

**GARBERVILLE SANITARY DISTRICT
BOARD OF DIRECTORS MEETING
AGENDA**

**There will be a regular meeting held by the Garberville Sanitary District Board of Directors at the
GSD District Office
919 Redwood Dr. Garberville, CA**

**January 19, 2016
5:00 p.m. – Open Public Session**

Any writings or documents that are public records and are provided to a majority of the governing board regarding an open session item on this agenda will be made available for public inspection in the District Office located at 919 Redwood Dr. during normal business hours.

I. REGULAR MEETING CALLED TO ORDER

II. ESTABLISHMENT OF QUORUM

Linda Brodersen___, Doug Bryan___, Richard Thompson___, Gary Wellborn___, Rio Anderson___

III. APPROVAL OF AGENDA - Action to add or delete items from any portion of the agenda or to discuss any consent agenda items must be taken prior to adoption of the agenda.

IV. OPEN SESSION

A1. Oath of Office--Rio Anderson

A2. Nominations for Board Treasurer

Motion:

Second:

Vote:

V. COMMENTS AND QUESTIONS FROM THE AUDIENCE

Up to fifteen minutes of this portion of the meeting are reserved for members of the public to address the Board on items not listed on the agenda and within the jurisdiction of the GSD Board. Speakers are limited to 3 minutes. The GSD Board is prohibited by law from taking action on matters discussed that are not on the Agenda, and no adverse conclusions should be drawn if the GSD Board does not respond to public comment at this time.

General Public / Community Groups

VI. ANNOUNCEMENTS AND COMMUNICATIONS

REPORTS AND PRESENTATIONS – Routine report of activities, operations, meetings / conferences held and/or attended by Board members, Staff, and General Manager

Letters-Correspondence- Pauline Ellis (road damage) - pg 3

Operations Staff-

Office Staff-

Board Members-

General Manager—Ralph Emerson - pg4

Government Code Section 54954.3 provides that the public will have an opportunity to address the Board on any item described on a regular or special meeting either before or during the consideration of that item. The Board reserves the right to limit the time of presentation by individuals and groups

12/28/15 2:30pm

RECEIVED
DEC 28 2015

Jim I am putting this complaint
in writing as I have talked to
Ralph Emerson & Ron Coppenhafer many
times in the past requesting to have
the culvert behind the sewer fence
unplugged as the run off is eroding
the road. They have not addressed
this issue. They are aware of this problem
and have ignored it.

Thank you,
Pauline Ellis

Garberville Sanitary District

PO Box 211
Garberville, CA. 95542
(707)923-9566

remerson@garbervillesd.org

GENERAL MANAGER REPORT

Date: January 19, 2016

The rain has been somewhat steady and at times heavy since the last meeting but with many hours of oversight and operational adjustments from our Operators, we have been able to maintain quality potable water. We have had electricity problems from outages and voltage overload at the raw water control panel which turned on the generator and wouldn't allow the generator to turn off because of high voltage spikes but through many calls and staff time on site, the problems have been remediated.

I am working to provide a healthy work and reporting area at the SWTP by enclosing part of the building where staff does reporting. Currently it has no separation from the equipment and motor noise or the cold/heat from the elements.

The valve vault on Cedar lane and the Senior Housing has been filled by John Neil and there is no longer a walking hazard or area for water to accumulate.

Ron is working on an operations manual and we are working on an emergency preparedness plan along with a Capital Improvements plan which will assist us with decision making and operational emergencies in the future.

I am including my priority list for you to consider and would welcome your input. This list will be what I work from to develop a budget and projects for next year and in future years.

Priority Expenditure List

1. ¾ ton utility truck with tool boxes and pipe rack--under \$40,000
2. Utility Trailer--\$6,500
3. Deliverable bulk liquid sodium hypochlorite system for water and water plants. Price unknown but from quotes received the price will be significantly less than we currently pay and staff time will be greatly reduced. We currently use sodium hypochlorite bleach, tablets and make our own chlorine through a generation system.
4. Aeration for our primary wastewater pond so operators will be able to have more direct involvement in the treatment process that typically is solely dependent on nature with no operational capabilities. Price unknown
5. Backhoe-----Used \$20,000--\$40,000 or New \$70,000--\$85,000
6. Replace Maple lane sewer main line (In House)
7. Repair or replace 3 fire hydrants per year until all are operational-price to be determined
8. I have other projects and equipment on my list but these are my priorities for upcoming consideration and budget planning. We have other small projects already planned for this upcoming year which will be presented along with our budget in coming months.

Respectfully Submitted:

Ralph Emerson



GARBERVILLE SANITARY DISTRICT

P.O. BOX 211 • GARBERVILLE, CA 95542 • (707) 923-9566

Financial Report as of November 30, 2015	
1 Operating Account	\$138,444.75
2 WRF Account	\$72,435.40
3 SRF Account	\$74,990.44
4 Water Enterprise Fund	\$46,092.75
5 County Treasury - Sewer Reserve	\$317,179.68
6 County Treasury - Water Reserve	\$235,485.44
7 Petty Cash & Cash Drawer	\$236.07
8	\$884,864.53
9 Revenue and Expenses for November (11-1-15 to 11-30-15)	
10 Revenue	
11 Water Charges	\$38,330.21
12 Sewer Charges	\$30,673.64
13 Late Charges	\$415.00
14 Connection Fees	\$0.00
15 Other Revenue	\$75.00
17 Total Revenue	\$69,493.85
18 Expenses	
19 Administrative	\$21,348.65
20 Payroll	\$13,561.55
21 Rent	\$835.00
22 Sewer (PR, monitoring, repairs & Utilities)	\$18,177.99
23 Water (PR, monitoring, pumping, repairs, & Utilities)	\$11,050.03
24 Total Expenses	\$64,973.22
25 Net Operating Revenue	\$4,520.63
26 Depreciation	
27 Water Depreciation	\$49,411.08
28 Sewer Depreciation	\$26,105.08
29 Total Depreciation	\$75,516.16
30 Interest expense	\$1,330.92
31 Interest income	\$60.23
32 NET INCOME	<u><u>-\$72,266.22</u></u>

**Garberville Sanitary District
Register QuickReport
November 2015**

	Date	Num	Memo	Amount
1 101 Netlink				
2	11/03/2015	7831	internet	-220.00
3 Total 101 Netlink				-220.00
4 Branscomb Center				
5	11/10/2015	7854	Power Smart Tower	-53.95
6 Total Branscomb Center				-53.95
7 C & K Market Inc.				
8	11/04/2015	11/4mtg	Safety Meeting	-14.42
9	11/11/2015	11/11-9368	Safety Meeting	-16.54
10	11/18/2015	11/189368	Cups for office	-8.64
11	11/18/2015	11/18-9368	safety meeting	-10.03
12	11/24/2015	11/245297	Board Mtg	-16.86
13 Total C & K Market Inc.				-66.49
14 Canyon Springs Enterprises				
15	11/10/2015	7855	Job 0514C - ALPN Rd Tank Project invo	-79,504.35
16 Total Canyon Springs Enterprises				-79,504.35
17 Capital Bank & Trust				
18	11/05/2015	81005	557880519	-852.02
19	11/05/2015	61005	025158148	-287.39
20	11/24/2015	63323	025158148	-279.32
21	11/24/2015	83323	557880519	-849.32
22 Total Capital Bank & Trust				-2,268.05
23 Cash				
24	11/10/2015	7853	To replenish cash drawer for Jennie's Lu	-13.44
25 Total Cash				-13.44
26 CITRIX				
27	11/10/2015	1206014017	11/15 Go To Meeting	-78.00
28 Total CITRIX				-78.00
29 Crystal Springs Bottled Water				
30	10/30/2015	7832	water	-7.50
31	11/10/2015	7856	water at office	-17.50
32 Total Crystal Springs Bottled Water				-25.00
33 CSDA				
34	11/03/2015	7833	2016 membership dues	-1,238.00
35 Total CSDA				-1,238.00
36 Dazey's Building Center				
37	11/03/2015	7834	Supplies	-196.15
38 Total Dazey's Building Center				-196.15
39 DAZEY'S/STEPHEN'S				
40	11/10/2015	7857	Fire Hose Adpt - Tool	-15.65
41 Total DAZEY'S/STEPHEN'S				-15.65
42 EDD				
43	11/06/2015	204056	499-0538-3	-26.03
44	11/06/2015	203056	499-0538-3	-509.65
45	11/25/2015	439056	499-0538-3	-12.09
46	11/25/2015	438056	499-0538-3	-466.49
47 Total EDD				-1,014.26
48 Fedex Office				
49	11/10/2015	11/10-9368	Maps	-307.39
50 Total Fedex Office				-307.39
51 Full Source				

