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October 19, 2026

Board of Directors
Graton Community Services District
P.O. Box 86
Graton, CA 95444

Re: Negative Cash Balance and Suspension of Disbursements

Dear Members of the Board of Directors:

The Sonoma County Auditor-Controller-Treasurer-Tax Collector (ACTTC) serves as treasurer, custodian and depositary of all Graton CSD (District) funds pursuant to California Government Code section 61052(a).

It came to my attention last week that the District's Parks & Recreation Fund in the County Treasury has a negative cash balance and, as of the date of this letter, the cash position is ($97,779.93). As a result, the ACTTC is unable to make further disbursements from the affected fund until the deficit condition is corrected and sufficient cash is available to cover all outstanding obligations.

The existence of positive balances in other District funds does not offset a deficit in the Parks & Recreation Fund unless there is legal authority for those funds to subsidize the deficit or provide an operating loan. The ACTTC has not been provided documentation establishing such authority.

California Government Code section 61052(e) provides that the County Treasurer may not honor payment requests when sufficient funds are not available in a District fund. Accordingly, if a check, electronic payment, or other disbursement request is submitted against a fund with a negative cash balance, payment will be withheld until sufficient funds are available. Further, the negative balance will accrue interest at the Sonoma County Treasury Pool rate, and those interest charges will be allocated to the fund until the deficit is fully resolved.

Accordingly, effective immediately, the ACTTC will suspend payment of checks, claims, electronic disbursements, and other requests drawn against any District treasury fund that remains in a negative cash position until the deficit is fully resolved.

In addition to restoring a positive cash balance, the District should promptly evaluate and address the underlying causes of the deficit. Such efforts should include, at a minimum:

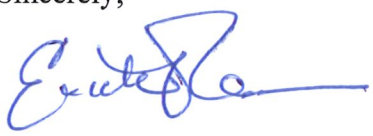
1. A comprehensive review of the District's current cash position, obligations, receivables, and projected cash flows.
2. Development and Board adoption of a written cash recovery plan identifying the source and timing of funds that will eliminate the deficit and maintain positive liquidity.
3. Evaluation of current expenditures and commitments to ensure that expenditures do not exceed available revenues and cash resources.
4. Review of reserve levels, budget assumptions, debt obligations, and financial controls to determine whether corrective actions are necessary.
5. Any funds held in an outside bank account on behalf of the Park & Recreation Fund must be immediately transferred to the District's fund held by the County Treasurer.
6. Consultation with District legal counsel and independent financial professionals regarding any statutory, fiscal, or governance obligations arising from the District's financial condition.
7. Consideration of whether budget amendments, service-level adjustments, rate modifications, financing arrangements, interfund transfers (if legally permissible), or other fiscal measures are necessary to restore and maintain solvency.

We note that the District's own policies emphasize fiscal responsibility, maintenance of operational reserves, internal controls, budget oversight, and prudent financial management. Restoration of a sustainable cash position will be essential to meeting those objectives and ensuring the District's continued ability to provide parks & recreation services to its constituents.

Once the District has resolved the negative cash balance and provided documentation demonstrating sufficient available funds, the ACTTC will review the account status and resume normal processing of authorized disbursements, subject to applicable law and County procedures.

The ACTTC's Office remains available to discuss the District's financial status and any questions regarding treasury procedures.

Sincerely,



Erick Roeser

Auditor-Controller-Treasurer-Tax Collector
County of Sonoma

Cc: Supervisor Lynda Hopkins, Fifth District
David Guhin, County Executive Officer
Josh Myers, County Counsel
Kristin Horrell, Deputy County Counsel
Chad Davisson, Graton CSD Management Consultant