

**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**

**February 27, 2018
5:00 p.m. – Closed Session
5:15 p.m. – Open 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

Rio Anderson___, Linda Brodersen___, Doug Bryan___, Richard Thompson___

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. PUBLIC COMMENT ON ANY ITEM ON THE CLOSED SESSION AGENDA

V. CLOSED SESSION

A. Conference with Legal Counsel-Anticipated Litigation. Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9: One Potential Case: The receipt of a written employment/labor law claim pursuant to the California Tort Claims Act dated August 11th, 2017, from Tina Stillwell. (California Government Code § 54956.9(e)(3).

VI. OPEN SESSION

A. Board Report of action, if any, taken during closed session

VII. 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

VIII. ANNOUNCEMENTS AND COMMUNICATIONS

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

Operations Staff-

Office Staff-

Board Members-

General Manager—Ralph Emerson Pg. 4

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

IX. REGULAR AGENDA ITEMS

A. CONSENT AGENDA

Notice to the Public

All matters listed under Consent Agenda are considered to be routine and all will be enacted by one motion and voice vote. There will be no separate discussion of these items unless the Board of Directors requests items to be removed from the Consent Agenda for separate action. Any items will be considered after the motion to approve the Consent Agenda.

- A.1 Approve Financials – **pg. 5-17**
- A.2 Approve 1/23/18 Regular Meeting Minutes - **pg.18-20**
- A.3 Operations Safety Report- **pg.21-22**

Motion: **Second:** **Vote:**

B. GENERAL BUSINESS – Action items

Notice to the Public

The Board of Directors will allow public comment on agenda items although any person who wishes to speak on an agenda item must submit a request prior to the meeting being called to order. You will be given 5 minutes on each agenda item that you wish to comment and then the Board of Directors will discuss the item amongst themselves with no other public comment.

- B.1 Water Treatment Plant Contact Chamber repairs
(discussion-possible action) Presentation---Andy Sundquist
Motion: **Second:** **Vote:**
- B.2 Rate Study Update—Water/Sewer **pg. 23**
(information only)
- B.3 Measure Z funding update-- fire hydrant replacements
(information only)
- B.4 Customer Contact list and Emergency Plan
(information only) (Mary report)
- B.5 Final Audit Report **pg. 24-49**
(discussion-possible action) Presentation by Jennie Short
Motion: **Second:** **Vote:**
- B.5 Budget Update 2017-2018
(information only) Presentation by Jennie Short
- B.6 Phillipsville—Garberville Joint Management Agreement **pg. 50-51**
(discussion-possible action) Presentation by Ralph Emerson
Motion: **Second:** **Vote:**
- B.7 Commercial Agriculture water Use Ordinance Study Session **pg. 52**
(information only)

C. POLICY REVISION / ADOPTION

- C.1 Payment of Bills, insufficient funds, Sec 9.5 **pg. 53-56**
(discussion—possible action) 2nd Reading---resolution # 18-002

Motion: **Second:** **Vote:**

X. ITEMS FOR NEXT BOARD MEETING

1. Rate Study Update
2. 10 year Capital Improvement Plan
3. Agricultural Water Use Ordinance –Sec 15.9
4. 2018-2019 Budget Committee Update
5. Redway--Garberville joint water transmission pipe
6. Customer change of ownership deposit for service

XI. ADJOURNMENT

Posting of Notice at the District Office no later than February 23, 2018: Agenda is emailed to the local newspapers and those who have requested an agenda in writing or e-mail.

In accordance with the Americans with Disabilities Act, if you need a special accommodation to participate, please contact the Garberville Sanitary District Office at (707)923-9566 at least 48 hours in advance.

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

GENERAL MANAGER REPORT

Date: February 27, 2018

The past two months have been an accountability of what skills we have as staff and our ability to be self-reliant in the face of multiple obstacles as we have had to continue providing safe water for human consumption while designing and collecting data for a new chlorine contact chamber. We have been working with multiple customers on new projects throughout the District, with some requiring a great deal of creativity. We have continued our efforts to be prepared for winter storms provide backup plans for customer service and insure we have adequate equipment and generators for leaks and power outages.

The property between highway 101 and Redwood Drive (Hippie Hill) is proceeding with a renovation of the entire property which will include 15 guest suites, a lobby, conference room, sauna and pool. We are working with the owner to provide water and sewer service along with associated fees prior to construction.

Customers are becoming accustomed to enforcement of the billing policy which is still time consuming for staff but we are all adjusting to the policy. I am hopeful that consistency with providing more customer education will ease the frustration which some customers have over enforcing the billing policy now, when it wasn't enforced in the past.

Respectfully Submitted:

Ralph Emerson



GARBERVILLE SANITARY DISTRICT

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

BOARD AGENDA MEMORANDUM

Meeting Date: February 27, 2018
To: Garberville Sanitary District Board of Directors
From: Jennie Short, Consultant Project Manager
Subject: December Financial Statements

GENERAL OVERVIEW AND FINANCIAL CONSIDERATIONS

The attached Financial Statements are for December. As can be seen on the "Combined (both water and sewer) Revenue & Expense Report for Board" in the YTD Actual (first 6 months of year) column:

- The revenue is \$502,539.73, which is \$5,419.27 under budget so far this year
- If a portion of the anticipated connection fees are received before the end of the fiscal year, the revenue should exceed the budget amount.
- The total expenses are \$276,619.30, which is \$7,616.70 under budget
- Other Income and Expenses total (\$252,954.11) which includes \$261,259.98 in depreciation
- The net income excluding depreciation is \$155,679.99, which is \$4,575.01 under budget

As can be seen on the "Statement of Cash Flows Report for Board - July through November 2017":

- Net cash increase year to date is \$63,686.97
- Expenditures for fixed asset acquisition so far this year total \$45,088.03
- Total payments on long term debt so far this year total \$83,539.91. We will still need to make the second semi-annual payment on the water loan, and the monthly payments on the Alderpoint Tank Loan and Copier Lease which total about \$47,587.

There have been some major unanticipated repairs and equipment purchases which include:

Description	Amount
Chlorine Contact Basin Emergency Bypass	8,993.51
Redwood Dr/Sprowl Creek Rd Repair	14,612.72
SWTP Backwash Pumps & RW Check Valves	5,451.90
Main Tank Distribution Pumps	10,197.36
Sunnybank Lane Valves	4,026.98
Measure Z Fire Hydrant Project	10,000
Attorney & CPA fees	14,500
TOTAL	67,832.96

These expenditures will necessitate postponing purchasing the trailer, installing the dual LMI pumps at the SWTP, and telemetry upgrades to Wallen Road, Arthur Road, Alderpoint Road Tanks and the WWTP until a future fiscal year. This will save the District approximately \$33,600 to offset the list above.

We have also experienced a potentially expensive catastrophic failure of the underground chlorine contact chamber piping at the new surface water treatment plant. The financial impacts of this situation will be presented to the board during the meeting.

ATTACHMENTS

1. Balance Sheet with Comparison between Current month and Fiscal Year ending June 30, 2017
2. Statement of Cash Flows - Current Month and Fiscal Year to Date
3. Revenue and Expense Report - Combined Report for Water & Sewer containing current month actual, fiscal year to date actual, and annual budget
4. Check Register Report for all checks issued in December 2017

Garberville Sanitary District
Statement of Cash Flows Report for Board
December 2017