**Garberville Sanitary District
Register QuickReport
November 2015**

	<u>Date</u>	<u>Num</u>	<u>Memo</u>	<u>Amount</u>
52	11/11/2015	11/11-5297	Safety wear of operations	-136.00
53	Total Full Source			-136.00
54	G.R. Wilcox Enterprises, Inc			
55	11/10/2015	7858	Drain Rock and Cold Mix	-1,660.00
56	Total G.R. Wilcox Enterprises, Inc			-1,660.00
57	Grammarly.com			
58	11/05/2015	11/5debit	Annual invoice for grammar checker	-139.95
59	Total Grammarly.com			-139.95
60	Humboldt County Audit-Controller			
61	11/20/2015	7873	Transfer Ln \$ from RCAC to GSD account # 2201 at County	-230,223.68
62	Total Humboldt County Audit-Controller			-230,223.68
63	IRS			
64	11/05/2015	848618	68-0296323	-2,972.34
65	11/24/2015	971573	68-0296323	-2,713.48
66	Total IRS			-5,685.82
67	JUST RENT IT			
68	11/10/2015	7859	Level WWTP R & M	-16.20
69	Total JUST RENT IT			-16.20
70	KEENAN SUPPLY			
71	11/03/2015	7835	Plug to close 6" line to temporary tank	-82.40
72	Total KEENAN SUPPLY			-82.40
73	NAPA			
74	11/03/2015	7836	Supplies	-80.75
75	Total NAPA			-80.75
76	North Coast Laboratories Ltd.			
77	11/03/2015	7837	Monitoring	-1,175.00
78	Total North Coast Laboratories Ltd.			-1,175.00
79	PG&E			
80	11/03/2015	7838	All	-4,940.82
81	11/30/2015	7874	10/15 swtp payment applied to main acct	-1,820.68
82	Total PG&E			-6,761.50
83	Pitney Bowes Purchase Power			
84	11/25/2015	11/25debit	11/15 postage	-208.99
85	Total Pitney Bowes Purchase Power			-208.99
86	Recology Humboldt County			
87	11/10/2015	7860	trash piclup	-17.38
88	Total Recology Humboldt County			-17.38
89	Redway True Value			
90	11/03/2015	7839	timer	-14.03
91	Total Redway True Value			-14.03
92	Redwood Merchant Services			
93	11/02/2015	11/2debit	10/15 bank card processing fees	-44.10
94	11/30/2015	11/15bkcdfe	11/15 Bank Card Fee	-60.07
95	Total Redwood Merchant Services			-104.17
96	RENNER			
97	11/10/2015	11/10debit	Fuel	-735.58
98	Total RENNER			-735.58
99	Robert Colburn Electric Inc.			
100	11/03/2015	7840	original invoice date 1/21/15 - DWTP wiri	-1,460.50
101	Total Robert Colburn Electric Inc.			-1,460.50
102	Ruiz Ricardo			

Garberville Sanitary District
Register QuickReport
November 2015

	<u>Date</u>	<u>Num</u>	<u>Memo</u>	<u>Amount</u>
103	11/04/2015	7852	10/15 meter reading mileage	-20.16
104	Total Ruiz Ricardo			-20.16
105	Rural Community Assistance Program			
106	11/05/2015	11/2int	Ln6200-gsd-02 interest	-312.50
107	Total Rural Community Assistance Program			-312.50
108	SDRMA			
109	11/10/2015	7861	medical insurance	-3,372.12
110	Total SDRMA			-3,372.12
111	Sentry III Center			
112	11/03/2015	7841	rent	-835.00
113	Total Sentry III Center			-835.00
114	State Board of Equalization			
115	11/10/2015	7862	Water Rights Fees	-332.90
116	Total State Board of Equalization			-332.90
117	State Water Resources Control Board			
118	11/30/2015	7875	Brian Miller renewal Grade 2 Water Trea	-110.00
119	Total State Water Resources Control Board			-110.00
120	SWRCB			
121	11/10/2015	7863	Annual WDR fees	-17,017.00
122	Total SWRCB			-17,017.00
123	Umpqua Bank			
124	11/20/2015	11/20debit	10/15 TM Fee	-92.98
125	Total Umpqua Bank			-92.98
126	US Cellular			
127	11/03/2015	7842	cell phones	-336.43
128	Total US Cellular			-336.43
129	VERIZON			
130	11/03/2015	7843	phones	-516.81
131	Total VERIZON			-516.81
132	Wells Fargo			
133	11/30/2015	7876	11/15 copier lease	-90.72
134	Total Wells Fargo			-90.72
135	Westamerica Bank			
136	11/10/2015	7864	Bridge Loan #10-016 Final Pmt.	-34,233.36
137	Total Westamerica Bank			-34,233.36
138	WYCKOFF'S			
139	11/03/2015	7844	R & M and Supplies	-344.15
140	11/10/2015	7865	R & M and Supplies	-160.54
141	Total WYCKOFF'S			-504.69
142	Arreguin, Daniel J			
143	11/04/2015	7845		-1,463.45
144	11/20/2015	7866		-1,394.74
145	Total Arreguin, Daniel J			-2,858.19
146	Baptist-Chavez, Tiffane T			
147	11/04/2015	7846		-521.27
148	11/20/2015	7867		-424.01
149	Total Baptist-Chavez, Tiffane T			-945.28
150	Copenhafer, Ronald			
151	11/04/2015	7847		-1,391.18
152	11/20/2015	7868		-1,364.33
153	Total Copenhafer, Ronald			-2,755.51

**Garberville Sanitary District
 Register QuickReport
 November 2015**

		Date	Num	Memo	Amount
154	Emerson, Ralph K				
155		11/04/2015	7848		-2,149.96
156		11/20/2015	7869		-2,149.95
157	Total Emerson, Ralph K				-4,299.91
158	Miller, Brian A				
159		11/04/2015	7849		-1,449.84
160		11/20/2015	7870		-1,264.82
161	Total Miller, Brian A				-2,714.66
162	Ruiz, Ricardo				
163		11/04/2015	7850		-384.09
164		11/20/2015	7871		-178.33
165	Total Ruiz, Ricardo				-562.42
166	Stillwell, Christina				
167		11/04/2015	7851		-1,173.93
168		11/20/2015	7872		-1,077.98
169	Total Stillwell, Christina				-2,251.91
170	TOTAL				-407,665.23

Garberville Sanitary District
Balance Sheet June 30, 2015 Comparison
As of November 30, 2015

		Nov 30, 15	Jun 30, 15	\$ Change
1	ASSETS			
2	Current Assets			
3	Checking/Savings			
4	1005 · Umpqua Checking- Operating	138,444.75	597,740.40	(459,295.65)
5	1006 · Umpqua System Reserve - Water	72,435.40	64,931.51	7,503.89
6	1007 · Umpqua System Reserve - Sewer	74,990.44	70,083.81	4,906.63
7	1011 · Water Enterprise Fund	46,092.75	46,025.32	67.43
8	1030 · County Treasury - Sewer Reserve	317,179.68	317,179.68	0.00
9	1031 · County Treasury - Water Reserve	235,485.44	5,261.76	230,223.68
10	1040 · Petty Cash	49.51	49.51	0.00
11	1050 · Cash Drawer	186.56	200.00	(13.44)
12	Total Checking/Savings	884,864.53	1,101,471.99	(216,607.46)
13	Accounts Receivable			
14	11000 · Accounts Receivable - Other	415.00	415.00	0.00
15	Total Accounts Receivable	415.00	415.00	0.00
16	Other Current Assets			
17	1100 · Accounts Receivable	85,721.96	106,200.11	(20,478.15)
18	1110 · Accts Receivable Over Payments	(1,559.88)	0.00	(1,559.88)
19	1315 · Water Grant Receivable	0.00	39,909.83	(39,909.83)
20	1500 · Prepaid Insurance	10,164.56	13,090.62	(2,926.06)
21	1501 · Prepaid Workers Comp	14,789.35	25,443.76	(10,654.41)
22	1502 · Prepaid Expenses	1,988.00	3,408.00	(1,420.00)
23	1510 · Prepaid Licenses and Permits	11,804.91	0.00	11,804.91
24	1550 · Allowance for Doubtful Accounts	(5,000.00)	(5,000.00)	0.00
25	Total Other Current Assets	117,908.90	183,052.32	(65,143.42)
26	Total Current Assets	1,003,188.43	1,284,939.31	(281,750.88)
27	Fixed Assets			
28	CIP - Alderpoint Tank (Water)	679,632.38	343,609.12	336,023.26
29	DWTP (Water) 2015	4,968,104.88	4,968,104.88	0.00
30	Tobin Well Project 2014	40,189.31	40,189.31	0.00
31	MSR/SOI and Annexation Project	156,287.96	155,451.96	836.00
32	Collection Facilities			
33	Cost - Coll Fac	44,170.59	44,170.59	0.00
34	Cost - IP 2000	2,029,949.22	2,029,949.22	0.00
35	Cost - Lines	2,104,256.18	2,100,202.29	4,053.89
36	Total Collection Facilities	4,178,375.99	4,174,322.10	4,053.89
37	Land - Sewer	129,810.68	129,810.68	0.00
38	Land - Water	88,698.62	88,698.62	0.00
39	Office Equipment	29,320.16	29,320.16	0.00
40	Equipment	155,983.99	73,456.04	82,527.95
41	Sewer Project - 2011	2,792,451.91	2,792,451.91	0.00
42	Sewer Treatment Facilities			
43	Cost - Equipment	3,381.24	3,381.24	0.00
44	Cost -Sewer Plant	488,193.00	488,193.00	0.00
45	Sewer Treatment Facilities - Other	4,500.00	4,500.00	0.00
46	Total Sewer Treatment Facilities	496,074.24	496,074.24	0.00
47	Vehicles	48,023.52	48,023.52	0.00
48	Water Easements & Intangibles	177,397.11	177,397.11	0.00
49	Water System	165,959.12	153,405.22	12,553.90
50	Accumulated Depreciation-Water	(667,086.50)	(518,853.26)	(148,233.24)
51	Accumulated Depreciation-Sewer	(1,382,541.30)	(1,304,226.06)	(78,315.24)

