

REGULAR BOARD MEETING AGENDA
July 18th, 2017 2:00 PM
Saddle Creek Lodge
1001 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 and approval of bills and claims for the month of June 2017.
 - b. Approval of the minutes of the Regular Board Meeting of June 20, 2017.
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. Status update regarding resolution of the reported storm drain odor at Rockridge Lane
 - b. Status update on the restoration of turf damaged by drought water restrictions
 - c. Adoption of a resolution establishing the Measure A Special Tax rates for 2017/18 and authorizing the General Manager to certify and submit the special tax rolls to Calaveras County
 - d. Approval of the process and schedule for first phase of road improvements to be constructed with Measure A special tax funds
 - e. Adoption of a resolution approving a policy on declaration and disposal of surplus District property
 - f. Approval of support for a candidate for the California Special Districts Association Board of Directors
 - g. Adoption of a resolution approving the District organizational chart, positions funded and establishing the salary schedule for the July 1, 2017 through June 30, 2018 fiscal year
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 meeting agenda.
 - a. Distribution of the draft 2016 audit, to be presented and discussed on August 15, 2017
9. **CLOSED SESSION – California Government Code 54957**
Public employee performance evaluation – General Manager
Public comment will be taken on Closed Session items in advance of the Board entering Closed Session.
10. **RECONVENE OPEN SESSION** – Announce Action Taken in Closed Session
11. **ADJOURNMENT**

Agenda Materials: May be viewed on the bulletin boards outside the Saddle Creek Pro Shop, on the Sports Club Bulletin Board and at the CSD Website on the Saturday proceeding 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

June 30, 2017

Saddle Creek Comm Srvs District

BALANCE SHEET

As of June 30, 2017

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1000 Umpqua Bank Checking	382,099
1080 Umpqua Bank CD Accounts	126,793
Total Bank Accounts	\$508,891
Total Current Assets	\$508,891
Fixed Assets	
1500 Capital Assets	13,127,405
1600 Accumulated Depreciation	(851,858)
Total Fixed Assets	\$12,275,547
TOTAL ASSETS	\$12,784,439
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	34,309
Total Accounts Payable	\$34,309
Credit Cards	
2040 CSDA Bank of the West MC	23,365
2070 John Deere Financial	184
Total Credit Cards	\$23,549
Other Current Liabilities	\$9,036
Total Current Liabilities	\$66,894
Long-Term Liabilities	
2500 Lease Payable - John Deere	63,334
Total Long-Term Liabilities	\$63,334
Total Liabilities	\$130,228
Equity	
3800 Developer Capital Contributions	12,198,796
3900 Retained Earnings	648,187
Net Income	(192,772)
Total Equity	\$12,654,211
TOTAL LIABILITIES AND EQUITY	\$12,784,439

Saddle Creek Comm Srvs District
Statement of Cash Flows

For the 6 Months Ending June 30, 2017

	Umpqua Bank Checking	Calaveras Co Fund 2188	Umpqua Bank CD #7405	Umpqua Bank CD #46165	Umpqua Bank CD #46207	Umpqua Bank CD #46249	Umpqua Bank CD #46124	YTD Total
OPERATING ACTIVITIES								
Net Income	(192,885)	-	77	12	12	6	6	(192,772)
Adjustments to reconcile Net Income to Net Cash provided by Operations:								
1200 Accounts Receivable	-							-
2000 Accounts Payable	1,516							1,516
2040 CSDA Bank of the West MC	21,467							21,467
2100 Payroll Taxes Payable	(399)							(399)
2150 Accrued Payroll	(390)							(390)
Other Current Payables	533							533
Net cash provided by operating activities	(170,158)	-	77	12	12	6	6	(170,045)
Net cash increase for period	(170,158)	-	77	12	12	6	6	(170,045)
Cash at beginning of period (1/1/2017)	552,257	-	26,068	25,176	25,176	25,129	25,129	678,935
Cash at end of period	382,099	-	26,145	25,188	25,188	25,135	25,135	508,890

14-Jul-17

Prepared by: Dolores Baker

SADDLE CREEK COMMUNITY SERVICES DISTRICT
FY 2017 MONTHLY BUDGET REPORT
June 2017

		Current Year - 2017			Prior Year - 2016		
		(Approved)	(Expenditures)	(Expenditures)	(Adjusted)	(Expenditures)	(Expenditures)
		<u>FY 2017</u>	<u>Month of June</u>	<u>Year to Date</u>	<u>FY 2016</u>	<u>Month of June</u>	<u>Year to Date - Prior Year</u>
EXPENDITURES							
SERVICES AND SUPPLIES							
ADMINISTRATION							
OE01	Audit Expense	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
OE02	Accounting & Bookkeeping	\$ 500	\$ 31	\$ 186	\$ 500	\$ 31	\$ 186
OE03	On-line Back-up/Notary Fees/Bonds	\$ 360	\$ 219	\$ 545	\$ 361	\$ -	\$ 326
OE04	Legal Expenses	\$ 1,500	\$ 200	\$ 200	\$ 1,500	\$ 200	\$ 200
OE05	Management Fees	\$ 65,500	\$ 5,408	\$ 32,447	\$ 62,700	\$ 5,225	\$ 31,350
OE06	Insurance (Property Loss/Liability)	\$ 8,500	\$ -	\$ 8,141	\$ 8,000	\$ 121	\$ 8,274
OE07	Miscellaneous/Contingency	\$ 2,000	\$ -	\$ 225	\$ 2,000	\$ -	\$ 109
OE08	Professional Development (Travel/Training)	\$ 8,500	\$ 497	\$ 6,675	\$ 6,000	\$ 110	\$ 5,857
OE09	Dues, Certifications & Subscriptions	\$ 4,500	\$ -	\$ 1,836	\$ 4,000	\$ 600	\$ 2,514
OE10	Uniform Expenses	\$ 2,200	\$ 100	\$ 1,829	\$ 2,200	\$ -	\$ 1,548
OE11	Electric Power/Water/Sewer	\$ 9,000	\$ 586	\$ 2,456	\$ 5,200	\$ 570	\$ 2,422
OE12	Telephone/Internet Service	\$ 6,100	\$ 441	\$ 2,228	\$ 5,200	\$ 423	\$ 2,245
OE14	Office Supplies/Postage	\$ 5,000	\$ -	\$ 2,199	\$ 5,000	\$ 653	\$ 2,736
OE15	Office Equipment Repair/Replacement	\$ 5,000	\$ 262	\$ 1,279	\$ 3,000	\$ 512	\$ 1,113
OE31	Records Management Services	\$ 2,400	\$ -	\$ -	\$ 2,400	\$ -	\$ -
OE26	County Fees/LAFCO	\$ 6,500	\$ -	\$ 2,977	\$ 6,500	\$ -	\$ 2,919
OE30	Reimbursable Maint/Repair Expense	\$ 10,500	\$ 5,200	\$ 11,953	\$ 19,500	\$ -	\$ 7,806
PE03-1	Payroll Taxes - Administration	\$ -	\$ 321	\$ 3,265	\$ -	\$ 353	\$ 3,765
PE06-1	Employee Wages - Administration	\$ -	\$ 3,990	\$ 38,756	\$ -	\$ 4,237	\$ 43,474
Total Administration		\$ 145,560	\$ 24,755	\$ 124,698	\$ 141,561	\$ 20,535	\$ 124,345
COMMON AREAS							
OE16	Gate Maintenance & Opener Purchase	\$ 4,000	\$ 325	\$ 7,502	\$ 4,000	\$ 150	\$ 1,268
OE18	Landscape Supplies & Repairs	\$ 22,110	\$ 3,482	\$ 20,394	\$ 21,000	\$ -	\$ 22,112
OE18-3	Landscape Equipment Gas & Oil	\$ 5,000	\$ 624	\$ 2,482	\$ 5,000	\$ 761	\$ 3,422
OE18-4	Landscape Equipment Repair/Replacement	\$ 16,500	\$ 6,225	\$ 17,902	\$ 16,500	\$ 30	\$ 14,893
PE03 -2	Payroll Taxes - Common Areas	\$ -	\$ 1,011	\$ 5,348	\$ -	\$ 409	\$ 4,686
PE06 -2	Employee Wages - Common Areas	\$ -	\$ 13,220	\$ 63,639	\$ -	\$ 5,351	\$ 53,816
Total Common Areas		\$ 47,610	\$ 24,888	\$ 117,266	\$ 46,500	\$ 6,702	\$ 100,197
FIRE PROTECTION							
	Fire Protection Services & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PE03-3	Payroll Taxes - Fire Protection	\$ -	\$ -	\$ -	\$ -	\$ 613	\$ 1,554
PE06-3	Employee Wages - Fire Protection	\$ -	\$ -	\$ -	\$ -	\$ 8,008	\$ 19,859
Total Fire Protection		\$ -	\$ -	\$ -	\$ -	\$ 8,621	\$ 21,413

