

BOARD OF DIRECTORS SPECIAL MEETING AGENDA

May 28, 2019 2:00 PM

Saddle Creek SPORTS CENTER
Saddle Creek Drive, Copperopolis, CA

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **PLEDGE OF ALLEGIANCE**

4. **CHANGES TO ORDER OF AGENDA**

5. **PUBLIC COMMENT** (Each speaker is limited to two (2) minutes)

Members of the public are appreciated for taking the time to attend this meeting and provide comments on matters of District business. Any member of the public may address the Board relating to any matter within the Board's jurisdiction. This need not be related to any item on the agenda; however, the Board cannot act on an item unless it was noticed on the agenda.

6. **CONSENT CALENDAR**

Consent Calendar items are considered routine and will be acted upon by one motion. There will be no separate discussion on these items unless a member of the Board, Staff or a member of the Public requests specific items be set aside for separate discussion.

- a) Review of monthly financial report, approval of bills and claims for the month of April 2019.
- b) Approval of the minutes from the Regular Board Meeting held April 16, 2019.
- c) Adoption of a Resolution Ratifying Agreement with Marks Seeding Services, Inc. for the Entrance Hydroseed Project.

7. **DISCUSSION AND ACTION ITEMS**

The Board of Directors intends to consider each of the following items and may take action at this meeting. Public comment is allowed on each individual agenda item listed below, and such comment will be considered in advance of each Board action.

- a) Presentation, Review and Acceptance of the 2017/2018 Fiscal Year Audited Financial Statements.
- b) Consideration of Approval of the FiveYear Road Maintenance Plan and Direct Staff to Proceed with Planning, Design and Construction of the 2019/20 Projects
- c) Review of the Preliminary Draft 2019/20 Fiscal Year Budget Planned for Adoption June 18, 2019

8. **STAFF AND DIRECTOR REPORTS:**

Brief reports may be provided by District staff and/or Board members as information on matters of general interest. No action will be taken by the Board during Reports, however items discussed may be recommended for discussion and action on a future agenda.

- General Manager's Report
 - Update on cost impact for more frequent updating of facebook and website
 - Update report on CSDA Legislative Action Days on May 21, 22, 2019
- Site Manager's verbal report
 - Meeting Agenda posting location installed outside guard shack

9. **ADJOURNMENT**

Agenda Materials: May be viewed on the bulletin boards outside the Saddle Creek Pro Shop, on the Sports Club Bulletin Board, in the viewing box outside the CSD main office and at the CSD Website typically three days preceding each meeting date. Materials will also be available at the meeting.

Americans with Disabilities Act Compliance: If you require special assistance to participate in Board Meetings, please contact the CSD Clerk at (209) 785-0100. Advance notification will enable the District to make reasonable arrangements to insure accessibility.



Saddle Creek Community Services District

Treasurer's Report

April 30, 2019

Saddle Creek Comm Svcs District
Treasurer's Report
APRIL 2019

Statement of Cash Flows

For the 10 Months Ending April 30, 2019

	Umpqua Bank Checking	2018 Road Improvement Project	Calaveras Co Fund 2188	LAIF	YTD Total
Net Income	(267,893)	(700,006)	(46,606)	2,149	(1,012,356)
OPERATING ACTIVITIES					
Adjustments to reconcile Net Income to Net Cash provided by Operations:					
1200 Accounts Receivable		(25)			(25)
2000 Accounts Payable	104,096				104,096
2050 Umpqua CSDA Visa	8,161				8,161
2100 Payroll Taxes Payable	6,132				6,132
2110 Garnishments Payable	(179)				(179)
2150 Accrued Payroll	14,305				14,305
2200 Sales Tax Payable	(2)				(2)
Net cash provided by operating activities	(135,405)	(700,006)	(46,606)	2,149	(879,868)
FINANCING ACTIVITIES					
2500 Lease Payable - John Deere	54,970				54,970
Net cash increase for period	(80,435)	(700,006)	(46,606)	2,149	(824,898)
Cash at beginning of period (7/1/2018)	543,490	700,006	46,632	100,000	1,390,128
Cash at end of period	463,055	-	26	102,149	565,230

**Saddle Creek Comm Srvs District
Treasurer's Report
April 2019**

Cash Flow Projection

FY 2018-19							
Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	Oct-2019	Nov-2019

REGULAR CHECKING

Beginning Checking Account Balance	\$	517,835	\$	463,055	\$	707,764	\$	636,912	\$	575,561	\$	544,210	\$	482,858	\$	421,507	
Deposits																	
Assessments				\$						\$							
Other Income	\$	-															
	\$	-															
Disbursements																	
Paychecks	\$	21,628	\$	19,000	\$	19,000	\$	19,000	\$	19,000	\$	19,000	\$	19,000	\$	19,000	
Payroll Taxes	\$	9,150	(9)	\$	8,200	\$	8,200	\$	8,200	\$	8,200	\$	8,200	\$	8,200	\$	8,200
Checks Written																	
Other Operating & Admin Costs	\$	8,792	\$	14,000	\$	14,000	\$	14,000	\$	14,000	\$	14,000	\$	14,000	\$	14,000	
Bonuses - IRA payments																	
Property Liability Insurance																	
Worker's Comp Insurance																	
New Lease payments	\$	-	(2)	\$	1,051	\$	1,051	\$	1,051	\$	1,051	\$	1,051	\$	1,051	\$	1,051
Capital Outlay	\$	-	(3)	\$	8,802												
Projects Costs																	
Human Resources Practioners	\$	500		\$	500	\$	500										
Willdan	\$	-		\$	950												
NBS				\$	1,088												
SDFA (Road Construction Loan)				(4)	\$	83,800											
Landscape Architect				(5)	\$	9,000	\$	9,000									
Credit Card Payments	\$	12,523		\$	17,000	\$	17,000	\$	17,000	\$	17,000	\$	17,000	\$	17,000	\$	17,000
ACS Debits - (Utilities, Lease Pymts, P/R processing)	\$	2,187		\$	2,100	\$	2,100	\$	2,100	\$	2,100	\$	2,100	\$	2,100	\$	2,100
Total Disbursements	\$	54,780		\$	165,491	\$	70,851	\$	61,351	\$	61,351	\$	61,351	\$	61,351	\$	61,351
Ending Checking Account Balance	\$	463,055		\$	707,764	\$	636,912	\$	575,561	\$	544,210	\$	482,858	\$	421,507	\$	360,156
check	\$	-															
Check	\$	-															

- (2) New \$55K lease for Compact tractor per Budget
- (3) \$1450.- Shed and \$10698. for trailer both within budget
- (4) Loan payment due May 4, 2019
- (5) Prelim Design \$25K, \$2K contingency - Budget

NOTE: This cash flow projection uses estimates of outlays using information available at the time of preparation

Saddle Creek Comm Srvs District

BALANCE SHEET

As of April 30, 2019

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1000 Umpqua Bank Checking	463,055
1020 Cash - Fund 2188	26
1040 Local Agency Investment Fund (LAIF)	102,149
Total Bank Accounts	\$565,231
Accounts Receivable	
1200 Accounts Receivable	25
Total Accounts Receivable	\$25
Total Current Assets	\$565,256
Fixed Assets	
1500 Capital Assets	13,181,170
1550 Construction in Progress	39,718
1600 Accumulated Depreciation	(1,069,734)
Total Fixed Assets	\$12,151,155
TOTAL ASSETS	\$12,716,410
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	104,096
Total Accounts Payable	\$104,096
Credit Cards	
2050 Umpqua CSDA Visa	8,061
Total Credit Cards	\$8,061
Other Current Liabilities	
2100 Payroll Taxes Payable	1,206
2150 Accrued Payroll	14,305
2200 Sales Tax Payable	(1)
Total Other Current Liabilities	\$15,510
Total Current Liabilities	\$127,667
Long-Term Liabilities	
2500 Lease Payable - John Deere	97,387
2600 Series 2018 Installment Sale	700,000
Total Long-Term Liabilities	\$797,387
Total Liabilities	\$925,054
Equity	
3800 Developer Capital Contributions	12,198,796
3900 Fund Balance	604,916
Net Income	(1,012,356)
Total Equity	\$11,791,356

	TOTAL
TOTAL LIABILITIES AND EQUITY	\$12,716,410

SADDLE CREEK COMMUNITY SERVICES DISTRICT
FY 2018-19 MONTHLY BUDGET REPORT ANALYSIS
April 2019

		ACTUALS			BUDGET		
		Last Year Jul-April	This Year Jul-April	Variance Inc/ (Decr)	This year's BUDGET	\$ Budget Remaining	% Budget Remaining
EXPENDITURES							
SERVICES AND SUPPLIES							
ADMINISTRATION							
OE01	Audit Expense		\$ 11,500	\$ 11,500	\$ 11,700	\$ 200	2%
OE02	Finance Expenses	\$ 370	\$ 391	\$ 21	\$ 600	\$ 209	35%
OE02-1	Parcel Tax Implementation	\$ 3,387	\$ 4,354	\$ 967	\$ 5,500	\$ 1,146	21%
OE03	Advertising	\$ 906	\$ 378	\$ (528)	\$ 500	\$ 122	24%
OE04	Legal Expenses	\$ 750	\$ 1,500	\$ 750	\$ 1,700	\$ 200	12%
OE05	Management Fees	\$ 50,293	\$ 63,597	\$ 13,303	\$ 69,400	\$ 5,803	8%
OE06	Insurance (Property Loss/Liability)	\$ 260		\$ (260)	\$ 9,500	\$ 9,500	100%
OE07	Miscellaneous/Contingency	\$ 4,427	\$ 3,189	\$ (1,238)	\$ 8,000	\$ 4,811	60%
OE08	Professional Development (Travel/Training)	\$ 9,974	\$ 9,789	\$ (185)	\$ 11,000	\$ 1,211	11%
OE09	Dues, Certifications & Subscriptions	\$ 7,123	\$ 4,283	\$ (2,840)	\$ 7,300	\$ 3,017	41%
OE10	Uniform Expenses	\$ 2,692	\$ 3,055	\$ 363	\$ 3,000	\$ (55)	-2%
OE11	Electric Power/Water/Sewer	\$ 4,816	\$ 10,395	\$ 5,579	\$ 5,800	\$ (4,595)	-79%
OE12	Telephone/Internet Service	\$ 5,097	\$ 5,623	\$ 526	\$ 6,000	\$ 377	6%
OE14	Office Supplies/Postage	\$ 5,505	\$ 4,625	\$ (880)	\$ 5,700	\$ 1,075	19%
OE15	Office Equipment Repair/Replacement	\$ 5,916	\$ 6,301	\$ 384	\$ 8,000	\$ 1,699	21%
OE21	Office Equipment Lease	\$ 1,897	\$ 2,108	\$ 211	\$ 2,700	\$ 592	22%
OE26	County Fees/LAFCO	\$ 5,020	\$ 5,602	\$ 582	\$ 10,500	\$ 4,898	47%
OE30	Reimbursable Maint/Repair Expense	\$ 4,268	\$ 690	\$ (3,578)	\$ 3,000	\$ 2,310	77%
OE41	HR Consultant	\$ 3,500	\$ 6,400	\$ 2,900	\$ 6,000	\$ (400)	-7%
PE03-1	Payroll Taxes - Administration	\$ 9,067	\$ 12,399	\$ 3,332	\$ -		
PE06-1	Employee Wages - Administration	\$ 100,932	\$ 116,057	\$ 15,125	\$ -		
	Total Administration	\$ 226,200	\$ 272,235	\$ 46,035	\$ 175,900	\$ 32,121	18%
COMMON AREAS				\$ -		\$ -	
OE16	Gate Maintenance & Opener Purchase	\$ 12,867	\$ 18,285	\$ 5,418	\$ 18,400	\$ 115	1%
OE17	Streets/Sidewalks/Lighting Maint & Repair	\$ 5,817	\$ 17,463	\$ 11,646	\$ 11,100	\$ (6,363)	-57%
OE17-2	Storm Drains		\$ 2,182	\$ 2,182			
PE03-5	Payroll Taxes - Streets	\$ 6	\$ 740	\$ 734	\$ -		
PE06 -5	Employee Wages - Streets	\$ 80	\$ 9,426	\$ 9,345	\$ -		
OE18-1	Landscape Supplies & Repairs	\$ 27,514	\$ 29,677	\$ 2,163	\$ 29,900	\$ 223	1%
OE18-3	Landscape Equipment Gas & Oil	\$ 5,156	\$ 6,051	\$ 896	\$ 5,500	\$ (551)	-10%
OE18-4	Landscape Equipment Repair/Replacement	\$ 16,235	\$ 14,603	\$ (1,631)	\$ 17,500	\$ 2,897	17%
PE03-2	Payroll Taxes - Common Areas	\$ 10,018	\$ 12,634	\$ 2,617	\$ -		
PE06 -2	Employee Wages - Common Areas	\$ 124,132	\$ 151,648	\$ 27,516	\$ -		

SADDLE CREEK COMMUNITY SERVICES DISTRICT
 FY 2018-19 MONTHLY BUDGET REPORT ANALYSIS
 April 2019

	ACTUALS			BUDGET		
	Last Year Jul-April	This Year Jul-April	Variance Inc/ (Decr)	This year's BUDGET	\$ Budget Remaining	% Budget Remaining
EXPENDITURES						
Total Common Areas	\$ 201,825	\$ 262,711	\$ 60,886	\$ 82,400	\$ (3,680)	-4%
MOSQUITO ABATEMENT			\$ -			
OE22-1 Mosquito Control Products	\$ 9,284	\$ 15,055	\$ 5,771	\$ 16,000	\$ 945	6%
OE22-2 Mosquito Abatement Monitoring & Testing	\$ 3,492	\$ 3,193	\$ (299)	\$ 3,800	\$ 607	16%
OE22-3 Mosquito Abatement Vehicles Gas & Oil	\$ 5,695	\$ 8,978	\$ 3,284	\$ 11,600	\$ 2,622	23%
OE22-4 Mosquito Abatement Equipment Maintenance	\$ 9,250	\$ 6,350	\$ (2,900)	\$ 9,200	\$ 2,850	31%
PE03-4 Payroll Taxes - Mosquito Abatement	\$ 667	\$ 1,130	\$ 463			
PE06-4 Employee Wages - Mosquito Abatement	\$ 6,288	\$ 14,442	\$ 8,154			
Total Mosquito Abatement	\$ 34,677	\$ 49,149	\$ 14,472	\$ 40,600	\$ 7,023	17%
<i>Less: Distributed Payroll to Service Areas</i>	\$ (251,190)	\$ (318,476)	\$ (67,286)			
TOTAL SERVICES & SUPPLIES	\$ 211,512	\$ 265,619	\$ 54,107	\$ 298,900	\$ 35,463	12%
PERSONNEL COSTS			\$ -		\$ -	
PE01 Worker Compensation Insurance	\$ (320)	\$ 561	\$ 881	\$ 14,700	\$ 14,139	96%
PE02 Health Insurance	\$ 36,150	\$ 40,551	\$ 4,401	\$ 73,800	\$ 33,249	45%
PE03 Payroll Taxes	\$ 19,758	\$ 26,903	\$ 7,146	\$ 28,600	\$ 1,697	6%
PE04 Processing Fees	\$ 1,150	\$ 1,446	\$ 296	\$ 1,900	\$ 454	24%
PE05 Directors Stipend	\$ 5,600	\$ 6,500	\$ 900	\$ 6,000	\$ (500)	-8%
PE06 Employee Wages	\$ 233,788	\$ 291,573	\$ 57,784	\$ 351,400	\$ 59,827	17%
TOTAL PERSONNEL COSTS	\$ 296,126	\$ 367,534	\$ 71,409	\$ 476,400	\$ 108,866	23%
EQUIPMENT OUTLAY			\$ -			
(1) Cart & (1) Fogger	\$ 28,960		\$ (28,960)			
CO04 Trailer/Spray Rig/Tractor		\$ 65,667		\$ 67,700	\$ 2,033	3%
CO09 Carport		\$ 11,605		\$ 12,000	\$ 395	3%
CO04 Radar Unit			\$ -	\$ 6,800	\$ 6,800	100%
TOTAL EQUIPMENT OUTLAY	\$ 28,960	\$ 77,273	\$ 48,313	\$ 86,500	\$ 9,227	11%
CAPITAL OUTLAY/STUDIES/ASSESEMENTS			\$ -			
OE53-2 Landscape Design		\$ 9,904	\$ 9,904	\$ 25,875	\$ 15,971	62%
OE53-1 Landscape Improvements	\$ 35,927		\$ (35,927)	\$ -	\$ -	
OE51-4 Road Improvement (1)		\$ 718,875	\$ 718,875	\$ 724,063	\$ 5,188	1%
OE51-1 Road Project Design/Mgmt (Willdan)	\$ 16,063	\$ 57,307	\$ 41,244	\$ 56,762	\$ (545)	-1%
TOTAL STUDIES & ASSESSMENTS	\$ 51,990	\$ 786,086	\$ 734,096	\$ 806,700	\$ 20,614	3%

SADDLE CREEK COMMUNITY SERVICES DISTRICT
FY 2018-19 MONTHLY BUDGET REPORT ANALYSIS
April 2019

EXPENDITURES	ACTUALS			BUDGET		
	Last Year Jul-April	This Year Jul-April	Variance Inc/ (Decr)	This year's BUDGET	\$ Budget Remaining	% Budget Remaining
DEBT SERVICE			\$ -			
OE20 John Deere Financing	\$ 13,357	\$ 16,511	\$ 3,154	\$ 16,100	\$ (411)	-3%
OE21 John Deere Financing				\$ 12,300		
Series 2018 Installment Sale		\$ 83,745		\$ 83,800		
TOTAL DEBT SERVICE	\$ 13,357	\$ 100,256	\$ 86,899	\$ 112,200	\$ (411)	0%
TOTAL EXPENSES	\$ 601,944	\$ 1,596,769	\$ 994,824	\$ 1,780,700	\$ 173,759	10%

