

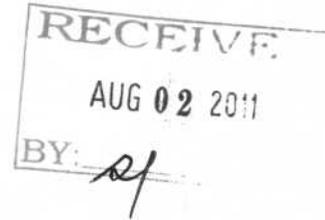
Burney Water District



20222 HUDSON STREET, BURNEY, CA 96013 (530) 335-3582

July 21, 2011

The Honorable Molly Bigelow
Presiding Judge of the Shasta County Superior Court
1500 Court Street
Redding, CA 96001



Re: Response to 2010-2011 Shasta County Grand Jury Report

On behalf of the Burney Water District, we wish to express our thanks and appreciation for the work of the 2010-2011 Shasta County Grand Jury. As required by California Penal Code Section 933.05, We offers the following response to the Local Districts and Agencies Committee Report Findings and Recommendations regarding We, titled "Financial Solvency of Local Swimming Pool."

We agree with Finding F1, that the Burney Water District has sufficient funds to maintain operations.

We agree with Finding F2, that the Burney Water District does not consider depreciation, equipment costs and future upgrades when pool expenses are budgeted. We will include depreciation in its 2011-2012 fiscal year budgeting process, and we will look to incorporate a capital improvement projects budget to account for equipment costs and future upgrades as we improve and refine our budgeting process.

We agree with Finding F3, that the Burney Water District did not transfer funds from water or sewer accounts into the pool fund for the period covered by the Grand Jury's investigation.

We agree with Finding F4, that the Burney Water District did not violate Proposition 218 because voters approved all fees and increase in fees for the community pool. In 2005, the voters within the Burney Water District boundaries passed Measure B to increase fees from \$2.00 to \$4.00, with provision for a \$1.00 fee increase every five years upon recommendation of an oversight committee and Board adoption.

We have not yet implemented Recommendation R1, to eliminate operating losses and be prepared to handle unanticipated future expenses. We continue to work on managing expenses and adjusting rates in all District enterprises and will continue to work to implement this recommendation until operating losses are eliminated in all District enterprises.

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We have not yet implemented Recommendation R2, to continue to designate funds for system upgrades and replacement, as cash flows permit, and to carefully monitor operations to bring the Burney Water District into a break-even position. We continue to work on monitoring operating expenses in all District enterprises to bring the Burney Water District into a break-even position and will continue to work to implement this recommendation until cash flows permit movement of funds to reserves for system upgrades and replacement.

Recommendation R3 advises us to continue to look at all sources to increase the revenue stream. We continue to seek out new possibilities for increasing the revenue stream in all enterprises, and will continue to work to implement this recommendation to improve the long-term financial health of the Burney Water District.

We appreciate this opportunity to respond to the Findings and Recommendations of the Local District and Agency Committee, and appreciate their efforts to ensure continued accountability from our local government service providers.

Kindest Regards,

A handwritten signature in cursive script, reading "Sharon K. Quinlan".

Sharon K. Quinlan, President of the Board of Directors
Burney Water District

cc: Jim Berg, 2010-2011 Foreperson, Shasta County Grand Jury (hard copy)