

**Crestview Mutual Water Company
Board Meeting Materials**

October 24, 2023

**MINUTES OF THE ANNUAL MEETING
OF THE SHAREHOLDERS OF
CRESTVIEW MUTUAL WATER COMPANY**
www.crestviewwater.org

August 16, 2023

Convened Meeting

The Annual Shareholders Meeting of Crestview Mutual Water Company was called to order by President Frank Mezzatesta on Wednesday, August 16, 2023 at 6:24 P.M. at the Spanish Hills Country Club, 999 Crestview Avenue, Camarillo

Attendance and Quorum

Directors Present: Frank Mezzatesta – President
Alma Quezada – Vice President
Laurie Bennett – Treasurer

Directors Absent: Roger Whitlock – Secretary
Sol Chooljian – Director

Staff Present: Durrell McAdoo – Interim General Manager
Lauri Marino – Office Manager
Timothy Lewsadder – Water Treatment Operator

Also Present: Jane Usher, Corporate Counsel – Musick, Peeler & Garrett LLP
Heidi Herpel, Election Official – KHA HOA Elections

Based upon meeting attendance and preliminary count, a good faith estimate of a quorum being present to conduct the meeting was determined, with an official count to be announced by the election inspector shortly.

Approval of Minutes

Director Frank Mezzatesta asked for a motion to waive the reading of the minutes from the last annual meeting. On a motion by Jim Lingl and seconded by Richard Stockton, the shareholders in attendance unanimously approved the following:

Resolved, that the reading of the minutes of the Annual Shareholders Meeting of April 22, 2021, be waived.

Director Mezzatesta asked for a motion to approve the minutes from the 2021 shareholders meeting. On a motion by Jim Lingl and seconded by Carin Kerr, the shareholders in attendance unanimously approved the following:

Resolved, that the minutes of the Annual Shareholders Meeting of April 22, 2021, be accepted as presented.

Interim General Manager's Report

Durrell McAdoo thanked the shareholders in attendance and reported on local and regional water issues. Mr. McAdoo reported that in 2025, water allocations for domestic water pumpers within the Fox Canyon GMA will no longer roll over annually to be banked for future use; annual allocations will be "use it or lose it". Mr. McAdoo reported that a strong El Niño is forecasted for winter 2023. Both of Crestview's reservoirs have been cleaned, vacuumed, and inspected, and are secure and in good condition. Crestview's new water treatment operator, Tim Lewsadder, is doing well, and Mr. McAdoo noted that a second treatment operator needs to be hired. Mr. McAdoo reported on the new EPA mandated lead service line inspection requirements that are required to be completed by October 2024; the lead poisoning crisis in Michigan in 2014 caused the national changes. Discussion ensued; Mr. McAdoo stated that the inspection process procedures are under analysis, and that no lead has been sampled in Crestview's water to date. More information will be available to shareholders in the coming months.

Crestview Treasurer's Report

Treasurer Laurie Bennett reported that Lindsay and Company CPA has completed an annual review for the Company for the fiscal year ended 2022 with no exceptions or qualifications noted, and that the summary financial statements are posted on Crestview's website. Treasurer Bennett reported that Crestview has over \$2.2 million in cash reserves at this time. Recently, some funds have been moved to sweep accounts, and all of Crestview's funds are safe and appropriately FDIC insured.

President's Report

President Frank Mezzatesta gave a report on the current business of the Company. President Mezzatesta noted he is very pleased with the current Company staff of Durrell McAdoo, Lauri Marino, and Tim Lewsadder. Crestview continues to move forward with the Well #7 and Well #8 projects. The Well #7 Shareholder Advisory Committee has narrowed down possible locations to six sites; numerous outside experts will be retained for an independent review. For Well #8, a review of the environmental document is under way with the City of Camarillo. The public comment period is expected to be initiated soon. Discussion ensued regarding the timeline for the well to be operational; all regulatory requirements must be met and fulfilled prior to the project obtaining approval to begin.

President Mezzatesta shared his thinking about organizing for the future based on conversations with a former Crestview director, leaders of other water companies, and on his own executive experience. There are two basic models for Board and Staff relationships: one is that Staff sets recommendations for the Company, and the other is that Board members develop the vision, set the agenda, direct staff in detail, and do deep dives on important details.

There is a continuum between these extremes, and President Mezzatesta has been moving toward the Board-centric end. One factor affecting how Crestview should organize itself is how much Board members are willing and able to do. Another factor is determining the skill sets of Staff. Company operations will continue to be well-managed, with the emphasis on current and future capital projects.

Election Procedures

President Frank Mezzatesta stated that election materials for this meeting were posted on Crestview's website, and proxies for the annual meeting were mailed to shareholders by both Crestview and Board candidates. Election Inspector Heidi Herpel from KHA Elections reported that after a count of those shareholders present and proxies collected, a quorum was attained to officially conduct the meeting (1,249.4 shares required, 1,403.46 received).