PAYMENTS AND ASSESSMENTS RECEIVED

<u>Assessment Income</u>						
Pymt No. 3: (5%) Aug 2017 (FY17)	\$ 29,983		\$ (29,983)	\$ 51,275	\$ 51,275	
Pymt No. 1: (55%) Feb 2018 (FY18)	\$ 508,738	\$ 567,157	\$ 58,419	\$ 564,025	\$ (3,132)	
Pymt No. 2: (40%) May 2018 (FY18)			\$ -	\$ 410,200	\$ 410,200	
Total Assessment Income	\$ 538,721	\$ 567,157	\$ 28,436	\$ 1,025,500	\$ 458,343	
<u>Reimbursement Income</u>						
Total Reimbursement Income			\$ -	\$ 7,700	\$ 7,700	
<u>Other Income</u>						
IN03 Weed Abatement	\$ 3,500	\$ 12,550				
IN05 Investment Interest	\$ 693	\$ 2,305				
IN30 Exp Reimbursement Income	\$ 8,468	\$ 774				
IN41 Gate Opener Income	\$ 917	\$ 570				
IN59 Rebates	\$ 2,435	\$ 1,057				
Total Other Income	\$ 16,013	\$ 17,256	\$ 1,243	\$ 3,000	\$ (14,256)	
TOTAL PAYMENTS & ASSESSMENTS	\$ 554,734	\$ 584,413	\$ 29,679	\$ 1,036,200	\$ 451,787	
Net Income	\$ (47,210)	\$ (1,012,356)	\$ (965,145)	\$ (744,500)	\$ 267,856	
<u>Other Financing Sources & Uses</u>						
Budget Balance		\$ 700,000		\$ 708,500		
		\$ (312,356)		\$ -		

(1) \$36,000 has been added to the Road Project budget per Resolution #2018-16

Oct-18

Saddle Creek Comm Srvs District

CHECK DETAIL

April 2019

DATE	NUM	NAME	MEMO/DESCRIPTION	AMOUNT
1000 Umpqua Bank Checking				
04/01/2019		John Deere Financial	Tractor Payment	(1,335.71)
04/03/2019		Intuit Full Service Payroll	Payroll Processing Fee	(145.00)
04/03/2019	2460	Vector Borne Disease Account	Voided - Saddle Creek Cert. Technician Exam fees	0.00
04/05/2019	DD	MICHAEL S STROMBERG	Pay Period: 03/16/2019-03/31/2019	(1,072.76)
04/05/2019	DD	DAMON H WAITE	Pay Period: 03/16/2019-03/31/2019	(1,011.63)
04/05/2019	DD	KYLE W CEARLEY	Pay Period: 03/16/2019-03/31/2019	(1,099.18)
04/05/2019	DD	Ralph M. McGeorge	Pay Period: 03/16/2019-03/31/2019	(1,952.90)
04/05/2019	DD	Gregory Hebard	Pay Period: 03/16/2019-03/31/2019	(2,437.40)
04/05/2019	DD	JEROD S MCELROY	Pay Period: 03/16/2019-03/31/2019	(1,011.62)
04/05/2019	DD	Gregory Hebard	Direct Deposit 2	(50.00)
04/05/2019	2456	California State Disbursement Unit	Garnishments Payable	(103.00)
04/05/2019	DD	BRADLEY S KURTZER	Pay Period: 03/16/2019-03/31/2019	(494.89)
04/05/2019	DD	NICOLE D MC CUTCHEN	Pay Period: 03/16/2019-03/31/2019	(920.23)
04/05/2019	DD	DOLORES C BAKER	Pay Period: 03/16/2019-03/31/2019	(669.51)
04/08/2019	2461	Vector Borne Disease Account	Saddle Creek Cert. Technician Exam fees	(112.00)
04/10/2019		CA EDD	Tax Payment for Period: 04/03/2019-04/05/2019	(620.83)
04/10/2019		IRS	Tax Payment for Period: 04/03/2019-04/05/2019	(3,509.74)
04/10/2019	2465	VALLEY ENTRY SYSTEMS, INC.	Invoice #31700 Quarterly gate maintenance	(325.00)
04/16/2019	2464	VALLEY ENTRY SYSTEMS, INC.	Invoice #31649 PPV3 Transmitters	(965.25)
04/16/2019	2466	NBS	Invoice #219000350 Tax Roll Billing Services	(1,088.33)
04/16/2019	2463	SDRMA-Health Ins.	Invoice #28663 Health Insurance	(4,014.72)
04/16/2019	2462	Heluna Health	Invoice #1023021 Chicken Sero Testing 2019	(826.50)
04/16/2019	2468	Mo-Cal Office Solutions, Inc	Invoice #AR306689 Office Expense	(143.18)
04/16/2019	2467	Human Resources Practitioners	Invoice #114 Human Resources monthly retainer	(500.00)
04/18/2019		CA EDD	Tax Payment for Period: 01/01/2019-03/31/2019	(792.80)
04/19/2019	DD	Gregory Hebard	Pay Period: 04/01/2019-04/15/2019	(2,437.39)
04/19/2019	DD	Gregory Hebard	Direct Deposit 2	(50.00)
04/19/2019	DD	DOLORES C BAKER	Pay Period: 04/01/2019-04/15/2019	(387.71)
04/19/2019	DD	BRADLEY S KURTZER	Pay Period: 04/01/2019-04/15/2019	(494.90)
04/19/2019	DD	NICOLE D MC CUTCHEN	Pay Period: 04/01/2019-04/15/2019	(1,001.23)
04/19/2019	DD	DAMON H WAITE	Pay Period: 04/01/2019-04/15/2019	(1,104.38)
04/19/2019	DD	JEROD S MCELROY	Pay Period: 04/01/2019-04/15/2019	(1,104.39)
04/19/2019	DD	MICHAEL S STROMBERG	Pay Period: 04/01/2019-04/15/2019	(1,174.27)
04/19/2019	DD	Ralph M. McGeorge	Pay Period: 04/01/2019-04/15/2019	(1,952.89)
04/19/2019	DD	KYLE W CEARLEY	Pay Period: 04/01/2019-04/15/2019	(1,200.68)
04/22/2019	dm	SDU Child Support	Ralph garnishment payment	(103.00)
04/24/2019		CA EDD	Tax Payment for Period: 04/17/2019-04/19/2019	(639.49)
04/24/2019		IRS	Tax Payment for Period: 04/17/2019-04/19/2019	(3,586.73)
04/25/2019	2472	Saddle Creek 2	Bill #9-11/2018 to replace ck #2421	(441.02)
04/25/2019	2471	Saddle Creek 2	Bill #7-9/2018 to replace ck #2394	(875.73)
04/26/2019		Umpqua Bank Commerical CC	Umpqua CSDA Visa	(12,523.04)
04/29/2019		PG&E - 7193	Utilities	(355.75)
04/30/2019		USBank Equipment Finance	Copier Lease Payment	(144.79)

DATE	NUM	NAME	MEMO/DESCRIPTION	AMOUNT
Total for 1000 Umpqua Bank Checking				\$ (54,779.57)

Saddle Creek Comm Srvs District

1000 Umpqua Bank Checking, Period Ending 04/30/2019

RECONCILIATION REPORT

Reconciled on: 05/10/2019

Reconciled by: -QB Accountant

Any changes made to transactions after this date aren't included in this report.

Summary

USD

Statement beginning balance.....	544,046.94
Checks and payments cleared (43).....	-65,766.43
Deposits and other credits cleared (1).....	0.00
Statement ending balance.....	<u>478,280.51</u>
Uncleared transactions as of 04/30/2019.....	-15,225.40
Register balance as of 04/30/2019.....	463,055.11
Cleared transactions after 04/30/2019.....	0.00
Uncleared transactions after 04/30/2019.....	-21,258.26
Register balance as of 05/10/2019.....	<u>441,796.85</u>

Details

Checks and payments cleared (43)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
01/15/2019	Bill Payment	2427	Ralph McGeorge	-100.00
03/19/2019	Bill Payment	2452	Larry Bain, C.P.A.	-11,500.00
03/19/2019	Bill Payment	2459	Custom Equipment Co., Inc	-702.00
03/31/2019	Expense	379769540	USBank Equipment Finance	-144.79
04/01/2019	Expense		John Deere Financial	-1,335.71
04/03/2019	Expense		Intuit Full Service Payroll	-145.00
04/05/2019	Check	DD	DOLORES C BAKER	-669.51
04/05/2019	Bill Payment	2456	California State Disbursement...	-103.00
04/05/2019	Check	DD	DAMON H WAITE	-1,011.63
04/05/2019	Check	DD	KYLE W CEARLEY	-1,099.18
04/05/2019	Check	DD	Gregory Hebard	-50.00
04/05/2019	Check	DD	Gregory Hebard	-2,437.40
04/05/2019	Check	DD	BRADLEY S KURTZER	-494.89
04/05/2019	Check	DD	NICOLE D MC CUTCHEN	-920.23
04/05/2019	Check	DD	JEROD S MCELROY	-1,011.62
04/05/2019	Check	DD	Ralph M. McGeorge	-1,952.90
04/05/2019	Check	DD	MICHAEL S STROMBERG	-1,072.76
04/08/2019	Bill Payment	2461	Vector Borne Disease Account	-112.00
04/10/2019	Check		IRS	-3,509.74
04/10/2019	Check		CA EDD	-620.83
04/10/2019	Bill Payment	2465	VALLEY ENTRY SYSTEMS, I...	-325.00
04/16/2019	Bill Payment	2462	Heluna Health	-826.50
04/16/2019	Bill Payment	2463	SDRMA-Health Ins.	-4,014.72
04/16/2019	Bill Payment	2464	VALLEY ENTRY SYSTEMS, I...	-965.25
04/16/2019	Bill Payment	2467	Human Resources Practitioners	-500.00
04/16/2019	Bill Payment	2466	NBS	-1,088.33
04/18/2019	Check		CA EDD	-792.80
04/19/2019	Check	DD	BRADLEY S KURTZER	-494.90
04/19/2019	Check	DD	DAMON H WAITE	-1,104.38
04/19/2019	Check	DD	MICHAEL S STROMBERG	-1,174.27
04/19/2019	Check	DD	Ralph M. McGeorge	-1,952.89
04/19/2019	Check	DD	JEROD S MCELROY	-1,104.39
04/19/2019	Check	DD	NICOLE D MC CUTCHEN	-1,001.23
04/19/2019	Check	DD	Gregory Hebard	-50.00
04/19/2019	Check	DD	DOLORES C BAKER	-387.71
04/19/2019	Check	DD	KYLE W CEARLEY	-1,200.68
04/19/2019	Check	DD	Gregory Hebard	-2,437.39
04/22/2019	Check	dm	SDU Child Support	-103.00
04/24/2019	Check		IRS	-3,586.73

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
04/24/2019	Check		CA EDD	-639.49
04/26/2019	Expense		Umpqua Bank Commerical CC	-12,523.04
04/29/2019	Expense		PG&E - 7193	-355.75
04/30/2019	Expense		USBank Equipment Finance	-144.79
Total				-65,766.43

Deposits and other credits cleared (1)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
04/03/2019	Bill Payment	2460	Vector Borne Disease Account	0.00
Total				0.00

Additional Information

Uncleared checks and payments as of 04/30/2019

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
11/01/2018	Check	2374	BRADLEY D NICKELL	-257.97
12/18/2018	Bill Payment	2394	Saddle Creek II HOA	-875.73
12/18/2018	Bill Payment	2421	Saddle Creek II HOA	-441.02
02/19/2019	Bill Payment	2435	Mike Stromberg	-43.09
03/19/2019	Bill Payment	2450	Cunningham Manufacturing	-10,697.55
03/19/2019	Bill Payment	2453	Hensley's Mfg. Direct Metal R...	-1,450.11
04/16/2019	Bill Payment	2468	Mo-Cal Office Solutions, Inc	-143.18
04/25/2019	Check	2471	Saddle Creek 2	-875.73
04/25/2019	Check	2472	Saddle Creek 2	-441.02
Total				-15,225.40

Uncleared checks and payments after 04/30/2019

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
05/01/2019	Bill Payment	2470	Kampa Community Solutions, ...	-5,962.18
05/03/2019	Check	DD	KYLE W CEARLEY	-1,200.68
05/03/2019	Check	DD	DAMON H WAITE	-1,104.39
05/03/2019	Check	DD	Gregory Hebard	-2,437.40
05/03/2019	Check	DD	Gregory Hebard	-50.00
05/03/2019	Check	DD	BRADLEY S KURTZER	-494.90
05/03/2019	Check	DD	NICOLE D MC CUTCHEN	-1,498.56
05/03/2019	Check	DD	JEROD S MCELROY	-1,104.38
05/03/2019	Check	DD	Ralph M. McGeorge	-1,952.89
05/03/2019	Check	DD	MICHAEL S STROMBERG	-1,174.26
05/08/2019	Check		CA EDD	-648.28
05/08/2019	Check		IRS	-3,630.34
Total				-21,258.26

Saddle Creek Comm Srvs District

CREDIT CARD - TRANSACTION DETAIL BY ACCOUNT

April 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	AMOUNT
2050 Umpqua CSDA Visa					
04/01/2019	Expense		McDillard's Feed & Supply		88.74
04/01/2019	Expense		Intuit - QBO Online		30.99
04/02/2019	Expense		Verizon Wireless		126.42
04/02/2019	Expense	22862	Hunt & Sons, Inc.		486.95
04/04/2019	Expense		Alamo		1.95
04/04/2019	Expense		Cal Waste Recovery Systems		72.58
04/04/2019	Expense	10102-01	Calaveras Telephone Co.	Calaveras utilities	340.47
04/05/2019	Expense		Alphabet Signs		201.36
04/05/2019	Expense		Staples		16.67
04/05/2019	Expense		Young's Copper Ace Hardware		90.39
04/05/2019	Expense	S4850940.002	General Plumbing Supply	Landscape Supplies	85.39
04/05/2019	Expense		Big Oak Flat		55.00
04/05/2019	Expense		Ewing		6.71
04/06/2019	Expense		Staples		64.64
04/10/2019	Expense		Money Market		57.77
04/10/2019	Expense		Microsoft Office	Microsoft 360 Subscription	12.50
04/12/2019	Expense		Aramark Uniform Service		153.20
04/12/2019	Expense		SafetyFile LLC		2,602.00
04/13/2019	Expense		O'Reilly Auto Parts		435.46
04/15/2019	Expense		Hunt & Sons, Inc.		439.87
04/17/2019	Expense		Morris Nursery		1,716.73
04/18/2019	Expense		Morris Nursery		193.21
04/18/2019	Expense		Drifters Marina & Grill		53.77
04/25/2019	Expense		Griff's BBQ & Grill		37.32
04/26/2019	Expense		Young's Copper Ace Hardware		691.35
Total for 2050 Umpqua CSDA Visa					\$8,061.44
TE TOTAL EXPENSES					
1SS SERVICES & SUPPLIES					
AE Administrative Expenses					
OE02 Finance Expenses					
04/01/2019	Expense		Intuit - QBO Online	Monthly QuickBooks Online Fee	30.99
Total for OE02 Finance Expenses					\$30.99
OE08 Professional Development					
04/04/2019	Expense		Alamo		1.95
04/05/2019	Expense		Young's Copper Ace Hardware		90.39
04/10/2019	Expense		Money Market		57.77
04/18/2019	Expense		Drifters Marina & Grill		53.77
04/25/2019	Expense		Griff's BBQ & Grill		37.32
Total for OE08 Professional Development					\$241.20
OE12 Telephone					
04/02/2019	Expense		Verizon Wireless		126.42
04/04/2019	Expense	10102-01	Calaveras Telephone Co.		340.47

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	AMOUNT
Total for OE12 Telephone					\$466.89
OE14 Office Supplies/Postage					
04/05/2019	Expense		Staples	Office Supplies	16.67
04/05/2019	Expense		Big Oak Flat	Office Supplies	55.00
04/06/2019	Expense		Staples	Office Supplies	64.64
04/10/2019	Expense		Microsoft Office		12.50
Total for OE14 Office Supplies/Postage					\$148.81
OE15 Office Equipment Repair/Replace					
04/05/2019	Expense		Alphabet Signs	Outdoor Kiosk of Parks	201.36
04/12/2019	Expense		SafetyFile LLC		2,602.00
Total for OE15 Office Equipment Repair/Replace					\$2,803.36
Total for AE Administrative Expenses					\$3,691.25
OE Operational Expenses					
OE18 Common Areas					
OE16 Gate Maint/Repair/Staff/Openers					
04/26/2019	Expense		Young's Copper Ace Hardware		691.35
Total for OE16 Gate Maint/Repair/Staff/Openers					\$691.35
OE18-1 Landscape Supplies					
04/04/2019	Expense		Cal Waste Recovery Systems	Trash pickup	72.58
04/05/2019	Expense		Ewing		6.71
Total for OE18-1 Landscape Supplies					\$79.29
OE18-3 Landscape Equipment Gas & Oil					
04/13/2019	Expense		O'Reilly Auto Parts		435.46
Total for OE18-3 Landscape Equipment Gas & Oil					\$435.46
OE18-4 Landscape Equip Repair/Replace					
04/05/2019	Expense	S4850940.002	General Plumbing Supply		85.39
Total for OE18-4 Landscape Equip Repair/Replace					\$85.39
Total for OE18 Common Areas					\$1,291.49
OE22 Mosquito Abatement Expense					
OE22-1 Mosquito Control Products					
04/17/2019	Expense		Morris Nursery		1,716.73
04/18/2019	Expense		Morris Nursery		193.21
Total for OE22-1 Mosquito Control Products					\$1,909.94
OE22-2 Mosquito Abatement Monitor/Test					
04/01/2019	Expense		McDillard's Feed & Supply		88.74
04/12/2019	Expense		Aramark Uniform Service		153.20
Total for OE22-2 Mosquito Abatement Monitor/Test					\$241.94
OE22-3 Mosquito Abate Vehicles Gas/Oil					
04/02/2019	Expense	22862	Hunt & Sons, Inc.	Fuel	486.95
04/15/2019	Expense		Hunt & Sons, Inc.		439.87
Total for OE22-3 Mosquito Abate Vehicles Gas/Oil					\$926.82
Total for OE22 Mosquito Abatement Expense					\$3,078.70
Total for OE Operational Expenses					\$4,370.19
Total for 1SS SERVICES & SUPPLIES					\$8,061.44
Total for TE TOTAL EXPENSES					\$8,061.44

BOARD OF DIRECTORS MEETING MINUTES

April 16, 2019 2:00 PM

Saddle Creek Lodge

1001 Saddle Creek Drive, Copperopolis, CA

1. CALL TO ORDER
2. ROLL CALL **President DeBaldo, Vice President Golden, Director Hoffman, Director Kurtz, Director Albertson, General Manager Kampa, District Clerk McCutchen, Site Manager Hebard**
3. PLEDGE OF ALLEGIANCE
4. CHANGES TO ORDER OF AGENDA **None**
5. **PUBLIC COMMENT**

6. **CONSENT CALENDAR**
 - a) Review of monthly financial report, approval of bills and claims for the month of March 2019.
 - b) Approval of the minutes from the Regular Board Meeting of February 19 and March 19, 2019.
Motion made by Director Albertson, Director Golden seconds. Motion passes unanimously.

