

ALTO SANITARY DISTRICT

P.O. BOX 163, MILL VALLEY, CA 94942; PHONE: (415) 388-3696

DIRECTORS

Janis Bosenko, President
Marc Nash, Secretary Treasurer
Mike Faust
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Porter Merriman

DISTRICT MANAGER

Bill Hansell

02 November 2025

Honorable Mark Talamantes
Presiding Judge
Marin County Superior Court
3501 Civic Center Dr
San Rafael, Ca 94903

Subject: Alto Sanitary District Response to FY2024-2025 Civil Grand Jury Report “*Who’s Minding The Store*”, dated June 27, 2025

Dear Judge Talamantes,

The Alto Sanitary District’s required response to the FY2024-2025 Civil Grand Jury Report “*Who’s Minding The Store*”, June 27, 2025, is as follows:

Grand Jury Finding Number:

F1: *Due to the late filing of required financial reports by the Alto Sewer District, the Marin City Community Services District, and the Firehouse Community Park Agency, to both the Marin County Department of Finance and the California State Controller’s Office, the constituents of these agencies may not have access to important financial information, which allows them to make informed decisions regarding the effectiveness of those agencies in performing their duties and responsibilities*

Alto Sanitary District Response to Finding F1:

The district disagrees with this finding. First, the Report incorrectly lists the Alto Sanitary District’s FY 2012-22 as a late filing in Appendix D, page 26 of 28. The Grand Jury Foreperson was notified of this error in the draft version of the report via an email sent on 6/20/2025 and again on 6/25/2025, both prior to the issuance of the final report. The error was not corrected and the published report indicates that the District was two years late in its filing. That is false. As reported to the Grand Jury in interviews, the District was late in its FY2022-23 audit filing due to a substantial structure fire in the home of the sole part-time employee of the district. The fire occurred in March of 2024 during the audit and budget work period and required a year’s worth of personal recovery time, which subsequently delayed the FY2022-23 presentation to the Board of Directors. The audit was approved by the board on 5/28/2025, published on the district’s website and forwarded to the Marin County Finance Department. Therefore, the Grand Jury Report not only reported the incorrect year but also that the audit had not been filed by the time of the report’s issuance. The district requests that the Grand Jury issue a corrected addendum to the Report so that the public record of the district’s responses and actions are not misrepresented by the Grand Jury. Additionally, the district disagrees that the “*constituents of these agencies may not have access to important financial information*” due to the publication date of the audits. The Alto Sanitary

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District complies with all publication requirements on its website for meetings and financial statements. Important financial information is readily and easily accessible to the public. The Grand Jury Report misrepresents that audits contain the only source of that information, whereas audits are created to retroactively confirm financial transactions published and discussed publicly in the prior year. The public can and should rely on third-party audits as a confirmation of correct accounting principles and a deterrent to fraud, but the proper “minding of the store” is conducted by reviewing the current and timely issuance of financial statements and activity reported at monthly board meetings, not by waiting until a year later to see if mistakes or misstatements occurred. The Alto Sanitary District’s financial transparency is evident on its website in the posting of annual budgets and audits from the last eleven years. Additional records access is regularly provided via responses to Public Records Requests received by the district. Finally, open board meetings provide an up-to-date opportunity for public engagement on the financial operations of the district. The Grand Jury Report neglects to provide the context and proper function of audits in an agency’s financial transparency.

Grand Jury Finding Number:

F4: *Because the Department of Finance has failed to engage outside accounting firms for those Marin special districts and joint powers authorities that are delinquent in submitting audits, complete financial oversight of these special districts and joint powers authorities cannot be achieved.*

Alto Sanitary District Response to Finding F4:

The district disagrees with this finding. As noted in the response to Finding F1, above, there are legitimate unforeseen reasons, e.g. a natural disaster, that may delay the submittal of an audit. Also as noted, an audit is not the sole nor even best method of maintaining current financial oversight. It is only one tool that by its nature is a retroactive one. A delayed submittal for a reasonable cause does not mean that different information will be provided at a postponed date. It simply means that the retroactive verification has been delayed. In these exceptional circumstances, if the County were to urgently engage an outside accounting firm it would be an unnecessary waste of public funds and an overreaction that would achieve results no different than just requiring that the agency complete its overdue audit. Please note that there are a limited number of auditors available to government agencies in Marin and all audits follow the same national standards, so Finding F4 misleadingly implies there would be some tangible oversight benefits to the recommendation. There would be none. Obviously, if repeated and systemic problems exist by a public agency failing to conduct audits, then the County should act. The data in the Grand Jury Report, though, shows only a small percentage of agencies might need that recourse. For them, the solution would be for the County to regularly monitor audit submittals. The County engaging an auditor should only be for the most extreme delinquencies and one assumes that would best be accomplished with State assistance, as well. The Alto Sanitary District would like to add that historically the County did not request audit copies to be submitted before this Grand Jury’s investigation, but the district has always proactively published audits on its website by its own volition.

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Grand Jury Recommendation Number:

R1: *By December 31, 2025, the following special districts and joint powers authority should take all necessary steps to ensure the completion of their delinquent audits in their respective mandated time frames:*

- *Firehouse Community Park Agency*
- *Alto Sewer District*
- *Marin City Community Services District*

Alto Sanitary District Response to R1:

The district disagrees with this finding. As noted in the response to F1, above, the Report incorrectly lists the Alto Sanitary District's FY 2012-22 as a late filing in Appendix D, page 26 of 28. The Grand Jury Foreperson was notified of this error in the draft version of the report via an email sent on 6/20/2025 and again on 6/25/2025, both prior to the issuance of the final report. As reported to the Grand Jury in interviews, the District was late in its **FY2022-23** audit filing due to a substantial structure fire in the home of the sole part-time employee of the district. The fire occurred in March of 2024 during the audit and budget work period and required a year's worth of personal recovery time, which subsequently delayed the FY2022-23 presentation to the Board of Directors. **The audit was approved by the board on 5/28/2025, published on the district's website and forwarded to the Marin County Finance Department. Therefore, the Grand Jury Report not only reported the incorrect year but also that the audit had not been filed by the time of the report's issuance.** The district requests that the Grand Jury issue a corrected addendum to the Report so that the public record of the district's responses and actions are not misrepresented by the Grand Jury.

Sincerely,



Bill Hansell
District Manager
Alto Sanitary District