

Amador Regional Sanitation Authority

"Servicing Amador City, Martell, & Sutter Creek"

A G E N D A

APRIL 28, 2021

10:00 A.M. Regular Meeting

33 Church Street, Sutter Creek CA 95685

The Agenda can be found on the City's Website: www.cityofsuttercreek.org

DUE TO THE GOVERNOR'S EXECUTIVE ORDER N-29-20, ADOPTED MARCH 17, THE CITY OF SUTTER CREEK CITY COUNCIL MEETING WILL BE AVAILABLE VIA ZOOM. WHILE THIS MEETING WILL BE CONDUCTED IN-PERSON AT 33 CHURCH STREET, WE STRONGLY ENCOURAGE THE PUBLIC TO PARTICIPATE FROM HOME:

Join Zoom Meeting

<https://us02web.zoom.us/j/3278978807>

or

Dial by phone:

301-715-8592

Meeting ID: 327 897 8807

ANY INDIVIDUALS WHO WISH TO ATTEND THIS MEETING IN PERSON WILL BE REQUIRED TO WEAR A FACE SHIELD OR MASK TO ENTER THE BUILDING AND THROUGHOUT THE DURATION OF THEIR ATTENDANCE AT THE MEETING.

The Chairman will call the meeting to order and after Board input, will invite the public to comment. Public comment will also be accepted by email at info@cityofsuttercreek.org. All emails must be received prior to the start of the meeting.

1. CALL TO ORDER AND ESTABLISH A QUORUM – 10:00 AM

2. PLEDGE OF ALLEGIANCE TO THE FLAG

3. PUBLIC FORUM

Discussion items only, no action to be taken. Any person may address the Board at this time upon any subject within the jurisdiction of the Amador Regional Sanitation Authority; however, any matter that requires action may be referred to staff and/or Committee for a report and recommendation for possible action at a subsequent Board meeting. Please note – there is a five (5) minute limit per topic.

4. CONSENT AGENDA

Items listed on the consent agenda are considered routine and may be enacted in one motion. Any item may be removed for discussion at the request of the Board or the Public.

*** A. Minutes of January 6, 2021**

Approve Minutes of January 6, 2021

*** B. Approval of Warrants**

Approve warrants.

*** C. 2020-21 Operating Budget Year to Date**

For information only.

- * D. System Status Report
For information only.

5. ADMINISTRATIVE MATTERS

- * A. Accept the Fiscal Year End 2020 & 2019 financial audit reports.
- * B. Status update regarding the City of Sutter Creek's WWTP upgrade project.
Recommendation: For information only.

6. INTERIM GENERAL MANAGER'S REPORT

7. BOARD MEMBER REPORTS

8. ADJOURNMENT

- * *Attachments*

Proceedings of the Meeting will be tape recorded. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please call (209) 267-5647. Notification 48 hours prior to the meeting will allow for reasonable arrangements to be made.

Amador Regional Sanitation Authority

"Servicing Amador City, Martell, & Sutter Creek"

MINUTES OF THE BOARD OF DIRECTORS MEETING January 6, 2021

Present:

Robin Peters, Chairman
Richard Forster, Vice Chairman
Frank Axe, Board Member
Susan Bragstad, Board Member
Jim Swift, Board Member

Staff Present:

Amy Gedney, Interim General Manager
Karen Darrow, City Clerk
Jodi Steneck, Accounting Supervisor
Harriet Steiner, ARSA Attorney

1. CALL TO ORDER AND ESTABLISH A QUORUM

Meeting called to order by Vice Chairman Forster at 10:05 A.M.

2. PLEDGE OF ALLEGIANCE TO THE FLAG

Vice Chairman Forster led the Pledge of Allegiance.

3. PUBLIC FORUM- None

4. ANNUAL ORGANIZATION OF THE ARSA BOARD

A. Election of a Chairperson and Vice Chairperson for the ARSA Board.

M/S Swift/Axe to nominate Board member Peters as Chairman.

AYES: Axe, Bragstad, Swift and Forster
NOES: None
ABSTAIN: None
ABSENT: Peters
MOTION CARRIED

M/S Swift/Axe to nominate Board member Forster as Vice Chairman.

AYES: Axe, Bragstad, Swift and Forster
NOES: None
ABSTAIN: None
ABSENT: Peters
MOTION CARRIED

5. CONSENT AGENDA

Items listed on the consent agenda are considered routine and may be enacted in one motion. Any item may be removed for discussion at the request of the Board or the Public.

A. Minutes of September 23, 2020

Approve Minutes of September 23, 2020

B. Approval of Warrants

Approve warrants.

C. Financial Statements

For information only.

D. System Status Report
For information only.

Board member Bragstad requested a breakdown of expenses.

Interim General manager Gedney noted that overtime expenses have been significantly reduced due to a change to a 4/10 work schedule.

M/S Axe/Peters to Approve the Consent Agenda, with minor edits to the minutes.

AYES: Axe, Bragstad, Forster, Swift and Peters
NOES: None
ABSTAIN: None
ABSENT: None
MOTION CARRIED

Chairman Peters arrived at 10:15 a.m. and presided over the remained of the meeting.

5. ADMINISTRATIVE MATTERS

- A. Resolution 20-21-* extending the loan term with the City of Sutter Creek for the Noble Ranch spray easement.

Recommendation: Adopt Resolution 2020-21 extending the loan.

Board member Bragstad voiced her concern regarding repayment of the loan.

Chairman Peters explained that the money is better retained by the City of Sutter Creek to pay the expenses.