	1 Month December 2017	FY 17/18 Year to Date
OPERATING ACTIVITIES		
Net Income	(43,911.19)	(105,579.99)
Adjustments to reconcile Net Income to net cash provided by operations:		
11000 · Accounts Receivable - Other	2,064.00	599.70
1100 · Accounts Receivable	7,587.79	14,494.44
1110 · Accts Receivable Over Payments	2,454.67	2,649.11
1120 · A/R - Employee	(91.97)	(91.97)
1450 · Prepaid Rent		835.00
1500 · Prepaid Insurance	1,911.23	(9,177.61)
1501 · Prepaid Workers Comp	1,424.05	6,109.80
1502 · Prepaid Expenses	507.72	3,253.62
1510 · Prepaid Licenses and Permits	1,592.94	(9,852.06)
2000 · Accounts Payable	11,636.84	31,092.08
20000 · *Accounts Payable	(19,620.00)	(1,227.86)
2220 · Accrued State PR Taxes		(29.71)
2225 · Accrued Workers Comp		(2,019.62)
Net cash provided by Operating Activities	(34,443.92)	(68,945.07)
INVESTING ACTIVITIES		
Collection Facilities		(8,988.32)
SEWER:Collection	(2,925.00)	(5,900.00)
Accumulated Depreciation-Water	28,765.08	172,590.48
Accumulated Depreciation-Sewer	14,778.25	88,669.50
CIP-CL2 Contact Chamber Replace	(8,993.51)	(8,993.51)
CIP - Bear Canyon Aerial		(1,529.96)
WATER:Treatment		(5,451.90)
WATER:Distribution	(2,322.87)	(10,197.36)
SEWER:Pumps		(4,026.98)
Net cash provided by Investing Activities	29,301.95	216,171.95
FINANCING ACTIVITIES		
2500 · N/P - SWRCB		(22,713.22)
2605 · RCAC Loan #6200-GSD-02	(4,061.92)	(24,120.11)
2655 · Lease Payable - Copier	(80.34)	(476.22)
2700 · SRF Loan - Water		(22,991.18)
2660 · Lease Payable - Ford Motor Cred		(13,239.18)
Net cash provided by Financing Activities	(4,142.26)	(83,539.91)
Net cash increase for period	(9,284.23)	63,686.97
Cash at beginning of period	881,185.54	808,214.34
Cash at end of period	871,901.31	871,901.31

Garberville Sanitary District
Balance Sheet Prev Year Comparison

As of December 31, 2017

	Jun 30, 17	Dec 31, 17	\$ Change 6/30 to 12/31	Notes
ASSETS				
Current Assets				
Checking/Savings				
1005 · Umpqua Checking - Operating	13,489.99	61,624.83	48,134.84	
1006 · Umpqua System Reserve - Water	56,039.48	75,877.92	19,838.44	
1007 · Umpqua System Reserve - Sewer	80,228.22	58,335.78	(21,892.44)	
1011 · Water Enterprise Fund	46,354.75	46,436.60	81.85	
1030 · County Treasury - Sewer Reserve	373,134.13	388,962.96	15,828.83	1st Inst. Of Prop Taxes
1031 · County Treasury - Water Reserve	238,854.09	240,393.83	1,539.74	
1040 · Petty Cash	39.51	39.51	0.00	
1050 · Cash Drawer	200.00	229.88	29.88	
Total Checking/Savings	808,340.17	871,901.31	63,561.14	
Accounts Receivable				
11000 · Accounts Receivable - Other	814.70	215.00	(599.70)	
Total Accounts Receivable	814.70	215.00	(599.70)	
Other Current Assets				
1100 · Accounts Receivable				
1110 · Accts Receivable Over Payments	(1,481.30)	(4,130.41)	(2,649.11)	
1100 · Accounts Receivable - Other	99,758.38	85,263.94	(14,494.44)	
Total 1100 · Accounts Receivable	98,277.08	81,133.53	(17,143.55)	
1120 · A/R - Employee		91.97		
1450 · Prepaid Rent	835.00	0.00	(835.00)	
1500 · Prepaid Insurance	2,468.34	11,645.95	9,177.61	
1501 · Prepaid Workers Comp	10,225.31	4,115.51	(6,109.80)	
1502 · Prepaid Expenses	6,590.16	3,336.54	(3,253.62)	
1510 · Prepaid Licenses and Permits	0.00	9,852.06	9,852.06	
1550 · Allowance for Doubtful Accounts	(5,000.00)	(5,000.00)	0.00	
Total Other Current Assets	113,395.89	105,175.56	(8,220.33)	
Total Current Assets	922,550.76	977,291.87	54,741.11	
Fixed Assets				
CIP-CL2 Contact Chamber Replace		8,993.51		
CIP - SWTP Coag Project	4,806.26	4,806.26	0.00	
CIP - Leino Ln	585.00	585.00	0.00	
CIP - Bear Canyon Aerial	1,236.10	2,766.06	1,529.96	
WATER			0.00	
Land - Water	88,698.62	88,698.62	0.00	
Water Easements & Intangibles	177,397.11	177,397.11	0.00	
Treatment	59,930.27	65,382.17	5,451.90	SWTP BW Pump and RW Check Valve
Distribution	2,696,416.81	2,706,614.17	10,197.36	Main Tank Dist Pumps
Pumps	2,909.87	2,909.87	0.00	
DWTP (Water) 2015	4,968,104.88	4,968,104.88	0.00	
Total WATER	7,993,457.56	8,009,106.82	15,649.26	
Water System	142,474.97	142,474.97	0.00	

Garberville Sanitary District
Balance Sheet Prev Year Comparison

As of December 31, 2017

	Jun 30, 17	Dec 31, 17	\$ Change 6/30 to 12/31	Notes
SEWER				
Land - Sewer	129,810.68	129,810.68	0.00	
Collection	2,311,580.70	2,326,469.02	14,888.32	Headworks
Treatment	507,552.59	507,552.59	0.00	
Pumps	9,881.98	13,908.96	4,026.98	Sunnybank Valve
Sewer Project - 2011	2,792,451.91	2,792,451.91	0.00	
Total SEWER	5,751,277.86	5,770,193.16	18,915.30	
Office Equipment	32,004.40	32,004.40	0.00	
Equipment	158,306.60	158,306.60	0.00	
Vehicles	81,171.66	81,171.66	0.00	
MSR/SOI and Annexation Project	157,367.08	157,367.08	0.00	
Accumulated Depreciation-Water	(1,183,142.26)	(1,355,732.74)	(172,590.48)	
Accumulated Depreciation-Sewer	(1,636,657.06)	(1,725,326.56)	(88,669.50)	
Total Fixed Assets	11,502,888.17	11,286,716.22	(216,171.95)	
TOTAL ASSETS	12,425,438.93	12,264,008.09	(161,430.84)	
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
2000 · Accounts Payable	26,541.07	57,507.32	30,966.25	
Total Accounts Payable	26,541.07	57,507.32	30,966.25	
Other Current Liabilities				
20000 · *Accounts Payable	1,227.86	0.00	(1,227.86)	
2220 · Accrued State PR Taxes	29.71		(29.71)	
2225 · Accrued Workers Comp	2,019.62		(2,019.62)	
2230 · Accrued Vacation	16,720.85	16,720.85	0.00	
2250 · Loans Payable - Current Portion	131,750.84	131,750.84	0.00	
Total Other Current Liabilities	151,748.88	148,471.69	(3,277.19)	
Total Current Liabilities	178,289.95	205,979.01	27,689.06	
Long Term Liabilities				
2500 · N/P - SWRCB	168,855.28	146,142.06	(22,713.22)	Full Year Pmts
2605 · RCAC Loan #6200-GSD-02	177,471.14	153,351.03	(24,120.11)	Half Year Pmts
2655 · Lease Payable - Copier	2,526.29	2,050.07	(476.22)	Half Year Pmts
2660 · Lease Payable - Ford Motor Cred	27,338.94	14,099.76	(13,239.18)	Full Year Pmts
2700 · SRF Loan - Water	1,310,497.46	1,287,506.28	(22,991.18)	1 of 2 pmts made
2900 · Less Current Portion	(131,750.84)	(131,750.84)	0.00	
Total Long Term Liabilities	1,554,938.27	1,471,398.36	(83,539.91)	
Total Liabilities	1,733,228.22	1,677,377.37	(55,850.85)	
Equity				
3000 · Contributed Capital	6,129,491.75	6,129,491.75	0.00	
3100 · Retained Earnings	4,845,044.92	4,562,718.96	(282,325.96)	
Net Income	(282,325.96)	(125,301.12)	157,024.84	
Total Equity	10,692,210.71	10,566,909.59	(125,301.12)	
TOTAL LIABILITIES & EQUITY	12,425,438.93	12,244,286.96	(181,151.97)	

Garberville Sanitary District
Combined Revenue & Expense Report for Board
December 2017