Garberville Sanitary District
Balance Sheet June 30, 2015 Comparison
As of November 30, 2015

		Nov 30, 15	Jun 30, 15	\$ Change
52	Total Fixed Assets	12,056,682.07	11,847,235.55	209,446.52
53	TOTAL ASSETS	13,059,870.50	13,132,174.86	(72,304.36)
54	LIABILITIES & EQUITY			
55	Liabilities			
56	Current Liabilities			
57	Accounts Payable			
58	2000 · Accounts Payable	120,867.08	246,187.16	(125,320.08)
59	Total Accounts Payable	120,867.08	246,187.16	(125,320.08)
60	Other Current Liabilities			
61	*Accounts Payable	3,220.00	1,460.50	1,759.50
62	2205 · Accrued Simple	5.00	2.50	2.50
63	2230 · Accrued Vacation	19,345.13	19,345.13	0.00
64	2250 · Loans Payable - Current Porti	78,918.27	78,918.27	0.00
65	Total Other Current Liabilities	101,488.40	99,726.40	1,762.00
66	Total Current Liabilities	222,355.48	345,913.56	(123,558.08)
67	Long Term Liabilities			
68	2500 · N/P - SWRCB	191,123.20	212,954.55	(21,831.35)
69	2605 · RCAC Loan #6200-GSD-02	250,000.00	0.00	250,000.00
70	2655 · Lease Payable - Copier	3,945.88	4,298.16	(352.28)
71	2700 · SRF Loan - Water	1,379,471.00	1,379,471.00	0.00
72	2800 · Municipal Fin.Corp. WWTP CCOs	0.00	33,235.65	(33,235.65)
73	2900 · Less Current Portion	(78,918.27)	(78,918.27)	0.00
74	Total Long Term Liabilities	1,745,621.81	1,551,041.09	194,580.72
75	Total Liabilities	1,967,977.29	1,896,954.65	71,022.64
76	Equity			
77	3000 · Contributed Capital	6,129,491.75	6,129,491.75	0.00
78	3100 · Retained Earnings	5,105,728.46	4,409,400.83	696,327.63
79	3200 · Prior Period Adjustment	0.00	(5,512.28)	5,512.28
80	Net Revenue	(143,327.00)	701,839.91	(845,166.91)
81	Total Equity	11,091,893.21	11,235,220.21	(143,327.00)
82	TOTAL LIABILITIES & EQUITY	13,059,870.50	13,132,174.86	(72,304.36)

Garberville Sanitary District
Statement of Revenue & Expense
For the One and Five Months Ended November 30, 2015

		Total Water		Total Sewer	
		Nov 15	Jul - Nov 15	Nov 15	Jul - Nov 15
1	Ordinary Revenue/Expense				
2	Revenue				
3	Water Charges				
4	4100 · Residential	20,692.55	122,794.45	0.00	0.00
5	4110 · Commercial	17,637.66	91,487.47	0.00	0.00
6	Total Water Charges	38,330.21	214,281.92	0.00	0.00
7	4200 · Sewer Charges	0.00	0.00	30,673.64	156,261.84
8	4300 · Connection Fees	0.00	8,600.00	0.00	6,000.00
9	4650 · Late Charges	207.50	1,160.00	207.50	1,190.00
10	4700 · Other Operating Revenue	75.00	80.00	0.00	5.00
11	Total Revenue	38,612.71	224,121.92	30,881.14	163,456.84
12	Gross Profit	38,612.71	224,121.92	30,881.14	163,456.84
13	Expense				
14	Administrative and General				
15	5005 · Bad Debts	0.00	1,500.00	0.00	1,500.00
16	5010 · Bank Charges				
17	5012 · Merchant Account Fees	54.05	330.96	54.06	331.02
18	5010 · Bank Charges - Other	38.75	186.20	38.50	185.94
19	Total 5010 · Bank Charges	92.80	517.16	92.56	516.96
20	5030 · Dues and Memberships	0.00	1,185.32	0.00	1,185.33
21	5035 · Education and Training	69.97	259.90	169.98	359.89
22	Insurance				
23	5040 · Liability	485.18	2,425.93	485.17	2,475.89
24	5050 · Workers' Comp	1,078.05	5,982.45	952.04	4,146.20
25	5055 · Health				
26	5055.1 · Employee Portion	(451.87)	(2,211.34)	(469.97)	(2,151.39)
27	5055 · Health - Other	1,686.06	7,467.42	1,686.06	7,467.42
28	Total 5055 · Health	1,234.19	5,256.08	1,216.09	5,316.03
29	Total Insurance	2,797.42	13,664.46	2,653.30	11,938.12
30	5060 · Licenses, Permits, and Fees	992.67	2,201.31	1,448.77	7,949.09
31	5065 · Auto	0.00	663.40	0.00	663.39
32	5080 · Office Expense	254.06	1,281.37	254.05	1,301.38
33	5085 · Outside Services	311.38	1,494.93	311.39	1,439.21
34	5090 · Payroll Taxes	966.90	5,530.04	855.26	3,805.44
35	5100 · Postage	104.49	714.51	104.50	714.55
36	5110 · Professional Fees	6,021.59	12,609.84	4,521.60	10,420.86
37	5120 · Property Taxes	0.00	12.00	0.00	0.00
38	5130 · Rents	417.50	2,052.50	417.50	2,052.50
39	5135 · Retirement	296.48	1,707.16	248.22	1,113.04
40	5137 · Supplies	86.89	332.40	86.89	343.75
41	5140 · Telephone	342.48	1,571.53	342.48	1,786.97
42	5145 · Tools	5.39	2,078.44	90.41	3,061.68
43	5150 · Travel and Meetings	33.24	248.34	33.25	156.44
44	5155 · Utilities	63.55	534.14	63.54	534.13
45	5160 · Wages	5,474.65	26,532.84	5,720.04	25,705.20
46	Total Administrative and General	18,331.46	76,691.59	17,413.74	76,547.93
47	Sewage Collection				
48	6010 · Fuel	0.00	0.00	161.84	1,110.43
49	6030 · Repairs and Maintenance	0.00	0.00	0.00	3,602.03
50	6040 · Supplies	0.00	0.00	415.00	990.13
51	6050 · Utilities	0.00	0.00	424.73	2,130.93

Garberville Sanitary District
Statement of Revenue & Expense
For the One and Five Months Ended November 30, 2015

