



Inverness Public Utility District Board Meeting

Agenda Item No. 4 Business Of The District

- A. Property Owner Request for Fence Replacement Cost Share Reimbursement at Colby Tank Site:** Consider cost-share reimbursement options for property owners Mark Sutton and Rebecca Dixon and Michael and Trish McEneaney for reimbursement of fence related expenses at Colby Tank site; provide direction to staff and approve reimbursement as directed.
- B. Resolution 299-2026:** Calling an Election on November 3, 2026, to Adjust the Appropriations Limit for Fiscal Years 2026/2027 through 2029/30 (Replacing Resolution 271-2022)
- C. Resolution 300-2026:** Calling an Election on November 3, 2026, for Members of the Board of Directors.
- D. Resolution 301-2026:** Conflict of Interest Code Update 2026
- E. Resolution 302-2026:** Enrollment in CalPERS 457 Plan Agency Enrollment for Employee Deferred Compensation Program.
- F. Ordinance 120-2026:** Amending Water System Regulation 301 to Set Water Rates Effective July 1, 2026 (CPI Adjustment)
- G. Resolution 303-2026:** Amending the District Capitalization Policy from a threshold of \$5,000 to \$7,000 (Replacing Resolution 287-2024).
- H. Fiscal Year 2025-2026 Auditor Engagement:** Nigro & Nigro, CPAs Proposal to Provide the Fiscal Year 2025-2026 Independent Audit Services at a cost of \$10,500.00.
- I. Fiscal Year 2025-2026 Budget Amendment Approval:** Review and Approve the recommended amendments for the current fiscal year budget.
- J. Proposal from Diversified Technology Corporation for Software Upgrade to Current Billing System:** Review and Approve proposal of \$10,200 for License Fees and Implementation Costs.



Board Agenda Item Staff Report

Subject: Property Owner Requests for Fence Replacement Cost Share Reimbursement at Colby Tank Site

Meeting Date: May 19, 2026

Date Prepared: April 6, 2026

Prepared by: Shelley Redding, General Manager

Attachments: Copy of paid invoice, Fence Cost Estimate for Cyclone Fence Replacement; picture of tank view from McEneany Property.

Recommended Action: Consider cost-share reimbursement options, provide direction to staff and approve reimbursement as directed.

Background:

The Colby Tank Replacement Project, located on Perth Way, was completed in February 2026 within a limited construction period from September through February.

During site excavation for installation of the new tank pad, two trees located on adjacent properties at 65 and 45 Kenneth Way (north side of the tank property) were identified through an environmental survey as having root systems encroaching into the required excavation area. To ensure the long-term stability of the tank foundation, removal of both trees and associated root systems was required.

The District's Project Supervisor, Jim Fox, met with the affected property owners (Sutton and McCoy) following completion of the environmental survey. Permission was obtained to remove the trees, and the work was performed at a District cost of \$13,607.50.

Discussion:

To allow access for tree removal, the existing cyclone fence separating the Sutton property from the tank site was temporarily removed. Following completion of the work, the property owners elected to construct a new wooden fence rather than replace the original cyclone fence. The cost of the new fence was \$9,719.64. Staff provided a verbal commitment to assist with a portion of the fence replacement cost in exchange for the property owners' cooperation with the tree removal.

In addition, a separate request was received from the property owners at 50 Perth Way (McEneany property), which is adjacent to the tank site. The owners requested District assistance with the cost of adding fencing along their existing fence line facing the new tank. The purpose of the fence addition is to support ivy growth and provide visual screening of the tank from their backyard seating area. A contractor's quote for this fence addition totaled \$3,800.00.

Analysis:

Based on the invoice submitted by the Suttons, the installed wooden fence cost \$277.70 per linear foot. The fence is approximately 10 feet in height and 35 feet in length. Staff researched current average costs to replace the original cyclone fence (approximately 6 feet in height and 35 feet in length) and determined that a reasonable replacement cost is approximately \$165 per linear foot.

The District may expend public funds for a valid public purpose, including reasonable mitigation of impacts caused by District construction activities. In this case, the temporary removal of fencing and related impacts occurred as a direct result of the Colby Tank Replacement Project and were necessary to complete work on critical water infrastructure. Partial reimbursement is therefore permissible as a project-related mitigation measure rather than a gift of public funds. Reimbursement amounts have been evaluated for reasonableness

and proportionality and are consistent with generally accepted cost-sharing practices and the District's legal authority.

Any reimbursement approved by the Board would be a one-time expense associated with mitigation of project-related impacts and would be funded from existing project-related or operating budget allocations. Approval of a reimbursement option would not create an ongoing financial obligation for the District.

In recognition of both property owners' cooperation during construction, and to equitably address impacts directly attributable to District activities, the Board may consider the following reimbursement options. These requests are exceptional and project-specific and do not establish a precedent for funding private fencing improvements unrelated to District construction.

The Board may consider the following reimbursement options:

1. **Cyclone fence replacement equivalent:**
 - Suttons: Up to the estimated cyclone fence replacement cost of \$5,775
 - McEneanys: Contribution toward fence addition of \$2,547
2. **Equal 50% cost share:**
 - Suttons: \$4,859.82
 - McEneanys: \$1,900
3. **Reduced share for Suttons:**
 - Suttons: 33% of fence cost (\$3,207.48)
 - McEneanys: 50% of fence cost (\$1,900)

Conclusion / Recommended Next Steps:

Based on the analysis presented, staff recommend that the Board consider the reimbursement options outlined above and provide direction on the preferred cost-sharing approach. Selection of a reimbursement option will allow the District to reasonably mitigate project-related impacts, remain consistent with legal and fiscal obligations, and formally conclude fence-related matters associated with the Colby Tank Replacement Project. Upon Board direction, staff will proceed with processing the approved reimbursements.

[Fence Installation Cost Calculator | Estimate Price per Foot, Gates & Permits](#)

Fence Estimate - Sutton

Material: Chain-link | Height: 6 ft | Length: 35 ft | Terrain: hard

Posts: 6 @ spacing 8 ft | Gates: 0 (4 ft)

Line Items:

- Materials (runs): \$420

- Posts & hardware: \$72

- Gates: \$0

- Labor: \$5,250

- Removal: \$0

- Permits: \$0

- Sales tax: \$43

Subtotal: \$5,742

Total: \$5,785 (Cost/ft: \$165)

Savings vs competitor: \$0


NANDO & BROTHERS
CONSTRUCTION
NANDOANDBROTHERS.NET

FERNANDO PELAYO
NANDOANDBROTHERS

INVOICE

PO BOX 144
INVERNESS, CA 94937
707-479-4271

01/12/2026

TO:
MARK AND REBECCA DIXON
65 KENNETH WAY
INVERNESS, CA 94937
(415)717-2602

FOR:
FENCE

DESCRIPTION

REPLACE FENCE EAST SIDE OF PROPERTY – 35 FEET

LABOR	\$4,840.00
MATERIAL	\$4,879.64


THE ABOVE INCLUDES DISPOSAL, MATERIALS AND LABOR.	TOTAL	\$9,719.64
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PLEASE MAKE CHECKS PAYABLE TO:
FERNANDO PELAYO



FW: Colby tanks replacement project

From Jim Fox <jim.fox@invernesspud.org>
Date Tue 1/20/2026 4:04 PM
To Shelley Redding <shelley.redding@invernesspud.org>

 1 attachment (29 KB)
Water Tank fence invoice.pdf;

From: Mark Sutton <masutton@dixonmarineservices.com>
Sent: Tuesday, January 20, 2026 2:33 PM
To: Jim Fox <jim.fox@invernesspud.org>
Subject: Re: Colby tanks replacement project

Jim attached, please find the invoice for the fence associated with the Water Tank project . Please let me know what cost sharing agreement you think is fair.

Thank you

Mark A. Sutton, Principal
Dixon Marine Services, Inc.
415.760.7227 cell
415.669.7369 office
415.669.7409 FAX
12786 Sir Francis Drake Blvd.
Inverness, CA 94937

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From: Jim Fox <jim.fox@invernesspud.org>
Sent: Wednesday, August 21, 2024 1:15 PM
To: Mark Sutton <masutton@dixonmarineservices.com>
Subject: Colby tanks replacement project

Hi Mark,
I stopped by the office and Tim said you're up in the mountains. Good!
I've attached two pdfs from our engineer of the site plan for the new tank at Colby to replace the existing leaking redwood tanks. It calls for taking out the two oaks on the site, and I wanted you and Rebecca to look at it. I can stop by sometime so we can discuss how to minimize the impact on you. Give me a call when you have some time. (After work is fine)

Jim

[Fence Installation Cost Calculator | Estimate Price per Foot, Gates & Permits](#)

Fence Estimate - McEneany

Material: Chain-link | Height: 4 ft | Length: 18 ft | Terrain: hard

Posts: 4 @ spacing 8 ft | Gates: 0 (4 ft)

Line Items:

- Materials (runs): \$184

- Posts & hardware: \$48

- Gates: \$0

- Labor: \$2,295

- Removal: \$0

- Permits: \$0

- Sales tax: \$20

Subtotal: \$2,527

Total: \$2,547 (Cost/ft: \$141)





Inverness Public Utility District

Board Agenda Item Staff Report

Subject: Resolution 299-2026: Appropriations Limit Override Election (Replacing Resolution 273-2022)
Meeting Date: May 19, 2026
Date Prepared: March 30, 2026
Prepared by: Shelley Redding, General Manager
Attachments: Resolution 299-2026 DRAFT

Recommended Action: Adopt and Approve Resolution 299-2026 (replacing Resolution 274-2022) to place the appropriations limit override measure on the ballot at the November 3, 2026, general election

This resolution replaces Resolution 274-2022 which your Board adopted on July 27, 2022. This resolution conforms to the new requirements for how measures are described on the ballot.

The new wording, to conform with Elections Code Sec. 13119(a) is as follows:

“Shall the measure adjusting the appropriations limit for the Inverness Public Utility District pursuant to Article XIII B of the California Constitution so that for each of the fiscal years 2025/2026 through 2029/2030 the appropriations limit shall include the combined total of all applicable revenue sources be adopted?”

By way of background, Article XIII B of the California State Constitution requires your Board to set for each fiscal year the maximum amount of tax proceeds the District is permitted to appropriate. This is pursuant to Prop. 4 (the so-called Gann initiative) adopted by the voters in November 1979.

The IPUD’s calculated appropriations limit is substantially smaller than the actual amount of tax proceeds to which the District is entitled pursuant to Prop. 13. In order to keep the difference, we must submit to the District’s voters every four years a measure authorizing our appropriations limit to be further adjusted to include the combined total of all applicable revenue sources.

