

SUFFOLK COUNTY WATER AUTHORITY
AUDIT COMMITTEE MEETING AGENDA

January 25, 2024

1. Accept the Minutes of the August 24, 2023, Audit Committee Meeting;
2. Adopt the Annual Internal Audit Plan;
3. Discussion of Ridge Fire District Settlement Agreement;

NEXT MEETING – Scheduled for Thursday, June 27, 2024 at 2:30 p.m. at Oakdale.

AUDIT COMMITTEE

DATE: August 24, 2023

LOCATION: 4060 Sunrise Highway, Oakdale

ATTENDANCE: Edward Lee, KPMG Audit Partner
Stephen Suozzi, KPMG, Manager, Audit
Charles Lefkowitz, Chairman
Jacqueline Gordon, Board Member
Elizabeth Mercado, Board Member
Jeffrey W. Szabo, CEO
Timothy Hopkins, Esq.
Alicia Simson, Internal Audit Manager
Christopher Cecchetto, Director of Finance
Adina Beedenbender, Executive Assistant/Secretary to the Board

The meeting was called to order by Mr. Lefkowitz at 2:00 p.m. upon all Members of the Committee being present.

On motion made by Ms. Gordon, duly seconded by Ms. Mercado, and unanimously carried, it was

RESOLVED, To accept the Minutes of the May 25, 2023 Audit Committee Meeting.

Mr. Lefkowitz introduced Edward Lee, Audit Partner of KPMG.

Mr. Lee and Mr. Suozzi distributed the 2023 Audit Results, Financial Statements and the Annual Investment Report which was all reviewed with the members. He informed the Members of the adoption of the GASB 75 which is the recognition of the post retirement liabilities.

The committee members thanked Mr. Lee and Mr. Suozzi for their presentation.

On motion made by Ms. Gordon, duly seconded by Ms. Mercado, and unanimously carried, to recommend the approval of the Audited Financial Statements for the year ending May 31, 2023, subject to KPMG's final review.

On motion made by Ms. Mercado, duly seconded by Ms. Gordon, and unanimously carried, to recommend the approval of the Annual Investment Report for the year ending May 31, 2023, subject to KPMG's final review.

On motion made by Ms. Gordon, duly seconded by Ms. Mercado, and unanimously carried, to recommend the approval of the Annual PARIS Report and that the Report be submitted electronically to the New York State Authority Budget Office, subject to KPMG's final review.

On motion made by Ms. Gordon, duly seconded by Ms. Mercado, and unanimously carried, the Audit Committee went into an Executive Session with KPMG.

On motion made by Ms. Mercado, duly seconded by Ms. Gordon, and unanimously carried, the meeting of the Audit Committee was adjourned at 2:40 p.m.

Respectfully submitted:

Adina Beedenbender, Executive Assistant/Secretary to the Board

2024 Audit Committee Update and Audit Plan



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Issued: January 25th, 2024

MESSAGE FROM THE INTERNAL AUDIT MANAGER

I am pleased to present the 2023 Annual Report of Internal Audit Activities for the Suffolk County Water Authority and the 2024 Audit Work Plan. This communication is provided to demonstrate accountability to the Board of Directors, Audit Committee and Executive leadership that the audit function is operating as intended. The Department of Internal Audit (IA) conducts internal audits in accordance with Generally Accepted Government Auditing Standards and the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.

IA successfully completed all financial, compliance, operational and technological audits included in the 2023 Audit Work Plan. The work plan included budgeted hours to perform provide managerial assistance, provide consultation and to complete special project requests from the Board of Directors and organizational leadership.

IA will continue to support Suffolk County Water Authority and its ratepayers with the 2024 Audit Work Plan. As with prior years, this year's plan includes projects based on organizational risk and discussions with leadership, and provides time to address organizational needs as they arise.

