



AGENDA

Wednesday August 1, 2012

*5:30 P.M., Board Chambers, County Administration Center,
700 H Street, Sacramento, California 95814*

COMMISSIONERS:

Chair: Gay Jones
Vice-Chair: Robert Jankovitz
Ron Greenwood
Susan Peters
Jay Schenirer
Christopher Tooker
Jimmie Yee

ALTERNATE COMMISSIONERS:

Jerry Fox
Mike Singleton
Jerry Fox
Phil Serna
Robert King Fong
John Messner
Phil Serna

PUBLIC COMMENT FROM THE FLOOR

The public is encouraged to address the Commission concerning any matter not on the Agenda. Public comments are limited to three minutes. The Commission is prohibited from discussing or taking any action on any item not appearing on the posted Agenda

CONSENT CALENDAR

1. Approve the Meeting Minutes of June 6, 2012
2. Claims dated thru July 27, 2012
3. Monthly Budget Report
4. Legislation Status Report

BUSINESS ITEMS

5. Update Rio Linda/Elverta Community Water District MSR (LAFC 07-10) [CEQA Exempt]
6. Report Back ~ City of Rancho Cordova Detachment from County Service Area No.1 Conducting Authority Protest Hearing (LAFC 01-12) [CEQA Exempt]

PUBLIC HEARINGS

7. CALAFCO Board of Directors Nominations

QUESTIONS/ANNOUNCEMENTS

8. Executive Officer/Staff/Commission Counsel
9. Commission Chair/Commissioners

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

SUMMARY OF RULES AND PROCEDURES

AGENDA ITEMS: The Commission may reschedule items on the agenda. The Commission will generally hear uncontested matters first, followed by discussions of contested matters, and staff announcements in that order. Anyone who wishes to address the Commission should obtain a form from either the Commission Clerk or from the table located near the entrance of the hearing chamber.

CONDUCT OF HEARINGS: A contested matter is usually heard as follows: (1) discussion of the staff report and the environmental document; (2) testimony of proponent; (3) testimony of opponent; (4) Public Testimony (5) rebuttal by proponent; (6) provision of additional clarification by staff as required; (7) close of the public hearing; (8) Commission discussion and Commission vote.

ADDRESSING THE COMMISSION: Any person who wishes to address the Commission should submit a speaker's request form at the beginning of the meeting; move to the front of the chambers when an item is called; and, when recognized by the chair, state their name, address and affiliation. Please attempt to make your statements concise and to the point. It is most helpful if you can cite facts to support your contentions. Groups of people with similar viewpoints should appoint a spokesperson to represent their views to the Commission. The Commission appreciates your cooperation in this matter.

PUBLIC COMMENT TIME LIMITS: The Sacramento Local Agency Formation Commission welcomes and encourages participation in its meetings. Rules of the Commission provide for the following limitations of discussion: The Commission will hear public comment prior to the consideration of any item. (1) a principal proponent will be allowed a 5-minute statement; (2) other proponents will be allowed a 3-minute statement; (3) opponents are allowed 3-minute statements with the exception of spokespersons for any group who shall be permitted 5-minutes; (4) the principal proponent shall have a 3-minute rebuttal; (5) staff will provide clarification, as required.

VOTING: A quorum consists of four members of the Commission, including any alternate. No action or recommendation of the Commission is valid unless a majority (4 votes) of the entire membership of the Commission concurs therein.

OFF AGENDA ITEMS: Matters under the jurisdiction of the Commission, and not on the posted agenda, may be addressed by the general public under "Public Comment From the Floor" on the Agenda. The Commission limits testimony on matters not on the agenda to three minutes per person and not more than fifteen minutes for a particular subject. The Commission cannot take action on any unscheduled items.

SPECIAL NEEDS: Meeting facilities are accessible to persons with disabilities. Requests for assistive listening devices or other considerations should be made 48 hours in advance through the Commission Clerk at (916)874-6458.

AB 745 DISCLOSURES: The Political Reform Act requires all interested parties to disclose contributions and expenditures for "political purposes" related to proposals for changes of organization or reorganization (annexations, incorporations, etc.) as well as contributions and expenditures in connection with Conducting Authority protest proceedings. Such contributions and expenditures must be reported to LAFCo's Executive Officer to the same extent, and subject to the same requirements, as local initiative measures under the Political Reform Act. Additional information regarding these requirements can be found on LAFCo's website at: <http://www.saclafco.org/Forms/index.htm>.

STAFF REPORTS: Staff Reports are available on line at www.SacLAFCo.org or upon request to Diane Thorpe, Commission Clerk at (916)874-6458.

VIDEO BROADCASTS: The meeting is video taped in its entirety and will be cablecast live on Metro Cable channel 14, the government affairs channel on the Comcast, and SureWest Cable Systems and is closed captioned for our hearing impaired viewers. The meeting is webcast live at <http://www.saccounty.net> . The current meeting is broadcast live and will be rebroadcast; check the Metro Cable schedule for dates and times. A VHS video copy will be available for checkout through the County Library System seven to ten days following the meeting.



***MINUTES FOR THE MEETING OF
Wednesday June 6, 2012***

The Sacramento Local Agency Formation Commission met the sixth day of June 2012, at 5:30 P.M. in Board Chambers of the Sacramento County Administration Center, 700 H Street, Sacramento, California 95814.

PRESENT:

Commissioners:

Gay Jones, Chair
Robert Jankovitz, Vice Chair
Jay Schenirer
Ron Greenwood
Jimmie Yee

Staff:

Peter Brundage, Executive Officer
Donald Lockhart, Assistant Executive Officer
Diane Thorpe, Commission Clerk
Nancy Miller, Commission Counsel

Alternates:

Jerry Fox
Mike Singleton

Absent:

Susan Peters
Christopher Tooker

PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

None

CONSENT CALENDAR

1. Approve the Meeting Minutes of May 2, 2012
2. Claims dated thru May 31, 2012
3. Monthly Budget Report
4. Legislation Status Report
5. Fiscal Year 2012/2013 Final Budget
6. Fiscal Year 2012/2013 Contracts:
 - a. Miller & Owen - Legal Services
 - b. Environmental Planning Partners Inc. - Environmental Services
 - c. James Marta & Company - Auditor

Motion: To approve the Consent Calendar

Moved: Commissioner Schenirer

Second: Commissioner Yee

Passed: Unanimous

BUSINESS ITEMS

7. Update Rio Linda/Elverta Community Water District MSR (LAFC 07-10) [CEQA Exempt]
Receive and File Report - No Action

PUBLIC HEARINGS

8. City of Rancho Cordova Detachment from County Service Area No.1 (CSA 1) (L AFC 01-12)
[CEQA Exempt]

Motion: To Approve the City of Rancho Cordova Detachment from County Service Area No.1

Moved: Commissioner Greenwood

Second: Commissioner Jankovitz

Passed: Unanimous

The meeting adjourned at 5: 55 P.M.

Respectfully submitted,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Diane Thorpe
Commission Clerk

**SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
C L A I M S***

<u>Date Submitted to Auditor</u>	<u>Vendor</u>	<u>Amount</u>
6/14/2012	Alhambra Sierra Springs (Water Supplies)	\$ 76.11
6/14/2012	Colliers (June Office Lease)	\$ 3,859.78
6/14/2012	Environmental Planning Partners (June)	\$ 280.00
6/14/2012	Millern & Owen	\$ 9,949.76
7/2/2012	Comcast Cable	\$ 86.84
7/2/2012	Daily Journal Corp. (Legal Advertising)	\$ 37.40
7/2/2012	First Choice Services	\$ 12.04
7/2/2012	Millern & Owen	\$ 1,902.50
7/2/2012	Toshiba Business Solutions (Copier Lease)	\$ 702.78
7/10/2012	Alhambra Sierra Springs (Water Supplies)	\$ 19.17
7/24/2012	American Planning Association	\$648.00
7/24/2012	CALAFCO (Annual Dues)	\$7,154.00
7/24/2012	Colliers (July Office Lease)	\$ 3,859.78
7/24/2012	Comcast Cable	86.84.
7/24/2012	The Economist	\$137.19
7/24/2012	First Choice Services	\$ 25.99
7/24/2012	Pitney Bowes (Postage Supplies)	\$274.47
7/24/2012	SDRMA (Insurance)	\$4,895.56
7/24/2012	Toshiba Business Solutions (Copier Lease)	\$ 617.00
TOTAL		\$ 34,538.37

APPROVED:

8/1/2012

Gay Jones, Chair

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

*Not including Journal Voucher and Personnel items.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

*1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458*

August 1, 2012

TO: Sacramento Local Agency Formation Commission
FROM: Peter Brundage, Executive Officer *PB*
RE: Monthly Budget Report

RECOMMENDATION:

Receive and File Periods 11 and 12 FY 2011-12 Budget Status Report.

DISCUSSION:

The attached budget reports are for Accounting Periods 11 and 12 ending July 6, 2012. These reports summarize monthly expenditures and revenues as well as the Trial Balance for these reporting periods.

There are no significant variances to report at this time.

Year-End Fund Balance will be available at the next Commission meeting.

Library : ZSP County of Sacramento Reports
Report group: ZSC8 Balance sheet detail
Report name : ZFP4816E Trial Balance by Business Area

Data selected by: 1009726
Data selected on: 06/12/2012 13:09:23

Fiscal year : 2012
Period : 11 May
Business Area: 067A LOCAL AGENCY FORMATI

Balance Sheet Item	Beginning Balance	Period Debits	Period Credits	Ending Balance
* Cash in Treasury	465,337.59		14,320.73-	451,016.86
* Imprest Cash	40.00			40.00
* Inventory				
* Due from Other Funds Year End				
* Accounts Receivable Year End				
** Total Assets	465,377.59		14,320.73-	451,056.86
* Sales Tax Due				
* Warrants Payable	8,490.90-	9,702.41	22,785.84-	21,574.33-
* Deposit Stale Warrants	643.48-			643.48-
* Claims Payable		22,880.19	22,880.19-	
* Due to Others				
* Suspense Clearing				
* Payroll Clearing	136.50-	982.15	968.85-	123.20-
** Total Liabilities	9,270.88-	33,564.75	46,634.88-	22,341.01-
* Reserve Fund Balance	220,933.00-			220,933.00-
* Fund Balance	0.36			0.36
* Revenues and Other Financing Sources	988,034.81-			988,034.81-
* Expenditures/Expenses	644,448.74	27,390.86		671,839.60
* Estimated Revenue	1,335,412.00			1,335,412.00
* Appropriations	1,227,000.00-			1,227,000.00-
* Start of System Clearing				
** Total Equity & Other Accounts	456,106.71-	27,390.86		428,715.85-
*** Total Liabilities & Equity + Other Accts	465,377.59-	60,955.61	46,634.88-	451,056.86-

Date: 06/12/2012
 Time: 13:03:40
 Period: 011
 Year: 2012

Vendor One	Vendor Name Time Vendor	EA	Per	Doc.no.	Postg date	Reference	Check	Fund Center	Trans. currency	Status
2295	MILLER & OWEN	067A	011	1904459412	05/29/2012	29345		4544540	9,849.68- USD	closed
2295	MILLER & OWEN	067A	011	2020937315	05/30/2012		1101450110		9,849.68 USD	closed
12036	WELLS FARGO BANK	067A	011	1500043281	05/31/2012				94.35 USD	closed
12036	WELLS FARGO BANK	067A	011	1904457447	05/31/2012	MIBD-ACH 5/31/12		4544540	94.35- USD	closed
12322	COMCAST	067A	011	1904454225	05/22/2012	8155600380732795		4544540	82.09- USD	closed
12322	COMCAST	067A	011	2020922871	05/23/2012		1101446698		82.09 USD	closed
19687	SPECIAL DISTRICT RISK MGMT AUTHORITY	067A	011	1904437660	05/02/2012	SEPT2011		4544540	3,859.78- USD	closed
19687	SPECIAL DISTRICT RISK MGMT AUTHORITY	067A	011	1904437661	05/02/2012	APR2012		4544540	3,859.78- USD	closed
19687	SPECIAL DISTRICT RISK MGMT AUTHORITY	067A	011	2020860855	05/03/2012		1101433269		3,859.78 USD	closed
19687	SPECIAL DISTRICT RISK MGMT AUTHORITY	067A	011	2020860855	05/03/2012		1101433269		3,859.78 USD	closed
19687	SPECIAL DISTRICT RISK MGMT AUTHORITY	067A	011	2020942697	05/30/2012		1101450727		25.00 USD	closed
19687	SPECIAL DISTRICT RISK MGMT AUTHORITY	067A	011	2020942697	05/30/2012		1101450727		3,859.78 USD	closed
19687	SPECIAL DISTRICT RISK MGMT AUTHORITY	067A	011	1904459644	05/30/2012	MAY 2012		4544540	25.00- USD	closed
19687	SPECIAL DISTRICT RISK MGMT AUTHORITY	067A	011	1904459647	05/30/2012	MAY 2012		4544540	3,859.78- USD	closed
28211	MEA OF CALIFORNIA INC	067A	011	1904459410	05/29/2012	9126125		4544540	723.38- USD	closed
28211	MEA OF CALIFORNIA INC	067A	011	2020937458	05/30/2012		1101450235		723.38 USD	closed
37780	DS WATERS OF AMERICA INC	067A	011	1904459645	05/30/2012	4831121050112		4544540	22.17- USD	closed
37780	DS WATERS OF AMERICA INC	067A	011	2020942978	05/31/2012		1101451945		22.17 USD	closed
42181	STABLES CONTRACT & COMMERCIAL INC	067A	011	2020937536	05/30/2012		1101450311		126.13 USD	closed
42181	STABLES CONTRACT & COMMERCIAL INC	067A	011	1904459411	05/29/2012	113353926		4544540	126.13- USD	closed
48634	ENVIRONMENTAL PLANNING PARTNERS INC	067A	011	1904459641	05/30/2012	IAFCL204		4544540	140.00- USD	closed
48634	ENVIRONMENTAL PLANNING PARTNERS INC	067A	011	2020943068	05/31/2012		1101451977		140.00 USD	closed
REGIS	REGISTRATION FOR CONFERENCES CR	067A	011	1904445551	05/10/2012	REGISTRATION		4544540	25.00- USD	closed
REGIS	REGISTRATION FOR CONFERENCES CR	067A	011	2020888495	05/11/2012		1101439363		25.00 USD	closed
REGIS	REGISTRATION FOR CONFERENCES CR	067A	011	1904457358	05/24/2012	95-IAFCO DISIR		4544540	94.35- USD	closed
ROBERT G. JANKOVITZ	SEAVROLL	067A	011	2020931152	05/31/2012		8000026100		94.35 USD	closed
ROBERT G. JANKOVITZ	SEAVROLL	067A	011	1904457314	05/24/2012	95-IAFCO DISIR		4544540	24.35- USD	closed
GAY JONES	SEAVROLL	067A	011							

Date: 06/12/2012
 Time: 13:03:40
 Period: 011
 Year: 2012

Vendor	Vendor Name	BA	Per	Doc.no.	Postg date	Reference	Check	Fund Center	Trans. currency	Status
One Time Vendor										
SDAVROLL	SDAVROLL	067A	011	1904457326	05/24/2012	95-LAFCD DISR		4544540	94.35- USD	closed
CHRISTOHER	TOOKER									
SDAVROLL	SDAVROLL	067A	011	2020931106	05/31/2012		8000026054		94.35 USD	closed
CHRISTOHER	TOOKER									
SDAVROLL	SDAVROLL	067A	011	2020931119	05/31/2012		8000026057		24.35 USD	closed
GAY JONES		067A	011							
Sum of Business Area 067A									0.00 USD	*

Fiscal Year 2012
 From period 1
 To period 11

Fund/Group 067A LOCAL AGENCY FORMATION COMMISSION
 Funds Center/Group 4544540 LAFCD DISTRICT
 Budget Version 0

