

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



BOARD PACKET

**Wednesday, December 14, 2016
Regular Meeting 6:00 pm**

**Cavalier Banquet Room
250 San Simeon Avenue
San Simeon, CA**

Prepared by:



GRACE
ENVIRONMENTAL SERVICES

AGENDA
SAN SIMEON COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
Wednesday, December 14, 2016
6:00 pm

CAVALIER BANQUET ROOM
250 San Simeon Avenue
San Simeon, CA 93452

1. REGULAR SESSION: 6:00 PM

- A. Roll Call

- B. Pledge of Allegiance

- C. Administer Oath of Office to Newly Elected Directors

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. Presentations are limited to three (3) minutes or less with additional time at the discretion of the Chair. Your comments should be directed to the Board as a whole and not directed to individual Board members. The Brown Act restricts the Board from taking formal action on matters not published on the agenda.

A. **Sheriff's Report** – Report for November.

B. **Public comment on Sheriff's Report.**

3. PRESENTATIONS AND ANNOUNCEMENTS FROM BOARD:

4. STAFF REPORTS

A. General Manager's Report

- 1. **Staff Activity** – Report on Staff activities for the month of November.

- 2. **Grant Updates** – Integrated Regional Water Management Grant (IRWM), County Beautification Grant for Pico Stairs Beach Access, Prop 1 Grant.

- 3. **Update** – Reservoir / Storage tank project.

- 4. **Update** – Will serve request Castillo/Pico Avenue.

- 5. **Update** – California Coastal Commission WWTP Rip Rap.

B. Superintendent's Report

- 1. **Wastewater Treatment / Collection Systems** – Summary of operations and maintenance for November.

2. **Water / Distribution Systems** – Distribution performance for the Month of November.

3. **District Maintenance** – Summary of District maintenance for November.

C. **District Financial Summary** – Update on Monthly Financial Status for close of business November 30, 2016.

D. **District Counsel's Report** – Summary of November activities.

5. ITEMS OF BUSINESS

A. **Consideration of approval of last month's minutes** – October 12, 2016.

B. **Consideration of approval of Disbursements Journal** – November 09, 2016.

C. **Move that all ordinances presented for adoption be read in title only and all further readings be waived.**

6. PUBLIC HEARING

A. **CONSIDERATION OF ADOPTION OF AN ORDINANCE AMENDING AND RESTATING THE DISTRICT'S WATER CONSERVATION PLAN ESTABLISHING REGULATIONS RELATED THERETO INCLUDING MANDATORY CONSERVATION MEASURES, RESTRICTIONS AND PENALTIES FOR VIOLATIONS.**

7. DISCUSSION/ACTION ITEMS

A. **Review of Draft District Audit 2015-2016 presented by Travis Hole from Moss, Levy & Hartzheim, LLP.**

B. **Board vote on Chair and Vice Chair for the 2017 Calendar year.**

8. **BOARD COMMITTEE REPORTS** – Oral Reports from Committee Members.

9. **BOARD REPORTS** – Oral Reports from Board Members on current issues.

10. **BOARD/STAFF GENERAL DISCUSSIONS AND PROPOSED AGENDA ITEMS** – Requests from Board members to Staff to receive feedback, prepare information, and/or place an item on a future agenda(s).

11. ADJOURNMENT

All staff reports or other written documentation, including any supplemental material distributed to a majority of the Board within 72 hours of a regular meeting, relating to each item of business on the agenda are available for public inspection during regular business hours in the District office, 111 Pico Avenue, San Simeon. If requested, this agenda shall be made available in appropriate alternative formats to persons with a disability, as required by the Americans with Disabilities Act. To make a request for a disability-related modification or accommodation, contact the District Administrator at 805-927-4778 as soon as possible and at least 48 hours prior to the meeting date. This agenda was prepared and posted pursuant to Government Code Section 54954.2.

4A. GENERAL MANAGER'S REPORT

Charles Grace

- 1. Staff Activity** – Report on Staff activities for the month of November.
- 2. Grant Updates** – Integrated Regional Water Management Grant (IRWM), County Beautification Grant for Pico Stairs Beach Access, Prop 1 Grant.
- 3. Update** – Reservoir / Storage tank project.
- 4. Update** – Will serve request Castillo/Pico Avenue.
- 5. Update** – California Coastal Commission WWTP Rip Rap.

4A. GENERAL MANAGER'S REPORT December 14, 2016

- 1. Staff Activity** – Report on Staff activities for the month of November.
During the month of November Staff sent out water billing and responded to several customer service calls. Staff coordinated the removal of unauthorized vehicles from Pen Way and Avonne. Staff attended a County Water sub-committee meeting.

District Staff and the Bookkeeper have been coordinating with the District Auditor in order to complete the 2015-2016 Audit.

Staff coordinated with the County to replace some County owned signs and to fill large holes at the North end of Hearst Drive.

Staff has been working on the District's Archives system and moving items to file cabinets. A new inventory list is being assembled.

- 2. Grant Updates** – Integrated Regional Water Management Grant (IRWM), County Beautification Grant for Pico Stairs Beach Access, Prop 1 Grant, Gateway Monument Sign and Interpretive Signs.

IRWM Prop 84 Grant

The contract has been received and signed between the County, District and State. Once the State receives the contract, the anticipate refund turn-around of 30 to 90 days.

Beautification Grant Funding

A final report with pictures was sent to the County. The County is excited about the changes made to the Pico Beach Access. The grants funds of \$20,000 is expected soon.

Prop 1 Funds

The District is expected to receive all \$177,718 towards the updating of the District Master Plan, Engineering and Environmental for the Expansion well. Funds are slated to be distributed in February of 2017.

- 3. Update** - Reservoir / Storage tank project.
At this time there is no current update.

4. Update – Will serve request Castillo/Pico Avenue

At this time there is no current update from Kent Mitchell or the San Simeon Lodge.

5. Update – California Coastal Commission WWTP Rip Rap.

Staff and Oliveira Consulting are working with Earth Systems and Phoenix Engineering on items 3 and 4 found in the September 28 2016 CCC, CDP application response letter. Staff coordinated a conference call with the CCC, Oliveira Consulting and Earth Systems on December 2, 2016 during which the CCC expressed their desire to have a permit issued by the end of July 2017. Due to holiday schedules the CCC extended the SSCSD's response deadline to January 27, 2017.

4B. SUPERTINTENDENT'S REPORT
Jerry Copeland
Facilities Update for November 2016

- 1. Wastewater Treatment Plant Update**
- 2. Water Distribution System Update**
- 3. District & Equipment Maintenance Update**

4B. SUPERINTENDENT'S REPORT

Activities of November 2016

1. Wastewater Treatment Plant

- All sampling, testing and reporting at the Wastewater Treatment Plant and the Recycled Water Facility was performed as required by the RWQCB.
- Annual kitchen and grease trap inspections were performed at the restaurants within the District's wastewater collection system.
- Annual inspection by the SLO county Environmental Health Services was performed. The Hazardous Material Business Plan was updated.
- One load of sludge was hauled away.

2. Water Distribution System

- All routine sampling and testing was performed. The monthly report was submitted to the State Water Resources Control Board (SWRCB), Division of Drinking Water (DDW).
- Distribution System valve exercising was continued.
- On November 14th the chloride level in both wells had reached the DDW water permit trigger of 250mg/L. The Reverse Osmosis Unit pickling solution was flushed out and regular daily operations began.
- Monthly water meter reading was performed.
- Chloride levels continue to be monitored throughout the system.

3. 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.

San Simeon Community Services District **Superintendent's Report** **November 2016**