Discussion ensued regarding election and voting procedures. Jane Usher, corporate counsel, reported that the Board is elected annually per Crestview's bylaws. Ms. Usher explained why corporations use proxy ballots to help attain a quorum to conduct business, and to allow shareholders that cannot attend the meeting in person to have their voice heard. She further explained cumulative voting, and that ballots cast by shareholders at this meeting will supersede any proxy ballot previously mailed/turned in by a shareholder. Discussion ensued.

A request was made for cumulative voting to take place. On a motion by Felicia Schoenwald and seconded by Salvatore Santangelo, the shareholders in attendance unanimously approved the following:

Resolved, that voting for Board Members be counted cumulatively.

An option exists between using a voice or written ballot vote. On a motion made by Felicia Schoenwald and seconded by Katie Teague, the shareholders in attendance unanimously approved the following:

Resolved, that written ballot voting be used.

Further discussion ensued about voting; shareholders were reminded that instructions for completing the ballot are outlined on the reverse side of each ballot, and voters were reminded to vote for no more than five candidates.

Each of the nine candidates for the Board of Directors were given a three-minute window to give a candidate statement and entertain questions and provide answers to the shareholders in attendance.

Election Inspector Heidi Herpel, KHA Elections, announced that the election was closed at 8:17 p.m.

Shareholder's Public Forum

Shareholders in attendance were able to ask questions of the Board. Heidi Hester commented that the meeting should have been advertised better, with the date, time, and location noted on the signs placed throughout the neighborhood. Director Mezzatesta noted that numerous announcements were mailed to shareholders, along with the meeting materials being posted well in advance on Crestview's website.

Christopher Ono stated that he would appreciate more extensive year-over-year financial statements, a budget, and cash flow forecast to be available to shareholders for review. Discussion ensued.

The Board thanked the shareholders present for their participation and feedback.

Adjournment

On a motion made by Roger Chittum, seconded by Myrna Bennett, and approved unanimously by the shareholders present, the meeting was adjourned at 8:27 P.M.

Respectfully submitted,

Approved by,

Alma Quezada, Vice-President

Frank Mezzatesta, President

Shareholders in Attendance

Araiza, Randall J/Sonya	Eklund, Rollo
Atkinson, Mark	Ennis, Christopher/Nancy
Atsinger, Edward	Erhart, Cheryl
Bennett, Myrna	F.M.H. Trust, The
Berman, Steven/Victoria	Fernandez - Trustee, Asia
Bessette, Jessica	Foss, Robert W/Catherine J
Cabral/Hernandez, Julio C/Anthony	Foster, Ronald J
Campuzano, Antonio	Frank, David
Chesser, Michael/Pearl	Frank, William A./Lynda
Chittum, Roger D/Susan Kovacs	Funfstuck - Trustee, Albert
Clarke, Cecilia A.	Gaiser, Dennis/Joan
Collins, Marcus/Kristin	Galarza, Jorge Antonio
Crosby, Craig M.	Goodman, Benjamin D/Mary R
Derr-Cohen Family Trust	Granard - Trustees, Ryan A/Theresa J
Douglas, Jeffrey	Hartman, Lorie
Draine, Cameron	Johnson, Allen/Deborah
Drews, Michael/Amy Elizabeth	Kasarjian, Janie

Shareholders in Attendance (Continued)

Kerr, Maurice A./Carin D.	Rieger, Ronald
Lambert, Kimberly L	Roda, Gregory A.
Landa, Preston Arndt/Mara	Rolls, Michael Anthony
Lindsay, Janice	Rowland, Donald E/Linda J
Lingl, James P	Ryan, Patrick/Nora
Loffredo, Sandra J	Salzer, Nancy
Lopez-Trustees, Lane J./Sally J.	Santangelo, Salvatore/Edith
Lourenco, Steve/Laurie Wende	Schoenewald, Daniel/Felicia
Lowthorp, Douglas C./Jeanne R.	Seaboard Produce Distributors Inc.
Lucchese, David/Stacy	Searl, Linda
Lucier, Dennis	Silkey, David
Machlitt-Trusees, David/Lydia	Soliz, Robert/Josephine
Maloney, Michael	Soluk, George
Martens, David O'Quinn/Anja	Sommerhauser, Alan J/Catherine M
Maulhardt-Trustee, Jeffrey W.	Sonnenberg, Dean A./Deanna F.
Mc Groarty, Catherine	Spencer, Vern/Chard, Tom
McKenna, William P.	Starr, Richard/Frances
Megowan, Michael E	Stephenson, David M./Kimberly Marra
Mehlman - Trustees, Arthur/Gloria	Stockton, Richard/Leigh
Melton - Trustees, John R/Sandra S	Sutton, Christopher/Kelly
Mota, Shelby A/Jesse J	Tanita, Edna
Muro, Steven A/Adelaide M	Teague, Dana/Katherine
Muscarella, Thomas W/Diane	Temple, Thomas W/Cheryl M
Nelson, Leighton/Lynn	Ten Broek, John F
O'Donnell, Charles J.	Tokumoto/Shiroyama, Bruce/Ona
Omoto, Daniel/Veronica	Tranovich, Margaret
Ono/Hester, Christopher Y./Heidi A.	Waldron, Stephen/Marlys
Ortiz-Williams - Trustees, Jeremy R/Lorena S	Whatley, Barbara
Pachowicz, Mark	Whitlock, Renee
Payne, Andrew	Whitt, William J/Cheri K
Power, John	Wilstein - Trustees, Gary/Kathryn
Quezada, Alma/Reston, Craig	Winslow, Brett/Elizabeth
Rea-Trustees, David D./Glenda R.	Wisuri, Steven
Recharte/Coe, Luis M. Kimberly K.	Workens, Martin F.
Regnier, Georgianna	Young, Andrew M./Lynne A.
Rhule, Lavon O/Dalia Guizar	Zierhut, Kurt/Stephanie

