Spreckels Community Services District

REGULAR MEETING OF THE BOARD OF DIRECTORS

November 15, 2017

6:30 pm

Spreckels Veterans Memorial Building, 5th & Llano, Spreckels, CA 93962

AGENDA

Agenda order may be adjusted by Chair for purposes of meeting flow and to be respectful of the time concerns of guests present.

If you will be attending a meeting and would like to request translation into a language other than English, including sign language interpretation, please notify the office at (831) 455-7855 or by email to <SpreckelsCSD@gmail.com> ***at least 48 hours prior to the time of the meeting****. In compliance with the Americans with Disabilities Act, for those requiring special assistance to access the Board meeting room, to access written documents being discussed at the Board meeting, or to otherwise participate at Board meetings, please contact the Business Manager's Office at (831) 455-7855 for assistance. Notification of at least 48 hours before the meeting will enable the Spreckels Community Services District to make reasonable arrangements to ensure accessibility to the Board meeting and to provide any required accommodations, auxiliary aids or services. Documents provided to a majority of the Board of Directors regarding an open session item on this agenda will be made available for public inspection in the Business Manager's Office located at the Spreckels Veterans Memorial Building, 5th & Llano, Spreckels, CA 93962 during normal business hours.*

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1. Opening Business

1.1 Call to Order

1.2 Roll Call & Establishment of Quorum

Ron Eastwood, President
James Riley, Vice President
Scott Henningsen, Director
Otto Kramm, Director
Cathy McDougall, Director
Paul Ingram, Business Manager & Clerk to the Board

1.3 Pledge of Allegiance

1.4 Adoption of Agenda
Changes, additions and approval of the Agenda as presented. 2/3 vote required if any item is added to the Agenda.

1.4.1 Changes to the Agenda
1.4.2 Additions to the Agenda
1.4.3 Adoption of the Agenda

RECOMMENDATION/ACTION: Paul Ingram, Business Manager

"That the Board of Directors of the Spreckels Community Services District adopts the agenda as presented."

2. Communications

2.1 Correspondence:

2.2 Oral Comments from the Public

(At this time any person may comment on any item not on the agenda. Please state your name and address for the record. Action will not be taken on any item that is not on the agenda. If it requires action, it will be referred to staff and/or placed on the next agenda. Board members may briefly respond to statements made or questions posed as permitted by Government Code Section 54954.2. In order that all interested parties have an opportunity to speak, please limit comments to a maximum of five (5) minutes. Any member of the public may comment on any matter listed on this agenda at the time the matter is being considered by the Board of Directors.)

3. Consent Agenda

(Action Items included on the Consent Agenda are considered to be routine and are acted on by the Board of Directors in one motion. There is not discussion of these items before the Board vote unless a member of the Board, staff, or public requests specific items be discussed and/or removed from the Consent Agenda. It is understood that the Administration recommends approval on all Consent items. Each item on the Consent Agenda approved by the Board of Directors shall be deemed to have been considered in full and adopted as recommended.)

RECOMMENDATION/ACTION: At the Pleasure of the Board

"That the Board of Directors approves the Consent Agenda as presented."

3.1 Approval of the Minutes of the Regular Meeting of the Board of Directors October 18, 2017.

4. Business Manager's Report

a. Monthly Financials
b. Report on meeting with Local Agency Formation Commission
c. Report on research regarding of special assessments by each zone in the County Fund 634 monthly report.
d. Fire Services Refund Zone 1: Report on returned or expired refund checks and check for $1,133.77 sent from SCI Consulting Group.

5. Unfinished Business Action Items

6. New Business Action Items

6.1 Election of Officers for 2018

6.2 Setting of Calendar of Meetings for 2018

6.3 Review of Accounts Payable:

a.	Paul J. Ingram Company	Management Services	$ 500.00
b.	Clarke's Turf & Water	Landscape Services	$ 600.00
c.	Spreckels Memorial Dist.	AT&T	$ 49.18
d.	Spreckels Water Company		$ 250.00
e.	PG&E	Streetlights & Pump	$ 500.00
f.	McGilloway, Ray, Brown & Kaufman	Audit FY 2010	$ 8,100.00
		TOTAL	$ 9,499.18

RECOMMENDATION/ACTION: Paul Ingram, Business Manager

"That the Board of Directors of the Spreckels Community Services District approves the Accounts Payable for the period of October 2017."