		Total Water		Total Sewer	
		Nov 15	Jul - Nov 15	Nov 15	Jul - Nov 15
52	6060 · Wages				
53	6065 · Wages - Overtime Sewer Co	0.00	0.00	21.00	397.50
54	6060 · Wages - Other	0.00	0.00	1,905.00	7,231.00
55	Total 6060 · Wages	0.00	0.00	1,926.00	7,628.50
56	Total Sewage Collection	0.00	0.00	2,927.57	15,462.02
57	Sewage Treatment				
58	6075 · Fuel	0.00	0.00	161.84	1,110.43
59	6080 · Monitoring	0.00	0.00	1,086.03	15,062.10
60	6100 · Repairs and Maintenance	0.00	0.00	9,983.05	10,184.83
61	6110 · Supplies	0.00	0.00	29.51	1,250.54
62	6120 · Utilities	0.00	0.00	699.49	3,406.41
63	6130 · Wages				
64	6135 · Wages - Overtime Sewer Tr	0.00	0.00	52.50	388.50
65	6130 · Wages - Other	0.00	0.00	3,238.00	14,791.00
66	Total 6130 · Wages	0.00	0.00	3,290.50	15,179.50
67	Total Sewage Treatment	0.00	0.00	15,250.42	46,193.81
68	Water Trans and Distribution				
69	7075 · Fuel	177.50	1,436.56	0.00	0.00
70	7090 · Repairs and Maintenance	13.61	8,866.49	0.00	0.00
71	7100 · Supplies	454.91	1,291.84	0.00	0.00
72	7110 · Utilities	318.65	2,920.10	0.00	0.00
73	7120 · Wages				
74	7125 · Wages - Overtime Water Tr	321.00	2,683.50	0.00	0.00
75	7120 · Wages - Other	2,596.00	15,294.50	0.00	0.00
76	Total 7120 · Wages	2,917.00	17,978.00	0.00	0.00
77	Total Water Trans and Distribution	3,881.67	32,492.99	0.00	0.00
78	Water Treatment				
79	7020 · Fuel	161.82	848.28	0.00	0.00
80	7010 · Monitoring	456.87	1,180.45	0.00	0.00
81	7030 · Repairs and Maintenance	294.56	1,952.15	0.00	0.00
82	7040 · Supplies	415.00	4,371.93	0.00	0.00
83	7050 · Utilities	1,847.61	16,099.77	0.00	0.00
84	7060 · Wages				
85	7065 · Wages - Overtime Water Tr	94.50	2,949.50	0.00	0.00
86	7060 · Wages - Other	3,898.00	22,646.00	0.00	0.00
87	Total 7060 · Wages	3,992.50	25,595.50	0.00	0.00
88	Total Water Treatment	7,168.36	50,048.08	0.00	0.00
89	Total Expense	29,381.49	159,232.66	35,591.73	138,203.76
90	Net Ordinary Revenue	9,231.22	64,889.26	(4,710.59)	25,253.08
91	Other Revenue/Expense				
92	Other Revenue				
93	8060 · Interest Revenue	36.89	171.32	23.34	106.63
94	Total Other Revenue	36.89	171.32	23.34	106.63
95	Other Expense				
96	9010 · Other Expenses	0.00	1,500.00	0.00	0.00
97	9040 · Depreciation	49,411.08	148,233.24	26,105.08	78,315.24
98	9050 · Interest Expense	1,114.07	1,168.22	216.85	4,530.59
99	Total Other Expense	50,525.15	150,901.46	26,321.93	82,845.83
##	Net Other Revenue	(50,488.26)	(150,730.14)	(26,298.59)	(82,739.20)
##	Net Revenue	(41,257.04)	(85,840.88)	(31,009.18)	(57,486.12)

Garberville Sanitary District
Statement of Revenue & Expense
For the One and Five Months Ended November 30, 2015

		TOTAL	
		Nov 15	Jul - Nov 15
1	Ordinary Revenue/Expense		
2	Revenue		
3	Water Charges		
4	4100 · Residential	20,692.55	122,794.45
5	4110 · Commercial	17,637.66	91,487.47
6	Total Water Charges	38,330.21	214,281.92
7	4200 · Sewer Charges	30,673.64	156,261.84
8	4300 · Connection Fees	0.00	14,600.00
9	4650 · Late Charges	415.00	2,350.00
10	4700 · Other Operating Revenue	75.00	85.00
11	Total Revenue	69,493.85	387,578.76
12	Gross Profit	69,493.85	387,578.76
13	Expense		
14	Administrative and General		
15	5005 · Bad Debts	0.00	3,000.00
16	5010 · Bank Charges		
17	5012 · Merchant Account Fees	108.11	661.98
18	5010 · Bank Charges - Other	77.25	372.14
19	Total 5010 · Bank Charges	185.36	1,034.12
20	5030 · Dues and Memberships	0.00	2,370.65
21	5035 · Education and Training	239.95	619.79
22	Insurance		
23	5040 · Liability	970.35	4,901.82
24	5050 · Workers' Comp	2,030.09	10,128.65
25	5055 · Health		
26	5055.1 · Employee Portion	(921.84)	(4,362.73)
27	5055 · Health - Other	3,372.12	14,934.84
28	Total 5055 · Health	2,450.28	10,572.11
29	Total Insurance	5,450.72	25,602.58
30	5060 · Licenses, Permits, and Fees	2,441.44	10,150.40
31	5065 · Auto	0.00	1,326.79
32	5080 · Office Expense	508.11	2,582.75
33	5085 · Outside Services	622.77	2,934.14
34	5090 · Payroll Taxes	1,822.16	9,335.48
35	5100 · Postage	208.99	1,429.06
36	5110 · Professional Fees	10,543.19	23,030.70
37	5120 · Property Taxes	0.00	12.00
38	5130 · Rents	835.00	4,105.00
39	5135 · Retirement	544.70	2,820.20
40	5137 · Supplies	173.78	676.15
41	5140 · Telephone	684.96	3,358.50
42	5145 · Tools	95.80	5,140.12
43	5150 · Travel and Meetings	66.49	404.78
44	5155 · Utilities	127.09	1,068.27
45	5160 · Wages	11,194.69	52,238.04
46	Total Administrative and General	35,745.20	153,239.52
47	Sewage Collection		
48	6010 · Fuel	161.84	1,110.43
49	6030 · Repairs and Maintenance	0.00	3,602.03
50	6040 · Supplies	415.00	990.13
51	6050 · Utilities	424.73	2,130.93

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		TOTAL	
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65	6130 · Wages - Other	3,238.00	14,791.00
66	Total 6130 · Wages	3,290.50	15,179.50
67	Total Sewage Treatment	15,250.42	46,193.81
68	Water Trans and Distribution		
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70	7090 · Repairs and Maintenance	13.61	8,866.49
71	7100 · Supplies	454.91	1,291.84
72	7110 · Utilities	318.65	2,920.10
73	7120 · Wages		
74	7125 · Wages - Overtime Water Tr	321.00	2,683.50
75	7120 · Wages - Other	2,596.00	15,294.50
76	Total 7120 · Wages	2,917.00	17,978.00
77	Total Water Trans and Distribution	3,881.67	32,492.99
78	Water Treatment		
79	7020 · Fuel	161.82	848.28
80	7010 · Monitoring	456.87	1,180.45
81	7030 · Repairs and Maintenance	294.56	1,952.15
82	7040 · Supplies	415.00	4,371.93
83	7050 · Utilities	1,847.61	16,099.77
84	7060 · Wages		
85	7065 · Wages - Overtime Water Tr	94.50	2,949.50
86	7060 · Wages - Other	3,898.00	22,646.00
87	Total 7060 · Wages	3,992.50	25,595.50
88	Total Water Treatment	7,168.36	50,048.08
89	Total Expense	64,973.22	297,436.42
90	Net Ordinary Revenue	4,520.63	90,142.34
91	Other Revenue/Expense		
92	Other Revenue		
93	8060 · Interest Revenue	60.23	277.95
94	Total Other Revenue	60.23	277.95
95	Other Expense		
96	9010 · Other Expenses	0.00	1,500.00
97	9040 · Depreciation	75,516.16	226,548.48
98	9050 · Interest Expense	1,330.92	5,698.81
99	Total Other Expense	76,847.08	233,747.29
##	Net Other Revenue	(76,786.85)	(233,469.34)
##	Net Revenue	(72,266.22)	(143,327.00)

**GARBERVILLE SANITARY DISTRICT
BOARD OF DIRECTORS MEETING
MINUTES
November 24, 2015**

I. REGULAR MEETING CALLED TO ORDER

5:05 pm

II. ESTABLISHMENT OF QUORUM

Rio Anderson, present
Linda Brodersen, Present
Doug Bryan, Present
Bill Stewart, Present
Vacant _____

III. APPROVAL OF AGENDA

Approved

IV. PUBLIC COMMENT ON ANY ITEM ON THE CLOSED SESSION AGENDA

No Comment

V. CLOSED SESSION ---The Board went into closed session at 5:07 p.m.

A. General Manager evaluation-contract

VI. OPEN SESSION

Chairperson Anderson reported out of closed session at 5:37 pm – No action taken

VII. COMMENTS AND QUESTIONS FROM THE AUDIENCE

Richard Thompson asked if the financials were on the agenda - yes

VIII. ANNOUNCEMENTS AND COMMUNICATIONS

A. Letter from Juanice Whiteley regarding Services to proposed restroom at Town Square
Emerson explained that Ms. Whiteley is opposed to the restroom at the town square.

B. Seasonal Water Solutions water sales

Emerson reported on the water sale project off Sprowel Creek Road; he said that the project is moving forward and if the Board wants input, now would be the time. He also said any comments should come as residents rather than as a board because although the property is within GSD Sphere of Influence, it is not within district boundaries.

C. Thomas Lane changes of ownership

Emerson said that the county was relieving themselves from the property.

Operations – Nothing to report

Office: Stillwell gave a review of the Clerk/Secretary conference she attended. She also reported on the electric kilowatt decrease since the new tank installation on the Alderpoint Road. She reported a savings of \$1302.00 over the last three months.

Board Members: None

General Manager: Ralph Emerson reported that the Humboldt County Supervisors appointed Gary Wellborn, Richard Thompson and Rio Anderson to the vacant board seats.