MONTHLY DATA REPORT															
Date	Day	Wastewater Influent Daily flow	Wastewater Effluent Daily Flow	CALCULATED Well 1 Total Pumped	CALCULATED Well 2 Total Pumped	CALCULATED Well 3 Total Pumped	CALCULATED Total Daily Water Produced	Chloride Wells		Recycled Water Distributed	Water Level Well 1	Water Level Well 2	Rainfall in Inches	INPUT State Sewer Daily Flow	
								1	2						
11/01/16	Tue	74,447	61,550	0	0	0	0	-	-	0	13.7	13.6	0.00	4,861	
11/02/16	Wed	67,280	55,850	72,780	13,389	0	86,170	236	220	0	13.4	13.3	0.00	3,385	
11/03/16	Thu	71,038	59,640	0	69,115	0	69,115	204	220	0	13.5	13.4	0.00	3,430	
11/04/16	Fri	65,659	61,830	0	14,362	0	14,362	236	220	0	13.5	13.4	0.00	4,176	
11/05/16	Sat	89,160	80,020	90,284	0	0	90,284	-	-	0	13.5	13.4	0.00	4,258	
11/06/16	Sun	101,079	97,850	0	91,181	0	91,181	-	-	0	13.6	13.5	0.00	11,487	
11/07/16	Mon	65,208	86,030	25,357	0	0	25,357	-	-	0	13.6	13.5	0.00	11,891	
11/08/16	Tue	75,582	61,770	74,052	3,291	0	77,343	236	184	0	13.6	13.5	0.00	3,777	
11/09/16	Wed	78,576	75,500	0	85,122	0	85,122	251	184	0	13.6	13.5	0.00	3,662	
11/10/16	Thu	67,994	64,010	0	0	0	0	-	233	0	13.5	13.5	0.00	3,567	
11/11/16	Fri	83,939	73,360	0	94,098	0	94,098	-	-	0	13.4	13.3	0.00	3,403	
11/12/16	Sat	114,576	101,690	0	101,504	0	101,504	-	270	0	13.5	13.4	0.00	5,303	
11/13/16	Sun	79,137	86,260	0	54,380	0	54,380	-	313	0	13.2	13.3	0.00	13,155	
11/14/16	Mon	91,986	77,520	673	91,555	0	92,228	-	291	0	12.0	12.0	0.00	9,981	
11/15/16	Tue	89,596	68,650	61,112	0	0	61,112	313	313	0	11.9	11.8	0.00	3,190	
11/16/16	Wed	75,087	62,390	0	58,718	0	58,718	-	336	0	11.7	11.7	0.00	4,454	
11/17/16	Thu	79,349	57,950	56,025	0	0	56,025	-	336	0	11.5	11.5	0.00	3,555	
11/18/16	Fri	66,807	56,720	0	55,352	0	55,352	-	389	0	11.6	11.6	0.00	2,841	
11/19/16	Sat	102,156	83,700	65,076	36,502	0	101,578	449	-	0	11.8	11.8	0.00	3,602	
11/20/16	Sun	118,535	122,750	0	43,833	0	43,833	-	313	0	11.9	11.9	0.91	11,067	
11/21/16	Mon	89,485	90,070	73,977	0	0	73,977	483	389	0	12.0	12.0	0.04	12,987	
11/22/16	Tue	89,372	72,920	77,418	0	0	77,418	483	-	0	12.0	12.0	0.00	4,491	
11/23/16	Wed	98,391	79,310	77,194	0	0	77,194	520	-	0	12.2	12.2	0.00	3,967	
11/24/16	Thu	90,424	90,550	79,363	0	0	79,363	483	-	0	12.3	12.3	0.00	2,000	
11/25/16	Fri	106,640	97,740	86,992	0	0	86,992	483	-	0	12.3	12.3	0.00	5,359	
11/26/16	Sat	152,699	148,810	95,220	0	0	95,220	520	-	0	12.5	12.5	1.10	18,134	
11/27/16	Sun	104,811	97,870	78,839	0	0	78,839	603	-	0	12.5	12.5	0.08	21,302	
11/28/16	Mon	72,327	58,640	62,308	0	0	62,308	603	-	0	12.4	12.4	0.00	10,540	
11/29/16	Tue	85,162	52,870	51,014	0	0	51,014	511	-	0	12.4	12.4	0.00	3,284	
11/30/16	Wed	77,670	49,120	48,246	1,197	0	49,443	483	132	0	12.2	12.2	0.00	3,543	
TOTALS		2,624,172	2,332,940	1,175,931	813,600	0	1,989,530			0			2.13	200,652	
Average		87,472	77,765	39,198	27,120	0	66,318	417	271	0	12.7	12.7	0.07	6,668	
Minimum		65,208	49,120	0	0	0	0	204	132	0	11.5	11.5	0.00	2,000	
Maximum		152,699	148,810	95,220	101,504	0	101,578	603	389	0	13.7	13.6	1.10	21,302	

DATA SUMMARY SHEET

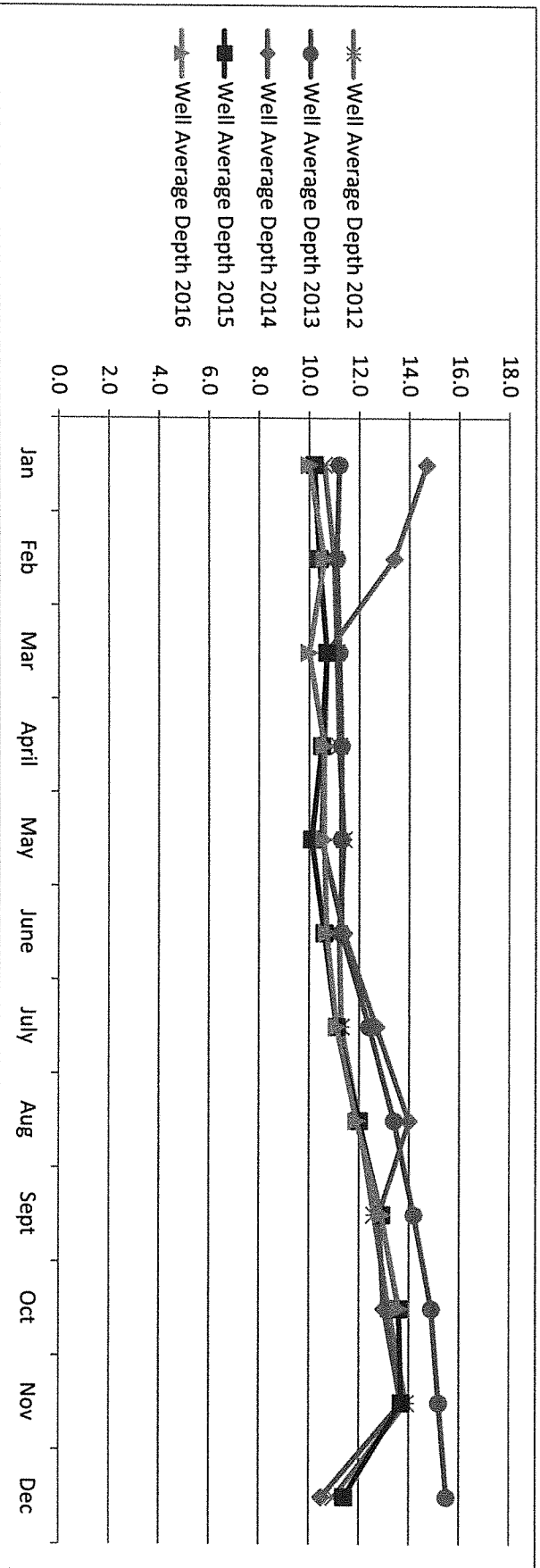
	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total for 2016
Wastewater Influent	2,849,357	2,375,307	3,071,599	2,340,256	2,824,792	2,909,805	3,485,599	3,039,238	2,835,814	2,773,295	2,624,172	2,477,658	31,129,234
Wastewater Final Effluent (Month Cycle)	2,714,170	2,185,020	3,037,390	2,191,550	2,712,580	2,822,370	3,453,020	2,935,450	2,672,409	2,741,600	2,332,940	2,372,070	29,798,499
Adjusted Wastewater Influent (- State Flow) *	2,535,974	2,177,118	2,699,165	2,164,251	2,554,523	2,619,042	3,078,242	2,803,378	2,603,638	2,550,943	2,423,520	2,201,887	28,209,794
Water Produced (month cycle)	2,153,548	1,923,258	2,168,302	2,117,663	2,606,630	2,736,933	3,269,433	2,981,902	2,670,884	2,475,131	1,989,530	2,342,025	27,093,213
Sewer Influent/Water Produced Ratio	1.32	1.24	1.42	1.11	1.08	1.06	1.07	1.02	1.06	1.12	1.32	1.06	N/A
Adjusted Sewer/Water Produced Ratio	1.18	1.13	1.25	1.02	0.98	0.96	0.94	0.94	0.98	1.03	1.22	0.94	N/A
Well 1 Water Pumped	97,988	968,286	1,109,732	1,079,364	1,323,885	1,385,521	1,627,050	1,537,663	1,346,400	1,352,459	1,175,931	1,352,459	13,004,279
Well 2 Water Pumped	1,454,860	954,972	1,058,570	1,038,299	1,282,745	1,351,412	1,642,384	1,444,238	1,324,484	1,122,672	813,600	1,122,672	13,488,234
Well 3 Water Pumped	600,700	0	0	0	0	0	0	0	0	0	0	0	600,700
Total Well Production	2,153,548	1,923,258	2,168,302	2,117,663	2,606,630	2,736,933	3,269,433	2,981,902	2,670,884	2,475,131	1,989,530	2,342,025	27,093,213
Water Well 1 Avg Depth to Water	10.0	10.6	10.0	10.6	10.6	10.8	11.2	12.0	12.9	13.6	12.7	12.7	N/A
Water Well 2 Avg Depth to Water	9.9	10.5	9.9	10.5	10.5	10.6	11.0	11.8	12.8	13.5	12.7	12.7	N/A
Average Depth to Water of Both Wells	10.0	10.6	10.0	10.6	10.6	10.7	11.1	11.9	12.9	13.6	12.7	12.7	N/A
Change in Average Depth to Water from 2015	-0.2	+0.2	-0.7	+0.1	+0.5	+0.1	0.0	-0.1	0.0	0.0	-1.0	-1.0	N/A
Average Chloride mgl at the Wells	1828	723	360	239	173	148	135	132	145	193	344	193	N/A
State Wastewater Treated	313,383	198,189	372,434	176,005	270,269	290,763	407,357	235,860	232,176	222,352	200,652	2,919,440	2,919,440
State % of Total WW Flow	11%	12%	12%	8%	10%	10%	12%	8%	8%	8%	8%	8%	N/A
Recycled Water Sold (Gallons)	0	0	0	0	1,375	1,900	4,300	4,955	11,065	4,375	0	0	27,970
Biosolids Removal (Gallons)	6,000	0	6,000	6,000	6,000	12,000	6,000	6,000	6,000	6,000	3,500	6,000	63,500
WW Permit Limitation Exceeded	0	1	0	0	0	0	0	0	0	0	0	0	N/A
RW Permit Limitation Exceeded	0	0	0	0	0	0	0	0	0	0	0	0	N/A
Constituent Exceeded	None	0	None	None	None	None	None	None	None	None	None	None	N/A
Sample Limit	N/A	85%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sample Result	N/A	79%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2015

