BOARD MEETING AGENDA

January 16, 2020

Estimated Time

MATERIALS RELATED TO ITEMS ON THIS AGENDA ARE AVAILABLE FOR PUBLIC INSPECTION DURING NORMAL BUSINESS HOURS AT THE DISTRICT OFFICE, 101 LUCAS VALLEY ROAD, SUITE 300, SAN RAFAEL, OR ON THE DISTRICT WEBSITE WWW.LGVSD.ORG

NOTE: Final board action may be taken on any matter appearing on agenda.

GENERAL SESSION – 4:30 PM

OPEN SESSION:

4:30 PM **1. PUBLIC COMMENT**
This portion of the meeting is reserved for persons desiring to address the Board on matters not on the agenda and within the jurisdiction of the Las Gallinas Valley Sanitary District. Presentations are generally limited to three minutes. All matters requiring a response will be referred to staff for reply in writing and/or placed on a future meeting agenda. Please contact the General Manager before the meeting.

CLOSED SESSION:

4:35 PM **2. CONFERENCE WITH REAL PROPERTY NEGOTIATORS –** Pursuant to Government Code § 54956.5; Regarding real property located at 101 Lucas Valley Road, San Rafael. Real Property Negotiator Is Mike Prinz, General Manager. Seeking instruction/authority concerning price and/or terms of payment.

4:45 PM **3. PUBLIC HEARING FOR ORDINANCE NO. 181 AMENDING TITLE 4, CHAPTER 1 – REGULATING SOLID WASTE, RECYCLABLE AND ORGANIC MATERIALS, AND THE COLLECTION, REMOVAL AND DISPOSAL THEREOF INCLUDING THE GARBAGE AND REFUSE RATE ADJUSTMENT FOR 2020 AND GARBAGE FRANCHISE FEE**
Board to consider the adoption of Ordinance No. 181- An Ordinance amending Title 4, Chapter 1 of the District Ordinance Code and increasing the garbage and refuse rate by 4.39%. Representatives of Marin Sanitary Service and R3 Consulting Group will be in attendance to discuss the 2020 Rate Application Report.

Possible expenditure of funds: No, all costs to be paid by District (non-City of San Rafael) customers.

Staff recommendation: Board Adopt Ordinance No .181, An Ordinance Amending Title 4, Chapter 1 of the District Ordinance Code and adjusting the garbage and refuse rate by 4.39%.

4:55 PM **4. CONSENT CALENDAR:**

These items are considered routine and will be enacted, approved or adopted by one motion unless a request for removal for discussion or explanation is received from the staff or the Board.

A. Approve the Board Minutes for December 5, December 13th and December 19, 2019

B. Approve the Warrant List for January 16, 2020

C. Approve Board Compensation for December 2019

Possible expenditure of funds: Yes, Items B and C.

Staff recommendation: Adopt Consent Calendar – Items A through C

5:00 PM **5. PRESENTATON OF THE FINANCIAL STATEMENTS WITH AUDITOR'S REPORT FOR THE YEAR ENDED JUNE 30, 2019**

John Cropper of Cropper Accountancy Corporation will present the results of the Financial Reports for the year ended June 30, 2019.

6:00 PM **6. INFORMATION ITEMS:**

A. STAFF/CONSULTANT REPORTS:

1. General Manager Report – Verbal

6:15 PM **7. BOARD MEMBER REPORTS**

1. Clark
2. Elias
3. Murray
4. Schriebman
5. Yezman

6:25 PM **8. BOARD REQUESTS:**

A. Board Meeting Attendance Requests – Verbal

B. Board Agenda Item Requests – Verbal

6:30 PM **9. VARIOUS ARTICLES AND MISCELLANEOUS DISTRICT CORRESPONDENCE**

6:35 PM **10. ADJOURNMENT**

FUTURE BOARD MEETING DATES – FEBRUARY 6, FEBRUARY 20 AND MARCH 5, 2020

AGENDA APPROVED:	Rabi Elias, Board President	David Byers, Legal Counsel

CERTIFICATION: I, Robert Ruiz, District Treasurer of the Las Gallinas Valley Sanitary District, hereby declare under penalty of perjury that on or before January 13, 2020 at 4:30 p.m., I posted the Agenda for the Board Meeting of said Board to be held January 16, 2020 at the District Office, located at 101 Lucas Valley Road, Suite 300, San Rafael, CA. 94903

DATED: January 13, 2020

Robert Ruiz
District Treasurer

The Board of the Las Gallinas Valley Sanitary District meets regularly on the second and fourth Thursday of each month. The District may also schedule additional special meetings for the purpose of completing unfinished business and/or study session. Regular meetings are held at the District Office, 101 Lucas Valley Road, Suite 300, San Rafael, CA. 93903

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 472-1734 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.

Las Gallinas
VALLEY SANITARY DISTRICT

Item Number 3

Agenda Summary Report

To: Mike Prinz, General Manager MP
From: Robert D. Ruiz, Administrative Services Manager RDR
Mtg. Date: January 16, 2020
Re: **Refuse Rate Adjustment for 2020 Public Hearing**
Item Type: **Consent ____ Discussion X ____ Information ____ Other ____.**
Standard Contract: Yes ____ No ____ (See attached) Not Applicable X .

BACKGROUND:
At the December 19, 2019 Board meeting, Marin Sanitary Services (MSS) and R3 Consulting Services presented new rates to the board for the next calendar year starting January 1, 2020. Today we will hold a public hearing of which the customers of our refuse collection service have been notified by the local newspaper as well as our web site.

The discussion that follows was part of the presentation made by Emily Ginsburg of R3 Consulting and is being added here to justify the rate increase.

Excerpts of the December 19th Board Agenda Summary Report follow:

On August 27, 2019, MSS submitted its application for an overall 4.80% increase to its solid waste rates, to be effective January 1, 2020 (Attachment 1). This is an indexed year rate adjustment, which primarily projects revenue due to MSS based the applicable WST CPI Index (Water Sewer and Trash). Per Exhibit B, the rate adjustment is subject to a 2.5% minimum and a 5% maximum rate cap for MSS' operational expenses.

Based on our review of the rate application, R3 Consulting determined that an overall rate increase of 4.26% (for the Franchisors' Group as a whole) is an appropriate increase for solid waste services. A summary of the 2020 rate review process and outcomes are presented below.

Change in Law AB 1826 Expenses
The rate setting methodology allows for the recovery of additional costs associated with changes in law and/or new state mandates. For increased operating expenses due to AB 1826 Mandatory Commercial Organics Recycling, MSS has included its rate application a new line item called Change in Law – AB 1826 Costs in the amount of $90,150. MSS expects this line item will continue to be present in future rate applications to reflect the annual incremental costs associated with state mandates.

MSS 2020 Profit Calculation
Profit is calculated by summing the expense categories described above ($29,087,036), dividing by 0.905 and subtracting the same sum, rounded to the nearest dollar. For Rate Year 2020, profit is a calculated $3,053,335.

Recycling Losses Applicable for 2020 Rate Year
Recycling losses only apply to the rate revenue requirements for Rate Years 2019, 2020, and 2021. Per Exhibit B, $117,475 will be applied in those Rate Years to account for prior MSS losses on the processing

of recyclable materials. No further revenue from prior recycling losses will be collected via the rates or is due to MSS.

Franchise Fees
Franchise Fees are calculated by multiplying the applicable franchise fee percentage by MFG member agency by the revenues projected for each that Rate Year. Overall, $4,179,940 in franchise fees are to be collected through the rates. This amount reflects R3's adjustments made to the rate application.

Rate Revenue Requirement and Total Rate Adjustment
MSS's total rate revenue requirement for Rate Year 2020 is $39,492,699. R3 verified the correct calculation of MSS's total rate revenue requirement overall for MFG and individually by member agency to account for the varying franchise fees and other agency fees for each member. The resulting Rate Adjustment Factor for MFG overall is 4.26%

.

2020 Rate Increase Calculation
Based on a total recommended 2020 adjusted rate revenue requirement of $39,492,699 and approved 2019 revenue requirement of $37,878,752, R3 calculated and recommends an overall 4.26% rate increase for the Franchisors' Group, effective January 1, 2019, and with individual increases by agency as shown in Attachment 2. Table 1 summarizes, by agency, the current and proposed 32-gallon residential rates, which is the most common subscription level in the Franchisors' Group service area.

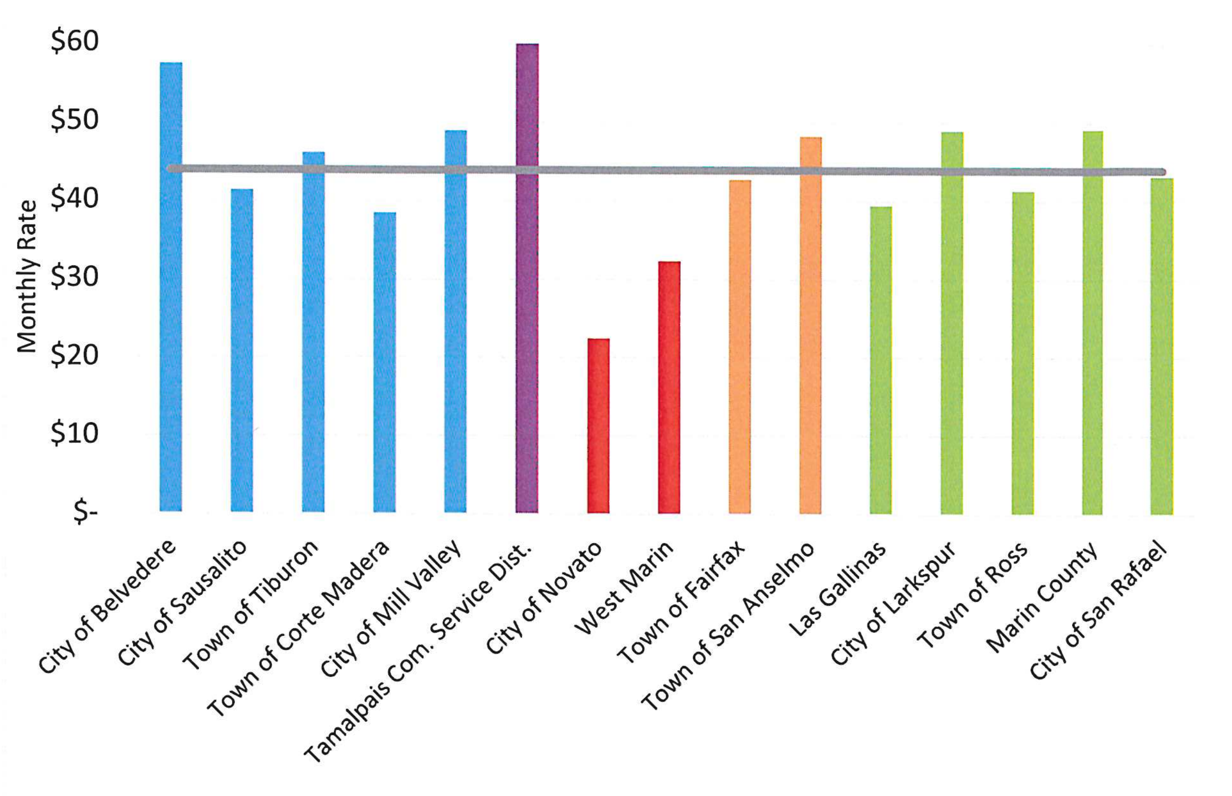
Table 1
Residential 32-Gallon Rate Summary

Jurisdiction	Current 2019 Rate ($/mo.)	Proposed 2020 Rate ($/mo.)	$ Difference	$ Increase
City of San Rafael	$41.36	43.15	$1.79	4.33%
City of Larkspur	$47.12	49.00	$1.88	3.99%
County of Marin	$47.18	49.17	$1.99	4.22%
Las Gallinas Valley Sanitary District	$37.79	39.45	$1.66	4.39%
Town of Ross	$39.60	41.36	$1.76	4.44%
			Overall	**4.25%**

Survey of Comparable Rates
Figure 1, below, shows a summary of Marin rates for residential customers with 30-35 gallon garbage service. Bars shown in blue are 2019 rates for Mill Valley Refuse Service; purple is the 2019 rate for Tamalpais Community Services District; red are 2019 rates for Recology Marin (and are artificially low because of prior contract with the Ratto Group and proximity to Redwood Landfill); orange are proposed 2020 MSS rates for non-Franchisors' Group agencies, which are anticipated for adoption soon, and; green are proposed 2020 MSS rates for Franchisors' Group agencies. Overall, the Franchisors' Group 2020 rates compare favorably to the Marin County average, especially for the levels of high-quality services provided by MSS.

Las Gallinas
VALLEY SANITARY DISTRICT

Figure 1
Marin County Rates: MSS 2020 Proposed Residential 32-gal Rates Compared to Marin County Average of $44.08



The Franchisors' Group 2020 residential rates for a 32-gallon container (the most frequent residential service level) will range from $39.44 (Las Gallinas Valley Sanitary District) to $49.16 (County of Marin). Attachment 4 graphically compares the Franchisors' Group residential rates for a 32-gallon container to one another as well as to the average of Marin County rates for similar service.

PREVIOUS BOARD ACTION:
Ordinance 175 – Refuse rates approved January 10, 2019.

ENVIRONMENTAL REVIEW:
N/A

FISCAL IMPACT:
There is no material impact to the 2019-20 Budget. This is a pass-through of charges to the refuse customers, which is already budgeted.

STAFF RECOMMENDATION:
Open a public hearing to allow for discussion and input from the public concerning the proposed rate increase of 4.39% and approve the rates for 2020.

ATTACHMENTS:

Attachment A:	Draft of Ordinance Resolution with Rate Schedule
Attachment B:	R3 Review of MSS Rate Application, including Bay Area Rate Survey

BOARD OF DIRECTORS OF THE
LAS GALLINAS VALLEY SANITARY DISTRICT

ORDINANCE NO. 181

AN ORDINANCE AMENDING CHAPTER 1, AN ORDINANCE REGULATING SOLID WASTE, RECYCLABLE AND ORGANIC MATERIALS, AND THE COLLECTION, REMOVAL AND DISPOSAL THEREOF, TITLE 4 – GARBAGE SERVICE, AS AMENDED, OF THE ORDINANCE CODE OF THE LAS GALLINAS VALLEY SANITARY DISTRICT.

The Board of Directors of the Las Gallinas Valley Sanitary District, Marin County, California, does ordain as follows:

Appendix A of Title 4, Chapter 1 of the Las Gallinas Valley Sanitary District Ordinance Code is amended to read as follows:

This page is intentionally blank.

LAS GALLINAS VALLEY SANITARY DISTRICT
SCHEDULE OF RATES

RESIDENTIAL REFUSE COLLECTION RATES

Rate increase: 4.38%
Effective date: 01/01/2020

REOCCURING CHARGES

Residential Service (Bundled service includes 1 landfill (garbage) cart, 1 organics cart, & 1 recycling split cart)

Weekly Service Rates (Billed Quarterly)	2020 Flat rate	
	Monthly Rate	Quarterly Rate
20 gallon cart	$33.54	$100.62
32 gallon cart	$39.45	$118.35
64 gallon cart	$78.90	$236.70
96 gallon cart	$118.35	$355.05
Low income - 20 gal* cart	$26.83	$80.49
Low income - 32 gal* cart	$31.56	$94.68
Low income - 64 gal* cart	$63.12	$189.36
Low income - 96 gal* cart	$94.68	$284.04
Additional Organics Cart Rental (35 or 64 gallon cart)	$2.32	$6.96
Additional Split Cart Rental (64 or 96 gallon cart)	$2.32	$6.96
Additional Monthly Charges	**Monthly Fee (per cart, each way)**	**Quarterly Fee**
Distance 5' - 50'	$5.41	$16.23
Distance Over 50'	$6.96	$20.88

*Must meet PG&E CARE program eligibility requirements.

NOTE: We may not be able to accommodate any collection requests NOT at the curb due to a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager.

ONE TIME SERVICE FEES

Additional Service Fees per Occurrence	2020 Fee
Return Fees - Off day	$25.00
Return Fees - Same day	$10.00
Resume Service/Late Fee	$35.00
Contamination (cart) any size cart	$30.00
Overload/Overweight (cart)	$25.00
Extra bag garbage	$15.00
Extra bag yard waste	$10.00
Steam Clean (cart)	$15.00
Special Collection	$35.00
Special Handling (Bulky items)	$30.00
Bulky item fees per item	Fees Vary
Cart Strap Set-up Admin Fee	$25.00
20 Gal Cart Replacement Fee	$55.00
32 Gal Cart Replacement Fee	$60.00
64 Gal Cart Replacement Fee	$65.00
96 Gal Cart Replacement Fee	$75.00
64 Gal Split Cart Replacement Fee	$90.00
96 Gal Split Cart Replacement Fee	$100.00

LAS GALLINAS VALLEY SANITARY DISTRICT

SCHEDULE OF RATES

COMMERCIAL REFUSE COLLECTION RATES

Rate increase: 4.38%

Effective date: 01/01/2020

REOCCURING CHARGES

COMMERCIAL CARTS, BINS, ROLL-OFFS	*Collections per Week*						*Additional One Time Empty*
Garbage	**1**	**2**	**3**	**4**	**5**	**6**	
*20 gallon cart**	$34.30	$68.60	$102.90	$137.20	$171.50	$205.80	$7.92
32 gallon cart	$40.34	$80.68	$121.02	$161.36	$201.70	$242.04	$9.31
64 gallon cart	$80.68	$161.36	$242.04	$322.72	$403.40	$484.08	$18.62
96 gallon cart	$121.02	$242.04	$363.06	$484.08	$605.10	$726.12	$27.93
1 yard bin	$282.40	$565.48	$847.88	$1,130.28	$1,413.29	$1,695.63	$65.17
2 yard bin	$426.90	$824.28	$1,221.35	$1,618.38	$2,015.76	$2,412.80	$98.52
3 yard bin	$571.40	$1,083.07	$1,594.81	$2,106.49	$2,618.22	$3,129.96	$131.86
4 yard bin	$754.45	$1,478.97	$2,203.66	$2,928.13	$3,652.68	$4,377.47	$174.10
5 yard bin	$937.51	$1,874.89	$2,812.53	$3,749.77	$4,687.15	$5,625.00	$216.35
6 yard bin	$1,085.67	$2,057.85	$3,030.14	$4,002.33	$4,974.63	$5,946.93	$250.54
10 yard roll-off	$1,724.86	$3,270.74	$4,816.26	$6,361.94	$7,907.93	$9,453.55	$398.04
18 yard roll-off	$2,830.71	$5,304.30	$7,777.82	$10,251.48	$12,725.27	$15,198.79	$653.24
20 yard roll-off	$3,449.72	$6,541.47	$9,632.52	$12,723.88	$15,815.87	$18,907.10	$796.09
25 yard roll-off	$4,312.15	$8,176.85	$12,040.65	$15,904.85	$19,769.83	$23,633.88	$995.11
Organics (F2E or Compost)	1	2	3	4	5	6	*Additional One Time Empty*
32 gallon	$19.05	$38.10	$57.15	$76.20	$95.25	$114.30	$4.40
64 gallon	$38.10	$76.20	$114.30	$152.40	$190.50	$228.60	$8.79
1 yard	$133.33	$266.66	$399.99	$533.32	$666.65	$799.98	$30.77
2 yard	$266.66	$533.32	$799.98	$1,066.64	$1,333.30	$1,599.96	$61.54
3 yard	$399.99	$799.98	$1,199.97	$1,599.96	$1,999.95	$2,399.94	$92.31
10 yard roll-off	$1,207.40	$2,414.80	$3,622.20	$4,829.60	$6,037.00	$7,244.40	$278.63
18 yard roll-off	$2,173.32	$4,346.64	$6,519.96	$8,693.28	$10,866.60	$13,039.92	$501.54
20 yard roll-off	$2,414.80	$4,829.60	$7,244.40	$9,659.20	$12,074.00	$14,488.80	$557.26
25 yard roll-off	$3,018.50	$6,037.00	$9,055.50	$12,074.00	$15,092.50	$18,111.00	$696.58
Garbage Compactors (Per empty)							
Roll-off Compactor Tipping fee per ton		$136.90		Roll-off Compactor Hauling charge			$278.05
Stationary FL (Per Compacted Yard)		$115.95		Roll-off Compactor Special handling			Rates Vary

Other Charges	**Service**	**Fee**	**Details**
	Lock	$25.00	Monthly fee
	Box rental	Fees Vary	Minimum Bimonthly fee
	Distance < 50ft	$5.41	Monthly fee per cart, each way
	Distance > 50ft	$6.95	Monthly fee per cart, each way

** Customers must have a sufficient level of service for the volume of material generated. Requests for 20gal carts require assessment and approval of a Route Manager.*

NOTE: All container types and sizes may not be available at all locations depending on a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager.

