underhill
Director Secada

Alternate member is Director Thomas

Please choose to appoint a chairperson.

FINANCIAL CONSIDERATIONS:

None at this time.

Agenda Item

DATE: January 19, 2021

TO: Finance Committee

FROM: Rebecca Callen, Director of Administrative Services

SUBJECT: Report on the Monthly Financial Reports for December 2020

RECOMMENDED ACTION:

Receive Report on December 2020 Monthly Financial Reports.

SUMMARY:

The following financial reports are for the month ending December 31, 2020:

Budget Status Report – This is a high-level summary of operating revenues and expenditures with analysis points based on historical trends for the same period of reporting (period being the reporting months to date), budget to actual, and overall District and Departmental status.

Capital Renovation and Replacement (Capital R&R) Report – A summary of Capital R&R revenues and expenditures for the water and wastewater funds. Additionally, some expenditures are paid in arrears and this report may not adequately account for all costs incurred during the reporting period.

Capital Improvement Program Cash Flow/Expenditure Summary – A status report of Capital Improvement Program water and wastewater projects to date.

The following two reports were presented, and approved by the Board at the January 13, 2021 Board Meeting:

Claim Summary – The claim summary is a summary of services, supplies, reimbursements and other vendor claims paid by the District in the reporting month.

Investment Transactions – A summary of investment balances, interest received, and a listing of individual transactions that occurred during the reporting month.

FINANCIAL CONSIDERATIONS:

None

Attachment: Budget Status Report – December 2020

Capital R&R Report – December 2020

Capital Improvement Program Cash Flow/Expenditure Summary – December 2020

December 2020 Budget Status Report

The Budget Status Report represents a standard of analysis to identify material issues with the understanding that line-item variances are normal, and the areas of concern are isolated to **Account Types** that fall short of budget and historical trends or Account Types that are at or over the benchmark.

Analysis has been done to evaluate 4-year trends related to revenues and operating expenses. Most importantly, comparing like periods across multiple fiscal years compares high front cost line items (i.e. insurance, supply costs, etc. that occur in the first part of the year) and eliminates them as an issue when they trend in line with prior year amounts. Additionally, a comparison of Year-to-Date activity versus budget further identifies if there are any impending issues.

Cleanup of budget items will occur at Mid-Year, which is slated to occur in January 2021, once December is closed. At that time, reallocation of budget within departments will occur, adjustment of budget between funds to align with actual trends will occur, and recognition of any unanticipated revenue or unforeseen expenditures will be addressed. In the meantime, any line items that look like they *could* trend to overrun by year end are being communicated internally to address changes in activities to bring the trend into alignment with the current budget. For those items that cannot be absorbed or were not contemplated in the 2020-21 budget but were mandated, those will be discussed and acted on at the Mid-Year meeting.

All District Revenues

This analysis includes operating, capital, expansion, and reserve funds:

					Benchmark		
Revenue YTD Totals	Fiscal Year				Current	Remaining	50%
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget
W01-Sales & Charges	8,731,461	8,781,173	9,005,692	9,449,319	13,433,501	3,984,182	70.34%
W02-Water/Sewer Fees	10,456	6,610	13,443	20,132	55,000	34,868	36.60%
W03-Misc. Operating Revenue	72,734	124,847	60,543	183,121	49,000	(134,121)	373.72%
X02-Grant Revenue	55,473		87,402	55,882	-	(55,882)	0.00%
X03-Interest Income	69,351	150,335	185,538	70,691	160,500	89,809	44.04%
X04-Expansion/Assemt Fees	270,434	514,114	767,332	1,457,291	-	(1,457,291)	0.00%
X05-Power Sales	387,899	370,989	407,926	367,597	747,000	379,403	49.21%
X06-Other Revenue	11,668	20,391	357,110	415,699	1,124,000	708,301	36.98%
X30-Transfers In	1,638,085	865,704	4,401,654	3,387,454	2,899,922	(487,532)	116.81%
Grand Total	11,247,561	10,834,164	15,286,639	15,407,186	21,252,161	5,844,975	72.50%

Analysis of ALL District Revenues identifies the accounts to note:

- Sales & Charges
- Water/Sewer Fees
- Misc. Operating Revenue
- Other Revenue
- Transfers In

Sales & Charges

							Benchmark	
Revenue YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
W01-Sales & Charges	8,731,461	8,781,173	9,005,692	9,449,319	13,433,501	3,984,182	70.34%	
41000-Water/Sewer Sales/Resid	6,136,525	6,198,476	6,410,501	6,801,733	13,011,501	6,209,768	52.27%	
41010-Capital Program Charges			0	0	-	(0)	0.00%	
41010-Capital R&R-Sewer	588,228	589,479	593,542	601,516	-	(601,516)	0.00%	
41010-Capital R&R-Water	1,765,400	1,752,835	1,736,123	1,808,051	-	(1,808,051)	0.00%	
41010-Sewer Capital Program Charges	(0)	0			-	-	0.00%	
41010-Water Capital Program Charges	-	0			-	-	0.00%	
41200-Water Sales-Fire Hydrant	108,312	105,032	110,417	128,411	165,000	36,589	77.82%	
44100-Account Establishment Fees	27,805	27,306	28,178	43,903	44,000	97	99.78%	
44110-Delinquent Account Charge	105,191	108,045	126,931	65,705	213,000	147,295	30.85%	

41200: Hydrant revenue is trending higher than budget due to increased construction activity within the County.

44100: Customer Service reports that properties are changing hands more now than in the past, another factor is the increase in new connections.

44110: Budgeted amount should be considered for a mid-year budget adjustment to fall in line with the trending amount to ensure accurate budgeting for upcoming years.

Water/Sewer Fees

							Benchmark	
Revenue YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
W02-Water/Sewer Fees	10,456	6,610	13,443	20,132	55,000	34,868	36.60%	
44300-Install Water Meter	9,456	6,610	11,443	20,132	55,000	34,868	36.60%	
48100-Concept Approval Fees	1,000		2,000		-	-	0.00%	

44300: Revenue generated from the installation of new water meters is on an upward trend but not performing well in relation to the budgeted amounts. The account is being considered for a mid-year budget adjustment to realign revenue and budgets accordingly.

Miscellaneous Operating Revenue

							Benchmark	
Revenue YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
W03-Misc. Operating Revenue	72,734	124,847	60,543	183,121	49,000	(134,121)	373.72%	
42000-Inspection Fees	730	1,112	3,043	7,617	4,000	(3,617)	190.43%	
42000-Water Inspection Fee	244	122			-	-	0.00%	
42100-Plan Check Fees	1,280	1,000			2,000	2,000	0.00%	
44200-Backflow Certification Testing	3,800	2,750	3,050	2,465	3,000	535	82.17%	
44500-Repair Labor/Materials	8,647	13,016	26,554	35,838	20,000	(15,838)	179.19%	
44510-Misc Operating Revenue	-	320			-	-	0.00%	
44510-Reimbursable Expense	7,103	47,115	25,326	32,306	10,000	(22,306)	323.06%	
44600-Copies of Documents	19				-	-	0.00%	
44900-Other Water/Sewer Charges		(195)	(225)	(145)	-	145	0.00%	
48130-Rental Revenue	36,351	38,831			73,000	73,000	0.00%	
48190-Miscellaneous Operating Rev	13,450	19,651	2,795	105,041	10,000	(95,041)	1050.41%	
48190-Other Operating Revenue	1,110	1,125			-	-	0.00%	

42000: Developer activity has increased substantially over the summer resulting in an increase in Inspection Fee revenue, with Copperopolis seeing the most activity.

44200: Backflow Certification Testing should have no material effect regarding Misc. Operating Revenues. The amounts budgeted for this account are in-line with prior year trends.

44500: Repair Labor/Materials is made up of construction costs associated with the new connections, again the majority being in Copperopolis.

44510: The Reimbursable Expense is made up of staff time billed on developer projects, and the reimbursement of CPPA electricity charges for meters used by Blue Lake Springs and Gentium Golf.

48190: The Utility Department had a Fuel Reduction Program at the Arnold wastewater facility. Sierra Pacific Industries has paid the District \$91K in lumber sales, although most of these funds will be disbursed to the CHIPS program.

Other Revenue

							Benchmark	
Revenue YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
X06-Other Revenue	11,668	20,391	357,110	415,699	1,124,000	708,301	36.98%	
48130-Rental Income	6,120	1,000			-	-	0.00%	
48130-Rental Revenue			39,347	39,015	73,000	33,985	53.45%	
52430-Area of Benefit Reimbursement	(3,794)				-	-	0.00%	
54600-Other Non-Op Revenue				5,075	-	(5,075)	0.00%	
54600-Other Non-Operating Revenue			309,364	371,609	920,000	548,391	40.39%	
54605-Misc Developer Reimbursements	9,343	19,391	8,399		-	-	0.00%	

54600: Revenue is made up of invoicing NCPA/MID for FERC fees and other agency billings for reimbursable expenses. The related expense will appear in Department 60 - Water Resources' budget under account 61435.

Transfers In

							Benchmark	
Revenue YTD Totals	Fiscal Year <input type="text" value="2021"/>				Current	Remaining	50%	
Account Type <input type="text" value="X30-Transfers In"/>	2018	2019	2020	2021	Budget	Balance	Of Budget	
X30-Transfers In	1,638,085	865,704	4,401,654	3,387,454	2,899,922	(487,532)	116.81%	
59100-Transfer In From Funds	695,598		4,401,654	3,387,454	2,899,922	(487,532)	116.81%	
59100-Transfers In	202,832	199,574			-	-	0.00%	
59100-Transfers In From Funds	739,655	666,130			-	-	0.00%	

59100: This is made up of the transfer of the PG&E Settlement funds from the District's Operating Account to the Interest Reserve Fund, and Debt Service Reclassifications. Unchanged from last month's report.

District Operating Revenues

These revenues are isolated to Water, Sewer, and the District General Fund.

							Benchmark	
Revenue YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
W01-Sales & Charges	6,377,833	6,438,859	6,676,027	7,039,752	13,433,501	6,393,749	52.40%	
W02-Water/Sewer Fees	10,456	6,610	13,443	20,132	55,000	34,868	36.60%	
W03-Misc. Operating Revenue	72,734	124,847	60,543	176,869	49,000	(127,869)	360.96%	
X02-Grant Revenue	40,724		70,824	-	-	-	0.00%	
X03-Interest Income	20,112	47,690	64,804	3,683	160,500	156,817	2.29%	
X05-Power Sales	387,899	370,989	407,926	367,597	747,000	379,403	49.21%	
X06-Other Revenue	9,343	19,391	357,110	415,699	1,124,000	708,301	36.98%	
X30-Transfers In	942,487	865,704	4,200,856	941,659	2,899,922	1,958,263	32.47%	
Grand Total	7,861,588	7,874,090	11,851,533	8,965,391	21,252,161	12,286,770	42.19%	

The main Account Types to note are:

- Interest Income
(See below)
- Water/Sewer Fees
- Misc. Operating Revenue
- Other Revenue
- Transfers In
(See above for explanations)

Interest Income

							Benchmark	
Revenue YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
X03-Interest Income	20,112	47,690	64,804	3,683	160,500	156,817	2.29%	
51100-Interest Income/CCWD Invest	20,112	47,690	64,804	3,683	160,500	156,817	2.29%	

51100: Interest rates have continued to decline, and it is unlikely that the Operating accounts will meet the budget by the end of the year. Budgeted amount factored in amounts that were used before closing fund 101 in FY 2019-20. Budget will be adjusted, and interest rates are being addressed by investing a portion of the District's cash from low or no interest-bearing accounts with Chandler Asset Management.

District Operating Expenses

District Operating Expenses are slightly over the 50% benchmark when you include all transfers out.

								Benchmark
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
Y01-Sal/Wage/Benefits	4,488,891	4,649,553	4,626,913	4,484,052	9,771,263	5,287,211	45.89%	
Y02-Utility Service	456,716	499,894	488,779	514,022	1,010,735	496,713	50.86%	
Y03-Materials/Supplies	534,307	639,167	623,736	706,534	1,272,551	566,017	55.52%	
Y04-Outside Services	316,045	297,693	454,135	426,402	978,125	551,723	43.59%	
Y05-Professional Services	241,583	187,384	134,476	185,828	553,001	367,173	33.60%	
Y06-Vehicle/Equipment	168,598	240,778	351,304	200,339	418,720	218,381	47.85%	
Y07-Office Expenses	90,786	119,469	127,450	131,805	164,909	33,104	79.93%	
Y08-Travel/Training	22,491	28,777	36,526	19,207	72,087	52,880	26.64%	
Y10-Purchased Water	1,326				298,263	298,263	0.00%	
Y11-Retired Employee	268,152	273,833	308,665	291,521	620,000	328,479	47.02%	
Y12-Bad Debts	23,951	27,504	14,854	21,159	52,000	30,841	40.69%	
Y13-Misc Op Expenses	345,496	404,092	818,600	971,468	1,527,324	555,856	63.61%	
Y15-Director Costs	58,785	56,276	66,559	52,367	162,794	110,427	32.17%	
Y16-Legal	106,283	112,791	144,799	108,192	275,000	166,808	39.34%	
Z02-Debt Repayment	1,287,622	1,022,008	1,095,839	1,150,467	3,146,402	1,995,935	36.56%	
Z03-Capital Equipment	114,053	80,959	199,097	323,137	800,864	477,727	40.35%	
Z04-Misc Non Operating	8,933	8,477	8,740	1,943	37,721	35,778	5.15%	
Z30-Transfers Out			3,331,493	2,494,605	-	(2,494,605)	0.00%	
Grand Total	8,534,019	8,648,657	12,831,964	12,083,050	21,161,759	9,078,709	57.10%	

The main Account Types to note are:

- Office Expenses
- Misc. Operating Expenses

Operating expenses are continued on the next page.

Office Expenses

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
Y07-Office Expenses	90,786	119,469	127,450	131,805	164,909	33,104	79.93%	
60700-Forms and Supplies		84	861	527	3,351	2,824	15.74%	
60710-Permits and Licenses	5,920	7,305	5,256	4,517	15,000	10,483	30.12%	
60720-Postage	6,566	7,423	8,288	5,661	17,521	11,860	32.31%	
60730-Publications/Subscriptions	445			7	2,751	2,744	0.25%	
60732-Memberships and Dues	77,855	104,535	112,617	121,069	125,786	4,717	96.25%	
60760-Recording/Title Reports		122	427	24	-	(24)	0.00%	

60732: Most membership dues are typically paid for during the first part of the fiscal year. Membership renewals for Field staff associations will be ongoing. Minimal increase from November. Expected to be within budget at year end.

Misc. Operating Expenses

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
Y13-Misc Op Expenses	345,496	404,092	818,600	971,468	1,527,324	555,856	63.61%	
61315-Rate Assistance Program			24,944	24,881	60,000	35,119	41.47%	
61409-Unemployment Claims			-	-	-	-	0.00%	
61410-Insurance	120,332	117,061	206,031	228,998	216,334	(12,664)	105.85%	
61420-State Water and Sewer Fees	127,497	131,890	207,253	202,769	236,000	33,231	85.92%	
61430-State/Federal/County Fees		3,282			-	-	0.00%	
61435-State/Federal/County Fees	68,070	116,834	344,289	472,618	786,000	313,382	60.13%	
61450-Mandated Plans		5,090			140,000	140,000	0.00%	
61455-Water Conservation	1,673	800	1,799	1,775	3,000	1,225	59.17%	
61485-Third Party Payment Processing	27,903	29,135	34,285	40,427	83,990	43,563	48.13%	
61490-Misc Op/Maint Expense	20				-	-	0.00%	

61410: Insurance came in slightly higher than expectations. No additional amounts expected.

61420: Line item has a trend of less activity in the second half of the year however we will continue to monitor the activity. Expected to be within budget by year end.

61435: Various water and damn usage fees including FERC began budgeting in 2019-20. Accruals will be made at year end to adjust for the periods billed that fall in a subsequent year. Many of the fees are billed to NCPA and MID and appear as offsetting entries on the revenue side. See 54600 on page 3. This was an accounting change requested by the auditors in FY19-20 to capture expense and revenue separately for these fees.

61455: Water Conservation scholarships awarded for the year. Line item is expected to be within range by year end.

