

**ALMONTE SANITARY DISTRT
REPORT ON INTERNAL CONTROL AND OTHER MATTERS
JUNE 30, 2017**



Terry E. Krieg, CPA
Certified Public Accountant

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

President and Members
Of the Board of Directors
Almonte Sanitary District
Mill Valley, California

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Almonte Sanitary District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Almonte Sanitary District's basic financial statements, and have issued my report thereon dated March 23, 2018.

Internal Control over Financial Reporting

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

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

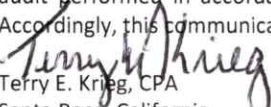
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify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

Compliance and Other Matters

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

Purpose of Report

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


Terry E. Krieg, CPA
Santa Rosa, California
March 23, 2018

**ALMONTE SANITARY DISTRICT
REPORT TO THOSE CHARGED WITH GOVERNANCE
JUNE 30, 2017**



Terry E. Krieg, CPA
Certified Public Accountant

March 23, 2018

Honorable President and Members of
Board of Directors
Almonte Sanitary District
Mill Valley, California

I have audited the basic financial statements of the business-type activities of the Almonte Sanitary District for the year ended June 30, 2017, and have issued my report thereon dated March 23, 2018. Professional standards require that I provide you with the following information related to my audit.

1. My Responsibility under U.S. Generally Accepted Auditing Standards

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

As part of my audit, I considered the internal control of the Almonte Sanitary District. Such considerations were solely for the purpose of determining my audit procedures and not to provide assurance concerning such internal control. My responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. I am responsible for communicating significant matters related to the audit that are, in my professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, I am not required to design procedures specifically to identify such matters.

2. Other Information in Documents Containing Audited Financial Statements and Electronic Dissemination of Audited Financial Statements

My responsibility for other information in documents containing the Almonte Sanitary District financial statements and my auditor's report, such as an official statement for a bond or debt offering, does not extend beyond the financial information identified in the report. I do not have an obligation to perform any procedures to corroborate other information contained in such other documents. To my knowledge, the Almonte Sanitary District's audited financial statements were not incorporated into other documents.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, I am not required to read the information in any such sites or to consider the consistency of other information in the electronic site with the original documents.

3. Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to the District Manager in the audit engagement letter and discussed with the District Manager. My understanding is that the District Manager has the responsibility for coordinating the audit process with my firm and for communicating to you significant audit matters.

4. Significant Audit Findings

A. Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Almonte Sanitary District are described in Note One to the financial statements.

B. Changes in Accounting Policies

No new accounting policies were adopted and the application of existing policies was not significantly changed in the 2017 fiscal year.

C. Significant and Unusual Transactions

There were no significant and unusual transactions reported in fiscal 2017 in the District's statement of net position or changes in net position other than there was a \$330,289 positive increase in the District's overall net position; and \$121,959 was added to construction in progress related to the rehabilitation of lines.

D. Transactions Having a Lack of Authoritative Guidance

No significant dollar value transactions came to my attention where there was a lack of authoritative guidance regarding the application of accounting principles to the transactions.

E. Accounting Estimates

Accounting estimates are an integral part of financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimate affecting the financial statements was management's estimate of depreciation expense which estimates were based upon subsidiary schedules of capital assets and depreciation calculations using the straight-line method of depreciation. I evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relationship to the financial statements taken as a whole.

F. Sensitive Financial Statement Disclosures

The disclosures in the financial statements are to be neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were, in my judgment, the disclosures about cash and investment holdings with the County of Marin.

5. Difficulties Encountered in Performing the Audit

I experienced no significant difficulties in dealing with management in performing and completing my audit.

6. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. There were eight proposed adjusting entries with the more significant ones being to record depreciation expense, update the construction in progress account, record a large accounts payable (construction job) and book the cash changes from the County's final settlement report of year end transactions.

7. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of the audit.

8. Management Representations

I have requested certain representations from management that are included in the management representation letter.

9. Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves the application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those financial statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

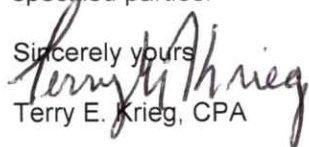
To my knowledge, there were no such consultations with other accountants

10. Other Audit Findings or Issues

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

The issuance of the District's June 30, 2017 financial statements was delayed as a result of turnover in District management personnel, changes in computer support and changes in accounting support

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

Sincerely yours

Terry E. Krieg, CPA

Almonte Sanitary District
Financial Statements
June 30, 2017

ALMONTE SANITARY DISTRICT
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June 30, 2017

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Terry E. Krieg, CPA
Certified Public Accountant

Independent Auditor's Report

Board of Directors
Almonte Sanitary District
Mill Valley, California

Report on the Financial Statements

I have audited the accompanying financial statements of the Almonte Sanitary District, California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Almonte Sanitary District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with audited standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, I 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,

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Almonte Sanitary District as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

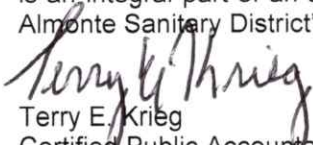
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements.