SADDLE CREEK COMMUNITY SERVICES DISTRICT
FY 2017 MONTHLY BUDGET REPORT
June 2017

		Current Year - 2017			Prior Year - 2016		
		(Approved)	(Expenditures)	(Expenditures)	(Adjusted)	(Expenditures)	(Expenditures)
		<u>FY 2017</u>	<u>Month of June</u>	<u>Year to Date</u>	<u>FY 2016</u>	<u>Month of June</u>	<u>Year to Date - Prior Year</u>
MOSQUITO ABATEMENT							
OE22-1	Mosquito Control Products	\$ 14,500	\$ 9,446	\$ 16,902	\$ 14,500	\$ 1,806	\$ 9,628
OE22-2	Mosquito Abatement Monitoring & Testing	\$ 3,000	\$ -	\$ 1,876	\$ 3,000	\$ 144	\$ 2,764
OE22-3	Mosquito Abatement Vehicles Gas & Oil	\$ 11,000	\$ 526	\$ 3,362	\$ 11,000	\$ -	\$ 2,265
OE22-4	Mosquito Abatement Equipment Maintenance	\$ 5,000	\$ 2,446	\$ 4,026	\$ 5,000	\$ 97	\$ 4,257
PE03-4	Payroll Taxes - Mosquito Abatement	\$ -	\$ 65	\$ 971	\$ -	\$ 97	\$ 781
PE06-4	Employee Wages - Mosquito Abatement	\$ -	\$ 845	\$ 12,487	\$ -	\$ 1,266	\$ 10,179
Total Mosquito Abatement		\$ 33,500	\$ 13,328	\$ 39,624	\$ 33,500	\$ 3,411	\$ 29,874
STREETS							
OE17	Streets & Main Gate Lighting Maint/Repair	\$ 13,500	\$ 8,776	\$ 10,791	\$ 13,500	\$ -	\$ 2,585
OE17-2	Drainage - Rock Ridge (NEW)	\$ -	\$ -	\$ 6,869	\$ -	\$ -	\$ -
PE03-5	Payroll Taxes - Streets	\$ -	\$ -	\$ 203	\$ -	\$ -	\$ 64
PE06 -5	Employee Wages - Streets	\$ -	\$ -	\$ 2,506	\$ -	\$ -	\$ 823
Total Streets		\$ 13,500	\$ 8,776	\$ 20,369	\$ 13,500	\$ -	\$ 3,472
WETLANDS							
	Wetlands Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PE03-6	Payroll Taxes - Wetlands	\$ -	\$ -	\$ -	\$ -	\$ 7	\$ 44
PE06-6	Employee Wages - Wetlands	\$ -	\$ -	\$ -	\$ -	\$ 89	\$ 579.61
Total Wetlands		\$ -	\$ -	\$ -	\$ -	\$ 96	\$ 624
TOTAL SERVICES & SUPPLIES		\$ 240,170	\$ 71,746	\$ 301,957	\$ 235,061	\$ 39,365	\$ 279,925
PERSONNEL COSTS							
PE01	Worker Compensation Insurance	\$ 20,300	\$ -	\$ 18,631	\$ 16,035	\$ -	\$ 20,382
PE02	Health Insurance**	\$ 57,550	\$ 4,670	\$ 32,690	\$ 60,145	\$ 4,508	\$ 29,755
PE03	Payroll Taxes	\$ 21,410	\$ 1,439	\$ 9,829	\$ 22,311	\$ 1,479	\$ 10,894
PE04	Processing Fees	\$ 1,400	\$ 111	\$ 672	\$ 1,400	\$ 113	\$ 686
PE05	Directors Stipend	\$ 6,000	\$ -	\$ -	\$ 6,000	\$ -	\$ -
PE06	Employee Wages	\$ 250,400	\$ 18,698	\$ 118,030	\$ 255,712	\$ 18,952	\$ 128,732
		\$ -	\$ 24,918	\$ 179,852	\$ -	\$ 25,052	\$ 190,450
Distributed to Service Areas		\$ -	\$ (20,137)	\$ (127,859)	\$ -	\$ (20,431)	\$ (139,626)
TOTAL UNDISTRIBUTED PERSONNEL COSTS		\$ 357,060	\$ 4,781	\$ 51,993	\$ 361,603	\$ 4,621	\$ 50,824
CAPITAL OUTLAY							
CO01	Radios & Charges	\$ -	\$ -	\$ 1,628	\$ -	\$ -	\$ -
CO04	John Deer Roto Tiller (2017)	\$ 5,200	\$ -	\$ 5,239	\$ -	\$ -	\$ -
CO04	Cart - Mosquito Abatement (2016)	\$ -	\$ -	\$ -	\$ 17,107	\$ -	\$ -
CO04	Vrisimo Flail Mower (2015)	\$ -	\$ -	\$ -	\$ 2,150	\$ -	\$ 2,146
CO04	John Deere Tractor w/loader & Bucket (2016)	\$ -	\$ -	\$ -	\$ 72,400	\$ -	\$ 72,341
TOTAL CAPITAL OUTLAY		\$ 5,200	\$ -	\$ 6,867	\$ 91,657	\$ -	\$ 74,487

SADDLE CREEK COMMUNITY SERVICES DISTRICT
FY 2017 MONTHLY BUDGET REPORT
June 2017

	Current Year - 2017			Prior Year - 2016		
	(Approved) FY 2017	(Expenditures) Month of June	(Expenditures) Year to Date	(Adjusted) FY 2016	(Expenditures) Month of June	(Expenditures) Year to Date - Prior Year
STUDIES AND ASSESSMENTS						
Landscape Design	\$ 20,000			\$ 12,000		
OE18-1 Re-seeding and Irrigation Renovation	\$ 60,000	\$ 35,545	\$ 58,014			
Pavement Assessment	\$ -		\$ -	\$ 15,000	\$ 4,500	\$ 4,500
Financial Assessment	\$ 17,500	\$ 13,945	\$ 13,945	\$ 4,300	\$ 4,000	\$ 4,000
TOTAL STUDIES & ASSESSMENTS	\$ 97,500	\$ 49,490	\$ 71,958	\$ 31,300	\$ 8,500	\$ 8,500
DEBT SERVICE						
John Deere Financing	\$ 16,100	\$ 1,336	\$ 8,016	\$ 14,440	\$ 1,336	\$ 2,671
TOTAL DEBT SERVICE	\$ 16,100	\$ 1,336	\$ 8,016	\$ 14,440	\$ 1,336	\$ 2,671
TOTAL EXPENSES	\$ 716,030	\$ 127,353	\$ 440,791	\$ 734,061	\$ 53,822	\$ 416,407
PAYMENTS AND ASSESSMENTS RECEIVED						
<u>Assessment Income</u>						
Payment No. 1: (40%) May 2017			\$ 237,949			\$ 233,489
Payment No. 2: (5%) Aug 2017						
Payment No. 3: (55%) Feb 2018						
Total Assessment Income	\$ 601,900	\$ -	\$ 237,949	\$ 590,142	\$ -	\$ 233,489
<u>Reimbursement Income</u>						
From: For:						
C&C Water Truck/Tractor Repairs			\$ 6,098			\$ 7,364
C&C Construction Gate Repairs/'16-Signs			\$ 655			\$ 346
Various Other			\$ 941			\$ 96
Total Reimbursement Income	\$ 10,500	\$ -	\$ 7,694	\$ 19,500	\$ -	\$ 7,806
<u>Other Income</u>						
From: For:						
C&C Weed Abatement				\$ 2,500		\$ 2,500
Lot Ownr Weed Abatement				\$ 150		\$ 250
Lot Ownr Gate Openers/Cards			\$ 177	\$ 37		\$ 800
Various Miscellaneous						\$ 1,850
CC/Ump Interest Received			\$ 371			\$ 363
CSDA Credit Card Rebate			\$ 761			\$ 342
SDRMA 16-17 PL Pro-rated/Loss Prev Allow			\$ 1,066			
Total Other Income	\$ 6,400	\$ -	\$ 2,376	\$ 1,634	\$ 2,687	\$ 6,105
TOTAL PAYMENTS & ASSESSMENTS	\$ 618,800	\$ -	\$ 248,018	\$ 611,276	\$ 2,687	\$ 247,399
Excess of Expenditures of Income				\$ (122,785)	\$ (51,135)	\$ (169,008)
<u>Other Financing Sources and Uses</u>						
John Deere Financing				\$ 72,157		
Net Income	\$ (97,230)	\$ (127,353)	\$ (192,773)	\$ (50,628)	\$ (51,135)	\$ (169,008)

Saddle Creek Comm Srvs District

CHECK DETAIL

June 2017

DATE	NUM	NAME	MEMO/DESCRIPTION	AMOUNT
1000 Umpqua Bank Checking				
06/01/2017	2120	Kampa Community Solutions, LLC	May Management Services	(5,407.88)
06/01/2017	June Pymt	John Deere Financial	Tractor Lease Payment	(1,335.71)
06/01/2017	2124	Don Cowper	Landscape Materials	(154.26)
06/01/2017	2123	Custom Equipment Co., Inc	Mosquito Abatement Equipt Repair	(1,600.00)
06/01/2017	2125	Delta Charlie Sod Company	Landscape Reconstruction	(7,655.00)
06/05/2017	P/R Fee	Intuit Full Service Payroll	Payroll Processing Fee	(111.00)
06/05/2017	DD	Gregory Hebard	Pay Period: 05/16/2017-05/31/2017	(2,205.13)
06/05/2017	DD	Gregory Hebard	Direct Deposit 2	(50.00)
06/05/2017	DD	Ralph M. McGeorge	Pay Period: 05/16/2017-05/31/2017	(1,496.63)
06/05/2017	DD	HERNAN M HERNANDEZ	Pay Period: 05/16/2017-05/31/2017	(1,187.35)
06/05/2017	DD	CODY L PONDER	Pay Period: 05/16/2017-05/31/2017	(960.29)
06/05/2017	DD	BRADLEY D NICKELL	Pay Period: 05/16/2017-05/31/2017	(809.89)
06/05/2017	2121	California State Disbursement Unit	Garnishments Payable	(297.50)
06/07/2017	2126	Delta Charlie Sod Company	Landscape Reconstruction	(17,340.00)
06/09/2017		IRS	Tax Payment for Period: 06/03/2017-06/06/2017	(2,580.03)
06/09/2017		CA EDD	Tax Payment for Period: 06/03/2017-06/06/2017	(421.07)
06/20/2017	2128	California State Disbursement Unit	Garnishments Payable	(297.50)
06/20/2017	DD	Gregory Hebard	Direct Deposit 2	(50.00)
06/20/2017	DD	CODY L PONDER	Pay Period: 06/01/2017-06/15/2017	(778.10)
06/20/2017	DD	DOLORES C BAKER	Pay Period: 06/01/2017-06/15/2017	(221.55)
06/20/2017	DD	Gregory Hebard	Pay Period: 06/01/2017-06/15/2017	(2,205.15)
06/20/2017	DD	Ralph M. McGeorge	Pay Period: 06/01/2017-06/15/2017	(1,496.62)
06/20/2017	2127	Arro-Gunn Spray Systems	Mosquito Abatement Equip Maint	(56.83)
06/20/2017	2129	Ralph McGeorge	Exp Reimbursement - Mosquito Dinner	(38.12)
06/20/2017	2139	California Department of Public Health	Vector Cntl Cert Tech Recert Fee	(402.00)
06/20/2017	2137	SDRMA-Workers Comp Authority	Annual W/Comp Ins Premium	(18,631.45)
06/20/2017	2135	NBS	Special Tax Election Prep	(12,500.00)
06/20/2017	2133	Bank of the West	Credit Card Bill	(9,355.48)
06/20/2017	2134	Jim Wilson Excavation	Landscape Renovation - Top Soil & Woodrock	(8,840.00)
06/20/2017	2138	SDRMA-Prop/Liability Insurance	Annual Property & Liab Ins Premium	(8,402.95)
06/20/2017	2131	SDRMA-Health Ins.	Monthly Health Ins Premium	(4,670.00)
06/20/2017	2136	ADAPCO, Inc.	Mosquito Abatement Supplies	(1,482.63)
06/20/2017	2130	VALLEY ENTRY SYSTEMS, INC.	Gate Service Call & Parts	(577.00)
06/20/2017	2132	TIFCO Industries	Mosquito Equipment Maint	(525.64)
06/20/2017	DD	HERNAN M HERNANDEZ	Pay Period: 06/01/2017-06/15/2017	(1,075.28)
06/20/2017	DD	BRADLEY D NICKELL	Pay Period: 06/01/2017-06/15/2017	(1,080.00)
06/23/2017		CA EDD	Tax Payment for Period: 06/17/2017-06/20/2017	(449.61)
06/23/2017		IRS	Tax Payment for Period: 06/17/2017-06/20/2017	(2,670.23)
06/26/2017	5/9-6/7/2017	PG&E - 7193	Utilities	(299.77)
Total for 1000 Umpqua Bank Checking				\$ (119,717.65)