DEPARTMENTAL EXPENSE REPORTS

Dept 50 – Non-Departmental

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
Y02-Utility Service	11,985	11,429	11,201	6,981	24,783	17,802	28.17%	
Y03-Materials/Supplies	15,684	18,849	26,540	17,152	40,500	23,348	42.35%	
Y04-Outside Services	18,486	19,533	19,065	18,188	50,021	31,833	36.36%	
Y05-Professional Services		600	80		-	-	0.00%	
Y11-Retired Employee	268,152	273,833	308,665	291,521	620,000	328,479	47.02%	
Y13-Misc Op Expenses	120,332	120,343	206,031	228,998	216,334	(12,664)	105.85%	
Z02-Debt Repayment	1,287,622	1,022,008	1,095,839	1,150,467	3,146,402	1,995,935	36.56%	
Z04-Misc Non Operating	1,433	977	12		30,221	30,221	0.00%	
Grand Total	1,723,694	1,467,572	1,667,433	1,713,307	4,128,261	2,414,954	41.50%	

Analysis shows that there one account type to note:

- Misc. Op Expense

Misc. Op Expense

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	42%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
Y13-Misc Op Expenses	120,332	120,343	206,031	228,998	216,334	(12,664)	105.85%	
61410-Insurance	120,332	117,061	206,031	228,998	216,334	(12,664)	105.85%	
61430-State/Federal/County Fees		3,282			-	-	0.00%	

61410: During the FY 20-21 budget process the insurance expense was increased based on the data received from ACWA/JPIA. The actual premiums came in a little over budget. No additional amounts added from last month.

Dept. 54 - Utility Services

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
Y01-Sal/Wage/Benefits	3,205,653	3,198,621	3,192,382	3,294,281	6,960,956	3,666,675	47.33%	
Y02-Utility Service	444,731	488,465	477,577	507,041	985,952	478,911	51.43%	
Y03-Materials/Supplies	510,488	581,651	570,993	675,332	1,199,000	523,668	56.32%	
Y04-Outside Services	245,228	202,769	366,959	324,609	741,900	417,291	43.75%	
Y05-Professional Services	12,050	23,089	29,578	45,906	89,300	43,394	51.41%	
Y06-Vehide/Equipement	168,598	240,778	351,304	200,339	418,720	218,381	47.85%	
Y07-Office Expenses	14,723	11,236	13,043	16,991	31,500	14,509	53.94%	
Y08-Travel/Training	14,567	18,818	13,725	13,358	35,185	21,827	37.97%	
Y10-Purchased Water	1,326				5,000	5,000	0.00%	
Y13-Misc Op Expenses	127,497	131,890	207,253	202,769	236,000	33,231	85.92%	
Z03-Capital Equipment	96,463	70,795	199,097	323,137	703,084	379,947	45.96%	
Z04-Misc Non Operating				-	-	-	0.00%	
Grand Total	4,841,325	4,968,110	5,421,911	5,603,762	11,406,597	5,802,835	49.13%	

The accounts to note are:

- Misc. Operating Expenses

Misc. Operating Expenses

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
Y13-Misc Op Expenses	127,497	131,890	207,253	202,769	236,000	33,231	85.92%	
61420-State Water and Sewer Fees	127,497	131,890	207,253	202,769	236,000	33,231	85.92%	

See page 7 for details.

Dept 56 – General Management

								Benchmark
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊕ Y01-Sal/Wage/Benefits	354,847	356,765	318,993	319,816	670,813	350,997	47.68%	
⊕ Y03-Materials/Supplies	708	687	1,957	1,055	10,800	9,745	9.77%	
⊕ Y04-Outside Services	2,070	21,852	7,906	11,116	15,051	3,935	73.86%	
⊕ Y05-Professional Services	27,857	51,443	31,501	42,257	149,300	107,043	28.30%	
⊕ Y07-Office Expenses	37,647	46,537	43,791	44,137	47,697	3,560	92.54%	
⊕ Y08-Travel/Training	4,488	7,217	16,655	1,744	17,251	15,507	10.11%	
⊕ Y13-Misc Op Expenses			-	-	2,000	2,000	0.00%	
⊕ Y16-Legal	59,869	66,389	93,160	47,783	160,000	112,217	29.86%	
⊕ Z04-Misc Non Operating		(0)	103		-	-	0.00%	
Grand Total	487,488	550,889	514,066	467,907	1,072,912	605,005	43.61%	

Although General Management is trending under budget there are a few noteworthy items:

- Outside Services
- Office Expenses

Outside Services

								Benchmark
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊖ Y04-Outside Services	2,070	21,852	7,906	11,116	15,051	3,935	73.86%	
60420-Drug and Alcohol Testing		1,540	1,350	1,600	2,200	600	72.73%	
60429-Recruiting	2,070	20,312	6,556	9,516	12,851	3,335	74.05%	

60420: Various positions throughout the District required new or additional screening and should fall in line with the budget by year end. No change from last month's report.

60429: Advertising for various positions throughout the District: External Affairs Manager, Construction & Maintenance Manager, Engineering Coordinator, and Accountant II. Expected to slow the second half of the fiscal year.

Office Expenses

								Benchmark
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊖ Y07-Office Expenses	37,647	46,537	43,791	44,137	47,697	3,560	92.54%	
60700-Forms and Supplies		84			800	800	0.00%	
60730-Publications/Subscriptions				7	151	144	4.62%	
60732-Memberships and Dues	37,647	46,453	43,791	44,130	46,746	2,616	94.40%	

60732: The majority of membership dues are paid for during the first few months of the year. No change from last month's report.

Dept 57 – Board of Directors

						Benchmark		
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊕ Y01-Sal/Wage/Benefits	579	718			-	-	0.00%	
⊕ Y03-Materials/Supplies	76	66			-	-	0.00%	
⊕ Y15-Director Costs	58,785	56,276	66,559	52,367	162,794	110,427	32.17%	
Grand Total	59,440	57,060	66,559	52,367	162,794	110,427	32.17%	

Something to note for this department is that all Director expenditures are in Account Type Y15. The breakdown table of Account Type Y15 is as follows:

						Benchmark		
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊖ Y15-Director Costs	58,785	56,276	66,559	52,367	162,794	110,427	32.17%	
60000-Salaries/Wages	12,000	13,800	13,440	12,120	43,200	31,080	28.06%	
60100-Benefits	38,358	37,044	39,321	38,195	98,443	60,248	38.80%	
60102-Medical Reimbursements			400	561	2,000	1,439	28.05%	
60310-Materials and Supplies			261	31	751	720	4.19%	
60810-Training Conf and Travel	4,817	1,749	10,015	672	15,000	14,328	4.48%	
60811-Meeting Cost/Supplies	58				-	-	0.00%	
60820-Director Other Travel Costs				789	3,400	2,611	23.19%	
60820-Other Travel Costs	3,553	3,682	3,122		-	-	0.00%	

Dept 58 – Engineering

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊕ Y01-Sal/Wage/Benefits	215,803	331,537	445,142	232,425	668,865	436,440	34.75%	
⊕ Y03-Materials/Supplies		419	3,447		1,000	1,000	0.00%	
⊕ Y04-Outside Services	7,270	6,139	11,750	16,351	15,106	(1,245)	108.24%	
⊕ Y05-Professional Services	5,609		(5,135)	23,388	57,451	34,063	40.71%	
⊕ Y07-Office Expenses	230	122	657	24	1,800	1,777	1.31%	
⊕ Y08-Travel/Training	1,456	15	1,817		8,100	8,100	0.00%	
Grand Total	230,367	338,231	457,679	272,187	752,322	480,135	36.18%	

Account Type Outside Services is higher than previous years and higher than the benchmark.

Outside Services

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊖ Y04-Outside Services	7,270	6,139	11,750	16,351	15,106	(1,245)	108.24%	
60410-Service Maintenance Contracts	7,270	6,139	9,855	16,351	15,106	(1,245)	108.24%	
60431-Computer Lic Maint Contracts			1,895		-	-	0.00%	

60410: Two service contracts have been paid for the year, with two remaining to be billed to the District. The amount of these contracts to date has exceeded the overall budget line item by 8.24%. No change from last month's report.

Dept 59 – Administrative Services

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
Y01-Sal/Wage/Benefits	558,610	594,095	572,305	544,642	1,255,222	710,580	43.39%	
Y03-Materials/Supplies	7,308	11,725	20,341	12,996	20,751	7,755	62.63%	
Y04-Outside Services	42,991	47,400	48,454	56,138	156,047	99,909	35.98%	
Y05-Professional Services	96,236	60,800	61,430	43,493	127,450	83,957	34.13%	
Y07-Office Expenses	6,876	7,833	9,595	6,648	20,468	13,820	32.48%	
Y08-Travel/Training	765	432	2,918	3,380	6,800	3,420	49.71%	
Y12-Bad Debts	23,951	27,504	14,854	21,159	52,000	30,841	40.69%	
Y13-Misc Op Expenses	27,923	29,135	61,027	67,084	146,990	79,906	45.64%	
Z03-Capital Equipment	17,590	10,165			97,780	97,780	0.00%	
Z04-Misc Non Operating	7,500	7,500	8,625	1,943	7,500	5,557	25.91%	
Z30-Transfers Out			3,331,493	2,494,605	-	(2,494,605)	0.00%	
Grand Total	789,751	796,588	4,131,044	3,252,088	1,891,008	(1,361,080)	171.98%	

Although Administrative Services is trending under budget there are account(s) we should make note of:

- Materials/Supplies

Materials/Supplies

							Benchmark	
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
Y03-Materials/Supplies	7,308	11,725	20,341	12,996	20,751	7,755	62.63%	
60310-Materials and Supplies			158	(124)	751	875	-16.48%	
60390-Admin. Technologies/Comm.	7,308	11,725	20,183	13,119	20,000	6,881	65.60%	

60310: Researching and will reclassify in subsequent month.

60390: Purchases of monitors, laptops, docking stations, and keyboards for staff working remotely due to COVID-19, and two Surface Pro computers for the Collections crew. Most new purchases have been completed and spending should fall in line with budget by year end.

Dept 60 – Water Resources

								Benchmark
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊕ Y01-Sal/Wage/Benefits	153,399	167,817	98,091	92,888	215,407	122,519	43.12%	
⊕ Y03-Materials/Supplies	42	25,771	457		500	500	0.00%	
⊕ Y05-Professional Services	99,831	51,454	17,022	30,785	129,500	98,715	23.77%	
⊕ Y07-Office Expenses	31,310	53,742	60,365	64,006	63,444	(562)	100.89%	
⊕ Y08-Travel/Training	1,214	2,297	1,410	725	4,751	4,026	15.26%	
⊕ Y13-Misc Op Expenses	69,743	122,724	344,289	472,618	926,000	453,382	51.04%	
⊕ Y16-Legal	46,414	46,402	51,639	60,409	115,000	54,591	52.53%	
Grand Total	401,953	470,206	573,273	721,432	1,747,865	1,026,433	41.28%	

Although Administrative Services is trending under budget there are account(s) we should make note of:

- Office Expenses

Office Expenses

								Benchmark
Expense YTD Totals	Fiscal Year				Current	Remaining	50%	
Account Type	2018	2019	2020	2021	Budget	Balance	Of Budget	
⊖ Y07-Office Expenses	31,310	53,742	60,365	64,006	63,444	(562)	100.89%	
60732-Memberships and Dues	31,310	53,742	60,365	64,006	63,444	(562)	100.89%	

60732: All association membership dues have been paid for the year. No change from last month's report.

Water Capital Renovation and Replacement Fund
 July 1, 2013 through December 31, 2020

	Through Jun 30, 2020	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Y-T-D FY 20-21	Total to Date
Revenues:							
Capital R&R Water Revenues	\$ 20,582,475	\$ 975,474	\$ 832,577	\$ -	\$ -	\$ 1,808,051	\$ 22,390,526
Interest Income	584,368	29	14,748	-	-	14,777	599,145
Capital R&R Loan *	6,622,000	-	-	-	-	-	6,622,000
Grant Revenues	5,244,297	-	55,882	-	-	55,882	5,300,179
Total Revenues	\$ 33,033,141	\$ 975,503	\$ 903,207	\$ -	\$ -	\$ 1,878,710	\$ 34,911,851
Expenditures:							
Ebbetts Pass Techite Line	\$ 725,630	\$ 419,557	\$ 1,091,932	\$ -	\$ -	\$ 1,511,489	\$ 2,237,120
Ebbetts Pass Reach 1	6,256,221	795,681	979,216	-	-	1,774,897	8,031,118
Jenny Lind A-B Trans Line	24,489	2,682	2,901	-	-	5,583	30,072
Jenny Lind Pretreatment Facility	5,041,174	34,376	19,149	-	-	53,525	5,094,699
EP Redwood Tanks HMGP	38,416	428	13,097	-	-	13,525	51,941
AMR/AMI Radio Read Meter Progr	191,199	11,350	21,990	-	-	33,340	224,539
Hunters Raw Water Pump Renov	5,216	-	-	-	-	-	5,216
Meadowmont Pump Station Impro	84,169	-	-	-	-	-	84,169
Wallace SCADA Improvements	19,400	10,837	7,340	-	-	18,177	37,577
West Point Backup Water Filter	434	225	1,921	-	-	2,146	2,580
West Point SCADA Improvements	434	-	-	-	-	-	434
Big Trees Pump Station 1,4,5 Repl	107	-	-	-	-	-	107
Reeds Turnpike P/S Repl	214	873	1,048	-	-	1,921	2,135
CC Tank B P/S Renovation	-	-	-	-	-	-	-
Tank Management Plan	69,324	-	-	-	-	-	69,324
Pipeline Replacement	723,765	14,419	74,747	-	-	89,166	812,932
White Pines/Blnkt Drain Rehab	-	-	29,082	-	-	29,082	29,082
CC SCADA Improvements	-	-	20,710	-	-	20,710	20,710
Turbidimeter/Analyzer	-	-	90,772	-	-	90,772	90,772
Completed Projects (see Funding)	8,581,996	-	-	-	-	-	8,581,996
Total Expenditures	\$ 21,762,189	\$ 1,290,429	\$ 2,353,905	\$ -	\$ -	\$ 3,644,334	\$ 25,406,522
Beginning Balance		\$ 8,857,119	\$ 7,948,894	\$ 6,498,196	\$ 6,498,196	\$ 8,857,119	\$ -
Total Revenues	33,033,141	975,503	903,207	-	-	1,878,710	34,911,851
Less							
Loan Payments	2,413,833	593,300	-	-	-	593,300	3,007,133
Project Costs	21,762,189	1,290,429	2,353,905	-	-	3,644,334	25,406,522
Ending Balance	\$ 8,857,119	\$ 7,948,894	\$ 6,498,196	\$ 6,498,196	\$ 6,498,196	\$ 6,498,196	\$ 6,498,196

* R&R/USDA Loans - Outstanding P&I D \$ 4,146,156

Water Capital Renovation and Replacement Funding
 July 1, 2013 through December 31, 2020

Project Funding	Project Budget	Expenses To Date	Balance	Operating Funds	Expansion Funds	Capital R&R	Grant Revenues
Ebbetts Pass Techite Line	\$ 2,463,000	\$ 2,237,120	\$ 225,880	\$ -	\$ -	\$ 2,463,000	\$ -
Ebbetts Pass Reach 1	8,353,000	8,031,118	321,882	-	1,000,000	7,353,000	-
Jenny Lind A-B Trans Line	5,513,000	30,072	5,482,928	-	-	5,513,000	-
Jenny Lind Pretreatment Facility	5,067,000	5,094,699	(27,699)	-	-	1,655,250	3,411,750
EP Redwood Tanks HMGP	3,038,000	51,941	2,986,059	-	-	938,000	2,100,000
AMR/AMI Radio Read Meter Progra	6,112,000	224,539	5,887,461	-	-	4,112,000	2,000,000
Hunters Raw Water Pump Renov	2,015,000	5,216	2,009,784	-	-	2,015,000	-
Meadowmont Pump Station Impro	234,000	84,169	149,831	-	-	234,000	-
Wallace SCADA Improvements	101,000	37,577	63,423	-	-	101,000	-
West Point Backup Water Filter	2,000,000	2,580	1,997,420	-	-	2,000,000	-
West Point SCADA Improvements	110,000	434	109,566	-	-	110,000	-
Big Trees Pump Station 1,4,5 Repl	860,000	107	859,893	-	-	860,000	-
Reeds Turnpike P/S Repl	350,000	2,135	347,865	-	-	350,000	-
CC Tank B P/S Renovation	910,000	-	910,000	-	-	910,000	-
Tank Management Plan	3,726,000	69,324	3,656,676	-	-	3,726,000	-
Pipeline Replacement	600,000	812,932	(212,932)	-	-	600,000	-
Big Trees Tank Replacement	1,160,000	1,430,906	(270,906)	290,000	-	-	870,000
Ebbetts Pass Reach 3a	5,360,000	5,829,093	(469,093)	-	-	3,982,000	1,378,000
Jenny Lind Pressure Reg Station	190,000	316,944	(126,944)	-	-	190,000	-
Vista Del Lago/SR 26 Relocate	190,000	200,671	(10,671)	-	-	200,671	-
Lake Tulloch Drought Emergency	750,000	749,414	586	-	-	749,414	-
Ebbetts Pass WTP Filter Rehab	480,000	468,762	11,238	-	-	480,000	-
Lake Tulloch Raw Water Pump Ren	3,500,000	102,292	3,397,708	-	-	3,500,000	-
White Pines Lake Restoration	200,000	67,747	132,253	-	-	200,000	-
Capital Program Management	50,000	54,969	(4,969)	-	-	54,969	-
Total Expenditures	\$ 53,332,000	\$ 25,904,758	\$ 27,427,242	\$ 290,000	\$ 1,000,000	\$ 42,297,304	\$ 9,759,750