Minutes of the Meeting
of the Board of Directors of
Crestview Mutual Water Company
September 26, 2023

1. Convened Public Meeting

The meeting was called to order by President Frank Mezzatesta on Tuesday, September 26, 2023, at 5:34 p.m. for an in-person meeting at the Hampton Inn, 50 W. Daily Drive, Camarillo, CA 93010.

Attendance and Quorum

Directors Present: Frank Mezzatesta – President
Alma Quezada – Vice President
Laurie Bennett – Treasurer
Steven Muro – Secretary
Dave Stephenson – Director

Directors Absent: None

Staff/Counsel Present: Durrell McAdoo – Interim General Manager
Lauri Marino – Office Manager

2. Shareholder’s Public Forum

Mike Rolls inquired if recent rainfall added significantly to United Water’s spreading grounds in Saticoy; Interim General Manager Durrell McAdoo responded that it did not.

Christopher Ono complimented Durrell McAdoo and Water Treatment Operator Tim Lewsadder for their recent timely handling of a water leak on La Crescenta Drive.

3. Approval of Minutes

The minutes of the Annual Shareholders Meeting of August 16, 2023 were presented. Discussion ensued; the approval of the minutes of annual meetings are historically approved at the following year’s annual meeting and most shareholders are accustomed to that practice. Director Frank Mezzatesta noted that at the annual meeting, he stated that he intended to have the annual minutes approved at a subsequent regular Board meeting. Further discussion ensued; it was suggested that approval for the annual meeting minutes should be noted in the next shareholder communication, with the benefits of doing so explained. On a motion made by Director Laurie Bennett and seconded by Director Steven Muro, the Board unanimously approved the following:

Resolved, that the minutes of the Annual Meeting held on August 16, 2023, be tabled for approval at the next regular Board meeting.

The minutes of the regular meeting and Executive Session of the Board of Directors of August 29, 2023 were presented. On a motion made by Director Laurie Bennett and seconded by Director Alma Quezada, the Board unanimously approved the following:

Resolved, that the minutes of the regular meeting and the Executive Session of the Board of Directors of August 29, 2023, be accepted as presented.

4. Draft Fiscal Year 2024 Annual Budget

Interim General Manager Durrell McAdoo presented a draft budget for fiscal year 2024. He noted that some expenses have changed, while others have not. The additional salary and expenses associated with hiring an additional water treatment operator is not yet incorporated into the budget model. Mr. McAdoo reported that many of operational expenses are directly tied to projected water sales. It was noted that for the current fiscal year, water sales are at 50% of last year's projected forecast due to rain. Discussion ensued regarding pumping allocation and the cost to buy imported water. It was reported that historically, projected water sales are based upon a four-year average. Since water sales currently are half of what was previously forecasted, perhaps reduced sales should be the new "normal" and should be reflected in the budget. It was noted that the forecast of water sales is always a best guess. Further discussion ensued regarding imported water, regulatory compliance within the Fox Canyon GMA, and capital improvement projects. The Board stated that a careful look should be taken at cash reserves and cash flow; Director Laurie Bennett reported that 18 months of reserves on hand would be ideal, and that the Company has a line of credit in place for emergencies. The draft budget will be discussed again at the October board meeting.

5. Shareholder Committees and Meeting Alternatives – Information Only

Director Steven Muro reported that in speaking to shareholders, he received input that the Board can gain a lot from engaging shareholders in committees to advise the Board on various topics, specifically:

- Finance and Reporting Oversight
- Strategic Planning – Objectives and Initiatives
- Shareholder Communications – Customer Relationship Management
- Bylaw Reform
- Information Technology/Business Intelligence

It was mentioned that if a couple of interested shareholders could participate in each committee, led by one Board member, that would help improve decision making and transparency. The committees would report their findings back to the full Board. Discussion ensued regarding an overarching umbrella of how the committees should operate and what the desired outcome would be. On a motion made by Director Dave Stephenson and seconded by Director Alma Quezada, the Board unanimously approved the following:

Resolved, that Crestview Mutual Water Company will move forward with establishing shareholder committees related to Finance and Oversight, Strategic Planning, Communications, Bylaw Reform, and Information Technology.

Discussion ensued regarding alternatives to in-person Board meetings; over the past year there have been requests for meetings to be made available on Zoom. A review of current technology was suggested to allow a Zoom-like feature for shareholders; other options for providing meeting-based content to shareholders in various electronic forms were discussed. This discussion point was rolled back for further discussion to the shareholder communication committee under development.