Saddle Creek Comm Svcs District

2040 CSDA Bank of the West MC, Period Ending 06/28/2017

RECONCILIATION REPORT

Reconciled on: 07/14/2017

Reconciled by: Dolores Baker

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

Summary

USD

Statement beginning balance.....	9,355.48
Charges and cash advances cleared.....	11,385.62
Payments and credits cleared.....	-9,355.48
Statement ending balance.....	<u>11,385.62</u>
Uncleared transactions as of 06/28/2017.....	7,585.18
Register balance as of 06/28/2017.....	18,970.80
Cleared transactions after 06/28/2017.....	0.00
Uncleared transactions after 06/28/2017.....	5,895.94
Register balance as of 07/14/2017.....	24,866.74

Details

Charges and cash advances cleared

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
05/25/2017	Expense	H218973	Hughson Farm Supply	1,530.65
05/25/2017	Expense	360876	Belkorp Ag, LLC	87.69
05/26/2017	Expense	271999	Farmington Circle K Shell	92.25
05/26/2017	Expense	266061	J.Milano Co., Inc.	219.86
05/30/2017	Expense	41010	Payless IGA	181.70
05/30/2017	Expense	5/25/2017 Stmt	Lake Tulloch True Value Hard...	1,479.88
05/31/2017	Expense	5567949-A-1	Ewing	1,634.21
05/31/2017	Expense	106222	Tick Key Products	1,005.50
06/01/2017	Expense	41010	Mi Pueblo II	20.07
06/01/2017	Expense		Intuit - QBO Online	30.99
06/01/2017	Expense	June 2017	Cal Waste Recovery Systems	67.63
06/01/2017	Expense	18588	Orchard Supply Hardware	143.19
06/03/2017	Expense	4/13-5/12/17	Verizon Wireless	121.18
06/08/2017	Expense	650286	Hunt & Sons, Inc.	222.02
06/13/2017	Expense	7059	Gold Dust Pizza Copperopolis	94.27
06/14/2017	Expense	7632	Gold Dust Pizza Copperopolis	40.55
06/15/2017	Expense	06012017 Stmt	Calaveras Telephone Co.	319.69
06/15/2017	Expense	H103799	Hughson Farm Supply	535.55
06/15/2017	Expense	3/30052	The Fruit Yard	64.54
06/17/2017	Expense	112417	Copper Auto & Marine	126.47
06/17/2017	Expense	1654214	El Toro Market	52.93
06/19/2017	Expense	05252017	CCWD	285.88
06/19/2017	Expense	38	Big 5 Sporting Goods	118.51
06/21/2017	Expense	H222244	Hughson Farm Supply	944.58
06/21/2017	Expense	H222249	Hughson Farm Supply	752.16
06/22/2017	Expense	8950	Griff's BBQ & Grill	47.95
06/26/2017	Expense	June Stmt	Lake Tulloch True Value Hard...	299.79
06/27/2017	Expense	5774795-A-1	Ewing	476.84
06/27/2017	Expense	270870	J.Milano Co., Inc.	389.09

Total 11,385.62

Payments and credits cleared

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
05/28/2017	Bill	May Stmt	Bank of the West	-9,355.48

Total -9,355.48

Additional Information

Uncleared charges and cash advances

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
06/26/2017	Expense	669894	Hunt & Sons, Inc.	92.24
06/26/2017	Expense	669552	Hunt & Sons, Inc.	309.95
06/27/2017	Expense	371850	Belkorp Ag, LLC	5,472.55
06/28/2017	Expense	5787671-B-2	Ewing	1,710.44
06/29/2017	Expense	11580	Gold Dust Pizza Copperopolis	65.64
06/29/2017	Expense	663655	Hunt & Sons, Inc.	481.30
06/30/2017	Expense	1	Cal Traffic	1,580.10
06/30/2017	Expense	H103851	Hughson Farm Supply	1,918.94
06/30/2017	Expense	33	Pit Stop Auto Lube-Oakdale	73.09
06/30/2017	Expense	E06600	Safe-T-Lite of Modesto Inc.	275.19
07/01/2017	Expense		Intuit - QBO Online	30.99
07/01/2017	Expense	July Stmt	Cal Waste Recovery Systems	67.63
07/02/2017	Expense	626556	Copper Station	75.26
07/02/2017	Expense	5/13-6/12/2017	Verizon Wireless	121.18
07/05/2017	Expense	19295397	Lowe's	188.58
07/05/2017	Expense	09434	Wal-Mart	121.91
07/07/2017	Expense	112844	Copper Auto & Marine	184.02
07/07/2017	Expense	487945	McDillard's Feed & Supply	98.87
07/07/2017	Expense	9085626	Copper Station	61.00
07/11/2017	Expense	ARD00235250	Les Schwab Tires	20.39
07/13/2017	Expense	072706	Orchard Supply Hardware	215.70
07/15/2017	Expense	June Stmt	Calaveras Telephone Co.	316.15
Total				13,481.12

DIRECTORS

Larry Hoffman, President
Ken Albertson, Vice President
Darlene DeBaldo, Secretary
Sue Russ
Roger Golden

REGULAR BOARD MEETING MINUTES

June 20th, 2017 2:00 PM
Saddle Creek Lodge
1001 Saddle Creek Drive, Copperopolis, CA

1. CALL TO ORDER – *President Hoffman called the meeting to order at 2:14pm following the arrival of General Manager Kampa*
2. ROLL CALL – *President Hoffman, Vice President Albertson, Director Russ and and Director Golden present, Secretary DeBaldo absent*
3. PLEDGE OF ALLEGIANCE
4. CHANGES TO ORDER OF AGENDA - None
5. **PUBLIC COMMENT** - *No public comment was received*
6. **CONSENT CALENDAR**
 - a. **Review of monthly financial report and approval of bills and claims for the month of May 2017**
 - b. **Approval of the minutes of the Regular Board Meeting of May 16th, 2017 and Special Meeting of May 30, 2017.**

Motion to approve the Consent Calendar was made by Director Russ. Vice President Albertson seconded the motion which was approved with four ayes, DeBaldo absent.

7. **DISCUSSION AND ACTION ITEMS**

a. **Status update regarding resolution of the reported storm drain odor at Rockridge Lane**

Site Manager Greg Hebard provided a verbal update on the situation, stating that the check valves have been installed on the storm drain outlets where the odor is originating, and being drawn into the system. The consensus was that the odor appears to be subsiding, but we will continue to monitor.

b. **Status update report on the turf restoration project**

Site Manager Hebard stated that the old sod had been removed by the contractor, new topsoil installed, wetting agents and seed installed. Due to the heat, it has been hard to keep everything wet, and the irrigation renovations and repairs have been constant. Castle & Cooke is being consulted to meet and discuss opportunities for conversion of the medians to some form of attractive, drought tolerant landscape.

c. **Adoption of a resolution approving the Preliminary Draft 2017-18 Fiscal Year budget and setting a public hearing for August 22, 2017 for adoption of the final budget.**

General Manager Kampa walked the Board through the anticipated revenue and expenses for the 2017/2018 fiscal year which begins on July 1, 2017 and ends on June 30, 2018. Site Manager Hebard requested that the Capital Improvement/Capital Equipment budget be increased to include a minimum of \$10,000 in gate renovations. Following discussion regard in the Board Clerk position, Kampa was directed to make sure we have adequate funding calculated into the budget to cover anticipated expenses in additional hours an higher compensation per hour to reflect added responsibility. Kampa answered questions from the Board.

Motion to adopt a resolution approving the Preliminary Draft 2017-18 Fiscal Year budget and setting a public hearing for August 22, 2017 for adoption of the final budget was made by Director Russ. Vice President Albertson seconded the motion which was approved with four ayes, DeBaldo absent.

d. Management report and discussion related to the District organizational chart, staffing and job responsibilities for the position of District Clerk

General Manager Kampa reviewed a memo with the Board detailing the critical, responsible and technical role of a Board Clerk. Kampa stated that the purpose of the agenda item was to inform the Board that he intended to hire a candidate with a high level of office administrative experience to be able to organize the district records, administer the meeting process, and deal with the massive paperwork expected to be generated with construction projects. All agreed on the urgency to fill the position, and Kampa assured the Board that the position would ultimately be part time, although it may start out more until the records are in order. Kampa stated that within the Preliminary Budget approved, he would likely be able to adjust the salary to where it needed to be to find the right candidate, and reduce the hours to balance the budget.

Kampa addressed Board questions regarding whether we are in compliance with various requirements and making sure that we are on track to submit the new special tax roll to the county. Kampa assured that Board that although we will be playing catch-up on records, we are in compliance with requirements.

e. Adoption of a resolution declaring the results of a special all mail ballot conducted on May 2, 2017 on Measure "A".

