

**GARBERVILLE SANITARY DISTRICT**  
**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**GARBERVILLE SANITARY DISTRICT**

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**June 30, 2020**

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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Garberville Sanitary District

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Garberville Sanitary District as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Directors  
Garberville Sanitary District

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Garberville Sanitary District, as of June 30, 2020 and 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

*Anderson, Lucas, Somerville, & Borges*

February 8, 2021  
Fortuna, California

## **BASIC FINANCIAL STATEMENTS**

**GARBERVILLE SANITARY DISTRICT**

**Statement of Net Position**

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 141,987	\$ 192,196
Cash - Restricted for Debt Service	46,804	46,680
Accounts Receivable - net of \$5,000	111,129	93,056
Allowance for Doubtful Accounts		
Prepays and Deposits	3,440	3,343
<b>Total Current Assets</b>	<u>303,360</u>	<u>335,275</u>
<b>Restricted Assets</b>		
Cash in County Treasury	634,287	686,111
<b>Total Restricted Assets</b>	<u>634,287</u>	<u>686,111</u>
<b>Noncurrent Assets</b>		
Capital Assets, Net of Depreciation	10,207,972	10,635,803
Construction in Progress	24,090	16,556
<b>Total Noncurrent Assets</b>	<u>10,232,062</u>	<u>10,652,359</u>
<b>Total Assets</b>	<u><u>\$ 11,169,709</u></u>	<u><u>\$ 11,673,745</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 34,196	\$ 13,470
SWRCB Settlement	40,000	-
Utility Service Deposits	6,600	5,100
Accrued Vacation	33,097	25,652
Current Portion of Long-Term Obligations	93,382	124,124
<b>Total Current Liabilities</b>	<u>207,275</u>	<u>168,346</u>
<b>Noncurrent Liabilities</b>		
Noncurrent Portion of Long-Term Obligations	1,201,809	1,295,191
<b>Total Liabilities</b>	<u><u>\$ 1,409,084</u></u>	<u><u>\$ 1,463,537</u></u>
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	8,896,871	9,233,044
Reserved for Debt Service	46,804	46,680
Unrestricted	816,950	930,484
<b>Total Net Position</b>	<u><u>\$ 9,760,625</u></u>	<u><u>\$ 10,210,208</u></u>

The accompanying notes are an integral part of these financial statements

**GARBERVILLE SANITARY DISTRICT**  
**Statement of Revenues, Expenses and Changes in Net Position**  
For the Year Ended June 30, 2020

	Water	Sewer	Total 2020
<b>OPERATING REVENUES</b>			
Utility Sales	\$ 507,233	\$ 361,938	\$ 869,171
Connection Fees	8,000	8,000	16,000
Other Revenues	11,490	4,882	16,372
<u>Total Operating Revenues</u>	526,723	374,820	901,543
<b>OPERATING EXPENSES</b>			
Salaries and Wages	169,341	153,215	322,556
Payroll Taxes	14,174	12,808	26,982
Employee Benefits	24,472	24,229	48,701
Rent	5,427	5,428	10,855
Materials and Supplies	950	949	1,899
Transportation	1,463	1,459	2,922
Sewage Collection	-	42,288	42,288
Office Expense	3,379	3,379	6,758
Insurance	18,998	18,588	37,586
Professional Services	51,874	40,467	92,341
Sewage Treatment	-	32,314	32,314
Water Treatment	78,321	-	78,321
Water Distribution	66,322	-	66,322
Permits and Fees	6,548	22,689	29,237
Utilities	1,380	1,380	2,760
Bad Debts	5,493	64	5,557
Other Expenses	16,699	15,378	32,077
Deprecation and Amortization	322,276	182,618	504,894
<u>Total Operating Expenses</u>	787,117	557,253	1,344,370
<b>OPERATING GAIN (LOSS)</b>	<b>\$ (260,394)</b>	<b>\$ (182,433)</b>	<b>\$ (442,827)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Property Taxes and Exemptions	-	29,887	29,887
SWRCB Payment	(40,000)	-	(40,000)
Other Income	10,854	2,033	12,887
Other Expense	(13,702)	-	(13,702)
Interest Income	3,450	5,915	9,365
Interest Expense	(1,367)	(3,826)	(5,193)
<u>Total Non-operating Revenues (Expenses)</u>	(765)	34,009	(6,756)
<b>CHANGE IN NET POSITION</b>	<b>\$ (261,159)</b>	<b>\$ (148,424)</b>	<b>\$ (449,583)</b>
<b>NET POSITION</b>			
<b>BEGINNING OF YEAR</b>			<b>10,210,208</b>
<b>END OF YEAR</b>			<b>\$ 9,760,625</b>

