

**GARBERVILLE SANITARY DISTRICT
FINANCIAL STATEMENTS**

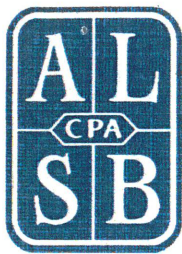
JUNE 30, 2021

GARBERVILLE SANITARY DISTRICT

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JAMES M. ANDERSON (1964-2001)
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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 the Garberville Sanitary District as of and for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, 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

January 25, 2022
Fortuna, California

BASIC FINANCIAL STATEMENTS

GARBERVILLE SANITARY DISTRICT

Statement of Net Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 97,512	\$ 141,987
Cash - Restricted for Debt Service	46,828	46,804
Accounts Receivable - net of \$5,000	123,170	111,129
Allowance for Doubtful Accounts		
Interest Receivable - County	8,100	-
Prepays and Deposits	3,440	3,440
Total Current Assets	<u>279,050</u>	<u>303,360</u>
Restricted Assets		
Cash in County Treasury	670,165	634,287
Total Restricted Assets	<u>670,165</u>	<u>634,287</u>
Noncurrent Assets		
Capital Assets, Net of Depreciation	9,815,198	10,207,972
Construction in Progress	37,701	24,090
Total Noncurrent Assets	<u>9,852,899</u>	<u>10,232,062</u>
Total Assets	<u>\$ 10,802,114</u>	<u>\$ 11,169,709</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 28,072	\$ 34,196
SWRCB Settlement	-	40,000
Utility Service Deposits	7,300	6,600
Accrued Vacation	30,436	33,097
Current Portion of Long-Term Obligations	90,385	93,382
Total Current Liabilities	<u>156,193</u>	<u>207,275</u>
Noncurrent Liabilities		
Noncurrent Portion of Long-Term Obligations	<u>1,155,648</u>	<u>1,201,809</u>
Total Liabilities	<u>\$ 1,311,841</u>	<u>\$ 1,409,084</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	8,606,866	8,896,871
Restricted for Debt Service	46,828	46,804
Unrestricted	836,579	816,950
Total Net Position	<u>\$ 9,490,273</u>	<u>\$ 9,760,625</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, 2021

	Water	Sewer	Total 2021
OPERATING REVENUES			
Utility Sales	\$ 575,986	\$ 417,839	\$ 993,825
Connection Fees	8,000	-	8,000
Other Revenues	4,555	3,480	8,035
<u>Total Operating Revenues</u>	588,541	421,319	1,009,860
OPERATING EXPENSES			
Salaries and Wages	175,666	160,619	336,285
Payroll Taxes	14,322	13,147	27,469
Employee Benefits	20,482	20,714	41,196
Rent	5,020	5,020	10,040
Materials and Supplies	567	503	1,070
Transportation	1,868	1,650	3,518
Sewage Collection	-	24,749	24,749
Office Expense	6,005	6,005	12,010
Insurance	26,352	26,094	52,446
Professional Services	42,977	36,852	79,829
Sewage Treatment	-	24,818	24,818
Water Treatment	72,363	-	72,363
Water Distribution	66,423	-	66,423
Permits and Fees	5,276	24,101	29,377
Utilities	1,247	1,247	2,494
Bad Debts	6,111	2,239	8,350
Other Expenses	21,670	20,419	42,089
Deprecation and Amortization	298,899	181,838	480,737
<u>Total Operating Expenses</u>	765,248	550,015	1,315,263
OPERATING GAIN (LOSS)	\$ (176,707)	\$ (128,696)	\$ (305,403)
NON-OPERATING REVENUES (EXPENSES)			
Property Taxes and Exemptions	-	31,105	31,105
Other Income	1,292	1,048	2,340
Other Expense	(6,652)	(212)	(6,864)
Interest Income	4,662	9,043	13,705
Interest Expense	(1,624)	(3,611)	(5,235)
<u>Total Non-operating Revenues (Expenses)</u>	(2,322)	37,373	35,051
CHANGE IN NET POSITION	\$ (179,029)	\$ (91,323)	\$ (270,352)
NET POSITION			
BEGINNING OF YEAR			9,760,625
END OF YEAR			\$ 9,490,273