Commitment Item	Budget	Actual-GL	Actual-CD	Actual Total	Encumbrance	Pending	Available	%Consumed
10111000 REGULAR EMPLOYEE	8,300.00	500.00		500.00			7,800.00	6.02
10112400 COMMITTEE MEMBER		3,500.00		3,500.00			3,500.00-	
10122000 CASHI	1,200.00	306.00		306.00			894.00	25.50
* 10 - SALARIES AND EMPLOYEE	9,500.00	4,306.00		4,306.00			5,194.00	45.33
20200500 ADVERTISING	7,500.00	771.40		771.40			6,728.60	10.29
20202200 BOOKS/PER SUP	2,000.00	368.00		368.00			1,632.00	18.40
20202900 BUS/CONFERENCE E	12,000.00	7,690.85		7,690.85			4,309.15	64.09
20203500 ED/TRAINING SVC	2,200.00						2,200.00	
20203900 EMP TRANSFERRING								
20205200 INS PREMIUM	7,000.00	4,895.56		4,895.56			2,104.44	69.94
20206100 MEMBERSHIP DUES	7,250.00	8,498.00		8,498.00			1,248.00-	117.21
20207600 OFFICE SUPPLIES	8,000.00	3,149.39		3,149.39			4,850.61	39.37
20208100 POSTAL SVC	5,000.00	500.00		500.00			4,500.00	10.00
20227500 RENT/LEASE EQ	18,000.00	11,380.22		11,380.22			6,619.78	63.22
20227504 MISCELLANEOUS		617.96		617.96			617.96-	
20250500 ACCOUNTING SVC								
20253100 LEGAL SVC	60,000.00	122,494.81		122,494.81			62,494.81-	204.16
20254100 PERSONNEL SVC								
20259100 OTHER PROF SVC	973,100.00	441,476.21		441,476.21	1,018.00		530,605.79	45.47
20281200 DATA PROCESSING		583.08		583.08			583.08-	
20291000 COUNTYWIDE IT SV	1,700.00	1,527.50		1,527.50			172.50	89.85
20291100 SYSTEM DEV SVC	17,000.00	11,393.50		11,393.50	4,964.50		642.00	96.22
20291200 SYSTEM DEV SUP		317.40		317.40	4.60		322.00-	
20291600 WFN ALLOCATION	4,500.00	4,079.25		4,079.25			420.75	90.65
20291700 ALARM SERVICES								
20292100 GS PRINTING SVC	2,250.00						2,250.00	
20292300 GS MESSENGER SVC		2,576.40		2,576.40			2,576.40-	
20292600 GS STORE CHARGES	1,000.00	923.13		923.13			76.87	92.31
20293400 PUBLIC WORKS SVS								
20294300 LEASED PROP USE	48,500.00	41,917.24		41,917.24	6.00		6,576.76	86.44
20298700 TELEPHONE SVC	4,000.00	2,373.70		2,373.70			1,626.30	59.34
* 20 - SERVICES AND SUPPLIES	1,181,000.00	667,533.60		667,533.60	5,993.10		507,473.30	57.03
79790100 CONTINGENCY APER		36,500.00		36,500.00			36,500.00	
* 79 - Appropriation for Cap		36,500.00		36,500.00			36,500.00	
** Expenditure accounts	1,227,000.00	671,839.60		671,839.60	5,993.10		549,167.30	55.24
94941000 INTEREST INCOME	5,000.00-	1,462.00-		1,462.00-			3,538.00-	29.24
* 94 - REVENUE FROM USE OF M	5,000.00-	1,462.00-		1,462.00-			3,538.00-	29.24
96969900 SVC FEES OTHER	415,079.00-	58,203.81-		58,203.81-			356,875.19-	14.02
* 96 - CHARGES FOR SERVICES	415,079.00-	58,203.81-		58,203.81-			356,875.19-	14.02
97979000 MISC OTHER	915,333.00-	928,369.00-		928,369.00-			13,036.00	101.42
* 97 - MISCELLANEOUS REVENUE	915,333.00-	928,369.00-		928,369.00-			13,036.00	101.42
** REVENUE ACCOUNTS	1,335,412.00-	988,034.81-		988,034.81-			347,377.19-	73.99
*** Total	108,412.00-	316,195.21-		316,195.21-	5,993.10		201,790.11	286.13

Report: ZF_SL_SPEC_DIST
 UserID: 1009726
 System: PRD/020

Split Ledger Line Item Report
 067A LOCAL AGENCY FORMATI
 Period: 011 Fiscal Year: 2012

Date: 06/12/2012
 Time: 13:00:34
 Page: 1

Date	Year	Per	Document #	G/L Acct	BA	Cost Ctr	Amount	Text
05/31/2012	2012	011	1500043281	101200	067A		94.35-	
Total Account Number 101200							CASH IN TREASURY-WIRE TRANSFERS	94.35-
05/04/2012	2012	011	2020871985	101500	067A		668.79-	
05/04/2012	2012	011	2020871989	101500	067A		23.17-	
05/04/2012	2012	011	2020872093	101500	067A		24.35-	
05/04/2012	2012	011	2020872094	101500	067A		94.35-	
05/04/2012	2012	011	2020872125	101500	067A		24.35-	
05/04/2012	2012	011	2020872126	101500	067A		94.35-	
05/04/2012	2012	011	2020872456	101500	067A		45.90-	
05/08/2012	2012	011	2020881511	101500	067A		19.17-	
05/08/2012	2012	011	2020881516	101500	067A		260.67-	
05/09/2012	2012	011	2020885581	101500	067A		7,719.56-	
05/09/2012	2012	011	2020886130	101500	067A		274.47-	
05/09/2012	2012	011	2020886149	101500	067A		239.58-	
05/16/2012	2012	011	2020908369	101500	067A		25.00-	
05/21/2012	2012	011	2020919266	101500	067A		94.35-	
05/21/2012	2012	011	2020919275	101500	067A		94.35-	
Total Account Number 101500							PAID WARRANTS RECONCILIATION (IN	9,702.41-
05/01/2012	2012	011	107789812	109000	067A		138.50-	
05/01/2012	2012	011	107789816	109000	067A		371.75-	
05/04/2012	2012	011	107795017	109000	067A		136.50-	
05/23/2012	2012	011	107805708	109000	067A		189.62-	
05/29/2012	2012	011	107807515	109000	067A		226.00-	
05/31/2012	2012	011	107813497	109000	067A		475.20-	
05/31/2012	2012	011	107813516	109000	067A		4.40-	
05/31/2012	2012	011	107813972	109000	067A		2,982.00-	
Total Account Number 109000							CASH IN TREAS-SPL	4,523.97-
05/03/2012	2012	011	2020860855	5100000	067A		7,719.56-	
05/04/2012	2012	011	2020871985	5100000	067A		668.79	
05/04/2012	2012	011	2020871989	5100000	067A		23.17	
05/04/2012	2012	011	2020872456	5100000	067A		45.90	
05/08/2012	2012	011	2020881511	5100000	067A		19.17	
05/08/2012	2012	011	2020881516	5100000	067A		260.67	
05/09/2012	2012	011	2020885581	5100000	067A		7,719.56	
05/09/2012	2012	011	2020886130	5100000	067A		274.47	
05/09/2012	2012	011	2020886149	5100000	067A		239.58	
05/11/2012	2012	011	2020888495	5100000	067A		25.00-	
05/16/2012	2012	011	2020908369	5100000	067A		25.00	
05/23/2012	2012	011	2020922871	5100000	067A		82.09-	
05/30/2012	2012	011	2020937315	5100000	067A		9,849.68-	
05/30/2012	2012	011	2020937458	5100000	067A		723.38-	
05/30/2012	2012	011	2020937536	5100000	067A		126.13-	
05/30/2012	2012	011	2020942697	5100000	067A		3,884.78-	
05/31/2012	2012	011	2020942978	5100000	067A		22.17-	
05/31/2012	2012	011	2020943068	5100000	067A		140.00-	
Total Account Number 5100000							WARRANTS PAYABLE	13,296.48-
05/04/2012	2012	011	2020872093	5100020	067A		24.35	
05/04/2012	2012	011	2020872094	5100020	067A		94.35	
05/04/2012	2012	011	2020872125	5100020	067A		24.35	
05/04/2012	2012	011	2020872126	5100020	067A		94.35	
05/21/2012	2012	011	2020919266	5100020	067A		94.35	

Date	Year	Per	Document #	G/L Acct	BA	Cost Ctr	Amount	Text	
05/21/2012	2012	011	2020919275	5100020	067A		94.35		
05/31/2012	2012	011	2020931106	5100020	067A		94.35-		
05/31/2012	2012	011	2020931119	5100020	067A		24.35-		
05/31/2012	2012	011	2020931152	5100020	067A		94.35-		
Total Account Number 5100020								WARRANTS PAYABLE - SPECIAL DISTR	213.05
05/31/2012	2012	011	1500043281	5150000	067A		94.35		
05/02/2012	2012	011	1904437660	5150000	067A		3,859.78-	*SAC METRO FIRE DIST 6011SACSACR6011	
05/02/2012	2012	011	1904437661	5150000	067A		3,859.78-	*SAC METRO FIRE DIST 6011SACSACR6011	
05/10/2012	2012	011	1904445551	5150000	067A		25.00-	*ATCH; SAC LAFCO; 916-874-6458 DON LOCKHART	
05/22/2012	2012	011	1904454225	5150000	067A		82.09-	*SAC LAFCO/ 8155600380732795	
05/24/2012	2012	011	1904457314	5150000	067A		24.35-	*PUFD 11865 05/31/12 MLBD Payroll Check	
05/24/2012	2012	011	1904457326	5150000	067A		94.35-	*PUFD 14048 05/31/12 MLBD Payroll Check	
05/24/2012	2012	011	1904457358	5150000	067A		94.35-	*PUFD 20766 05/31/12 MLBD Payroll Check	
05/31/2012	2012	011	1904457447	5150000	067A		94.35-	MLBD - ACH 05/31/2012	
05/29/2012	2012	011	1904459410	5150000	067A		723.38-	*SAC LAFCO 360243	
05/29/2012	2012	011	1904459411	5150000	067A		126.13-	*SAC LAFCO 11902900	
05/29/2012	2012	011	1904459412	5150000	067A		9,849.68-	*SAC LAFCO SA111	
05/30/2012	2012	011	1904459641	5150000	067A		140.00-	*SAC LAFCO 916-874-6458	
05/30/2012	2012	011	1904459644	5150000	067A		25.00-	*SAC LAFCO 6011SACSACR6011	
05/30/2012	2012	011	1904459645	5150000	067A		22.17-	*SAC LAFCO 27296554831121	
05/30/2012	2012	011	1904459647	5150000	067A		3,859.78-	*SAC LAFCO 6011SACSACR6011	
05/03/2012	2012	011	2020860855	5150000	067A		3,859.78		
05/03/2012	2012	011	2020860855	5150000	067A		3,859.78		
05/11/2012	2012	011	2020888495	5150000	067A		25.00		
05/23/2012	2012	011	2020922871	5150000	067A		82.09		
05/31/2012	2012	011	2020931106	5150000	067A		94.35		
05/31/2012	2012	011	2020931119	5150000	067A		24.35		
05/31/2012	2012	011	2020931152	5150000	067A		94.35		
05/30/2012	2012	011	2020937315	5150000	067A		9,849.68		
05/30/2012	2012	011	2020937458	5150000	067A		723.38		
05/30/2012	2012	011	2020937536	5150000	067A		126.13		
05/30/2012	2012	011	2020942697	5150000	067A		25.00		
05/30/2012	2012	011	2020942697	5150000	067A		3,859.78		
05/31/2012	2012	011	2020942978	5150000	067A		22.17		
05/31/2012	2012	011	2020943068	5150000	067A		140.00		
Total Account Number 5150000								CLAIMS PAYABLE	0.00
05/04/2012	2012	011	107795016	8025400	067A		401.75-		
05/04/2012	2012	011	107795016	8025400	067A		401.75		
05/04/2012	2012	011	107795017	8025400	067A	4544540000	136.50	REF: 1904433200 DIST 95 TAX	
05/04/2012	2012	011	107796051	8025400	067A		136.50-		
05/04/2012	2012	011	107796051	8025400	067A		136.50		
05/31/2012	2012	011	107811218	8025400	067A		213.05-	15Total Check Amount	
05/31/2012	2012	011	107811218	8025400	067A		94.35-	16Total Deposit Amount	
05/31/2012	2012	011	107811218	8025400	067A		70.00-	6002Inc Tax-Fed Addl Tax	
05/31/2012	2012	011	107811218	8025400	067A		24.80-	6210FICA ER Contrib	
05/31/2012	2012	011	107811218	8025400	067A		16.80-	6201FICA EE Deduction	
05/31/2012	2012	011	107811218	8025400	067A		5.80-	6501Medicare EE Ded	
05/31/2012	2012	011	107811218	8025400	067A		5.80-	6503Medicare ER Contrib	
05/24/2012	2012	011	1904457314	8025400	067A		24.35	05/31/12 MLBD Payroll Check	
05/24/2012	2012	011	1904457326	8025400	067A		94.35	05/31/12 MLBD Payroll Check	
05/24/2012	2012	011	1904457358	8025400	067A		94.35	05/31/12 MLBD Payroll Check	
05/31/2012	2012	011	1904457447	8025400	067A	4544540000	94.35	95 DEP	
Total Account Number 8025400								SD (HUMANIC) PAYROLL CLEARING	13.30

Report: ZF_SL_SPEC_DIST
 UserID: 1009726
 System: PRD/020

Split Ledger Line Item Report
 067A LOCAL AGENCY FORMATI
 Period: 011 Fiscal Year: 2012

Date: 06/12/2012
 Time: 13:00:34
 Page: 3

Date	Year	Per	Document #	G/L Acct	BA	Cost Ctr	Amount	Text
05/31/2012	2012	011	107811218	10112400	067A	4544540000	400.00	1180Bds & Comm Mem
Total Account Number 10112400				SALARIES & WAGES - COMMISSION &			400.00	
05/31/2012	2012	011	107811218	10122000	067A	4544540000	5.80	6503Medicare ER Contrib
05/31/2012	2012	011	107811218	10122000	067A	4544540000	24.80	6210FICA ER Contrib
Total Account Number 10122000				OASDHI - EMPLOYER COST			30.60	
05/10/2012	2012	011	1904445551	20202900	067A	4544540000	25.00	
Total Account Number 20202900				BUSINESS/CONFERENCE EXPENSE			25.00	
05/29/2012	2012	011	1904459411	20207600	067A	4544540000	126.13	OFFICE SUPPLIES
05/30/2012	2012	011	1904459645	20207600	067A	4544540000	22.17	OFFICE SUPPLIES
Total Account Number 20207600				OFFICE SUPPLIES			148.30	
05/22/2012	2012	011	1904454225	20227500	067A	4544540000	82.09	
05/29/2012	2012	011	1904459410	20227500	067A	4544540000	723.38	RENT LEASE EQUIPMENT
Total Account Number 20227500				RENT/LEASES EQUIPMENT			805.47	
05/29/2012	2012	011	1904459412	20253100	067A	4544540000	9,849.68	LEGAL SERVICES
Total Account Number 20253100				LEGAL SERVICES			9,849.68	
05/31/2012	2012	011	107813972	20259100	067A	4544540000	2,982.00	
05/30/2012	2012	011	1904459641	20259100	067A	4544540000	140.00	OTHER PROF SERVICES
Total Account Number 20259100				OTHER PROFESSIONAL SERVICES			3,122.00	
05/01/2012	2012	011	107789812	20291000	067A	4544540000	138.50	May 2012 Countywide IT Alloc
Total Account Number 20291000				COUNTYWIDE IT SERVICES			138.50	
05/31/2012	2012	011	107813497	20291100	067A	4544540000	475.20	
Total Account Number 20291100				SYSTEMS DEVELOPMENT SERVICES			475.20	
05/31/2012	2012	011	107813516	20291200	067A	4544540000	4.40	
Total Account Number 20291200				SYSTEMS DEVELOPMENT SUPPLIES			4.40	
05/01/2012	2012	011	107789816	20291600	067A	4544540000	371.75	May 2012 WAN Allocation
Total Account Number 20291600				WAN Costs			371.75	
05/29/2012	2012	011	107807515	20292300	067A	4544540000	226.00	Per. 11 - Messenger Services
Total Account Number 20292300				GS MESSENGER SERVICES			226.00	
05/02/2012	2012	011	1904437660	20294300	067A	4544540000	3,859.78	LEASED PROP
05/02/2012	2012	011	1904437661	20294300	067A	4544540000	3,859.78	LEASED PROP
05/30/2012	2012	011	1904459644	20294300	067A	4544540000	25.00	LEASED PROP
05/30/2012	2012	011	1904459647	20294300	067A	4544540000	3,859.78	LEASED PROP
Total Account Number 20294300				LEASED PROPERTY USE CHARGESGS			11,604.34	

Report: ZF_SL_SPEC_DIST
UserID: 1009726
System: PRD/020

Split Ledger Line Item Report
067A LOCAL AGENCY FORMATI
Period: 011 Fiscal Year: 2012

Date: 06/12/2012
Time: 13:00:34
Page: 4

Date	Year	Per	Document #	G/L Acct	BA	Cost Ctr	Amount	Text
05/23/2012	2012	011	107805708	20298700	067A	4544540000	189.62	Apr 2012 DTech Telecommunications Charges
Total Account Number 20298700 Telephone Svcs							189.62	

Library : ZSP County of Sacramento Reports
Report group: ZSC8 Balance sheet detail
Report name : ZFP4816E Trial Balance by Business Area