The accompanying notes are an integral part of these financial statements

**GARBERVILLE SANITARY DISTRICT**  
**Statement of Revenues, Expenses and Changes in Net Position**  
For the Year Ended June 30, 2019

	Water	Sewer	Total 2019
<b>OPERATING REVENUES</b>			
Utility Sales	\$ 525,045	\$ 351,884	\$ 876,929
Connection Fees	24,000	-	24,000
Other Revenues	15,065	7,845	22,910
<u>Total Operating Revenues</u>	564,110	359,729	923,839
<b>OPERATING EXPENSES</b>			
Salaries and Wages	168,860	144,178	313,038
Payroll Taxes	14,302	12,253	26,555
Employee Benefits	22,734	22,302	45,036
Rent	4,603	4,602	9,205
Materials and Supplies	976	1,042	2,018
Transportation	745	745	1,490
Sewage Collection	-	13,953	13,953
Office Expense	4,078	4,705	8,783
Insurance	15,621	14,967	30,588
Professional Services	36,699	33,054	69,753
Sewage Treatment	-	27,728	27,728
Water Treatment	87,351	-	87,351
Water Distribution	37,348	-	37,348
Permits and Fees	3,510	20,319	23,829
Utilities	1,178	1,178	2,356
Bad Debts	2,426	30	2,456
Other Expenses	18,066	17,237	35,303
Deprecation and Amortization	334,024	177,265	511,289
<u>Total Operating Expenses</u>	752,521	495,558	1,248,079
<b>OPERATING GAIN (LOSS)</b>	<b>\$ (188,411)</b>	<b>\$ (135,829)</b>	<b>\$ (324,240)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Property Taxes and Exemptions	-	28,128	28,128
Other Income	830	830	1,660
Interest Income	4,263	6,854	11,117
Interest Expense	(4,129)	(5,012)	(9,141)
<u>Total Non-operating Revenues (Expenses)</u>	964	30,800	31,764
<b>CHANGE IN NET POSITION</b>	<b>\$ (187,447)</b>	<b>\$ (105,029)</b>	<b>\$ (292,476)</b>
<b>NET POSITION</b>			
<b>BEGINNING OF YEAR</b>			<b>10,502,684</b>
<b>END OF YEAR</b>			<b>\$ 10,210,208</b>

The accompanying notes are an integral part of these financial statements



**GARBERVILLE SANITARY DISTRICT**  
**Statement of Cash Flows**  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities</b>		
Cash Received from Customers	\$ 884,970	\$ 925,875
Cash Paid for Employees	(390,793)	(379,813)
Cash Paid for Goods and Services	(460,608)	(380,722)
	<u>33,569</u>	<u>165,340</u>
<b>Cash Flows From Non-Capital Financing Activities</b>		
Cash from Sale of Assets	-	-
Property Tax Revenues	29,887	28,128
	<u>29,887</u>	<u>28,128</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds from Long-Term Debt	-	-
Principal Paid on Long-Term Debt	(84,124)	(135,624)
Interest Paid on Long-Term Debt	(5,193)	(9,141)
Acquisition of Capital Assets	(84,597)	(87,456)
Proceeds from Other Income	12,886	1,661
Other Expenses	(13,702)	-
	<u>(174,730)</u>	<u>(230,560)</u>
<b>Cash Flows From Investing Activities</b>		
Interest on Investments	9,365	11,117
	<u>9,365</u>	<u>11,117</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(101,909)</b>	<b>(25,975)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>924,987</b>	<b>950,962</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 823,078</b>	<b>\$ 924,987</b>