Inverness Public Utility District

RESOLUTION 299-2026

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE INVERNESS PUBLIC UTILITY DISTRICT
PROPOSING AN ADJUSTMENT IN THE APPROPRIATIONS LIMIT,
ESTABLISHING A DATE FOR ELECTION,
ADOPTING INTENDED BALLOT LANGUAGE,
REQUESTING THE CONSOLIDATION OF SAID ELECTION
WITH ANY OTHER ELECTION CONDUCTED ON THE SAME DATE,
REQUESTING ELECTION SERVICES OF THE REGISTRAR OF VOTERS,
AND DIRECTING THAT REBUTTAL ARGUMENTS MAY BE RECEIVED

WHEREAS, an appropriations limit has been established for and by the Inverness Public Utility District pursuant to Article XIII B of the California Constitution; and

WHEREAS, it is the determination of the Board of Directors of the Inverness Public Utility District that the appropriations limit for the current and subsequent three fiscal years may be inadequate to meet the needs of the property owners and residents of this District;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Inverness Public Utility District hereby calls an election to be held on Tuesday, November 3, 2026, at which election the issue to be presented to the voters of the District shall be:

“Shall the measure adjusting the appropriations limit for the Inverness Public Utility District pursuant to Article XIII B of the California Constitution so that for each of the fiscal years 2026/2027 through 2029/2030 the appropriations limit shall include the combined total of all applicable revenue sources be adopted?”

BE IT FURTHER RESOLVED that the Board of Directors of the Inverness Public Utility District hereby requests that said election be consolidated with the general election to be held on the same date and requests the Registrar of Voters to provide all necessary election services and to canvass the results of said election.

BE IT FURTHER RESOLVED that rebuttals shall be received to ballot arguments.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Inverness Public Utility District on the 21st day of April, 2026, by the following vote, to wit:

AYES:

NOES:

ABSTAINING:

ABSENT:

Kathryn Donohue, President

ATTEST:

Shelley Redding, Clerk of the Board

I hereby certify that the foregoing instrument is a true and correct copy of the original of Resolution 299-2026 on record in the office of the Inverness Public Utility District, and that subsequent to its adoption no provision of Resolution 299-2026 has been amended, modified, or revoked by the governing body.

Shelley Redding, Clerk of the Board, Inverness Public Utility District, County of Marin, State of California.

By _____ Date _____

DRAFT



Inverness Public Utility District

Board Agenda Item Staff Report

Subject: Resolution 300-2026: November Board Election
Meeting Date: May 19, 2026
Date Prepared: April 6, 2026
Prepared by: Shelley Redding, General Manager
Attachments: Draft Resolution 300-2026; Elected Officials Roster

Recommended Action: Approve and adopt Resolution No. 300-2026

The District Board has two (2) director positions with terms expiring December 31, 2026.

The District must file the above-referenced Resolution by July 3, 2026 proposing an election for the District, requesting the County Board of Supervisors to consolidate the election with other elections on the same day; requesting election services by the County Registrar of Voters.

The two directors with terms expiring must decide if they would like to continue serving on the Board and file their candidate paperwork before August 7, 2026. Below are the current terms and who will be up for election in November:

<u>Board Member</u>	<u>Term Expiration</u>	<u>2026 Election</u>
David Press	2026	Yes
Ken Emanuels	2026	Yes
Kathryn Donohue	2024	No
Brent Johnson	2024	No
Dakota Whitney	2024	No

Candidate Guidelines will be emailed by the Registrar of Voters office by mid-June 2026. **July 13th thru August 7th is the nomination period for all candidates. Incumbents must file during this period.** If an incumbent does not file by August 7th, the nomination filing period will be extended to August 12th to all qualified candidates other than incumbents.

Inverness Public Utility District

RESOLUTION NO. 300-2026

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
INVERNESS PUBLIC UTILITY DISTRICT
PROPOSING AN ELECTION BE HELD IN ITS JURISDICTION,
REQUESTING THE BOARD OF SUPERVISORS TO CONSOLIDATE SAID ELECTION
WITH ANY OTHER ELECTION CONDUCTED ON THE SAME DAY,
AND REQUESTING ELECTION SERVICES BY THE REGISTRAR OF VOTERS**

WHEREAS, it is the determination of the Board of Directors of the Inverness Public Utility District that a Consolidated School, District and Municipal Election is to be held on the 3rd day of November 2026, at which election the issue of electing members of said Board of Directors shall be presented to the voters:

BE IT RESOLVED TO ELECT THE FOLLOWING MEMBERS OF THE BOARD:

Number of Regular Term Positions (4 year) 2

Number of Short-Term Positions (2 year) 0

BE IT FURTHER RESOLVED that the Board of Supervisors of the County of Marin is hereby requested to:

- 1) Consolidate said election with any other applicable election conducted on the same day;
- 2) Authorize and direct the Registrar of Voters to provide, at District expense, all necessary election services and to canvass the results of said election.

PASSED AND ADOPTED this 21st day of April, 2026, by the following vote, to wit:

AYES:

NOES:

ABSENT:

Kathryn Donohue, President

ATTEST: _____
Shelley Redding
Secretary/Clerk of the Board

I hereby certify that the foregoing instrument is a true and correct copy of the original of Resolution 300-2026 on record in this office, and that subsequent to its adoption no provisions of Resolution 300-2026 has been amended, modified, or revoked by the governing body.

_____, Clerk of the Board, Inverness Public Utility District, County of Marin,
State of California.

By _____ Date _____



Inverness Public Utility District

Board Agenda Item Staff Report

Subject: Resolution 301-2026: Conflict of Interest Code
Meeting Date: May 19, 2026
Date Prepared: April 6, 2026
Prepared by: Shelley Redding, General Manager
Attachments: Resolution 301-2026; Proposed 2026 Conflict of Interest Code

Recommended Action: Approve and adopt Resolution 301-2026.

Every two years it is necessary to update the District's Conflict of Interest Code to list the positions required to file Fair Political Practices Commission Form 700 (Statement of Economic Interests). The 2024 District Conflict of Interest Code added the position of Assistant Fire Chief. The 2026 Resolution removes the Chief of Operations and Assistant Fire Chief positions and adds the Fire Chief and Water Superintendent as a position that is required to file Form 700. The other positions in the District that are required to file Form 700 are the General Manager and Directors.

Once your Board adopts Resolution 301-2026, staff will forward a certified copy of the resolution together with the updated Conflict of Interest Code to the Clerk of the Board of Supervisors, who will place the matter on an agenda for the Board of Supervisors for their required approval.

RESOLUTION 301-2026

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE INVERNESS PUBLIC UTILITY DISTRICT
APPROVING AND ADOPTING A CONFLICT OF INTEREST CODE
AND DETERMINING POSITIONS THAT MANAGE PUBLIC INVESTMENTS**

BE IT RESOLVED by the Board of Directors of the Inverness Public Utility District that the Conflict of Interest Code of the Inverness Public Utility District of Marin County, California, dated April 21, 2026, shall be and hereby is approved and adopted, superseding and replacing the Conflict of Interest Code adopted on July 16, 2024, by approval of Resolution 286-2024, and that the Clerk of the Board shall be and hereby is directed to forward said Conflict of Interest Code dated April 21, 2026 to the Clerk of the Board of Supervisors, County of Marin, for approval by the Board of Supervisors of the County of Marin.

BE IT FURTHER RESOLVED that the Board of Directors of the Inverness Public Utility District finds and determines that the positions of Director, General Manager, Fire Chief and Water Superintendent manage public investments as provided for in Section 87200 of the Government Code and that said positions shall file statements of economic interest pursuant to Government Code Section 87200.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Inverness Public Utility District on the 21st day of April 2026, by the following vote, to wit:

AYES:

NOES:

ABSTAINING:

ABSENT:

Kathryn Donohue, President

ATTEST:

Shelley Redding, Clerk of the Board

.....
I hereby certify that the foregoing instrument is a true and correct copy of the original Resolution 301-2026 on record in this office, and that subsequent to its adoption no provision of Resolution 301-2026 has been amended, modified, or revoked by the governing body.

_____, Clerk of the Board, Inverness Public Utility District, County of Marin,
State of California.

By _____ Date _____

INVERNESS PUBLIC UTILITY DISTRICT
CONFLICT OF INTEREST CODE
(April 21, 2026)

The Political Reform Act, Government Code Section 81000, *et seq.*, requires that state and local government agencies adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard conflict of interest code. It can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix in which members and employees are designated and disclosure categories are set forth, constitute the conflict of interest code of the Inverness Public Utility District.

Designated members and employees shall file statements of economic interests with the District, which shall make the statements available for public inspection and reproduction (Gov. Code Section 81008). Upon receipt of the required statements from the designated filers, the agency shall make and retain a copy of each such statement and shall forward the original of each such statement to the County Clerk of the County of Marin.

IPUD Conflict of Interest Code.

Government Code Section 87100 states as follows: “No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest.”

Government Code Sections 87101, 87103, and 97103.5 provide explicit language explaining the nature of a “conflict of interest” and disclosure relating to Board responsibilities.

Members of the Board are required to be in compliance with all federal and state requirements under the “Conflict of Interest” Codes.

Submitted to Clerk, Board of Supervisors, County of Marin:

Received: Date: _____

 Signed: _____

 Title: _____

Approved by the Board of Supervisors of the County of Marin

Date: _____

_____ Chairman

DRAFT



Inverness Public Utility District

Board Agenda Item Staff Report

Subject: Resolution 302-2026: Adoption of CalPERS 457 Plan
Meeting Date: May 19, 2026
Date Prepared: April 15, 2026
Prepared by: Shelley Redding, General Manager
Attachments: CalPERS Employer Adoption Agreement

Recommended Action: Approve and Adopt Resolution 302-2026 to apply the District to enroll in the CalPERS 457 Plan/

Background:

The Inverness Public Utility District (IPUD) currently contracts with CalPERS for Pension Retirement for current employees and participates in Social Security contributions. The CalPERS Retirement plans are funded 100% by the District (both employee and employer contribution amounts) each month. The Social Security contributions are split between the employee and the employer.

Discussion:

The CalPERS 457 Plan is a voluntary savings program that allows District Employees to defer any amount, subject to annual limits, from their paycheck on a pre-tax basis. The District utilizes Innovative Business Solutions for payroll processing, which does have the option to process pre-tax contributions from their payroll. In addition, the contributions and earnings, if any, can benefit from the power of tax-deferred compounding. The CalPERS 457 Plan gives employees access to a personal retirement savings plan with features that include:

- A competitively priced retirement plan that allows the employee to keep more of their investment returns.
- A series of quality investments to match risk tolerance, including core investments managed by CalPERS staff and professional managers under contract to CalPERS.
- Target retirement date funds specifically designed for public employees.
- A fee-based brokerage account option that provides access to mutual funds, stocks, bonds, CDs, and money market funds.
- A Roth after-tax contribution option from their payroll.
- Retirement planning and saving education, tools, and services from Voya[®], the Plan's record keeper.

Fiscal Impact:

The District would not have a fiscal impact with this voluntary plan. It would be funded 100% by payroll deductions.

Conclusion:

By providing another investment option for employees to contribute to a fund for retirement, with a tax deferred savings, it will follow the industry standard for employee benefit options.