6.2 Possible approval of Letter of Engagement with McGilloway, Ray, Brown and Kaufman for audits of fiscal years 2011, 2012, 2013, 2014.

6.3 Possible approval of contract for installation of new streetlight at NE corner of Hatton Avenue and Spreckels Boulevard.

7. Unfinished Business Non Action Items

a. School Zone Beacon

8. New Business Non Action Items

9. Comments by Members of the Board

9.1 Board Members:

a. Mitigation Fees
b. Standard Pacific Homes Subdivision
c. Zoning
d. Historical
e. Community Service
f. Street Lights

g. Drainage
h. Grading
i. Legal Counsel
j. Alleys
k. Trees
l. Landscaping
m. Sidewalk Repairs
n. Wheel Chair/Access Ramps
o. Quarterly Services
p. Trench Work

10. Reports from Standing and Ad Hoc Committees

11. Community Member Recognition

12. Consideration of Items for Future Meetings

12.1 Proposed Future Agenda Items

13. Next Meeting Dates:

No meeting scheduled for December
January 17, 2018-6:30 PM Agenda Items due January 11, 2018

19. Adjournment

Certification

I, Paul J. Ingram, Business Manager/Board Clerk for Spreckels Community Services District, do hereby declare that the foregoing agenda was posted at least (72) hours prior to the November 15, 2017 Regular Meeting of the District Board of Directors scheduled for 6:30 pm at Spreckels Veterans Memorial Building, 5th and Llano Streets Spreckels, CA 93962.

Paul J. Ingram, Business Manager/Board Clerk

11/9/2017
Date

To download the full agenda packet, go to www.scsd.specialdistrict.org and click on the meeting date. A link to the agenda packet will appear as "Agenda" in smaller print.

Spreckels Community Services District

MINUUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

October 18, 2017

6:30 pm

Spreckels Veterans Memorial Building, 5th & Llano, Spreckels, CA 93962

DRAFT

1. Opening Business

1.1 Call to Order

The meeting was called to order by President Eastwood at 6:31 PM.

1.2 Roll Call & Establishment of Quorum

Ron Eastwood, President
James Riley, Vice President
Scott Henningsen, Director
Otto Kramm, Director
Cathy McDougall, Director
Paul Ingram, Business Manager & Clerk to the Board

Present: Eastwood, Riley, Kramm, Henningsen, McDougall
Absent: None ***QUORUM ESTABLISHED***

Also present: Resident Aaron Baucom

1.3 Pledge of Allegiance

1.4 Adoption of Agenda
Changes, additions and approval of the Agenda as presented. 2/3 vote required if any item is added to the Agenda.

1.4.1 Changes to the Agenda
1.4.2 Additions to the Agenda
1.4.3 Adoption of the Agenda

RECOMMENDATION/ACTION: Paul Ingram, Business Manager

"That the Board of Directors of the Spreckels Community Services District adopts the agenda as presented."

Motion to adopt agenda [McDougall] 2nd [Kramm]
Ayes: Eastwood, Riley, Kramm, Henningsen, McDougall
Noes: None ***MOTION CARRIED***

2. Communications

2.1 Correspondence:

2.2 Oral Comments from the Public

3. Consent Agenda

RECOMMENDATION/ACTION: At the Pleasure of the Board

"That the Board of Directors approves the Consent Agenda as presented."