Data selected by: 1009726
Data selected on: 07/06/2012 10:07:11

Fiscal year : 2012
Period : 12 June
Business Area: 067A LOCAL AGENCY FORMATI

Client: 020
Report: ZFP4816E

Business Area: 067A
Period: 12 (June

LOCAL AGENCY FORMAT
) Fiscal Year: 2012

Page: 2 / 2
Report: 4 / 115

Balance Sheet Item	Beginning Balance	Period Debits	Period Credits	Ending Balance
* Cash in Treasury	451,016.86	30,262.50	25,408.56-	455,870.80
* Imprest Cash	40.00			40.00
* Inventory				
* Due from Other Funds Year End				
* Accounts Receivable Year End				
** Total Assets	451,056.86	30,262.50	25,408.56-	455,910.80
* Sales Tax Due				
* Warrants Payable	21,574.33-	20,915.13	17,392.48-	18,051.68-
* Deposit Stale Warrants	643.48-			643.48-
* Claims Payable		17,515.68	17,515.68-	
* Due to Others				
* Suspense Clearing				
* Payroll Clearing	123.20-	553.80	430.60-	
** Total Liabilities	22,341.01-	38,984.61	35,338.76-	18,695.16-
* Reserve Fund Balance	220,933.00-			220,933.00-
* Fund Balance	0.36			0.36
* Revenues and Other Financing Sources	988,034.81-		30,262.50-	1,018,297.31-
* Expenditures/Expenses	671,839.60	21,762.71		693,602.31
* Estimated Revenue	1,335,412.00			1,335,412.00
* Appropriations	1,227,000.00-			1,227,000.00-
* Start of System Clearing				
** Total Equity & Other Accounts	428,715.85-	21,762.71	30,262.50-	437,215.64-
*** Total Liabilities & Equity + Other Accts	451,056.86-	60,747.32	65,601.26-	455,910.80-

Date: 07/05/2012
 Time: 09:15:32
 Period: 012
 Year: 2012

Vendor One Time Vendor	Vendor Name	PA	Per	Doc.no.	Postg date	Reference	Check	Fund Center	Trans. currency	Status
1630	DAILY JOURNAL CORP	067A	012	1904469281	06/11/2012	A2315206		4544540	42.50- USD	closed
1630	DAILY JOURNAL CORP	067A	012	2020981721	06/12/2012		1101458288		42.50 USD	closed
2295	MILLER & OWEN	067A	012	1904488460	06/27/2012	29371		4544540	9,949.76- USD	closed
2295	MILLER & OWEN	067A	012	2021044586	06/28/2012		1101471204		9,949.76 USD	closed
12036	WELLS FARGO BANK	067A	012	1500043321	06/01/2012				123.20 USD	closed
12036	WELLS FARGO BANK	067A	012	1904457893	06/01/2012	MLHD-TAX 5/31/12		4544540	123.20- USD	closed
19687	SPECIAL DISTRICT RISK MGMT AUTHORITY	067A	012	1904488458	06/27/2012	6011SPCSACR6011		4544540	3,859.78- USD	closed
19687	SPECIAL DISTRICT RISK MGMT AUTHORITY	067A	012	2021044442	06/27/2012		1101471094		3,859.78 USD	closed
24181	ULI URBAN LAND INSTITUTE	067A	012	1904459675	06/01/2012	1421232		4544540	225.00- USD	closed
24181	ULI URBAN LAND INSTITUTE	067A	012	2020955025	06/05/2012		1101454430		225.00 USD	closed
37780	DS WATERS OF AMERICA INC	067A	012	1904488455	06/27/2012	4831121060112		4544540	76.11- USD	closed
37780	DS WATERS OF AMERICA INC	067A	012	2021044635	06/28/2012		1101471246		76.11 USD	closed
48634	ENVIRONMENTAL PLANNING PARTNERS INC	067A	012	2021044651	06/28/2012		1101471254		280.00 USD	closed
48634	ENVIRONMENTAL PLANNING PARTNERS INC	067A	012	1904488464	06/27/2012	LAPCI205		4544540	280.00- USD	closed
901287	PETER G BRUNDAGE	067A	012	1904488573	06/27/2012	4540-1202		4544540	541.79- USD	closed
901287	PETER G BRUNDAGE	067A	012	2021044894	06/28/2012		1101471509		541.79 USD	closed
905768	DIANE THORPE	067A	012	2021044928	06/28/2012		1101471543		446.94 USD	closed
905768	DIANE THORPE	067A	012	1904488578	06/27/2012	4540-1203		4544540	446.94- USD	closed
909812	DONALD LOCKHART	067A	012	2021044956	06/28/2012		1101471571		1,970.60 USD	closed
909812	DONALD LOCKHART	067A	012	1904488544	06/27/2012	4540-1201		4544540	1,970.60- USD	closed
Sum of Business Area 067A									0.00 USD	*

Fiscal Year 2012
 From period 1
 To period 12

Fund/Group 067A LOCAL AGENCY FORMATION COMMISSION
 Funds Center/Group 4544540 LAFCO DISTRICT
 Budget Version 0

Commitment Item	Budget	Actual-GL	Actual-CO	Actual Total	Encumbrance	Pending	Available	%Consumed
10111000 REGULAR EMPLOYEE	8,300.00	500.00		500.00			7,800.00	6.02
10112400 COMMITTEE MEMBER		3,500.00		3,500.00			3,500.00-	
10122000 OASDI	1,200.00	306.00		306.00			894.00	25.50
* 10 - SALARIES AND EMPLOYEE	9,500.00	4,306.00		4,306.00			5,194.00	45.33
20200500 ADVERTISING	7,500.00	813.90		813.90			6,686.10	10.85
20202200 BOOKS/PER SUP	2,000.00	368.00		368.00			1,632.00	18.40
20202900 BUS/CONFERENCE E	12,000.00	10,650.18		10,650.18			1,349.82	88.75
20203500 ED/TRAINING SVC	2,200.00						2,200.00	
20203900 EMP TRANSPORTATI								
20205200 INS PREMIUM	7,000.00	4,895.56		4,895.56			2,104.44	69.94
20206100 MEMBERSHIP DUES	7,250.00	8,723.00		8,723.00			1,473.00-	120.32
20207600 OFFICE SUPPLIES	8,000.00	3,225.50		3,225.50			4,774.50	40.32
20208100 POSTAL SVC	5,000.00	500.00		500.00			4,500.00	10.00
20227500 RENT/LEASE EQ	18,000.00	11,380.22		11,380.22			6,619.78	63.22
20227504 MISCELLANEOUS		617.96		617.96			617.96-	
20250500 ACCOUNTING SVC								
20253100 LEGAL SVC	60,000.00	132,444.57		132,444.57			72,444.57-	220.74
20254100 PERSONNEL SVC								
20259100 OTHER PROF SVC	973,100.00	441,756.21		441,756.21	1,018.00		530,325.79	45.50
20281200 DATA PROCESSING		583.08		583.08			583.08-	
20291000 COUNTYWIDE IT SV	1,700.00	1,666.00		1,666.00			34.00	98.00
20291100 SYSTEM DEV SVC	17,000.00	14,815.00		14,815.00	1,543.00		642.00	96.22
20291200 SYSTEM DEV SUP		321.80		321.80	0.20		322.00-	
20291600 WAN ALLOCATION	4,500.00	4,451.00		4,451.00			49.00	98.91
20291700 ALARM SERVICES								
20292100 GS PRINTING SVC	2,250.00						2,250.00	
20292300 GS MESSENGER SVC		2,825.00		2,825.00			2,825.00-	
20292600 GS STORE CHARGES	1,000.00	923.13		923.13			76.87	92.31
20293400 PUBLIC WORKS SVS								
20294300 LEASED PROP USE	48,500.00	45,777.02		45,777.02	6.00		2,716.98	94.40
20298700 TELEPHONE SVC	4,000.00	2,559.18		2,559.18			1,440.82	63.98
* 20 - SERVICES AND SUPPLIES	1,181,000.00	689,296.31		689,296.31	2,567.20		489,136.49	58.58
79790100 CONTINGENCY APER		36,500.00		36,500.00			36,500.00	
* 79 - Appropriation for Con		36,500.00		36,500.00			36,500.00	
** Expenditure accounts	1,227,000.00	693,602.31		693,602.31	2,567.20		530,830.49	56.74
94941000 INTEREST INCOME	5,000.00-	1,462.00-		1,462.00-			3,538.00-	29.24
* 94 - REVENUE FROM USE OF M	5,000.00-	1,462.00-		1,462.00-			3,538.00-	29.24
96969900 SVC FEES OTHER	415,079.00-	88,466.31-		88,466.31-			326,612.69-	21.31
* 96 - CHARGES FOR SERVICES	415,079.00-	88,466.31-		88,466.31-			326,612.69-	21.31
97979000 MISC OTHER	915,333.00-	928,369.00-		928,369.00-			13,036.00	101.42
* 97 - MISCELLANEOUS REVENUE	915,333.00-	928,369.00-		928,369.00-			13,036.00	101.42
** REVENUE ACCOUNTS	1,335,412.00-	1,018,297.31-		1,018,297.31-			317,114.69-	76.25
*** Total	108,412.00-	324,695.00-		324,695.00-	2,567.20		213,715.80	297.13

Report: ZF_SL_SPEC_DIST
 UserID: 1009726
 System: PRD/020

Split Ledger Line Item Report
 067A LOCAL AGENCY FORMATI
 Period: 012 Fiscal Year: 2012

Date: 07/05/2012
 Time: 09:13:56
 Page: 1

Date	Year	Per	Document #	G/L Acct	BA	Cost Ctr	Amount	Text
06/19/2012	2012	012	1300464030	101000	067A		2,372.00	
06/19/2012	2012	012	1300464031	101000	067A		27,890.50	
Total Account Number 101000 CASH IN TREASURY-DP							30,262.50	
06/01/2012	2012	012	1500043321	101200	067A		123.20-	
Total Account Number 101200 CASH IN TREASURY-WIRE TRANSFERS							123.20-	
06/01/2012	2012	012	2020951965	101500	067A		9,849.68-	
06/01/2012	2012	012	2020952472	101500	067A		5,819.40-	
06/04/2012	2012	012	2020956494	101500	067A		140.00-	
06/05/2012	2012	012	2020964038	101500	067A		723.38-	
06/05/2012	2012	012	2020964052	101500	067A		126.13-	
06/06/2012	2012	012	2020970949	101500	067A		22.17-	
06/06/2012	2012	012	2020971063	101500	067A		3,884.78-	
06/08/2012	2012	012	2020979345	101500	067A		82.09-	
06/11/2012	2012	012	2020982580	101500	067A		225.00-	
06/15/2012	2012	012	2021004125	101500	067A		42.50-	
Total Account Number 101500 PAID WARRANTS RECONCILIATION (IN							20,915.13-	
06/01/2012	2012	012	107825339	109000	067A		138.50-	
06/01/2012	2012	012	107825343	109000	067A		371.75-	
06/27/2012	2012	012	107832789	109000	067A		248.60-	
06/26/2012	2012	012	107832920	109000	067A		185.48-	
06/30/2012	2012	012	107837486	109000	067A		3,267.00-	
06/30/2012	2012	012	107837507	109000	067A		4.40-	
06/30/2012	2012	012	107837521	109000	067A		154.50-	
Total Account Number 109000 CASH IN TREAS-SPL							4,370.23-	
06/01/2012	2012	012	2020951965	5100000	067A		9,849.68	
06/01/2012	2012	012	2020952472	5100000	067A		5,819.40	
06/05/2012	2012	012	2020955025	5100000	067A		225.00-	
06/04/2012	2012	012	2020956494	5100000	067A		140.00	
06/05/2012	2012	012	2020964038	5100000	067A		723.38	
06/05/2012	2012	012	2020964052	5100000	067A		126.13	
06/06/2012	2012	012	2020970949	5100000	067A		22.17	
06/06/2012	2012	012	2020971063	5100000	067A		3,884.78	
06/08/2012	2012	012	2020979345	5100000	067A		82.09	
06/12/2012	2012	012	2020981721	5100000	067A		42.50-	
06/11/2012	2012	012	2020982580	5100000	067A		225.00	
06/15/2012	2012	012	2021004125	5100000	067A		42.50	
06/27/2012	2012	012	2021044442	5100000	067A		3,859.78-	
06/28/2012	2012	012	2021044586	5100000	067A		9,949.76-	
06/28/2012	2012	012	2021044635	5100000	067A		76.11-	
06/28/2012	2012	012	2021044651	5100000	067A		280.00-	
06/28/2012	2012	012	2021044894	5100000	067A		541.79-	
06/28/2012	2012	012	2021044928	5100000	067A		446.94-	
06/28/2012	2012	012	2021044956	5100000	067A		1,970.60-	
Total Account Number 5100000 WARRANTS PAYABLE							3,522.65	
06/01/2012	2012	012	1500043321	5150000	067A		123.20	
06/01/2012	2012	012	1904457893	5150000	067A		123.20-	MLBD - TAX 05/31/2012
06/01/2012	2012	012	1904459675	5150000	067A		225.00-	*SAC LAFCO 2877871
06/11/2012	2012	012	1904469281	5150000	067A		42.50-	*SAC LAFCO; 1124105243
06/27/2012	2012	012	1904488455	5150000	067A		76.11-	*FAIR OAKS CEMETERY; 27296554831121

Date	Year	Per	Document #	G/L Acct	BA	Cost Ctr	Amount	Text
06/27/2012	2012	012	1904488458	5150000	067A		3,859.78-	*SAC LAFCO; 27296554831121
06/27/2012	2012	012	1904488460	5150000	067A		9,949.76-	*SAC LAFCO; SA1111
06/27/2012	2012	012	1904488464	5150000	067A		280.00-	*SAC LAFCO; MAY12/ 916-874-6458
06/27/2012	2012	012	1904488544	5150000	067A		1,970.60-	*TRVL REIMB 4540-1201 LOS ANGELES 041712
06/27/2012	2012	012	1904488573	5150000	067A		541.79-	*TRVL REIMB 4540-1202 MURPHYS 042712
06/27/2012	2012	012	1904488578	5150000	067A		446.94-	*TRVL REIMB 4540-1203 MURPHYS 042712
06/05/2012	2012	012	2020955025	5150000	067A		225.00	
06/12/2012	2012	012	2020981721	5150000	067A		42.50	
06/27/2012	2012	012	2021044442	5150000	067A		3,859.78	
06/28/2012	2012	012	2021044586	5150000	067A		9,949.76	
06/28/2012	2012	012	2021044635	5150000	067A		76.11	
06/28/2012	2012	012	2021044651	5150000	067A		280.00	
06/28/2012	2012	012	2021044894	5150000	067A		541.79	
06/28/2012	2012	012	2021044928	5150000	067A		446.94	
06/28/2012	2012	012	2021044956	5150000	067A		1,970.60	
Total Account Number 5150000 CLAIMS PAYABLE							0.00	
06/01/2012	2012	012	107815861	8025400	067A		430.60-	
06/01/2012	2012	012	107815861	8025400	067A		430.60	
06/01/2012	2012	012	1904457893	8025400	067A	4544540000	123.20	95 TAX
Total Account Number 8025400 SD (HUMANIC) PAYROLL CLEARING							123.20	
06/11/2012	2012	012	1904469281	20200500	067A	4544540000	42.50	ADV
Total Account Number 20200500 ADVERTISING/LEGAL NOTICES							42.50	
06/27/2012	2012	012	1904488544	20202900	067A	4544540000	1,970.60	
06/27/2012	2012	012	1904488573	20202900	067A	4544540000	541.79	
06/27/2012	2012	012	1904488578	20202900	067A	4544540000	446.94	
Total Account Number 20202900 BUSINESS/CONFERENCE EXPENSE							2,959.33	
06/01/2012	2012	012	1904459675	20206100	067A	4544540000	225.00	MEMBERSHIP DUES
Total Account Number 20206100 MEMBERSHIP DUES							225.00	
06/27/2012	2012	012	1904488455	20207600	067A	4544540000	76.11	
Total Account Number 20207600 OFFICE SUPPLIES							76.11	
06/27/2012	2012	012	1904488460	20253100	067A	4544540000	9,949.76	
Total Account Number 20253100 LEGAL SERVICES							9,949.76	
06/27/2012	2012	012	1904488464	20259100	067A	4544540000	280.00	
Total Account Number 20259100 OTHER PROFESSIONAL SERVICES							280.00	
06/01/2012	2012	012	107825339	20291000	067A	4544540000	138.50	June 2012 Countywide IT Alloc
Total Account Number 20291000 COUNTYWIDE IT SERVICES							138.50	
06/30/2012	2012	012	107837486	20291100	067A	4544540000	3,267.00	
06/30/2012	2012	012	107837521	20291100	067A	4544540000	154.50	
Total Account Number 20291100 SYSTEMS DEVELOPMENT SERVICES							3,421.50	

Report: ZF SL SPEC_DIST
UserID: 1009726
System: PRD/020

Split Ledger Line Item Report
067A LOCAL AGENCY FORMATI
Period: 012 Fiscal Year: 2012

Date: 07/05/2012
Time: 09:13:56
Page: 3

Date	Year	Per	Document #	G/L Acct	BA	Cost Ctr	Amount	Text
06/30/2012	2012	012	107837507	20291200	067A	4544540000	4.40	
Total Account Number 20291200							4.40	SYSTEMS DEVELOPMENT SUPPLIES
06/01/2012	2012	012	107825343	20291600	067A	4544540000	371.75	June 2012 WAN Allocation
Total Account Number 20291600							371.75	WAN Costs
06/27/2012	2012	012	107832789	20292300	067A	4544540000	248.60	Per. 12 - Messenger Services
Total Account Number 20292300							248.60	GS MESSENGER SERVICES
06/27/2012	2012	012	1904488458	20294300	067A	4544540000	3,859.78	
Total Account Number 20294300							3,859.78	LEASED PROPERTY USE CHARGESGS
06/26/2012	2012	012	107832920	20298700	067A	4544540000	185.48	May 2012 DTech Telecommunications Charges
Total Account Number 20298700							185.48	Telephone Svcs
06/19/2012	2012	012	1300464030	96969900	067A	4544540000	2,372.00-	
06/19/2012	2012	012	1300464031	96969900	067A	4544540000	27,890.50-	
Total Account Number 96969900							30,262.50-	SVC FEES OTHER

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street #100
Sacramento, California 95814
(916) 874-7458

August 1, 2012

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Legislative Update

CONTACT: Don Lockhart, AICP, Assistant Executive Officer (916) 874-2937

RECOMMENDATION

No action is recommended.