7. **DISCUSSION AND ACTION ITEMS**
 - a) Review of the Audited Financial Statements for Fiscal Year 2017/18 (Auditor Presentation and Board Acceptance Scheduled for the Regular Meeting of May 21, 2019)
 - b) Adoption of a Resolution Approving Policies Regarding District Requirements for New Land Development Projects That are Seeking District Services **Motion made by Director Hoffman Approving Policies Regarding District Requirements for New Land Development Projects, second made by Director Albertson. Motion passes unanimously.**
 - c) Report on the Status of Development of a Memorandum of Understanding with CV Holdings, Inc., Regarding Utility Costs, Gate Operations, Equipment Ownership and Use, Property Lease
 - d) Consideration of Options for Communication and Public Outreach Including the District Website, Emails and Social Media
 - e) Consideration of the 2019/20 Fiscal Year Budget Including Layout, Content and Schedule
 - f) Continued Discussion Regarding the Possibility of the District Assuming Certain Functions and Responsibilities of Existing Homeowner's Associations.
 - g) Adoption of a Resolution Approving a Policy on Expense Authorization and Purchasing **Director Hoffman Approves a Resolution Approving a Policy on Expense Authorization and Purchasing, Director Albertson seconds. Motion passes unanimously.**
 - h) Consideration of Election to be Subject to the Uniform Construction Cost Accounting Act for Construction Projects **Director Hoffman makes a motion for Consideration of Election to be Subject to the Uniform Construction Cost Accounting Act for Construction Projects, Director Albertson seconds. Motion passes unanimously.**

8. **STAFF AND DIRECTOR REPORTS:**
 - General Manager's Report (Including SRDMA \$1,000 safety equipment reimbursement)
 - Site Manager's verbal report.

9. **ADJOURNMENT 4:24pm**

GENERAL SERVICES AGREEMENT – MAINTENANCE SERVICES

This Agreement is made and entered into this 28th day of May , 2019, between Saddle Creek Community Services District, a community services district formed and operating under California Government Code Section 61000 et seq, hereinafter referred to as “District” and Marks Seeding Services, Inc., hereinafter referred to as “Contractor”.

WITNESSETH

WHEREAS, the Saddle Creek Community Services District (District) is formed and operating in accordance with California Government Code 61000 et seq to provide public services to the community of Saddle Creek; and

WHEREAS, the District is authorized by Government Code Section 61060 to enter into and perform all contracts, including, but not limited to, contracts pursuant to Article 43 (commencing with Section 20680) of Chapter 1 of Part 3 of the Public Contract Code, and

WHEREAS, the District has determined the need to engage the services of a contractor duly qualified, licensed and insured to perform the Hydro seeding work; and

WHEREAS, the District has determined that it is in the best interest of the District to enter into this contract with Contractor for the completion of the work herein mentioned; and

WHEREAS, Contractor represents that they are registered with the State of California, Department of Industrial Relations to perform public works contracting in California; and

WHEREAS, Contractor shall prepare work proposals for each component of maintenance work, that, in the opinion of the Contractor meets the specifications detailed by the District and has agreed to perform the work specified in the work proposal for the amount set forth therein.

CONTRACT DOCUMENTS

1. The following documents, as applicable, are by this reference incorporated into and made a part of this Agreement: The District approved Scope(s) of Work(s) and proposal of Contractor for said work as detailed in Contractor Proposals, and all supplemental agreements covering alterations, amendments or extensions to this Agreement. The documents which describe the work to be performed are collectively referred to herein as the “Plans and Specifications”.

It is understood and agreed that all said contract documents are intended to cooperate, so that any work called for in one document and not mentioned in the other, or vice-versa, is to be executed the same as if mentioned in all contract documents, so that the true meaning of all documents, when taken together, shall control the work pursuant to this Agreement.

SCOPE OF WORK

2. Contractor hereby agrees to furnish all labor, materials, services, transportation, appliances, mechanical workmanship, transportation, communication, scaffolding, hoisting, supervision, coordination, building permits, sales taxes, shop drawings and samples, to complete in a workman-like manner, the following work: Hydro seeding both sides of Saddle Creek Drive from the entrance end to end and Oak Creek drive from end to end. The Contractor’s Work Proposals once executed by both parties shall be attached consecutively by date and hereto as Exhibit A. The District shall pay to Contractor for performance of the Work embraced in this contract, and Contractor shall accept as full

compensation therefore, the amount of each individual and the cumulative total of the approved Scope(s) of Work, subject to adjustment as provided in the Contract Documents. The work is to be conducted in the Saddle Creek Residential community in Copperopolis, California.

All of the work performed pursuant to this Agreement shall be under the supervision of, and performed to the satisfaction of, the assigned representative of District who shall have the right to reject any and all materials and supplies furnished by Contractor which do not comply with the Plans and Specifications, and who shall also have the right to require Contractor to replace any and all work furnished by Contractor which is not, either in workmanship or material, in strict accordance with the Plans and Specifications.

COMPLETION

3. The work contemplated under this agreement is to be completed in accordance with District standards as quickly as possible. Contractor shall be required to begin work as quickly as possible after written notification to that effect by District, which shall be the execution of the Notice to Proceed by the District. The work shall be completed in accordance with the Plans and Specifications, and the schedule detailed in the Notice to Proceed.

Should Contractor fail to complete the work described in this Agreement and the other contract documents incorporated herein within the time fixed for completion, such performance or lack thereof shall be considered in award of further work components, and grounds for immediate termination of this agreement and award of the construction work to other qualified construction firms, perform the work with force account, or cancel the work. Time is of the essence of this contract.

PAYMENT

4. District agrees, in consideration of the work to be performed herein and subject to the terms and conditions hereof, to pay Contractor all sums of money which may become due to Contractor in accordance with the terms of Contractor's bids and proposals and this Agreement, billed at the cost of the Contractor's actual labor and materials, or lump sum if so agreed on the project component Scope of Work. It is understood that with respect to that portion of the above sum which is based upon estimated quantities specified for the general scope of the work to be performed herein, that actual payment will be based upon the quantities as measured upon completion, and not upon estimated quantities. No payment made under this Agreement shall be construed to be an acceptance of defective work or improper materials.

If Contractor performs the work in accordance with the Contract documents and to the satisfaction of District, District shall pay Contractor approved invoices within 30 days of approved progress invoice. However, no payment, including all progress payments and the final payment, shall be made to Contractor in excess of ninety five percent (95%) of the percentage of work actually completed, plus a like percentage of the value of the material delivered on the ground or stored subject to, or under the control of, District. The five percent (5%) not paid shall be withheld by District until final completion and acceptance of the work. However, in lieu of any withholding of money, and in accordance with the provisions of California Public Contract Code Section 22300, Contractor may substitute securities to insure performance under this Agreement. [this paragraph is optional for small projects with low material and labor costs, or low risk of project failure upon payment]

If payment is to be made by progress payments, Contractor may be paid progress payments at intervals of not less than thirty (30) days as the work progresses. As the basis for determining the amount of these progress payments, if applicable, the Contractor shall, before commencing the work,

submit to the District a detailed statement of all materials and labor included in its bid and proposal. This statement shall be so arranged that the value of the work as it progresses may be readily determined, and the first payment will not be considered as due hereunder until such statement is furnished by Contractor. Upon submission of a statement for a progress payment, and after verification thereof by the assigned representative of the District, a certificate for payment of the work actually performed, less five percent (5%) thereof, will be issued by the District. No certificate will be issued until defective work and materials have been removed, replaced and made good in accordance with the Plans and Specifications. In any event, payment made shall not be construed to be an acceptance of defective work or improper materials, and Contractor shall be required to remove, replace and/or repair any defective work and materials at its own expense.

Contractor shall be paid as the work progresses in the amount specified on each such certificate. Contractor shall notify District when it encounters work which exceeds the quantities estimated immediately upon ascertaining the additional quantities. Contractor shall apply for a Change Order as provided in this Agreement, covering any such additional quantities within ten (10) days of the completion of the work. Failure by Contractor to do so will result in a waiver by Contractor of its right to recover any additional compensation from the District for said additional quantities.

If at any time during the progress of the work or before the final payment is made, any stop notice or other lien or claim of lien is filed, or notification to withhold money for labor or material furnished by Contractor under this Agreement is served on the District, the District shall have the right to withhold from any monies due Contractor, an amount sufficient to discharge any or all such liens or claims plus reasonable attorney fees and costs. Releases or receipted vouchers in settlement of these liens or claims satisfactory to the District must be furnished to the District by Contractor before the withheld money will be paid to Contractor. If Contractor has not settled the stop notice, liens or claims within a reasonable time, not to exceed thirty (30) days from and after such stop notice, lien or claim is made, the District shall have the right to make a claim on Contractor's bond for payment of such stop notices, liens or claims. The District shall also have the right, but shall not be obliged, to discharge any or all such stop notices, liens or claims out of money withheld from Contractor. The District reserves the right to make payments to Contractor in the form of checks payable jointly to Contractor and to any of its subcontractors or suppliers that have asserted a stop notice or claim of mechanic's lien against the District. Any monies held in retention or otherwise by the District shall not be considered monies due and owing to Contractor until final payment is made pursuant to this Agreement, and all amounts have been deducted for any and all damages assessed pursuant to the provisions of this Agreement and/or monies expended by the District to complete the work as set forth in the Plans and Specifications and contemplated by the contract documents.

Upon submission of a statement for payment, unconditional waivers from all suppliers of labor, materials, equipment and/or supplies for the work, and after verification thereof by the assigned representative of District, a Notice of Completion and/or Notice of Acceptance will be issued by District. Thirty-five (35) calendar days after the issuance of the Notice of Completion and/or Notice of Acceptance, the balance of the contract price will be paid to Contractor, provided there are no mechanic's liens of record or stop notices in effect at that time. No Notice of Completion and/or Notice of Acceptance shall be issued and/or no payment shall be made to Contractor until all defective work and materials have been removed, replaced and made good in accordance with the Plans and Specifications.

CHANGE ORDERS

5. District may, at any time, by written change order make changes in the work, or extend the time to complete the work, as deemed necessary by District. If such changes cause an increase or decrease in Contractor's cost of, or time required for, performance of this Agreement, there shall be an

equitable adjustment in the payment price. The price adjustment shall be determined by one of the following methods in the order of precedence listed:

- A. Based on the unit prices contained in section 4, if applicable.
- B. Mutually agreed-upon lump sum or unit price adjustment.
- C. Contractor's actual cost of labor (wages and benefits), materials (actual purchase price, sales tax, freight and delivery) and equipment/tools (at actual or fair/prevaling rental rates) directly engaged in the performance of the extra work plus a fifteen percent (15%) mark-up for overhead and profit. For price adjustments under this section, Contractor shall provide to District an itemized breakdown of the quantities and prices used in the extra work, and it shall make available all source documents, including payroll records, invoices, purchase orders, contracts and lease agreements.

PREVAILING WAGES

6. Pursuant to the provisions of Articles 1 and 2 of Chapter 1, Part 7, Division II of the Labor Code of the State of California, not less than the general prevailing rate of per diem wages, and not less than the general prevailing rate of per diem wages for holidays and overtime work, for each craft, classification or type of worker needed to execute the work or any part of the work completed under this Agreement shall be paid to all workers, laborers and mechanics employed in the execution of said work by Contractor or by any sub-contractor doing or contracting to do any part of the work contemplated by this Agreement. The appropriate determination of the Director of the California Department of Industrial Relations is filed with, and available for inspection, at the office of the District Administrator.

Pursuant to Labor Code Section 1775, Contractor shall forfeit, as a penalty to the District, an amount of not more than Fifty Dollars (\$50.00) for each calendar day, or portion thereof, for each worker paid less than the stipulated prevailing rates for any work done pursuant to this Agreement by Contractor or any subcontractor working under Contractor. The amount of the penalty shall be determined by the Labor Commissioner and shall be based on consideration of the Contractor's mistake, inadvertence, or neglect in failing to pay the correct rate of prevailing wages, the previous record of the Contractor in meeting his or her prevailing wage obligations, or Contractor's willful failure to pay the correct rate of prevailing wages. A mistake, inadvertence, or neglect in failing to pay the correct rate of prevailing wages is not excusable if the Contractor had knowledge of his or her obligations under the Labor Code. In addition to said penalty, the difference between such prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the Contractor. Contractor shall post, at each job site, a copy of such prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations.

Contractor and each subcontractor under Contractor shall keep an accurate payroll record showing name, address, social security number, work classification, straight-time and overtime hours worked each day and week, and the actual per diem wages paid to each person certified in a trade or a craft, for each apprentice, worker, or other employee of Contractor or subcontractor performing a part of the work contemplated by this Agreement. Contractor shall provide or make available for inspection, a certified copy of such payroll records as specified in Section 1776 of the Labor Code of the State of California. Attention is directed to Section 1777.5 of the Labor Code of the State of California concerning the employment of apprentices, and Contractor is required to comply with the provisions of that section.

Contractor agrees, in accordance with Section 1771.1 of the California Labor Code, that contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, as defined in this chapter, unless currently registered and qualified to perform public work pursuant to Section 1725.5. It is not a violation of this section for an unregistered contractor to submit a bid that is authorized by Section 7029.1 of the Business and Professions Code or by Section

10164 or 20103.5 of the Public Contract Code, provided the contractor is registered to perform public work pursuant to Section 1725.5 at the time the contract is awarded.

No contractor or subcontractor may be awarded a contract for public work on a public works project (awarded on or after April 1, 2015) unless registered with the Department of Industrial Relations pursuant to California Labor Code section 1725.5. Contractor agrees, in accordance with Section 1771.4 of the California Labor Code, this Project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

INSURANCE

7. Contractor shall carry and maintain during the life of this Agreement, such public liability, property damage and contractual liability insurance and workers' compensation insurance as specified below:

A. Public Liability and Property Damage Insurance. Contractor shall furnish public liability and property damage insurance which includes, but is not limited to, personal injury, property damage, losses relating to independent contractors, products and equipment, explosion, collapse and underground hazards in a minimum amount of not less than a combined single limit of [Insert amount with a minimum of One Million Dollars (\$1,000,000.00) for one or more persons injured and property damaged in each occurrence].

The public liability and property damage insurance furnished by Contractor shall also name District as an additional insured and shall directly protect, as well as provide the defense for District, its officers, agents and employees, as well as Contractor, all subcontractors and suppliers, if any, from all suits, actions, damages, losses or claims of every type and description to which they may be subjected by reason of, or resulting from Contractor's operations in the performance of the work pursuant to this Agreement, and all insurance policies shall so state. Said insurance shall also specifically cover the contractual liability of Contractor. Said insurance shall also specify that it acts as primary insurance.

If Contractor fails to maintain such insurance, District may declare a default in the performance of this Agreement and exercise the remedies specified in Section 13 of this Agreement.

B. Workers' Compensation Insurance. Contractor shall be permissibly self-insured or shall carry full workers' compensation insurance coverage for all persons employed, either directly or through subcontractors, in carrying out the work contemplated by this Agreement, in accordance with the Workers' Compensation Act contained in the Labor Code of the State of California.

If Contractor fails to maintain such insurance, District may declare a default in the performance of this Agreement and exercise the remedies specified in Section 13 of this Agreement.

By execution of this Agreement, Contractor certifies as follows:

“I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, I will comply with such provisions before commencing the performance of the work of this contract.”

As part of the execution of this Agreement, Contractor agrees to furnish a certificate or certificates substantiating the fact that it has taken out the insurance set forth above for the period covered

by the Contractor and with any insurance carrier acceptable to District under terms satisfactory to District. Each such certificate shall bear an endorsement precluding the cancellation or reduction in coverage of any policy covered by such certificate before the expiration of thirty (30) days after District shall have received notification of such cancellation or reduction.

PERFORMANCE AND PAYMENT BONDS

8. Contractor shall, at the time of execution of this Agreement, file two (2) separate bonds with District, each made payable to District. These bonds shall be issued by a surety company authorized to do business in the State of California and shall be maintained during the entire life of this Agreement at the expense of Contractor. One bond shall be in the amount of One Hundred Percent (100%) of the contract price set forth in this Agreement and shall guarantee the faithful performance of all aspects of this Agreement. The second bond shall be the payment bond required by Division Four, Part 6, Title 3, Chapter 5 of the Civil Code of the State of California, and shall be in the amount of One Hundred Percent (100%) of the contract price set forth in this Agreement to guarantee the payment of wages and of bills contracted for materials, supplies or equipment used in the performance of this Agreement. Any alterations made in the specifications which are a part of this Agreement or in any provisions of this Agreement shall not operate to release any surety from liability on any bond required hereunder, and the consent to make such alterations is hereby given, and any surety on said bonds hereby waives the provisions of Section 2819 of the Civil Code. Prior to beginning work under this Agreement, Contractor shall furnish a certification from either the Department of Insurance and/or County Clerk evidencing the status of any and all sureties issuing the bonds required under this Agreement. Contractor further certifies and represents that said sureties are authorized to do business in the State of California and that the bonds fully comply with Civil Code Sections 3247 and 3248. [Payment bond not needed for projects under \$35,000, and Performance bond only needed if contractor failure could put the district at major risk]

INDEMNIFICATION

9. Contractor shall assume the defense of, and indemnify and save harmless, the District, its officers, employees and agents, and each and every one of them from and against all actions, liability, damages, claims, losses or expenses of every type and description to which it may be subjected or put to by reason of or resulting from: (1) the performance of, or failure to perform, the work or any other obligations of this Agreement by Contractor, any subcontractor or Contractor's agents or employees; (2) any alleged negligent act or omission of Contractor, any subcontractor, Contractor's agents or employees, in connection with any acts performed or required to be performed pursuant to this Agreement; (3) any dangerous or defective condition arising or resulting from any of the actions or omissions of Contractor, Contractor's agents or employees in carrying out the provisions of this Agreement. This indemnification is effective and shall apply whether or not any such action is alleged to have been caused in part by the District as a party indemnified hereunder. This indemnification shall not include any claim arising from the active negligence or willful misconduct of the District or its employees.