	December 2017 Actual	YTD Actual	YTD Budget	Total Annual Budget
Ordinary Income/Expense				
Income				
Water Charges				
4100 · Residential	19,636.57	158,044.80	149,102.00	290,000.00
4110 · Commercial	16,781.47	114,102.79	107,960.00	215,000.00
4150 · Bulk Water Sales	0.00	22,764.00		
Total Water Charges	36,418.04	294,911.59	257,062.00	505,000.00
4200 · Sewer Charges	28,645.79	183,936.64	184,318.00	365,000.00
4300 · Connection Fees	0.00	16,000.00	64,000.00	64,000.00
4650 · Late Charges	440.00	3,145.00	2,501.00	5,000.00
4700 · Other Operating Revenue	950.00	4,546.50	78.00	150.00
Total Income	66,453.83	502,539.73	507,959.00	939,150.00
Gross Profit	66,453.83	502,539.73	507,959.00	939,150.00
Expense				
Administrative and General				
5000 · Advertising	0.00	0.00	174.00	350.00
5005 · Bad Debts	50.00	530.19	2,749.00	5,500.00
5010 · Bank Charges				
5012 · Merchant Account Fees	119.88	1,154.12	747.00	1,500.00
5010 · Bank Charges - Other	0.00	703.14	675.00	1,350.00
Total 5010 · Bank Charges	119.88	1,857.26	1,422.00	2,850.00
5020 · Directors Fees	0.00	0.00	900.00	1,800.00
5030 · Dues and Memberships	106.67	4,180.27	1,602.00	3,200.00
5035 · Education and Training	505.00	655.00	1,698.00	3,400.00
5036 · Education and Training - B.O.D.	0.00	0.00	153.00	306.00
Insurance				
5040 · Liability	1,911.23	11,467.38	7,800.00	15,600.00
5050 · Workers' Comp	1,424.05	6,109.80	10,323.00	20,643.00
5055 · Health				
5055.1 · Employee Portion	-911.43	-3,949.53	-3,589.00	-7,177.00
5055 · Health - Other	2,603.85	14,945.55	17,946.00	35,890.00
Total 5055 · Health	1,692.42	10,996.02	14,357.00	28,713.00
Total Insurance	5,027.70	28,573.20	32,480.00	64,956.00
5060 · Licenses, Permits, and Fees	2,002.95	11,729.69	11,100.00	22,200.00
5065 · Auto	0.00	454.44	2,999.00	4,000.00
5070 · Miscellaneous	53.00	8.50	50.00	101.00
5080 · Office Expense	790.90	3,141.41	2,802.00	5,600.00
5085 · Outside Services	548.00	3,920.85	4,489.00	11,344.00
5090 · Payroll Taxes	2,684.56	11,467.69	14,445.00	28,890.00
5100 · Postage	246.55	1,183.84	1,299.00	2,596.00
5110 · Professional Fees	6,311.97	37,353.87	30,000.00	60,000.00
5130 · Rents	835.00	5,845.00	5,370.00	10,740.00
5135 · Retirement	905.81	3,800.99	3,713.00	7,112.00
5137 · Supplies	0.00	703.90	1,350.00	2,700.00
5140 · Telephone	632.63	2,469.29	1,399.00	2,800.00
5145 · Tools	0.00	0.00	2,999.00	4,000.00

Garberville Sanitary District
Combined Revenue & Expense Report for Board
December 2017

	December 2017 Actual	YTD Actual	YTD Budget	Total Annual Budget
5150 · Travel and Meetings	0.00	1,018.46	798.00	1,600.00
5155 · Utilities	190.63	1,125.44	1,200.00	2,400.00
5160 · Wages				
5165 · Wages - Overtime	389.26	1,322.45	0.00	0.00
5160 · Wages - Other	14,651.28	61,891.41	62,071.00	124,144.00
Total 5160 · Wages	15,040.54	63,213.86	62,071.00	124,144.00
Total Administrative and General	36,051.79	183,233.15	187,262.00	372,589.00
Sewage Collection				
6010 · Fuel	158.56	766.79	1,425.00	2,850.00
6030 · Repairs and Maintenance	1,691.24	4,112.82	10,000.00	20,000.00
6040 · Supplies	114.58	1,772.71	801.00	1,600.00
6050 · Utilities	312.20	2,164.47	2,451.00	4,900.00
6060 · Wages				
6065 · Wages - Overtime Sewer Collecti	0.00	502.50	999.00	2,000.00
6060 · Wages - Other	3,370.84	16,415.00	9,390.00	18,780.00
Total 6060 · Wages	3,370.84	16,917.50	10,389.00	20,780.00
Sewage Collection - Other	0.00	6.26		
Total Sewage Collection	5,647.42	25,740.55	25,066.00	50,130.00
Sewage Treatment				
6075 · Fuel	158.57	766.79	1,299.00	2,600.00
6080 · Monitoring	270.00	1,475.73	4,000.00	8,000.00
6100 · Repairs and Maintenance	0.00	2,462.74	6,249.00	12,500.00
6110 · Supplies	0.00	3,275.70	3,801.00	7,600.00
6120 · Utilities	937.17	4,875.67	6,000.00	12,000.00
6130 · Wages				
6135 · Wages - Overtime Sewer Treatmen	198.00	1,033.50	750.00	1,500.00
6130 · Wages - Other	3,414.79	14,213.46	15,951.00	31,900.00
Total 6130 · Wages	3,612.79	15,246.96	16,701.00	33,400.00
Total Sewage Treatment	4,978.53	28,103.59	38,050.00	76,100.00
Water Trans and Distribution				
7075 · Fuel	158.57	766.79	1,251.00	2,500.00
7090 · Repairs and Maintenance	17,082.29	18,666.62	7,500.00	15,000.00
7100 · Supplies	540.73	1,967.77	2,001.00	4,000.00
7110 · Utilities	435.62	4,114.14	4,500.00	9,000.00
7120 · Wages				
7125 · Wages - Overtime Water Trans &	1,187.00	3,001.50	2,250.00	4,500.00
7120 · Wages - Other	4,158.58	24,330.48	14,182.00	28,364.00
Total 7120 · Wages	5,345.58	27,331.98	16,432.00	32,864.00
Total Water Trans and Distribution	23,562.79	52,847.30	31,684.00	63,364.00
Water Treatment				
7020 · Fuel	158.57	766.80	1,500.00	3,000.00
7010 · Monitoring	270.00	3,829.37	2,499.00	5,000.00
7030 · Repairs and Maintenance	549.18	11,722.99	2,499.00	5,000.00
7040 · Supplies	0.00	5,635.33	6,000.00	12,000.00
7050 · Utilities	2,877.04	20,155.35	20,002.00	40,000.00
7060 · Wages				

Garberville Sanitary District
Combined Revenue & Expense Report for Board
December 2017

	December 2017 Actual	YTD Actual	YTD Budget	Total Annual Budget
7065 · Wages - Overtime Water Treatmen	2,683.50	4,750.25	2,500.00	5,000.00
7060 · Wages - Other	4,017.70	18,380.93	23,220.00	46,440.00
Total 7060 · Wages	<u>6,701.20</u>	<u>23,131.18</u>	<u>25,720.00</u>	<u>51,440.00</u>
Total Water Treatment	<u>10,555.99</u>	<u>65,241.02</u>	<u>58,220.00</u>	<u>116,440.00</u>
Total Expense	<u>80,796.52</u>	<u>355,165.61</u>	<u>340,282.00</u>	<u>678,623.00</u>
Net Ordinary Income	-14,342.69	147,374.12	167,677.00	260,527.00
Other Income/Expense				
Other Income				
Property Tax Revenue				
8010 · Secured	12,284.19	12,284.19	0.00	0.00
8020 · Unsecured	0.00	833.93	0.00	0.00
8030 · Supplemental - Current	128.12	128.12	0.00	0.00
8035 · Supplemental - Prior Years	25.92	25.92	0.00	0.00
Total Property Tax Revenue	<u>12,438.23</u>	<u>13,272.16</u>	<u>0.00</u>	<u>0.00</u>
8053 · Water Capital Grant Income	0.00	0.00		60,000.00
8060 · Interest Income	2,033.56	4,271.92	501.00	1,000.00
8070 · Other Non-Operating Revenue	10.54	10.54		
9030 · Homeowners' Tax Relief	158.56	158.56	0.00	0.00
Total Other Income	<u>14,640.89</u>	<u>17,713.18</u>	<u>501.00</u>	<u>61,000.00</u>
Other Expense				
9040 · Depreciation	43,543.33	261,259.98	262,500.00	525,000.00
9050 · Interest Expense	666.06	9,407.31	7,923.00	15,847.00
Total Other Expense	<u>44,209.39</u>	<u>270,667.29</u>	<u>270,423.00</u>	<u>540,847.00</u>
Net Other Income	<u>-29,568.50</u>	<u>-252,954.11</u>	<u>-269,922.00</u>	<u>-479,847.00</u>
Net Income	<u>-43,911.19</u>	<u>-105,579.99</u>	<u>-102,245.00</u>	<u>-219,320.00</u>
9040 · Depreciation	43,543.33	261,259.98	262,500.00	525,000.00
Net Income Excluding Depreciation	-367.86	155,679.99	160,255.00	305,680.00