ONE TIME SERVICE FEES

Commercial Service Fees	Fee
Return Fee - **BIN**	$75.00
Return Fee - **CART** -same day	$10.00
Return Fee - **CART** -off day	$25.00
Late Fee/Resume Service Fee	$35.00
Contamination (**BIN**)	$50.00
Contamination (**CART**)	$30.00
Overload/Compaction (**BIN**)	$60.00
Overload/Compaction (**CART**)	$25.00
Extra Bag Garbage	$15.00
Additional Empty **BIN**	Fees vary
Extra Bag Yard Waste	$15.00
Steam Clean (1-6 yard **BIN**)	$95.00
Steam Clean (**CART**)	$15.00
Steam Clean (**COMPACTOR/ROLL-OFF**)	$225.00
Lock Set-up Admin Fee	$25.00
Lock Single Use Fee	$5.00
Lock Purchase Fee	$20.00
Lock Bar Bin Set-up Fee	$75.00
Overweight Charge Per Ton*	$205.00
20 Gal Cart Replacement Fee	$55.00
32 Gal Cart Replacement Fee	$60.00
64 Gal Cart Replacement Fee	$65.00
96 Gal Cart Replacement Fee	$75.00
64 Gal Split Cart Replacement Fee	$90.00
96 Gal Split Cart Replacement Fee	$100.00
Bin Repair/Replacement Fee**	Fees vary

*(Boxes exceeding 300lbs/yard)

**Fees vary by size up to $1,200, not to exceed current replacement value.

LAS GALLINAS VALLEY SANITARY DISTRICT

SCHEDULE OF RATES

MULTI-FAMILY DWELLING REFUSE COLLECTION RATES

Rate increase: 4.38%

Effective date: 01/01/2020

REOCCURING CHARGES

MFD CARTS, BINS, ROLL-OFFS	*Collections per Week*						*Additional One Time Empty*
Garbage	1	2	3	4	5	6	
20 gallon cart*	$33.53	$67.06	$100.59	$134.12	$167.65	$201.18	$7.74
32 gallon cart	$39.45	$78.90	$118.35	$157.80	$197.25	$236.70	$9.10
64 gallon cart	$78.90	$157.80	$236.70	$315.60	$394.50	$473.40	$18.21
96 gallon cart	$118.35	$236.70	$355.05	$473.40	$591.75	$710.10	$27.31
1 yard bin	$260.82	$451.87	$642.85	$833.89	$1,024.93	$1,216.00	$60.19
2 yard bin	$426.90	$824.28	$1,221.35	$1,618.38	$2,015.76	$2,412.80	$98.52
3 yard bin	$571.40	$1,083.07	$1,594.81	$2,106.49	$2,618.15	$3,129.82	$131.86
4 yard bin	$754.45	$1,478.97	$2,203.66	$2,928.13	$3,652.68	$4,377.47	$174.10
5 yard bin	$937.51	$1,874.89	$2,812.53	$3,749.77	$4,687.15	$5,625.00	$216.35
6 yard bin	$1,085.67	$2,057.85	$3,030.14	$4,002.33	$4,974.63	$5,946.93	$250.54
10 yard roll-off	$1,724.86	$3,270.74	$4,816.26	$6,361.94	$7,907.93	$9,453.55	$398.04
18 yard roll-off	$2,830.71	$5,304.30	$7,777.82	$10,251.48	$12,725.27	$15,198.79	$653.24
20 yard roll-off	$3,449.72	$6,541.47	$9,632.52	$12,723.88	$15,815.87	$18,907.10	$796.09
25 yard roll-off	$4,312.15	$8,176.85	$12,040.65	$15,904.85	$19,769.83	$23,633.88	$995.11
Organics	1	2	3	4	5	6	*Additional One Time Empty*
Additional Organics Cart Rental (35 gallon cart) after 4 TOTAL carts per cart per month	$2.32	$4.64	$6.96	$9.28	$11.60	$13.92	*NA*
Additional Organics Cart Rental (64 gallon cart) after 4 TOTAL carts per cart per month.	$2.32	$4.64	$6.96	$9.28	$11.60	$13.92	*NA*
1 yard	$133.33	$266.66	$399.99	$533.32	$666.65	$799.98	$30.77
2 yard	$266.66	$533.32	$799.98	$1,066.64	$1,333.30	$1,599.96	$61.54
3 yard	$399.99	$799.98	$1,199.97	$1,599.96	$1,999.95	$2,399.94	$92.31

Garbage Compactors (Per empty)

Roll-off Compactor Tipping fee per ton	$136.90	Roll-off Compactor Hauling charge	$278.05
Stationary FL (Per Compacted Yard)	$115.95	Roll-off Compactor Special handling	Rates Vary

Other Charges

Service	Fee	Details
Lock	$25.00	Monthly fee
Box rental	Fees Vary	Minimum Bimonthly fee
Distance < 50ft	$5.41	Monthly fee per cart, each way
Distance > 50ft	$6.96	Monthly fee per cart, each way

NOTE: Minimum service level is 32 gallons per unit or equivalent volume. Decrease to 20 gallon per unit is subject to company review and approval.
NOTE: Up to four (4) Organics carts provided at no additional charge. Additional carts may be rented for a nominal monthly fee.
NOTE: All container types and sizes may not be available depending on a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager.

ONE TIME SERVICE FEES

MFD One Time Service Fees	Fee
Return Fee - **BIN**	$75.00
Return Fee - **CART** -same day	$10.00
Return Fee - **CART** -off day	$25.00
Late Fee/Resume Service Fee	$35.00
Contamination (**BIN**) Per Yard	$50.00
Contamination (**CART**)	$30.00
Overload/Compaction (**BIN**)	$60.00
Overload/Compaction (**CART**)	$25.00
Additonal Empty Bag	$15.00
Extra Bag Yard Waste	$10.00
Additional Empty Garbage	Fees vary
Steam Clean (**BIN**)	$95.00
Steam Clean (**CART**)	$15.00
Steam Clean (**COMPACTOR/ROLL-OFF**)	$225.00
Lock Set-up Admin Fee	$25.00
Lock Single Use Fee	$5.00
Lock Purchase Fee	$20.00
Lock Bar Bin Set-up Fee	$75.00
Overweight Charge Per Ton*	$205.00
20 Gal Cart Replacement Fee	$55.00
32 Gal Cart Replacement Fee	$60.00
64 Gal Cart Replacement Fee	$65.00
96 Gal Cart Replacement Fee	$75.00
64 Gal Split Cart Replacement Fee	$90.00
96 Gal Split Cart Replacement Fee	$100.00
Bin Repair/Replacement Fee**	Fees vary by size up to

**(Boxes exceeding 300lbs/yard)*
***Fees vary by size not to exceed current replacement value.*

All other ordinances and parts of ordinances inconsistent herewith are hereby repealed.

* * * * * * * * * *

I hereby certify that the foregoing is full, true, and correct copy of the Ordinance duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District of Marin County, California, at a meeting hereof held on January 16, 2020, by the following vote of members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

____
Teresa Lerch, District Secretary
Las Gallinas Valley Sanitary District

APPROVED:

____
Rabi Elias, President
Las Gallinas Valley Sanitary District

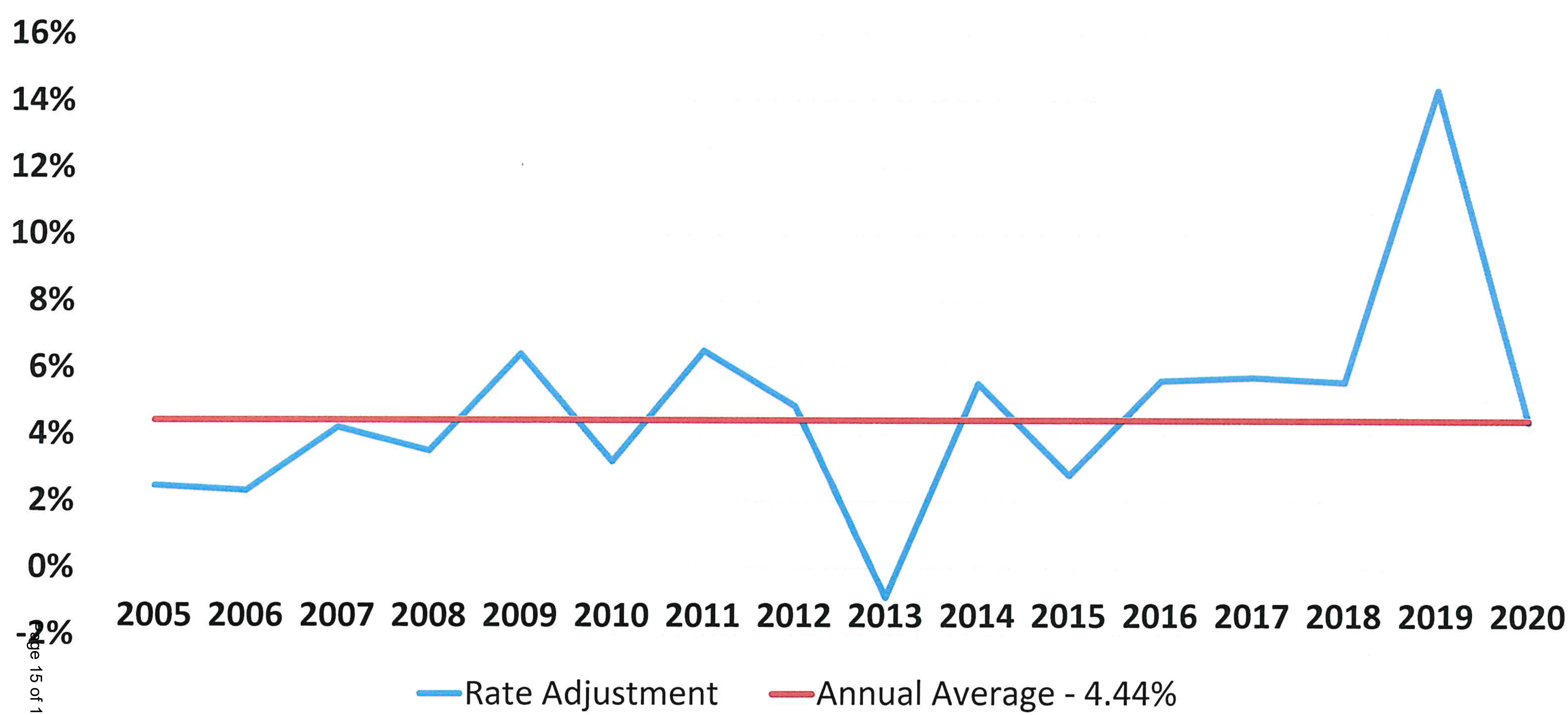
(seal)

2020 Rate Factors

Collector Operations	2.31%
Garbage Landfilling and Organics Processing	0.90%
Other (Government Fees, Interest, Change in Law)	0.39%
Recyclable Materials Processing	0.46%
Profit	0.33%
Total	**4.38%**

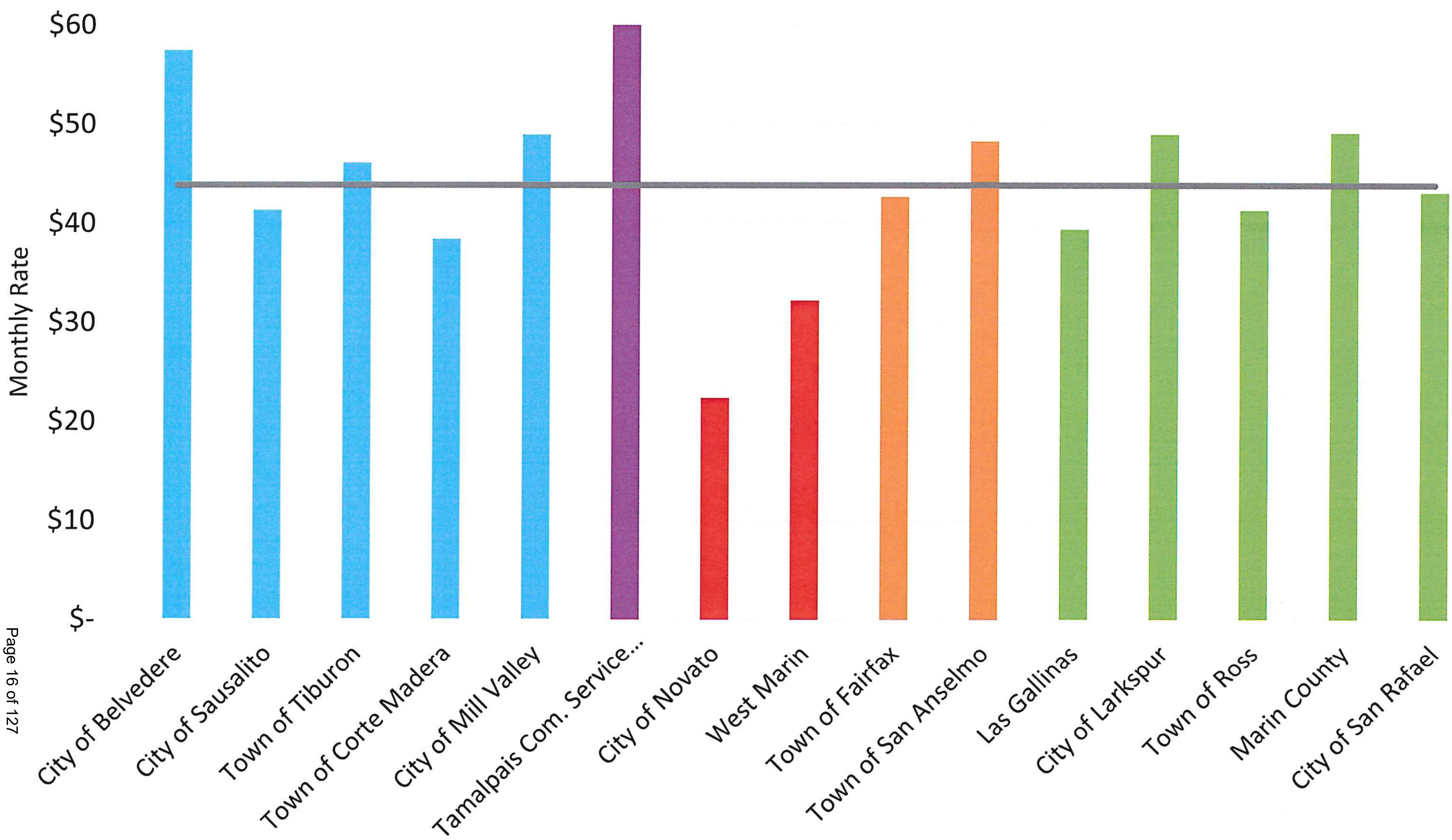
CONSULTING GROUP, INC.

Historic Rate Trend



Marin Rate Survey

Residential 30-35 Gallon Cart Comparison



THANK YOU FOR YOUR TIME

For additional questions, contact:

Garth Schultz	or	Emily Ginsburg
R3 Project Manager		R3 Sr. Project Analyst
(510) 292-0853		(510) 647-9674
gschultz@r3cgi.com		eginsburg@r3cgi.com

R3 CONSULTING GROUP, INC.
RESOURCES · RESPECT · RESPONSIBILITY

Agenda Item 3
Date January 16, 2020

BOARD OF DIRECTORS OF THE
LAS GALLINAS VALLEY SANITARY DISTRICT

ORDINANCE NO. 181

AN ORDINANCE AMENDING CHAPTER 1, AN ORDINANCE REGULATING SOLID WASTE, RECYCLABLE AND ORGANIC MATERIALS, AND THE COLLECTION, REMOVAL AND DISPOSAL THEREOF, TITLE 4 – GARBAGE SERVICE, AS AMENDED, OF THE ORDINANCE CODE OF THE LAS GALLINAS VALLEY SANITARY DISTRICT.

The Board of Directors of the Las Gallinas Valley Sanitary District, Marin County, California, does ordain as follows:

Appendix A of Title 4, Chapter 1 of the Las Gallinas Valley Sanitary District Ordinance Code is amended to read as follows:

This page is intentionally blank.

LAS GALLINAS VALLEY SANITARY DISTRICT
SCHEDULE OF RATES
RESIDENTIAL REFUSE COLLECTION RATES

Rate increase: **4.38%**
Effective date: **01/01/2020**

REOCCURING CHARGES

Residential Service (Bundled service includes 1 landfill (garbage) cart, 1 organics cart, & 1 recycling split cart)

Weekly Service Rates (Billed Quarterly)	2020 Flat rate	
	Monthly Rate	Quarterly Rate
20 gallon cart	$33.54	$100.62
32 gallon cart	$39.45	$118.35
64 gallon cart	$78.90	$236.70
96 gallon cart	$118.35	$355.05
Low income - 20 gal* cart	$26.83	$80.49
Low income - 32 gal* cart	$31.56	$94.68
Low income - 64 gal* cart	$63.12	$189.36
Low income - 96 gal* cart	$94.68	$284.04
Additional Organics Cart Rental (35 or 64 gallon cart)	$2.32	$6.96
Additional Split Cart Rental (64 or 96 gallon cart)	$2.32	$6.96
Additional Monthly Charges	**Monthly Fee (per cart, each way)**	**Quarterly Fee**
Distance 5' - 50'	$5.41	$16.23
Distance Over 50'	$6.96	$20.88

*Must meet PG&E CARE program eligibility requirements.
NOTE: We may not be able to accommodate any collection requests NOT at the curb due to a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager.

ONE TIME SERVICE FEES

Additional Service Fees per Occurrence	2020 Fee
Return Fees - Off day	$25.00
Return Fees - Same day	$10.00
Resume Service/Late Fee	$35.00
Contamination (cart) any size cart	$30.00
Overload/Overweight (cart)	$25.00
Extra bag garbage	$15.00
Extra bag yard waste	$10.00
Steam Clean (cart)	$15.00
Special Collection	$35.00
Special Handling (Bulky items)	$30.00
Bulky item fees per item	Fees Vary
Cart Strap Set-up Admin Fee	$25.00
20 Gal Cart Replacement Fee	$55.00
32 Gal Cart Replacement Fee	$60.00
64 Gal Cart Replacement Fee	$65.00
96 Gal Cart Replacement Fee	$75.00
64 Gal Split Cart Replacement Fee	$90.00
96 Gal Split Cart Replacement Fee	$100.00

LAS GALLINAS VALLEY SANITARY DISTRICT

SCHEDULE OF RATES

COMMERCIAL REFUSE COLLECTION RATES

Rate increase: 4.38%
Effective date: 01/01/2020

REOCCURING CHARGES

COMMERCIAL CARTS, BINS, ROLL-OFFS	*Collections per Week*						*Additional One Time Empty*
Garbage	**1**	**2**	**3**	**4**	**5**	**6**	
*20 gallon cart**	$34.30	$68.60	$102.90	$137.20	$171.50	$205.80	$7.92
32 gallon cart	$40.34	$80.68	$121.02	$161.36	$201.70	$242.04	$9.31
64 gallon cart	$80.68	$161.36	$242.04	$322.72	$403.40	$484.08	$18.62
96 gallon cart	$121.02	$242.04	$363.06	$484.08	$605.10	$726.12	$27.93
1 yard bin	$282.40	$565.48	$847.88	$1,130.28	$1,413.29	$1,695.63	$65.17
2 yard bin	$426.90	$824.28	$1,221.35	$1,618.38	$2,015.76	$2,412.80	$98.52
3 yard bin	$571.40	$1,083.07	$1,594.81	$2,106.49	$2,618.22	$3,129.96	$131.86
4 yard bin	$754.45	$1,478.97	$2,203.66	$2,928.13	$3,652.68	$4,377.47	$174.10
5 yard bin	$937.51	$1,874.89	$2,812.53	$3,749.77	$4,687.15	$5,625.00	$216.35
6 yard bin	$1,085.67	$2,057.85	$3,030.14	$4,002.33	$4,974.63	$5,946.93	$250.54
10 yard roll-off	$1,724.86	$3,270.74	$4,816.26	$6,361.94	$7,907.93	$9,453.55	$398.04
18 yard roll-off	$2,830.71	$5,304.30	$7,777.82	$10,251.48	$12,725.27	$15,198.79	$653.24
20 yard roll-off	$3,449.72	$6,541.47	$9,632.52	$12,723.88	$15,815.87	$18,907.10	$796.09
25 yard roll-off	$4,312.15	$8,176.85	$12,040.65	$15,904.85	$19,769.83	$23,633.88	$995.11
Organics (F2E or Compost)	1	2	3	4	5	6	*Additional One Time Empty*
32 gallon	$19.05	$38.10	$57.15	$76.20	$95.25	$114.30	$4.40
64 gallon	$38.10	$76.20	$114.30	$152.40	$190.50	$228.60	$8.79
1 yard	$133.33	$266.66	$399.99	$533.32	$666.65	$799.98	$30.77
2 yard	$266.66	$533.32	$799.98	$1,066.64	$1,333.30	$1,599.96	$61.54
3 yard	$399.99	$799.98	$1,199.97	$1,599.96	$1,999.95	$2,399.94	$92.31
10 yard roll-off	$1,207.40	$2,414.80	$3,622.20	$4,829.60	$6,037.00	$7,244.40	$278.63
18 yard roll-off	$2,173.32	$4,346.64	$6,519.96	$8,693.28	$10,866.60	$13,039.92	$501.54
20 yard roll-off	$2,414.80	$4,829.60	$7,244.40	$9,659.20	$12,074.00	$14,488.80	$557.26
25 yard roll-off	$3,018.50	$6,037.00	$9,055.50	$12,074.00	$15,092.50	$18,111.00	$696.58

Garbage Compactors (Per empty)

Roll-off Compactor Tipping fee per ton	$136.90	Roll-off Compactor Hauling charge	$278.05
Stationary FL (Per Compacted Yard)	$115.95	Roll-off Compactor Special handling	Rates Vary

Other Charges

Service	Fee	Details
Lock	$25.00	Monthly fee
Box rental	Fees Vary	Minimum Bimonthly fee
Distance < 50ft	$5.41	Monthly fee per cart, each way
Distance > 50ft	$6.95	Monthly fee per cart, each way

** Customers must have a sufficient level of service for the volume of material generated. Requests for 20gal carts require assessment and approval of a Route Manager.*
NOTE: All container types and sizes may not be available at all locations depending on a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager.

ONE TIME SERVICE FEES

Commercial Service Fees	Fee
Return Fee - **BIN**	$75.00
Return Fee - **CART** -same day	$10.00
Return Fee - **CART** -off day	$25.00
Late Fee/Resume Service Fee	$35.00
Contamination (**BIN**)	$50.00
Contamination (**CART**)	$30.00
Overload/Compaction (**BIN**)	$60.00
Overload/Compaction (**CART**)	$25.00
Extra Bag Garbage	$15.00
Additional Empty **BIN**	Fees vary
Extra Bag Yard Waste	$15.00
Steam Clean (1-6 yard **BIN**)	$95.00
Steam Clean (**CART**)	$15.00
Steam Clean (**COMPACTOR/ROLL-OFF**)	$225.00
Lock Set-up Admin Fee	$25.00
Lock Single Use Fee	$5.00
Lock Purchase Fee	$20.00
Lock Bar Bin Set-up Fee	$75.00
Overweight Charge Per Ton*	$205.00
20 Gal Cart Replacement Fee	$55.00
32 Gal Cart Replacement Fee	$60.00
64 Gal Cart Replacement Fee	$65.00
96 Gal Cart Replacement Fee	$75.00
64 Gal Split Cart Replacement Fee	$90.00
96 Gal Split Cart Replacement Fee	$100.00
Bin Repair/Replacement Fee**	Fees vary

*(Boxes exceeding 300lbs/yard)
**Fees vary by size up to $1,200, not to exceed current replacement value.