The accompanying notes are an integral part of these financial statements

**GARBERVILLE SANITARY DISTRICT**

**Statement of Cash Flows**

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Reconciliation of Operating Gain (Loss) to Net Cash Provided by Operating Activities</b>		
Operating Gain (Loss)	\$ (482,827)	\$ (324,240)
Adjustment to Reconcile Operating Gain (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	504,894	511,289
(Increase) Decrease in Accounts Receivable	(18,073)	(2,364)
(Increase) Decrease in Customer Deposits	1,500	4,400
(Increase) Decrease in Prepaid Expenses	(97)	4,528
Increase (Decrease) in Accounts Payable	20,726	(33,088)
Increase (Decrease) in Accrued Liabilities	7,445	4,815
	<hr/>	<hr/>
Total Adjustments	516,396	489,580
	<hr/>	<hr/>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 33,569</b>	<b>\$ 165,340</b>
	<hr/>	<hr/>
<b>Reconciliation of Cash and Cash Equivalents per Statement of Cash Flows to Cash and Cash Equivalents per Balance Sheet</b>		
Cash and Cash Equivalents per Statement of Cash Flows	<u>\$ 823,078</u>	<u>\$ 924,987</u>
Cash and Cash Equivalents per Balance Sheet:		
Cash and Cash Equivalents	\$ 188,791	\$ 238,876
Cash in County Treasury	634,287	686,111
	<hr/>	<hr/>
	<b>\$ 823,078</b>	<b>\$ 924,987</b>
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements

**NOTES TO FINANCIAL STATEMENTS**

# GARBERVILLE SANITARY DISTRICT

## Notes to Financial Statements

June 30, 2020

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity** - On April 12<sup>th</sup>, 1932, the Garberville Sanitary District (the "District") was formed, pursuant to the Sanitary District Act of 1923, Health & Safety Code Section 6400 et seq. for the following purposes:

1. The collection, treatment, and disposal of wastewater for the District and its inhabitants.

In December of 2004, the community voted to purchase the assets of the Garberville Water Company for the following purposes:

1. To supply the inhabitants of the District with water for domestic use, irrigation, sanitation, industrial use, fire protection and recreation.

Garberville is an unincorporated community in the southern reaches of Humboldt County, California.

**Measurement Focus and Basis of Accounting** - The financial statements of the District are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The District applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The District uses proprietary funds. Proprietary funds are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the District's assets and liabilities including capital assets and long-term liabilities are included in the accompanying Balance Sheet. Under the accrual method of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The District reports the following proprietary funds:

**Enterprise Funds** - These funds are used to account for those operations that are financed and operated in a manner similar to a private business or where the board of directors has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

**GARBERVILLE SANITARY DISTRICT**

**Notes to Financial Statements**

June 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Budgets and Budgetary Accounting*** – The General Manager with the assistance from the Consultant Project Manager presents proposed budgets to the Board of Directors for approval. The budget is approved by a motion to adopt by the Board of Directors.

The budgets for the enterprise funds are adopted on the full accrual basis of accounting consistent with the comparative actual amounts.

***Cash and Cash Equivalents*** - Cash and cash equivalents for purposes of the statement of cash flows includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the District. Restricted assets are included.

The District has a pooled investment which is administered by the County of Humboldt. These approved investments are carried at cost, which approximates market value, and may be liquidated as needed. The investment pool has not been assigned a risk category since the District is not issued securities, but rather owns an undivided beneficial interest in the assets of this pool.

***Capital Assets and Depreciation*** - Capital assets are recorded at cost. Capital asset purchases with values exceeding \$2,500 and having a life expectancy of at least 3 years are capitalized.

Depreciation is computed under the straight-line method using lives ranging from 3 to 50 years. Depreciation expense is calculated by using annual allowance rates varying from 2% to 33% of the various year-end account balances.

***Compensated Absences*** - Qualified employees of the District accrue vacation, sick, compensatory and other leave time. Upon retirement, resignation, or dismissal, employees are paid in cash for all leave time accumulated except sick leave. No compensation for accrued sick leave upon retirement or termination is made. Accordingly, sick pay is charged to expenditures when taken. No provision has been made in the financial statements for unused sick leave. The liability for compensated absences at June 30, 2020 was \$33,097 and has been reflected thus on the Balance Sheet.