Inverness Public Utility District

RESOLUTION 302-2026

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE INVERNESS PUBLIC UTILITY DISTRICT
APPROVING ADOPTION OF CALPERS 457 PLAN**

WHEREAS, The Inverness Public Utilities District desires to establish an additional deferred compensation plan for the benefits of its employees; and

WHEREAS, the Board of Administration (the “Board”) of the California Public Employees’ Retirement System (“CalPERS”) has established the CalPERS 457 Plan (the “CalPERS 457 Plan”) which may be adopted by a governmental employer the employees of which are public employees; and

WHEREAS, The Inverness Public Utilities District believes that the CalPERS 457 Plan and the investment options available thereunder will provide valuable benefits to its employees; and

WHEREAS, the Board has appointed Voya Financial® (the Plan Recordkeeper) to perform recordkeeping and administrative services under the CalPERS 457 Plan and to act as the Board’s agent in all matters relating to the administration of the CalPERS 457 Plan;

NOW, THEREFORE, BE IT RESOLVED that The Inverness Public Utilities District adopts the CalPERS 457 Plan for the benefit of its employees and authorizes and directs the General Manager to execute the attached adoption agreement on behalf of The Inverness Public Utilities District and to provide CalPERS or any successor agent duly appointed by the Board with such information and cooperation as may be needed on an ongoing basis in the administration of the CalPERS 457 Plan. A copy of this resolution, the agreement, and any attachments thereto shall be on file in the Administration office of The Inverness Public Utilities District.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Inverness Public Utility District on the 21st day of April, 2026, by the following vote, to wit:

AYES: **Directors**

NOES:

ABSTAINING:

ABSENT:

Kathryn Donohue, President

ATTEST:

Shelley Redding, Clerk of the Board

I hereby certify that the foregoing instrument is a true and correct copy of the original of Resolution 302-2026 on record in this office, and that subsequent to its adoption no provision of Resolution 302-2026 has been amended, modified, or revoked by the governing body.

_____, Clerk of the Board, Inverness Public Utility District,
County of Marin, State of California.

By _____ Date _____

DRAFT

Employer Adoption Agreement

The employer identified below (the “Employer”) adopts the CalPERS 457 Plan (the “CalPERS 457 Plan” or the “Plan”) for the benefit of its employees and agrees to be bound by and subject to the terms of the Plan, as it may be amended from time to time. The Employer further agrees and represents as follows:

1. The Employer is a political subdivision of the State of California and is eligible to adopt the Plan.
2. The Employer has duly adopted a resolution (copy attached) or taken such other official action as required for its lawful adoption and implementation of the Plan and has authorized the undersigned to execute this Agreement on its behalf.
3. The Employer has received and has had the opportunity to review the following documents and information:
 - The Plan document;
 - A description of the optional provisions of the Plan;
 - A description of the investment options available to Plan participants and historical performance data for those investment options;
 - A complete description of fees and expenses that will or may be charged to Plan participants including, but not limited to, investment fees and administrative expenses; and
 - The Enrollment Kit for eligible employees, which includes forms and information for employees to participate in the Plan.

Contributions

4. The Employer understands that its employees will have the opportunity to defer their own compensation by designating an amount or percentage to be withheld from each paycheck and contributed to the Plan on the employee’s behalf.
5. The Employer understands that the Plan must be made available to all employees and agrees to offer all employees the opportunity to participate in the Plan.
6. The Employer understands that the Plan cannot be made available to individuals who are not the Employer’s common law employees and agrees not to offer such individuals the opportunity to participate in the Plan.
7. The Employer understands that each employee’s deferrals under the Plan and any other eligible deferred compensation plan maintained by the Employer are subject to certain limits imposed by the Plan and the federal tax code. The Employer agrees to limit employees’ deferrals under all plans maintained by the Employer to amounts that do not exceed applicable limitations.
8. The Employer agrees to deduct deferral amounts from employees’ salaries and wages in accordance with the employees’ elections, to remit all amounts deducted to the Plan as soon as reasonably practicable after such amounts are withheld, and to accurately report the amounts remitted.
9. The Employer understands and agrees that all amounts deferred under the Plan shall be 100% vested and shall be deposited in the Public Employees’ Deferred Compensation Fund (the “Fund”), a trust established to hold such amounts, for the exclusive benefit of participants and their beneficiaries. The Employer shall have no right to Fund assets or to sell, redeem, or otherwise liquidate Fund assets, except as provided Plan section 10.6.

Investments

- 10. The Employer understands and agrees that employees who defer compensation under the Plan will have the right to direct the investment of their individual Plan accounts by choosing among the investment options selected by the CalPERS Board of Administration (the "Board") and offered under the Plan. The Employer further understands and agrees that any employee who does not provide timely directions for investing his or her account will be deemed to have selected the Plan's default investment. The Plan's default investment is currently the CalPERS Target Retirement Fund designated for an employee, based on his or her expected retirement date. The Employer understands and agrees that the Board, in its sole discretion, may add, eliminate, or consolidate investment options offered under the Plan, including the Plan's default investment option.
- 11. The Employer further understands and agrees that certain fees are charged to Plan participants for investment and administration expenses, and that such fees will be offset against investment returns or deducted from participants' Plan accounts periodically.

Administration

- 12. The Employer understands and agrees that, except as specifically set forth in the Plan, the administration of the Plan and Fund is subject to the exclusive control of the Board and that the Board has the authority to retain third parties to provide investment services, record keeping, accounting, or other services for the Plan.
- 13. The Employer agrees to assist and cooperate in providing Plan information to employees and to follow administrative procedures established by the Board or its designee(s) from time to time.
- 14. The Employer has completed the attached New Employer Data Sheet, which is incorporated by reference. The Employer hereby certifies that all information provided in connection with its adoption of the Plan is true and accurate.
- 15. The Employer understands and agrees that the Board has retained the power and authority to amend the Plan from time to time, subject to limitations set forth in the California Government Code and the Plan. The Employer may not amend the Plan.
- 16. The Employer understands and agrees that its participation in the Plan may be terminated by the Employer or by the Board upon sixty (60) days advance written notice. Upon termination, all amounts held for participants will continue to be held in the Fund for the exclusive benefit of participants and their beneficiaries, except for distributions or transfers permitted under the Plan terms.

Name of Employer: _____

By: _____

Title: _____

Date: _____

Accepted by CalPERS (or an agent duly appointed by the Board) on behalf of the Board of Administration of the California Public Employees' Retirement System.

To be completed by CalPERS

Signature: _____

Print Name: _____

Title: _____

Date: _____



Board Agenda Item Staff Report

Subject: Ordinance 120-2026: Amending Water System Regulation 301 to Set Water Rates Effective July 1, 2026 (CPI Adjustment)

Meeting Date: May 19, 2026

Date Prepared: April 22, 2026

Prepared by: Wade B. Holland, Customer Services Manager

Attachments: Draft Ordinance 120-2026; Markup copy of Regulation 301 showing proposed changes; U.S. Bureau of Labor Statistics CPI-U documentation

Recommended Action: Adopt Ordinance 120-2026

Each July 1, we adjust all Water System rates and charges by a factor equal to the change over the preceding calendar year in the Consumer Price Index. As can be seen on the attached documentation provided by the Bureau of Labor Statistics of the U.S. Department of Labor, the increase in 2025 in the All Urban Consumers CPI for the San Francisco-Oakland-Hayward Area (which includes Marin County) was 2.2%.

Adoption of an ordinance is required to put the revised rates into effect. The ordinance must be adopted at least 30 days before the July 1 effectiveness date for the new schedule of rates and charges.

Following is a list of all affected rates and charges, showing for each the current charge and the new charge with the 2.2% increase applied:

<i>Rate or Charge</i>	<i>Current</i>	<i>Proposed</i>
<u>Bimonthly Rates and Charges</u>		
Standard Basic Charge ¹	201.46	205.88
Cross-Connection Rate	16.12	16.47
Metered Residential Usage Rates (per 100 cu ft) ²		
1-12	4.04	4.13
13-24	6.71	6.86
25-36	8.05	8.23
37-48	13.43	13.73
49-60	16.12	16.47
61 & up	37.61	38.44
<u>Other Rates and Charges</u>		
Temporary Service Security Deposit	750.00	766.50
Temporary Service Installation/Removal Charge	175.00	178.85
Refused Payment Charge	30.05	30.71
Late Payment Charge: 10-Day Notice	42.07	43.00
Late Payment Change: 48-Hour Notice	78.13	79.85
Special Meter Reading Charge	60.10	61.42
Account Setup Charge	60.10	61.42
Usage Adjustment Processing Charge	120.20	122.84
New Service Application Fee	--	350.00
Change-of-Service Application Fee	--	225.00


¹ 50% reduction for Very Low Income Lifeline rate; 75% reduction for Extremely Low Income Lifeline rate.


² Nonresidential customer rates are the same as shown, except that the rates for the "61 & up" line are \$16.12 Current and \$16.47 Proposed.

Databases, Tables & Calculators by Subject

 [Special Notices](#) 1/14/2026

Change Output Options:

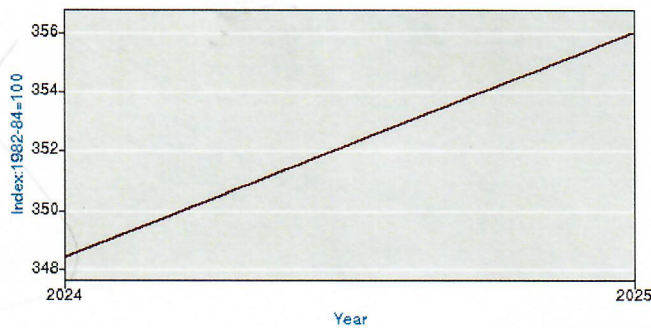
From: 2024 To: 2025 

include graphs include annual averages [More Formatting Options](#) 

Data extracted on: March 27, 2026 (3:50:40 PM)

Consumer Price Index for All Urban Consumers (CPI-U)

Series Id: CUURS49BSA0
 Not Seasonally Adjusted
Series Title: All items in San Francisco-Oakland-Hayward, CA, all urban consumers, not seasonally adjusted
Area: San Francisco-Oakland-Hayward, CA
Item: All items
Base Period: 1982-84=100

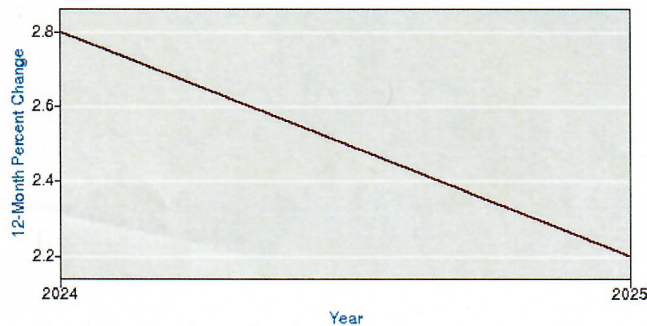


Download:  [.xlsx](#)

Year	Annual
2024	348.417
2025	356.005

12-Month Percent Change

Series Id: CUURS49BSA0
 Not Seasonally Adjusted
Series Title: All items in San Francisco-Oakland-Hayward, CA, all urban consumers, not seasonally adjusted
Area: San Francisco-Oakland-Hayward, CA
Item: All items
Base Period: 1982-84=100



Download:  [.xlsx](#)

Year	Annual
2024	2.8
2025	2.2

← Percent change for 7/1/2026 water rates.

