

\* Public Copy

**Board of Directors  
San Simeon Community Services District**



**BOARD PACKET**

**Wednesday, March 14, 2012  
Regular Meeting 6:00 pm**

Cavalier Banquet Room  
250 San Simeon Avenue  
San Simeon, CA

Prepared by  **APT water**

**AGENDA**  
**SAN SIMEON COMMUNITY SERVICES DISTRICT**  
**BOARD OF DIRECTORS REGULAR MEETING**

**Wednesday, March 14, 2012**

**6:00 pm**

**CAVALIER BANQUET ROOM**  
**250 San Simeon Avenue**  
**San Simeon, CA**

Note; All comments concerning any item on the agenda are to be directed to the Board Chairperson

**1. CLOSED SESSION: No Closed Session**

**2. REGULAR SESSION: 6:00**

- A. Roll Call
- B. Pledge of Allegiance

**3. 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** – Update from Sheriff's Office Representative on service in San Simeon for the months of January and February.

**B. Public Comment**

**4. STAFF REPORTS**

**A. General Manager's Report**

- 1. **Staff Activity** – Report on Staff activities for the month of February.
- 2. **Grants, Loans and Partnership Opportunities** – Verbal Update on USDA Loan and Beach Accesses.
- 3. **Point of Diversion** – Verbal Update on Emergency Well #3.
- 4. **Small Scale Recycled Water Project** – Verbal update on Status of project.

5. **Rip Rap Application** – Update from Cathy Novak.
6. **SDRMA check received** - reimbursement

**B. Superintendent's Report**

1. **Wastewater Treatment Plant** – Summary of operations and maintenance for February.
2. **Water Distribution Systems** – Distribution performance for the Month of February.
3. **District Streets Maintenance** – Summary of street maintenance.

**C. District Financial Summary** – Update on Monthly Financial Status for close of business February 29, 2012.

**D. District Counsel's Report** – Oral Report on current issues.

**5. ITEMS OF BUSINESS**

- A. **Approval of last month's minutes** - February 8, 2012.
- B. **Approval of Disbursements Journal** - March 14, 2012.

**6. DISCUSSION/ACTION ITEMS**

- A. **Approval of Annual 2010-2011 SSCSD Financial Audit.**
- B. **Award of contract with Phoenix Engineering for Construction Services and Management for Wellhead Rehab Project.**
- C. **Award of contract with AECOM for Design Engineering for Wellhead Rehab Project.**

**7. Board Committee Reports** – Oral Report from Committee Members.

**8. Board Reports** – Oral Report from Board Members on current issues.

**9. BOARD/STAFF GENERAL DISCUSSIONS AND PROPOSED AGENDA ITEMS**

**10. ADJOURNMENT**

**GENERAL MANAGER'S REPORT**  
**Charles Grace**  
**Staff Activities for February**

**General Manager's Report**  
**March 14, 2011**

**1. Staff Activities:**

In addition to routine activities, Staff assisted the auditor with final preparation of the fiscal financial audit, held a town hall meeting hosting the Sherriff's department, planted two trees, donated by the Board Chairperson, at the District Office, billed the State and received payment, attended a WRAQ meeting, attended and completed first aid and CPR training, assembled the ERP and vulnerability assessment distribution if necessary, and coordinated the street sweeping.

**2. Grants, Loans and partnership Opportunities**

**A. USDA:**

Staff is finalizing the "front end documents" with Phoenix Engineering for the USDA loan, and received one response to the Request for Qualification for Construction Management. The response came from Phoenix Engineering. Staff did receive a total of three requests from companies that were interested in submitting their qualifications; however, as stated above, only one firm actually submitted a qualifications package.

**B. National Byways Grant/ADA Access Improvement**

Given the Board's approval during the January Board Meeting, Staff has contracted with Phoenix Engineering to design the Pico Road and San Simeon Avenue beach access repair.

**3. Point of Diversion**

The Point of Diversion permit application was approved by the State Water Resources Control Board. Staff has received the approval letter and updated permit.

**4. Small Scale Recycled Water Project**

Staff is making equipment purchases and coordinating with Phoenix Engineering, the general contractor and the electrical contractor to install the system.

**5. Rip Rap Application**

Cathy Novak and Staff have completed the Rip Rap application. Ms. Novak has requested an appointment with the Coastal Commission in preparation of the application submittal. The Coastal Commission is re-organizing staff and Mrs. Novak has requested to meet with the individual now assigned to the case.

**6. SDRMA Check Received**

On January 4, 2012 the SDRMA approved a longevity distribution for the third year in a row. Because we have participated in the Property / Liability program for 21 years the SSCSD has received a check from the SDRMA in the amount of \$290.00.

**SUPERTINTENDENT'S REPORT**  
**Jerry Copeland**  
**Facilities Update for February**

## **SANSIMEON COMMUNITY SERVICES DISTRICT**

### **Superintendent's Report**

#### **Activities of February 2012**

##### **Wastewater Treatment Plant**

- The wastewater treatment plant performed well this month. Staff continued with the manufacturer's recommended preventive maintenance on the facility equipment.
- Staff is continuing the process of resurfacing the stand-by generator at the wastewater treatment plant including replacing affected areas with new sheet metal.
- On the 10<sup>th</sup> of the month, Allen Larsen was on site to replace the old wooden containment wall in the chlorine contact chamber with a new fiberglass reinforced plastic structure. Photos are included in this report.
- On the 17<sup>th</sup> of the month, Schock Contracting Corporation was on site to perform the annual outfall inspection. A copy of the inspection report is included in this report.

##### **Water Distribution System**

- All routine sampling and testing was performed.
- Monthly meter reading was performed.
- Late at night on the 2<sup>nd</sup> of the month staff received a low reservoir level alarm. Upon investigation it was found the reservoir level was at a normal operations level, but a failure of the radio transmission unit in the well and reservoir telemetry caused the alarm. The next morning, staff contacted the manufacturer and ordered the part necessary to make the repair. We monitored the reservoir level and well pumps run time manually until the part arrived. The part was installed and operations have been normal since.
- On the 14<sup>th</sup> of the month the new turbine assembly and register for the well pump #1 flow meter arrived and was installed.

## **District and Equipment Maintenance**

- Staff continues with all of the scheduled preventive maintenance for all the equipment at the facilities. We are recording all of these activities.
- A new concrete trash receptacle and cigarette snuffer tray was installed at the benches at the Pico Ave Beach access. We already have a noticeable decrease to the litter problem in that area. A photo is included in this report.



