



NOTICE

OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF ALLEGHANY COUNTY WATER DISTRICT

Date: Tuesday April 9, 2024 Time: 6:00 pm

**Location: Alleghany Firehouse 105 Plaza Court with conference call option
for non-board members only.**

Dial-in number (US): (978) 990-5144 Access code: 6919768#

All meeting documents available online: alleghanywater.org

Send an email to: alleghanywater@gmail.com for meeting notices.

This agenda has been prepared and posted at least 72 hours prior to the regular meeting of the Board of Directors in accordance with the Ralph M. Brown Act. Agenda items are numbered for identification purposes only and will not necessarily be considered in the indicated order. Details and supporting materials concerning agenda items are available for public reference in the box at the Post Office at the time of agenda posting or on the district's website: alleghanywater.org

1. Call to Order & Establish a Quorum

2. Consent Calendar

- a) Approval of agenda
- b) Reading and approval of the minutes for the regular meeting dated March 12, 2024.
- c) Ratification of Treasury Report and bill payments for March 2024.
- d) If budget overage is anticipated, authorize GM to approve necessary electrical repairs at historical church (or ratify decision if already done). Existing historical church fund will be used to pay for the repairs.

3. Information/Discussion Items:

- a) Correspondence – Provided in GM report
- b) SRF Projects Update – Provided in writing.
- c) Board/Staff Reports – Chief Water Operator (CWO) & General Manager (GM)
- d) Historical Church/Library report – Written information in GM report.
- e) Park report -

4. Unfinished Business (Discussion & Possible Action Items):

- a) Customer Accounts/Billings/Disconnects: 2 accounts are over 90 days and 3 over 60.
- b) Ordinances, Policies & Procedures and Bylaws: nothing prepared for meeting
- c) Resolution to authorize application for a second bridge loan from RCAC for the Cathodic Protection Project.

5. New Business (Discussion & Possible Action Items):

- a) Resolution Authorizing Application to DIR for consent to "Self-Insure"
- b) Accept audit engagement letter for fiscal year 23-24

6. Public Response Time: The public may be heard before or during the consideration of any agenda item to be considered by the board, subject to reasonable time limitations for each speaker. Members of the public may address matters under the jurisdiction of the Board of Directors, and not on the posted agenda, provided that no action shall be taken by the board unless the matter is deemed urgent by a 2/3 vote. Per the district's bylaws: complaints about board members or district staff are to be submitted in writing (not to be aired at meetings).

Next regular meeting date May 14, 2024 Agenda items: Preliminary budget for fiscal year 24-25 first presentation.

7. Adjournment.

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**Regular Meeting of the Alleghany County Water District Board of Directors
Tuesday March 12, 2024 Meeting was held at the Alleghany Firehouse.**

1. Call to Order & Establish a Quorum The meeting was called to order by President Mehrmann at 6:06 pm.

Directors present: Tobyn Mehrmann, Brianne Price (showed up at 6:15 p.m.), Burns Tenney, Robbin De Weese and Coral Spencer CWO Bruce Coons Secretary Amber Mehrmann was present and took minutes. Public: Vicky Tenney (Nobody called in on conf. call option)

2. Consent Calendar:

Motion was made to approve the consent calendar by Burns Tenney and Robbin DeWeese^{2nd}.
**Ayes: Tobyn Mehrmann, Burns Tenney, Robbin DeWeese and Coral Spencer Nays: 0
Absent: Brianne Price Abstain: 0**

3. Information/Discussion Items

- a) **Correspondence:** Provided in GM Report.
- b) **SRF Project Update:** Provided in the Report.
- ~
- c) **Board/Staff Reports:** *CWO and GM Reports*

G.M.: The Report was in the packet.

CWO: The GPM is 124 and the Total raw water is 97,570 gallons.

~The labs came back good on finished water, but came back with a 2.0 total on Coliform samples in the raw water. Bruce shocked the tank and back flushed the lines with Chlorine to clean everything out. Bruce stated that the coliform is somewhere in the line, not in the water itself.

~There was also a leak at the post office; Bruce was able to fix it.

d) **Historical Church/Library Report:** Nothing to report.

e) **Park Report:** Nothing to report.

4. Unfinished Business

a) **Customer Accounts/Billings/Disconnects:** Three accounts are over 90 days and there are 3 accounts over 60 days.

b) **Ordinances:** Nothing prepared for meeting.

c) **Consider switching insurance to Golden State Risk Management Authority:**

Robbin DeWeese made the motion to switch and Brianne Price^{2nd}. **Ayes: Tobyn Mehrmann, Burns Tenney, Robbin DeWeese, Brianne Price and Coral Spencer Nays: 0 Absent: 0
Abstain: 0**

5. New Business

a.) **Resolution #122:** Resolution to apply for a Bridge Loan.