BACKGROUND

This memo is part of the ongoing effort to keep your Commission informed regarding various legislative matters.

PENDING LEGISLATION

AB 2238 (**Perea D**) Public water systems: drinking water.

Current Text: Amended: 6/25/2012

Introduced: 2/24/2012

Last Amended: 6/25/2012

Status: 7/3/2012-From committee: Do pass and re-refer to Com. on APPR. (Ayes 7. Noes 0.) (July 2).
Re-referred to Com. on APPR.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House			2nd House				Conc.				

Calendar:

8/6/2012 11 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, KEHOE, Chair

Summary:

Current law , the Safe Drinking Water State Revolving Fund Law of 1997, requires the State Department of Public Health to administer programs to fund specified projects for public water systems that will enable suppliers to meet safe drinking water standards . This bill would require the department to take specified actions in considering an application for funding pursuant to these provisions, including, but not limited to, reviewing and considering the determinations and recommendations made by the affected local agency formation commission within the previous 5 calendar years in certain specified studies.

Attachments:

[CALAFCO Support Letter - June 2012](#)

Position: Support

Subject: Water, Municipal Services

CALAFCO Comments: This bill has been significantly amended to address the concerns raised by CALAFCO. The requirements for LAFCo to conduct reorganization studies in all water and wastewater MSRs has been entirely removed. There are no mandates or requirements for LAFCo in the June amended bill. The bill now would require local water agencies which receive grants for a feasibility study to consider reorganization and efficiency recommendations in a LAFCo MSR, SOI update or special study in that study. It also requires the Department of Public Health to consult with the LAFCo prior to issuing infrastructure grants to ensure alternative delivery options identified by a LAFCo were considered in the feasibility study.

AB 2624 (**Smyth** R) Sustainable communities.

Current Text: Introduced: 2/24/2012

Introduced: 2/24/2012

Status: 6/25/2012-In committee: Placed on APPR. suspense file.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

Summary:

The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, an initiative measure approved by the voters at the November 7, 2006, statewide general election makes about \$5,400,000,000 in bond funds available for safe drinking water, water quality and supply, flood control, natural resource protection, and park improvements. Current law establishes the Strategic Growth Council and appropriated \$500,000 from the funding provided by the initiative to the Natural Resources Agency to support the council and its activities. The council is required to manage and award grants and loans to a council of governments, metropolitan planning organization, regional transportation planning agency, city, county, or joint powers authority for the purpose of developing, adopting, and implementing a regional plan or other planning instrument to support the planning and development of sustainable communities. This bill would make a local agency formation commission eligible for the award of financial assistance for those planning purposes.

Position: Support

Subject: Sustainable Community Plans

CALAFCO Comments: Makes LAFCo an eligible agency to apply for Strategic Growth Council grants. Sponsored by CALAFCO.

AB 2698 (Committee on Local Government) Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Current Text: Chaptered: 7/9/2012

Introduced: 3/21/2012

Last Amended: 6/6/2012

Status: 7/9/2012-Chaptered by the Secretary of State, Chapter Number 62, Statutes of 2012

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

Summary:

Current law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, sets forth the powers and duties of a local agency formation commission, including, among others, the power to approve the annexation of a contiguous disadvantaged community, under specified circumstances. Current law provides that an application to annex a contiguous disadvantaged community is not required if a commission finds that a majority of the residents within the affected territory are opposed to annexation. This bill would provide that an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the registered voters within the affected territory are opposed to annexation. This bill contains other related provisions and other current laws.

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: CALAFCO-sponsored annual CKH Omnibus bill. Amended on April 30th to include CALAFCO protest provision and waiver of notice and hearing language.

[AB 2208](#) (Perea D) Drinking water.

Current Text: Amended: 6/12/2012

Introduced: 2/23/2012

Last Amended: 6/12/2012

Status: 7/5/2012-Read second time. Ordered to consent calendar. Ordered to inactive file at the request of Senator Simitian.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House							

Summary:

Current law, the California Safe Drinking Water Act, requires the State Department of Public Health to administer provisions relating to the regulation of drinking water to protect public health. Current law, the Safe Drinking Water State Revolving Fund Law of 1997, establishes the Safe Drinking Water State Revolving Fund, which is continuously appropriated to the department for the provision of grants and revolving fund loans for the design and construction of projects for public water systems that will enable suppliers to meet safe drinking water standards. Current law prohibits the department from approving applications for this funding unless the department determines the proposed study or project meets specified criteria. This bill would authorize the department , with the consent of the applicants, to combine proposed studies and projects from multiple applicants.

Position: Watch

Subject: Water

CALAFCO Comments: While currently this bill does not directly affect LAFcos it is sponsored by the same people at AB 2238 (CRLA) and is in many ways tied to that bill. The current amendments do affect water and wastewater agencies which may be of concern to LAFcos and CALAFCO. It is also likely this bill will be significantly amended but at this time we don't know where it is going.

[ACA 17](#) (Logue R) State-mandated local programs.

Current Text: Introduced: 2/15/2011

Introduced: 2/15/2011

Status: 4/14/2011-Referred to Com. on L. GOV.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House							

Summary:

Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, the state is required to provide a subvention of funds to reimburse the local government. With regard to certain mandates imposed on a city, county, city and county, or special district that have been determine to be payable, the Legislature is required either to appropriate, in the annual Budget Act, the full payable amount of the mandate, determined as specified, or to suspend the operation of the mandate for the fiscal year. The California Constitution provides that the Legislature is not required to appropriate funds for specified mandates.

Position: None at this time

Subject: LAFCo Administration

CALAFCO Comments: Changes state mandate law in a proposed constitutional amendment. Included is specific language that releases mandate responsibility if the local agency can change an individual or

applicant for the cost of providing the mandated service. Would likely exempt some mandates to LAFCo from state funding.

SB 46 (Correa D) Public officials: compensation disclosure.

Current Text: Amended: 6/2/2011

Introduced: 12/9/2010

Last Amended: 6/2/2011

Status: 8/22/2011-In Assembly. Read first time. Held at Desk.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
Dead	1st House			2nd House								

Summary:

Current provisions of the Political Reform Act of 1974 require certain persons employed by agencies to file annually a written statement of the economic interests they possess during specified periods. The act requires that state agencies promulgate a conflict of interest code that must contain, among other topics, provisions that require designated employees to file statements disclosing reportable investments, business positions, interests in real property, and income. The act requires that every report and statement filed pursuant to the act is a public record and is open to public inspection. This bill would, commencing on January 1, 2013, and continuing until January 1, 2019, require every designated employee and other person, except a candidate for public office, who is required to file a statement of economic interests to include, as a part of that filing, a compensation disclosure form that provides compensation information for the preceding calendar year, as specified. This bill contains other related provisions and other current laws.

Position: Oppose

Subject: LAFCo Administration

CALAFCO Comments: Similar to a 2010 bill, this would require all those who file a Form 700 to also file an extensive compensation and reimbursement disclosure report. Would require all local agencies, including LAFCo, to annually post the forms on their website.

SB 1090 (Committee on Governance and Finance) Local government: omnibus bill.

Current Text: Amended: 6/15/2012

Introduced: 2/15/2012

Last Amended: 6/15/2012

Status: 6/27/2012-From committee: Do pass and re-refer to Com. on APPR. with recommendation: To consent calendar. (Ayes 9. Noes 0.) (June 27). Re-referred to Com. on APPR.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
Dead	1st House			2nd House								

Summary:

Current law requires the Controller to compile and publish reports of the financial transactions of each county, city, and special district within this state, together with any other matter he or she deems of public interest. Current law requires the Controller to annually publish reports of the financial transactions of each school district within this state, together with any other matter he or she deems of public interest. This bill would require the Controller to publish the annual reports of the financial transactions of each school district on the Internet Web site of the Controller. This bill contains other related provisions and other current laws.

Position: None at this time

CALAFCO Comments: Senate Omnibus bill. At this time it does not contain any LAFCo-related legislation.

Agenda Item No. 5

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

*1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458*

August 1, 2012

TO: Sacramento Local Agency Formation Commission
FROM: Peter Brundage, Executive Officer
RE: **Rio Linda/Elverta Community Water District – Draft
Municipal Service Review – Report Back (LAFC 07-10)**

RECOMMENDATION

Receive and file status report.

Overall the District continues to provide adequate water service to the community and progress is being made to address the water supply and water quality issues. The following summarizes the significant issues and concerns that continue to exist:

1. Difficulty related to Board meetings;
2. Minimal cash flow to build up a financial reserve;
3. Litigation and related legal costs; and
4. No insurance coverage for “employment practices”.

DISCUSSION

This report summarizes the actions, developments, and events related to the Rio Linda Elverta Community Water District that have occurred since June 6, 2012.

I. Board of Directors

No items to report.

II. Progress of Well and Pipeline Construction

Well No. 15

The District has completed drilling Well No. 15 and completed construction of the pipeline. The pump building has recently been completed. The access road and fence have been constructed. The pump has been installed. Fees have been paid to SMUD to install the electrical service. It is anticipated that all work and the well will be on line by October, 2012.

Well No. 14

The District has completed drilling the test well. The California Department of Water Resources has taken water samples to determine the water quality. The District will be meeting with the CDPH to review options. The test samples indicate that this well exceeds the arsenic levels permitted by regulatory agencies.

The District has three options: 1) treat this well or the previously constructed well for arsenic, 2) construct a storage facility, or 3) investigate other locations for possible well sites. The District needs approval from CDPH to amend the scope of work for the funding agreement. The Board of Directors has not taken any action on any of the options. The preferred option of the District Engineer and General Manager would be to use the first well which produces about 2,000 gpm and treat the water for arsenic.

Well No. 3

Repairs have been made to Well No. 3 in order to place this well into production. Water samples have been taken for testing to determine if this well can be used. This well can produce approximately 600 gpm.

III. Status of CDPH Compliance Orders

The water quality and quantity continue to be satisfactory. Water pressure is subject to variation because of leaks and equipment failures. However, generally, water pressures remain adequate and comply with CDPH standards.

The District has satisfied one of the Compliance Orders issued by the CDPH related to reporting requirements and staffing plans. The first Compliance Order related to water supply and capacity has not been satisfied because well construction is not complete.

IV. Sacramento Suburban Water District Interconnection

No changes in the operation or status of the intertie with Sacramento Suburban Water District. RLECWD and Sacramento Suburban Water District renewed this Agreement during March, 2012. This intertie operates only if water pressure drops below 30 psi. The District has used approximately 100,000 gallons. The District produces about 60 million gallons per month.

V. Status of District Operations

District Financial Condition

No significant changes in the overall financial situation of the District. Cash Flow remains tight. Accounts Payables **are not** current and the District is operating at a loss or in the “red” for last several months. The financial condition of the District is not improving and is actually beginning to erode at an increasing rate. The General Manger will be recommending that the Board impose a rate hike. The District approved a rate increase pursuant to Proposition 218 but did not increase rates to the maximum level. The Board can increase rates to the maximum amount by Resolution.

It appears that the Board is reluctant to raise rates to meet the on-going financial needs of the District. This could result in bankruptcy or Receivership proceedings

The FY 2010-11 financial audit is complete. A copy of the audit is attached. Note “J” in the Audit Report indicates that the Auditor’s express concern regarding the District’s continued operations as a “going concern” because it continues to operate at a loss. The Auditor has indicated that the District needs to raise rates and impose a standby charge to ensure adequate revenue for operations and capital improvement programs.

The FY 2011-12 audit will commence in August.

Staffing and Employee Relations

The Board of Directors no longer permits employees to take home District vehicles for on call emergencies. This has had a negative impact on employee morale.

Urban Water Management Plan

The UWMP is in progress and should be complete by August/September 2012.

Liability Insurance

The Association of California Water Agencies (ACWA) has extended the District’s liability coverage for a 6 month period; however, this amended policy does not cover “employment practices”. The District has not been able to get coverage for this

exclusion. The General Manager has contacted ten (10) carriers. This could be a significant issue

District Operations

The General Manager's report for June 9, 2012 to July 3, 2012 is attached highlighting the status of various district operations.

Pending Litigation as of July 16, 2012

Currently, the pending litigation is set forth as follows:

- 1.) CONFERENCE WITH GENERAL COUNSEL & JPIA COUNSEL - PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE - The Board of Directors will meet in closed session pursuant to Government Code § 54957(b)(1).
- 2.) CONFERENCE WITH GENERAL COUNSEL & JPIA COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending Litigation - Liz Myers - Federal Case CIV S-11-02671 EFB.
- 3.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending Litigation - Joseph Sherrill. Sac. Superior Court Case # 34-2011-00103481.
- 4.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending Litigation - Joseph Sherrill. Sac. Superior Court Case # 34-2012-8000-1135.
- 5.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending Litigation - Liz Myers – Fair Employment and Housing Matter.
- 6.) CONFERENCE WITH GENERAL COUNSEL – PENDING LITIGATION - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a) (Teamsters Local 150 v. RLECWD, PERB case # SA-CE-736M).
- 7.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(b)(3)(C). Potential Litigation - Joseph Sherrill.
- 8.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending Litigation - Joseph Sherrill, Unemployment Insurance Hearing Case #'s 4194600 and 4194601.

9.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a) Superior Case # 05CS01365 – Michael Phelan.

10.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending/Potential Litigation. Cal OSHA v. RLECWD - Docket #R2D1-2288 to 2290).

VI. Summary of Issues

Overall the District is providing adequate water service to the community and progress is being made to address the water supply capacity issue. However, there are several concerns that continue to exist:

1. Difficulty related to Board meetings;
2. Minimal cash flow to build up a financial reserve and meet current expenses;
3. Litigation and related legal costs; and
4. No liability insurance for “employment practices”.

VII. LAFCo Actions

At the request of Sacramento Suburban Water District, I attended their Board Meeting to give a status report on Rio Linda Elverta Community Water District. At the meeting I was requested to set up a meeting with the President and General Manager of RLECWD and the President and General Manger of Sacramento Suburban Water District. The meeting was held on June 26, 2012.

The purpose of the meeting was to introduce the Board President’s and provide an update of the current status of operations. A number of issues were discussed. It was acknowledged that progress has been made to address operational issues. Rob Roscoe expressed concerns regarding funding a capital improvement program for annual pipeline replacement and Jerry Trautman expressed concerns about high legal bills and its impact on the overall financial condition of the District.

In addition, Mary Henrici expressed concerns about not being able to get liability insurance coverage for “employment practices” and the potential exposure for the District.

It was a good meeting and it was agreed that it may be beneficial to meet after the election in November.

Also, on June 27, 2012, Mary Henrici, Jerry Trautman, and Cathy Hood met with Commission Counsel and LAFCo staff to discuss what could be done to minimize legal expenses. Jerry Trautman's report is attached. Legal expenses have been running \$40,000 to 60,000 per month. While a number of solutions were suggested and discussed it appears that based on the District's contract for legal services, the District does not have any ability to control its legal expenses and the District probably cannot terminate the contract because there is a significant cost to the District.

VIII. Next Steps

LAFCo staff will continue to work with CDPH and the District to monitor the situation. We will keep the Commission informed.

Respectfully Submitted;

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION



Peter Brundage,
Executive Officer

cc: Board of Directors and General Manager RLECWD
California Department of Public Health
Sacramento Grand Jury

Attachments



RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT

730 L Street
PO Box 400
Rio Linda, Ca 95673
Office (916)991-1000
Fax (916)991-6616

Board of Directors Regular Meeting

Monday, July 16, 2012

Meeting will begin at 6:30 pm
Open Session to begin at 7:30 pm

Meeting Location:
Visitor's / Depot Center
6730 Front St
Rio Linda, CA 95673

The next Regular Meeting is scheduled for
Monday, August 20, 2012
at 6730 Front Street, Rio Linda

It is the intent of the Board that meetings shall remain as informal as reasonably possible consistent with the business needs of the District. The Board President or a majority of the Board may invoke formal proceedings pursuant to Robert's Rules of Order should action be deemed necessary. The Board may discuss and take action on any item listed on this agenda including items listed as information items. The Board may also listen to other items that do not appear on this agenda, but the board will not discuss or take any action on those items, except for items determined by the Board pursuant to state law to be of an emergency or urgent nature requiring immediate action. Copies of the agenda are posted at the Community Center, the District Office and on the District's Web Site at <http://www.RLECWD.com>. All documents relating to items listed on this agenda are available for public inspection at the District office: 730 L Street, Rio Linda, California. The public will be given the opportunity to directly address the Board on each listed item during the Boards consideration of that item. An opportunity for public comment on other items within the jurisdiction of the Board is offered under the item "Public Comment" and such comments are welcomed. Reasonable time limitations may be imposed on each speaker by the Board President. The Board may address any items in any order as approved by the Board.