GUARANTEE

10. Contractor unconditionally guarantees all materials and workmanship furnished under this Contract, and agrees to replace at its sole cost and expense, and to the satisfaction of District, any and all materials which may be defective or improperly installed. Contractor shall repair or replace to the satisfaction of District any or all such work that may prove defective in workmanship or materials, ordinary wear and tear excepted, together with any other work which may be damaged or displaced in so doing. This guarantee shall remain in effect for one year from the date of District's acceptance of the work. [Insert requirement for warranty bond to cover the one year if needed] This guarantee does not excuse Contractor for any other liability related to defective work discovered after the guarantee period.

Contractor shall transfer to District all manufacturer and supplier warranties relating to the work, if any, upon completion of the work and prior to the final payment.

In the event of failure to comply with the above stated conditions within a reasonable time, District may have the defective work repaired and made good at the expense of Contractor who will pay the costs and charges therefor immediately upon demand, including any reasonable management and administrative costs, and engineering, legal and other consultant fees incurred by District in enforcing this guarantee.

PERMITS AND INSPECTIONS

11. Contractor agrees and understands that it is the responsibility of Contractor, unless specifically agreed to otherwise, to obtain and pay for all necessary permits required for the performance of the work described in this Agreement as well as calling for and obtaining all required inspections during the course of the work on the project which is the subject matter of this Agreement. Contractor shall hold the appropriate classification of a current and valid contractor's license for the work.

DEFAULT BY CONTRACTOR

12. If Contractor fails to expeditiously advance the project, or installs work that does not comply with the requirements of the Plans and Specifications, fails to comply with any provision of law regarding the payment of employees, subcontractors and/or any third parties providing materials, equipment or supplies provided to the project, or fails to otherwise promptly pay for work or materials supplied to the project, or is guilty of any other material breach of the terms of this Agreement, the District may: (1) suspend payment until such time as the default is remedied by Contractor; or (2) by written notice to Contractor, terminate Contractor's right to perform all or any portion of the work. Contractor hereby agrees to pay the District all damages sustained as a result of default by Contractor. If the District terminates Contractor's right to perform the work, the District may have the work performed by others, or may complete the work itself, and charge the cost to Contractor. The cost of completion by the District shall include reasonable reimbursement for additional executive and administrative expense along with all damages for delay, including liquidated damages, and other damages sustained by the District as a result of Contractor's default. The District may deduct from any and all monies owing to the Contractor, either by virtue of this Agreement or any other agreements between the District and the Contractor, any and all damages assessed by the District against the Contractor pursuant to the provision of this Agreement.

MISCELLANEOUS PROVISIONS

13. In the event of litigation between the parties, or if a party becomes involved in litigation because of wrongful acts of the other party, the prevailing or innocent party shall be entitled to an award of reasonable attorney's fees from the other party. The prevailing party will be entitled to an award of attorney's fees in an amount sufficient to compensate the prevailing party for all attorney's fees incurred in good faith.

14. This Agreement shall bind and inure to the heirs, devisees, assignees and successors in interest of Contractor and to the successors in interest of District in the same manner as if such parties had been expressly named herein.

15. It is hereby expressly agreed that time is of the essence of this Agreement including all contract documents incorporated herein.

16. This Agreement shall be governed by the laws of the State of California. This Agreement constitutes the entire agreement between the parties regarding its subject matter. If any provisions in this Agreement are held by any court to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force.

17. The terms of this Agreement may be modified only by the mutual consent and written agreement of District and Contractor.

IN WITNESS WHEREOF, the Saddle Creek Community Services District has, by order of its Board of Directors, caused this Agreement to be signed by the General Manager and Secretary of the Board of Directors and Contractor has executed this Agreement on the date and year first above written.

DISTRICT

CONTRACTOR:

By: _____
General Manager

By: _____

License No.: _____



California & Western
Nevada's Hydroseeding &
Erosion Control Experts
since 1974

Address: PO Box 187
Galt CA 95632
Phone: 209-745-0491
Fax: 209-745-5049
Email: Bob.mark@markseeding.com

CA Certified Small
Business Enterprise #49260
CA Contractors License #537905
NV Contractors License #69968
CSPESC License #05087
DEPT INDUST RELATIONS # 1000000818

HYDROSEEDING PROPOSAL & QUOTATION - PAGE 1 OF 3

To: Saddlecreek Community Services District
Date: 04-16-19
Pages: 3
Job Name: Saddlecreek

Please find attached quote for the above referenced project, submitted for your review and approval.

Upon acceptance of the quote, please initial each page, sign and fill in the requested information on page 3, and return by fax (209-745-5049) or email (Bob.mark@markseeding.com).

If you have any questions, or if you require any further information, please do not hesitate to contact me.

Thank you for this opportunity to provide you with excellent service.

Regards,

Robert A. Mark (handwritten signature)

Bob Mark
President/Senior Agronomist
Mark Seeding Services, Inc.

Initial _____

Our Mission:
Mark Seeding Services, Inc. is committed to the partnership and satisfaction of our customers, employees, and suppliers. As industry leaders for more than 40 years, our goal is to provide professional, knowledgeable seeding and erosion control services for a safe, prompt, cost-effective job

Mark Seeding Services, Inc.

Hydroseeding Proposal & Quotation, Page 2 of 3

Date: 04-16-19

Job Name: Saddlecreek

Projected Installation Date: 2019-2020

Specifications: Standard

MARK SEEDING SERVICES, INC. proposes to provide hydroseeding materials and installation as per plans and specifications as referenced and subject to special provisions, exclusions, and terms as referenced below:

Item	Area	Description	Unit Price	Extension
1.	34,350 sq. ft.	Turf Hydroseed Application	.18	\$6183.00
2.	9,625 sq. ft.	Fine Fescue Blend Hydroseed Application	.18	\$1732.50
		<i>Based on Prevailing Wage Rates</i>		
		Proposal based on dry soil conditions with unlimited access.		
Total:				\$7,915.50

SPECIAL PROVISIONS

1. Price is based on 8-hour days/40-hour work week. Overtime work is subject to additional charge and change order acceptance.
2. Price includes 1 mobilization. Additional mobilizations @ \$1000.00 each additional charge.
3. Stand-by time billed at \$1000.00/hour per truck and crew. Billed after first half hour of standby.
4. Minimum invoice amount of \$7100.00. Price quoted is based on quantity stated; unit price subject to change when quantities hydroseeded are significantly less than projected. Unit price includes all required taxes, delivery, etc.
5. Availability based on MARK SEEDING SERVICES, INC. scheduling.
6. Access to all areas to be seeded by drivable roadway
7. In the event of weather or construction delays beyond the control of MARK SEEDING SERVICES, INC., all work completed shall be considered billable and payable as per "TERMS OF SALE" detailed below, after 20 days of delay.
8. MARK SEEDING SERVICES, INC. assumes and accepts no liability for failure to complete or perform any
9. This quotation VALID 30 DAYS, unless renewed in writing. Quotation must be accepted by authorized representative with signature within 30 days to remain valid.
10. Mark Seeding Services, Inc. is not responsible for failure to complete job due to Air Resources Board regulations.
11. This proposal and any attached email correspondence are to be made part of any contract or purchase order resulting from this quotation.
12. This proposal is based on Standard Insurance Requirements; additional charge for OCIP, UCIP, and Waivers of Subrogation.
13. This proposal excludes liquated and/or consequential damages, including those which may be agreed upon by the Owner and General contractor and or subcontractors

Check us out on the Web for our full range of services ~
WWW.MARKSEEDING.COM

Initial _____

Mark Seeding Services, Inc. Hydroseeding Proposal & Quotation, Page 3 of 3

EXCLUSIONS

- Soil Prep, Post Maintenance & Reseeding
- Traffic Control
- Cost of Bond if Required –
- All Fees and Permits
- Irrigation
- Barricade Erection
- All Air Resource Board Fines & Penalties
- Fees, Fines or penalties for Scheduling delay(s) due to mechanical failure/misc delays
- Customer to supply potable water only
Recycled water is Phytotoxic and cannot be Used in Hydroseeding or Hydro mulching Applications.
- Cost and Source of water; owner shall provide access to fire hydrant, or supply a 2.5" construction water connection within ½ mile of jobsite at no cost, or provide water truck, every 30 minutes (3000 gallon capacity, minimum 200 GPM, approximately 3000 gallons per acre)

OTHER REQUIREMENTS: Access of fill water to truck may not be more than 25 feet from truck and road or soil surfaces must be solid enough to support truck safely.

PAYMENT TERMS: Payment is due in full within 7 days after General Contractor receives payment from owner, or net 30 days from invoice date, and subject to the "PROMPT PAYMENT ACT". A service charge of 2% will be assessed on all past due invoices.

Prepared by: Robert A. Mark
Robert Mark, President/Senior Agronomist, Mark Seeding Services, Inc.

Accepted based on above referenced special provisions, payment terms and exclusions:

Accepted by: _____ Date: _____

Print Name/Title: _____

Company Name: _____ Email: _____

Address: _____

Purchase Order #: _____ Phone: _____

Office Contact: _____ Phone: _____

Project Owner: _____

Owner Address: _____

General Contractor: _____

G.C. Address: _____

RESOLUTION No. 2019-05
RESOLUTION OF THE GOVERNING BODY OF
THE SADDLE CREEK COMMUNITY SERVICES DISTRICT,
APPROVING AGREEMENT WITH MARKS SEEDING SERVICES, INC. FOR THE PURPOSE OF TURF
REHABILITATION ON SADDLE CREEK COMMUNITY SERVICES GROUNDS

WHEREAS, the Saddle Creek Community Services District (herein referred to as District) is a local government agency formed and operating in accordance with Section §61000 et seq. of the California Government Code; and

WHEREAS, the District owns and maintains the common area landscaping in most of the community, of particular focus and interest to the community being dead turf rehabilitation from the drought of 2016, which will be hydroseeded beginning on Saddle Creek Drive from the entrance to the end of Saddle Creek Drive then to the end of Oak Creek Drive; and

WHEREAS, the drought of 2016 caused the state to adopt prohibitions on the use of ornamental turf in street medians and other irrigation restrictions which resulted in loss of much of the turf, decommissioning of irrigation systems and much expense for temporary aesthetic remedies;
And

WHEREAS, the services of a professional turf contractor is necessary to efficiently restore the turf areas;
and

WHEREAS, the proposal from Mark's Seeding Services Inc., dated 4-/16/2019, who has been confirmed as an eligible, licensed contractor is attached hereto as Exhibit A.

NOW THEREFORE BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE SADDLE CREEK COMMUNITY SERVICES DISTRICT DOES HEREBY approve as follows:

1. The General Manager is authorized execute the proposal to allow Marks Seeding Services, Inc hydro seed said areas as per the not to exceed quotation amount attached.
2. Authorize the work to begin immediately due to weather restrictions.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Saddle Creek Community Services District on May 28, 2019, by the following vote:

AYES: DeBaldo, Hoffman, Golden, Kurtz

NOES: 0

ABSENT: Ken Albertson

ABSTAIN:

ATTEST:

Peter Kampa, Secretary

Darlene DeBaldo, President - Board of Directors

CERTIFICATE OF SECRETARY

I, Peter Kampa, the duly appointed and acting Secretary of the Board of Directors of the Saddle Creek Community Services District, do hereby declare that the foregoing Resolution was duly passed and adopted at a Regular Meeting of the Board of Directors of the Saddle Creek Community Services District, duly called and held on May 28, 2019.

DATED: _____

Saddle Creek Community Services District

Special Meeting of May 28, 2019

AGENDA SUPPORTING DATA

7. DISCUSSION AND ACTION ITEMS

- a) Presentation, Review and Acceptance of the 2017/2018 Fiscal Year Audited Financial Statements.

Recommended Motion

I move to accept and file the 2017/18 audit.

Background

California law requires that the District hire a qualified independent auditing firm to perform an annual audit, or test review of our financial statements to ensure that they are prepared in accordance with Generally Accepted Accounting Principles and various government auditing standards. As the Board cannot possibly be heavily involved in, and fully understanding of the daily financial affairs of the District, the Board hires a Manager and authorizes other staff or consultant positions to handle the routine financial matters. The Board adopts policies to guide how budgets are developed, and how money is spent, accounted for and the results reported to the Board. The auditor, working with management and on behalf of the Board will also test portions of the financial transactions to determine compliance with current Board policy.

Larry Bain, CPA was engaged to conduct the audit for the second half of the 2017 calendar year, and the 2017/18 fiscal year. The final draft audit was introduced at the April Board meeting and is attached for your review and acceptance. Mr. Bain will be in attendance to discuss the audit and answer questions from the Board and public during this meeting.

One of the primary duties of the Board is their fiduciary responsibility with regard to District finances. The Board must establish policies and ensure that the procedures and practices of District management provide the highest level of protection of public funds, and that these funds are invested in appropriate activities and means to achieve the level of service desired by the community, through this Board. The only way for the Board to confirm that this is occurring is to receive accurate and timely financial reporting.

As stated in the audit report, the auditor is not engaged to find every potential flaw in our financial system, but is required to report publicly to the Board if there are material weaknesses or breaches in our financial systems where policy was not followed, or methods were discovered where a substantial risk of fraud, embezzlement or other financial crimes could occur without immediate notice by management and/or the Board. The auditor will also make findings and recommendations for changes to our financial systems if they feel that material weaknesses could occur, or if there are actions that put the District at financial risk.

Saddle Creek Community Services District

Management Report

Six Months Ended June 30, 2017

And

Fiscal Year Ended June 30, 2018

LARRY BAIN, CPA

An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894

lpbain@sbcglobal.net

COMMUNICATION OF MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES

To: Board of Directors
Saddle Creek Community Services District

We have audited the financial statements of Saddle Creek Community Services District as of and for the six months ended June 30, 2017 and the fiscal year ended June 30, 2018, and have issued our reports thereon dated March 20, 2019. We conducted our audits in accordance with auditing standards generally accepted in the United States of America.

In planning and performing our audit, we considered Saddle Creek Community Services District's (District) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We consider findings FS 17-1, FS 18-1 and FS 18-2 in the following schedule of findings to be deficiencies in internal control that we consider to be material weaknesses.

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. We consider findings FS 17-2, FS 18-3, FS 18-4, FS 18-5 and FS 18-6 in the following schedule of findings to be significant deficiencies in the District's internal control.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls over financial reporting and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control. This report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America in considering the District's internal control over financial reporting, accordingly this report is not suitable for any other purpose.

This report is intended solely for the information and use of the board of directors and management of Saddle Creek Community Services District.

*Larry Bain, CPA,
An Accounting Corporation*

March 20, 2019

**SADDLE CREEK COMMUNITY SERVICES DISTRICT
FINDINGS AND RECOMMENDATIONS
June 30, 2017**

Significant Deficiencies Deemed Material Weaknesses

Finding 17-1: The District prepared its financial statements on the modified cash basis of accounting. Under this basis of accounting revenues are recognized when received and expenses are recognized when paid. The District general ledger provided for the audit was prepared under the modified accrual basis of accounting. As a result we prepared entries to reverse \$34,309 accounts payable accrual, we proposed an entry to reverse the prior year accounts payable accrual of \$32,793, we proposed an entry to reverse the credit card payable for \$23,745. Furthermore we proposed a \$30,270 journal entry to agree the District's cash with Calaveras County balance in the Calaveras county treasury.

Recommendation: The District should prepare year-end entries so that the general ledger reflects the basis of accounting that is reported in the financial statements. The District should also reconcile the cash with Calaveras County to the underlying balance.

Significant Deficiencies Not Deemed Material Weaknesses

FS 17-2: We noted the District has a lack of segregation of duties, as one person is capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of potential errors or irregularities occurring without being detected; however, due to a limited number of personnel an adequate segregation of duties is not possible without incurring additional costs. We have also noted this comment in previous audits.

**SADDLE CREEK COMMUNITY SERVICES DISTRICT
FINDINGS AND RECOMMENDATIONS**

June 30, 2018

Significant Deficiencies Deemed Material Weaknesses

Finding 18-1: The District prepared its financial statements on the modified cash basis of accounting. Under this basis of accounting revenues are recognized when received and expenses are recognized when paid. The District general ledger provided to us for the audit was prepared under the modified accrual basis of accounting. As a result we prepared entries to reverse the prior year \$34,309 accounts payable accrual, we proposed an entry to reverse the current year accounts payable accrual of \$18,345, we proposed an entry to reverse the prior year credit card payable for \$23,745 and we proposed a journal entry to reverse the current year credit card payable for \$14,556. Furthermore we proposed a \$16,046 journal entry to agree the District's cash with Calaveras County balance to the Calaveras county treasury.

Recommendation: The District should prepare year-end entries so that the general ledger reflects the basis of accounting that is reported in the financial statements. The District should also reconcile the cash with Calaveras County to the underlying balance.

FS 18-2: During our testing of material disbursements we noted the District entered into a contract for landscaping services with an unlicensed contractor. The unlicensed contractor informed the District he was working under a licensed contractor, however the contract was with the unlicensed contractor. The checks that were paid also were made out to the unlicensed contractor and there was no proof of insurance provided to the District for liability and workers compensation. We also noted that not all the work completed was supported by a contract and a \$12,000 payment made on November 1, 2017 with check 2201 did not have an invoice attached to support the payment. Upon further inquiry an invoice was obtained from the contractor, however the details on the invoice still did not support the payment. Furthermore some of the payments issued were supported by an estimate as opposed to an invoice and the estimates and invoices did not have appropriate contact information or an address of where to submit the payment.

