

Manager's Report

To the SC-OR Commissioners by Glen Sturdevant
on June 19, 2026

Operations & Maintenance:

No operational issues to report.

Project Updates:

Solar

- United Sun Energy will be drilling holes for the ground screws and installing them over the next one to two weeks. Following that, they will begin the racking installation.

Plant Upgrade

- We are in a critical phase of construction, with the RAS station fully bypassed while new pumps and a pipe header are installed.

RCPS

- Construction is underway and currently progressing slightly ahead of schedule.

SC-OR:

- **Funding** – We received an update regarding the potential availability of additional funding through HCD disaster relief funds.
- **Alarm System** – With SC-OR's system upgrade nearly complete, we would like to move forward with updating and enhancing the facility's security system to protect both the new investment and existing infrastructure.
- **Annual Audit** – Its time for the annual audit, and we are requesting Board approval to contract with Fechter & Associates to conduct the annual audit for Fiscal Year 2025-2026.

Continued

Entities Reports:

T.W.S.D.

- Coordinating with T.W.S.D. to finalize the report from the pipeline study conducted at the Highway 162 bridge.

City of Oroville

- Met with Public Works Director Tim Kabert at the RCPS site to provide a project update.

L.O.A.P.U.D.

- Worked with Manager David Goyer to compile total flows to SC-OR from L.O.A.P.U.D. for the FY 2025-2026 annual water report prepared by South Feather Water and Power.

**MINUTES OF THE REGULAR MEETING
OF THE SEWERAGE COMMISSION - OROVILLE REGION**
(Held at the Commission office on May 26, 2026 at 05:00 p.m.)

1. Call to Order ❖

Chairperson Mastelotto called the meeting to order at 05:00 p.m.

2. Roll Call ❖

Commissioners present were Mastelotto and Salvucci from the Lake Oroville Area Public Utility District, Pittman and Goodson from the City of Oroville, and Koch and Clark from the Thermalito Water and Sewer District. Staff present included Manager Glen Sturdevant and Plant Supervisor Mikah Salsi, and Attorney's Sarah Smale and Scott Drexel joined virtually by Zoom.

3. Salute to the Flag ❖

Chairperson Mastelotto led the commissioners and staff in the salute to the flag.

4. Acknowledgment of Visitors ❖

None.

5. Board Meeting Minutes of the Regular and Special Meetings held on April 28, 2026 ❖

Upon motion by Chairperson Mastelotto to approve the minutes of the meeting, and seconded by Commissioner Pittman, the minutes of the April 28, 2026 regular meeting were unanimously approved.

6. Authorization of Warrants ❖

Commissioner Salvucci met with Manager Sturdevant and reviewed the warrants earlier. Having found everything to be in order, a motion was made by Commissioner Salvucci for their approval, and the motion was seconded by Commissioner Koch. Warrants 31098-31152 in the total amount of \$2,465,580.03 from April 29 to May 26, 2026, including Commissioner fees and electronic fund transfers and deposits, were unanimously approved and ordered paid.

7. Fiscal Reports ❖

Manager Sturdevant reported that the fiscal reports for April 2026 were included in the Board packets for review. There were no questions from the Board.

Public Hearing closed at 5:02 PM

8. Closed Session for report on existing litigation ❖

Pursuant to Government Code 54956.9(d)(2), the Board conferred with legal counsel regarding existing litigation, specifically one case involving sewerage fees claim from K&M Butte Developers, LLC related to the Olive Ranch and Table Mountain Apartments projects.

Attorney Drexel reported that there was no reportable action taken during the closed session.

Meeting was opened to a Public Hearing at 5:14 PM

9. Resolution 01-26 and SC-OR Policy No. 7400 (Establishing Septage Processing Charge Reserve in Unrestricted Account and Yearly Review as a Part of Sewer Service Charge) ❖

Manager Sturdevant explained that SC-OR reviews the septage processing charge annually as part of the sewer service charge review to ensure that rates adequately cover costs. He recommended the Board make no change maintaining the current rate of \$192.41 per 1,000 gallons.

A motion was made by Commissioner Salvucci to adopt Resolution No. 01-26 and Policy No. 7400. The motion was seconded by Commissioner Goodson, and passed the following vote: Mastelotto – Yes, Pittman – Yes, Clark – Yes.

10. Attorney's Report (All items may be subject to Board action) ❖

Attorney Drexel stated he did not have anything to report.

11. Manager's Report (All items may be subject to Board action) ❖

Manager Sturdevant reported on the following:

Operational Maintenance:

There were no operational issues to report. Staff have been effectively managing system operations during construction activities, including several major tie-ins. One significant milestone remains with the RAS Building tie-in, which will require bypassing and diverting flows. Operators have done an excellent job coordinating tie-ins, shutdowns, and system switchovers to maintain operations throughout the process.