Inverness Public Utility District

ORDINANCE 120-2026 [DRAFT]

**AN ORDINANCE AMENDING REGULATION 301, “RATES AND CHARGES,”
OF THE REGULATIONS OF THE
INVERNESS PUBLIC UTILITY DISTRICT WATER SYSTEM**

WHEREAS, the Board of Directors of the Inverness Public Utility District on November 18, 2025, enacted Ordinance 117-2025, which Ordinance amended Regulation 301, “Rates and Charges,” of the Regulations of the Inverness Public Utility District Water System increasing certain specified rates and charges for provision of water service to customers of the Inverness Public Utility District Water System effective on January 1, 2026; and

WHEREAS, said increases in the rates and charges were adopted in accordance with the provisions of Sec. 6 of Article XIII D of the Constitution of the State of California; and

WHEREAS, said amendments to Regulation 301 included provision for adjusting the cited rates and charges on July 1 of each of the years 2026, 2027, 2028, 2029, and 2030 by a factor equal to the ratio of change during the preceding calendar year in the U.S. Department of Labor’s U.S. Bureau of Labor Statistics’ published Consumer Price Index for all Urban Consumers (CPI-U) for the San Francisco-Oakland-Hayward Area (1982-1984=100), provided that no annual change in the rates and charges shall exceed an increase of five percent (5%); and

WHEREAS, said ratio of change in the applicable CPI-U for calendar year 2025 was 0.0217785, equivalent to two and 2/10s percent (2.2%), which ratio the Board of Directors desires to apply to the applicable rates and charges for its Water System’s customers effective on July 1, 2026, by amending the applicable rates and charges itemized in Regulation 301 of the Regulations of the Inverness Public Utility District Water System,

NOW, THEREFORE, BE IT ENACTED by the Board of Directors of the Inverness Public Utility District that Regulation 301 of the Regulations of the Inverness Public Utility District Water System shall be and is amended as follows:

SECTION 1. Paragraph (b), “Amount of Basic Charge,” of Regulation 301 is amended to read as follows::

“(b) Amount of Basic Charge

Effective July 1, 2026, the amount of the bimonthly Basic Charge shall be Two Hundred Five and 88/100s Dollars (\$205.88), except as the amount of the Basic Charge is modified for qualifying customers pursuant to the applicable provisions of Regulation 302, “Lifeline Program.””

SECTION 2. Paragraph (d), “Metered Usage Charge Rates,” of Regulation 301 is amended to read as follows:

“(d) Metered Usage Charge Rates

The metered usage charge for all customers, unless provided for otherwise in this Regulation, for water usage measured in units of 100 cubic feet (ccf) or fraction thereof shall be calculated in accordance with the schedule shown below, this schedule of usage charge rates to become effective for any metered usage charge based on a customer water meter reading conducted on or after July 1, 2026:

Usage (ccf)	Residential service rate (per ccf)	Non-residential service rate (per ccf)
1 – 12	\$4.13	4.13
13 – 24	\$6.86	\$6.86
25 – 36	\$8.23	\$8.23
37 – 48	\$13.73	\$13.73

49 – 60	\$16.47	\$16.47
61 & up	\$38.44	\$16.47

A service's categorization as "Residential service" or "Non-residential service" shall be based on the prevailing use of the property served by a water service connection, as determined by the General Manager, whose determination may be appealed in writing to the Board of Directors; the determination by the Board of Directors shall be final and binding. In the case of a connection serving undeveloped property, the categorization as "Residential service" or "Non-residential service" shall be based on the intended usage of the property, based on the principal use of the property as determined by Marin County zoning."

SECTION 3. Paragraph (f), "Rates for Private Water Service from Publicly Owned Fire Hydrants," of Regulation 301 is amended as follows:

- a. The amount of the Temporary Service Security Deposit is changed from "Seven Hundred Fifty and No/100s Dollars (\$750.00)" to "Seven Hundred Sixty-six and 50/100s Dollars (\$766.50)."
- b. The amount of the Temporary Service Installation/Removal Charge is changed from "One Hundred Seventy-five and No/100s Dollars (\$175.00)" to "One Hundred Seventy-eight and 85/100s Dollars (\$178.85)."

SECTION 4. In Paragraph (g), "Refused Payment Charge," of Regulation 301, the words "Thirty and 05/100s Dollars (\$30.05)" are amended to read "Thirty and 71/100s Dollars (\$30.71)."

SECTION 5. In Paragraph (h), "Late Payment Charge," of Regulation 301, the words "Forty-two and 07/100s Dollars (\$42.07)" are amended to read "Forty-three and No/100s Dollars (\$43.00)" and the words "Seventy-eight and 13/100s Dollars (\$78.13)" are amended to read "Seventy-nine and 85/100s Dollars (\$79.85)."

SECTION 6. In Paragraph (i), "Special Meter Reading Charge," of Regulation 301, the words "Sixty and 10/100s Dollars (\$60.10)" are amended to read "Sixty-one and 42/100s Dollars (\$61.42)."

SECTION 7. In Paragraph (j), "Account Setup Charge," of Regulation 301, the words "Sixty and 10/100s Dollars (\$60.10)" are amended to read "Sixty-one and 42/100s Dollars (\$61.42)."

SECTION 8. In Paragraph (k), "Cross-Connection and Backflow Prevention Rates," of Regulation 301, the words "Sixteen and 12/100s Dollars (\$16.12)" are amended to read "Sixteen and 47/100s Dollars (\$16.47)."

SECTION 9. In Paragraph (n), "Usage Adjustment Processing Charge," of Regulation 301, the words "One Hundred Twenty and 20/100s Dollars (\$120.20)" are amended to read "One Hundred Twenty-two and 84/100s Dollars (\$122.84)."

SECTION 10. Paragraph (o), "New Service Application Fee," is added to Regulation 301, as follows:

"(o) New Service Application Fee

The New Service Application Fee provided for in paragraph (d) of Regulation 101 ("Service Connection") of these Regulations of the Inverness Public Utility District Water System shall be Three Hundred Fifty and No/100s Dollars (\$350.00)."

SECTION 11. Paragraph (p), "Change-of-Service Application Fee," is added to Regulation 301, as follows:

"(p) Change-of-Service Application Fee

The Change-of-Service Application Fee provided for in paragraph (d) of Regulation 102 ("Change of Service Connection") of these Regulations of the Inverness Public Utility District Water System shall be Two Hundred Twenty-five and No/100s Dollars (\$225.00)."

SECTION 12. In Paragraphs (b), (d), and (k) of Regulation 301, the words "January 1, 2026" are amended to read "July 1, 2026."

SECTION 13. This Ordinance shall be and hereby is declared to be in full force and effect as of thirty (30) days from and after the date of its adoption. The Clerk of the Board shall cause this Ordinance to be published in a newspaper of general circulation in the District at least one (1) week before the expiration of said thirty (30) days and shall also cause copies of this Ordinance to be posted in at least three (3) public places in the District for thirty (30) days, and said publication and said posted copies shall show the names of the Directors voting for and against adoption of this Ordinance.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Inverness Public Utility District on the 19th day of May, 2026, by the following vote, to wit:

- AYES:**
- NOES:**
- ABSTAINING:**
- ABSENT:**

Kathryn Donohue, President

ATTEST:

Shelley Redding, Clerk of the Board

.....
I hereby certify that the foregoing instrument is a true and correct copy of the original of Ordinance 120-2026 on record in this office, and that subsequent to its adoption no provision of Ordinance 120-2026- has been amended, modified, or revoked by the governing body.

_____, Clerk of the Board, Inverness Public Utility District,
County of Marin, State of California.

By _____ Date _____

Regulation 301

RATES AND CHARGES (Markup for Ord. 120-2026)

(a) **Basic Charge**

A Basic Charge shall be applied to each service connection, whether the service is actually or constructively installed. The Basic Charge shall be applied bimonthly for the periods of January-February, March-April, May-June, July-August, September-October, and November-December, and shall be billed in advance to each service connection customer concurrently with the billing for the immediately preceding period's metered usage charges. In the event of a change in the customer for a service connection during a stated bimonthly period, the Basic Charge for that period shall be prorated between the old and new customers on the basis of the number of days each customer was the customer of record.

(b) **Amount of Basic Charge**

Effective ~~January~~ July 1, 2026, the amount of the bimonthly Basic Charge shall be Two Hundred ~~One-Five~~ and ~~4688~~/100s Dollars (~~\$201.46~~\$205.88), except as the amount of the Basic Charge is modified for qualifying customers pursuant to the applicable provisions of Regulation 302, "Lifeline Program."

(c) **Metered Usage Charge**

Each metered customer connection shall be charged bimonthly for the amount of water drawn through the customer meter, as determined by reading the customer's meter. Such metered usage charge shall be based on the metered usage rates provided for in paragraph (d) of this Regulation. The bimonthly period for purposes of determining the metered usage charge shall be such that no bimonthly period consists of fewer than 45 days nor more than 75 days, and shall be as close to 60 days as is operationally practical. The ending date of each meter-reading period shall be such that statements are rendered to customers close to the last day of the bimonthly period for purposes of the Basic Charge provided for in paragraph (a) of this Regulation. Usage by a customer for less than a full bimonthly period shall be billed as if it represented the total usage for the bimonthly period.

(d) **Metered Usage Charge Rates**

The metered usage charge for all customers, unless provided for otherwise in this Regulation, for water usage measured in units of 100 cubic feet (ccf) shall be calculated in accordance with the schedule shown below, this schedule of usage charge rates to become effective for any metered usage charge based on a customer water meter reading conducted on or after ~~January 1, 2026~~July 1, 2026:

Usage (ccf)	Residential service rate (per ccf)	Non-residential service rate (per ccf)
1 – 12	\$4.04 <u>4.13</u>	\$4.04 <u>4.13</u>
13 – 24	\$6.71 <u>6.86</u>	\$6.71 <u>6.86</u>
25 – 36	\$8.05 <u>8.23</u>	\$8.05 <u>8.23</u>
37 – 48	\$13.43 <u>13.73</u>	\$13.43 <u>13.73</u>
49 – 60	\$16.12 <u>16.47</u>	\$16.12 <u>16.47</u>
61 & up	\$37.61 <u>38.44</u>	\$37.61 <u>38.44</u>

A service's categorization as "Residential service" or "Non-residential service" shall be based on the prevailing use of the property served by a water service connection, as determined by the General Manager, whose determination may be appealed in writing to the Board of Directors; the determination by the Board of Directors shall be final and binding. In the case of a connection serving undeveloped property, the categorization as "Residential service" or "Non-residential service" shall be based on the intended usage of the property, based on the principal use of the property as determined by Marin County zoning.