Motion to adopt a resolution declaring the results of a special all mail ballot conducted on May 2, 2017 on Measure "A" was made by Director Golden. Director Russ seconded the motion which was approved with four ayes, DeBaldo absent.

8. **STAFF AND DIRECTOR REPORTS:** - *No additional reports given*

9. **ADJOURNMENT:** *President Hoffman adjourned the meeting at 3:40pm*

Saddle Creek Community Services District

Regular Meeting of July 18, 2017

AGENDA SUPPORTING DATA

7. DISCUSSION AND ACTION ITEMS

- a. Status Update regarding resolution to the reported storm drain odor on Rockridge Lane.

Recommended Action

This item is for discussion only and does not require a motion.

Background

This item was requested to be on the Board's agenda until resolved. In June 2017, Site Manager Greg Hebard reported that check valves had been installed on the storm drain inlets where odor was being drawn in. Hebard reported that the odor had significantly reduced, and he will provide a verbal update during the meeting.

Saddle Creek Community Services District

Regular Meeting of July 18, 2017

AGENDA SUPPORTING DATA

7. DISCUSSION AND ACTION ITEMS

- b. Status update on the restoration of turf damaged by drought water restrictions.

Recommended Action

This item is for discussion only and does not require a motion.

Background

As a result of the drought of the past four years, the State Water Resources Control Board has adopted a permanent prohibition on irrigating ornamental turf in road medians. The CSD was responsible for tens of thousands of square feet of turf located in the medians of the community roadways, and in addition, mandatory water use reductions ordered by CCWD caused the District to decommission irrigation on turf throughout the community.

Due to the unsightly nature of the dead turf, and high cost of implementing a new landscaping plan, the Board directed the reestablishment of portions of the ornamental turf in non-median areas. In June 2017, Site Manager Greg Hebard reported that major irrigation renovations had been completed in all areas to receive replacement turf, and the contractor had removed the old dead sod and installed topsoil. The District is applying a water retaining agent and installing seed. Mr. Hebard will provide a verbal update on the project's progress and schedule during this meeting.

Saddle Creek Community Services District

Regular Meeting of July 18, 2017

AGENDA SUPPORTING DATA

7. DISCUSSION AND ACTION ITEMS

- c. Adoption of a resolution establishing the Measure A Special Tax rates for 2017/18 and authorizing the General Manager to certify and submit the special tax rolls to Calaveras County

Recommended Action

Staff recommends the following motion:

I move to adopt a resolution establishing the Measure A Special Tax rates for 2017/18 and authorizing the General Manager to certify and submit the special tax rolls to Calaveras County.

Background

Measure A was approved by the Saddle Creek voters on May 2, 2017, and the results of the election were certified by the Board of Directors on June 20, 2017. As approved, Measure A allows the District to levy a Special Tax in the amount of up to \$1703 per residential parcel or equivalent thereof.

On April 14, 2017, the Board of Directors adopted a resolution establishing a phase-in schedule for the special tax, starting at \$1300 per parcel in 2017/18, and increasing annually to the full amount authorized by Measure A if approved in future years by the Board.

On May 16, 2017, the Board approved an agreement with NBS Government Financial Solutions for the administration of the Measure A special tax. The first steps in the process of levying the new tax are to:

- Update property owners and verify addresses for the existing special tax rolls provided by the County
- Apply the new tax rate to residential parcels and proportionally to the golf course, sports club and Castle & Cooke (large lot) vacant parcels
- Ensure the accuracy of the tax rolls and estimate total revenue generation
- Each July, secure District Board approval of the tax rates to be submitted and authorize the certification of the tax rolls.
- Submit the special tax rolls to the county for collection by the August 10 deadline set in state law.

Attached hereto is a memorandum from the County describing the process for submitting the tax rolls, as well as a memo from NBS detailing the calculation and confirming the schedule for submitting the Measure A special tax rolls. For efficiency in recordkeeping and full public transparency, management recommends that the Board take action each July, by resolution, to fix the tax rate and authorize their certification and submittal to the county for collection. A draft resolution is also included in the agenda materials.



Rebecca Callen
Auditor-Controller
(209) 754-6343

891 Mountain Ranch Rd.
San Andreas, CA 95249
FAX (209) 754-6759

MEMORANDUM

TO: CSD #8-Saddle Creek
1000 Saddle Creek Drive
Copperopolis CA 95228

FROM: Rebecca Callen, Auditor-Controller

DATE: June 15, 2017

SUBJ: Direct Charges 2017-18 Tax Year

Pursuant to Government Code 26911 each district that has elected to have its assessments collected by the County through the property tax billing system shall submit a statement of the rates fixed for assessment to the Auditor no later than August 10 of each year. A new data file and certification sheet must be submitted each year. It is the District's responsibility to update the direct charge information submitted. A Parcel Split/Combined Report as of June 15, 2017, is included with this memo. Please review the report to see if any of the changes apply to your data file.

The updated file should be saved as an Excel (preferred) or ASCII format file. Note the only fields to be included in the file are the APN (must have 12 digits), amount, and tax code. Please do not include any other fields. The attached pages list acceptable ASCII formats.

Once the file is updated, it can be e-mailed to taxauditor@co.calaveras.ca.us or saved to disk and mailed to this office. When sending in a disk, make sure to label the disk indicating the agency name, filename, description, tax code, and number of records. The Direct Charge Transmittal Sheet must be signed and returned to this office before direct charges will be placed on the tax bill. A copy of the completed packet, including diskette, should be retained for District records.

The deadline to submit information to the Auditor's Office for Fiscal Year 2017-18 is August 10, 2016. If your District requires value reports prior to submitting this information, or if you have any other questions, please contact Greg Sessions at gsessions@co.calaveras.ca.us or (209)754-6683.

RC/gjs

enc

To: Saddle Creek Community Services District Board of Directors
From: Andrew Kraus and Stephanie Parson/NBS
Date: July 11, 2017
Re: Saddle Creek CSD – Measure A Fiscal Year 2017-18 Special Taxes

As the Measure A special tax was approved following votes being tallied from the May 2, 2017 special all-mail ballot election, special taxes will be levied at the following rates in Fiscal Year 2017-18:

Land Use Category	Fiscal Year 2017-18 Special Tax Rate
Residential Lot	\$1,300.00 per Residential Lot
Large Lot Undeveloped Property	\$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

The above special tax rates were reduced from the amounts originally intended to be levied, as a phased-in approach to the implementation of the special tax has been adopted. As such, the above special tax rates are expected to increase in future years until the maximum tax rates for each category are reached.

For reference, the following table provides the maximum Fiscal Year 2017-18 special tax rates, as approved by voters:

Land Use Category	Maximum Fiscal Year 2017-18 Special Tax Rate
Residential Lot	\$1,703.00 per Residential Lot
Large Lot Undeveloped Property	\$720.00 per Acre or Portion Thereof
Sports Club Property	\$640.00 per Acre or Portion Thereof
Golf Course Property	\$63,860.00 per Parcel



Applying the Fiscal Year 2017-18 special tax rates to the parcels that currently exist in the District, the Fiscal Year 2017-18 special tax revenues are detailed below for each land use category.

Land Use Category	Fiscal Year 2017/18 Special Tax Revenue
Residential Lot	\$728,000.00
Large Lot Undeveloped Property	146,160.00
Sports Club Property	1,538.93
Golf Course Property	48,748.09
Common Area / Roads	0.00
Total:	\$924,447.02

The Fiscal Year 2017-18 Measure A special tax levy information is expected to be submitted to the Calaveras County Auditor Controller's Office prior to the levy submittal deadline of August 10, 2017. Once the County has confirmed that the special taxes have been placed on the Fiscal Year 2017-18 roll, NBS will provide an update to the Saddle Creek CSD accordingly.

RESOLUTION NO. 2017-

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SADDLE CREEK COMMUNITY SERVICES DISTRICT
ESTABLISHING THE MEASURE "A" SPECIAL TAX RATES FOR
2017/18 AND AUTHORIZING THE GENERAL MANAGER TO
CERTIFY AND SUBMIT THE SPECIAL TAX ROLLS TO
CALAVERAS COUNTY**

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 Board of Directors has certified the May 2, 2017 election results which validate that Measure "A" was approved by the Saddle Creek Voters; and

WHEREAS, as approved by the voters, Measure "A" authorizes the levy of a special tax of not to exceed \$1,703 per residential parcel, or equivalent thereof; and

WHEREAS, the District Board of Directors has determined that the amount of the Measure "A" tax to be levied beginning in the fiscal year July 1, 2017 through June 30, 2018 shall be \$1,300 per residential parcel or equivalent thereof as applied to nonresidential parcels; and

WHEREAS, the amount of Measure A Special Taxes to be levied in the Fiscal Year 2017-18 are detailed in a memorandum from NBS dated July 11, 2017 and 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 Measure A Special Tax will be levied at the following rates for the Fiscal Year 2017-18:
2. The application of the above rates is hereby certified by this Board
3. The General Manager is authorized to direct the submittal of the parcel listings containing the above amounts, to the County of Calaveras for the collection on the tax rolls

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Saddle Creek Community Services District on July 18, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

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 2017-__ 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 July 18, 2017.

DATED: _____.

Saddle Creek Community Services District

Regular Meeting of July 18, 2017

AGENDA SUPPORTING DATA

7. DISCUSSION AND ACTION ITEMS

- d. Approval of the process and schedule for first phase of road improvements to be constructed with Measure A special tax funds

Recommended Action

Staff recommends the following motion:

I move to approve the process and schedule for first phase of road improvements to be constructed with Measure A special tax funds

Background

In order to understand why the preparation, planning, design and construction of public projects, such as the CSD's take so much administrative time and expense, it is important to have a basic understanding of the state requirements for building public projects, which is summarized below. In addition, a preliminary schedule of events is included for your review and approval.

Public Works Projects

The Saddle Creek CSD has completed very few contracted projects in its history; primarily since the community roads and infrastructure were built fairly recently and dedicated on completion to the District. The CSD has not constructed any projects costing over the threshold amount of \$25,000 which require complex competitive bidding. All building and construction projects undertaken by the CSD and costing over \$1000 are defined as "Public Works" projects by the California Public Contract Code (PCC), under the enforcement of the State Department of Industrial Relations (DIR).