Upon request, agendas and documents in the agenda packet will be made available in appropriate alternative formats to persons with a disability, as required by law. Any such request must be made in writing to the Rio Linda/Elverta Community Water District, 730 L Street, or P.O. Box 400, Rio Linda, CA 95673. Requests will be valid for the calendar year in which the request is received and must be renewed prior to January 1st of the next year. Persons needing disability-related modifications or accommodations in order to participate in public meetings, including persons requiring auxiliary aids or services, may request such modifications or accommodations by calling the Rio Linda/Elverta Community Water District at (916) 991-1000 at least 48 hours prior to the meeting.

Rio Linda / Elverta Community Water District, Board of Directors

Jerry Trautman, President Frank Caron, Director Vivien Spicer-Johnson, Director
Cathy Hood, Vice President Courtney Caron, Director

General Manager/Secretary to the Board
Mary Henrici

CALL TO ORDER AND ROLL CALL	The President will call the meeting to order and take roll.
PLEDGE OF ALLEGIANCE	The President will lead the pledge of allegiance.
ANNOUNCEMENTS	
1. PUBLIC COMMENT FOR CLOSED SESSION	
	Public comment for closed session items only: The public is invited to comment on any item listed on the closed session agenda. Each speaker is limited to 2 minutes.
2. CLOSED SESSION	The Board of Directors will convene to Closed Session to discuss the following items.
CLOSED SESSION	1.) CONFERENCE WITH GENERAL COUNSEL & JPIA COUNSEL - PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE - The Board of Directors will meet in closed session pursuant to Government Code § 54957(b)(1).

<p>CLOSED SESSION (Con't)</p>	<p>2.) CONFERENCE WITH GENERAL COUNSEL & JPIA COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending Litigation - Liz Myers - Federal Case CIV S-11-02671 EFB.</p> <p>3.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending Litigation - Joseph Sherrill. Sac. Superior Court Case # 34-2011-00103481.</p> <p>4.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending Litigation - Joseph Sherrill. Sac. Superior Court Case # 34-2012-8000-1135.</p> <p>5.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending Litigation - Liz Myers - Fair Employment and Housing Matter.</p> <p>6.) CONFERENCE WITH GENERAL COUNSEL - PENDING LITIGATION - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a) (Teamsters Local 150 v. RLECWD, PERB case # SA-CE-736M).</p> <p>7.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(b)(3)(C). Potential Litigation - Joseph Sherrill.</p> <p>8.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending Litigation - Joseph Sherrill, Unemployment Insurance Hearing Case #'s 4194600 and 4194601.</p> <p>9.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a) Superior Case # 05CS01365 - Michael Phelan.</p> <p>10.) CONFERENCE WITH GENERAL COUNSEL - The Board of Directors will meet in closed session pursuant to Government Code § 54956.9(a). Pending/Potential Litigation. Cal OSHA v. RLECWD - Docket #R2D1-2288 to 2290).</p>
<p>Reconvene Open Session</p>	<p>The President will reconvene the open session of the meeting.</p>
<p>Announcements from Closed Session</p>	<p>The President will report on any actions taken in closed session. Including any motion or resolution required as a result of closed session discussions.</p>
<p>PUBLIC COMMENT</p>	<p>Members of the public are invited to speak to the Board regarding items within the subject matter jurisdiction of the District that are not on the agenda or items on the consent agenda. Each speaker may address the Board once under Public Comment for a limit of 2 minutes. (Policy Manual § 2.01.160) The Board cannot act on items not listed on the agenda and, therefore the Board cannot respond to non-agenda issues raised during Public Comment other than to provide general information.</p>

Monday, July 16, 2012

3. CONSENT CALENDAR	The Board will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any Board member, staff or interested person requests that an item be removed from the Consent Items, it will be considered with the action items.
A. MINUTES: 1.) June 18, 2012, Regular Meeting	The Board will review and approve minutes of previous meetings.
B. EXPENDITURES: 1.) Operations Expenditures 2.) Capital Improvement Expenditures 3.) SRF Expenditures 4.) Security Deposits	The Board will review and approve the expenditures since the meeting of June 18, 2012.
C. CREDIT CARD ACTIVITY:	The Board will review and approve the credit card activity since the meeting of June 18, 2012.
4. ITEMS FOR DISCUSSION AND ACTION	
1. 2010-2011 FY Audit Requested by G.M., Mary Henrici	The Board will discuss and approve the 2010-2011 FY Audit.
2. Change August Meeting Date Requested by G.M., Mary Henrici	The Board will discuss changing the August meeting date to August 13, 2012.
3. Change Order #2 for Well #15 Requested by Sara Rogers	The Board will receive additional information on Well #15 Change Order #2. This is a no cost change order. The Board will approve the change order.
4. Settlement Agreement and Release with Mary Harris Requested by G.M., Mary Henrici	The Board will discuss and possibly approve the settlement agreement and release with Mary Harris for legal fees.
5. Well #14, Monitoring Well Test Results Requested by Sara Rogers	The Board will be asked for direction on how to proceed with the project.
6. Resolution 2012-12 for Accounting Policies a.) District Investment Policy b.) Operating & Reserve Policy c.) Whistle Blower / Conflict of Interest Requested by G.M., Mary Henrici	The Board will discuss and approve Resolution 2012-12 accounting policies recommended in the 2009-10 Audit.
7. Resolution 2012-13 Director Responsibilities Requested by G.M., Mary Henrici	The Board will discuss and approve Resolution 2012-13 Director Responsibilities.
8. General Manager Contract Requested by General Counsel, Ravi Mehta	The Board will discuss, review and amend the General Managers contract.
9. Resolution 2012-14 District Vehicle Usage Policy Requested by G.M., Mary Henrici	The Board will discuss and approve Resolution 2012-14 District Vehicle Usage Policy.
10. Urban Water Management Plan (UWMP) Requested by G.M., Mary Henrici	The Board will discuss and determine which method will be used to meet the UWMP the Best Management Practices (BMP'S) requirement.
11. Meeting with LAFCo and Sacramento Suburban Water District Requested by G.M., Mary Henrici	The Board will receive an update regarding a meeting with LAFCo and Sacramento Suburban Water District.

Monday, July 16, 2012

	<p>The Board will receive an update regarding a meeting with LAFCo regarding Legal Costs.</p>
	<p>The Board will discuss the location of Closed Session Memory Chips.</p>
	<p>The Board will discuss and approve the Risk Assessment Policy as recommended by District Auditor.</p>
	<p>The Board will receive proposed solutions to pressure problem and be asked to give directions on how to proceed.</p>
	<p>On or about June of each year the Board will perform their annual review of the General Counsel (GC). The Board is requested to take action on each item listed below separately;</p> <ul style="list-style-type: none">a - Request an amendment of the contract to provide not to exceed an amount of \$20,000/month.b - GC to provide clarification of travel costs.c - Discuss the 2012-13 Legal Budget of \$265,000 and how to control that budget.d - Discuss cost cutting measures including Board action to require attorney to submit cost cutting suggestions.e - Board action instruct attorney that GM is to handle all non-litigation items she feels she is capable of completing (public records request, OSHA, unemployment claims, routine labor matters, construction issues and former employee health insurance).f - GC to create a standard form contract to minimize legal review time.g - GC to provide written proposals on how to end each case and bring to the next Board meeting.h - Request GC to comply with policy 2.05.200 regarding inquiries from Board Members.i - GC to provide name of ethics attorney who reviewed GC current contract and ask for a copy of report provided.j - GC not to be paid for items not authorized to spend time on.
	<p>The Board is requested to take action on each item listed below separately;</p> <ul style="list-style-type: none">a - Board to instruct GM to send only items to attorney she feels she is not capable of handling.b - Request estimates on each new legal item which will be compared to outside attorney costs estimate.c - Board to find pro bono attorneys to help defer costs.d - Board to approve President to communicate directly to public member(s) regarding correct & cure issues.e - Board to curtail Director's contact with attorney except for discussions at Board meetings.f - Board to discuss the necessity of having GC attend all Board meetings. Discuss alternative of having GC attend electronically or retaining a Brown Act Parliamentarian.

Monday, July 16, 2012

5. FINANCIAL REPORTS	DISTRICT FINANCIAL REPORTS
<ul style="list-style-type: none"> a.) Bank Balances - July 2012 b.) Balance Sheet c.) Profit / Loss and Budget Performance d.) SRF Accumulative Costs 	Written reports attached
6. INFORMATION ITEMS	DISTRICT ACTIVITY REPORTS
<ul style="list-style-type: none"> a.) General Manager's Report b.) Water Production Report c.) Report of District Operations d.) Monthly Source Production e.) Monthly Pressure Readings f.) District Engineers Report 	Written reports attached
7. BOARD REPORTS	
<ul style="list-style-type: none"> a.) Regional Water Authority - Trautman, Hood, Henrici b.) Sacramento Groundwater Authority - Johnson c.) LAFCo - F. Caron d.) Other Reports 	Per AB 1234 the Board of Directors will report on their meeting activities.
8. DIRECTORS' AND GENERAL MANAGER COMMENTS	
	Directors' and the General Manager may comment on matters not on the agenda, but no action other than placing the matter on a future agenda for discussion or a report from staff is allowed by the Brown Act.
9. CORRESPONDENCE TO THE BOARD	
	Any letters and correspondence to the Board from the community and other entities.
ADJOURNMENT	The President will adjourn the meeting.

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June 12, 2012

To the Board of Directors
Rio Linda/Elverta Community Water District
Rio Linda, California

We have audited the financial statements of the Rio Linda/Elverta Community Water District (the District) for the year ended June 30, 2011, and have issued our report thereon dated June 12, 2012. Professional standards require that we provide you with 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 engagement letter dated November 4, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. However, the following items related to the application of accounting principles were noted in our prior year audit and still require your attention in the current year. Because of the pervasiveness of these items, we disclaimed our opinion on the financial statements of the District.

- The District was required to implement Government Accounting Standards Board Statement No. 45, which requires that a liability be recorded for healthcare benefits provided to retirees. Because the calculation of the liability is performed by an actuary and the District did not have an actuarial valuation performed, the District has not accrued this liability. The liability could be significant, but the impact could not be determined.
- The District did not perform a physical inventory observation of its supplies inventory, so the amount of inventory reflected as of June 30, 2011 is the same as for June 30, 2010 and for June 30, 2009. Because the District does not have a perpetual inventory system, the inventory balance could not be determined by other means.
- The District has disclosed that there have been allegations of fraud and that investigations by outside organizations are being performed. Because we do not know the outcome of those investigations and the potential impact on the financial statements, this uncertainty is described in the audit opinion.
- Note L of the financial statements refers to the doubt about the District's ability to continue as a going concern, primarily related to the operating losses the District has been experiencing.

We noted no transaction entered into by the District during the year for which there is a lack of authoritative guidance or consensus. We noted several transactions have been recognized in the financial statements in a different period than when the transaction occurred. However, audit adjustments were made to ensure the transactions were recorded 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: depreciable lives and method used to depreciate capital assets and the collectability of receivables. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

The material weaknesses in internal control encountered in completing our audit as documented in the internal control report and the large number of adjustments during the audit process resulted in significant delays and additional time needed to complete the 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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements except one minor amount. The attached schedule summarizes the uncorrected misstatement. Management has determined that the effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Audit adjustments included 33 entries needed to correct balances of the accounts and transactions not reconciled or analyzed prior to the start of our audit. This large number of adjustments indicates that the District's reporting processes and closing procedures need to be strengthened to ensure these types of adjustments are identified and recorded prior to the start of the audit so they do not have a significant effect on the District's financial reporting process. A list of these adjustments is attached.

Disagreements With Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 12, 2012.

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's 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 District and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company

June 12, 2012

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

AUDITED FINANCIAL STATEMENTS

June 30, 2011

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

AUDITED FINANCIAL STATEMENTS

June 30, 2011

TABLE OF CONTENTS

Independent Auditor's Report	1
<u>Basic Financial Statements</u>	
Balance Sheets	3
Statements of Revenues, Expenses and Changes in Net Assets	4
Statements of Cash Flows.....	5
Notes to the Basic Financial Statements.....	7
<u>Other Reports</u>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
Schedule of Findings	19
Schedule of Prior Year Findings.....	20

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rio Linda/Elverta Community Water District
Rio Linda, California

We have audited the accompanying basic financial statements of the Rio Linda/Elverta Community Water District (the District) as of June 30, 2011 and 2010 and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District has not adopted Governmental Accounting Standards Board Statement (GASBS) No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and accordingly has not recorded a liability for post-employment benefits. Accounting principles generally accepted in the United States of America require the liability to be recorded as of June 30, 2010, which would decrease net assets and increase expenses of the District. The amount by which this departure would affect the net assets and expenses of the District is not readily determinable. Disclosures required by generally accepted accounting principles related to the post-employment benefits and related liability has also been omitted.

In addition, the District did not perform a physical inventory at June 30, 2011 and 2010 and, accordingly, has not adjusted the inventory balance since June 30, 2009. We were unable to satisfy ourselves about the inventory quantities by means of other audit procedures.

The District has disclosed that there have been allegations of fraud and that investigations by outside organizations are being performed. The outcome of these investigations is not known.

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note J to the financial statements, the District has suffered recurring losses from operations, which raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note J. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Because of the significance of the matters described in the preceding paragraphs, we are unable to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws,

To the Board of Directors
Rio Linda/Elverta Community Water District

regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements.

Richardson & Company

June 12, 2012

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

BALANCE SHEETS

June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 280,622	\$ 102,720
Accounts receivable	329,629	287,572
Accrued interest receivable	18	309
Inventory	45,894	45,894
Prepaid expenses	18,708	27,708
TOTAL CURRENT ASSETS	<u>674,871</u>	<u>464,203</u>
RESTRICTED ASSETS		
Restricted cash and investments	386,433	251,264
CAPITAL ASSETS, NET		
	8,309,700	8,223,760
OTHER NONCURRENT ASSETS		
Deferred bond issuance costs	173,557	181,641
TOTAL ASSETS	<u>\$ 9,544,561</u>	<u>\$ 9,120,868</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 653,042	\$ 194,130
Accrued salaries and benefits	21,055	36,353
Accrued interest payable	24,719	25,169
Deposits payable	25,922	30,489
Deferred revenue	22,032	22,032
Current portion of compensated absences	15,234	20,182
Current portion of bonds payable	95,000	90,000
TOTAL CURRENT LIABILITIES	<u>857,004</u>	<u>418,355</u>
LONG-TERM LIABILITIES		
Bonds payable	2,698,100	2,754,334
TOTAL LONG-TERM LIABILITIES	<u>2,698,100</u>	<u>2,754,334</u>
TOTAL LIABILITIES	3,555,104	3,172,689
NET ASSETS		
Invested in capital assets, net of related debt	5,516,600	5,357,179
Restricted for debt service	243,329	242,485
Restricted for capital improvements	143,104	8,779
Unrestricted	86,424	339,736
TOTAL NET ASSETS	<u>5,989,457</u>	<u>5,948,179</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,544,561</u>	<u>\$ 9,120,868</u>

The accompanying notes are an integral part of these financial statements.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Water sales	\$ 1,546,497	\$ 1,420,153
Account service charges	136,453	123,907
Other water service fees	2,955	2,180
Other	10,733	10,097
TOTAL OPERATING REVENUES	<u>1,696,638</u>	<u>1,556,337</u>
OPERATING EXPENSES		
Personnel services	698,360	688,774
Professional services	478,968	174,163
Field operations:		
Transmission and distribution	53,781	100,181
Pumping	190,191	176,198
Transportation	16,450	17,695
Treatment	20,198	15,611
Other	168,342	84,655
Conservation	1,896	3,505
Administration	217,313	184,078
Depreciation and amortization	321,697	307,009
TOTAL OPERATING EXPENSES	<u>2,167,196</u>	<u>1,751,869</u>
NET (LOSS) INCOME FROM OPERATIONS	(470,558)	(195,532)
NON-OPERATING (EXPENSES) REVENUES		
Surcharge	462,681	364,204
Interest income	575	1,469
Miscellaneous income	3,319	8,032
Property tax	63,296	63,348
Rental income	69,464	58,859
Lawsuit settlement	102,057	
Interest expense	(186,898)	(216,223)
Other non-operating expenses	(2,658)	(2,066)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>511,836</u>	<u>277,623</u>
CHANGE IN NET ASSETS	41,278	82,091
Net assets, beginning of year	<u>5,948,179</u>	<u>5,866,088</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,989,457</u>	<u>\$ 5,948,179</u>

The accompanying notes are an integral part of these financial statements.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,663,958	\$ 1,557,225
Cash paid to suppliers for goods and services	(679,227)	(686,537)
Cash paid to employees for services	(718,606)	(680,089)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>266,125</u>	<u>190,599</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous income	3,319	8,032
Property taxes received	63,296	63,348
Rental income received	69,464	58,859
Non-operating expense paid	(2,658)	(2,066)
Settlements received	102,057	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>235,478</u>	<u>128,173</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Surcharge received	448,737	334,025
Payments on long-term debt	(90,000)	(85,000)
Purchase and construction of property	(399,553)	(440,334)
Interest paid on long-term debt	(148,582)	(152,288)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(189,398)</u>	<u>(343,597)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	866	2,139
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>866</u>	<u>2,139</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	313,071	(22,686)
Cash and cash equivalents at beginning of year	<u>353,984</u>	<u>376,670</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 667,055</u>	<u>\$ 353,984</u>
Cash and cash equivalents consist of the following:		
Unrestricted	\$ 280,622	\$ 102,720
Restricted	<u>386,433</u>	<u>251,264</u>
	<u>\$ 667,055</u>	<u>\$ 353,984</u>

(Continued)

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
RECONCILIATION OF NET INCOME FROM OPERATIONS TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income from operations	\$ (470,558)	\$ (195,532)
Adjustments to reconcile net income from operations to net cash provided by operating activities:		
Depreciation and amortization	321,697	307,009
Changes in assets and liabilities:		
Accounts receivable	(28,113)	4,278
Prepaid expenses and other assets	9,000	(5,908)
Accounts payable	458,912	75,457
Accrued salaries and benefits	(15,298)	36,090
Deposits payable	(4,567)	(3,390)
Compensated absences	(4,948)	(27,405)
	<u>\$ 266,125</u>	<u>\$ 190,599</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 266,125	\$ 190,599

The accompanying notes are an integral part of these financial statements.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Rio Linda/Elverta Community Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As allowed by the GASB, the District has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989. The more significant of the District's accounting policies are described below.