(e) **Rates for Public Water Service from Publicly Owned Fire Hydrants**

No charge shall be made for water drawn from a publicly owned fire hydrant, standpipe, or similar device when such draw is for public, firefighting, emergency, or water system purposes and is by, under the direction of, or pursuant to authorization by firefighting or other emergency officials, or by, under the direction of, or pursuant to authorization by officials or employees of the Inverness P.U.D. Water System.

(f) **Rates for Private Water Service from Publicly Owned Fire Hydrants**

When a temporary connection is made to a publicly owned fire hydrant, standpipe, or similar device pursuant to a permit issued by the System in response to a request for private use of water from the hydrant, standpipe, or similar device to a water tender or to the location of the private use, the following charges shall be applicable:

Temporary Service Usage Charge: The rate for water drawn for private use from a publicly owned fire hydrant, standpipe, or similar device pursuant to a permit issued by the System shall be equal to the highest residential metered usage rate shown in Paragraph (d) of this Regulation. In the event such usage is not metered, usage shall be estimated by the System. The System may, at its sole discretion, require that a deposit be posted with the System in advance of any draw of water for private use from a publicly owned fire hydrant, standpipe, or similar device in an amount equal to the estimated total charges for the water anticipated to be drawn.

Temporary Service Security Deposit (as provided for in Regulation 104(d)): ~~Seven Hundred Fifty and No/100s Dollars (\$750.00)~~ Seven Hundred Sixty-six and 50/100s Dollars (\$766.50).

Temporary Service Installation/Removal Charge (as provided for in Regulation 104(e)): ~~One Hundred Seventy-five and No/100s Dollars (\$175.00)~~ One Hundred Seventy-eight and 85/100s Dollars (\$178.85).

Temporary Service Monthly Service Charge (as provided for in Regulation 104(f)): One-half of the amount of the bimonthly Basic Charge shown in Paragraph (b), "Amount of Basic Charge," of this Regulation 301, prorated for the number of days during the month during which the temporary service was available for use by the permittee.

The monthly service charge and the usage charge for a temporary service may be billed to the customer on a weekly, biweekly, monthly, or bimonthly basis, at the discretion of the System, and any such invoice shall be payable within 17 days of the invoice being rendered to the customer.

The System shall provide only the connection (including a meter if applicable) at the hydrant, standpipe, or similar device; provision and installation of any necessary temporary conveyance line from the System provided connection shall be the responsibility of the user, and any such conveyance line must be approved by the System as adequate and in sufficiently good repair to accommodate the volume and pressure of the water to be conveyed.

(g) **Refused Payment Charge**

A charge shall be applied to the customer's account for each instance in which the customer's payment of any charges is refused by the customer's bank for any reason. The charge shall be ~~Thirty and 05/100s Dollars (\$30.05)~~ Thirty and 71/100s Dollars (\$30.71) as a handling and processing charge plus whatever, if any, is charged by the System's bank to the System for the bank's processing and handling of the returned payment.

(h) **Late Payment Charge**

A Late Payment Charge shall be applied to the account of any customer on whose account any invoiced charge has not been paid after sixty (60) days from the date of the invoice showing the charge. The Late Payment Charge shall be applied at such time that the System sends to the customer a Ten-Day Service Shutoff Notice. The amount of the Late Payment charge when the Ten-Day Service Shutoff Notice is issued shall be ~~Forty-two and 07/100s Dollars (\$42.07)~~ Forty-three and No/100s Dollars (\$43.00). In the event the

customer who received the Ten-Day Service Shutoff Notice does not respond, a Forty-Eight-Hour Service Shutoff Notice shall be issued and posted on the property and an additional ~~Seventy-eight and 13/100s Dollars (\$78.13)~~ Seventy-nine and 85/100s Dollars (\$78.85) shall be charged.

(i) **Special Meter Reading Charge**

A charge of ~~Sixty and 10/100s Dollars (\$60.10)~~ Sixty-one and 42/100s Dollars (\$61.42) shall be applied to the account of a customer at such time that the meter serving the customer's service is read by System personnel at a time not regularly scheduled for a reading of the meter and pursuant to a request from the customer that the meter be read, except that this charge shall not be applied if the request that the meter be read is in conjunction with a change in the customer for the service connection, or if the request that the meter be read is in conjunction with the filing of a formal request for a testing of the accuracy of the meter, or if the request that the meter be read is in conjunction with the filing by the customer of a request for investigation of a disputed bill.

(j) **Account Setup Charge**

A charge of ~~Sixty-one and 42/100s Dollars (\$61.42)~~ Sixty and 10/100s Dollars (\$60.10) shall be applied to the account of a new customer as a processing and setup charge to cover costs of changing the account from the previous customer to the new customer. Any customer-initiated change in customer information that necessitates assignment of a new account number shall be construed as constituting a change in the customer for purposes of application of this charge. This charge shall also be applied as a processing fee in order to place into effect an Authorization to Forward Statements. However, this charge shall not be applied to set up the account of the first customer for a newly installed service connection.

(k) **Cross-Connection and Backflow Prevention Rates**

In the case of a customer connection for which a "cross-connection condition" exists, as defined pursuant to Regulation 108, "Cross-Connection and Backflow Prevention," of the Regulations of the Inverness Public Utility District Water System, the bimonthly charge provided for in Paragraph (o) of said Regulation 108 shall be ~~Sixteen and 12/100s Dollars (\$16.12)~~ Sixteen and 47/100s Dollars (\$16.47), effective ~~January 1, 2026~~ July 1, 2026.

(l) **Automatic Annual Adjustment of Rates and Charges to Reflect the Change in the Consumer Price Index**

Pursuant to Section 53756 of the Government Code of the State of California, the rates and charges provided for in this Regulation 301 shall be adjusted in the years 2026, 2027, 2028, 2029, and 2030 effective with each said year's bimonthly billing for the period of July/August to reflect the ratio of change during the preceding calendar year in the Consumer Price Index for all Urban Consumers (CPI-U) for the San Francisco-Oakland-Hayward area (1982-1984=100) as published by the U.S. Department of Labor, U.S. Bureau of Labor Statistics, except that no annual change in the rates and charges shall exceed an increase of five percent (5%) or exceed a decrease of five percent (5%). With respect to the Metered Usage Charge Rates, this annual adjustment shall become effective for and apply to any reading for billing purposes of a customer water meter that is conducted on or after July 1 of the subject year.

(m) **Fixed Charges**

The aggregate of a customer's Basic Charge and Cross-Connection and Backflow Prevention Charge, as applicable, constitutes the customer's "fixed charges." The components constituting the fixed charges need not be itemized separately on the customer water bills, but may be aggregated as the Fixed Charges.

(n) **Usage Adjustment Processing Charge**

The Usage Adjustment Processing Charge provided for in Paragraph (d) of Regulation 115 ("Adjustment of Usage Charge for Unintentional or Inadvertent Usage") of these Regulations of the Inverness Public Utility

District Water System shall be ~~One Hundred Twenty and 20/100s Dollars (\$120.20)~~ One Hundred Twenty-two and 84/100s Dollars (\$122.84).

(o) New Service Application Fee

The New Service Application Fee provided for in paragraph (d) of Regulation 101 (“Service Connection”) of these Regulations of the Inverness Public Utility District Water System shall be Three Hundred Fifty and No/100s Dollars (\$350.00).

(p) Change-of-Service Application Fee

The Change-of-Service Application Fee provided for in paragraph (d) of Regulation 102 (“Change of Service Connection”) of these Regulations of the Inverness Public Utility District Water System shall be Two Hundred Twenty-five and No/100s Dollars (\$225.00).

* * * * *

- As Regulation 54:*
- 1986, May 21: Adopted (Ordinance 5-86)
 - 1988, March 21: Amended (Ordinance 12-88)
 - 1988, July 11: Amended (Ordinance 17-88)
 - 1988, November 21: Amended in its entirety (Ordinance 18-88)
 - 1989, May 22: Fixed charges in Paragraph a amended (Ordinance 21-89)
 - 1990, June 18: Fixed charges in Paragraph a amended (Ordinance 25-90)
 - 1991, May 20: Fixed charges in Paragraph a, metered usage charges in Paragraph c, and rate for fire hydrants system in Paragraph e amended (Ordinance 27-91)
 - 1992, May 18: Fixed charges in Paragraph a and rate for fire hydrants system in Paragraph e amended, effective 7/1/92 (Ordinance 31-92)
 - 1992, May 18: Fixed charges in Paragraph a amended, effective 9/1/92 (Ordinance 31-92)
 - 1993, May 17: Fixed charges in Paragraph a amended and Paragraph e rewritten (Ordinance 34-93)
 - 1993, July 19: Fixed charges in Paragraph a amended (Ordinance 36-93)
 - 1997, May 27: Replaced in its entirety by Regulation 301 (Ordinance 44-1997)

- As Regulation 301:*
- 1997, May 27: Adopted (amending and replacing Regulation 54) (Ordinance 44-1997) [Conforms water rates to Proposition 218]
 - 1997, September 29: Basic Charge in Paragraph (b) and Usage Charge Rates in Paragraph (d) amended (amended Paragraph (b) to become effective January 1, 1998; amended Paragraph (d) to become effective November 1, 1997) (Ordinance 46-1997) [Reverts to pre-Prop. 218 tiered water rates]
 - 1998, June 15: Basic Charge in Paragraph (b) amended, to become effective Sept. 1, 1998 (Ordinance 49-1998)
 - 2001, July 2: Usage Charge Rates in Paragraph (d) amended (effective 7/1/2001), distinction between residential and non-residential usage rates introduced, and Account Setup Charge in Paragraph (j) increased from \$5.00 to \$10.00 (Ordinance 57-2001)
 - 2002, June 22: Usage Charge Rates in Paragraph (d) amended, effective 7/1/2005 (Ordinance 67-2005).
 - 2008, June 25: Basic Charge in Paragraph (b), Metered Usage Charge Rates in Paragraph (d), Returned Check Charge in Paragraph (g), Special Meter Reading Charge in Paragraph (i), and Account Setup Charge in Paragraph (j) amended, effective July 1, 2008 (Ordinance 72-2005).
 - 2009, June 24: Basic Charge in Paragraph (b), Metered Usage Charge Rates in Paragraph (d), Late Payment Charge in Paragraph (h) amended, effective July 1, 2009 (Ordinance 76-2009)
 - 2017, October 25: Basic Charge in Paragraph (b) and Metered Usage Charge Rates in Paragraph (d) amended, effective January 1, 2018 (Ordinance 87-2017).