Recommendation: We recommend the District only contract with licensed contractors when a contractor's license is required for the class of work being performed. We also recommend requiring proof of insurance and workers compensation liability for work being performed by contractors where there is significant exposure to property damage or injury to workers on the job. The District should also pay from an invoice and not from an estimate and verify that contact and billing information is present on the invoice. We also recommend reviewing invoices to verify that the details support the expected work that was performed.

Significant Deficiencies Not Deemed Material Weaknesses

FS 18-3: We noted the District has a lack of segregation of duties, as one person is capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of potential errors or irregularities occurring without being detected; however, due to a limited number of personnel an adequate segregation of duties is not possible without incurring additional costs. We have also noted this comment in previous audits.

FS 18-4: We noted in our testing of cash that the District's main checking account at June 30, 2018 reconciled balance did not agree to the amount in the general ledger. There was a variance of \$7,929.

Recommendation: We recommend the reconciled bank balance agree to the general ledger. If adjustments to cash are posted after the bank reconciliation is completed then a new reconciliation should be printed, or notes should be made on the bank reconciliation providing an explanation for any changes made.

SADDLE CREEK COMMUNITY SERVICES DISTRICT
FINDINGS AND RECOMMENDATIONS
June 30, 2018

FS 18-5: During our testing of disbursements we noted a \$629.42 purchase made at Swingle Meat Co. on November 21, 2017 did not include a detail receipt as to what was purchased. The purchase appeared to be for Thanksgiving gifts for employees.

Recommendations: We recommend retaining a detail receipt for all District purchases. For the Thanksgiving gifts there should be a further explanation of what gifts were provided to each employee that should agree to the numbers of items purchased.

FS 18-6: During our testing of credit card activity we noted an employee was using the district credit card for personal purchases in May 2018. The personal purchases appeared to be reimbursed by the employee.

Recommendation: The District should communicate to employees that the District credit card cannot be used for personal purchases and that these types of employee loans are prohibited.

LARRY BAIN, CPA

An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894

lpbain@sbcglobal.net

March 22, 2019

To the Board of Directors
Saddle Creek Community Services District

We have audited the financial statements of the governmental-type activities of Saddle Creek Community Services District for the 6 months ended June 30, 2017 and the fiscal year ended June 30, 2018, and have issued our reports thereon dated March 20, 2019. Professional standards require that we provide you with the following information related to our audit.

Our responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 24, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit fieldwork according to the timing communicate in the engagement letter. Report issuance was delayed as a result of researching certain audit issues and additional time needed to prepare and finalize the audit reports.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Saddle Creek Community Services District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 6 months ended June 30, 2017 and the fiscal year ended June 30, 2018. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus.

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

Management's estimate of the useful lives of assets for calculating depreciation expense is based on GFOA recommended useful lives. We evaluated the key factors and assumptions used to develop the useful life estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate for budgeted revenues and expenditures is based on past experience along with known conditions expected during the budget year. We evaluated key factors and assumptions used to develop the budget to determine that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. These financial statements reflect all known audit entries discovered during the audit. We also proposed and recorded entries to convert from the fund financial statement presentation to the government-wide presentation.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 20, 2019.

Management Consultation with Other Independent Accountants

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

Other Audit Findings or Issues

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

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

Very truly yours,

Larry Bain, CPA,
An Accounting Corporation

**SADDLE CREEK
COMMUNITY SERVICES DISTRICT**

FINANCIAL STATEMENTS
Modified Cash Basis

SIX MONTHS ENDED JUNE 30, 2017

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Table of Contents

Independent Auditor’s Report 1

Basic Financial Statements:

 Government-Wide Financial Statements:

 Statement of Net Position 3

 Statement of Activities 4

 Fund Financial Statements

 Governmental Funds:

 Balance Sheet 5

 Reconciliation of the Governmental Funds Balance Sheet to the
 Government-Wide Statement of Net Position – Governmental Activities 6

 Statement of Revenues, Expenditures and Changes in Fund Balances 7

 Reconciliation of the Statement of Revenues, Expenditures and Changes
 In Fund Balances of Governmental Funds to the Government-Wide
 Statement of Activities – Governmental Activities 8

Notes to the Modified Cash Basis Financial Statements 9

Required Supplementary Information:

Budgetary Comparison Schedule:

 General Fund 16

Note to the Required Supplementary Information 17

LARRY BAIN, CPA

An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894
lpbain@sbcglobal.net

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Saddle Creek Community Services District
Copperopolis, California

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the Saddle Creek Community Services District as of and for the six months ended June 30, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the modified cash basis financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our Responsibility is to express an opinion 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 of material misstatement.

An audit includes 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 controls 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, 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 financial statement presentation.

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

Opinion

In our opinion the basic financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities and each major fund of the Saddle Creek Community Services District as of June 30, 2017, and the respective changes in financial position-modified cash basis, thereof for the six months then ended on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the supplementary information other than MD&A, as listed in the table of contents as the budgetary comparison for the General fund on page 16 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 (GASB), 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.

Emphasis of a Matter

We draw attention to the District changing their fiscal year from December 31 end to June 30, starting with these June 30, 2017 financial statements. Because of the change the prior audited financial statements were as of December 31, 2016 and these financial statements cover the six month period from January 1, 2017 through June 30, 2017.

Larry Bain, CPA,
An Accounting Corporation
March 20, 2019

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Statement of Net Position
Modified Cash Basis
June 30, 2017**

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$ <u>539,160</u>
Total current assets	<u>539,160</u>
Capital assets:	
Easements	10,344,000
Equipment	368,749
Buildings	79,000
Infrastructure-Roads	2,360,462
Less: accumulated depreciation	<u>(980,773)</u>
Total Capital Assets-Net	<u>12,171,438</u>
 Total Assets	 \$ <u><u>12,710,598</u></u>
 Liabilities	
Current Liabilities	
Current portion of capital lease	\$ <u>13,600</u>
Long Term Liabilities	
Long-term portion of capital lease	<u>43,006</u>
Total Liabilities	<u>56,606</u>
 Net Position	
Net Investment in capital assets	12,114,832
Unrestricted	<u>539,160</u>
 Total Net Postion	 \$ <u><u>12,653,992</u></u>

The notes to the modified cash basis financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Statement of Activities
Modified Cash Basis
For the Six Months Ended June 30, 2017**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
Governmental Activities:				
Community service	\$ 430,613	\$ 268,219	\$ -	\$ (162,394)
Interest expense	<u>1,287</u>			<u>(1,287)</u>
 Total Governmental Activities	 <u>\$ 431,900</u>	 <u>\$ 268,219</u>	 <u>\$ -</u>	 <u>(163,681)</u>

General Revenues:

Investment income	371
Other	<u>9,501</u>
Total general revenues	<u>9,872</u>
Change in net position	(153,809)
Net position - beginning	<u>12,807,801</u>
Net position - ending	<u>\$ 12,653,992</u>

The notes to the modified cash basis financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Balance Sheet
Governmental Funds
Modified Cash Basis
June 30, 2017**

	General Fund	Totals Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 539,160	\$ 539,160
Total Assets	<u>\$ 539,160</u>	<u>\$ 539,160</u>
 Liabilities and Fund Balance		
Liabilities		
Accrued liabilities	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
 Fund Balance		
Assigned	31,128	31,128
Unassigned	<u>508,032</u>	<u>508,032</u>
Total Fund Balance	<u>\$ 539,160</u>	<u>\$ 539,160</u>

The notes to the modified cash basis financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Reconciliation of the Governmental Funds Balance Sheet,
To The Statement of Net Position
Modified Cash Basis
June 30, 2017**

Fund Balances of Governmental Funds	\$ 539,160
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	12,171,438
Long term debt is not due and payable in the current period and therefore is not reported in the funds	<u>(56,606)</u>
Net position of governmental activities	<u><u>\$ 12,653,992</u></u>

The notes to the modified cash basis financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Modified Cash Basis
For the Six Months Ended June 30, 2017**

	General Fund	Total Governmental Funds
	<u> </u>	<u> </u>
Revenues		
Use of money and property	\$ 371	\$ 371
Special assessment	268,219	268,219
Other	9,501	9,501
Total Revenues	<u>278,091</u>	<u>278,091</u>
Expenditures		
Current:		
Community services	387,686	387,686
Debt		
Principal	6,728	6,728
Interest	1,287	1,287
Capital outlay	22,166	22,166
Total Expenditures	<u>417,867</u>	<u>417,867</u>
Excess (Deficit) of Revenues over Expenditures	<u>(139,776)</u>	<u>(139,776)</u>
Fund Balance, January 1, 2017	<u>678,936</u>	<u>678,936</u>
Fund Balance, June 30, 2017	<u><u>\$ 539,160</u></u>	<u><u>\$ 539,160</u></u>

The notes to the modified cash basis financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
Modified Cash Basis
June 30, 2017**

Net Change in Fund Balances - Total Governmental Funds \$ (139,776)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Capital Outlay	22,166
Depreciation expense	(42,927)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

6,728

Change in net position of governmental activities

\$ (153,809)

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Notes to the Modified Cash Basis Financial Statements June 30, 2017

Note 1: Summary of Significant Accounting Policies

The Saddle Creek Community Services District was formed on August 18, 1995, by resolution of the Board of Supervisors of Calaveras County and approved by the Local Agency Formation Commission. The purpose of the District is to maintain Saddle Creek Community Services District owned facilities and easements including sidewalks, storm drains, landscaping, lighting, parks, security, weed and mosquito abatement, road improvement and maintenance, reserves, and administration. The District is a separate legal entity of the County of Calaveras and operates pursuant to Government Code Section 61600.

The District receives assessments levied upon property located within the District by the County of Calaveras. The District's Board of Directors determines the assessments and the assessments are collected by the tax collector of the County.

The accounting policies of the District are prepared on the modified cash basis of accounting. This basis of accounting is other than generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The District has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America, which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Based on the aforementioned oversight criteria, there are no component units in accordance with Governmental Accounting Standards Board Statement No. 61.

B. Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following are some of the ways that the modified cash basis of accounting differs from accounting principles generally accepted in the United States of America.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements June 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

B. Basis of Accounting (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. Property taxes are considered available if they are collected within sixty-days after year-end.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

The Saddle Creek Community Services District recognizes revenues when they are received by the District. The modified cash basis of accounting recognizes all expenditures when they are paid. Accrued assets and liabilities are presented if they are material to the financial statements.

Consequently, the District has not recognized receivables or accounts payable to vendors and their related effects on earnings in the accompanying financial statements. The District does recognize capital assets and long-term debt in the government-wide financial statements in accordance with GASB 34.

C. Non-Current Governmental Assets/Liabilities

GASB Statement 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net position.

D. Basis of Presentation

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The District's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activity is controlled. For financial reporting, these funds have been grouped into the fund type discussed below.

Governmental Fund Type

Governmental funds are used to account for the District's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is based upon determination of changes in financial position. The following are the District's governmental funds:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Notes to the Modified Cash Basis Financial Statements
June 30, 2017**

Note 1: Summary of Significant Accounting Policies (Continued)

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

F. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of improvements and financing of debt obligations. These amounts are restricted, as their use is limited by applicable bond covenants or other external requirements.

G. Fund Equity

Restrictions of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

H. Property Assessments

The Board of Directors sets fees for the operation of the District, which are collected by the County of Calaveras and remitted to the District. The 2016/17 fiscal year assessment was as follows:

Improved lots \$1,075.00 per year

I. Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include easements, buildings, roads and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements using mid- year convention, on the straight-line basis over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Buildings	50 years
Building improvements	20 years
Other improvements	35 years
Equipment and machinery	5 to 20 years
Infrastructure	50 years

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Notes to the Financial Statements
June 30, 2017**

Note 2: Cash and Investments

Cash at June 30, 2017 consisted of the following:

General checking	\$	382,099
General savings		126,791
Cash with county		<u>30,270</u>
Total	\$	<u><u>539,160</u></u>

A. Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the **investment types** that are authorized for the Saddle Creek Community Services District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk**, **credit risk** and **concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustees 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 investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Investment pools authorized under CA			
Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of and investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. 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 distribution of the District's investment maturity:

<u>Investment type</u>	<u>Totals</u>	<u>Remaining Maturity (in Months)</u>	
		<u>12 Months or Less</u>	<u>13-48 Months</u>
Calaveras County*	\$ 30,270	\$ 30,270	\$ -
Totals	<u>\$ 30,270</u>	<u>\$ 30,270</u>	<u>\$ -</u>

* Not subject to categorization

Investments made by the District are summarized below. The investments that are represented by specific identifiable investment securities are classified as to three levels of custodial credit risk within the following categories:

Category 1 - insured or registered, with securities held by District or its agent in the District's name.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Notes to the Modified Cash Basis Financial Statements June 30, 2017

Note 2: Cash and Investments (continued)

C. Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

D. 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 deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of 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 secured 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 government unit). The fair 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 the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2017, the District's deposits balance, including certificates of deposit, was \$503,893 and the carrying amount was \$508,890. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance, all was covered by the Federal Depository Insurance and none was covered by collateral held in the pledging bank's trust department in the District's name.

E. Investment in Government Pool

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investment in the Calaveras County investment pool at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Notes to the Financial Statements
June 30, 2017**

Note 3: Property Plant and Equipment

Activity for the assets capitalized by the District is summarized below:

	Balance			Balance
	January 1, 2017	Additions	Deletions	June 30, 2017
Governmental Activities				
Capital assets, not being depreciated				
Easements	\$ 10,344,000	\$ -	\$ -	\$ 10,344,000
Capital assets, being depreciated				
Equipment	346,583	22,166		368,749
Buildings	79,000	-	-	79,000
Roads	2,360,462	-	-	2,360,462
Total capital assets, being depreciated	2,786,045	22,166	-	2,808,211
Less accumulated depreciation for;				
Equipment	(206,813)	(18,532)		(225,345)
Buildings	(19,750)	(790)	-	(20,540)
Roads	(711,283)	(23,605)	-	(734,888)
Total accumulated depreciation	(937,846)	(42,927)	-	(980,773)
Total capital assets, being depreciated, net	1,848,199	(20,761)	-	1,827,438
Total governmental activities, capital assets, net	\$ 12,192,198.81	\$ (20,761)	\$ -	\$ 12,171,438

Note 4: Long-Term Liabilities

A summary of the changes in the District's long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2017:

	Balance			Balance	Due within
	January 1, 2017	Additions	Retirements	June 30, 2017	one year
Governmental Activities					
Capital lease	\$ 63,334	\$ -	\$ (6,728)	\$ 56,606	\$ 14,189
Total	\$ 63,334	\$ -	\$ (6,728)	\$ 56,606	\$ 14,189

Capital Lease

On May 1, 2016, the District Board of Directors authorized the financing and purchase of a utility tractor. The cost of the equipment was \$72,340 and the underwriting fee was \$425. The District 60 monthly payments of \$1,335.71 include the vehicle cost and finance charges with the interest rate set at 4.25%. The following is the 5 year amortization schedule of principal and interest payments:

Fiscal Year Ending	Principal	Interest	Total
June 30,			
2018	\$ 14,189	\$ 1,840	\$ 16,029
2019	14,804	1,225	16,029
2020	15,445	583	16,028
2021	5,296	47	5,343
Totals	\$ 49,734	\$ 3,695	\$ 53,429

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Notes to the Modified Cash Basis Financial Statements
June 30, 2017**

Note 5: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District purchases commercial insurance to cover the risk of loss. The general liability and the director and officers' liability coverage are limited to \$1,000,000 each. The District pays an annual premium to Special Districts Risk Management Authority for its general liability and workers compensation insurance. The District also has a \$100,000 dishonesty bond to provide protection from potential losses due to embezzlement by employees.

Note 6: Gann Limit

Proceeds-all sources for 2017	\$	278,091
GANN limit for 2017		1,286,189
Amount (under)/over limit	\$	<u>(1,008,098)</u>

Note 7: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 8: Contingent Liabilities

Grants are subject to audit to determine compliance with their requirements. District officials believe that if any refunds are required, they would not have a significant effect on the financial condition or liquidity of the District. The District is unaware of any pending litigation or other contingencies which would have a material effect on the financial condition or liquidity of the District.

The District has open lines of credit with various vendors for purchase of supplies and a credit card issued by Bank of the West with a credit limit of \$40,000. At June 30, 2017, the district had open professional service agreements for management and other services.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Required Supplementary Information
Budgetary Comparison Schedule-General Fund
Modified Cash Basis
For The Six Months Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Special assessments	\$ 300,950	\$ 300,950	\$ 268,219	\$ (32,731)
Use of money and property	-	-	371	371
Other	8,450	8,450	9,501	1,051
Total Revenues	309,400	309,400	278,091	(31,309)
Expenditures				
Salaries and benefits	182,063	182,063	179,753	2,310
Services and supplies	213,048	213,048	207,933	5,115
Principal Expense	6,762	6,762	6,728	34
Interest Expense	1,288	1,288	1,287	1
Capital outlay	28,336	28,336	22,166	6,170
Total Expenditures	431,497	431,497	417,867	13,630
Excess of revenues over expenditures*	<u>\$ (122,097)</u>	<u>\$ (122,097)</u>	<u>(139,776)</u>	<u>\$ (17,679)</u>
Fund Balance, January 1, 2017			678,936	
Fund Balance, June 30, 2017			<u>\$ 539,160</u>	

*The budget deficit was made up with allocation of unassigned fund balance

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Findings and Recommendations June 30, 2017

Note 1: Budgets and Budgetary Accounting

As required by State law, the District is required to prepare and legally adopt a final operating budget. Public hearings are required to be conducted on the proposed and final budget to review all appropriations and the sources of financing.

The budget for the general fund is required to be adopted on the modified cash basis of accounting. The budget for the general fund is the only legally adopted budgets.

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Board of Directors. Appropriations lapse at year end.