3.1 Approval of the Minutes of the Regular Meeting of the Board of Directors September 20, 2017.

Motion to approve [McDougall] 2nd [Kramm]
Ayes: Eastwood, Riley, Kramm,

4. Business Manager's Report: Monthly Financials

5. Unfinished Business Action Items

6. New Business Action Items

6.1 Review of Accounts Payable:

a.	Paul J. Ingram Company	Management Services	$ 530.00
b.	Clarke's Turf & Water	Landscape Services	$ 600.00
c.	Spreckels Memorial Dist.	AT&T	$ 49.18
d.	Spreckels Water Company		$ 217.60
e.	PG&E	Streetlights & Pump	$ 488.50
f.	McGilloway, Ray, Brown & Kaufman	Audit FY 2009	$ 2,300.00
g.	Monterey County Counsel	Audit Legal Rep Letters	$ 299.14
h.	Monterey County Elections Department	Election Year Notification	$ 55.87
i.	Hutch's Plumbing	Backflow Device Replace	$ 671.34
j.	Monterey County Tax Collector	Property Taxes	$ 197.28
		TOTAL	$ 5,408.91

RECOMMENDATION/ACTION: Paul Ingram, Business Manager

"That the Board of Directors of the Spreckels Community Services District approves the Accounts Payable for the period of October 2017."

Motion to approve [Riley] 2nd [McDougall]
Ayes: Eastwood, Riley, Kramm, Henningsen, McDougall,
Noes: None ***MOTION CARRIED***

DRAFT

6.3 Patricia Kaufman: Presentation of audits for FY's 2009 and 2010. Approval of audit for FY 2010.

Patricia Kaufman presented the audited as "qualified opinion", as step up from "unqualified" status. This qualification will remain in place until the audit for Fiscal Year 2015 is completed. The reason is that Prop 172 Funds will remain "restricted" until the mediation settlement agreement with Monterey Regional Fire Protection District is recorded in place. At that point audits will be presented as "clean". Some recommendations are that assessments should be recorded as "assessments receivable". A motion [McDougall] 2nd [Kramm] was made directing the Business Manager request that the Monterey County Tax Collector report Zone 1 and 2 assessments separately on the Fund 634 monthly report.
Ayes: Eastwood, Riley, Kramm, Henningsen, McDougall
Noes: None ***MOTION CARRIED***

6.4 Moving forward with application to Monterey-County Auditor Controller's office for audit relief under AB 2613. [Retroactive or not].

Business Manager Ingram reported research from the CA State Controller's office that the statute cannot be applied retroactively.

7. Unfinished Business Non Action Items

a. Spreckels Water Company Backflow Testing

Business Manager Ingram reported that Spreckels Water Company will order and schedule future backflow device testing and will invoice SCSD for those costs.

b. School Zone Beacon

Business Manager Ingram is directed to send a letter to Spreckels Unified School District that SCSD will not upgrade and will no longer maintain the beacon. He will also include a copy of California Vehicle Code §21373 regarding requirements of county or city governments and traffic control devices.

c. Further Research County Tree Trimming Policy

Business Manager Ingram has confirmed through a phone call that Monterey County Resource Management Agency Public Works does not maintain trees on county roads that lie within the sidewalk planter strips.

8. New Business Non Action Items

a. Report on conversation at CSDA Annual Conference with 30th Assembly District Member Anna Caballero re: Combining of Spreckels Memorial District and Spreckels Community Services District into one district.

Business Manager Ingram is directed to inquire of California Special Districts Association for advice in considering dissolution of the District.

DRAFT

9. Comments by Members of the Board

9.1 Board Members:

a. Mitigation Fees
b. Standard Pacific Homes Subdivision
c. Zoning
d. Historical
e. Community Service
f. Street Lights
g. Drainage
h. Grading
i. Legal Counsel
j. Alleys
k. Trees
l. Landscaping
m. Sidewalk Repairs
n. Wheel Chair/Access Ramps
o. Quarterly Services
p. Trench Work

Director Riley reported the need to clean out storm drain sump areas before Winter rains. He will contact Eagle Hauling, who has performed this work before.

10. Reports from Standing and Ad Hoc Committees

11. Community Member Recognition

The board thanked Aaron Baucom for his attendance and interest in learning about the duties of the District and how it applies to the two assessment zones in town. Business Manager Ingram will email him information and links to the website.