Amador City Council member Russell Robinson asked what the \$2,630 that Amador City pays Sutter Creek is related to.

Interim General Manager Gedney explained that Amador City pays the City of Sutter Creek for sending wastewater to their treatment plant.

M/S Forster/Axe to Approve Resolution 20-21-01 extending the loan term with the City of Sutter Creek for the Noble Ranch spray easement.

AYES: Axe, Bragstad, Forster, Swift and Peters
NOES: None
ABSTAIN: None
ABSENT: None
MOTION CARRIED

- B. Correspondence from RWQCB regarding Mule Creek Storm water system deficiencies.
Recommendation: For information only.

Vice Chairman Forster reported that the Board of Supervisors had filed action against CDCR for the spills and that The Sportfishing Alliance has also filed suit. He expects Mule Creek to continue to spill all winter long, showing that they are not willing to even try to comply with State regulations. Vice Chairman Forster noted that he is not happy but also not surprised that they are willing to violate the agreement with the State Water Quality Control Board.

- C. Status update regarding the City of Sutter Creek's WWTP upgrade project.
Recommendation: For information only.

Interim General Manager Gedney provided an update including a reminder that this project is an upgrade to the existing plant not an increase in capacity. She also noted that the Environmental Consultant is in place and they are getting ready to review the project study report and that work on the grant is moving along as outlined.

Vice Chairman Forster asked if the State will accept direct discharge in to the creek.

Chairman Peters explained that the State will evaluate when they receive the submission.

Vice Chairman Forster noted that Castle Oaks has expressed concern about the five-year deadline pending.

Interim General Manager Gedney noted that their concern should be addressed with the City of Ione.

City Council member Dan Epperson announced that newly appointed City Manager McGraw will take over for outgoing City Manager Hanken.

Board member Axe asked if the Wastewater Treatment plant will be able to handle the growth projections in the Master Plan.

Chairman Peters clarified that no it would not be able to handle the growth projections, but could be added on to later if needed. He reiterated that this project is an upgrade not a wastewater expansion project.

7. INTERIM GENERAL MANAGER’S REPORT

8. BOARD MEMBER REPORTS

Board member Forster noted that the State is not interested in holding CDCR accountable and ultimately it will come to Federal involvement. He stated that the newspaper will continue to report on the situation but the County can not do anymore than they have already done.

9. ADJOURNMENT

The meeting was adjourned at 11:00 a.m.

Karen Darrow, Secretary

Robin Peters, Chairman

Date Approved:

1:36 PM

04/15/21

Amador Regional Sanitation Authority (ARSA)

Check Detail

February through March 2021

Type	Num	Date	Name	Item	Account	Paid Amount	Original Amount
Bill Pmt -Check	1574	02/24/2021	Best Best & Krieger, ...		10000 · Checking - U...		-280.80
Bill	896577	02/03/2021			Legal	-280.80	280.80
TOTAL						-280.80	280.80
Bill Pmt -Check	1575	02/24/2021	Campbell Constructi...		10000 · Checking - U...		-22,772.76
Bill	2600	01/27/2021			Repairs & Maintenance	-22,772.76	22,772.76
TOTAL						-22,772.76	22,772.76
Bill Pmt -Check	1576	02/24/2021	City of Sutter Creek		10000 · Checking - U...		-13,424.13
Bill	2021-02	02/05/2021			Contract with COSC	-11,920.75	11,920.75
					Overtime	-1,031.31	1,031.31
					Fuel	-339.91	339.91
					Vehicle Maintenance	-110.16	110.16
					General Supplies	-22.00	22.00
TOTAL						-13,424.13	13,424.13
Bill Pmt -Check	1577	02/24/2021	Hunt & Sons, Inc.		10000 · Checking - U...		-319.01
Bill	49594	01/31/2021			Fuel	-181.74	181.74
Bill	764629	02/15/2021			Fuel	-137.27	137.27
TOTAL						-319.01	319.01
Bill Pmt -Check	1578	03/24/2021	City of Sutter Creek		10000 · Checking - U...		-12,572.66
Bill	2021-03	03/11/2021			Contract with COSC	-11,920.75	11,920.75
					Overtime	-346.41	346.41
					Repairs & Maintenance	-305.50	305.50
TOTAL						-12,572.66	12,572.66
Bill Pmt -Check	1579	03/24/2021	Hunt & Sons, Inc.		10000 · Checking - U...		-674.09
Bill	778345	02/28/2021			Fuel	-368.37	368.37
Bill	791633	03/15/2021			Fuel	-305.72	305.72
TOTAL						-674.09	674.09
Bill Pmt -Check	1580	03/24/2021	Ione ACE Hardware		10000 · Checking - U...		-15.48
Bill	022520...	02/25/2021			Repairs & Maintenance	-15.48	15.48
TOTAL						-15.48	15.48
Bill Pmt -Check	1581	03/24/2021	Weber, Ghio & Asso...		10000 · Checking - U...		-3,150.00
Bill	8392	03/09/2021			Engineering	-300.00	300.00
Bill	8393	03/09/2021			Engineering	-2,850.00	2,850.00
TOTAL						-3,150.00	3,150.00

Amador Regional Sanitation Authority (ARSA)