(1) completed project

Wastewater Capital Renovation and Replacement Fund
 July 1, 2013 through December 31, 2020

	Through Jun 30, 2020	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Y-T-D FY 20-21	Total to Date
Revenues:							
Capital R&R Wastewater Revenues	\$ 7,480,038.38	\$ 329,881	\$ 271,635	\$ -	\$ -	\$ 601,516	\$ 8,081,555
Interest Income	187,346	15	9,365	-	-	9,379	196,725
Capital R&R Loan *	2,300,001	-	-	-	-	-	2,300,001
Grant Revenues	132,908	-	-	-	-	-	132,908
Total Revenues	\$ 10,100,292	\$ 329,896	\$ 281,000	\$ -	\$ -	\$ 610,896	\$ 10,711,188
Expenditures:							
Copper Cove L/S 6,8; Force Main Bypass	\$ 162,743	\$ -	\$ 43,117	\$ -	\$ -	\$ 43,117	\$ 205,860
Copper Cove LS 15 & 18 Renovation	214,805.20	109	44,833	-	-	44,942	259,747
Wallace Renovation/SCADA/PLC	2,933.68	3,988	7,520	-	-	11,508	14,442
West Point/Wilseyville Construction	5,315.44	5,885	8,935	-	-	14,821	20,136
Arnold Secondary Clarifier	23,841.29	43,698	15,691	-	-	59,388	83,230
Arnold Leach Field Improvements	3,654.90	-	1,277	-	-	1,277	4,931
La Contenta Biolac, Clarifier and UV	635.39	319	-	-	-	319	954
Copper Cove TP/UV Improvements	28,526.78	-	848	-	-	848	29,375
Huckleberry Lift Station Rehab	88,638.41	-	-	-	-	-	88,638
Indian Rock East Sand Filter Rehab	657.86	4,495	-	-	-	4,495	5,153
Southworth Collection I&I Mitigation	101,885.13	6,142	-	-	-	6,142	108,027
Vallecito/DF Headworks Screen	106.81	-	248,188	-	-	248,188	248,295
Non-CIP Capital Projects	-	2,541	40,503	-	-	43,043	43,043
LaContenta Spray Fields	-	-	10,650	-	-	10,650	10,650
Completed Projects (see Funding)	2,336,366.99	-	-	-	-	-	2,336,367
Total Expenditures	\$ 2,970,111	\$ 67,176	\$ 421,561	\$ -	\$ -	\$ 488,738	\$ 3,458,849
Beginning Balance		\$ 4,945,398	\$ 5,008,569	\$ 4,868,008	\$ 4,868,008	\$ 4,945,398	\$ -
Total Revenues	10,100,292	329,896	281,000	-	-	610,896	10,711,188
Less							-
Loan Payments/Expenses	2,184,784	199,548	-	-	-	199,548	2,384,332
Project Costs	2,970,111	67,176	421,561	-	-	488,738	3,458,849
Ending Balance	\$ 4,945,398	\$ 5,008,569	\$ 4,868,008	\$ 4,868,008	\$ 4,868,008	\$ 4,868,008	\$ 4,868,008

* Sewer R&R Loan - Outstanding P&I Due: \$ 197,428

Wastewater Capital Renovation and Replacement Funding
 July 1, 2013 through December 31, 2020

Project Funding	Project Budget	Expenses To Date	Balance	Operating Funds	Expansion Funds	Capital R&R	Grant Revenues
Copper Cove L/S 6,8; Force Main Bypass	3,652,000	205,860	3,446,140	-	-	3,652,000	-
Copper Cove LS 15 & 18 Renovation	2,656,000	259,747	2,396,253	-	-	2,656,000	-
Wallace Renovation/SCADA/PLC	124,000	14,442	109,558	-	-	100,000	-
West Point/Wilseyville Construction	4,757,000	20,136	4,736,864	-	-	-	4,750,000
Arnold Secondary Clarifier	2,010,000	83,230	1,926,770	-	402,000	1,608,000	-
Arnold Leach Field Improvements	702,000	4,931	697,069	-	140,400	561,600	-
La Contenta Biolac, Clarifier and UV	4,000,000	954	3,999,046	-	2,000,000	2,000,000	-
Copper Cove TP/UV Improvements	13,016,000	29,375	12,986,625	-	6,508,000	6,508,000	-
Huckleberry Lift Station Rehab	480,000	88,638	391,362	-	-	480,000	-
Indian Rock East Sand Filter Rehab	200,000	5,153	194,847	-	-	200,000	-
Southworth Collection I&I Mitigation	150,000	108,027	41,973	-	-	100,000	-
Vallecito/DF Headworks Screen	275,000	248,295	26,705	-	-	275,000	-
Capital Non-CIP Projects	111,000	43,043	67,957	-	-	111,000	-
Vallecito I&I/Equalization (1)	400,000	39,285	360,715	-	-	-	-
Copper Cove Reclaim Permit (1)	250,000	221,825	28,175	-	-	-	-
WP/Wilseyville Consolidation (1)	45,000	5,728	39,272	-	-	-	-
Copper Cove Lift Station 22 (1)	1,600,000	1,516,935	83,065	-	-	-	-
Poker Flat LS 9, 10 and 11 (1)	285,000	493,406	(208,406)	-	-	-	-
Vallecito Recycle Water Distributio (1)	280,000	156,457	123,543	-	-	100,000	180,000
Capital Program Management (1)	50,000	59,188	(9,188)	-	-	-	-
Total Expenditures	\$ 35,043,000	\$ 3,604,656	\$ 31,438,344	\$ -	\$ 9,050,400	\$ 11,943,600	\$ 4,930,000

(1) completed project

CALAVERAS COUNTY WATER DISTRICT
Capital Improvement Program Cash Flow/Expenditure Summary
As of December 31, 2020

Project Description		Estimated Project Cost	FY 20/21 Cash Flow	Prior Years Expenditures	FY 20/21 Expenditures	Encumbrances	Remaining Cash Flow FY 20/21	Remaining Total Proj Cost	
Water Projects									
11101	120	District Corp Yard	600,000	300,000	228,609	-	300,000	371,391	
11100	852	Wallace SCADA System Improvements	101,000	-	18,060	18,177	(18,177)	64,763	
11066G	125	Pipeline Replacement Program (JL)	600,000	100,000	308,877	89,166	10,834	201,957	
11083J	125	Clearwell #2 / Repair & Paint	216,000	-	16,529	-	-	199,471	
11083L	125	Larkspur Tank / Repair & Paint	373,000	50,000	23,278	-	50,000	349,722	
11083S	125	Sawmill/Hunter's Tanks / Repair & Paint	1,510,000	-	10,655	-	-	1,499,345	
11083W	125	Wallace Tanks / Repair & Paint	456,000	-	6,924	-	-	449,076	
11083C	125	Clearwell & Tank B / Repair & Paint	1,171,000	10,000	11,196	-	10,000	1,159,804	
11084	125	EP Techite Water Line Replacement	2,463,000	1,950,000	280,172	1,511,489	-	438,511	
11085	125	EP Reach 1 Water Line Replacement	8,353,000	3,499,679	6,256,155	1,774,897	-	1,724,782	
11088	125	Jenny Lind Tank A-B Trans Line	5,513,000	500,000	24,489	5,583	-	494,417	
11092	125	Jenny Lind Pre-Treatment	5,067,000	39,940	5,035,095	53,525	-	(13,585)	
11095	125	EP Redwood Tanks Replacement	3,038,000	500,000	38,416	13,525	-	486,475	
11096	125	WP AMR/AMI Meter Program	6,112,000	2,000,000	189,827	33,340	-	1,966,660	
11098	125	EP Hunters WTP Filter Rehab*	480,000	23,500	401,691	-	-	23,500	
11099	125	Meadowmont P/S Improvement	234,000	149,831	29,879	-	-	149,831	
11103	125	Hunter's Raw Water Pumps Renovation	2,015,000	10,000	5,216	-	-	10,000	
11104	125	Lake Tulloch Submerged Water Line Cross	3,500,000	-	-	-	-	-	
11106	125	West Point Backup Water Filter	2,000,000	500,000	434	2,146	-	497,854	
11107	125	WP SCADA Improvements	110,000	10,000	434	-	-	10,000	
11108	125	Big Trees Pump Stations 1, 4 & 5 Repl	860,000	10,000	107	-	-	10,000	
11110	125	Reeds Turnpike Pump Station Repl	350,000	50,000	214	1,921	-	48,079	
11111	125	Copper Cove Tank B Pump Station Renov	910,000	10,000	107	-	-	10,000	
11112	125	White Pines Dam/Blanket Drain Rehab	65,000	65,000	-	29,082	-	35,918	
11113	125	CC SCADA Improvements	60,000	60,000	-	20,710	-	39,290	
11114	125	Turbidimeter/Analyzer Replacement	100,100	100,100	-	81,695	-	18,405	
10072	125	Bow Drive Waterline Repl	60,000	60,000	-	52,500	-	7,500	
11128	125	Capital Non-CIP Projects	468,000	468,000	-	-	-	468,000	
11115	125	EP Larkspur Pump Station Rehab	300,000	300,000	-	-	-	300,000	
11117	125	Avery Pumps/Motor Control Soft Starts	60,000	60,000	-	-	-	60,000	
11118	125	JL Filters 3/4/5 Rehab/Coating	660,000	330,000	-	-	-	330,000	
11121	125	JL Tank C Replacement	500,000	10,000	-	-	-	10,000	
11122	125	CC Zone B-C Trans Pipeline & Pump Stn	9,010,000	10,000	-	-	-	10,000	
11123	125	West Point Acorn Pump Station/Trans Ppln	2,010,000	10,000	-	-	-	10,000	
11124	125	West Point Middle Fork Pump Station	1,610,000	10,000	-	-	-	10,000	
various	R/G	Misc Road Repairs / CalOES	257,655	257,655	-	241,156	-	16,499	
10029	O	Slurry Line Improvements	80,000	80,000	-	-	-	80,000	
Total Fund 120/125 - Water Projects			61,272,755	11,533,705	12,886,361	3,928,913	-	7,604,792	44,457,481

CALAVERAS COUNTY WATER DISTRICT

Capital Improvement Program Cash Flow/Expenditure Summary

As of December 31, 2020

Project Description			Estimated Project Cost	FY 20/21 Cash Flow	Prior Years Expenditures	FY 20/21 Expenditures	Encumbrances	Remaining Cash Flow FY 20/21	Remaining Total Proj Cost
Sewer Projects									
15076	135	CC L/S 8, 12 & 13 Force Main Bypass	3,652,000	500,000	165,743	43,117	-	456,883	3,443,140
15080	135	CC L/S #15 & 18 Renovations	2,656,000	300,000	169,875	44,942	-	255,058	2,441,183
15082	135	Vallecito WWTP Strg Expansion	280,000	-	157,674	-	-	-	122,326
15087	135	Wallace Treatment Plant Renovations (10033)	124,000	100,000	2,934	11,508	-	88,492	109,557
15091	135	West Point/Wilseyville Consol Constr	4,757,000	450,000	10,536	14,821	-	435,180	4,731,644
15092	135	Huckleberry L/S Rehab/Expansion***	480,000	65,000	88,638	-	-	65,000	391,362
15093	135	Southworth Collection System/I&I Mitigation	150,000	50,000	101,885	6,142	-	43,858	41,973
15094	135	CC Secondary/Tertiary/UV Improvements	13,016,000	200,000	28,527	848	-	199,152	12,986,625
15095	135	Arnold Secondary Clarifier	2,010,000	500,000	17,637	59,388	-	440,612	1,932,975
15096	135	Arnold Leach Field Improvements	702,000	100,000	3,655	1,277	-	98,723	697,069
15097	135	LC Biolac, Clarifier & UV Improvements	4,000,000	-	635	319	-	(319)	3,999,046
15098	135	Indian Rock East Sand Filter Rehab	200,000	200,000	658	4,495	-	195,505	194,847
15099	135	Vallecito/DF Headworks Screen	275,000	275,000	107	248,188	-	26,812	26,705
15100	135	Capital Non-CIP Projects	111,000	111,000	-	43,043	-	67,957	67,957
11114	135	Turbidimeter/Analyzer Repl Project	11,000	11,000	-	9,077	-	1,923	1,923
15101	135	LaContenta Spray Fields	200,000	200,000	-	10,650	-	189,350	189,350
15102	135	Tertiary Filter Rehab	250,000	25,000	-	-	-	25,000	250,000
15103	135	Effluent Storage Tank Rehab	250,000	25,000	-	-	-	25,000	250,000
15105	135	Reclamation Plant Filter Rehab	230,000	230,000	-	-	-	230,000	230,000
15107	135	Sludge Tank/Belt Press Improvements	50,000	50,000	-	-	-	50,000	50,000
Total Fund 130/135 - Sewer Projects			33,404,000	3,392,000	743,449	497,815	-	1,984,234	26,200,785

Agenda Item

DATE: January 19, 2021

TO: Finance Committee

FROM: Rebecca Callen, Director of Administrative Services

SUBJECT: Discussion/Direction regarding Authorizing the Write Off of the Lake Tulloch Sewer Assessment District No. 8S1 Loan

The Board of Directors of the Calaveras County Water District authorized the refunding of the Lake Tulloch Sewer Assessment District No. 8S1, Fund 822, in June of 2000 with Resolution No. 2000-31. The original principal amount in September 1992 was \$1,036,124.60 and at the time of refunding the principal balance was \$745,000. The bonds fully matured in September 2012.

The assessments for certain parcels within the Lake Tulloch Sewer Assessment District No. 8S1 became delinquent, stripped from the county tax rolls, and turned over to legal counsel for foreclosure proceedings. The District has an obligation to the holders of the Bonds to pursue the delinquent assessments to make debt service payments on the Bonds.

The Lake Tulloch Sewer Assessment District No. 8S1 cash deficiency occurred because of the continued foreclosure legal proceedings. During the Fiscal Year 2016-17 audit it was determined that this deficit could not remain on the books and a loan to this fund became necessary and was fulfilled from the Interest Reserve Fund, Fund 108 in the amount of \$10,741.52.

On February 27, 2019, the Board adopted Financial Management Policy 5.14, Assessment District Funding Shortfall Policy to clarify the guidelines and procedures to address shortfalls in the future.

Policy 5.05 provides the authority to discharge uncollectible accounts receivable. This request for discharge exceeds the allowance under policy and must be approved by the Board of Directors.

Staff is requesting direction to bring this write off request to the full Board on January 27, 2021 for approval.

FINANCIAL CONSIDERATIONS:

The Interest Reserve Fund cash will be restated, and the Water Fund will show an expense of \$7,841.31; and the Sewer Fund will show an expense of \$2,900.21, totaling \$10,741.52. These additional expenditures are included in the Mid-Year budget adjustments.

Attachment: *Financial Management Policy No. 5.14 – Assessment
District Funding Shortfall Policy
Resolution #2011-38; Policy No. 5.05 – Uncollectible Accounts
Receivable*

5.14.1 Purpose

The purpose of this policy is to establish clear guidelines and procedures that address how the Calaveras County Water District (“District”) will pay the bills of assessment districts that do not have sufficient funds in deposit accounts for expenditures such as legal counsel and trustee services.

