

**Board of Directors – Regular Meeting  
San Simeon Community Services District  
AGENDA  
Wednesday August 8, 2007  
Regular Meeting 6:00 PM  
Cavalier Banquet Room**

*Note: All comments concerning any item on the agenda are to be directed to the Board Chairperson.*

1. 6:00 PM- REGULAR SESSION
  - A. Roll Call
  - B. Pledge of Allegiance
  
2. PUBLIC COMMENT:

Any member of the public may address and ask questions of the Board relating to any matter within the Board's jurisdiction, provided the matter is not on the Board's agenda, or pending before the Board. Presentations are limited to three (3) minutes or otherwise at the discretion of the Chair.

  - A. Sheriff's Report
  - B. Public Comment
  
3. STAFF REPORTS
  - A. General Manager Report
    - Current Project Report
    - (a) Quarterly newsletter
    - (b) Sewer pipe bridge integrity test
    - (c) Collection system smoke testing quotes
    - (d) Treatment Plant generator painting
  - B. Superintendent Report
    - (a) Water & Wastewater Operation Report
  - C. Other Reports
    - (a) District Financial Summary
  - D. District Counsel Report
  
4. ITEMS OF BUSINESS
  - A. Approval of Minutes – July 11, 2007
  - B. Approval of August 2007 Disbursements Journal (Warrants)
  
5. DISCUSSION/ACTION ITEMS
  - A. Approval of Ordinance No. 103 adopting CPI rate increase
  - B. Year Ending 2007 Annual Audit Quotes (Grace)
  - C. 2007 - 2008 Annual Budget Resolution 07-315 (Grace)
  - D. Board Committee Reports
  - E. Board Reports
  
6. BOARD/STAFF GENERAL DISCUSSIONS AND PROPOSED AGENDA ITEMS
  
7. ADJOURNMENT

- D. Board Committee Reports
- E. Board Reports

6. BOARD/STAFF GENERAL DISCUSSIONS AND PROPOSED AGENDA ITEMS

7. ADJOURNMENT

**General Manager's Report**  
**August 8, 2007**

**(a) Quarterly Newsletter**

The second quarterly newsletter was distributed with the June billing process. We hope the information was valuable and feedback from the public and the Board is greatly appreciated.

**(b) Sewer Pipe Bridge Integrity Test**

The quote from Advantage Technical Services, Inc. is provided as part of this General Manager report. The integrity test was approved at the July 11, 2007 meeting and contact has been made with Advantage in effort to schedule the testing. At this time a firm test date has not been established.

**(c) Collection System Smoke Testing Quotes**

The Board requested staff to obtain (in addition to L.R. Paulsell's smoke testing quote) two additional quotes for smoke testing. Staff has made limited progress regarding this request due to the lack of request response. Staff will continue to search for interested vendors.

**(d) Treatment Plant Generator Painting**

Per the direction of the Board, Staff is requesting quotes from various painting contractors to paint the wastewater treatment plant's emergency standby generator and the water well emergency standby generator.

**July-Sept 2007**

# San Simeon Quarterly Newsletter

## News from the General Manager

Water conservation is a major concern this time of year with our awareness heightened by the lack of rain and low water well levels. In fact, Stage One and Stage Two water conservation efforts are in effect. Despite this effort well levels are approaching Stage Three conservation measures. Please continue your efforts to protect this vital resource.

## Water Conservation

San Simeon is currently in a Stage Two water conservation effort, which means all outdoor irrigation is prohibited, filling, refilling or adding SSCSD water to pools, fountains or spas is limited to evaporative losses or operational purposes, and restaurants are prohibited from serving SSCSD water except when specifically requested. Stage one restrictions also in effect include: no use of district water for the washing of any outside structures (buildings, sidewalks, streets, etc) and vehicles (automobiles, boats, RVs) is prohibited, except for emergency sanitation or fire extinguishing purposes. For a complete description of Stage One and Stage Two contact SSCSD at 927-4778

## Contractor Activity

Expect construction activity on the corner of Castillo Drive and Pico Avenue. Chevron is drilling MTBE monitoring wells in compliance with the Regional Water Quality Control Board's request.

## Water Conservation (non compliance)

As adopted by the SSCSD on February 9, 2005 by Ordinance No. 99, the first occurrence of restricted water is considered an infraction and a penalty of \$100.00 shall be added to the offender's water bill. The second offense shall constitute a misdemeanor and a penalty of \$250.00 will be added to the offender's water bill. The third offense will result in the discontinuance of water service pursuant to the District's policies and procedures.

## Helpful Information

### SSCSD Office Hours:

Monday 9:30 am to 1:30 pm

Tuesday 9:30 am to 1:30 pm

Thursday 9:30 am to 1:30 pm

The Next regularly scheduled SSCSD Board meeting is Wednesday August 8, 2007 at 6:00 pm at the Cavalier Banquet Room.

## Wastewater Treatment Plant Upgrades

Facility manager Dan Daniels and Operator Jerry Copeland have started installing the EQ basin and Chlorine Contact Chamber instrumentation upgrades in effort to increase flow and disinfection stability.

**ADVANTAGE TECHNICAL SERVICES, INC.**  
SPECIALTY ENGINEERING AND INSPECTION COMPANY

**TERMS AND CONDITIONS**

Services provided by Advantage Technical Services, Inc. (ATS) in conjunction with this project will be billed on an hourly basis. Specific tasks will be billed on an individual fee. The fee below is meant to give you a budget amount for the work and is based on our anticipated cost to provide the necessary services. Any estimates of anticipated fees that we provide are, due to the uncertainties involved, necessarily only an approximation of potential fees. However, we will not exceed our estimated fees without contacting you to discuss our progress and future activities.

You will be billed monthly, with payment being due within 30 days of invoice date. Invoices not paid within 30 days of invoice date will be assessed a one percent (1.5%) per month finance charge on the unpaid balance. Work will be stopped on projects with an outstanding balance over 60 days past due. When the account is paid in full, work may resume.

All claims, disputes and other matters in question between the parties to this agreement, arising out of or relating to this agreement or the breach thereof, shall be submitted to non-binding mediation under the auspices of American Intermediation Services, Inc. prior to initiation of any lawsuit or other litigation unless the parties mutually agree otherwise. The cost of said mediation shall be split equally between the parties. Mediation arising out of or relating to this agreement may include, by consolidation or in any voluntary manner, any additional person not a party to this agreement by mutual agreement of the parties. Any consent to mediation involving an additional person or persons shall not constitute consent to mediate any dispute not described therein. This agreement to mediate and any agreement to mediate with any additional person or persons duly consented to by the parties to this agreement shall be specifically enforceable under the prevailing law of the jurisdiction in which this agreement was signed. In the event the firm is forced to institute legal proceedings to collect a bill, the client will be required to pay court costs and reasonable attorneys' fees to the firm as part of the judgment rendered in such proceeding, and any costs and attorneys' fees incurred in collection such judgment.

Client agrees to limit the liability of Advantage Technical Services Inc., its principals and employees, and all contractors and subcontractors on the project, for any claim or action arising in tort or contract to ATS' fees. The client also agrees that, except for negligence on the part of ATS, the client will hold harmless, indemnify and defend ATS from and against any and all claims arising out of the professional services provided under this agreement.

Client understands that ATS will take reasonable precautions to prevent damage to site and structures and accepts that procedures and equipment necessary to perform the required work may create unavoidable damage. Client understands the inherent risks of damage related to ATS work and agrees not to hold ATS liable or responsible for any such reasonable effect, alteration or damage.

All documents prepared under this agreement shall become the property of ATS reproducible copies shall be made available to client upon request.

Minimum site visit/inspection will be billed at two hours and minimum ultrasonic inspection is three hours. Billable time will include travel from portal to portal. Standard time rate is additionally limited to 7:00 am - 5:00 pm and Monday thru Friday.

If you agree to the terms and conditions of this proposal, please date, sign and return it to said address. For your convenience, we have enclosed a duplicate original for your files. Work will commence upon receipt of this executed proposal. Estimated fees provided shall be valid for 60 days from the date hereof.

ADVANTAGE TECHNICAL SERVICES, INC.

Description of Work: SAN SIMON PIPE BRIDGE  
COATING EVALUATION & ULTRASONIC THICKNESS SURVEY FOR  
EVALUATION / DETERMINATION OF EXTENT OF CORROSION ON SEWER PIPE BRIDGE.

Rates: Field Inspector (NDE level I), \$40/hr - Field inspector (CWI Visual), \$65/hr - Field Inspector (NDE level II), \$85/hr - Senior Engineer (P.E.), \$115/hr - Mileage, \$0.50/mi ESTIMATE: 8 HOURS + 60 MI, \$710<sup>00</sup>

I have read the above and agree to the terms set forth in this letter.

ADVANTAGE TECHNICAL SERVICES, INC.

CLIENT

by: Will D. Bell

by: [Signature]

date: 6/19/07

date: 7/30/07

T&C Rev. 5

San Simeon Community Services District

# Superintendent's Report

July 2007

## **Superintendent's Report**

July 2007

August 1, 2007

The Wastewater Treatment Plant performed well during the month and produced a good quality treated effluent. Based on lab results received so far we were in compliance throughout the month of July with no exceedances.

Based on depth readings taken at our wells, the water table has dropped about one foot over the last month and the current average reading is at about 12.4 feet from the surface.

All of the major components for the instrumentation improvements have been received except for the two Wallace & Tiernan components, the Chlorine Analyzer and the Programmable Control Unit. The scheduled shipping date on those two items is Aug. 20<sup>th</sup>. Pacific States Electrical & Instrumentation has already installed most of the conduit, wiring, two of the three new flow meters and the level controller for the Equalization Basin. Photos of the improvement project are included with this report.

Report prepared and submitted by Dan Daniels, Facility Manager, ECO Resources, Inc.