**San Simeon Community Services District - Monthly Data Report - February 2012**

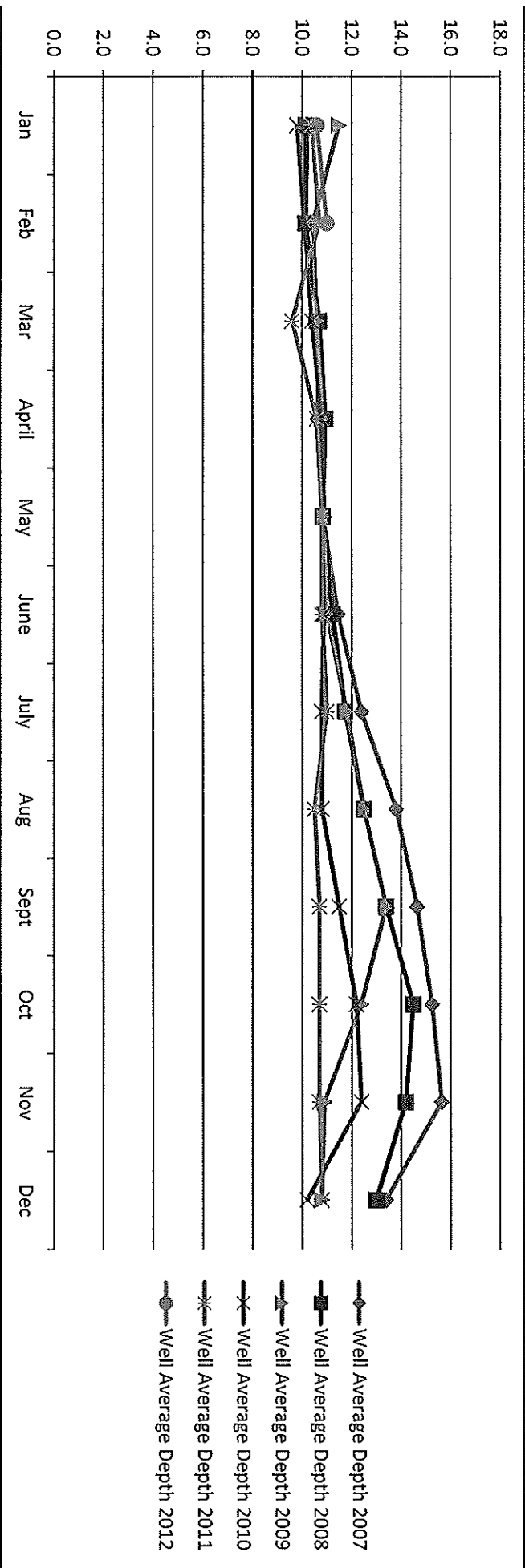
Date	Day	Wastewater Influent Daily flow	Wastewater Effluent Daily Flow	CALCULATED Well 1 Total Pumped	CALCULATED Well 2 Total Pumped	CALCULATED Total Daily Water Produced	Water Level Well 1	Water Level Well 2	Rainfall in Inches	INPUT State Sewer Daily Flow
02/01/12	Wed	58,908	56,550	14,062	1,047	15,110	11.3	11.4	0.00	5,965
02/02/12	Thu	61,103	61,520	33,810	41,290	75,099			0.00	5,503
02/03/12	Fri	63,071	48,130	3,590	44,057	47,648			0.00	9,210
02/04/12	Sat	73,861	67,010	0	77,942	77,942			0.00	4,088
02/05/12	Sun	58,020	58,920	0	40,916	40,916	11.1	11.2	0.00	8,793
02/06/12	Mon	56,818	61,530	0	47,947	47,947	11.3	11.4	0.05	7,700
02/07/12	Tue	58,929	55,080	0	61,785	61,785	11.3	11.4	0.10	3,460
02/08/12	Wed	60,319	61,230	0	56,025	56,025	11.2	11.3	0.00	5,825
02/09/12	Thu	57,811	70,010	0	41,664	41,664	11.0	11.1	0.00	5,465
02/10/12	Fri	72,386	56,360	0	63,056	63,056	10.8	10.9	0.00	6,592
02/11/12	Sat	81,926	70,950	0	63,954	63,954	10.9	11.0	0.00	6,251
02/12/12	Sun	83,791	81,020	0	70,536	70,536	10.8	10.9	0.10	9,803
02/13/12	Mon	67,751	70,160	0	62,009	62,009	10.8	10.9	0.00	8,343
02/14/12	Tue	63,470	52,680	76,595	0	76,595	10.7	10.8	0.25	5,680
02/15/12	Wed	63,667	60,560	53,931	0	53,931	10.9	11.0	0.05	6,531
02/16/12	Thu	65,417	66,240	59,541	0	59,541	11.0	11.1	0.00	6,513
02/17/12	Fri	74,752	68,320	63,056	0	63,056	10.9	11.0	0.00	6,446
02/18/12	Sat	108,572	87,810	63,879	0	63,879	10.9	11.0	0.00	8,567
02/19/12	Sun	116,611	112,650	156,781	2,992	159,773	10.8	10.9	0.00	13,491
02/20/12	Mon	91,421	94,450	59,466	0	59,466			0.00	16,527
02/21/12	Tue	75,265	68,030	60,438	0	60,438	10.9	11.0	0.00	9,052
02/22/12	Wed	73,312	75,580	60,139		60,139	10.9	11.0	0.00	7,644
02/23/12	Thu	74,352	70,910	47,872		47,872	10.9	11.0	0.00	7,599
02/24/12	Fri	80,032	73,620		69,788	69,788	10.8	10.9	0.00	7,596
02/25/12	Sat	96,585	83,640		81,382	81,382	10.9	11.0	0.00	6,899
02/26/12	Sun	87,102	87,320		75,997	75,997			0.00	9,125
02/27/12	Mon	69,174	71,500		72,182	72,182			0.00	7,413
02/28/12	Tue	65,481	57,110		63,131	63,131	10.9	11.0	0.20	8,079
02/29/12	Wed	75,514	64,340		61,336	61,336	10.8	10.9	0.50	3,532
TOTALS		2,135,421	2,013,230	753,161	1,099,036	1,852,198			1.25	217,692
Average		73,635	69,422	32,746	40,705	63,869	10.9	11.0	0.04	7,507
Minimum		56,818	48,130	0	0	15,110	10.7	10.8	0.00	3,460
Maximum		116,611	112,650	156,781	81,382	159,773	11.3	11.4	0.50	16,527

DATA SUMMARY SHEET

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Total for 2012
<b>2012</b>													
Wastewater Final Effluent (Month Cycle)	2,282,400	2,013,230											4,295,630
Wastewater Influent	2,374,670	2,135,421											4,510,091
Adjusted Wastewater Influent (- State Flow) *	2,100,280	1,917,729											4,018,009
Water Produced (month cycle)	1,981,790	1,852,198											3,833,988
Sewer Influent/Water Produced Ratio	1.15	1.15											N/A
Adjusted Sewer/Water Ratio	1.06	1.04											N/A
Total Well Production	1,981,790	1,852,198											3,833,988
Well 1 Water Pumped	1,811,620	753,161											2,564,781
Well 2 Water Pumped	170,170	1,099,036											1,269,206
Water Well 1 Avg Depth to Water	10.6	10.9											N/A
Water Well 2 Avg Depth to Water	10.7	11.0											N/A
Average Depth of Both Wells	10.7	11.0											N/A
Change in Average Well Depth from 2011	-0.2	-0.3											N/A
State Wastewater Treated	274,390	217,692											492,082
State % of Total WW Flow	12%	10%											N/A
Biosolids Removal (Gallons)	6,000	0											6,000
WW Permit Limitation Exceeded	0	0											0
Constituent Exceeded	None	None											N/A
Sample Limit	N/A	N/A											N/A
Sample Result	N/A	N/A											N/A
<b>2011</b>													
Wastewater Influent	2,751,319	2,612,956	3,533,336	2,489,112	2,448,333	2,789,621	3,220,512	3,224,824	2,760,550	2,635,506	2,383,662	2,337,981	33,187,712
Adjusted Wastewater Influent (- State Flow) *	2,391,644	2,225,772	3,067,170	2,182,733	2,136,474	2,444,591	2,748,834	2,768,508	2,441,709	2,365,703	2,154,301	2,089,096	29,016,535
Water Produced (month cycle)	1,767,449	1,521,806	1,554,527	2,091,782	2,300,004	2,542,228	3,134,419	3,130,978	2,710,594	2,335,032	1,796,995	1,465,182	26,350,996
Sewer Influent/Water Produced Ratio	1.56	1.60	2.27	1.19	1.07	1.10	1.03	1.03	1.02	1.13	1.30	1.60	N/A
Adjusted Sewer/Water Ratio	1.35	1.70	1.97	1.14	0.93	0.96	0.88	0.88	0.90	1.01	1.20	1.43	N/A
Average Depth of Both Wells	10.5	10.7	9.6	10.6	10.8	10.8	11.0	10.5	10.7	10.7	10.7	10.8	N/A
Change in Average Well Depth from 2010	-0.7	-0.6	+0.8	+0.2	0.0	+0.1	-0.3	+0.3	+0.8	+1.5	+1.7	-0.6	N/A
State Wastewater Treated	359,675	284,781	466,166	306,379	311,859	345,030	471,678	456,316	318,841	269,803	228,361	248,855	4,067,774
State % of Total WW Flow	13%	13%	13%	12%	13%	12%	15%	14%	12%	10%	10%	11%	N/A
Biosolids Removal (Gallons)	6,000	6,000	6,000	6,000	6,000	6,000	0	12,000	6,000	6,000	6,000	0	66,000
WW Permit Limitation Exceeded	1	None	None	None	None	None	None	None	None	None	None	None	1
Constituent Exceeded	Coliform	0	0	0	0	0	0	0	0	0	0	0	N/A
Sample Limit	2400	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sample Result	3000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

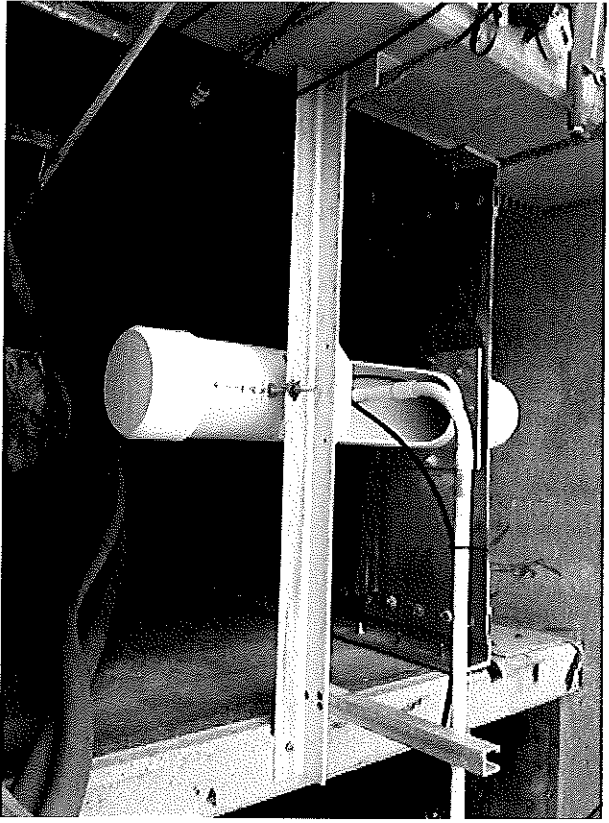
The formula for calculation of "State % of total WW Flow" compares the State Wastewater Treated to the Wastewater Influent Flow.