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.

I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report, dated March 23, 2018, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Almonte Sanitary District's internal control over financial reporting and compliance.


Terry E. Krieg
Certified Public Accountant
Santa Rosa, California
March 23, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Almonte Sanitary District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The net position of the District's business-type activities increased by about \$330,000 in fiscal 2017 compared to an increase of \$390,000 in fiscal year 2016.
- On a net basis, total operating expenses in fiscal 2017 were about 15 percent higher than in fiscal 2016. Most of the 2017 cost increase were related to higher treatment costs passed through to the District by the Sewerage Agency of Southern Marin (SASM).
- Fiscal 2017 total district revenues were up about 2 percent over 2016 mainly from higher property tax and interest revenues.
- There was a net increase of \$92,500 in the District's capital assets in fiscal 2017 resulting mainly from capitalizing \$122,000 in line modernization and replacement costs.
- The District's cash and investment holdings increased by about \$226,000 at the end of fiscal 2017 as a result of additional cash inflows from operating activities and pending accounts payable at year end. The District at the end of fiscal 2017 had no long-term debt financing arrangements outstanding.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* (this section), and the *basic financial statements including related disclosures*. The basic financial statements include one kind of statement that present both a short-term and long-term view of the District:

- *Proprietary* enterprise fund-type statements offer *short-* and *long-term* financial information about the activities that the District operates *like businesses*, such as the Districts wastewater collection and treatment system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

FIGURE A-1

Basic Financial Statement Features	Basic Financial Statements
Scope	Activities the District operates similar to a private business; the wastewater collection and treatment systems
Required Financial Statements	Statement of net position; statement of revenues, expenses, and changes in net position, and the statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic measurement focus
Type of Asset and Liability Information	All assets and liabilities, both financial and capital and short term and long-term focus
Type of Inflow and Outflow Information	All revenues and expenses during the year regardless of when the cash is received

MANAGEMENT'S DISCUSSION AND ANALYSIS

Basic Financial Statements

The basic financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position regardless of when cash is received or paid.

The basic financial statements report the Districts *net position* and how it has changed. *Net position* – the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases or decreases in the Districts net position are an indicator of whether its financial health is improving or deteriorating, respectively. The basic financial statements of the District consist of one category:
 - *Business-type activities* – The District charges fees to help it cover the costs of certain services it provides. All of the Districts operations are accounted for in this category. *The District uses proprietary enterprise fund type accounting principles to account for all operations.* Proprietary accounting provides both long-and short-term financial information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's' *combined* net position increased by about \$330,000 in fiscal year 2017 (See Table A-1.)

TABLE A-1 NET POSITION OF THE DISTRICT (In Rounded Dollars)

	Business-Type Activities		Percentage Change
	2017	2016	2016-2017
Cash and investments	\$ 1,104,400	\$ 878,700	26%
Other assets	900	3,300	-73%
Capital assets, net	1,471,100	1,378,600	7%
Total assets	2,576,400	2,260,600	14
Long-term debt	-	-	0%
Other liabilities	110,000	124,500	-12%
Total liabilities	110,000	124,500	-12%
Net position:			
Net investment in capital assets	1,471,100	1,378,600	7%
Unrestricted	995,300	757,500	31%
Total net position	\$ 2,466,400	\$ 2,136,100	16%

The increase in cash and investments was caused by revenues exceeding operating expenses and unpaid capital improvement invoices at year end. The large amount in other liabilities was caused by year-end accounts payable; primarily a \$102,913 June billing for the 2017 construction improvement project.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The primary reason for the decrease in profitability was that in fiscal 2017 the operating costs increased about \$50,000 more than increase in revenues. About 60 % of the District's net position is represented by the District's net investment in its capital assets. The remaining 40% of net position is represented primarily by cash and investments.

Changes in net position.

The District's total revenues (exclusive of capital contributions) increased by about 2 percent in fiscal 2017 compared to fiscal 2016 revenues.

While there was an overall \$14,600 increase in District 2017 revenues, there were also a \$63,200 increase in total operating costs mainly from higher treatment costs.

TABLE A-2 District's Revenues, Expenses and Changes in Net Position (In Rounded Dollars)

	Years Ended June 30		Total
	2017	2016	Percentage Change 2016-2017
Revenues			
Program revenues:			
Charges for sewer service	\$ 656,300	\$ 665,900	-1%
Other operating charges	9,200	9,100	1%
Property taxes	128,300	118,000	9%
Franchise fees	7,200	6,400	13%
Zero waste grant	-	-	0.0%
Investment income	4,400	1,400	214%
Total revenues	805,400	790,800	2%
Expenses			
Salaries and benefits	61,600	56,100	10%
Intergovernmental treatment costs	297,100	232,100	28%
Line inspections , cleaning , repairs	65,600	73,900	-11%
Insurance and claims	900	2,200	-59%
Contracts and professional services	10,600	13,600	-22%
Other expenses	8,500	4,500	89%
Zero waste project	1,300	-	100%
Depreciation	29,500	29,500	0%
Total expenses	475,100	411,900	15%
Income (Loss) before contributions	330,300	378,900	-13%
Capital contributions	-	-	0%
Change in net position	330,300	378,800	-13%
Net position, beginning	2,136,100	1,757,200	-
Net position, ending	\$ 2,466,400	\$ 2,136,100	16%

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Table A-2 presents the cost of each of the District's largest functions from an expense perspective – operating expenses and depreciation on capital assets.