Garberville Sanitary District
Check Register Report for Board
 December 2017

Date	Num	Memo	Amount
101 Netlink			
12/06/2017	9080		-248.00
Total 101 Netlink			-248.00
Amazon.com			
12/04/2017			-106.67
12/15/2017		personal purchase for Dan	-91.97
12/19/2017	DBT		-325.00
Total Amazon.com			-523.64
Anderson, Lucas, Somerville & Borges			
12/11/2017	9082		-1,000.00
Total Anderson, Lucas, Somerville & Borges			-1,000.00
Blue Star Gas			
12/20/2017	9098		-62.64
Total Blue Star Gas			-62.64
Branscomb Center			
12/22/2017	DBT		-183.14
Total Branscomb Center			-183.14
C & K Market Inc.			
12/19/2017	DBT		-52.13
Total C & K Market Inc.			-52.13
Capital Bank & Trust			
12/05/2017	EFT	557880519	-763.91
12/05/2017	EFT	025158148	-350.84
12/20/2017	EFT	557880519	-1,114.31
12/20/2017	EFT	025158148	-575.70
Total Capital Bank & Trust			-2,804.76
Crystal Springs Bottled Water			
12/06/2017	9069		-20.00
Total Crystal Springs Bottled Water			-20.00
CSDA			
12/06/2017	9081		-2,658.00
Total CSDA			-2,658.00

Garberville Sanitary District
Check Register Report for Board
December 2017

Date	Num	Memo	Amount
Dazey's Building Center			
12/06/2017	9070		-598.72
Total Dazey's Building Center			-598.72
EDD			
12/05/2017	EFT	499-0538-3	-751.85
12/05/2017	EFT	499-0538-3	-45.73
12/20/2017	EFT	499-0538-3	-32.40
12/20/2017	EFT	499-0538-3	-1,107.90
Total EDD			-1,937.88
Eureka Oxygen Company			
12/20/2017	9099		-209.29
Total Eureka Oxygen Company			-209.29
Fluentstream Tech			
12/06/2017	9071		-107.92
Total Fluentstream Tech			-107.92
Frontier Communications			
12/06/2017	9072		-166.62
12/11/2017	9084		-170.40
Total Frontier Communications			-337.02
IRS			
12/05/2017	EFT	68-0296323	-3,674.12
12/20/2017	EFT	68-0296323	-5,239.74
Total IRS			-8,913.86
Jamie Corsetti, CPA			
12/20/2017	9100		-1,224.00
Total Jamie Corsetti, CPA			-1,224.00
Jennie Short			
12/20/2017	9101		-4,042.10
Total Jennie Short			-4,042.10
Lori Ruiz			
12/20/2017	9097		-300.00
Total Lori Ruiz			-300.00

Garberville Sanitary District
Check Register Report for Board
December 2017

Date	Num	Memo	Amount
Mitchell, Brisso, Delaney & Vrieze			
12/11/2017	9083		-1,470.19
Total Mitchell, Brisso, Delaney & Vrieze			-1,470.19
North Coast Laboratories Ltd.			
12/06/2017	9073		-595.00
Total North Coast Laboratories Ltd.			-595.00
PG&E			
12/12/2017	9085		-4,299.60
Total PG&E			-4,299.60
Pitney Bowes Purchase Power			
12/12/2017	9086		-246.55
Total Pitney Bowes Purchase Power			-246.55
Ralph Emerson			
12/20/2017	9102		-50.00
Total Ralph Emerson			-50.00
Redwood Merchant Services			
12/02/2017			-88.21
12/31/2017			-119.88
Total Redwood Merchant Services			-208.09
RENNER			
12/10/2017	Debit		-634.27
Total RENNER			-634.27
Rocket Rooter			
12/20/2017	9103		-1,350.00
Total Rocket Rooter			-1,350.00
Rural Community Assistance Program			
12/05/2017	DBT	Principal	-4,717.81
Total Rural Community Assistance Program			-4,717.81
SDRMA			
12/06/2017	9074		-272.34
12/20/2017	9104		-2,337.84
Total SDRMA			-2,610.18

Garberville Sanitary District
Check Register Report for Board
 December 2017

Date	Num	Memo	Amount
Streamline			
12/06/2017	9075		-100.00
Total Streamline			-100.00
SWRCB - 2013CX103			
12/12/2017	9088		-22,991.18
Total SWRCB - 2013CX103			-22,991.18
The Lost French Man			
12/11/2017	DBT		-53.00
Total The Lost French Man			-53.00
US Cellular			
12/06/2017	9076		-249.43
Total US Cellular			-249.43
Wahlund Construction, Inc.			
12/06/2017	9077		-2,504.75
12/20/2017	9105		-8,993.51
Total Wahlund Construction, Inc.			-11,498.26
WBCO Electric Service			
12/01/2017	DBT		-96.47
Total WBCO Electric Service			-96.47
Wells Fargo			
12/12/2017	9087		-90.51
Total Wells Fargo			-90.51
Wyatt & Whitchurch, E.A. Inc.			
12/06/2017	9078		-2,720.00
Total Wyatt & Whitchurch, E.A. Inc.			-2,720.00
WYCKOFF'S			
12/06/2017	9079		-96.92
Total WYCKOFF'S			-96.92

Garberville Sanitary District
Check Register Report for Board
December 2017

Date	Num	Memo	Amount
Arreguin, Daniel J			
12/05/2017	9063		-2,555.84
12/20/2017	9089		-2,525.10
12/20/2017	9095		-2,054.22
Total Arreguin, Daniel J			-7,135.16
Emerson, Ralph K			
12/05/2017	9064		-2,894.78
12/20/2017	9090		-2,894.79
12/20/2017	9096		-2,906.91
Total Emerson, Ralph K			-8,696.48
LaFond, Jamie L			
12/05/2017	9065		-386.41
12/20/2017	9091		-340.75
Total LaFond, Jamie L			-727.16
Miller, Brian A			
12/05/2017	9066		-2,153.28
12/20/2017	9092		-1,926.49
Total Miller, Brian A			-4,079.77
Nieto, Mary			
12/05/2017	9067		-1,067.58
12/20/2017	9093		-1,003.45
Total Nieto, Mary			-2,071.03
Ruiz, Ricardo			
12/05/2017	9068		-288.07
12/20/2017	9094		-137.18
Total Ruiz, Ricardo			-425.25
No name			
12/19/2017		per Umpqua, \$50 counterfeit bill	-50.00
Total no name			-50.00
TOTAL			-102,485.41

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

January 23, 2018

5:00 p.m. – Open Public Session

I. REGULAR MEETING CALLED TO ORDER

Meeting started at 5:02 p.m.

II. ESTABLISHMENT OF QUORUM

Rio Anderson-Absent

Linda Brodersen-Present

Doug Bryan

Richard Thompson

III. APPROVAL OF AGENDA -

Motion: Doug Bryan

Second: Richard Thompson

Vote: 3-0

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

V. CLOSED SESSION

A. No items for closed session

VI. OPEN SESSION

VII. COMMENTS AND QUESTIONS FROM THE AUDIENCE

General Public / Community Groups

Kelly Lincoln

VIII. ANNOUNCEMENTS AND COMMUNICATIONS

REPORTS AND PRESENTATIONS

Operations Staff- 0

Office Staff- 0

Board Members- Rate Study meeting took place January 11th, 2018.

General Manager—Ralph Emerson Pg. 4-7

IX. REGULAR AGENDA ITEMS

A. CONSENT AGENDA

A.1 Approve Financials – pg 8-33

A.2 Approve 12/19/2017 Regular Meeting Minutes - pg 34-35

A.3 Operations Safety Report- pg 36-37

Motion: Richard Thompson

Second: Doug Bryan

Vote: 3-0

B. GENERAL BUSINESS – Action items

- B.1 Board Organization and Duties pg. 38
(action requested)

Linda Brodersen was nominated to be the GSD Board Chairperson for 2018.

Nomination of Chairperson

Motion: Richard Thompson **Second: Doug Bryan** **Vote: 3-0**

Nomination of Vice Chairperson

Motion: Doug Bryan **Second: Richard Thompson** **Vote: 3-0**

Doug is nominated as Vice Chairperson.

Nomination of Secretary

Motion: Linda Brodersen **Second: Doug Bryan** **Vote: 3-0**

Ralph is nominated as Secretary.