Project Updates:

Solar – United Sun Energy is currently onsite, and their solar installation schedule is included in the packet. Their work is anticipated to be completed by the end of the year, with the expectation that PG&E will follow shortly thereafter. However, PG&E is currently behind schedule, with an estimated completion timeframe of March 2027.

Plant Upgrade/SC-OR – Manager Sturdevant reiterated that the operators have performed well in managing ongoing work related to the construction, with one major tie-in remaining.

Ruddy Creek Pump Station (RCPS) – Construction continues to make strong progress and is currently ahead of schedule. Work was temporarily paused for one week pending the delivery of materials, due to the project advancing ahead of schedule.

SC-OR Phone System – SC-OR had been paying approximately \$990 per month for traditional AT&T hardline phone service. As AT&T has moved away from maintaining hardline service, rates have increased significantly. As one of her initial cost-saving efforts, Christina evaluated several phone service providers and identified an alternative that is projected to save SC-OR approximately \$750 per month. If SC-OR elects to transition to a long-term contract, the monthly savings could increase to approximately \$825.

Commissioner Goodson inquired about the new provider, and Manager Sturdevant clarified that the service remains with AT&T but is now internet-based. He noted that a potential drawback is service interruption during internet outages; however, Starlink is available as a backup. Commissioner Koch expressed concern about potential reliability issues with AT&T internet, which SC-OR will consider as it evaluates the new system. Manager Sturdevant added that an alternative option involving installation of cable service was explored, but deemed cost-prohibitive.

Entity Reports:

T.W.S.D. – Manager Sturdevant met with Manager Boucher and District Engineer Heindell on multiple occasions to discuss the Ruddy Creek Pump Station project. District Engineer Heindell requested to observe the manhole stacking and the concrete pour at the construction site.

City of Oroville – Manager Sturdevant reported that he has been working with the City staff, and legal counsel for both parties are coordinating to determine the process for transferring the portion of the collection system located on Oro Dam and South 7th to the City.

L.O.A.P.U.D. – Manager Sturdevant met with Manager Goyer and Field Operations Supervisor Vince Victorino to discuss Mr. Victorino's appointment to the Butte County Wastewater Committee and to identify any issues SC-OR would like addressed by its JPA representative.

Manager Sturdevant discussed the ongoing Plant Upgrade Phase 1 construction and the parallel implementation of a Supervisory Control and Data Acquisition (SCADA) system, which monitors data and controls plant operations. Upon completion of Phase 1, approximately half of the plant will be integrated into SCADA, while the remaining half will continue operating on older systems. He noted that integrating older equipment with newer systems can present operational challenges.

Manager Sturdevant requested direction from the Board to explore the cost of expanding SCADA across the entire SC-OR system. He explained that a full SCADA implementation would improve operational efficiency, provide more predictive capabilities, and allow staff to better analyze system data. Preliminary estimates indicate the project could cost approximately \$1 million, with initial programming and equipment costs estimated around \$600,000, including programmable logic controllers (PLCs), with additional costs for electrical installation. Jacobs has indicated the total cost may come in under \$800,000.

Manager Sturdevant emphasized that he was not seeking financial approval to proceed with the project at this time, but rather direction to research costs and return with more detailed information. He noted that, while driven by regulatory requirements, the upgrade would modernize the system and support future planning.

Commissioner Goodson asked whether the upgrade was not an option. Manager Sturdevant confirmed that it is optional, but noted it would simplify operations by replacing outdated equipment. Commissioner Salvucci commented on the benefit of being able to monitor and manage system operations remotely. Commissioner Goodson inquired about potential impacts to customer rates. Manager Sturdevant noted that rate increases are already scheduled through 2028, but additional increases could be necessary if a loan is required.

Commissioner Goodson clarified that the request was for exploratory cost analysis only, which Manager Sturdevant confirmed. He added that he and Plant Supervisor Salsi have the capacity to conduct the research and will report back to the Board.

Commissioner Goodson also asked about potential grant opportunities for the SCADA upgrade. Plant Supervisor Salsi noted that current grant funding, including approximately \$10 million from the County's disaster-related funding, has supported the current Plant Upgrade project. Manager Sturdevant added that SC-OR may still be eligible for an additional \$6 million in County funding. Commissioner Goodson mentioned grant opportunities that may apply to the SCADA project and agreed to share that information with Manager Sturdevant.

12. Visitor's Comments ❖

None.

13. Commissioner and Staff Comments ❖

Commissioner Pittman inquired whether SC-OR has an updated aerial map of the service areas. Manager Sturdevant stated that he would look into it. Commissioner Pittman also complimented Manager Sturdevant and SC-OR staff on the facility tour provided to the Rotary Club last month.