~The address needs to be changed from 509 Miner's St to 109 Main St.

Burns Tenney made the motion to approve the resolution as corrected. Robbin DeWeese 2nd

.Ayes: Tobyn Mehrmann, Burns Tenney, Robbin DeWeese and Coral Spencer Nays: 0

Absent: Brianne Price Abstain: 0

b.) **Resolution #123:** To authorize the application for the second Bridge Loan.

~This was tabled.

6) Public Response Time: none

7) Next meeting date, items for next agenda and adjournment:

Next meeting will be on April 9, 2024; at 6:00 P.M.

There being no further business the meeting was adjourned at 6:40 P.M.

Respectfully Submitted:

Amber Mehrmann, Secretary

~ State Revolving Fund (SRF) Projects Update

Meeting Date: 4/9/2024 Prepared by Rae Bell Arbogast GM

1. Ram Spring Improvement Project (RSIP) Project ID 4600012-008C

This is a continuation of Planning Project ID 4600012-0008P started in 2015 and completed 12/31/2020.

Funding Agreement dated 10/12/2023 ~ Estimated completion date: 2/28/2026 ~

Budget: Up to \$1.5 Million

Primary objective: To reconfigure the Ram Spring Pumphouse and facilities to accommodate and protect the driven pipes that were installed in May of 2017 as part of the planning project.

Other objectives: To build a 12' x16' building at the Ram Spring that can be used as a "sample lab" and to store district tools and records. To upgrade all residential water meters under a special program for that purpose. To update the stand-by generator and pumps that are over 30 years old.

Progress since last board meeting:

- The first disbursement request check was deposited on March 12th and all corresponding unpaid vendor invoices were paid on 3/15/2024.
- The quarterly report for Quarter Ended 3/31/2024 was uploaded to the State website on 4/1/2024 and the second disbursement request was submitted on 4/3/2024 for \$7,980.00. (allowances sheet in packet) ACWD has paid about \$2,000 of its own money (permit and sign) which is included in the 2nd disbursement request.
- Bridge Loan Application: we finally got the legal opinion letter worked out only to discover that there was one other letter from the State that RCAC needed to issue the loan. This was the last week of March and our DFA Rep. was on vacation to return on April 1st. She did not respond to multiple emails during the week of April 1 -5. I will try calling her next week (week of 4/8).

2. Water Tank Repair Project:

This project is to repair the water tank that was put in service in November of 2018 and that was still under warranty when it failed. This project has two main parts: 1. The warranty repair work, to be completed by the original contractor Thompson Tank (not funded by SRF) 2. The Technical Assistance Request awarded to Coleman Engineering to oversee the repair work. (Funded by SRF)

Status: The regular monthly meeting was held on March 13th. Attended by: Scott Woodland and Andre with Coleman Engineering, Josh Thompson of Thompson Tank and a person with BRCO Constructors (Matt?), for ACWD Rae Bell, Burns Tenney and Bruce Coons. A representative from the State Revolving Fund attended as well as ACWD's State Drinking Water Engineer Terri.

Thompson Tank reported that they had ordered all the parts that required a longer lead time and that they were waiting to hear from the vendor as to when they would ship. After the meeting was over, Josh let Coleman Engineering know that the parts are expected to arrive April 26th. Thompson tank should be onsite to begin the tank repairs on Monday April 29th as long as the shipping isn't delayed.

Tank failure timeline Tank put in service Dec. 2018. 1-year warranty inspection done in Jan. 2020 found problem with rusting bolts in floor, bolts repaired in June of 2020. Tank started leaking and failure discovered: 10/30/2021 Tank drained and inspected mid-November 2021. First Technical Assistance (TA) request submitted to State Dec. 2021 and approved in Jan. of 2022 with RCAC as the TA provider. TA report provided in Dec of 2022 was inconclusive as to cause of tank failure. Warranty claim letter prepared by ACWD attorney Marsh Burch and submitted to BRCO contractors 3/17/2023. Second TA request approved May 13, 2023 with Coleman Engineering as the TA provider to oversee the repair work. Repair work scheduled for late April 2024 to avoid winter weather.