The District paid for these costs by using about 74 percent of the direct charges collected from its customers. Property tax revenues were up a modest 9 percent compared to fiscal 2016.

On a cash flow basis, there was about a \$226,000 net increase in the District's cash and investment holdings at the end of fiscal 2017 compared to the end of fiscal 2016; keeping in mind that at June 30, 2017 there was a pending \$103,000 payment to the contractor working on the District CIP program,

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2017, the District's investment in capital assets increased by about \$92,400 net compared to fiscal 2016. This represented about a net 6 percent decrease in capital assets for the District.

**TABLE A-3 District Investment in Capital Assets, Net of Accumulated Depreciation
(In Rounded Dollars)**

	Business-Type Activities		Total Percentage Change
	2017	2016	2016-2017
Sewer lines, original	\$ 210,000	\$ 210,000	0%
Contributed sewer lines	34,600	34,600	0%
Betterments and improvements	1,360,900	1,360,900	0%
Construction in progress	225,500	103,600	118%
Less accumulated Depreciation	(359,900)	(330,400)	9%
Total	\$ 1,471,100	\$ 1,378,700	7 %

MANAGEMENT'S DISCUSSION AND ANALYSIS

The major capital assets activity in fiscal 2016 included:

- Adding about \$122,000 to construction in progress in connection with the District's line and lateral improvement projects.
- . More information about capital assets can be found starting on page 15 of the notes to the financial statements.

Long-Term Debt

There was no new long-term debt issued by the District in fiscal 2017. The District has no Long-Term debt outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S OPERATING PLAN AND RATES

Several major changes in the District's financial capabilities and operations are anticipated in the future.

The State has also been promoting the philosophy that special districts reduce their reliance on property taxes and revert to a user based revenue philosophy. This change is consistent with legislative findings at the time of adoption of Proposition 13 in 1979. No rate increase has been approved for fiscal 2018. The District expects the intergovernmental treatment costs to increase by about 28% in fiscal 2018.

In the capital area, the District has determined that it is in need of significant capital projects and programs. These will in large part deal with aging infrastructure of the District which is now reaching the end of its useful life due to improvement needs in the District collection system. The District will be undertaking a comprehensive evaluation of the collection system that may result in increased needs for financial commitment to this area of operations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the General Manager, Almonte Sanitary District, at 450 Sycamore Drive, Mill Valley, California, 94941.

ALMONTE SANITARY DISTRICT
Statement of Net Position
June 30, 2017

ASSETS

Current assets:

Cash and cash equivalents	\$ 618,201	
Prepayments	880	
		619,081
Total current assets		619,081

Noncurrent assets:

Capital improvement fund:

Designated cash and cash equivalents		486,227
		486,227
Total designated cash and cash equivalents		486,227

Capital assets:

Capital asset not being depreciated:

Construction in progress		225,588
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Capital assets being depreciated:

Collection system:

Original sewer lines		210,000
Contributed lines		34,600
Improvements		1,360,865
Less accumulated depreciation		(359,913)

Total capital assets being depreciated		1,245,552
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Total capital assets		1,471,140
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Total noncurrent assets		1,957,367
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Total assets		\$ 2,576,448
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LIABILITIES

Current liabilities:

Accounts payable	\$ 108,953	
Accrued liabilities	1,063	
		110,016

Total current liabilities		110,016
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NET POSITION

Net investment in capital assets		1,471,140
Unrestricted		95,292
		95,292

Total net position		\$ 2,466,432
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See accompanying notes to the basic financial statements

ALMONTE SANITARY DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
For The Fiscal Year Ended June 30, 2017

OPERATING REVENUES	
Sewer service fees	\$ 656,334
Franchise fees	7,213
Other operating revenues	9,189
	672,736
OPERATING EXPENSES	
Salaries and benefits	61,578
Intergovernmental treatment costs	297,160
Line cleaning, inspection and repairs	66,903
Liability, property insurance, and claims	880
Contract and professional services	10,566
Other operating	8,513
Depreciation	29,465
	475,065
Total operating expenses	475,065
Operating income	197,671
NON-OPERATING REVENUES(EXPENSES)	
Property taxes	128,275
Investment income	4,343
	132,618
Net non-operating revenues (expenses)	132,618
Change in net position	330,289
Total net position, beginning	2,136,143
Total net position, ending	\$ 2,466,432