INFORMATION ONLY

6. Treasurer's Report – Information Only

Director Laurie Bennett, Treasurer, reported that the Company has in excess of \$1.4 million in cash reserves; she noted that the goal would be \$2.5 million in liquid cash reserves on hand. Discussion ensued regarding the annual budget preparation and whether the budget for legal expenses could be reduced. It was noted that the monitoring of the Las Posas Basin Adjudication case may have some trailing expenses, along with the update of Crestview's Employee Handbook. A review of Crestview's water rate structure is the next step in the budget process.

7. Interim General Manager's Operations Report – Information Only

Interim General Manager Durrell McAdoo reported that Crestview's Well #6 is operating seven hours per day, with Well #4 operating at 5 hours per day with no issues at the moment. Mr. McAdoo reported that shareholder conservation efforts are evident. The valve exchange at La Marina Drive and Crestview Avenue has been completed. Mr. McAdoo reported that water valves within the district will be exercised under routine maintenance in the coming months. This effort will identify older infrastructure within the system so that Staff can proactively set components for replacement.

8. President's Report – Information Only

Director Frank Mezzatesta, President, reported that Well #7 site selection will continue to be discussed in several upcoming meetings. The budget review will continue prior to final acceptance. Director Mezzatesta reported that recently, personnel issues have taken up a lot of time.

Regarding Well #8, the City of Camarillo's Development Advisory Committee will hold a meeting shortly to consider the project's environmental review and negative declaration; discussion ensued about the City's timeline. Interested parties can sign up to see the public materials with the City of Camarillo's Planning Commission.

9. Adjournment

On a motion made by Director Alma Quezada, seconded by Director Laurie Bennett, and approved unanimously, the regular meeting was adjourned at 7:07 p.m.

Call to Order – Executive Session at 7:30 p.m.

1. Executive Closed Session

The Board in Executive Closed Session discussed the following matters:

- Personnel Matters – Discussion ensued regarding the employment offer made for Garrett Torres to join the Company as a Water Treatment Operator.
- Well #7 Siting Review Workshop – No decisions were made; nothing to report.
- Third-Party Contracts – No decisions were made; nothing to report.

2. Adjournment of Executive Session

On a motion made by Director Steven Muro, seconded by Director Dave Stephenson, and approved unanimously, the Executive Session was adjourned at 8:55 p.m.

Shareholders in Attendance:

Chittum, Roger
Coe, Kimberly
Cohen, Christine
Crosby, Craig
Derr, Michael
Landa, Mara
Melton, John
Melton, Sandy
Ono, Christopher
Rolls, Mike

Submitted by,

Lauri Marino – Office Manager

Approved by,

Steven Muro – Secretary

Frank Mezzatesta – President

**Crestview Mutual Water Co.
Draft FY2024 Annual Budget**

G/L Account #	Description	Current Budget FY2023	Income / Expenses to Date 09/30/2023	Budget Forecast FY2024
<u>ACCRUAL BASIS REVENUE</u>				
3012	Water Sales	\$2,022,506	\$726,921	\$1,256,501
3013	Service Availability	\$269,867	\$226,528	\$270,000
3014	Labor/Welding	\$3,600	\$3,154	\$3,600
3016	Transfer Fees	\$1,200	\$930	\$1,200
3018	Miscellaneous Income	\$0	\$564	
3019	Interest Income	\$25,314	\$26,159	\$36,000
3025	Capital Improvement Fees			
		\$2,322,487	\$984,256	\$1,567,301
<u>PLANT OPERATING EXPENSE</u>				
4005	Operations Salaries	\$175,800	\$154,448	415,550
4007	Payroll Taxes	\$16,146	\$13,075	33,244
4010	Power	\$164,290	\$143,464	140,106
4015	Repairs - Unanticipated	\$24,000	\$33,570	32,000
4018	Repairs - Scheduled	\$37,845	\$33,127	23,144
4020	Supplies	\$6,600	\$11,221	10,000
4025	Auto Exoenses	\$11,352	\$8,515	11,352
4027	Landscaping/Outside Svcs	\$251,523	\$155,030	7,200
4028	Computer Expense - Operations	\$5,025	\$7,887	5,025
4030	General Insurance	\$30,000	\$26,702	35,100
4032	Workers Comp Insurance	\$8,073	\$9,099	15,351
4035	Taxes & Permits	\$2,500	\$2,500	2,500
4038	Sewer Discharge Fees	\$216	\$237	240
4040	Telephone & Telemetry	\$10,200	\$8,833	10,500
4045	Water Purification	\$54,989	\$38,702	38,920
4050	Water Purchasef	\$152,128	\$23,592	21,408
4055	Miscellaneous			
4056	Unanticipated Contingencies			3,000
4060	Group Medical Insurance	\$27,120	\$12,246	37,920
4063	Pension Expense	\$15,822	\$12,350	21,000
4065	Seminars & Training	\$735	\$660	2,645
4070	Engineering		\$5,808	
4075	Regulatory Compliance	\$44,875	\$30,364	44,145
4080	Operational Depreciation	\$201,840	\$144,783	201,840
4085	Conservation Expense			
4090	Recruitment Expense		\$282	
Total Plant Operating Expenses		\$1,241,079	\$876,495	\$1,112,190