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Total for 2015
Wastewater Influent	2,278,607	2,137,631	2,579,655	2,698,683	2,877,973	2,736,511	3,127,790	2,938,940	2,595,828	2,571,859	2,307,432	2,477,658	31,328,567
Wastewater Final Effluent (Month Cycle)	2,078,820	2,179,270	2,419,750	2,596,880	2,551,790	2,563,570	3,045,720	2,846,890	2,488,090	2,464,150	2,283,580	2,372,070	29,890,580
Adjusted Wastewater Influent (- State Flow) *	2,129,329	2,015,656	2,386,629	2,457,477	2,602,675	2,564,762	2,918,658	2,786,097	2,401,062	2,455,246	2,142,924	2,201,887	29,052,402
Water Produced (month cycle)	1,881,724	2,054,121	2,163,830	2,273,769	2,551,727	2,550,830	2,820,558	2,737,380	2,495,573	2,597,276	2,301,928	2,342,025	28,770,740
Sewer Influent/Water Produced Ratio	1.21	1.04	1.19	1.19	1.25	1.07	1.10	1.07	1.04	0.99	1.00	1.06	N/A
Adjusted Sewer/Water Ratio	1.13	0.98	1.10	1.08	1.13	1.01	1.04	1.02	0.96	1.06	0.93	0.94	N/A
Average Depth of Both Wells	10.2	10.4	10.7	10.5	10.1	10.6	11.1	12.0	12.9	13.6	13.7	11.4	N/A
Average Chloride mgl at the Wells	844	576	342	288	234	188	169	194	224	346	582	153	N/A
Change in Average Well Depth from 2014	-4.5	-2.9	0.0	-0.1	-0.4	-0.8	-1.6	-2.0	+0.1	+0.6	0.0	+0.9	N/A
State Wastewater Treated	149,278	121,975	193,026	241,206	275,298	171,749	209,132	152,843	194,766	116,613	164,508	275,771	2,266,165
State % of Total WW Flow	0.07	0.06	0.08	0.09	0.1	0.06	0.07	0.05	8%	4%	7%	11%	N/A
Recycled Water Sold (Gallons)	10710	3070	9775	12945	30040	65100	52250	55355	53445	45015	4435	550	342,690
Biosolids Removal (Gallons)	0	6,000	6,000	6,000	6,000	12,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
WW Permit Limitation Exceeded	0	0	0	0	0	0	0	1	0	0	0	0	0
Constituent Exceeded	None	None	None	None	None	None	None	TSS	None	None	None	None	N/A
Sample Limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	30	N/A	N/A	N/A	N/A	N/A
Sample Result	N/A	N/A	N/A	N/A	N/A	N/A	N/A	36	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 2012	10.6	11.0	11.1	11.2	11.4	11.2	11.3	12.0	12.6	13.2	13.9	11.0
Well Average Depth 2013	11.2	11.1	11.2	11.3	11.3	11.3	12.4	13.4	14.2	14.9	15.2	15.5
Well Average Depth 2014	14.7	13.4	10.7	10.6	10.5	11.4	12.7	14.0	12.8	13.0	13.7	10.5
Well Average Depth 2015	10.2	10.4	10.7	10.5	10.1	10.6	11.1	12.0	12.9	13.6	13.7	11.4
Well Average Depth 2016	10.0	10.6	10.0	10.6	10.6	10.7	11.1	11.9	12.9	13.6		



4C. DISTRICT FINANCIALS
Renee Samaniego Osborne
November 30, 2016

- **Financial Summary**
- **Balance Sheet**
- **Water Sales & Production**

SAN SIMEON COMMUNITY SERVICES DISTRICT



4C. FINANCIAL SUMMARY

BILLING

November 30, 2016

October Billing Revenue	\$ 72,641.82
November Billing Revenue	\$ 55,104.06
Past Due (31 to 60 days)	\$ 339.49
Past Due (60 days)	\$ 171.51

ENDING BANK BALANCES

November 30, 2016

RABOBANK SUMMARY:

Well Rehab Project/USDA Checking Account \$ 70.05

HERITAGE OAKS BANK:

Interest for November \$ 148.39

Money Marketing Account Closing Balance October 30, 2016 \$ 517,160.34

Money Marketing Account Closing Balance November 30, 2016 \$ 517,308.73

Reserve Fund (\$ 250,000.00)

Wait-list Deposits (\$ 45,750.00)

Customer Deposits (\$ 9,708.00)

Available Funds \$ 211,850.73

General Checking Account November 30, 2016 \$ 73,106.89

LAIF Closing Balance November 30, 2016 \$ 522.88

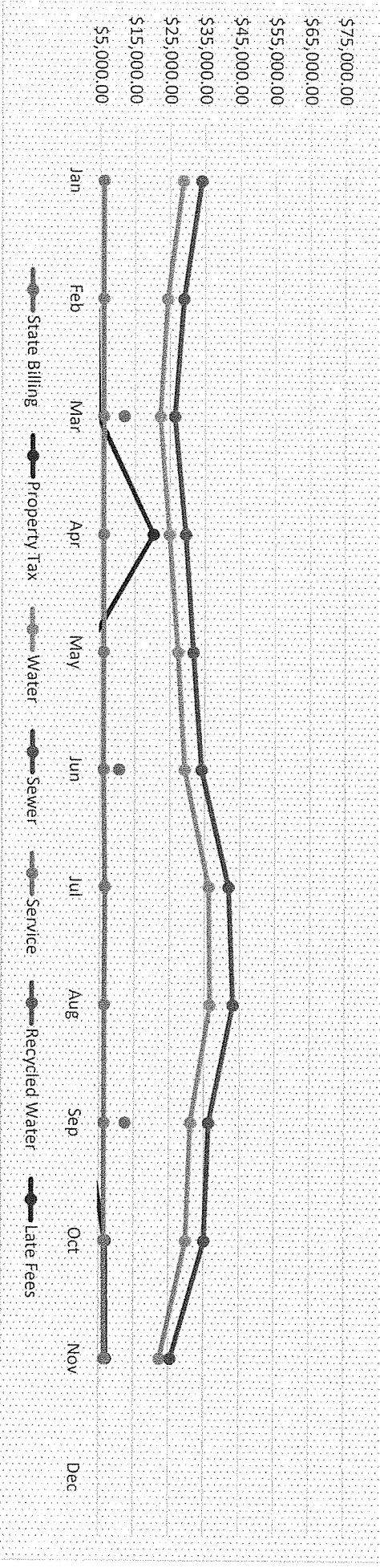
SAN SIMEON COMMUNITY SERVICES DISTRICT
Balance Sheet
As of November 30, 2016

Nov 30, 16

ASSETS	
Current Assets	
Checking/Savings	
1010 · Petty cash	150.00
1015 · Heritage Oaks- General Checking	73,056.89
1016 · Heritage Oaks-Wellhead	6.34
1017 · Heritage Oaks-Money Market	517,308.73
1022 · USDA checking	100.05
1040 · Cash in county treasury	108.33
1050 · LAIF - non-restricted cash	522.88
Total Checking/Savings	591,253.22
Other Current Assets	
1200 · Accounts receivable	83,858.88
1300 · Prepaid expenses	4,391.58
Total Other Current Assets	88,250.46
Total Current Assets	679,503.68
Fixed Assets	
1400 · Fixed assets	
1420 · Building and structures	395,874.73
1500 · Equipment	316,747.53
1540 · Major water projects	145,068.22
1560 · Pipe bridge	28,075.58
1580 · Sewer plant	1,488,555.08
1600 · Water system	550,390.00
1620 · WWTP expansion	299,565.92
1630 · Tertiary Project	262,932.67
1640 · Wellhead Rehab Project	447,545.53
1650 · Walkway access projects	11,511.00
1660 · RO Unit	928,088.35
1680 · Generator	29,101.14
Total 1400 · Fixed assets	4,903,455.75
1690 · Accumulated depreciation	(2,156,338.96)
Total Fixed Assets	2,747,116.79
TOTAL ASSETS	3,426,620.47
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2100 · Payroll liabilities	260.10
2500 · Customer security deposits	9,958.13
2510 · Connect hookup wait list	35,405.00
2520 · USDA Loan	448,275.00
Total Other Current Liabilities	493,898.23
Total Current Liabilities	493,898.23
Total Liabilities	493,898.23
Equity	
3200 · Fund balance	2,821,713.94
3900 · Suspense	24,321.73
Net Income	86,686.57
Total Equity	2,932,722.24
TOTAL LIABILITIES & EQUITY	3,426,620.47

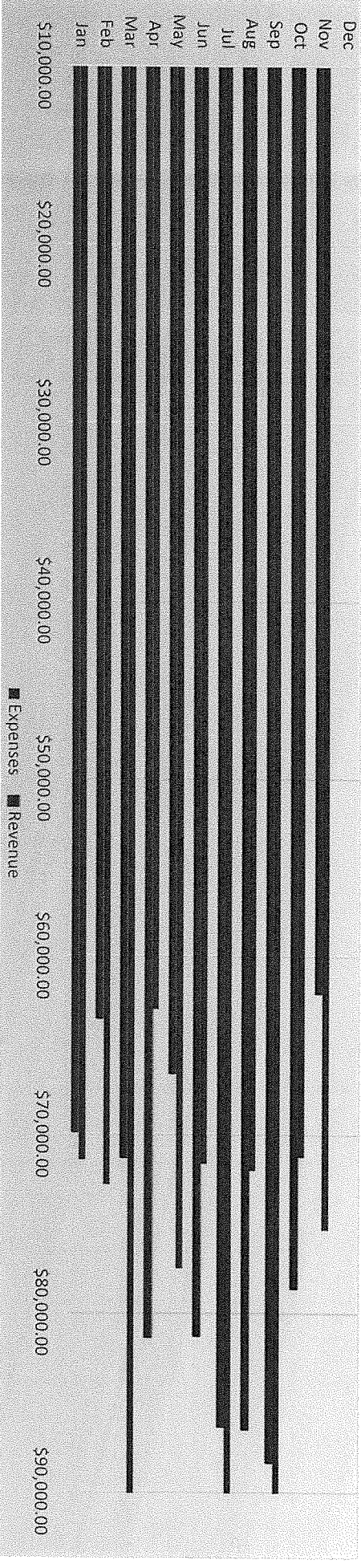
2016 DISTRICT REVENUE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
State Billing			\$11,992.94			\$10,529.30			\$12,485.00				\$35,007.24
Property Tax	\$732.82	\$3,907.74	\$4,380.61	\$20,311.1	\$670.65	\$812.49	\$1,161.69		\$1,184.42	\$6,789.01	\$6,970.82		\$46,921.30
Water	\$28,833.6	\$24,410.7	\$22,300.8	\$24,943.6	\$27,395.8	\$29,375.5	\$36,292.1	\$36,746.52	\$31,241.74	\$29,953.03	\$22,549.49		\$314,042.85
Sewer	\$33,983.5	\$28,929.3	\$26,405.5	\$29,496.1	\$31,742.1	\$34,065.2	\$41,862.8	\$43,190.60	\$36,386.89	\$35,106.74	\$25,574.57		\$366,743.33
Service	\$6,169.2	\$6,111.0	\$6,140.1	\$6,140.10	\$6,111.0	\$6,111.0	\$6,559.5	\$6,472.20	\$6,472.20	\$6,472.20	\$6,626.30		\$69,384.80
Recycled Water													\$0.00
Late Fees	\$153.3	\$138.8	\$86.4	\$485.53	\$657.2	\$418.4	\$485.7	\$97.52	\$595.71	\$316.72	\$353.70		\$3,788.94
Total	\$69,872.42	\$63,497.49	\$71,306.30	\$81,376.35	\$66,576.82	\$81,311.92	\$86,361.78	\$86,506.84	\$88,365.96	\$78,637.70	\$62,074.88		\$835,888.46
Water Sold Cu Ft	276707	234583	213757	239168	260907	278453	324654	324654	281207	269907	203338		2907335
Water Sold Acre ft	6.35	5.39	4.91	5.49	5.99	6.39	7.45	7.45	6.46	6.20	4.67		66.74