LAS GALLINAS VALLEY SANITARY DISTRICT

SCHEDULE OF RATES

MULTI-FAMILY DWELLING REFUSE COLLECTION RATES

Rate increase: 4.38%

Effective date: 01/01/2020

REOCCURING CHARGES

MFD CARTS, BINS, ROLL-OFFS	Collections per Week						
Garbage	1	2	3	4	5	6	*Additional One Time Empty*
20 gallon cart*	$33.53	$67.06	$100.59	$134.12	$167.65	$201.18	$7.74
32 gallon cart	$39.45	$78.90	$118.35	$157.80	$197.25	$236.70	$9.10
64 gallon cart	$78.90	$157.80	$236.70	$315.60	$394.50	$473.40	$18.21
96 gallon cart	$118.35	$236.70	$355.05	$473.40	$591.75	$710.10	$27.31
1 yard bin	$260.82	$451.87	$642.85	$833.89	$1,024.93	$1,216.00	$60.19
2 yard bin	$426.90	$824.28	$1,221.35	$1,618.38	$2,015.76	$2,412.80	$98.52
3 yard bin	$571.40	$1,083.07	$1,594.81	$2,106.49	$2,618.15	$3,129.82	$131.86
4 yard bin	$754.45	$1,478.97	$2,203.66	$2,928.13	$3,652.68	$4,377.47	$174.10
5 yard bin	$937.51	$1,874.89	$2,812.53	$3,749.77	$4,687.15	$5,625.00	$216.35
6 yard bin	$1,085.67	$2,057.85	$3,030.14	$4,002.33	$4,974.63	$5,946.93	$250.54
10 yard roll-off	$1,724.86	$3,270.74	$4,816.26	$6,361.94	$7,907.93	$9,453.55	$398.04
18 yard roll-off	$2,830.71	$5,304.30	$7,777.82	$10,251.48	$12,725.27	$15,198.79	$653.24
20 yard roll-off	$3,449.72	$6,541.47	$9,632.52	$12,723.88	$15,815.87	$18,907.10	$796.09
25 yard roll-off	$4,312.15	$8,176.85	$12,040.65	$15,904.85	$19,769.83	$23,633.88	$995.11
Organics	1	2	3	4	5	6	*Additional One Time Empty*
Additional Organics Cart Rental (35 gallon cart) after 4 TOTAL carts per cart per month	$2.32	$4.64	$6.96	$9.28	$11.60	$13.92	*NA*
Additional Organics Cart Rental (64 gallon cart) after 4 TOTAL carts per cart per month.	$2.32	$4.64	$6.96	$9.28	$11.60	$13.92	*NA*
1 yard	$133.33	$266.66	$399.99	$533.32	$666.65	$799.98	$30.77
2 yard	$266.66	$533.32	$799.98	$1,066.64	$1,333.30	$1,599.96	$61.54
3 yard	$399.99	$799.98	$1,199.97	$1,599.96	$1,999.95	$2,399.94	$92.31

Garbage Compactors (Per empty)

Roll-off Compactor Tipping fee per ton	$136.90	Roll-off Compactor Hauling charge	$278.05
Stationary FL (Per Compacted Yard)	$115.95	Roll-off Compactor Special handling	Rates Vary

Other Charges	Service	Fee	Details
	Lock	$25.00	Monthly fee
	Box rental	Fees Vary	Minimum Bimonthly fee
	Distance < 50ft	$5.41	Monthly fee per cart, each way
	Distance > 50ft	$6.96	Monthly fee per cart, each way

NOTE: Minimum service level is 32 gallons per unit or equivalent volume. Decrease to 20 gallon per unit is subject to company review and approval.

NOTE: Up to four (4) Organics carts provided at no additional charge. Additional carts may be rented for a nominal monthly fee.

NOTE: All container types and sizes may not be available depending on a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager.

ONE TIME SERVICE FEES

MFD One Time Service Fees	Fee
Return Fee - BIN	$75.00
Return Fee - CART -same day	$10.00
Return Fee - CART -off day	$25.00
Late Fee/Resume Service Fee	$35.00
Contamination (BIN) Per Yard	$50.00
Contamination (CART)	$30.00
Overload/Compaction (BIN)	$60.00
Overload/Compaction (CART)	$25.00
Additonal Empty Bag	$15.00
Extra Bag Yard Waste	$10.00
Additional Empty Garbage	Fees vary
Steam Clean (BIN)	$95.00
Steam Clean (CART)	$15.00
Steam Clean (COMPACTOR/ROLL-OFF)	$225.00
Lock Set-up Admin Fee	$25.00
Lock Single Use Fee	$5.00
Lock Purchase Fee	$20.00
Lock Bar Bin Set-up Fee	$75.00
Overweight Charge Per Ton*	$205.00
20 Gal Cart Replacement Fee	$55.00
32 Gal Cart Replacement Fee	$60.00
64 Gal Cart Replacement Fee	$65.00
96 Gal Cart Replacement Fee	$75.00
64 Gal Split Cart Replacement Fee	$90.00
96 Gal Split Cart Replacement Fee	$100.00
Bin Repair/Replacement Fee**	Fees vary by size up to

**(Boxes exceeding 300lbs/yard)*

***Fees vary by size not to exceed current replacement value.*

All other ordinances and parts of ordinances inconsistent herewith are hereby repealed.

* * * * * * * * * *

I hereby certify that the foregoing is full, true, and correct copy of the Ordinance duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District of Marin County, California, at a meeting hereof held on January 16, 2020, by the following vote of members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

____
Teresa Lerch, District Secretary
Las Gallinas Valley Sanitary District

APPROVED:

____
Rabi Elias, President
Las Gallinas Valley Sanitary District

(seal)

Agenda Item 4 A
Date January 16, 2020

MINUTES OF DECEMBER 5, 2019

THE BOARD OF DIRECTORS OF THE LAS GALLINAS VALLEY SANITARY DISTRICT MET IN OPEN SESSION ON DECEMBER 5, 2019 AT 4:30 PM, AT THE DISTRICT OFFICE, 101 LUCAS VALLEY ROAD, SUITE 300. LOCATION OF MEETING-101 LUCAS VALLEY ROAD, 2ND FLOOR CONFERENCE ROOM, SAN RAFAEL.

BOARD MEMBERS PRESENT:	M. Clark, R. Elias, C. Murray, J. Schriebman and C. Yezman (arrived at 4:35 pm)
BOARD MEMBERS ABSENT:	None.
STAFF PRESENT:	Mike Prinz , General Manager; Robert Ruiz, District Treasurer; Teresa Lerch, District Secretary; Mike Cortez, District Engineer, Greg Pease, Collection and Safety Manager, Mel Liebman, Plant Manager and Irene Huang, Associate Engineer.
OTHERS PRESENT:	Pat Richardson, District Counsel; Fani Hansen and Gary Hansen, DHA; Gerald Fejarang and Joel Faller, Kennedy Jenks.
ANNOUNCEMENT:	President Murray announced that the agenda had been posted as evidenced by the certification on file in accordance with the law.
PUBLIC COMMENT:	None.

CONSENT CALENDAR:
These items are considered routine and will be enacted, approved or adopted by one motion unless a request for removal for discussion or explanation is received from the staff or the Board.

A. Approve the Board Minutes for November 15, 2019
B. Approve the Warrant List for December 5, 2019
C. Approve Board Compensation for November 2019

Item B was discussed.

ACTION:
Board approved (M/S Schriebman/Clark 5-0-0-0) the Consent Calendar items A, B and C.

AYES: Clark, Elias, Murray, Schriebman and Yezman.
NOES: None.
ABSENT: None.
ABSTAIN: None.

APPROVAL OF CONTRACT TO MWA ARCHITECTS FOR ADMINISTRATION BUILDING SITE EVALUATION
Greg Robley from MWA Architects did a presentation for the Board. Fani Hansen from DHA also spoke to the Board. Discussion ensued.

ACTION:

Board approved (M/S Yezman/Clark 3-1-0-1) the Award of Contract to MWA Architects for the Administration Building Site Evaluation and Authorized a budget revision of $15,000 to augment the design costs budgeted in the FY 2019-20 CIP Budget.

AYES: Clark, Murray and Yezman
NOES: Elias
ABSENT: None
ABSTAIN: Schriebman

Liebman and Pease left at 5:50 pm.

APPROVE AWARD OF CONTRACT TO KENNEDY JENKS FOR INTEGRATED WASTEWATER MASTER PLAN

Gerald Fejarang and Joel Faller from Kennedy Jenks did a presentation to the Board. Discussion ensued.

ACTION:

Board approved (M/S Schriebman/Clark 5-0-0-0) awarding the Contract to Kennedy Jenks for the Integrated Wastewater Master Plan in the amount of $300,000 for Phase 1 and authorized the expenditure of $800,000 for Phase 2 and Phase 3 in FY 2020-21 and FY 2021-22 respectively, as funds are allocated for those fiscal years and authorized the General Manager to execute agreements with Nute Engineering and EOA for on-call support and assistance to Kennedy Jenks during the master planning effort for $50,000 each.

AYES: Clark, Elias, Murray, Schriebman and Yezman.
NOES: None.
ABSENT: None.
ABSTAIN: None.

CHANGES TO BOARD POLICY B-60 BOARD MEMBER COMPENSATION – APPROVE RESOLUTION 2019-2178 – A RESOLUTION APPROVING A REVISED POLICY B-60, BOARD COMPENSATION

Board and staff reviewed Resolution 2019-2178, a Resolution approving a revised policy for B-60 Board compensation. Discussion ensued.

ACTION:

Board approved (M/S Yezman/Schreibman 5-0-0-0) Resolution 2019-2178 revising Board Policy for B-60 Board compensation.

AYES: Clark, Elias, Murray, Schriebman and Yezman.
NOES: None.
ABSENT: None.
ABSTAIN: None.

Huang left at 6:57 pm

RESOLUTION 2019-2179 – A RESOLUTION APPROVING REVISIONS TO BOARD FINANCE POLICIES – REVISION TO POLICY F-100 CREDIT CARDS

Board and staff reviewed Resolution 2019-2179 revising policy section F-100 Credit Cards.

ACTION:

Board approved (M/S Schriebman/Yezman 5-0-0-0) Resolution 2019-2179 revising Board Finance Policy F-100 Credit Cards.

AYES: Clark, Elias, Murray, Schriebman and Yezman.
NOES: None.
ABSENT: None.
ABSTAIN: None.

RESOLUTION 2019-2180 – A RESOLUTION APPROVING AND ADOPTING A CEQA ADDENDUM NO. 2 FOR THE SECONARY TREATMENT PLANT UPGRADE AND RECYCLED WATER EXPANSION PROJECT

Board and staff reviewed Resolution 2019-2180, approving and adopting a CEQA addendum No. 2 for the Secondary Treatment Plant Upgrade and Recycled Water Expansion Project. Discussion ensued.

ACTION:

Board approved (M/S Schriebman/Elias 5-0-0-0) Resolution 2019-2180 approving and adopting a CEQA addendum No. 2 for the Secondary Treatment Plant Upgrade and Recycled Water Expansion Project.

AYES: Clark, Elias, Murray, Schriebman and Yezman.
NOES: None.
ABSENT: None.
ABSTAIN: None.

Cortez left at 7:26 pm.

VIDEO RECORDING OF BOARD MEETINGS

Board and staff discussed increasing transparency through Video Recording of Board meetings. Board expressed disinterest in video recording meetings and directed staff not to upload digital audio recordings of board meetings and to continue with the current process.

INFORMATION ITEMS:

STAFF / CONSULTANT REPORTS:

General Manager Report – Verbal – Prinz reported.

Topics included:

- STOYRWE Project Update
- New Staff
- Future Special Board Meeting
- Boardroom at new Location

Due to a lack of time, Board Reports and Various Articles were not discussed.

BOARD REQUESTS:

A. Board Meeting Attendance Requests – Murray requested to attend the CASA Washington DC Conference in February 2020 and the Resilience Along the West Coast Webinar on December 4, 2019.
B. Board Agenda Item Requests – none.

ADJOURNMENT:

ACTION:

Board approved (M/S Elias/Schriebman 5-0-0-0) the adjournment of the meeting at 8:01 pm.

AYES: Clark, Elias, Murray, Schriebman and Yezman.
NOES: None.
ABSENT: None.
ABSTAIN: None.

The next Board Meeting is scheduled for December 13, 2019 at the District Office.

ATTEST:

Teresa Lerch, District Secretary

APPROVED:

Rabi Elias, Board President

SPECIAL MEETING MINUTES OF DECEMBER 13, 2019

THE BOARD OF DIRECTORS OF THE LAS GALLINAS VALLEY SANITARY DISTRICT MET IN OPEN SESSION ON DECEMBER 13, 2019, AT 8:07y AM, AT 101 LUCAS VALLEY ROAD, SUITE 300, SAN RAFAEL, CALIFORNIA.

BOARD MEMBERS PRESENT: M. Clark, R. Elias, C. Murray, J. Schriebman and C. Yezman

BOARD MEMBERS ABSENT: None.

STAFF PRESENT: Mike Prinz, General Manager, Teresa Lerch, District Secretary

OTHERS PRESENT: Chris Sliz, Regional Government Services

ANNOUNCEMENT: President Murray announced that the agenda had been posted as evidenced by the certification on file in accordance with the law.

PUBLIC COMMENT: None.

BOARD OF DIRECTORS RETREAT

The Board and staff participated in a Board Retreat with the District's Consultant Chris Sliz from Regional Government Services. Clarification of Board Policies, roles and increasing rapport were discussed.

ADJOURNMENT:

ACTION:

Board approved (M/S Schriebman/Yezman 5-0-0-0) the adjournment of the meeting 11:32 am.

AYES: Clark, Elias, Murray, Schriebman and Yezman.
NOES: None
ABSENT: None
ABSTAIN: None

The next Board Meeting is scheduled for December 19, 2019 at the District's office.

ATTEST:

____
Teresa Lerch, District Secretary

APPROVED:

____
Rabi Elias, Board President

MINUTES OF DECEMBER 19, 2019

THE BOARD OF DIRECTORS OF THE LAS GALLINAS VALLEY SANITARY DISTRICT MET IN OPEN SESSION ON DECEMBER 19, 2019 AT 4:32 PM, AT THE DISTRICT OFFICE, 101 LUCAS VALLEY ROAD, SUITE 300 SAN RAFAEL, CA. 94903

BOARD MEMBERS PRESENT:	M. Clark, R. Elias, C. Murray, J. Schriebman and C. Yezman
BOARD MEMBERS ABSENT:	None.
STAFF PRESENT:	Mike Prinz , General Manager; Robert Ruiz, District Treasurer; Teresa Lerch, District Secretary; Mike Cortez, District Engineer,
OTHERS PRESENT:	Pat Richardson, District Counsel; Emily Ginsburg from R3 Consulting Group, Inc; Joe Garbarino, Patty Garbarino, Casey Fritz, Ray Holmes and Kim Scheibly from Marin Sanitary Service; Tom Gorman, Kennedy Jenks;
ANNOUNCEMENT:	President Murray announced that the agenda had been posted as evidenced by the certification on file in accordance with the law.
PUBLIC COMMENT:	None.

CONSENT CALENDAR:
These items are considered routine and will be enacted, approved or adopted by one motion unless a request for removal for discussion or explanation is received from the staff or the Board.

A. Approve the Board Minutes for November 21 and November 22, 2019
B. Approve Order of the Board that publication of Ordinance 179 and 180 has occured
C. Approve the Warrant List for December 19, 2019
D. Approve Conference request for Murray to attend the Washington DC CASA Conference February 24 -26, 2020 and the Resilience along the West Coast Webinar December 4, 2019
E. Approve Conference request for Schriebman to attend WateReuse Conference March 15-17, 2020 in San Francisco.

ACTION:
Board approved (M/S Schriebman/Clark 5-0-0-0) the Consent Calendar items A through E

AYES: Clark, Elias, Murray, Schriebman and Yezman.
NOES: None.
ABSENT: None.
ABSTAIN: None.

APPROVAL OF REFUSE RATE ADJUSTMENT FOR 2020 AND SET A PUBLIC HEARING
Emily Ginsburg from RE Consulting Group did a presentation for the Board and staff. Discussion ensued. Board approved setting a Public Hearing for January 16, 2020 at 4:30 pm.

ACTION:
Board approved (M/S Elias/Clark 5-0-0-0) setting a Public Hearing for the Refuse Rate Adjustment for 2020 on January 16, 2020 at 4:30 pm.

AYES: Clark, Elias, Murray, Schriebman and Yezman.
NOES: None.
ABSENT: None.
ABSTAIN: None.

ANNUAL CAPITAL FACILITIES CHARGE ACCOUNTING AND REPORTING
Board and staff discussed the Annual Capital Facilities charge accounting and reporting.

ACTION:
Board approved (M/S Yezman/Elias 5-0-0-0) the Annual Capital Facilities Charge accounting and reporting.

AYES: Clark, Elias, Murray, Schriebman and Yezman.
NOES: None.
ABSENT: None.
ABSTAIN: None.

APPLICATION OF ALLOCATION OF CAPACITY FOR APN 164-231-16, 163 DEEPSTONE DRIVE
Board and staff reviewed the application of allocation of capacity for APN 164-231-16, 163 Deepstone Drive. Discussion ensued.

ACTION:
Board approved (M/S Yezman/Clark 5-0-0-0) the application of allocation of capacity for APN 164-231-16, 163 Deepstone Drive.

AYES: Clark, Elias, Murray, Schriebman and Yezman.
NOES: None.
ABSENT: None.
ABSTAIN: None.

Schriebman left at 6:03 pm.

INFORMATION ITEMS:
STAFF / CONSULTANT REPORTS:

1. Secondary Treatment Plant Upgrade and Recycled Water Expansion December 2019 Project Update – Presentation by Cortez, Prinz and Tom Gorman from Kennedy Jenks. Discussion ensued.

Cortez left at 6:45 pm.

2. General Manager Report – Verbal – Prinz reported.
   Topics included:
   - 101 Lucas Valley Road update
   - PLC Filter- failure/fix
   - SBS tank heater update
   - Staff Advancements

3. Annual Reimbursement Report for Staff and Board Members – Written – Ruiz reported

BOARD REPORTS:

1. LAFCO – Verbal – Murray reported.
2. Gallinas Watershed Council / Miller Creek Watershed Council – Verbal –no report.
3. JPA Local Task Force on Solid and Hazardous Waste – Verbal – no report.
4. Flood Zone 7– verbal – no report.
5. NBWA
   Board Committee – Verbal – Clark reported.
   Steering Committee – Verbal – no report.
   JTC – Verbal – no report.
6. NBWRA /North Bay Water – Verbal - Elias reported.
7. Engineering Subcommittee – Verbal – no report.
8. Other Reports –Verbal - Murray reported on the ESSI: Environmental and Energy Institute Webinar

BOARD REQUESTS:

A. Board Meeting Attendance Requests – None.
B. Board Agenda Item Requests – Yezman requested ADU possible Ordinance change.

VARIOUS ARTICLES AND MISCELLANEOUS DISTRICT CORRESPONDENCE:
Discussion ensued.

ADJOURNMENT:

ACTION:
Board approved (M/S Elias/Yezman 4-0-1-0) the adjournment of the meeting at 7:10 pm.

AYES: Clark, Elias, Murray and Yezman.
NOES: None.
ABSENT: Schriebman
ABSTAIN: None.

The next Board Meeting is scheduled for January 9th, 2020 at the District Office.

ATTEST:

____
Teresa Lerch, District Secretary

APPROVED:

____
Rabi Elias, Board President

Agenda Item 4'B

Date January 16 2020

Las Gallinas Valley Sanitation District
Warrant List 1/16/2020 Draft

	Date	Num	Vendor	Original Amount	Addition and Adjustment	Total Amount	Description for items
1	1/16/2020	ACH	California Sanitation Risk Management Authority	79,005.00		79,005.00	Pooled Liability Premium & Deposits
2	1/16/2020	ACH	CalPERS - CERBT- OPEB	11,630.00		11,630.00	Pre-fund GASB payment
3	1/16/2020	ACH	Caltest	1,821.64		1,821.64	Independent Lab tests
4	1/16/2020	ACH	Core Utilities	16,050.00		16,050.00	December & Janaury IT Services
5	1/16/2020	EFT	Discovery Benefits	50.00		50.00	Administrative Fee - FSA
6	1/16/2020	ACH	Elias, Rabi	200.00		200.00	Health insurance Reimb
7	1/16/2020	N/A	Marin Municiple Water District	174.85		174.85	Meadow Dr. & Descanso Way Meter
8	1/16/2020	ACH	Murray, Craig	125.00		125.00	Health insurance Reimb
9	1/16/2020	N/A	Pacific EcoRisk	3,860.00		3,860.00	NPDES Toxicity Testing
10	1/16/2020	ACH	Retiree Augusto	187.74		187.74	Calpers Retiree Health
11	1/16/2020	ACH	Retiree Burgess	187.74		187.74	Calpers Retiree Health
12	1/16/2020	ACH	Retiree Cummins	187.74		187.74	Calpers Retiree Health
13	1/16/2020	ACH	Retiree Cutri	462.74		462.74	Calpers Retiree Health
14	1/16/2020	ACH	Retiree Emanuel	258.83		258.83	Calpers Retiree Health
15	1/16/2020	ACH	Retiree Gately	224.41		224.41	Calpers Retiree Health
16	1/16/2020	ACH	Retiree Guion	224.41		224.41	Calpers Retiree Health
17	1/16/2020	ACH	Retiree Johnson	632.90		632.90	Calpers Retiree Health
18	1/16/2020	ACH	Retiree Kermoian	187.74		187.74	Calpers Retiree Health
19	1/16/2020	ACH	Retiree Mandler	187.74		187.74	Calpers Retiree Health
20	1/16/2020	ACH	Retiree McGuire	563.00		563.00	Calpers Retiree Health
21	1/16/2020	ACH	Retiree Memmott	187.74		187.74	Calpers Retiree Health
22	1/16/2020	ACH	Retiree Petrie	163.37		163.37	Calpers Retiree Health
23	1/16/2020	ACH	Retiree Pettey	187.74		187.74	Calpers Retiree Health
24	1/16/2020	ACH	Retiree Provost	258.83		258.83	Calpers Retiree Health
25	1/16/2020	ACH	Retiree Reetz	511.48		511.48	Calpers Retiree Health
26	1/16/2020	ACH	Retiree Reilly	187.74		187.74	Calpers Retiree Health
27	1/16/2020	ACH	Retiree Vine	187.74		187.74	Calpers Retiree Health
28	1/16/2020	ACH	Retiree Wettstein	598.00		598.00	Calpers Retiree Health

Las Gallinas Valley Sanitation District
Warrant List 1/16/2020 Draft

	Date	Num	Vendor	Original Amount	Addition and Adjustment	Total Amount	Description for items
29	1/16/2020	ACH	Retiree Williams	598.00		598.00	Calpers Retiree Health
30	1/16/2020	ACH	Schriebman, Judy	200.00		200.00	Health insurance Reimb
31	1/16/2020	N/A	Synectic Technologies	1,652.56		1,652.56	Phone Upgrade/ Headsets for Admin Staff
32	1/16/2020	ACH	Yezman, Crystal	200.00		200.00	Health insurance Reimb

Do not change any formulas below this line.