5.14.2 Policy

This policy applies to all District employees and the Board of Directors who are involved in the accounting and payment of expenditures of Assessment Districts administered by the District.

5.14.3 General Provisions

- 5.14.31 When required, the District, on behalf of affected property owners within an assessment district, can issue limited obligation improvement bonds (“the Bonds”) pursuant to the Municipal Improvement Act of 1913 (California Streets and Highways Code Section 10000 et seq., hereafter the “1913 Act”), the Improvement Bond Act of 1915 (Division 10 of said Streets and Highways Code; hereafter the “1915 Act”).
- 5.14.32 Under the provisions of the 1913 Act, the District levies assessment liens (“Assessments”) on property within the Assessment District sufficient to meet annual debt service on the Bonds and any expenses related to the administration of such assessment districts. Unpaid Assessments constitute fixed liens on each of the assessment parcels and do not constitute a personal indebtedness of the respective owners of such lots and parcels, nor that of the District.
- 5.14.33 Assessment district Bonds are payable solely from the proceeds of the assessments. Neither the District’s general fund nor the full faith and credit of the District is pledged for the payment of the interest on or principal of the Bonds. The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction.
- 5.14.34 Notwithstanding the limited nature of the District’s obligation, the District may, at its option and in its sole discretion, elect to loan available funds of the District to pay for legal counsel, trustee services, or any other expenses related to delinquent Assessment Installments. Should the District do so it is entitled to reimbursement from the first proceeds of any payments of delinquent Assessment Installments or the redemption or sale of delinquent parcels.
- 5.14.35 The District’s Board of Directors must approve any loan from available District funds to an Assessment District to cover a funding shortfall.

- 5.14.36 The District may, at its option and in its sole discretion, elect to charge the Assessment District interest on any outstanding loan balance owed by the Assessment District. The interest rate charged on the loan will be equal to the Quarter-to-Date yields listed in the California State Treasurers' Local Agency Investment Fund ("LAIF") Quarter End Performance Report. The interest charge will be calculated at the end of each fiscal quarter and be based on the outstanding balance at quarter end and the Quarter-to-Date yield as of the last day of the fiscal quarter.

RESOLUTION 2011 - 38

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CALAVERAS COUNTY WATER DISTRICT

AMENDING THE DISTRICT FINANCIAL MANAGEMENT
POLICY NO. 5.05 – UNCOLLECTABLE ACCOUNTS RECEIVABLE POLICY

WHEREAS, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT adopted Financial Management Policy No. 5.05 - Uncollectible Accounts Receivable Policy on December 8, 2004, by Resolution No. 2004-61; and

WHEREAS, the Board of Directors is required to review and amend, as appropriate, the District's policies; attached hereto and made a part hereof.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors does hereby rescind in its entirety the Uncollectible Accounts Receivable Policy Resolution No. 2004-61, and any and all prior and/or subsequent resolutions, policies or amendments thereto.

BE IT FURTHER RESOLVED, that Financial Management Policy No. 5.05 – Uncollectible Accounts Receivable Policy, attached hereto and made a part hereof, is hereby approved by the Board of Directors and shall become effective immediately.

PASSED AND ADOPTED this 21st day of June 2011, by the following vote:

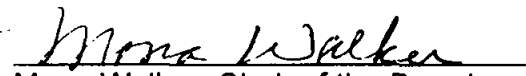
AYES: Directors Stump, Dean, Dooley, and Davidson
NOES: None
ABSTAIN: None
ABSENT: None

CALAVERAS COUNTY WATER DISTRICT



Jeff Davidson, President
Board of Directors

ATTEST:



Mona Walker, Clerk of the Board

5.05.1 Purpose

To provide authorization and guidelines for the write-off of uncollectible accounts receivable.

5.05.2 Policy

The Director of Support Services may write off uncollectible accounts receivable that do not exceed \$2,500 (per customer account) after review and written concurrence by the General Manager that such accounts are uncollectible. If the amount in question exceeds \$2,500, the proposed write-off must have the approval of the Board of Directors. All uncollectible accounts receivable write-offs will be reported to the Board of Directors on a semi-annual basis.

5.05.3 General Provisions

On occasion, certain accounts receivable due and owing Calaveras County Water District become uncollectible after all reasonable effort is expended to effect collection. There are also situations where accounts are such a size that more money would be expended to collect the debt itself. The Director of Support Services for Calaveras County Water District is in a position to thoroughly evaluate the feasibility of collecting past due accounts and to make a decision as to whether to further the effort.

Agenda Item

DATE: January 19, 2021

TO: Finance Committee

FROM: Rebecca Callen, Director of Administrative Services

SUBJECT: Refunding Assessment District Financings: DaLee/Cassidy and Fly-In Acres

RECOMMENDED ACTION:

Discussion and direction on bringing the recommendation to the full Board of Directors to refund existing financing for the DaLee/Cassidy and Fly-In Acres Assessment Districts.

SUMMARY:

The District has two outstanding Assessment District financings that present viable refunding opportunities:

- 2013 \$2,065,327 AD Fly-In Acres
- 2010 \$990,000 AD DaLee/Cassidy

We have a small Arnold 9S4 that has \$120,000 outstanding and is paid in full on 7/2/2025 but is too small to be viable to do a traditional financing.

There are \$1,665,000 par value outstanding for Fly-In Acres and \$710,000 par value outstanding for the DaLee/Cassidy bonds. DaLee/Cassidy is callable on March 2, 2021 @ 102% and Fly-In Acres is callable on March 2, 2021 @ 103%.

UFI (Urban Futures Inc) has reached out to Brandis Tallman a Division of Oppenheimer & Co. Inc., who have worked with Calaveras County and are members of the California Special District Association Finance Corporation ("CSDA Finance Corp") consulting team, to obtain indicative rates with banks that are active in the tax-exempt private placement market.

It is typically more cost-effective to sell a tax-exempt financing under \$8-10 million via private placement than a traditional public offering sale.

Soliciting bids for these financing presents two challenges:

1. Many private placement banks and financial institutions do not focus on land-secure financings: ADs and CFDs.

2. The bonds have 20 and 23-year maturities, which exceed the parameters that many banks are willing to underwrite.

Brandis Tallman is active in the California private placement market and are in the process of collecting bids from several banks.

A unique feature of the private placement/bank loans is the ability to secure a rate lock prior to closing. Should the District decide to proceed with this refinancing, the bank will “lock-in” a final rate after a term sheet is signed. Board authorization is not required to sign a term sheet.

To facilitate a cost-effective and timely financing, it is recommended that the District engage the CSDA’s core financing team: Brandis Tallman as the placement agent.

The District will continue to use US Bank to serve as fiscal agent to pay bondholders, and Webb should be engaged in to provide the Reassessment Report. Since this is a refunding, we will need to obtain a verification agent, which it is recommended to use Causey. Lastly, there are costs associated with lender counsel and the District Counsel.

Role	Firm Name	Amount
Bond Counsel	Weist Law	\$35,000
Placement Agent	Brandis Tallman	30,000
Municipal Advisor	Urban Futures	30,000
Engineer’s Report	Webb	20,000-24,000
Escrow Verification	Causey	3,000
Lender’s Legal	TBD	12,500
District Counsel	Downey Brand	2,500
Fiscal Agent Counsel	Dorsey	2,000
Fiscal Agent	US Bank	4,400
Contingency		5,600
TOTAL		\$145,000-149,000

The total estimated costs of issuance for the refunding of both assessment districts should not exceed the \$149,000, which will be incorporated into the refinancing and paid by the property owners.

UFI used a 3.25% indicative rate to run initial refunding savings scenarios for both issues. The results are subject to changing until a lender has been selected and interest rate has been locked. It is assumed a combined cost of issuance, as stated above and allocated pro-rata to each issue, and DSR based on lesser of 3 tests.

- DaLee/Cassidy generates 17% NPV savings: \$249,000 in total debt service savings, providing approximately \$282 average annual savings to the 44 parcels in the district or \$5,659 over the life of the bonds. These figures are estimates and will be refined once updated information is provided by Willdan, who is the

current administrator of Dalee/Cassidy.

- Fly-In Acres generates 13% savings: \$481,449 in total debt service savings, providing \$190 average annual savings to the 110 parcels in the district or \$4,376 over the life of the bonds.

In order to redeem the outstanding bonds by the next scheduled call date (March 2, 2021), the District will need to provide the current bondholders a call notice at least 30 days, not more than 60 days prior to the call date. The District will need to authorize the sale of refunding bonds by the January 27, 2021 scheduled Board Meeting.

The Board will need to approve the refunding bonds and financing team on this date. The members of the financing teams are paid on a contingent basis (if bonds are sold). Therefore, the District will not be required to pay out of pocket expenses.

FINANCIAL CONSIDERATIONS:

There are no direct costs to the District and all savings will be borne by the property owners in the respective Assessment Districts.

*Attachments: UFI Engagement Agreement
Brandis Tallman Agreement
Webb Agreement
Weist Agreement*

January 6, 2021

FROM: Urban Futures, Inc.
Julio F. Morales, Director

TO: Rebecca Callen
Calaveras County Water District
120 Toma Court
San Andreas, CA 95249

RE: Engagement Letter for 2021 Refunding of 2010 DaLee/Cassidy Assessment District and 2013 Fly-In Acres

Dear Ms. Callen:

This letter specifies the terms of the engagement between Urban Futures, Inc., located at 17821 E. 17th Street, Suite 245, Tustin, CA 92780 and Calaveras County Water District is located at 120 Toma Court, San Andreas, CA 95249.

This engagement between Calaveras County Water District (the “District”) and Urban Futures, Inc. (“UFI”) shall become effective as of the date of its acceptance as provided below.

Scope of Municipal Advisory Activities to be Performed

The District anticipates refinancing two existing assessment district financings:

- 2013 \$2,065,327 AD Fly-In Acres:
- 2010 \$990,000 AD DaLee/Cassidy

Given the size of these transactions, the refinancing bonds are anticipated to be sold via direct placement or a private placement loan. As Municipal Advisor, UFI will perform the following duties on behalf of the District, as needed.

- Assist in developing the plan of finance and related transaction timetable;
- Identify and analyze financing / structuring solutions;
- Assist with assembling key members of the financing team: bond counsel, placement agent, and trustee/fiscal agent, and review of issuance costs;
- Assist in procuring verification agent and reassessment engineer;
- Assist Placement Agent to facilitate and evaluate bid solicitations;
- Prepare and/or review preliminary cash flows analysis;

- Plan and coordinate bond/loan closing;
- Provide post-sale refunding summary

Independent Registered Municipal Advisor (“IRMA”)

If acting in the capacity of an Independent Registered Municipal Advisor (“IRMA”) with regard to the IRMA exemption of the SEC Rule, Urban Futures, Inc. will review all third-party recommendations submitted to Urban Futures, Inc. in writing by the District.

Term of Engagement Agreement

The commencement date of the agreement is January 6, 2021 and the end date is two years after the effective date, or the bond closing date of the subject transaction, whichever occurs first. Any extensions must be mutually agreed upon by all parties in writing.

Termination of Engagement Agreement

The District may terminate the whole or any part of this Agreement at any time and without cause by giving sixty (60) days written notice to Urban Futures, Inc. of such termination, and specifying the effective date thereof. Urban Futures, Inc. shall discontinue all Services affected by such termination within thirty (30) days of receipt of such notice, unless otherwise instructed by the District in writing. Urban Futures, Inc. may terminate this agreement by giving the District sixty (60) days written notice.

In the event Services are terminated by the District, Urban Futures, Inc. will be compensated for services provided up to the termination date.

Compensation and Out-of-Pocket Expenses

Compensation for the municipal advisory activities to be performed for this engagement is contingent upon the successful close of the bonds.

For the subject transaction, the fee for financial advisory services is \$30,000, plus reimbursement for Mandatory SEC/MSRB Compliance Requirements & Reporting and Data Services (Bloomberg, Thompson Reuters, DBC) equal to \$1,000, as well as reimburse for any travel-related expenses (mileage, airfare, hotels, etc.) requested by the District.

Fiduciary Duty

Urban Futures, Inc. is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission (“SEC”) and Municipal Securities Rulemaking Board (“MSRB”). As such, Urban Futures, Inc. has a Fiduciary Duty to the District and must provide both a Duty of Care and a Duty of Loyalty that entails the following.

Duty of Care:

- a) exercise due care in performing its municipal advisory activities;
- b) possess the degree of knowledge and expertise needed to provide the District with informed advice;
- c) make a reasonable inquiry as to the facts that are relevant to the District's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the District; and
- d) undertake a reasonable investigation to determine that Urban Futures, Inc. is not forming any recommendation on materially inaccurate or incomplete information; Urban Futures, Inc. must have a reasonable basis for:
 - i. any advice provided to or on behalf of the District;
 - ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the District, any other party involved in the municipal securities transaction or municipal financial product, or investors in the District securities; and
 - iii. any information provided to the District or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

Urban Futures, Inc. must deal honestly and with the utmost good faith with the District and act in the District's best interests without regard to the financial or other interests of Urban Futures, Inc. Urban Futures, Inc. will eliminate or provide full and fair disclosure (included herein) to the District about each material conflict of interest (as applicable). Urban Futures, Inc. will not engage in municipal advisory activities with the District as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the District's best interests.

Conflicts of Interest and Other Matters Requiring Disclosures

As of the date of the Agreement, there are no actual or potential conflicts of interest other than those identified below that Urban Futures, Inc. is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. If Urban Futures, Inc. becomes aware of any potential conflict of interest that arises after this disclosure, Urban Futures, Inc. will disclose the detailed information in writing to the District in a timely manner.

The following are potential conflicts of interest to be considered:

- Urban Futures, Inc. represents that in connection with the issuance of municipal securities, Urban Futures, Inc. may receive compensation from the District for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB

Rule G-42, Urban Futures, Inc. hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding Urban Futures, Inc.'s ability to provide unbiased advice to enter into such transaction. This potential conflict of interest will not impair Urban Futures, Inc.'s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the District.

- It should be noted that other forms of compensation (i.e. hourly or fixed fee based) may also present a potential conflict of interest regarding Urban Futures, Inc.'s ability to provide advice regarding a municipal security transaction. These other potential conflicts of interest will not impair Urban Futures, Inc.'s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the District;
- The fee paid to Urban Futures, Inc. increases the cost of financing to the District. The increased cost occurs from compensating Urban Futures, Inc. for municipal advisory services provided;
- Urban Futures, Inc. serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another Urban Futures, Inc. client. For example, Urban Futures, Inc. serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the District. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, Urban Futures, Inc. could potentially face a conflict of interest arising from these competing client interests. Urban Futures, Inc. fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with the District;
- Urban Futures, Inc. does not have any affiliate that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by Urban Futures, Inc.;
- Urban Futures, Inc. has not made any payments directly or indirectly to obtain or retain the District's municipal advisory business;
- Urban Futures, Inc. has not received any payments from third parties to enlist Urban Futures, Inc. recommendation to the District of its services, any municipal securities transaction or any municipal finance product;
- Urban Futures, Inc. has not engaged in any fee-splitting arrangements involving Urban Futures, Inc. and any provider of investments or services to the District;
- Urban Futures, Inc. does not have any legal or disciplinary event that is material to the District's evaluation of the municipal advisory or the integrity of its management or advisory personnel;
- Urban Futures, Inc. does not act as principal in any of the transaction(s) related to this Agreement;
- Urban Futures, Inc. does not have any other engagements or relationships that might impair Urban Futures, Inc.'s ability either to render unbiased and competent advice to or on behalf of the District or to fulfill its fiduciary duty to the District; and

- During the term of the municipal advisory relationship, this agreement will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this agreement and the revised writing will be promptly delivered to the District.

Legal Events and Disciplinary History

Urban Futures, Inc. does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The District may electronically access Urban Futures, Inc.'s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against Urban Futures, Inc., Urban Futures, Inc. will provide complete disclosure to the District in detail allowing the District to evaluate Urban Futures, Inc., its management and personnel.

Recommendations

If Urban Futures, Inc. makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the District and is within the scope of the engagement, Urban Futures, Inc. will determine, based on the information obtained through reasonable diligence of Urban Futures, Inc. whether a municipal securities transaction or municipal financial product is suitable for the District. In addition, Urban Futures, Inc. will inform the District of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which Urban Futures, Inc. reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the District; and
- whether Urban Futures, Inc. has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the District's objectives.

If the District elects a course of action that is independent of or contrary to the advice provided by Urban Futures, Inc., Urban Futures, Inc. is not required on that basis to disengage from the District.