**SADDLE CREEK
COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS
Modified Cash Basis**

FISCAL YEAR ENDED JUNE 30, 2018

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Table of Contents

Independent Auditor’s Report 1

Basic Financial Statements:

 Government-Wide Financial Statements:

 Statement of Net Position 3

 Statement of Activities 4

 Fund Financial Statements

 Governmental Funds:

 Balance Sheet 5

 Reconciliation of the Governmental Funds Balance Sheet to the

 Government-Wide Statement of Net Position – Governmental Activities 6

 Statement of Revenues, Expenditures and Changes in Fund Balances 7

 Reconciliation of the Statement of Revenues, Expenditures and Changes

 In Fund Balances of Governmental Funds to the Government-Wide

 Statement of Activities – Governmental Activities 8

Notes to the Modified Cash Basis Financial Statements 9

Required Supplementary Information:

Budgetary Comparison Schedule:

 General Fund 16

Note to the Required Supplementary Information 17

LARRY BAIN, CPA

An Accounting Corporation

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lpbain@sbcglobal.net

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Saddle Creek Community Services District
Copperopolis, California

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the Saddle Creek Community Services District as of and for the fiscal year ended June 30, 2018, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the modified cash basis financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our Responsibility is to express an opinion 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 of material misstatement.

An audit includes 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 controls 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, 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 financial statement presentation.

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

Opinion

In our opinion the basic financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities and each major fund of the Saddle Creek Community Services District as of June 30, 2018, and the respective changes in financial position-modified cash basis, thereof for the year then ended on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the supplementary information other than MD&A, as listed in the table of contents as the budgetary comparison for the General fund on page 16 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 (GASB), 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.

*Larry Bain, CPA,
An Accounting Corporation
March 20, 2019*

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Statement of Net Position
Modified Cash Basis
June 30, 2018**

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$ 687,122
Restricted cash and investment	700,006
Total current assets	<u>1,387,128</u>
Capital assets:	
Easements	10,344,000
Construction in progress	39,718
Equipment	397,709
Buildings	79,000
Infrastructure-Roads	2,360,462
Less: accumulated depreciation	<u>(1,069,733)</u>
Total Capital Assets-Net	<u>12,151,156</u>
 Total Assets	 <u>\$ 13,538,284</u>
 Liabilities	
Current Liabilities	
Current portion of long-term debt	<u>74,438</u>
Long Term Liabilities	
Long-term portion of installment debt	640,055
Long-term portion of capital lease	27,924
Total Long-Term Liabilities	<u>667,979</u>
Total Liabilities	<u>742,417</u>
 Net Position	
Restricted	\$ 700,006
Net Investment in capital assets	11,408,739
Unrestricted	<u>687,122</u>
 Total Net Postion	 <u>\$ 12,795,867</u>

The notes to the modified cash basis financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Statement of Activities
Modified Cash Basis
For the Fiscal Year Ended June 30, 2018**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
Governmental Activities:				
Community service	\$ 799,915	\$ 925,075	\$ -	\$ 125,160
Interest expense	<u>1,840</u>			<u>(1,840)</u>
 Total Governmental Activities	 <u>\$ 801,755</u>	 <u>\$ 925,075</u>	 <u>\$ -</u>	 <u>123,320</u>

General Revenues:

Investment income	1,015
Other	<u>17,540</u>
Total general revenues	<u>18,555</u>
Change in net position	141,875
Net position - beginning	<u>12,653,992</u>
Net position - ending	<u>\$ 12,795,867</u>

The notes to the modified cash basis financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Balance Sheet
Governmental Funds
Modified Cash Basis
June 30, 2018**

	General Fund	Totals Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 687,122	\$ 687,122
Restricted cash and investments	700,006	700,006
	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,387,128</u>	<u>\$ 1,387,128</u>
Liabilities and Fund Balance		
Liabilities		
Accrued liabilities	\$ -	\$ -
	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balance		
Restricted for road project	700,006	700,006
Unassigned	687,122	687,122
	<u> </u>	<u> </u>
Total Fund Balance	<u>\$ 1,387,128</u>	<u>\$ 1,387,128</u>

The notes to the modified cash basis financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Reconciliation of the Governmental Funds Balance Sheet,
To The Statement of Net Position
Modified Cash Basis
June 30, 2018**

Fund Balances of Governmental Funds	\$ 1,387,128
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	12,151,156
Long term debt is not due and payable in the current period and therefore is not reported in the funds	<u>(742,417)</u>
Net position of governmental activities	<u><u>\$ 12,795,867</u></u>

The notes to the modified cash basis financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Modified Cash Basis
For the Fiscal Year Ended June 30, 2018**

	General Fund	Total Governmental Funds
	<u> </u>	<u> </u>
Revenues		
Use of money and property	\$ 1,015	\$ 1,015
Special assessment	925,075	925,075
Other	<u>17,540</u>	<u>17,540</u>
Total Revenues	<u>943,630</u>	<u>943,630</u>
Expenditures		
Current:		
Community services	710,955	710,955
Debt		
Principal	14,189	14,189
Interest	1,840	1,840
Capital outlay	<u>68,678</u>	<u>68,678</u>
Total Expenditures	<u>795,662</u>	<u>795,662</u>
Excess (Deficit) of Revenues over Expenditures		
Before Other Financing Sources	<u>147,968</u>	<u>147,968</u>
Other Financing Sources		
Proceed of Debt	<u>700,000</u>	<u>700,000</u>
Total Other Financing Sources	<u>700,000</u>	<u>700,000</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures	847,968	847,968
Fund Balance, July 1, 2017	<u>539,160</u>	<u>539,160</u>
Fund Balance, June 30, 2018	<u>\$ 1,387,128</u>	<u>\$ 1,387,128</u>

The notes to the modified cash basis financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
Modified Cash Basis
June 30, 2018**

Net Change in Fund Balances - Total Governmental Funds	\$ 847,968
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:</p>	
Capital Outlay	68,678
Depreciation expense	(88,960)
<p>Proceeds of debt is an other financing source in the governmental funds but is recognized as a liability in the Statement of Net Position</p>	(700,000)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	<u>14,189</u>
Change in net position of governmental activities	<u><u>\$ 141,875</u></u>

The notes to the modified cash basis financial statements are an integral part of this statement

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Notes to the Modified Cash Basis Financial Statements June 30, 2018

Note 1: Summary of Significant Accounting Policies

The Saddle Creek Community Services District was formed on August 18, 1995, by resolution of the Board of Supervisors of Calaveras County and approved by the Local Agency Formation Commission. The purpose of the District is to maintain Saddle Creek Community Services District owned facilities and easements including sidewalks, storm drains, landscaping, lighting, parks, security, weed and mosquito abatement, road improvement and maintenance, reserves, and administration. The District is a separate legal entity of the County of Calaveras and operates pursuant to Government Code Section 61600.

The District receives assessments levied upon property located within the District by the County of Calaveras. The District's Board of Directors determines the assessments and the assessments are collected by the tax collector of the County.

The accounting policies of the District are prepared on the modified cash basis of accounting. This basis of accounting is other than generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The District has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America, which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Based on the aforementioned oversight criteria, there are no component units in accordance with Governmental Accounting Standards Board Statement No. 61.

B. Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following are some of the ways that the modified cash basis of accounting differs from accounting principles generally accepted in the United States of America.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements June 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

B. Basis of Accounting (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. Property taxes are considered available if they are collected within sixty-days after year-end.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

The Saddle Creek Community Services District recognizes revenues when they are received by the District. The modified cash basis of accounting recognizes all expenditures when they are paid. Accrued assets and liabilities are presented if they are material to the financial statements.

Consequently, the District has not recognized receivables or accounts payable to vendors and their related effects on earnings in the accompanying financial statements. The District does recognize capital assets and long-term debt in the government-wide financial statements in accordance with GASB 34.

C. Non-Current Governmental Assets/Liabilities

GASB Statement 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net position.

D. Basis of Presentation

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The District's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activity is controlled. For financial reporting, these funds have been grouped into the fund type discussed below.

Governmental Fund Type

Governmental funds are used to account for the District's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is based upon determination of changes in financial position. The following are the District's governmental funds:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Notes to the Modified Cash Basis Financial Statements
June 30, 2018**

Note 1: Summary of Significant Accounting Policies (Continued)

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

F. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of improvements and financing of debt obligations. These amounts are restricted, as their use is limited by applicable bond covenants or other external requirements.

G. Fund Equity

Restrictions of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

H. Property Assessments

The Board of Directors sets fees for the operation of the District, which are collected by the County of Calaveras and remitted to the District. The 2017/18 fiscal year assessments as approved by Measure A are as follows:

Improved lots	\$1,300.00 per residential lot
Large undeveloped properties	\$549.62 per acre or portion thereof
Sports club property	\$488.55 per acre or portion thereof
Golf course property	\$48,748.09 per parcel

I. Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include easements, buildings, roads and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements using mid- year convention, on the straight-line basis over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Buildings	50 years
Building improvements	20 years
Other improvements	35 years
Equipment and machinery	5 to 20 years
Infrastructure	50 years

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Notes to the Financial Statements
June 30, 2018**

Note 2: Cash and Investments

Cash at June 30, 2018 consisted of the following:

General checking	\$	540,490
Restricted checking		700,006
LAIF		100,000
Cash with county		<u>46,632</u>
Total	\$	<u>1,387,128</u>

A. Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the **investment types** that are authorized for the Saddle Creek Community Services District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk, credit risk** and **concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustees 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 investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Investment pools authorized under CA			
Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of and investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. 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 distribution of the District's investment maturity:

<u>Investment type</u>	Totals	<u>Remaining Maturity (in Months)</u>	
		12 Months or Less	13-48 Months
Calaveras County*	\$ 46,632	\$ 46,632	\$ -
Local Agency Investment Fund*	100,000	100,000	
Totals	<u>\$ 146,632</u>	<u>\$ 146,632</u>	<u>\$ -</u>

* Not subject to categorization

Investments made by the District are summarized below. The investments that are represented by specific identifiable investment securities are classified as to three levels of custodial credit risk within the following categories:

Category 1 - insured or registered, with securities held by District or its agent in the District's name.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Notes to the Modified Cash Basis Financial Statements June 30, 2018

Note 2: Cash and Investments (continued)

C. Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

D. 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 deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of 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 secured 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 government unit). The fair 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 the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2018, the District's deposits balance, including certificates of deposit, was \$1,240,717 and the carrying amount was \$1,240,496. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance, all was covered by the Federal Depository Insurance and none was covered by collateral held in the pledging bank's trust department in the District's name.

E. Investments in Government Pools

LAIF is included in the State's Pooled Money Investment Account. The amount invested by all public agencies in the State's Pooled Money Investment Account approximates \$88.94 billion. Of the \$88.94 billion managed by the State Treasurer, 100% is invested in non-derivative financial products and 2.67% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by statute.

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investment in the Calaveras County investment pool at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Notes to the Financial Statements
June 30, 2018**

Note 3: Property Plant and Equipment

Activity for the assets capitalized by the District is summarized below:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities				
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 39,718	\$ -	\$ 39,718
Easements	10,344,000	-	-	10,344,000
Capital assets, being depreciated				
Equipment	368,749	28,960		397,709
Buildings	79,000	-	-	79,000
Roads	2,360,462	-	-	2,360,462
Total capital assets, being depreciated	2,808,211	28,960	-	2,837,171
Less accumulated depreciation for:				
Equipment	(225,345)	(40,171)		(265,516)
Buildings	(20,540)	(1,580)	-	(22,120)
Roads	(734,888)	(47,209)	-	(782,097)
Total accumulated depreciation	(980,773)	(88,960)	-	(1,069,733)
Total capital assets, being depreciated, net	1,827,438	(60,000)	-	1,767,438
Total governmental activities, capital assets, net	\$ 12,171,438	\$ (20,282)	\$ -	\$ 12,151,156

Note 4: Long-Term Liabilities

A summary of the changes in the District's long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Due within one year
Governmental Activities					
Installment Sale	\$ -	\$ 700,000	\$ -	\$ 700,000	\$ 59,945
Capital lease	56,606	-	(14,189)	42,417	14,493
Total	\$ 56,606	\$ 700,000	\$ (14,189)	\$ 742,417	\$ 74,438

Capital Lease

On May 1, 2016, the District Board of Directors authorized the financing and purchase of a utility tractor. The cost of the equipment was \$72,340 and the underwriting fee was \$425. The District 60 monthly payments of \$1,335.71 include the vehicle cost and finance charges with the interest rate set at 4.25%. The following is the remaining amortization schedule of principal and interest payments:

Fiscal Year Ending	Principal	Interest	Total
June 30,			
2019	\$ 14,493	\$ 1,535	16,028
2020	15,121	907	16,028
2021	13,103	256	13,359
Totals	\$ 42,717	\$ 2,698	\$ 45,415

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Notes to the Modified Cash Basis Financial Statements
June 30, 2018**

Note 4: Long-Term Liabilities (Continued)

On March 21, 2018 the District entered into an installment sale agreement with municipal finance corporation whereas the District borrowed \$700,000 at an interest rate of 3.4% for the purpose of funding construction projects within the District boundaries. The installment sale agreement was assigned to City National Bank on March 21, 2018. The repayment term is 10 years as follows:

Fiscal Year Ending	Principal	Interest	Total
June 30,			
2019	\$ 59,945	\$ 23,800	\$ 83,745
2020	61,983	21,762	83,745
2021	64,091	19,654	83,745
2022	66,270	17,475	83,745
2023	68,523	15,222	83,745
2024-2028	379,188	39,540	418,728
Totals	\$ 700,000	\$ 137,453	\$ 837,453

Note 5: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District purchases commercial insurance to cover the risk of loss. The general liability and the director and officers' liability coverage are limited to \$1,000,000 each. The District pays an annual premium to Special Districts Risk Management Authority for its general liability and workers compensation insurance. The District also has a \$100,000 dishonesty bond to provide protection from potential losses due to embezzlement by employees.

Note 6: Gann Limit

Proceeds-all sources for 2018	\$ 943,630
GANN limit for 2018	1,332,106
Amount (under)/over limit	\$ (388,476)

Note 7: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 8: Contingent Liabilities

Grants are subject to audit to determine compliance with their requirements. District officials believe that if any refunds are required, they would not have a significant effect on the financial condition or liquidity of the District. The District is unaware of any pending litigation or other contingencies which would have a material effect on the financial condition or liquidity of the District.

The District has open lines of credit with various vendors for purchase of supplies and a credit card issued by Bank of the West with a credit limit of \$40,000. At June 30, 2018, the district had open professional service agreements for management and other services.

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Required Supplementary Information
Budgetary Comparison Schedule-General Fund
Modified Cash Basis
For The Fiscal Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Favorable (Unfavorable)
Revenues				
Special assessments	\$ 924,447	\$ 924,447	\$ 925,075	\$ 628
Use of money and property	-	-	1,015	1,015
Other	<u>13,400</u>	<u>13,400</u>	<u>17,540</u>	<u>4,140</u>
Total Revenues	<u>937,847</u>	<u>937,847</u>	<u>943,630</u>	<u>5,783</u>
Expenditures				
Salaries and benefits	450,908	450,908	360,043	90,865
Services and supplies	401,193	401,193	350,912	50,281
Principal Expense	14,189	14,189	14,189	-
Interest Expense	1,911	1,911	1,840	71
Capital outlay	<u>287,000</u>	<u>287,000</u>	<u>68,678</u>	<u>218,322</u>
Total Expenditures	<u>1,155,201</u>	<u>1,155,201</u>	<u>795,662</u>	<u>359,539</u>
Excess of revenues over expenditures	<u>(217,354)</u>	<u>(217,354)</u>	<u>147,968</u>	<u>365,322</u>
Other Financing Sources			<u>700,000</u>	<u>700,000</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures	<u>\$ (217,354)</u>	<u>\$ (217,354)</u>	<u>847,968</u>	<u>\$ 1,065,322</u>
Fund Balance, July 1, 2017			<u>539,160</u>	
Fund Balance, June 30, 2018			<u>\$ 1,387,128</u>	

The note to the required supplementary information is an integral part of this schedule

SADDLE CREEK COMMUNITY SERVICES DISTRICT

**Note to the Required Supplementary Information
June 30, 2018**

Note 1: Budgets and Budgetary Accounting

As required by State law, the District is required to prepare and legally adopt a final operating budget. Public hearings are required to be conducted on the proposed and final budget to review all appropriations and the sources of financing.

The budget for the general fund is required to be adopted on the modified cash basis of accounting. The budget for the general fund is the only legally adopted budgets.

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Board of Directors. Appropriations lapse at year end.

Saddle Creek Community Services District

Special Meeting of May 28, 2019

AGENDA SUPPORTING DATA

7. DISCUSSION AND ACTION ITEMS

- b) Consideration of Approval of the FiveYear Road Maintenance Plan and Direct Staff to Proceed with Planning, Design and Construction of the 2019/20 Projects

Recommended Motion

I move to approve the FiveYear Road Maintenance Plan and Direct Staff to Proceed with Planning, Design and Construction of the 2019/20 Projects

Background

The Board has directed the preparation of a five year road maintenance program and we have entered into contract with Willdan Engineering to conduct the analysis and prepare the report. The draft five year road report was publicly distributed earlier this month, and is attached herein for consideration. We believe Willdan did a good job of evaluating the condition of the roads and making recommendations for improvements.

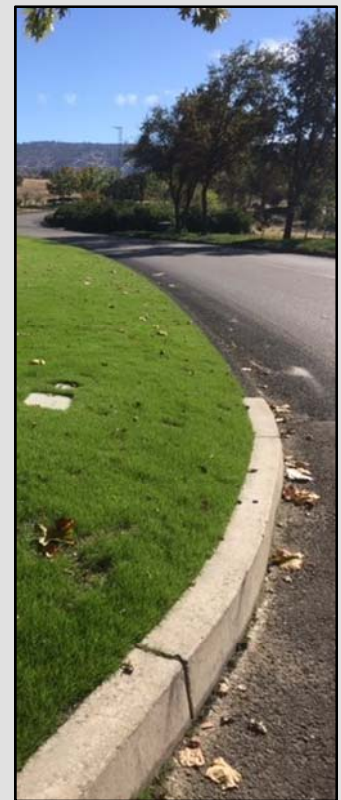
The challenge comes in the difference in the estimated revenue needs in the 2016 Pavement Condition Report, wherein an annual funding amount of \$100,000 was estimated to bring all roads into, and keep them in the good condition rating. Unfortunately, the state enacted a gas tax for road repair funding (SB1) which was then codified by the voters in 2018. This significant increase in road funding has resulted in tens of millions of dollars in road projects being constructed locally, causing severe competition and driving prices through the roof. The cost estimated in the five year plan are derived from our recent bid prices.