TOTAL	$ 121,154.68	$ -	$ 121,154.68

Las Gallinas Valley Sanitation District
Warrant List 1/16/2020 Draft

	Date	Num	Vendor	Original Amount	Addition and Adjustment	Total Amount	Description for items
		EFT1	EFT1 = Payroll (Amount Required)	0.00		0.00	Approval:
		EFT2	EFT2 = Bank of Marin loan payments	0.00		0.00	
		PC	Petty Cash Checking	0.00		0.00	Finance
		>1	Checks (Operating Account)	0.00		0.00	
		N/A	Checks - Not issued	5,687.41		5,687.41	GM
		EFT	EFT = Vendor initiated "pulls" from LGVSD	50.00		50.00	
		ACH	ACH = LGVSD initiated "push" to Vendor	115,417.27		115,417.27	Board
			Total	$ 121,154.68		$ 121,154.68	
			Difference:			$ -	

Agenda Item 4 C
Date January 16, 2020

Directors' Meeting Attendance Recap

Name	Total Meetings
Megan Clark	4
Rabi Elias	4
Craig Murray	5
Judy Schriebman	4
Crystal Yezman	3
Total	20

Meeting Date: 1/9/2020
Paydate: 1/17/2020

Las Gallinas Valley Sanitary District

300 Smith Ranch Road, San Rafael, CA 94903
Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE FORM

Director's Name: MEGAN CLARK Month: DECEMBER

Board Members shall be compensated for up to the legal limit of six (6) meeting per month and one (1) per day. Board members are limited to four (4) conferences or seminars per year. For multi-day conferences, compensation shall be at a maximum of one (1) meeting per day.

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
5th	Reg	X	
19th	"	X	
TOTAL		2	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
6th	NBWA	X	
30th	Training	X	
TOTAL		2	

Total Meetings for which I am Requesting Payment: Max of six (6) per Health & Safety Code §4733	4

I hereby certify that the meetings as set forth above are true and correct and are for the purpose of conducting official business for the Las Gallinas Valley Sanitary District.

Megan Clark — Signature | 1-3-20 — Date

[signature] — Approved By/ Date | 1-8-20 — Pay Date

Las Gallinas
VALLEY SANITARY DISTRICT

300 Smith Ranch Road, San Rafael, CA 94903
Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE FORM

Director's Name: Rabi Elias Month: December 2019

Board Members shall be compensated for up to the legal limit of six (6) meeting per month and one (1) per day. Board members are limited to four (4) conferences or seminars per year. For multi-day conferences, compensation shall be at a maximum of one (1) meeting per day.

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/5/19	Regular	✓	
12/19/19	Regular	✓	
TOTAL		2	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/9/19	NBWRA Mtg	✓	
12/18/19	Retreat Bd Policies	✓	
TOTAL		2	

Total Meetings for which I am Requesting Payment: Max of six (6) per Health & Safety Code §4733	~~2~~ 4

I hereby certify that the meetings as set forth above are true and correct and are for the purpose of conducting official business for the Las Gallinas Valley Sanitary District.

R. Elias
Signature

1/8/20
Date

Approved By/ Date

1-8-20
Pay Date

Entered AS

Las Gallinas
VALLEY SANITARY DISTRICT

300 Smith Ranch Road, San Rafael, CA 94903
Office: 415-472-1734 Fax: 415-499-7715

BOARD MEMBER ATTENDANCE FORM

Director's Name: MURRAY, Craig K. Month: December 2019

Board Members shall be compensated for up to the legal limit of six (6) meeting per month and one (1) per day.
Board Members are limited to four (4) conferences or seminars per year.
For multi-day conferences, compensation shall be at a maximum of one (1) meeting per day.

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/5/19	Board Meeting	X	
12/13/19	Special Board Meeting – RGS Board Policies Review	X	
12/19/19	Board Meeting	X	
~~12/20/19~~	~~Special Board Meeting – Additional Board Training Harassment Awareness~~	~~X~~	
TOTAL		3/3	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/1, 8, 29/19	Merrydale Road/Las Gallinas Creek Headwater Litter Removal c/o City of San Rafael: 12/1: 2.0 hours; 12/8: 1.5 hours; 12/29: 0.5 hours		XXX
12/4/19	CASA EPA Biosolids 101 Webinar: Incineration and Anaerobic Digestion: Implementation Perspectives, 40 CFR Part 503 (The Biosolids Regulations)		X
12/4/19	City of San Rafael Bicycle Pedestrian Advisory Committee Meeting		X
12/4/19	Webinar Washington DC Environmental and Energy Study Institute (EESI) Resilience along the West Coast Scientific and Policy Innovations Strengthening Communities and the Environment	X	
12/10/19	City of San Rafael Planning Commission Meeting – 350 Merrydale Road/3833 Redwood Highway Townhome Development Project		X
12/12/19	CASA Air Quality, Climate Change, & Energy (ACE) Workgroup Meeting	X	
12/12/19	Attorney, GM Meeting – Future Sense Employee Climate Survey Document Review		X
12/12/19	CSDA Marin Special Districts Association – Formation Mtg., By Laws and Document Coordination, LGVSD Host		X
12/12/19	LAFCo Regular Meeting		X
12/13/19	End of Year Holiday Staff Party		X

Las Gallinas
VALLEY SANITARY DISTRICT

300 Smith Ranch Road, San Rafael, CA 94903
Office: 415-472-1734 Fax: 415-499-7715

BOARD MEMBER ATTENDANCE FORM

12/19/19	LAFCo Vice Chair Chair EO Coordinating Meeting		X
12/20/19	LGVSD President General Manager Coordinating Meeting		X
TOTAL		2/14	

Total Meetings for which I am Requesting Payment/Approved: **Board Members maximum of six (6) per Health & Safety Code §4733**	**5/17**

I hereby certify that the meetings as set forth above are true and correct and are for the purpose of conducting official business for the Las Gallinas Valley Sanitary District.

Signature

Approved By/ Date

December 20, 2019
Date

1-8-20
Pay Date

Las Gallinas
VALLEY SANITARY DISTRICT

300 Smith Ranch Road, San Rafael, CA 94903
Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE FORM

Director's Name: JUDY SCHRIEBMAN Month: DEC 2019

Board Members shall be compensated for up to the legal limit of six (6) meeting per month and one (1) per day. Board members are limited to four (4) conferences or seminars per year. For multi-day conferences, compensation shall be at a maximum of one (1) meeting per day.

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/5	Reg Mtg	✓	
12/13	Special Mtg / Retreat	✓	
12/19	Reg Mtg	✓	
TOTAL		3:3	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/4	GWC Mtg	✓	
TOTAL		1:1	

Total Meetings for which I am Requesting Payment: **Max of six (6) per Health & Safety Code §4733**	4

I hereby certify that the meetings as set forth above are true and correct and are for the purpose of conducting official business for the Las Gallinas Valley Sanitary District.

Judy Schriebman — Signature
12-27-2019 — Date

[signature] — Approved By/ Date
1-8-20 — Pay Date

Las Gallinas VALLEY SANITARY DISTRICT

300 Smith Ranch Road, San Rafael, CA 94903
Office: 415.472.1734 Fax: 415.499.7715

Entered AS

BOARD MEMBER ATTENDANCE FORM

Director's Name: Yezman, C. Month: December 2019

Board Members shall be compensated for up to the legal limit of six (6) meeting per month and one (1) per day. Board members are limited to four (4) conferences or seminars per year. For multi-day conferences, compensation shall be at a maximum of one (1) meeting per day.

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/5	Regular board mtg	X	
12/19	Regular board mtg	X	
TOTAL		2	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
12/13	Board Workshop	X	
12/20	Board Training conductor moriain Jacobs called in sick	~~X~~	
TOTAL		~~2~~ 1	

Total Meetings for which I am Requesting Payment: Max of six (6) per Health & Safety Code §4733	~~4~~ 3

I hereby certify that the meetings as set forth above are true and correct and are for the purpose of conducting official business for the Las Gallinas Valley Sanitary District.

Signature: [signature] Date: 12/19/19

Approved By/ Date: [signature] Pay Date: 1-8-20

x:\board\directors\directors meeting recap-compensation\board meeting attendance form rev 11 15 18.docx

Las Gallinas
VALLEY SANITARY DISTRICT

Item Number 5

Agenda Summary Report

To: Mike Prinz, General Manager MJP
From: Robert D. Ruiz, Administrative Services Manager RDR
Mtg. Date: January 16, 2020
Re: **Approval of Annual Audit Report for Fiscal Year 2018-19.**

Item Type: **Consent ______ Discussion X ____ Information ______ Other _____.**
Standard Contract: Yes ______ No ______ (See attached) Not Applicable X.

BACKGROUND:
We are pleased to present the 2018-19 Financial Audit and Auditor's Report. This year's audit was difficult to prepare since we had significant staff turnover which increased the audit effort significantly. Because of that the report is being presented later than usual.

Due to time constraints necessary to complete the audit for timely filing with financial institutions (January 17, 2019), the audit report is being presented without embellishments necessary to apply for the optional award given by the General Finance Officers Association (GFOA). The audit report is required by the State of California and the financial institutions, but a Comprehensive Annual Financial Report (CAFR) is not required. The GOFA award is called the Award of Excellence but is not required by financial institutions.

The GFOA has granted LGVSD an extension to January 31, 2020 to submit a CAFR in order to be eligible for the award.

Also attached is a draft copy of the Annual Financial Statements and Auditor's Report prepared by Cropper Accountancy. Staff wanted to give the Board a draft copy of the report in order for the Board to have a preview of the financial statement. The final version will be handed out during the board meeting. The major differences between the draft and the final version of the financial statements are only in the verbiage and a few explanatory numbers. All the rest of the attached financial report are the audited numbers and have not changed.

Financial Highlights

- Operating revenues increased by approximately $712,000 over the previous year. This increase was due to a 5.2% increase in the sewer service revenue. Recycled water revenue was relatively flat in 2019 due to UV piping repair, which failed during the last quarter of the previous year.
- Operating expenses, net of depreciation, increased by approximately $471,000 or 10.4%. The primary component of the increase was interest expense, which increased by $535,000 due to loan balances being higher than expected.
- Nonoperating expenses are comprised primarily of interest expense in the amount of $1,823,000. In prior years accounting standards required interest to be capitalized as part of capital project costs; however, a new accounting pronouncement no longer requires this practice.

- Current assets increased by $1,961,387 in 2019 due to the buildup of cash from unused CIP funds, grant funding reimbursements and interest earnings on investment funds. Our interest-bearing bank accounts had higher cash balances caused primarily by a delay in starting secondary treatment plant upgrade project. These excess funds were invested in the California State Treasurer's Local Area Investment Fund (LAIF). They are restricted for use to fund capital projects of the District.
- Capital assets, net of accumulated depreciation, increased by $5,300,000 in 2019 and $385,835 in 2018. The major increase was due to Construction in Progress caused by the upgrade of our Secondary Treatment Plant Facility. During 2018-2019, spending on projects was $7,900,000 which was offset by depreciation of $2,660,000. During 2017-2018, spending on projects was $3,300,000 which was offset by depreciation of $2,601,000.
- Other noncurrent assets increased in 2019 by $12,000,000 due to acceptance of the iBank loan. The funds in this loan can only be used after depletion of cash from the 2017 Revenue Bonds. In 2018 the decrease was $39,130 due to early repayments from the private sewer lateral assistance program and increased by $51,802.

Please refer to the Financial Report presented by Cropper Accountancy for more details.

PREVIOUS BOARD ACTION:
None.

ENVIRONMENTAL REVIEW:
N/A

FISCAL IMPACT:
None

STAFF RECOMMENDATION:
Approve the Financial Report as presented.

DRAFT VERSION

Las Gallinas
VALLEY SANITARY DISTRICT

San Rafael, California

Financial Statements

With Auditors' Report Thereon

Fiscal Years Ended June 30, 2019 and 2018

DRAFT VERSION

Las Gallinas Valley Sanitary District

Table of Contents

Page

Independent Auditors' Report 1-2

Management's Discussion and Analysis 3-13

Basic Financial Statements:

Statements of Net Position 16-17

Statements of Revenues, Expenses and Changes in Net Position 18-19

Statements of Cash Flows 20-21

Notes to Financial Statements 23-65

Required Supplementary Information:

Schedule of District's Proportionate Share of the Net Pension Liability 69

Schedule of Contributions 69

Schedule of Changes in the Net OPEB Liabilities and Related Ratios 70

Schedule of OPEB Contributions 71

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Las Gallinas Valley Sanitary District

We have audited the accompanying financial statements of the business-type activities of the Las Gallinas Valley Sanitary District as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Las Gallinas Valley Sanitary District as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Pension Plan Contributions, Schedule of Changes in the Net OPEB Liability and Related Ratios, and Schedule of OPEB Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
December 20, 2019

Las Gallinas Valley Sanitary District

Management's Discussion and Analysis

Fiscal Years Ended June 30, 2019 and 2018

The following discussion and analysis of the Las Gallinas Valley Sanitary District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal years ended June 30, 2019 and 2018. Please read it in conjunction with the District financial statements and accompanying notes, which follow this section.

HIGHLIGHTS

Financial Highlights

- Operating revenues increased by approximately $598,000 over the previous year. This increase was due to a 5.2% increase in the sewer service revenue. Recycled water revenue was relatively flat in 2019 due to UV piping repair, which failed during the last quarter of the previous year.
- Operating expenses, net of depreciation, decreased by approximately $450,000 or 4.9%. The primary component of the increase was outside consultants, which decreased by $387,000 due to fewer consultant fees on design projects.
- Nonoperating expenses are comprised primarily of interest expense in the amount of $856,000. In prior years accounting standards required interest to be capitalized as part of capital project costs; however, a new accounting pronouncement implemented in fiscal 2018 no longer requires this practice.
- Capital contributions from Connection Fees are dependent on the level of development within the District. In recent years, the development has consisted of the expansion of existing facilities rather than new housing. The Intergovernmental contributions are from MMWD for its allocation of capacity in the existing recycled water treatment facility and for its proportionate share of the expanded facility began construction in 2019. State grants are invoiced as construction proceeds on the funded projects.

District Highlights

- The District treated 935.7 million gallons of wastewater during the year. Marin Municipal Water District (MMWD) does not currently take recycled water from us, but will resume in late 2020. In 2019 the North Marin Water District (NMWD) used 28.87 million gallons of recycled water for distribution.
- The District has two photovoltaic solar cell systems which power the reclamation pump station and the treatment plant. These systems generate power to offset the District's demand for energy. In prior years, the District has been a net power generator and received credits or refunds for power exported to the power grid; however, in 2016 through 2019 more power has been used than generated primarily due to a capital improvement project which took the District's co-generation system offline in December 2015. The project was completed during 2018 and the District has again begun producing power. During 2018 failures started occurring in the cells, which will be replaced through warranties during 2019-20.

- The District was awarded a $999,070 grant from the California Energy Commission in May 2015 for its Biogas Energy Recovery System (BERS) project. This closed-loop system has been installed at the treatment plant and allows the District to recover 100 percent of the methane produced from the mesophilic anaerobic digestion of wastewater sludge at the facility and condition it for on-site combined heat and power generation and transportation fuel use. In August 2015, the District received a $250,000 grant from the California Energy Commission for fueling station equipment for the BERS project. Both of these grants are reimbursement grants that require expenditure of funds by the District before any grant funds are received. In July 2015, the District was awarded a sales tax exclusion grant on the purchase of equipment for the project. The grant is based on the equipment having a maximum purchase price of $788,757, resulting in a maximum Sales and Use Tax exemption of $72,960. This grant relieves the District from paying sales tax to the seller of the equipment as part of the purchase price. The project was completed in early 2019 and all grant funds have been received.
- The District was awarded an $847,000 federal grant from the United States Bureau of Reclamation under its Title XVI program to expand the recycled water treatment facility. Construction of the facility is underway, and the funds will be requested as needed.
- The District has a Private Sewer Lateral Assistance Program which allows property owners to apply for low interest loans, currently 2% interest, to obtain up to $10,000 to replace their upper, lower or both laterals. The loans are repaid through special assessments through the property taxes over ten years. During 2019, the District advanced $61,716 to eight property owners to repair or replace their laterals.
- The District maintained its achievement of having among the lowest reported sewer overflow rate in Marin County.

Las Gallinas Valley Sanitary District

Management's Discussion and Analysis

Fiscal Years Ended June 30, 2019 and 2018

USING THIS ANNUAL REPORT

This annual report consists of five parts: Management's Discussion and Analysis, Financial Statements, Required Supplementary Information, Supplementary Information and Statistical Section. The Financial Statements also include notes that explain in more detail some of the information contained in those statements.

REQUIRED FINANCIAL STATEMENTS

District financial statements report information about the District's use of accounting methods similar to those used by private sector companies. The Statement of Net Position includes all District assets and liabilities that provide information about the nature and amounts of investments in resources and obligations to creditors. It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District operations and management of investments over the past year and can be used to determine whether the District has successfully recovered all of its costs through its user fees and other charges. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts, cash disbursements and net changes in cash resulting from operations, investing, and capital and noncapital financing activities.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is whether or not the District's overall financial position has improved or deteriorated. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District activities in a way that will help answer this question. These two statements report the net position of the District and changes from year to year. The difference between assets and liabilities (net position) is one way to measure financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether the financial health is improving or deteriorating. Other factors to consider include changes in economic conditions, population growth, and new or changed legislation.

Las Gallinas Valley Sanitary District

Management's Discussion and Analysis

Fiscal Years Ended June 30, 2019 and 2018

Changes in Net Position

The District's net position increased by $7,393,747 in 2019 and $5,962,038 in 2018. The following Condensed Statements of Net Position shows these changes. (please update the table below to reflect actual numbers after audit adjustments)

CONDENSED STATEMENTS OF NET POSITION
Fiscal years ended June 30, 2019, 2018, and 2017

	2019	2018	2017
ASSETS			
Current assets	$ 68,828,159	$ 66,984,372	$ 63,816,671
Capital assets	69,350,571	63,944,200	63,558,365
Other noncurrent assets	1,305,177	1,337,789	1,376,919
Total assets	**139,483,907**	**132,266,361**	**128,751,955**
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on debt refunding	62,329	71,796	81,263
Pension plan	946,585	1,147,743	1,059,383
Other post employment benefits	371,208	350,729	-
Total deferred outflows of resources	**1,380,122**	**1,570,268**	**1,140,646**
LIABILITIES			
Current liabilities	5,758,439	3,412,401	3,822,398
Noncurrent liabilities	53,242,942	55,938,170	56,121,220
Total liabilities	**59,001,381**	**59,350,570**	**59,943,618**
DEFERRED INFLOWS OF RESOURCES			
Pension plan	180,601	133,599	144,214
Other post employment benefits	330,256	394,417	-
Total deferred inflows of resources	**510,857**	**528,016**	**144,214**
NET POSITION			
Net investment in capital assets	18,764,185	11,152,707	48,605,521
Restricted	37,516,009	40,971,524	873,990
Unrestricted	25,071,596	21,833,815	20,325,258
Total net position	**$ 81,351,790**	**$ 73,958,043**	**$ 69,804,769**

Analysis of Changes in Statements of Net Position

- Current assets increased by $1,843,787 in 2019 due to the buildup of cash from unused Capital Improvement Budget, grant funding reimbursements and interest earnings on investment funds. Our interest-bearing bank accounts had higher cash balances caused by a delay in starting Secondary Treatment Plant project. These excess funds were invested in the California State Treasurer's Local Area Investment Fund (LAIF). They are restricted for use to fund capital projects of the District.
- Capital assets, net of accumulated depreciation, increased by $5,400,000 in 2019 and $386,000 in 2018. During 2019, spending on projects was $7,900,000 which was offset by depreciation of

$2,660,000. During 2018, spending on projects was $3,300,000 which was offset by depreciation of $2,601,000.

- Deferred outflows of resources decreased by $190,000 in 2019 and increased by $430,000 in 2018 due to the changes in the pension and other postemployment retirement benefits related items in accordance Government Accounting Standards Board No. 68, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 27* (GASB No. 68) and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75).
- Current liabilities in 2019 increased by $2,300,000 related to major construction expenditures for plant improvements. Current liabilities decreased by $410,000 in 2018 due to a decrease in accounts payable related to capital projects
- Noncurrent liabilities had decreased by $2,700,000 due to scheduled long-term debt repayments. In 2018 payables decreased by $183,051 due to scheduled long-term debt repayments of $2,093,224 which was offset by increases in the pension liability of $446,554 due to changes in the assumed discount rate and by $1,716,981 due to the recognition of the other postemployment benefits (OPEB) liability.
- Deferred inflows of resources decreased $18,000 in 2019 and by $10,615 in 2018 due to scheduled amortization and changes in the actuarial assumptions related to GASBS No. 68 and 75.

Changes in Net Position

Changes in District net position can be determined by reviewing the following Condensed Statements of Revenues, Expenses, and Changes in Net Position.