Reporting Entity: The District was formed on November 9, 1948 and provided water and sewer services. Sewer services were transferred to Sacramento County in 1976. The District no longer provides sewer service. The District currently provides domestic water service and fire flows to approximately 4,610 metered accounts, including procurement, quality, and distribution. The District is governed by a Board of Directors consisting of five directors elected by residents of the District.

Basis of Presentation – Fund Accounting: The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net assets for the enterprise fund represent the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net assets are segregated into amounts invested in capital assets, net of related debt, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Earned but unbilled water services are accrued as revenue.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principle operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits, Local Agency Investment Fund (LAIF), an investment pool managed by the State of California, and money market mutual funds.

Restricted Assets: Certain proceeds of the District's long-term debt are classified as restricted investments on the balance sheet because their use is limited by applicable debt covenants and ordinances. In addition, proceeds from the surcharge levied on customer accounts are restricted for capital improvements.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments: Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool. The District does not have a Board approved Investment Policy.

Inventory: Inventory consists primarily of materials used in the construction and maintenance of the water distribution facilities and is valued on a first-in, first-out basis.

Capital Assets: Capital assets are recorded at historical cost. Donated assets are valued at estimated fair value on the date received. Self-constructed assets are recorded based on the amount of direct labor, material, and certain overhead charged to the asset construction. Depreciation is calculated using the straight-line method over estimated useful lives of 8 to 60 years for transmission and distribution and 3 to 50 years for general plant assets. Depreciation expense in the amount of \$313,613 and \$298,925 was recorded for the years ended June 30, 2011 and 2010, respectively, and is included with depreciation and amortization expense.

Maintenance and repairs are charged to operations when incurred. It is the District's policy to capitalize all capital assets with an initial cost of more than \$1,500 and an estimated useful life in excess of two years. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Accounts Receivable: The District issues water invoices bi-monthly based on meter readings. Delinquent water invoices may have a lien placed on the property. The District does not provide for an allowance for uncollectible accounts due to the lien process.

Bond Premiums and Deferred Bond Issuance Costs: Bond premiums, as well as issuance costs, are deferred and amortized over the lives of the bonds. Long-term liabilities are reported net of the applicable bond premiums. Bond issuance costs are reported as a component of Other Noncurrent Assets.

Deferred Revenues: Deferred revenue represents funds received for future service installation and is recognized as revenue when installations are performed.

Contributed Facilities: The District receives facilities (hydrant, pipes, valves, etc.) from developers resulting from developers preparing the sites to connect to the District. The District records these items as capital assets and depreciates them over their estimated useful life.

Property Taxes: Property tax in California is levied in accordance with Article XIII A of State Constitution at 1% of countywide assessed valuations. The property taxes are placed in a pool and are then allocated to the local governmental units based upon complex formulas. The County of Sacramento is responsible for collection of property tax, and the District recognizes property taxes when received from or collected by the County. Amounts levied but not collected at June 30 (delinquent property taxes) have not been reported since these amounts could not be readily determined.

Compensated Absences: The District has a policy whereby employees can accrue up to a maximum of 240 hours of vacation leave. All accrued vacation leave will be paid to the employee on termination of employment. Accumulated unpaid vacation leave is accrued when earned. The District does not accrue sick leave.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE B – CASH AND INVESTMENTS

Cash and investments as June 30, 2011 and 2010 are classified in the accompanying financial statements as follows:

	2011	2010
Cash and cash equivalents	\$ 280,622	\$ 102,720
Restricted cash and investments	386,433	251,264
Total cash and investments	\$ 667,055	\$ 353,984

Cash and investments as of June 30, 2011 and 2010 consisted of the following:

	2011	2010
Cash on hand	\$ 200	\$ 1,013
Deposits with financial institutions	408,126	95,107
Total cash	408,326	96,120
Investments in Local Agency Investment Fund (LAIF)	15,400	15,379
Held by bond trustee:		
Money market mutual fund	34,608	34,844
LAIF	208,721	207,641
Total investments	258,729	257,864
Total cash and investments	\$ 667,055	\$ 353,984

Investment policy: California statutes authorize districts to invest idle, surplus or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy. During the year ended June 30, 2011, the District's permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Bonds	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
State of California obligations	None	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposits	None	30%	None
Repurchase Agreements	92 days	None	None
Medium Term Corporate Notes	None	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage pass-through securities	5 years	20%	None
LAIF	N/A	None	None

*Excluding amounts held by the bond trustee that are not subject to California Government Code restrictions.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE B – CASH AND INVESTMENTS (Continued)

The District complied with the provisions of the California Government Code pertaining to the types of investments held, the institutions in which deposits were made and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investments Authorized by Debt Agreements: Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The Water Revenues Refunding Bond agreements contain certain provisions that address interest rate risk and credit risk, but not concentration of credit risk.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. All of the District's investments mature within 12 months.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

	Minimum Legal Rating	Total	Ratings as of Year End	
			AAA	Not Rated
LAIF	N/A	\$ 15,400		\$ 15,400
Held by bond trustee:				
Money market mutual fund	N/A	34,608	\$ 33,764	
LAIF	N/A	208,721		208,721
		<u>\$ 258,729</u>	<u>\$ 33,764</u>	<u>\$ 224,121</u>

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE B – CASH AND INVESTMENTS (Continued)

At June 30, 2011, the carrying amount of the District's deposits were \$408,126 and the balances in financial institutions were \$405,389. Of the balance in financial institutions, the entire amount of \$405,389 was covered by federal depository insurance. As of June 30, 2011, District investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

Reported Investment Type	Amount
Money market mutual funds	\$ 34,608
LAIF	208,721

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$66,489,270,508 managed by the State Treasurer. Of that amount, 5.01% is invested in structured notes and asset-back securities. No amounts were invested in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE C – CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2011 and 2010 are as follows:

	Balance July 1, 2010	Additions	Disposals	Adjustments	Balance June 30, 2011
Capital assets not being depreciated:					
Land	\$ 410,723				\$ 410,723
Construction in progress	631,313	\$ 387,769			1,019,082
Total capital assets, not being depreciated	1,042,036	387,769			1,429,805
Capital assets being depreciated:					
Transmission and distribution	11,273,400	11,784			11,285,184
General plant assets	792,013				792,013
Intangible assets	363,185				363,185
Total capital assets, being depreciated	12,428,598	11,784			12,440,382
Less accumulated depreciation for:					
Transmission and distribution	(4,387,197)	(271,823)			(4,659,020)
General plant assets	(693,772)	(29,266)			(723,038)
Intangible assets	(165,905)	(12,524)			(178,429)
Total accumulated depreciation	(5,246,874)	(313,613)			(5,560,487)
Total capital assets, being depreciated, net	7,181,724	(301,829)			6,879,895
Capital assets, net	\$ 8,223,760	\$ 85,940	\$ -	\$ -	\$ 8,309,700

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE C – CAPITAL ASSETS (Continued)

	Balance July 1, 2009	Additions	Disposals	Adjustment	Balance June 30, 2010
Capital assets not being depreciated:					
Land	\$ 410,723				\$ 410,723
Construction in progress	200,975	\$ 430,338			631,313
Total capital assets, not being depreciated	<u>611,698</u>	<u>430,338</u>			<u>1,042,036</u>
Capital assets being depreciated:					
Transmission and distribution	11,273,400				11,273,400
General plan assets	782,017	9,996			792,013
Intangible assets	363,185				363,185
Total capital assets, being depreciated	<u>12,418,602</u>	<u>9,996</u>			<u>12,428,598</u>
Less accumulated depreciation for:					
Transmission and distribution	(4,117,026)	(270,171)			(4,387,197)
General plan assets	(681,894)	(11,878)			(693,772)
Intangible assets	(149,029)	(16,876)			(165,905)
Total accumulated depreciation	<u>(4,947,949)</u>	<u>(298,925)</u>			<u>(5,246,874)</u>
Total capital assets, being depreciated, net	<u>7,470,653</u>	<u>(288,929)</u>			<u>7,181,724</u>
Capital assets, net	<u>\$ 8,082,351</u>	<u>\$ 141,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,223,760</u>

NOTE D – LONG-TERM LIABILITIES

2003 Water Revenue Refunding Bonds: On January 22, 2003, the District issued \$3,970,000 of Water Revenue Refunding Bonds with interest ranging from 3.25% to 4.75%. These 2003 Bonds were issued to finance certain capital improvements to the District's water system. Annual principal payments, ranging from \$95,000 to \$235,000 are due on November 1 through November 1, 2032 and semi-annual interest payments, ranging from \$5,581 to \$74,156 are due on May 1 and November 1 through November 1, 2032.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE D – LONG-TERM LIABILITIES (Continued)

The activity of the District's long-term liabilities during the years ended June 30, 2011 and 2010 was as follows:

	Balance July 1, 2010	Additions	(Reductions)	Balance June 30, 2011	Due Within One Year
2003 Water Revenue Refunding Bonds	\$ 3,400,000		\$ (90,000)	\$ 3,310,000	\$ 95,000
Less: Deferred amount on refunding	(555,666)		38,766	(516,900)	
	<u>2,844,334</u>		<u>(51,234)</u>	<u>2,793,100</u>	<u>95,000</u>
Compensated absences	20,182		(4,948)	15,234	15,234
	<u>\$ 2,864,516</u>	<u>\$ -</u>	<u>\$ (56,182)</u>	<u>\$ 2,808,334</u>	<u>\$ 110,234</u>
	Balance July 1, 2009	Additions	(Reductions)	Balance June 30, 2010	Due Within One Year
2003 Water Revenue Bonds	\$ 3,485,000		\$ (85,000)	\$ 3,400,000	\$ 90,000
Less: Deferred amount on refunding	(594,432)		38,766	(555,666)	
	<u>2,890,568</u>		<u>(46,234)</u>	<u>2,844,334</u>	<u>90,000</u>
Compensated absences	47,587		(27,405)	20,182	20,182
	<u>\$ 2,938,155</u>	<u>\$ -</u>	<u>\$ (73,639)</u>	<u>\$ 2,864,516</u>	<u>\$ 110,182</u>

The advance refunding of the 1999 Certificates of Participation with the 2003 Water Revenue Refunding Bonds resulted in differences between the reacquisition price and the net carrying amount of the outstanding debt of \$854,898 at June 30, 2011 and 2010, net of accumulated amortization of \$337,998 and \$299,232, respectively. This deferred amount on refunding, reported in the accompanying financial statements as a deduction from long-term debt, is being charged to operations over the remaining life of the 2003 Water Revenue Bonds.

The annual requirements to amortize the outstanding debt as of June 30, 2011 are as follows:

For the Year Ended June 30:	2003 Water Revenue Refunding Bonds		
	Principal	Interest	Total
2012	\$ 95,000	\$ 146,769	\$ 241,769
2013	95,000	143,562	238,562
2014	100,000	140,087	240,087
2015	105,000	136,175	241,175
2016	110,000	131,875	241,875
2017-2021	605,000	588,206	1,193,206
2022-2026	765,000	334,044	1,099,044
2027-2031	975,000	229,781	1,204,781
2032-2034	460,000	22,087	482,087
	<u>\$ 3,310,000</u>	<u>\$ 1,872,586</u>	<u>\$ 5,182,586</u>

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE D – LONG-TERM LIABILITIES (Continued)

Pledged Revenue: The District pledged future water system revenues, net of specified expenses, to repay the 2003 Water Revenue Refunding Bonds in the original amount of \$3,970,000. Proceeds of the Bonds funded the acquisition and construction of certain facilities, as indicated above. The Bonds are payable solely from water customer net revenues and are payable through November, 2032. Annual principal and interest payments on the Bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Bonds was \$5,182,586 and \$5,523,250 at June 30, 2011 and 2010, respectively.

Total principal and interest paid on all debt payable from net revenues was \$239,663 and \$237,288 and the total water system net revenues were \$450,474 and \$716,442 for the years ended June 30, 2011 and 2010, respectively. At June 30, 2011 and 2010, the District's net revenues were 188% and 302% of debt service payments, respectively.

NOTE E – ARBITRAGE REBATE LIABILITY

Section 148(f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all "Non-purpose Investments" allocable to "Gross Proceeds" of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at June 30, 2011 and 2010.

NOTE F – NET ASSETS

Restrictions: Restricted net assets consist of constraints placed on net asset use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net assets consisted of the following at June 30:

	2011	2010
Debt service reserve on 2003 Water Revenue Refunding Bonds	\$ 243,329	\$ 242,485
Restricted for capital improvement projects	143,104	8,779
Total restricted net assets	\$ 386,433	\$ 251,264

The restrictions for debt service represent debt service and other reserves required by the related debt covenants. The restriction for capital improvement projects represents surcharges collected under Ordinance No. 2009-03 passed by the Board in May 2009 to fund projects to comply with a State of California Department of Public Health Compliance Order. As of June 30, 2011, the District owes the restricted for capital improvement projects account, \$145,902 from its unrestricted net assets because not all of the surcharge revenues were deposited in this account and certain expenditures were paid out of this account that do not appear to qualify for the use of these funds.

NOTE G – DEFINED BENEFIT PENSION PLAN

Plan description: The District contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. The District participates in the miscellaneous 2% at 55 risk pool. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS require agencies with less than 100 active members in the plan to participate in the risk pool. All full and part-time District

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE G – DEFINED BENEFIT PENSION PLAN (Continued)

employees working at least 1,000 hours per year are eligible to participate in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor times the monthly average salary of their highest twelve consecutive months full-time equivalent monthly pay. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Plan selects optional benefit provisions from the benefit menu by contract with PERS and adopts those benefits through District resolution. PERS issues a separate comprehensive annual financial report. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office - 400 P Street - Sacramento, California 95814.

Funding policy: Active plan members were required to contribute 7% of their annual covered salary. The District made contributions required of District employees on their behalf and for their account up through October 2009. The contribution made by the District on behalf of the employees was \$6,449 for the year ended June 30, 2010. No amounts were paid on the employees' behalf during the year ended June 30, 2011. The District is required to contribute at an actuarially determined rate. The required employer contribution rate for 2010/11 and 2009/10 was 12.813% and 13.097%, respectively. The contribution requirements of the plan members and the District are established and may be amended by PERS. The District's contributions for the years June 30, 2011, 2010 and 2009 were \$40,146, \$39,513, and \$88,291, respectively, which were equal to the required contributions each year.

NOTE H – COMMITMENTS AND CONTINGENCIES

The District is party to various claims, legal actions, and complaints that arise in the normal course of business. Management and the District's legal counsel believe that there are no material loss contingencies that would have a material adverse impact on the financial position of the District. In June 2012, the District settled several lawsuits with a former employee, for which the District will be required to pay [REDACTED]

The District entered into two construction contracts and two other contracts subsequent to June 30, 2011. The commitment amounts on these contracts total \$2,302,430. In addition, unexpended commitments on contracts in place as of June 30, 2011 totaled \$142,073.