REVENUE VS EXPENSES

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Revenue	\$69,872.42	\$63,497.49	\$71,306.30	\$81,376.35	\$66,576.82	\$81,311.92	\$86,361.78	\$86,506.84	\$88,365.96	\$78,637.70	\$62,074.88		\$835,888.46
Expenses	\$71,441.43	\$72,822.48	\$152,049.21	\$62,994.78	\$77,525.44	\$71,657.28	\$127,105.89	\$72,035.48	\$114,268.09	\$71,273.31	\$75,340.87		\$968,514.26
Balance	-\$1,569.01	-\$9,324.99	-\$80,742.91	\$18,381.57	-\$10,948.62	\$9,654.64	-\$40,744.11	\$14,471.36	-\$25,902.13	\$7,364.39	-\$13,265.99		-\$132,625.80



**SAN SIMEON COMMUNITY SERVICES DISTRICT
DISTRICT REVENUE YEAR END TOTALS**

	2016												YET
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Water	\$28,833.6	\$24,410.7	\$22,300.8	\$24,943.6	\$27,395.8	\$29,375.5	\$36,292.1	\$36,746.52	\$31,241.74	\$29,953.03	\$22,549.49		\$314,042.9
Sewer	\$33,983.5	\$28,929.3	\$26,405.5	\$29,496.1	\$31,742.1	\$34,065.2	\$41,862.8	\$43,190.60	\$36,386.89	\$35,106.74	\$25,574.57		\$366,743.3
Service	\$6,169.2	\$6,111.0	\$6,140.1	\$6,140.10	\$6,111.0	\$6,111.0	\$6,559.5	\$6,472.20	\$6,472.20	\$6,472.20	\$6,626.30		\$69,384.8
Late Fees	\$153.3	\$138.8	\$86.4	\$485.53	\$657.2	\$418.4	\$485.7	\$97.52	\$995.71	\$316.72	\$353.70		\$3,788.9
Recycled Water													\$0.0
State Billing			\$11,992.94			\$10,529.30			\$12,485.00				\$35,007.2
Property Tax	\$732.82	\$3,907.74	\$4,380.61	\$20,311.1	\$670.65	\$812.49	\$1,161.69		\$1,184.42	\$6,789.01	\$6,970.82		\$46,921.3
Total	\$69,872.42	\$63,497.49	\$71,306.30	\$81,376.35	\$66,576.82	\$81,311.92	\$86,361.78	\$86,506.84	\$88,365.96	\$78,637.70	\$62,074.88		\$835,888.5

	2015												YET
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Water	\$24,980.7	\$22,031.4	\$23,713.3	\$29,614.9	\$25,535.8	\$26,568.3	\$32,179.3	\$35,048.6	\$31,023.2	\$30,062.5	\$23,260.9	\$19,903.4	\$323,922.3
Sewer	\$29,619.7	\$25,800.7	\$27,563.4	\$35,077.2	\$30,393.1	\$31,702.7	\$38,340.3	\$41,800.7	\$36,517.9	\$35,482.6	\$27,568.6	\$23,716.4	\$383,583.3
Service	\$5,775.1	\$5,747.7	\$5,747.7	\$5,747.70	\$5,802.4	\$5,747.7	\$6,052.8	\$6,081.9	\$6,111.0	\$6,111.0	\$6,111.0	\$6,111.0	\$71,147.0
Late Fees	\$78.2	\$106.6	\$194.3	\$19.45	\$192.3	\$47.2	\$118.8	\$71.2	\$72.3	\$239.8	\$386.6	\$99.4	\$1,626.2
Recycled Water			\$174.3			\$798.0			\$1,359.8				\$3,186.1
State Billing			\$7,042.78			\$8,943.33			\$7,200.02				\$8,584.90
Property Tax	\$1,698.01	\$680.91	\$4,730.41	\$20,998.8	\$444.16	\$624.12	\$1,299.10	\$78.29	\$89.78	\$6,473.88	\$5,162.73	\$31,035.95	\$73,316.1
Total	\$62,151.65	\$54,367.29	\$69,166.14	\$91,457.99	\$62,367.76	\$74,431.29	\$77,990.37	\$83,080.74	\$82,373.96	\$78,369.81	\$62,489.86	\$90,305.16	\$888,552.0

	2014												YET
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Water	\$21,971.3	\$19,076.2	\$16,337.8	\$22,890.1	\$21,881.1	\$25,417.3	\$34,524.9	\$30,347.3	\$26,979.2	\$24,551.7	\$23,063.4	\$16,542.2	\$283,582.3
Sewer	\$25,116.2	\$22,334.7	\$19,215.2	\$27,214.3	\$26,016.0	\$30,425.9	\$41,554.7	\$36,609.6	\$32,364.6	\$29,124.2	\$27,266.3	\$19,555.3	\$336,796.9
Service	\$5,366.4	\$5,366.4	\$5,366.4	\$5,366.4	\$5,392.2	\$5,392.2	\$5,773.5	\$5,747.7	\$5,747.7	\$5,747.7	\$5,775.1	\$5,747.7	\$66,789.4
Late Fees	\$155.8	\$100.4	\$93.9	\$413.6	\$896.4	\$139.2	\$124.0	\$44.8	\$94.8	\$153.1	\$221.7	\$168.2	\$2,605.8
State Billing			\$23,125.64			\$24,891.66			\$9,972.00				\$6,480.49
Prop Tax	\$1,327.66	\$1,155.60	\$2,632.24	\$21,054.41	\$912.02	\$195.04	\$1,749.86		\$170.96	\$4,304.07	\$6,305.04	\$30,755.69	\$70,562.6
TOTAL	\$53,937.3	\$48,033.3	\$66,771.3	\$76,938.8	\$55,097.7	\$86,461.2	\$83,726.9	\$72,749.4	\$75,329.2	\$63,880.8	\$62,631.5	\$79,249.6	\$824,806.7

	2013												YET
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Water	\$18,102.6	\$20,631.4	\$17,394.1	\$23,008.4	\$23,384.4	\$29,603.5	\$36,628.9	\$36,833.3	\$28,053.5	\$24,908.9	\$20,549.4	\$17,417.0	\$296,515.5
Sewer	\$20,172.8	\$21,705.5	\$18,903.2	\$25,168.5	\$24,914.3	\$32,350.8	\$40,084.9	\$43,613.3	\$33,179.7	\$29,636.1	\$23,946.3	\$20,191.1	\$333,866.5
Service	\$4,792.3	\$4,769.3	\$4,769.3	\$4,792.3	\$4,815.4	\$4,792.3	\$5,436.9	\$5,366.4	\$5,366.4	\$5,366.4	\$5,366.4	\$5,366.4	\$60,999.8
Late Fees	\$60.3	\$163.5	\$95.6	\$58.8	\$51.7	\$88.3	\$59.8	\$110.4	\$120.6	\$71.4	\$117.4	\$101.1	\$1,118.7
State Billing			\$15,874.60			\$21,090.32			\$27,981.20				\$21,530.45
Prop Tax	\$757.44	\$1,473.36	\$3,935.20	\$18,534.56	\$1,963.98	\$141.38	\$8,069.77	\$51.86	\$1,503.31	\$3,859.65	\$5,718.15	\$25,445.32	\$71,454.0
TOTAL	\$43,905.44	\$48,742.98	\$60,971.99	\$71,562.56	\$55,129.68	\$88,066.63	\$90,280.29	\$85,975.29	\$96,204.70	\$63,842.39	\$55,697.70	\$90,051.38	\$850,431.0

5. ITEMS OF BUSINESS

**A. Consideration of approval of last month's minutes –
November 09, 2016.**

**B. Consideration of approval of Disbursements Journal –
December 14, 2016.**

MINUTES
SAN SIMEON COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
Wednesday, December 14, 2016
6:00 pm

CAVALIER BANQUET ROOM
250 San Simeon Avenue
San Simeon, CA 93452

1. REGULAR SESSION:@ 6:03 PM

A. Roll Call:

Director Williams – Present
Director Fields – Present
Director Patel – Absent
Director Russell – Present
Director McGuire - Present

General Manager, Charles Grace
District Counsel, Heather Whitham

B. Pledge of Allegiance

C. Administer Oath of Office to Newly Elected Directors: McGuire, Fields, Williams, Russell.

2. PUBLIC COMMENT: None

A. Sheriff's Report for November: None

B. Public comment on Sheriff's Report: None

3. PRESENTATIONS AND ANNOUNCEMENTS FROM BOARD: None

4. STAFF REPORTS

A. General Manager's Report

1. Staff Activity – Report on Staff activities for the month of November.

During the month of November Staff sent out water billing and responded to several customer service calls. Staff coordinated the removal of unauthorized vehicles from Pen Way and Avonne. Staff attended a County Water sub-committee meeting.