Commissioner Pittman further stated that fraudulent billing emails are currently being circulated, noting that these messages may appear credible and staff should exercise caution. He also reported an increase in thefts of electrical wiring and advised awareness of this issue.

Manager Sturdevant reported that SC-OR's alarm company recently cancelled its service. He became aware of this late Friday after the agenda and Manager's Report had been distributed. Commissioner Goodson asked whether SC-OR is currently without an alarm system. Manager Sturdevant responded that the system is still being monitored temporarily, and that a new alarm vendor and contract will be presented to the Board for consideration next month.

14. Adjournment ❖

There being no further business, the meeting was adjourned at 05:41 p.m. to the regular meeting scheduled for June 23, 2026 at 5:00 p.m.

Respectfully submitted,

GLEN E. STURDEVANT, CLERK

SEWERAGE COMMISSION - OROVILLE REGION
BUDGETARY SUMMARY - FISCAL YEAR 2025/2026

DESCRIPTION	Adopted Budget 2025/26	Expended This Month	Expended Through 05.31.2026	Balance of Funds Remaining	Time Left 17%
SALARIES & WAGES	1,088,800	83,567.45	1,024,674.34	64,125.66	6%
EMPLOYEE BENEFITS	795,220	53,136.54	705,843.13	89,376.87	11%
COMMISSIONERS' FEES	43,200	3,600.00	39,600.00	3,600.00	8%
CMSNRS FICA & MEDICARE	3,305	275.40	3,029.40	275.60	8%
GAS, OIL & FUEL	30,000	1,555.72	11,462.52	18,537.48	62%
INSURANCE	160,000	0.00	146,231.27	13,768.73	9%
MEMBERSHIPS	12,000	0.00	9,779.00	2,221.00	19%
OFFICE EXPENSES	10,000	409.37	9,172.12	827.88	8%
OPERATING SUPPLIES	345,000	37,778.37	215,798.76	129,201.24	37%
PROFESSIONAL SERVICES	200,000	3,588.23	173,865.98	26,134.02	13%
PRINTING & PUBLICATIONS	3,000	0.00	0.00	3,000.00	100%
REPAIRS & MAINTENANCE	135,000	11,366.24	121,377.89	13,622.11	10%
BIOSOLIDS DISPOSAL	30,000	0.00	10,387.50	19,612.50	65%
MONITORING & COMPLIANCE	120,000	3,392.50	112,984.15	7,015.85	6%
TRAINING & MEETINGS	20,000	1,111.39	7,455.68	12,544.32	63%
UTILITIES	823,650	13,954.74	712,229.89	111,420.11	14%
CONTINGENCY	100,143		84,123.23	16,019.77	16%
TOTAL OPERATING EXP.	3,919,318	213,735.95	3,388,014.86	531,303.14	14%
Engineering Fees	0.00				
Legal Fees	852.50				
Accounting Fees	3,915.45				
Permits	0.00				
Payroll	1,179.72				

SEWERAGE COMMISSION - OROVILLE REGION

REVENUE SUMMARY - FISCAL YEAR 2025/2026

DESCRIPTION	Received This Month	Received Through 05.31.26	Unrestricted Funds	Restricted W.C.R.F. Funds	Regulatory & Capital Acct. Funds	Restricted Cap. Outlay Funds	Restricted Annl. M&O Funds	Restricted Fines&Pen. Funds
SERVICE CHARGES	0.00	4,408,060.62	4,408,060.62			0.00		
SEPTAGE DUMPERS	7,734.48	65,108.16	65,108.16					
EX. PEAK FLOWS	0.00	0.00				0.00		
EX. MO. FLOWS	0.00	0.00	0.00					
OTHER AGENCIES	231.39	8,594.58	8,594.58					
RFC CHARGES	0.00	683,714.00				683,714.00		
INTEREST	40,816.80	704,322.51	290,238.53	36,613.16	245,613.49	119,775.71	0.00	12,081.62
REVENUE TOTALS	48,782.67	5,869,799.87	4,772,001.89	36,613.16	245,613.49	803,489.71	0.00	12,081.62
CONTRIBUTION FROM MONTHLY SEWER SERVICE CHARGES								
R&CA (Regulatory & capit @ \$11.28/EDU)	0.00	2,662,575.12			2,662,575.12			
WCRF @ \$0.70/EDU	0.00	163,863.63		163,863.63				
CONTRIB. TOTALS	0.00	2,826,438.75	0.00	163,863.63	2,662,575.12	0.00	0.00	0.00