Warrant List

April 2021

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	1582	04/28/2021	Central Valley Salinity Coalition Inc.	10000 · Checking - Umpqua	
Bill	1773 20...	04/08/2021		Taxes/Fees/Licenses	-1,135.00
TOTAL					-1,135.00
Bill Pmt -Check	1583	04/28/2021	City of Ione'	10000 · Checking - Umpqua	
Bill	119909	03/19/2021		Tertiary Treatment Fees	-16,992.75
TOTAL					-16,992.75
Bill Pmt -Check	1584	04/28/2021	City of Sutter Creek	10000 · Checking - Umpqua	
Bill	2021-04	04/13/2021		Contract with COSC Overtime	-11,920.75 -376.34
TOTAL					-12,297.09
Bill Pmt -Check	1585	04/28/2021	Department of Water Resources	10000 · Checking - Umpqua	
Bill	180014...	03/08/2021		Taxes/Fees/Licenses	-30,230.00
TOTAL					-30,230.00
Bill Pmt -Check	1586	04/28/2021	Hunt & Sons, Inc.	10000 · Checking - Umpqua	
Bill	810062	03/31/2021		Fuel	-157.58
TOTAL					-157.58
Bill Pmt -Check	1587	04/28/2021	Ione ACE Hardware	10000 · Checking - Umpqua	
Bill	March 2...	03/25/2021		Repairs & Maintenance	-15.71
TOTAL					-15.71
Bill Pmt -Check	1588	04/28/2021	Maze & Associates	10000 · Checking - Umpqua	
Bill	40713	03/31/2021		Audit & Accounting	-865.00
TOTAL					-865.00
Bill Pmt -Check	1589	04/28/2021	Hunt & Sons, Inc.	10000 · Checking - Umpqua	
Bill	824471	04/15/2021		Fuel	-159.58
TOTAL					-159.58

2:53 PM

Amador Regional Sanitation Authority (ARSA)

04/15/21

Balance Sheet

Accrual Basis

As of March 31, 2021

	Mar 31, 21
ASSETS	
Current Assets	
Checking/Savings	
10000 · Checking - Umpqua	482,982.46
10010 · Savings - Umpqua	297,050.83
Total Checking/Savings	780,033.29
Accounts Receivable	
11000 · Accounts Receivable	20,362.00
Total Accounts Receivable	20,362.00
Total Current Assets	800,395.29
Fixed Assets	
101707 · Capital Replacement Fund	292,432.03
101708 · ARSA District	15,588.59
150620 · Long Term Assets Structures	1,884,800.13
150621 · Long Term Assets Structures Dep	-1,884,800.15
150630 · Long Term Assets Equipment	151.00
150631 · Long Term Assets Equipment Depr	-151.00
35000 · Investment in Capital Assets	841,648.00
Total Fixed Assets	1,149,668.60
Other Assets	
120000 · Note Receivable	450,000.00
120100 · Accrued Interest Receivable	160,616.00
Total Other Assets	610,616.00
TOTAL ASSETS	2,560,679.89
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	48,115.30
Total Accounts Payable	48,115.30
Total Current Liabilities	48,115.30
Total Liabilities	48,115.30
Equity	
30000 · Opening Balance Equity	2,956,020.55
32000 · Retained Earnings	-586,137.62
Net Income	142,681.66
Total Equity	2,512,564.59
TOTAL LIABILITIES & EQUITY	2,560,679.89

Amador Regional Sanitation Authority (ARSA)

Budget vs. Actual

July 2020 through March 2021

	<u>Budget</u>	<u>Jul '20 - Mar '21</u>	<u>% of Budget</u>	<u>Projected YE</u>
Income				
Interest Income	150.00	155.44	103.63%	175.00
Reimbursed Expenses	19,000.00	0.00	0.0%	19,000.00
Use Fee Revenue				
Amador City	13,093.00	9,819.75	75.0%	13,093.00
Amador Water Agency	78,796.00	59,097.00	75.0%	78,796.00
City of Sutter Creek	384,218.00	288,163.50	75.0%	384,218.00
Total Use Fee Revenue	476,107.00	357,080.25	75.0%	476,107.00
Total Income	495,257.00	357,235.69	72.13%	495,282.00
Expense				
Employee Services				
Contract with COSC	143,049.00	95,366.00	66.67%	143,049.00
Overtime	65,000.00	5,208.49	8.01%	10,000.00
Total Employee Services	208,049.00	100,574.49	48.34%	153,049.00
Operations				
Audit & Accounting	6,000.00	6,490.00	108.17%	6,490.00
Contingency	21,096.00	0.00	0.0%	21,096.00
Engineering				
Inundation mapping	10,000.00	0.00	0.0%	10,000.00
Engineering - Other	20,000.00	6,662.25	33.31%	20,000.00
Total Engineering	30,000.00	6,662.25	22.21%	30,000.00
Flood Control	2,000.00	0.00	0.0%	1,000.00
Fuel	19,000.00	3,668.10	19.31%	7,500.00
General Supplies	500.00	22.00	4.4%	500.00
Legal	15,000.00	1,628.64	10.86%	5,000.00
Membership Dues	1,700.00	1,764.12	103.77%	1,764.12
O&M Building/Structures	1,500.00	1,140.00	76.0%	1,500.00
Repairs & Maintenance	20,000.00	23,826.20	119.13%	25,000.00
Risk Management - Liability	19,761.00	19,667.41	99.53%	19,667.41
Taxes/Fees/Licenses	55,000.00	51,001.28	92.73%	55,000.00
Tertiary Treatment Fees	70,000.00	16,992.75	24.28%	70,000.00
Vehicle Maintenance	5,000.00	1,478.79	29.58%	5,000.00
Weed Control	1,500.00	0.00	0.0%	1,500.00
Total Operations	268,057.00	134,341.54	50.12%	251,017.53
Total Expense	476,106.00	234,916.03	49.34%	404,066.53