12. Consideration of Items for Future Meetings

12.1 Proposed Future Agenda Items

13. Next Meeting Dates:

No meeting scheduled for December
January 17, 2018-6:30 PM Agenda Items due January 11, 2018

19. Adjournment ***The meeting was adjourned at 8:05 pm.***

Respectfully submitted, Approval Date_____

DRAFT

SPRECKELS COMMUNITY SERVICES DISTRICT FUND BALANCE AS OF 11/15/2017 AFTER TODAY'S ACCOUNTS PAYABLE AND DEPOSIT OF $1,133.77

COUNTY FUND 634	$72,312.41

Spreckels Community Services District
Budget YTD to 11/15/2017

Income	Budget	YTD	Balance	%
Zone 1 Assessment 16.3%	$6,560.00		$6,560.00	
Zone 2 Assessment 83.7%	$33,700.00		$33,700.00	
Non-Assessment to Zone 1	$8,457.55	$11.00	$8,446.55	0.13%
Non-Assessment to Zone 2	$9,832.45	$61.36	$9,771.09	0.62%
Non-Assessment to Emergencies	$5,855.00		$5,855.00	
Non-Assessment to Reserve	$5,855.00		$5,855.00	
Fire Services Refund		$1,133.77		100%
Total Income	**$70,260.00**	**$1,206.13**	**$69,053.87**	$0.02
Expense				
Administrative Fees Zone 1 16.3%	$81.50	$25.60	$55.90	31%
Adminstrative Fees Zone 2 83.7%	$418.50	$131.40	$287.10	31%
Audit Expense Zone 1 16.3%	$2,893.25	$2,575.10	$318.15	89%
Audit Expense Zone 2 83.7%	$14,856.75	$13,224.90	$1,631.85	89%
Board/Staff Education Zone 1 16.3%	$81.50		$81.50	
Board/Staff Education Zone 2 83.7%	$418.50		$418.50	
Capital Improvements Zone 1 16.3%	$81.50		$81.50	
Capital Improvements Zone 2 83.7%	$418.50		$418.50	
Equipment Repair/Maint. Zone 1	$5,000.00		$5,000.00	
Equipment Repair/Maint. Zone 2	$1,000.00	$671.34	$328.66	67%
General Liability/Property Zone 1	$326.00		$326.00	
General Liability/Property Zone 2	$1,674.00		$1,674.00	
Lanscape Maint. Zone 2	$7,200.00	$3,000.00	$4,200.00	42%
Legal Services Zone 1 16.3%	$163.00	$117.01	$45.99	72%
Legal Services Zone 2 83.7%	$837.00	$600.93	$236.07	72%
Management Zone 1 16.3%	$1,059.50	$407.50	$652.00	38%
Management Zone 2 83.7%	$5,440.50	$2,092.50	$3,348.00	38%
Membership Fees Zone 1 16.3%	$81.50		$81.50	
Membership Fees Zone 2 83.7%	$418.50		$418.50	
Parcel Management Zone 1 16.3%	$603.10	$603.10	$0.00	100%
Parcel Management Zone 2 83.7%	$3,096.90	$3,096.30	$0.00	100%
Power Zone 1	$3,000.00	$1,432.43	$1,567.57	48%
Power Zone 2	$3,000.00	$1,204.20	$1,795.50	40%
Streetlight Repairs Zone 2	$2,000.00		$2,000.00	
Sidewalk ADA Repairs Zone 1	$1,000.00		$1,000.00	
Telephone/Internet Zone 1 16.3%	$97.80	$40.10	$65.72	41%
Telephone/Internet Zone 2 83.7%	$502.20	$205.80	$296.40	41%
Water Zone 1	$500.00	$207.65	$292.35	42%
Water Zone 2	$2,000.00	$744.13	$1,255.87	37%
Website Zone 1 16.3%	$48.90		$48.90	
Website Zone 2 83.7%	$251.10		$251.10	
Emergencies	$5,855.00		$5,855.00	
Non-Assessment to Reserve	$5,855.00		$5,855.00	