He also said that he has been pursuing the ability to change GSD to Garberville Services District. There is a substantial cost to the District and he is not sure that this would be the best use of the District funds at this time. He said he would put together a report for next meeting with the process and associated costs.

IX. REGULAR AGENDA ITEMS

A. CONSENT AGENDA

- A.1 Approve Financials
- A.2 Approve 10/27/2015 Regular Meeting Minutes
- A.3 Operations Safety Report

Brodersen made a motion to approve the 10/27/2015 meeting minutes and the safety report of the consent agenda. Bryan seconded Vote: four yes votes

Richard Thompson questioned the lunch for paving crew. Emerson explained the reason for that expense. Mr Thompson questioned other expenses – staff gave explanations.

Gary Wellborn questioned the loans that did not decrease; Stillwell explained the loans were on an annual basis. Brodersen made a motion to approve the October 2015 financials. Stewart seconded the motion. A unanimous vote passed the motion.

B. GENERAL BUSINESS

- B.1 Board consideration of pursuing a “reduction in fuels” Grant

Doug Bryan gave a review the grant; it is not money, it is a service. Bryan asked the board for consent to pursue the grant proposal. Stillwell will provide the district property description.

Brodersen made a motion to pursue the county-wide grant proposal Anderson seconded the motion. Bryan recused himself from voting. Anderson Brodersen and Anderson all voted Yes.

- B.2 Purchase utility truck

Emerson recommended putting off the purchase of the truck until spring and see where the budget is at that time. He said that revenues have dropped 25 percent with the conservation measures in place.

- B.3 Purchase utility trailer

The trailer purchased was tabled until spring as well.

- B.4 Veterans For Peace request to waive water fees

A private party pays the fees, and they wish to discontinue paying the bill. Stewart said that Steve Dazey may be taking over the property, and he may be willing to take over the bill. Stillwell will call Mr. Dazey concerning this property.

- B.5 District Employee Dental and Vision Plan

Emerson presented the proposal of providing Dental and Vision Coverage for the employees.

Brodersen made a motion to approve Dental and Vision Coverage for employees and to:

Adopt Resolution 15-012 Approving the form of and authoring the execution of a Memorandum of Understanding and authoring participation in the Special District Risk Management Authority’s Health Benefits Program

And to:

Execute the Memorandum of Understanding relating to the Special District Rick Management Authority’s Health Benefits Ancillary Coverage

And to: Execute Program Participation Agreement

Anderson seconded the motion. Roll call vote: Anderson, Brodersen, and Bryan yes, Stewart abstained.

C. POLICY REVISION / ADOPTION

C.1 Water Ordinance, Article 9: Billing—Section 9.4—9.7

The board discussed and approved the following changes.

Sec 9.4 Water Charges. Water charges are calculated and billed on the 1st of each month and are considered delinquent after the 25th of each month.

Sec 9.5 Payment of Bills. Bills are due and payable by the 25th of each month, and if not paid, a \$5 late charge will be applied.

A. Late Payment Procedures:

1-30 days past due – Courtesy Call To Tenant – Notify Owner

30-35 days past due – Shut Off Notice

60 days past due – May Place a Lien on Building/Property, submit to Small Claims or Turn Over To Collection Agency

B. Adjustments – Payment Plans

The General Manager or Designee will be the only person authorized to enter into a payment plan or able to make adjustments to a bill.

Sec 9.7 Customer Guarantee was tabled until next meeting.

Brodersen made a motion to approve Water Ordinance Article 9 Sec 9.4 and Sec 9.5 with amended changes. Bryan seconded the motion. Roll call vote: Anderson, Brodersen, Bryan, and Stewart voted yes.

Brodersen requested that the customers be notified of these changes.

X. ITEMS FOR NEXT BOARD MEETING

- 1. Water Ordinance Update, Article 9.7 and Article 10: Discontinuance of Service**
- 2. Replace water valves on Cedar Lane – Safety Hazard**
- 3. Annexation Update**
- 4. Veterans for Peace – Tina to call Dazey to take over the bill**

XI. ADJOURNMENT

Next board meeting December 15, 2015 at 5:00 pm

Meeting adjourned at 7:05 pm

**GARBERVILLE SANITARY DISTRICT
BOARD OF DIRECTORS SPECIAL MEETING
MINUTES**

**December 15, 2015
5:00 p.m. - Open Session**

I. SPECIAL MEETING CALLED TO ORDER

Vice Chairperson Doug Bryan called the meeting to order at 5:21 pm

II. ESTABLISHMENT OF QUORUM

Rio Anderson, Absent
Linda Brodersen, Present
Doug Bryan, Present
Bill Stewart, Present
Vacant _____

III. APPROVAL OF AGENDA

Brodersen made a motion to approve the agenda with the removal of Item B 3 –June 30, 2015, Financial Audit approval and no new items added. Stewart seconded the motion. The motion was passed by unanimous vote.

IV. COMMENTS AND QUESTIONS FROM THE AUDIENCE

No Comments.

V. ANNOUNCEMENTS AND COMMUNICATIONS

REPORTS AND PRESENTATIONS – *Routine report of activities, operations, meetings/conferences attended by Board members, Staff, and General Manager*

Operations: Nothing to report

Office: None

Board Members: Nothing to report

General Manager: Ralph Emerson reported that the storms have not stopped the district from providing the quality of service, the treatment of water and wastewater that is a positive sign of how we will function throughout this winter.

Brian Miller has been placed in the on-call rotation.

During the next couple months, we will be doing staff evaluation and preliminary work on the 2016-17 budget, probably at the next meeting he will be requesting the Board to form a budget committee.

He welcomed Gary Wellborn and Richard Thompson to the board and will be sending a thank you letter the Supervisors and the Elections Office for their assistance in filling the vacant seats on the GSD Board.

Government Code Section 54954.3 provides that the public will have an opportunity to address the Board on any item described at a regular or special meeting either before or after the consideration of that item. The Board reserves the right to limit the time of presentation by individuals and groups

VI. REGULAR AGENDA ITEMS

A. CONSENT AGENDA

No Consent Agenda

B. GENERAL BUSINESS – *Action items*

- B.1 Oath of Office for Appointed GSD Board Members
Rio Anderson, Gary Wellborn, Richard Thompson

Ralph read the letter received from the Office of Elections (attached) appointing Gary Wellborn, Soran (Rio) Anderson, Doug Byran, and Richard Thompson to the GSD board. Ralph explained that Bill Stewart will be stepping down tonight, and He will be swearing in Gary Wellborn, Doug Bryan, Richard Thompson tonight, and then they will elect Officers of the board. Emerson swore in the three members. Bill Stewart gave a brief history of the District, saying it was started in 1932 and most of the work was done by hand.

- B.2 Appointment of Officers

- a. Nomination of Board Chairperson
Brodersen asked for a nomination for Chairperson. Thompson nominated Brodersen for Chairperson. Second: Wellborn. Vote: Bryan, Wellborn, Thompson, and Brodersen all yes.
- b. Nomination of Vice Chairperson
**Motion: Brodersen nominated Bryan for Vice-Chairperson Second: Wellborn
Vote: Brodersen, Wellborn, Thompson, and Bryan all yes.**
- c. Approve Authorized Signatures To Sign For District
**Motion: Bryan made a motion for Tina, Ralph and Linda to be signers
Second: Thompson Vote: Brodersen, Thompson, Wellborn, and Bryan all Yes**
- d. Approve 2016 calendar
**Ralph has a commitment on January 26 and needs the meeting changed to January 19, 2016, and asked if the December meeting was a problem. The meeting was changed to December 20, 2016.
Motion: Bryan motion to approve Second: Wellborn Vote: Thompson, Wellborn, Brodersen, and Bryan all yes.**

- B.3 Approval of Audit Report for Fiscal Year 2014 – 2015

Review Management Letter
Review GSD June 30, 2015 Financial Audit
Approve June 30, 2015 Financial Audit
Authorize Chairperson to sign Representation Letter
Item was pulled from the agenda and rescheduled for January 19, 2016

- B.4 Acknowledgement of Bill Stewart And His Service To Garberville

Emerson took a moment to recognize Bill Stewart and his time served on the GSD board.

VII. ITEMS FOR NEXT BOARD MEETING

Brodersen asked about the Annexation; Emerson said it was at the county for review at this time.

1. Water Ordinance Update, Article 10: Discontinuance of Service
2. Replace water valves on Cedar Lane
3. Swear in Rio Anderson
4. Assign Secretary and Treasurer positions
5. Bryan requested a report on the gate at the water treatment plant

A Celebration of Bill Stewart and new Board Members followed the meeting

VIII. ADJOURNMENT

DRAFT

**GARBERVILLE SANITARY DISTRICT
FINANCIAL STATEMENTS AND
SINGLE AUDIT REPORT
JUNE 30, 2015**

GARBERVILLE SANITARY DISTRICT

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June 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Garberville Sanitary District

Report on the Financial Statements

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 year ended June 30, 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Garberville Sanitary District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Directors
Garberville Sanitary District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2015, on our consideration of the Garberville Sanitary District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Garberville Sanitary District's internal control over financial reporting and compliance.