Nomination of Treasurer

Motion: Linda Brodersen **Second: Doug Bryan** **Vote: 3-0**

Richard is nominated as Treasurer

Authorized Signatures to Sign For District

Motion: **Second:** **Vote:**

**Ralph, Mary, Linda, Doug on signature card
Need to add Richard to card.**

- B.2 Approve Board Calendar for 2018 pg. 39
(action requested)

Motion: Richard Thompson **Second: Doug Bryan** **Vote: 3-0**

- B.3 Approve Bids for the Measure Z Fire Hydrant Replacement Project pg. 40-44
(discussion-possible action)

Motion: Richard Thompson **Second: Doug Bryan** **Vote: 3-0**

The Board approved granting Wahlund Construction the Fire Hydrant Bid, for four fire hydrants. With Measure Z funding of \$60,000.00 and 10,000.00 coming from the District. =70,000.00 Four Fire Hydrants

- B.4 How to Calculate a Water Bill pg.

(Information Only)

- B.5 Approve Draft Audit Pg. 45-85
(discussion-possible action)

Motion: Richard Thompson **Second: Doug Bryan** **Vote: 3-0**

Draft audit approval with Board questions.

- B.6 Rate Study Update Pg. 86
(information only)

- B.7 Water Connection between Redway and Garberville
(discussion-possible action)

Motion: **Second:** **Vote:**

The District feels it would be a great idea to have an interrelationship with Redway in the case of an emergency situation. Vice Versa if Redway needs our resources during an emergency we can help.

Doug- "I also would like to plan for the future and I think that the reason why Ralph has to sit here and say that it's irresponsible for us to not plan it, because it hasn't been done. Had some of our founding members of this community maybe thought more in terms of working together instead of Hatfields and McCoys, which is commonly the case around here. Then that pipe would have already been put into place and this relationship would already be established, and we wouldn't have found ourselves into the corner that we've boxed ourselves into as a community."

B.8 Water Treatment Plant Contact Chamber repairs
(discussion-possible action) Update
Motion: **Second:** **Vote:**

B.9 Board Member Recruitment and Applications
(discussion-possible action)
Motion: **Second:** **Vote:**

No interest has been shown by the community for the open Board member position.

C. POLICY REVISION / ADOPTION

C.1 Agricultural Water use Ordinance –Section 15.9 **Pg. 87-94**
(discussion possible action) second reading—resolution # 18-001
Motion: **Second:** **Vote:**

The District has always had in place that if we go into a drought year, agricultural meters will be turned off first. Residential customers become our top priority.

C.2 Payment of Bills, insufficient funds, Sec 9.5 **Pg. 95-98**
(discussion—possible action) second reading—resolution #18-002

Bring back.

X. ITEMS FOR NEXT BOARD MEETING

1. Rate Study
 2. 10 year Capital Improvement Plan
 3. Agricultural Water Use Ordinance –Sec 15.9
 4. Budget Update 2017-2018
 5. Audit Approval
 6. Update on Measure Z Funded Fire Hydrants
 7. Contact Chamber Replacement Update
- *Next Board Meeting is February 27th, 2018**

XI. ADJOURNMENT

6:50 p.m.

SEXUAL HARASSMENT

RECEIVED
JAN 26 2018



ATTENDANCE ROSTER

Safety Meeting

Date of Meeting: 2/7/18 Leader Name: Ralph Emerson

Instructions:

- a. Fill in the date of the meeting and the name of the safety meeting leader.
- b. Have all safety meeting participants sign this roster.
(Copy this form if more pages are needed.)
- c. File this roster and the associated documents as outlined in the Leader Discussion Guide.

Name (print)

Name (signature)

Name (print)	Name (signature)
1. <u>Ralph Emerson</u>	<u>Ralph Emerson</u>
2. <u>Don Arsequin</u>	<u>Don Arsequin</u>
3. <u>Don Miller</u>	<u>BRIAN Miller</u>
4. <u>Mary Nieto</u>	<u>Mary Nieto</u>
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
11. _____	_____
12. _____	_____
13. _____	_____
14. _____	_____
15. _____	_____
16. _____	_____
17. _____	_____
18. _____	_____
19. _____	_____
20. _____	_____

Attachments: 1. Leader Discussion Guide 2. Safety Meeting Booklet

RATE STUDY SUMMARY

February 8, 2018

We had a rate study meeting with Rich, Linda and Mary to study water usage for all customer classifications while considering possible rate changes for water and sewer service. The reason for looking at the District rate structure is to simplify it while reducing the service charge for low to medium water users and still meet budgetary obligations for service.

We have come to agreement on a few items with more work to be done on others but I am confident we will have something ready for the Board and Public within a couple months

RESIDENTIAL CUSTOMERS

1. Include 5 units of water (3,740 gallons) in all residential base rates—currently no water is included in the base rate
2. All base rates along with water and sewer service charges will be changed to whole numbers.
For example: Garberville's base rate would change from \$60.22 to \$60
3. 6-15 units of water will change to \$4/unit (Garberville) and \$5/unit (Meadows)
16 units or above will change to \$11/unit (Garberville) and \$12/unit (Meadows)
All residential customers using less than 20 units of water per month will pay less monthly
(*16 units is actually 21 units of water because 5 units are included in base rate*)
4. Residential and Multi Family sewer charges will be determined by water usage averages between December—April and will be set with no varying adjustments unless there are additions to the property or building.

COMMERCIAL CUSTOMERS

5. There will be (3) classifications of customers:
Residential—Multi Family---Commercial
6. Commercial customers will have (9) classifications:
Restaurant—Motel/Hotel—Apartment—Grocery Store---Office---Hair Salon--
Retail Store—Gas Station---Agriculture
7. Sewer charges will be determined by using a 12 month average and become a fixed rate unless changes occur.



ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP

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RITA CHISM
VANESSA ANDERSON, E.A.
DAVID A. SOMERVILLE, INACTIVE

December 28, 2017

To the Board of Directors and Members of Management
Garberville Sanitary District
Garberville, California

Board of Directors and Members of Management:

We have audited the financial statements of the business-type activities of the Garberville Sanitary District as of and for the year ended June 30, 2017. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated September 22, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our audit engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audits

We performed the audits according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were accumulated depreciation and depreciation expense.

Management's estimate of the accumulated depreciation and related expense for the current year was based on management's estimate of the life expectancy of the fixed assets. We reviewed the capital asset listing, and current year depreciation schedule. We were satisfied that the calculations used were reasonable.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audits

We encountered no difficulties in dealing with management in performing and completing our audits.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no adjustments to the financial statements in the current year.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 28, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District, financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Anderson, Lucas, Somerville, & Borges

ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP



ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP

C E R T I F I E D P U B L I C A C C O U N T A N T S

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DAVID A. SOMERVILLE, INACTIVE

Board of Directors and Management Garberville Sanitary District

In planning and performing our audit of the financial statements of the business-type activities of the Garberville Sanitary District as of and for the year ended June 30, 2017 in accordance with auditing standards generally accepted in the United States of America, we considered Garberville Sanitary District's internal control over financial reporting (internal control) as a basis for designing auditing 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

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

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

ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP

Anderson, Lucas, Somerville, & Borges

Fortuna, California
December 28, 2017

**GARBERVILLE SANITARY DISTRICT
FINANCIAL STATEMENTS**

JUNE 30, 2017

GARBERVILLE SANITARY DISTRICT

Table of Contents

June 30, 2017

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Net Position	4
Statement of Cash Flows	6
NOTES TO FINANCIAL STATEMENTS	8



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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 years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Garberville Sanitary District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Garberville Sanitary District, as of June 30, 2017 and 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Anderson, Lucas, Somerville, & Borges