**San Simeon Community Services District - Monthly Data Report - July 2007**

| 6/30/07 | INPUT<br>Wastewater<br>Inf Meter Tot | CALCULATED<br>Wastewater<br>Daily Flow | INPUT<br>Well 1<br>Readings | CALCULATED<br>Well 1<br>Total Pumped | INPUT<br>Well 2<br>Readings | CALCULATED<br>Well 2<br>Total Pumped | CALCULATED<br>Total<br>Daily Water Produced | INPUT<br>Well 1 level | INPUT<br>Well 2 level | INPUT<br>State Sewer<br>Daily Flow |
|---------|--------------------------------------|--|-----------------------------|--------------------------------------|-----------------------------|--------------------------------------|---|-----------------------|-----------------------|------------------------------------|
|         | 1917632                              |  | 29359                       |                                      | 47198                       |                                      |   |                       |                       |                                    |
| 7/1/07  | 2006877                              | 89,245                                 | 29359                       | 0                                    | 47295                       | 73,080                               | 73,080                                      | 11.9                  | -                     | 16,371                             |
| 7/2/07  | 2083017                              | 76,140                                 | 29480                       | 90,284                               | 47295                       | 0                                    | 90,284                                      | 11.8                  | -                     | 12,533                             |
| 7/3/07  | 2140634                              | 57,617                                 | 29480                       | 0                                    | 47416                       | 90,358                               | 90,358                                      | 11.8                  | -                     | 10,019                             |
| 7/4/07  | 2203395                              | 62,761                                 | 29612                       | 98,586                               | 47527                       | 82,504                               | 181,091                                     | On                    | -                     | 12,832                             |
| 7/5/07  | 2260274                              | 56,879                                 | 29752                       | 104,486                              | 47544                       | 13,015                               | 117,511                                     | On                    | -                     | 13,157                             |
| 7/6/07  | 2331165                              | 70,891                                 | 29752                       | 0                                    | 47681                       | 102,401                              | 102,401                                     | 12.2                  | -                     | 13,743                             |
| 7/7/07  | 2451615                              | 120,450                                | 29855                       | 77,343                               | 47681                       | 0                                    | 77,343                                      | 12.1                  | -                     | 14,999                             |
| 7/8/07  | 2525758                              | 74,143                                 | 29855                       | 0                                    | 47793                       | 84,150                               | 84,150                                      | 12.0                  | -                     | 15,460                             |
| 7/9/07  | 2577315                              | 51,557                                 | 29990                       | 101,055                              | 47793                       | 0                                    | 101,055                                     | 12.0                  | -                     | 13,581                             |
| 7/10/07 | 2670679                              | 93,364                                 | 30127                       | 102,326                              | 47916                       | 91,854                               | 194,181                                     | On                    | -                     | 10,815                             |
| 7/11/07 | 2753834                              | 83,155                                 | 30127                       | 0                                    | 48043                       | 95,146                               | 95,146                                      | On                    | -                     | 12,346                             |
| 7/12/07 | 2825222                              | 71,388                                 | 30127                       | 0                                    | 48043                       | 0                                    | 0   | 12.0                  | -                     | 12,837                             |
| 7/13/07 | 2892473                              | 67251                                  | 30266                       | 104,047                              | 48123                       | 59,765                               | 163,812                                     | 12.2                  | -                     | 16,322                             |
| 7/14/07 | 2973596                              | 81,123                                 | 30383                       | 87,666                               | 48123                       | 0                                    | 87,666                                      | 12.3                  | -                     | 6,355                              |
| 7/15/07 | 3057137                              | 83,541                                 | 30411                       | 20,645                               | 48237                       | 85,122                               | 105,767                                     | On                    | -                     | 15,311                             |
| 7/16/07 | 3127720                              | 70,583                                 | 30521                       | 82,664                               | 48369                       | 98,362                               | 181,016                                     | 12.3                  | -                     | 13,126                             |
| 7/17/07 | 3213871                              | 86,151                                 | 30657                       | 101,279                              | 48369                       | 0                                    | 101,279                                     | 12.5                  | -                     | 12,841                             |
| 7/18/07 | 3293202                              | 79,331                                 | 30657                       | 0                                    | 48496                       | 95,071                               | 95,071                                      | 12.5                  | -                     | 13,004                             |
| 7/19/07 | 3380346                              | 87,144                                 | 30803                       | 109,582                              | 48496                       | 0                                    | 109,582                                     | 12.6                  | -                     | 13,238                             |
| 7/20/07 | 3469444                              | 89,098                                 | 30803                       | 0                                    | 48611                       | 86,319                               | 86,319                                      | 12.6                  | -                     | 14,186                             |
| 7/21/07 | 3568843                              | 99,399                                 | 30913                       | 81,831                               | 48611                       | 0                                    | 81,831                                      | 12.5                  | -                     | 11,538                             |
| 7/22/07 | 3651446                              | 82,603                                 | 30925                       | 9,200                                | 48724                       | 84,823                               | 94,024                                      | On                    | -                     | 17,181                             |
| 7/23/07 | 3724529                              | 73,083                                 | 31079                       | 115,192                              | 48834                       | 81,607                               | 196,799                                     | 12.8                  | -                     | 12,135                             |
| 7/24/07 | 3806156                              | 81,627                                 | 31079                       | 0                                    | 48834                       | 0                                    | 0   | 12.6                  | -                     | 16,106                             |
| 7/25/07 | 3882364                              | 76,208                                 | 31219                       | 104,570                              | 48937                       | 77,194                               | 181,764                                     | 12.8                  | -                     | 10,694                             |
| 7/26/07 | 3958759                              | 76,395                                 | 31312                       | 70,088                               | 48937                       | 0                                    | 70,088                                      | 12.8                  | -                     | 12,753                             |
| 7/27/07 | 4043769                              | 85,010                                 | 31312                       | 0                                    | 49022                       | 63,879                               | 63,879                                      | 12.8                  | -                     | 13,842                             |
| 7/28/07 | 4148262                              | 104,493                                | 31437                       | 93,575                               | 49100                       | 58,344                               | 151,919                                     | 12.9                  | -                     | 13,196                             |
| 7/29/07 | 4246177                              | 97,915                                 | 31541                       | 77,268                               | 49192                       | 68,367                               | 145,636                                     | On                    | -                     | 15,780                             |
| 7/30/07 | 4329582                              | 83,405                                 | 31628                       | 65,300                               | 49202                       | 7,854                                | 72,706                                      | -                     | On                    | 15,119                             |
| 7/31/07 | 4413342                              | 83,760                                 | 31715                       | 64,852                               | 49280                       | 58,259                               | 58,259                                      | On                    | -                     | 13,345                             |
|         |                                      |  |                             |                                      |                             |                                      |   |                       |                       |                                    |
|         | <b>TOTALS</b>                        | <b>2,495,710</b>                       |                             | <b>1,761,839</b>                     |                             | <b>1,557,486</b>                     | <b>3,254,024</b>                            |                       |                       | <b>414,755</b>                     |
|         | Average                              | 80,507                                 | Average                     | 56,834                               | Average                     | 50,241                               | 104,969                                     | 12.4                  | -                     | 13,380                             |
|         | Min                                  | 51,557                                 | Min                         | 0                                    | Min                         | 0                                    | 0   | 11.8                  | -                     | 6,355                              |
|         | Max                                  | 120,450                                | Max                         | 115,192                              | Max                         | 102,401                              | 196,799                                     | 12.9                  | -                     | 17,181                             |



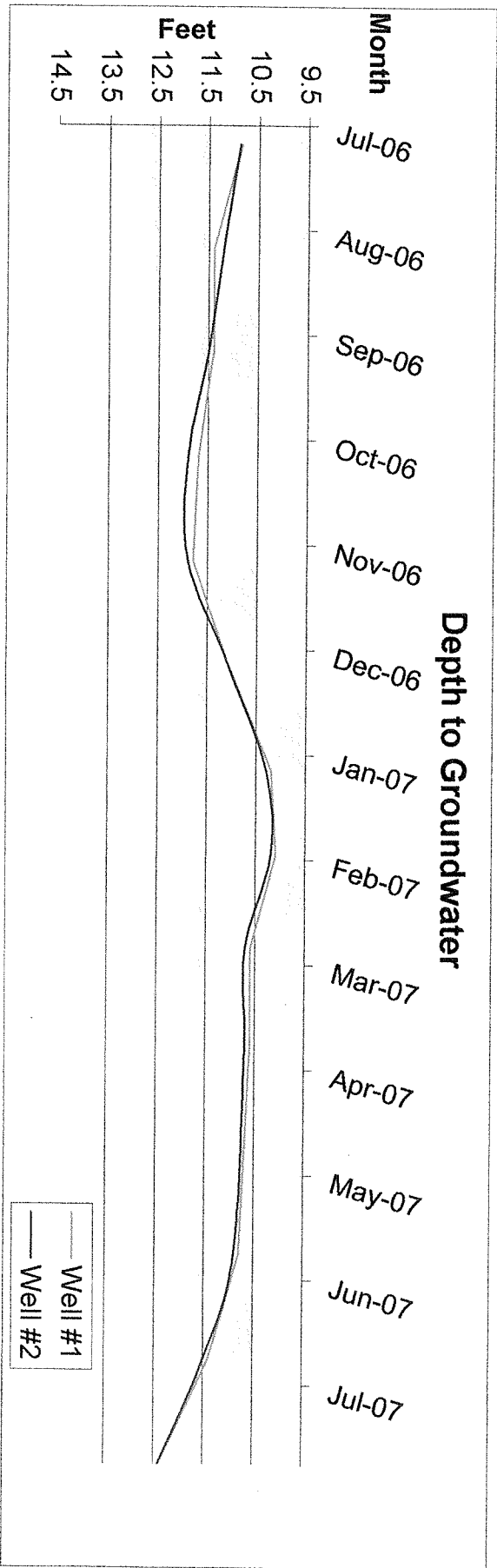
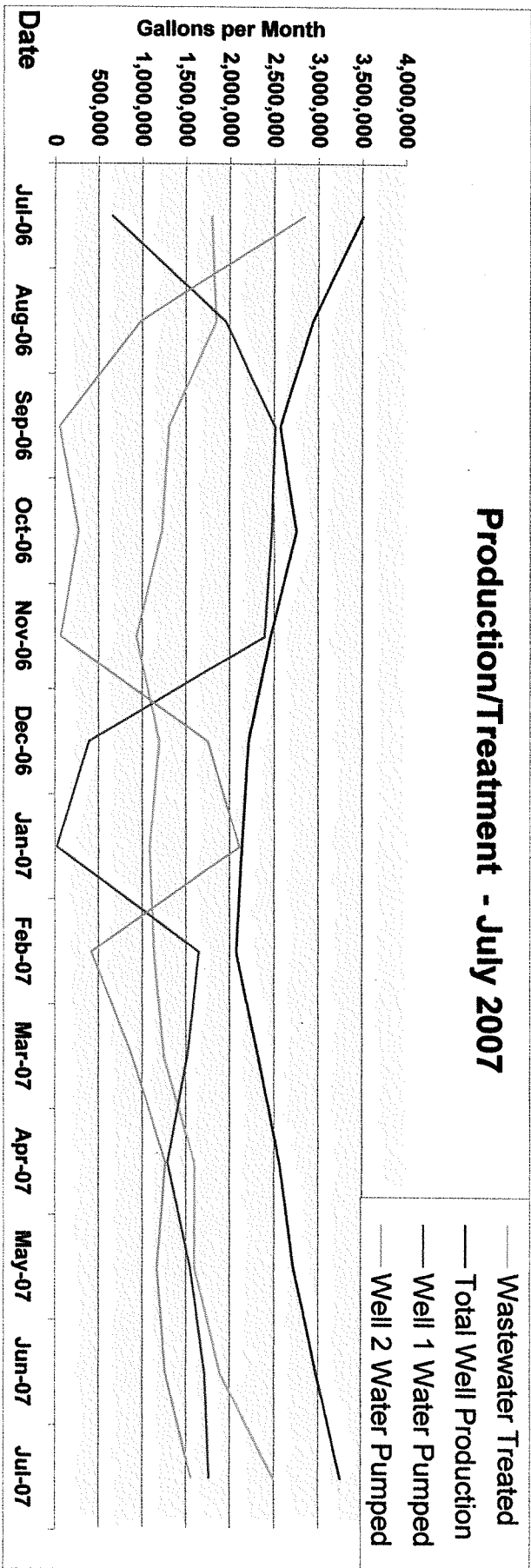
**San Simeon Community Services District Data Summary Sheet July 2007**