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
OPERATING REVENUES			
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
OPERATING EXPENSES			
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
Depreciation and Amortization	322,276	182,618	504,894
<u>Total Operating Expenses</u>	787,117	557,253	1,344,370
OPERATING GAIN (LOSS)	\$ (260,394)	\$ (182,433)	\$ (442,827)
NON-OPERATING REVENUES (EXPENSES)			
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)
CHANGE IN NET POSITION	\$ (261,159)	\$ (148,424)	\$ (449,583)
NET POSITION			
BEGINNING OF YEAR			10,210,208
END OF YEAR			\$ 9,760,625

The accompanying notes are an integral part of these financial statements

GARBERVILLE SANITARY DISTRICT
Statement of Cash Flows
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Cash Received from Customers	\$ 998,519	\$ 884,970
Cash Paid for Employees	(419,863)	(390,793)
Cash Paid for Goods and Services	(423,448)	(460,608)
	<u>155,208</u>	<u>33,569</u>
Net Cash Provided by Operating Activities	<u>155,208</u>	<u>33,569</u>
Cash Flows From Non-Capital Financing Activities		
Cash from Sale of Assets	-	-
Property Tax Revenues	31,105	29,887
	<u>31,105</u>	<u>29,887</u>
Net Cash Provided by Non-Capital Financing Activities	<u>31,105</u>	<u>29,887</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from Long-Term Debt	-	-
Principal Paid on Long-Term Debt	(89,158)	(84,124)
Interest Paid on Long-Term Debt	(5,235)	(5,193)
Acquisition of Capital Assets	(101,574)	(84,597)
Proceeds from Other Income	2,340	12,886
Other Expenses	(6,864)	(13,702)
	<u>(200,491)</u>	<u>(174,730)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(200,491)</u>	<u>(174,730)</u>
Cash Flows From Investing Activities		
Interest on Investments	5,605	9,365
	<u>5,605</u>	<u>9,365</u>
Net Cash Provided by Investing Activities	<u>5,605</u>	<u>9,365</u>
Net (Decrease) Increase in Cash and Cash Equivalents	<u>(8,573)</u>	<u>(101,909)</u>
Cash and Cash Equivalents - Beginning of Year	<u>823,078</u>	<u>924,987</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 814,505</u></u>	<u><u>\$ 823,078</u></u>

The accompanying notes are an integral part of these financial statements

GARBERVILLE SANITARY DISTRICT

Statement of Cash Flows

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Gain (Loss) to Net Cash Provided by Operating Activities		
Operating Gain (Loss)	\$ (305,403)	\$ (482,827)
Adjustment to Reconcile Operating Gain (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	480,737	504,894
(Increase) Decrease in Accounts Receivable	(12,041)	(18,073)
(Increase) Decrease in Customer Deposits	700	1,500
(Increase) Decrease in Prepaid Expenses	-	(97)
Increase (Decrease) in Accounts Payable	(6,126)	20,726
Increase (Decrease) in Accrued Liabilities	(2,661)	7,445
	<hr/>	<hr/>
Total Adjustments	460,610	516,396
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	\$ 155,208	\$ 33,569
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of Cash and Cash Equivalents per Statement of Cash Flows to Cash and Cash Equivalents per Balance Sheet		
Cash and Cash Equivalents per Statement of Cash Flows	\$ 814,505	\$ 823,078
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Cash and Cash Equivalents per Balance Sheet:		
Cash and Cash Equivalents	\$ 144,340	\$ 188,791
Cash in County Treasury	670,165	634,287
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	\$ 814,505	\$ 823,078
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The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - On April 12th, 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, 2021

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, 2021 was \$30,436 and has been reflected thus on the Balance Sheet.

Fund Equity - Reservations of the ending retained earnings indicate the portions of retained earnings not appropriate 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, 2021.

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2021

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 maintained by other agencies are as follows:

<u>2021</u>	Cash in Checking	Cash in Savings	Cash in County	Petty Cash	Total
Insured by FDIC	\$ 40,295	\$ 57,076	\$ -	\$ -	\$ 97,370
Restricted Water Fund	46,828	-	-	-	46,828
Petty Cash	-	-	-	142	142
Subtotal					144,340
Pooled with County	-	-	670,165	-	670,165
Total	<u>\$ 87,123</u>	<u>\$ 57,076</u>	<u>\$ 670,165</u>	<u>\$ 142</u>	<u>\$ 814,505</u>

<u>2020</u>	Cash in Checking	Cash in Savings	Cash in County	Petty Cash	Total
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>