December 2, 2015
Fortuna, California

DRAFT

BASIC FINANCIAL STATEMENTS

DRAFT

GARBERVILLE SANITARY DISTRICT
Statement of Net Position
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 779,031	\$ 1,635,856
Accounts Receivable - net of \$5,000		
Allowance for Doubtful Accounts	101,615	111,633
Grants Receivable	39,910	480,849
Prepays and Deposits	41,942	2,255
Total Current Assets	<u>962,498</u>	<u>2,230,593</u>
Restricted Assets		
Cash in County Treasury	322,441	296,368
Total Restricted Assets	<u>322,441</u>	<u>296,368</u>
Noncurrent Assets		
Capital Assets, Net of Depreciation	11,348,175	6,501,897
Construction in Progress: Water Project	-	3,993,477
Annexation Project	155,452	145,076
Tobin Well Project	-	34,364
Alderpoint Tank Project	343,609	75,710
Total Noncurrent Assets	<u>11,847,236</u>	<u>10,750,524</u>
Total Assets	<u>\$ 13,132,175</u>	<u>\$ 13,277,485</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 247,648	\$ 490,505
Accounts Payable - Retention	-	225,760
Accrued Interest	-	4,281
Accrued Payroll Liabilities	3	1,251
Accrued Vacation	19,345	17,274
Customer Deposits	-	3,000
Current Portion of Long-Term Obligations	78,918	1,011,084
Total Current Liabilities	<u>345,914</u>	<u>1,753,155</u>
Noncurrent Liabilities		
Noncurrent Portion of Long-Term Obligations	1,551,041	985,437
Total Liabilities	1,896,955	2,738,592
NET POSITION		
Invested in Capital Assets, Net of Related Debt	10,217,277	8,754,003
Unrestricted	1,017,943	1,784,890
Total Net Position	<u>\$ 11,235,220</u>	<u>\$ 10,538,893</u>

The accompanying notes are an integral part of these financial statements

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GARBERVILLE SANITARY DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Total 2015</u>
OPERATING REVENUES			
Utility Sales	\$ 490,533	\$ 365,128	\$ 855,661
Connection Fees	16,100	22,500	38,600
Other Revenues	6,303	3,387	9,690
<u>Total Operating Revenues</u>	<u>512,936</u>	<u>391,015</u>	<u>903,951</u>
OPERATING EXPENSES			
Salaries and Wages	49,891	43,691	93,582
Payroll Taxes	11,309	8,076	19,385
Employee Benefits	16,393	15,518	31,911
Rent	5,400	4,800	10,200
Materials and Supplies	3,257	2,185	5,442
Transportation	1,719	1,718	3,437
Sewage Collection	-	53,285	53,285
Office Expense	9,277	8,105	17,382
Insurance	19,329	17,164	36,493
Professional Services	17,605	15,540	33,145
Sewage Treatment	-	70,406	70,406
Water Treatment	112,274	-	112,274
Water Distribution	67,694	-	67,694
Permits and Fees	3,493	18,021	21,514
Bad Debts	2,708	3,385	6,093
Other Expenses	5,366	4,830	10,196
Deprecation and Amortization	155,607	149,606	305,213
<u>Total Operating Expenses</u>	<u>481,322</u>	<u>416,330</u>	<u>897,652</u>
OPERATING GAIN	<u>31,614</u>	<u>(25,315)</u>	<u>6,299</u>
NON-OPERATING REVENUES (EXPENSES)			
Capital Grants	687,192	-	687,192
Property Taxes and Exemptions	(12)	23,831	23,819
Interest Income	237	2,378	2,615
Interest Expense	(3,120)	(5,755)	(8,875)
Other Expenses	-	950	950
Gain (Loss) on Dispositions	(10,160)	-	(10,160)
<u>Total Non-operating Revenues (Expenses)</u>	<u>674,137</u>	<u>21,404</u>	<u>695,541</u>
CHANGE IN NET POSITION	\$705,751	(\$3,911)	\$ 701,840
NET POSITION			
BEGINNING OF YEAR			\$ 10,538,893
PRIOR PERIOD ADJUSTMENT			\$ (5,513)
END OF YEAR			<u>\$ 11,235,220</u>

The accompanying notes are an integral part of these financial statements

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GARBERVILLE SANITARY DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Total 2014</u>
OPERATING REVENUES			
Utility Sales	\$ 510,833	\$ 368,250	\$ 879,083
Bulk Water Sales	48	-	48
Connection Fees	1,350	150.00	1,500
Other Revenues	4,085	3,320	7,405
<u>Total Operating Revenues</u>	<u>516,316</u>	<u>371,720</u>	<u>888,036</u>
OPERATING EXPENSES			
Salaries and Wages	38,851	35,373	74,224
Payroll Taxes	10,491	8,448	18,939
Employee Benefits	4,670	2,965	7,635
Rent	5,410	4,810	10,220
Materials and Supplies	448	448	896
Transportation	1,837	1,842	3,679
Sewage Collection	-	46,691	46,691
Office Expense	4,351	4,351	8,702
Insurance	26,960	27,568	54,528
Professional Services	13,314	12,399	25,713
Sewage Treatment	-	72,992	72,992
Water Treatment	84,783	-	84,783
Water Distribution	83,910	-	83,910
Permits and Fees	3,138	16,042	19,180
Other Expenses	10,527	9,240	19,767
Deprecation and Amortization	70,957	151,568	222,525
<u>Total Operating Expenses</u>	<u>359,647</u>	<u>394,737</u>	<u>754,384</u>
OPERATING GAIN	<u>156,669</u>	<u>(23,017)</u>	<u>133,652</u>
NON-OPERATING REVENUES (EXPENSES)			
Capital Grants	1,739,281	-	1,739,281
Property Taxes and Exemptions	(12)	23,310	23,298
Interest Income	158	1,673	1,831
Interest Expense	(2)	(6,855)	(6,857)
Other Expenses	(1,315)	707	(608)
Gain (Loss) on Dispositions	-	-	-
<u>Total Non-operating Revenues (Expenses)</u>	<u>1,738,110</u>	<u>18,835</u>	<u>1,756,945</u>
CHANGE IN NET POSITION	\$1,894,779	(\$4,182)	\$ 1,890,597
NET POSITION			
BEGINNING OF YEAR			<u>\$ 8,648,296</u>
END OF YEAR			<u>\$ 10,538,893</u>

The accompanying notes are an integral part of these financial statements

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GARBERVILLE SANITARY DISTRICT
Statement of Cash Flows
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Cash Received from Customers	\$ 874,282	\$ 883,680
Cash Paid for Employees	(144,878)	(100,798)
Cash Paid for Goods and Services	(454,018)	(408,272)
	<u>275,386</u>	<u>374,610</u>
Cash Flows From Non-Capital Financing Activities		
Other Non-Operating Revenue	950	-
Property Tax Revenues	23,819	23,298
	<u>24,769</u>	<u>23,298</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from Long-Term Debt	1,065,474	1,664,516
Principal Paid on Long-Term Debt	(1,432,036)	(82,450)
Interest Paid on Long-Term Debt	(8,875)	(6,857)
Acquisition of Capital Assets	(1,880,703)	(2,499,319)
Capital Grant	1,122,618	1,837,459
	<u>(1,133,522)</u>	<u>913,349</u>
Cash Flows From Investing Activities		
Interest on Investments	2,615	1,831
	<u>2,615</u>	<u>1,831</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(830,752)	1,313,088
Cash and Cash Equivalents - Beginning of Year	<u>1,932,224</u>	<u>619,136</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 1,101,472</u></u>	<u><u>\$ 1,932,224</u></u>

The accompanying notes are an integral part of these financial statements

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GARBERVILLE SANITARY DISTRICT
Statement of Cash Flows
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Reconciliation of Operating Gain to Net Cash Provided by Operating Activities		
Operating Gain	\$ 6,299	\$ 133,652
Adjustment to Reconcile Operating Gain to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	305,213	222,525
(Increase) Decrease in Accounts Receivable	10,018	(7,267)
(Increase) Decrease in Other Receivable	-	-
(Increase) Decrease in Prepaid Expenses	(39,687)	2,911
Increase (Decrease) in Accounts Payable	-	-
Increase (Decrease) in Accrued Liabilities	<u>(6,457)</u>	<u>22,789</u>
Total Adjustments	<u>269,087</u>	<u>240,958</u>
Net Cash Provided by Operating Activities	<u>\$ 275,386</u>	<u>\$ 374,610</u>
 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	<u>\$ 1,101,472</u>	<u>\$ 1,932,224</u>
Cash and Cash Equivalents per Balance Sheet:		
Cash and Cash Equivalents	\$ 779,031	\$ 1,635,856
Cash in County Treasury	<u>322,441</u>	<u>296,368</u>
	<u>\$ 1,101,472</u>	<u>\$ 1,932,224</u>

The accompanying notes are an integral part of these financial statements

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NOTES TO FINANCIAL STATEMENTS

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2015

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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, 2015

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting - The Business 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 \$250 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, 2015 was \$19,345, and at June 30, 2014 was \$17,274, 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, 2015.