December 28, 2017

Fortuna, California

BASIC FINANCIAL STATEMENTS

GARBERVILLE SANITARY DISTRICT

Statement of Net Position

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 149,997	\$ 258,610
Restricted Cash	46,355	46,193
Accounts Receivable - net of \$5,000		
Allowance for Doubtful Accounts	94,092	84,869
Grants Receivable	-	-
Prepays and Deposits	20,119	4,164
Total Current Assets	<u>310,563</u>	<u>393,836</u>
Restricted Assets		
Cash in County Treasury	611,988	580,597
Total Restricted Assets	<u>611,988</u>	<u>580,597</u>
Noncurrent Assets		
Capital Assets, Net of Depreciation	11,496,261	11,668,935
Construction in Progress	6,627	158,528
Total Noncurrent Assets	<u>11,502,888</u>	<u>11,827,463</u>
Total Assets	<u><u>\$ 12,425,439</u></u>	<u><u>\$ 12,801,896</u></u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 27,769	\$ 25,027
Accrued Payroll Liabilities	2,049	1,438
Accrued Vacation	16,721	25,910
Current Portion of Long-Term Obligations	131,751	115,634
Total Current Liabilities	<u>178,290</u>	<u>168,009</u>
Noncurrent Liabilities		
Noncurrent Portion of Long-Term Obligations	1,554,938	1,659,350
Total Liabilities	1,733,228	1,827,359
NET POSITION		
Invested in Capital Assets, Net of Related Debt	9,816,199	10,052,479
Reserved for Debt Service	46,355	46,193
Unrestricted	829,657	875,865
Total Net Position	<u><u>\$ 10,692,211</u></u>	<u><u>\$ 10,974,537</u></u>

The accompanying notes are an integral part of these financial statements

GARBERVILLE SANITARY DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

	Water	Sewer	Total 2017
OPERATING REVENUES			
Utility Sales	\$ 510,062	\$ 362,192	\$ 872,254
Connection Fees	-	-	-
Other Revenues	7,825	3,415	11,240
<u>Total Operating Revenues</u>	517,887	365,607	883,494
OPERATING EXPENSES			
Salaries and Wages	163,701	124,590	288,291
Payroll Taxes	14,327	10,978	25,305
Employee Benefits	19,887	19,977	39,864
Rent	5,010	5,010	10,020
Materials and Supplies	4,128	3,827	7,955
Transportation	1,477	1,477	2,955
Sewage Collection	-	14,784	14,784
Office Expense	10,775	10,906	21,682
Insurance	15,808	14,184	29,992
Professional Services	30,527	25,788	56,314
Sewage Treatment	-	36,581	36,581
Water Treatment	74,978	-	74,978
Water Distribution	27,305	-	27,305
Permits and Fees	3,742	17,578	21,320
Utilities	2,565	2,565	5,129
Bad Debts	-	-	-
Other Expenses	69	69	138
Deprecation and Amortization	355,832	176,212	532,044
<u>Total Operating Expenses</u>	730,131	464,525	1,194,655
OPERATING GAIN (LOSS)	(212,244)	(98,917)	(311,161)
NON-OPERATING REVENUES (EXPENSES)			
Property Taxes and Exemptions	(12)	24,891	24,879
Gain on Asset Disposal	5,446	5,446	10,891
Interest Income	3,040	4,151	7,191
Interest Expense	(10,223)	(3,903)	(14,127)
<u>Total Non-operating Revenues (Expenses)</u>	(1,749)	30,584	28,835
CHANGE IN NET POSITION	(\$213,993)	(\$68,333)	\$ (282,326)
NET POSITION			
BEGINNING OF YEAR			\$ 10,974,537
PRIOR PERIOD ADJUSTMENT			-
END OF YEAR			\$ 10,692,211

The accompanying notes are an integral part of these financial statements

GARBERVILLE SANITARY DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	Water	Sewer	Total 2016
OPERATING REVENUES			
Utility Sales	\$ 481,221	\$ 365,409	\$ 846,630
Connection Fees	8,600	7,200	15,800
Other Revenues	6,054	2,420	8,474
<u>Total Operating Revenues</u>	495,875	375,029	870,904
OPERATING EXPENSES			
Salaries and Wages	73,162	68,030	141,192
Payroll Taxes	14,284	10,145	24,429
Employee Benefits	19,552	18,668	38,220
Rent	5,575	4,975	10,550
Materials and Supplies	4,182	4,875	9,057
Transportation	1,598	1,597	3,195
Sewage Collection	-	31,255	31,255
Office Expense	11,072	10,215	21,287
Insurance	21,340	19,520	40,860
Professional Services	24,548	22,046	46,594
Sewage Treatment	-	86,832	86,832
Water Treatment	117,884	-	117,884
Water Distribution	63,398	-	63,398
Permits and Fees	3,736	18,304	22,040
Utilities	3,256	3,472	6,728
Bad Debts	1,500	1,500	3,000
Other Expenses	1,500	-	1,500
Deprecation and Amortization	317,263	165,025	482,288
<u>Total Operating Expenses</u>	683,850	466,459	1,150,309
OPERATING GAIN (LOSS)	(187,975)	(91,430)	(279,405)
NON-OPERATING REVENUES (EXPENSES)			
Property Taxes and Exemptions	(12)	24,452	24,440
Interest Income	1,169	3,009	4,178
Interest Expense	(8,231)	(4,625)	(12,856)
<u>Total Non-operating Revenues (Expenses)</u>	(7,074)	22,836	15,762
CHANGE IN NET POSITION	(\$195,049)	(\$68,594)	\$ (263,643)
NET POSITION			
BEGINNING OF YEAR			\$ 11,235,220
PRIOR PERIOD ADJUSTMENT			2,960
END OF YEAR			\$ 10,974,537

The accompanying notes are an integral part of these financial statements

GARBERVILLE SANITARY DISTRICT
Statement of Cash Flows
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Cash Received from Customers	\$ 874,274	\$ 925,428
Cash Paid for Employees	(362,040)	(203,841)
Cash Paid for Goods and Services	(322,364)	(456,180)
	<u>189,870</u>	<u>265,407</u>
Cash Flows From Non-Capital Financing Activities		
Cash from Sale of Assets	14,001	-
Property Tax Revenues	24,879	24,440
	<u>38,880</u>	<u>24,440</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from Long-Term Debt	-	250,000
Principal Paid on Long-Term Debt	(88,295)	(104,975)
Interest Paid on Long-Term Debt	(14,127)	(12,856)
Acquisition of Capital Assets	(210,579)	(462,515)
Capital Grant	-	(179,751)
	<u>(313,001)</u>	<u>(510,097)</u>
Cash Flows From Investing Activities		
Interest on Investments	7,191	4,178
	<u>7,191</u>	<u>4,178</u>
Net (Decrease) in Cash and Cash Equivalents	(77,060)	(216,072)
Cash and Cash Equivalents - Beginning of Year	885,400	1,101,472
Cash and Cash Equivalents - End of Year	<u>\$ 808,340</u>	<u>\$ 885,400</u>

The accompanying notes are an integral part of these financial statements

GARBERVILLE SANITARY DISTRICT
Statement of Cash Flows
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of Operating Gain (Loss) to Net Cash Provided by Operating Activities		
Operating Gain (Loss)	\$ (311,161)	\$ (279,405)
Adjustment to Reconcile Operating Gain (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	532,044	482,288
(Increase) Decrease in Accounts Receivable	(9,223)	16,746
(Increase) Decrease in Other Receivable	-	-
(Increase) Decrease in Prepaid Expenses	(15,955)	37,778
Increase (Decrease) in Accounts Payable	2,742	-
Increase (Decrease) in Accrued Liabilities	<u>(8,577)</u>	<u>8,000</u>
Total Adjustments	<u>501,031</u>	<u>544,812</u>
Net Cash Provided by Operating Activities	<u>\$ 189,870</u>	<u>\$ 265,407</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>\$ 808,340</u>	<u>\$ 885,400</u>
Cash and Cash Equivalents per Balance Sheet:		
Cash and Cash Equivalents	\$ 196,352	\$ 304,803
Cash in County Treasury	<u>611,988</u>	<u>580,597</u>
	<u>\$ 808,340</u>	<u>\$ 885,400</u>

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2017

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Capital Assets and Depreciation - Capital assets are recorded at cost. Capital asset purchases with values exceeding \$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, 2017 was \$16,721, and at June 30, 2016 was \$25,910, 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, 2017 and 2016.

