

GARBERVILLE SANITARY DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2025

DRAFT

GARBERVILLE SANITARY DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Garberville Sanitary District

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Garberville Sanitary District as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

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, 2025 and 2024, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Garberville Sanitary District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Garberville Sanitary District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted accounting standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted accounting standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Garberville Sanitary District's internal control. Accordingly, no such opinion is expressed.

Board of Directors
Garberville Sanitary District

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Garberville Sanitary District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we have identified during the audit.

Required Supplementary Information

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

February 4, 2026
Fortuna, California

BASIC FINANCIAL STATEMENTS

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GARBERVILLE SANITARY DISTRICT

Statement of Net Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 278,688	\$ 96,378
Cash - Restricted for Debt Service	46,846	46,842
Accounts Receivable - net of \$5,000 Allowance for Doubtful Accounts	151,867	153,322
Capital Grant Receivable	1,018,827	583,956
Interest Receivable - County	3,164	2,930
Prepays and Deposits	5,940	6,458
Total Current Assets	<u>1,505,332</u>	<u>889,886</u>
Restricted Assets		
Cash in County Treasury	444,267	472,510
Total Restricted Assets	<u>444,267</u>	<u>472,510</u>
Noncurrent Assets		
Capital Assets, Net of Depreciation	8,352,501	8,758,149
Construction in Progress	3,042,047	1,416,224
Total Noncurrent Assets	<u>11,394,548</u>	<u>10,174,373</u>
Total Assets	<u><u>\$ 13,344,147</u></u>	<u><u>\$ 11,536,769</u></u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 843,253	\$ 214,863
Utility Service Deposits	6,400	3,700
Accrued Vacation	50,050	43,174
Other Accrued Liabilities	440	1,088
Current Portion of Long-Term Obligations	45,982	70,613
Total Current Liabilities	<u>946,125</u>	<u>333,438</u>
Noncurrent Liabilities		
Noncurrent Portion of Long-Term Obligations	896,657	942,639
Total Liabilities	<u><u>\$ 1,842,782</u></u>	<u><u>\$ 1,276,077</u></u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	10,451,909	9,161,121
Restricted for Debt Service	46,846	46,842
Unrestricted	1,002,610	1,052,729
Total Net Position	<u><u>\$ 11,501,365</u></u>	<u><u>\$ 10,260,692</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, 2025