My team and I are appreciative to be a part of this organization and look forward to working with the Board of Directors, Audit Committee, and Executive Leadership to ensure continued fiscal responsibility and compliance at the Suffolk County Water Authority

Respectfully,

Alicia A. Simson

Internal Audit Manager

INTERNAL AUDIT CHARTER

Internal Audit is charged by the Audit Committee to improve Authority operations by providing independent, risk-based, objective and reliable assurance, advice, and insight. IA accomplishes this by:

1. Internal audit services in which planned compliance, operational, financial, and information technology engagements are completed.
2. Follow-up assessments where prior audit findings are reviewed to determine if effective corrective measures were implemented supportive of management responses to identified improvement opportunities.
3. Special project engagements where Authority or department leadership request consultative services to aid in evaluating risk and the adequacy of internal controls.
4. Investigations addressing allegations of fraud, waste, conflict of interest, ethics violations, abuse of Authority resources, and other matters potentially in violation of policy, regulations, and requirements.

OVERVIEW OF 2023 INTERNAL AUDIT PROJECTS

The Authority's Internal Audit Work Plan encompasses projects defined within the following risk-based categories noted below.

Financial—verification of financial reporting, accounting of transactions, customer billings and related controls

Technology—examination of the electronic systems that maintain financial and operational information

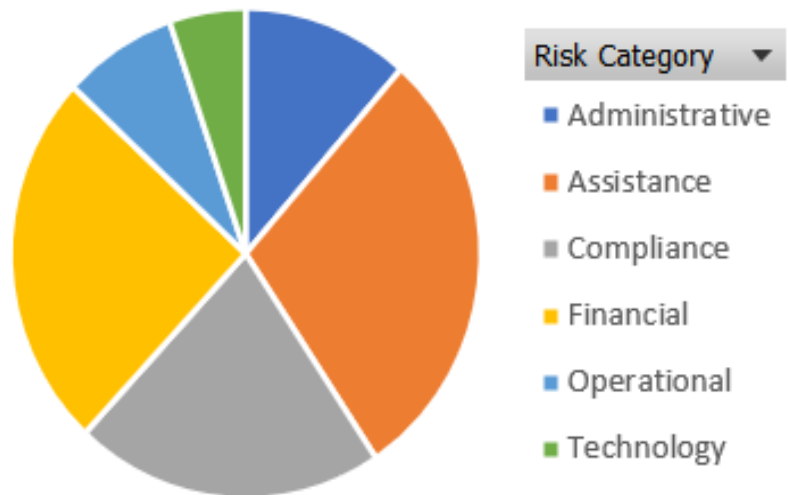
Compliance—assessment for adherence to internal policy and external regulatory guidance

Operational—systematic assessment of processes evaluating effectiveness and efficiencies

Management Assistance—investigations, consultations, advisory, and other engagements arising during the fiscal year.

Administrative—training, meetings, supervision, and internal/external communications

2023 Project Hours by Risk Category



THE AUDIT TEAM

The Authority's Internal Audit Department is comprised of one manager and one staff member, providing 3050 hours annually to execute the department's plan. Resource allocation is based on experience, complexity of assignment, and time sensitivity.

Alicia Simson, MBA, CPA Internal Audit Manager

Alicia has managed the Audit Function of the Authority in excess of 13 years. She is a CPA and possesses 22 years of audit experience. In addition to her work in both external and internal audit, she works as a lecturer at St. Joseph's University, teaching fundamentals of accounting, managerial accounting and audit. She is in the process of obtaining her Certified Internal Auditor accreditation.

Milton Turcios Internal Auditor

Milton has been with the Authority since May of 2022, when he started as an intern. He obtained his bachelor's in accounting from St. Joseph's University. Prior to working for the Authority, Milton proudly served in our military for four years, and as an officer of the NYPD for one year. His goal is to obtain his master's in information systems, so he may obtain accreditation as a Certified Internal Auditor and a Certified Information System's Auditor.