Municipal Securities Rulemaking Board Rule G-10 Disclosure

Pursuant to Municipal Securities Rulemaking Board Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

- Urban Futures, Inc. is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission (“SEC”) and Municipal Securities Rulemaking Board (“MSRB”).
- Within the Municipal Securities Rulemaking Board (“MSRB”) website at www.msrb.org, the District may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

Record Retention

Effective July 1, 2014, pursuant to the Securities and Exchange Commission (SEC) record retention regulations, Urban Futures, Inc. is required to maintain in writing, all communication and created documents between Urban Futures, Inc. and the District for 5 years.

If there are any questions regarding the above, please do not hesitate to contact Urban Futures, Inc. If the foregoing terms meet with your approval, please indicate your acceptance by executing and returning a copy of this letter.

Sincerely,



Julio F. Morales, Director
Urban Futures, Inc.

Calaveras County Water District

By: _____



Oppenheimer & Co. Inc.
10880 Wilshire Blvd. 24th Floor
Los Angeles, CA 90024
(310) 446-7145

January 7, 2021

Calaveras County Water District
120 Toma Court, PO Box 608
San Andreas, CA 95249

Attention: Rebecca Callen, Administrative Services Director

Re: Disclosures by Brandis Tallman, a Division of Oppenheimer & Co. Inc.
Pursuant to MSRB Rule G-17 in connection with
2021 Direct Placement Refunding of 2010 DaLee/Cassidy Assessment District
and 2013 Fly-In Acres

Dear Rebecca:

We are writing to provide you, as an authorized officer of the Calaveras County Water District (the "Issuer"), with certain disclosures relating to the captioned financing (the "Financing" or "Bonds"), as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012) (the "Notice")

The Issuer has engaged Brandis Tallman, a Division of Oppenheimer & Co. Inc. ("Placement Agent") to serve as placement agent, and not as a financial advisor or municipal advisor, in connection with the Financing. Pursuant to the Notice, we are required by the MSRB to advise you that:

- MSRB Rule G-17 requires a placement agent to deal fairly at all times with both municipal issuers and investors.
- The placement agent's primary role is to find a purchaser for the Bonds with no view to distribution in an arm's-length commercial transaction with the Issuer. As such, we have financial and other interests that differ from those of the Issuer.
- Unlike a municipal advisor, we do not have a fiduciary duty to the Issuer under the federal securities laws and are, therefore, not required by federal law to act in the best interests of the Issuer without regard to our own financial and other interests.

- We have a duty to place the Financing at a fair and reasonable price, but must balance that duty with our duty to investors at prices that are fair and reasonable.

We will be compensated by a fee set forth in the Placement Agent Agreement. Payment of the fee will be contingent on the closing of the Financing and paid out of costs of issuance. If the Financing does not close, the fee is not payable. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the placement agent may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

We have identified the following additional potential or actual material conflicts or business relationships that we wish to call to your attention: In the ordinary course of its various business activities, Oppenheimer and its affiliates, officers, directors, and employees may purchase, sell or hold a broad array of investments and may actively trade securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of customers. Such investment and trading activities may involve or relate to assets, securities, and/or instruments of the Issuer (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer. Oppenheimer and its affiliates also may communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

If you or any other Issuer representatives have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, the Issuer should consult with its own financial, municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction, if our understanding is incorrect, please notify the undersigned immediately.

The MSRB requires that we seek your acknowledgment that you have received this letter. Accordingly, please send me an email to that effect, or sign and return the enclosed copy of this letter to me within five (5) business days of the date of this letter.

Calaveras County Water District

January 7, 2021

Page 3

We look forward to working with you and the Calaveras County Water District in connection with the Financing, and we appreciate the opportunity to assist with your financing needs. Thank you.

Very truly yours,

BRANDIS TALLMAN LLC, a division of Oppenheimer & Co. Inc.



Jeff Land, Executive Director

ACKNOWLEDGMENT OF RECEIPT:

Rebecca Callen, Administrative Services Director

Dated: _____, 2021



3788 McCray Street
Riverside, CA 92506
951.200.8600

January 7, 2021

Rebecca Callen
Administrative Services Director
Calaveras County Water District
120 Toma Court
San Andreas, CA 95249

RE: Reassessment Engineer's Reports

Dear Ms. Callen:

Thank you for the opportunity to submit this proposal to provide either one combined Reassessment Engineer's Report or two separate Reassessment Engineer's Reports for the following Assessment Districts: DaLee/Cassidy Water System Assessment District and Fly-In Acres Assessment District. We understand there is an expedited timeline to complete the project and have the capacity to meet the necessary deadlines. Our proposed Scope of Work is as follows:

1) Initial Assessment Engineering

- a) **Initial Meeting** Communicate with District Staff and members of the Financing Team to establish the schedule of events for the Reassessment and to go over the procedural and financial considerations.
- b) **Research Property Information** Obtain the latest assessor maps and equalized tax roll from the Calaveras County (County) Assessor's Office for all parcels within each assessment district.
- c) **Computer Database Preparation** Prepare a database showing the assessor's parcel numbers land use code, acreage, and assessed values of each parcel within each assessment district.
- d) **Prepare Reassessment Diagrams** Prepare a Reassessment Diagram for each of the assessment districts depicting the boundary and parcel lines that includes all parcels with an outstanding assessment amount.
- e) **Meetings** The Webb Municipal Finance Team (WMF) will attend virtual meetings with the District staff and Consultants if required or deemed necessary by the District to accomplish the Scope of Services described.

2) Reassessment Districts

- a) **Prepare Engineer's Report** An Engineer's Report for each district (or one combined report) will be prepared which contains the following items:

- i) A schedule setting forth the unpaid principal and interest on the bonds to be refunded and the total amounts thereof.
 - ii) The total estimated principal amount of the reassessment and of the refunding bonds and the maximum interest rate thereon, together with an estimate of cost of the reassessment and of issuing the refunding bonds, including all costs of issuing the refunding bonds.
 - iii) The auditor’s record showing the schedule of principal installments and interest on all unpaid original assessments and the total amounts thereof.
 - iv) The estimated amount of each reassessment, identified by reassessment number corresponding to the reassessment number on the reassessment diagram, together with a proposed auditor’s record for the reassessment.
 - v) A reassessment diagram showing the assessment district and the boundaries and dimensions of the subdivisions of land within the district. Each subdivision shall be given a separate number upon the diagram.
- b) **Coordinate District Review Process** WMF will submit the Engineer's Report(s) to the District prior to the adoption of the Resolution of Intention (ROI) and will be available to confer with District staff to discuss possible report revisions (if necessary).
 - c) **Participate in the Board Meetings** WMF will attend necessary Board Meetings (virtually) and will be prepared to give a presentation on the contents of the Engineer's Reports and answer questions.

3) Post Formation Proceedings

- a) **Reassessment Diagrams** WMF will coordinate the recordation of the Reassessment Diagrams and Reassessment Rolls with the County Recorder, as prescribed by code.

COMPENSATION

We propose to be compensated a fixed fee for services performed according to the schedule outlined as follows:

PROPOSED FEE SCHEDULE (IF SEPARATE REPORTS)

Service	Total
DaLee/Cassidy Water System Assessment District	\$12,000
Fly-In Acres Assessment District	\$12,000
Total	\$24,000

PROPOSED FEE SCHEDULE (IF ONE COMBINED REPORT)

Service	Total
DaLee/Cassidy Water System and Fly-In Acres Assessment District	\$20,000
Total	\$20,000

For the services performed which are not listed herein, compensation, contingent upon successful issuance of the bonds, shall be at the hourly rates set forth on Attachment A, together with reimbursement, at cost, for incidental expenses incurred in connection with such services, together with reimbursement for outside services at cost plus 15%.

We look forward to working with the Calaveras County Water District and establishing a new relationship. If you have any questions regarding our proposal, or if additional information is needed, please contact me directly at (951) 830-2439.

Sincerely,



Heidi Schoeppe
President/Managing Director
Registered Principal Municipal Advisor Representative
Webb Municipal Finance, LLC.

CONCURRENCE OF CALAVERAS COUNTY WATER DISTRICT

This authorizes Webb Municipal Finance, LLC to proceed with Reassessment Engineer's Reports

Rebecca Callen



Attachment A

CLASSIFICATION

<u>Engineers/Project Managers/Planners/Scientists/ Assessment/Special Tax Consultants/Landscape Architects/Designers</u>	<u>Rates \$/Hour</u>
Principal II.....	281.00
Principal I	260.00
Senior III	238.00
Senior II	221.00
Senior I	209.00
Associate III	197.00
Associate II	181.00
Associate I	174.00
Assistant V	162.00
Assistant IV	146.00
Assistant III	129.00
Assistant II	109.00
Assistant I	92.00

Survey Services

2-Person Survey Party	284.00
1-Person Survey Party	196.00

Inspection Services

Inspector (Non-Prevailing Wage)	133.00
Inspector Overtime (Non-Prevailing Wage)	180.00
Inspector (Prevailing Wage)	143.00
Inspector Overtime (Prevailing Wage)	190.00

Administrative Services

Project Coordinator	107.00
Administrative Assistant III	97.00
Administrative Assistant II	86.00
Administrative Assistant I	68.00

Other Direct Expenses

Incidental Charges	Cost + 15%
Postage	Cost
Subcontracted Services	Cost + 15%
Special Consultant.....	355.00
Survey/Inspection Per Diem.....	Prevailing Wage Rate
In-House Delivery Up to 1/2 hour.....	30.00
In-House Delivery 1/2 Hour up to 1 Hour.....	60.00
In-House Delivery Over 1 Hour up to 2 Hours	110.00
In-House Delivery Over 2 Hours	160.00
Survey/Inspection Vehicle	0.81/Mile
Mileage	0.72/Mile

Note: All rates are subject to change based on annual inflation and cost of living adjustments. Prevailing wages are dictated by the California Department of Industrial Relations (DIR). As such, the indicated rate will remain in effect until revised rates are published by the DIR. The rate shown shall be subject to renegotiation to remain in compliance with State requirements if prevailing wages are increased by the DIR.

* **A FINANCE CHARGE** of 1 ½ % per month (18% per year) will be added to any unpaid amount commencing thirty (30) days from invoice date. A mechanic's lien may be filed for any invoice remaining unpaid after thirty (30) days from invoice date.

AGREEMENT FOR BOND COUNSEL SERVICES

THIS AGREEMENT is made and entered into this 12th day of September, 2018 by and between the Calaveras County Water District (the “District”), whose address is 120 Toma Court, San Andreas, CA 95249, and The Weist Law Firm (the “Bond Counsel”), whose address is 20 South Santa Cruz Avenue, Suite 300, Los Gatos, CA 95030.

WITNESSETH:

WHEREAS, the District desires to arrange for the procurement of low interest rate municipal bonds in order to provide cost effective financing for the refunding (the “Refunding”) of its outstanding (i) Calaveras County Water District, DaLee / Cassidy Water System Assessment District, Series 2010 Limited Obligation Improvement Bonds, originally issued on September 9, 2010 in the aggregate amount of \$990,000, maturing September 2, 2040 (the “2010 Bonds”); and (ii) Calaveras County Water District, Fly-In Acres Assessment District, Series 2013 Limited Obligation Improvement Bonds, originally issued on October 15, 2013 in the aggregate amount of \$2,065,327, maturing September 2, 2043 (the “2013 Bonds,” and together with the 2010 Bonds, the “Prior Bonds”); and

WHEREAS, the District desires to retain Bond Counsel to do the necessary consulting, legal and analytical work hereinafter outlined, upon the terms and conditions hereinafter set forth, to structure, issue and deliver Series 2019 Refunding Revenue Bonds (the “Refunding Bonds”) as necessary to accomplish the Refunding of the Prior Bonds; and

WHEREAS, Bond Counsel is specifically trained and experienced in the conduct of Refunding proceedings for accomplishing the issuance of the Refunding Bonds, and hereby represents that it is ready, willing and able to perform said work; and

NOW, THEREFORE, in consideration of the covenants and premises herein contained and other good and valuable consideration, the parties hereto agree as follows:

Section 1. Scope of Services.

Bond Counsel Services: Bond Counsel shall provide the following legal services in connection with the preparation of the resolutions, documents and certifications necessary for the sale and delivery of the Refunding Bonds. Such services shall include the following:

1. Consult with representatives of the District, including the General Manager, Director of Administrative Services and other appropriate members of the District’s staff, engineers, reassessment consultants, financial advisors, and others, with respect to the timing, terms and legal structure of the proposed issuance of Refunding Bonds.
2. Prepare of all resolutions, ordinances, notices, affidavits, Depository Trust Company agreements, indentures, escrow agreements, fiscal agent agreements, and other legal documents customarily prepared by Bond Counsel, as required for the issuance of Refunding Bonds (the “Principle Documents”).

3. Review of documents prepared District staff, reassessment consultants, financial advisor, or consulting engineers, including the property valuations, the reassessment documents, the purchase contract(s) to be derived therefrom, and the continuing disclosure undertaking or undertakings.

4. Review of documentation with respect to any bond provisions, parity debt provisions and reserve fund policy provided or required in connection with the Refunding Bonds, if any.

5. Review and evaluate the various financing structures that may be available to the District for the securing of the Refunding Bonds. Our analysis will examine the range of capital borrowing methods available to the District.

6. Attend such meetings or hearings of the District's Board of Directors (the "Board"), and working group meetings or conference calls as the District may request, and as Bond Counsel deems prudent and necessary.

7. Prepare final closing papers to be executed by the District required to effect delivery of the Refunding Bonds and coordination of the closing of the Refunding Bonds.

8. Render Bond Counsel's customary final legal opinion on the validity of the Refunding Bonds and the exemption from gross income for federal income tax purposes and from California personal income tax of interest thereon.

9. Prepare of the required reports to the California Debt and Investment Advisory Commission (pursuant to section 8855 et seq. of the Government Code) respecting the sale of the Refunding Bonds and Form 8038-G to the Internal Revenue Service (pursuant to Section 149 of the Internal Revenue Code of 1986).

10. Prepare of a complete transcript of the proceedings, containing originally signed copies of all resolutions, ordinances, legal agreements, disclosure statements, certificates and notices. Copies shall be provided to the District and each member of the financing team.

Disclosure Counsel Services: If the Refunding Bonds are issued on a publically offered basis, Bond Counsel shall provide the following legal services as the District's Disclosure Counsel in connection with the preparation of the Official Statement for the Refunding Bonds, and related sales documents to be used in connection with the Refunding. Such services shall include the following:

1. Confer and consult with District staff and officers in order to perform the due diligence required to produce the Official Statement (both preliminary and final).

2. Confer and consult with underwriters, attorneys, financial advisors, engineer's, title officers, trustees or fiscal or paying agents, feasibility consultants and all other professionals or participants in the issuance of the Refunding Bonds, in order to perform the due diligence required to produce the Official Statement (both preliminary and final).

3. Review the Principle Documents as well as all other agreements, certificates, resolutions, orders, notices, and affidavits produced in said proceedings and such other reports, documents and correspondence of

legal nature as may be necessary in order to perform the due diligence required to produce the Official Statement (both preliminary and final).

4. Prepare or assist in the preparation of the bond purchase contract relating to the Refunding Bonds.

5. Prepare or assist in the preparation of a continuing disclosure certificate to assist the underwriter with compliance with the provisions of Securities and Exchange Commission Rule 15c2-12.

6. Provide an opinion indicating compliance with (i) Section 17(a) of the Securities Act of 1933, (ii) Section 10b-5 of the Securities Exchange Act of 1934, and (iii) Rule 15c2-12 of the Securities Exchange Act of 1934.

Excluded Services Bond Counsel's services are limited to those specifically set forth above. Bond Counsel's services do not include representation of the District or any other party to the transaction in any litigation or other legal or administrative proceeding involving the Refunding Bonds or any other matter. Bond Counsel's services also do not include legal services relating to the Refunding, including but not limited to compliance with the California Environmental Quality Act, the National Environmental Policy Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Hazardous Material Transportation Act, the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the Porter-Cologne Water Quality Control Act, the Safe Drinking Water and Toxic Enforcement Act of 1986, the Hazardous Substance Account Act, the Hazardous Waste Control Act, or any determinations pertaining to completion and readiness for acceptance.