See accompanying notes to the basic financial statements

ALMONTE SANITARY DISTRICT
Statement of Cash Flows
For The Fiscal Year Ending June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 656,334
Other operating receipts	18,933
Payments to suppliers for goods and services	(495,344)
Payments to employees for services and benefits	<u>(67,802)</u>
Net cash used for operating activities	<u>112,121</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property tax collections	<u>128,275</u>
Net cash provided by noncapital financing activities	<u>128,275</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital asset improvements	<u>(19,046)</u>
Net cash used for capital and related financing activities	<u>(19,046)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest receipts	<u>4,343</u>
Net cash provided by investing activities	<u>4,343</u>
Net increase (decrease) in cash and cash equivalents	225,693
Balances-beginning of the year	<u>878,735</u>
Balances-end of the year	<u><u>\$ 1,104,428</u></u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating income (loss)	\$ 197,671
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:	
Depreciation expense	29,465
Change in assets and liabilities:	
Increase (decrease) in accrued liabilities	48
Increase (decrease) in prepayments	(153)
Increase (decrease) in accounts receivable	2,531
Increase (decrease) in accounts payable	<u>(117,441)</u>
Net cash used for operating activities	<u><u>\$ 112,121</u></u>
Noncash capital financing activities:	
None	

See accompanying notes to the basic financial statements

ALMONTE SANITARY DISTRICT
Notes to the Basic Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Almonte Sanitary District was organized in 1949 as a special district under Provisions of the Sanitary District Act of 1923, and it is governed by five elected Directors. The District's service area includes an area between Mill Valley and the unincorporated area known as Tamalpais Valley in the County of Marin, California. The District provides sewerage collection and disposal services and contract administration for the collection of municipal solid waste and recycling services. The accompanying financial statements present the District and its component units, entities for which the District is considered to be financially accountable. The District has no component units. The District does not own or operate its own wastewater treatment plant. As a member of the Sewerage Agency of Southern Marin (A joint powers agency), the District is charged an annual fee for the treatment of its wastewater.

B. Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes, service fees, revenue from maintenance agreements and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The District is engaged in only business-type activities and the District's basic financial statements consist of only the financial statements required for enterprise funds. These include management's discussion and analysis, a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, and these notes to the basic financial statements.

The District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989 in accounting and reporting for its proprietary operations, and the provisions of GASB Statement Number 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

Proprietary enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to the customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ALMONTE SANITARY DISTRICT
Notes to the Basic Financial Statements
June 30, 2017

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position

1. Deposits and Investments

The District's 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. The District's investment policy has been to invest all cash in the Marin County Treasurer's Investment Pool. Investments are reported at fair value. The County Pool is operated in accordance with applicable state laws and regulations, and the reported value of the District's investment in the County Pool are the same as the fair value of the County Pool shares/deposits.

2. Receivables, Property Taxes and Sewer Service Revenues

Property taxes are levied as of March 1 on property values assessed as of the same date. State statutes provide that the property tax rate be limited generally to one percent of market value, be levied by only the County, and be shared by applicable jurisdictions. The County of Marin collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter-approved debt. Property taxes are due on November 1 and March 1, and become delinquent on December 10 and April 10. The District receives property taxes pursuant to an arrangement with the County known as the "Teeter Plan". Under the plan, the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the District. The District recognizes property tax revenues in the fiscal year in which they are due to the District and accrues as receivable such taxes. Accordingly, the District provides for no allowance for doubtful accounts.

Sewer service fees (used to supplement tax revenues) are set by the District based upon rates applied to the number of equivalent dwelling units (EDUs) for nonvacant properties and adjusted flows applicable to commercial properties. The sewer service fees are incorporated into the property tax billings, and such fees are due in two equal installments on December 10 and April 10 following the assessment date. The District recognizes these fees as revenues in the year earned, which is also the year in which the service is provided to properties within the District. Under an arrangement with the County known as the Teeter Plan, the County advances substantially all of the sewer fees to the District each year, and the County bears the burden of any uncollectible accounts. Therefore, the District does not provide for an allowance for uncollectible accounts or bad debts.

3. Inventories and Prepaid Items

All inventories are valued at cost based upon physical determinations made at the end of each year.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

4. Designated Cash Equivalents and Investments

Cash equivalents and investments restricted for use in only capital projects are reported as noncurrent assets. The District follows the practice of reporting in this category the funds, which by Resolution of the Board of Directors, can only be used for the purpose of financing the design, construction, replacement and improvement of related District facilities.

ALMONTE SANITARY DISTRICT
Notes to the Basic Financial Statements
June 30, 2017

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (mainly the existing wastewater system) are reported in the financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and assets constructed by developers are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed net of construction period interest revenues earned during such periods.

Property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Year</u>
Subsurface lines	50
Equipment and vehicles	5-15
Facilities and structures	15

6. Compensated Absences, Sick Leave, Other Post-Employment Benefits and Claims

The District's policy is to provide employees with no vacation or sick pay benefits. Accordingly, the District reports no liability for compensated absences\unpaid vacation or sick leave in these financial statements.

The District does not provide any other post employment retirement benefits (OPEB) such as retiree medical benefits, and accordingly the District reports no liability for such OPEB plans in these financial statements.