DIR Registration and Notification Required

That said, planning, designing and constructing public works projects is very much different and more complex than private construction, such as work completed directly by Castle & Cooke. For example, the PCC requires for any public works project costing over \$1000 that the District require that the contractor pay their employees the general prevailing wage rate as determined by the DIR for each craft of work (such as landscaping, electrical, paving). If the contractor does not comply, both the contractor and district can be fined by DIR, and the contractor has to pay the underpaid wages. DIR enforces this with a new law requiring the District to submit an online form notifying DIR of every public works project we do, and for the contractor to be registered with DIR to construct public works projects. As of last month, we now only have to notify DIR of projects costing over \$25,000. Failure to notify DIR in accordance with strict guidelines will result in fines and penalties to the District.

Competitive Bidding Requirements

When it comes to contracting for projects costing over \$25,000, the District must publicly seek competitive bids for the work and must award the contract to the lowest responsible bidder. All bidders are required to submit a "bid bond" in the amount of 10% of their bid, to guarantee that they will enter into contract with the district if

they are the low bidder. This is required so that contractors are accurate in their bidding. So long as your project plans and specifications to which the contractor is preparing their bid are complete and describe the work in accurate enough detail so that all bidders know exactly how to bid the job, when you award the contract to the low bidder they are required to complete the project for the bid amount, regardless of if they made major errors in the bid calculations.

This also causes some contractors to get very excited over incomplete bidding plans and they then submit a low bid, receive the contract and immediately issue construction (contract) change orders which can make the cost of the project exceed budget quickly and be unpredictable at best. This is a reason public agencies are not advised to find a project design firm that is the “low bidder” or one that is inexperienced in the work; accurate plans and specifications are essential, and a well-managed bidding and construction management is necessary to keep cost under control and receive the end product we desire.

Project Planning

In the beginning of the project, once the engineering firm is engaged and the District is aware of the likely construction period, location of work, materials and equipment staging areas, and other logistics, the District is required by the California Environmental Quality Act (CEQA) to evaluate the impacts of the project on the environment. It is likely the project will either be exempt from performing an environmental review, or if minor impacts are identified, we may be required to perform some environmental studies such as biological surveys for the preparation of a Negative Declaration, or Mitigated Negative Declaration. The results of the CEQA review are included in the project design for consideration and compliance by the contractor.

Project Design

The District is in the process of hiring a professional engineering firm to complete the design of the first phase of road improvements. The engineer will perform site visits, evaluate site conditions, match materials and products to the site needs, identify priorities and construction staging areas, all of which will be included in the project specifications. The engineer will then produce project Bid Documents, which includes plans and specifications that will then be made available to plan centers and contractors, notices to bidders with specific instructions, licensing, bonding and bidding requirements.

Bidding

The law requires that a formal notice be published in the newspaper and in industry specific plan centers and clearinghouses. Bid documents are made available for sale at the District, plan centers, by mail and electronically. The bid period must be a minimum of 14 days, but many times a mandatory pre-bid meeting is scheduled to make sure all bidding contractors hear the same answers to all questions. Therefore, the bidding process can take up to 30 days or more.

Very specific requirements govern communication with contractors during bidding, to make sure one bidder does not have an advantage over the other, and to avoid bid mistakes. Mistakes cause contractor protests at bid time, can delay projects and cost time and money. Bids are delivered in sealed envelopes and not opened until the date and time listed. Bidders must deliver a bid bond to ensure they are prepared to enter into contract for the work. If the low bidder refuses to enter into contract, the next lowest bidder is chosen, and the lowest bidder's bid bond called (used) to make the difference in cost.

Once bids are received, they are publicly opened and read. The project engineer and GM will review bids for accuracy, compliance with the bid documents, appropriate licensing, and bonds. A recommendation for contract award can usually be made in one to two days.

Contract Award and Notice to Proceed

Once the bids have been confirmed accurate, and the lowest responsible bidder identified, the GM and project engineer will recommend the contract award to the Board for approval. The contractor will be required to return the signed contract with a variety of documents including:

- Insurance certificates and endorsements
- Performance bonds which are required to make sure the contractor pays their employees appropriately
- Completion bonds to make sure that the work is completed once started

Once all of the required documentation is confirmed by the GM and project engineer, a Notice to Proceed is issued, telling the contractor when to start work, when items are to be submitted, construction started and completed. Since we will be awarding the contract in winter and asphalt cannot be placed until consistent 50 degree weather or higher, the start date will likely be based on weather and notice from the District.

Construction

The contract will require the contractor to complete the work within a specific number of working days, with exclusions for weather and other factors. A qualified construction inspector will be hired by the District to monitor the construction process, to ensure all conditions in the plans and specifications are met. Every construction day is filled with photos, reports, written documentation exchanged with the contractor and documentation of the amount of work completed. The contractor is required to repair all identified construction defects along the way or at the end of the project, and many times a warranty bond is required to guarantee performance of the work for a specified period of time; usually one year.

Notice of Completion

When the GM and project engineer determine that the work is completed per specifications, they will recommend that a Notice of Completion be filed at the county clerk office.

SADDLE CREEK ROAD IMPROVEMENTS 2017-2018

PROJECT	SADDLE CREEK ROAD IMPROVEMENTS
DISTRICT	SADDLE CREEK CSD

All dates are estimated and subject to change. Construction start date and duration is based on weather and other construction related factors.

PROJECT PHASE	STARTING	ENDING	PROJECT PHASE	STARTING	ENDING
ENGINEERING RFP	7/10/2017	8/4/2017	NOTICE TO PROCEED	12/04/2017	12/04/2017
PROPOSAL REVIEW	8/04/2017	8/14/2017	CONSTRUCTION	3/05/2018	7/03/2018
ENGINEERING CONTRACT	8/15/2017	8/15/2017	NOTICE OF COMPLETION	7/13/2018	7/13/2018
PLAN, DESIGN, PERMIT	8/21/2017	10/20/2017			
BIDDING	10/23/2017	11/17/2017			
CONTRACT AWARD	11/21/2017	11/21/2017			

JULY							AUGUST							SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER								
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S		
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Saddle Creek Community Services District

Regular Meeting of July 18, 2017

AGENDA SUPPORTING DATA

7. DISCUSSION AND ACTION ITEMS

- e. Adoption of a resolution approving a policy on declaration and disposal of surplus District property

Recommended Action

Staff recommends the following motion:

I move to adopt the resolution approving a policy on declaration and disposal of surplus District property

Background

The District regularly purchases equipment and other items of value, uses them until they are worn out and disposes of them or sells them. Since these valuable items are public property, accounting standards require the District formally take action to declare items surplus, when they are no longer needed by the District. Good public policy also requires that the District attempt to gain some form of compensation for the item's sale, usually by selling a valuable item to the highest bidder in a published process.

No Board policy currently exists directing managements actions in the disposal of surplus assets, and therefore we are proposing that the Board adopt the attached standard policy. Amendments to the draft policy are completely appropriate if desired by the Board; except for the process of disposal of surplus property, which must first be offered to public agencies in the area. The draft policy model is taken from the CSDA policy handbook.

RESOLUTION 2017-__
EXHIBIT A

SADDLE CREEK COMMUNITY SERVICES DISTRICT
Policy and Procedure Manual

POLICY TITLE: Disposal of Surplus Property or Equipment
POLICY NUMBER: To be Determined
ADOPTED: July 18, 2017
AMENDED:

3085.1 Sale of Surplus Equipment.

3085.1.1 Board of Directors takes action to declare equipment surplus.

3085.1.2 Item is advertised for sale with notation of location/hours/days it can be seen and deadline date for submission of sealed bids. (Advertisement also notes that the District reserves the right to reject any or all bids, equipment sold AS IS.)

3085.1.3 Sealed bids are opened at the next Regular Board Meeting and action is taken by the Board to accept or reject highest bid. The General Manager may be delegated the authority to open, accept and reject bids.

3085.1.4 Bidders are notified of Board's action.

3085.1.5 Junked Certificates are obtained for vehicles that are sold to protect the District from liability.

3085.2 Sale of Real Estate:

3085.2.1 Board takes action to declare property surplus and authorizes District staff to obtain appraisal.

3085.2.2 Property is offered to public agencies at the appraised price. (State law requires that public agencies have the opportunity to purchase property prior to advertisement to the general public.)

3085.2.3 If property is not purchased by a public agency, it is advertised in the newspaper with a request that sealed bids be submitted to the District.

3085.2.4 Board takes action at the next regular Board Meeting to accept or reject highest bid.

3085.2.5 Bidders are notified of the Board's action.

RESOLUTION NO. 2017-

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SADDLE CREEK COMMUNITY SERVICES DISTRICT
APPROVING A DEBT MANAGEMENT POLICY**

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 Board of Directors has directed District management to propose the adoption of policies and to develop procedures that facilitate compliance with current government financial accounting laws and standards, as well as to maximize the transparency and accountability of the District; and

WHEREAS, the District regularly purchases equipment, land and other assets that when no longer needed or of public value to the District, are considered surplus to the needs of the District and may be sold or disposed of in accordance with law; and

WHEREAS, the District Board of Directors desired to adopt a policy statement to detail the appropriate process for declaring District property as surplus, and to prescribe the procedures for its disposal or sale; and

WHEREAS, a Surplus District Property Policy has been developed and 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 the attached Surplus District Property Policy Dated July 18, 2017; which shall be effective immediately.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Saddle Creek Community Services District on July 18, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

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 2017-__ 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 July 18, 2017.

DATED: _____.

Saddle Creek Community Services District

Regular Meeting of July 18, 2017

AGENDA SUPPORTING DATA

7. DISCUSSION AND ACTION ITEMS

- f. Approval of support for a candidate for the California Special Districts Association Board of Directors

Recommended Action

Staff recommends the following motion:

I move to submit the Saddle Creek CSD vote for [candidate's name], as CSDA Sierra Region Director.

Background

The CSDA Board of Directors consists of 18 members, three from each of six regions of the state. Seat "C" is up for election in each of the regions, and in our Sierra Region, three candidates were nominated by their (District) Board of Directors to be presented as candidates for election. The application and candidate statement from each qualified candidate is included herein. In March 2017, this Board of Directors nominated General Manager Peter Kampa for the CSDA Board of Directors, which qualified him for the ballot.