NOTE I – INSURANCE

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public officials liability, property damage and fidelity insurance. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District's deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and Auto Liability (Includes Public Officials Liability)	\$ 1,000,000	\$ 60,000,000	None
Property Damage	50,000	100,000,000	\$ 500 - 25,000
Fidelity	100,000		1,000

The District continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the District is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE J – GOING CONCERN

The financial statements for the years in question have been prepared assuming that the District will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The District has suffered reoccurring operating losses and diminishing working capital since 2007 through the period ended June 30, 2009. In addition, although the balance sheet shows unrestricted net assets of \$86,424 as of June 30, 2011, because \$145,902 is owed to the restricted for capital improvements as discussed in Note F, unrestricted net assets has a deficit of \$59,478 after considering this amount that is owed. As a result of these factors, there is doubt about the District's ability to continue as a going concern. The District has reduced personnel expenses, plans to increase revenue through an increase in the capital surcharge and in water rates, and has obtained a State safe drinking water loan to finance additional wells. The District is addressing reorganization, receivership and other options, but the outcome cannot be assured at this time.

NOTE K – SUBSEQUENT EVENTS

On November 19, 2007 the District received the California Department of Public Health Compliance Order 01-09-07-CO-004 with a full compliant date of December 31, 2008. The Compliance Order documents finding or facts about the water source capacity and low-pressure problems observed in the District, and includes nine Directives to accurately characterize the problems, evaluate solution options, and implement interim measures towards the complete resolution of the water source capacity and low-pressure problems. On October 13, 2008, the District requested and received an extension to March 31, 2009 from the Department of Public Health to become fully compliant with Compliance Order No. 01-09-07-CO-004. On November 23, 2010, the District's application was accepted for a \$7,499,045 State safe drinking water loan to finance the drilling of new wells to meet the requirements stipulated in the Department of Public Health Compliance Orders. As of the date of this report, loan proceeds totaling \$695,455 have been received. The District was required to adopt an increase in water rates of \$5.46 per month per connection effective within two years after the date of execution of the funding agreement to repay the loan. Payments on the loan will be covered by the surcharge collected from the customers. The loan will be required to be repaid over 20 years, starting after completion of the project. The interest rate on the loan will be 2.5707 percent, with semi-annual payments of \$240,959 required.

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

To the Board of Directors
Rio Linda/Elverta Community Water District
Rio Linda, California

We have audited the financial statements of the Rio Linda/Elverta Community Water District (the District) as of and for the year ended June 30, 2011 and have issued our report thereon dated June 12, 2012. We did not express an opinion on the District because of the departures from generally accepted accounting principles and uncertainties described in the audit opinion. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting, that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

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

To the Board of Directors
Rio Linda/Elverta Community Water District

We noted certain other matters that we reported to management of the District in a separate letter dated June 12, 2012.

This report is intended solely for the information and use of the Board of Directors, management and the State of California and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company

June 12, 2012

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

SCHEDULE OF FINDINGS

June 30, 2011

Finding 2011-1: Payroll Accounting Entries

The District recorded salary expense net of withholdings starting in November 2010, resulting in payroll-related transactions being recorded in the incorrect expense or liability account. We also noted the District did not have separate accounts set up for some of the necessary payroll-related expenses or accrual entries. These items resulted in numerous adjusting journal entries to correct the mispostings. We recommend the District revise its entries for posting payroll transactions, establish separate expense and accrual accounts for the individual payroll-related entries and reconcile the payroll register with the general ledger accounts after each payroll period.

Finding 2011-2: Year-end Payroll Accrual

The District did not accrue for five days for payroll expenses at the end of June that were not paid until July 15 in the next fiscal year. We recommend the District include this accrual into their year-end closing checklist.

Finding 2011-3: Internal Control and Management Review

Management review and oversight is an important internal control. During fiscal year 2010/11, the District had three general managers, with most of the fiscal year the District's legal counsel was functioning as the interim general manager. We noted several areas where review by management was not performed, or at least not documented during fiscal year 2010/11:

- a. Management was not reviewing or approving journal entries prepared and entered into the general ledger by the bookkeeper.
- b. The General Manager was not reviewing and approving the timesheets for supervisors.
- c. There is no indication of review of the payroll registers by the General Manager.
- d. Many of the invoices did not have initials indicating approval by the General Manager. In addition, several check copies could not be located.

We recommend the General Manager review these various documents and initial them to document review and approval, and that original checks be maintained.

Finding 2011-4: Account Reconciliations

The District had not recorded several smaller miscellaneous water billing system accounts into the general ledger accounts thereby understating water revenues. This oversight resulted in an audit adjustment to correct the revenue and receivable account balances. We recommend the billing system amounts and general ledger be compared monthly to ensure all revenues are being correctly recorded in the general ledger. We understand that the District has established this process in fiscal year 2011/12.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS

June 30, 2011

Finding 2010-1: Other Post-Employment Benefits Accrual

Condition: In April 2004, the Governmental Accounting Standards Board issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*, which was required to be implemented during the year ended June 30, 2010. The Statement requires that the District establish a liability for other post-employment benefits (OPEB) to be measured and reported according to certain parameters. Because the District did not have an actuarial study performed, an OPEB liability could not be recorded at June 30, 2010. Since the District is currently expensing the premiums paid for retirees as they are paid, the implementation of this Statement will result in the District being required to accrue an OPEB liability, which could be a significant amount. This Statement does not require the plan to be funded. In order to comply with generally accepted accounting principles, the District will need to have an actuarial valuation performed to determine the amount of liability to accrue.

Status: The District has not yet had the actuarial study performed, so an OPEB liability is not recorded as of June 30, 2011.

Finding 2010-2: Year-end Closing Procedures and Account Reconciliations

Condition: This year's audit and the District's closing process was delayed because of turnover in personnel, the lack of central oversight and the lack of resources dedicated to the close-out of the general ledger and preparing for the audit. The results were delays in producing closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors and resulted in numerous audit adjustments. The large number of adjustments identified during the course of the audit indicates that the District does not have the internal controls in place to prevent or detect misstatements on a timely basis. To facilitate the closing process, a closing procedures checklist should be developed to ensure the District has all closing entries prepared before the start of the audit. The District needs to ensure that all balance sheet reconciliations and account balance analyses are prepared and reviewed. Areas where accounts and transactions were not adequately reconciled and evaluated for proper recording prior to the start of the audit fieldwork and areas that require improvement included the following:

- a. In preparing the reconciliations of accounts receivable and deposits payable from the billing system to the general ledger at June 30, 2010, the District had unreconciled differences of \$5,984 in accounts receivable and \$3,417 in deposits payable. In addition, the billing system showed a credit balance of \$5,444 in the surcharge receivables, which would indicate overpayments were made, that needs to be investigated. Reconciliation of the billing system to the general ledger should be performed throughout the year and at year-end so that such differences can be identified and corrected on a timely basis. Evaluation of the need for an allowance for doubtful accounts also needs to be performed at least annually. At June 30, 2010, receivables over 120 days past due totaled \$10,800.
- b. Until recently, the District had not been entering invoices in the accounts payable module as they were received, only as they were paid. As a result, the District had no way of knowing the amounts owed to vendors as of a given point in time. The District entered the invoiced owed but unpaid as of June 30, 2010 in preparation for the audit. Going forward, the District needs to generate an accounts payable trail balance and compare it to the general ledger on a regular basis.
- c. Procedures for accounting for long-term debt and related accounts needs to be established including: calculation and recording of interest payable on long-term debt, maintaining supporting documentation for the amounts recorded for the amortization of deferred amount on refunding and issuance costs related to the debt issuances of the District.
- d. The restricted net asset balances were not adjusted to agree to the corresponding restricted cash accounts. Procedures need to be established for adjusting restricted net assets to their proper balances.
- e. The District received land for well #14, but this land was not valued and recorded as an asset and contributed capital revenue in the general ledger. Procedures for identifying and quantifying donated assets need to be established.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

June 30, 2011

- f. We noted that not all twelve months of cell tower lease revenue was recorded. The District needs to ensure the proper tracking of cell tower lease payments to ensure amounts are received on a timely basis or are accrued to ensure completeness of revenue.
- g. Prepaid expenses had not been adjusted since the prior fiscal year end. Procedures need to be established to ensure prepaid balances are expensed over the period for which the services were provided.
- h. The District had not performed a physical inventory count of its supplies inventory since June 30, 2009. Since a perpetual inventory system is not maintained, the inventory balance as of June 30, 2010 has not been revised. The District needs to ensure that a physical inventory count is performed at least annually so that the general ledger balance can be adjusted.
- i. A number of accrual adjustments were not reflected in the general ledger prior to the audit. These adjustments include accruing a receivable for the portion of the July water billings that relate to June, and May, accruing a liability for compensated absences and accruing the PERS retirement payments owed as of June 30.

We recommend that the District develop an accounting procedures manual to ensure continuity in processes when staff turnover occurs. Procedures should be in place to prepare the required reconciliations at year-end and throughout the year and post entries needed to close the books prior to the start of the audit.

Status: The District has addressed items b., f. and i. for the fiscal year 2010/11 audit. Unreconciled differences were noted between the billing system and the general ledger for the fiscal year 2010/11; however, we understand a reconciliation process has been put in place in fiscal year 2011/12. We also understand that a physical inventory of supplies has been taken during fiscal year 2011/12 to address item h. The remaining items still need to be addressed.

Finding 2010-3: Internal Controls and Separation of Duties

Condition: Certain procedures, which should be separated, are performed by the same person due to the District's small number of accounting staff. The lack of consistent segregation of duties is not unusual for small water districts; however, compensating controls need to be put in place to reduce the risk of misstatement or fraud. The following areas were identified where internal control deficiencies exist:

- a. The bookkeeper processes invoices, enters them into the accounts payable system, writes checks, has access to the general ledger, and receives the bank statements and reconciles the bank accounts, which is not an adequate segregation of duties. The previous long-time bookkeeper was also able to sign checks. To compensate for this lack of segregation of duties, the General Manager should receive all bank statements unopened and review them prior to forwarding to the bookkeeper. After completion of the monthly bank reconciliations by the bookkeeper, they should be reviewed and approved by the General Manager. Complete listings of checks written should be provided to the Board for review on a monthly basis.
- b. After accounts payable checks have been signed, they are returned to the bookkeeper, who prepares the checks for mailing. Signed checks should be mailed by someone not associated with the accounts payable function.
- c. Billing preparation, processing of customer payments, posting billing and payment information to customer accounts, making customer billing adjustments and follow-up on billing questions are all accomplished by the same employee, which is not an adequate segregation of duties. While a procedure is in place whereby the General Manager is to approve billing adjustments over \$100, the billing clerks have the ability to make these adjustments in the system without approvals. A review of all billing adjustments should be performed by the General Manager using the adjustment report generated from the system. The documentation of the authorization of billing write offs or adjustments needs to be maintained to document this approval.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

June 30, 2011

- d. Currently all bank deposits are being made by the billing clerk, but this person also has access to the accounts receivable module, which is not an adequate segregation of duties. While it may not be feasible for physical bank deposits to be made by an individual who does not have access to the accounts receivable module, the bookkeeper, who does not have access to the billing system, should review the documents to ensure agreement of the deposit amount to the postings to customer accounts in the billing system and then compare the deposit slip to the bank statement.
- e. We noted that entries made to the payroll system, such as changes to the pay rates, were not being reviewed. We recommend that any payroll system changes be reviewed and approved by the General Manager. In addition, the General Manager should be reviewing the payroll registers and/or check stubs and documenting this review with an initial.
- f. Regular staff meetings should be held to identify and resolve issues and provide sound guidance.

The District needs to re-evaluate its internal control system to ensure adequate segregation of duties are in place, and reconciliation and review functions are taking place.

Status: Due to the timing of when this finding was first reported, the fiscal year was already past, so these internal controls have not yet been put into place.

Finding 2010-4: Financial Reporting

Condition: The District needs to establish a financial reporting system that includes the reporting of financial information to the Board on a regular basis. The District also needs to ensure that it complies with the California Government Code with regard to its investment reporting. The Government Code calls for quarterly reports on the District's financial holdings, a statement of compliance with the policy and a statement concerning the District's ability to meet its cash flow needs in the ensuing six months. We did not see where these investment reports were provided.

Status: Financial reports were not provided during fiscal year 2010/11; however, we understand that reports are being provided in fiscal year 2011/12.

Finding 2010-5: Organization of Accounting Records

Condition: We noted that the District's accounting records were disorganized making records difficult to locate for the audit, partly because of the records being confiscated by the District Attorney's Office. As a result, the District was not able to locate supporting invoices for 19 out of the 85 samples of expenses we selected for testing. We recommend the District develop accounting procedures for proper filing and storing of invoices and other accounting documentation.

Status: We noted an improvement in the maintaining of accounting records.

Finding 2010-6: Capital Asset Accounting

Condition: The District was unable to locate its capital asset listing and depreciation schedule and had to create one from the listing prepared by the prior auditor. The District needs to ensure it maintains its own capital asset listing and depreciation schedule, and that updates to the listing be made throughout the year.

The District records its capital asset additions as expenses instead of capital assets. The District needs to establish procedures to identify and record capital asset additions, including construction in progress, on the asset listing on a timely basis, to record depreciation expense and to track and record fixed asset disposals. We noted two vehicles were sold in fiscal year 2009/10, but these vehicles were not removed from the asset list. We also noted the District's capital asset listing still contained assets that had been disposed of years earlier and in several cases only a portion of the cost and accumulated depreciation of the assets was removed. Periodic inspections of capital assets need to be performed to ensure that recorded assets still exist. Reconciliations of the capital asset list to the general ledger need to be performed on a periodic basis, and adjustments to the general ledger need to be made timely.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

June 30, 2011

We noted that the District's capital asset listing did not include intangible assets or land. As a result, amortization of the intangible assets was not calculated and recorded in the general ledger, which resulted in an audit adjustment being required. The District needs to ensure that a list of all land holdings, including those that were donated, and intangible assets is maintained as part of the capital asset listing.

Status: During the 2011 audit, we noted the District has now updated their capital asset listing. However, as part of the closing process, the District needs to reclassify capital assets from expense to capital assets and to include land and intangible assets on its asset listing.

Finding 2010-7: Surcharge Cash Account

Condition: We noted the District borrowed cash totaling \$37,500 from the restricted surcharge bank account to cover low or negative balances in the operating bank account. While we noted the funds were paid back to the surcharge account, any use or transfers of restricted funds should be reviewed and approved by management or the Board of Directors.

Currently when the capital improvements surcharge is collected, it is deposited into the operating bank account before being transferred to the surcharge bank account. Because revenues received in fiscal year 2010 exceeded the total funds deposited into the surcharge account by \$16,130, this implies that not all of the funds have been transferred from the operating bank account to the surcharge bank account. We recommend the surcharge amount collected for capital improvements be deposited directly into the surcharge bank account, if practicable to do so, or at a minimum, there be a quarterly reconciliation performed that compares revenues collected for the capital improvement surcharge with amounts deposited into the surcharge bank account to ensure surcharge receipts are recorded correctly, or whether a transfer needs to be made.

Status: The District believes it is not practical to deposit daily receipts into the surcharge account, but the District has plans to implement a process beginning in fiscal year 2011/12 where monthly, the billing system amounts are reconciled with the general ledger and the surcharge receipts for the month are transferred into the surcharge account from the District's operating account. In our fiscal year 2010/11 audit, we noted that revenues of approximately \$17,729 have not been recorded in the surcharge account. In addition, \$105,856 of expenditures were paid out of the surcharge account that do not appear to be qualifying expenditures. As a result, the operating account owes the surcharge account \$145,903 as of June 30, 2011.

Finding 2009-1: Organization of the District

Condition: The prior auditors observed the structure and the roles of the Board, management and employees and the effectiveness of the District's lines of communication. The prior auditors believed the District needs to review the tasks that have been assigned to the employees to ensure their completion but overall responsibilities of employees have not been formalized or properly defined. The prior auditors believed the District needs to rebalance the current workloads to ensure that the proper functions are performed by the proper employee, therefore ensuring proper internal control. Additionally, balanced workloads will ensure that employees have the appropriate time to dedicate to the accurate completion of their tasks and will also improve employee morale.

Status: The organization structure and workloads do not appear to have been revised since the prior audit. Special attention needs to be given to addressing the internal control issues identified in Finding 2010-3 as far as workload re-assignments.

Finding 2009-2: Develop an Organization Chart

Condition: The District does not have an organization chart. There is a natural tendency to dismiss the need for an organization chart in a small business where management deals more or less directly with each employee, and where all personnel know each other and are generally aware of each other's area of responsibility. However, without an organization chart, there may be confusion about who is really accountable for particular areas and to whom employees are responsible. The result could be that some areas of operations do not receive adequate attention or

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

June 30, 2011

that duplicative or contradictory actions are taken. A good organization chart can prevent such misunderstandings and also increase administrative efficiency and control in the following ways:

- Indicate whether there is appropriate allocation of operating and supervisory responsibility.
- Indicate whether there is an adequate separation of duties.
- Inform management, new employees, and others of the District's management and operating style.
- Provide information for management to monitor and inquire into operations and procedures, assign new duties or responsibilities that may arise, or make reassignments when employee turnover, promotions, operational needs, desire for better separation of duties, or other circumstances call for it.