**Crestview Mutual Water Co.
Draft FY2024 Annual Budget**

G/L Account #	Description	Current Budget FY2023	Income / Expenses to Date 09/30/2023	Budget Forecast FY2024
<u>ADMINISTRATIVE EXPENSES</u>				
6005	Clerical Salaries	\$81,048	\$70,914	0
6007	Payroll Taxes	\$6,928	\$5,977	0
6010	Utilities	\$3,180	\$3,828	4,140
6011	Fiber Optic Internet	\$1,680	\$2,020	2,040
6015	Computer Expense	\$6,690	\$11,677	5,150
6020	Office Expense	\$3,800	\$5,119	6,600
6022	Dues and Subscriptions	\$2,360	\$5,217	3,995
6025	Professional Fees	\$90,000	\$193,296	83,150
6025-1	Accounting		\$10,700	7,400
6025-2	Adjudication		\$81,991	18,000
6025-3	Employee Handbook		\$17,987	2,500
6025-4	Election/Annual Meeting		\$49,139	14,000
6025-5	General Counsel		\$33,479	41,250
6027	Outside Services	\$2,160	\$27,286	30,000
6032	Workers Comp	\$1,105	\$1,241	1,105
6035	Taxes and Licenses	\$25,375	\$14,693	25,375
6040	Telephone	\$2,340	\$1,566	2,340
6045	Meeting Costs	\$12,000	\$17,399	20,100
6052	Bank Fees	\$2,500	\$2,825	2,500
6055	Other Expenses			
6060	Group Medical Insurance	\$22,416	\$18,449	25,092
6063	Pension Expense	\$7,294	\$5,500	7,294
6065	Seminars	\$450		450
6070	Postage	\$3,720	\$3,449	3,720
6080	Administrative Depreciation	\$17,760	\$8,920	20,720
6085	Interest Expense	\$0		
Total Administrative Expenses		\$292,806	\$399,376	\$243,771
Excess/(Loss) of Revenues over Expenses		\$788,602	-\$291,615	\$211,340

Capital Improvement Projects

Generators (2)	\$ 307,884.00
Civil Engineering	\$ 20,000.00

Capital Improvement Projects Total **\$ 327,884.00**

Committee Governance Framework for Crestview Mutual Water Company

Introduction

The Crestview Mutual Water Company's Board of Directors recognizes the importance of committees in achieving our organizational objectives. This document outlines the framework for establishing and managing committees within the company while ensuring compliance with our by-laws and relevant state corporate codes.

Committee Structures

There are two main types of committees within our organization:

1. **Standing Committees:** These are ongoing committees that the board utilizes regularly. They may be specified in the company's by-laws, board operations and policy manuals, or formed based on the board's discretion.
2. **Ad Hoc Committees:** These committees are created for a limited period to address specific needs. Once their tasks are completed, they are disbanded.

All committees are formed by the board, and each committee must have a charter that defines its duties, authority, and duration.

Committee Charters

A committee charter serves as a guide for a committee's conduct and operations. It details the committee's purpose, responsibilities, composition, and reporting structure.

Committee Charter Structure

All committee charters must contain the following sections:

- **Committee Name & Type:** Clearly state the committee's name and specify whether it is a standing or ad hoc committee.
- **Purpose:** Define why the committee exists and outline its objectives. The purpose can be predetermined by the board or developed by the committee, subject to board approval.
- **Duration:** Specify the intended duration of the committee as defined by the board.
- **Membership:** Clarify that the board appoints one board member as the committee chairperson. Committees will consist of a minimum of one and a maximum of seven members. The committee chairperson manages membership. Committee members can be shareholders, staff, and non-shareholders with relevant expertise.
- **Authority:** Unless explicitly stated in the charter, committees have no inherent decision-making authority; they typically provide recommendations to the board.

- **Responsibilities:** Outline the committee's duties and responsibilities, including attendance expectations, minutes-taking, reporting practices, meeting details, quorum requirements (if any), and any other relevant responsibilities.

Recommended Committees

Here is a list of recommended committees to be established by the board:

Standing Committees

1. **Financial Oversight Committee:** Responsible for overseeing the annual budget, financial performance and analysis, investments, staff compensation, and capital projects.
2. **Governance Committee:** Focuses on board and staff recruitment, orientation, self-assessment, continuing education, compliance, and defining conflict-of-interest policies and codes of conduct.

Ad Hoc Committees

1. **Bylaws Committee:** Reviews and syncs the company's bylaws and practices, suggesting changes when necessary. Also responsible for periodically reviewing company policies and procedures.
2. **Planning Committee:** Develops or updates the strategic plan for board approval, monitors its implementation, and reports progress. Recommends objectives, strategies, and initiatives for achieving the company's mission and vision.
3. **Technology Committee:** Recommends technology and data strategies, architecture, and cybersecurity measures. Implements approved technology initiatives.
4. **Shareholder Focus Committee:** Focuses on enhancing customer service, recommending processes and systems to meet shareholder/customer expectations. Develops communication plans and ensures consistent shareholder engagement.