The five year plan attempts to match an efficient project/project size to the amount of funding available. Staff recommends that we proceed with the expanded project list for each of the five years to ensure maximum value.

Saddle Creek Community Services District



2019 Five Year Capital Improvement Program Street Repaving





Saddle Creek Community Services District
Five Year Capital Improvement Program – Street Repaving

May 2019

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Table of Contents

Title Page	1
Table of Contents	2
Executive Summary	3
Introduction	4
2016 Pavement Condition Ratings	4
2018 Repaving Project	5
Comparison of Estimated costs from the 2016 Report	6
Methods of Selecting Candidate Projects	7
Recommended Project Selection Method	8
Funding Available	9
Five-Year 2019 Capital Improvement Program Recommendations	
2019 (Year 1)	10
2020 (Year 2)	11
2021 (Year 3)	12
2022 (Year 4)	13
2023 (Year 5)	14
Remaining Roadways for future years	15
Summary of Plan Recommendations	16
Attachments	17
1. Spreadsheet - Saddle Creek Subdivision, All Road Segments	
2. Spreadsheet – Saddle Creek Subdivision, Roadways by Neighborhood	
References	19
1. Pavement Condition Assessment for Saddle Creek Community Services District, June 2016, Peter Rei, PE	
2. Technical Memorandum – Pavement Evaluation for Saddle Creek Resort, August 2006, Jon K Lynch, PE	



Executive Summary

This Capital Improvement Program is a further refinement of the Pavement Condition Assessment Report prepared for the District by Peter Rei in June 2016 and the Technical Memorandum entitled Pavement Evaluation for Saddle Creek Resort prepared by Jon W. Lynch in 2006.

The 2016 report was compiled from field Pavement Condition surveys of all Saddle Creek Community Services District subdivision roads performed in Spring 2016. This Five-Year Capital Improvement Program uses the results of the Spring 2016 field observations of roadway condition and is intended to provide recommendations for future pavement improvements beginning in 2019 and beyond.

The 2016 Pavement Condition survey results indicated that the average PCI of the Saddle Creek Community Services District roadways at that time was 62 with 31.4 % of the roadways determined to be in Poor or Very Poor condition at the time of the field surveys in Spring 2016. This indicates that the District's roadways are well below the desired average PCI of 80 to ensure that yearly maintenance costs are kept to a manageable level.

In Summer 2018 the District advertised a project which included the grinding and repaving of the Resort Entrance Road, the Resort Roundabout, the entire length of Saddle Creek Drive and a majority of Oak Creek Drive. Important takeaways from the 2018 project are:

- Only 3 contractors submitted bids for the 2018 project.
- Based on the pricing of the construction bids received by the District for the 2018 project it appears that the District can anticipate roadway construction costs at Saddle Creek being significantly higher than they are for similar projects in the Modesto/Stockton area.
- Future project construction cost estimates are recommended to be based on the actual bid prices received in 2018 as these costs more accurately forecast what the District will likely pay for future pavement projects.

Actual per square foot prices from the District's 2018 Paving Project were used to calculate expected costs for future paving projects. These 2018 prices are then factored up by the following amounts to account for all costs that are included in the total construction cost:

- 20% for the cost of Traffic Control, Signing/Striping, Contractor Mobilization/Demobilization, Water Pollution Control requirements, Insurance, Bonding costs, etc.
- 15% for project engineering including design and construction management.
- 5% per year to account for inflation

Using this approach, this report calculates that \$1,330,242 (2019 dollars) is the total cost that would be expected if the entire project to repave all of the remaining roadways in the subdivision was planned to be done in 2019.

Yearly project recommendations can be found in the body of the report starting at page 10, with a Five Year Summary on page 16.

Spreadsheets listing the Pavement Condition Index for each roadway within the subdivision, and total estimates by neighborhood can be found in the attachments..



Introduction

At the request of the Saddle Creek Community Services District Board of Directors Willdan Engineering is pleased to provide the District with this Five-Year Capital Improvement Program for the resurfacing of the District's roadways. This Capital Improvement Program is a further refinement of the Pavement Condition Assessment Report prepared for the District by Peter Rei in June 2016 and the Technical Memorandum entitled Pavement Evaluation for Saddle Creek Resort prepared by Jon W. Lynch in 2006.

The 2016 report was compiled from field Pavement Condition surveys of all Saddle Creek Community Services District subdivision roads performed in Spring 2016. The goal of the 2016 Report was to provide the District Board of Directors with estimates of the cost to bring all of the District's roadways up to a minimum Pavement Condition Index (PCI) of 80.

The results of the 2016 Report were then used by District staff to create Roadway Assessment, to be voted upon by the residents, in order to raise the funds to pay for the anticipated costs. That Assessment was approved by the residents in November 2016.

Following the approval of the Assessment Willdan Engineering was retained to assist the District in the design and construction of pavement improvements for the first year of the Assessment. Those improvements included the grinding and repaving of the Resort Entrance Road, the Resort Roundabout, the entire length of Saddle Creek Drive and a majority of Oak Creek Drive in Summer 2018. This Five-Year Capital Improvement Program is intended to provide recommendations for future pavement improvements beginning in 2019 and beyond.

2016 Pavement Condition Ratings

The 2016 Pavement Condition survey results indicated that the average PCI of the Saddle Creek Community Services District roadways at that time was 62 with 31.4 % of the roadways determined to be in Poor or Very Poor condition at the time of the field surveys in Spring 2016. This indicates that the District's roadways are well below the desired average PCI of 80 to ensure that yearly maintenance costs are kept to a manageable level. The primary reason for the lower average PCI score was the lack of routine maintenance of the District's roadways since they were originally constructed beginning with the construction of Resort Entrance Road, the Resort Roundabout, the entire length of Saddle Creek Drive and Oak Creek Drive in 1995. Various phases of the subdivision have continued to be built since 1995 with the most recent roadway construction being the Quail Ridge neighborhood in 2014.

The 2016 Report utilized the Metropolitan Transportation Commission (MTC) Pavement Analysis tool to calculate the expected cost to improve the average PCI score for the District's roadways from 62 to a minimum of 80. The estimate determined that it will require approximately \$560,000 in 2016 dollars to result in the desired improvement in the average PCI. The \$560,000 estimate was based on the cost of construction for the actual pavements and did not include the additional costs of engineering, contractor mobilization and profit, restriping and other associated costs.



2018 Repaving Project

In Summer 2018 the District advertised a project which included the grinding and repaving of the Resort Entrance Road, the Resort Roundabout, the entire length of Saddle Creek Drive and a majority of Oak Creek Drive. In addition, the remaining portion of Oak Creek Drive was selected to receive a Microsurfacing treatment. The estimated cost by Willdan Engineering of the project was \$533,130.00. This estimate was based on recent projects of a similar nature constructed in the San Joaquin Valley area. The District received three bids. The lowest bid was submitted by T&S West out of Stockton at \$726,330.00. Following receipt of that bid Willdan Staff and representatives of T&S performed a value engineering effort to reduce the cost of the project. Using the results of the value engineering effort the contractor and the District were able to agree on a plan to reduce the project cost to \$602,790 and the contract was awarded by the District.

During the construction of the 2018 project a major drainage issue was discovered on Oak Creek Drive which involved a failed storm drain pipe. During the original construction of the subdivision it appears that the pipe was crushed, causing frequent flooding problems in the immediate area during heavy rainstorms. The replacement of this crushed drainage pipe ultimately added \$146,373.00 to the cost of the project. Due to the large increase in cost a second value engineering effort was initiated with T&S to find an acceptable way to reduce the cost closer to the District's budgeted resources. That second value engineering effort further modified the original scope of the project by removing paving fabric from the Resort Roundabout, removing the Microsurfacing for a portion of Oak Creek Drive, and reducing the amount of dig-outs of failed pavement in some areas.

Important takeaways from the 2018 project are:

- Only 3 contractors submitted bids for the 2018 project. This is likely due to the strong economy resulting in many paving contractors being very busy and the fact that the project was advertised during the busy summer construction season when most contractors already had a full program of projects for the year.
- Based on the pricing of the construction bids received by the District for the 2018 project it appears that the District can anticipate roadway construction costs at Saddle Creek being significantly higher than they are for similar projects in the Modesto/Stockton area.
- Unanticipated storm drain repairs diverted a large amount of funding originally slated for roadway resurfacing to repair the drainage problems.
- The reduction of pavement fabric and the reduction in the amount of failed pavement to be dug out prior to the new pavement being constructed, in order to help reduce the cost of the project may have contributed to some premature pavement cracking in the Resort Roundabout area.
- Future project construction cost estimates are recommended to be based on the actual bid prices received in 2018 as these costs more accurately forecast what the District will likely pay for future pavement projects, and not on MTC program estimates.



Comparison of the Estimated costs from the 2016 Report and the 2019 Five Year Capital Improvement Program

Estimated Construction Costs

Based on the lessons learned from the 2018 Pavement contract Willdan staff revised the method used to estimate the construction costs for future pavement restoration projects. The revised approach continues to utilize the Pavement Condition ratings observed from the field investigations performed in Spring 2016 as the basis for what the appropriate treatment for each individual roadway segment should be. However, instead of using the MTC program estimates of cost as was done in the 2016 Pavement Report, the Five-Year Capital Improvement Program uses actual per square foot bid prices received by the District for the resurfacing project on Saddle Creek Drive and Oak Creek Drive in Summer 2018. These actual per square foot prices are then factored up by the following amounts to account for all costs that are included in the total construction cost:

- 20% for the cost of Traffic Control, Signing/Striping, Contractor Mobilization/Demobilization, Water Pollution Control requirements, Insurance, Bonding costs, etc.
- 15% for project engineering including design and construction management.
- 5% per year to account for inflation

Using this approach, \$1,330,242 (2019 dollars) is the total cost that would be expected if the entire project to repave all of the remaining roadways in the subdivision was planned to be done in 2019.

It is important to note that this 2019 estimate cannot be directly compared to the \$560,000 estimate in the 2016 report. The 2016 Report Estimate was aimed at determining how much funding would be necessary to improve the PCI from an average of 62 in 2016 to an average of 80 at some point in the future. By contrast, the 2019 estimate is the total cost that would be expected if the entire project to repave all of the roadways in the subdivision was done this year. If that were to actually occur the average PCI for the subdivision would be very close to 100 due to all of the roadways being newly resurfaced, as opposed to the average PCI of 80 in the 2016 Report.

It is not anticipated that construction of all roads in this year will actually occur. However, the \$1,315,432 figure is a useful measure, using 2018 actual bid prices as the basis, to better estimate the total amount of deferred maintenance for all roadways within the subdivision.

Methods of Selecting Candidate Projects

There is no one correct way to address the process of selecting roadways for the first five years of the Capital Improvement Program. Listed below are a few of the most common approaches that are commonly used:

1. “Worst First” Project Selection

This approach favors spending the majority of available yearly financial resources to repair the roadways with the most severe damage and the lowest PCI ratings.

Advantages of this approach

The primary advantage of this approach is the long overdue repair of badly deteriorated roadways.



Disadvantages of this approach

Due to the advanced deterioration of older, heavily damaged roadways the cost per square foot to reconstruct these roadways is very high. Focusing all, or a large amount, of available yearly paving resources on heavily damaged roadways results in a much lower amount of square footage of roadways repaired as compared with allocating the same amount of available yearly paving resources for a preventative treatment on a much larger amount of square footage for roadways with less severe problems.

At the same time, when less severely damaged roadways are made to wait longer for life-extending treatments the slow deterioration of those roadways will continue. This delay leads to higher future costs to repair those less damaged roadways as compared to current costs, due to the advanced level of deterioration over time.

By contrast, a severely damaged roadway costs essentially the same amount to repair now as it will in the future as the deterioration has already progressed to a point where much greater (and more expensive) repavement treatments are required to bring the surface back up to desired standards.

A useful analogy is to consider is the life expectancy of a vehicle which receives regular maintenance as compared to a vehicle which does not. The cost of repairing, or completely replacing, the vehicle that does not receive regular maintenance is very high. By contrast, the cost to perform regular maintenance of a vehicle keeps the vehicle in good operating condition for a much longer period of time and at a reduced overall long-term cost. The same principle applies to roadways.

2. “Most Long-Term Cost-Effective” Project Selection

Advantages of this approach

This approach to project selection relies on the savings experienced by fixing a roadway in fair to good condition before it deteriorates to a point where more costly repairs are necessary. Rigid application of this method of project selection reduces the long-term overall cost of projects constructed to the lowest possible amount.

Disadvantages of this approach

Due to the focus on reducing long-term maintenance costs the roadway projects selected using this approach will often not address badly damaged roadways as the best use of funding, particularly if there are roadways that are other roadways that are just beginning to show deterioration. These roadways can be improved with seal coat and Microsurfacing projects which will extend their life for a much lower per square foot cost. This allows the same amount of funding to treat a much larger surface area for any given yearly project.

However, this approach may also be difficult politically for residents who have badly damaged roadways who have to wait longer for repairs to their roadway to understand and accept if the selected treatment for that particular year is not complete reconstruction of badly damaged roadways.



3. “Similar Treatment” Project Selection

Advantages of this approach

This method of project selection favors the grouping of multiple roadway locations that need the same type of roadway treatment into a combined project for a specific yearly project. Doing so reduces the variety of the work that the contractor is required to perform, and also helps to reduce the contractor’s mobilization costs by focusing on one type of roadway treatment for an entire project for that particular year.

Disadvantages of this approach

This approach may also be difficult politically for residents who have badly damaged roadways who have to wait longer for repairs to their roadway to understand and accept if the selected treatment for that particular year is not complete reconstruction of badly damaged roadways.

4. “Specified Yearly Percentage Combination” of the other Project Selection Methods

Advantages of this approach

Many agencies opt to combine several of the above approaches to Project Selection in order to provide a good overall cost-effective program, but also make some progress on the most damaged roadways at the same time. It is common to split the funding using 60% of available yearly funding for pavement maintenance treatments (seals and microsurfacing projects which prolong the life of roadways that are in good shape overall but need a treatment to prolong their life) and 40% for pavement reconstruction treatments for badly damaged roadways (grind, dig-out and replace projects). Each agency may have a different ratio between the two objectives, but the intent is to try to make progress on both needs simultaneously.

Disadvantages of this approach

As with some of the other approaches this method of project selection may delay needed reconstruction efforts on badly damaged roadways in favor of spending some of the resources on life-extending treatments for roadways that are less damaged.

Recommended Project Selection Method for the Five-Year 2019 Five-Year Capital Improvement Program

Willdan Engineering recommends the District select the “Similar Treatment” project selection method described above. It is clearly important to maximize the cost-effective use of the funding that the District receives for the resident’s Roadway Assessment dollars. However, it is equally important that the type of project being constructed in any one year be the same type of treatment to reduce the increased cost of contractor mobilization which is required when multiple treatments are to be constructed as part of the same contract.

Willdan also recommends that projects be grouped by neighborhood if at all possible. Doing so provides an area-wide improvement to an entire neighborhood at one time. This approach also isolates the



disturbance to residents of other neighborhoods during construction as the work is only occurring in one neighborhood for that construction season.

Funding Available

It is Willdan's understanding that the amount of funding that the District is able to utilize on a yearly basis is approximately \$130,000 per year. This amount of funding will definitely make a positive difference in improving the conditions of the pavements within the subdivision, however it is not large enough to cover the cost of pavement replacement costs for both badly damaged roadways and the life-extending maintenance treatments for less damaged roadways in the same year unless augmented with other resources.

If possible, Willdan recommends that the District consider ways to allocate additional funding on a yearly basis. This will allow projects to be completed for an entire neighborhood in a single year. As the size and area of pavement for each neighborhood is different the costs vary considerably from neighborhood to neighborhood in order to create only one project. This will mean finding funding in an amount greater than \$130,000 for some of the yearly projects.

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Five-Year 2019 Capital Improvement Program Recommendations

2019 (Year 1)

Recommended Base Project:

Microsurfacing of the entire length of Knolls Drive (2016 PCI = 77)

Area to be Treated (base project): 139,300 square feet (11.2% of entire subdivision paved area)

Estimated Construction Cost (including supplemental, inflation and engineering): \$123,751 (2019 \$)

Recommended Expanded Project:

Recommended Base Project and addition of the following roadways:

Microsurfacing of Knolls Court (2016 PCI = 71)

Microsurfacing of Mossy Woods Court (2016 PCI = 77)

Microsurfacing of Vista Knolls Court (2016 PCI = 76)

Microsurfacing of Wildflower Court (2016 PCI = 73)

Microsurfacing of Mitchell Lake Lane (2016 PCI = 74)

Microsurfacing of Mitchell Lake Court (2016 PCI = 70)

Area to be Treated (expanded project): 246,000 square feet (17.0% of entire subdivision paved area)

Estimated Construction Cost with all Courts: \$219,340 (2019 \$)

Rationale for the selected project:

- The Knolls and The Cottages are two of the oldest neighborhoods in the Saddle Creek development. District staff indicate that they were built in 1998.
- The roadways, including courts, in the Knolls neighborhood had an average PCI of 75 in 2016.
- The roadways, including Mitchell Lane Court in the Cottages neighborhood had an average PCI of 72 in 2016. These PCI ratings have now deteriorated in the past three years somewhat. PCI's of less than 80 indicate a roadway that will begin to deteriorate at a faster pace, with an increased cost to repair that accelerated deterioration at a later date. A Microsurfacing treatment at this time will avoid additional costly repaving if the roadways continue to deteriorate.
- Completing all of the re-surfacing for both entire neighborhoods will localize the construction and reduce the inconvenience to subdivision residents who do not live in these two neighborhoods.