Spreckels Community Services District
Budget YTD to 11/15/2017

Total Expense		**$70,260.00**	$30,379.99	**$39,880.01**	43%

Spreckels Community Services District

From: Chris Coulter <Chris.Coulter@sci-cg.com>
Sent: Tuesday, September 26, 2017 3:04 PM
To: Spreckels Community Services District
Subject: Spreckels fire refund project
Attachments: Refund Reconcilitation Worksheet.xlsx

Hi Paul,

I have attached a spreadsheet that details the issued checks, cleared & not cleared, and SCI fees. There were 29 checks left un-cashed or return to sender out of 197 issued, which is a normal amount in our experiences with these types of projects (the most current mailing addresses with the county were used). The SCI fee we agreed upon is $10 per check, which results in $1,133.77 to be returned to the District. Please let me know if you have any questions, and I will have a check mailed this week.

Sincerely,

Chris Coulter, Consultant
SCIConsultingGroup
4745 Mangels Boulevard
Fairfield, CA 94534
707.430.4300 x126 Phone
707.430.4319 Fax
chris.coulter@sci-cg.com
32 Years of Service to Public Agencies

Spreckels Community Services District
P.O. Box 7432
Spreckels, CA 93962
[831] 455-7855
spreckelscsd.main@gmail.com
www.scsd.specialdistrict.org

November 9, 2017

Spreckels Community Services District
Election of Officers for
Calendar Year 2018

President

Vice-President

Board Clerk

Spreckels Community Services District
P.O. Box 7432
Spreckels, CA 93962
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November 9, 2017

SPRECKELS COMMUNITY SERVICES DISTRICT
PROPOSED MEETING DATES
CALENDAR YEAR 2018

January 18
February 21
March 21
April 18
May 16
June 20
July 18
August 15
September 19
October 17
November 14* [3rd Wednesday is day before Thanksgiving]
December: No meeting.

McGilloway | Ray
Brown | Kaufman
ACCOUNTANTS AND CONSULTANTS

2511 Garden Road
Suite A180
Monterey, CA 93904
831-373-3337
Fax 831-373-3437

379 West Market Street
Salinas, CA 93901
831-424-2737
Fax 831-424-7936

3478 Buskirk Avenue
Suite A1000
Pleasant Hill, CA 94523
831-373-3337
Fax 831-373-3437

November 7, 2017

Spreckels Community Services District
Attn: Paul Ingram
P.O. Box 7432
Spreckels, CA 93962

Governmental Yellow Book Audit Engagement Letter

To Spreckels Community Services District and the Board of Directors,

We are pleased to confirm our understanding of the services we are to provide Spreckels Community Services District for the years ended June 30, 2011, June 30, 2012, June 30, 2013, and June 30, 2014. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Spreckels Community Services District as of and for the years ended June 30, 2011, June 30, 2012, June 30, 2013, and June 30, 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Spreckels Community Services District's 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. As part of our engagement, we will apply certain limited procedures to Spreckels Community Services District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Spreckels Community Services District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Spreckels Community Services District's financial statements. Our report will be addressed to the Board of Directors of Spreckels Community Services District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Spreckels Community Services District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures: General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether

from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures: Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures: Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Spreckels Community Services District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also prepare the financial statements and related notes of Spreckels Community Services District in conformity with U.S. generally accepted accounting principles based on information provided by you.

These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards.
The other services are limited to the financial statement preparation services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1)

management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

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

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimates fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations and schedules we request and will locate any documents selected by us for testing.

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

We will not undertake any accounting services (including but not limited to reconciliation of accounts and preparation of requested schedules) without obtaining approval through a written change order or additional engagement letter for such additional work.

We will provide copies of our reports to Spreckels Community Services District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of McGilloway, Ray, Brown & Kaufman and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a Regulator or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of McGilloway, Ray, Brown & Kaufman personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a Regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Patricia M. Kaufman is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

To ensure McGilloway, Ray, Brown & Kaufman's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our audit engagement ends on delivery of our audit report and prepared financial statements. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Our fees for these services will be as follows:

Year Ended - June 30,	**2011**	**2012**	**2013**	**2014**
Audit & Financial Statement Preparation:	$ 7,000	$ 7,000	$ 7,500	$ 7,500
Out-of-Pocket Expenses:	$ 400	$ 400	$ 400	$ 400
Total:	**$ 7,400**	**$ 7,400**	**$ 7,900**	**$ 7,900**