Las Gallinas Valley Sanitary District

Management's Discussion and Analysis

Fiscal Years Ended June 30, 2019 and 2018

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Fiscal years ended June 30, 2019, 2018, and 2017

	2019	2018	2017
REVENUE			
Operating revenues			
Sewer use charges	$ 14,228,877	$ 13,634,548	$ 13,059,850
Recycled water fees	63,463	61,081	45,548
Miscellaneous	42,905	41,198	42,016
Nonoperating revenues			
Tax revenues	1,353,767	1,290,285	1,238,360
Interest income and other	616,686	310,651	179,860
	16,305,698	15,337,763	14,565,634
EXPENSES			
Operating expenses	8,692,030	9,142,555	8,489,100
Nonoperating expenses	856,958	1,289,398	631,397
	9,548,988	10,431,953	9,120,497
Change in net position	6,756,710	4,905,810	5,445,137
CAPITAL CONTRIBUTIONS -			
Connection fees	-	239,138	39,580
Intergovernmental	463,143	455,057	436,837
State grants	173,894	362,033	-
Net position - beginning of year, as restated	73,958,043	67,996,005	63,883,215
Net position - end of year	**$ 81,351,790**	**$ 73,958,043**	**$ 69,804,769**

Analysis of Changes in Statements of Revenues, Expenses and Changes in Net Position

- Revenue of the District increased in 2019 and 2018 due to scheduled rate increases in the sewer user charge from $898 in 2018 to $927, 3.2% and 7.5% per year, respectively. Recycled water fees are based on production to meet demand and costs incurred by the District. During 2019, deliveries to North Marin Water District decreased due to operational issues in the last quarter of the 2018 fiscal year and into 2019. With the repairs completed revenue was up by 3.08%
- Operating expenses decreased by $450,000 in 2019. This was primary attributable to the write off of engineering expenses for Capital project 12100 – Sewer Maintenance Capacity.
- Nonoperating revenues increased by 23.1% or $370,000 in 2019 due to several factors. Property taxes paid by the County increased by $109,000 while Franchise fees for refuse collections increased by $44,500. Interest Income increased by 93% ($261,500) caused by the delay in construction. Instead of using cash to pay for construction costs, it remained invested in Interest bearing bank accounts.
- Nonoperating expenses decreased by $430,000. This was caused when interest earned on the bond funds held by LAIF were netted against the bond interest expense. Due to this interest earned increased by approximately $400,000 in 2019.

- Capital Contributions from Connection Fees are dependent on the level of development with the District. In recent years, the development has consisted of the expansion of existing facilities rather than new housing. The intergovernmental contributions are form MMWD for its allocation of capacity in the existing recycled water treatment facility and it proportionate share of the expanded facility, which will begin construction at the end of the calendar year. State grants are invoiced as construction proceeds on the funded projects.

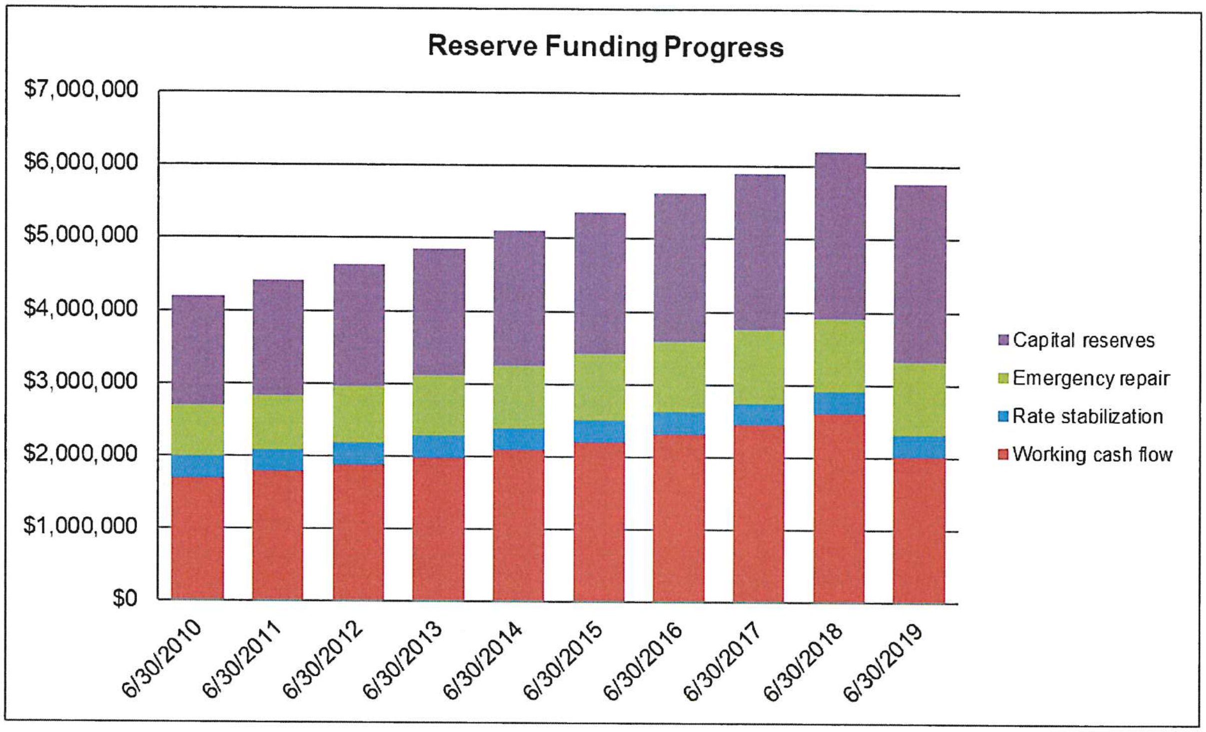
DESIGNATED RESERVES

The District's current reserve policy, as put forth in the Board Policies and Procedures in 2009, established a goal (target) of increasing the reserves. The original target, established in 2002, is also shown for reference.

Unrestricted net position was designated for the following at June 30, 2019: (update to reflect most current balance sheet, please)

	Actual June 30, 2019	Current Target	Original Target
Operating reserves:			
Working cash flow	$ 2,019,326	$ 5,930,000	$ 1,500,000
Rate stabilization	300,000	300,000	300,000
Emergency repair	1,000,000	1,000,000	700,000
Total operating reserves	3,319,326	7,230,000	2,500,000
Capital reserves	2,300,367	4,000,000	1,500,000
Total reserves	**$ 5,619,693**	**$ 11,230,000**	**$ 4,000,000**

The following chart illustrates the District's progress on meeting this goal:



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the District had $18,764,185 (net of accumulated depreciation) invested in capital assets. The District's cost basis of capital assets increased by $3,311,151, from $117,897,640 at the beginning of the year to $125,951,302 at the end of the year, net of $7,325 for disposal of capital assets no longer in use.

Major capital asset events during the year included the following:

- Finalization of construction work on the BERS project.
- Start of construction of the Secondary Treatment Plant Upgrades to the treatment plant.
- Progress on of a sewer system rehabilitation project.
- Purchase of vehicles and maintenance equipment, which include the GM vehicle and emergency pumps.
- Dredging of Miller Creek.

Las Gallinas Valley Sanitary District

Management's Discussion and Analysis

Fiscal Years Ended June 30, 2019 and 2018

The following summarizes the District's capital assets for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Disposals/ Charge off	Transfers/ Reclass	Balance June 30, 2019
Land	$ 2,867,571	$ -	$ -	$ -	$ 2,867,571
Construction-in-progress	10,820,367	7,651,919	-	-	18,472,286
Subsurface lines	33,550,719	192,778	(7,325)	-	33,736,172
Facilities and equipment	70,658,983	216,290	-	-	70,875,273
	117,897,640	8,060,987	(7,325)	-	125,951,302
Less: Accumulated depreciation	(53,953,440)	(2,654,615)	7,325	-	(56,600,730)
Capital assets, net of accumulated depreciation	$ 63,944,200	$ 5,406,372	-	$ -	$ 69,350,571

Additional information on the capital assets can be found in Note 7 of the notes to the financial statements of this report.

Long-Term Obligations

As of June 30, 2019, the District has total long-term obligations of $53,242,942 related compensated absences for staff, the actuarially determined net pension liability, net other postemployment benefits, and debt issued for the purchase and construction of capital assets.

The following is a summary of long-term obligations for the year: (Remove iBank – note

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
Personnel Related Obligations				
Compensated Absences	$ 403,930	516,087	(472,435)	$ 447,583
Net Pension Liability	3,169,000	-	(57,763)	3,111,237
Net Other Post Employment Benefits	1,716,981	277,562	(322,464)	1,672,079
	5,289,911	793,649	(852,662)	5,230,899
Notes Payable				
Bank of Marin	4,295,781	-	(411,632)	3,884,149
Municipal Finance Corporation	4,978,800	-	(535,000)	4,443,800
State Revolving Fund Loan	3,291,572	-	(196,592)	3,094,980
Economic Development Bank ("IBANK")	-	12,000,000	-	12,000,000
2017 Revenue Bonds	37,415,000	-	(950,000)	36,465,000
Premium on 2017 Revenue Bonds	2,882,139	-	(121,353)	2,760,786
	52,863,292	12,000,000	(2,214,577)	62,648,715
Total Long-Term Obligations	$ 58,153,203	$ 12,793,649	$ (3,067,239)	$ 67,879,614

disclosure only)

Additional information on the long-term debt can be found in Note 9 of the notes to the financial statements of this report.

ECONOMIC FACTORS, RATES AND BUDGETARY CONTROL

The District is a California Special District maintained as an enterprise fund. As a special district, charges to customers are made only to those who receive services. The District is not typically subject to general economic conditions such as increases or decreases in property tax values or other types of revenues that vary with economic conditions such as sales taxes. However, it does receive approximately 10% of its budget from property taxes and ERAF (Educational Revenue Augmentation Funds), which are dependent upon property tax valuations. Accordingly, the District sets its user rates and capacity charges to cover the costs of operation, maintenance and recurring capital replacement and debt financed capital improvements, plus increments for known or anticipated changes in program costs.

The District, as a wastewater collection and treatment plant operator, is subject to increasing regulatory compliance regulations. These regulations require upgrades to plant and equipment, as well as increased staff to effectively operate the system. The District reviewed its operating and capital needs during 2015 in order to establish sewer service rates for the years beginning July 1, 2015 through June 30, 2020. The majority of the rate increase is for planned capital improvements totaling $41 million, the largest of which is the upgrade to the treatment plant to improve wastewater processes to meet regulatory requirements. The District issued the 2017 Revenue Bonds to finance this upgrade.

The expected revenue from sanitary service charges is as follows:

Fiscal Year	Price per Sanitary Unit	Expected Total Revenue	Status
2015-16	$ 734	$ 11,614,992	Approved June 2015
2016-17	$ 835	$ 12,989,000	Approved June 2016
2017-18	$ 867	$ 13,438,500	Approved June 2017
2018-19	$ 898	$ 13,919,000	Approved June 2018
2019-20	$ 927	$ 14,368,500	Approved June 2019

The District and its Board adopts an annual budget to serve as its approved financial plan. The Board sets all fees and charges required to fund the District's operations and capital programs. The budget is used as a key control device (1) to ensure Board approval for amounts set for operations and capital projects; (2) to monitor expenses and project progress; and (3) as compliance that approved spending levels have not been exceeded. All operating activities and capital activities of the District are included within the approved budget.

The District is monitoring the changes in the current financial and credit markets. Reserve funds are invested in two ways. The majority of funds are invested in the Local Agency Investment Fund (LAIF), which is an investment pool managed by the Treasurer of the State of California. The Treasurer's office is regularly informing the pool members of the impact of changes in the investment landscape on the portfolio. The balance is invested in savings accounts with the local Bank of Marin. Community based banks tend to be more conservative in their lending decisions and retain funds within the locality. Funds on deposit with the bank are covered by insurance from the Federal Deposit Insurance Corporation up to $250,000. In addition, the funds are collateralized 110% by securities held in trust.

REQUEST FOR INFORMATION

This financial report is designed to provide our customers and creditors with a general overview of the District finances and demonstrate District accountability for the money it received. If you have any questions about this report, or need additional financial information, contact the General Manager at 101 Lucas Valley Road, Suite 300, San Rafael, California 94903.

This page left intentionally blank.

BASIC FINANCIAL STATEMENTS

Las Gallinas Valley Sanitary District

Statements of Net Position

June 30, 2019 and 2018

		2019		2018
CURRENT ASSETS:				
Cash and cash equivalents:				
Unrestricted	$	31,148,209	$	25,673,368
Restricted - bond proceeds		36,628,065		40,090,584
Receivables:				
Connection fees		27,515		7,387
User charges		10,917		83,013
Interest		407,524		284,775
Private sewer lateral assistance program		-		1,686
Grant reimbursement		-		343,784
Other		124,107		28,900
Current portion of Private Sewer Lateral Assistance program receivable		76,540		71,574
Inventory of supplies		317,723		307,773
Prepaid expenses		87,559		91,528
TOTAL CURRENT ASSETS		**68,828,159**		**66,984,372**
NONCURRENT ASSETS:				
CAPITAL ASSETS:				
Property, plant and equipment, net of accumulated depreciation		69,350,571		63,944,200
OTHER NONCURRENT ASSETS:				
Cash - restricted for debt service		887,944		880,940
Receivables				
Private Sewer Lateral Assistance Program		417,232		456,849
TOTAL NONCURRENT ASSETS		**70,655,747**		**65,281,989**
TOTAL ASSETS		**139,483,906**		**132,266,361**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on debt refunding		62,329		71,796
Pension plan		946,585		1,147,743
Other postemployment benefits plan		371,208		350,729
TOTAL DEFERRED OUTFLOWS OF RESOURCES		1,380,122		1,570,268
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	**140,864,028**	$	**133,836,629**

The accompanying notes are an integral part of these financial statements

DRAFT VERSION

Las Gallinas Valley Sanitary District

Statements of Net Position

June 30, 2019 and 2018

	2019	2018
CURRENT LIABILITIES:		
Accounts payable	$ 2,505,760	$ 628,545
Accrued payroll	110,946	106,867
Accrued compensated absences	134,275	121,810
Accrued interest	447,293	404,187
Current portion of long-term debt	2,502,397	2,093,224
Unearned connection fees	57,768	57,768
TOTAL CURRENT LIABILITIES	**5,758,439**	**3,412,401**
NONCURRENT LIABILITIES:		
Accrued compensated absences	313,308	282,120
Notes payable, long-term	48,146,318	50,770,068
Collective net pension liability	3,111,237	3,169,000
Net other postemployment benefits liability	1,672,079	1,716,981
TOTAL NONCURRENT LIABILITIES	**53,242,942**	**55,938,169**
TOTAL LIABILITIES	**59,001,381**	**59,350,570**
DEFERRED INFLOWS OF RESOURCES		
Pension adjustments	180,601	133,599
Other post-employment benefits	330,256	394,417
TOTAL DEFERRED INFLOWS OF RESOURCES	**510,857**	**528,016**
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**59,512,238**	**59,878,586**
NET POSITION		
Net investment in capital assets	18,764,185	11,152,704
Restricted for construction of capital assets	36,628,065	40,090,584
Restricted for debt service	887,944	880,940
Unrestricted	25,071,596	21,833,815
NET POSITION	**$ 81,351,790**	**$ 73,958,043**

The accompanying notes are an integral part of these financial statements

Las Gallinas Valley Sanitary District

Statements of Revenues, Expenses, and Changes in Net Position

Fiscal Years Ended June 30, 2019 and 2018

	2019	2018
OPERATING REVENUES:		
Sewer use charges	$ 14,228,877	$ 13,634,548
Recycled water fees	63,463	61,081
Miscellaneous	42,905	41,198
TOTAL OPERATING REVENUES	**14,335,245**	**13,736,827**
OPERATING EXPENSES:		
Sewage collection and pump stations	1,162,234	1,271,296
Sewage treatment	1,934,173	1,875,321
Sewage and solid waste disposal	197,680	128,458
Laboratory	318,732	338,513
Engineering	469,826	650,464
Recycled water	181,058	69,162
General and administrative	1,773,711	2,208,380
Depreciation and amortization	2,654,616	2,600,961
TOTAL OPERATING EXPENSES	**8,692,030**	**9,142,555**
INCOME FROM OPERATIONS	**5,643,215**	**4,594,272**
NONOPERATING REVENUES:		
Property taxes	1,353,767	1,290,285
Franchise fees	69,491	25,000
Intergovernmental fees	4,321	4,354
Interest income	542,813	281,297
TOTAL NONOPERATING REVENUES	**1,970,392**	**1,600,936**
NONOPERATING EXPENSES:		
Loss (Gain) on disposal, net	(61)	1,184
Interest expense	856,958	1,288,214
TOTAL NONOPERATING EXPENSES	**856,897**	**1,289,398**
INCOME BEFORE CONTRIBUTIONS	**6,756,710**	**4,905,810**
CAPITAL CONTRIBUTIONS:		
Connection fees	-	239,138
State grants	173,894	362,033
Intergovernmental	463,143	455,057
TOTAL CAPITAL CONTRIBUTIONS	**637,037**	**1,056,228**
CHANGE IN NET POSITION	**$ 7,393,747**	**$ 5,962,038**

The accompanying notes are an integral part of the financial statements

Las Gallinas Valley Sanitary District

Statements of Revenues, Expenses, and Changes in Net Position (continued)

Fiscal Years Ended June 30, 2019 and 2018

	2019	2018
NET POSITION - BEGINNING OF YEAR, As Previously Reported	$ 73,958,043	$ 69,804,769
PRIOR PERIOD ADJUSTMENT - Change in Accounting Principle	-	(1,808,764)
NET POSITION - BEGINNING OF YEAR, As Restated	73,958,043	67,996,005
CHANGE IN NET POSITION	7,393,747	5,962,038
NET POSITION - END OF YEAR	**$ 81,351,790**	**$ 73,958,043**

The accompanying notes are an integral part of the financial statements

Las Gallinas Valley Sanitary District

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 14,388,910	$ 13,704,206
Cash payments to employers	(3,795,552)	(2,883,318)
Cash payments to suppliers	(2,049,704)	(3,511,031)
Other cash receipts	42,905	29,302
Net cash provided by operating activities	8,586,559	7,339,159
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Intergovernmental fees	4,321	4,354
Franchise fees	69,491	25,000
Advances for the Private Sewer Later Assistance Program	(67,345)	(43,366)
Repayment from the Private Sewer Later Assistance Program	87,057	93,293
Revenue Bond buy-in	(103,274)	-
Property taxes received	1,337,360	1,289,981
Net cash provided by noncapital financing activities	1,327,610	1,369,262
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from grants	173,894	101,525
Connection fees collected	(20,128)	228,626
Intergovernmental contributions	463,143	455,057
Proceeds from sale of capital assets	61	29,012
Acquisition and construction of capital assets	(5,912,914)	(3,612,279)
Principal payments on long-term debt	(2,093,224)	(2,063,482)
Net cash used in capital and related financing activities	(7,389,168)	(4,861,541)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	420,064	106,488
Interest expense	(925,739)	(1,289,492)
Net cash used in investing activities	(505,675)	(1,183,004)
Net increase in cash and cash equivalents	2,019,326	2,663,876
Cash and cash equivalents, July 1	66,644,892	63,981,016
Cash and Cash equivalents, June 30	$ 68,664,218	$ 66,644,892

The accompanying notes are an integral part of the financial statements

DRAFT VERSION

Las Gallinas Valley Sanitary District

Statements of Cash Flows (continued)

Years Ended June 30, 2019 and 2018

	2019	2018
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	5,643,215	4,594,272
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	2,654,616	2,600,961
Changes in assets and liabilities		
User charges receivable	72,096	(140)
Other receivables	24,474	(3,179)
Inventory of supplies	(9,950)	(35,445)
Prepaid expenses	3,969	(31,198)
Deferred outflows of resources	180,680	(439,089)
Accounts payable	89,551	(6,648)
Accrued payroll	4,079	4,331
Accrued compensation	43,653	(83,279)
Deferred inflows of resources	(17,159)	383,802
Collective Net Pension Liability	(57,763)	446,554
Net OPEB Obligation	(44,902)	(91,783)
Net cash provided by operating activities	$ 8,586,559	$ 7,339,159

The accompanying notes are an integral part of the financial statements

Wildlife in the reclamation area

1. Reporting Entity

The Las Gallinas Valley Sanitary District (the District) was formed on April 6, 1954 as a special district of the State of California. The District provides sewage collection, treatment, disposal, and wastewater recycling services, as well as manages the refuse hauling and recycling services franchise. The District provides these services to approximately 30,000 people in an area of twelve square miles, from Santa Venetia to Lucas Valley and the Marin County Civic Center to Marinwood, in Marin County, California. Revenues are derived principally from sewer charges collected from commercial and residential users within the District.

The scope of this report extends exclusively to the financial information presented for the District. The District is governed by a five-person Board of Directors (the Board) elected for four-year terms. The Board has no oversight responsibility for any other governmental unit or agency. As such, the Board's governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters extends only to the affairs of the District.

2. Prior Period Adjustment 2018, Change in Accounting Principle

As a result of implementing GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), the District is restating beginning net position in the Statement of Net Position, effectively decreasing the net position by $1,808,764 as of July 1, 2017. The decrease resulted from recognizing the net other postemployment benefits liability, a noncurrent liability. See Note 13 for additional disclosures regarding this presentation.

NET POSITION - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	$	69,804,769
PRIOR PERIOD ADJUSTMENT: CHANGE IN ACCOUNTING PRINCIPLE		(1,808,764)
NET POSITION - BEGINNING OF THE YEAR, AS RESTATED	**$**	**67,996,005**

3. Summary of Significant Accounting Principles

Financial Reporting Entity, Measurement Focus, and Financial Statement Presentation

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flow takes place.

3. Summary of Significant Accounting Principles (continued)

Operating revenues, such as charges for sewer services and recycled water fees, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as property taxes and investment income, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange.

The District receives the majority of its revenue from sewer use charges and property taxes that are collected by the County of Marin through the annual property tax bills. The County has implemented the Teeter policy, whereby the District receives all of the amounts billed whether or not the County collects the monies from the assessed property owners. This ensures that the District has the funds to operate without being dependent upon the timing of the collection of the remittances from the covered property owners.

Net Position

Net position is measured on the full accrual basis and is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflows. Net position is classified into the following components: net investment in capital assets, restricted and unrestricted.

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "invested in capital assets, net of related debts" or "restricted."

Budgetary Accounting

The District is not required by statute to adopt a budget; however, in its commitment to maintain fiscal responsibility, the District adopts an annual budget prior to June 30th each year. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except for depreciation which is not included and annual principal

3. Summary of Significant Accounting Principles (continued)

payments on debt service which are included. All annual, noncapital appropriations lapse at year-end.

