

Exhibit "F": Sativa County Water District Progress on LAFCO Issues

Significant Progress

	<u>Issue</u>	<u>Source(s)</u>	<u>Status</u>	<u>To do</u>
1	Lack of financial audits	2012 Draft MSR	Audits are current	
2	Missing payroll deductions	2013 Forensic Audit	Payback to taxing agencies is in process	Complete payback (scheduled to occur by the end of 2014)
3	Accountability for cash receipts	2013 Forensic Audit	Adopted policies	Implement policies
4	Credit card expense documentation	2013 Forensic Audit	Significant progress (adopted	Implement policies
5	Christmas bonuses	2012 Draft MSR 2013 Forensic Audit	Bonus payments halted Payment plan adopted but some directors are behind schedule	Vigorously pursue repayments
6	Conflict of interest (Office Manager)	2004 County Audits	Office manager position eliminated (April of 2014)	
	Conflicts of interest (General)	2012 Draft MSR 2013 Forensic Audit	Adopted policies	Implement policies
7	Extraordinary payments to staff	2012 Draft MSR	Adopted policies to prevent extraordinary payments	Implement policies
8	Create and maintain website	2012 Draft MSR	Website is operational Inaccurate information, does not have maps, Board schedule, staff reports, audits, etc.)	Provide accurate information, complete information, and bilingual access

Limited Progress

<u>Issue</u>	<u>Source(s)</u>	<u>Status</u>	<u>Comments</u>
1 No long-term planning	2012 Draft MSR	Very little apparent progress CIVILTEC study (March of 2014)	Prepare/adopt plan for the long-term needs, identify funding sources
2 Establish plan(s) for service during emergency event(s)	2012 Draft MSR	Limited progress	Implement CIVILTEC Study
3 Lack of annual budgets	2012 Draft MSR	Adopted policies, but recent budgets very short on detail	Prepare budgets comparable to similar water districts
4 Board-member compensation	2012 Draft MSR 2013 Forensic Audit	Adopted policies	Implement compensation comparable to other water districts
5 Sole-source contract	2013 Forensic Audit	Adopted policies	Implement policies
6 Hire general manager	2012 Draft MSR	Limited progress (2 successive GM's on contract basis)	Hire general manager

No Progress (or very limited progress)

<u>Issue</u>	<u>Source(s)</u>	<u>Status</u>	<u>Comments</u>
1 Install water meters	2005 MSR	Grant application pending but in very preliminary stage (April of 2014)	Identify and pursue funding Design/install meters
2 Establish reserve funds	2012 Draft MSR 2013 Forensic Audit	No apparent progress	Prepare/adopt plan to create reserves
3 Establish water rates which cover the costs to District	2012 Draft MSR 2013 Forensic Audit	No apparent progress; District representatives indicate they are considering rate increase (April of 2014)	Prepare cost study and adopt rate increase(s) as required
4 Re-locate pipelines to easements/ROWs (not private property)	2005 MSR	Unknown	Implement plan identified in CivilTec Report
5 Identify property rights for pipelines	2012 Draft MSR	Unknown	Identify fee and easement interests, acquire where
6 Adopt measures to conserve water	2012 Draft MSR	Unknown	Adopt and implement water conservation plan
7 Purchase modern computer systems and software	2013 Forensic Audit	Unknown	Network computers Purchase/install necessary software
8 Use of District vehicles	2012 Draft MSR 2013 Forensic Audit	Adopted policies	Reduce fleet Implement policies relative to personal use of vehicles
9 Telephone expenses	2012 Draft MSR	Unknown	Implement cost-reduction and control measures