Action Plan

1. Board will define which committees to initiate and assign a chairperson for each (October 2023)
2. Committee chairs will draft committee charters and seek board approval. (November 2023)
3. Once the majority of committees are established the board will define a committee reporting and communication plan. (early 2024)

CRESTVIEW MUTUAL WATER CO
Profit & Loss YTD Budget vs. Actual
 December 2022 through September 2023

	Dec '22 - Sep 23	Budget	\$ Over Budget
Income			
3012 · WATER SERVICE	726,920.97	1,681,266.00	-954,345.03
3013 · SERVICE AVAILABILITY	226,527.97	224,890.00	1,637.97
3014 · LABOR & WELDING	3,154.00	3,000.00	154.00
3016 · TRANSFER FEES	930.00	1,000.00	-70.00
3017 · OTHER WATER SALES	1,550.51	0.00	1,550.51
3018 · MISCELLANEOUS INCOME	564.26	0.00	564.26
3019 · INT INCOME	26,158.79	19,938.00	6,220.79
3021 · GAIN/LOSS SALE OF ASSETS	-3,732.00		
Total Income	982,074.50	1,930,094.00	-948,019.50
Gross Profit	982,074.50	1,930,094.00	-948,019.50
Expense			
4000 · PLANT OPERATING EXP			
4005 · SALARIES	154,448.14	146,500.00	7,948.14
4007 · PAYROLL TAXES	13,075.22	13,786.00	-710.78
4010 · POWER	143,463.97	135,298.00	8,165.97
4015 · REPAIRS - UNANTICIPATED	33,569.61	20,000.00	13,569.61
4018 · REPAIRS - SCHEDULED	33,126.77	37,845.00	-4,718.23
4020 · SUPPLIES	11,220.70	5,600.00	5,620.70
4025 · AUTO EXPENSE	8,514.56	9,460.00	-945.44
4027 · OUTSIDE SVCS	155,030.35	210,523.00	-55,492.65
4028 · COMPUTER EXPENSE - OPERATIONS	7,887.43	5,025.00	2,862.43
4030 · INSURANCE/GENERAL LIABILITY	26,702.30	25,000.00	1,702.30
4032 · INSURANCE/WORKERS COMP	9,099.37	6,703.00	2,396.37
4035 · TAXES & PERMITS	2,500.00	2,500.00	0.00
4038 · SEWER DISCHARGE FEE	237.70	180.00	57.70
4040 · TELEPHONE/TELEMETRY	8,833.07	8,500.00	333.07
4045 · WATER PURIFICATION	38,701.81	45,079.00	-6,377.19
4050 · WATER PURCHASED	23,592.00	23,511.00	81.00
4060 · GROUP MEDICAL INS.-OPERATIONS	12,245.61	22,600.00	-10,354.39
4062 · INCIDENTAL EXPENSES - OPERAT.	119.25	0.00	119.25
4063 · PENSION EXPENSE	12,350.00	13,190.00	-840.00
4065 · SEMINARS & TRAINING	660.00	560.00	100.00
4070 · ENGINEERING FEES - OPERATIONS	5,808.96		
4075 · REGULATORY COMPLIANCE	30,364.35	38,350.00	-7,985.65
4080 · DEPRECIATION	144,782.50	144,782.50	0.00
4085 · CONSERVATION EXPENSE	0.00	0.00	0.00
4090 · RECRUITMENT EXPENSE	282.00		
Total 4000 · PLANT OPERATING EXP	876,615.67	914,992.50	-38,376.83
6000 · ADMINISTRATIVE EXPENSES			
6005 · SALARIES	70,914.16	67,540.00	3,374.16
6007 · PAYROLL TAXES	5,977.24	7,917.00	-1,939.76
6010 · UTILITIES - TRASH / ELECTRIC	3,828.24	2,650.00	1,178.24
6011 · FIBER OPTIC INTERNET	2,020.48	1,400.00	620.48
6015 · COMPUTER & INFORMATION TECH	11,676.66	6,560.00	5,116.66
6020 · OFFICE EXPENSE	5,119.16	3,200.00	1,919.16
6022 · DUES & SUBSCRIPTIONS	5,216.78	2,360.00	2,856.78
6025 · PROFESSIONAL FEES			
6025-1 · ACCOUNTING	10,700.00		
6025-2 · LEGAL - ADJUDICATION	81,991.00		
6025-3 · LEGAL - EMPLOYEE HANDBOOK	17,986.90		
6025-4 · LEGAL - ELECTION / ANNUAL MTG	49,139.00		
6025-5 · LEGAL - GENERAL COUNSEL	33,479.10		
6025 · PROFESSIONAL FEES - Other	0.00	75,000.00	-75,000.00
Total 6025 · PROFESSIONAL FEES	193,296.00	75,000.00	118,296.00
6027 · OUTSIDE SERVICES	27,285.95	1,800.00	25,485.95
6032 · INSURANCE/WORKERS COMP	1,240.89	900.00	340.89
6035 · TAXES & LICENSES	14,692.70	21,375.00	-6,682.30
6040 · TELEPHONE	1,566.38	1,950.00	-383.62
6045 · MEETING COSTS	17,399.00	12,000.00	5,399.00
6052 · BANK CHARGES	2,824.59	1,250.00	1,574.59
6060 · GROUP MEDICAL INS.-ADMIN.	18,448.84	18,680.00	-231.16
6062 · INCIDENTAL EXPENSES - ADMIN	391.61	0.00	391.61
6063 · PENSION EXP-ADMIN	5,500.00	6,080.00	-580.00
6065 · SEMINARS & TRAINING	0.00	350.00	-350.00
6070 · POSTAGE & SHIPPING	3,449.28	3,100.00	349.28
6080 · DEPRECIATION	8,920.00	8,920.00	0.00
Total 6000 · ADMINISTRATIVE EXPENSES	399,767.96	243,032.00	156,735.96
Total Expense	1,276,383.63	1,158,024.50	118,359.13
Net Income	-294,309.13	772,069.50	-1,066,378.63