Date	Sutter Creek WWTP Flow (mg)	Bowers Irrigation (mg)	Henderson Freeboard	Henderson Outflow (mg)	Hoskins Irrigation (mg)	Mule Creek Inflow (mg)	Preston Freeboard	Outflow to Ione (af)
Date	Sutter Creek WWTP Flow (mg)	Bowers Irrigation (mg)	Henderson Freeboard	Henderson Outflow (mg)	Hoskins Irrigation (mg)	Mule Creek Inflow (mg)	Preston Freeboard	Outflow to Ione (650acft)
2014								
1/31/2014	6.8	0.0	15'8"	7.1	0.0	3.4	17'1"	0.0
2/28/2014	12.3	0.0	11'5"	5.5	0.0	12.1	11'9"	0.0
3/31/2014	13.9	0.0	8'	7.3	0.0	0.0	13'2"	0.0
4/30/2014	11.0	0.0	6'2"	13.6	0.0	0.0	8'7"	5.2
5/31/2014	8.8	0.0	5'9"	12.2	0.0	0.0	12'3"	21.9
6/30/2014	8.2	8.2	7'1"	9.7	4.5	45.2	9'1"	28.4
7/31/2014	8.0	7.8	9'9"	13.0	4.7	31.4	10'3"	37.4
8/31/2014	8.4	5.8	11'6"	15.1	4.6	11.1	16'6"	38.9
9/30/2014	8.2	5.2	14'4"	16.4	4.6	10.1	19'3"	27.7
10/31/2014	8.1	3.7	17'7"	15.7	3.2	5.8	18'5"	14.1
11/30/2014	8.2	3.2	19'	16.2	0.8	0.0	13'3"	0.1
12/31/2014	16.0	0.0	13'1"	7.1	0.0	0.0	10'9"	0.0
Total Flow	117.9	33.9		138.9	22.4	119.1		173.7
Annual ac ft	361.8	104.0		426.3	68.7	365.5		533.1
2015								
1/31/2015	9.7	0.0	10'	4.2	0.0	0.0	10'5"	0.0
2/28/2015	13.3	0.0	7'1"	6.6	0.0	0.0	8'8"	0.0
3/31/2015	9.7	0.0	6'5"	12.3	1.7	0.1	6'8"	0.0
4/30/2015	8.5	0.0	5'9"	19.2	5.6	0.0	5'8"	8.8
5/31/2015	8.2	0.0	5'7"	12.7	7.3	0.0	9'3"	22.6
6/30/2015	7.2	5.7	8'7"	20.7	10.1	15.8	8'9"	28.3
7/31/2015	7.2	6.6	12'3"	22.7	10.0	24.8	8'1"	32.6
8/31/2015	7.5	7.5	15'9"	16.9	10.3	23.3	7'2"	32.6
9/30/2015	7.6	5.8	19'6"	14.6	6.5	15.6	8'9"	31.4
10/31/2015	7.8	4.5	24'1"	19.7	5.8	0.0	10'9"	23.0
11/30/2015	8.4	0.0	21'1"	3.9	0.0	0.0	14'6"	10.9
12/31/2015	13.4	0.0	17'2"	9.8	0.0	0.0	14'	6.6
Total Flow	108.4	30.1		163.4	57.3	79.6		196.6
Annual ac ft	332.7	92.3		501.4	175.8	244.2		603.5
2016								
1/31/2016	19.0	0.0	12'1"	12.4	0.0	0.0	11'4"	3.9
2/29/2016	10.7	0.0	10'9"	17.8	0.0	0.0	8'7"	4.0
3/31/2016	17.7	0.0	8'7"	15.1	0.0	0.0	5'7"	3.4
4/30/2016	10.7	0.0	8'5"	13.7	0.0	0.0	5'7"	9.1
5/31/2016	9.3	0.0	9'9"	23.0	0.0	0.0	7'7"	27.3
6/30/2016	8.3	2.9	14'4"	32.2	2.2	0.0	9'8"	36.0
7/31/2016	9.0	9.0	20'1"	25.4	5.3	35.9	7'6"	40.9
8/31/2016	9.2	9.2	22'3"	8.7	3.2	32.9	8'3"	44.1
9/30/2016	8.3	6.3	25'8"	10.8	2.2	10.3	13'2"	37.5
10/31/2016	11.0	2.5	23'2"	5.9	0.0	4.0	14'4"	6.4
11/30/2016	11.2	0.0	20'8"	5.3	0	0.0	14'2"	0.0
12/31/2016	16.5	0.0	16'8"	10.4	0.0	0.0	11'6"	0.0
Total Flow	140.8	29.8		180.8	12.9	83.2		212.6
Annual ac ft	432.1	91.5		554.9	39.6	255.2		652.5