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Well Average Depth 2007	10.3	10.2	10.7	10.7	10.9	11.5	12.4	13.8	14.7	15.3	15.7	13.4
Well Average Depth 2008	10.2	10.2	10.7	11.0	10.9	11.3	11.8	12.5	13.4	14.5	14.2	13.0
Well Average Depth 2009	11.5	10.5	10.6	10.8	10.9	11.0	11.8	12.5	13.4	12.4	10.9	10.8
Well Average Depth 2010	9.8	10.1	10.4	10.8	10.8	10.9	10.8	10.8	11.5	12.2	12.4	10.2
Well Average Depth 2011	10.4	10.7	9.6	10.6	10.8	10.8	11.0	10.5	10.7	10.7	10.7	10.8
Well Average Depth 2012	10.6	11.0										

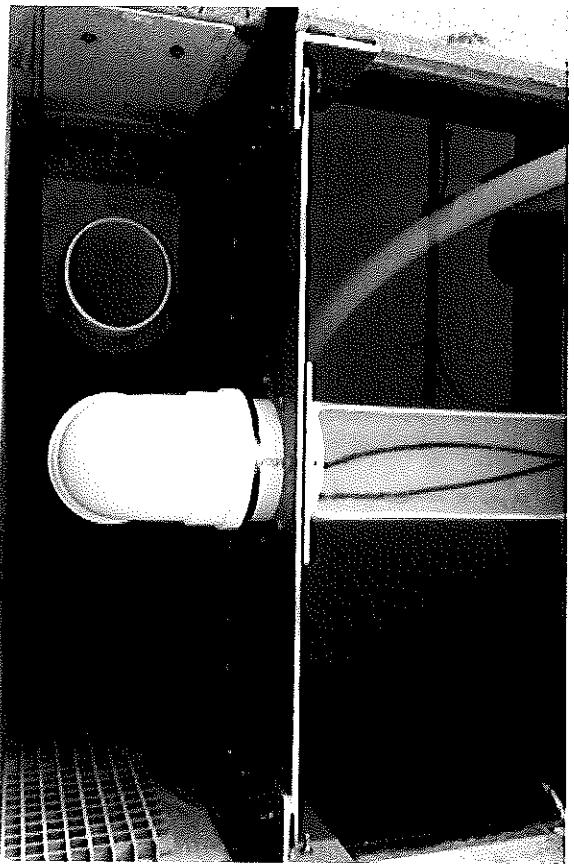




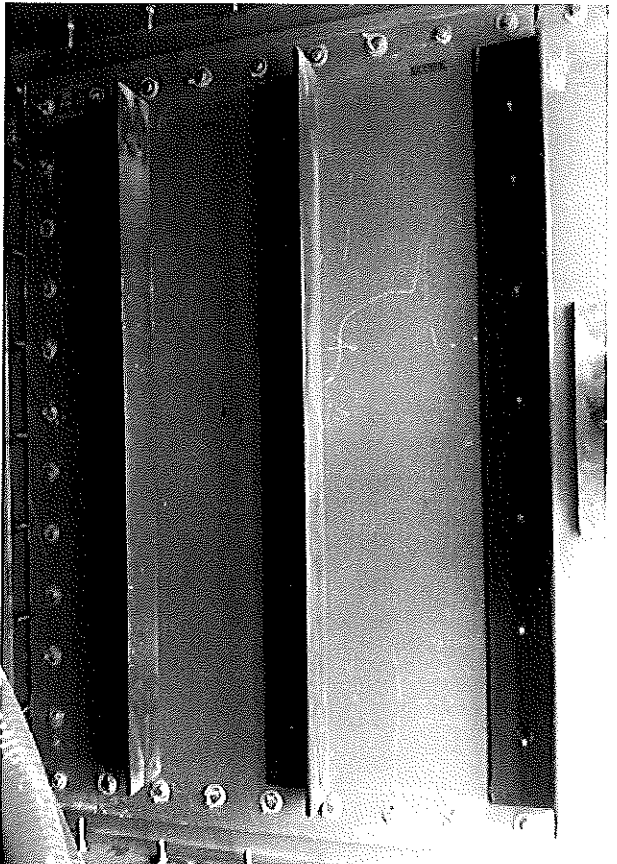
Old Containment Wall



New Containment Wall #2

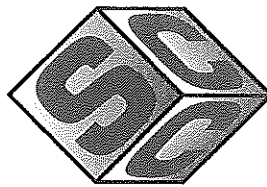


New Containment Wall #1



New Containment Wall #3





SCHOCK CONTRACTING CORP.  
GENERAL ENGINEERING  
LICENSE #691211

February 22, 2012

## ANNUAL OUTFALL INSPECTION REPORT 2012

**SURVEY DATE: FRIDAY, 2/17/12**

*An inspection of the San Simeon WWTP outfall line and diffusers was completed on Friday, February 17, 2012. Diffuser location was accomplished by placing dye in the effluent at the chlorine contact chamber on shore. Divers entered the water from shore. Photos and video from the dive are attached to this report.*

### **Conditions:**

The weather was clear, sunny and there was a light wind and approximately 5 foot surf. Water temperature was 51 degrees F. The tide was at approximately 3'.

### **Findings:**

The diffusers were located in approximately 17 feet of water. Uniform flow was observed from all five diffusers. Minor marine growth was removed. All flange bolts are in place and clean. Significant corrosion damage to the outer edges of the 4" flanges was noted. Five joints of pipe are exposed between the diffusers and shore. Zink anodes are in place on each joint and appear to have service life remaining.

### **Notes:**

The chain and buoy, which were attached in January of 2011, remain in place as an aid for locating. The onshore sighting reference points were checked as the dye was observed and remain accurate. At this time, no repair is recommended for the corroded flanges but should be considered for the next annual inspection.

Sincerely,

John Schock  
Schock Contracting Corporation  
[john@schockcontracting.com](mailto:john@schockcontracting.com)  
805-681-9796

**DISTRICT FINANCIALS  
FEBRUARY 29, 2012**

**\* Financial Summary**

**\* Balance Sheet**

**\* Water Sales & Production**

**SAN SIMEON COMMUNITY SERVICES DISTRICT**

**FINANCIAL SUMMARY**

**BILLING**  
**February 2012**

<b>January Billing Revenue</b>	<b>\$ 41,441.52</b>
<b>February Billing Revenue</b>	<b>\$ 38,422.27</b>
<b>Past Due (31 to 60 days)</b>	<b>\$ 143.78</b>
<b>Past Due (60 days)</b>	<b>\$ 130.63</b>

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**RABOBANK SUMMARY**  
**Ending Balances February 29, 2012**

**Money Marketing Account**

<b>Closing Balance</b>	<b>\$407,867.05</b>
<b>Reserve Fund</b>	<b>(\$250,000.00)</b>
<b>Hook up Deposits</b>	<b>(\$ 43,470.00)</b>
<b>Available Funds</b>	<b>\$114,397.05</b>

<b>SEP ACCOUNT 1</b>	<b>\$113,755.79</b>
<b>SEP ACCOUNT 2</b>	<b>\$ 42,121.03</b>
<b>SEP ACCOUNT 3</b>	<b><u>\$ 6,008.00</u></b>
<b>Total SEP Funds</b>	<b>\$161,884.82</b>