The ballot is due to CSDA by August 4, 2017, so if we are to submit a ballot, action is required at this meeting.



**California Special
Districts Association**
Districts Stronger Together

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

2017 BOARD ELECTIONS

UPDATED MAIL BALLOT INFORMATION

Dear Member:

An updated ballot has been enclosed for your district's use in voting to elect a representative to the CSDA Board of Directors in your Network for Seat C. Please discard the original ballot you received, as it did not include all 3 nominees. If you have already sent in your original ballot, it will not be counted. Please review the enclosed information for all three nominees and send in the new ballot.

Each of CSDA's six (6) networks has three seats on the Board. Each of the candidates is either a board member or management-level employee of a member district located in your network. Each Regular Member (district) in good standing shall be entitled to vote for one (1) person to represent its network.

We have enclosed the candidate information for each candidate who submitted one. Please vote for **only one** candidate to represent your network in Seat C, **unless otherwise noted on the actual ballot**, and be sure to sign, date and fill in your member district information. If any part of the ballot is not complete, the ballot will not be valid and will not be counted.

Please utilize the enclosed return envelope to return the completed ballot. Ballots must be received at the CSDA office at 1112 I Street, Suite 200, Sacramento, CA 95814 by **5:00pm on Friday, August 4, 2017.**

If you do not use the enclosed envelope, please mail in your ballot to:
California Special Districts Association
Attn: 2017 Board Elections
1112 I Street, Suite 200
Sacramento, CA 95814

Please contact Beth Hummel at 877.924.2732 or bethh@csla.net with any questions.



California Special
Districts Association
Districts Stronger Together

2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Peter J Kampa

District/Company: Saddle Creek Community Services District

Title: General Manager

Elected/Appointed/Staff: Staff

Length of Service with District: 3 years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):
Pete has served on the CSDA Board since 1998 and on each of its committees. He currently serves on the finance and professional development committees. He is an instructor for the CSDA Leadership Academy, present regularly at the GM Leadership Conference and Annual Conference, and attends other CSDA training continuously. He also serves on the Public Works Task force for CSDA.
2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

He has served on the ACWA and Mountain Counties Water Resources Association Legislative Committee and Delta Plan task forces.

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

Tuolumne County Chamber of Commerce

4. List civic organization involvement:

None at this time as he is 100% dedicated to special districts at this time.

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after May 31, 2017 will not be included with the ballot.**

Candidate's Statement
CSDA Board of Directors

I have proudly served on the Board of Directors for the California Special Districts Association (CSDA) since 1998, and I respectfully request your vote as I seek re-election for Region 2, Seat C this year. Since 1994 and while serving on the CSDA Board of Directors, I have also served as General Manager for community services districts throughout California providing diverse services including water, wastewater, park and recreation, fire protection, road maintenance, solid waste, ambulance, library, street lighting and snow removal. In addition to providing special district management consulting services throughout the state, I currently manage three community services districts, two of which are located in Region 2.

Each of the districts I have managed are located in rural areas with their associated infrastructure, funding, and staffing challenges which are a part of life with special districts. I believe my background and experience provides an excellent tool kit from which to draw as a Board member of CSDA.

As your CSDA Board representative, I feel I have contributed greatly to the successes of the CSDA organization, through solid support for CSDA management and by informing Board decisions with decades of experience on the Board and within the industry. I believe strongly in the CSDA staff and will ensure that they have the direction and resources to provide the highest level of services to special districts of all sizes and types.

I have been active in the expansion of "affiliated" CSDA Chapters; spearheaded and assisted in the creation of the Gold Country CSDA Chapter. I understand the budgetary and operational needs of small districts and intend to dedicate significant effort to maintain solid small district representation by CSDA.

The Saddle Creek Community Services District Board of Directors unanimously supports and directs my active involvement in CSDA.



**California Special
Districts Association**
Districts Stronger Together

2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: ORLANDO FUENTES

District/Company: COSUMES CSD

Title: DIRECTOR, (member of board)

Elected/Appointed/Staff: ELECTED

Length of Service with District: 5 months

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

No

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

No

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

NO

4. List civic organization involvement:

CITY OF ELK GROVE MULTICULTURAL COMMITTEE
RESTORATIVE SCHOOLS Vision Project on RESTORATIVE JUSTICE
LULAC - LEAGUE of UNITED LATIN AMERICAN CITIZENS

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after May 31, 2017 will not be included with the ballot.**

**ORLANDO FUENTES, BOARD MEMBER
COSUMNES CSD**

I am in my first elected position on the Cosumnes CSD, elected November 8, 2016. This was preceded by seven solid years of political organizing experience. I have gotten to know my elected officials and they know me by name: my councilpersons, the Mayor, my Senator, my Assemblyman, other board members such as school board, SMUD and water district. I like to know those who are representing our citizens and advocating for them.

I strive to develop my skills and abilities for the betterment of all lives in my community , my state and beyond. Involvement with the California Special Districts Association will allow me the opportunity to expand my knowledge, and will allow me to draw from years of both my professional and civic experience serving in several non-partisan organizations to advance the CSDA's mission of legislative advocacy, trainings and conferences for professional development and technical assistance. A few of those organizations include:

- El Hogar Mental Health Agency: Board Member, 4 years
- City of Elk Grove Multicultural Committee: Founding Member and Founding Chairperson, 5 years
- Restorative Schools Vision Project: Dedicated to reducing the use of suspensions and expulsions through restorative justice practices. Statewide Coalition. Legislative advocacy. Trainer and practitioner.
- LULAC – League of United Latin American Citizens – A nonpartisan organization dedicated to increase civic engagement of Latinos through voter education and registration, student scholarships and improving high school graduation rates.

My professional career involves 26 years of California State government, in program development and implementation, policy development and implementation, operations oversight, training and middle management.

As a CSDA Board Member I will endeavor to promote the District' vision, educate others about its mission, advocate for the education and training of its members, and offer a fresh perspective that only a new member can offer.



2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Scott Hulsebeck
 District/Company: Arroyo Area Parcelator: Park District
 Title: Director (A&D)
 Elected/Appointed/Staff: _____
 Length of Service with District: 19 years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

Have attended numerous events, classes!
otherwise

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

NO

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

In addition to Aid I, City of Arroyo Parcelator Oversight Committee, Nueces County advisory committees.

4. List civic organization involvement:

Arroyo Exchange Club, Chamber of Commerce -

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after May 31, 2017 will not be included with the ballot.**

Candidate Statement from Scott Holbrook, Board Member with the Auburn Area Recreation and Park District (19 years)

I wanted to give a little glimpse as to my record and passions. I am a husband, father, small business owner and long-time member of the Auburn Area Recreation and Park District (ARD). I am passionate about making my community the best possible place to live and raise a family.

I am proud of my tenure at ARD, be it the overcoming of a corrupt and ugly situation that involved board, staff, the Placer County Grand Jury and District Attorney, the fiscal and other policies that have allowed us to remain fiscally strong throughout some very tough times (and setting us up for the future), or my work developing some of the biggest and most enjoyed community events in the area.

I believe in the Special District concept, and have worked hard to fight for it and represent it well. I have continually worked to increase my knowledge, be it with CSDA activities or other venues. I look forward to the opportunity of keeping the CSDA strong and pertinent, working to be a valuable member of the board, supporting advocacy for individual districts, and maintaining a strong voice in legislative matters, be they locally, state-wide or nationally.

Feel free to reach out - I would be happy to address any questions or concerns. In the meantime, I thank you for your consideration and support of my candidacy. And as always, keep smilin'.

Saddle Creek Community Services District

Regular Meeting of July 18, 2017

AGENDA SUPPORTING DATA

7. DISCUSSION AND ACTION ITEMS

- g. Adoption of a resolution approving the District organizational chart, positions funded and establishing the salary schedule for the July 1, 2017 through June 30, 2018 fiscal year

Recommended Action

Staff recommends the following motion:

I move to adopt a resolution approving the District organizational chart, positions funded and establishing the salary schedule for the July 1, 2017 through June 30, 2018 fiscal year

Background

The following are items to be considered in this action:

1. Approval of the 2017/18 Salary Schedule

The Preliminary Budget approved on June 19, 2017 contained recommended adjustments in the salary schedule in the amount of the estimated Consumer Price Index (CPI). Since presentation of the Preliminary Budget, management has fully evaluated the CPI data from the Bureau of Labor Statistics (BLS) to determine the appropriate increase in wages to propose based on estimated changes in the local cost of living. Between 2016 and 2017, the Bay Area CPI increased 3.7%, primarily due to increases in fuel, power and housing costs.

Staff has determined that due to a number of factors, the most relevant CPI factor to use this year is the CPI for the Western States, for areas with populations of 50,000 or less, which experienced a 2.0% CPI change over the past year. Attached is the BLS summary of the CPI for the Western States. The attached draft salary schedule has been adjusted for the CPI West BC by a 2% increase over last year, and is recommended for approval as detailed in the above recommended motion.

2. Approval of the 2017/18 Organizational Chart and Staffing

Following discussion at the June 20, 2017 Regular meeting, the Board has directed the implementation of a Board Clerk position description that more closely fits the administrative requirements of law, industry standards and the needs of the District. The proposed Organizational Chart is attached to this report and resolution as Exhibit A. The organizational chart shows the renaming of the Bookkeeper position to Accountant to more closely reflect the position responsibilities, and the replacement of the Maintenance Worker I position left vacant last year.

3. The modifications to the Salary Schedule as presented are summarized below:

1. 2% cost of living increase applied to all positions and steps.
2. Accountant and Board Clerk hourly salaries adjusted to reflect the average salary paid to persons in similar positions in the CSDA Sierra Region, and with our budget and staff size.

As detailed in the recommended motion above, staff recommends the adoption of the resolution approving the Organizational Chart which will allow for the hiring of the Board Clerk and set the associated salary, as well as the modified salary for the Accountant.

The budgetary impact of the salary changes as summarized below are included in the Preliminary 2017/18 fiscal year budget which was approved on June 20, 2017 and covers the period of July 1, 2017 through June 30, 2018.