ARSA SYSTEM FLOWS
2014 - Present

Date	Sutter Creek WWTP Flow (mg)	Bowers Irrigation (mg)	Henderson Freeboard	Henderson Outflow (mg)	Hoskins Irrigation (mg)	Mule Creek Inflow (mg)	Preston Freeboard	Outflow to Ione (af)
2017								
1/31/2017	30.9	0.0	9'3"	10.7	0.0	0.0	6'8"	0.0
2/28/2017	26.5	0.0	4'1"	10.2	0.0	0.0	4'4"	0.0
3/31/2017	15.5	0.0	1'5"	14.1	0.0	0.0	1'5"	1.5
4/30/2017	16.1	0.0	1'6"	34.9	0.0	0.0	1'8"	5.9
5/31/2017	9.6	0.0	3'7"	38.0	2.7	0.0	1'2"	27.4
6/30/2017	8.9	8.0	6'7"	36.0	8.8	0.0	3'2"	36.2
7/31/2017	8.6	8.7	11'	35.0	10.7	0.0	6'11"	41.8
8/31/2017	8.8	8.7	13'9"	20.6	8.6	0.0	7'6"	12.1
9/30/2017	8.7	8.7	16'2"	18.3	11.9	0.0	6'10"	0.0
10/31/2017	8.0	8.1	17'4"	13.8	9.4	0.0	9'7"	17.2
11/30/2017	11.5	0.9	14'10"	9.7	7.4	0.0	11'1"	27.2
12/31/2017	9.5	0.0	12'9"		6.3	0.0	10'6"	0.0
Total Flow	162.6	43.1		241.3	65.8	0.0		169.3
Annual ac ft	499.0	132.2		740.6	202.1	0.0		519.6
<i>Average ac feet per Year</i>								
	<i>313.51</i>	<i>76.46</i>		<i>385.57</i>	<i>74.90</i>	<i>216.80</i>		<i>485.36</i>
2018								
1/31/2018	13.6	0	9'7"	8.4	0	0	8'8"	0
2/28/2018	8.7	0	7'10"	5.1	0	0	8'3"	0
3/31/2018	22.1	0	4'1"	8.00	0	0	5'11"	0
4/30/2018	14.1	0	3'9"	23.8	6.0	0	3'3"	1.15
5/31/2018	9.3	0	3'10"	16.9	9.9	0	8'2"	27.71
6/30/2018	8.4	5.3	5'8"	21.2	9.6	0	15'1"	37.73
7/31/2018	9.3	9.2	10'0"	35.4	9.5	0	22'0"	42.85
8/31/2018	9.7	9.7	11'7"	12	5.8	0	20'9"	0
9/30/2018	9	9	13'11"	16	10.7	0	19'3"	0
10/31/2018	8.9	8.9	15'2"	16.2	10.0	0	11'	0
11/30/2018	10.5	5.8	15'1"	14.9	5.6	0	14'10"	0
12/31/2018	11.7	0	13'6"	15.2	0	0	11'2"	0
Total Flow	135.3	47.9	0	193.1	67.1	0	0	109.44
Annual ac ft	415.2	147.0	0.0	592.6	205.9	0.0	0.0	335.9
2019								
1/31/2019	17.4	0	10'5"	36.7	0	0	8'3"	0
2/28/2019	23.3	0	6'6"	4.8	0	0	6'6"	0
3/31/2019	20.2	0	3'6"	7.6	0	0	4'8"	0
4/30/2019	11.9	0	2'9"	15.8	4.2	0	3'2"	2
5/31/2019	12.7	0	3'6"	24.0	5.8	0	4'8"	20.9
6/30/2019	10	5.2	5'10"	26.5	12.3	0	7'3"	29
7/31/2019	7.6	9.9	8'11"	22.9	13.8	0	14'7"	40.6
8/31/2019	10	10	10'7"	13.4	11.8	0	17'2"	6.2
9/30/2019	9.6	9.4	12'6"	13.7	10.4	0	17'1"	0
10/31/2019	9	9	14'3"		12.2	0	16'5"	0
11/30/2019	7.2	5.1	14'1"	9.3	5.7	0	14'11"	0
12/31/2019	12.6	0	12'3"	0	0	0	13'2"	0
Total Flow (mg)	151.5	48.6	0	174.7	76.2	0	0	98.7
Annual ac ft	464.9	149.1	0.0	536.1	233.8	0.0	0.0	302.9
2020								
1/31/2020	10.3	0	11'2"	8.5	0	0	12'2"	0
2/29/2020	8	0	10'7"	3.5	0	0	11'7"	0
3/31/2020	12.85	0	8'11"	7.4	0	0	10'1"	0
4/30/2020	12.61	0	7'8"	6.3	0	0	10'8"	8.84
5/31/2020	8.2	1.4	8'6"	4.2	7.5	0	13'11"	23.9
6/30/2020	8.3	8.3	11'6"	6.3	5.7	0	19'6"	28.9
7/31/2020	8.3	8.3	14'11"	19.2	3.9	0	15'10"	0
8/31/2020	8.3	8.3	17'11"	13.3	2.3	0	14'0"	0
9/30/2020	8.2	8.2	19'2"	8.4	2.3	14	13'0"	13.9
10/31/2020	8.8	8.8	21'2"	11.9	2.4	0	17'9"	23.4
11/30/2020	9.1	3.5	22'	7.62	2.3	0	18'8"	30.7
12/31/2020	9.9	0	21'0"	8.8	0	0	16'8"	0
Total Flow (mg)	112.86	46.8	0	105.42	26.4	14	0	129.64
Annual ac ft	346.4	143.6	0.0	323.5	81.0	43.0	0.0	397.9
2021								
1/31/2021	12.6	0	17'6"	3.9	0	0	15'3"	0
2/29/2021	10.9	0	16'1"	2.6	0	0	14'9"	0
3/31/2021	11.9	0	13'1"	3.5	0	0	14'7"	0
4/30/2021								
5/31/2021								
6/30/2021								
7/31/2021								
8/31/2021								
9/30/2021								
10/31/2021								
11/30/2021								
12/31/2021								
Total Flow (mg)	35.4	0	0	10	0	0	0	0
Annual ac ft	108.6	0.0	0.0	30.7	0.0	0.0	0.0	0.0

STAFF REPORT

TO: ARSA BOARD OF DIRECTORS
MEETING DATE: APRIL 28, 2021
FROM: JODI STENECK, ACCOUNTING SUPERVISOR
SUBJECT: BASIC FINANCIAL STATEMENTS (AUDIT) FOR FISCAL YEAR
END (FYE) 2020 & 2019

RECOMMENDATION:

Accept the Fiscal Year End 2020 & 2019 financial audit reports.