3. Cathodic Protection Project This project is to add cathodic protection to the water tank that was not included in the original design (other than the coating which was supposed to provide protection). A grant for up to \$125,000 has been applied for under an “Urgent Needs” program also funded by the State Revolving Fund (SRF) and approval has been granted for the first \$110,000 (see note below).

Progress since last meeting.

- The “Standard Deviation Form” for requesting more funding was submitted to DFA on March 21st. They said that it looked OK and have submitted it to the next level for approval. ACWD requested another \$15,000 to cover loan fees and interest. As noted last month: ACWD is NOT able to bill for administration or employee time for this project. The State refers to it as a “sunk cost”.
- The resolution to apply for an additional Bridge Loan for this project is still on the agenda. Hopefully there will be enough information by the April meeting date to adopt a generic resolution to apply so that staff won’t have to wait until the May meeting to be authorized to apply. (see GM report for more information)

AS A GENERAL ASIDE: I had no idea that the Bridge Loan application for RSIP would take over 2 months to complete! Most of that time has been spent waiting for responses from various agencies and individuals with constant follow-ups required to get a response.

If ACWD applies for a second loan (which we almost have to, in order to complete the cathodic protection project) the second application should go much quicker, since the paperwork submitted for the first loan should work for the second loan. I made sure that the attorney letter was generic enough for that.

Disclaimer “Funding for these projects has been provided in full or in part through an agreement with the State Water Resources Control Board. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.”

Progress Report Q1 2024

April 1, 2024

Francie Fau

Division of Financial Assistance

State Water Resources Control Board

10001 I Street, 16th Floor

Sacramento, CA 95814

Subject: Alleghany County Water District
Progress Report for Ram Spring Improvement Project (construction)
Agreement No. D2202022 Project No. 4600012-008C

Progress Summary

- **Disbursement Requests** The first disbursement request, through 12/31/2023 was submitted via FFAST on 1/9/2024. The approval notification was received by email on 2/8/2024 and the check arrived in Alleghany on 3/9/2024. The check was deposited in the bank on 3/12/2024. All corresponding unpaid vendor invoices were paid on 3/15/2024. As explained in the last quarterly report, the first disbursement request was mostly for invoices for work that was done between the end of the planning project and the signing of the funding agreement for this project.
- **Percent Billed** 3.8%
- **Work Completed during quarter**
The quarterly report for Q4 2023 was submitted on 1/8/2024. ACWD's focus this quarter has been on obtaining a bridge loan through RCAC. All required documents have been submitted except for a letter from SRF FA that states that the loan fees and interest can be included in the loan. Fran was on vacation when we came across this. She is back now, and we expect to have everything that RCAC needs by this week (first week of April). Coleman Engineering has designated Scott Woodland as our dedicated project manager. ACWD was advised in January that Coleman Engineering has been waiting for the Bridge Loan approval before diving into the Engineering work.
- **Percentage of Schedule Elapsed** Project duration Nov. 2023 through March. 2026 = 29 months. 7 months or 24% of the schedule has elapsed.

Environmental Requirements

Work has not commenced.

Change Orders

None

Problems Encountered

None

Sincerely,

A handwritten signature in black ink, appearing to read "Rae Bell Arbogast". The signature is fluid and cursive, with a large initial "R" and a distinct "A" at the end.

Rae Bell Arbogast
General Manager
Allegheny County Water District

Attachments

Project Schedule

ITEM	DESCRIPTION OF SUBMITTAL	CRITICAL DUE DATE	ESTIMATED DUE DATE
EXHIBIT A – SCOPE OF WORK			
A.	ADDITIONAL SUBMITTAL(S) TO DIVISION		
1.	Final Plans and Specifications		February 1, 2024
2.	Finalize bid documents and advertise for bids		May 15, 2024
3.	Final Budget Approval Package		July 1, 2024
B.	REPORTS		
1.	Progress Reports		Quarterly
2.	Final Inspection and Certification		August 31, 2026
3.	Project Completion Report		February 28, 2026
4.	As Needed Reports		TBD
EXHIBIT B – REIMBURSEMENTS, BUDGET DETAIL, AND REPORTING PROVISIONS			
A.	REIMBURSEMENTS		
1.	Reimbursement Requests		Quarterly
2.	First Reimbursement Request		December 31, 2023
3.	Final Reimbursement Request	March 31, 2026	