|  | Jan-06            | Feb-06            | Mar-06      | Apr-06            | May-06            | Jun-06      | Jul-06      | Aug-06            | Sep-06    | Oct-06    | Nov-06    | Dec-06    | Total for 2006 |
|--|-------------------|-------------------|-------------|-------------------|-------------------|-------------|-------------|-------------------|-----------|-----------|-----------|-----------|----------------|
| Wastewater Treated                       | 1,271,275         | 1,363,034         | 1,512,445   | 1,669,983         | 1,449,000         | 1,539,295   | 1,798,204   | 1,849,711         | 1,307,276 | 1,229,498 | 936,304   | 1,199,866 | 17,425,914     |
| Total Well Production                    | 1,995,898         | 1,926,324         | 2,167,480   | 2,418,658         | 2,633,708         | 2,767,600   | 3,509,616   | 2,940,538         | 2,571,699 | 2,755,408 | 2,464,361 | 2,216,623 | 30,367,903     |
| Well 1 Water Pumped                      | 0                 | 540,654           | 701,474     | 43,758            | 0                 | 1,777,276   | 663,476     | 1,955,721         | 2,514,327 | 2,479,919 | 2,395,545 | 393,523   | 11,965,674     |
| Well 2 Water Pumped                      | 1,956,898         | 1,385,670         | 1,466,005   | 2,374,900         | 2,633,708         | 2,590,324   | 2,846,140   | 984,817           | 57,372    | 275,489   | 68,816    | 1,755,406 | 18,394,534     |
| Water Well 1 Avg Depth to Water          | 10.4              | 10.5              | 10.1        | 9.8               | 10.5              | 10.9        | 10.8        | 11.4              | 11.4      | 11.7      | 11.8      | 11.1      | 10.9           |
| Water Well 2 Avg Depth to Water          | 10.3              | 10.5              | 10.4        | 10.0              | 10.6              | 11.0        | 10.9        | 11.2              | 11.5      | 11.9      | 11.9      | 11.1      | 10.9           |
| State Wastewater Treated                 | 705,247           | 397,658           | 292,804     | 456,107           | 315,989           | 315,831     | 429,805     | 417,679           | 285,432   | 239,387   | 207,822   | 289,494   | 4,333,165      |
| State % of Total WW Flow                 | 55.48             | 29.17             | 19.36       | 23.15             | 21.80             | 20.52       | 23.90       | 22.56             | 21.83     | 19.47     | 22.20     | 22.46     | 25.16          |
| Biosolids Removal (Gallons)              | 6,000             | 6,000             | 12,000      | 6,000             | 12,000            | 35,490      | 32,288      | 28,223            | 25,180    | 24,607    | 24,947    | 6,198     | 218,933        |
| <b>WW Permit Exceed, Revised 12.7.06</b> | <b>2</b>          | <b>1</b>          | <b>0</b>    | <b>1</b>          | <b>4</b>          | <b>1</b>    | <b>0</b>    | <b>0</b>          | <b>0</b>  | <b>0</b>  | <b>1</b>  | <b>0</b>  | <b>11</b>      |
| <b>Constituents Exceeded</b>             | <b>T Coliform</b> | <b>T Coliform</b> | <b>None</b> | <b>T Coliform</b> | <b>T Coliform</b> | <b>None</b> | <b>None</b> | <b>T Coliform</b> |           |           |           |           |                |
| <b>Sample Limit</b>                      | <b>230</b>        | <b>230</b>        |             | <b>230</b>        | <b>230</b>        |             |             | <b>230</b>        |           |           |           |           | <b>230</b>     |
| <b>Sample Result</b>                     | <b>240</b>        | <b>500</b>        |             | <b>900</b>        | <b>300</b>        |             |             | <b>1600</b>       |           |           |           |           | <b>240</b>     |
|  |                   |                   |             |                   | <b>350</b>        |             |             |                   |           |           |           |           |                |
| <b>Constituents Exceeded</b>             |                   |                   |             |                   | <b>Tot CL2</b>    | <b>None</b> | <b>None</b> | <b>Tot CL2</b>    |           |           |           |           |                |
| <b>Sample Limit</b>                      |                   |                   |             |                   | <b>0.93</b>       |             |             | <b>0.93</b>       |           |           |           |           | <b>Tot CL2</b> |
| <b>Sample Result</b>                     |                   |                   |             |                   | <b>7.1</b>        |             |             | <b>52</b>         |           |           |           |           | <b>0.93</b>    |
|  |                   |                   |             |                   |                   |             |             |                   |           |           |           |           | <b>1.04</b>    |

|                                      | Jan-07    | Feb-07    | Mar-07            | Apr-07    | May-07    | Jun-07    | Jul-07    | Total for 2007 |
|--------------------------------------|-----------|-----------|-------------------|-----------|-----------|-----------|-----------|----------------|
| Wastewater Treated                   | 1,088,548 | 1,137,863 | 1,252,523         | 1,598,800 | 1,589,146 | 1,892,780 | 2,495,710 | 11,055,370     |
| Total Well Production                | 2,140,776 | 2,076,295 | 2,329,571         | 2,565,490 | 2,722,870 | 2,981,528 | 3,254,024 | 18,070,557     |
| Well 1 Water Pumped                  | 28,349    | 1,651,734 | 1,519,338         | 1,295,835 | 1,548,360 | 1,714,640 | 1,761,839 | 9,520,095      |
| Well 2 Water Pumped                  | 2,112,427 | 424,565   | 891,018           | 1,269,655 | 1,174,510 | 1,266,888 | 1,557,486 | 8,696,549      |
| Water Well 1 Avg Depth to Water      | 10.2      | 10.1      | 10.6              | 10.6      | 10.8      | 11.4      | 12.4      | 10.9           |
| Water Well 2 Avg Depth to Water      | 10.3      | 10.2      | 10.7              | 10.7      | 10.9      | 11.4      | 12.4      | 10.6           |
| State Wastewater Treated             | 191,904   | 230,939   | 210,820           | 266,505   | 255,666   | 302,289   | 414,765   | 1,478,123      |
| State % of Total WW Flow             | 17.63     | 20.30     | 16.83             | 17.92     | 16.09     | 15.97     | 16.62     | 13.37          |
| Biosolids Removal (Gallons)          | 0         | 6,523     | 5,933             | 6,487     | 12,309    | 6,000     | 12,500    | 49,752         |
| <b>WW Permit Limitation Exceeded</b> | <b>0</b>  | <b>0</b>  | <b>1</b>          | <b>0</b>  | <b>1</b>  | <b>0</b>  | <b>0</b>  | <b>2</b>       |
| <b>Constituents Exceeded</b>         |           |           | <b>T Coliform</b> |           |           |           |           |                |
| <b>Sample Limit</b>                  |           |           | <b>230</b>        |           |           |           |           |                |
| <b>Sample Result</b>                 |           |           | <b>300</b>        |           |           |           |           |                |

Note: Depth for Well #2 is not being taken at this time due to sounding tape being hung up in well. Depth shown is same as for actual readings taken at Well #1.  
 Based on past observations of water depths for both wells, they are consistently the same.