District Staff and the Bookkeeper have been coordinating with the District Auditor in order to complete the 2015-2016 Audit.

Staff coordinated with the County to replace some County owned signs and to fill large holes at the North end of Hearst Drive, Pico/Castillo, and Vista Del Mar. Staff has also been working with the County on Hearst Drive easement potholes.

Staff has been working on the District's Archives system and moving items to file cabinets. A new inventory list is being assembled.

- 2. Grant Updates** – Integrated Regional Water Management Grant (IRWM), County Beautification Grant for Pico Stairs Beach Access, Prop 1 Grant, Gateway Monument Sign and Interpretive Signs.

IRWM Prop 84 Grant

The contract has been received and signed between the County, District and State. Once the State receives the contract, the anticipated refund turn-around is 30 to 90 days.

Beautification Grant Funding

A final report with pictures was sent to the County. The County is excited about the changes made to the Pico Beach Access. The grant funds of \$20,000 have been received.

Prop 1 Funds

The District is expected to receive all \$177,718 towards the updating of the District Master Plan, Engineering and Environmental for the Expansion well. Funds are slated to be distributed in February of 2017.

- 3. Update** - Reservoir / Storage tank project.
At this time there is no current update.
- 4. Update** – Will serve request Castillo/Pico Avenue
At this time there is no current update from Kent Mitchell or the San Simeon Lodge.
- 5. Update** – California Coastal Commission WWTP Rip Rap.
Staff and Oliveira Consulting are working with Earth Systems and Phoenix Engineering on items 3 and 4 found in the September 28, 2016 CCC, CDP application response letter. Staff coordinated a conference call with the CCC, Oliveira Consulting and Earth Systems on December 2, 2016 during which the CCC expressed their desire to have a permit issued by the end of July 2017. Due to holiday schedules the CCC extended the SSCSD's response deadline to January 27, 2017.

B. Superintendent's Report

1. Wastewater Treatment Plant

- All sampling, testing and reporting at the Wastewater Treatment Plant and the Recycled Water Facility was performed as required by the RWQCB.
- Annual kitchen and grease trap inspections were performed at the restaurants within the District's wastewater collection system.
- Annual inspection by the SLO county Environmental Health Services was performed. The Hazardous Material Business Plan was updated.
- One load of sludge was hauled away.

2. Water Distribution System

- All routine sampling and testing was performed. The monthly report was submitted to the State Water Resources Control Board (SWRCB), Division of Drinking Water (DDW).
- Distribution System valve exercising was continued.

- On November 14th the chloride level in both wells had reached the DDW water permit trigger of 250mg/L. The Reverse Osmosis Unit pickling solution was flushed out and regular daily operations began.
- Monthly water meter reading was performed.
- Chloride levels continue to be monitored throughout the system.

Director Russell asked if Mr. Copeland could add an RO Usage column in his report. He also asked how many gallons of water we cleaned and how high did the chlorides get. Mr. Copland said that we diverted 695,277 gallons of water through the RO Unit. 141,000 gallons of that was sent to the Brine Tank, the remainder to the Reservoir. Chlorides got as high as 520 mg/L.

3. 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.

Vice-Chair Fields asked if the rust is coming back on the generator at the WWTP. Mr. Copeland said that it was, and maintenance is scheduled for next year.

C. Update on Monthly Financial Status for close of business November 30, 2016.

October Billing Revenue	\$ 72,641.82
November Billing Revenue	\$ 55,104.06
Past Due (31 to 60 days)	\$ 339.49
Past Due (60 days)	\$ 171.51

ENDING BANK BALANCES: November 30, 2016

RABOBANK SUMMARY:

Well Rehab Project/USDA Checking Account	\$ 70.05
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HERITAGE OAKS BANK:

Interest for November	\$ 148.39
Money Marketing Account Closing Balance October 30, 2016	\$ 517,160.34

Money Marketing Account Closing Balance November 30, 2016	\$ 517,308.73
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Reserve Fund	(\$ 250,000.00)
Wait-list Deposits	(\$ 45,750.00)
Customer Deposits	(\$ 9,708.00)
Available Funds	\$ 211,850.73

General Checking Account	November 30, 2016	\$ 73,106.89
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LAIF Closing Balance November 30, 2016	\$ 522.88
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D. District Counsel's Summary of November activities:

- Finalized the Easement Agreement with the Pineview Mobile Home Park owners.
- Assisted Staff with questions on Ordinance 117 and other Staff activities.
- Assisted Staff with the agenda, agenda items, and board packet.

5. ITEMS OF BUSINESS

A. Consideration of approval of last month's minutes – October 12, 2016.

A motion was made to approve the minutes with amendments to page 1 and 2.

Motion By: Director Russell

2nd by: Chairperson Williams

All in: 4/0

Absent: Director Patel

B. Consideration of approval of Disbursements Journal – November 09, 2016.

A motion was made to approve the Disbursements Journal

Motion By: Director McGuire

2nd by: Vice-Chair Fields

All in: 4/0

Absent: Director Patel

C. Move that all ordinances presented for adoption be read in title only and all further readings be waived for tonight.

A motion was made to read Ordinance 117 in title only.

Motion By: Director Russell

2nd by: Chairperson Williams

All in: 4/0

Absent: Director Patel

6. PUBLIC HEARING

A. CONSIDERATION OF ADOPTION OF AN ORDINANCE AMENDING AND RESTATING THE DISTRICT'S WATER CONSERVATION PLAN ESTABLISHING REGULATIONS RELATED THERETO INCLUDING MANDATORY CONSERVATION MEASURES, RESTRICTIONS AND PENALTIES FOR VIOLATIONS.

On July 13, 2016 Staff presented the Water Committee with changes to the current Conservation Ordinance 114. After several discussions, the Board requested that Staff reorganize the conservation stages, such as: adding permanent measures and tapering the ability to use water for car washing instead of complete prohibition once in Stage One. Director Fields also mentioned that the use of recycled water should be more prevalent within the conservation stages.

Staff made the directed changes and then brought the Ordinance back to the August 10th Water Committee meeting to see if any more changes would be needed. It was approved by the Water Committee and is now being introduced to the Board and public at a Regular Board Meeting for consideration and adoption.

Mr. Krzciuk handed out written comments to the Board. District Counsel Whitham addressed his comments to the Board and indicated that his comments did not require making changes to the Ordinance presented, unless the Board desired to.

A motion was made to approve Ordinance 117.

Motion By: Vice-Chair Fields

2nd by: Director McGuire

All in: 4 / 0

Absent: Director Patel

7. DISCUSSION/ACTION ITEMS

A. Review of Draft District Audit 2015-2016 presented by Travis Hole from Moss, Levy & Hartzheim, LLP.

Staff attached the Draft copy of the 2015-2016 Fiscal Audit. Staff has requested comments or corrections.

Director Russell mentioned that on page 1 he was listed as Chairperson and that his title should be changed to Director.

There were no other requested changes to the Audit. Staff will bring back the final audit for Board approval at the January 2017 meeting.

B. Board vote on Chair and Vice-Chair for the 2017 Calendar year.

The Chair and Vice-Chair terms have expired. Staff is requesting nominations and acceptance from the SSCSD Board for the positions of Chair and Vice-Chair for the 2017 calendar year.

A motion was made for Director Williams to be the Chair for 2017.

Motion By: Director Russell

2nd by: Director Williams

All in favor: 3

No: Director Fields

Absent: Director Patel

A motion was made for Director Fields to be the Vice-Chair for the 2017.

Motion By: Director Russell

2nd by: Director Williams

All in favor: 3

No: Director Fields

Absent: Director Patel

8. Oral Reports from Committee Members: None

9. Oral Reports from Board Members on current issues.

Vice-Chair Fields mentioned that the Citizen of the Year Awards would be held in San Simeon on January 19, 2017.

10. Requests from Board members to Staff to receive feedback, prepare information, and/or place an item on a future agenda(s).

Director Russell asked about County Code Enforcement to look into a resident on Avonne that looks to be using his residence as an auto shop.

Chairperson Williams asked if the County had gotten back to us about speed bumps. Administrator Osborne said that she was waiting for Cal Fire to get back to her.

11. ADJOURNMENT @7:10 PM

SAN SIMEON COMMUNITY SERVICES DISTRICT
Disbursements Journal
 December 14, 2016

Type	Date	Num Name	Memo	Amount	Balance
Paycheck	12/01/2016	1277 Mary M McGuire		\$92.35	\$73,056.89
Paycheck	12/01/2016	1275 John K Russell		\$92.35	\$72,964.54
Paycheck	12/01/2016	1273 Alan Fields		\$92.35	\$72,872.19
Paycheck	12/01/2016	1274 Dan Williams		\$92.35	\$72,779.84
Paycheck	12/01/2016	1276 Ken Patel		\$92.35	\$72,687.49
Bill Pmt	12/01/2016	1256 Brooks Gallery	Pico Beach Access Upgrades - ART	\$10,000.00	\$62,595.14
Bill Pmt	12/01/2016	1257 California Special Districts Assoc	2017 Membership dues	\$2,496.00	\$60,099.14
Bill Pmt	12/01/2016	1258 CalPERS	Health Premium remainder for 2016	\$0.86	\$60,098.28
Bill Pmt	12/01/2016	1259 Carmel & Naccassha. LLP	November Legal Work	\$1,845.00	\$58,253.28
Bill Pmt	12/01/2016	1260 County of San Luis Obispo	Cross Connection direct & admin costs	\$108.50	\$58,144.78
Bill Pmt	12/01/2016	1261 Grace Environmental	December Operations and Management	\$48,948.00	\$9,196.78
Bill Pmt	12/01/2016	1262 MBS Land Surveys	Revised Plot Pen & Jasper	\$120.00	\$9,076.78
Bill Pmt	12/01/2016	1263 MICHAEL O'NEILL	Monthly Web maintenance fee	\$320.00	\$8,756.78
Bill Pmt	12/01/2016	1264 Moss, Levy & Hartzheim, LLP	Audit to Date, # 8704	\$1,000.00	\$7,756.78
Bill Pmt	12/01/2016	1265 Robert Stitts, CPA	November Bookkeeping	\$1,200.00	\$6,556.78
Bill Pmt	12/01/2016	1266 State Water Resources Control Board	Division of Water Rights License	\$159.24	\$6,397.54
Bill Pmt	12/01/2016	1267 The Tribune	Ordinance postings	\$317.02	\$6,080.52
Bill Pmt	12/01/2016	1268 Wigen Water Technologies	Water Treatment Chemicals	\$1,114.44	\$4,966.08
Bill Pmt	12/01/2016	1271 CalPERS	Sept. - Dec. Unfunded Accrued Liability	\$2,544.56	\$2,421.52
Bill Pmt	12/01/2016	1270 County of San Luis Obispo	Annual District Hazmat Disclosure	\$327.00	\$2,094.52
Bill Pmt	12/01/2016	1269 Grace Environmental	Reimbursed Expenses; Pen Way & Pico Beach Access	\$3,943.50	-\$1,848.98
Bill Pmt	12/01/2016	1272 County of San Luis Obispo	Annual Hazmat WWTP	\$435.00	-\$2,283.98
				\$75,340.87	-\$2,283.98