The prior auditor recommended that management prepare and maintain a chart of organization in sufficient detail to indicate the District's major areas of operations, the person responsible for each area, and who each supervisor reports to as well as which employees report to each supervisor. The chart should be updated whenever there is significant employee turnover or changes in operations.

Status: An organization chart was not in place as of June 30, 2011. However, we noted management has recently developed an organization chart for Board approval.

Finding 2008-3: Budget

Condition: The auditor's opinions for the past three fiscal years have been issued with the contingency of a going concern. This states to the readers of the District's financial statements that the District's auditors have found substantial doubt about the District's ability to maintain operations at sufficient levels to remain in business. In response to their concerns, former management provided several updated budgets which were unclear in nature therefore ineffective. The fundamental purpose of budgetary control is to plan beforehand the most efficient operation and then maintain operations according to the budget.

Budgets stimulate early identification of operational problems and help ensure that timely decisions are made for resolving the problems. Budgetary control also results in better coordination and control of the District's efforts and in more effective use of the District's resources.

We believe that the District could more accurately evaluate operational performance by revising current budgeting procedures to provide for the following:

- Obtaining estimates of future operational data from field operations, and administrative personnel.
- Updating the current year's budget at least quarterly for operational changes.
- Communicating operational performance to appropriate personnel.

It is understood that the nature of the District's operations, as well as the uncertainties inherent in economic activity, makes predications of the future subject to frequent change. Thus, we recommend that the District perform periodic reviews for variances between actual and budgeted results and document the variances between actual and budgeted results. Budget variances may indicate possible problems that can be identified quickly and followed-up. Variances can also be caused by erroneous assumptions, not business or economic factors. If investigations of budget variances suggest that the budget is inaccurate, or if business conditions vary from expectations, the budget should be revised to reflect current conditions or more reasonable estimates.

Status: The District has been through numerous management changes over the past few years such that there has not been continuity in the managers preparing the budget and monitoring variances throughout the fiscal year. As discussed in the Finding 2010-4, the District needs to ensure it has an adequate financial reporting system in place such that sound management decisions can be made.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

June 30, 2011

Finding 2007-2: Accounting Policies

Condition: The prior auditor's review of internal controls brought to their attention the fact that the District has no current formal accounting policies and procedures. Having an up-to-date accounting policies and procedures manual will provide for efficient training of new staff, effective and timely financial reporting and consistency within the Administrative department. We recommend the District prepare an accounting policies manual that should address management's risk factors in relation to financial reporting.

Status: Because the District does not have an accounting policies and procedures manual, the departure of the long-time bookkeeper has made it difficult for successor bookkeepers to ensure continuity in accounting functions and to follow the work of the predecessor bookkeeper.

Richardson & Company

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Sacramento, California 95825

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To the Board of Directors and Management
Rio Linda/Elverta Community Water District
Rio Linda, California

In planning and performing our audit of the financial statements of the Rio Linda/Elverta Community Water District (the District) as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

However, during our audit, we became aware of the following matter that is an opportunity for strengthening the financial position of the District and has been included in this letter for your consideration. A separate report dated June 12, 2012, contains our report on material weaknesses in the District's internal control. This letter does not affect our report dated June 12, 2012 on the financial statements of the District.

Bank reconciliations

We noted that one bank account, the LAIF account and the investments held by trustee Bank of New York Mellon, did not reconcile to the bank statements within immaterial amounts. We recommend that the District ensure that any unreconciled differences be researched and/or adjusted in the general ledger.

Standby

We recommend the District institute a policy to bill a standby fee to those properties connected to the District but which currently do not take any District water to ensure a consistent revenue stream for repayment of debt service. If the District were to charge the surcharge amount as a standby fee, an additional \$14,000 of revenue could be generated annually.

The following are our prior year findings that continue to be opportunities to strengthen internal controls and operating efficiencies:

Fraud Reporting Procedures

We recommend the District develop and adopt a Fraud Prevention/Whistle Blower Policy. The policy or procedures should include a discussion of what types of activities constitute fraud or contracting improprieties, how an employee should report such suspected fraud or contracting improprieties and to whom or where an employee should report such activities, including reporting procedures if an employee's supervisor or a member of senior management is suspected of these activities.

Risk Assessment Plan

We recommend that the District develop a risk assessment plan to identify those risks within the District that could result in fraud or material misstatement of the financial statements, and then to implement internal controls to mitigate those identified risks. This risk assessment plan should identify potential risk areas and then ensure controls or processes are in place to mitigate those risks. This risk assessment should be performed on a periodic basis and can be incorporated into existing staff and management meetings.

Investment Policy

The District does not have an approved investment policy as required by Government Code Section 53600.3. This policy and any changes must be considered at least annually by the Board at a public meeting. We understand that a policy was developed in fiscal year 2011/12.

* * * * *

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

Richardson & Company

June 12, 2012

Weekly Managers Report

From June 9 thru July 3, 2012

June 12, 2012 I met with Jim Crowley and Jim Carson on the Urban Water Management Plan and determined what data would need to be acquired for the update.

On June 14, 2012 Michelle Ammond and I went to PERS employer training and learned the newest changes to their employer side of the program.

On June 15 I met with Vic Shada and went over the vehicle usage policy questions and answers that had been discussed with the Board. I was told the union may still grieve this policy. We also discussed the job descriptions that the Board had approved at their last meeting.

On June 19, 2012 I met with Doris of California Bank and Trust. They had changed bankers at the branch and our surcharge account agreement had gone missing. When I provided her a copy of our agreement she had determined that we were set up with the wrong type of accounts by their branch and these should be interest bearing accounts. I am told she will be closing these accounts and open interest bearing accounts for us.

On June 20, 2012 I met Sara Rogers, Jim Carson, Pat Goyet, Mr. Domenichelli and Pat Dunn regarding well 14a status. There is a small amount of arsenic in well 14 that would require treatment. We discussed options for proceeding with the project. A report on this topic will be presented at the next meeting of the Board. We also discussed the need for an updated capacity study there is actual data that can be used instead of the estimates that were originally used to determine the amount of water needed to lift the moratorium. A new capacity study could reduce the amount of water needed to lift the moratorium. Later that day I had a discussion with Dustin Hardwick of the Utility Resource Insurance Services Group. He reported that they have been turned down by 4 carriers for the District's Employment Practices/Directors and Officers insurance. I asked if they had contacted a high risk insurer such as Lloyds of London. He said they have and there have been no offers to insure our agency.

On June 21, 2012 I had a meeting with the Elverta Specific Group, Jim Carson and Jim Crowley discussing history of their project and what will be needed to be included in the UWMP report. Later that day I went to SAWWA and watched a presentation on the RWA Water Efficiency Program. I also sent notices of contract cancellation to our computer maintenance provider and Neopost.

On June 22, 2012 I had discussions with J. Crowley and Jim Carson on Best Management Practices in Urban Water Management plan and determined a report will be presented to the Board at the next meeting regarding this item. I also walked the construction project the building shell has been constructed, pipeline installed and the fence is currently being put up.

On June 25, 2012 I met with the District's engineers and Koch and Koch Construction. We discussed the construction schedule, there plastic tank specification and county traffic control. They are connecting

the gas line this week and said there will be a pause in the work schedule while awaiting the pump and generator from the manufacturers. They are also waiting on Tesco to complete the electrical panels.

On June 26, 2012 I met with Peter Brundage and Don Lockhart of Lafco, the President and Manager of Sacramento Suburban Water District (SSWD) and our President at a meeting requested by the SSWD Board of Directors. Please see the staff report regarding this meeting which will be included in the July Board packet.

On June 27, 2012 I met with Peter Brundage, Don Lockhart, Nancy Miller, Cathy Hood and President Trautman regarding the current status of the District and General Counsel's contract.

On June 28, 2012 the valves at well #3 have been installed. The motor control panel will be gone through and startup will proceed the week of July 11th.

On July 3, 2012 I spoke with Dustin Hardwick of Utility Resource Insurance Services. He informed me that he has found an additional carrier that seems interested in covering our agencies insurance needs. Further information was given to him on our loss runs. Later that day I met with Jim De Hart of Affinity Engineering to go over the Air Quality Management application and associated paperwork for well #15. The air quality permit is not in the scope of the Dominichelli Engineering contract so Affinity is performing this work for the District.

I will be off July 5 and 6th so this is the end of the report for this week.

Staff Report

Lafco Meeting June 27, 2012 Re Legal Costs

As a follow up to the meeting of June 26, 2012, Peter Brundage of Lafco arranged a meeting with the Lafco attorney, Nancy Miller to discuss our attorney contract and our legal costs. In attendance was Peter Brundage and Don Lockhart of Lafco, Nancy Miller, Lafco outside counsel, Mary Henrici, Jerry Trautman and Cathy Hood of RLECWD. The following suggestions were discussed.

1. The contract provides for an annual review on or about June each year. Take advantage of this and have a board motion to request that, in the interest of the District, that the contract be amended to state a not to exceed \$20,000 per month.
2. Also in connection with the annual review, clarify how travel time is being charged. The \$305 an hour should only be for professional time.
3. Invite Greenfield to attend a closed session to discuss the JPIA cases and our attorney's role. Also clarify if our insurance policy has a "reservation of rights".
4. By Board action, request our attorney for suggestions on how to cut and how to find cheaper ways to do things.
5. Instruct the General Manager that nothing goes directly to our attorney. The General Manager will determine if we need legal help.
6. Have the General Manager handle most non litigation items such as public records requests, OSHA, unemployment claims, routine labor matters, construction issues and former employee health insurance.
7. Adopt a form contract so that it is not necessary to spend much time on legal review.
8. By Board action, request written settlement offers for each case from the attorney.
9. Request estimates for each new item to be handled by the attorney. Then also ask an outside attorney for a similar estimate and compare.
10. See if we can put together a group of pro bono attorneys to assist us on some matters.
11. By Board action, request our attorney to provide us with the name of the ethics attorney who reviewed his contract for him and that he reported the results of the review to the Board.
12. Have the Board talk directly to the public member, either in closed session or thru an ad hoc committee of the Board regarding the cure and correct issues.
13. Curtail all Director contact with the attorney except for discussions at Board meetings where all board members participate.
14. Do not pay for anything that the attorney has not been authorized to spend time on.

STAFF REPORT

MEETING OF JUNE 26, 2012

WITH LAFCO AND SACRAMENTO SUBURBAN WATER DISTRICT

The Sacramento Suburban Water District Board of Directors requested a meeting with Peter Brundage and Don Lockhart of Lafco, the President and Manager of (SSWD), myself and our President. This meeting was called to gather information on the current status of our District and to introduce the current Board Presidents to each other. The history of our two agencies was discussed, the current state of our District and the condition of the District a year ago were also discussed. It was made clear that SSWD is not interested in taking over our water district and would not pursue this idea unless asked by LAFCO or the State of California to do so. The SSWD Manager said he has been directed by his Board to help our district in any way possible if asked to do so by our agency.

Peter Brundage felt that the public safety issues of water pressure and fire flow were being resolved. He was still concerned over financial matters and the potential loss of our insurance coverage. The SSWD Manager was concerned about the District not having a long term capital improvement plan. He said that based on SSWD experience, that RLECWD should have an annual capital budget of \$1,500,000. It was noted by President Trautman that the legal bills should be much less when the current litigation is resolved. President Trautman felt that a rate increase would not be necessary if these legal costs were under control. Then additional staff could be hired and more money could be put into reserves.

There was considerable discussion regarding what would happen to the District if it did lose its insurance and was not able to procure other coverage. I was asked to contact the State Health Department and ask what would happen if the agency lost its coverage and staff left the agency due to the lack of insurance and personal liability exposure. I was also asked to contact ACWA and ask if they did cancel our insurance would they give some kind of cancellation notice before the cancellation took effect. The last policy cancellation took effect immediately after the Monterey Board meeting where the decision to terminate coverage was made. I have spoke with Andy Sells CEO of ACWA and he has said that 30 to 60 days would probably be given although it is up to the Executive Board to decide such matters. There is no provision in the MOU of a specific cancellation time line. It was noted that lack of insurance coverage is reason for a public entity to no longer exist. I informed the group that I have tried to procure insurance through other agents and had no success to date.

It was decided to possibly meet again after the election and see if further actions should be considered at that time.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street #100
Sacramento, California 95814
(916) 874-6458

August 1, 2012

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: **CONDUCTING AUTHORITY REPORT BACK - CITY OF RANCHO CORDOVA DETACHMENT FROM SACRAMENTO COUNTY SERVICE AREA NO. 1 (01-12)** [CEQA: Exempt Sec.15061(b)(3)]

CONTACT: Donald J. Lockhart AICP, Assistant Executive Officer,
(916) 874-2937
(Donald.Lockhart@SacLAFCo.org)

RECOMMENDATION

This is the related Conducting Authority report back. No Commission action is required.

SUMMARY

On June 6, 2012 your Commission approved the City of Rancho Cordova Detachment from County Service Area No.1 (Street and Highway Safety Lighting;) subject to the terms and conditions listed below:

- a. The effective date of said detachment will be July 13, 2012 or upon the filing of the Certificate of Completion by the Executive Officer of the Sacramento Local Agency Formation Commission, if filed after that date.
- b. The City of Rancho Cordova shall continue to levy the existing assessments currently authorized by the County of Sacramento for County Service Area No. 1, and continue to provide at a minimum the current level of service. The City of Rancho Cordova may increase these assessments pursuant to Proposition 218, or as otherwise provided by law.
- c. The boundaries of the detachment are coterminous with the current corporate boundary of the City of Rancho Cordova.
- d. The City of Rancho Cordova and the County of Sacramento shall adopt a Transition Agreement to ensure the efficient transfer of responsibility for operations, maintenance, and Underground Service Alerts (USA) locating and marking activities, for street lights and highway safety light equipment and installations within the city limits, with no adverse impact to existing and future assessment payers.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides that LAFCo act as the Conducting Authority for the registered voter and/or landowner protest proceedings, as necessary. In light of receiving no public comments during the detachment proceedings, your Commission delegated your authority to the Executive Officer to complete the Conducting Authority Proceedings. [56375, etal. 57000. (a),(c)]

The Conducting Authority protest hearing was held on July 11, 2012. The hearing was properly noticed, and held in the LAFCo offices. There were no oral or written protest submitted. That closed the Commission proceedings regarding this matter. The Certificate of Completion was filed with the County Clerk Recorder on July 13, 2012.

Respectfully,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Peter Brundage
Executive Officer

DL/dl
(Conducting Authority Memo_CSA1_Rancho Cordova)

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

*1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458*

August 1, 2012

TO: Sacramento Local Agency Formation Commission
FROM: Peter Brundage, Executive Officer
RE: **CALAFCO Board Nominations**

RECOMMENDATION:

1. Your Commission may nominate any Regular or Alternate Commissioner to run for their respective seat (City, County, Special District and Public Member). Nominations for the CALAFCO Board of Directors are due by Tuesday, September 4, 2012.
2. Delegate the Executive Officer to vote for the CALAFCO Board of Directors for the Central Region at the business meeting to be held at the annual conference in Monterey on Thursday, October 4, 2012.

DISCUSSION:

On July 9, 2010, the CALAFCO membership approved the creation of Board of Director representation by regions for the CALAFCO Board of Directors (51 LAFCo's supported, 2 opposed, and 4 abstained). As a result of the election, four regions were created (North, South, Central and Coastal.) There are a total of four representatives from each region. Each region is be represented by a city, county, special district and public member. The CALAFCO Board has a total of 16 directors.

Nominations are now open for the Fall Board elections. Sacramento LAFCo is within the Central Region. The Central Region has *three* seats open for nominations: County, Special District, and City (1 year term.)

Your Commission may nominate candidates to fill the three vacant positions for the Central Region. Either regular or alternate commissioners may serve on the CALAFCO Board. The nominations deadline for the new directors is Tuesday, September 4, 2012.

The CALAFCO annual conference will held in Monterey on October 3 through October 5. The voting will occur during the annual business meeting, to be held on Thursday, October 4, 2012.

The nominations announcement and forms for the CALAFCO Board of Directors nomination are attached. If any Sacramento LAFCo Commissioner or Alternate would like to run, the Sacramento LAFCo Chair must complete the Nomination Form and Candidate Resume Form. Nominations will be submitted to:

CALAFCO Recruitment Committee
c/o Elliot Mulberg
CALAFCO
1215 K Street, Suite 1650
Sacramento, CA 95814
(FAX: 916.442.6535)

Voting Delegate

The CALAFCO Bylaws require each member LAFCo to designate a Voting Delegate to vote on behalf of their Commission. The voting delegate may be a commissioner, alternate commissioner, or executive officer attending the conference. I recommend that the Commission designate the Executive Officer to vote on behalf of Sacramento LAFCo unless another Commissioner will be attending the annual conference.

Respectfully,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Peter Brundage
Executive Officer

DL/dl 2012 Nom. Report