***Fund Equity*** - Reservations of the ending retained earnings indicate the portions of retained earnings not appropriable for expenditures or amounts legally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

***Allowance Method Used to Record Bad Debts*** – Management has provided an allowance for doubtful accounts equal to the estimated uncollectible amounts. The estimate is based on a review of the current status of trade accounts receivable. It is reasonably possible that the District's estimate of the allowance for doubtful accounts will change. Accounts receivable are presented net of an allowance for doubtful accounts of \$5,000 at June 30, 2020.

**GARBERVILLE SANITARY DISTRICT**

**Notes to Financial Statements**

June 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Use of Estimates* - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

*Policy for Defining Operating and Non-Operating Revenues* - The District's proprietary funds make a distinction between operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing goods and services related directly to the principal operations of the funds. All revenues and expenses not meeting this definition are reported as non-operating including interest income and expense.

*Policy for Applying FASB Pronouncements* - The District has adopted all applicable FASB Statements and Interpretations, APB Opinions, and ARBs issued after November 30, 1989.

*Policy for Applying Restricted/Unrestricted Resources* - When an expense is incurred for which both restricted and unrestricted retained earnings are available, restricted resources are applied first.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

The District has no self-directed investments other than the pooled investment administered by the County referred to in Note 1. The District's funds invested and maintained by other agencies are as follows:

<u>2020</u>	<u>Cash in Checking</u>	<u>Cash in Savings</u>	<u>Cash in County</u>	<u>Petty Cash</u>	<u>Total</u>
Insured by FDIC	\$ 84,661	\$ 57,073	\$ -	\$ -	\$ 141,733
Restricted Water Fund	46,804	-	-	-	46,804
Petty Cash	-	-	-	254	254
Subtotal					188,791
Pooled with County	-	-	634,287	-	634,287
Total	<u>\$ 131,465</u>	<u>\$ 57,073</u>	<u>\$ 634,287</u>	<u>\$ 254</u>	<u>\$ 823,078</u>
<u>2019</u>	<u>Cash in Checking</u>	<u>Cash in Savings</u>	<u>Cash in County</u>	<u>Petty Cash</u>	<u>Total</u>
Insured by FDIC	\$ 135,036	\$ 56,922	\$ -	\$ -	\$ 191,958
Restricted Water Fund	46,680	-	-	-	46,680
Petty Cash	-	-	-	238	238
Subtotal					238,876
Pooled with County	-	-	686,111	-	686,111
Total	<u>\$ 181,716</u>	<u>\$ 56,922</u>	<u>\$ 686,111</u>	<u>\$ 238</u>	<u>\$ 924,987</u>

**GARBERVILLE SANITARY DISTRICT**  
**Notes to Financial Statements**  
June 30, 2020

**NOTE 3 - CAPITAL ASSETS AND DEPRECIATION**

Capital Assets for the District for the years ended June 30, 2020 and 2019 consisted of the following:

	Balance 6/30/19	Additions	Deletions Transfers	Balance 6/30/20
Land - Sewer	129,811	\$ -	\$ -	\$ 129,811
Land - Water	88,699	5,896	-	94,595
Water System	142,475	-	-	142,475
Water Easements	177,397	-	-	177,397
Collection Facilities	2,387,357	-	-	2,387,357
Sewer Treatment Facilities	507,553	-	-	507,553
Water Distribution	2,712,613	21,870	70,000	2,804,483
Water Treatment	70,773	-	-	70,773
Water Pumps	2,910	-	-	2,910
Sewer Pumps	13,909	3,023	-	16,932
Water Project 2015	4,968,105	-	-	4,968,105
Sewer Project 2011	2,792,452	-	-	2,792,452
Wallan Road Tank	13,790	4,578	-	18,368
Office Equipment	32,004	6,240	-	38,244
Equipment	158,307	-	-	158,307
Vehicles	81,171	40,035	-	121,206
Fire Hydrants	70,000	-	(70,000)	-
Annexation Project	157,367	-	-	157,367
CIP Bear Canyon	2,766	280	(2,766)	280
CIP Meadows Aerial	-	2,676	2,766	5,442
Less: Accumulated Depreciation	<u>(3,857,100)</u>	<u>(504,895)</u>	<u>-</u>	<u>(4,361,995)</u>
Total	<u>\$ 10,652,359</u>	<u>(420,297)</u>	<u>-</u>	<u>10,232,062</u>