**SEWERAGE COMMISSION - OROVILLE REGION
ACTIVE & INACTIVE CASH - MONTHLY RECAP
FISCAL YEAR 2025/2026**

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
Cash - Unrestricted	9,996,848.89	8,347,437.62	8,122,751.61	9,511,238.23	9,330,539.10	9,058,225.46	9,595,106.94	8,917,535.95	8,730,220.15	9,359,585.79	11,483,104.69	0.00
Cash - Restricted												
WCRF	1,057,660.09	1,060,165.57	1,066,624.37	1,015,930.09	1,016,626.12	1,004,692.61	1,047,220.80	1,049,414.77	1,027,497.29	1,069,824.54	1,072,251.10	
R&CA	9,045,303.21	8,059,639.82	8,056,417.78	7,850,527.60	7,794,613.08	6,122,126.70	6,718,539.36	5,993,372.62	5,327,749.02	4,411,486.76	2,115,396.45	
Cap. Outlay	3,311,239.53	3,325,702.15	3,345,841.08	3,155,777.18	3,163,059.70	3,180,869.61	3,705,730.22	3,713,494.43	3,785,452.67	3,799,430.15	3,804,048.21	
Fines&Pen	340,097.18	340,900.85	342,964.80	343,783.30	344,576.81	346,516.68	347,289.84	348,017.63	349,894.59	350,573.03	351,368.14	
TOTAL CASH	23,751,148.90	21,133,846.01	20,934,599.64	21,877,256.40	21,649,414.81	19,712,431.06	21,413,887.16	20,021,835.40	19,220,813.72	18,990,900.27	18,826,168.59	0.00
INTEREST ALLOCATED:												
Unrestricted	22,733.96	20,260.21	46,122.42	18,430.38	19,554.55	46,519.69	18,618.53	15,964.60	46,589.85	16,471.67	18,970.42	
Reserve/WCRF	2,520.85	2,505.48	6,458.80	2,546.16	2,344.47	5,724.57	2,241.48	2,193.97	5,658.58	1,992.24	2,426.56	
Reserve/CO	7,892.16	7,824.62	20,138.93	7,986.47	7,282.52	17,809.91	7,096.61	7,764.21	20,022.74	7,339.48	8,618.06	
Reserve/F&P	810.66	803.67	2,063.95	818.50	793.51	1,939.87	773.16	727.79	1,876.96	678.44	795.11	
Reserve/RCA	13,812.83	21,374.70	48,804.31	19,230.25	18,116.13	43,888.01	13,658.28	14,076.48	32,316.18	10,329.67	10,006.64	
CONSISTING OF:												
Checking Accounts	1,420,423.67	723,975.44	401,139.43	1,037,231.03	1,068,499.86	282,624.06	1,975,621.92	276,924.67	234,438.68	996,417.49	211,227.36	
Money Market & Retainage Accounts	8,244,737.90	7,203,739.14	7,228,529.56	6,953,647.53	7,032,577.99	6,661,715.11	7,100,132.98	7,122,006.58	7,146,302.39	7,393,012.66	7,640,407.07	
L.A.I.F. & CLASS Accounts	14,085,987.33	13,206,131.43	13,304,930.65	13,886,377.84	13,548,336.96	12,768,091.89	12,338,132.26	12,622,904.15	11,840,072.65	10,601,470.12	10,974,534.16	
TOTAL CASH	23,751,148.90	21,133,846.01	20,934,599.64	21,877,256.40	21,649,414.81	19,712,431.06	21,413,887.16	20,021,835.40	19,220,813.72	18,990,900.27	18,826,168.59	0.00
% of Funds Invested	94.02%	96.57%	98.08%	95.26%	95.06%	98.57%	90.77%	98.62%	98.78%	94.75%	98.88%	#DIV/0!

Sewerage Commission - Oroville Region

Bank Reconciliation - Golden Valley Bank

Fiscal Year Ended 30 June 2026

BALANCE PER BANK

Ending Balance on Bank Statement	31-May-26	2,288,297.94
Less Outstanding Warrants		(2,077,160.17)
Equals Adjusted Bank Balance at	31-May-26	<u>211,137.77</u>

BALANCE PER BOOKS

Beginning Prior Checkbook Balance	1-May-26	<u>996,417.49</u>
Deposits		4,031,835.87
Less Transfers Out		(2,283,035.48)
Less Warrants Written		(2,477,101.80)
Less Net Payroll Warrants		(56,978.31)
Equals Adjusted Checkbook Balance	31-May-26	<u>211,137.77</u>