DISCUSSION:

Maze & Associates conducted an independent audit of the ARSA financial records for fiscal years 2020–2019 and 2018–2019 and prepared a Basic Financial Statements report that combines both years. (Attachment A).

The total net position which represents the difference between ARSA's assets and its liabilities was \$1,446,391 as of June 30, 2020 an increase of \$103,341 from the prior year.

Operating revenues exceeded operation expenses by \$103,341 for year ended June 30, 2020 and operating expenses exceeded operating revenue by \$15,668 for year ended June 30, 2019. The two years combined had revenue exceeding expenses by \$87,673.

The cash and cash equivalents increased over the last year by \$54,707 for the fiscal year ended June 30, 2020 and increased by \$95,129 for the year ended June 30, 2019.

Vikki Rodriguez is the Chief Financial Officer with Maze & Associates and she will be available during the meeting to discuss the financial audit reports and to respond to questions.

BUDGET IMPACT:

None

AMADOR REGIONAL SANITATION AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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AMADOR REGIONAL SANITATION AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Amador Regional Sanitation Authority
Sutter Creek, California

We have audited the accompanying basic financial statements of the Amador Regional Sanitation Authority (Authority) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2020 and 2019, respectively and changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

A handwritten signature in black ink that reads "Maze & Associates". The script is cursive and fluid, with a long horizontal flourish extending from the end of the word "Associates".

Pleasant Hill, California
February 19, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020 and 2019

This discussion and analysis of the Amador Regional Sanitation Authority (Authority) financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2020 and 2019. Please read in conjunction with the accompanying financial statements and related notes, which follow this section.

Financial Highlights:

- Cash and cash equivalents increased over the last year by \$54,707 for the fiscal year ended June 30, 2020 and increased by \$95,129 for the year ended June 30, 2019
- Total assets exceeded total liabilities by \$1,446,391 for the year ended June 30, 2020 and \$1,343,050 for the year ended June 30, 2019; of which \$1,220,215 and \$1,079,178 respectively is reported as unrestricted net position and may be used to meet ongoing operations.
- Operating revenues exceeded operating expenses by \$90,857 for year ended June 30, 2020 and operating expenses exceeded operating revenues by \$29,960 for year ended June 30, 2019.

Basic Financial Statements:

In accordance with the Government Accounting Standards Board (GASB) Statement No. 34, the Authority's basic financial statements include a statement of net position, statements of revenues, expenses and changes in net position, and a statements of cash flows.

The statement of net position includes the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Authority creditors (liabilities). The difference between the assets and liabilities is shown as net position. This statement also provides the basis of evaluating the capital structure of the Authority and assessing its liquidity and financial flexibility.

The statement of revenues, expenses and changes in net position accounts for the current year's revenues and expenses. This statement measures the success of the Authority's operations over the past year and determines whether the Authority has recovered its cost through user fees and other charges.

The final required statement is the statements of cash flows. This statement reports cash receipts, cash disbursements, and net changes in cash resulting from operations and investments during the reporting period.

The notes to financial statements provide a description of the accounting policies used to prepare the financial statements and present disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

Financial Analysis

The following table summarizes the net position for the Authority's activities:

	Total		
	2020	2019	2018
Current assets	\$ 623,466	\$ 568,759	\$ 473,630
Capital assets	226,176	263,872	301,568
Other assets	610,616	598,291	584,154
Total Assets	1,460,258	1,430,922	1,359,352
 Total Liabilities	 13,867	 87,872	 634
 Net investment in capital assets	 226,176	 263,872	 301,568
Unrestricted	1,220,215	1,079,178	1,057,150
Total Net Position	\$ 1,446,391	\$ 1,343,050	\$ 1,358,718

Net position represents the difference between the Authority's resources and its obligations. At June 30, 2020, the largest portion of assets was non-current assets and then current assets. The net position increased by \$103,341 for year end June 30, 2020 and decreased by \$15,668 for year end June 30, 2019.

Statements of Revenues, Expenses and Changes in Net Position:

The following table summarizes the revenue, expenses and change in net position, showing the beginning net position and the year-end net position:

	2020	2019	2018
Revenues:			
Operating revenues	\$ 491,739	\$ 482,944	\$ 653,042
Investment income	12,484	14,292	10,338
Total revenues	504,223	497,236	663,380
 Expenses:			
Operating expenses	400,882	512,904	726,952
Total expenses	400,882	512,904	726,952
Change in net position	103,341	(15,668)	(63,572)
 Net position, beginning of the year	 1,343,050	 1,358,718	 1,422,290
 Net position, end of the year	 \$ 1,446,391	 \$ 1,343,050	 \$ 1,358,718

Total revenues for the year ended June 30, 2020 and 2019 were \$504,223 and \$497,236 respectively. Total expenses were \$400,882 for year ended June 30, 2020 which is less than revenue by \$103,341 and June 30, 2019 total expenses were \$512,904 which exceeded revenue by \$15,668. The change in net position for the two years combined was an increase of \$87,673.