You will receive the final audited financial statements in one bound copy as well as an electronic (PDF) version. If you would like additional bound copy versions printed for you, the charge will be $20 per copy. The fee is a fixed fee, not to exceed figure, and is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Accounts past due over 30 days are considered delinquent and will be subject to an annual finance charge of twelve percent (12%), or a monthly rate of one percent (1%). There will be a minimum finance charge of $1.00. Payments received on account will first be credited against any delinquency charges. Further, we will cease performing services on delinquent accounts if the account becomes 60 days or more overdue and will not be resumed until your account is paid in full. All expenses incurred to collect past due accounts, including collection fees will be added to any amount due. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

If any dispute arises among the parties, they agree to try first in good faith to settle the dispute by mediation administered by the American Arbitration Association (AAA) under its Commercial Mediation Rules. All unresolved disputes shall then be decided by final and binding arbitration in accordance with the Commercial Arbitration Rules of the AAA. Fees charged by any mediators, arbitrators, or the AAA shall be shared equally by all parties. In agreeing to arbitration, we both acknowledge that in the event of a dispute, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we accept the use of arbitration for resolution.

You agree to hold us harmless and to release, indemnify, and defend us from any liability or costs, including attorney's fees, resulting from management's knowing misrepresentation to us.

We appreciate the opportunity to be of service to Spreckels Community Services District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

McGilloway, Ray, Brown & Kaufman

Patricia M. Kaufman, CPA, CGMA
Partner, Salinas Office

Response:

This letter correctly sets forth the understanding of Spreckels Community Services District.

Management Signature: _____

Print: _____

Title: _____

Date: _____

Governance Signature: _____

Print: _____

Title: _____

Date: _____

November 2, 2017

PAUL INGRAM
SPRECKELS COMMUNITY SERVICES DISTRICT, A Government Agency
PO BOX 7432
SPRECKELS , CA 93962

RE: Contract ID: 1233614: NW CORNER HATTON AVE AND SPRECKELS

Dear PAUL INGRAM ,

Enclosed are gas and/or electric agreements for your project located at:

NW CORNER HATTON AVE AND SPRECKELS, SPRECKELS, 93962

This letter summarizes the agreements for this project.

	Non-Refundable Payment	Refundable Option*	50% Discount Option*
Street Lighting	$1,310.60	$0.00	$0.00
Less Credit (Engineering Advance, etc.)	$0.00	$0.00	$0.00
TOTAL **	$1,310.60	$0.00	$0.00
TOTAL PAYMENT DUE	**$1,310.60**	**OR**	**$1,310.60**

*** Only applies to Rule 15 Refundable Amounts. Amount shown is less credit for associated Applicant work.**
**** The Income Tax Component of Contribution (ITCC) is included in the above charges when applicable.**

Changes to the agreement, either to any of the terms or to the amount owing, are not permitted, and any change or interlineations voids the agreement. The payment of any amount less than the full amount shown will be deposited by PG&E, but PG&E will not begin any work on this contract until the amount is paid in full. The contract shall be deemed effective the date a fully executed copy is received by PG&E. Please allow 10 days from PG&E's receipt of the Agreement for construction to commence.

If the agreement is not returned to PG&E within 90 days of the date of this letter, the proposed agreement is canceled and PG&E may need to re-estimate the job.

PG&E is committed to providing timely and efficient service and we look forward to continuing to work with you on this and future projects.

Should you have any questions regarding these contracts, please contact your project manager Sandra Carrillo at 831-784-3427 or SMC3@pge.com.