SEWERAGE COMMISSION - OROVILLE REGION
GOLDEN VALLEY BANK MONEY MARKET ACCOUNT
FISCAL YEAR 2025/2026

Date Detail	Deposits	Withdrawals	Balance	IntRate
1-Jul-25 Balance Forward			4,974,070.18	
24-Jul-25 Deposit	3,250,000.00		8,224,070.18	
31-Jul-25 Interest earned	20,667.72		8,244,737.90	4.270%
21-Aug-25 Transfer to general checking		1,710,907.91	6,533,829.99	
22-Aug-25 Transfer from general checking	642,009.77		7,175,839.76	
31-Aug-25 Interest earned	27,899.38		7,203,739.14	
30-Sep-25 Interest earned	24,790.42		7,228,529.56	
20-Oct-25 Transfer to general checking		300,000.00	6,928,529.56	
31-Oct-25 Interest earned	25,117.97		6,953,647.53	4.240%
3-Nov-25 Transfer from general checking	254,117.74		7,207,765.27	
17-Nov-25 Transfer to general checking		199,437.57	7,008,327.70	
30-Nov-25 Interest earned	24,250.29		7,032,577.99	
8-Dec-25 Transfer to general checking		160,000.00	6,872,577.99	
15-Dec-25 Transfer to general checking		110,000.00	6,762,577.99	
29-Dec-25 Transfer to general checking		125,000.00	6,637,577.99	
31-Dec-25 Interest earned	24,137.12		6,661,715.11	
12-Jan-26 Transfer to general checking		250,000.00	6,411,715.11	4.100%
30-Jan-26 Transfer from general checking	666,070.18		7,077,785.29	
31-Jan-26 Interest earned	22,347.69		7,100,132.98	
28-Feb-26 Interest earned	21,873.60		7,122,006.58	4.090%
31-Mar-26 Interest earned	24,295.81		7,146,302.39	
28-Apr-26 Transfer from general checking	212,000.00		7,358,302.39	
30-Apr-26 Interest earned	22,479.00		7,380,781.39	3.880%
6-May-26 Transfer from general checking	193,983.52		7,574,764.91	
12-May-26 Transfer from general checking	584,017.26		8,158,782.17	
26-May-26 Transfer to general checking		564,974.30	7,593,807.87	
31-May-26 Interest earned	25,314.51		7,619,122.38	

SEWERAGE COMMISSION - OROVILLE REGION

GOLDEN VALLEY BANK MONEY MARKET ACCOUNT-RUDDY CREEK PUMP STATION RETAINAGE

FISCAL YEAR 2025/2026

Date	Detail	Deposits	Withdrawals	Balance	IntRate
4/2026	Balance Forward			0.00	
	Transfer from general checking -				
28-Apr-26	Application No. 1 (5% withholding)	12,227.44		12,227.44	
30-Apr-26	Interest earned	3.83		12,231.27	3.880%
	Transfer from general checking -				
20-May-26	Application No. 2 (5% withholding)	9,002.50		21,233.77	
31-May-26	Interest earned	50.92		21,284.69	

SEWERAGE COMMISSION - OROVILLE REGION

LOCAL AGENCY INVESTMENT FUND

FISCAL YEAR 2025/2026

Date Detail	Deposits	Withdrawals	Balance	IntRate
1-Jul-25 Balance Forward			7,535,736.10	4.400%
22-Jul-25 Withdrawal - Warrants		(482,000.00)	7,053,736.10	
12-Aug-25 Withdrawal - Warrants		(452,000.00)	6,601,736.10	
30-Sep-25 Qtrly interest rec'd	75,608.41		6,677,344.51	4.340%
24-Oct-25 Transfer from checking	254,000.00		6,931,344.51	
4-Nov-25 Transfer from checking	254,000.00		7,185,344.51	
25-Nov-25 Transfer to general checking		(870,000.00)	6,315,344.51	
31-Dec-25 Qtrly interest rec'd	70,606.06		6,385,950.57	4.200%
12-Jan-26 Transfer to general checking		(200,000.00)	6,185,950.57	
2-Feb-26 Transfer from checking	844,000.00		7,029,950.57	
11-Feb-26 Transfer to general checking		(131,000.00)	6,898,950.57	
19-Feb-26 Transfer to general checking		(49,000.00)	6,849,950.57	3.931%
25-Feb-26 Transfer to general checking		(110,000.00)	6,739,950.57	
17-Mar-26 Transfer to general checking		(120,000.00)	6,619,950.57	
31-Mar-26 Qtrly interest rec'd	64,675.95		6,684,626.52	3.980%
14-Apr-26 Transfer to general checking		(807,000.00)	5,877,626.52	
28-Apr-26 Transfer from general checking	198,000.00		6,075,626.52	
6-May-26 Transfer from general checking	193,000.00		6,268,626.52	
12-May-26 Transfer from general checking	573,000.00		6,841,626.52	
26-May-26 Transfer to general checking		(564,000.00)	6,277,626.52	