Bond Counsel's services also do not include any responsibility for compliance with state blue sky, environmental, land use, real estate or similar laws or for title to or perfection of security interests in real or personal property, including the acquisition of interests in real property, whether through gift, negotiation or the exercise of the power of eminent domain. Bond Counsel's services also do not include any responsibility the negotiation or preparation of joint powers agreements with other agencies. Bond Counsel will not be responsible for the services performed or acts or omissions of any other participant. Also, Bond Counsel's services will not extend past the date of issuance of the Refunding Bonds and will not, for example, include services related to on-going administration, annexation, rebate compliance or continuing disclosure or otherwise related to the Refunding Bonds, proceeds of the Refunding Bonds or a refunding after issuance of the Refunding Bonds.

Bond Counsel may be willing to perform such excluded services on such terms as might be mutually agreed to at the time of need. The performance by Bond Counsel of services excluded by the above paragraphs, if required by the District, shall be under separate written agreement.

Section 2. Compensation.

(a) Legal Fees for Bond Counsel Services. For all Refunding Bonds issued by the District, Bond Counsel shall be paid a flat fee of \$35,000. Payment of said amount shall be entirely contingent upon the sale or placement of the Refunding Bonds.

(b) Disclosure Counsel Services. If, and only if, the Refunding Bonds are issued on a publically offered basis, for all Refunding Bonds issued by the District, Disclosure Counsel shall be paid a flat fee of

\$32,500. Our fee and expenses for this work shall be entirely contingent upon the sale of the Refunding Bonds as a public offering.

(c) Out-of-Pocket Expenses. In addition to the legal fees, Bond Counsel shall be reimbursed its normal and customary out-of-pocket expenses, including travel (which includes an out of office fee of \$650 for each day of travel) and customary mileage rates; parking charges and bridge tolls as incurred, photocopies at forty-five cents per page, transcript preparation and distribution; telephone and facsimile charges as incurred, and postage and express delivery charges as incurred for each series of Refunding Bonds issued.

Section 3. Termination of Agreement and Legal Services.

This Agreement and all legal services to be rendered under it may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for adoption or execution by the District, shall, at the option of the District, become its property and shall be delivered to it or to any party it may designate; provided that Bond Counsel shall have no liability whatsoever for any subsequent use of such documents. In the event of termination by the District without cause, Bond Counsel shall nevertheless be entitled to receive full compensation in the exact manner set forth in Section 2 hereof for any Refunding Bonds issued pertaining to the Refunding within five years of termination, regardless of the amount of work or length of time invested by Bond Counsel in the Refunding up to the point of termination. This continuing right to receive full compensation shall survive the term of this Agreement.

If not sooner terminated as aforesaid, this Agreement and all legal services to be rendered under it shall terminate upon final issuance of the Refunding Bonds. Upon termination, Bond Counsel shall have no future duty of any kind to or with respect to the Refunding Bonds or the District.

Section 4. Insurance.

Bond Counsel specifically represents that it maintains errors and omissions insurance applicable to the Bond Counsel services to be rendered under this Agreement.

Section 5. Nature of Engagement.

The District acknowledges that Bond Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters. Bond Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, contractors, suppliers, financial and other consultants/advisors, accountants, investment providers/brokers, providers/brokers of derivative products and others who may have a role or interest in the Refunding Bonds financing or the Refunding or that may be involved with or adverse to the District in this or some other matter.

Bond Counsel agrees not to represent any such entity in connection with the Refunding Bonds financing, during the term of this Agreement, without the consent of the District.

Given the special, limited role of Bond Counsel described above, the District acknowledges that no conflict of interest exists or would exist, and waives any conflict of interest that might appear actually or potentially to exist, now or in the future, by virtue of this Agreement or any such other attorney-client relationship

that Bond Counsel may have had, have or enter into, and the District specifically consents to any and all such relationships.

Section 6. Standards of Professional Conduct.

Bond Counsel and every employee thereof shall provide their services, advice and any reports in full compliance with all applicable law and professional standards. Bond Counsel represents that it is specially trained, experienced, expert and competent to perform the services required under this Agreement, and that each individual providing legal services is a member in good standing of the State Bar and is licensed to practice in California. Bond Counsel certifies that it will not accept representation in any matters, including litigation, under this Agreement if it or any employee thereof has any personal or financial interest therein.

Bond Counsel certifies that it accepts this retention because it has the time, energy, skills and ability necessary to perform the duties required in an efficient, trustworthy, professional and businesslike manner. It is understood that the services under this Agreement must be provided immediately, and that they are time-critical. Bond Counsel is engaged by District for its unique qualifications and skills.

Bond Counsel agrees that it will comply with all ethical duties, will maintain the integrity of the Bond Counsel-client relationship, and will take all steps available to preserve all applicable legal privileges, confidences, and records from disclosure; however, it is hereby understood and agreed that the Financing and Refunding Bonds are public in nature, and the District hereby waives its right to confidential communications, and protecting of records from disclosure; however, where it is contended by third parties, Bond Counsel's work product or attorney-client privileged communications are subject to disclosure, and District directs Bond Counsel to not disclose the records, District agrees to indemnify Bond Counsel from any cost or expense related to protecting said records from disclosure.

Section 7. Independent Contractor.

Bond Counsel and District understand and agree that Bond Counsel is an independent contractor and that the District shall not be liable for Workers' Compensation, retirement or unemployment benefits for Bond Counsel or Bond Counsel's agents, partners or employees.

Section 8. No Guarantee of Outcome.

District hereby acknowledges and agrees that this is a best efforts undertaking, and that no guarantee of success or outcome has been, or can be, made by Bond Counsel.

Section 9. Indemnification.

District agrees that it will indemnify and hold harmless Bond Counsel and its respective directors, officers, employees and controlling persons (Bond Counsel and each such person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint or several, as incurred, to which such Indemnified Party may become subject under any applicable United States federal or state law, or any applicable foreign law, or otherwise, and related to or arising out of any untrue statement or alleged untrue statement of a material fact contained in any information, including without limitation the due diligence disclosure relating to the Refunding Bonds (the "Disclosure"), furnished or made available by District to Bond Counsel or otherwise,

to the purchaser of the Refunding Bonds or any of its representatives or the omission or the alleged omission to state therein a material fact necessary in order to make the statements therein not misleading, in the light of the circumstances under which they were made; provided, however, that District will not be liable to the extent that any loss, claim, damage or liability is found in a final judgment by a court to have resulted from Bond Counsel's bad faith or negligence in performing the services described above.

Section 10. Arbitration.

Any controversy, claim or dispute arising out of or relating to this Agreement, shall be settled solely and exclusively by binding arbitration in Sacramento, California. Such arbitration shall be conducted in accordance with the then prevailing commercial arbitration rules of JAMS/Endispute ("JAMS"), with the following exceptions if in conflict: (a) one arbitrator shall be chosen by JAMS; (b) each party to the arbitration will pay its pro rata share of the expenses and fees of the arbitrator, together with other expenses of the arbitration incurred or approved by the arbitrator; and (c) arbitration may proceed in the absence of any party if written notice (pursuant to the JAMS' rules and regulations) of the proceedings has been given to such party. Each party shall bear its own attorneys fees and expenses.

The parties agree to abide by all decisions and awards rendered in such proceedings. Such decisions and awards rendered by the arbitrator shall be final and conclusive. All such controversies, claims or disputes shall be settled in this manner in lieu of any action at law or equity; provided however, that nothing in this Section shall be construed as precluding the bringing an action for injunctive relief or other equitable relief. The arbitrator shall not have the right to award punitive damages or speculative damages to either party and shall not have the power to amend this Agreement. The arbitrator shall be required to follow applicable law.

Section 11. Entire Agreement.

This Agreement contains the entire understanding between Bond Counsel and District. All previous proposals, offers and communications relative to the Refunding and this Agreement, whether oral or written, are hereby superseded except to the extent that they have been incorporated into this Agreement.

No future waiver of or exception to any of the terms, conditions, and provisions of this Agreement shall be considered valid unless specifically agreed to in writing by both Bond Counsel and District. No oral agreement or implied covenant shall be held to vary the provisions of this Agreement. This Agreement shall bind and inure to the benefit of the parties to this Agreement and any subsequent successors or assigns as may be permitted pursuant to the provisions of this Agreement.

Section 12. Modification.

Both District and Bond Counsel understand that it may be desirable or necessary during the execution of this Agreement for Bond Counsel or District to modify the scope of services provided for under this Agreement. Any material extension or change in the scope of work shall be discussed with District and all changes and their cost shall be memorialized in a written amendment to this original Agreement prior to the performance of the additional work.

Until a written change order is so executed, District shall not be responsible to pay any charges Bond Counsel may incur in performing such additional services, and correspondingly Bond Counsel shall not be required to perform any such additional services.

Section 13. Severability.

All sections and subsections of this Agreement are severable, and the unenforceability or invalidity of any of the sections or subsections of this Agreement shall not affect the validity or enforceability of the remaining sections or subsections of this Agreement, but such remaining sections or subsections shall be interpreted and construed in such a manner as to carry out fully the intention of the parties.

Therefore, if any part, term, or provision of this Agreement shall be held illegal, unenforceable, or in conflict with any law of a federal, state, or local government having jurisdiction over this Agreement, the validity of the remaining portions or provisions shall not be affected by such holding and shall nevertheless continue in full force without being impaired or invalidated in any way.

Section 14. Waiver.

The waiver by either party of a default or breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent default or breach of the same or of a different provision of that party. No waiver or modification of this Agreement or of any covenant condition, or limitation contained in this Agreement shall be valid unless in writing and duly executed by the party or parties to be charged therewith.

Section 15. Counterparts.


This Agreement may be executed in any number of counterparts and each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers and representatives thereto duly authorized, all as of the day and year first above written.

CALAVERAS COUNTY WATER DISTRICT

By:  _____

THE WEIST LAW FIRM

By:  _____
Cameron A. Weist, Esq.

Agenda Item

DATE: January 19, 2021
TO: Finance Committee
FROM: Rebecca Callen, Director of Administrative Services
SUBJECT: Discussion/Direction Regarding Sewer Fund Repayment Agreement between the Sewer Fund (Fund 500) and the Water Fund (Fund 300)

RECOMMENDED ACTION:

Discussion and direction to take to the full Board approval to amend the repayment agreement for the Sewer Loan and approve the following:

Motion _____ / _____ adopting Resolution No. 2021 - ____ Approving Sewer Fund Repayment Agreement between the Sewer Fund (Fund 500) and the Water Fund (Fund 300).

SUMMARY:

On August 8, 2018, the Board of Directors approved Resolution 2018-44 based on the following information:

As per the Audited Financial Statements of June 30, 2016 and June 30, 2017 the Sewer Fund (Fund 500) experienced year-end shortfalls that resulted in a loan from the Water Fund (Fund 300). These shortfalls were a result of sewer revenues being insufficient to fund sewer operations. The sewer fund shortfalls are:

FY 2015-16	\$257,798
<u>FY 2016-17</u>	<u>458,312</u>
Total	\$716,110

In February 2017 the District contracted with HDR Engineering to perform a Financial Analysis and Cost of Service Study to determine the adequacy of the District's water and sewer rate revenues to fund ongoing operations and repay the \$716,110 sewer funding shortfall. For repayment of the shortfall the Board elected to include a ten-year repayment plan in the proposed sewer rate plan. In May 2018, the Board adopted new sewer rates, which included annual funding for the repayment of the \$716,110 shortfall.

Repayment will begin in FY 2018-19 and end by FY 2027-28. Based on a ten-year repayment plan and a two percent (2.0%) interest rate, the annual principal and interest payments will be \$79,722.04. Total interest costs are estimated to be \$81,110.

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The Audited Financial Statements of June 30, 2018 demonstrated an additional amount required of \$410,157. The updated amount of the loan between the Sewer and Water fund is as follows:

FY 2015-16	\$257,798
FY 2016-17	<u>458,312</u>
FY 2017-18	<u>410,157</u>
Total	\$1,126,267
FY 2018-19 Pmt	<u>(102,858.05)</u>
FY 2019-20 Pmt	(104,915.22)
Balance 6/30/20	\$918,493.73

The rate study from May 2018 noted that while there was a historical loan requirement between the Water and Sewer Funds of about \$700,000, there was also a projected amount of \$329,000. However, the resolution approved only addressed the \$716,110. How to physically pay it down was left to be addressed at a future time. One option was to reduce operating expenditures in lieu of debt service.

Staff is proposing an updated Resolution and updated amortization schedule addressing the debt service as part of the annual budget.

FINANCIAL CONSIDERATIONS:

The 2020-21 budget included the higher debt service.

Attachment: - Resolution 2018-44 Approving Repayment Agreement between the Sewer Fund (Fund 500) and the Water Fund (Fund 300)
- Updated Sewer Fund Repayment Agreement
- Resolution 2021-___ Amending Repayment Agreement between the Sewer Fund (Fund 500) and the Water Fund (Fund 300)

RESOLUTION 2018 - 44

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CALAVERAS COUNTY WATER DISTRICT**

**APPROVING SEWER FUND REPAYMENT AGREEMENT BETWEEN THE
SEWER FUND (FUND 500) AND THE WATER FUND (FUND 300)**

WHEREAS, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT has reviewed the SEWER FUND REPAYMENT AGREEMENT (attached hereto and made a part hereof) that authorizes the repayment of funds advanced by the Water Fund (Fund 300) to the Sewer Fund (Fund 500); and

WHEREAS, the District's Audited Financial Statements as of June 30, 2017 identified the amount owed by the Sewer Fund (Fund 500) to the Water Fund (Fund 300) as \$716,110; and

WHEREAS, the repayment agreement stipulates that the funds advanced be paid back in annual principal and interest payments as outlined in the Repayment Agreement.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby approve and adopt the Sewer Fund Repayment Agreement and authorizes the Board President to execute said Agreement.

PASSED AND ADOPTED this 8th day of August, 2018 by the following vote:

AYES: Directors Davidson, Underhill, Strange, Thomas, and Ratterman
NOES: None
ABSENT: None
ABSTAIN: None

CALAVERAS COUNTY WATER DISTRICT



Scott Ratterman
President, Board of Directors

ATTEST:



Rebecca Hitchcock
Clerk to the Board

**CALAVERAS COUNTY WATER DISTRICT
SEWER FUND REPAYMENT AGREEMENT AMENDMENT**

THIS AGREEMENT is amending the agreement entered into on the 8th day of August, 2018. Effective January 27, 2020 the total amount owed by the Sewer Fund (Fund 500) to the Water Fund (Fund 300) was \$918,493.73. As per the District's June 30, 2018 Audited Financial Statements, an additional \$410,157 was required over and above the original agreement of \$716,110.00.

The repayment agreement will be for the period of ten (10) years at an annual interest rate of two percent (2.0%). The Sewer Fund will make ten (10) annual principal and interest payments of \$125,383.39, which is an increase to the agreement of \$45,661.39 per year as per the following schedule:

<u>Fiscal Year</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Additional Loan</u>	<u>Principal Balance</u>
FY 2017-18					\$716,110
FY 2018-19	\$125,383.39	\$102,858.05	\$22,525.34	\$410,157	\$1,023,408.95
FY 2019-20	\$125,383.39	\$104,915.22	\$20,468.18		\$918,493.73
FY 2020-21	\$125,383.39	\$107,013.52	\$18,369.87		\$811,480.21
FY 2021-22	\$125,383.39	\$109,153.79	\$16,229.60		\$702,326.42
FY 2022-23	\$125,383.39	\$111,336.87	\$14,046.53		\$590,989.55
FY 2023-24	\$125,383.39	\$113,563.60	\$11,819.79		\$477,425.95
FY 2024-25	\$125,383.39	\$115,834.88	\$9,548.52		\$361,591.07
FY 2025-26	\$125,383.39	\$118,151.57	\$7,231.82		\$243,439.50
FY 2026-27	\$125,383.39	\$120,514.60	\$4,868.79		\$122,924.90
FY 2027-28	\$125,383.39	\$122,924.90	\$2,458.50		0

IN WITNESS WHEREOF, this agreement is hereby executed this day and year first hereinabove written.