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.

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2015

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, except those that are limited to not-for-profit organizations.

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>2015</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	643,766	135,015	-	-	778,781
Petty Cash	-	-	-	250	250
Subtotal					<u>779,031</u>
Pooled with County	-	-	322,441	-	322,441
Total	<u>643,766</u>	<u>135,015</u>	<u>322,441</u>	<u>250</u>	<u>1,101,472</u>

<u>2014</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	1,535,132	100,474	-	-	1,635,606
Petty Cash	-	-	-	250	250
Subtotal					<u>1,635,856</u>
Pooled with County	-	-	296,368	-	296,368
Total	<u>1,535,132</u>	<u>100,474</u>	<u>296,368</u>	<u>250</u>	<u>1,932,224</u>

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2015

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NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

Capital Assets for the District for the years ended June 30, 2015 and 2014 consisted of the following:

	Balance 6/30/14	Additions	Deletions Transfers	Balance 6/30/15
Land - Sewer	129,811	-	-	129,811
Land - Water	88,699	-	-	88,699
Water System	120,924	43,823	(11,342)	153,405
Water Easements	177,397	-	-	177,397
Collection Facilities	2,245,631	20,022	-	2,265,653
Kimtu Waterline	1,908,669	-	-	1,908,669
Treatment Facilities	491,574	4,500	-	496,074
Water Project 2015	-	4,968,105	-	4,968,105
Tobin Well 2015	-	40,189	-	40,189
Sewer Project 2011	2,792,452	-	-	2,792,452
Annexation Project	145,075	10,377	-	155,452
Office Equipment	17,765	11,555	-	29,320
Equipment	-	73,456	-	73,456
Vehicles	48,024	-	-	48,024
CIP Water	3,993,477	974,628	(4,968,105.00)	-
CIP Tobin Well	34,364.00	5,825	(40,189.00)	-
CIP Alderpoint Tank	75,710	267,899	-	343,609
Less: Accumulated Depreciation	(1,519,048)	(305,213)	1,182	(1,823,079)
Total	\$ 10,750,524	6,115,166	(5,018,454.00)	\$ 11,847,236

	Balance 6/30/13	Additions	Deletions Transfers	Balance 6/30/14
Land - Sewer	129,811	-	-	129,811
Land - Water	88,699	-	-	88,699
Water System	120,924	-	-	120,924
Water Easements	177,397	-	-	177,397
Collection Facilities	2,245,631	-	-	2,245,631
Kimtu Waterline	1,908,669	-	-	1,908,669
Treatment Facilities	491,038	536	-	491,574
Sewer Project 2011	2,792,452	-	-	2,792,452
Annexation Project	80,864	64,211	-	145,075
Office Equipment	17,765	-	-	17,765
Vehicles	48,024	-	-	48,024
CIP Water	1,332,829	2,660,648	-	3,993,477
CIP Tobin Well	-	34,364	-	34,364
CIP Alderpoint Tank	28,959	46,751	-	75,710
Less: Accumulated Depreciation	(1,296,524)	(222,524)	-	(1,519,048)
Total	\$ 8,166,538	2,583,986	-	\$ 10,750,524

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2015

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NOTE 4 - LONG-TERM DEBT

Long-term debt of the District for the years ended June 30, 2015 and 2014 consisted of the following:

	Balance 6/30/14	Additions	Principal Payments	Balance 6/30/15
SWRCB	234,358	-	(21,404)	212,954
MFC	97,648	-	(64,412)	33,236
RCAC	925,269	420,515	(1,345,784)	-
SRF Loan	739,247	640,224	-	1,379,471
Copier Lease	-	4,736	(438.00)	4,298
	1,996,522	1,065,475	(1,432,038)	1,629,959

	6/30/2013	Additions	Principal Payments	Balance 6/30/14
SWRCB	255,342	-	(20,984)	234,358
MFC	159,114	-	(61,466)	97,648
RCAC	-	925,269	-	925,269
SRF Loan	-	739,247	-	739,247
	414,456	1,664,516	(82,450)	1,996,522

Current portion of long-term debt is as follows:

SWRCB	\$ 21,831
RCAC Loan	22,991
Municipal Financial Corp	33,236
Copier	860
	\$ 78,918

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. Details of this loan are as follows:

- a. Principal Amount at 6/30/15 - \$212,954
- b. Interest rate - 2.0% per annum

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
 June 30, 2015

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NOTE 4 - LONG-TERM DEBT (Continued)

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

SWRCB Loan

Year(s) Ending June 30	Principal	Interest	Total
2016	21,831	4,259	26,090
2017	22,267	3,823	26,090
2018	22,712	3,378	26,090
2019	23,110	2,980	26,090
2020	23,631	2,459	26,090
2021-2024	99,403	4,955	104,358
	<u>\$ 212,954</u>	<u>\$ 21,854</u>	<u>\$ 234,808</u>

MUNICIPAL FINANCE CORPORATION (MFC)

On August 24, 2010, the District borrowed \$300,000 for a Wastewater Construction Project. The loan is payable in semi-annual installments of \$34,233.36, including 4.95% interest. Details of this loan are as follows:

- a. Principal Amount at 6/30/15 - \$33,236
- a. Interest Rate – 4.95% per annum

RURAL COMMUNITY ASSISTANCE CORPORATION (RCAC)

The District entered into two grant anticipation notes on August 5, 2013. This bridge loan was increased to \$1,175,000 on January 23, 2014. The maturity date is September 1, 2015 with interest at 5.50 %. (See Note 8) This note was paid off in 2015.

- a. Principal Amount at 6/30/15 - \$-0-
- b. Interest Rate – 5.5%

STATE REVOLVING FUND (SRF)

The District entered into a funding agreement (Project 1210008-006C) under the provisions of California Safe Drinking Water State Revolving Fund in April 2013 for a total Project cost of \$4,379,431. Under this agreement, the Loan amount is not to exceed \$1,379,471 at 0% interest, over 30 years, with principal payments of \$22,991.18 due semiannually on January 1 and July 1 commencing January 2016.

- a. Principal Amount at 6/30/15 - \$1,379,471
- b. Interest Rate – 0%

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
 June 30, 2015

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NOTE 4 - LONG-TERM DEBT (Continued)

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

MFC Loan

<u>Year(s) Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	33,236	998	34,234

Following are the details for the MFC Loan reflecting the respective loan portions used for each of the Water or Sewer Funds:

MFC Loan – Water Project Portion

<u>Year(s) Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	24,893	791	25,684

MFC Loan – Sewer Project Portion

<u>Year(s) Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	8,343	207	8,550

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2015

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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, 2014 through June 30, 2015. 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)	400,000
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 water and solid waste utility services. Following is a listing of the District's receipts by source:

	<u>2015</u>	<u>2014</u>
Current Secured Taxes	23,743	21,897
Current Unsecured Taxes	868	839
Taxes-Prior Years	26	14
Taxes-Current-Supplemental Rolls	141	170
State-Homeowners' Exemptions	329	350
Taxes-Prior Years-Supplemental	36	40
Total Taxes/Exemptions	<u>25,143</u>	<u>23,310</u>

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2015

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**NOTE 7 – SURFACE WATER TREATMENT PLANT AND INFRASTRUCTURE
CAPITAL IMPROVEMENT PROJECT**

The project was expected to cost \$4.5 million dollars. Funding for this project is from CDPH, in Funding Agreement SRFCX103, executed on May 10, 2013 in the amount of \$4,060,478. The grant amount is \$3,000,000 and the loan amount is \$1,060,478 with 0% interest and a 30-year term. The Funding agreement was amended September 2014 to increase the total cost to \$4,379,471 with the original loan amount increased to \$1,379,471. (See Note 4) The project was completed January 29, 2015.

The total amount of interest cost capitalized for this project was \$15,510 and \$29,259 as of June 30, 2015 and 2014, respectively.

Grant receivables were \$39,909 and \$480,849 at June 30, 2015 and 2014, respectively.

**NOTE 8 – ANNEXATION (JURISDICTIONAL BOUNDARY, SOI EXPANSION, CHANGE IN PLACE
OF USE, AND MSR) PROJECT**

Every five years, the Humboldt County Local Agency Formation Commission (LAFCo) is mandated to review the Spheres of Influence (SOI's) of all government entities within the District. A Municipal Service Review (MSR) is prepared by LAFCo as part of the SOI review. The District participates in the preparation of the document and provides the data necessary for the LAFCo to perform the review. As part of the MSR/SOI review, in 2011, the District identified numerous parcels that are being provided with water service which are outside of the existing District's Jurisdictional Boundary and SOI. The LAFCo process for remedy of this condition is to complete an annexation of these parcels into the boundaries by petitioning LAFCo for the proposed change. As part of this project the District also needs to modify the Place of Use for the Diversion License and Permit as regulated by the State Water Resources Control Board Division of Water Rights to be consistent with the areas served. Upon completion of the Annexation, the Change in Place of Use, the Municipal Services Review and Sphere of Influence Update, the District will not need to complete this planning process for five years or until a property asks to be annexed into the District Boundary or Sphere of Influence.