Contacting the General Manager

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or would like additional financial information, please contact the Interim General Manager, Amador Regional Sanitation Authority, 18 Main Street, Sutter Creek, California 95685.

AMADOR REGIONAL SANITATION AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents (Note 2.A.)	\$623,466	\$568,759
Total current assets	623,466	568,759
Capital Assets (Note 3):		
Structures, net	226,176	263,872
Equipment, net		
Total capital assets	226,176	263,872
Other assets:		
Note receivable (Note 5)	450,000	450,000
Accrued interest	160,616	148,291
Total non-current assets	610,616	598,291
Total assets	1,460,258	1,430,922
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	13,867	87,872
Total current liabilities	13,867	87,872
<u>NET POSITION</u> (Note 1.H.)		
Net investment in capital assets	226,176	263,872
Unrestricted	1,220,215	1,079,178
Total net position	\$1,446,391	\$1,343,050

The accompanying notes are an integral part of these financial statements

AMADOR REGIONAL SANITATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Operating revenues:		
Service charges	\$472,972	\$482,944
Other	18,767	
Total operating revenues	491,739	482,944
Operating expenses:		
Services and supplies	363,186	475,208
Depreciation expense (Note 3)	37,696	37,696
Total operating expenses	400,882	512,904
Operating income (loss)	90,857	(29,960)
Non-operating revenues (expenses)		
Investment income	12,484	14,292
Total non-operating revenues (expenses)	12,484	14,292
Changes in net position	103,341	(15,668)
Net position, beginning of year	1,343,050	1,358,718
Net position, end of year	\$1,446,391	\$1,343,050

The accompanying notes are an integral part of these financial statements

AMADOR REGIONAL SANITATION AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Cash received from customers	\$491,739	\$482,944
Cash paid to suppliers	(437,191)	(387,970)
Net cash provided by operating activities	<u>54,548</u>	<u>94,974</u>
Cash flows from capital and related financing activities:		
Investment income	<u>159</u>	<u>155</u>
Net cash provided by capital and related financing activities	<u>159</u>	<u>155</u>
Net increase in cash and cash equivalents	<u>54,707</u>	<u>95,129</u>
Cash and cash equivalents - beginning of period	<u>568,759</u>	<u>473,630</u>
Cash and cash equivalents - end of period	<u><u>\$623,466</u></u>	<u><u>\$568,759</u></u>
Reconciliation of operating income (loss) to net cash provided (used) in operating activities:		
Operating income (loss)	\$90,857	(\$29,960)
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	37,696	37,696
Increase (decrease) in:		
Accounts payable	<u>(74,005)</u>	<u>87,238</u>
Net cash provided (used) by operating activities	<u><u>\$54,548</u></u>	<u><u>\$94,974</u></u>

The accompanying notes are an integral part of these financial statements

**AMADOR REGIONAL SANITATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
--

A. General

The Amador Regional Sanitation Authority (Authority) is a joint powers authority organized under California Government Code Section 6505. The Authority was created September 19, 1978 for the specific purpose to design, construct, maintain and operate the outfall line and facilities that extend the Sutter Creek Treatment Plant to the City of Ione's secondary treatment ponds. Its members consist of the cities of Amador and Sutter Creek and the County of Amador. Its operations are supported by member contributions collected from its members to reimburse expenses associated with the operation of the Authority. The governing board is made up of five representatives, consisting of two County Supervisors, two Sutter Creek City Council members and one Amador City Council member.

The Authority contracts with the City of Sutter Creek to provide administration, operation, maintenance and responsibility for the Authority's system and to be responsible for maintaining the property comprising the system in accordance with applicable waste discharge requirements, laws and regulations of the California Regional Water Control Board Central Valley Region. The expenses for these services totaled \$235,170 and \$216,534 for the year ended June 30, 2020 and 2019.

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

The Authority uses a proprietary (enterprise) fund to account for its activities. Proprietary funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the cost of providing goods or services to individuals outside the governing body, on a continuing basis, be financed or recovered primarily through user charges.

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

C. Basis of Accounting

Financial statements for the Authority are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Authority are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. On an accrual basis, revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**AMADOR REGIONAL SANITATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

D. Receivables and Payables

Transactions representing accrual of revenues and expenses at year-end are referred to as either accounts receivable or accounts payable. Accounts receivable include transactions in which the Authority has either earned or has met all eligibility requirements and is entitled the revenue. Accounts payable include transactions in which the Authority has received goods and or services during the current year but has not paid for them as of the end of the fiscal year.

E. Revenue

Operating revenues are recognized in the accounting period in which they are earned. Amounts recorded as charges for services represent payments from the members of the Authority.

F. Expenses

On the statement of revenues, expenses and changes in fund net position, expenses are recognized in the accounting period in which the related liability is incurred.

G. Capital Assets

The Authority's policy is to capitalize assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of equipment.

H. Net Position

Net position is classified into three components - net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulation of other governments.

Unrestricted – Unrestricted net position represents net position that is not restricted for any purpose.

I. Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority, as a member of the Special District Risk Management Authority (SDRMA), has purchased various insurance policies to manage the potential liabilities that may occur from the previously named sources. SDRMA's purpose is to arrange and administer programs of self-insure losses and to purchase excess insurance coverage.