<b>Checking Account Balance</b>	<b>\$103,998.05</b>
<b>Well Rehab Project/USDA Account</b>	<b>\$ 100.00</b>
<b>Accounts Payable</b>	<b>\$ 7,389.80</b>

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<b>LAIF Closing Balance February 29, 2012</b>	<b>\$ 514.80</b>
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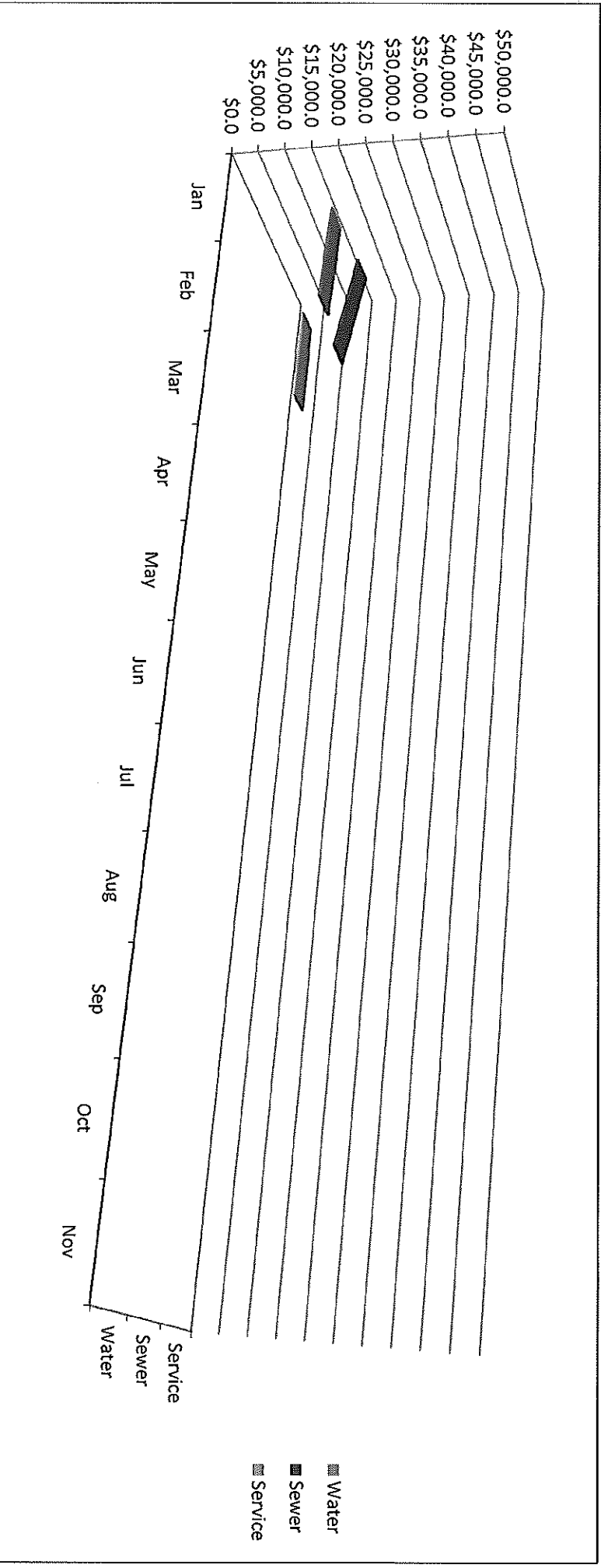


**SAN SIMEON COMMUNITY SERVICES DISTRICT**  
**Balance Sheet**  
As of February 29, 2012

	Feb 29, 12
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1010 - Petty cash	150.00
1020 - General checking	103,998.05
1022 - USDA checking	100.00
1025 - Construction fund	161,884.82
1040 - Cash in county treasury	661.88
1050 - LAIF - nonrestricted cash	513.82
1060 - Money Market Account 9548643039	407,867.05
<b>Total Checking/Savings</b>	675,175.62
<b>Other Current Assets</b>	
1200 - Accounts receivable	39,058.63
1220 - A/R - Hearst Castle	14,638.77
1300 - Prepaid expenses	2,605.53
<b>Total Other Current Assets</b>	56,302.93
<b>Total Current Assets</b>	731,478.55
<b>Fixed Assets</b>	
1400 - Fixed assets	
1420 - Building and structures	395,874.73
1500 - Equipment	316,747.53
1540 - Major water projects	155,229.22
1580 - Sewer plant	1,488,555.08
1600 - Water system	550,390.00
1620 - WWTP expansion	281,944.92
<b>Total 1400 - Fixed assets</b>	3,188,741.48
1690 - Accumulated depreciation	(1,765,120.92)
<b>Total Fixed Assets</b>	1,423,620.56
<b>TOTAL ASSETS</b>	2,155,099.11
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2000 - Accounts payable	7,389.80
<b>Total Accounts Payable</b>	7,389.80
<b>Other Current Liabilities</b>	
2020 - Other accrued liabilities	61,891.84
2100 - Payroll liabilities	139.00
2500 - Customer security deposits	10,408.13
2510 - Connect hookup wait list	43,470.00
<b>Total Other Current Liabilities</b>	115,908.97
<b>Total Current Liabilities</b>	123,298.77
<b>Total Liabilities</b>	123,298.77
<b>Equity</b>	
3200 - Fund balance	2,043,512.47
Net Income	(11,712.13)
<b>Total Equity</b>	2,031,800.34
<b>TOTAL LIABILITIES &amp; EQUITY</b>	2,155,099.11

2012 WATER SALES AND PRODUCTION

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Water	\$18,368.8	\$17,712.9											\$36,081.73
Sewer	\$19,403.2	\$16,370.8											\$35,774.01
Service	\$4,251.5	\$4,272.0											\$8,523.48
<b>Total</b>	<b>\$42,023.5</b>	<b>\$38,355.7</b>											<b>\$80,379.2</b>
Water Sold Cu Ft	248582	225987											474569
Water Sold Acre ft	5.71	5.19											10.89



Historical Revenue Fiscal Year

Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Fiscal Total
Water	\$20,110.3	\$21,949.0	\$15,884.6	\$16,813.3	\$11,056.9	\$11,424.7	\$12,916.2	\$11,164.3	\$10,891.2	\$14,675.1	\$15,113.9	\$15,565.2	\$177,564.5
Sewer	\$14,888.4	\$16,786.8	\$12,513.6	\$16,072.2	\$10,514.6	\$10,764.3	\$12,090.7	\$10,358.4	\$10,180.4	\$13,537.1	\$13,664.3	\$14,237.7	\$155,608.3
Service	\$3,026.4	\$3,027.0	\$3,027.0	\$3,100.5	\$3,056.4	\$3,027.0	\$3,027.0	\$3,012.3	\$3,012.3	\$3,056.4	\$3,041.7	\$3,041.7	\$36,455.7
<b>Total</b>	<b>\$38,025.0</b>	<b>\$41,762.8</b>	<b>\$31,425.2</b>	<b>\$35,985.9</b>	<b>\$24,627.9</b>	<b>\$25,216.0</b>	<b>\$28,033.9</b>	<b>\$24,535.0</b>	<b>\$24,083.8</b>	<b>\$31,268.5</b>	<b>\$31,819.9</b>	<b>\$32,844.6</b>	<b>\$369,628.5</b>
Water Sold Cu Ft	391070	416325	314625	330591	214430	233672	246690	223112	207332	28896	289767	293166	3449676
Water Sold acre ft	8.98	9.56	7.22	7.59	4.92	5.36	5.66	5.12	4.76	6.63	6.65	6.73	79.19

2008 / 2009

Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Fiscal Total
Water	\$18,173.0	\$18,627.8	\$16,595.1	\$15,204.0	\$11,089.7	\$11,820.6	\$14,655.9	\$12,301.9	\$12,308.1	\$17,354.2	\$16,361.6	\$23,235.2	\$187,727.1
Sewer	\$17,131.8	\$17,715.1	\$16,373.1	\$15,130.5	\$10,808.6	\$11,430.7	\$14,474.7	\$12,023.6	\$11,960.2	\$17,100.5	\$15,949.3	\$22,296.5	\$182,394.7
Service	\$3,208.9	\$3,210.2	\$3,495.9	\$3,465.2	\$3,481.9	\$3,515.4	\$3,498.7	\$3,498.7	\$3,481.9	\$3,498.7	\$3,498.7	\$3,481.9	\$41,336.0
<b>Total</b>	<b>\$38,513.8</b>	<b>\$39,553.2</b>	<b>\$36,464.1</b>	<b>\$33,799.7</b>	<b>\$25,380.2</b>	<b>\$26,766.7</b>	<b>\$32,629.3</b>	<b>\$27,824.2</b>	<b>\$27,750.2</b>	<b>\$37,953.3</b>	<b>\$35,809.5</b>	<b>\$49,013.6</b>	<b>\$411,457.8</b>
Water Sold Cu Ft	338115	340942	280448	254487	185365	200865	245098	206476	206159	292035	272744	384783	3207517
Water Sold acre ft	7.76	7.83	6.44	5.84	4.26	4.61	5.63	4.74	4.73	6.70	6.26	8.83	73.63