CALAVERAS COUNTY WATER DISTRICT

Jeff Davidson

President, Board of Directors

ATTEST:

Rebecca Hitchcock
Clerk to the Board

RESOLUTION NO. 2021 - __

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CALAVERAS COUNTY WATER DISTRICT**

**APPROVING SEWER FUND REPAYMENT AGREEMENT BETWEEN THE SWER
FUND (FUND 500) AND THE WATER FUND (FUND 300)**

WHEREAS, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT has reviewed the SEWER FUND REPAYMENT AGREEMENT (attached hereto and made a part hereof) that authorizes the repayments of funds advanced by the Water Fund (Fund 300) to the Sewer Fund (Fund 500); and

WHEREAS, the District's Audited Financial Statements as of June 30, 2017 identified the amount owed by the Sewer Fund (Fund 500) to the Water Fund (Fund 300) as \$716,110; and

WHEREAS, the District's Auditor Financial Statements as of June 30, 2018 identified the amount owed by the Sewer Fund (Fund 500) to the Water Fund (Fund 300) as an additional \$410,157; and

WHEREAS, the repayment agreement stipulates that the funds advanced be paid back in annual principal and interest payments as outlined I the Repayment Agreement.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors does hereby approve and adopt the Sewer Fund Repayment Agreement and authorizes the Board President to execute said Agreement.

PASSED AND ADOPTED this 27th day of January, 2021 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

CALAVERAS COUNTY WATER DISTRICT

Jeff Davidson, President
Board of Directors

ATTEST:

Rebecca Hitchcock
Clerk to the Board

Agenda Item

DATE: January 19, 2021

TO: Finance Committee

FROM: Rebecca Callen, Director of Administrative Services

SUBJECT: Discussion/Direction Regarding the Mid-Year FY 2020-21 Operating and Capital Improvement Program Budgets

RECOMMENDED ACTION:

Discussion/Direction Regarding the Mid-Year FY 2020-21 Operating and Capital Improvement Program Budgets.

SUMMARY:

Staff has reviewed budgets through December 2020 and identified budget adjustments that requires Board action or report out per 5.00.2.13.

Appendix A requires Board action to approve. Detail on included on each line item.

Appendix B requires General Manager approval and report out to the Board. Detail is included on each line item.

Appendix C requires Board Action and all changes were approved during the January 12, 2021 Engineering Committee Meeting.

All changes have been detailed in the monthly Budget Status Reports at the Finance Committee meetings. The redistributions or amendments help to clean up the budget to better manage the remainder of the fiscal year.

FINANCIAL CONSIDERATIONS:

Total changes allow for net revenue to be retained for future budget needs that would require Board approval to spend.

*Attachments: Appendix A – Budget Adjustment 21-02
Appendix B – GM Adjustments
Appendix C – Revised CIP Budget
Draft Resolution*

Fund	Account	Dept	Account Description	Expenses			Revenues			Savings (Shortfall) by Fund	Authorizat	Description
				Decrease	Increase	Total Expense	Decrease	Increase	Total Revenues			
300	54-60310	54	Materials and Supplies		6,098.00	6,098.00					BOD	Increase expenses for COVID
300	54-60312	54	Safett Eq. Repl Consumables		36,877.00	36,877.00					BOD	Increase expenses for COVID
300	54-60400	54	Outside Services		13,995.00	13,995.00					BOD	Increase expenses for COVID
300	54-60590	54	Professional Services		1,490.00	1,490.00					BOD	Increase expenses for COVID
300	54-60000	54	Salaries/wages	14,615.00		(14,615.00)					BOD	District Match for COVID Grant
300	54-54510	54	Grant Revenue			-		43,845.00	43,845.00		BOD	Increase revenues for COVID Reimbursement
300	55-41000	55	Water Saes/Resid					220,000.00	220,000.00		BOD	Unanticipated water due to increased accounts and consumption
300	55-41200	55	Water Sales - Fire Hydrant					30,000.00	30,000.00		BOD	Unanticipated Water Sales due to construction
300	55-44100	55	Account Establishment Fees					30,000.00	30,000.00		BOD	Unanticipated new account fees
300	55-44110	55	Delinquent Account Charge				90,000.00		(90,000.00)		BOD	Reduced delinquent charges due to office closures and COVID responses
300	59-51100	59	Interest Income				109,000.00		(109,000.00)		BOD	Error in prior years interest allocation sheet corrected.
300	50-78990	50	Misc Non-Operating Expense		7,841.31				-		BOD	Discharge New Hogan AD Loan
				14,615.00	66,301.31	43,845.00	199,000.00	323,845.00	124,845.00	81,000.00		
500	59-48190	59	Misc Operating Revenue	-				91,108.00	91,108.00		BOD	Fuel Reduction Program
500	59-60590	59	Professional Services	-	55,747.27	55,747.27			-		BOD	Need Admin Costs (waiting for Michael)
500	59-79100	59	Transfers Out	-	35,360.73	35,360.73			-		BOD	Transfer to Reserve for fire projects
500	55-41000	55	Sewer Sales/Resid	-				100,000.00	100,000.00		BOD	Unanticipated sewer due to increased accounts
500	55-44110	55	Delinquent Account Charge	-			32,000.00		(32,000.00)		BOD	Reduced delinquent charges due to office closures and COVID responses
500	59-51100	59	Interest Income	-			40,000.00		(40,000.00)		BOD	Error in prior years interest allocation sheet corrected.
				-	91,108.00	91,108.00	72,000.00	191,108.00	119,108.00	28,000.00		

Fund	Account	Dept	Account Description	Expenses			Fund	Authori:	Description
				Decrease	Increase	Total Expense			
	300 54-60590	54	Professional Services	6,500.00		(6,500.00)	GM	White Pines Innundation Mapping	
	300 60-60590	60	Professional Services		6,500.00	6,500.00	GM	White Pines Innundation Mapping	
	300 60-60590	60	Professional Services		10,000.00	10,000.00	GM	Stan/Cal WWS	
	300 60-60590	60	Professional Services		30,000.00	30,000.00	GM	Vulnerability Assessments (6 service areas \$5k each)	
	300 54-60470	54	Laboratory Services	11,915.00		(11,915.00)	GM	Savings	
	300 54-60423	54	Telemetry	3,000.00		(3,000.00)	GM	Savings	
	300 57-60000	57	Salaries/Wages	10,950.00		(10,950.00)	GM	Savings	
	300 57-60100	57	Benefits	14,600.00		(14,600.00)	GM	Savings	
	300 54-60480	54	Rental (Non-Vehicle)		12,544.00	12,544.00	GM	Sublease from Habitat property	
	300 54-60426	54	Building Repairs	12,800.00		(12,800.00)	GM	Sublease from Habitat property	
	300 59-60000	59	Salaries/Wages	32,255.00		(32,255.00)	GM	EAM Salary Savings (vacant part of the year)	
	300 50-60220	50	Water		183.00	183.00	GM	Trending Over Budget	
	300 50-60250	50	Telephone		365.00	365.00	GM	Trending Over Budget	
	300 50-60260	50	Refuse/Disposal		146.00	146.00	GM	Trending Over Budget	
	300 50-61410	50	Insurance		3,246.00	3,246.00	GM	Trending Over Budget	
	300 54-60210	54	Power		32,448.00	32,448.00	GM	Trending Over Budget - was budgeted to assume a similar reduction from previous year in costs that didn't occur	
	300 54-60332	54	Leak Repair Supplies		20,000.00	20,000.00	GM	Leak repairs higher than projected	
	300 54-60431	54	Computer Lic Maint Contracts		17,280.00	17,280.00	GM	Websoft Annual Licensing was not budgeted	
	300 54-75110	54	Vehicles Capital Leases		20,112.00	20,112.00	GM	Underbudgeted annual capital lease costs for initial 10, reduced current from 10 to 8	
	300 54-75200	54	Equipment/Vehicles	27,086.00		(27,086.00)	GM	Actuals equipment purchases will be less than budget	
	300 54-60240	54	Telephone Lease Lines	2,880.00		(2,880.00)	GM	Pay against 60250 - Telephones. Consolidating	
	300 50-72700	50	Interest for GapVaxx Truck	3,584.00		(3,584.00)	GM	GapVaxx Debt service lower than budgeted	
	300 50-73700	50	Principal for GapVaxx Truck	35,840.00		(35,840.00)	GM	GapVaxx Debt service lower than budgeted	
	300 50-61200	50	Retired Employee Costs	18,250.00		(18,250.00)	GM	Retired employee costs trending lower than budgeted	
	300 54-60000	54	Salaries/wages	9,847.00		(9,847.00)	GM	Savings	
	300 56-60000	56	Salaries/Wages	7,300.00		(7,300.00)	GM	Savings	
	300 57-60810	57	Training/Travel	7,300.00		(7,300.00)	GM	Savings	
	300 58-60410	58	Service Maint Contracts	913.00		(913.00)	GM	Additional Modeling software in excess of Budget	
	300 58-60810	58	Training/Travel	945.00			GM	Savings to offset Modeling Software	
	300 59-60431	59	Computer Licenses		22,000.00	22,000.00	GM	Smartmeter software with Tyler for AMI project	
	300 54-60431	54	Computer Licenses		28,136.00	28,136.00	GM	Mueller annual licensing for AMI network	
	300 59-60030	59	Overtime		14,600.00	14,600.00	GM	Increase overtime for Tyler Implementation push	
	300 59-60000	59	Salaries/Wages	14,600.00		(14,600.00)	GM	Decrease Salaries for Tyler Implementation push	
	300 59-60590	59	Professional Services		18,250.00	18,250.00	GM	UFI Financial Advisors	
	300 59-60590	59	Professional Services		4,380.00	4,380.00	GM	IT Health Assessment	
	300 59-60590	59	Professional Services		3,650.00	3,650.00	GM	Web Design	
	300 59-60000	59	Salaries/Wages	27,010.00		(27,010.00)	GM	Savings to offset additional contracts (UFI, IT, Web)	
				247,575.00	243,840.00	(2,790.00)	2,790.00		
	500 54-60480	54	Rental (Non-Vehicle)		7,056.00	7,056.00	GM	Sublease from Habitat property	
	500 54-60426	54	Building Repairs	7,200.00		(7,200.00)	GM	Sublease from Habitat property	
	500 50-60220	50	Water		68.00	68.00	GM	Trending Over Budget	
	500 50-60250	50	Telephone		135.00	135.00	GM	Trending Over Budget	
	500 50-60260	50	Refuse/Disposal		54.00	54.00	GM	Trending Over Budget	
	500 50-61410	50	Insurance		3,420.00	3,420.00	GM	Trending Over Budget	
	500 54-60210	54	Power		18,252.00	18,252.00	GM	Trending Over Budget	
	500 54-60424	54	Septic Hauling		1,400.00	1,400.00	GM	Trending Over Budget	
	500 54-60431	54	Computer Lic Maint Contracts		9,720.00	9,720.00	GM	Websoft Annual Licensing was not budgeted	
	500 54-75110	54	Vehicles Capital Leases		11,313.00	11,313.00	GM	Underbudgeted annual capital lease costs for initial 10, reduced current from 10 to 8	
	500 54-75200	54	Equipment/Vehicles	11,004.00		(11,004.00)	GM	Actuals equipment purchases will be less than budget	
	500 54-75300	54	Capital Projects		1,000.00	1,000.00	GM	Additional capital need to address fencing issues	
	500 54-60470	54	Laboratory Services	7,200.00		(7,200.00)	GM	Savings	

Capital Improvement Program
Schedule of Cash Flow - Water Projects
FY 2020-21 thru FY 2022-2023

		Mid-Year Adjusted 1/27/2021						Funding FY 20-21				
Project No	New Water Projects Project Description	2020/21 Proposed Project	Previous Years Expense + YTD 19/20	YTD (November 2020)	Cash Flow			Expansion Funds	Reserves	Capital R & R	Grants	AD / Other Outside
					FY 20-21	FY 21-22	FY 22-23					
11115	Ebbetts Pass Larkspur Pump Station Rehab / Electrical	300,000	-	-	300,000			-	-	300,000	-	-
11116	Ebbetts Pass Pinebrook Rehabilitation	400,000	-	-	-			-	-	-	-	-
11117	Avery Pumps / Motor Control Soft Starts	60,000	-	-	60,000			-	-	60,000		
11118	Jenny Lind Filters 3, 4 & 5 Rehab / Coating	660,000	-	-	660,000	-		-	-	660,000	-	-
11119	Jenny Lind Tanks A, B, E & F Rehab	2,000,000	-	-	-			-	-	-	-	-
11120	Jenny Lind Raw Water Intake Structure	4,000,000	-	-	-			-	-	-	-	-
11121	Jenny Lind Tank C Replacement	500,000	-	-	10,000			-	-	10,000	-	-
11113	Copper Cove SCADA Improvements	60,000	-	15,510	60,000			-	-	60,000	-	-
11122	Copper Cove Zone B-C Trans Pipeline & Pump Stations	9,010,000	-	-	10,000	-		-	-	10,000	-	-
11123	West Point Acorn Pump Station & Trans Pipeline	2,010,000	-	-	10,000			-	-	10,000	-	-
11124	West Point Middle Fork Pump Station	1,610,000	-	-	10,000			-	-	10,000	-	-
11125	Sheep Ranch Water Plant Replacement	800,000	-	-	-			-	-	-	-	-
11126	Sheep Ranch Distribution System Replacement	750,000	-	-	-			-	-	-	-	-
11127	Sheep Ranch Clearwell Rehab/ Repair and Paint	350,000	-	-	-			-	-	-	-	-
multi	Misc Road Repairs / CalOES	257,655	-	175,746	257,655			-	16,120	-	241,548	-
10029	Slurry Line Improvements	80,000	-	-	80,000			-	-	-		80,000
Total New Water Projects		\$ 22,847,655	\$ -	\$ 191,256	\$ 1,457,655	\$ -	\$ -	\$ -	\$ 16,120	\$ 1,120,000	\$ 241,548	\$ 80,000

Project No	Carryover Water Projects Project Description	2020/21 Proposed Project	Previous Years Expense + YTD 19/20	YTD (November 2020)	Cash Flow			Expansion Funds	Reserves	Capital R & R	Grants	AD / Other Outside
					FY 20-21	FY 21-22	FY 22-23					
11083C	Copper Cove Tank B /Clearwell (11079/11080)	1,171,000	10,885	-	10,000	150,000	1,000,115	-	-	10,000	-	-
11084	Ebbetts Pass Techite Water Line Replacement	2,463,000	413,000	746,583	1,950,000	100,000		-	-	1,950,000	-	-
11085	Ebbetts Pass Reach 1 Water Line Replacement	8,353,000	4,853,321	1,537,056	3,499,679			875,000	-	2,624,679	-	-
11088	Jenny Lind Tank A-B Transmission Line	5,513,000	13,416	5,583	500,000	3,000,000	1,999,584	125,000	-	375,000	-	-
11092	Jenny Lind WTP PreTreatment Facility	5,067,000	5,027,060	42,981	39,940	-		-	-	9,985	29,955	-
11095	Ebbetts Pass Redwood Tanks HMGP	3,038,000	38,416	4,794	500,000	1,200,000	1,299,584	-	-	125,000	375,000	-
11096	AMR/AMI Radio Read Meter Program	6,112,000	112,909	14,584	2,000,000	2,000,000	1,999,091	-	-	-	2,000,000	-
11098	EP Hunters WTP Filter Rehab	480,000	456,500	-	23,500	-		-	-	23,500	-	-

11099	EP Meadowmont Pump Station / Rehab.	234,000	84,169	-	149,831	-		-	-	149,831		
11100	Wallace SCADA System Improvements	101,000	1,310	12,507	-		40,000	-	-	-	-	-
11101	District Corp Yard	600,000	-	-	300,000	150,000	150,000	-	300,000			
11103	Hunters Raw Water Pumps Renovations	2,015,000	5,216	-	10,000	200,000	-			10,000		
11104	Lake Tulloch Submerged Water Line Crossing	3,500,000	-	-		200,000	200,000	-	-	-	-	-
11106	West Point Backup Water Filter	2,000,000	434	1,308	500,000	500,000	999,566	-	-	500,000	-	-
11107	West Point SCADA Improvements	110,000	434	-	10,000	-	40,000	-	-	10,000	-	-
11108	Big Trees Pump Stations 1, 4 & 5 Replacement	860,000	107	-	10,000	-	75,000			10,000		
11110	Reeds Turnpike Pump Station Replacement	350,000	214	1,083	50,000	299,786	-			20,000		30,000
11111	Copper Cove Tank B Pump Station Renovation	910,000	107	-	10,000	150,000	749,893			10,000		
11112	White Pines Dam/Blanket Drain Rehab	65,000		29,082	65,000		-			100,000		
11066G	Jenny Lind (Kirby/Garner/Gabor) Service Lines	600,000	500,000	20,250	100,000			-	-	475,000	-	-
11083J	Jenny Lind Clearwell #2 / Repair & Paint	216,000	16,219	-		-		-	-	-	-	-
11083L	Larkspur Tank / Repair & Paint	373,000	22,968	-	50,000	150,000	150,032	-	-	50,000	-	-
11083S	Ebbetts Pass Sawmill Tank / Repair & Paint	1,510,000	10,345	-	-	-	300,000	-	-	-	-	-
11083W	Wallace Tanks / Repair & Paint	456,000	6,614	-			50,000	-	-	-	-	-
Total Carryover Water Projects		\$ 46,097,000	\$ 11,573,644	\$ 2,415,811	\$ 9,777,950	\$ 8,099,786	\$ 9,052,865	\$ 1,000,000	\$ 300,000	\$ 6,452,995	\$ 2,404,955	\$ 30,000
	Capital Water Non-CIP Projects	\$ 628,100		\$ 134,195	\$ 628,100				\$ -	\$ 628,100	\$ -	
TOTAL WATER PROJECTS		\$ 69,572,755	\$ 11,573,644	\$ 2,741,262	\$ 11,863,705	\$ 8,099,786	\$ 9,052,865	\$ 1,000,000	\$ 316,120	\$ 8,201,095	\$ 2,646,503	\$ 110,000