The District does not participate in the Public Employees Retirement System and provides employees with no pension benefits, accordingly, the District reports no information about pension plans or contributions in these financial statements.

The District obtains insurance coverage for property and equipment, fidelity bonds, automobile liability and general liability, through its membership with the Sewerage Agency of Southern Marin (SASM). The District pays a prorate share of the premiums charged to SASM for coverage under a master policy. The risk of loss is transferred from the District to the SASM's insurance provider in exchange for the District's payment of annual premiums. Incurred and unbilled claims, if any, are accrued as a liability when it is probable that an asset has been impaired, the amount of the obligation can be reasonably estimated, and the claim is not covered by insurance. The District has a self-insured retention limit, similar to a deductible, of \$25,000. The District paid no significant uninsured claims during the 2017 fiscal year. There were no significant uninsured claim liabilities reported as of June 30, 2016 or 2017

The District purchases workers compensation insurance through a policy with the Special District Risk Management Authority (SDRMA).

ALMONTE SANITARY DISTRICT
Notes to the Basic Financial Statements
June 30, 2017

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position

7. Long-term Obligations

In enterprise fund-type financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. The District has no outstanding long-term debt obligations.

8. Net Position

In the financial statements, fund net position is reported in two categories as follows:

- Net investment in capital assets - This category of net position reports the net book value of capital assets used in District operations including construction in progress all net of related accumulated depreciation, and reduced by the carrying value of related long-term debt issued to finance the acquisition of such assets.
- Unrestricted - Unrestricted net position represents all other assets net of related liabilities available for use by the District.

2. Detailed Notes

A. Cash Equivalents and Investments

Cash equivalents and Investments consisted of the following at June 30:

Cash deposits	\$ 21,248
Marin County Treasurer's Investment Pool:	
District operating account	596,953
District capital improvement account	486,227
	<hr/>
Total cash equivalents and investments	\$ 1,104,428

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for deposits is that they will all be deposited with the County of Marin Treasurer's Investment Fund. The District maintains no separate bank checking, savings, money market or time deposit accounts except for a payroll clearing account. The District has no custodial credit risk as to deposits because the \$19,824 bank balance is fully insured by the F.D.I.C.

Custodial Credit Risk - Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the District's investments were invested in specific securities. All monies in the Marin County Treasurer's Investment Pool are not evidenced by specific securities; and therefore are not subject to custodial credit risk.

Credit Risk- Investments. State law limits investments in various securities to certain levels of risk ratings issued by nationally recognized statistical rating organizations. It is the County of Marin's Treasurer's Investment Pool policy to comply with those requirements. The Marin County Treasurer's Investment Pool is unrated.

ALMONTE SANITARY DISTRICT
Notes to the Basic Financial Statements
June 30, 2017

2. Detailed Notes (Continued)

A. Cash Equivalents and Investments (Continued)

Fair Value Measurements – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. The District has no separately held investments and its funds are held primarily by the Marin County Investment Pool which Pool values its investments monthly using real-time pricing viewed as Level 1 inputs.

B. Receivables:

There were no significant receivables at year end.

C. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases and Reclassifications</u>	<u>Decrease and Reclassifications</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 103,629	\$ 121,959	\$ -	\$ 225,588
Total capital assets, not being depreciated	<u>103,629</u>	<u>121,959</u>	<u>-</u>	<u>225,588</u>
Capital assets, being depreciated:				
Original sewer lines	210,000	-	-	210,000
Contributed lines	34,600	-	-	34,600
Improvements	<u>1,360,865</u>	<u>-</u>	<u>-</u>	<u>1,360,865</u>
Total capital assets, being depreciated	<u>1,605,465</u>	<u>-</u>	<u>-</u>	<u>1,605,465</u>
Less accumulated depreciation for:				
Original lines, extensions and replacements	(210,000)	-	-	(210,000)
Contributed lines and improvements	<u>(120,448)</u>	<u>(29,465)</u>	<u>-</u>	<u>(149,913)</u>
Total accumulated depreciation	<u>(330,448)</u>	<u>(29,465)</u>	<u>-</u>	<u>(359,913)</u>
Total capital assets, being depreciated, net	<u>1,275,017</u>	<u>(29,465)</u>	<u>-</u>	<u>1,245,552</u>
Business-type activities capital assets, net	<u>\$ 1,378,646</u>	<u>\$ 92,494</u>	<u>\$ -</u>	<u>\$ 1,471,140</u>

ALMONTE SANITARY DISTRICT
Notes to the Basic Financial Statements
June 30, 2017

3. Other Information

A. Jointly Governed Organizations

The Almonte Sanitary District is a member of the Sewerage Agency of Southern Marin (SASM). The SASM was formed in 1979 as a joint powers agency with six members: The City of Mill Valley, the Richardson Bay, Almonte, Alto and Homestead Sanitary Districts and the Tamalpais Community Services District. The SASM is a stand-alone governmental entity and it is not financially accountable for any other governmental entity and it has no component units. SASM's primary function is the maintenance and operation of its owned wastewater treatment plant and related lines and facilities. Member agencies pay annual assessments to SASM, based upon the concept of their respective number of equivalent dwelling units (EDUs), in exchange for the treatment and disposal of wastewater collected through their respective collection systems and conveyed to SASM's treatment plant and facilities. Member agency assessments are expected to increase in future years as SASM undertakes plant modernization and improvement projects.