# Production/Treatment - July 2007

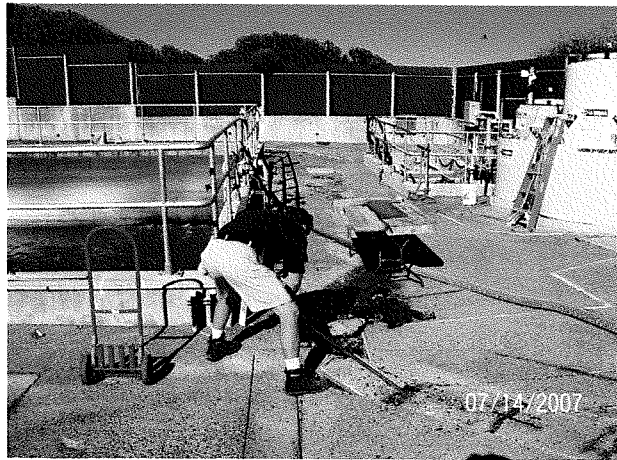
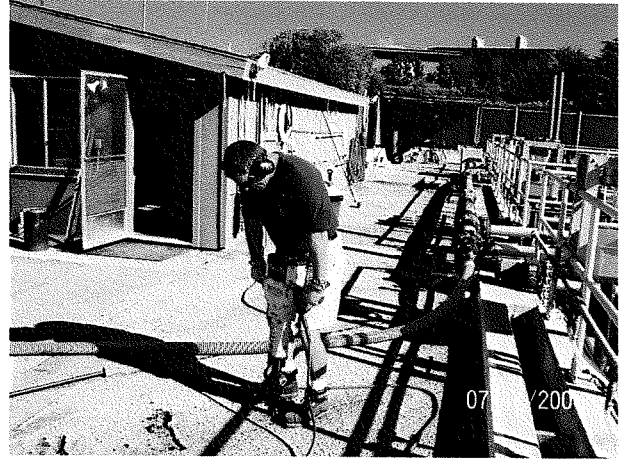
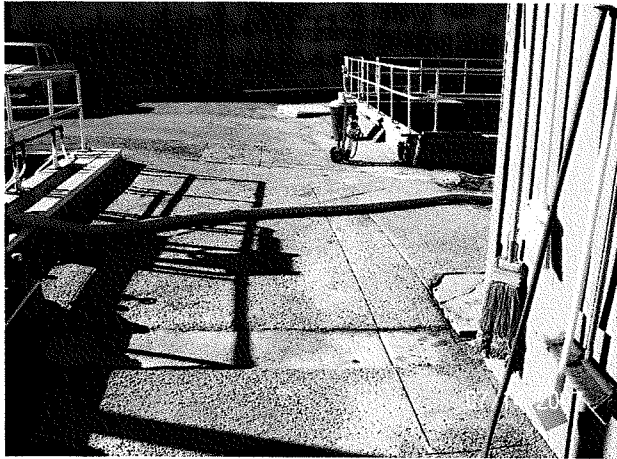


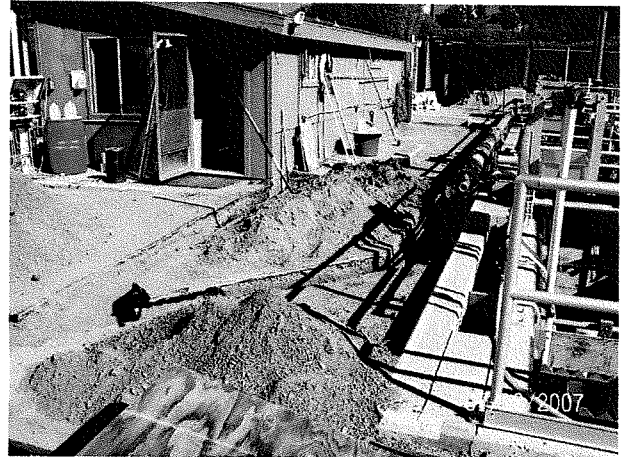
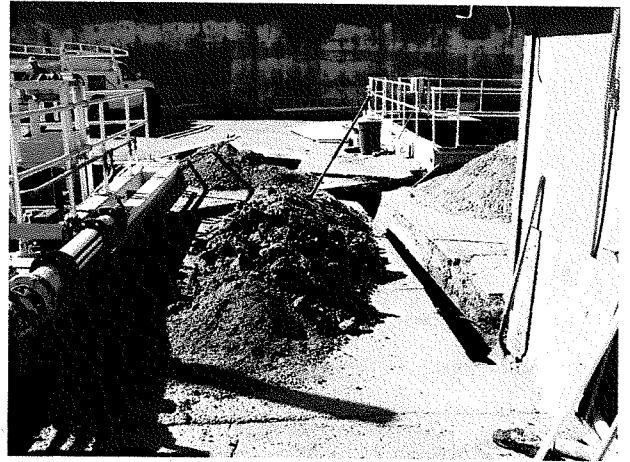
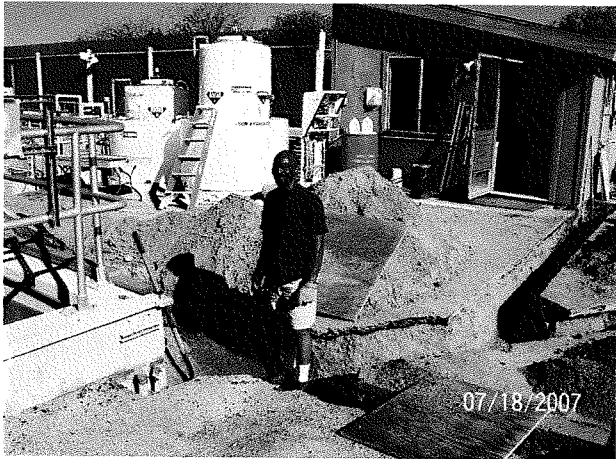
San Simeon Community Services District      Superintendent's Report      July 2007  
**Comparison of Sales**

|                       | 2005     | 2006     | 2007     | January  | February | March    | April    | May      | June     | July     | August   | September | October  | November | December |
|-----------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|----------|----------|----------|
| Water Sales (Dollars) | \$12,025 | \$11,701 | \$12,781 | \$12,025 | \$12,630 | \$13,396 | \$14,661 | \$15,951 | \$14,747 | \$18,566 | \$22,159 | \$17,753  | \$16,502 | \$17,224 | \$11,593 |
| Water Sales (Dollars) |          | \$11,701 | \$12,630 | \$11,913 | \$13,342 | \$14,784 | \$14,784 | \$14,784 | \$14,747 | \$26,542 | \$30,958 | \$17,753  | \$16,789 | \$26,277 | \$12,577 |
| % +/- from 2005       |          | 0.97     | 1.04     | 0.89     | 0.91     | 0.93     | 0.93     | 0.93     | 1.43     | 1.43     | 1.40     | 1.40      | 1.02     | 1.53     | 1.08     |
| Water Sales (Dollars) |          | \$12,781 | \$13,154 | \$11,913 | \$13,342 | \$16,076 | \$13,342 | \$16,076 | \$16,076 |          |          |           |          |          |          |
| % +/- from 2006       |          | 1.09     | 1.04     | 1.00     | 1.00     | 1.09     | 1.00     | 1.09     |          |          |          |           |          |          |          |

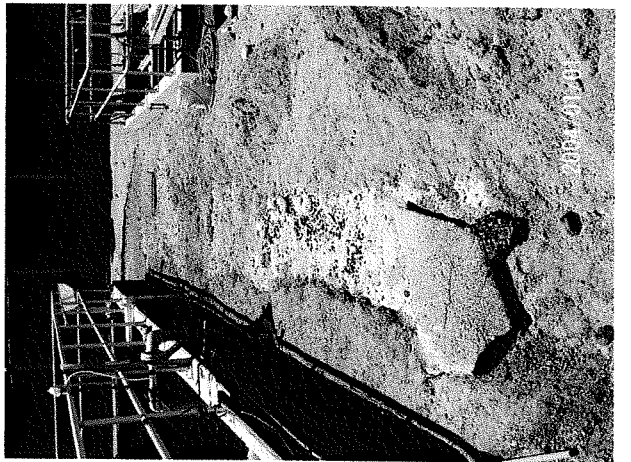
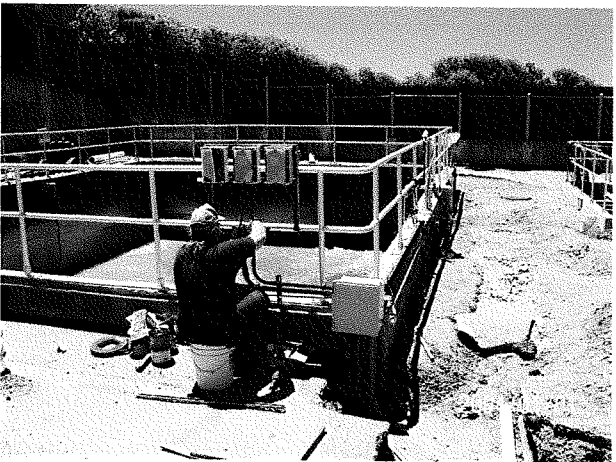
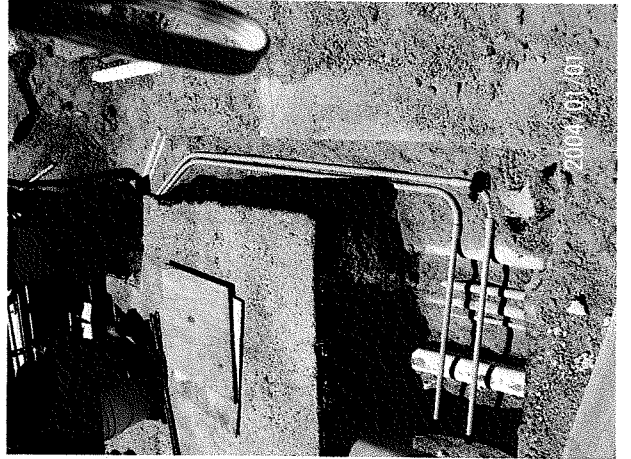
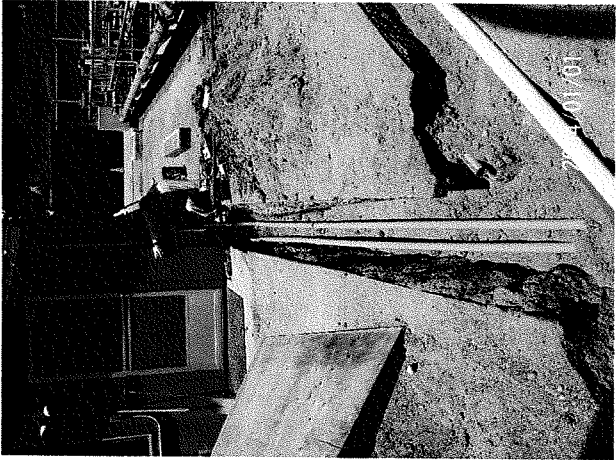
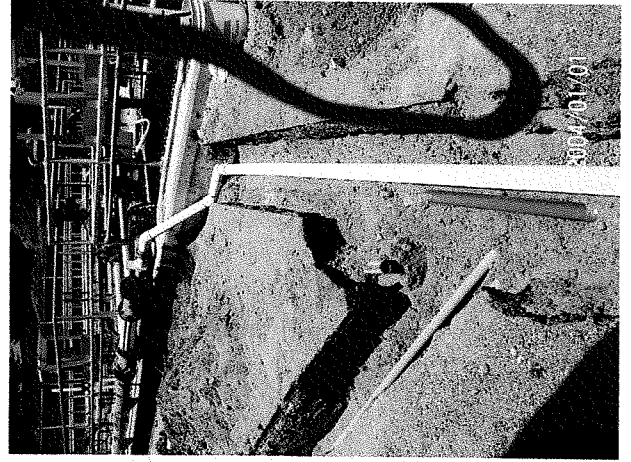
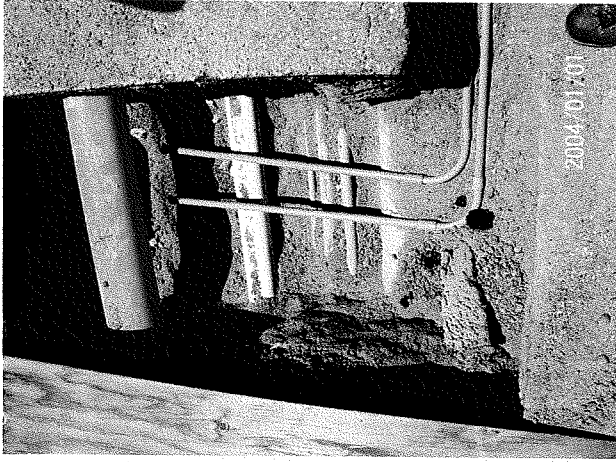
|                           | 2005    | 2006    | 2007    | January | February | March   | April   | May     | June    | July    | August  | September | October | November | December |
|---------------------------|---------|---------|---------|---------|----------|---------|---------|---------|---------|---------|---------|-----------|---------|----------|----------|
| Amount Water Sold (cu ft) | 259,424 | 317,559 | 292,318 | 259,424 | 317,559  | 292,318 | 316,279 | 327,339 | 379,201 | 453,232 | 402,325 | 343,995   | 350,631 | 238,106  |          |
| Amount Water Sold (cu ft) | 242,900 | 261,269 | 247,461 | 242,900 | 261,269  | 247,461 | 276,898 | 305,006 | 305,006 | 541,198 | 630,400 | 360,280   | 343,995 | 333,258  |          |
| % +/- from 2005           |         | 0.94    | 0.82    | 0.85    | 0.88     | 0.93    | 0.88    | 0.93    | 1.43    | 1.39    | 0.90    | 0.90      | 0.95    | 1.09     |          |
| Amount Water Sold (cu ft) | 263,799 | 272,449 | 243,280 | 263,799 | 272,449  | 243,280 | 372,462 | 327,790 | 386,672 | 423,236 |         |           |         |          |          |
| % +/- from 2006           |         | 1.09    | 1.04    | 0.98    | 1.04     | 0.98    | 1.35    | 1.07    | 3.51    | 3.01    |         |           |         |          |          |