2023 COMPLETED PROJECTS

The chart below identifies the audit projects performed during 2023, the associated category, and resource hours utilized.

| 2023 Projects Completed | Risk Category | Hours |
|--|----------------|-------|
| Logical Security Audit (Sensitive Access) | Technology | 20 |
| SAP User Access Review and Recertification | Technology | 40 |
| SAP Change Control Management | Technology | 40 |
| SAP Access Redesign Project - SOD Violations | Technology | 60 |
| Water Loss Control Audit | Operational | 80 |
| Customer Data Integrity Audit | Operational | 160 |
| Inventory Audits - Existence, Obsolescence, Valuation, Control Testing | Financial | 150 |
| Capital Project Audit - KPMG Assistance | Financial | 80 |
| Consumption Revenue Audit - KPMG Assistance | Financial | 80 |
| Tax Lien Audit | Financial | 150 |
| Fiscal Management Committee - Service Contract Audit | Financial | 120 |
| Accounts Receivable/Collection Process Monitoring | Financial | 80 |
| Expense and Purchasing Card Report Audits | Financial | 100 |
| Customer Service Credit Audit | Compliance | 40 |
| Conflict of Interest/Related Party Activities | Compliance | 80 |
| Employee Water Account Audit | Compliance | 60 |
| LIHWAP Audit - Requested by the State | Compliance | 20 |
| Formal Training/Review of Work/Supervision | Compliance | 200 |
| Track findings and follow-up on remediation activities | Compliance | 250 |
| LICAP Audit (FY 2020, 2021, 2022, 2023) | Assistance | 120 |
| Legal Fee Audit | Assistance | 60 |
| Billing Department Functional Redesign Project | Assistance | 300 |
| Water Wise Credit Process | Assistance | 120 |
| West Neck Water Loss Audit | Assistance | 20 |
| Resolve Contract Dispute with Ridge FD | Assistance | 40 |
| Tier 3 Rate Analysis | Assistance | 40 |
| Employee Efficiency Evaluation for General Services | Assistance | 40 |
| CS Assistance - Theft of Service, Billing Disputes, Lien Disputes | Assistance | 150 |
| Administrative-Calls, emails, time keeping, filing, etc. | Administrative | 200 |
| Administrative-Meetings | Administrative | 150 |

2024 AUDIT WORK PLAN

| 2024 Preliminary Audit Plan | Risk Category | Estimated Hours |
|--|----------------|-----------------|
| Clearest Controls Audit | Operational | 200 |
| Payroll Control Audit | Financial | 120 |
| Fiscal Management Committee - Non-Consumption Fee Recalculations | Financial | 150 |
| Accounts Receivable/Collection Process Monitoring | Financial | 80 |
| Water Wise Credit Audit - Post Systems Implementation | Compliance | 20 |
| Employee Water Account Audit | Compliance | 60 |
| Tax lien process improvements and audit of final listings | Financial | 150 |
| Inventory Audits - Existence, Obsolescence, Valuation, Control Testing | Financial | 120 |
| LICAP Audit (FY 2024) | Assistance | 40 |
| Billing Department - Assist in correction of billing errors | Assistance | 200 |
| Logical Security Audit (Sensitive Access) | Technology | 20 |
| SAP User Access Review and Recertification | Technology | 40 |
| SAP Change Control Management | Technology | 40 |
| SAP Access Redesign Project - SOD Violations | Technology | 60 |
| Water Loss Control Audit | Operational | 40 |
| Capital Project Audit - KPMG Assistance | Financial | 80 |
| Consumption Revenue Audit - KPMG Assistance | Financial | 80 |
| Expense and Purchasing Card Report Audits | Financial | 100 |
| Conflict of Interest/Related Party Activities | Compliance | 80 |
| Formal Training/Review of Work/Supervision | Compliance | 150 |
| Track findings and follow-up on remediation activities | Compliance | 200 |
| CS Assistance - Theft of Service, Billing Disputes, Lien Disputes | Assistance | 150 |
| Administrative-Calls, emails, time keeping, filing, etc. | Administrative | 200 |
| Administrative-Meetings | Administrative | 150 |
| Unassigned for time sensitive issues/departamental requests | Assistance | 500 |

Internal Audit builds time into the annual audit work plan for the completion of special project engagements. These engagements arise during the course of the year and are requested by senior leadership, department personnel, customers, and outside entities. Internal Audit supports Authority activities by providing advisory and consulting assistance to all departments through the course of the year.