	<u>Water</u>	<u>Sewer</u>	<u>Total 2025</u>
OPERATING REVENUES			
Utility Sales	709,115	466,928	1,176,043
Other Revenues	7,073	7,454	14,527
<u>Total Operating Revenues</u>	<u>716,188</u>	<u>474,382</u>	<u>1,190,570</u>
OPERATING EXPENSES			
Salaries and Wages	233,205	202,922	436,127
Payroll Taxes	19,321	16,942	36,263
Employee Benefits	35,219	34,871	70,090
Rent	5,010	5,010	10,020
Materials and Supplies	252	323	575
Repairs and Maintenance	1,206	1,206	2,412
Transportation	1,073	1,072	2,145
Sewage Collection	-	23,177	23,177
Office Expense	7,839	7,840	15,679
Insurance	39,516	38,680	78,196
Professional Services	34,626	28,140	62,766
Sewage Treatment	-	43,909	43,909
Water Treatment	162,551	-	162,551
Water Distribution	45,065	-	45,065
Permits and Fees	10,613	30,810	41,423
Utilities	1,877	1,876	3,753
Bad Debts	3,476	469	3,945
Legal Settlement Expenses	12,500	12,500	25,000
Other Expenses	31,534	27,454	58,988
Deprecation and Amortization	276,396	133,961	410,357
<u>Total Operating Expenses</u>	<u>921,279</u>	<u>611,162</u>	<u>1,532,441</u>
OPERATING GAIN (LOSS)	<u>(205,091)</u>	<u>(136,780)</u>	<u>(341,871)</u>
NON-OPERATING REVENUES (EXPENSES)			
Capital Grant Income	1,532,591	-	1,532,591
Property Taxes and Exemptions	-	36,017	36,017
Other Income	2,907	189	3,096
Other Expense	(813)	(709)	(1,522)
Interest Income	1,456	11,450	12,906
Interest Expense	(271)	(272)	(543)
<u>Total Non-operating Revenues</u>	<u>1,535,870</u>	<u>46,675</u>	<u>1,582,545</u>
CHANGE IN NET POSITION	<u>1,330,778</u>	<u>(90,105)</u>	<u>1,240,673</u>
NET POSITION			
BEGINNING OF YEAR			<u>10,260,692</u>
END OF YEAR			<u>11,501,365</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, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Total 2024</u>
OPERATING REVENUES			
Utility Sales	706,428	457,411	1,163,839
Connection Fees	8,000	8,000	16,000
Other Revenues	3,320	200	3,520
<u>Total Operating Revenues</u>	<u>717,748</u>	<u>465,611</u>	<u>1,183,359</u>
OPERATING EXPENSES			
Salaries and Wages	189,635	228,418	418,053
Payroll Taxes	14,625	17,729	32,354
Employee Benefits	26,135	27,642	53,777
Rent	5,010	5,010	10,020
Materials and Supplies	1,297	1,302	2,599
Repairs and Maintenance	5,300	5,539	10,839
Transportation	1,702	1,701	3,403
Sewage Collection		23,603	23,603
Office Expense	6,754	6,433	13,187
Insurance	39,508	40,475	79,983
Professional Services	36,579	34,995	71,574
Sewage Treatment	-	49,533	49,533
Water Treatment	119,849	-	119,849
Water Distribution	50,503	-	50,503
Permits and Fees	7,911	32,325	40,236
Utilities	1,860	1,860	3,720
Bad Debts	4,898	562	5,460
Other Expenses	25,722	22,828	48,550
Depreciation and Amortization	279,212	137,284	416,496
<u>Total Operating Expenses</u>	<u>816,500</u>	<u>637,239</u>	<u>1,453,739</u>
OPERATING GAIN (LOSS)	<u>(98,752)</u>	<u>(171,628)</u>	<u>(270,380)</u>
NON-OPERATING REVENUES (EXPENSES)			
Capital Grant Income	815,468	-	815,468
Property Taxes and Exemptions	-	35,540	35,540
Other Income	2,319	244	2,563
Other Expense	(396)	-	(396)
Interest Income	1,193	11,534	12,727
Interest Expense	(1,426)	(915)	(2,341)
<u>Total Non-operating Revenues</u>	<u>817,158</u>	<u>46,403</u>	<u>863,561</u>
CHANGE IN NET POSITION	<u>718,406</u>	<u>(125,225)</u>	<u>593,181</u>
NET POSITION			
BEGINNING OF YEAR			<u>9,667,511</u>
END OF YEAR			<u>10,260,692</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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Cash Received from Customers	\$ 1,194,723	\$ 1,155,909
Cash Paid for Employees	(488,696)	(460,623)
Cash Paid for Goods and Services	(764,078)	(541,664)
Cash Paid of Legal Settlements	<u>(25,000)</u>	<u>-</u>
Net Cash (Used) Provided by Operating Activities	<u>(83,051)</u>	<u>153,622</u>
Cash Flows From Non-Capital Financing Activities		
Property Tax Revenues	<u>36,017</u>	<u>35,540</u>
Net Cash Provided by Non-Capital Financing Activities	<u>36,017</u>	<u>35,540</u>
Cash Flows From Capital and Related Financing Activities		
Principal Paid on Long-Term Debt	(70,613)	(100,793)
Proceeds from Capital Grants	1,097,720	610,741
Interest Paid on Long-Term Debt	(543)	(2,341)
Acquisition of Capital Assets	(839,705)	(883,759)
Proceeds from Other Income	3,096	2,563
Other Expenses	<u>(1,522)</u>	<u>(396)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>188,433</u>	<u>(373,985)</u>
Cash Flows From Investing Activities		
Interest on Investments	<u>12,672</u>	<u>12,064</u>
Net Cash Provided by Investing Activities	<u>12,672</u>	<u>12,064</u>
Net Increase (Decrease) in Cash and Cash Equivalents	154,071	(172,759)
Cash and Cash Equivalents - Beginning of Year	<u>615,730</u>	<u>788,489</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 769,801</u></u>	<u><u>\$ 615,730</u></u>

The accompanying notes are an integral part of these financial statements

GARBERVILLE SANITARY DISTRICT

Statement of Cash Flows

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Gain (Loss) to Net Cash (Used) Provided by Operating Activities		
Operating Gain (Loss)	\$ (341,871)	\$ (270,380)
Adjustment to Reconcile Operating Gain (Loss) to Net Cash (Used) Provided by Operating Activities:		
Depreciation and Amortization	410,357	416,496
(Increase) Decrease in Accounts Receivable	1,454	(25,350)
(Increase) Decrease in Customer Deposits	2,700	(2,100)
(Increase) Decrease in Prepaid Expenses	518	1,226
Increase (Decrease) in Accounts Payable	(162,436)	31,827
Increase (Decrease) in Accrued Liabilities	6,228	1,903
Rounding	(1)	-
Total Adjustments	<u>258,820</u>	<u>424,002</u>
Net Cash (Used) Provided by Operating Activities	<u><u>\$ (83,051)</u></u>	<u><u>\$ 153,622</u></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><u>\$ 769,801</u></u>	<u><u>\$ 615,730</u></u>
Cash and Cash Equivalents per Balance Sheet:		
Cash and Cash Equivalents	\$ 278,688	\$ 96,378
Cash - Restricted for Debt Service	46,846	46,842
Cash in County Treasury	444,267	472,510
	<u><u>\$ 769,801</u></u>	<u><u>\$ 615,730</u></u>

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

DRAFT

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2025

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, 2025

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 \$5,000 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, 2025 and 2024 was \$50,050 and \$43,174 respectively 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, 2025 and 2024.