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

NOTE 2 - CASH AND CASH EQUIVALENTS

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

<u>2017</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	13,490	136,268	-	-	149,758
Restricted Water Fund	46,355	-	-	-	46,355
Petty Cash	-	-	-	239	239
Subtotal					<u>196,352</u>
Pooled with County	-	-	611,988	-	611,988
Total	<u>59,845</u>	<u>136,268</u>	<u>611,988</u>	<u>239</u>	<u>808,340</u>
<u>2016</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	110,628	147,746	-	-	258,374
Restricted Water Fund	46,193	-	-	-	46,193
Petty Cash	-	-	-	236	236
Subtotal					<u>304,803</u>
Pooled with County	-	-	580,597	-	580,597
Total	<u>156,821</u>	<u>147,746</u>	<u>580,597</u>	<u>236</u>	<u>885,400</u>

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

Capital Assets for the District for the years ended June 30, 2017 and 2016 consisted of the following:

	Balance 6/30/16	Additions	Deletions Transfers	Balance 6/30/17
Land - Sewer	129,811	-	-	129,811
Land - Water	88,699	-	-	88,699
Water System	133,382	9,093	-	142,475
Water Easements	177,397	-	-	177,397
Collection Facilities	2,245,631	36,144	29,806	2,311,581
Kimtu Waterline	1,908,669	-	(1,908,669)	-
Sewer Treatment Facilities	500,762	6,791	-	507,553
Water Distribution	-	86,424	2,609,992	2,696,416
Water Treatment	-	-	59,930	59,930
Water Pumps	-	2,910	-	2,910
Sewer Pumps	-	9,882	-	9,882
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
SWTP Office Remodel	19,741	-	(19,741)	-
Alderpoint Tank	671,517	-	(671,517)	-
Melville Road (2015)	59,613	-	(59,613)	-
Office Equipment	32,004	-	-	32,004
Equipment	158,307	-	-	158,307
Vehicles	48,024	53,869	(20,722)	81,171
CIP Leino Lane	585	-	-	585
CIP Bear Canyon	576	660	-	1,236
CIP SWTP Coag	-	4,806	-	4,806
Annexation Project CIP	157,367	-	-	157,367
Less: Accumulated Depreciation	(2,305,367)	(532,044)	17,612	(2,819,799)
Total	\$ 11,827,464	(321,465)	(3,111)	\$ 11,502,888

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION (Continued)

	Balance 6/30/15	Additions	Deletions Transfers	Balance 6/30/16
Land - Sewer	129,811	-	-	129,811
Land - Water	88,699	-	-	88,699
Water System	153,405	-	(20,023)	133,382
Water Easements	177,397	-	-	177,397
Collection Facilities	2,265,653	-	(20,022)	2,245,631
Kimtu Waterline	1,908,669	-	-	1,908,669
Treatment Facilities	496,074	4,688	-	500,762
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
SWTP Office Remodel	-	19,741	-	19,741
Alderpoint Tank	-	327,908	343,609	671,517
Melville Road (2015)	-	19,568	40,045	59,613
Annexation Project CIP	155,452	1,915	-	157,367
Office Equipment	29,320	2,684	-	32,004
Equipment	73,456	84,851	-	158,307
Vehicles	48,024	-	-	48,024
CIP Leino Lane	-	585	-	585
CIP Bear Canyon	-	576	-	576
CIP Alderpoint Tank	343,609	-	(343,609)	-
Less: Accumulated Depreciation	(1,823,079)	(482,288)	-	(2,305,367)
Total	\$ 11,847,236	(19,772)	-	\$ 11,827,464

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2017

NOTE 4 - LONG-TERM DEBT

Long-term debt of the District for the years ended June 30, 2017 and 2016 consisted of the following:

	Balance 6/30/16	Additions	Principal Payments	Balance 6/30/17
SWRCB	191,123	-	(22,268)	168,855
Ford Truck Lease	-	42,355	(15,016)	27,339
RCAC-ALPT TANK	223,943	-	(46,472)	177,471
SRF Loan	1,356,480	-	(45,982)	1,310,498
Copier Lease	3,438	-	(912)	2,526
	<u>1,774,984</u>	<u>42,355</u>	<u>(130,650)</u>	<u>1,686,689</u>

	Balance 6/30/2015	Additions	Principal Payments	Balance 6/30/16
SWRCB	212,954	-	(21,831)	191,123
MFC	33,236	-	(33,236)	-
RCAC-ALPT TANK	-	250,000	(26,057)	223,943
Copier Lease	4,298	-	(860)	3,438
SRF Loan	1,379,471	-	(22,991)	1,356,480
	<u>1,629,959</u>	<u>250,000</u>	<u>(104,975)</u>	<u>1,774,984</u>

Current portion of long-term debt is as follows:

SWRCB	\$ 22,713
SRF Loan	45,982
RCAC Loan	48,850
Ford Motor Credit	13,239
Copier	967
	<u>\$ 131,751</u>

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

STATE WATER RESOURCES CONTROL BOARD (SWRCB):

On June 28, 2005, the District borrowed \$395,340 for the Sewer System Relocation Project. On September 27, 2006, the District received additional loan funding of \$33,567. The loan is payable in annual installments of \$26,090 each August 1, including 2% interest, through August 1, 2023. Net revenues of the District are pledged as collateral for this loan. The principal balance due as of June 30, 2017 was \$168,855.

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2017

NOTE 4 - LONG-TERM DEBT (Continued)

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

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

Year(s) Ending June 30	Principal	Interest	Total
2018	22,713	3,377	26,090
2019	23,167	2,923	26,090
2020	23,631	2,459	26,090
2021	24,103	1,987	26,090
2022	24,585	1,505	26,090
2023-2024	50,656	1,524	52,180
	<u>\$ 168,855</u>	<u>\$ 13,775</u>	<u>\$ 182,630</u>

WELLS FARGO FINANCIAL LEASING

On January 9, 2015, the District entered a capital lease agreement for a Toshiba Copier. The terms were for a 60 month period with purchase option. The following principal and interest to maturity are:

Year(s) Ending June 30	Principal	Interest	Total
2018	967	122	1,089
2019	1,025	64	1,089
2020	534	9	543
	<u>\$ 2,526</u>	<u>\$ 195</u>	<u>\$ 2,721</u>

RURAL COMMUNITY ASSISTANCE CORPORATION (RCAC-ALPT TANK)

The Alderpoint Tank Replacement Project was completed in 2016. The total project cost was \$671,517. The majority of this cost was paid for out of GSD cash funds. The District entered into a 5-year note and construction loan agreement on October 14, 2015 in the amount of \$250,000 with Rural Community Assistance Corporation. The maturity date is November 1, 2020 with an interest rate of 5.00%. Monthly payments of \$4,717.81 began on December 1, 2015. The principal balance at June 30, 2017 was \$177,471.

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 4 - LONG-TERM DEBT (Continued)

RURAL COMMUNITY ASSISTANCE CORPORATION (RCAC-ALPT TANK) – (Continued)

Year(s) Ending June 30	Principal	Interest	Total
2018	48,850	7,764	56,614
2019	51,349	5,265	56,614
2020	53,976	2,638	56,614
2021	23,296	248	23,544
	<u>\$ 177,471</u>	<u>\$ 15,915</u>	<u>\$ 193,386</u>

STATE REVOLVING FUND (SRF)

The District began the Drinking Water Improvement Project in 2005. The project was completed January 29, 2015. The total project costs were \$4,968,105. Of this amount, the District received \$400,000 in planning grant and \$100,000 in planning loan funds (which have been fully repaid). The District entered into Funding Agreement (Project 1210008-006C) SRFCX103 under the provisions of the California Safe Drinking Water State Revolving Fund through the California Department of Public Health on May 10, 2013 in the amount of \$4,060,478. This amount consisted of \$3,000,000 in grant funds and the remainder in a 0% interest rate and 30-year term loan. The Funding Agreement was amended September 2014 to increase the total to \$4,379,471. The final loan amount was \$1,379,471. As of June 30, 2016 there were no grant receivables outstanding and all loan and grant reimbursements had been received.

The principal payments of \$22,991 are due semiannually on January 1 and July 1 commencing January 2016. The principal balance at June 30, 2017 was \$1,310,498.

Year(s) Ending June 30	Principal	Interest	Total
2018	45,982	-	45,982
2019	45,982	-	45,982
2020	45,982	-	45,982
2021	45,982	-	45,982
2022	45,982	-	45,982
2023-2046	1,080,588	-	1,080,588
	<u>\$1,310,498</u>	<u>\$ -</u>	<u>\$1,310,498</u>

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2017

FORD TRUCK LEASE

The District entered into a 3-year lease purchase agreement for a new Ford Truck, including interest at 6.5% and annual payments of \$15,016.21.

Year(s) Ending June 30	Principal	Interest	Total
2018	13,239	1,777	15,016
2019	14,100	916	15,016
	<u>\$ 27,339</u>	<u>\$ 2,693</u>	<u>\$ 30,032</u>

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, 2016 through June 30, 2017. During its membership, the following policies were in effect:

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

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2017

NOTE 6 - PROPERTY TAXES/EXEMPTIONS

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

	<u>2017</u>	<u>2016</u>
Current Secured Taxes	23,214	23,010
Current Unsecured Taxes	920	859
Taxes-Prior Years	8	11
Taxes-Current-Supplemental Rolls	406	220
State-Homeowners' Exemptions	307	322
Taxes-Prior Years-Supplemental	36	30
Total Taxes/Exemptions	<u>24,891</u>	<u>24,452</u>

NOTE 7 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was required during the year ended June 30, 2016. The adjustment was needed to correctly capitalize an invoice that was expensed in error in 2015.