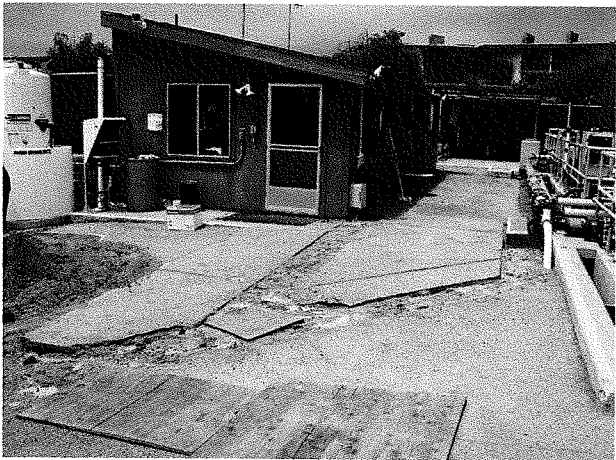
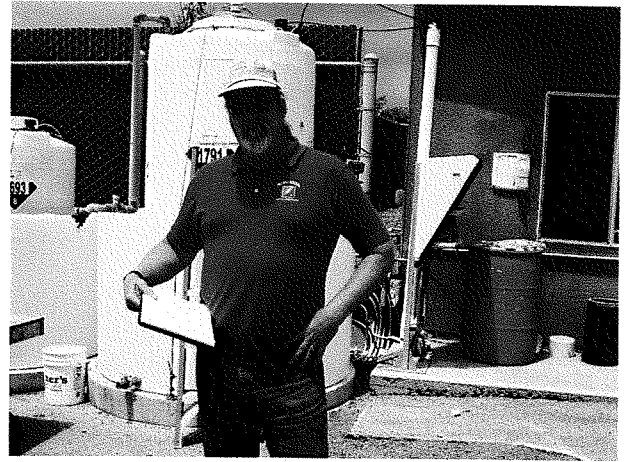
|                                      | 2005    | 2006    | 2007    | January | February | March   | April   | May     | June    | July    | August  | September | October | November | December |
|--------------------------------------|---------|---------|---------|---------|----------|---------|---------|---------|---------|---------|---------|-----------|---------|----------|----------|
| Water Produced - Month Cycle (cu ft) |         |         |         |         |          |         |         |         |         |         |         |           |         |          |          |
| Water Produced - Meter Cycle (cu ft) |         |         |         |         |          |         |         |         |         |         |         |           |         |          |          |
| Water Produced - Month Cycle (cu ft) | 266,850 | 257,550 | 289,792 | 266,850 | 257,550  | 289,792 | 323,375 | 352,127 | 370,028 | 469,236 | 393,150 | 343,836   | 368,398 | 329,485  | 296,362  |
| Water Produced - Meter Cycle (cu ft) | 286,221 | 277,601 | 311,440 | 286,221 | 277,601  | 311,440 | 342,980 | 364,020 | 398,630 | 435,000 |         |           |         |          |          |
| Water Produced - Month Cycle (cu ft) | 303,720 | 299,230 | 243,280 | 303,720 | 299,230  | 243,280 | 387,580 | 340,070 | 400,730 | 436,390 |         |           |         |          |          |
| Water Produced - Meter Cycle (cu ft) | 1.07    | 1.08    | 1.07    | 1.07    | 1.08     | 1.07    | 1.06    | 1.03    | 1.08    | 3.01    |         |           |         |          |          |
| % +/- from 2006                      |         | 8.95    | 1.56    | 3.90    | 3.61     | 3.51    | 3.90    | 3.61    | 3.51    | 3.01    |         |           |         |          |          |
| *Water Loss                          |         |         |         |         |          |         |         |         |         |         |         |           |         |          |          |











**Other Reports**  
**District Financials Summary**

District Financials

|                          |              |
|--------------------------|--------------|
| June 2007 Billings       | \$39,660.55  |
| July 2007 Billings       | \$43,179.32  |
| July Past Due (31-60)    | \$2,831.26   |
| LAIF Account             | \$788,108.93 |
| SEP Account 1 (June)     | \$85,788.08  |
| SEP Account 2 (June)     | \$20,636.98  |
| Accounts Payable         | \$47,436.07  |
| Checking Account Balance | \$87,602.46  |



**Board of Directors – Regular Meeting  
San Simeon Community Services District  
MINUTES  
Wednesday, July 11, 2007  
Regular Meeting 6:00 P.M.  
Cavalier Banquet Room**

**1. 6:00 P.M. – REGULAR SESSION**

Roll Call – All Directors present  
Pledge of Allegiance

- 2. Public Comment:** Resident spoke of irrigated water and her concerns of where the water would flow. Resident expressed her concern of the continuing rate increases. Director Ricci advised the resident that the community has not had a rate increase in 11 years.

**A. Sheriff's Report:** No Representative present.

**3. STAFF REPORTS:**

**A. General Manager's Report (Charlie Grace)**

- (a) Stage Two water conservation notices:** General Manager informed the Board that the conservation notices were mailed out with June's bills.
- (b) Quarterly Newsletter:** General Manager informed the Board that the Newsletter will be sent with the June billing and content input can be given to the District Office.
- (c) Weed Abatement:** General discussion informing the Board that the second Weed Abatement Notice was sent out and Weed Abatement activity is complete for the year.

**B. Superintendent's Report:** Facility Manager, Dan Daniels, presented the report. General Manager's report was reviewed as attached to the Board packet. No exceedances in the month of June; however, May 29<sup>th</sup>, there was an exceedance. General discussion did occur with regard to Facility Manager's Report.

**C. Other Reports**

**(i) District Financial Summary:**

|                          |              |
|--------------------------|--------------|
| May 2007 Billings        | \$ 33,553.78 |
| June 2007 Billings       | \$ 28,412.24 |
| June Past Due            | \$ 3,848.29  |
| LAIF Account             | \$788,108.93 |
| SEP Accounts             | \$ 85,788.08 |
|                          | \$ 20,636.98 |
| Accounts Payable         | \$ 56,101.37 |
| Checking Account Balance | \$ 87,602.46 |

- D. District Counsel Report:** Informed the Board that he is working on the R.W.Q.C.B. Reports due at the end of the month. District Counsel did inform the Board that he is meeting with the Regional Water Quality Control Board.

**4. ITEMS OF BUSINESS:**

**A. Approval of Minutes – June 13, 2007**

Motion Made: Director Russell  
Second: Director Ricci  
Approved: 5-0 as Amended

**B. Approval of Warrants – June 1 – June 30, 2007**

Motion Made: Director Russell  
Second: Director McAdams  
Approved: 5-0

**5. DISCUSSION/ACTION ITEMS:**

**A. Review and approval of pipe bridge structural review/bid package.**

Discussion between the Board and General Manager did occur with regard to the pipe bridge bid package.