2009 / 2010

Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Fiscal Total
Water	\$23,422.1	\$24,495.2	\$24,323.5	\$18,281.7	\$17,712.1	\$13,309.5	\$14,079.9	\$14,436.8	\$14,580.3	\$15,978.4	\$17,181.9	\$20,045.1	\$217,846.3
Sewer	\$21,589.4	\$22,706.9	\$22,330.6	\$16,837.1	\$17,839.7	\$13,259.2	\$14,010.9	\$14,599.5	\$13,759.0	\$16,248.7	\$17,077.0	\$20,232.7	\$210,490.6
Service	\$3,835.7	\$3,820.5	\$3,802.2	\$3,802.2	\$3,802.2	\$3,857.1	\$3,820.5	\$3,838.8	\$3,802.2	\$3,802.2	\$3,820.5	\$3,802.2	\$45,806.6
<b>Total</b>	<b>\$48,847.2</b>	<b>\$51,022.6</b>	<b>\$50,456.4</b>	<b>\$38,921.0</b>	<b>\$39,354.1</b>	<b>\$30,425.7</b>	<b>\$31,911.3</b>	<b>\$32,875.1</b>	<b>\$32,141.5</b>	<b>\$36,029.3</b>	<b>\$38,079.4</b>	<b>\$44,080.0</b>	<b>\$474,143.4</b>
Water Sold Cu Ft	370034	403035	381961	302816	275704	203414	216577	220129	214084	243460	269171	304596	3404981
Water Sold acre ft	8.49	9.25	8.77	6.95	6.33	4.67	4.97	5.05	4.91	5.59	6.18	6.99	78.17

2010 / 2011

Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Fiscal Total
Water	\$29,080.9	\$30,541.4	\$24,905.3	\$23,664.7	\$18,603.5	\$18,224.2	\$18,368.8	\$17,712.9					\$181,101.8
Sewer	\$30,694.0	\$32,170.1	\$26,341.4	\$24,926.1	\$19,583.4	\$19,169.6	\$19,403.2	\$16,370.8					\$188,658.6
Service	\$4,272.0	\$4,231.1	\$4,251.5	\$4,251.5	\$4,251.5	\$4,272.0	\$4,251.5	\$4,272.0					\$34,053.0
<b>Total</b>	<b>\$64,046.8</b>	<b>\$66,942.6</b>	<b>\$55,498.2</b>	<b>\$52,842.4</b>	<b>\$42,438.4</b>	<b>\$42,665.8</b>	<b>\$42,023.5</b>	<b>\$38,355.7</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$403,813.5</b>
Water Sold Cu Ft	394069	413435	337511	319681	252605	247832	248528	225987					2439648
Water Sold acre ft	9.05	9.49	7.75	7.34	5.80	5.69	5.71	5.19	0.00	0.00	0.00	0.00	56.01

2011 / 2012

## **ITEMS OF BUSINESS**

**\* Minutes – February 8, 2012**

**\* Disbursements Journal – March 14, 2012**

**MINUTES**  
**SAN SIMEON COMMUNITY SERVICES DISTRICT**  
**BOARD OF DIRECTORS REGULAR MEETING**  
**Wednesday, February 8, 2012**  
**6:00 pm**

**CAVALIER BANQUET ROOM**  
**250 San Simeon Avenue**  
**San Simeon, CA**

1. **CLOSED SESSION:** No Closed Session

2. **REGULAR SESSION@ 6:06 PM**

**A. Roll Call**

Chairperson Lambeth – Present  
Vice-Chair Ricci – Present  
Director Fields – Present  
Director Price – Present  
Director McAdams – Present

**Also Present:**

General Manager –Charles Grace  
District Counsel – Rob Schultz

**B. Pledge of Allegiance**

3. **PUBLIC COMMENT:** None

**A. Sheriff's Report** – No update from Sheriff's Administration. Sr. Deputy Steeb in Training.

**B. Public Comment:** None

4. **STAFF REPORTS**

**A. General Manager's Report**

**1. Staff Activities:**

In addition to routine activities, Staff coordinated with the Sheriff's administration and County agencies for the Town Hall meeting, met with Cal Rural Water Agency to complete the SSCSD Emergency Response Plan and Vulnerability Assessment, continued to work with Phoenix Engineering on the SSRWP, and USDA Division one document submittal. Staff worked with Olivera Consulting for SSRWP CEQA exemption and worked with District Counsel and Phoenix Engineering on the USDA Engineering contract negotiations. Staff met with RWQCB to finalize

approval of Small Scale Recycled Water Project and installed the Honor Library at the SSCSD office and worked with the Red Cross to bring classes to San Simeon residents.

## **2. Grants, Loans and partnership Opportunities**

### **A. USDA:**

Staff is finalizing the “front end documents” with Phoenix Engineering for the USDA loan application and posted notice for the Request for Quote for the Well Head Rehabilitation Construction Management Task.

### **B. National Byways Grant/ADA Access Improvement**

Given the Board’s approval during the January Board Meeting, Staff has contracted with Phoenix Engineering to design the Pico Road and San Simeon Avenue beach access repair.

## **3. Point of Diversion**

The Point of Diversion permit application was approved by the State Water Resources Control Board. Staff has been in contact with the SWRCB with the expectation that an approval letter will be sent to SSCSD.

## **4. Small Scale Recycled Water Project**

Staff is making equipment purchases and coordinating with Phoenix Engineering, the general contractor and the electrical contractor to install the system.

## **B. Superintendent’s Report**

### **Wastewater Treatment Plant**

- The wastewater treatment plant performed well this month. Staff continued with the manufacturer’s recommended preventive maintenance on the facility equipment.
- At the time of this report, staff is in the process of resurfacing the stand-by generator at the wastewater treatment plant.
- Staff continued to work with Phoenix Engineering gathering data and performing more sampling and testing for the engineering report for the small scale water recycling facility.
- Staff completed and submitted annual report to the Regional Water Quality Control Board.
- There was one load of sludge hauled away this month.

## Water Distribution System

- All routine sampling and testing was performed.
- Monthly meter reading was performed.
- While compiling data for the Superintendent's report for December of 2011, it was discovered that the meter on Well #1 was intermittently malfunctioning. Staff immediately began exploring a remedy. The Well #1 meter replacement part has been ordered and will be installed upon arrival. Staff is estimating the amount of water produced on the days the meter is registering incorrectly, by using a five year daily average for the month of January. Staff has also included in this report adjusted values for December 2011 using the same five year daily average method.
- The motor for Well #2 had an electrical problem and had to be taken offline for repairs. Those repairs have been completed and Well #2 is back online.

## District and Equipment Maintenance

- Staff continues with all of the scheduled preventive maintenance for all the equipment at the facilities. We are recording all of these activities.

### C. District Financial Summary – Update on Monthly Financial Status for close of business January 31, 2012.

December Billing Revenue	\$ 41,560.87
January Billing Revenue	\$ 41,441.52
Past Due (31 to 60 days)	\$ 199.11
Past Due (60 days)	\$ 339.37

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### RABOBANK SUMMARY Ending Balances January 31, 2011

#### Money Marketing Account

Closing Balance	\$407,710.41
Reserve Fund	(\$250,000.00)
Hook up Deposits	(\$ 43,470.00)
Available Funds	\$114,240.41

SEP ACCOUNT 1	\$113,741.10
SEP ACCOUNT 2	\$ 42,117.40
SEP ACCOUNT 3	<u>\$ 6,008.00</u>
Total SEP Funds	\$161,866.50
Checking Account Balance	\$106,404.15
Well Rehab Project/USDA Account	\$ 100.00
Accounts Payable	\$ 1,058.92
<hr/>	
LAIF Closing Balance December 31, 2011	\$ 514.31

**D. District Counsel's Report – Oral Report on current issues.**

Along with general monthly district duties, counsel has spent time on the front end documents for the USDA Well Rehab loan and engineer contracts. The request for qualifications (RFQ) went out on February 1<sup>st</sup>.