- 2019, May 22, Basic Charge in Paragraph (b), Metered Usage Charge Rates in Paragraph (d), and paragraph in Paragraph (d) on "A service's categorization..." amended, effective July 1, 2019 (Ordinance 90-2019).
- 2020: May 27: Basic Charge in Paragraph (b) amended, Metered Usage Charge Rates in Paragraph (d) amended, and Paragraph (k) on "Rates and Charges for Temporary Service" added, effective July 1, 2020 (Ordinance 93-2020).
- 2021: November 17: Paragraph (b), "Amount of Basic Charge," amended and Paragraphs (l), "Automatic Annual Adjustment of Rates and Charges to Reflect the Change in the Consumer Price Index," (m), "Drought Surcharge," and (n) "Fixed Charges" added, effective January 1, 2022 (Ordinance 104-2021).
- 2023: May 24: Ordinance 110-2023 adjusted rates and charges effective July 1, 2023, to reflect 4.88% cost-of-living increase (Consumer Price Index) during calendar year 2022 (Basic Charge in Paragraph (b), Metered Usage Charge Rates in Paragraph (d), and Cross-Connection and Backflow Prevention Rates in Paragraph (k)); made minor changes in Paragraph (c) (Metered Usage Charge), first paragraph of Paragraph (f) (Rates for Private Water Service from Publicly Owned Fire Hydrants), Paragraph (h) (Late Payment Charge), Paragraph (i) (Special Meter Reading Charge), and Paragraph (l) (Automatic Annual Adjustment of Rates and Charges to Reflect the Change in the Consumer Price Index); changed "Returned Check Charge" in Paragraph (g) to "Refused Payment Charge"; deleted Paragraph (m) (Drought Surcharge); and modified and redesignated Paragraph (n) as Paragraph (m) (Fixed Charges).
- 2024: May 21: Ordinance 113-2024 adjusted rates and charges effective July 1, 2024, to reflect 3.67% cost-of-living increase (Consumer Price Index) during calendar year 2023 (Basic Charge in Paragraph (b), Metered Usage Charge Rates in Paragraph (d), and Cross-Connection and Backflow Prevention Rates in Paragraph (k)).
- 2025: May 20: Ordinance 115-2025 adjusted rates and charges effective July 1, 2025, to reflect 2.76% cost-of-living increase (Consumer Price Index) during calendar year 2024 (Basic Charge in Paragraph (b), Metered Usage Charge Rates in Paragraph (d), and Cross-Connection and Backflow Prevention Rates in Paragraph (k)).
- 2025: November 18: Ordinance 117-2025 amended Paragraph (f) ("Rates for Private Water Service from Publicly Owned Fire Hydrants") in its entirety; adjusted rates and charges effective January 1, 2026, by amending Paragraphs (b), (d), and (g) through (j) to increase all rates and charges in said paragraphs by 20.2%; amended Paragraph (f) ("Rates for Private Water Service from Publicly Owned Fire Hydrants") in its entirety; amended Paragraph (k) ("Cross-Connection and Backflow Prevention Rates") in its entirety; amended Paragraph (l) ("Automatic Annual Adjustment of Rates and Charges to Reflect the Change in the Consumer Price Index") in its entirety; and added Paragraph (n) ("Usage Adjustment Processing Charge"), setting the amount of the Usage Adjustment Processing Charge effective January 1, 2026.
- 2026: May 19: Ordinance 120-2026 adjusted rates and charges effective July 1, 2026, by amending Paragraphs (b), (d), (f) through (k), and (n) to increase all rates and charges in said paragraphs by 2.2%, and added paragraphs (o) ("New Service Application Fee") and (p) ("Change-of-Service Application Fee").

NOTE: Whenever a change in water rates occurs, be sure to update the file "IPUD Water Rates History.docx" at S:\2Water\9 Water Rates-Rate Change\IPUD Water Rates History.docx.



Inverness Public Utility District

Board Agenda Item Staff Report

Subject: Change in Capitalization Policy
Meeting Date: May 19, 2026
Date Prepared: April 27, 2026
Prepared by: Shelley Redding, General Manager
Attachments: Drafted Resolution 303-2026, Draft – Policy 3032: Fixed Asset Capitalization Policy

Recommended Action: Adopt and approve Resolution 303-2026: Adopting a Revised Capitalization Policy changing the capitalization threshold from \$5,000 per item to \$7,000 per item.

In July 2024, the Board passed and adopted a Capitalization Policy, Resolution 287-2024, wherein any personal property purchased or donated to the District valued in excess of \$5,000 would be capitalized at cost. Personal property costing less than \$5,000 would be expensed in the year of the purchase or donation. Staff has adhered to this policy of capitalizing personal property and has maintained depreciation records of capitalized items.

During the review of the previous fiscal year, 2024-2025, and current fiscal year, 2025-2026, staff and Directors noted that the rising cost of goods and services merits an increase of the capitalization threshold to \$7,000 per item. Any purchases under \$7,000 would be expensed at the time of purchase.

The water system mains, tanks, treatment plants, land, and buildings are fixed assets, but some installations, like additional mains, regardless of cost, would be considered a fixed or permanent asset. Replacement parts for existing equipment that do not increase the value or intended useful life of the asset are generally not capitalized. However, if a significant increase in value or intended useful life is achieved through a replacement part, the guidelines for capitalization are to be followed. These additions must be considered on a case-by-case basis for capitalization.

Inverness Public Utility District

RESOLUTION 303-2026

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE INVERNESS PUBLIC UTILITY DISTRICT
ADOPTING A REVISED CAPITALIZATION POLICY**

WHEREAS, in July of 2024, the Board passed and adopted a revised capitalization policy, Resolution 287-2024, wherein any personal property purchased or donated to the District in excess of Five Thousand Dollars (\$5,000.00) would be capitalized at cost. Personal property costing less than Five Thousand Dollars (\$5,000.00) would be expensed in the year of the purchase or donation.

WHEREAS, due to inflation costs of personal property cost, District desires to raise the capitalization threshold to Seven Thousand Dollars (**\$7,000.00**) per item. Any new purchases or donations under the Seven Thousand Dollars (**\$7,000.00**) threshold would be expensed at the time of purchase or donation.

THEREFORE, BE IT RESOLVED that personal property purchased with District funds, or personal property donated to the District, to which the District holds title, with a cost of Ten Thousand Dollars (\$7,000.00) or more will be capitalized at cost. Property costing less than Ten Thousand Dollars (\$7,000.00) will not be considered material enough to warrant capitalization and will be expensed in the year of purchase or donation.

FURTHER, BE IT RESOLVED that personal property will be depreciated over the estimated useful lives of items purchased. Where tax depreciation guidelines are substantially similar to the estimated useful lives, the tax depreciation guidelines may be used in lieu of estimated useful lives.

FURTHER, BE IT RESOLVED that District staff is instructed to adhere to this policy of capitalizing personal property, to maintain depreciation records of items capitalized, and record as necessary any additions, deletions, or modifications to previously capitalized property.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Inverness Public Utility District on the 19th day of May 2026, by the following vote, to wit:

AYES:

NOES:

ABSTAINING:

ABSENT:

Kathryn Donohue, President

ATTEST:

Shelley L. Redding, Clerk of the Board

I hereby certify that the foregoing instrument is a true and correct copy of the original of Resolution 303-2026 on record in this office, and that subsequent to its adoption no provision of Resolution 303-2026 has been amended, modified, or revoked by the governing body.

_____, Clerk of the Board, Inverness Public Utility District, County of Marin, State of California.

By _____ Date _____



Inverness Public Utility District

Board Agenda Item Staff Report

Subject: Fiscal Year 2025-2026 Auditor Engagement
Meeting Date: May 19, 2026
Date Prepared: May 4, 2026
Prepared by: Shelley Redding, General Manager
Attachments: Auditor Engagement Letter for FY 2025-2026 Independent Audit Services from Nigro & Nigro CPAs

Recommended Action: Review and Approve Auditor Engagement Proposal for Fiscal Year 2025-2026 Dated April 1, 2026 for the cost of \$10,500

Background:

The District has a requirement to have the financial audit conducted each year by an independent auditor. Nigro & Nigro CPAs have performed this function for the District for the last three years. Their familiarity with the District from previous engagements and their expertise in Special District accounting, CalPERS reporting and GASB required reporting have served the District needs well.

Discussion and Conclusion:

District staff have benefitted from the expertise and guidance of both the financial consultant, Phillip Chavira, PC and the Auditor personnel Stacy Macias, CPA and Paul Kaymark, CPA. They have assisted in the goals of financial reporting while meeting the challenges of increased complexity relating to grant revenues and GASB reporting. Last year, for the first time since the pandemic, the Auditors conducted an in-person meeting and initial documentation review. They use a secure file transfer platform with their documentation requests, which is an easy process. They are responsive to requests and provide educational updates for staff as appropriate. The Auditor provided a presentation to the Board upon conclusion of the previous fiscal year audit, and would be invited to do the same for this next audit.



April 1, 2026

Board of Directors and Shelley Redding, General Manager
Inverness Public Utility District
PO Box 469/50 Inverness Way North
Inverness, CA 94937-0469

We are pleased to confirm our understanding of the services we are to provide the Inverness Public Utility District (District) as of and for the fiscal year ended June 30, 2026.

Audit Scope and Objectives

We will audit the governmental activities, business-type activities and each major fund of the District, as of June 30, 2026, and for the year then ended and the related notes, which collectively comprise the District's basic financial statements as listed in the table of contents of the financial statements.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 auditing standards generally accepted in the United States of America (GAAS) and, if applicable, in accordance with *Government Auditing Standards*, and/or any state or regulatory audit requirements 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 made by a reasonable user based on the financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that certain required supplementary information (RSI) such as management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule – General Fund
3. Schedule of Proportionate Share of the Net Pension Liability
4. Schedule of Pension Contributions
5. Schedule of Changes in the Net OPEB Liability and Related Ratios
6. Schedule of OPEB Contributions

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA
Jessica Miller, CPA | Angelika Vartikyan, CPA | Jared Solmosen, CPA | Oscar Gonzalez, CFE

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WALNUT CREEK OFFICE 2121 N. California Blvd. Suite 290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444

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We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Auditor Responsibilities

We will conduct our audit in accordance with GAAS and in accordance with *Government Auditing Standards*. As part of an audit in accordance with GAAS and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
4. Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and in accordance with *Government Auditing Standards*.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the District'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.

Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a) For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- b) For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c) To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit;
 - iii. Unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.
 - iv. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
 - v. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- d) For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
- e) For identifying and ensuring that the District complies with the laws and regulations applicable to its activities;
- f) For adjusting the basic financial statements to correct material misstatements and 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 current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g) For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- h) For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- i) For informing us of any known or suspected fraud affecting the District involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
- j) For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility:

- a) for the preparation of the supplementary information in accordance with the applicable criteria;
- b) to provide us with the appropriate written representations regarding supplementary information;
- c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and
- d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

Nonattest Services

With respect to any nonattest services we perform,

At the end of the year, we agree to perform the following:

- a) Propose adjusting or correcting journal entries detected during the audit, if applicable, to be reviewed and approved by the District's management.
- b) Word process the financial statements using information provided by management.