Motion Made: Director Russell  
Second: Director McAdams  
Approved: 5-0 without exception

**B. Coastal Commission Letter.**

District Counsel informed the Board this is the final letter that was sent to the Coastal Commission.

Discussion did occur with regard to the Coastal Commission letter.

**Discussion only**

**C. 2005-2006 Annual Audit**

General Manager informed the Board that the final draft for the Annual Audit is complete. Staff recommends that the Board approve the Annual Audit. Discussion did occur with regard to the audit and the auditor not being available for the meeting.

**Audit for 2005-2006 approved. Direction given to staff to get bids from other auditors for next annual audit.**

Motion Made: Director Ricci  
Second: Director McAdams  
Approved: 5-0 without exception

- D. District Counsel Report:** Informed the Board that he is working on the R.W.Q.C.B. Reports due at the end of the month. District Counsel did inform the Board that he is meeting with the Regional Water Quality Control Board.

**4. ITEMS OF BUSINESS:**

**A. Approval of Minutes – June 13, 2007**

Motion Made: Director Russell  
Second: Director Ricci  
Approved: 5-0 as Amended

**B. Approval of Warrants – June 1 – June 30, 2007**

Motion Made: Director Russell  
Second: Director McAdams  
Approved: 5-0

**5. DISCUSSION/ACTION ITEMS:**

**A. Review and approval of pipe bridge structural review/bid package.**

Discussion between the Board and General Manager did occur with regard to the pipe bridge bid package.

Motion Made: Director Russell  
Second: Director McAdams  
Approved: 5-0 without exception

**B. Coastal Commission Letter.**

District Counsel informed the Board this is the final letter that was sent to the Coastal Commission.

Discussion did occur with regard to the Coastal Commission letter.

**Discussion only**

**C. 2005-2006 Annual Audit**

General Manager informed the Board that the final draft for the Annual Audit is complete. Staff recommends that the Board approve the Annual Audit. Discussion did occur with regard to the audit and the auditor not being available for the meeting.

**Audit for 2005-2006 approved. Direction given to staff to get bids from other auditors for next annual audit.**

Motion Made: Director Ricci  
Second: Director McAdams  
Approved: 5-0 without exception

**D. 2007-2008 Annual Budget Resolution 07-314**

Tabled to August agenda

**E. Collection system smoke testing.**

General Manager gave explanation to the Board about smoke testing and the cost of performing this test. Discussion did occur with regard to this testing. Staff recommends approving or getting additional quotes.

**Direction to staff to get additional bids.**

Motion Made: Director Fields  
Second: Director Ricci  
Approved: 5-0 without exception

**F. Board Committee Reports:** No report.

**G. Board Reports:** No report.

**6. BOARD/STAFF GENERAL DISCUSSIONS AND PROPOSED AGENDA ITEMS:** None.

**7. ADJOURNMENT: 7:40 P.M.**

**SAN SIMEON COMMUNITY SERVICES DISTRICT**  
**Disbursements Journal**  
August 2007

| Type            | Date       | Num  | Name                   | Memo                                   | Paid Amount      | Paid Amount | Balance          |
|-----------------|------------|------|------------------------|--|------------------|-------------|------------------|
| Check           | 08/01/2007 | 5683 | RALPH MCADAMS          | Monthly Board service                  | -100.00          |             | 75,244.12        |
| Bill Pmt -Check | 08/03/2007 | 5684 | ALAN M FIELDS          | Monthly Board Service                  | -100.00          |             | 75,144.12        |
| Bill Pmt -Check | 08/03/2007 | 5685 | Bytes and Sites        | Monthly maintenance fee                | -275.00          |             | 74,769.12        |
| Bill Pmt -Check | 08/03/2007 | 5686 | DEEDEE RICCI           | Monthly Board Service                  | -100.00          |             | 74,669.12        |
| Bill Pmt -Check | 08/03/2007 | 5687 | ECO Resources Inc      | Operation and maintenance              | -36,280.56       |             | 38,388.56        |
| Bill Pmt -Check | 08/03/2007 | 5688 | GBP&B                  | Services                               | -1,200.00        |             | 37,188.56        |
| Bill Pmt -Check | 08/03/2007 | 5689 | JOHN K. RUSSELL        | Monthly Board Service                  | -100.00          |             | 37,088.56        |
| Bill Pmt -Check | 08/03/2007 | 5690 | Oasis Equipment Rental | Facility improvement                   | -100.44          |             | 36,988.12        |
| Bill Pmt -Check | 08/03/2007 | 5691 | PG&E                   | Street Lighting                        | -672.53          |             | 36,315.59        |
| Bill Pmt -Check | 08/03/2007 | 5696 | ROBERT W SCHULTZ ESQ.  | Services                               | -1,650.00        |             | 34,665.59        |
| Bill Pmt -Check | 08/03/2007 | 5693 | TERRY LAMBETH          | Monthly Board Service                  | -100.00          |             | 34,565.59        |
|                 |            |      | USA Blue Book          | Electrical instrumentation improvement | 1756.54          |             |                  |
|                 |            |      | USA Blue Book          |  | 2451.00          |             |                  |
| Bill Pmt -Check | 08/03/2007 | 5694 | USA Blue Book          |  | -4,207.54        |             | 30,358.05        |
| Bill Pmt -Check | 08/03/2007 | 5695 | ROBERT W SCHULTZ ESQ.  | Services                               | -2,550.00        |             | 27,808.05        |
|                 |            |      |                        |  | <u>47,436.07</u> |             | <u>27,808.05</u> |
|                 |            |      |                        |  | <u>47,436.07</u> |             | <u>27,808.05</u> |

1020 - General checking

Total 1020 - General checking

No check # 5692  
CAN we put in order of check #

**Discussion / Action Item**  
**August 8, 2007**

**A. Approval of Ordinance No. 103 adopting CPI rate increase**

Ordinance No. 103 is provided in the Board Packet for approval. Ordinance No. 103 provides for an increase in wastewater and water rates based on the U.S. Department of Labor, Bureau of Labor Statistics (Los Angeles, Riverside, Orange County Base year 1982) plus 1%. Current impact to rate structure is a 4.5% increase. Staff recommends approval of Ordinance No. 103.

**B. Year Ending 2007 Annual Audit Quotes**

As directed, audit proposals were obtained for the year ending June 30, 2007 audit process. The Board Packet contains a proposal from Martin A. Starr, C.P.A. for the amount of \$7,900.00 and a second proposal is provided by Crosby & Cindrich for the amount of \$7,400.00. Crosby & Cindrich currently performs the District's annual audit. Actual Crosby & Cindrich cost for the audit year ending June 30, 2006 was \$9,536.00. Considering time is of the essence, Staff recommends accepting Martin A. Starr, C.P.A. to perform the 2006 - 2007 District's annual audit.

**C. Review / Approve 2007-2008 Annual Budget Resolution 07-0315.**

The 2007-2008 Fiscal year budget has been prepared and revised per June 13 2007, meeting. Resolution Number 07-0315 is presented as part of this Board Packet for review and approval.

ORDINANCE NO. 103

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE  
SAN SIMEON COMMUNITY SERVICES DISTRICT  
ESTABLISHING CONSUMER PRICE INDEX CHARGES FOR WATER AND  
SEWER SERVICE WITHIN THE DISTRICT

WHEREAS, State law, including but not limited to, Government Code Section 61621, provides that the San Simeon Community Services District (hereinafter referred to as "District") may prescribe, revise and collect rates or other charges for the services and facilities furnished by it; and,

WHEREAS, the District on June 13, 2007, set a public meeting date to revise wastewater and water rates and;

WHEREAS, said public meeting was properly noticed; and

WHEREAS, the District has on file data indicating the amount of estimated costs required to provide the services for which the fees are levied and the Consumer Price Index provided by the U.S. Department of Labor, Bureau of Labor Statistics for Los Angeles, Riverside, Orange County, Base year 1982; and

WHEREAS, it is necessary to produce additional revenues to offset the annual increases in operating cost due to increases in utility and equipment maintenance;

NOW, THEREFORE, BE IT ORDAINED, by the Board of Directors of the San Simeon Community Services District as follows:

SECTION 1.

The district hereby revises wastewater and water rates as such to include a annual increase, effective at the start of each fiscal year, in wastewater and water rates based on the Consumer Price Index (CPI) provided by the U.S. Department of Labor, Bureau of Labor Statistics (Los Angeles, Riverside, Orange County Base year 1982) plus one percent

SECTION 2.

The rates increase shall become effective August 9, 2007.

On motion of Director \_\_\_\_\_, Seconded by Director \_\_\_\_\_,  
and on the following roll call vote to wit:

AYES:

NOES:

ABSENT:

Ordinance No.103 is hereby adopted this 8<sup>th</sup> day of August 2007.

---

Terry Lambeth  
President, Board of Directors

ATTEST:

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General Manager/District Secretary

APPROVED AS TO FORM

---

Robert Schultz  
District Council



**SAN SIMEON COMMUNITY SERVICES DISTRICT**

**AUDIT PROPOSAL**

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# Martin A. Starr, C.P.A.

June 27, 2007

Board of Directors  
San Simeon Community Services District  
111 San Pico Avenue  
San Simeon, CA 93452

I am pleased to present my proposal for auditing services and my understanding of the services to be provided for the San Simeon Community Services District. I will audit the financial statements of the San Simeon Community Services District for the year ended June 30, 2007. My audit will be sufficient in scope to allow me to issue the following as applicable:

- a. An opinion report on the financial statements.
- b. A report on compliance and on internal control in accordance with Government Auditing Standards.

My audit will be made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in Government auditing Standards, issued by the Comptroller General of the United States.

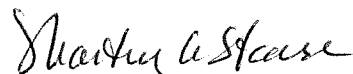
The financial statements will be prepared in accordance with generally accepted accounting principles (GAAP basis).

The following person is responsible for and should be contacted in regards to this proposal:

Martin A. Starr  
Certified Public Accountant  
4260 Truxtun Avenue, Suite #140  
Bakersfield, California 93309  
(661) 635-3185

The following pages include additional information on my firm, my approach to the examination, and my cost proposal.

