

Report Title: Special Districts in Marin County**Report Date: June 14, 2002****Response by:** Governing Board _____ **Title:** President, Sausalito-Marín City
By William R. Berkman Sanitary District**FINDINGS** As to 1-3 and 6-7 only per direction of Grand Jury)

- I (we) agree with the findings numbered: _____
- I (we) disagree wholly or partially with the findings numbered: 1,2,3,6,7 and 8
(Attach a statement specifying any portions of the findings that are disputed; include an explanation of the reasons therefor.)

RECOMMENDATIONS (As to 1-4, 6 and 7 only per direction of Grand Jury)

- Recommendations numbered 1, 2, 4, and 6 have been implemented.
(Attach a summary describing the implemented actions.)
- Recommendations numbered 7 have not yet been implemented, but will be implemented in the future.
(Attach a timeframe for the implementation.)
- Recommendations numbered _____ require further analysis.
(Attach an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.)
- Recommendations numbered 3 will not be implemented because they are not warranted or are not reasonable.
(Attach an explanation.)

Date: September 5, 2002Signed: William R. Berkman
William R. Berkman, President, on Behalf of the Board of
DirectorsNumber of pages attached 7

SAUSALITO-MARIN CITY SANITARY DISTRICTRESPONSES TO GRAND JURY REPORT ON SPECIAL DISTRICTS

General Responses to Findings 1-3 and 6-8

Sausalito-Marin City has no independent information concerning these matters insofar as they pertain to other Marin County agencies. Therefore, it is not possible to agree (or disagree) with those findings except and to the extent they apply to this District, which is covered in the District's specific responses to those Findings.

Responses to Finding 1 and Recommendation 1 relating to compensation of directors:

The statute applicable to the Sausalito-Marín City Sanitary District is Health and Safety Code §6489 of the Sanitary District Act. A recent amendment authorized increases in the 1986 meeting compensation limit of \$100 per meeting.

On April 2, 2001, the District held a public hearing concerning a proposal to increase fees payable to directors of the Sausalito-Marín City Sanitary District for meetings from \$100 per meeting to \$160. The meeting was duly noticed in accordance with statutory procedures. Ordinance No. 77 was adopted pursuant to the requirements of Water Code Section 20211 after the public meeting was held. The ordinance was published in a newspaper of general circulation. The ordinance was adopted into the minutes of the Board and became effective sixty days after its adoption.

Response to Finding 2 and Recommendation 2 relating to the number of directors' meetings:

The Sausalito-Marín City Sanitary District does not have a large number of employees, but nonetheless faces many of the same issues as larger districts. Board members of small districts are often called on to help in the development of strategic direction and policies on the issues of concern to the District. The District has six standing committees for this purpose: Capital Project and Construction Committee, Finance, Insurance and Budget Committee, Inflow and Infiltration Committee, National Park Service Committee, Personnel Committee and Public Information Committee. Their meetings are public meetings and are posted as such.

Regular, special and committee meetings attended by directors of the Sausalito-Marín City Sanitary District are held on an as-needed basis after posting of a public notice as required by law. Minutes of such meetings are approved by the Board in public meetings and such minutes are public records available for public review.

Response to Finding 3 and Recommendation 3 relating to receipt of medical/dental benefits by directors.

Sanitary district directors are expressly authorized by state law to receive medical, dental and other health and welfare benefits. However, the directors of Sausalito-Marín City Sanitary District do not receive such benefits.

Response to Recommendation 4 relating to travel and conference attendance by directors.

The Sausalito-Marín City Sanitary District agrees that periodic conferences and seminars sponsored by statewide associations serve a valuable educational and informational purpose. Such associations include the California Association of Sanitation Agencies, California Special Districts Association, and the Special District Institute. Attendance of directors at such meetings requires advance approval by the Board at its public meeting, which is reflected in the Board minutes. If less than all of the directors attend such a conference/seminar, it is the Board's practice following the event to provide written or oral reports and distributed written materials for all directors to review.

Response to Findings 6 and 7 and Recommendation 6 relating to financial statements and reserves

The Sausalito-Marín City Sanitary District is called an "enterprise" district and therefore its audited financial statements are presented in accordance with generally accepted accounting principles applicable to those kinds of organizations. Among other things, this means that the financial statements reflect the accrual basis of accounting in which revenues are recognized when earned and expenses are recognized when incurred.

The District financial statements, including the balance sheet and statements of revenues, expenditures and changes in retained earnings and of cash flows, are presented in a detailed and concise format. The balance sheet is presented using the classified method wherein the accounts are subtotaled into current and long-term accounts and provides a detailed description of the reserves. The statement of revenues and expenditures is presented in a detailed format, which provides detailed information on the components of revenues, operating expenses and non-operating revenues. The statement of cash flows provides an analysis of the changes in cash during the period being reported on and includes subtotals for the following: (1) cash provided by operations; (2) cash provided by on-capital financing activities, (3) cash used for capital and related financing activities and (4) cash provided by investing activities. In addition, the footnotes to the financial statements provide the user with all of the significant disclosures that are required by generally accepted accounting principles. Attached for information are copies of recent financial documents of this District, including the 2002/03 budget and 2001/02 audit.

The District has recently provided public explanations to our constituents of the need for a rate increase after 7 years of stable rates. Those explanations have included mailed notices, press releases, and meetings with the local press, community groups, and elected officials. A community forum was held, which included presentations on the District's ten-year capital improvement program, renewal and replacement program, financial analysis and reserve policies. The following materials (copies attached) relate to these matters and have been made available to the public:

- Newsletter
- Legal Notice
- Press Releases
- Capital Improvement Program Summary
- Reserve Policy

The Sausalito-Marín City Sanitary District has written guidelines governing the present and future level of reserves as shown in the District's balance sheet (copy attached). Extensive recent analysis of the District's reserve fund levels shows no excessive reserve amounts.

Response to Recommendation 7 relating to reporting of reserves.

The Sausalito-Marín City Sanitary District will cooperate with the Marin County Auditor's office to develop clear terminology and standard formats for the reporting of reserves by special districts. The timeline for completion would depend on when the Auditor determines to initiate the recommended activity and the amount of work required to complete the task, both of which matters are unknown to the District.

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