Regarding litigation with SWWC, Counsel will have an updated report by March 14<sup>th</sup> Board of Director's meeting.

**5. ITEMS OF BUSINESS**

**A. Approval of last month's minutes - January 11, 2012.**

Motion made to approve minutes with amendments

Motion by: Vice-Chair Ricci

2<sup>nd</sup> by: Director Price

All in: 5/0

**B. Approval of Disbursements Journal - February 8, 2012.**

Motion made to approve disbursements.

Motion by: Director McAdams

2<sup>nd</sup> by: Director Fields

All in: 5/0



**6. DISCUSSION/ACTION ITEMS**

**A. Resolution NO. 12-346- A resolution for CEQA exemption for the Small Scale Recycled Water Project approval**

The Small Scale Recycled Water Project is an action taken by a public agency that may have the potential to cause direct or indirect physical change to the environment. The SSRWP is required to be reviewed pursuant to the California Environmental Quality Act (CEQA).

Oliveira Environmental Consulting (OEC) provided the SSCSD with an environmental determination pursuant to CEQA. Because the project will be completely located within the existing SSCSD WWTP, the project does not require a local land use permit. OEC has determined that the SSRWP is "categorically exempt". Attached for review is OEC's detailed project analysis and determination, Notice of Exemption and a Resolution of CEQA exemption for the Boards approval, certifying the categorical exemption. Staff recommends approval of the Resolution. Upon approval staff will file the Notice of Exemption with San Luis Obispo County.

Motion made to approve Resolution NO. 12-346

Motion by: Vice-Chair Ricci  
2<sup>nd</sup> by: Director McAdams  
All in: 5/0

**7. Board Committee Reports – None**

**8. Board Reports – None**

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

**10. ADJOURNMENT@6:43 PM**

**SAN SIMEON COMMUNITY SERVICES DISTRICT**  
**Disbursements Journal**  
 March 1 - 8, 2012

Type	Date	Num	Name	Memo	Paid	Balance
<b>1020 - General checking</b>						
Check	03/08/2012	6609	Kate Winegar	Acct 52, 9030 Avonne Ave		<b>Balance forward 103,998.05</b>
					-50.00	103,948.05
Check	03/08/2012	6610	Sandra Kowrnacki	Acct 89, 9231 Balboa Ave # 4		
			Abalone Coast Analytical Inc.	Sampling for Recycled Water Project 1/10	-520.35	
			Abalone Coast Analytical Inc.	Sampling for Recycled Water Project 1/11	-495.35	
Bill Pmt	03/08/2012	6611	Abalone Coast Analytical Inc.	Sampling for Recycled Water Project		-1,015.70 102,882.35
Bill Pmt	03/08/2012	6612	APTwater, Inc	Operations management	-37,593.00	65,289.35
Bill Pmt	03/08/2012	6613	Bytes and Sites	Monthly maintenance fee	-275.00	65,014.35
Bill Pmt	03/08/2012	6614	County of San Luis Obispo	Cross connection	-23.10	64,991.25
Bill Pmt	03/08/2012	6615	DANIELLS, PHILLIPS, VAUGHAN & BOCK	Audit progress billing	-4,350.00	60,641.25
Bill Pmt	03/08/2012	6616	Glenn Burdette	Services	-1,200.00	59,441.25
Bill Pmt	03/08/2012	6617	Oliveira Environmental Consulting	CEQA & NOE Prep for Recycled Water Project	-425.00	59,016.25
			Phoenix Civil Engineering, Inc	Engineering services - San Simeon Ave walk	-1192.50	
			Phoenix Civil Engineering, Inc	Engineering services - Pico Ave stairs	-1125.00	
			Phoenix Civil Engineering, Inc	Engineering services - Recycled Water Project	-4150.00	
Bill Pmt	03/08/2012	6618	Phoenix Civil Engineering, Inc	Engineering services	-6,467.50	52,548.75
Bill Pmt	03/08/2012	6619	ROBERT W SCHULTZ ESQ.	Services	-1,725.00	50,823.75
Bill Pmt	03/08/2012	6620	RVS Software	RVS software updates and Maintenance	-390.00	50,433.75
Bill Pmt	03/08/2012	6621	The Tribune	RFQ posting for WeillRehab Project	-911.00	49,522.75
Paycheck	03/01/2012	6622	ALAN FIELDS	Board service	-94.35	49,428.40
Paycheck	03/01/2012	6623	DOLORES RICCI	Board service	-94.35	49,334.05
Paycheck	03/01/2012	6624	LEROY E PRICE	Board service	-94.35	49,239.70
Paycheck	03/01/2012	6625	RALPH N MCADAMS	Board service	-94.35	49,145.35
Paycheck	03/01/2012	6626	TERRY L LAMBETH	Board service	-94.35	49,051.00
					-54,947.05	49,051.00
					<b>-54,947.05</b>	<b>49,051.00</b>

## **DISCUSSION & ACTION ITEMS**

## Discussion Action Items

March 14, 2012

- A. **Annual 2010 – 2011 Financial Audit** - The annual financial audit performed by Martin Starr is included for your review. Provided there are no substantial changes staff is requesting approval of the annual audit.
  
- B. **Award of Contract with Phoenix Engineering for Construction Services and Management for the Wellhead Rehabilitation Project<sup>1</sup>** – The USDA is requiring, as part of the USDA loan process, that the SSCSD enters into agreement with the firm chosen to perform construction management. Based on the response from the Request for Qualifications process, Phoenix Engineering will be the chosen Construction Services firm for the Wellhead Rehabilitation project. Staff is requesting approval of the USDA EJCDC E-500 agreement form for construction services.
  
- C. **Award of Contract with AECOM for Design Engineering for Wellhead Rehabilitation Project<sup>1</sup>** – The USDA is requiring the SSCSD to enter into an agreement with AECOM due to the fact that AECOM is the design engineer of the Wellhead Rehabilitation. This will be utilized only in the event the Construction Services firm has questions regarding the design during the construction of the project. Staff request approval of the USDA EJCDC E-500 agreement form for design engineering service during the construction phase of the Wellhead project.

<sup>1</sup>The above referenced EJCDC E-500 agreements described in items B and C will be forwarded by District Counsel prior to the Board meeting.

DRAFT

**SAN SIMEON COMMUNITY SERVICES DISTRICT**

**FINANCIAL REPORT**

**June 30, 2011**

DRAFT

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DRAFT

**SAN SIMEON COMMUNITY SERVICES DISTRICT**

**ORGANIZATION DATA**

**JUNE 30, 2011**

**BOARD OF DIRECTORS**

Terry Lambeth, Chairperson

Dolores Ricci, Vice, Chairperson

Leroy Price, Director

Ralph McAdams, Director

Alan Fields, Director

DRAFT  
LYNN STARR DEL MUNDO

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
**San Simeon Community Services District**  
Bakersfield, California

We have audited the accompanying balance sheet of **San Simeon Community Services District**, as of June 30, 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of **San Simeon Community Services District** for the year ended June 30, 2010, were audited by another auditor (who has ceased operations) whose report, dated February 9, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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 provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of **San Simeon Community Services District**, as of June 30, 2011, and the respective changes in financial position and the cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 7 the District's management has elected to omit the management's discussion and analysis which is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.



Our audit was conducted for the purpose of forming an opinion on the financial statements as of and for the year ended June 30, 2011, as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information as of and for the year ended June 30, 2011, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as of and for the year ended June 30, 2011, is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information for the year ended June 30, 2010, was audited by other auditors whose report, dated February 9, 2011, expressed an unqualified opinion on such information in relation to the financial statements as a whole

In accordance with *Government Auditing Standards*, we have also issued our report dated [DATE OF REPORT] on our consideration of the **San Simeon Community Services District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Bakersfield, California  
DATE

# SAN SIMEON COMMUNITY SERVICES DISTRICT

## BALANCE SHEETS

June 30, 2011 and 2010

	2011	2010
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 483,783	\$ 566,704
Accounts receivable	58,201	70,168
Prepaid expenses and other	-	6,168
<b>Total current assets</b>	<b>541,984</b>	<b>643,040</b>
Restricted Assets		
Certificates of deposit	161,716	155,176
Property and Equipment (Note 3)		
Sewer plant	1,488,555	1,488,555
Water plant	550,391	550,391
Building	395,874	395,874
Equipment	316,748	316,748
Construction in progress	451,408	437,174
	<b>3,202,976</b>	<b>3,188,742</b>
Less accumulated depreciation	1,711,476	1,632,121
Net property and equipment	1,491,500	1,556,621
<b>Total assets</b>	<b>\$ 2,195,200</b>	<b>\$ 2,354,837</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 26,496	\$ 50,639
Customer deposits	53,678	53,678
<b>Total liabilities</b>	<b>80,174</b>	<b>104,317</b>
Net Assets		
Invested in capital assets, net of related debt	1,491,500	1,556,621
Restricted	161,716	155,176
Unrestricted	461,810	538,723
<b>Total net assets</b>	<b>2,115,026</b>	<b>2,250,520</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,195,200</b>	<b>\$ 2,354,837</b>

See Notes to the Financial Statements.