MANAGEMENT CORRECTIVE ACTIONS

Internal Audit maintains a formalized process to follow-up on prior internal audit report recommendations and remediation actions taken. For budget year 2025, the department has requested an application to more efficiently track deficiencies and remediation activities.

While management is responsible for ensuring timely remediation of findings, IA staff work collaboratively with personnel to determine the most efficient and effective actions needed to improve internal controls, enhance operations and provide for effective utilization of resources.

**SUFFOLK COUNTY WATER AUTHORITY
Oakdale, Long Island, New York**

I N T E R O F F I C E C O R R E S P O N D E N C E

DATE: January 17th, 2024

TO: Members of the Board of Directors

FROM: Alicia A. Simson, Internal Audit Manager

SUBJECT: Ridge Fire District

I am requesting permission for Mr. Szabo, Chief Executive Officer, to ratify the partially executed installment agreement from Ridge Fire District – Account #3000000972.

Ridge Fire District is requesting a ten-year installment plan in the amount of \$300,000, to settle a 12-year billing dispute. The agreement includes waiver of \$52,129 in late fees.

The dispute arose regarding the hydrant fees charged in the former Shorewood Water District. Shorewood was acquired by SCWA in 1993 for \$17 million. As part of the acquisition, it was agreed that the hydrant fees would not be lowered until SCWA recovered its acquisition costs. In March 2017, SCWA's Board reduced the rate, but denied the district's request for a ten-year retroactive adjustment.

SCWA was limited in their methods of collection for this account. As matter of public safety, the maintenance could not be stopped. In addition, there is an inability to lien. Continuous attempts were made to collect by Internal Audit, including meetings with Legislator Anker. The attached agreement represents a compromise agreed upon by both parties, which was previously discussed in Executive Session.

Attached you will find the partially executed contract between Ridge Fire District and SCWA. If in agreement, please authorize Mr. Szabo with the authority to fully execute the contract.

**SUFFOLK COUNTY WATER AUTHORITY
Oakdale, Long Island, New York**

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SETTLEMENT AGREEMENT
BETWEEN RIDGE FIRE DISTRICT AND
SUFFOLK COUNTY WATER AUTHORITY

AGREEMENT made this 14 day of November, 2023, by and between the Ridge Fire District, a municipal entity, having its principal office and place of business at 20 Francis Mooney Drive, Ridge, NY 11961 (hereinafter also referred to as "District"), and the Suffolk County Water Authority, a public benefit corporation, having its principal office and place of business at 4060 Sunrise Highway, Oakdale, New York 11769 (hereinafter also referred to as "SCWA").

WITNESSETH:

WHEREAS, the SCWA provides certain fire hydrants services to the District in exchange for the District paying certain hydrant rentals, rates and charges; and

WHEREAS, a dispute arose regarding the amount that should be charged per hydrant for SCWA Account No. 3000000972; and

WHEREAS, the parties desire to settle this dispute in accordance with the terms of this settlement agreement ("Agreement");

NOW THEREFORE, it is mutually agreed as follows:

1. The SCWA will provide a credit in the amount of \$52,129.00 to Account No. 3000000972, upon the full execution of this Agreement.
2. The District will pay the SCWA \$300,000.00 in equal monthly installments payments over a ten-(10) year period in accordance with the payment schedule attached hereto as Exhibit A, for amounts invoiced prior to May 31st, 2023.

3. If in the event the District willfully fails to make payments in accordance with the schedule set forth in Exhibit A, after written notice and a fifteen (15) day cure period, the full unpaid amount of the \$300,000.00 shall become immediately due and payable.

4. The District agrees to pay all other hydrant rentals, rates and charges for the subject Account No. 3000000972 in accordance with the rules, regulations and duly adopted rentals, rates and charges of the SCWA as the same may be amended from time to time.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and to be effective as of the day and year first above written.