Budgetary control is maintained at the detailed line item level. The General Manager may approve expenditures in excess of budgeted amounts up to $15,000; items in excess of this must be approved by the Board. A budget revision is usually presented to the Board in the fall to adjust for changes in capital project funding after the close of the prior year.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash-on-hand, demand deposits, and short-term investments, with original maturities of three months or less from the date of acquisition. These items are valued at cost. Please see Note 4 for additional information on investment policies and practices for both the State of California and the District.

Cash that is restricted for debt service is invested in certificates of deposit. It is classified as a noncurrent asset based on two factors: 1) due to a maturity date that is more than one year from the date of the Statement of Net Position or 2) due to the final maturity date of the related loan, which will require that the funds be maintained until a date that is more than one year from the date of the Statement of Net Position.

Inventory of Supplies

Inventory consists of materials and supplies, such as chemicals, pipe fittings, valves, pumps and filters, which are stated at cost, using the first-in, first-out method.

Capital Assets

Capital assets consist of property, plant and equipment owned by the District, which are recorded at cost or at estimated historical cost if cost information is not practically determinable. Prior to July 1, 2017 the District's policy was to include in construction-in-progress the capitalized interest cost of related borrowings, net of interest earned on unspent proceeds of the related borrowings. Effective July 1, 2017 the District has implemented GASB No. 89, *Accounting for Interest Cost Incurred Before the End of Construction Period* as discussed in the New Accounting Pronouncements section below.

The District defines capital assets as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. The cost of normal repairs and maintenance is recorded as expense. Improvements that add to the value or extend the life of assets are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method.

3. Summary of Significant Accounting Principles (continued)

Estimated useful lives are as follows:

Subsurface lines	50 - 75 years
Facilities and structures	15 - 40 years
Equipment	5 - 20 years

Intangible Assets

Intangible assets consist of easements and internally generated computer software. All intangible assets are recognized in the Statement of Net Position only if they are considered identifiable. They are amortized over their estimated useful life unless the life is indefinite.

Compensated Absences

The District provides vacation and sick leave benefits to its employees. Upon separation from employment, employees are paid for accumulated vacation days and accrued administrative and compensated time off (overtime hours for which pay is not taken). Employees who have been with the District for at least three years are also paid for one-half of their accumulated sick days. The District recognizes the related expense as the benefits are earned.

The District has accrued a liability for accumulated earned, but unused, leave.

Balance at June 30, 2018		$ 403,930
Accrued compensated absences earned	516,088	
Accrued compensated absences used	(472,435)	
Net change in accrued compensated absences		43,653
Balance at June 30, 2019		**$ 447,583**

Balance at June 30, 2017		$ 487,209
Accrued compensated absences earned	389,156	
Accrued compensated absences used	(472,435)	
Net change in accrued compensated absences		(83,279)
Balance at June 30, 2018		**$ 403,930**

The current portion of the noncurrent liability to be used within the next year is estimated by management to be approximately $134,275, or 30%.

3. Summary of Significant Accounting Principles (continued)

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources.

Deferred amount on debt refunding – Unamortized gains and losses from current or advance debt refunding result in deferred outflows of resources. This amount is amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Pension plan – The accounting valuation for the pension plan results in deferred outflows and deferred inflows of resources from several sources. In performing the actuarial valuation for the deferred compensation plan, changes in projected and actual earning on pension plan investments and adjustments due to differences in proportions for members of cost-sharing multiple-employer plans are calculated. The difference in proportions results from the California Public Employees Retirement System (CalPERS) allocation methodology. Rather than a single proportionate share applied to all components of pension expense, the CalPERS method applies employer proportions to various pension-related items such as assets, liabilities and service cost. This adjustment reconciles the difference in proportions for these various items with the employer's change in net pension liability during the plan measurement period. The amounts will be recognized over future periods equal to the expected average remaining service lifetime of the pool or 3.8 years for the June 30, 2018 measurement date (2.8 years for June 30, 2017). In addition, since the measurement date of the pension plan is one year in advance of the financial statement reporting period (i.e. valuation of the pension plan assets has a measurement date of June 30, 2018 with the results reported in the District's June 30, 2019 financial statements) contributions by the employer for 2019 and 2018 are deferred outflows at June 30, 2019 and 2018, respectively. These amounts will be recognized in the years subsequent to payment.

Other Postemployment Benefits (OPEB) plan – The accounting valuation for the OPEB plan results in deferred outflows and deferred inflows of resources from several sources. In performing the valuation for the postemployment benefit plan, changes in projected and actual earnings on plan investments, changes in projected and actual healthcare costs, changes in participant plan utilization and participant mortality are calculated. The amounts will be recognized over future periods. In addition, since the measurement date of the OPEB plan is one year in advance of the financial statement reporting period (i.e. valuation of the OPEB plan assets has a measurement date of June 30, 2018 with the results reported in the District's June 30, 2019 financial statements) contributions by the employer for 2019 deferred outflows at June 30, 2019. These amounts will be recognized in the years subsequent to payment.

3. Summary of Significant Accounting Principles (continued)

Restricted Assets and Liabilities

Restricted assets are items that have been restricted by either bond indentures, loan agreements or are to be used for specified purposes based on contract provisions, such as debt service. Restricted liabilities relate to assets restricted for their payment.

Property Taxes

The County of Marin levies taxes and places liens on real property as of January 1st on behalf of the District. Property taxes are due on the following November 1st and March 1st and become delinquent December 10th and April 10th for the first and second installments, respectively. All taxes collected for debt service are maintained in separate funds designated for payment of the debt (see Note 9).The District receives property taxes and Education Revenue Augmentation Funds (ERAF) from the County of Marin. The ERAF allows the state legislature to reallocate property tax amounts to local governments. For the years ended June 30, 2019 and 2018, the District received $966,845 and $917,875, respectively, in property taxes and $386,922 and $372,410, respectively, in ERAF.

Grants

The District's grants are cost-reimbursement grants, which are earned as the allowable expenditures under the agreement are made. A receivable is recorded when the criteria established for requesting reimbursement under the grant agreement has been satisfied and the amount of reimbursement is determinable. Grants for feasibility studies are recorded as nonoperating income. Grants for capital purposes are reported as capital contributions.

Connection Fees

The District charges connection fees to developers to reserve system capacity. Amounts charged are recorded as liabilities (unearned connection fees) until connections are actually made. Once connections are made, the fees are recognized as increases to capital contributions. In accordance with GASB No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the capital contributions are recorded in the Statements of Revenues, Expenses and Changes in Net Position.

3. Summary of Significant Accounting Principles (continued)

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's CalPERS plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OEPB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Interest

Prior to July 1, 2017 the District capitalized the interest cost incurred for assets that require an acquisition period to get them ready for use. The interest cost capitalization period began when the following three conditions were met: expenditures had occurred; activities necessary to prepare the asset, including administrative activities before construction, had begun; and interest cost had been incurred. Interest cost is not capitalized during delays or interruptions, other than for brief periods. When the project is completed, the interest cost was included in the amount of the asset that was capitalized and depreciated over the assets' useful life. Effective July 1, 2017, the District has implemented GASB No. 89, *Accounting for Interest Cost Incurred Before the End of Construction Period* as discussed in the New Accounting Pronouncements section below.

For assets that are financed with tax-exempt debt, the interest income earned on unexpended funds is offset against the interest expenditures in determining the amount of interest to capitalize.

3. Summary of Significant Accounting Principles (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and certain reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Implemented New Accounting Pronouncements

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* (GASB No. 88). The objective of GASB No. 88 is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of GASB No. 88 will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. The requirements of GASB No. 88 are effective for reporting periods beginning after June 15, 2018. The District has implemented this standard in preparing these financial statements.

In June 2018 GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (GASB No. 89). The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

3. Summary of Significant Accounting Principles (continued)

GASB No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are now superseded. GASB No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

GASB No. 89 also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of GASB No. 89 are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged and the requirements of GASB No. 89 should be applied prospectively. The District implemented this standard in preparing the financial statements for the year ended June 30, 2018.

Upcoming New Accounting Pronouncements

In January 2017 GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for the financial statements for periods beginning after December 15, 2018 (fiscal 2020). Earlier application is encouraged. The District does not believe this statement will have a significant impact on the financial statements.

In June 2017, GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

3. Summary of Significant Accounting Principles (continued)

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (fiscal 2021). Earlier application is encouraged. The District anticipates that the implementation of this pronouncement will have a material effect on the financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61* (GASB No. 90). The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District does not believe that there will be any financial statement effect related to GASB No. 90.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

3. Summary of Significant Accounting Principles (continued)

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 (fiscal 2022). Earlier application is encouraged. The District does not believe this statement will have a significant impact on the financial statements.

4. Cash and Cash Equivalents

At June 30, 2019 and 2018, the District maintained the majority of its cash in the Bank of Marin and the State of California LAIF pooled investment funds. Balances in the Bank of Marin are insured by the Federal Deposit Insurance Corporation up to $250,000, are collateralized by securities at 110% of the balance, and consist of checking and savings accounts.

The LAIF funds invest deposits of the District, counties, various schools and other special districts primarily in cash equivalents, as prescribed by the California Government Code. Balances are stated at cost, which is approximately market value. Each participating agency is allocated realized investment gains, losses, and interest based on average daily balances invested. Copies of financial statements for LAIF may be obtained from the California State Treasurer at *http://www.treasurer.ca.gov/pmia-laif/reports.asp.*

Restricted Cash

Restricted cash consists of unexpended proceeds from issuing the 2017 Revenue Bonds in April 2017 and the debt service reserve funds. The majority of the unexpended Revenue Bond funds are invested at LAIF; however at June 30, 2019 and 2018 $10 and $114 was on deposit at U.S. Bank, the Trustee for the issue, in the Cost of Issuance fund. See Note 9 for additional information regarding the bonds. The debt service reserve funds are invested in certificates of deposit with Bank of Marin and have maturity dates in 2020.

Cash and cash equivalents consist of the following:

4. Cash and Cash Equivalents (continued)

	June 30, 2019	
	Reported/Fair Value	
	Unrestricted	Restricted
Cash in bank and on hand:		
Bank of Marin	$ 4,077,240	$ -
Petty cash	1,617	-
Total cash in bank and on hand	4,078,857	-
Investments:		
Certificates of Deposit	-	887,944
Local Agency Investment Fund (LAIF)	27,069,352	36,628,065
Total investments	27,069,352	37,516,009
Total cash and cash equivalents as of June 30, 2019	**$ 31,148,209**	**$ 37,516,009**

	June 30, 2018	
	Reported/Fair Value	
	Unrestricted	Restricted
Cash in bank and on hand:		
Bank of Marin	$ 4,891,387	$ -
Petty cash	700	-
Total cash in bank and on hand	4,892,087	-
Investments:		
Certificates of Deposit	-	880,940
Local Agency Investment Fund (LAIF)	20,781,281	40,090,584
Total investments	20,781,281	40,971,524
Total cash and cash equivalents as of June 30, 2018	**$ 25,673,368**	**$ 40,971,524**

For the purpose of the statements of cash flows, cash and cash equivalents include all items of cash and investments with original maturities of three months or less.

4. Cash and Cash Equivalents (continued)

Investments Authorized by the District's Investment Policy

The table below identifies the investment types that are authorized by the District. The table also identifies certain provisions of the District's investment policy that addresses 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.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Bonds issued by the District	none	not applicable	none	none
U.S. Treasury Obligations	none	not applicable	none	none
U.S. Agency Securities	none	not applicable	none	none
Registered State Warrants or Treasury Notes or Bonds issued by the State of California	none	not applicable	none	none
Local Agency Bonds, Notes, Warrants or Pooled Investment Accounts	none	not applicable	none	none
Bankers' Acceptances	270 days	not applicable	40%	30%
Prime Commercial Paper	180 days	Aaa/AAA	15%-30%	none
Negotiable Certificates of Deposit	none	not applicable	30%	none
Repurchase/Reverse Repurchase Agreements	none	not applicable	none	none
Medium-Term Notes	5 years	A	30%	none
Money Market Mutual Funds	none	Aaa/AAA	15%	none
Collateralized Bank Deposits	none	not applicable	none	none
Mortgage Pass-Through Securities	5 years	not applicable	30%	none

Debt Proceeds

Unspent debt proceeds for the District are invested in interest bearing accounts at either the financial institution that advanced the funds or in a separate LAIF fund managed by the Trustee of the Bond Indenture.

4. Cash and Cash Equivalents (continued)

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. As of year-end, the weighted average maturity of the investments contained in the LAIF investment pool is approximately 6 months.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of its investments at June 30, 2019 and 2018:

2019

		Maturity Date
Certificates of Deposit	$ 887,944	762 days average
LAIF	63,697,417	193 days average
	$ 64,585,361	

2018

		Maturity Date
Certificates of Deposit	$ 880,940	762 days average
LAIF	60,871,865	193 days average
	$ 61,752,805	

Credit Risk

Generally, credit risk is the risk of an issuer that 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. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

4. Cash and Cash Equivalents (continued)

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 nor will it 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 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 or investments, 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 District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. With respect to investments, custodial credit risk generally applies only to direct investment in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). The State of California has no additional requirements for custodial credit risk, nor does the District.

Certificates of Deposit

The District is required to maintain cash in debt reserve funds, equal to one year's debt service for the State Revolving Fund and for the loans from Bank of Marin. At June 30, 2019 and 2018, this equaled $887,944 and $880,940, respectively. Since these funds will not be needed until the final year of maturity of the loans, the District has invested them in certificates of deposit. These accounts pay interest at 0.792% and mature in July and August 2020, respectively.

4. Cash and Cash Equivalents (continued)

Investment in State Investment Pool

The District is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is 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 District's proportionate share of that value was $63,806,454 and $60,757,884 as of June 30, 2019 and 2018, respectively. There are no derivatives included in the portfolio. Included in LAIF's investment portfolio are asset-backed securities totaling $997 million and $1,549 million as of June 30, 2019 and 2018, respectively. Structed notes comprised $900 million and 825 million of the portfolio as of June 30, 2019 and 2018. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The current and prior year changes in fair value were not material to the financial statements as a whole and, therefore, have not been presented.

5. Accounts Receivable

The majority of the District's sewer user charge revenue and all of the property tax revenue is collected by the County of Marin through charges on the tax rolls. The collections are remitted to the District as follows: 55% in December, 40% in April, and the balance of 5% during June and July. The June and July remittances allow the County as the collection agent to true-up any changes for revisions in the sewer charges after the initial calculation in August.

6. Private Sewer Lateral Assistance Program

The District has a private sewer lateral assistance program which allows property owners to receive an advance to repair or replace their sewer laterals. The maximum that may be advanced under the program is $10,000 per property, with interest charged at 2%, and the amount is repaid over 10 years through the property tax collections.

As of June 30, 2019 and 2018, collections made by the County of Marin, but remitted to the District subsequently, were $0 and $1,686, respectively.

6. Private Sewer Lateral Assistance Program (continued)

The activity in the program for 2019 and 2018 is a follows:

Balance at June 30, 2017	565,862
Payments received	(89,824)
Advances made	52,406
Balance at June 30, 2018	528,444
Payments received	(96,388)
Advances made	61,716
Balance at June 30, 2019	$ 493,772

Scheduled payments to be received from the advances in future years are as follows:

Fiscal year ending June 30,	
2020	76,540
2021	78,117
2022	79,773
2023	76,924
2024	69,208
2025 to 2029	113,210
	$ 493,772

In addition to regularly schedule repayments collected through the tax roll, property owners may prepay the amounts outstanding under the lateral assistance program if they sell or refinance the property. Included in payments received are prepayments of $20,661 and $21,031 in 2019 and 2018, respectively.

7. Capital Assets

A summary of property, plant and equipment transactions for the year ended June 30, 2019 is as follows:

	Ending Balance at June 30, 2018	Increases	Decreases	Transfers/ Reclass	Ending Balance at June 30, 2019
Capital assets not being depreciated:					
Land	$ 2,867,571	$ -	$ -	$ -	$ 2,867,571
Construction-in-progress	10,820,367	7,651,919	-	-	18,472,286
Total capital assets not being depreciated	13,687,938	7,651,919	-	-	21,339,857
Capital assets being depreciated:					
Subsurface lines and manholes	33,550,719	-	-	-	33,550,719
Facilities and equipment					
Sewage collection	2,534,312	192,778	-	-	2,727,090
Sewage treatment	34,537,775	-	-	-	34,537,775
Sewage disposal	8,200,137	-	-	-	8,200,137
Reclamation	1,336,016	-	-	-	1,336,016
Recycled water production	9,501,549	-	-	-	9,501,549
Pump stations	13,071,985	-	-	-	13,071,985
Administration	914,208	216,290	(7,325)	-	1,123,173
Laboratory	563,001	-	-	-	563,001
Total capital assets being depreciated	104,209,702	409,068	(7,325)	-	104,611,445
Less accumulated depreciation for:					
Subsurface lines	(15,435,410)	(597,748)	-	-	(16,033,158)
Facilities and equipment					
Sewage collection	(1,873,417)	(95,398)	-	-	(1,968,815)
Sewage treatment	(17,886,129)	(958,650)	-	-	(18,844,779)
Sewage disposal	(6,641,760)	(149,629)	-	-	(6,791,389)
Reclamation	(877,001)	(34,485)	-	-	(911,486)
Recycled water production	(2,179,684)	(384,198)	-	-	(2,563,882)
Pump stations	(8,186,526)	(368,462)	-	-	(8,554,988)
Administration	(596,667)	(47,230)	7,325	-	(636,572)
Laboratory	(276,846)	(18,816)	-	-	(295,662)
Accumulated depreciation	(53,953,440)	(2,654,616)	7,325	-	(56,600,731)
Total capital assets being depreciated, net	**50,256,262**	**(2,245,549)**	-	-	**48,010,713**
Capital assets, net	**$ 63,944,200**	**$ 5,406,371**	**$ -**	**$ -**	**$ 69,350,571**

7. Capital Assets (continued)

A summary of property, plant and equipment transactions for the year ended June 30, 2018 is as follows:

	Beginning Balance at July 1, 2017	Increases	Decreases	Transfers/ Reclass	Ending Balance at June 30, 2018
Capital assets not being depreciated:					
Land	$ 2,867,571	$ -	$ -	$ -	$ 2,867,571
Construction-in-progress	12,747,039	2,636,552	(294,159)	(4,269,065)	10,820,367
Total capital assets not being depreciated	15,614,610	2,636,552	(294,159)	(4,269,065)	13,687,938
Capital assets being depreciated:					
Subsurface lines and manholes	30,770,191	65,122	-	2,715,406	33,550,719
Facilities and equipment					
Sewage collection	2,661,311	41,311	(171,390)	3,080	2,534,312
Sewage treatment	33,342,985	299,758	(119,814)	1,014,846	34,537,775
Sewage disposal	8,200,137	-	-	-	8,200,137
Reclamation	1,305,951	74,854	(44,789)	-	1,336,016
Recycled water production	9,471,284	30,265	-	-	9,501,549
Pump stations	12,450,473	85,779	-	535,733	13,071,985
Administration	897,869	68,420	(52,081)	-	914,208
Laboratory	553,911	9,090	-	-	563,001
Total capital assets being depreciated	99,654,112	674,599	(388,074)	4,269,065	104,209,702
Less accumulated depreciation for:					
Subsurface lines	(14,825,939)	(609,471)	-	-	(15,435,410)
Facilities and equipment					
Sewage collection	(1,930,251)	(87,479)	144,313	-	(1,873,417)
Sewage treatment	(17,095,632)	(910,310)	119,813	-	(17,886,129)
Sewage disposal	(6,489,301)	(152,459)	-	-	(6,641,760)
Reclamation	(888,853)	(32,937)	44,789	-	(877,001)
Recycled water production	(1,798,512)	(381,172)	-	-	(2,179,684)
Pump stations	(7,818,889)	(367,637)	-	-	(8,186,526)
Administration	(604,386)	(41,244)	48,963	-	(596,667)
Laboratory	(258,594)	(18,252)	-	-	(276,846)
Accumulated depreciation	(51,710,357)	(2,600,961)	357,878	-	(53,953,440)
Total capital assets being depreciated, net	**47,943,755**	**(1,926,362)**	(30,196)	**4,269,065**	**50,256,262**
Capital assets, net	**$ 63,558,365**	**$ 710,190**	**$ (324,355)**	**$ -**	**$ 63,944,200**

8. Water Disposal and Recycled Water

In 1988, the District entered into a water-reclamation agreement with MMWD to provide for the disposal of treated wastewater. At a facility located on the District's property, MMWD provides further treatment to the wastewater in order to distribute it as recycled water. The contract, which was set to expire in December 2018, has been extended until December 31, 2021.

In 2017, the District entered into a purchase and sale of recycled water agreement with MMWD. The District will provide MMWD with 2.5 million gallons per day of plant capacity to produce a minimum of 600 acre fee per year, for 30 years. As part of the agreement, MMWD made an initial payment towards the cost of the existing facility of $333,563 and will make quarterly payments of $51,637 through October 1, 2022 and after that $26,890 per quarter through July 1, 2031. In addition, the District has designed an expansion of the existing facility in order to serve MMWD. Funding for the expansion is from part of the proceeds of the 2017 Revenue Bonds and a WaterSmart Grant awarded in 2015. The project was awarded to Myers & Sons Construction LLC on November 15, 2018 by the Board and the estimated construction cost is $48,622,939. On December 17, 2018 the General Manager signed the contract. The cost of the portion of the expansion ascribed to MMWD is $4.6 million with payments due semi-annually on April 1st and October 1st through April 1, 2042. MMWD paid $463,143 in 2019 and $455,057 in 2018 per the agreement. See Note 9E for further information regarding the bonds.

The agreement with MMWD may be modified to revise the payment amounts once the construction contract is awarded and after construction is completed and all costs are known. MMWD is responsible for demolishing the existing facility which is located on the District's site. The agreement also provides that should MMWD decide based on financial concerns, at the 100% design phase of the expansion to terminate the agreement that it will pay its proportionate share of costs incurred to date including bond issuance costs and associated bond call premium. If after the bids for construction are received both parties agree not to proceed, each party will pay their proportionated share of costs incurred.

Future minimum payments expected to be received from MMWD are as follows:

Fiscal year ending June 30,	Total
2020	463,353
2021	463,395
2022	463,269
2023	413,480
2024	364,049
2025 to 2029	1,821,082
2030 to 2034	1,553,465
Thereafter	2,043,780
	$ 7,585,872

8. Water Disposal and Recycled Water (continued)

In addition to these payments, MMWD will be charged for deliveries of recycled water based on the District's regular, ongoing operations and maintenance costs and deposits into a capital repair and replacement fund equal to 10% of annual operations and maintenance costs.