# SAN SIMEON COMMUNITY SERVICES DISTRICT

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Years Ended June 30, 2011 and 2010

	2011	2010
<b>Operating Revenue:</b>		
Utility sales	\$ 488,758	\$ 374,528
Service charges	45,903	41,336
State of California - Dept of Parks and Recreation	58,861	70,479
	<u>543,522</u>	<u>486,343</u>
<b>Operating Expenses:</b>		
Contract labor	342,905	474,010
Repairs and maintenance	190,837	7,671
Depreciation	79,355	86,857
Legal and professional	61,168	56,655
Utilities and telephone	15,928	-
Bookkeeping	14,400	14,400
Operating supplies	10,198	-
Office expenses	6,018	181
Health insurance	5,954	5,196
Licenses and permits	5,904	10,121
Directors' fees	5,900	5,900
Insurance	5,666	5,449
Website	3,300	3,300
Other expense	1,652	1,969
Dues and subscriptions	1,015	1,467
	<u>750,200</u>	<u>673,176</u>
<b>Operating (loss)</b>	<b>(206,678)</b>	<b>(186,833)</b>
<b>Nonoperating revenues (expenses):</b>		
Property taxes	70,490	66,939
Miscellaneous income	1,022	-
Interest income	1,454	5,407
Tax administration fee	(1,782)	(1,835)
LAFCO Budget allocation	-	(2,128)
<b>Change in net assets</b>	<b>(135,494)</b>	<b>(118,450)</b>
Net assets, beginning	<u>2,250,520</u>	<u>2,368,970</u>
Net assets, ending	<u>\$ 2,115,026</u>	<u>\$ 2,250,520</u>

See Notes to the Financial Statements.

**SAN SIMEON COMMUNITY SERVICES DISTRICT**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
<b>Cash Flows from Operating Activities</b>		
Receipts from Users	\$ 555,693	\$ 461,110
Payments to suppliers for goods and services	(688,820)	(587,339)
<b>Net cash (used in) operating activities</b>	<b>(133,127)</b>	<b>(126,229)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(14,234)	(29,578)
Interest income received	1,454	7,587
<b>Net cash provided by (used in) investing activities</b>	<b>(12,780)</b>	<b>(22,041)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from property taxes	70,490	66,939
Miscellaneous income	1,022	-
LAFCO Budget allocation	-	(2,128)
Tax administration fee	(1,782)	(1,835)
<b>Net cash provided by financing activities</b>	<b>69,730</b>	<b>62,976</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(76,177)</b>	<b>(85,294)</b>
<b>Cash and cash equivalents:</b>		
Beginning	721,880	807,174
Ending	<b>\$ 645,703</b>	<b>\$ 721,880</b>
<b>Reconciliation of operating (loss) to net cash (used in) operating activities</b>		
Operating (loss)	\$ (206,678)	\$ (186,833)
Depreciation		
Changes in working capital components:	79,355	86,857
(Increase) decrease in:		
Accounts receivable	11,967	(25,233)
Prepaid expenses	6,168	(5,964)
Increase in:		
Accounts payable	(24,143)	4,544
Customer deposits	-	400
<b>Net cash (used in) operating activities</b>	<b>\$ (133,331)</b>	<b>\$ (126,229)</b>

See Notes to the Financial Statements.

# NORTH OF RIVER SANITARY DISTRICT NO. 1

## NOTES TO THE FINANCIAL STATEMENTS

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### **Note 1. Nature of District and Summary of Significant Accounting Policies**

*Nature of District:* San Simeon Community Services District (the "District") is a political subdivision of the State of California and operates under a Council form of government. The District administers the following community services as provided by its charter: Water, sanitation, streets, lighting and general and administrative services.

A summary of the District's significant accounting policies follows:

*Use of estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Reporting entity:* The District has no oversight responsibility for any other governmental entity, nor is the District's operation a component unit of any other governmental entity. Therefore the reporting entity consists only of District operations.

The District operates as an enterprise fund. An enterprise fund accounts for operations that are financed and operated similar to private business enterprises, where the intent is that the costs of providing services to contracted landowners on a continuing basis be financed or recovered primarily through user charges.

*Basis of Accounting:* The accompanying financial statements have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred.

*Budget:* Although a budget is adopted annually, it is used primarily as a guideline for the Board in regulating expenditures. There is no legal requirement to stay within the adopted budget in the payment or classification of expenditures.

*Cash and cash equivalents:* Cash and cash equivalents consists of cash on hand and in banks and short-term, highly liquid investments with a maturity of three months or less, which include money market funds, cash management pools in County Treasury and the state Local Agency Investment Fund (LAIF). Cash held in the county and state pooled funds is carried at cost, which approximates market value. Interest earned is deposited quarterly into the participant's fund. Any investment losses are proportionately shared by all funds in the pool. The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

# NORTH OF RIVER SANITARY DISTRICT NO. 1

## NOTES TO THE FINANCIAL STATEMENTS

*Property and equipment:* Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 – 50 years. Maintenance and repairs which do not increase the useful life of the assets are charged to expense as incurred. Major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

*Property tax:* Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on March 1 and are due and payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31. The County of San Luis Obispo bills and collects the taxes for the District. Property taxes are recognized as revenue when they are levied.

*Net assets:* Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* - This category represents net assets of the District, not restricted for any project or other purpose.

*Subsequent Events:* Management has evaluated subsequent events through **Date**, the date on which the financial statements were available to be issued. There were no subsequent events identified by management which would require disclosure in the financial statements.

# NORTH OF RIVER SANITARY DISTRICT NO. 1

## NOTES TO THE FINANCIAL STATEMENTS

### Note 2. Cash and Cash Equivalents

Cash and cash equivalents consists of the following at June 30, 2011 and 2010:

	2011	2010
Petty cash	\$ 150	\$ 150
Demand deposits	74,504	105,512
County treasurer	2,147	3,104
Money Market		
Unreserved	102,791	153,953
Reserved	303,678	303,678
Local Agency Investment Fund (LAIF)	513	307
Unrestricted	483,783	566,704
Restricted cash (SEP Funds)	161,716	155,176
	<u>\$ 645,499</u>	<u>\$ 721,880</u>

#### Restricted Cash

Restricted assets consists of funds that are required by the Regional Water Quality Control Board (RWQCB) to be set aside by the District for construction of the Tertiary Treatment Facility in lieu of fines. This facility is to be constructed by September 2012 or the funds will revert to the (RWQCB). The funds are currently invested in certificates of deposit.

#### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unity). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The District maintains cash in the San Luis Obispo County Treasury which pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited quarterly and any investment losses are proportionately shared by all entities in the pool.

# NORTH OF RIVER SANITARY DISTRICT NO. 1

## NOTES TO THE FINANCIAL STATEMENTS

### Investments in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to be the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

### Note 3. Property and Equipment

Property and equipment activity for the years ended June 30, 2011 and 2010 is as follows:

	Balances June 30, 2010	Additions	Deletions	Balances June 30, 2011
Sewer plant	1,488,555	-	-	1,488,555
Water plant	550,391	-	-	550,391
Building	395,874	-	-	395,874
Equipment	316,748	-	-	316,748
Construction in progress	437,174	17,621	(3,387)	451,408
	<u>3,188,742</u>	<u>17,621</u>	<u>(3,387)</u>	<u>3,202,976</u>
Less: accumulated depreciation	1,632,121	79,355	-	1,711,476
	<u>\$ 1,556,621</u>	<u>\$ (61,734)</u>	<u>\$ (3,387)</u>	<u>\$ 1,491,500</u>

	Balances June 30, 2009	Additions	Deletions	Balances June 30, 2010
Sewer plant	\$ 1,467,839	\$ 20,716	\$ -	\$ 1,488,555
Water plant	550,391	-	-	550,391
Building	395,874	-	-	395,874
Equipment	316,748	-	-	316,748
Construction in progress	428,313	29,577	(20,716)	437,174
	<u>3,159,165</u>	<u>50,293</u>	<u>(20,716)</u>	<u>3,188,742</u>
Less: accumulated depreciation	1,545,265	86,856	-	1,632,121
	<u>\$ 1,613,900</u>	<u>\$ (36,563)</u>	<u>\$ (20,716)</u>	<u>\$ 1,556,621</u>

Depreciation expense for the years ended June 30, 2011 and 2010 were \$79,355 and \$86,857, respectively.