SUFFOLK COUNTY WATER AUTHORITY

RIDGE FIRE DISTRICT

By:
Title:

X
By: 
Title: Chairman

RIDGE FIRE DISTRICT REPAYMENT AGREEMENT

Exhibit A

| | |
|----------------------|---------------|
| Annual Interest Rate | 0% |
| Years | 10 |
| Payments Per Year | 12 |
| Amount | \$ 300,000.00 |

| Pymt # | Due Date | Payment | Interest | Principal | Balance |
|--------|-----------|---------------|----------|---------------|---------------|
| 1 | 1/1/2024 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 297,500.00 |
| 2 | 2/1/2024 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 295,000.00 |
| 3 | 3/1/2024 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 292,500.00 |
| 4 | 4/1/2024 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 290,000.00 |
| 5 | 5/1/2024 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 287,500.00 |
| 6 | 6/1/2024 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 285,000.00 |
| 7 | 7/1/2024 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 282,500.00 |
| 8 | 8/1/2024 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 280,000.00 |
| 9 | 9/1/2024 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 277,500.00 |
| 10 | 10/1/2024 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 275,000.00 |
| 11 | 11/1/2024 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 272,500.00 |
| 12 | 12/1/2024 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 270,000.00 |
| 13 | 1/1/2025 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 267,500.00 |
| 14 | 2/1/2025 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 265,000.00 |
| 15 | 3/1/2025 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 262,500.00 |
| 16 | 4/1/2025 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 260,000.00 |
| 17 | 5/1/2025 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 257,500.00 |
| 18 | 6/1/2025 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 255,000.00 |
| 19 | 7/1/2025 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 252,500.00 |
| 20 | 8/1/2025 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 250,000.00 |
| 21 | 9/1/2025 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 247,500.00 |
| 22 | 10/1/2025 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 245,000.00 |
| 23 | 11/1/2025 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 242,500.00 |
| 24 | 12/1/2025 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 240,000.00 |
| 25 | 1/1/2026 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 237,500.00 |
| 26 | 2/1/2026 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 235,000.00 |
| 27 | 3/1/2026 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 232,500.00 |
| 28 | 4/1/2026 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 230,000.00 |
| 29 | 5/1/2026 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 227,500.00 |
| 30 | 6/1/2026 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 225,000.00 |
| 31 | 7/1/2026 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 222,500.00 |
| 32 | 8/1/2026 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 220,000.00 |
| 33 | 9/1/2026 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 217,500.00 |
| 34 | 10/1/2026 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 215,000.00 |
| 35 | 11/1/2026 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 212,500.00 |
| 36 | 12/1/2026 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 210,000.00 |
| 37 | 1/1/2027 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 207,500.00 |
| 38 | 2/1/2027 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 205,000.00 |
| 39 | 3/1/2027 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 202,500.00 |
| 40 | 4/1/2027 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 200,000.00 |
| 41 | 5/1/2027 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 197,500.00 |
| 42 | 6/1/2027 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 195,000.00 |
| 43 | 7/1/2027 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 192,500.00 |

RIDGE FIRE DISTRICT REPAYMENT AGREEMENT

Exhibit A

| | |
|----------------------|---------------|
| Annual Interest Rate | 0% |
| Years | 10 |
| Payments Per Year | 12 |
| Amount | \$ 300,000.00 |