In August of 2016, the District entered into a financing agreement with the SASM wherein the District agreed to maintain its net revenue system revenues at a level equal to at least 120 percent of its obligation to SASM to support the SASM bonds. The SASM issued \$38,000,000 in revenue bonds to provide financing for improvements to its wastewater treatment plant and refund other obligations. The District's annual financial obligations under the JPA Agreement and the Financing Agreement are passed through to the District each year in the form of a billing for an annual assessment payable in two equal semi-annual installments. These annual installments are reported by the District as intergovernmental treatment costs in the statement of revenues, expenses and changes in net position.

Under the Joint Powers Agreement, all excess administration, operations and maintenance funds, from any source, are the property of SASM and not its members. If excess monies are available, the SASM may, but is not required to, reduce member assessments for the subsequent year. There are no provisions for sharing among the members the net earnings of SASM. Accordingly, the Almonte Sanitary District is deemed to have no equity interest in SASM.

B. Risk Management

The District obtains general liability, property, and automobile insurance through its membership in the SASM. Each member agency is assessed a premium based on ratable exposure. The SASM purchases insurance coverage from the California Sanitation Risk Management Authority (CSRMA) for SASM and the member Districts.

The risk of loss is transferred from the Districts to the Authority under the arrangement to the extent that the insurance coverage pertains to the District membership in SASM. Subject insurance does not extend to claims arising from the sole acts of the District independent of its SASM membership. The Authority provides coverage for the first \$500,000 in general liability and auto claims with the District being responsible for the first \$25,000 and a \$25,000 sewer backup deductible limit. The Authority provides coverage for the next \$15.5 million in claims by purchasing commercial insurance coverage. The Authority provides insurance coverage for the buildings and plant of all SASM members. Flood insurance is also provided with a \$2 million coverage limit which limit is shared with other member agencies and has a \$500,000 deductible in zones A and V and a \$100,000 deductible in other zones. The Almonte Sanitary District obtains workers compensation insurance coverage through a policy purchased from the Special District Risk Management Authority (SDRMA) The District paid no material uninsured losses during the last three fiscal years.

ALMONTE SANITARY DISTRICT
Notes to the Basic Financial Statements
June 30, 2017

3. Other Information (Continued)

B. Risk Management (Continued)

Liabilities of the District are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The District had no significant uninsured claim liabilities at June 30, 2016 and 2017.

C. Contingencies and Commitments

Litigation. In the opinion of the District's general counsel, there is no pending or threatened litigation which would have a material adverse impact on the accompanying financial statements.