Five-Year 2019 Capital Improvement Street Repaving Program Recommendations

2020 (Year 2)

Recommended Base Project:

Complete Resurfacing of Hawkridge Drive from 1995 end of road to Oak Creek Drive (2016 PCI = 51)

Complete Resurfacing of Redtail Court (2016 PCI = 53)

Complete Resurfacing of Falcon Court (2016 PCI = 74)

Area to be Treated (base project): 39,860 square feet (3.2% of entire subdivision paved area)

Estimated Construction Cost (including supplemental, inflation and engineering): \$109,326 (2019 \$)

Recommended Expanded Project:

Recommended Base Project and addition of the following roadways:

Complete Resurfacing of Blue Oak Court (2016 PCI = 50)

Complete Resurfacing of White Oak Court (2016 PCI = 45)

Area to be Treated (expanded project): 62,060 square feet (5.0% of entire subdivision paved area)

Estimated Construction Cost (including supplemental, inflation and engineering): \$170,215 (2019 \$)

Rationale for the selected project:

- The portion of Hawkridge Drive, Red Tail Court, Falcon Court, Blue Oak Court and White Oak Court are some of the oldest roadways in the Saddle Creek development. District staff indicate that they were built in 1995 as part of the original construction of Oak Creek Drive.
- The portion of Hawkridge Drive, Red Tail Court and Falcon Court roadways had an average PCI of 41 in 2016.
- There is evidence of considerable “alligator cracking” on several portions of the roadway. This indicates a failure in the base layer supporting the asphalt surface above. This roadway has deteriorated to the point that a Microsurfacing is no longer the recommended treatment and a grinding of the pavement along with selected dig-outs and repaving is necessary to bring the roadway back up to desired standards.



Five-Year 2019 Capital Improvement Street Repaving Program Recommendations

2021 (Year 3)

Recommended Project:

Microsurfacing of the portion of Oak Creek Drive that was deleted from the 2018 project (2016 PCI = 80)

Microsurfacing of Oakwood Place to Old Cul-De-Sac (beginning of Hawkridge Drive) (2016 PCI = 81)

Microsurfacing of Oakwood Court (2016 PCI = 83)

Microsurfacing of Falling Leaf Lane (2016 PCI = 81)

Microsurfacing of Leaf Crest Court (2016 PCI = 82)

Area to be treated: 150,100 square feet (12.1% of entire subdivision paved area).

Estimated Total Construction Cost (including supplemental, inflation and engineering): \$133,345

Rationale for the selected project:

- The Oakwood neighborhood was constructed in 2004 according to District staff.
- The roadways, including courts, in the Oakwood neighborhood had an average PCI of 81 in 2016. A Microsurfacing treatment at this time will avoid additional costly repaving if the roadways continue to deteriorate.
- Completing all of the re-surfacing for both only this neighborhood will localize the construction and reduce the inconvenience to subdivision residents who do not live in this specific neighborhood.



Five-Year 2019 Capital Improvement Street Repaving Program Recommendations

2022 (Year 4)

Recommended Base Project:

Complete Resurfacing of the entire length of Rockridge Lane (2016 PCI = 44)

Area to be Treated (base project): 79,700 square feet (6.4% of entire subdivision paved area)

Estimated Construction Cost (including supplemental, inflation and engineering): \$218,597 (2019 \$)

Recommended Expanded Project:

Recommended Base Project and addition of the following roadways:

Complete Resurfacing of Rockridge Court (2016 PCI = 26)

Complete Resurfacing of Quail Meadows Court (2016 PCI = 53)

Microsurfacing of Quail Meadows Lane (2016 PCI = 76)

Microsurfacing of Pebble Court (2016 PCI = 85)

Area to be Treated (expanded project): 135,900 square feet (11.0% of entire subdivision paved area)

Estimated Construction Cost (including supplemental, inflation and engineering): \$313,771 (2019 \$)

Rationale for the selected project:

- The Rockridge neighborhood is one of the oldest neighborhoods in the Saddle Creek development. District staff indicate that it was built in 2001.
- The roadways, including courts, in the Rockridge neighborhood had an average PCI of 41 in 2016.
- There is evidence of considerable “alligator cracking” on several portions of the roadway. This indicates a failure in the base layer supporting the asphalt surface above. This roadway has deteriorated to the point that a Microsurfacing is no longer the recommended treatment and a grinding of the pavement along with selected dig-outs and repaving is necessary to bring the roadway back up to desired standards.



Five-Year 2019 Capital Improvement Street Repaving Program Recommendations

2023 (Year 5)

Recommended Base Project: Microsurfacing of Saddle Creek Lane (2016 PCI = 74)
Microsurfacing of Glen Side Court (2016 PCI = 81)
Microsurfacing of Glen View Court (2016 PCI = 68)
Complete resurfacing of Copper Glen Terrace (2016 PCI = 42)
Complete resurfacing of Copper Glen Court (2016 PCI = 55)

Area to be Treated (base project): 106,500 square feet (8.6% of entire subdivision paved area)
Estimated Construction Cost (including supplemental, inflation and engineering): \$144,495 (2019 \$)

Recommended Expanded Project:

Recommended Base Project and addition of the following roadways:

Cape Seal of Entry Road
Cape Seal of Resort Roundabout
Cape Seal of Saddle Creek Drive
Cape Seal of Oak Creek Drive

Area to be Treated (expanded project): 396,500 square feet 32.0% of entire subdivision paved area)
Estimated Construction Cost (including supplemental, inflation and engineering): \$311,245 (2019 \$)

Rationale for the selected project:

- District staff indicate that the Glens neighborhood was built in 2001. While many of the other neighborhoods are older than the Glens, the roadways are beginning to show their age.
- The Entry Road, Resort Roundabout, Saddle Creek Drive and Oak Creek Drive roadways were resurfaced in 2018. In 2013 they will have been in place for 5 years. It is strongly recommended that a seal coat be applied every 5 years on all resurfaced roadways to help prolong their useful life and prevent more costly resurfacing from being required.



Remaining Roadways for future years

<u>Year</u>	<u>Year Built</u>	<u>Area Treated</u>	<u>Estimated Cost (2019 \$)</u>
Grandview Court (2016 PCI = 75)	1995	6,800 sq. ft.	\$ 6,041
Flagstone Court (2016 PCI = 61)	1995	5,900 sq. ft.	\$ 16,182
Greenstone Court (2016 PCI = 51)	1995	11,500 sq. ft.	\$ 31,542
Wood Duck Court (2016 PCI = 51)	1995	8,100 sq. ft.	\$ 22,216
Summit Lane (2016 PCI = 54)	2001	32,900 sq. ft.	\$ 90,236
Summit Court (2016 PCI = 53)	2001	11,400 sq. ft.	\$ 31,267
Hawkridge Drive (Newer Part) (2016 PCI = 81)	2011	99,040 sq. ft.	\$ 87,985
Hawkridge Court (2016 PCI = 82)	2011	15,400 sq. ft.	\$ 13,681
Quail Creek Drive (2016 PCI = 82)	2014	50,000 sq. ft.	\$ 44,419
Quail Covey Court (2016 PCI = 82)	2014	6,200 sq. ft.	\$ 5,508
Total Roadways Untreated In first 5 Years		247,240 sq. ft. (20.0%)	\$349,077

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Summary of Five-Year Capital Improvement Plan Recommendations

<u>Year</u>	<u>Neighborhood</u>	<u>Year Built</u>	<u>Area Treated</u>	<u>Estimated Cost (2019 \$)</u>
2018 (Year 0)	Main Roads	1995	290,000 sq. ft. (23.4%)	Completed
2019 (Year 1)	Knolls	1998	246,900 sq. ft. (19.9%)	\$219,340
2020 (Year 2)	Upper Hawkridge	1995	62,060 sq. ft. (5.0%)	\$170,215
2021 (Year 3)	Oakwood	2004	150,100 sq. ft. (12.1%)	\$133,345
2022 (Year 4)	Rockridge	2001	135,900 sq. ft. (11.0%)	\$313,771
2023 (year 5)	Glens	2007	106,500 sq. ft. (8.6%)	\$144,495 (base project)
Sub -Total Roadways Treated			1,017,600 sq. ft. (80.0%)	\$981,165
Sub-Total Roadways Untreated			247,240 sq. ft. (20.0%)	\$349,077
Total			1,268,740 sq. ft. (100.0%)	\$1,330,242

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Attachments

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Saddle Creek Community Services District

Special Meeting of May 28, 2019

AGENDA SUPPORTING DATA

7. DISCUSSION AND ACTION ITEMS

- c) Review of the Preliminary Draft 2019/20 Fiscal Year Budget Planned for Adoption June 18, 2019

Recommended Motion

I move to direct staff to prepare the final budget for public hearing and adoption on June 18, 2019

Background

Staff has prepared the first draft budget proposal for the 2019/2020 fiscal year beginning July 1, 2019. Please find attached the draft budget plan, with notes on changes to expenses and revenue. You will see that staff proposes increasing the annual special tax levy to near the maximum of \$1700 plus the cumulative cost of living increases.

Initially, the Board had planned to increase the special tax by \$100 (plus the CPI) this year, and additional \$150 (plus the cumulative CPI) in 2020/21. Unfortunately, to balance the budget, fund equipment replacement reserves and adequately fund the estimated five year road improvement plan, the special tax implementation schedule needs to be expedited. Additional expenses are planned to invest in major building maintenance once the District office building is donated by CV Partners to the District.

Budget options to reduce the level of special tax levy include deferring the equipment replacement reserve, reducing road improvements, and deferring building maintenance. Committing the additional special tax money to increased road improvement costs will reduce the amount of funding available for the infrastructure reserve and landscape improvements in the future. If the higher level of special tax is levied and a surplus in revenue is seen at the end of the fiscal year, the additional funding can be then committed to an appropriate reserve fund.

Saddle Creek Community Services District
2019-20 Proposed BUDGET WORKSHEET

5/24/2019

Income

	Budget	Projected Actuals 6-30-2019	Proposed BUDGET	Proposed Change	Proposed Change Notes
IN01 Assessments	1,025,500.00	975,684.10	1,250,000	224,500.00	Proposed levy at \$1750 per parcel
IN05 Interest Income		2,766.00	2,900	2,900.00	
IN06 Interest - County		0.00	0	0.00	
IN07 Rebates Received		1,268.40	1,300	1,300.00	
IN30 Expense Reimbursement Revenue	7,700.00	928.80	1,000	(6,700.00)	
IN41 Gate Opener Income		684.00	700	700.00	
IN59 Other Misc. Revenue	3,000.00	0.00	0	(3,000.00)	
Services		15,060.00	15,800	15,800.00	
TOTAL INCOME	\$ 1,036,200.00	\$ 996,391.30	\$1,271,700.00	\$ 235,500.00	

Expenses

Services & Supplies

Administrative Expenses

OE01 Audit Expense	11,700.00	11,500.00	8,000	(3,700)	Based on prior Audits, prior to last one
OE02 Finance Expenses	600.00	469.20	500	(100)	
OE02-1 Financial Assessment (NBS)	5,500.00	5,224.80	5,500	0	
OE03 Advertising	500.00	453.60	500	0	
OE04 Legal Expenses	1,700.00	1,800.00	1,900	200	
OE05 Management Fees	69,400.00	76,316.40	77,000	7,600	
OE41 HR Consultant	6,000.00	7,680.00	8,100	2,100	
OE06 Insurance (Prop Loss & Liab)	9,500.00	10,169.15	10,700	1,200	
OE07 Miscellaneous/Contingency	8,000.00	3,826.80	4,000	(4,000)	
OE08 Professional Development	11,000.00	11,746.80	12,300	1,300	
OE09 Dues, Certs, Bonds & Subscriptions	7,300.00	5,139.60	5,400	(1,900)	
OE10 Uniform Expense	3,000.00	3,666.00	3,800	800	
OE11 Electric Power/Water/Sewer	5,800.00	12,474.00	13,100	7,300	
OE12 Telephone & Internet	6,000.00	6,747.60	7,100	1,100	
OE14 Office Supplies/Postage	5,700.00	5,550.00	5,800	100.00	
OE15 Office Equipment Repair/Replace	8,000.00	7,561.20	7,900	(100.00)	

Saddle Creek Community Services District
2019-20 Proposed BUDGET WORKSHEET

5/24/2019

	Budget	Projected Actuals 6-30-2019	Proposed BUDGET	Proposed Change	Proposed Change Notes
OE21 Office Equipment Lease	2,700.00	2,529.60	2,700	0.00	\$1,800 monthly fees
OE26 County Fees/LAFCO	10,500.00	6,722.40	7,100	(3,400.00)	
Accounting Services		0.00	21,600	21,600.00	
OE30 Reimbursable Maintenance Exp	3,000.00	828.00	900	(2,100.00)	
Total Administrative Expenses	\$ 175,900.00	180,405.15	\$ 203,900.00	\$ 28,000.00	

Common Areas

OE16 Gate Maint/Repair/Staff/Openers	18,400.00	21,942.00	23,000.00	4,600.00	SCCSD to begin paying for fuel
OE18 Landscape Supplies & Repairs	29,900.00	35,612.40	37,400.00	7,500.00	
OE18-3 Landscape Equip Gas & Oil	5,500.00	7,261.20	12,500.00	7,000.00	
OE18-4 Landscape Equipment Repair & Replacement	17,500.00	17,523.60	18,400.00	900.00	
Total Common Areas	\$ 71,300.00	82,339.20	\$ 91,300.00	\$ 20,000.00	

OE22 Mosquito Abatement Expense

OE22-1 Mosquito Control Products	16,000.00	18,066.00	19,000.00	3,000.00	SCCSD to begin paying for fuel
OE22-2 Mosquito Abatement Monitor/Test	3,800.00	3,831.60	4,000.00	200.00	
OE22-3 Mosquito Abate Vehicles Gas/Oil	11,600.00	10,773.60	18,600.00	7,000.00	
OE22-4 Mosquito Abatement Equip Maint	9,200.00	7,620.00	8,000.00	(1,200.00)	
Total OE22 Mosquito Abatement Expense	\$ 40,600.00	40,291.20	\$ 49,600.00	\$ 9,000.00	

Total OE17 Streets

Total Services & Supplies

Total OE17 Streets	\$ 11,100.00	\$ 23,574.00	\$ 24,800.00	\$ 13,700.00
Total Services & Supplies	\$ 298,900.00	\$ 326,609.55	\$ 369,600.00	\$ 70,700.00

PE Personnel Expense

PE01 Workers' Compensation Insurance	14,700.00	13,288.47	17,600.00	2,900.00	See Payroll Info Worksheet
PE02 Health Insurance	73,800.00	48,661.20	75,900.00	2,100.00	See Payroll Info Worksheet
PE03 Payroll Taxes	28,600.00	32,283.60	27,600.00	(1,000.00)	8% of projected wages
PE04 Processing Fees	1,900.00	1,735.20	1,800.00	(100.00)	Actual plus 5%
PE05 Directors' Stipend	6,000.00	7,800.00	6,000.00	0.00	See Payroll Info Worksheet
PE06 Employee Wages	351,400.00	349,887.60	344,800.00	(6,600.00)	See Payroll Info Worksheet
Total Salaries & Benefits	\$ 476,400.00	\$ 453,656.07	\$ 473,700.00	\$ (2,700.00)	

Saddle Creek Community Services District
2019-20 Proposed BUDGET WORKSHEET

5/24/2019

	Budget	Projected Actuals 6-30-2019	Proposed BUDGET	Proposed Change	Proposed Change Notes
Equipment Replacement					
CO04 Shop/Grounds Equipment	67,700.00	65,667.00	0.00	(67,700.00)	
24' Flat Bed Trailer w/Tail gate			0.00	0.00	
Radar Unit	6,800.00	0.00	0.00	(6,800.00)	
Spray Rig			0.00	0.00	
John Deer Tractor - to replace old C&C tractor			0.00	0.00	
Equipment Storage Car Port	12,000.00		0.00	(12,000.00)	
Total Equipment Replacement	\$ 86,500.00	\$ 77,272.00	\$ -	\$ (86,500.00)	
Capital Projects					
OE53-2 Landscape Improvements		7,915.50	0.00	0.00	
OE53-1 Landscape Design/Survey	25,875.00	11,884.80	0.00	(25,875.00)	
Total Landscape Project	\$ 25,875.00	11,884.80	\$ -	\$ (25,875.00)	
OE51-4 Road Improvements	724,063.00	718,875.00	186,439.00	(537,624.00)	
OE51-1 Road Project Design & Constr Mgmt	56,762.00	57,307.00	32,901.00	(23,861.00)	
OE51-2 Road Project Administration (SCCSD)		0.00	0.00	0.00	
OE51-3 Road Improvement Contingency		0.00	18,643.90	18,643.90	
Office Building Paint			10,437.00	10,437.00	
Office Building Siding and Trim			12,000.00	12,000.00	
Total Road Improvement Project	\$ 780,825.00	776,182.00	\$ 260,420.90	\$ (520,404.10)	
Total Capital Projects	\$ 806,700.00	\$ 788,066.80	\$ 260,420.90	\$ (546,279.10)	
Debt Service					
OE20 John Deere Financing	16,100.00	21,285.02	16,028.52	(71.48)	Per amortization schedule
OE21 John Deere Financing	12,300.00	0.00	12,615.60	24,915.60	Per amortization schedule
Series 2018 Install Pymts (Road Improv Loan)	83,800.00	83,745.00	83,745.26	(54.74)	Per amortization schedule
Total Debt Service	\$ 112,200.00	\$ 105,030.02	\$ 112,389.38	\$ 24,789.38	
TOTAL EXPENDITURES	\$ 1,780,700.00	\$ 1,750,634.44	\$ 1,216,110.28	\$ (539,989.72)	

Saddle Creek Community Services District
2019-20 Proposed BUDGET WORKSHEET

5/24/2019

	Budget	Projected Actuals 6-30-2019	Proposed BUDGET	Proposed Change	Proposed Change Notes
Other Financing Sources/(Uses)					
New Tractor Lease/ purchase	55,000.00	55,000.00	0.00	(55,000.00)	
Road Loan Draw down	700,000.00	700,000.00	0.00	(700,000.00)	
Equipment Replacement Reserve	(10,500.00)	(756.86)	(46,550.00)	(36,050.00)	
	\$ 744,500.00	\$ 754,243.14	\$ (46,550.00)	\$ (791,050.00)	
Excess of revenues over expenditures	\$ -	\$ -	\$ 9,039.72	\$ (15,560.28)	