We will not assume management responsibilities on behalf of the District. However, we will provide advice and recommendations to assist management of the District in performing its responsibilities.

The District's management is responsible for:

- a) making all management decisions and performing all management functions;
- b) assigning a competent individual to oversee the services;
- c) evaluating the adequacy of the services performed;
- d) evaluating and accepting responsibility for the results of the services performed; and
- e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- a) We will perform the services in accordance with applicable professional standards
- b) The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise the District with regard to tax positions taken in the preparation of the tax return, but the District must make all decisions with regard to those matters.

Reporting

We will issue a written report upon completion of our audit of the District's basic financial statements. Our report will be addressed to the Board of Directors of the District. 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, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements 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 to issue a report as a result of this engagement.

In accordance with the requirements of Government Auditing Standards, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

Preparation of State Controller Report

Our Responsibilities

The objective of our engagement is to prepare the annual Financial Transactions Report (FTR) in accordance with the California State Controller's Office Instructions based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the FTR.

Our engagement cannot be relied upon to identify or disclose any FTR misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the District or noncompliance with laws and regulations.

Management Responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare the FTR in accordance with the State Controller's Office Instructions. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your FTR in accordance with SSARs:

- a) The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements
- b) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- c) The prevention and detection of fraud
- d) To ensure that the District complies with the laws and regulations applicable to its activities
- e) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements
- f) To provide us with:
 - i. Documentation, and other related information that is relevant to the preparation and presentation of the financial statements,
 - ii. Additional information that may be requested for the purpose of the preparation of the financial statements, and
 - iii. Unrestricted access to persons of whom we determine necessary to communicate.

As part of our engagement, we will issue a disclaimer that will state that the FTR were not subjected to an audit, review, or compilation engagement by us and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

Engagement Fees

Our fixed fees for the services previously outlined will be as follows:

Financial Statements and Auditor Reports	\$10,000
Preparation of the State Controller's Report	500
Total	\$10,500

If significant changes occur in the District's audit requirements with the implementation of new Governmental Accounting Standards Board (GASB) Standards, Government Auditing Standards or the Audit and Accounting Guide for State and Local Governments issued by the AICPA for attest and/or nonattest services, this may render additional services needed which may increase the above noted fixed fee.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the District's account becomes 60 days or more overdue and may not be resumed until the District's account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. The District will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from District personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate before we incur the additional costs.

Additionally, our fees are dependent on the availability, quality, and completeness of the District's records and, where applicable, upon the District's personnel providing the level of assistance identified in the "prepared by client" request list distributed at the end of our planning work (e.g., District employees preparing confirmations and schedules we request, locating documents selected by us for testing, etc.).

We will schedule the engagement based in part on deadlines, working conditions, and the availability of District key personnel. We will plan the engagement based on the assumption that District personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, District personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

If circumstances occur related to the condition of District records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Should our assumptions with respect to these matters be incorrect, or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate as soon as reasonably practicable.

Scheduling

Scheduling of the Audit Final-Fieldwork Dates will be based on an agreeable timetable with the District. We ask that the District prepare a completed and finalized Trial Balance and General Ledger in Excel form as of the June 30, 2026, date with all Balance Sheet accounts properly reconciled in Excel or PDF form and uploaded into the Suralink Portal System by the date scheduled. Failure to complete all the above noted items by the date scheduled will result in a \$1,000 extra fee charge and postponement of the audit to a later date. A 30-day notice before the initial scheduled Audit Final-Fieldwork date is required to change the date and avoid the extra \$1,000 fee. However, if a December or January date is chosen for the re-scheduled Audit Final-Fieldwork date, the \$1,000 fee will still apply to cover Overtime costs incurred during those months and will only guarantee the audit will be completed by January 31, 2027.

Other Engagement Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

Paul J Kaymark, CPA is the engagement partner responsible for supervising the engagement and signing the report.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

The audit documentation for this engagement is the property of Nigro & Nigro, PC and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulatory agencies pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Nigro & Nigro, PC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulatory agencies. The regulatory agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We will notify the District of any such request.

Conflict Resolution

Should any litigation or adverse action (such as audits by outside governmental agencies and/or threatened litigation, etc.), by third parties arise against the District or the board of directors subsequent to this engagement, which results in the subpoena of documents from Nigro & Nigro, PC and/or requires additional assistance from us to provide information, depositions or testimony, the District hereby agrees to compensate Nigro & Nigro, PC (at our standard hourly rates) for additional time charges and other costs (copies, travel, etc.), and to indemnify us for any attorney's fees to represent Nigro & Nigro, PC.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

The District and Nigro & Nigro, PC both agree that any dispute over fees charged by the auditor to the District will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes of the American Arbitration Association, except that under all circumstances the arbitrator must follow the laws of California. Such arbitration shall be binding and final. **IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.** The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

Conclusion

At the conclusion of our audit engagement, we will communicate to the Board of Directors the following significant findings from the audit:

- a) Our view about the qualitative aspects of the District's significant accounting practices;
- b) Significant difficulties, if any, encountered during the audit;
- c) Uncorrected misstatements, other than those we believe are trivial, if any;
- d) Disagreements with management, if any;
- e) Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- f) Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- g) Representations we requested from management;
- h) Management's consultations with other accountants, if any; and
- i) Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

Enclosed, as required by *Government Auditing Standards*, is a copy of the report on the most recent peer review of our firm.

We appreciate the opportunity to provide these services and believe this letter accurately summarizes the significant terms of our engagement.

Very truly yours,

Nigro & Nigro, PC

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____



Report on the Firm's System of Quality Control

To Nigro & Nigro, PC
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Nigro & Nigro, PC, (the firm) in effect for the year ended August 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of the applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selection and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Nigro & Nigro, PC in effect for the year ended August 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Nigro & Nigro, PC has received a peer review rating of *pass*.

Spafford & Hardy, Inc.

May 1, 2024



April 1, 2026

Governance Board and Management:

This letter is provided in connection with our engagement to audit the financial statements of the entity as of and for the year ended June 30, 2026. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit, including significant risks we have identified.

Our Responsibilities

As stated in our engagement letter dated April 1, 2026, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit does not relieve you or management of your respective responsibilities.

Our responsibility relating to other information, whether financial or nonfinancial information (other than financial statements and the auditor's report thereon), included in the entity's annual report includes only the information identified in our report. We have no responsibility for determining whether the introductory information is properly stated. We require that we receive the final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report, or if that is not possible, as soon as practicable and, in any case, prior to the entity's issuance of such information.

Planned Scope of the Audit

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting.

However, we will communicate to you at the conclusion of our audit any material weaknesses or significant deficiencies identified. We will also communicate to you:

- Any violation of laws or regulations that come to our attention;
- Our views relating to qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;
- Disagreements with management, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

Certain significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although we are currently in the planning stage of our audit, the following presumptive significant risks are applicable to our audit and require special audit considerations:

- *Management's override of internal controls over financial reporting:* Auditors must consider and respond to the risk of management override of internal controls, which is the intervention by management in handling financial information and making decisions contrary to internal control policy.
- *Revenue recognition:* Auditors must consider and respond to the risk of management subversion of generally accepted accounting principles in determining how and when revenue is recognized.
- *Significant estimates:* Auditors must consider and respond to the risk of management bias in significant accounting estimates. Financial statement areas containing significant estimates can include, but are not limited to, net pension liability and related deferred inflows/outflows, net OPEB liability and related deferred inflows/outflows, leases receivable and related deferred inflows of resources, lease and subscription liabilities, right-to-use assets, depreciation and amortization expense, fair value measurements and compensated absence liabilities.

We expect to begin our audit in approximately May 2026. Paul J. Kaymark, CPA and Jared Solmons, CPA will serve as the engagement and technical review partners and are responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the information and use of the governance board and management of the entity and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

A handwritten signature in blue ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Nigro & Nigro, PC



Board Agenda Item Staff Report

Subject: Fiscal Year 2025-2026 Proposed Budget Amendment
Meeting Date: May 19, 2026
Date Prepared: May 16, 2026
Prepared by: Shelley Redding, General Manager
Attachments: FY 2025–2026 Budget Amendment Schedule (Excel workbook)

Recommended Action: Staff recommends that the Board of Directors approve the proposed amendment to the Inverness PUD FY 2025–2026 Budget as presented.

PURPOSE

The purpose of this memorandum is to present a proposed amendment to the Inverness PUD Fiscal Year 2025–2026 budget for Board consideration and approval.

BACKGROUND

The FY 2025–2026 budget was adopted by the Board at the start of the fiscal year. Since adoption, significant changes in revenues and expenditures have occurred, primarily driven by the receipt of the DWR grant funds for the Colby and Seahaven Tank Replacement Project and adjustments to operating expenses. A mid-year budget amendment is necessary to accurately reflect the District's current fiscal position and to ensure compliance with budgetary requirements.

SUMMARY OF PROPOSED AMENDMENT

Category	Approved Budget	Proposed Amended Budget	Change
Total Income	\$1,664,317	\$2,847,225	+\$1,182,908
Total Expenses	\$1,660,598	\$1,699,003	+\$38,405
Net Income	\$3,720	\$1,148,223	+\$1,144,503

KEY CHANGES — INCOME

Grant Income Additions: The proposed amendment adds approximately **\$1,326,908** in new income, primarily attributable to:

- **DWR (Department of Water Resources) Grant Income:** \$1,033,568
- **FEMA Grant Reimbursement:** \$80,000

Water System Income Additions:

- **New Service Connection Fees:** \$29,100

Net Effect: The proposed amended income of **\$2,847,225** reflects an increase of **\$1,182,908** (71%) over the originally approved budget.

KEY CHANGES — EXPENSES

- **Personnel Costs:** Proposed at **\$1,367,162**, an increase of \$18,473 over the approved budget, primarily due to duty officer stipends, vacation payouts, and overtime provisions.
- **Supplies & Inventory:** Increased by **\$33,000** to \$72,000, reflecting actual year-to-date expenditures and anticipated needs.
- **Maintenance & Utilities:** Increased by **\$24,000** to \$109,156 to address ongoing infrastructure and facility needs.
- **Administration:** Increased by **\$28,450** to \$184,490 for additional professional services, insurance, and operational requirements.
- **Dispatch & Communications (MERA Operations):** Added \$17,782 to reflect actual Fire department radio system costs that were not included in the original budget.
- **Expense Deductions:** Approximately **\$70,750** in reductions across personnel lines (Administrative Wages, Retirement Premiums, EAP Benefit) offset some increases.
- **Net Effect:** The proposed amended expenses of **\$1,699,003** reflect an increase of **\$38,405** (2.3%) over the originally approved budget.