Almonte Sanitary District
Working Trial Balance
6/30/2017

TEK
3/31/2018

	Audited	District Prepared	For Fiscal year 2017		Final	
	Trial Balance Final Amounts 6/30/2016	Trial Balance Year End Closing 6/30/2017	Debits	Credits	Adjusted Trial Balance 6/30/2017	
Cash County marin operations fund	\$ 385,794.62	\$ 591,124.49	\$ 11,036.98	\$ (5,209.18)	\$ 596,952.29	B-100
Personnel payroll account	\$ 9,004.06	\$ 21,248.31		\$ -	\$ 21,248.31	
Franchise fees receivable	\$ 2,530.69	\$ 229.37		\$ (229.37)	\$ -	
Due other governments	\$ -	\$ -			\$ -	
Cash County Marin capital fund	\$ 483,936.26	\$ 485,595.69	\$ 631.77		\$ 486,227.46	B-200
Cash 72100		\$ 318.19		\$ (318.19)	\$ -	
Proposition 1A receivable	\$ -	\$ -			\$ -	
Prepaid insurance	\$ 726.50	\$ -	\$ 879.50		\$ 879.50	MM-100
Prepaid insurance	\$ -	\$ -			\$ -	
Capital assets:						
Original sewer lines	\$ 210,000.00	\$ 210,000.00			\$ 210,000.00	I-100
Contributed lines	\$ 34,600.00	\$ 34,600.00			\$ 34,600.00	I-100
Line extensions improvements	\$ 557,259.69	\$ 557,259.69			\$ 557,259.69	I-100
Construction in progress	\$ 103,628.91	\$ 103,628.91			\$ 103,628.91	I-100
Capital adds 2017	\$ -	\$ -	\$ 121,959.53		\$ 121,959.53	I-100
Capital improvements	\$ 803,605.36	\$ 803,605.36			\$ 803,605.36	I-100
Accumulated deprfeciation	\$ (330,448.74)	\$ (330,448.74)		\$ (29,464.54)	\$ (359,913.28)	I-100
Total assets	\$ 2,260,637.35	\$ 2,477,161.27			\$ 2,576,447.77	
Accounts payable	\$ (123,479.53)	\$ (107,597.13)	\$ 6,272.01	\$ (7,627.36)	\$ (108,952.48)	BB-100
Accrued expenses	\$ (1,014.83)	\$ -		\$ (1,062.83)	\$ (1,062.83)	BB-306
	\$ (124,494.36)	\$ (107,597.13)			\$ (110,015.31)	BB-100
Beginning fund balance	\$ (1,757,162.08)	\$ (2,135,901.21)		\$ (241.78)	\$ (2,136,142.99)	
Current secured taxes	\$ 81,514.61	\$ 85,182.97			\$ 85,182.97	B-100
Unitary	\$ 697.24	\$ 730.24		\$ 0.30	\$ 730.54	B-100
Current unsecured	\$ 1,640.77	\$ 1,676.82			\$ 1,676.82	B-100
Excess ERAF	\$ 31,310.50	\$ 38,016.06			\$ 38,016.06	B-101
Supplemental secured	\$ 2,297.35	\$ 1,811.93		\$ 228.03	\$ 2,039.96	B-101
Supplemental unsecured	\$ 26.07	\$ 27.14			\$ 27.14	B-101
Redemptions	\$ 36.64	\$ 78.53		\$ 5.66	\$ 84.19	B-101
Prior unsecured	\$ 60.62	\$ 101.75		\$ (35.61)	\$ 66.14	B-101
TCSD fees	\$ 5,589.00	\$ 5,589.00			\$ 5,589.00	
District assessments	\$ 655,934.00	\$ 656,334.00			\$ 656,334.00	B-100
Interest allocations	\$ 1,418.59	\$ 2,912.52		\$ 1,430.51	\$ 4,343.03	B-101
HOPTR	\$ 465.30	\$ 451.24			\$ 451.24	B-100
Intergovernmental grant Soil	\$ -	\$ -			\$ -	
Franchise fee	\$ 6,342.04	\$ 5,028.50	\$ (229.37)	\$ 2,412.50	\$ 7,211.63	
District connections	\$ -	\$ -			\$ -	
District other	\$ 3,500.00	\$ 3,600.00			\$ 3,600.00	
	\$ 790,832.73	\$ 801,540.70	\$ 140,550.42	\$ (40,111.86)	\$ 805,352.72	

Almonte Sanitary District
Working Trial balance
6/30/2017

	Audited Trial Balance Final Amounts 6/30/2016	District Prepared Trial Balance Year End Closing 6/30/2017			Final Adjusted Trial Balance 6/30/2017	3/31/2018
Treatment:						
SASM assessments	\$ 232,080.00	\$ 297,160.00	\$ -	\$ -	\$ 297,160.00	BB-100
Maintenance:						
RotoRooter					\$ -	
Nute engineering						
Femenia Sons						
Unkown difference to balance		\$ -			\$ -	
Totals (Roto Rooter)	\$ 73,933.98	\$ 66,902.66			\$ 66,902.66	BB-100
Administration:						
Chair stipend						
Secretary stipend						
Director stipend						
Director stipend						
Director stipend						
manager salary						
Totals	\$ 56,152.86	\$ 60,382.53			\$ 60,382.53	
telephone and utilities	\$ 1,056.27	\$ 575.38			\$ 575.38	BB-100
Elections notices	\$ 317.60	\$ -			\$ -	
Postage and supplies	\$ 337.23	\$ 81.30			\$ 81.30	
Office	\$ 236.18	\$ 1,176.52			\$ 1,176.52	
Book keeping	\$ 2,400.00	\$ 2,400.00			\$ 2,400.00	
SASM liability insurance	\$ 1,453.78	\$ 1,759.00	\$ (879.50)		\$ 879.50	BB-100
CSMRA deductible	\$ -	\$ -			\$ -	
SDSRMA workers compensation	\$ 743.51	\$ 1,195.34			\$ 1,195.34	
Business sytems						
Fees and dues	\$ 4,189.75	\$ 4,605.78			\$ 4,605.78	
Audit	\$ 6,000.00	\$ 5,500.00			\$ 5,500.00	BB-100
Engineering	\$ -	\$ 524.50			\$ 524.50	
IT support	\$ -	\$ 988.73			\$ 988.73	
County tax and asd fees	\$ 2,408.00	\$ 2,666.50			\$ 2,666.50	B-101/102
County LAFCO fees	\$ -	\$ -			\$ -	
County counsel fees	\$ 973.75	\$ -			\$ -	
Miscellaneous computer PO Box	\$ -	\$ -			\$ -	
fund balance difference & cash	\$ 104.37	\$ -	\$ 241.78	\$ 318.19	\$ 559.97	
Zero waste grant project	\$ -	\$ -			\$ -	
Capital projects:						
CIP pipelines		\$ 102,913.00	\$ (102,913.00)		\$ -	BB-100
CIP engineering		\$ 19,046.53	\$ (19,046.53)		\$ -	BB-100
Total expenses	\$ 382,387.28	\$ 567,877.77			\$ 445,598.71	
Net income	\$ 408,445.45	\$ 233,662.93			\$ 359,754.01	
Depreciation expense	\$ 29,464.54	\$ -	\$ 29,464.54		\$ 29,464.54	I-100
Change in net assets	\$ 378,980.91	\$ 233,662.93			\$ 330,289.47	
PROOF Assets Minues Liabiloities	\$ 2,136,142.99	\$ 2,369,564.14			\$ 2,466,432.46	
Begin Equity Minus Revenues plus expenses plus depreciation	\$ (2,136,142.99)	\$ (2,369,564.14)			\$ (2,466,432.46)	
Proof of Balance	\$ -	\$ -	\$ 29,706.32	\$ 29,706.32	\$ -	

