Level 1 Validation Certificate

WSO

This document verifies that the Level 1 Validation process was completed. The session details and audit review outcomes are included here.

This certificate is required for submission – alongside the Level 1 validated water audit software file – to the California Department of Water Resources.

Call Date: 8/21/2018

Water Supplier

Supplier Name: City of Merced

Supplier Participants:
Johnnie Baptista, Manager

Key Audit Metrics

Data Validity Score:	70	
ILI:	5.38	
Real Loss:	59.68	gal / conn / day
Apparent Loss:	13.98	gal / conn / day
Non-Revenue Water as Percent of Cost of Operating System:	0.6%	

Validator

Validator:	Kevin Burgers, Water Systems Optimization
Validator Qualifications:	Water Audit Validator Certificate from the AWWA California Nevada Section

Certification Statement by Validator

This water loss audit report has been Level 1 validated per the requirements of California Code of Regulations Title 23, Division 2, Chapter 7 and the California Water Code Section 10608.34.

All recommendations on volume derivation and Data Validity Grades were incorporated into the water audit. ☒

Level 1 Validation – Water Supplier Confirmation

This document confirms participation in and endorsement of the Level 1 Validation as completed.

This acknowledgement is required for submission – alongside your Level 1 validated water audit software file – to the California Department of Water Resources.

Water Supplier Name:	City of Merced
Water Supplier Public Water System ID:	#2410009
Water Audit Period:	2017

Water Audit & Water Loss Improvement Steps

Steps taken in the audit period timeframe to increase data source accuracy, reduce real losses, and/or reduce apparent losses, as informed by the water audit.

Fully metered all customers.

Certification Statement by Water Supplier Executive:

This water loss audit report meets the requirements of California Code of Regulations Title 23, Division 2, Chapter 7 and the California Water Code Section 10608.34 and has been prepared in accordance with the method adopted by the American Water Works Association, as contained in their manual, *Water Audits and Loss Control Programs, Manual M36, Fourth Edition* and in the Free Water Audit Software version 5.

Executive Name (print):	Ken Elwin
Executive Position:	Director of Public Works
Signature:	
Date	8/28/18

Form **W-9**
(Rev. November 2017)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

▶ Go to *www.irs.gov/FormW9* for instructions and the latest information.

Give Form to the requester. Do not send to the IRS.

Print or type. See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
Water Systems Optimization Inc.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☑ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ▶

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any)

Exemption from FATCA reporting code (if any)

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.
1410 Donelson Pike Suite A1

Requester's name and address (optional)

6 City, state, and ZIP code
Nashville TN 37217

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number
☐☐☐ - ☐☐ - ☐☐☐☐

or

Employer identification number
7 5 - 3 0 5 5 2 3 3

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here Signature of U.S. person ▶ Date ▶ 5/16/18

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/FormW9.*

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, *later.*

City of Merced
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2017

	Business - Type Activities - Enterprise Funds			
	Wastewater System	Water System	Refuse Collection System	Non-Major Enterprise Funds
OPERATING REVENUES:				
Charges for services	$ 18,733,491	$ 12,641,450	$ 13,150,710	$ 433,525
Other revenues	411,374	565,847	78,191	4,350
Total operating revenues	19,144,865	13,207,297	13,228,901	437,875
OPERATING EXPENSES:				
Personnel services	4,192,767	2,862,508	4,429,859	180,177
Materials, supplies and other services	6,171,366	7,425,597	7,723,885	334,966
Depreciation	7,308,399	3,294,697	31,007	455,256
Total operating expenses	17,672,532	13,582,802	12,184,751	970,399
OPERATING INCOME (LOSS):	1,472,333	(375,505)	1,044,150	(532,524)
NONOPERATING REVENUES (EXPENSES):				
Property taxes	-	-	-	34,059
Intergovernmental revenues	9,990	995,251	45,397	124,260
Interest and investment earnings	189,482	246,802	33,260	606
Gain (loss) on disposition of capital assets	2,130	-	-	-
Interest and related expenses	(757,936)	(255,822)	-	(6,645)
Total nonoperating revenues (expenses)	(556,334)	986,231	78,657	152,280
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	915,999	610,726	1,122,807	(380,244)
Capital contributions	-	-	-	-
Transfers in	18,634	269,010	33,549	95,490
Transfers out	-	(40,931)	(269,010)	(10,203)
Total transfers and capital contributions	18,634	228,079	(235,461)	85,287
Change in net position	934,633	838,805	887,346	(294,957)
NET POSITION:				
Beginning of year	106,351,246	97,884,389	(96,319)	5,081,101
End of year	$ 107,285,879	$ 98,723,194	$ 791,027	$ 4,786,144

2017 BUDGET
FOR 2018 REPORT

0.*
water expense
13,582,802.00+
255,822.00+
40,931.00+
13,879,555.00*+

See accompanying Notes to Basic Financial Statements.

0.*

C40 | Total annual cost of operating the water system

AWWA Free Water Audit Software: Definitions

WAS v5.0

American Water Works Association. Copyright © 2014, All Rights Reserved.

Total annual cost of operating the water system Find	These costs include those for operations, maintenance and any annually incurred costs for long-term upkeep of the drinking water supply and distribution system. It should include the costs of day-to-day upkeep and long-term financing such as repayment of capital bonds for infrastructure expansion or improvement. Typical costs include employee salaries and benefits, materials, equipment, insurance, fees, administrative costs and all other costs that exist to sustain the drinking water supply. Depending upon water utility accounting procedures or regulatory agency requirements, it may be appropriate to include depreciation in the total of this cost. This cost should not include any costs to operate wastewater, biosolids or other systems outside of drinking water.
Unauthorized consumption Find	Includes water illegally withdrawn from fire hydrants, illegal connections, bypasses to customer consumption meters, or tampering with metering or meter reading equipment; as well as any other ways to receive water while thwarting the water utility's ability to collect revenue for the water. Unauthorized consumption results in uncaptured revenue and creates an error that understates customer consumption. In most water utilities this volume is low and, if the water auditor has not yet gathered detailed data for these loss occurrences, it is recommended that the auditor apply a default value of 0.25% of the volume of water supplied. However, if the auditor has investigated unauthorized occurrences, and has well validated data that indicates the volume from unauthorized consumption is substantially higher or lower than that generated by the default value, then the auditor should enter a quantity that was derived from the utility investigations. Note that a value of zero will not be accepted since all water utilities have some volume of unauthorized consumption occurring in their system. Note: if the auditor selects the default value for unauthorized consumption, a data grading of 5 is automatically assigned, but not displayed on the Reporting Worksheet.

Reporting Worksheet | Performance Indicators | Comments | Water Balance | Dashboard | Grading Matrix | Service Connection Diagram | Definitions

Ready | Count: 2 | Display Settings | 110%