6. PUBLIC HEARING

A. CONSIDERATION OF ADOPTION OF AN ORDINANCE AMENDING AND ESTABLISHING REGULATIONS RELATED THERETO INCLUDING MANDATORY CONSERVATION MEASURES, RESTRICTIONS AND PENALTIES FOR VIOLATIONS. RESTATING THE DISTRICT'S WATER CONSERVATION PLAN.

6. PUBLIC HEARING

A PROPOSED ORDINANCE OF THE BOARD OF DIRECTORS OF THE SAN SIMEON COMMUNITY SERVICES DISTRICT AMENDING AND RESTATING THE DISTRICT'S WATER CONSERVATION PLAN

This Ordinance Summary is published in accordance with the provisions of Water Code Section 376(b)(1). On December 14, 2016, the San Simeon Community Services District will consider adopting an Ordinance amending and restating the District's Water Conservation Plan establishing regulations related thereto including mandatory conservation measures and restrictions and penalties for violations thereof.

Specifically, the Ordinance establishes mandatory conservation measures consistent with the regulations adopted by the State Water Resources Control Board. In addition, the Ordinance sets forth Stage One, Two, and Three Water Shortages. Each stage imposes progressively stricter conservation measures and restrictions on the use of potable water.

The Ordinance also prescribes the notice requirements for each stage and the criteria for exceptions from the mandatory provisions. In addition, the Ordinance establishes penalties for violations of each of the stages of mandatory conservation.

**DRAFT
ORDINANCE NO. 117**

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE SAN SIMEON
COMMUNITY SERVICES DISTRICT AMENDING AND RESTATING
THE DISTRICT'S WATER CONSERVATION PLAN**

WHEREAS, the Board of Directors of the San Simeon Community Services District ("District") currently has a moratorium on new water connections within the District boundaries, originally established by Ordinance No. 61 and amended by Ordinance No. 63, Ordinance No. 66, Ordinance No. 102, Ordinance 106 and Ordinance 114; and

WHEREAS, the District currently has a Water Conservation Plan set forth in Ordinance No. 114; and

WHEREAS, pursuant to Water Code Section 353, the Board of Directors may adopt such regulations and restrictions on the delivery of water which will conserve the water supply for the greatest public good; and

WHEREAS, on January 17, 2014, the Governor of the State of California declared a state of emergency (the "Proclamation") due to record dry conditions and concerns over the State's dwindling water supplies. The Proclamation states that "local urban water suppliers and municipalities are called upon to implement their local water shortage contingency plans immediately in order to avoid or forestall outright restrictions that could become necessary later in the drought season; and

WHEREAS, according to the U.S. Drought Monitor, which is a weekly map of drought conditions that is produced jointly by the National Oceanic and Atmospheric Administration, the U.S. Department of Agriculture, and the National Drought Mitigation Center (NDMC) at the University of Nebraska-Lincoln, as of November, 2016, the District is currently in an "Extreme Drought" condition; and

WHEREAS, on May 11, 2016 the District made available the use of a reverse osmosis treatment facility to improve seasonal water quality deficiencies; and

WHEREAS, the District lacks extended production experience with the reverse osmosis treatment facility; and

WHEREAS, the domestic water quantity and quality for the District may be compromised based upon the continued lack of precipitation and the current water levels in the aquifers that provide the domestic water supply for the District, and specifically that water levels in the Pico Creek are such that the District has determined that the available water quantity and quality may be insufficient to meet demand; and

WHEREAS, after holding a duly noticed public hearing on December 14, 2016, the Board of Directors determined that it is necessary and desirable to adopt revised enhanced water conservation measures and restrictions on the use of potable water; and

WHEREAS, in addition to Water Code Section 353, Water Code Section 375 provides that a public entity that supplies water may, after holding a noticed public hearing and making appropriate findings of necessity for the adoption of a water conservation program, adopt and enforce water conservation programs to reduce the quantity of water used by persons within the entity's service area or jurisdiction for the purpose of conserving the entity's water supplies; and

WHEREAS, amended enhanced water conservation use restrictions are necessary and appropriate in order to protect the health, safety and welfare of the community.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SAN SIMEON COMMUNITY SERVICES DISTRICT ORDAINS AS FOLLOWS:

SECTION 1. Recitals.

The above recitals are true and correct and are incorporated herein by this reference.

SECTION 2. Repeal of Ordinance No. 114.

This Ordinance repeals and replaces Ordinance No. 114.

SECTION 3. Declaration of Policy.

It is hereby declared that, because of the conditions prevailing within the District, the general welfare requires that the water resources available to the District be put to the maximum beneficial use to the extent to which they are capable, and that the waste or unreasonable use of water be prevented and the conservation of such water is to be extended with a view to the reasonable and beneficial use thereof in the interest of the people of the District and for the public welfare.

The Board of Directors finds the following:

1. The District is committed to acquiring new sources of water in order to be able to remove the existing water moratorium.
2. Present water supplies are limited.
3. The chloride constituent of the District water fluctuates to undesirable levels periodically.
4. Long-term water supply projects are in process but not available to augment the supply at this point in time.
5. A reverse osmosis treatment facility was installed to resolve the long standing domestic water supply quality.

6. Extreme Drought conditions continue to exist in the District and the District needs to conserve its available supplies to the maximum extent feasible in order to continue in its ability to provide water to its customers.
7. When Pico Creek is flowing the District may modify conservation measures as necessary to expedite the reduction of chlorides that may have seasonally impacted the domestic water supply aquifer.

Based upon the current water supply conditions within the District, and the continued Extreme Drought conditions in the region, the Board finds that an emergency water situation continues to exist necessitating the continued implementation of comprehensive water conservation measures in order to conserve available water supplies to the maximum extent feasible.

SECTION 4. Application.

The provisions of this Ordinance shall apply to all persons, customers and property served by the District wherever situated. No customer of the District, or any employee or invitee of any customer of the District, shall knowingly make, cause, use or permit the use of District water for residential, commercial, industrial, agricultural, governmental or any other purpose in a manner contrary to any provision of this Ordinance, or in an amount in excess of that use permitted by the following conservation measures. The term "District Potable Water" as used herein, shall not include reclaimed wastewater.

SECTION 5. Water Conservation Measures and Restrictions on the Use of Potable Water.

The Board of Directors adopts the following Water Conservation Measures and Restrictions on the use of District Potable Water:

MANDATORY CONSERVATION MEASURES

The following Mandatory Conservation Measures are required by the regulations adopted by the State Water Resources Control Board (Title 23 California Code of Regulations Section 864), and shall be applicable even when a Stage One, Two or three Water Shortage is not in effect or has not been implemented by the Board of Directors.

To prevent the waste and unreasonable use of water and to promote water conservation, each of the following actions is prohibited, except where necessary to address an immediate health and safety need or to comply with a term or condition in a permit issued by a state or federal agency:

1. The application of potable water to outdoor landscapes in a manner that causes runoff such that water flows onto adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots, or structures.
2. The use of a hose that dispenses potable water to wash a motor vehicle, except where the hose is fitted with a shut-off nozzle or device attached to it that causes it to cease dispensing water immediately when not in use.

3. The application of potable water to driveways and sidewalks.
4. The use of potable water in a fountain or other decorative water feature, except where the water is part of a recirculating system.
5. The application of potable water to outdoor landscapes during and within 48 hours after measurable rainfall.
6. The serving of drinking water other than upon request in eating or drinking establishments, including but not limited to restaurants, hotels, cafes, cafeterias, bars, or other public places where food or drink are served and/or purchased.
7. The irrigation with potable water of ornamental turf on public street medians.
8. The irrigation with potable water of landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development.
9. Operators of hotels and motels shall provide guests the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom using clear and easily understood language.

STAGE ONE WATER SHORTAGE

A Stage One Water Shortage will take effect when the Pico Creek stops running to the ocean or when implemented by a resolution of the Board of Directors whenever the Board finds to do so is necessary to protect the health, safety and general welfare of the public. A Stage One Water Shortage will be lifted when Pico Creek starts running to the ocean or when lifted by a resolution of the Board of Directors whenever the Board finds to do so is necessary to protect the health, safety and general welfare of the public.

1. Use of water from fire hydrants shall be limited to firefighting and/or activities immediately necessary to maintain the health, safety and welfare of the District.
2. District Potable Water shall be used no more than once per month to wash trailers, boats, mobile homes and other types of mobile equipment, parking areas, buildings, gutters or roofs, except to alleviate immediate fire or sanitation hazards.
3. The washing of automobiles and trucks, with District Potable Water shall be limited to twice per month, provided however, that in recognition of the problem of salt water mist on vehicles due to the proximity of the District to the ocean, minor rinsing is permitted at other times. Minor rinsing shall be limited to using as little water as necessary to remove the mist from the vehicle, and shall not result in more prolonged washing activities.