In 2011, the District entered into an agreement with NMWD to annually produce at least 220 acre feet of recycled water for 20 years. NMWD will reimburse the District for its operating and maintenance costs associated with producing the recycled water.

9. Long-Term Obligations

A. Wastewater Revenue Certificates of Participation, Series 2005 and Note Payable with Municipal Finance Corporation

The District issued $10,000,000 of Wastewater Revenue Certificates of Participation Bonds rated AA on November 15, 2005. The bonds had maturity dates ranging from December 1, 2006 through December 1, 2025 and carried an average interest rate of 4%. The net proceeds from the sale, after paying issuance costs, underwriter fees, and the reserve surety bond premium was $9,774,000.

In April 2014, the bonds were refinanced with Municipal Finance Corporation, a private lender. The principal balance outstanding was $6,880,000 and a 1% early call premium of $68,800 was required to retire the bonds. The refinanced note payable of $6,948,800 will be paid over the remaining term of the old debt, with principal payments due each December 1st; and interest payments are due each December 1st and June 1st through 2025. The interest rate on the refinanced debt is 3.3%.

The discount of $42,442 and the call premium of $68,800 are recorded as a Deferred Outflow of Resources – Deferred amount on debt refunding and are being amortized over the life of the loan. The accumulated amortization is $48,915 at June 30, 2019 and $39,448 at June 30, 2018; the amount charged to interest expense was $9,467 for both June 30, 2019 and 2018.

The debt is payable solely from net revenues of the District. Net revenues consist generally of all revenues after payment of adjusted operation and maintenance costs and include property taxes received by the District. The loan requires the District to maintain a debt coverage ratio of earnings before interest, depreciation and amortization over scheduled principal payments of 1.15 to 1.0.

9. Long-Term Obligations (continued)

Future minimum payments are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2020	555,000	137,488	692,488
2021	580,000	118,760	698,760
2022	610,000	99,125	709,125
2023	630,000	78,665	708,665
2024	660,000	57,380	717,380
2025	1,408,800	46,966	1,455,766
	$ 4,443,800	**$ 538,384**	**$ 4,982,184**

B. Note Payable – Bank of Marin

The District entered into a financing agreement with Bank of Marin on June 10, 2011 for $4,600,000. The loan is for the recycled water facility which was completed in July 2012. The loan bears interest at 3.88%, requires a reserve fund equal to one year's debt service, or $332,681, and monthly principal and interest payments of $27,723 beginning July 2011 through June 10, 2031. The loan requires the District to maintain a debt coverage ratio of earnings before interest, depreciation and amortization over scheduled principal payments of 1.2 to 1.0.

Future minimum payments are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2020	211,129	121,552	332,681
2021	219,917	112,764	332,681
2022	228,726	103,956	332,682
2023	237,888	94,794	332,682
2024	247,186	85,495	332,681
2025 to 2029	1,393,755	269,652	1,663,407
2030 to 2031	638,836	26,527	665,363
	$ 3,177,436	**$ 814,741**	**$ 3,992,177**

C. Note Payable – Bank of Marin

The District entered into a financing agreement with Bank of Marin on July 27, 2012 for $2,000,000. The loan is for the recycled water facility which was completed in July 2012. The loan bears interest at 3.25%, requires a reserve fund equal to one year's debt service, or $235,346, and monthly principal and interest payments of $19,612 beginning September 10, 2012 through August 10, 2022. The loan requires the District to maintain a debt coverage ratio of earnings before interest, depreciation and amortization over scheduled principal payments of 1.2 to 1.0.

9. Long-Term Obligations (continued)

Future minimum payments are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2020	215,233	20,113	235,346
2021	222,485	12,861	235,346
2022	229,928	5,418	235,346
2023	39,067	160	39,227
	$ 706,713	$ 38,552	$ 745,265

D. State Revolving Fund Loan

The District had a construction loan with the State Water Resources Control Board, which converted to a term loan in November 2012 after the last construction draw was received.

The loan bears interest at 2.7%, requires a reserve fund equal to one year's debt service, or $285,464, and annual principal and interest payments beginning June 1, 2012 through June 1, 2032. The loan requires the District to maintain a debt coverage ratio of earnings before interest, depreciation and amortization over scheduled principal payments of 1.2 to 1.0.

Future minimum payments are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2020	201,900	83,564	285,464
2021	207,351	78,113	285,464
2022	212,950	72,514	285,464
2023	218,699	66,765	285,464
2024	224,604	60,860	285,464
2025 to 2029	1,217,328	209,994	1,427,322
2030 to 2032	812,148	44,245	856,393
	$ 3,094,980	$ 616,056	$ 3,711,036

9. Long-Term Obligations (continued)

E. 2017 Revenue Bonds

The District issued $38,365,000 of Revenue Bonds rated AAA on April 28, 2017. The bonds have maturity dates ranging from April 1, 2018 through April 1, 2042; interest is due each October and April with the first payment due October 1, 2017. The yield to maturity on the bonds ranges from 0.87% to 3.57% with a stated interest rate of 4% and a true interest cost of 3.2984%. The sources and uses of funds from the bond issuance are as follows:

Sources of Funds:	
Stated redemption price of bonds	$ 38,365,000
Original issue premium	3,023,718
	41,388,718
Uses of Funds:	
Issuance costs	$ 153,608
Surety bond premium	50,231
Underwriter's discount	145,365
	349,204
Deposit to project fund	**$ 41,039,514**

The bonds are generally callable in whole or in part on or after April 1, 2027; the District may prepay up to $4,300,000 in principal before October 31, 2018. This special call provision relates to the expansion of the recycled water treatment facility to serve MMWD (see Note 8). Should MMWD decide not to proceed with the project, the District may exercise the early call provision.

Issuance costs, the surety bond premium and underwriter's discount are expensed in the year of issuance. The original issue premium will be amortized over the maturity period of the bonds and included in interest expense. As of June 30, 2019 and 2018 the accumulated amortization is $262,932 and $141,579, respectively.

The interest paid on the 2017 Revenue Bonds qualifies as exempt from income tax for specified bond holders. As such the District is subject to Internal Revenue Code requirements concerning arbitrage. There are safe-harbors for spending the bond proceeds that can exempt the District from having to rebate any excess interest earned on unspent funds in excess of interest paid to bond holders. The arbitrage calculation is required every five years; the first year will be in 2022.

The debt is payable solely from net revenues of the District. The loan requires the District to maintain a debt coverage ratio of earnings before interest, depreciation and amortization over scheduled principal payments of 1.25 to 1.0.

9. Long-Term Obligations (continued)

Future minimum payments are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2020	990,000	1,458,600	2,448,600
2021	1,030,000	1,419,000	2,449,000
2022	1,070,000	1,377,800	2,447,800
2023	1,110,000	1,335,000	2,445,000
2024	1,155,000	1,290,600	2,445,600
2025 to 2029	6,515,000	5,721,000	12,236,000
2030 to 2034	8,195,000	4,309,600	12,504,600
Thereafter	16,400,000	3,087,200	19,487,200
	$ 36,465,000	$ 19,998,800	$ 56,463,800

F. California Infrastructure and Economic Development Bank

The District entered into an agreement with California Infrastructure and Economic Development Bank (iBank) in May 2019 for a loan of $12,000,000. The loan has maturity dates ranging from August 1, 2019 through August 1, 2043; interest is due each February and August with the first payment due August 1, 2019. Payments of principal and interest are due whether or not any of the funds have been disbursed. The interest rate on the loan is 3.00% per annum.

Future minimum payments are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2020	329,134	258,063	587,197
2021	339,008	345,041	684,049
2022	349,179	334,718	683,897
2023	359,654	324,086	683,740
2024	370,444	313,134	683,578
2025 to 2029	2,025,738	1,389,548	3,415,286
2030 to 2034	2,348,386	1,062,061	3,410,447
Thereafter	5,878,457	924,711	6,803,168
	$ 12,000,000	$ 4,951,362	$ 16,951,362

The $12,000,00 liability is not shown on the Statement of Net Position because none of the funds have been disbursed to the District. However, the District has accrued $329,134 toward the principal due August 1, 2019, resulting in a decrease to long-term debt and an increase in short-term debt.

9. Long-Term Obligations (continued)

The following is a summary of the long-term obligations activity for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Personnel Related Obligations					
Compensated Absences	$ 403,930	$ 516,087	$ (472,435)	$ 447,583	$ 134,275
Net Pension Liability	3,169,000	-	(57,763)	3,111,237	-
	1,716,981	277,562	(322,464)	1,672,079	-
	5,289,911	793,649	(852,662)	5,230,899	134,275
Notes Payable					
Bank of Marin	$ 4,295,781	$ -	$ (411,632)	$ 3,884,149	$ 426,363
Municipal Finance Corporation	4,978,800	-	(535,000)	4,443,800	555,000
State Revolving Fund	3,291,572	-	(196,592)	3,094,980	201,900
California Infrasturcture and Economic Development Bank ("IBANK")	-	-	-	-	329,134
2017 Revenue Bonds					
Premium on 2017 Revenue Bonds	37,415,000	-	(950,000)	36,465,000	990,000
	2,882,139	-	(121,353)	2,760,786	-
Total long-term obligations	52,863,292	-	(2,214,577)	50,648,715	2,502,397
activity					
	$ 58,153,203	**$ 793,649**	**$(3,067,239)**	**$ 55,879,614**	**$2,636,672**

9. Long-Term Obligations (continued)

The following is a summary of the debt activity for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due Within One Year
Personnel Related Obligations					
Compensated Absences	$ 487,209	$ 389,156	$ (472,435)	$ 403,930	$ 121,810
Net Pension Liability	2,722,446	446,554	-	3,169,000	-
Net OPEB Liability	-	1,716,981	-	1,716,981	-
	3,209,655	2,552,691	(472,435)	5,289,911	121,810
Notes Payable					
Bank of Marin	$ 4,692,839	$ -	$ (397,058)	$ 4,295,781	$ 411,632
Municipal Finance Corporation	5,503,800	-	(525,000)	4,978,800	535,000
State Revolving Fund	3,482,996	-	(191,424)	3,291,572	196,592
2017 Revenue Bonds	38,365,000	-	(950,000)	37,415,000	950,000
Premium on 2017 Revenue Bond	3,003,492	-	(121,353)	2,882,139	-
	55,048,127	-	(2,184,835)	52,863,292	2,093,224
Total long-term obligations activity	**$ 58,257,782**	**$ 2,552,691**	**$ (2,657,270)**	**$ 58,153,203**	**$ 2,215,034**

During the years ended June 30, 2019 and 2018, the District incurred interest on long-term debt of $856,958 and $1,288,214, respectively.

10. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan, available to all permanent, full-time District employees, permits employees to defer a portion of their current salary until future years. Employees may defer up to the Internal Revenue Code limits. For 2019 and 2018, employees contributed $164,056 and $134,565, respectively. Generally, deferred compensation is payable upon retirement, termination of employment, disability or death. Deferred amounts are held in a 457 plan trust established by the District for the exclusive benefit of the participants and their beneficiaries. Contributions are made to the Supplemental Income Plan (SIP) administered by the CalPERS for the benefit of each individual participant. The SIP is an entity separate from the District and, accordingly, the trust assets are not considered to be assets of the District itself. Additional information about the trust may be obtained from the CalPERS Supplemental Income Plan, which has a mailing address of 400 Q Street, Room E2812, Sacramento, CA 95814.

11. Commitments

The District was contractually committed to contractors and vendors for various projects totaling $55,578,220 and $7,256,391 as of June 30, 2019 and 2018, respectively.

12. Defined Benefit Pension Plan

Plan Description and Benefits Provided

The District contributes to CalPERS, a cost sharing multiple-employer defined benefit pension plan. The contribution requirements of the plan members are established by state statute and the employer contribution rates are established and may be amended by CalPERS. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. Contributions by the employer and the employee are based on eligible employees' regular rate of pay without inclusion of overtime, stand-by pay, or separation pay of accrued time off, which prevents spiking of retirement benefits.

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. The benefits are based on the plan formulas, and the member's years of service, age and final compensation. Because the District has less than 100 active members, it is required by CalPERS to participate in a cost sharing multiple-employer risk pool of similar agencies that all have the same contract formula known as PERF C. Copies of CalPERS' annual financial report may be obtained from its Executive Office at 400 P Street, Sacramento, CA 95814.

12. Defined Benefit Pension Plan (continued)

The Plan's provisions and benefits are summarized as follows:

	Miscellaneous	
	Hired Prior to January 1, 2013	Hired On or after January 1, 2013
Benefit formula	2.7% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required contribution rate as a percentage of reportable payroll:		
Employees	8.000%	6.250%
Employer		
2019	12.212%	6.842%
2018	11.675%	6.533%
Required contribution for prior year unfunded liability:		
2019	$ 172,087	$ 483
2018	$ 137,425	$ 107

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30th by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Beginning with the determination of the employer contributions for 2016, two contribution amounts are required. An amount expressed as a percentage of reportable payroll plus a pre-determined annual dollar amount to pay the prior year unfunded liability.

For employees hired prior to January 1, 2013, the District paid a portion of the employees' required contribution through June 30, 2017; in 2017 it was 1% of the employees' required 8% contribution. For employees hired after January 1, 2013, the District did not pay any of the employees' required contribution of 6.25% and the employees began cost sharing and paying a portion of the employers' required contribution as of July 1, 2017 equal to 1.75% of reportable payroll.

12. Defined Benefit Pension Plan (continued)

For the years ended June 30, 2019 and 2018, the contributions recognized as part of pension expense for each Plan were as follows:

	June 30, 2019	June 30, 2018
Contributions – employer	$ 374,938	$ 332,915

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension

The District's proportionate share of the net pension liability is $3,111,237 and $3,169,000 as of June 30, 2019 and 2018, respectively.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The liability and deferred outflows and inflows of resources are determined from actuarial valuations that are prepared at dates that differ from the financial statement reporting periods in these statements. For these financial statements, the following timeframes are used:

Fiscal Year	**June 30, 2019**	**June 30, 2018**
Valuation Date	June 30, 2017	June 30, 2016
Measurement Date	June 30, 2018	June 30, 2017
Measurement Period	July 1, 2017 - June 30, 2018	July 1, 2016 - June 30, 2017

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

12. Defined Benefit Pension Plan (continued)

The District's proportionate share of the net pension liability was as follows:

	Financial Statement Report as of June 30, 2019	
	Dollars	Percentage
Proportion - June 30, 2017	$ 3,169,000	0.03195%
Proportion - June 30, 2018	3,111,237	0.03229%
Change - Increase (Decrease)	$ (57,763)	-0.00034%

	Financial Statement Report as of June 30, 2018	
	Dollars	Percentage
Proportion - June 30, 2016	$ 2,722,446	0.031462%
Proportion - June 30, 2017	3,169,000	0.031954%
Change - Increase (Decrease)	$ 446,554	0.000492%

For the years ended June 30, 2019 and 2018, the District recognized actuarial pension expense of $565,334 and $680,495, respectively.

The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over a five-year period on a straight-line basis. One fifth is recognized in pension expense during the measurement period, and the remaining Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over the remaining amortization periods. The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

Deferred Outflows of Resources and Deferred Inflows of Resources relating to Differences Between Expected and Actual Experience and Change in Assumptions are amortized over the Expected Average Remaining Service Lifetime of members provided pensions through the Plan determined as of the beginning of the related measurement period for all PERFC participants. As of the June 30, 2018 measurement date it is 3.8 years.

12. Defined Benefit Pension Plan (continued)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 119,373	(40,621)
Changes of assumptions	354,690	(86,928)
Net differences between projected and actual earnings on plan investments	15,381	-
Changes in employer's proportion	82,203	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(53,052)
Deferred Outflows and Inflows of Resources to be Amortized	571,647	(180,601)
Pension contributions subsequent to measurement date	374,938	-
Total	$ 946,585	$ (180,601)

The $374,938 is reported as deferred outflows of resources related to contributions made during the District's year ended June 30, 2019 which is subsequent to the pension plan measurement date of June 30, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Deferred outflows of resources to be amortized over the remaining average service life of 3.8 years and recognized as pension expense as follows:

Fiscal year ending June 30,	
2020	$ 322,752
2021	192,142
2022	(95,866)
2023	(27,982)
2024	-
Thereafter	-
	$ 391,046

12. Defined Benefit Pension Plan (continued)

Actuarial Methods and Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017 (last available)
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB No. 68.
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service.
Investment Rate of Return	7.15% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter.

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all period of projected benefit payments to determine the total pension liability.

12. Defined Benefit Pension Plan (continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Allocation by Asset Class	New Strategic Allocation	Real Return Years 1 – 10 (a)	Real Return Years 11+ (b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	—	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	—	-0.92%
Total	100.00%		

(a) An expected inflation of 2.00% was used for this period.
(b) An expected inflation of 2.92% was used for this period.

12. Defined Benefit Pension Plan (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
$ 4,884,537	$ 3,111,237	$1,647,407

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Required Information in Compliance with GASB No. 68 for Cost Sharing Multiple-Employer Defined Benefit Plans

Effective June 30, 2003, CalPERS risk pools were established for plans containing less than 100 active members as of that valuation date. The District is included in the risk pool for "Miscellaneous Retirement Plan 2.7% at 55" and/or "Miscellaneous Retirement Plan 2.0% at 62."

Public Employees' Pension Reform Act of 2013 (PEPRA)

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. In addition to creating new retirement formulas for newly hired members, PEPRA also effectively closed all existing active risk pools to new employees. As such, it is no longer appropriate to assume that the payroll of the risk pools for the classic formulas will continue to grow at 3 percent annually. Funding the promised pension benefits as a percentage of payrolls would lead to the underfunding of the plans. In addition, the current allocation of the existing unfunded liabilities based on payroll would create equity issues for employers within the risk pools. Furthermore, the declining payroll of the classic formula risk pools will lead to unacceptable levels of employer rate volatility.

12. Defined Benefit Pension Plan (continued)

In order to address these issues, the CalPERS Board of Administration structural changes to the risk pools approved at their May 21, 2014 meeting. All pooled plans will be combined into two active risk pools, one for all miscellaneous groups and one for all safety groups, effective with the 2013 valuations. By combining the risk pools this way, the payroll of the risk pools and the employers within the risk pools can once again be expected to increase at the assumed 3 percent annual growth. This change will allow the continuation of current level percent of payroll amortization schedule. However, two important changes are being made which that affect employers.

Beginning in 2016, CalPERS collected employer contributions toward the unfunded liability and side fund as dollar amounts instead of the prior method of a contribution rate. This change will address the funding issue that would still arise from the declining population of classic formula members. Although employers will be invoiced at the beginning of the fiscal year for their unfunded liability and side fund payments, the plan's normal cost contribution will continue to be collected as a percentage of each payroll.

The risk pool's unfunded liability will be allocated to each individual plan based on the plan's total liability rather than by the plan's individual payroll. This will allow employers to track their own unfunded liability and pay it down faster if they choose. The change in the allocation of unfunded liabilities will result in some employers paying more towards their unfunded liability and some paying less.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

13. Other Postemployment Benefits

Plan Description

In addition to the pension benefits described in Note 12, the District has established an other postemployment benefits (OPEB) plan to provide health insurance (OPEB Plan) to employees in accordance with the Memorandum of Understanding between the District and its employees. These employees must meet certain service requirements and retire directly from employment with the District. According to the most current postemployment medical benefits plan, effective July 1, 2014 there are four tiers of benefits.

13. Other Postemployment Benefits (continued)

Tier 1 – Employees who retired prior to January 1, 2003, with five years of service, receive a benefit that is indexed by 6% each year and are eligible for spousal coverage up to the benefit cap. The monthly cap was $826 as of January 1, 2019, $779 as of January 1, 2018, and $734 as of January 1, 2017.

Tier 2 – Employees who were employed prior to January 1, 2003, and retire with five years of District service, receive a monthly benefit that is set by the California Department of Personnel Administration. The monthly benefit cap was $734 as of January 1, 2019, $725 as of January 1, 2018, $707 as of January 1, 2017. This benefit is available to the employee only without any spousal coverage.

Tier 3 – Employees hired after January 1, 2003 are eligible for benefits from 50% to 100% of the rate established by the California Department of Personnel Administration. They have to work for the District for at least five years, retire from the District, and have a minimum of 10 years of CalPERS agency service to receive a 50% benefit. The benefit increases 5% each year after that until the maximum coverage is reached at 20 years of service.

Tier 4 – Employees who are hired after July 1, 2014 and retire from the District after 10 years of service are eligible for benefits from 50% to 100% of the rate established by the California Department of Personnel Administration. The benefit increases 5% each year after that until the maximum coverage is reached at 20 years of service and is available only to the employee.

All employees who retire from the District, have five years of CalPERS service credits, and participate in the CalPERS medical plan receive a benefit paid by the District equal to the minimum Public Employees' Medical and Hospital Care Act (PEMHCA) contribution. This monthly contribution is included in the cap outlined above for all tiers. However, an employee who is a member of Tier 3, but does not work for the District for five years, and has five year of CalPERS service credits, is eligible for the PEMHCA. The monthly amount was $136 as of January 1, 2019, $133 as of January 1, 2018, and $128 as of January 1, 2017.

Employees Covered

As of the December 31, 2016 actuarial valuation date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	20
Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to, but not yet receiving benefits	-
Total	43

13. Other Postemployment Benefits (continued)

Contributions

Effective, July 1, 2009, the District joined the California Employers' Retiree Benefit Trust (CERBT) in order to pre-fund the retiree medical costs. The objective of the CERBT is to seek favorable returns that reflect the broad investment performance through asset allocation. The employers who participate in the CERBT own units of the fund's portfolio, which is invested in accordance with the approved strategic asset allocation; they do not have direct ownership of the securities in the portfolio. The unit value changes with market conditions. The CERBT is a self-funded program, in which the participating employers pay the program costs. The cost charged to participating employers is based on the average daily balance of assets.