| Pymt # | Due Date | Payment | Interest | Principal | Balance |
|--------|-----------|---------------|----------|---------------|---------------|
| 44 | 8/1/2027 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 190,000.00 |
| 45 | 9/1/2027 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 187,500.00 |
| 46 | 10/1/2027 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 185,000.00 |
| 47 | 11/1/2027 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 182,500.00 |
| 48 | 12/1/2027 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 180,000.00 |
| 49 | 1/1/2028 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 177,500.00 |
| 50 | 2/1/2028 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 175,000.00 |
| 51 | 3/1/2028 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 172,500.00 |
| 52 | 4/1/2028 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 170,000.00 |
| 53 | 5/1/2028 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 167,500.00 |
| 54 | 6/1/2028 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 165,000.00 |
| 55 | 7/1/2028 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 162,500.00 |
| 56 | 8/1/2028 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 160,000.00 |
| 57 | 9/1/2028 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 157,500.00 |
| 58 | 10/1/2028 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 155,000.00 |
| 59 | 11/1/2028 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 152,500.00 |
| 60 | 12/1/2028 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 150,000.00 |
| 61 | 1/1/2029 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 147,500.00 |
| 62 | 2/1/2029 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 145,000.00 |
| 63 | 3/1/2029 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 142,500.00 |
| 64 | 4/1/2029 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 140,000.00 |
| 65 | 5/1/2029 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 137,500.00 |
| 66 | 6/1/2029 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 135,000.00 |
| 67 | 7/1/2029 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 132,500.00 |
| 68 | 8/1/2029 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 130,000.00 |
| 69 | 9/1/2029 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 127,500.00 |
| 70 | 10/1/2029 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 125,000.00 |
| 71 | 11/1/2029 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 122,500.00 |
| 72 | 12/1/2029 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 120,000.00 |
| 73 | 1/1/2030 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 117,500.00 |
| 74 | 2/1/2030 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 115,000.00 |
| 75 | 3/1/2030 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 112,500.00 |
| 76 | 4/1/2030 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 110,000.00 |
| 77 | 5/1/2030 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 107,500.00 |
| 78 | 6/1/2030 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 105,000.00 |
| 79 | 7/1/2030 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 102,500.00 |
| 80 | 8/1/2030 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 100,000.00 |
| 81 | 9/1/2030 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 97,500.00 |
| 82 | 10/1/2030 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 95,000.00 |
| 83 | 11/1/2030 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 92,500.00 |
| 84 | 12/1/2030 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 90,000.00 |
| 85 | 1/1/2031 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 87,500.00 |
| 86 | 2/1/2031 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 85,000.00 |

RIDGE FIRE DISTRICT REPAYMENT AGREEMENT

Exhibit A

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|----------------------|---------------|
| Annual Interest Rate | 0% |
| Years | 10 |
| Payments Per Year | 12 |
| Amount | \$ 300,000.00 |

| Pymt # | Due Date | Payment | Interest | Principal | Balance |
|--------|-----------|---------------|----------|---------------|--------------|
| 87 | 3/1/2031 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 82,500.00 |
| 88 | 4/1/2031 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 80,000.00 |
| 89 | 5/1/2031 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 77,500.00 |
| 90 | 6/1/2031 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 75,000.00 |
| 91 | 7/1/2031 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 72,500.00 |
| 92 | 8/1/2031 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 70,000.00 |
| 93 | 9/1/2031 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 67,500.00 |
| 94 | 10/1/2031 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 65,000.00 |
| 95 | 11/1/2031 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 62,500.00 |
| 96 | 12/1/2031 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 60,000.00 |
| 97 | 1/1/2032 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 57,500.00 |
| 98 | 2/1/2032 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 55,000.00 |
| 99 | 3/1/2032 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 52,500.00 |
| 100 | 4/1/2032 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 50,000.00 |
| 101 | 5/1/2032 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 47,500.00 |
| 102 | 6/1/2032 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 45,000.00 |
| 103 | 7/1/2032 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 42,500.00 |
| 104 | 8/1/2032 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 40,000.00 |
| 105 | 9/1/2032 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 37,500.00 |
| 106 | 10/1/2032 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 35,000.00 |
| 107 | 11/1/2032 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 32,500.00 |
| 108 | 12/1/2032 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 30,000.00 |
| 109 | 1/1/2033 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 27,500.00 |
| 110 | 2/1/2033 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 25,000.00 |
| 111 | 3/1/2033 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 22,500.00 |
| 112 | 4/1/2033 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 20,000.00 |
| 113 | 5/1/2033 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 17,500.00 |
| 114 | 6/1/2033 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 15,000.00 |
| 115 | 7/1/2033 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 12,500.00 |
| 116 | 8/1/2033 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 10,000.00 |
| 117 | 9/1/2033 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 7,500.00 |
| 118 | 10/1/2033 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 5,000.00 |
| 119 | 11/1/2033 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ 2,500.00 |
| 120 | 12/1/2033 | \$ (2,500.00) | \$ - | \$ (2,500.00) | \$ - |