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

Capital Assets for the District for the years ended June 30, 2021 and 2020 consisted of the following:

	Balance 6/30/20	Additions	Deletions Transfers	Balance 6/30/21
Land - Sewer	\$ 129,811	\$ -	\$ -	\$ 129,811
Land - Water	94,595	-	-	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	2,804,483	-	-	2,804,483
Water Treatment	70,773	9,147	-	79,920
Water Pumps	2,910	-	-	2,910
Sewer Pumps	16,932	-	-	16,932
Water Project 2015	4,968,105	-	-	4,968,105
Sewer Project 2011	2,792,452	-	-	2,792,452
Wallan Road Tank	18,368	6,667	-	25,035
Office Equipment	38,244	-	-	38,244
Equipment	158,307	78,815	-	237,122
Vehicles	121,206	-	-	121,206
Annexation Project	157,367	-	-	157,367
CIP Hurlbutt Tank Replacement	-	2,768	-	2,768
CIP Bear Canyon	280	484	-	764
CIP Meadows Aerial	5,442	610	3,082	9,134
Less: Accumulated Depreciation	<u>(4,361,995)</u>	<u>(480,737)</u>	<u>-</u>	<u>(4,842,731)</u>
Total	<u>\$10,232,062</u>	<u>\$ (382,246)</u>	<u>\$ 3,082</u>	<u>\$ 9,852,899</u>

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION (Continued)

	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, 2021

NOTE 4 - LONG-TERM DEBT

Long-term debt of the District for the years ended June 30, 2021 and 2020 consisted of the following:

	Balance 6/30/20	Additions	Principal Payments	Balance 6/30/21
SWRCB	99,344	-	(24,103)	75,241
RCAC-ALPT TANK	23,297	-	(23,297)	-
RCAC-BACKHOE	-	60,000	(15,776)	44,224
SRF Loan	1,172,550	-	(45,982)	1,126,568
	<u>\$ 1,295,191</u>	<u>\$ 60,000</u>	<u>\$ (109,158)</u>	<u>\$ 1,246,033</u>

	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>

Current portion of long-term debt is as follows:

SWRCB	\$ 24,585
SRF Loan	45,982
RCAC Loan	19,818
	<u>\$ 90,385</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, 2021 was \$75,241.

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2021

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
2022	24,585	1,505	26,090
2023	25,077	1,013	26,090
2024	25,579	511	26,090
	<u>\$ 75,241</u>	<u>\$ 3,029</u>	<u>\$ 78,270</u>

RURAL COMMUNITY ASSISTANCE CORPORATION (RCAC-BACKHOE LOAN)

The District has been looking to purchase a backhoe for many years. In June 2020 a use backhoe became available on the market at an attractive price. The District entered into a 3-year loan agreement on June 23, 2020 in the amount of \$60,000 with Rural Community Assistance Corporation, with whom the District has borrowed from many times previously. The maturity date on the loan is June 23, 2023 with an interest rate of 5.00%. Monthly payments of \$1,798.25 began on July 23, 2020. The principal balance at June 30, 2021 was \$44,224.

Year(s) Ending June 30	Principal	Interest	Total
2022	19,818	1,761	21,579
2023	20,832	747	21,579
2024	3,574	22	3,597
	<u>\$ 44,224</u>	<u>\$ 2,531</u>	<u>\$ 46,755</u>

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2021

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, 2021 was \$1,126,568.

Year(s) Ending June 30	Principal	Interest	Total
2022	45,982	-	45,982
2023	45,982	-	45,982
2024	45,982	-	45,982
2025	45,982	-	45,982
2026	45,982	-	45,982
2027-2031	229,910	-	229,910
2032-2036	229,910	-	229,910
2037-2041	229,910	-	229,910
2042-2046	206,928	-	206,928
	\$ 1,126,568	\$ -	\$ 1,126,568

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2021

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, 2020 through June 30, 2021. During its membership, the following policies were in effect:

	<u>Limits</u>
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:

	<u>2021</u>	<u>2020</u>
Current Secured Taxes	\$ 29,235	\$ 27,983
Current Unsecured Taxes	1,121	1,089
Prior Years - Taxes	14	9
Current Supplemental Taxes	341	410
Prior Years - Supplemental	89	89
Homeowners' Exemptions	305	307
Total Taxes and Exemptions	<u>\$ 31,105</u>	<u>\$ 29,887</u>

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 25, 2022, 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.