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

NOTE 2 - CASH AND CASH EQUIVALENTS

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

<u>2025</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	\$ 177,309	\$ 101,040	\$ -	\$ -	\$ 278,348
Restricted Water Fund	46,846	-	-	-	46,846
Petty Cash	-	-	-	340	340
Subtotal					325,534
Pooled with County	-	-	444,267	-	444,267
Total	\$ 224,155	\$ 101,040	\$ 444,267	\$ 340	\$ 769,801

<u>2024</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	\$ 3,928	\$ 92,091	\$ -	\$ -	\$ 96,018
Restricted Water Fund	46,842	-	-	-	46,842
Petty Cash	-	-	-	360	360
Subtotal					143,220
Pooled with County	-	-	472,510	-	472,510
Total	\$ 50,770	\$ 92,091	\$ 472,510	\$ 360	\$ 615,730

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

Capital Assets for the District for the years ended June 30, 2025 and 2024 consisted of the following:

	Balance 6/30/24	Additions	Deletions Transfers	Balance 6/30/25
Land - Sewer	129,811	\$ -	\$ -	\$ 129,811
Land - Water	94,595	-	-	94,595
Water System	142,475	-	-	142,475
Water Easements	177,397	-	-	177,397
Collection Facilities	2,429,246	-	-	2,429,246
Sewer Treatment Facilities	507,553	-	-	507,553
Water Distribution	2,804,483	-	-	2,804,483
Water Treatment	113,056	-	-	113,056
Water Pumps	25,957	-	-	25,957
Sewer Pumps	34,214	-	-	34,214
Water Project 2015	4,968,105	-	-	4,968,105
Sewer Project 2011	2,792,452	-	-	2,792,452
Office Equipment	38,244	-	-	38,244
Equipment	318,644	4,708	-	323,352
Vehicles	121,206	-	-	121,206
Annexation Project	157,367	-	-	157,367
CIP Wallan Road Tank	1,396,927	1,625,723	-	3,022,650
CIP Church Street	6,800	-	-	6,800
CIP Bear Canyon	1,039	-	-	1,039
CIP Meadows Aerial	11,458	100	-	11,557
Less: Accumulated Depreciation	<u>(6,096,656)</u>	<u>(410,357)</u>	<u>-</u>	<u>(6,507,013)</u>
Total	<u>\$ 10,174,373</u>	<u>\$ 1,220,174</u>	<u>\$ -</u>	<u>\$ 11,394,548</u>

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION (Continued)

	Balance 6/30/23	Additions	Deletions Transfers	Balance 6/30/24
Land - Sewer	129,811	\$ -	\$ -	\$ 129,811
Land - Water	94,595	-	-	94,595
Water System	142,475	-	-	142,475
Water Easements	177,397	-	-	177,397
Collection Facilities	2,395,296	33,950	-	2,429,246
Sewer Treatment Facilities	507,553	-	-	507,553
Water Distribution	2,804,483	-	-	2,804,483
Water Treatment	113,056	-	-	113,056
Water Pumps	15,842	10,115	-	25,957
Sewer Pumps	34,214	-	-	34,214
Water Project 2015	4,968,105	-	-	4,968,105
Sewer Project 2011	2,792,452	-	-	2,792,452
Office Equipment	38,244	-	-	38,244
Equipment	315,871	2,773	-	318,644
Vehicles	121,206	-	-	121,206
Annexation Project	157,367	-	-	157,367
CIP Wallan Road Tank	562,381	834,546	-	1,396,927
CIP Church Street	6,800	-	-	6,800
CIP Bear Canyon	989	50	-	1,039
CIP Meadows Aerial	9,134	2,325	-	11,458
Less: Accumulated Depreciation	<u>(5,680,160)</u>	<u>(416,496)</u>	<u>-</u>	<u>(6,096,656)</u>
Total	<u>\$ 9,707,111</u>	<u>\$ 467,263</u>	<u>\$ -</u>	<u>\$ 10,174,373</u>

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 4 - LONG-TERM DEBT

Long-term debt of the District for the years ended June 30, 2025 and 2024 consisted of the following:

	Balance 6/30/24	Additions	Principal Payments	Balance 6/30/25
Ditchwitch Trailer	24,631	-	(24,631)	-
SRF Loan	988,621	-	(45,982)	942,639
	<u>\$ 1,013,252</u>	<u>\$ -</u>	<u>\$ (70,613)</u>	<u>\$ 942,639</u>

	Balance 6/30/23	Additions	Principal Payments	Balance 6/30/24
SWRCB	25,578	-	(25,578)	-
RCAC-Backhoe	3,574	-	(3,574)	-
Ditchwitch Trailer	50,289	-	(25,658)	24,631
SRF Loan	1,034,604	-	(45,982)	988,621
	<u>\$ 1,114,045</u>	<u>\$ -</u>	<u>\$ (100,792)</u>	<u>\$ 1,013,252</u>

Current portion of long-term debt is as follows:

SRF Loan	<u>\$ 45,982</u>
	<u>\$ 45,982</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 loan has been paid in its entirety as of June 30, 2024.

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 4 - LONG-TERM DEBT (Continued)

RURAL COMMUNITY ASSISTANCE CORPORATION (RCAC-BACKHOE LOAN)

In June 2020 a used backhoe became available on the market. The District entered into a 3-year loan agreement on June 23, 2020 in the amount of \$60,000 with Rural Community Assistance Corporation, with whom the District has borrowed from many times previously. The maturity date on the loan is June 23, 2023 with an interest rate of 5.00%. Monthly payments of \$1,798.25 began on July 23, 2020. The loan has been paid in its entirety as of June 30, 2024.

DITCHWITCH FINANCIAL SERVICES (DITCHWITCH VACUUM TRAILER)

The District entered into a 3-year loan agreement on May 2, 2022 in the amount of \$74,280 with DitchWitch Financial Services. The maturity date on the loan is June 30, 2025 with an interest rate of 4.83%. Monthly payments of \$2,220.57 began on July 30, 2022. The loan has been paid in its entirety as of June 30, 2025.

STATE REVOLVING FUND (SRF)

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

The principal payments of \$22,991 are due semiannually on January 1 and July 1 commencing January 2016. The principal balance at June 30, 2025 was \$942,639.

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 4 - LONG-TERM DEBT (Continued)

STATE REVOLVING FUND (SRF)

Year(s) Ending June 30	Principal	Interest	Total
2026	45,982	-	45,982
2027	45,982	-	45,982
2028	45,982	-	45,982
2029	45,982	-	45,982
2030	45,982	-	45,982
2031-2035	229,910	-	229,910
2036-2040	229,910	-	229,910
2041-2045	229,910	-	229,910
2046	22,999	-	22,999
	<u>\$ 942,639</u>	<u>\$ -</u>	<u>\$ 942,639</u>

NOTE 5 - 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:

	2025	2024
Current Secured Taxes	\$ 33,591	\$ 33,309
Current Unsecured Taxes	1,270	1,311
Prior Years - Taxes	339	16
Current Supplemental Taxes	428	528
Prior Years - Supplemental	108	95
Homeowners' Exemptions & Other	281	281
Total Taxes and Exemptions	<u>\$ 36,017</u>	<u>\$ 35,540</u>

GARBERVILLE SANITARY DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 6 - 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, 2024 through June 30, 2025. During its membership, the following policies were in effect:

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

NOTE 7 – ROBERTS/HURLBUTT/WALLAN TANK REPLACEMENT PROJECT

In February 2022, the District was awarded \$325,000 in grant funding from the SWRCB Division of Financial Assistance for the planning phase of the project. In March 2023, the District was awarded grant funding from the Department of Water Resources (DWR) Small Community Drought Relief Program in the amount of \$4,545,000 for the planning and construction phase of the project. In June 2024, SWRCB DFA executed Amendment 1 to the grant agreement increasing the planning grant funding to \$672,000. The planning phase of the project was completed in May 2024. The SWRCB DFA indicated that they would not have construction funding for their part of the construction costs in the near future, and the construction funds in the DWR granny would only cover \$4M, so the project was split in two. One project includes the Robertson and Wallen Tanks using existing grant funding from DWR. The second project includes the Hurlbutt Tank and construction funding has yet to be secured for this project.

In June 2024, the DWR construction project was bid and awarded in the amount of \$3,686,400. Numerous contract change orders have been approved for the project. The DWR grant agreement has three executed amendments which increased the total grant to \$4,598,255. The current total construction phase cost (contractor + consultants) for the project is \$4,260,000 and the total project cost is \$5,762,000. The project completion is projected for May 2026 with full closeout and reimbursement by June 30, 2026.

GARBERVILLE SANITARY DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 4, 2026, the date the financial statements were available to be issued.

DRAFT