	<u>2016</u>
Capitalize invoice American Leak Detection for Melville Project	<u>\$ 2,960</u>

NOTE 8 – FORD F-250 LEASE

Management has obtained a three year vehicle lease effective September 2, 2016 for a Ford F250 Utility truck. Three annual payments of \$15,016.21 are due on September 2 with a total of \$2,693 in interest.

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 28, 2017, the date the financial statements were available to be issued.

Storm Damage

On November 24, 2017, the surface water treatment plant's chlorine contact chamber underground piping experienced catastrophic failure. Coordination with the contractor that completed the construction of piping in 2014 and the State Water Resources Control Board Division of Drinking Water ensued. Temporary emergency measures were completed within days that allowed for operation of the plant while bypassing the chlorine contact chamber. SDRMA, the District's insurance company, was contacted along with various professionals and construction specialists. An insurance claim has been filed. The temporary measures in place now will be sufficient until spring when the flow rates for the plant will need to increase to fulfill increased demand. Staff is coordinating the design and implantation of a permanent fix to the failure. The cost for construction of the chlorine contact chamber underground piping in 2014 was approximately \$210,000. Replacement costs will either be paid for under the claim with the insurance company or will come from the District's reserve funds.

JOINT DISTRICT MANAGEMENT AGREEMENT

Garberville Sanitary District has made an effort to reach out and support other local service Districts and because of that effort, we have developed good working relationships with many Districts in Humboldt County along with having the ability to share resources, manpower and equipment.

Through this process we have developed a relationship with Phillipsville Services District but with the loss of their licensed operator, they have needed assistance in staying compliant with the State Water Board which is why there has been discussions with The State Water Board, Phillipsville and GSD about contracting with licensed operators, sharing operational duties and management or forming a Joint Powers Association where we could have a joint Board for representation of each District and have the ability to utilize each other's resources.

An alternative plan to assist would be something similar to what we are currently doing and what happens with many small Districts throughout the Country that can't afford a full time licensed operator. They contract with a licensed operator to provide oversight and become the operator of record. There are many ways this can be done but primarily, it is providing the Operator license to be legal and then work out what requirements and duties are acceptable to both parties and Districts. This scenario would require the Board and management to agree on the terms of what their employee is committing to and time required to fulfill the obligation.

PROPOSAL

1. Dan does not want to contract directly through Phillipsville because of taxes he would have to pay as a contract employee.
2. We estimated the time it would require to oversee, facilitate, sample water, attend meetings and work on monthly reports and we feel it would take no more than 15 hours per month.
3. GSD would contract with you for \$500/month to provide backup, 3 licensed operators with Dan's license being the operator of record with the State.
4. \$500 would give you up to 15 hours per month (not cumulative if unused)
5. Dan would be your operator of record and coordinate with staff and Board or designee for all water operational needs, monitoring, facilitating, planning and sampling, with GSD as a resource and backup. I recommend Dan attend your monthly meetings.

6. Dan would be on-call 24-7 or the GSD operator on-call would be called if Dan is unavailable. (we will provide you with our 24hour emergency number)
7. 15 hours would include any time spent by Dan or my staff during a month working for Phillipsville and any time over 15 hours would be billed directly to Phillipsville by the employee at a rate of \$30/hr. (We don't believe there would be additional hours but have included an hourly rate if needed)
8. GSD will pay Dan or staffs time and taxes for working on Phillipsville projects unless over 15 hours.
9. If approved by both Boards at a regularly scheduled Board meeting, a contract can be drafted to include this or agreed language along with expectations which would be signed by the authorized person for each District.
10. If the \$500 financial burden is to much, we will still work with you and assist in solving any water treatment or distribution problems but would not have a commitment of time or a license of record.

WATER USE ORDINANCE FOR AGRICULTURAL CROPS
STUDY SESSION
February 20, 2018

Doug and Rio met with me to work on the agricultural water use ordinance and I have included a summary of that meeting.

1. We looked at historical records for rain, river cfs and river depths to help determine what the trends are and how we can prepare for low river flows and diminishing rain years.
2. Require a forbearance program that includes a water storage plan which would insure adequate water for irrigation during months with low river cfs or under other conditions which would require a reduction in treated water capabilities. This plan would include 3 months storage for whatever water demand was projected.
3. Conservation measures would take effect when the river cfs reaches critical levels for providing water for human consumption. The discussion was at what cfs do we start limiting water use for agricultural crops and it was proposed that we look at using 30 cfs as a shutoff benchmark which is what the SHCP recommends in their EIR.
4. We would recommend that all permittees comply with the water use ordinance or be subject to discontinuance of commercial agricultural water.

We will continue meeting as I gather more information to make informed decisions to complete the water use ordinance for commercial agriculture water demands.

Sec 9.5 Payment of Bills. Bills are due and payable by 4:30pm on the 25th of each month and if not paid a \$5 late charge will be applied.

- (a) Customer Bills:
Bills will be mailed by the first day of each month.
- (b) Late Payment Procedures:
Bills past due—Courtesy call
30 35 days past due – Shut off notice – Hand delivered to service address
40 7 days after shut off notice is delivered – Water will be turned off – Owner will be notified.
60 days past due – Lien on building/property – Small claims
120 days past due – Turn over to collection agency
- (c) Adjustment to bills—Payment plans
The General Manager or designee will be the only person authorized to make adjustments to a bill or enter into a payment plan
- (d) NSF (non-sufficient funds) from any payment source will require the customer to Pay all bank charges and a \$35 handling fee.
- (e) Upon 2 NSF (non-sufficient funds) within a 12 month period, automatic payment will be denied until an agreement can be reached with the General Manager or designee.

Approved: 8/29/17

RESOLUTION 18-002

THIS RESOLUTION AUTHORIZES THE GARBERVILLE SANITARY DISTRICT TO CHANGE WATER ORDINANCE, SEC. 9.5 PAYMENT OF BILLS

A. **WHEREAS,** It has been determined that the Garberville Sanitary District will change Water Ordinance Sec. 9.5 Payment of Bills

B. **WHEREAS,** Resolution 18-002 will allow the Board to make appropriate changes to this Ordinance and give clear direction to customers and staff, what the billing procedures are.

C. **WHEREAS,** This Resolution will explain each step of the billing procedures while providing time lines and specific days for each step of the process.

D. **WHEREAS,** The adaption of Resolution 18-002 will take effect immediately and will describe the billing requirements and procedures.

E. **WHEREAS,** The new Water Ordinance, Sec. 9.5 Payment of Bills, will replace the existing ordinance.

WATER ORDINANCE, SECTION 9.5 PAYMENT OF BILLS

Sec 9.5 Payment of Bills. Bills are due and payable by 4:30pm on the 25th of each month and if not paid a \$5 late charge will be applied.

(a) Customer Bills:

Bills will be mailed by the first day of each month.

(b) Late Payment Procedures:

Bills past due—Courtesy call

35 days past due - Shut off notice - Hand delivered to service address

7 days after shut off notice is delivered – Water will be turned off
Owner will be notified.

60 days past due – Lien on building/property – Small claims

120 days past due – Turn over to collection agency

(c) Adjustment to bills—Payment plans

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

(d) NSF (non-sufficient funds) from any payment source will require

The customer Pay all bank charges and a \$35 handling fee.

(e) Upon 2 NSF (non-sufficient funds), within a 12 month period
automatic payment will be denied until an agreement can be
reached with the General Manager or designee.

**NOW, THEREFORE LET IT BE KNOWN THAT, THE BOARD OF DIRECTORS OF
THE GARBERVILLE SANITARY DISTRICT APPROVES CHANGING THE WATER
ORDINANCE, SEC. 9.5, PAYMENT OF BILLS**

**RESOLUTION 18-002 WAS PASSED, APPROVED AND ADOPTED THIS 27th DAY OF
FEBRUARY 2018 BY THE FOLLOWING ROLL CALL VOTE:**

AYES:

NOES:

ABSTAIN:

ABSENT:

Linda Broderon, Board President

ATTEST:

Ralph Emerson, General Manager