SEWERAGE COMMISSION - OROVILLE REGION

CALIFORNIA CLASS ACCOUNT

FISCAL YEAR 2025/2026

Date Detail	Deposits	Withdrawals	Balance	IntRate
1-Jul-25 BEGINNING BALANCE			7,485,227.00	
22-Jul-25 Transfer to checking		480,078.51	7,005,148.49	
31-Jul-25 Dividend reinvestment (interest)	27,102.74		7,032,251.23	4.343%
13-Aug-25 Transfer to checking		452,725.73	6,579,525.50	
31-Aug-25 Dividend reinvestment (interest)	24,869.83		6,604,395.33	4.324%
30-Sep-25 Dividend reinvestment (interest)	23,190.81		6,627,586.14	4.273%
23-Oct-25 Transfer from checking	303,553.40		6,931,139.54	
31-Oct-25 Dividend reinvestment (interest)	23,893.79		6,955,033.33	4.189%
4-Nov-25 Transfer from checking	254,117.74		7,209,151.07	
30-Nov-25 Dividend reinvestment (interest)	23,841.38		7,232,992.45	4.039%
2-Dec-25 Transfer to checking		871,990.00	6,361,002.45	
31-Dec-25 Dividend reinvestment (interest)	21,138.87		6,382,141.32	3.877%
13-Jan-26 Transfer to checking		250,000.00	6,132,141.32	
31-Jan-26 Dividend reinvestment (interest)	20,040.37		6,152,181.69	3.783%
2-Feb-26 Transfer from checking	831,621.92		6,983,803.61	
11-Feb-26 Transfer to checking		394,348.19	6,589,455.42	
19-Feb-26 Transfer to checking		147,405.72	6,442,049.70	
20-Feb-26 Transfer to checking		80,000.00	6,362,049.70	
25-Feb-26 Transfer to checking		497,949.57	5,864,100.13	
28-Feb-26 Dividend reinvestment (interest)	18,853.45		5,882,953.58	3.742%
17-Mar-26 Transfer to checking		680,000.00	5,202,953.58	
30-Mar-26 Transfer to checking		65,000.00	5,137,953.58	
31-Mar-26 Dividend reinvestment (interest)	17,492.55		5,155,446.13	3.695%
14-Apr-26 Transfer to checking		833,931.20	4,321,514.93	
28-Apr-26 Transfer from checking	190,000.00		4,511,514.93	
30-Apr-26 Dividend reinvestment (interest)	14,328.67		4,525,843.60	3.692%
6-May-26 Transfer from checking	183,846.96		4,709,690.56	
12-May-26 Transfer from checking	555,187.74		5,264,878.30	
26-May-26 Transfer to checking		583,422.03	4,681,456.27	
31-May-26 Dividend reinvestment (interest)	15,451.37		4,696,907.64	

**Thermalito
Water and
Sewer
District**

A Public Agency

410 Grand Avenue
Oroville, California 95965
(530) 533-0740
FAX (530) 533-9243

DIRECTORS

Brad Taggart
Division 1

Trevor Hatley
Division 2

Scott Koch
Division 3

Bruce Wristen
Division 4

Mark Clark
Division 5

Jayme Boucher
Manager/Secretary

Andrew J. McClure
Legal Counsel

RECEIVED
JUN 17 2026
RECEIVED

June 17, 2026

SC-OR
Attn: Mr. Glen Sturdevant
P O Box 1350
Oroville, CA 95965

Re: District's SC-OR Representatives and Voting
Member

Dear Glen:

At our regular Board meeting held on June 16, 2026, the representatives to serve on the SC-OR commission were appointed. For the following year Scott Koch and Bruce Wristen will represent the district. Scott Koch will serve as the voting member.

Cordially,



Jayme Boucher
General Manager

Quote For:



Sewerage Commission Oroville
Upgrade Existing Solar Outdoor PE Beam Protection
2880 S 5th Ave.
Oroville, CA. 95965
Contact: Mitchell or Glen 530-534-0353
Sales Manager: Seng Phan
3/30/2026
Quote valid for 90 days from date submitted

2348 Baldwin Ave
 Oroville, CA 95966
 (530) 532-0885
 (530) 895-0885
 (800) 722-2852

Security Alarm	\$34.00
Cellar/App	\$17.00
Total Monthly	\$51.00

System Type: Owned

Hardware

Part #	Qty	Description
XR150	1	New Upgrade Main Control Panel
7070	1	New Upgrade Keypad
263 LTE2	1	New Cellar Radio as primary communication
110GXH	1	New Wireless High Receiver
ELK1RT/ELK100	1	New Outdoor Sounder
860 Relay Module	9	New Upgrade Relay Module for Supervisory Zones
SL-650' QDP Outdoor PE Beam	1	New Upgrade PE Beam # 43 South Side
AX-200' Plus Outdoor PE Beam	1	New Upgrade PE Beam # 47 East Side
SL-650' QDP Outdoor PE Beam	1	New Upgrade PE Beam # 48 Norh Side
AX-200' Plus Outdoor PE Beam	1	New Upgrade PE Beam # 49 Norh Side
1106 Universal Transmitter	4	New Upgrade Wireless Universal Transmitter
PM212	4	New Upgrade Power Supply
Misc	1	Misc- Conduit, Connectors, Lfex
STI-7510B	1	New Outdoor Waterproof Box for Keypad
Nema Box	1	New Nema Waterproof Box for Main Control Panel
Labor	1	Prevailing Wages to upgrade and install new equipment