CRESTVIEW MUTUAL WATER CO
Balance Sheet: Previous Year Comparison
As of September 30, 2023

	Sep 30, 23	Sep 30, 22	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
1005 · LONG-TERM CAP RESV - WELLS FRGO	3,468.37	3,432.51	35.86
1016 · GENERAL CHECKING - PACIFIC WEST	477,788.97	1,410,552.21	-932,763.24
1018 · MONEY MKRT SVGS - PACIFIC WEST	568,516.83	264,440.72	304,076.11
1019 · RESTR CAP RESERVE - PAC WEST BK	200,000.00	200,000.00	0.00
1020 · SAVINGS - PACIFIC WEST BANK	212,776.55	0.00	212,776.55
1026 · PAYROLL ACCOUNT - PACIFIC WEST	444.62	5,178.73	-4,734.11
1029 · PLEDGE-CO OF VTA - PACIFIC WEST	10,014.21	10,012.21	2.00
1038 · COMMUNITY BANK OF SANTA MARIA	0.00	970,889.64	-970,889.64
1070 · PETTY CASH	0.00	400.00	-400.00
Total Checking/Savings	1,473,009.55	2,864,906.02	-1,391,896.47
Accounts Receivable			
1110 · ACCOUNTS RECEIVABLE	170,788.68	206,775.65	-35,986.97
1140 · OTHER RECEIVABLES	1,586.00	3,497.90	-1,911.90
Total Accounts Receivable	172,374.68	210,273.55	-37,898.87
Other Current Assets			
1310 · PREPAID INSURANCE	26,864.51	24,554.75	2,309.76
1340 · PREPAID OTHER EXP	383.38	337.92	45.46
1350 · DUE FROM CALLEGUAS	82,840.78	64,781.90	18,058.88
Total Other Current Assets	110,088.67	89,674.57	20,414.10
Total Current Assets	1,755,472.90	3,164,854.14	-1,409,381.24
Fixed Assets			
1405 · LAND & LAND IMP	535,516.73	541,938.73	-6,422.00
1408 · VEHICLES	167,131.18	86,142.32	80,988.86
1410 · BUILDING & EQUIPMENT	343,033.86	387,484.86	-44,451.00
1412 · FIXTURES/FURNISHINGS	6,503.88	6,503.88	0.00
1415 · DISTRIBUTION LINES	968,761.77	968,761.77	0.00
1420 · HYDRANT INSTALL/REPLACEMENTS	164,014.81	164,014.81	0.00
1425 · METERS	-29,510.88	13,139.12	-42,650.00
1430 · PUMPING PLANTS	734,373.79	734,373.79	0.00
1435 · PUMP HOUSES	59,104.17	59,104.17	0.00
1440 · RESERVOIRS	327,080.34	398,597.34	-71,517.00
1445 · TRANSMISSION MAINS	1,213,613.24	1,213,613.24	0.00
1450 · WELLS	1,225,367.01	1,212,398.01	12,969.00
1451 · WELL #5 REHABILITATION	109,630.96	109,630.96	0.00
1455 · COMPUTER HARDWARE	168,907.45	246,419.45	-77,512.00
1460 · COMPUTER SOFTWARE	33,197.53	46,465.53	-13,268.00
1465 · FILTRATION PLANT	1,275,852.57	1,275,852.57	0.00
1475 · CAPITALIZED CONST INT	394,389.68	320,700.15	73,689.53
1480 · ENGINEERING COSTS	80,980.20	80,980.20	0.00
1481 · CAPITALIZED COSTS - VIA ZAMORA	220,607.64	220,607.64	0.00
1482 · CAPITALIZED COSTS - WELL #6	1,007,809.25	1,007,809.25	0.00
1484 · CAPITALIZED COSTS - WELL #7	932,180.18	896,243.58	35,936.60
1495 · WATER RIGHTS	0.00	0.00	0.00
1500 · Accumulated Depreciation	-5,791,836.18	-5,887,341.22	95,505.04
Total Fixed Assets	4,146,709.18	4,103,440.15	43,269.03
TOTAL ASSETS	5,902,182.08	7,268,294.29	-1,366,112.21
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2000 · ACCOUNTS PAYABLE	75,404.23	145,588.10	-70,183.87
Total Accounts Payable	75,404.23	145,588.10	-70,183.87
Other Current Liabilities			
2100 · PAYROLL LIABILITIES	-415.73	-25,950.05	25,534.32
2220 · BORROWED WATER (CAL-AMERICAN)	-37,824.37	-37,824.37	0.00
2221 · BORROWED WATER (CITY OF CAM)	-6,751.36	-6,751.36	0.00
2244 · 2% COUNTY TAX - HOLDING ACCT	8,397.24	19,117.98	-10,720.74
2320 · ACCRUED PAYROLL	12,587.83	7,077.60	5,510.23
2322 · ACCRUED PENSION	22,743.00	42,454.00	-19,711.00
2325 · ACCRUED VACATION	18,827.57	19,180.80	-353.23
2326 · ACCRUED PROPERTY TAX	24,661.88	17,586.84	7,075.04
2327 · ACCRUED REGULATORY COMPLIANCE	13,443.45	27,993.05	-14,549.60
2390 · PLAN CHECK AND CONSTR DEPOSITS	3,656.72	3,656.72	0.00
2410 · CNSTRUCT LOAN BK OF SANTA MARIA	0.00	133,973.53	-133,973.53
Total Other Current Liabilities	59,326.23	200,514.74	-141,188.51
Total Current Liabilities	134,730.46	346,102.84	-211,372.38
Long Term Liabilities			
2640 · CONSTRUCT LOAN BK OF SANTA MARIA	0.00	931,577.88	-931,577.88
Total Long Term Liabilities	0.00	931,577.88	-931,577.88
Total Liabilities	134,730.46	1,277,680.72	-1,142,950.26
Equity			
2900 · CAPITAL STOCK	208,000.00	208,000.00	0.00
2910 · PAID IN SURPLUS	108,971.26	108,971.26	0.00
2920 · WTR RIGHTS	100,000.00	100,000.00	0.00
2930 · CONTRIBUTIONS /CONST	449,604.30	449,604.30	0.00
3010 · RETAINED EARNINGS	5,195,185.19	4,602,224.94	592,960.25
Net Income	-294,309.13	521,813.07	-816,122.20
Total Equity	5,767,451.62	5,990,613.57	-223,161.95
TOTAL LIABILITIES & EQUITY	5,902,182.08	7,268,294.29	-1,366,112.21