Employee Classification	Proposed 2017/18 Step 1 Salary (Effective July 1, 2017)	Approved 2017 Salary Step 1	Change	Estimated Annual Cost Increase**
Accountant	\$33.33	\$ 23.18	\$10.15	\$3,046
CSD Clerk/Admin	\$23.00	\$ 12.36	\$10.64	\$24,849

** Includes increase in hours for Clerk from 312 to 1248 annually, in addition to salary change

CONSUMER PRICE INDEXES PACIFIC CITIES AND U. S. CITY AVERAGE

May 2017

ALL ITEMS INDEXES

(1982-84=100 unless otherwise noted)

MONTHLY DATA	All Urban Consumers (CPI-U)						Urban Wage Earners and Clerical Workers (CPI-W)					
	Indexes			Percent Change			Indexes			Percent Change		
				Year ending	1 Month ending					Year ending	1 Month ending	
	May 2016	Apr 2017	May 2017	Apr 2017	May 2017	May 2017	May 2016	Apr 2017	May 2017	Apr 2017	May 2017	May 2017
U. S. City Average.....	240.229	244.524	244.733	2.2	1.9	0.1	234.436	238.432	238.609	2.1	1.8	0.1
(1967=100).....	719.619	732.486	733.110	-	-	-	698.314	710.215	710.744	-	-	-
Los Angeles-Riverside-Orange Co.....	249.554	254.971	255.674	2.7	2.5	0.3	240.320	245.417	246.153	2.5	2.4	0.3
(1967=100).....	737.292	753.297	755.374	-	-	-	710.218	725.283	727.456	-	-	-
West	247.855	253.806	254.380	2.9	2.6	0.2	239.973	245.454	246.096	2.8	2.6	0.3
(Dec. 1977 = 100)	400.644	410.263	411.191	-	-	-	386.104	394.922	395.955	-	-	-
West - A*.....	254.231	260.964	261.696	3.1	2.9	0.3	244.408	250.484	251.283	2.9	2.8	0.3
(Dec. 1977 = 100)	414.558	425.537	426.731	-	-	-	395.649	405.485	406.778	-	-	-
West - B/C**(Dec. 1996=100).....	145.942	148.496	148.789	2.3	2.0	0.2	145.597	148.137	148.451	2.4	2.0	0.2

BI-MONTHLY DATA	All Urban Consumers (CPI-U)						Urban Wage Earners and Clerical Workers (CPI-W)					
	Indexes			Percent Change			Indexes			Percent Change		
				Year ending	2 Months ending					Year ending	2 Months ending	
	Apr 2016	Feb 2017	Apr 2017	Feb 2017	Apr 2017	Apr 2017	Apr 2016	Feb 2017	Apr 2017	Feb 2017	Apr 2017	Apr 2017
San Francisco-Oakland-San Jose.....	264.565	271.626	274.589	3.4	3.8	1.1	259.386	265.569	268.896	3.3	3.7	1.3
(1967=100).....	813.347	835.053	844.164	-	-	-	789.851	808.680	818.810	-	-	-
Seattle-Tacoma-Bremerton.....	253.815	259.503	261.560	3.4	3.1	0.8	249.396	255.471	257.648	3.7	3.3	0.9
(1967=100).....	773.727	791.065	797.336	-	-	-	739.710	757.726	764.185	-	-	-

* A = 1,500,000 population and over

** B/C = less than 1,500,000 population

Dash (-) = Not Available.

Release date Jun.14, 2017. The next monthly and bi-monthly releases are scheduled for Jul. 14, 2017.

Please note: Customers can receive hotline information by calling the BLS West Region Information Office: (415) 625-2270.

This card is available on the day of release by electronic distribution. Just go to www.bls.gov/bls/list.htm and sign up for the free on-line delivery service. For questions, please contact us at BLInfoSF@BLS.GOV or (415) 625-2270.

RESOLUTION 2017 - ____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SADDLE CREEK COMMUNITY SERVICES DISTRICT APPROVING THE
REVISED ORGANIZATIONAL CHART, POSITIONS FUNDED AND SALARY
SCHEDULE FOR THE 2017/18 FISCAL YEAR

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, In accordance with Government Code §61040, (a) A legislative body of five members known as the board of directors shall govern each district. The board of directors shall establish policies for the operation of the district. The board of directors shall provide for the implementation of those policies which is the responsibility of the district's general manager; and

WHEREAS, the District shall appoint a General Manager, who, in accordance with California Government Code 61051 shall be responsible for all of the following:

- (a) The implementation of the policies established by the board of directors for the operation of the district.
- (b) The appointment, supervision, discipline, and dismissal of the district's employees.
- (c) The supervision of the district's facilities and services.
- (d) The supervision of the district's finances.

WHEREAS, the District Board of Directors has determined that the General Manager is responsible for the development and modification of job descriptions and responsibilities in order to facilitate the successful operation of the District in compliance with Government Code 61051(a) and (b) above; and

WHEREAS, the District Board of Directors has determined that the General Manager is also responsible for the development and modification of the District organizational hierarchy, subject to the budget appropriations of the District; and

WHEREAS, in conjunction with the adoption of the budget, the Board of Directors adopts a salary schedule applicable to all employees for the fiscal year; and

WHEREAS, the General Manager has presented the 2017/18 fiscal year organizational structure and salary schedule for ratification by this Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SADDLE CREEK COMMUNITY SERVICES DISTRICT as follows:

1. The 2017/18 fiscal year organizational structure and salary schedule attached hereto as Exhibit A, shall be approved and effective July 1, 2017.
2. The General Manager is hereby authorized to immediately fill the Board Clerk position as contained within the approved organizational structure and salary schedule,

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Saddle Creek Community Services District on July 18, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Larry Hoffman, President, Board of Directors

ATTEST:

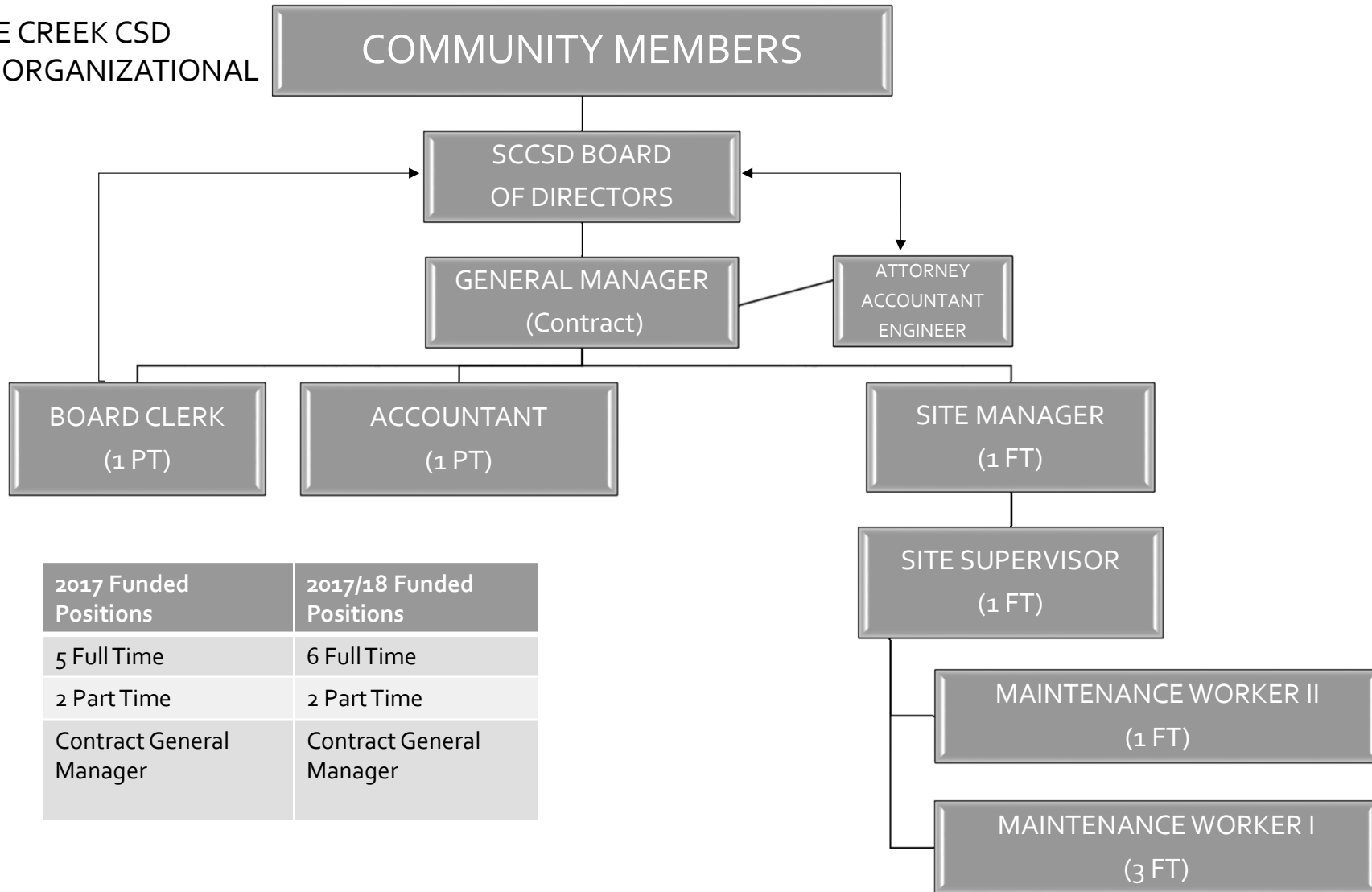
Peter Kampa, Board Clerk

CERTIFICATE OF SECRETARY (STATE OF CALIFORNIA)
(COUNTY OF CALAVERAS)

I, Peter Kampa, the duly appointed and Clerk 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 on July 18, 2017.