Parts	\$8,575.00
Labor	\$12,250.00
Total Cost	\$20,825.00

Accularm will remove all old PE Beams that are on site.

Accularm will program New App for remote arming and disarming

Quote For:



Sewerage Commission Oroville
Main Building Security System and PE Beam
2880 Sout 5th Ave.
Oroville, CA. 95965
Contact: Mitchell or Glen 530-534-0353
Sales Manager: Seng Phan
5/28/2026
Quote valid for 90 days from date submitted

2348 Baldwin Ave
 Oroville, CA 95966
 (530) 532-0885
 (530) 895-0885
 (800) 722-2852

System Type: Owned

Hardware

Part #	Qty	Description
1100XH	1	New Upgrade High Receiver
1100R	4	New Wireless Repeaters
Tri-Tech	4	New Upgrade Motions Detectors-Control, Lab, (2) Halls
860 Relay Module	20	New Relay Modules for Zones Supervisory
355	1	New Interior Sounder
PM212	2	New Powe Supplies
AX-200' Plus Outdoor PE Beam	1	New Upgrade PE Beam #12 Chlorine to North Fence
SL-350' QDP Outdoor PE Beam	1	New Upgraded PE Beam #19 Chlorine to Fuel Storage
AX-200' Plus Outdoor PE Beam	1	New Upgraded PE Beam #23 Chlorine to Chlorine
SL-350' QDP Outdoor PE Beam	1	New Upgraded PE Beam #24 Chlorine to Open Shed
AX-100' Plus Outdoor PE Beam	1	New Upgraded PE Beam #28 Open Shed to Pond
SL-350' QDP Outdoor PE Beam	1	New Upgraded PE Beam #31 Pond to Fuel Storage
SL-350' QDP Outdoor PE Beam	1	New Upgraded PE Beam #11 Fence to Pond
SL-350' QDP Outdoor PE Beam	1	New PE Beam From Middle Gate to Front East Gate Corner
AX-200' Plus Outdoor PE Beam	1	New PE Beam From East Gate to Main entry
SL-350' QDP Outdoor PE Beam	1	New PE Beam From Main entry to Storage Shed
1106 Universal Transmitter	10	New Upgrade Wireless Universal Transmitters
Misc	1	Misc- Conduits, Connectors, Flex, Waterproof Boxes
714/16	1	New Zones Expander (16)
714/8	1	New Zones Expander (8)
LED	1	New LED Light Indicator
App	1	New App Service for remote arming and disarming
Insurance/Bond	1	Insuracne/Bond
Labor	1	Prevailing Wages to Upgrade and install New Equipment

Parts	\$19,770.00
Prevailing Wages	\$21,090.00
Total Cost	\$40,860.00

Phase II repairs and upgrade of all non-functioning PE Beams

Accularm will connect all PE Beams to Phse I upgrade. There are no additional Monthly fees for additional Devices.



Craig R. Fechter, CPA, MST
(1976 - 2022)

June 12, 2026

Board of Directors
Mr. Glen Sturdevant, Manager/Superintendent
Sewerage Commission - Oroville Region
2880 South 5th Avenue
Oroville, California 95965

We are pleased to confirm our understanding of the services we are to provide the Sewerage Commission - Oroville Region (the Commission) for the year ended June 30, 2026.

Audit Scope and Objectives

We will audit the financial statements of the Commission, and the disclosures, which collectively comprise the basic financial statements of the Commission as of and for the year ended June 30, 2026. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Commission's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Commission's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) GASB required supplementary pension information.

We have also been engaged to report on supplementary information other than RSI that accompanies the Commission's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a separate written report accompanying our auditor's report on the financial statements.

- 1) Budgetary Comparison Schedule.
- 2) Comparative Schedules of Operating Expenses by Department
- 3) Schedule of Changes in Restricted and Commission Reserved Net Position

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

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and Government Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the

audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, Government Auditing Standards do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

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

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

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Pension related disclosures – The Commission is subject to the reporting requirements of GASB 68, Accounting And Financial Reporting For Pensions—An Amendment Of GASB Statement No. 27. These calculations are highly complex and therefore we consider this a high-risk area for audit purposes.
- Federal funds may be improperly recognized due to noncompliance with grant terms.
- Management override through unauthorized usage of credit cards.