I appreciate the opportunity to be of service to the San Simeon Community Services District and believe I can supply the services you require in a professional and timely manner. If you have any questions, please let me know.



Martin A. Starr  
Certified Public Accountant

MAS:ka

Certified Public Accountant

---

4260 Truxtun Avenue, Ste. 140, Bakersfield, CA 93309 661-635-3185 FAX 661-635-3190

## REASONS FOR SELECTING MARTIN A. STARR, C.P.A.

The following factors highlight the reasons why Martin A. Starr, C.P.A. is highly qualified to render audit services to the San Simeon Community Services District:

- HIGHLY QUALIFIED PERSONNEL - The engagement team will be comprised of individuals with substantial experience in governmental auditing, accounting and taxation. As skilled and enthusiastic professionals, personnel assigned to the engagement will be able to provide quality service that is responsive and cost effective.
- SIZE AND LOCATION - Since our firm is based in Bakersfield with a full complement of professionals, the San Simeon Community Services District can be assured of timely, responsive service with minimal out-of-pocket costs. We feel that ongoing dialogue regarding the audit is a necessity for providing superior service. As such, key individuals assigned to this engagement will be committed to maintaining contact with you and your management. Periodic meetings can be scheduled so activities and developments can be discussed from an accounting and management perspective.
- ACCESS TO AUDIT INDUSTRY SPECIALISTS - As members of the American Institute of Certified Public Accountants, we have the ability to utilize its technical staff and resources in order to resolve potentially complex accounting and auditing issues via its Technical Information Services Group in New York.
- QUALITY CONTROL - Martin A. Starr, C.P.A. is a member of the American Institute of Certified Public Accountants. Membership in this organization requires periodic reviews of adherence to quality control standards and procedures by a peer review team. Martin A. Starr, C.P.A. has successfully completed a peer review by the Quality Review Services Division of the California Society of Certified Public Accountants.

The basis of a successful professional relationship is the establishment of mutual respect and confidence between the client and accountant. Frequent communication permits early identification and resolution of accounting, reporting and other issues and enables us to deal with them on a timely basis. We will work closely with management in conducting our engagement.

## PROPOSERS APPROACH TO EXAMINATION

My audit will be designed to allow me to render an unqualified opinion on the financial statements; a report on the District's internal control systems and a report on compliance with laws and regulations. If during my audit anything comes to my attention which would indicate that my report would be other than unqualified, I would fully discuss the reasons with appropriate District personnel before proceeding further.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of assets, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and banks. I will request written representation from your attorneys as part of the engagement. At the conclusion of my audit, I will also request certain written representations from you about the financial statements and related matters.

An audit is based primarily on the selective testing of accounting records and related data; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. However, because I will not perform a detailed examination of all transactions, there is a risk that material error, irregularities, or illegal acts, including fraud, or defalcations, may exist and not be detected by me. I will advise you, however, of any matters of that nature that come to my attention, and will include such matters in the reports.

I will make an in-depth review of board minutes, operating procedures, policy manuals, audit guides, collection policy and practice, personnel policies and financial reports.

As soon as the District's books are closed and ready for examination, and all necessary schedules, reports, and financial documents are available for my use, I will begin my testing and account procedures.

I would expect assistance from your staff in providing completed bank reconciliations, listings of receivables, payables, selected account analysis, and in pulling invoices and client files for testing. I would intend to discuss this area in detail with you in advance in order to minimize any inconvenience to your staff.

Upon completion of my field audit procedures, I will review with management any weaknesses observed, discuss their effects on the financial operations of the District, and recommend steps toward elimination of the weakness.

## **ENGAGEMENT TEAM**

Martin A. Starr, C.P.A. will provide the quality of services that the District has a right to expect from its auditors by assigning highly qualified professionals. These professionals will take the necessary steps to understand you Authority's strengths, strategies and goals, to quickly identify problem areas, and to properly apply the firm's total resources.

Martin A. Starr would service as the engagement partner. He has over 40 years of experience in public accounting including extensive governmental experience. Lynn Del Mundo would be the primary staff for the audit and additional staff will be assigned as available.

The partners of Fisher, Keathley & Ross would be available to provide additional services, if needed, and to perform a second partner review of the engagement as required by our quality control standards.

Martin A. Starr is a properly licensed certified Public Accountant in California and meets all the legal requirements of the state.

## COST PROPOSAL

Our fees for these services will be based on the actual time spent at our standard hourly rates, plus travel, lodging and other out-of-pocket costs such as report production, typing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation.

We propose to perform the audit of the financial statements as follows:

|                                  |          |
|----------------------------------|----------|
| Fiscal Year Ending June 30, 2007 | \$ 7,900 |
|----------------------------------|----------|

## MARTIN A. STARR, C.P.A.

MARTIN A. STARR, CPA was educated in Pennsylvania and received his Certified Public Accountant certificate from Pennsylvania in 1968. He also received a CPA certificate from the State of California in 1970. He is currently a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Mr. Starr's experience has been entirely in public accounting with the following firms:

- ◆ 1965 - 1970, Bielau, Tierney, Coon & Co., Pittsburgh, Pennsylvania, staff accountant.
- ◆ 1970 - 1979, Eugene F. Cassady & Co., Bakersfield, California, partner
- ◆ 1979 - 1988, Barnes, Saly & Co., Johnstown, Pennsylvania, partner
- ◆ 1988 - 1993, Cassady, Starr & Co. (formerly Eugene F. Cassady & Co., Bakersfield, California, partner
- ◆ Present - Martin A. Starr, Certified Public Accountant, Bakersfield, California, sole proprietorship

Mr. Starr has extensive experience in all phases of public accounting, including taxes, management services and audits. He has performed audits in many industries including; municipalities, school districts, special districts and authorities, manufacturing, retail, coal mining, banks, motels and non-profit organizations. Mr. Starr has developed a specialty in auditing of public housing authorities. He is currently the auditor for two housing authorities.

Mr. Starr also performed the audits of various school districts under the Single Audit Act of 1984 and has performed audits of individual grant programs and public housing authorities.

Over the years, Mr. Starr has attended a minimum of 40 hours per year of continuing education courses, with a concentration in taxes, accounting and auditing, including municipal accounting. He has taught numerous in-house education courses, the Becker CPA Review course, and has written and taught a course in bank auditing for the continuing education program at a local college.

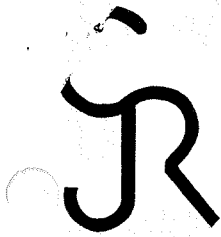


## LYNN STARR DEL MUNDO

Lynn Starr Del Mundo began her public accounting career with Arthur Andersen & Co. in San Francisco before joining Ernst & Young in Bakersfield. Since leaving Ernst & Young, she has worked with the local public accounting firms of Martin A. Starr, CPA and Fisher Keathley and Ross. She has worked in both the private sector and in public accounting for over 15 years. Industry areas of expertise include healthcare, real estate, governmental and retail concentrating in small business audit, review and tax work. Lynn's audit and accounting experience also includes working with non-profit entities.

Lynn graduated cum laude from Saint Vincent College in Latrobe, Pennsylvania with a B.S. in Accounting. She received her Certified Public Accountant certificate from the State of California and is a member of the American Institute of Public Accountants and the California Society of Certified Public Accountants.

She has published a column in a local newspaper and taught the local Becker CPA Review course. Lynn is very involved in the community. She has served as treasurer of the board of CASA of Kern County and as a member of the Junior League of Bakersfield. She is currently a member of the Kern County Medical Society Alliance.



# Carlos J. Reynoso

*Certified Public Accountant*

935 Riverside Ave., Suite 8 • P.O. Box 70  
Paso Robles, California 93447-0070  
(805) 238-9601 • Fax (805) 238-2406  
E-mail: cjrcpa@sbcglobal.net

December 3, 2004

Martin A. Starr, CPA

I have reviewed the system of quality control for the accounting and auditing practice of Martin A. Starr, CPA (the firm) in effect for the year ended July 31, 2004. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). The design of the system and compliance with it are the responsibility of the firm. My responsibility is to express an opinion on the design of the system, and the firm's compliance with the system based on my review.

My review was conducted in accordance with standards established by the Peer Review Board of the AICPA. In performing my review, I obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, I tested compliance with the firm's quality control policies and procedures to the extent I considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Because my review was based on selective tests, it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it.

Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

My review disclosed that the firm's quality control policies and procedures for engagement performance regarding personnel management and monitoring were not complied with. These matters are discussed in more detail in my letter of comments dated December 3, 2004.

In my opinion, except for the deficiencies described in the preceding paragraph, the system of quality control for the accounting and auditing practice of Martin A. Starr, CPA in effect for the year ended July 31, 2004, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of complying with professional standards.

  
Carlos J. Reynoso, CPA

**SAN SIMEON  
COMMUNITY SERVICES DISTRICT**

AUDIT PROPOSAL

FOR THE YEAR ENDING  
JUNE 30, 2007



**CROSBY & CINDRICH, CERTIFIED PUBLIC ACCOUNTANTS**  
**A PROFESSIONAL CORPORATION**

1368 MARSH STREET - SAN LUIS OBISPO, CA 93401  
PHONE: (805)543-5800 FAX: (805)543-2575

July 23, 2007

San Simeon Community Services District  
111 Pico Avenue  
San Simeon, California 93452

Dear Charles Grace:

We appreciate this opportunity to submit our proposal for the audit of the San Simeon Community Services District, for the year ending June 30, 2007.

**QUALIFICATIONS OF THE FIRM**

Crosby & Cindrich is a full-service CPA firm, located in San Luis Obispo. Both Partners, collectively, have thirty-seven years of auditing experience. Our experience with governmental and not-for-profit, exempt organization accounting/auditing will enable us to audit and prepare the required reports in the most efficient and timely manner. We will make ourselves available when you need us, giving prompt, informed responses to your questions, while conducting your audit in a professional, comprehensive manner.

The Firm has successfully conducted independent peer reviews of its accounting and auditing practice in June of 2000, 2003 and 2006. The reviews indicate that the Firm maintains the strict quality control standards set by the American Institute of Certified Public Accountants (AICPA).