4. All outdoor irrigation with District Potable Water shall be limited to once per week.

STAGE TWO WATER SHORTAGE

A Stage Two Water Shortage will take effect when current well field levels drop 5% below monthly historical averages for three consecutive weeks or when implemented by a resolution of the Board of Directors whenever the Board finds to do so is necessary to protect the public health, safety and general welfare of the public. A Stage Two Water Shortage will be lifted when Pico Creek starts running to the ocean or when well levels return to average level for two consecutive months or when lifted by a resolution of the Board of Directors whenever the Board finds to do so is necessary to protect the public health, safety and general welfare of the public. In addition to the measures and restrictions set forth in Stage One, the following uses shall be prohibited:

1. The use of District Potable Water for the filling, refilling or adding of water to swimming pools, wading pools, or spas shall be limited to the amount necessary to keep the pool equipment operative and to refill for evaporative losses.
2. All outdoor irrigation with District Potable Water shall be limited to twice per month.
3. The washing of automobiles and trucks, with District Potable Water shall be limited to once per month. Minor rinsing is allowed.
4. The use of potable water for construction compaction is prohibited.

STAGE THREE WATER SHORTAGE

A Stage Three Water Shortage will take effect when current well field levels drop 12% below monthly historical averages for three consecutive weeks unless chloride levels monitored at the wells can be found below 250mg/L or when implemented by a resolution of the Board of Directors whenever the Board finds to do so is necessary to protect the public health, safety and general welfare of the public. A Stage 3 Water Shortage will be lifted when Pico Creek starts running to the ocean or when well levels are no more than 5% below monthly historical averages or when lifted by a resolution of the Board of Directors whenever the Board finds to do so is necessary to protect the public health, safety and general welfare of the public. In addition to the restrictions set forth in Stages One and Two, the following uses shall be prohibited:

1. All outdoor irrigation with District Potable Water shall be prohibited.
2. The washing of automobiles and trucks with District Potable Water and rinsing shall be prohibited.

3. Fines will be tripled for violations of Stage 3 restrictions.

SECTION 6. Notices.

The various stages of conservation will be implemented by special mailing or by a notice inserted into the water/sewer bills. Notices will also be posted at the District Office, and Chamber of Commerce, San Simeon Post Office and the San Simeon Community Services District website.

SECTION 7. Exceptions.

The General Manager may, in his or her discretion, grant exceptions to the terms of the restrictions, if he or she finds and determines that:

1. The restrictions herein would cause an undue hardship or emergency; or
2. The granting of the exception is necessary to accommodate a documented medical need; or
3. That the granting of the exception will not adversely affect the water supply or service to other existing water customers; or
4. That the granting of the exception is for a public governmental agency and is in the best interest of the public health, safety and welfare; or
5. That the grant of exception is in the best interest of the public health, safety and welfare.

Such exceptions may be granted only upon application in writing. Upon granting any such exception, the general Manager may impose any conditions he or she determines to be just and proper. The terms of any exception shall be set forth in writing. All exceptions granted shall be reported to the Board of Directors at a Board meeting.

An applicant for an exception under this section may appeal the General Manager's decision to the Board of Directors. A request for appeal must be submitted to the District in writing not more than ten days after the General Manager's decision.

SECTION 8. Lifting of Restrictions Imposed During A Water Shortage.

The General Manager shall lift or reduce the restrictions imposed during a water shortage as set forth above when he or she determines, after consultation with the Chairperson of the Board of Directors and such other persons as he or she deems appropriate, that the conditions which caused the shortage have been alleviated. Such action shall be promptly and extensively publicized.

SECTION 9. Notice of Violations and Penalties.

In addition to any other penalty permitted by law, if and when the District becomes aware of any violation of any provision of a Stage One, Stage Two or Stage Three Water Shortage under this Ordinance, a written notice shall be placed on the property where the violation occurred and/or

mailed to the person who is regularly billed for the service where the violation occurs and to any other person known to the District who is responsible for the violation or its correction. Said notice shall describe the violation and order that it be corrected, cured and abated immediately or within such specified time as the General Manager determines is reasonable under the circumstances. Said notice shall constitute the first violation of the provisions of this ordinance.

If said violation and order is not complied with, the General Manager may forthwith issue an administrative citation for the following amounts:

1. The notice of violation described above shall constitute the first violation of the provisions of this ordinance.
2. The second violation of any provision of this Ordinance, within the same twelve month period beginning with the first violation, a fine in the amount of one hundred dollars (\$100.00) shall be added to the customer's water bill.
3. The third violation of any provision of this Ordinance, within the same twelve month period beginning with the first violation, a fine in the amount of two hundred and fifty dollars (\$250.00) shall be added to the customer's water bill.
4. The fourth violation of any provision of this Ordinance, within the same twelve month period beginning with the first violation, shall result in the discontinuance of water service.

SECTION 10. Severability.

If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional, ineffective or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this Ordinance. The District Board hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

SECTION 11. Effective Date.

This Ordinance shall take effect upon adoption pursuant to Water Code Section 376.

SECTION 12. Publication.

Pursuant to Water Code Section 376, a summary of this Ordinance shall be published in a newspaper of general circulation and a certified copy of the full text of the proposed Ordinance shall be posted in the office of the District at least five days prior to the meeting at which the proposed Ordinance is to be adopted. Within fifteen days after adoption of the Ordinance, the governing body shall publish a summary of the Ordinance with the names of those members voting for and against the ordinance and shall post in the office of the district a certified copy of

the full text of the adopted Ordinance along with the names of those members voting for and against the Ordinance.

This Ordinance was passed and adopted at a meeting of the Board of Directors of the San Simeon Community Services District on December 14, 2016; Upon motion by **Director _____** and seconded by **Director _____**, by the following roll call vote:

Director Williams: Director Fields: Director Russell:

Director McGuire: Director Patel:

_____, Chairperson

ATTEST:

Charles Grace
Secretary/General Manager

APPROVED AS TO FORM:

Heather K. Whitham
District Counsel

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7. DISCUSSION & ACTION ITEMS

- A. Review of Draft District Audit 2015-2016 presented by Travis Hole from Moss, Levy & Hartzheim, LLP.**

- B. Board vote on Chair and Vice Chair for the 2017 Calendar year.**

7. DISCUSSION/ACTION ITEMS

December 14, 2016

A. Review of Draft District Audit 2015-2016 presented by Travis Hole from Moss, Levy & Hartzheim, LLP.

Attached is the Draft copy of the 2015-2016 Fiscal Audit. At this time, Staff is requesting comments or corrections.

B. Board vote on Chair and Vice Chair for the 2017 Calendar year.

The Chairperson and Vice Chairperson terms have expired. Staff is requesting nominations and acceptance from the SSCSD Board for the positions of Chairperson and Vice Chairperson for the 2017 calendar year.

SAN SIMEON COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS

June 30, 2016

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SAN SIMEON COMMUNITY SERVICES DISTRICT
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June 30, 2016

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INTRODUCTORY SECTION
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SAN SIMEON COMMUNITY SERVICES DISTRICT
ORGANIZATION
June 30, 2016

Board of Directors

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Daniel Williams	Chairperson	2016
Alan Fields	Vice-Chairperson	2016
John Russell	Chairperson	2018
Leroy Price	Director	2016
Ken Patel	Director	2018

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
San Simeon Community Services District
San Simeon, CA

Report on the Financial Statements

We have audited the accompanying basic financial statements of San Simeon Community Services District (District) as of and for the fiscal year ended June 30, 2016, and the related notes to the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the San Simeon Community Services District, as of June 30, 2016, and the changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section and the schedules of revenues, expenses, and changes in net position by function on pages 15 and 16 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of revenues, expenses, and changes in net position by function is the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenses, and changes in net position by function are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated XXXXX, on our consideration of the San Simeon Community Services District's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the District's basic financial statements as of and for the fiscal year ended June 30, 2015, and our report dated January 20, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Santa Maria, California
XXXX

SAN SIMEON COMMUNITY SERVICES DISTRICT
 STATEMENT OF NET POSITION-PROPRIETARY FUND
 June 30, 2016
 with Comparative Totals for June 30, 2015

ASSETS	2016	2015
Current Assets:		
Petty cash		
Cash and investments	\$ 150	\$ 150
Restricted cash and investments	660,412	860,691
Accounts receivable	35	100
Prepaid expenses	83,677	70,355
	<u>47</u>	<u>156</u>
Total current assets	<u>744,321</u>	<u>931,452</u>
Capital Assets:		
Non-depreciable:		
Construction in progress		
Depreciable:	922,452	31,254
Sewer plant		
Water plant	2,086,929	2,056,619
Building	1,140,431	1,140,431
Equipment	395,874	395,874
Less: Accumulated depreciation	316,748	316,748
	<u>(2,109,789)</u>	<u>(2,036,639)</u>
Net capital assets	<u>2,752,645</u>	<u>1,904,287</u>
Total assets	<u>3,496,966</u>	<u>2,835,739</u>
LIABILITIES		
Current Liabilities:		
Accounts payable		
Customer deposits	171,740	337
Long-Term Liabilities	55,608	55,608
Current portion of loan payable		
	<u>7,483</u>	<u>7,281</u>
Total current liabilities	<u>234,831</u>	<u>63,226</u>
Long-Term Liabilities		
Loan payable	469,170	476,653
Total long-term liabilities	<u>469,170</u>	<u>476,653</u>
Total Liabilities	<u>704,001</u>	<u>539,879</u>
NET POSITION		
Net investment in capital assets		
Restricted for:	2,275,992	1,420,353
Capital projects		
Debt service	35	100
Unrestricted	516,938	21,000
Total net position	<u>\$ 2,792,965</u>	<u>\$ 2,295,860</u>

See accompanying notes to basic financial statements.

