

PRESS RELEASE

KRAUSE, KALFAYAN, BENINK & SLAVENS, LLP, Announces Filing of Lawsuit Against Amador Water Agency Alleging Failure to Fully and Accurately Account for Fees Collected from the Public

March 14, 2012

On March 12, 2012, Jackson, California residents Ken Perano and Ken Berry filed a lawsuit in Amador County Superior Court against the Amador Water Agency (AWA). The suit alleges that the AWA has violated Government Code section 66013 by failing to issue accurate and timely reports required by law. The required reports relate to fees new homes and businesses pay to connect to AWA's existing water and wastewater systems, which are called "participation fees." AWA has been collecting participation fees from new residential and commercial development throughout Amador County since 1990.

The lawsuit does not seek monetary damages or penalties. It asks only that the Court require AWA to correct previously-issued reports and to follow the law in the future.

When a public agency imposes a participation fee, it must identify the purposes for which the money is collected. It must then account for that money in a separate, restricted fund; spend the money only for the stated purpose; and fully report on income, expenses, and loans to and from the funds.

The lawsuit alleges that AWA failed to disclose to the public accurate and timely accounting of participation fees as required by law. The suit cites a report for fiscal year 2009-2010 that inconsistently reports internal loans from one system to others as \$2.1 million. But the sum of the loans to the other systems was reported as \$2.5 million in another part of the report. The lawsuit also alleges that the funds' beginning and year-end balances were not always reported and that AWA failed to properly describe the improvement projects on which moneys were expended. AWA failed to issue the required reports for a number of years, and its recent reports were not issued within 180 days following the end of the fiscal year, as required.

"We want to hold AWA accountable for telling people where their money is going, as required by state law," said Ken Perano. "When the AWA collects participation fees, it's required to say how it's spending the money and to only spend money for the purposes it was collected. Right now, it's difficult to tell what the agency is actually doing with the money. The public and the people who paid these fees have the right to know," added Ken Berry.

Perano and Berry seek to compel AWA to produce accurate reports containing all of the information required by law for the last two fiscal years and on time in the future. They also request that the Court prohibit it from commingling moneys from operations accounts with the participation fees, and to spend restricted funds only for the purposes for which the money was collected.

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