To complete your contract ONLINE

- Follow the instructions provided with your electronic contract
- Submit payment at **pge.com/contractpayments**

To complete your contract BY MAIL

- Make checks payable to: PGE or Pacific Gas and Electric
- Complete, sign and retain one copy of the agreement for your records
- Complete, sign and return one copy of the agreement with your payment to:
  PG&E CFM/PPC DEPARTMENT
  PO BOX 997340
  Sacramento, CA 95899-7340

Sincerely,

Mary Galoyan

Mary Galoyan
Service Planning Supervisor

112625482E

Pacific Gas and Electric Company
Agreement to Perform
Tariff Schedule Related Work

DISTRIBUTION:

- [ ] APPLICANT (Original)
- [ ] DIVISION (Original)
- [ ] ACCTG. SVCS.

REFERENCES:

Notification #	112625482
Contract #	1233614
ELS-PM #	31327152

SPRECKELS COMMUNITY SERVICES DISTRICT, A Government Agency (Applicant) has requested PACIFIC GAS AND ELECTRIC COMPANY, a California corporation (PG&E), to perform the tariff schedule related work as located and described in paragraph 3 herein. PG&E agrees to perform the requested work and furnish all necessary labor, equipment, materials and related facilities required therefor, subject to the following conditions:

1. Whenever part or all of the requested work is to be furnished or performed upon property other than that of Applicant, Applicant shall first procure from such owners all necessary rights-of-way and/or permits in a form satisfactory to PG&E and without cost to it.

2. Applicant shall indemnify and hold harmless PG&E, its officers, agents and employees, against all loss, damage, expense and liability resulting from injury to or death of any person, including but not limited to, employees of PG&E, Applicant or any third party, or for the loss, destruction or damage to property, including, but not limited to property of PG&E, Applicant or any third party, arising out of or in any way connected with the performance of this agreement, however caused, except to the extent caused by the active negligence or willful misconduct of PG&E, its officers, agents and employees. Applicant will, on PG&E's request, defend any suit asserting a claim covered by this indemnity. Applicant will pay all costs that may be incurred by PG&E in enforcing this indemnity, including reasonable attorneys' fees.

3. The location and requested work are described as follows: (Describe in detail the materials and facilities to be furnished and/or work to be performed by PG&E. If more space is required, use other side and attach any necessary drawings as Exhibits A, B, C, etc):

LOCATION: **NW CORNER HATTON AVE AND SPRECKELS SPRECKELS, 93962**

DESCRIPTION OF WORK: **Install Streetlight Service Point and/or Circuit (1)**

Engineering & Administrative Costs		$1,098.67
Streetlight Service - Facilities & Connection	(+)	$1,106.26
Total Amount Subject to Allowance	(=)	$1,106.26
Streetlight Service Point Allowance	(-)	$32.00
Balance	(=)	$1,074.26
Re-Engineering Costs	(+)	$0.00
Subtotal	**(=)**	**$1,074.26**
plus ITCC @ 22.0%	(+)	$236.34
Streetlight Service Point - Connection Only	(+)	$0.00
Less Applicant Provided Work:		
Cost beyond Allowance by Applicant	(-)	$0.00
Total Streetlight Non-Refundable Payment	**(=)**	**$1,310.60**
Amount shown does not include PG&E Contributions of:		$667.74
SL Circuit - Luminaries	$312.95	
SL Circuit - Arms	$354.79	

112625482E

62-4527 (Rev 1/91)
Service Planning
Advice No. 1633-G/1342-E
Effective 4/02/91

Automated document, Preliminary Statement, Part A

4. Applicant shall pay to PG&E, promptly upon demand by PG&E, as the complete contract price hereunder, the sum of One Thousand Three Hundred Ten Dollars And Fifty-Nine Cents ($1,310.60)

Upon completion of requested work, ownership shall vest in: [X] PG&E [ ] Applicant

Executed this _____ day of _____

SPRECKELS COMMUNITY SERVICES DISTRICT,
A Government Agency
Applicant

By: _____

PAUL INGRAM
Print/Type/Name

Title: _____

Mailing Address: PO BOX 7432
SPRECKELS, CA 93962

PACIFIC GAS & ELECTRIC COMPANY

By: Mary Galoyan

Mary Galoyan

Title: **Service Planning Supervisor**

112625482E

62-4527 (Rev 1/91)
Service Planning
Advice No. 1633-G/1342-E
Effective 4/02/91

Automated document, Preliminary Statement, Part A