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

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, Government Auditing Standards, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Commission's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the Commission's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the Commission's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the 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 latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

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

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Electronic Communication and File Exchange Processes

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

As part of our commitment to protecting your sensitive information, Fechter & Company works with Thomson Reuters to provide secure, encrypted, file transfer process. All documents you prepare for our use in completing the services outlined in this engagement letter (Word, Excel and PDF files) should be transmitted to Fechter & Company through this transfer process and all sensitive files will be transmitted through this system.

Client's Responsibility. You must at your own cost (a) provide for your own access to the Internet and pay any services fees, connection charges, and online services usage associated with such access and (b) provide all equipment necessary for you to make such connection to the internet, including a computer and modem.

Dispute Resolution. The parties agree that any dispute between the District and the Firm relating to this Agreement, or the breach of it, shall, if negotiations and other discussions fail, be first submitted to mediation in accordance with the applicable rules for resolving professional accounting and related services disputes of the America Arbitration Association. If the parties are unable to resolve the dispute through mediation within 60 days from the date notice is first given from one party to the other as to the existence of such a dispute and the demand to mediate, then they may proceed to resolve the matter by arbitration if this agreement provides that the particular dispute is subject to arbitration, or by whatever other lawful means are available to them if this agreement does not provide for arbitration of the particular dispute. Costs of any mediation proceeding shall be shared equally by all parties.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to Board of Directors of the Commission; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Fechter and Company, Certified Public Accountants or their assigns and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the California State Controller's Office or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Fechter and Company, Certified Public Accountant's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the California State Controller's Office. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit during September/October 2026 and to issue our reports no later than December 31, 2026. Scott German, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fees for the financial statement audit will be \$17,500 plus \$9,500 for *each* major program requiring a single audit. Based on our preliminary discussions, we believe there to be only one major program as in prior years. Direct expenses for travel and printing are not expected to exceed \$700 and will be billed at actual amounts as incurred. Assuming only one major program, our invoices will be presented for payment as follows:

Due with the engagement letter (Due July 1, 2026)	\$ 6,000
Due upon completion of fieldwork	20,000
Due upon presentation of the final report	<u>1,000</u>
Total fees	<u>\$ 27,000</u>

Actual direct expenses will be billed as incurred, we estimate total expenses will be approximately \$700.

In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your 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. You 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 your 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 you and arrive at a new fee estimate before we incur the additional costs. If we are engaged to perform additional services for the Commission, the services will be billed at the following hourly rates:

Partners	\$325
Managers	225
Senior	175
Clerical/Support staff	100

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Directors of the Commission. 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 a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. We cannot provide assurance that unmodified opinions will be expressed. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The Government Auditing Standards report on internal control over financial reporting and on compliance and other matters will state that (1) 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 or on compliance, and (2) 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 Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We maintain a license with California State Board of Accountancy and will inform you in writing of any changes in the status in our license.

Board of Directors
Mr. Glen Sturdevant, Manager/Superintendent
Sewerage Commission - Oroville Region
June 12, 2026
Page 10

We appreciate the opportunity to be of service to the Commission and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,



Fechter & Company
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of the Sewerage Commission - Oroville Region.

Management signature:

Governance signature:

Title: _____

Title: _____

Date: _____

Date: _____

Environmental Compliance Report

To the SC-OR Commissioners and Staff from Kendra Morgan

June 23, 2026

INDUSTRIAL PRETREATMENT PROGRAM

INSPECTIONS

The dischargers submitted their monthly flow reports for May 2026. All dischargers and lines appear to be in compliance with their permits.

ENFORCEMENT

There are no enforcement items to report.

ACTIVITIES

All operations continued as normal in the laboratory and environmental areas.

Sewerage Commission - Oroville Region

Monthly Flows Report - May-26

Name of Agency	Total Monthly Flow (MG)	Average Daily Flow (MG)	Total Peak Flow (MG)	Date of Peak Flow
SC-OR Plant Total 19134 EDU's	81.225	2.620	4.72	5/10/2026
Lake Oroville Area P.U.D. 6,179 EDU's	24.241	0.782	1.57	5/7/2026
Thermalito Water and Sewer 2,980.96 EDU's	12.680	0.409	1.21	5/2/2026
City of Oroville 9,934 EDU's	44.304	1.429	2.91	5/21/2026

EDU % remaining

7.565%

Ground water dewatering

0.000 Million gallons

Septage Pumpers

0.0342 Million Gallons/Month

Monthly Rainfall

0.93 Total Inches/Month