The annual contribution is based on the actuarially determined contribution which consists of the cost to fund the benefits for current and retired OPEB Plan participants and the implicit rate subsidy. The implicit rate subsidy results when the healthcare rate charged to retired employees is the group premium charged to active employees. This practice creates an OPEB liability based on the theory that retirees have higher utilization of health care benefits than active employees. Unless the premium rate for retirees is set to fully recover their healthcare costs, the premium for active employees is implicitly overstated to subsidize utilization by retirees. Similarly, unless the premium rate for retirees is set to fully recover their health costs, the premium for retirees is understated. This difference creates an implicit rate subsidy. This rate subsidy is considered a benefit that should be included in OPEB valuations. The OPEB obligation normally includes the cost of the implicit rate subsidy for the years in which the retiree is paying the active employee insurance costs for continued coverage. When the retiree is eligible for Medicare, the actual cost of coverage is much closer to the premium cost. Therefore, there is no OPEB liability assumed for Medicare-eligible retirees paying 100 percent of the premium. For the year ended June 30, 2019 the actuarially determined cash contribution was $217,518 and the implicit rate subsidy contribution was $33,436.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2016 that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

13. Other Postemployment Benefits (continued)

The actuary used the following actuarial method and assumptions:

Actuarial Assumptions:

Discount Rate	6.73% (net of administrative expenses)
Projected Salary Increase	3.25% per year
Inflation	2.26% per year.
Investment Rate of Return	6.73%
Mortality	**Pre-Retirement:** Derived using CalPERS 2014 Mortality pre-retirement. **Post-Retirement**: Derived using CalPERS 2014 Mortality post-retirement.
Retirement	2014 experience study for performed by CalPERS for the Public Agency Miscellaneous members for the 2.7% at 55 actives and the 2% at 62 plans.
Healthcare Trend Rates	Pre-Medicare: 7.75%; Post-Medicare 5.25% calculated based on a weighted utilization of the offered healthcare plans. Ultimate rate 5%.

The long-term expected rate of return on OPEB plan investments in the CERBT Strategy 2 investment allocations as of June 30, 2018 (measurement date) for each major asset class are summarized in the following table:

Investment Class	Target Allocation	Long-Term Expected Real Rate of Return[1]
Global Equity	40.00%	5.45%
Fixed Income	49.00%	1.87%
REITs	8.00%	5.06%
Cash	-	0%

13. Other Postemployment Benefits (continued)

Discount Rate

The discount rate is based on a blend of (a) the long-term expected rate of return on assets for benefits covered by plan assets and a yield or index for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets.

Above are the arithmetic long-term expected real rates of return by asset class for the next 10 years as provided in a report by JP Morgan. For years thereafter, returns were based on historical average index real returns over the last 30 years assuming a similar equity/fixed investment mix and a 2.25% inflation rate. Investment expenses were assumed to be 10 basis points per year. These returns were matched with cash flows for benefits covered by plan assets and the Bond Buyer 20-Bond General Obligation index was matched with cash flows not covered by plan assets to measure the reasonableness of the choice in discount rate.

	June 30, 2018	June 30, 2017
Discount rate	6.73%	6.73%
Bond Buyer 20-Bond GO Index	3.87%	3.58%

Changes in the OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/Asset (c)
Balances at June 30, 2018 **(Measurement Date June 30, 2017)**	$ 2,728,562	$ 1,011,581	$ 1,716,981
Changes recognized for the measurement period:			
Service cost	91,597	-	91,597
Interest	185,403	-	185,403
Difference between expected and actual experience	(9,045)	-	(9,045)
Changes in assumptions	-	-	-
Contributions - Employer		250,954	(250,954)
Net Investment income	-	62,465	(62,465)
Benefit payments	(132,720)	(132,720)	-
Administrative expenses	-	(562)	562
Net Changes	135,235	180,137	(44,902)
Balance at June 30, 2019 **(Measurement Date June 30, 2018)**	$ 2,863,797	$ 1,191,718	$ 1,672,079

13. Other Postemployment Benefits (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2018:

Discount Rate – 1% (5.73%)	Current Discount Rate (6.73%)	Discount Rate +1% (7.73%)
$ 2,042,424	$ 1,672,079	$1,365,009

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

Discount Rate – 1%	Current Discount Rate	Discount Rate +1%
$ 2,021,625	$ 1,672,079	$1,368,566

OPEB Plan Fiduciary Net Position

CalPERS issues a separate CAFR. Copies of CERBT's annual financial report may be obtained from its Affiliate Program Services Division at 400 Q Street, Sacramento, CA 95811.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net positions are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (5.8 years at June 30, 2018)

13. Other Postemployment Benefits (continued)

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of $160,511. As of June 30, 2019, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of the Total OPEB Liability	$ 110,096	$ (7,708)
Changes in assumptions	-	(322,548)
Net differences between projected and actual earnings on OPEB plan investments	4,495	-
Deferred Outflows and Inflows of Resources to be Amortized	114,591	(330,256)
OPEB contributions subsequent to measurement date	256,617	-
	$ 371,208	$ (330,256)

Of the $371,208 reported as deferred outflows, $256,617 related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal year ending June 30,	
2020	$ (45,077)
2021	(45,077)
2022	(45,078)
2023	(44,041)
2024	(35,369)
Thereafter	(1,023)
	$ (215,665)

14. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disaster. The District's insurance coverage is carried through the California Sanitation Risk Management Association (CSRMA) in pooled programs and through a commercial insurance carrier. CSRMA is a public entity risk pool currently operating as a common risk management and insurance program for member sanitary districts located throughout California. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group. Although CSRMA may assess additional premiums to a member district in the event of losses in excess of reserves, no additional assessments have occurred nor are they contemplated.

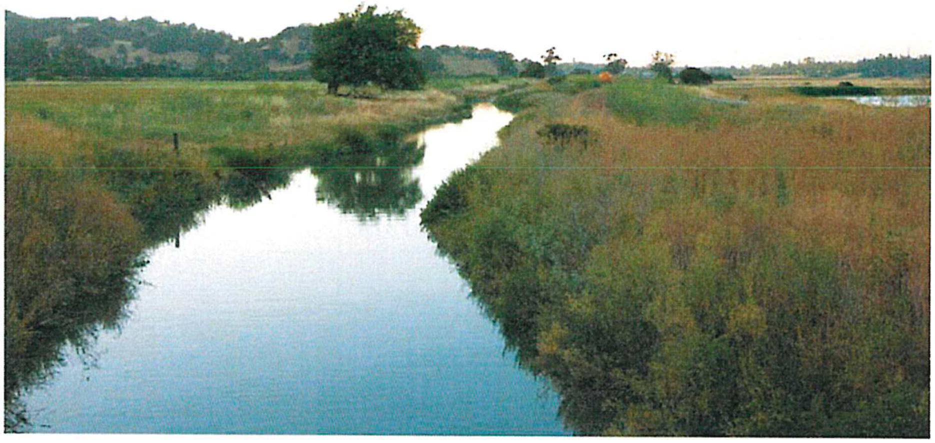
The financial statements of CSRMA are available their website, www.csrma.org. Condensed financial information for CSRMA is presented below:

	Years Ended June 30,	
	2018[1]	**2017**
Total assets	$ 25,703,113	$ 28,419,707
Total liabilities	17,997,369	17,241,037
Net Position	**$ 7,705,744**	**$ 11,178,670**
Total revenues	$ 10,453,268	$ 11,843,583
Total expenditures	13,926,188	11,588,811
Net income (loss)	**$ (3,472,920)**	**$ 254,772**

1 Most recent available.

This page left intentionally blank.

REQUIRED SUPPLEMENTARY INFORMATION



Miller Creek

Las Gallinas Valley Sanitary District

Required Supplementary Information

June 30, 2019

Schedule of Proportionate Share of Net Pension Liability
Last 10 Years*

	Fiscal Year End June 30,				
	2019	2018	2017	2016	2015
Measurement date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of net pension liability	0.03229%	0.03195%	0.34162%	0.03057%	0.27220%
Proportionate share of the net pension liability	$ 3,111,237	$ 3,169,000	$ 2,722,446	$ 2,098,373	$ 1,693,868
Covered employee payroll	$ 2,263,451	$ 2,234,070	$ 2,065,897	$ 2,002,442	$ 1,801,016
Proportionate share of the net pension liability as a percentage of covered-employee payroll	137.46%	141.85%	131.78%	104.79%	94.05%
Plan's fiduciary net position	$ 9,997,987	$ 9,397,583	$ 8,814,153	$ 8,719,117	$ 8,648,606
Plan's fiduciary net position as a percentage of the Plan's total pension liability	75.26%	73.31%	74.06%	78.40%	79.82%

Schedule of District's Pension Plan Contributions
Last 10 Years*

	2019	2018	2017	2016	2015
Contractually required contributions (actuarially determined)	$ 374,938	$ 332,915	$ 331,323	$ 295,148	$ 330,377
Contributions in relation to actuarially determined contributions	(374,938)	(332,915)	(331,323)	(295,148)	(330,377)
Contribution deficiency (excess)	-	-	-	-	-
Covered-employee payroll	$ 2,427,993	$ 2,263,451	$ 2,234,070	$ 2,065,897	$ 2,002,442
Contributions as a percentage of covered-employee payroll	15.44%	14.71%	14.83%	14.29%	16.50%

Notes to Schedule:

Valuation Date:	June 30, 2018
Methods and assuptions used to determine contribution rates:	
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll
Asset valuation method	Actuarial value of assets
Inflation	2.50%
Salary increase	Varies by entry age and service
Investment rate of return	7.15%
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

* Fiscal year ending June 30, 2015, was the first year of implementation, therefore only five years are shown.

Las Gallinas Valley Sanitary District

Schedule of Changes in the Net OPEB Liability and Related Ratios

for the Measurement Periods Ended June 30

		2018	2017
Total OPEB Liability			
Service cost		$ 91,597	$ 77,776
Interest on the OPEB liability		185,403	196,002
Differences between expected and actual experience		(9,045)	156,326
Change of assumptions		-	(457,988)
Benefits paid to retirees		(132,720)	(153,771)
Net change in total OPEB liability		135,235	(181,655)
Total OPEB Liability - beginning		2,728,562	2,910,217
Total OPEB Liability - ending	(a)	$ 2,863,797	$ 2,728,562
Plan Fiduciary Net Position			
Employer contributions		$ 250,954	$ 287,951
Net investment income		62,465	64,362
Benefits paid to retirees		(132,720)	(153,771)
Administrative expense		(562)	(463)
Net change in plan fiduciary position		180,137	198,079
Plan fiduciary net position- beginning		1,011,581	813,502
Plan fiduciary net position- ending	(b)	$ 1,191,718	$ 1,011,581
Net OPEB liability- ending	(a) - (b)	$ 1,672,079	$ 1,716,981
Plan fiduciary net position as a percentage of the total OPEB liability		41.61%	37.07%
Covered-employee payroll		$ 3,687,903	$ 2,252,470
Net OPEB liability as a percentage of covered-employee payroll		45.34%	76.23%

Notes to Schedule:

Historical information is required only for measurement periods for which GASB No. 75 is applicable. Future years' information will be displayed, up to 10 years, as information becomes available

The term Covered-employee payroll is used because there are employees receiving benefits not based on wages.

Las Gallinas Valley Sanitary District
Schedule of OPEB Contributions
Last Ten Fiscal Years*

Fiscal Year Ended June 30,	2019	2018
Actuarially determined contributions (ADC)	$ 213,168	$ 219,673
Contributions in relation to the ADC	(250,954)	(287,951)
Contribution deficiency (excess)	**$ (37,786)**	**$ (68,278)**
Covered-employee payroll	3,687,903	2,252,470
Contributions as a percentage of covered-employee payroll	6.80%	12.78%

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019 were selected by the Agency after consultation with the actuary.

Method and assumptions used to determine contribution:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll
Asset valuation method	Market value
Inflation	2.26%
Long-term investment rate of return	6.73%
Discount rate	6.73% per annum
Healthcare cost-trend rates	7.75% in 2019, decreasing to 5.00% by 2030
Payroll growth	3.25% per annum
Coverage elections	Assumed that 100% of eligible employees will participate
Mortality	Pre-Retirement: CalPERS 2014 Mortality pre-retirement Post-Retirement: CalPERS 2014 Mortality post-retirement
Retirement age	Actives hired before January 1, 2013: 2.7% @ 55 Actives hired after January 1, 2013: 2.0% @ 62

AGENDA ITEM 6A1

1/16/2020

General Manager Report

- ☐ Separate Item to be distributed at Board Meeting
- ☐ Separate Item to be distributed prior to Board Meeting
- ☑ Verbal Report
- ☐ Presentation

1/16/2020 Board Reports

1. Clark

2. Elias

3. Murray

4. Schriebman

5. Yezman

Las Gallinas
VALLEY SANITARY DISTRICT

BOARD MEMBER
MEETING ATTENDANCE REQUEST

Date:___________Name:____

I would like to attend the ____Meeting

of ____

To be held on the ______ day of ___________ from ________ a.m. / p.m. and

returning on _______day of ___________ from _________ a.m. / p.m.

Actual meeting date(s):____

Purpose of Meeting:____

____

____

Frequency of Meeting: ____

Estimated Costs of Travel (if applicable):____________________________________

____

Please submit to the District Administrative Assistant, no later than 2:00 p.m. on the Friday prior to the Board Meeting.

For Office Use Only

Request was □Approved □Not Approved at the Board Meeting held on __________.

1/16/2020

BOARD AGENDA ITEM REQUESTS

Agenda Item 8B

- ☐ Separate Item to be distributed at Board Meeting
- ☐ Separate Item to be distributed prior to Board Meeting
- ☑ Verbal Report
- ☐ Presentation

WEST MARIN

Waste collector seeks 30% hike in service rates

By Matthew Pera
mpera@marinij.com
@MatthewRPera on Twitter

West Marin residents might soon be paying 30% more for garbage collection.

Recology, the waste hauler, will ask the Marin County Board of Supervisors to approve a proposed rate hike on Jan. 14.

Stinson Beach and Bolinas are not included in the rate hike proposal because those communities have separate service contracts, officials said. The Novato Sanitary District, which also contracts with Recology for waste hauling services, approved a 6.27% rate increase for Novato residents in November.

The proposed 30% increase would push the tab for a 32-gallon can in West Marin up $9, to $41 a month.

"I recognize it's a large increase," said Fred Stemmler, the general manager for Recology's Marin and Sonoma operations. "But the foundation on which it's adjusting is artificially low."

Recology bought waste hauling and recycling operations in 2017 from the Santa Rosa-based Ratto Group, which formerly served West Marin and Novato, in addition to several communities in Sonoma County.

"They priced their services below market (rates)," Stemmler said. "While the rates are increasing in West Marin, when you look at the other haulers, our services are very competitively priced."

Marin Sanitary Service, which serves communities in Central Marin and the Ross Valley, charges its San Anselmo customers $47.95 per month for a 32-gallon can and charges its Fairfax customers $42.78. Mill Valley Refuse, which serves Southern Marin communities, charges between $47.57 and $59.92 for the same size can.

Recology has hiked rates in the majority of communities that were formerly served by the Ratto Group, Stemmler said. In Santa Rosa, the company raised the tab for a 32-gallon can by 59% in 2018.

The West Marin rate hike would help pay for retrofitting Recology's fleet of trucks in Marin and Sonoma counties, according to Stemmler. Many of the company's trucks are aging and don't meet the state's latest efficiency standards, he said.

Recology bought several of the aging trucks as part of its purchase of the Ratto Group, Stemmler said. In total, 22 trucks need to be replaced at an average cost of $200,000 per vehicle, he said.

The hauler also plans to replace its customers' garbage, recycling and compost bins in Marin by 2022, Stemmler said. Many of the bins are damaged, he said.

The Marin County Public Works Department solicited a third-party review of the proposed rate increase, according to department spokesman Ju-

RATES » PAGE 4

Rates

FROM PAGE 3

lian Kaelon.

"Based on the independent review, the proposed rate adjustment is necessary for Recology to safely carry out the obligations of the West Marin franchise in an environmentally responsible manner," Kaelon said. "The potential new rate is on par with industry standards in the greater Bay Area — particularly for a more remote, rural area."

Supervisor Dennis Rodoni, whose district includes much of West Marin, said that garbage rates have stayed disproportionately low in West Marin because the Ratto Group "chose not to upgrade its fleet and take advantage of yearly rate increases."

"When Recology took over the franchise, the infrastructure was in poor condition, including the trucks, sorting and recycling facilities," he said.

The proposed 30% rate hike comes on the heels of a 12.1% increase for West Marin residents that county supervisors approved in 2018.

The Board of Supervisors is scheduled to hold a public hearing at 10:30 a.m. on Jan. 14 in Room 330 of the Civic Center in San Rafael.

ENVIRONMENT

State fines Marin sewage plants

Regulators ding 3 agencies for discharges

By Richard Halstead
rhalstead@marinij.com
@HalsteadRichard on Twitter

Three Marin County sewage treatment plants are being fined a total of $39,000 by the California Regional Water Quality Control Board for exceeding limits for discharging effluents into San Francisco Bay.

The Sausalito-Marin City Sanitary District is being fined $6,000; the Las Gallinas Valley Sanitary District is being fined $9,000; and Sewerage Agency of Southern Marin (SASM) is being fined $24,000.

All three of the plants are in the midst of making major upgrades to their facilities.

The water quality control board has posted the proposed fines on its website for 30 days to allow for public comment. The fines for the Marin County plants are among

SEWAGE » PAGE 4

The Sewerage Agency of Southern Marin plant in Mill Valley repeatedly exceeded its ammonia discharge limits, authorities reported.
IJ FILE PHOTO

Tuesday, 01/07/2020 Page .A01

Sewage

FROM PAGE 1

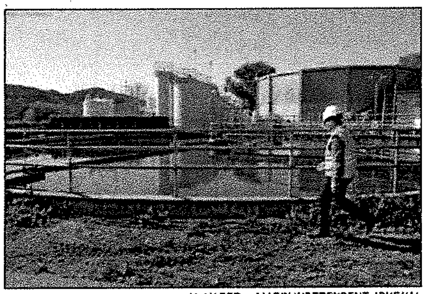
15 "mandatory minimum" fines totaling $207,000 being proposed by the board. The largest fine, $84,000, is being charged to Richmond Municipal Sewer District Water Pollution Control Plant.

Bill Johnson, chief of the control board's wastewater and enforcement division, said the mandatory minimum fines are assessed when a violation isn't considered serious enough to merit a "discretionary penalty," which requires the use of a mandated methodology to determine the size. For example, in 2012 the Ross Valley Sanitary District was fined $1.5 million for past sanitary sewer overflows. Sewer overflows are not covered by mandatory minimum fines.

Johnson said the control board and the Marin sanitary districts have already reached agreement on the payment of the fines. The comment period is designed to allow members of the public to weigh in, if anyone feels the fines are too low. The control board could still decide to increase them, although it is unlikely.

The SASM plant was fined eight times for discharging more ammonia than its permit allows on either a daily or monthly basis. The violations occurred while a $20 million upgrade was being implemented.

Mark Grushayev, manager of the SASM plant, said his agency hired a consultant and spent hundreds of thousands of dollars on temporary equipment to prevent such occurrences but was unsuccessful.



ALAN DEP — MARIN INDEPENDENT JOURNAL

Las Gallinas Valley Sanitary District engineer Mike Cortez examines the water treatment plant in March. The district is undergoing a three-year plant upgrade project.

"We did everything in our power to avoid exceedance," Grushayev said. "We feel bitter about that. But feelings are feelings, and the law is the law. We're at peace with that."

Johnson said SASM did the upgrade in two phases, shutting down half of the plant while it upgraded the other half. He said half of the plant wasn't capable of handling the ammonia that it was getting.

"I'm not sure in this case what they could have done differently," Johnson said. "It's kind of unfortunate that they got the fines because we want them to upgrade."

Johnson said the only basis on which SASM could have contested the fine would have been to challenge the fact it discharged that amount of ammonia.

"The law says under these circumstances you're required to pay a mandatory minimum penalty," Johnson said. "There is no discretion on our part that allows us to go lower."

Grushayev said that while SASM discharges through the same pipe as Sanitary District No. 5, which serves Tiburon and Belvedere, District No. 5 is permitted to discharge much higher levels of ammonia. SASM's permit limits it to a monthly average of 12.3 milligrams per liter; District No. 5 is allowed to discharge a monthly average of 100 milligrams per liter. Johnson wasn't sure why the permitted levels are so different but speculated that it might be due to when the permits were issued.

The Sausalito-Marin City Sanitary District received two $3,000 fines for discharging too high a concentration of organic material in its effluent. The district's general manager, Jeffrey Kingston, said the violations occurred while the plant was undergoing a $25 million upgrade.

"No good deed goes unpunished," he said.

Kingston said temporary equipment was installed to avoid such violations but a contractor hired by the district failed to operate it currently. He said the district will seek reimbursement from the contractor for the fine.

Las Gallinas Valley Sanitary District received two $3,000 fines for discharging too much chlorine and one $3,000 for exceeding its limit of suspended solids. The district began a $50 million upgrade of its plant a year ago, but Mike Prinz, Las Gallinas' general manager, said the violations were unrelated to that project.

Ian Wren, a staff scientist with San Francisco Baykeeper, a nonprofit environmental advocacy organization, said the mandatory minimum fines serve a purpose by shaming agencies into sticking to their permit obligations.

"But I am somewhat sympathetic to those agencies that are trying to do extensive upgrades," Wren said, "particularly when they might involve more innovative approaches. I do think the current structure disincentivizes innovation and good stewardship of the bay."

Wren said the control board should consider suspending or reducing fines during times of construction or testing of new, innovative systems.

m/
ɪress.co
ı/ti
prewagedeterminati

Agenda Item 9
Date JANUARY 16, 2020

Legal Notice	Legal Notice

NOTICE OF PUBLIC REVIEW HEARING TO DISCUSS PROPOSED ORDINANCE NO 181 TO AMEND GARBAGE COLLECTION RATES FOR 2020

The Las Gallinas Valley Sanitary District will conduct a Public Hearing to discuss an ordinance amending Title 4, Chapter 1 of the Las Gallinas Valley Sanitary District Ordinance Code, an Ordinance Regulating Solid Waste, Recyclable and Organic Materials, and the Collection, Removal and Disposal Thereof, as amended, and relating to rates to be charged. This hearing will take place at the District office at 101 Lucas Valley Road, Suite 300, San Rafael on Thursday, January 16, 2020 at 4:30 PM. The proposed ordinance can be viewed on the District's website at www.lgvsd.org or at the District office posted at the front lobby door from January 2, 2020 – January 16, 2020.

NO. 1707 JAN. 2, 9, 2020