<i>Project No</i>	<i>Non-CIP Capital Water Projects</i> Project Description	2020/21 Proposed Budget	YTD (November 2020)		Reserves	Capital R & R	Grants
				FY 20-21			
11128	Service Line Replacement Project - to address the County's Microsurfacing Plan for 2021	468,000		468,000		468,000.00	
10072	Bow Water Main Replacement	60,000	52,500	60,000		60,000.00	
11114	Turbidimeter/Analyzer Replacement Project est 30 turbs	100,100	81,695	100,100		100,100.00	
Total Non-CIP Capital Water Projects		\$ 628,100	\$ 134,195	\$ 628,100	\$ -	\$ 628,100	\$ -

Capital Improvement Program
Schedule of Cash Flow - Wastewater Projects
FY 2020-21 thru 2022-23

Project No	New Wastewater Projects Project Description	Total Project Cost	Previous Years Expense + YTD 19/20	YTD (November 2020)	Cash Flow			Funding FY 20-21				
					FY 20-21	FY 21-22	FY 22-23	Expansion Funds	Reserves	Capital R & R	Grants	AD / Other Outside
15101	La Contenta Spray Fields	200,000			200,000					200,000		
15102	Tertiary Filter Rehab	250,000	0		25,000	100,000	125,000			25,000		
15103	Effluent Storage Tank Rehab	250,000	0		25,000	100,000	125,000			25,000		
15104	Lift Station 2& 3 Improvements	1,000,000	0				250,000					
15105	Reclamation Plant Filter Rehab/ Change name to Reclamation Plant Improvements	100,000			100,000					100,000		
15106	UV Disinfection System Replacement	300,000			300,000	-				300,000		
15107	Sludge Tank & Belt Press Improvements	50,000			50,000					50,000		
15108	Regional Biosolids/Sludge Handling	1,500,000										
15109	Collection System Rehab and I&I Mitigation	150,000				-		-	-		-	-
TBD	Vallecito WWTP System Improvements	130,000			130,000					130,000		
15110	Sequoia Woods Leach Field Rehab	150,000			-	-		-	-	-	-	-
	Total New Wastewater Projects	\$ 4,080,000	\$ -	\$ -	\$ 830,000	\$ 200,000	\$ 500,000	\$ -	\$ -	\$ 830,000	\$ -	\$ -
Project No	Carryover Wastewater Projects Project Description	Total Project Cost	Previous Years Expense	YTD (November 2020)	FY 20-21	FY 21-22	FY 22-23	Expansion Funds	Reserves	Capital R & R	Grants	AD / Other Outside
15076	CC Lift Station 6, 8 & Force Main Bypass	3,652,000	152,000	1,037	500,000	1,500,000	1,500,000	-	-	500,000	-	-
15080	CC Lift Station 15 & 18 Rehab/Replacement	2,656,000	156,000	1,990	300,000	1,100,000	1,100,000	-	-	300,000	-	-
15082	Vallecito Recycled Water Distribution Project	280,000	94,315	-		-		-	-			-
15087/10033	Wallace Renovation/SCADA/PLC & Electrical	184,000	24,000	8,636	160,000	-		-	-	-	-	160,000
15091	West Point/Wilseyville Consolidation Project	4,757,000	7,000	9,214	450,000	2,150,000	2,150,000	-	-	450,000	-	-
15095	Arnold Secondary Clarifier	2,010,000	10,000	55,988	500,000	750,000	750,000	100,000	-	400,000	-	-
15096	Arnold Leach Field Improvements	702,000	2,000	1,277	100,000	300,000	300,000	20,000	-	80,000	-	-
15097	LC Biolac, Clarifier & UV Improvements	4,000,000		319	-	300,000	300,000	-	-	-	-	-
15094	CC Secondary,Tertiary & UV Improvements	13,016,000	16,000	848	200,000	800,000	2,000,000	100,000	-	100,000	-	-

15092	Huckleberry Lift Station Rehab	480,000	415,000	-	65,000	-	-	-	-	65,000	-	-
15098	Indian Rock East Sand Filter Rehab	200,000		4,495	200,000	-	-	-	-	200,000	-	-
15099	Headworks Screen Projects	275,000	-	241,313	275,000	-	-	-	-	275,000	-	-
15093	Southworth Collection System / I&I Mitigation	150,000	100,000	6,142	50,000	-	-	-	-	50,000	-	-
	Total Carryover Wastewater Projects	\$ 32,362,000	\$ 976,315	\$ 331,259	\$ 2,800,000	\$ 6,900,000	\$ 8,100,000	\$ 220,000	\$ -	\$ 2,420,000	\$ -	\$ 160,000

	Capital Sewer Non-CIP Projects	\$ 111,000		\$ 52,120	\$ 111,000				\$ -	\$ 111,000	\$ -	
	TOTAL WASTEWATER PROJECTS	\$ 36,553,000	\$ 976,315	\$ 383,379	\$ 3,741,000	\$ 7,100,000	\$ 8,600,000	\$ 220,000	\$ -	\$ 3,361,000	\$ -	\$ 160,000

	TOTAL WATER & WASTEWATER PROJECTS	\$ 106,125,755	\$ 12,549,959	\$ 3,124,641	\$ 15,604,705	\$ 15,199,786	\$ 17,652,865					
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<i>Project No</i>	<i>Non-CIP Capital Sewer Projects</i> Project Description	2020/21 Approved Project	YTD (November 2020)		Reserves	Capital R & R	Grants
				FY 20-21			
11114	Turbidimeter/Analyzer replacement project	11,000	9,077	11,000		11,000	
15100	Lift Station Pump and motor replacements (10)	100,000	43,043	100,000		100,000	
Total Non-CIP Capital Sewer Projects		\$ 111,000	\$ 52,120	\$ 111,000	\$ -	\$ 111,000	\$ -

RESOLUTION NO. 2021 - __

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CALAVERAS COUNTY WATER DISTRICT**

**AMENDING THE FISCAL YEAR 2020-21 OPERATING
AND CAPITAL IMPROVEMENT PROGRAM BUDGET**

WHEREAS, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT adopted Resolution 2020-44 on June 24, 2020 approving Fiscal Year 2019-20 Operating Budget in the amount of \$21,751,069; and

WHEREAS, the District has reviewed operating revenues and expenditures through December 31, 2020; and

WHEREAS, the District has identified increases and decreases that are required to be made to the adopted operating budget; and

WHEREAS, the Finance Committee reviewed the proposed expense and revenue changes and agreed with the request; and

WHEREAS, the District has identified increases and decreases that are required to be made to the adopted Capital Improvement Project Budget; and

WHEREAS, the Engineering Committee reviewed the proposed project budget changes and agreed with the request; and

WHEREAS, the Board of Directors of the Calaveras County Water District does hereby find that it is in the best interest of the District to amend the adopted FY 2020-21 Capital Improvement and Operations Budget accordingly, effective January 27, 2021.

NOW, THEREFORE BE IT RESOLVED, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT adopts an amendment to the Fiscal Year 2020-21 Operating Budget and Capital Improvement Program as set forth in Budget Adjustment 20-02, attached hereto and made a part hereof, and authorizes the Director of Administrative Services to record the appropriate accounting entries.

PASSED AND ADOPTED this 27th day of January, 2021 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

CALAVERAS COUNTY WATER DISTRICT

Jeff Davidson, President
Board of Directors

ATTEST:

Rebecca Hitchcock
Clerk to the Board

Agenda Item

DATE: January 19, 2021

TO: Finance Committee

FROM: Rebecca Callen, Director of Administrative Services

SUBJECT: Management Letter Responses and Accounting Changes

RECOMMENDED ACTION:

Discussion and direction on staff report out of the Fiscal Year ending 6/30/2020 Management Letter from Richardson and Company and accounting changes that were made to ease the audit process that went into effect for this audit.

SUMMARY:

Through the course of any audit, several internal controls are tested by the outside Audit Firm and identified. Areas that would cause a material weakness are presented in the form of a Management Letter from the Audit Firm to the Board of Directors.

The identification of these areas is meant to be opportunities for the District to undertake changes to provide for better internal controls and easier audit performance.

The following are the findings identified with a corrective action response:

Finding 1: Payroll Disbursements

We continue to recommend entry of new employees be protected with password approval by someone other than employees that process the payroll as a control to prevent the entry of fictitious employees.

Corrective Action Response 1: The District is currently looking at alternative HR/Payroll software to allow for more oversight and reporting capabilities. The District currently use ADP to process payroll and the use of it is cumbersome and the reporting is difficult to utilize.

Finding 2: Cash Receipts

We recommend the Customer Service Manager should periodically produce and review a system report that shows active versus billed accounts and should investigate any discrepancies.

Corrective Action Plan 2: The District is currently working on migrating to a new solution for billing. Once that occurs, segregation of duties will be easier and reporting capabilities will be available to complete this task.

Finding 3: Cash Disbursements

During our testing of consultant contracts, we noted a current contract was not able to be provided for lab testing services and noted another contract for construction management did not include the approved rate per hour being charged by the consultant. We recommend the contracts be reconsidered.

Corrective Action Response 3: The District has been working on updating and educating staff on the District's Purchasing Policy and review responsibilities in invoice approval, prior to payment. Staff are actively working on identifying services that are being provided that may not have an active contract and adding review steps to ensure that invoices align with the defined scope and costs within approved contracts.

Finding 4: Policies and Procedures

The District should consider adopting or enhancing a capital asset policy that defines useful lives to use d that discusses when a project represents maintenance that should be expensed or a betterment that should be capitalized.

Corrective Action Response 4: The policy will be written, based on GFOA best practices. It is anticipated to have this completed in the 2020-21 Fiscal Year.

Other Items

We currently have to manually sum amounts on debt amortization schedules to tie the schedules to the balance sheet and have to post entries to true-up current portion of debt and compensated absences. We recommend the District add all of the amortization schedules to one excel file with each debt on a separate tab and add the computation of the interest expense, accrued interest payable, current and noncurrent portion of debt with subtotals by fiscal year and show the split of joint debt by fund on the schedule that ties directly to the balance sheet. Once the debt amortization schedules are in this format, a tab may be added for future minimum payments that has each debt agreement in a column with subtotals for the water fund and sewer fund with each year in a row like the footnote and a total column that matches the total in the debt footnote. Each year should be shown separately so it may be re-sorted into 5-year increments each year. The current portion of debt and compensated absences should be posted as a closing entry rather than leaving it for the auditor to post. That takes additional time and takes our focus away from more important audit procedures. We recommended last year that accounting procedures over functional areas be documented so a new employee would have documentation to follow to understand how to perform accounting functions. The District made progress documenting accounting procedures during the year. However, detailed payables and wire/bank transfer procedures still need to be documented.

Corrective Action Response to Other Items: The long-term debt schedules will be created to align with the balance sheets and build out for 5-year increments. Compensated absences, along with any other year end conversions will be posted to the general ledger PRIOR to releasing the Trial Balance to the outside Auditor.

Additional procedures will be written for Accounts Payable and Wire Transfers.

Accounting Changes Made in 2019-20:

Accounting Issue 1: The District was operating with a “General” fund as a method to ease entry at the invoice level. However, the District does not have a “General” fund and all balances within the General use fund required the outside Auditor to manually re-allocate between Water and Sewer activities/Funds.

Correction 1: The use of the General use fund was eliminated for 80% of invoice payments and the invoices are being paid directly out of the Water or Sewer Funds. The remaining 20% could stay with the General use fund due to data entry limitations in departments. However, Finance has to allocate the monthly totals to clear out the balances in that fund as a month end entry.

Accounting Issue 2: The District posted all cash transfers in and out as well as any mark to market adjustments to the General use fund. Therefore, the General use fund had an enormous negative balance for the years of accumulated operating activity. This overstated the available cash on the balance sheet in ALL funds, specifically, the Water Fund. This issue caused excess interest income to be booked to the Water Fund. The outside Auditors would also have to allocate the negative balance in the General use fund to the Water and Sewer funds manually to create the financial statements.

Correction 2: Staff reallocated the entire balance in the General use fund to the respective funds in the General Ledger. All transfers in or out are for pool activity, not the fund activity. The receipt of revenue or issuance of expense are booked at the fund level and the associated cash movement occurs at the fund level that is being impacted.

Accounting Issue 3: Cash and Cash Equivalents were broken into no less than eight different accounts across multiple funds. The intention was to align the General Ledger with the investment statements. However, those reallocations did occur as the investments are across ALL funds. This created inaccurate cash and cash equivalent balances, that while in combination they were correct, they were not individually. The outside Auditors would have to combined manually to reconcile cash.

Correction 3: Staff collapsed all balances to cash by fund. Now, we ensure the total cash reconciles to the investment statements in total and report out the breakdown of investments on separate spreadsheets for review by the Board.

Accounting Issue 4: Capital Assets we entered twice for every asset, in cases where the benefit was for both Water and Sewer. Each asset would have to be manually collapsed by the outside Auditors and it made reconciliation and reporting very difficult and extremely manual for staff and Auditors.

Correction 4: Staff had to correct hundred of assets to combine values and historical depreciation into one asset. In addition, staff had to correct assets out of the General use fund to Water and Sewer. This process took two months to complete and the software had a lot of issues completing the task. Assets are now able to be reported by asset, fund, and type. Totals can now be exported to spreadsheets to reconcile to the foot notes on the financial statements.

Accounting Issue 5: The Pension and OPEB calculations were being done by the outside Auditor. This causes an issue with their "independence".

Future Accounting Changes:

Correction 5: For the 2019/20 Fiscal Year, staff utilized templates that were created to build the Pension and OPEB journal Entries and then posted them.

Accounting Changes to Come:

- 1) Compensated Absence liability calculations will be calculated and posted by staff.
- 2) All year end reclassifications due to posting issues will be kept within the 12th period. Historically, the 13th period was used for operating reclassifications and conversion entries. This causes an issue with utilizing budget to actual reporting. June will remain open until all cash postings are complete. The 13th period will be used for year end non-cash postings and year end conversion entries only.
- 3) Currently all asset and liabilities postings are done manually as secondary journal entries. Example: Accounts Payable check processing requires a journal entry to debit liabilities and credit cash. Tyler will be setup to have automatic posting strategies for all dual posting needs. This will eliminate a significant number of journal entries.
- 4) Accounts Payable is all paid via physical check and credit card. With the Tyler implementation, the District will begin reaching out to vendors offering ACH payments as well. This will eliminate a significant number of manual checks to print and mail.

FINANCIAL CONSIDERATIONS:

None at this time.

Attachments: CCWD Management Letter 2020



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MANAGEMENT LETTER

To the Board of Directors and Management
Calaveras County Water District
San Andreas, California

In planning and performing our audit of the financial statements of the business-type activities, major funds and fiduciary funds of the Calaveras County Water District (the District) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The following matters have been included in this letter for your consideration:

Payroll Disbursements

We continue to recommend entry of new employees be protected with password approval by someone other than employees that process the payroll as a control to prevent the entry of fictitious employees.

Cash Receipts

We recommend the Customer Service Manager should periodically produce and review a system report that shows active versus billed accounts and should investigate any discrepancies.

Cash Disbursements

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* * * * *

This communication is intended solely for the information and use of management, the 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.

Richardson & Company, LLP

December 16, 2020