ALMONTE SANITARY DISTRICT
 Audit Adjusting Journal Entries
 June 30, 2017

3/31/2018

AJE NUMBER 1	Debit	Credit
Cash county operations	\$ 3,409.62	\$ -
Taxes unitary		\$ 0.30
Supplemental secured		\$ 228.03
Redemptions		\$ 5.66
Prior unsecured	\$ 35.61	
Interest	\$ -	\$ 798.74
Franchise fee		\$ 2,412.50
Interest investment fund		\$ 631.77
Cash county investment fund	\$ 631.77	
	\$ 4,077.00	\$ 4,077.00

To record County final settlement amounts for fiscal 2017

AJE NUMBER 2	Debit	Credit
Cash county operations	\$ 7,627.36	\$ -
Accounts payable		\$ 7,627.36
	\$ 7,627.36	\$ 7,627.36

To adjust County cash to County Balance and reclassify checks issued after June 30, 2017 for June 2017 payables of the District

AJE NUMBER 3	Debit	Credit
Prepaid insurance	\$ 879.50	\$ -
Liability insurance		\$ 879.50
	\$ 879.50	\$ 879.50

To reclassify as prepaid insurance premiums covering a calendar year

AJE NUMBER 4	Debit	Credit
Accumulated depreciation		\$ 29,464.54
Depreciation expense	\$ 29,464.54	
	\$ 29,464.54	\$ 29,464.54

To record depreciation expense for 2017 using client schedule

AJE NUMBER 5	Debit	Credit
CIP pipelines		\$ 102,913.00
CIP Engineering		\$ 19,046.53
Construction in progress (Asset)	\$ 121,959.93	
Expenses CIP Pipelines	\$ 102,913.00	
Accounts payable		\$ 102,913.00
	\$ 224,872.93	\$ 224,872.53

To record first progress payment due June 30, 2017 on CIP project and capitalize costs as construction in progress

AJE NUMBER 6	Debit	Credit
Fund balance		\$ 241.78
Other expense	\$ 241.78	
	\$ 241.78	\$ 241.78

To adjust beginning fund balance to 2016 audit balance

ALMONTE SANITARY DISTRICT
 Audit Adjusting Journal Entries
 June 30, 2017

3/31/2018

AJE NUMBER 7	Debit	Credit	
Franchise fees receivable		\$ 229.37	
Franchise fee revenue	\$ 229.37		
Cash 72100		\$ 318.19	
Other expense	\$ 318.19		
	\$ 547.56	\$ 547.56	

To adjust franchise fee receivable to zero; received County final settlement , and write off unsupported cash asset

AJE NUMBER 8	Debit	Credit	
Accounts payable	\$ 6,272.01		
Cash County operations fund		\$ 5,209.18	
Accrued payroll taxes payable		\$ 1,062.83	
	\$ 6,272.01	\$ 6,272.01	

To record June payroll taxes payable out of accounts payable and to reduce the county settlement cash account for the June 2017 payroll transfe out of the county account booked by the District at June 30, 2016, but not booked as cash disbursement by the County (An outstanding check item).

ALMONTE SANITARY DISTRICT

Payroll
Transfers

6/30/2017

7/22/2016	\$	6,000.00	June 2016 Warrant
8/22/2016	\$	8,000.00	Booked as Disbursement byCounty on
9/26/16	\$	8,000.00	August 23, 2016
10/24/16	\$	4,795.30	
11/28/16	\$	4,335.27	
12/12/16	\$	4,795.30	
1/23/17	\$	4,795.30	
2/27/17	\$	5,301.18	
3/27/17	\$	5,097.30	
4/24/17	\$	5,297.30	
5/22/17	\$	5,297.30	
Unkown	\$	250.00	

REPORTED IN 2017	
COUNTY SETTLEMENT	\$ 61,964.25

6/26/17 \$ 5,209.18 Booked as cash disbursement from county cash as of June 30, 2017 in District Genereal Ledger but not a disbursement from the County Cash in the County's June 30, 2017 final settlement report This is an outstanding check to be deducted from County cash in order to reconcile the cash account to the District's general ledger

COUNTY REPORT
SETTLEMENT

Question For Shonn:

Why is the District keeping about \$20,000 balance in payroll checking when monthly payroll with taxes generally does not exceed \$6,000?