# NORTH OF RIVER SANITARY DISTRICT NO. 1

## NOTES TO THE FINANCIAL STATEMENTS

### Note 4. Customer Deposits

The liability for customer deposits consists of the following at June 30, 2011 and 2010:

	2011	2010
Hook-up deposits	\$ 43,470	\$ 43,470
Customer meter deposits	10,208	10,208
	<u>\$ 53,678</u>	<u>\$ 53,678</u>

The hook-up deposits are from customers on a waiting list to connect into the system. Each deposit represents total hook-up fees owed by the customer based on the fee schedule in place at the time of the payment. Additional fees may be required from the customer, based on the current fee schedule, when the utility connection is completed.

Customer meter deposits consist of a \$50 refundable deposit required, for each metered customer before any service can be provided by the district.

### Note 5. Reserved Net Assets

The District has set up reserves to set aside net asset balances for a specific future use. Reserves have been established by Board resolution for contingent liabilities and future capital projects in the amount of \$303,678 for each of the years ended June 30, 2011 and 2010.

### Note 6. Joint Powers Authority

The District is a member of the Special District Risk Management Authority (S.D.R.M.A.), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et. Seq. In becoming a member of the S.D.R.M.A., the District elected to participate in the risk financing program(s) listed below for the program period July 1, 2010 through June 30, 2011.

General and Auto Liability, Public Officials' and Employees' Errors and Omissions, Employment Practices Liability and Employee Benefits Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201011. This covers \$2,500,000 per occurrence, subject to policy deductibles.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 201011. This policy includes a \$400,000 Public Employees Dishonesty Blanket Coverage.

Property Loss: Special District Risk Management Authority, coverage number PPC SDRMA 201011. This policy covers the replacement cost for property on file, \$1,000,000,000 per occurrence, subject to policy deductibles.

Boiler and Machinery: Special District Risk Management Authority, coverage number BMC SDRMA 201011. This covers \$100,000,000 per occurrence, subject to a \$1,000 deductible.

# NORTH OF RIVER SANITARY DISTRICT NO. 1

## NOTES TO THE FINANCIAL STATEMENTS

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The District also participated in the elective comprehension/collision coverage on selected vehicles, subject to policy deductibles.

Public Officials Personal Liability: \$500,000 per occurrence, annual aggregate per each elected/appointed official.

Members are subject to dividends and/or assessments, in accordance with Second Amended Joint Powers Agreement and amendments thereto, on file with the District. No such dividends have been declared, nor have any assessments been levied.

### **Note 7. Generally Accepting Accounting Principles (GAAP) Departure**

The District complies with generally accepted accounting principles in the United States of America and all relevant United States Government Accounting Standards Board pronouncements. These technical pronouncements establish criteria for determining the District's activities and functions that are included in the financial statements of a governmental unit. The proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Management has elected not to include management discussion and analysis, which is not a required part of the basic financial statements but is supplementary information normally required by generally accepted accounting principles in the United States of America.

### **Note 8. Contingent Liability**

The District is party to pending litigation with its former management company regarding termination of its services contract. The outcome of this lawsuit is not currently determinable, however it is the opinion of management, after giving consideration to the District's related insurance coverage, that the amount of loss resulting from litigation will not be material to the financial position of the District.

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SUPPLEMENTARY INFORMATION

**SAN SIMEON COMMUNITY SERVICES DISTRICT**

**SCHEDULE OF REVENUE AND EXPENSES BY FUNCTION**

**Year Ended June 30, 2011**

	Sanitation Fund	Water Fund	General	Total
<b>Operating Revenue:</b>				
Utility sales	\$ 220,365	\$ 218,393	\$ -	\$ 438,758
Service charges	-	45,903	-	45,903
State of California - Dept of Parks and Recreation	58,861	-	-	58,861
	<u>279,226</u>	<u>264,296</u>	<u>-</u>	<u>543,522</u>
<b>Operating Expenses:</b>				
Contract labor	262,670	153,224	21,889	437,783
Repairs and maintenance	196,239	-	116	196,355
Depreciation	38,090	24,600	16,665	79,355
Legal and professional	43,442	13,519	12,923	69,884
Utilities and telephone	8,261	2,972	4,695	15,928
Bookkeeping	5,394	4,320	4,686	14,400
Operating supplies	10,198	-	-	10,198
Office expenses	-	3,148	2,870	6,018
Health insurance	-	-	5,954	5,954
Licenses and permits	5,789	115	-	5,904
Directors' fees	2,655	2,655	590	5,900
Insurance	4,175	596	895	5,666
Website	-	-	3,300	3,300
Other expense	790	271	591	1,652
Dues and subscriptions	-	-	1,015	1,015
	<u>577,703</u>	<u>205,420</u>	<u>76,189</u>	<u>859,312</u>
<b>Operating (loss)</b>	<b>(298,477)</b>	<b>58,876</b>	<b>(76,189)</b>	<b>(315,790)</b>
<b>Nonoperating revenues (expenses):</b>				
Property taxes	-	-	70,490	70,490
Miscellaneous income	-	-	34,008	34,008
Interest income	-	-	1,454	1,454
Tax administration fee	-	-	(1,782)	(1,782)
<b>Change in net assets</b>	<b>\$ (298,477)</b>	<b>\$ 58,876</b>	<b>\$ 27,981</b>	<b>\$ (211,620)</b>

**SAN SIMEON COMMUNITY SERVICES DISTRICT**

**SCHEDULE OF REVENUE AND EXPENSES BY FUNCTION  
Year Ended June 30, 2010**

	Sanitation Fund	Water Fund	General	Total
<b>Operating Revenue:</b>				
Utility sales	\$ 184,648	\$ 189,880	\$ -	\$ 374,528
Service charges	-	41,336	-	41,336
State of California - Dept of Parks and Recreation	70,479	-	-	70,479
	<u>255,127</u>	<u>231,216</u>	<u>-</u>	<u>486,343</u>
<b>Operating Expenses:</b>				
Contract labor	289,402	161,532	23,076	474,010
Repairs and maintenance	3,807	3,807	57	7,671
Depreciation	51,498	35,359	-	86,857
Legal and professional	23,071	21,607	11,977	56,655
Utilities and telephone	-	-	-	-
Bookkeeping	5,400	4,320	4,680	14,400
Operating supplies	-	-	-	-
Office expenses	-	-	-	-
Health insurance	-	-	5,196	5,196
Licenses and permits	5,939	2,868	1,314	10,121
Directors' fees	2,655	2,655	590	5,900
Insurance	4,125	589	735	5,449
Website	-	-	3,300	3,300
Other expense	51	-	3,566	3,617
Dues and subscriptions	-	-	-	-
	<u>385,948</u>	<u>232,737</u>	<u>54,491</u>	<u>673,176</u>
<b>Operating (loss)</b>	<b>(130,821)</b>	<b>(1,521)</b>	<b>(54,491)</b>	<b>(186,833)</b>
<b>Nonoperating revenues (expenses):</b>				
Property taxes	-	-	66,939	66,939
Miscellaneous	(532)	(532)	(1,064)	(2,128)
Interest income	-	-	5,407	5,407
Tax administration fee	-	-	(1,835)	(1,835)
<b>Change in net assets</b>	<b>\$ (131,353)</b>	<b>\$ (2,053)</b>	<b>\$ 14,956</b>	<b>\$ (118,450)</b>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
**San Simeon Community Services District**  
San Simeon, California

We have audited the financial statements of **San Simeon Community Services District** as of and for the year ended June 30, 2011, and have issued our report thereon dated **DATE OF REPORT**. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of **San Simeon Community Services District** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered **San Simeon Community Services District's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **San Simeon Community Services District's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **San Simeon Community Services District's** internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether **San Simeon Community Services District's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, and others within the entity and is not intended to be and should not be used by anyone other than those specified parties.

Bakersfield, California

**DATE**