NOTE 9 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was required during the year ended June 30, 2015. This adjustment was needed to correct the balance of the grant receivable Claim 7 recorded in 2014 for an engineering invoice that was not approved.

Write-off invoice for Arc-Sine

2014

\$ 5,513

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 10 – CONTRACT

Management has entered a contract with Canyon Springs Enterprises dba RSH Construction Inc. to install the Alderpoint Road Tank Replacement at a cost of \$457,575.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 2, 2015, the date the financial statements were available to be issued.

In August 2015, the District obtained funding for the Alderpoint Road Tank construction project from Rural Community Assistance Corporation (RCAC) in an amount of \$250,000 with a 5 year repayment term at 5% interest.

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SINGLE AUDIT REPORTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Garberville Sanitary District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Garberville Sanitary District's basic financial statements, and have issued our report thereon dated December 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Garberville Sanitary District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Garberville Sanitary District's internal control. Accordingly, we do not express an opinion on the effectiveness of Garberville Sanitary District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Garberville Sanitary District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Garberville Sanitary District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fortuna, California
December 2, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
Garberville Sanitary District

Report on Compliance for Each Major Federal Program

We have audited Garberville Sanitary District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Garberville Sanitary District's major federal programs for the year ended June 30, 2015. Garberville Sanitary District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Garberville Sanitary District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Garberville Sanitary District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Garberville Sanitary District's compliance.

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Opinion on Each Major Federal Program

In our opinion, Garberville Sanitary District's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Garberville Sanitary District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Garberville Sanitary District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Garberville Sanitary District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Board of Directors
Garberville Sanitary District
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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Fortuna, California
December 2, 2015

GARBERVILLE SANITARY DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Major programs are as follows:	
66.468 U.S. Environmental Protection Agency	
Capitalization Grants For Clean Water State Revolving Funds	
Passed through State Of California Department of Public Health	
Safe Drinking Water State Revolving Fund	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters reported

SECTION III- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported

GARBERVILLE SANITARY DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

SECTION I - SUMMARY OF PRIOR AUDIT FINDINGS

Financial Statements

No Prior Audit Findings

Federal Awards

No Prior Audit Findings

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters reported

SECTION III- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported

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GARBERVILLE SANITARY DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Environmental Protection Agency Passed through State of California Department of Public Health: Capitalization Grants For Clean Water , State Revolving Funds	66.468	08-758-550-1 1210008-006C	<u>\$ 1,136,178</u>
Total Expenditures of Federal Awards			<u>\$ 1,136,178</u>

The above schedule of expenditures of federal awards includes the federal grant activity of the Garberville Sanitary District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying notes.

Board of Directors and Management
Garberville Sanitary District

We have previously issued reports dated December 2, 2015 to the Board of Directors and management of the Garberville Sanitary District. These items reported on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

In order to keep the Board apprised of other issues we feel to be of importance, we offer the following management letter. It contains our comments and recommendations on the operating methods, accounting policies and procedures, and other related matters which came to our attention during the course of our annual audit, including the progress made on addressing items identified in previous letters.

PRIOR YEAR ITEMS

ACCOUNTS RECEIVABLE BALANCES

Comment

It was noted that certain accounts receivable balances, relating to what are identified as inactive accounts, remain part of the overall accounts receivable balances in the general ledger and financial statements for the District. Per our discussions with staff, it is unlikely that these amounts will be collected in the future. This creates a situation which results in the potential overstatement of accounts receivable and income.

Recommendations

We recommend that the District consider either adopting an allowance for bad debts, including any potential amounts related to the inactive receivable customers, or, alternatively, consider a direct write-off of inactive accounts which are clearly not collectible in the future. Either of these approaches will result in more accurate accounts receivable and revenue amounts.

Status

The District adopted an Allowance for Doubtful accounts based on current status of accounts receivable.

Board of Directors
Garberville Sanitary District
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CURRENT YEAR ITEMS

No Matters Reported

This communication is intended solely for the information and use of management, the Board of Directors and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.

We realize that the District's small staff is limited by time constraints in regard to implementing recommendations that we make. We would like to commend the District's staff on continued progress over the past year and encourage them to continue their efforts.

We would like to take this opportunity to thank all of the Sanitary District staff for their courtesies and for the opportunity to be of service. We look forward to working with the District again next year.

Very truly yours,

ANDERSON, LUCAS, SOMERVILLE & BORGES



GARBERVILLE SANITARY DISTRICT

P. O. BOX 211 GARBERVILLE CA 95542
PHONE (707) 923-9566 / FAX (707) 923-3130

December 2, 2015

Anderson, Lucas, Somerville & Borges
Certified Public Accountants
1338 Main Street
Fortuna, California 95540

This representation letter is provided in connection with your audits of the financial statements of Garberville Sanitary District, which comprise the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 2, 2015, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 9, 2015, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, if any, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Garberville Sanitary District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Garberville Sanitary District or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments, if any, whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, if any.

Government—Specific

- 19) We have made available to you all financial records and related data.
- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report, if required.
- 23) The Garberville Sanitary District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- 26) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- 27) The Garberville Sanitary District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The Garberville Sanitary District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 30) If applicable, the financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements properly classify all funds and activities.
- 32) All funds that meet the quantitative criteria in GASB No 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 34) Provisions for uncollectible receivables, if needed, have been properly identified and recorded.
- 35) Interfund, internal, and intra-entity activity and balances, if any, have been appropriately classified and reported.
- 36) Deposits and investment securities and derivative instruments, if any, are properly classified as to risk and are properly disclosed.
- 37) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 38) We have appropriately disclosed the Garberville Sanitary District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 39) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

40) With respect to federal award programs:

- a) We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards.
- b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with OMB Circular A-133 §310.b. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating

to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.

- j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have charged costs to federal awards in accordance with applicable cost principles.

Anderson, Lucas, Somerville & Borges

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December 2, 2015

- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- w) We are responsible for preparing and implementing a corrective action plan for each audit finding, if any.

Signed: _____

Title: _____

ARTICLE 10 DISCONTINUANCE OF SERVICE

Sec 10.1 Disconnection for Non-Payment. Service may be discontinued for non-payment of bills after fifteen (15)(35) days following the billing date. A customer service that is terminated for non-payment will be charged a \$ 25.00 reconnection fee.

Sec 10.2 Reconnection Charge. A nonrefundable reconnection charge of twenty-five dollars (\$25.00) will be made and collected prior to renewing service following disconnection.

Sec 10.3 Unsafe Apparatus. Water service may be refused or discontinued to any premises where apparatus or appliances are in use which might endanger or disturb the service of other customers.

Sec 10.4 Cross-Connection. Water service may be refused or discontinued to any premises where a cross-connection exists, violating State or Federal laws and GSD Ordinances. exists a cross-connection in violation of State or Federal laws.

Sec 10.5 Fraud or Abuse. Service may be discontinued if necessary to protect the District against fraud or abuse.

Sec 10.6 Non-Compliance with Regulations. Service may be discontinued for non-compliance with this or any other ordinance or regulation relating to the water service.

Sec 10.7 Upon Vacating Premises. Customers desiring to discontinue service shall notify the District two (2) or more days prior to the date of disconnect. Customers who fail to notify the District as provided in this section shall be liable for regular water service charges whether or not any water is used.

Sec 10.8 Abandonment Charge. Any person who desires to abandon services to a building from the District's water system or to abandon service to a property, shall pay to the District an Abandonment Charge. The Abandonment Charge shall consist of

- a. All costs incurred by the District in disconnecting the system at the property line and plugging and sealing the line, including the cost of surveying, if any, and
- b. The sum of five hundred dollars (\$500.00), to recover **the District its** costs.
 1. Item (b) of the Abandonment Charge shall not apply to any person who desires to disconnect a building from the District's Water or Sewer system but who intends to keep other buildings on the property connected to the system or to disconnect from one building while connecting to another on the same property.

Sec 10.8 Annual Fee for Disconnected Service.

Any person requesting abandonment or discontinuance of service may pay an annual fee of \$500 to keep service active and not be charged a re-connection fee when service continues.

ARTICLE 11 COLLECTION BY SUIT

Sec 11.1 Suit. Unpaid rates, charges and penalties herein provided may be collected by suit **after 60 days of non-payment from billing date.**

Sec 11.2 Costs. Defendant shall pay costs in any judgment rendered in favor of the District.