Allowance (soft costs) Summary Sheet

(1) Project Name:		Ram Spring Improvement Project					
(2) Project Number:		4600012-008C					
(3) Agreement Number:		D2202022					
							(5) Amount Claiming For Disbursement
Category (i.e. Planning, Design, etc.)	Description of Work Completed:	Vendor	Billing Period	Invoice #	Invoice Total	DFA* Loan Amount (please indicate split %)	DFA* Grant Amount (please indicate split %)
(4A) Planning:							
	see invoice	Coleman Engineering	1/1/2024- 3/31/2024	4185	4466.5		\$ 4,466.50
	Permit for Ram Spring Project	State Water Resources Control	1/1/2024- 3/31/2024	WD-0260651	1552		\$ 1,552.00
	required sign for job site	The Real Graphic	1/1/2024- 3/31/2024	Prop 1	496.5		\$ 496.50
Planning Subtotal:							\$ 6,515.00
(4B) Design:							
	see invoice	Coleman Engineering	1/1/2024- 3/31/2024	4185	306		\$ 306.00
Design Subtotal:							\$ 306.00
(4C) Construction Management:							
Construction Management Subtotal:							
(4D) Administration:							
	Legal opinion for Bridge Loan	Marsha Burch	1/1/2024-3/31/3024	194	\$ 390.00		\$ 390.00
	Project administration	Rae Bell Arbogast	1/1/2024-3/31/3024	1443	\$ 769.00		\$ 769.00
Administration Subtotal:							\$ 1,159.00
						TOTAL Request	\$ 7,980.00

Instructions: Add additional rows as needed for each category

1. Complete the project name
2. Complete the project number
3. Complete the agreement number
4. Allocate the allowances (cost costs) accordingly into the appropriate categories
5. If there are multiple funding sources please indicate the splits
6. Please subtotal each category

Definition:

* DFA (Division of Financial Assistance through the State Water Resources Control Board)

ACWD General Manager (GM) Report April 2024

Prepared by Rae Bell Arbogast

Correspondence **Outgoing** Form 700s sent to Sierra County Clerk Recorder, **emails back and forth:** GSRMA and State Fund re insurance switch, Jake with GSRMA re site visit, Cranmer Eng. re: water sample results, State Division of Drinking Water (SDDW) Engineer Terri Parham re: EAR due 4/1. Coleman Eng. re: water tank repair monthly meeting, State Revolving Fund re: 2nd disbursement request for Ram Spring Project (RSIP), RCAC and ACWD attorney Marsha Burch re Bridge Loan app. SRF re Bridge Loan

Additional info. on interim financial information provided last month. After the January treasury report went out, I noticed that there was no breakdown provided for the credit card payment of \$719.02. The sign for the Ram Spring Project was \$496.50 and will be submitted to the SRF for reimbursement, postage \$3.26 and office supplies \$219.26. Office supplies consisted of 1,000 billing envelopes. (the cheapest deal we could find it was a close-out item on Quill). The envelopes will last several years. And \$16.25 was for two three-part receipt books for Edda for cash receipts. (We switched from 2-part to 3-part for better internal control procedures)

Regarding the budget-to-actual profit and loss comparison also provided last month: Line #6570 Printing and reproduction for \$993 should have been zero and has been fixed. The sign mentioned above was put there in error. Not once but twice!

Lastly, I keep getting RCAC, Rural Counties Assistance Corporation and CRWA California Rural Water Association mixed up! The other membership was for CRWA not RCAC as I wrote on my notes.

Agenda Item 3. c) GM Report Cancelling the State Fund Insurance Policy required much more effort than I imagined. Liz with GSRMA has been very helpful. On Friday April 5th we finally got a document from the Dept. of Industrial Relations that we think will satisfy State Fund. As of this writing they have not confirmed back. (This is the 3rd document that we have provided). The initial request for cancellation of the old Worker's Compensation policy was sent timely on March 18th. (They said a minimum of 10-days in advance). There is one related item under "new business".

ACWD's new insurer, Golden State Risk Management Authority (GSRMA) sent a representative on April 3rd to look around. Burns Tenney, Edward Snyder and I met with Jake Dickman. We toured the pumphouse, historical church and water tank. Jake said that he was impressed and indicated that he will give his employer a positive report.

Agenda Item 3. d) Historical Church My husband David and I looked at the historical church on 4/2/2024 and concluded that an electrician is needed to look at the wiring. ABT Plumbing and Electric (the contractor that wired the building) is scheduled to show up on the morning of 4/9 to look at it.

There is \$1,500 in the church budget for building supplies and equipment, that hasn't been used. (This is in addition to the \$1,500 that was approved after budget adoption for the tree limbing). I put an item on the consent calendar to authorize staff to OK the electrical repairs and to pay for it out of existing hist. church funds. More info. to be provided at meeting.