FISCAL IMPACT

The proposed budget amendment results in a **projected net income of \$1,148,223** for FY 2025–2026, a substantial improvement from the originally budgeted net income of \$3,720. This is primarily due to the recognition of significant grant revenues that were not reflected at the time of original budget adoption.

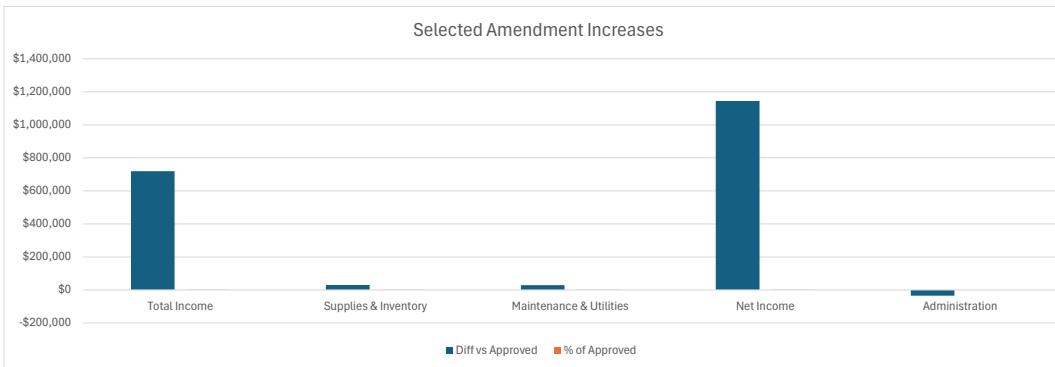
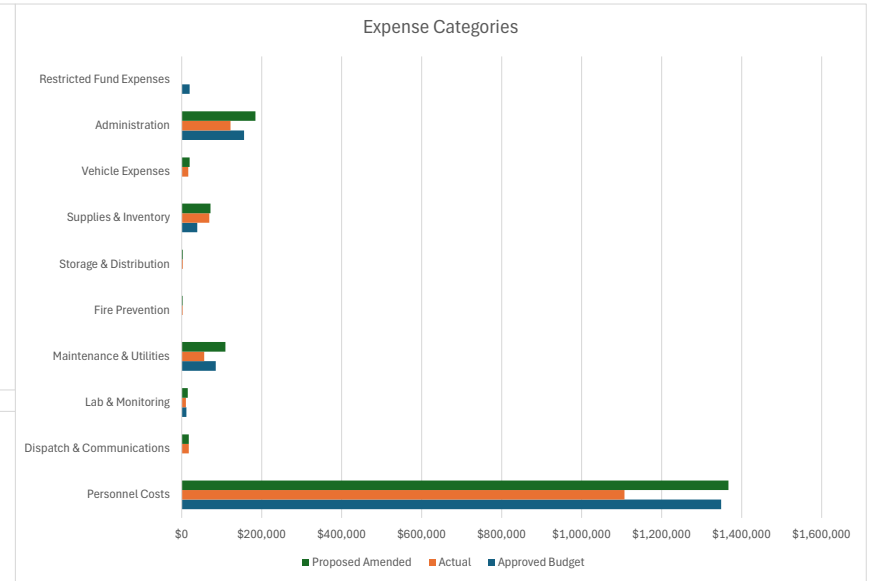
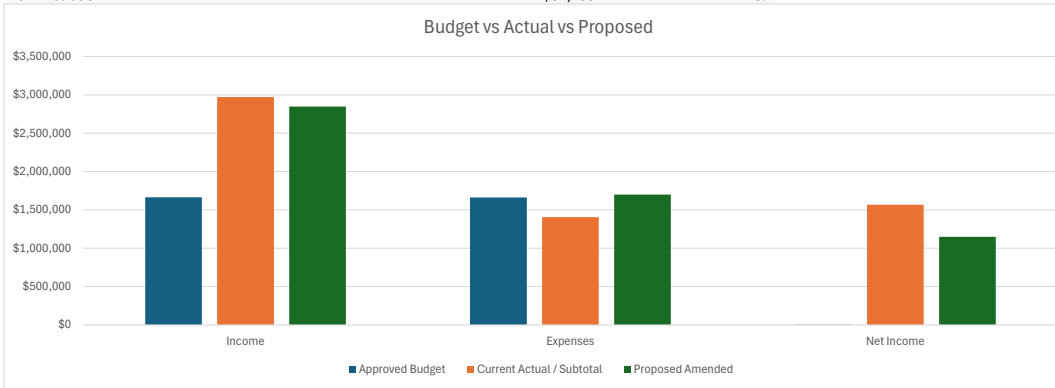
Analysis of Inverness PUD FY 25-26 Budget w Proposed Amendment

Approved Total Income	\$1,664,317
Actual Income to Date	\$2,971,180
Proposed Amended Income	\$2,847,225
Approved Expense Budget	\$1,660,598
Actual Expense Subtotal*	\$1,404,590
Proposed Amended Expenses	\$1,699,003
Approved Net Income	\$3,720
Proposed Amended Net Income	\$1,148,223

Metric	Approved Budget	Current Actual / Subtotal	Proposed Amended
Income	\$1,664,317	\$2,971,180	\$2,847,225
Expenses	\$1,660,598	\$1,404,590	\$1,699,003
Net Income	\$3,720	\$1,566,589	\$1,148,223

Selected amendment increases	Diff vs Approved	% of Approved
Total Income	\$719,718	71%
Supplies & Inventory	\$30,246	85%
Maintenance & Utilities	\$28,863	28%
Net Income	\$1,144,503	30768%
Administration	-\$34,130	18%

Expense Category	Approved Budget	Actual	Proposed Amended
Personnel Costs	\$1,348,689	\$1,107,052	\$1,367,162
Dispatch & Communications	\$0	\$17,782	\$17,782
Lab & Monitoring	\$11,713	\$10,459	\$15,213
Maintenance & Utilities	\$85,156	\$56,293	\$109,156
Fire Prevention	\$0	\$2,474	\$2,500
Storage & Distribution	\$0	\$2,700	\$2,700
Supplies & Inventory	\$39,000	\$69,246	\$72,000
Vehicle Expenses	\$0	\$16,673	\$20,000
Administration	\$156,040	\$121,910	\$184,490
Restricted Fund Expenses	\$20,000	\$0	\$0





Board Agenda Item Staff Report

Subject: Proposal from Diversified Technologies Corporation for Software Upgrade to Current Billing System.
Meeting Date: May 19, 2026
Date Prepared: May 15, 2026
Prepared by: Shelley Redding, General Manager
Attachments: Proposal from Diversified Technologies Corporation

Recommended Action: Approve the proposal from Diversified Technologies Corporation to upgrade the District's current billing software to the Municipal Action Center platform as a capital project, with an initial project cost of \$10,200, and authorize the General Manager to proceed with implementation. Approval at this time will position the District to transition from a legacy billing system that will eventually be phased out, while improving operational capability and continuity.

Background:

The District has used Diversified Technologies' billing platform since 1999. The current system has reliably supported the District's billing operations, including managed billing services, fulfillment, accounts receivable support, and custom billing forms. Although Diversified has since modernized its software offerings, the District has continued to operate on the original platform.

Discussion:

Staff has been evaluating whether newer tools offered by Diversified could improve field and administrative operations. Of particular interest is the Work Order functionality, which integrates with billing records and creates a service history for each location. In meetings with Diversified, staff reviewed the company's current software offerings and discussed how updated tools could better support District operations.

Diversified presented its Municipal Action Center platform, which is expected to be released in June 2026. The platform retains the core billing functions the District currently uses while adding modules for work orders, meter reading, asset management, stronger reporting, GIS-based service location data, customer account access, additional payment options, and mobile support for field staff.

Following the initial presentation, staff were given access to the platform and its training resources to evaluate functionality in more detail. Staff then held a follow-up meeting with Diversified to review specific operational questions and confirm how the software would meet District needs.

As part of that review, Diversified provided the Water Superintendent with full access to the platform for additional evaluation and feedback. Based on staff review, Diversified submitted a proposal to transition the District from its current billing software to the Municipal Action Center. Because this is part of the company's initial rollout, Diversified has proposed using the District's implementation as a practice run and, as a result, will waive implementation fees for the billing system and defer the new annual license charge until January 2027. Staff believes these terms provide a favorable opportunity to complete the upgrade at a reduced initial cost.

Fiscal Impact:

The District's current billing system costs \$758 per month, or \$9,096 annually. Under the proposal, the capital cost to develop and implement the upgraded system is \$5,800, and the annual license fee will be \$4,400 for the first three years. With implementation fees waived and the license fee deferred until January 2027, the first-year project cost is estimated at \$10,200. Thereafter, the District is expected to realize annual savings of approximately \$4,696 compared with current costs, while also gaining expanded operational functionality.




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Call: 877-202-0197 | Email: info@diversifiedtechnology.com



Municipal Center: Utility Quote

Prepared For:
Inverness Public Utility District
Rich Perez

Date: April 30, 2026
of Parcels: 600
of Utility Customers: 600

LICENSE FEES				
Product / Service	Number of Customers	Unit Cost	Year 1	Year 2 & 3
Diversified Billing System Hosted (Billed at minimum of \$3,600.00)	600	\$3.00	\$3,600.00	\$3,600.00
Diversified Master Calendar	600	Included	Included	Included
Diversified Digital Work Orders	600	Included	Included	Included
Diversified Smart Forms	600	Included	Included	Included
Diversified Asset Management	600	Included	Included	Included
Diversified Mobile Meter Read App	600	Included	Included	Included
Diversified IVR	1	\$800.00	\$800.00	\$800.00
Total License Fees			\$4,400.00	\$4,400.00

PROFESSIONAL SERVICES				
Product / Service	Hours	Rate	Year 1	Year 2 & 3
Discovery	2	\$200.00/hour	\$400.00	\$0.00
Implement DB Billing based on SOW	12	\$200.00/hour	\$2,400.00	\$0.00
Data Conversion / System Setup	0	\$200.00/hour	\$0.00	\$0.00
Implement Advanced Smart Meter Integration	1	\$0.00/hour	\$0.00	\$0.00
Implement Preventative Maintenance	1	\$3,000.00	\$3,000.00	\$0.00
Total Professional Services			\$5,800.00	\$0.00

FIRST YEAR TOTAL

License Fees:	\$4,400.00
Professional Services:	\$5,800.00
TOTAL:	\$10,200.00

ONGOING YEARLY FEES

Description	Annual Amount	Details
License Fees (Hosted Billing Engine and Diversified IVR)	\$4,400.00	Per Year
Annual Support	Included	Per Year
TOTAL ONGOING YEARLY FEES	\$4,400.00	Per Year

* Special Offer: 3 Year Monthly Fee: \$1,150 per month paid via ACH for 36 months, then drops to \$300 month.

Thank you for considering Diversified Technology for your business needs.

If you have any questions, please contact us at info@diversifiedtechnology.com or (800) 537-8903.

ACCEPTANCE

Authorized Signature

Date

Printed Name / Title