Our professional liability insurance is with CAMICO, with coverage totaling \$1,000,000.

Crosby & Cindrich is independent of the San Simeon Community Services District.

The following discussion outlines the technical, timing, and fee details of our proposal.

**AUDIT APPROACH**

We will audit the financial statements of the San Simeon Community Services District for the year ending June 30, 2007, for the purpose of expressing an opinion on them. The financial statements are the responsibility of the San Simeon Community Services District's management. Our responsibility is to express an opinion on the financial statements based on our audit.

Audit Proposal  
Re: San Simeon Community Services District

Letter of Transmittal  
July 23, 2007

We will conduct our audit of the San Simeon Community Services District on the accrual basis, in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit will provide a reasonable basis for our opinion.

Based on discussions with management and our review of your operations and accounting systems, we will obtain a firm understanding of your system of internal control, and test the effectiveness of the internal controls in place. This will enable us to determine the timing and extent of our substantive audit testing. We will not issue an opinion on the system of internal control. We will however, if required, issue a management letter at the conclusion of the engagement, informing you of any material weaknesses or reportable conditions we find in the internal control system. We will also include, in the management letter, any business advisory comments or observations we feel may improve the efficiency and effectiveness of operations at the San Simeon Community Services District.

Our audit procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and tests of the physical existence of property, and equipment, as well as, direct confirmation of receivables and certain other assets and liabilities with certain creditors, legal counsel, and banks. We will search for unrecorded liabilities and perform analytical procedures on the income and expense accounts. In addition, we will compare actual performance to budgeted levels and investigate material discrepancies.

We will prepare the independent auditors' report on the audit of the financial statements of the San Simeon Community Services District, financial statements and the appropriate footnotes to the financial statements, in accordance with U.S. generally accepted accounting principles for the year ending June 30, 2007.

We will also prepare the "Annual Report of Financial Transactions of Special Districts" for the State Controller Division of Local Government Fiscal Affairs for the year ended June 30, 2007.

#### **ENGAGEMENT TIMING**

We expect to commence the audit work as soon as most of the items on our "items needed list" are completed by your staff. We will provide a list of the schedules and supporting information required for the audit.

Audit Proposal  
Re: San Simeon Community Services District

Letter of Transmittal  
July 23, 2007

## **METHOD AND BASIS OF COMPENSATION**


The total current year audit fees are expected to be \$7,400. If extraordinary circumstances, single audit requirements or major personnel changes indicate more intensive and detailed services are required, additional fees will be based on our standard hourly billing rates.

Our audit staff includes two CPAs, an Enrolled Agent, and two CPA candidate staff accountants. The professional staff are all currently licensed in the State of California. We will insure that the books are adequately closed and the proper reversing entries are made for the subsequent years. If needed, we will spend extra time to help educate the San Simeon Community Services District's staff on the proper audit procedures and preparation for the audit.

We provide these extra services to maintain a long-term working relationship with all of our audit clients. We believe that the benefits of these extra services streamline future audits and ultimately are passed on to the organization in reduced audit rates.

We are enthusiastic about working with you and welcome your inquiries.

Respectfully submitted,



Robert P. Crosby, CPA

**CROSBY & CINDRICH**  
**Certified Public Accountants**  
**A Professional Corporation**

REFERENCES  
SPECIAL DISTRICT AUDIT CLIENTS

|   |                         |
|---|-------------------------|
| Avila Beach Community Services District<br>John Wallace - General Manager<br>Post Office Box 309<br>Avila Beach, California 93424<br>Audited Financial Statements - Fiscal Years Ended 1997-2006                                | (805) 595-2664          |
| Cambria Community Services District<br>Patrick Bradley - Finance Officer<br>1316 Tamson Drive<br>Cambria, California 93428<br>Audited Financial Statements - Fiscal Years Ended 1999-2002                                       | (805) 927-6224          |
| Oceano Community Services District<br>Gina Davis - Finance Officer<br>1655 Front Street<br>Oceano, California 93445<br>Audited Financial Statements - Fiscal Years Ended 1988-1999, 2003-2006                                   | (805) 481-6730          |
| Los Osos Community Services District<br>Anna Jane Hugh - General Manager<br>Post Office Box 6064<br>Los Osos, California 93412<br>Audited Financial Statements - Fiscal Years Ended 1997-2006                                   | (805) 528-9375          |
| City of Morro Bay/Cayucos Sanitary District Joint Powers Agreement<br>Joyce Bunting/Bonnie Connelly Finance Officers<br>595 Harbor Street<br>Morro Bay, CA 93442<br>Audited Financial Statements - Fiscal Years Ended 1997-2006 | (805) 772-6221/995-3290 |
| San Miguel Community Services District<br>Mike Ellison - General Manager<br>Post Office Box 180<br>San Miguel, California 93451<br>Audited Financial Statements - Fiscal Years Ended 2000-2007                                  | (805) 467-3300          |
| San Simeon Community Services District<br>Charles Grace – General Manager<br>111 Pico Avenue<br>San Simeon, California 93452<br>Audited Financial Statements - Fiscal Years Ended 1994-1999, 2001-2006                          | (805) 927-4778          |

REFERENCES  
SPECIAL DISTRICT AUDIT CLIENTS

Santa Margarita Fire Protection District (805) 438-5618  
Robert Murach, Jr. - Assistant Fire Chief  
Post Office Box 67  
Santa Margarita, California 93453  
Audited Financial Statements - Fiscal Years Ended 1997-2006

South San Luis Obispo County Sanitation District (805) 481-6903  
John Wallace - General Manager  
Post Office Box 399  
Oceano, California 93445  
Audited Financial Statements - Fiscal Years Ended 1988-2006



**SAN SIMEON COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 07-0315  
A RESOLUTION ADOPTING THE 2007-2008 FISCAL YEAR OPERATING BUDGET  
WITH AMENDMENTS**

WHEREAS, the District is required, pursuant to State codes, to designate a financial budget for its expenditures and revenues; and,

WHEREAS, such budgeting requires that proper methods be used for the acquisition and disbursements of District monies; and,

WHEREAS, the District desires to make known its planned activities and associated costs for the 2007-2008 fiscal year; and,

WHEREAS, the District held a public meeting on August 8, 2007 to present and receive public comment on the proposed budget and has duly considered all public comment,

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Directors, San Simeon Community Services District, San Luis Obispo County, California, as follows:

1. That the proposed budget entitled, "Proposed 2007-2008 Budget, San Simeon Community Services District", be adopted with amendments, if any.
2. That the adopted budget be administered as established by the District's policies and procedures.

Upon motion of Russle, seconded by Rice, and on the following roll call vote to wit:

AYES: 5

NOES: 0

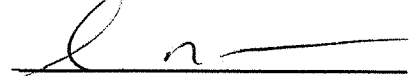
ABSENT: 0

The foregoing Resolution is hereby adopted this 8th day of August 2007.

  
\_\_\_\_\_

Terry Lambeth  
Chairperson of the Board of Directors

ATTEST:

  
\_\_\_\_\_

General Manager/Secretary S.S.C.S.D.

|                                   |  |
|-----------------------------------|--|
| <b>Discussions/Action Items:</b>  | A. Approval of ordinance No 101 approve COE rate increase.         |
| Motion John Russel                |  |
| Second Dale DeWitt                |  |
| Vote All Roll call                |  |
| <b>Discussions/Action Items:</b>  | B. 2005-2006 Annual Audit Cures                                    |
| Motion Russel                     | Approved AS IS ASK FOR LOWER RATE FOR THE                          |
| Second McAdams                    | MURRY YEAR CONTINUED UP TO THREE YEARS.                            |
| Vote All                          |  |
| <b>Discussions/Action Items:</b>  | C. 2007-2008 Annual Budget resolutions 07-315                      |
| Motion Russel                     | Approved   |
| Second Russel                     |  |
| Vote All                          |  |
| <b>Discussions/Action Items:</b>  |  |
| Motion                            |  |
| Second                            |  |
| Vote                              |  |
| <b>Next Meeting Agenda Items:</b> |  |
| 1                                 |  |
| 2                                 |  |
| 3                                 |  |
| 4                                 |  |
| <b>Notes:</b>                     | (4) Check where Royce is at w/ TSP CAP                             |
|                                   | (5) SET MEETING w/ NEON FRANKO                                     |
|                                   | (6) GET SIGNS THAT SAY NO CAMPING & NO FEES.<br>CHECK JURISDICTION |
| <b>Adjournment Time:</b>          | 9:45 pm (7) call people for report on AVONPK                       |
|                                   |  |
|                                   |  |
|                                   |  |

|                           |  |
|---------------------------|--|
| Meeting Date:             | 8/3/07   |
| Meeting Type:             | Regular  |
| Call to Order Time:       | 6:05 pm  |
| Director Roll Call:       |  |
| P=Present A= Absent       |  |
| Lambeth                   | P  |
| Ricci                     | P  |
| Russell                   | P  |
| Fields                    | P  |
| McAdams                   | P  |
| Staff:                    | Notes  |
| Grace                     | P<br>ASK owner of currency to put sign in luncheon room for RESTAURANTS ONLY |
| Schultz                   | P<br>STAFF LOOK INTO DITCHING WATER SELF REGENERATION WATER SEWER            |
| Facility Manager          | P  |
| District Manager          | 1 SUPERVISOR OF REPAIR OR OTHER MEASURES FOR WATER SERVICE APPROXIMATES,     |
| Other                     |  |
| Approval of Minutes for:  | A Approval of minutes <del>no log appropriate CPS ARE SUCCESS</del>          |
| Motion                    | Vice Chair Russell   |
| Second                    | Russell  |
| Vote                      | All  |
| Approval of Minutes for:  | B <del>Does Doc Anthony Award</del> <del>Does</del>                          |
| Motion                    |  |
| Second                    |  |
| Vote                      |  |
| Approval of Warrants for: |  |
| Motion                    | Russell  |
| Second                    | Russell  |
| Vote                      | All  |
|                           | No check # 5052 where is it<br>Can we put in order of check number           |