**GARBERVILLE SANITARY DISTRICT**

**Notes to Financial Statements**

June 30, 2020

**NOTE 3 - CAPITAL ASSETS AND DEPRECIATION (Continued)**

	Balance 6/30/18	Additions	Deletions Transfers	Balance 6/30/19
Land - Sewer	129,811	\$ -	\$ -	\$ 129,811
Land - Water	88,699	-	-	88,699
Water System	142,475	-	-	142,475
Water Easements	177,397	-	-	177,397
Collection Facilities	2,334,001	53,356	-	2,387,357
Sewer Treatment Facilities	507,553	-	-	507,553
Water Distribution	2,712,613	-	-	2,712,613
Water Treatment	65,382	-	5,391	70,773
Water Pumps	2,910	-	-	2,910
Sewer Pumps	13,909	-	-	13,909
Water Project 2015	4,968,105	-	-	4,968,105
Sewer Project 2011	2,792,452	-	-	2,792,452
Wallan Road Tank	13,790	-	-	13,790
Office Equipment	32,004	-	-	32,004
Equipment	158,307	-	-	158,307
Vehicles	81,171	-	-	81,171
Fire Hydrants	70,000	-	-	70,000
Annexation Project	157,367	-	-	157,367
CIP Leino Lane	585	-	(585)	-
CIP SWTP Coag	4,806	-	(4,806)	-
CIP Bear Canyon	2,766	-	-	2,766
Less: Accumulated Depreciation	<u>(3,345,811)</u>	<u>(511,289)</u>	<u>-</u>	<u>(3,857,100)</u>
Total	<u>\$ 11,110,292</u>	<u>\$ (457,933)</u>	<u>\$ -</u>	<u>\$ 10,652,359</u>



**GARBERVILLE SANITARY DISTRICT**

**Notes to Financial Statements**

June 30, 2020

**NOTE 4 - LONG-TERM DEBT**

Long-term debt of the District for the years ended June 30, 2020 and 2019 consisted of the following:

	Balance 6/30/19	Additions	Principal Payments	Balance 6/30/20
SWRCB	122,975	-	(23,631)	99,344
RCAC-ALPT TANK	77,272	-	(53,975)	23,297
SRF Loan	1,218,533	-	(45,983)	1,172,550
Copier Lease	535	-	(535)	-
	<u>1,419,315</u>	<u>-</u>	<u>(124,124)</u>	<u>1,295,191</u>

  

	Balance 6/30/2018	Additions	Principal Payments	Balance 6/30/19
SWRCB	146,142	-	(23,167)	122,975
Ford Truck Lease	14,100	-	(14,100)	-
RCAC-ALPT TANK	128,621	-	(51,349)	77,272
Copier Lease	1,560	-	(1,025)	535
SRF Loan	1,264,516	-	(45,983)	1,218,533
	<u>1,774,984</u>	<u>-</u>	<u>(135,624)</u>	<u>1,419,315</u>

Current portion of long-term debt is as follows:

SWRCB	\$ 24,103
SRF Loan	45,982
RCAC Loan	23,297
	<u>\$ 93,382</u>

Descriptions, terms, and other information on each of the above categories of debt are as follows:

**STATE WATER RESOURCES CONTROL BOARD (SWRCB):**

On June 28, 2005, the District borrowed \$395,340 for the Sewer System Relocation Project. On September 27, 2006, the District received additional loan funding of \$33,567. The loan is payable in annual installments of \$26,090 each August 1, including 2% interest, through August 1, 2023. Net revenues of the District are pledged as collateral for this loan. The principal balance due as of June 30, 2020 was \$99,344.

**GARBERVILLE SANITARY DISTRICT**  
**Notes to Financial Statements**  
June 30, 2020

**NOTE 4 - LONG-TERM DEBT (Continued)**

**STATE WATER RESOURCES CONTROL BOARD (SWRCB) – (Continued)**

Following are the principal and interest requirements to maturity for each of the five subsequent fiscal years and in five-year increments thereafter:

Year(s) Ending June 30	Principal	Interest	Total
2021	24,103	1,987	26,090
2022	24,585	1,505	26,090
2023	25,077	1,013	26,090
2024	25,579	511	26,090
	<u>\$ 99,344</u>	<u>\$ 5,016</u>	<u>\$ 104,360</u>

**RURAL COMMUNITY ASSISTANCE CORPORATION (RCAC-ALPT TANK)**

The Alderpoint Tank Replacement Project was completed in 2016. The total project cost was \$671,517. The majority of this cost was paid for out of GSD cash funds. The District entered into a 5-year note and construction loan agreement on October 14, 2015 in the amount of \$250,000 with Rural Community Assistance Corporation. The maturity date is November 1, 2020 with an interest rate of 5.00%. Monthly payments of \$4,717.81 began on December 1, 2015. The principal balance at June 30, 2020 was \$23,297.