Notes to Financial Statements

Expense Accounts:

<u>Account No.</u>	<u>Comments</u>
4015	Unanticipated Repairs are over budget due to service line leak at 325 Valley Vista Drive in southbound lane and repairs to Well #4.
4027	Outside Services will remain under budget for the remainder of the fiscal year due to the the retirement of management's consultant.
4060	Group Medical Expense is under budget YTD due to changes in Operations staff with respect to budgeted medical insurance plan.
6025	Professional Fees are over budget due the adjudication lawsuit and legal counsel regarding annual meeting procedures and election materials, employee handbook review/revisions, and miscellaneous questions to general counsel.
6027	Outside Services are over budget due to temporary employee expense.

On the P & L Reports (Pages 1 through 4), note that some expense accounts are shown on certain reports but not listed on others. While this is inconsistent, there is no monetary impact. The QuickBooks program will report all line items on P & L reports containing Budget figures, but will not report accounts on "comparison" P & L reports unless a dollar value is placed in it. The old "Memorized" financials are no longer in use; the new reports have no filters set. If an account is not shown, consider its value during the period reported to be zero.

Liability/Equity Accounts:

2220	A bank of approximately 25 acre-feet now exists with Cal American Water.
2326	Accrued property taxes are overstated due to a prior period miscocode; to be corrected upon CPA review at fiscal year-end.

Income Items/Bank Accounts:

1019	\$200,000 is held as Restricted Capital Reserves designated for immediate or emergency needs only, per Board resolution dated June 24, 2003.
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Other Current Asset Accounts:

1350	Expenses and reimbursements for the Well #8 project are posted to this account.
3012	Water sales are below budget due to weather.

BOARD OF DIRECTORS STAFF REPORT

TO: CRESTVIEW BOARD OF DIRECTORS
FROM: DURRELL MCADOO, INTERIM GENERAL MANAGER
TOPIC: MONTHLY OPERATIONS REPORT – INFORMATIONAL ONLY
DATE: OCTOBER 24, 2023

Background/Analysis: Below is a list of activities and conditions that staff has encountered during operation of the Crestview water system within the past 30 days.

Monthly Operational Issues –

Well #8 – Crestview is in the middle of the 20-day review process; notices have been mailed out to the affected properties, and the PHN sign has been posted.

Well #6 – Online and producing 1,050 gpm, with a running total of 22.578 ac-ft, for the demands of Zone 2. Arborist has been contracted to treat the tree that is infested by the power line feeding Well 6.

Well #4 – Online and producing 1,040 gpm, with a running total of 18.683 ac-ft, for the demands of Zone 3 and 3B.

A new Water Treatment Operator, Garrett Torres, has been hired. Gerret worked previously for the City of Santa Barbara and Ventura Water. He will start work with the Company on Monday, October 23.