**AMADOR REGIONAL SANITATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

J. Fair Value Measurements:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 2 – CASH IN BANK

A. Composition

The Authority's cash held with financial institutions at June 30, 2020 and 2019 is \$623,466 and \$568,759, respectively.

B. Investment Policy

The Authority has not adopted an investment policy. Currently, the Authority is using the City of Sutter Creek's Investment Policy as a guideline. California statutes authorize authorities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4-Financial Affairs.

C. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority may not be able to recover its deposits or may not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its agent having a fair value of 110% to 150% of the Authority's cash on deposit. All of the Authority's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the Authority's name.

**AMADOR REGIONAL SANITATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 3 – CAPITAL ASSETS

Capital assets at June 30, 2020 and 2019 consist of structures and equipment. Estimated useful lives range from 5-30 years.

Capital assets are as follows as of June 30, 2020 and 2019:

	Balance June 30, 2019	Additions	Balance June 30, 2020
Capital assets being depreciated:			
Structures and improvements	\$1,884,800		\$1,884,800
Office equipment	350		350
Total capital assets being depreciated	1,885,150		1,885,150
Accumulated depreciation:			
Structures and improvements	(1,620,928)	(\$37,696)	(1,658,624)
Office equipment	(350)		(350)
Total accumulated depreciation	(1,621,278)	(37,696)	(1,658,974)
Total capital assets, being depreciated, net	\$263,872		\$226,176
	Balance June 30, 2018	Additions	Balance June 30, 2019
Capital assets being depreciated:			
Structures and improvements	\$1,884,800		\$1,884,800
Office equipment	350		350
Total capital assets being depreciated	1,885,150		1,885,150
Accumulated depreciation:			
Structures and improvements	(1,583,232)	(\$37,696)	(1,620,928)
Office equipment	(350)		(350)
Total accumulated depreciation	(1,583,582)	(37,696)	(1,621,278)
Total capital assets, being depreciated, net	\$301,568		\$263,872

**AMADOR REGIONAL SANITATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 4 – NOTE RECEIVABLE

In March 2006, the Authority and City of Sutter Creek funded the acquisition of an easement costing \$750,000. The easement provides for the eventual delivery of effluent (pipeline easement) to a spray field for the discharging of partially treated effluent. The facilities are to provide additional effluent disposal for the Authority. The agreement with the City of Sutter Creek calls for the construction of a pipeline along the easement and for the proper discharge of effluent once the Gold Rush development occurs. The City of Sutter Creek agreement with Gold Rush Golf calls for the construction to the pipeline by the developer.

The City of Sutter Creek provided \$300,000 of the funding of the easement while the Authority provided the remaining \$450,000. The purchase agreement calls for the City of Sutter Creek to reimburse the Authority the principal of \$450,000 plus interest at the State treasurer's LAIF rate.

The Authority has granted a delay to the City in the repayment schedule, including accrued interest. The most recent deferral approved by the Authority on January 6, 2021, grants the City of Sutter Creek an extension of the commencement date of repayment of interest and principal to begin on June 30, 2022. If the Gold Rush Golf development does not occur, the City of Sutter Creek intends to use sewer connection fees and sewer rate charges for making the repayments to the Authority.

NOTE 5 – OPERATING LEASE

The Authority entered into an agreement with the State of California (the State) to lease space on the existing Mule Creek State Prison at 4001 Highway 104, Sutter Creek, CA 95685, and the Preston youth Correctional Facility at 201 Waterman Road, Ione, CA 95640. The initial agreement requires an annual rent of \$1 due in advance and payable January 1 of each year starting 2009. The initial term of the agreement is for a period of twenty-nine years eight months to commence on January 1, 2009 and terminates on September 10, 2037.

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**AMADOR REGIONAL SANITATION AUTHORITY
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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**AMADOR REGIONAL SANITATION AUTHORITY
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For The Years Ended June 30, 2020 and 2019

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors of
the Amador Regional Sanitation Authority
Sutter Creek, California

In planning and performing our audit of the basic financial statements of the Amador Regional Sanitation Authority, as of and for the years ended June 30, 2020 and 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

This communication is intended solely for the information and use of management, Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'Maze & Associates'.

Pleasant Hill, California
February 19, 2021

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MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments:

EFFECTIVE FISCAL YEAR 2020/21:

GASB 84 – *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 90 – Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2021/22:

GASB 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease's guidance, unless specifically excluded in this Statement.

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

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

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 92 – Omnibus 2020

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

GASB 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32 (Continued)

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2022/23:

GASB 91 – Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved:
 - (1) an issuer
 - (2) a third-party obligor, and
 - (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 91 – Conduit Debt Obligations (Continued)

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

How the Changes in this Statement will Improve Financial Reporting

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

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

PPPs – This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancelable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements **(Continued)**

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

APAs – An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 96 – Subscription-Based Information Technology Arrangements (Continued)

- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

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REQUIRED COMMUNICATIONS

To the Board of Directors of the
Amador Regional Sanitation Authority
Sutter Creek, California

We have audited the basic financial statements of the Amador Regional Sanitation Authority (Authority) for the years ended June 30, 2020 and 2019. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

GASB 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019

- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. However, events that occurred during fiscal year June 30, 2020 discussed below could have an impact on the financial statements:

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and whether shelter in place orders will be reinstated. It is possible that this matter will negatively impact the Authority. However, the ultimate financial impact and duration cannot be reasonably estimated at this time.

Accounting Estimates

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

- Management's estimate of depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 3. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated February 19, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

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

Mazf & Associates

Pleasant Hill, California
February 19, 2021