Year(s) Ending June 30	Principal	Interest	Total
2021	23,297	291	23,588
	<u>\$ 23,297</u>	<u>\$ 291</u>	<u>\$ 23,588</u>

**GARBERVILLE SANITARY DISTRICT**  
**Notes to Financial Statements**  
June 30, 2020

**NOTE 4 - LONG-TERM DEBT** (Continued)

**STATE REVOLVING FUND (SRF)**

The District began the Drinking Water Improvement Project in 2005. The project was completed January 29, 2015. The total project costs were \$4,968,105. Of this amount, the District received \$400,000 in planning grant and \$100,000 in planning loan funds (which have been fully repaid). The District entered into Funding Agreement (Project 1210008-006C) SRFCX103 under the provisions of the California Safe Drinking Water State Revolving Fund through the California Department of Public Health on May 10, 2013 in the amount of \$4,060,478. This amount consisted of \$3,000,000 in grant funds and the remainder in a 0% interest rate and 30-year term loan. The Funding Agreement was amended September 2014 to increase the total to \$4,379,471. The final loan amount was \$1,379,471.

The principal payments of \$22,991 are due semiannually on January 1 and July 1 commencing January 2016. The principal balance at June 30, 2020 was \$1,172,550.

Year(s) Ending June 30	Principal	Interest	Total
2021	45,982	-	45,982
2022	45,982	-	45,982
2023	45,982	-	45,982
2024	45,982	-	45,982
2025	45,982	-	45,982
2026-2030	229,910	-	229,910
2031-2035	229,910	-	229,910
2036-2040	229,910	-	229,910
2041-2046	252,910	-	252,910
	<u>\$ 1,172,550</u>	<u>\$ -</u>	<u>\$ 1,172,550</u>

**GARBERVILLE SANITARY DISTRICT**  
**Notes to Financial Statements**  
June 30, 2020

**NOTE 5 - INSURANCE**

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created pursuant to California Government Code Sections 6500, et. seq., effective July 1, 2019 through June 30, 2020. During its membership, the following policies were in effect:

	Limits
General and Auto Liability, Public Officials' and Employees' Errors and Omissions and Employment Practices Liability (per occurrence)	2,500,000
Employee Dishonesty Coverage (per loss)	1,000,000
Property Loss (per occurrence)	1,000,000,000
Boiler and Machinery (per occurrence)	100,000,000
Public Officials Personal Liability (per occurrence)	500,000

**NOTE 6 - PROPERTY TAXES/EXEMPTIONS**

The County Board of Supervisors has authorized the District's receipt of taxes and exemptions from the County-wide \$1 per \$100 assessed valuation general purpose tax, as well as special taxes assessed for purposes of the general obligation bonds. The purpose of these appropriations is to assist the District in providing wastewater services. Following is a listing of the District's receipts by source:

	2020	2019
Current Secured Taxes	\$ 27,983	\$ 26,347
Current Unsecured Taxes	1,089	1,061
Prior Years - Taxes	9	6
Current Supplemental Taxes	410	335
Prior Years - Supplemental	89	68
Homeowners' Exemptions	307	311
Total Taxes and Exemptions	\$ 29,887	\$ 28,128

**GARBERVILLE SANITARY DISTRICT**  
**Notes to Financial Statements**  
June 30, 2020

**NOTE 7 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 8, 2021, the date the financial statements were available to be issued.

Covid-19 Pandemic

The District may be affected by the recent and ongoing outbreak of the Covid-19 disease which was declared a pandemic by the World Health Organization in March 2020. The extent to which the virus impacts the District's operations will depend on future developments, which are highly uncertain, including the duration and severity of the outbreak. While management expects this matter to negatively impact its results of operations, cash flows and financial position, the related impact cannot be reasonably estimated at this time.