I also requested advice and estimates from ABT for the best heating option for the building. When the building was re-wired, we added a dedicated plug for an electric heater. In the past we have tried an oil filled heater, that did not cut it. I have spent hours looking online over the years, but haven't found a plug-in heater that would be adequate for 700 square feet. I expect that we'll have estimates for that by the May meeting.

Agenda item 4 c) Resolution to authorize staff to apply for a second bridge loan for the cathodic protection project. We recently learned that the Rural Communities Assistance Corporation (RCAC) will NOT issue a loan to ACWD without documentation from the State that explicitly states that the loan fees and interest can be billed to the SRF funded project(s). For this reason, I am encouraging the board to go ahead and pass this resolution so that staff can move forward with the application when the State's Approval comes through for the budget addition of \$15,000. The additional budget is specifically for bridge loan fees and interest. A copy of the resolution will be prepared before the meeting.

Agenda item 5 a) Resolution to Self-Insure. This resolution is required as part of the application to the Dept. of Industrial Relations (DIR) to self-insure. **So that nobody worries: Temporary certificates of coverage effective April 1st through September are in place for all lines of coverage.**

Alleghany County Water District

RESOLUTION NUMBER #12—

**A RESOLUTION AUTHORIZING APPLICATION
TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA
FOR A CERTIFICATE OF CONSENT TO SELF-INSURE WORKERS' COMPENSATION LIABILITIES**

At a duly posted, regular meeting of the Board of Directors of Alleghany County Water District, (ACWD) a Special District organized and existing under the laws of the State of California, held on the 9th day of April 2024, the following resolution was adopted:

RESOLVED, that Alleghany County Water District is authorized and empowered to make application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self-Insure workers' compensation liabilities.

BE IT FURTHER RESOLVED that representatives of ACWD are authorized to execute any and all documents required for such application.

CERTIFICATION

I do hereby certify that the foregoing is a full, true and correct copy of a resolution adopted at a meeting of the Alleghany County Water District held on April 9, 2024.

By the following vote: DRAFT

Ayes: -
Noes: none
Abstained: none
Absent: -

IN WITNESS WHEREOF: I HAVE SIGNED AND AFFIXED THE AGENCY SEAL.

Signature: _____

By: Amber Mehrmann, Secretary
Alleghany County Water District



3005 Douglas Blvd., Ste. 115
Roseville, CA 95661
(916) 774-1040
(916) 774-1177 Fax

April 5, 2024

Board of Directors
Alleghany County Water District
P.O. Box 860
Alleghany, CA 95910-0860

Dear Board of Directors:

We are pleased to confirm our understanding of the services we are to provide for Alleghany County Water District (ACWD) for the year ended June 30, 2024.

Audit Scope and Objectives

We will audit the financial statements of the business-type activities and the disclosures, which collectively comprise the basic financial statements of Alleghany County Water District (ACWD) as of and for the year ended June 30, 2024. Accounting standards generally accepted in the United States of America (GAAS) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement ACWD's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to ACWD's RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles (GAAP) and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis
- Budgetary Comparison Schedule

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether the financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

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

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of ACWD's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also prepare the financial statements of ACWD in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to

refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

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

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

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information

You agree to assume all management responsibilities for financial statement preparation services and any other non-attest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Audit Administration, Fees, and Other

As part of our engagement, we will also prepare the annual state controller's report for your District for the year ended June 30, 2024 and the GCC (Government Compensation in California) report for the year ended December 31, 2023.

The fees for the above professional services will not exceed \$3,250.00. Any additional service that you may require from time to time will be provided under a separate engagement and billed at our regular billing rates. The above fees do not include the cost of any materials which may be purchased by us on your behalf or any reasonable or necessary traveling expenses including mileage from our office to any of your operating offices at the prevailing rate approved by the Internal Revenue Service.

Reporting

We will issue a written report upon completion of our audit of ACWD's financial statements. Our report will be addressed to Board of Directors of ACWD. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

If the foregoing arrangements are satisfactory, please indicate your acceptance by signing this letter in the space below and returning it to our office. A duplicate copy is enclosed for your records. Should you desire a change in any of the provisions of this agreement, please contact our office at your earliest possible convenience. This agreement will remain in effect until revisions, thereof, are submitted by us or is cancelled by you in writing. We appreciate the opportunity to serve you.

Very truly yours,



BODEN KLEIN & SNEESBY
A Professional Corporation

APPROVED:

Signature/Title Date