EXHIBIT A
RESOLUTION APPROVING 2017-18 SALARY SCHEDULE

SADDLE CREEK CSD
2017/18 ORGANIZATIONAL
CHART



2017 Funded Positions	2017/18 Funded Positions
5 Full Time	6 Full Time
2 Part Time	2 Part Time
Contract General Manager	Contract General Manager

EXHIBIT A
RESOLUTION 2017-__ APPROVING 2017-18 SALARY SCHEDULE

SADDLE CREEK COMMUNITY SERVICES DISTRICT
FY 2017/18 EMPLOYEE CLASSIFICATION & SALARY SCHEDULE

<u>Employee Classification</u>	<u>Positions 2016</u>	<u>Position s 2017</u>		(Step 1)	(Step 2)	(Step 3)	(Step 4)
				<u>Start</u>	<u>After 1 Yr.</u>	<u>After 2 Yrs.</u>	<u>After 3 Yrs.</u>
Maintenance Manager	1	1	(A)	\$69,865	\$73,542	\$77,219	\$81,080
Maintenance Supervisc	1	1	(A)	\$40,308	\$42,612	\$44,915	\$47,218
Landscape Maint. II	1	1	(H)	\$16.39	\$17.10	\$18.21	\$19.31
Landscape Maint. I	2	3	(H)	\$14.90	\$16.32	\$17.74	\$19.17
Part-Time Maint. I	0	0	(H) (PT)	\$11.59	NA	NA	NA
Accountant	1	1	(H) (PT)	\$33.33	\$36.33	\$39.60	\$43.17
CSD Clerk/Admin	1	1	(H)	\$23.00	\$25.19	\$27.37	\$29.58

(A)=Annual Salary (H)=Hourly Salary (PT) - Part time

Saddle Creek Community Services District

Regular Meeting of July 18, 2017

AGENDA SUPPORTING DATA

8. STAFF AND DIRECTOR REPORTS

General Manager's Report

Attached please find the audited financial statements for 2016. This is provided for your information only. As is our normal practice, the audit is distributed well in advance of the meeting in which our auditor is present to address any Board questions. Many thanks go out to District Bookkeeper Dolores Baker for her diligent work in maintain excellent financial statements for the District.

No discussion regarding the audit is expected at this meeting, and please take your time to review so that we can have questions answered when Mr. Bain attends our meeting on August 15.

**SADDLE CREEK
COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS
Modified Cash Basis**

DECEMBER 31, 2016

SADDLE CREEK COMMUNITY SERVICES DISTRICT

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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 year ended December 31, 2016, 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 December 31, 2016, 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.

The required supplementary information other than MD&A, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We have also issued a report dated June 30, 2017 on our consideration of the District's internal control over financial reporting. That report is an integral part of an audit and should be read in conjunction with this report in considering the results of our audit.

Larry Bain, CPA,
An Accounting Corporation
June 30, 2017

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$ <u>678,936</u>
Total current assets	<u>678,936</u>
Capital assets:	
Easements	10,344,000
Equipment	346,583
Buildings	79,000
Infrastructure-Roads	2,360,462
Less: accumulated depreciation	<u>(937,846)</u>
Total Capital Assets-Net	<u>12,192,199</u>
 Total Assets	 \$ <u><u>12,871,135</u></u>
Liabilities	
Current Liabilities	
Current portion of capital lease	<u>13,600</u>
Long Term Liabilities	
Long-term portion of capital lease	<u>49,734</u>
Total Liabilities	<u>63,334</u>
Net Position	
Net Investment in capital assets	\$ 12,128,865
Unrestricted	<u>678,936</u>
 Total Net Postion	 \$ <u><u>12,807,801</u></u>

	<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	\$ 658,620	\$ 590,146	\$ -	\$ (68,474)
Interest expense	<u>1,679</u>			<u>(1,679)</u>
Total Governmental Activities	<u>\$ 660,299</u>	<u>\$ 590,146</u>	<u>\$ -</u>	<u>(70,153)</u>

General Revenues:

Investment income	820
Other	<u>14,555</u>
Total general revenues	<u>15,375</u>
Change in net position	<u>(54,778)</u>
Net position - beginning	<u>12,862,579</u>
Net position - ending	<u>\$ 12,807,801</u>

	General Fund	Totals Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 678,936	\$ 678,936
Prepaid expense	-	-
Total Assets	<u>\$ 678,936</u>	<u>\$ 678,936</u>
Liabilities and Fund Balance		
Liabilities		
Accrued liabilities	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balance		
Nonspendable	-	-
Assigned	31,128	31,128
Unassigned	<u>647,808</u>	<u>647,808</u>
Total Fund Balance	<u>\$ 678,936</u>	<u>\$ 678,936</u>

Fund Balances of Governmental Funds \$ 678,936

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. 12,192,199

Long term debt is not due and payable in the current period and therefore is not reported in the funds (63,334)

Net position of governmental activities \$ 12,807,801

	General Fund	Total Governmental Funds
	<u> </u>	<u> </u>
Revenues		
Use of money and property	\$ 820	\$ 820
Special assessment	590,146	590,146
Other	14,555	14,555
Total Revenues	<u>605,521</u>	<u>605,521</u>
Expenditures		
Current:		
Community services	589,903	589,903
Debt		
Principal	9,006	9,006
Interest	1,679	1,679
Capital outlay	79,736	79,736
Total Expenditures	<u>680,324</u>	<u>680,324</u>
Excess (Deficit) of Revenues over Expenditures		
Before Other Financing Sources	<u>(74,803)</u>	<u>(74,803)</u>
Other Financing Sources		
Proceed of Debt	<u>72,340</u>	<u>72,340</u>
Total Other Financing Sources	<u>72,340</u>	<u>72,340</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures	(2,463)	(2,463)
Fund Balance, January 1	<u>681,399</u>	<u>681,399</u>
Fund Balance, December 31	<u>\$ 678,936</u>	<u>\$ 678,936</u>

Net Change in Fund Balances - Total Governmental Funds \$ (74,803)

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	79,736
Depreciation expense	(68,717)

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.

9,006

Change in net position of governmental activities \$ (54,778)

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.

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.

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 2015/16 fiscal year assessment was as follows:

Improved lots \$1,042.36 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

Note 2: Cash and Investments

Cash at December 31, 2016 consisted of the following:

General checking	\$	227,669
General savings		126,678
Cash with county		<u>324,589</u>
Total	\$	<u><u>678,936</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*	\$ 324,589	\$ 324,589	\$ -
Totals	\$ <u>324,589</u>	\$ <u>324,589</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.

Note 2: Cash and Investments (continued)

B. Disclosures Relating to Interest Rate Risk (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 December 31, 2016, the District's deposits balance, including certificates of deposit, was \$349,753 and the carrying amount was \$354,347. 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.

Note 3: Property Plant and Equipment

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

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Governmental Activities				
Capital assets, not being depreciated				
Easements	\$ 10,344,000	\$ -	\$ -	\$ 10,344,000
Capital assets, being depreciated				
Equipment	283,139	79,736	(16,292)	346,583
Buildings	79,000	-	-	79,000
Roads	2,360,462	-	-	2,360,462
Total capital assets, being depreciated	2,722,601	79,736	(16,292)	2,786,045
Less accumulated depreciation for;				
Equipment	(203,177)	(19,928)	16,292	(206,813)
Buildings	(18,170)	(1,580)	-	(19,750)
Roads	(664,074)	(47,209)	-	(711,283)
Total accumulated depreciation	(885,421)	(68,717)	16,292	(937,846)
Total capital assets, being depreciated, net	1,837,180	11,019	-	1,848,199
Total governmental activities, capital assets, net	<u>\$ 12,181,179.81</u>	<u>\$ 11,019</u>	<u>\$ -</u>	<u>\$ 12,192,199</u>

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 December 31, 2016:

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due within one year
Governmental Activities					
Capital lease	\$ -	\$ 72,340	\$ (9,006)	\$ 63,334	\$ 13,600
Total	<u>\$ -</u>	<u>\$ 72,340</u>	<u>\$ (9,006)</u>	<u>\$ 63,334</u>	<u>\$ 13,600</u>

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 December 31,	Principal	Interest	Total
2017	\$ 13,600	\$ 2,429	\$ 16,029
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	<u>\$ 63,334</u>	<u>\$ 6,124</u>	<u>\$ 69,458</u>

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 2016	\$	605,521
GANN limit for 2016		1,152,714
Amount (under)/over limit	\$	<u>(547,193)</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 December 31, 2016, the district had open professional service agreements for management and other services.

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Use of money and property	\$ -	\$ -	\$ 820	\$ 820
Charges for services-property assessments	590,142	590,142	590,146	4
Other	21,134	21,134	14,555	(6,579)
Total Revenues	611,276	611,276	605,521	(5,754)
Expenditures				
Salaries and benefits	361,603	361,603	343,762	17,841
Services and supplies	266,361	266,361	244,462	21,899
Principal Expense	9,006	9,006	9,006	-
Interest Expense	5,434	5,434	1,679	3,755
Capital outlay	72,157	91,657	79,736	11,921
Total Expenditures	714,561	734,061	680,324	53,737
Excess of revenues over expenditures	(103,285)	(122,785)	(74,803)	47,983
Other Financing Sources	72,157	72,157	72,340	183
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures	<u>\$ (31,128)</u>	<u>\$ (50,628)</u>	<u>(2,463)</u>	<u>\$ 48,166</u>
Fund Balance, January 1, 2016			<u>681,399</u>	
Fund Balance, December 31, 2016			<u>\$ 678,936</u>	

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.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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 fiscal year ended December 2016, and have issued our report thereon dated June 30, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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 did not identify any 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 finding 16-1 through 16-2 in the following schedule of findings to be significant deficiencies in the District's internal control:

Saddle Creek Community Services District's Response to Findings

The Saddle Creek Community Services District's separate written response to the significant deficiencies identified in our audit and any follow up for subsequent year corrections has not been subjected to the audit procedures applied in the audit of the financial statements and accordingly, we do not express an opinion on the responses.

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, management, Calaveras County Auditor Controllers Office and the Controller's Office of the State of California.

Larry Bain, CPA,
An Accounting Corporation
June 30, 2017

Significant Deficiencies Not Deemed Material Weaknesses

FS 16-1: 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 16-2: During our testing of capital assets we noted the District removed assets from the depreciation schedule. We inquired if these assets had been surplused with Board approval and they had not. All capital assets removed from service regardless of being sold or disposed of are subject to Board approval.

We also noted the District capitalized a lawn mower for \$8,140.89. Per review, the invoice had other items listed such as super glue and welding gloves which were capitalized with the lawn mower. We adjusted the cost to the appropriate value of the asset.

Recommendation: We recommend the Board of Directors approve surplusung assets and provide staff with instructions on the disposition of the District assets. We also recommend the District only capitalize the cost of assets that meet the definition of a capital assets and not the cost of unrelated items.