SAN SIMEON COMMUNITY SERVICES DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -PROPRIETARY FUND
 For the Fiscal Year Ended June 30, 2016
 With Comparative Totals for the Fiscal Year Ended June 30, 2015

	2016	2015
Operating Revenues:		
Services-waste		
Services-water	\$ 395,248	\$ 370,212
Meter charge-water	328,018	311,700
Effluent water		11,521
State of CA-Hearst Castle	3,004	1,495
Services-other	31,107	23,495
Late fees and adjustments	73,397	66,530
	<u>3,076</u>	<u>4,074</u>
Total operating revenues	<u>833,850</u>	<u>789,027</u>
Operating Expenses:		
Accounting		
Bank fees	8,535	8,425
Bookkeeping	169	20
Directors' fees	14,400	14,400
Payroll Expenses	5,800	5,500
Dues and subscriptions	444	497
Election expense	3,664	2,540
Road maintenance		250
Riprap engineering	18,056	206
Insurance-health	30,534	2,989
Insurance-liability	10,991	8,262
LAFCO budget allocation	6,967	6,967
Legal fees	2,742	2,479
Legal fees-litigation	22,841	25,980
Licenses and permits	1,184	2,154
Miscellaneous	12,262	13,865
Memberships	106	100
Depreciation		153
Interest	73,150	79,800
Office expenses	13,409	13,605
Operations management		1,421
Professional fees	579,074	600,097
Pico project	17,985	57,830
Emergency stand by	4,907	
Repairs	12,607	21,962
Website	13,220	20,818
	<u>3,840</u>	<u>3,570</u>
Total operating expenses	<u>856,887</u>	<u>893,890</u>
Net operating gain (loss)	<u>(23,037)</u>	<u>(104,863)</u>
Non-Operating Revenues (Expenses):		
Property taxes		
Interest income	77,109	73,307
	<u>2,266</u>	<u>1,687</u>
Total non-operating revenues (expenses)	<u>79,375</u>	<u>74,994</u>
Capital and Financing Revenues		
Grant income	419,448	
Total capital and financing revenues (expenses)	<u>419,448</u>	
Changes in net position	<u>475,786</u>	<u>(29,869)</u>
Net position - beginning of fiscal year		
Prior period adjustment	2,295,860	2,325,729
Net position - beginning of fiscal year-restated	21,319	
	<u>2,317,179</u>	<u>2,325,729</u>
Net position - end of fiscal year	<u>\$ 2,792,965</u>	<u>\$ 2,295,860</u>

See accompanying notes to basic financial statements.

SAN SIMEON COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND

For the Fiscal Year Ended June 30, 2016

With Comparative Totals for the Fiscal Year Ended June 30, 2015

	2016	2015
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 820,528	\$ 803,795
Payments to suppliers	(594,990)	(807,895)
Payments to employees	(17,235)	(13,762)
Net cash provided (used) by operating activities	<u>208,303</u>	<u>(17,862)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(900,189)	(67,312)
Grants	419,448	
Repayment of loan	(7,281)	(7,085)
Net cash provided (used) by capital and related financing activities	<u>(488,022)</u>	<u>(74,397)</u>
Cash Flows from Noncapital Financing Activities:		
Property taxes	77,109	74,721
Tax administration fee		(1,414)
Net cash provided (used) by noncapital and related financing activities	<u>77,109</u>	<u>73,307</u>
Cash Flows from Investing Activities:		
Investment income	2,266	1,687
Net cash provided (used) by investing activities	<u>2,266</u>	<u>1,687</u>
Net increase (decrease) in cash and cash equivalents	(200,344)	(17,265)
Cash and cash equivalents, beginning of fiscal year	860,941	878,206
Cash and cash equivalents, end of fiscal year	<u>\$ 660,597</u>	<u>\$ 860,941</u>
Reconciliation to Statement of Net Position		
Petty cash	\$ 150	\$ 150
Cash and investments	660,412	860,691
Restricted cash and investments	35	100
	<u>\$ 660,597</u>	<u>\$ 860,941</u>
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating loss	\$ (23,037)	\$ (104,863)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	73,150	79,800
Change in Operating Assets and Liabilities:		
(Increase) decrease in accounts receivable	(13,322)	15,467
(Increase) decrease in prepaid expenses	109	6,967
Increase (decrease) in accounts payable	171,403	(17,013)
Increase (decrease) in customer deposits		1,780
Net cash provided (used) by operating activities	<u>\$ 208,303</u>	<u>\$ (17,862)</u>

See accompanying notes to basic financial statements.

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 – 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.

The District is a Community Services District as defined under State Code Section: 61000. A Community Services District is a public agency (State Code Section: 12463.1) which is a State instrumentality (State Code Section: 23706). State instrumentalities are exempt from federal and state income taxes.

There are no component units included in this report which meet the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and No. 61.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Accounting Policies - The accounting policies of the District conform with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).
- B. Basis of Accounting - The District is organized as an Enterprise Fund and follows the accrual method of accounting, whereby revenues are recorded as earned, and expenses are recorded when incurred.
- C. 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.
- D. Cash and Cash Equivalents - Cash and cash equivalents consist 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 fair 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.
- E. Property, Plant and Equipment - Capital assets purchased by the District are recorded at cost. Contributed or donated capital assets are recorded at fair value when acquired.
- F. Depreciation - Capital assets purchased by the District are depreciated over their estimated useful lives (ranging from 5-50 years) under the straight-line method of depreciation.
- G. Receivables - The District did not experience any significant bad debt losses; accordingly, no provision has been made for doubtful accounts, and accounts receivable is shown at full value.
- H. Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.
- I. Customer Deposits - Customer deposits are recorded as a liability of the District. The District requires an advance deposit of \$50 for new customers.
- J. Net Position - GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

SAN SIMEON COMMUNITY SERVICES DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- J. Net Position (Continued) - Net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the net position that has external constraints placed on them by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.
- K. Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.
- L. Comparative Data/Total Only - Comparative total data for the prior fiscal year has been presented in certain accompanying financial statements in order to provide an understanding of the changes in the District's financial position, operations, and cash flows. Also, certain prior fiscal amounts have been reclassified to conform to the current fiscal year financial statements presentation.
- M. Future Accounting Pronouncements
- GASB Statements listed below will be implemented in future financial statements:
- | | | |
|------------------|---|--|
| Statement No. 74 | "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" | The provisions of this statement are effective for fiscal years beginning after June 15, 2016. |
| Statement No. 75 | "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" | The provisions of this statement are effective for fiscal years beginning after June 15, 2017. |
| Statement No. 77 | "Tax Abatement Disclosures" | The provisions of this statement are effective for fiscal years beginning after December 15, 2015. |
| Statement No. 78 | "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans" | The provisions of this statement are effective for fiscal years beginning after December 15, 2015. |
| Statement No. 79 | "Certain External Investment Pools and Pool Participants" | The provisions of this statement are effective for fiscal years beginning after July 15, 2016. |
| Statement No. 80 | "Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14" | The provisions of this statement are effective for fiscal years beginning after June 15, 2016. |
| Statement No. 81 | "Irrevocable Split-Interest Agreements" | The provisions of this statement are effective for fiscal years beginning after December 15, 2016. |
| Statement No. 82 | "Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73" | The provisions of this statement are effective for fiscal years beginning after June 15, 2017. |

SAN SIMEON COMMUNITY SERVICES DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 3 - CASH AND INVESTMENTS

Investments are carried at fair value. On June 30, 2016, the District had the following cash and temporary investments on hand:

Deposits:

Cash on hand	\$ 150
Cash in banks	659,037
	<u>659,187</u>

Pooled Investment Funds:

Cash and investments in San Luis Obispo County Treasurer County Treasurer	889
State of California Local Agency Investment Fund (LAIF)	521
	<u>1,410</u>

Total Cash and Investments

\$ 660,597

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in the San Luis Obispo County Investment Pool and the Local Agency Investment Fund (LAIF), however, these external pools are not measured under Level 1, 2, or 3.

Restricted cash

Restricted cash consists of funds that are set aside for well refurbishment as well as appurtenant equipment and structure.

Investments Authorized by the District's Investment Policy

The table on the following page identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	N/A	None	None
Banker's Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase and Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	20%	None
Mutual Funds	N/A	20%	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
State Registered Warrants, Notes or Bonds	N/A	None	None
Notes and Bonds for other Local California Agencies	5 years	None	None

SAN SIMEON COMMUNITY SERVICES DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 3 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
San Luis Obispo County Treasury	\$ 889	\$ 889	\$ -	\$ -	\$ -
LAIF	521	521	-	-	-
Total	\$ 1,410	\$ 1,410	\$ -	\$ -	\$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below, is the minimum rating required by (where applicable) the California Government Code and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Aa	Not Rated
San Luis Obispo County Treasury	\$ 889	N/A	\$ -	\$ -	\$ -	\$ 889
LAIF	521	N/A	-	-	-	521
Total	\$ 1,410		\$ -	\$ -	\$ -	\$ 1,410

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District's investments.

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 and the District's investment policy do 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 unit). The fair 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

SAN SIMEON COMMUNITY SERVICES DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 3 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code 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 basic financial statements at the amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to 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 4 - SCHEDULE OF CAPITAL ASSETS

A schedule of changes in capital assets and depreciation for the fiscal years ended June 30, 2016, and June 30, 2015, are shown below:

	Balance July 1, 2015	Additions	Deletions	Prior Period Adjustments	Balance June 30, 2016
Non-depreciable capital assets:					
Construction in progress	\$ 31,254	\$ 891,198	\$ -	\$ -	\$ 922,452
Total non-depreciable capital assets	\$ 31,254	\$ 891,198	\$ -	\$ -	\$ 922,452
Depreciable capital assets:					
Sewer plant	\$ 2,056,619	\$ 8,991	\$ -	\$ 21,319	\$ 2,086,929
Water plant	1,140,431				1,140,431
Building	395,874				395,874
Equipment	316,748				316,748
	3,909,672	8,991		21,319	3,939,982
Accumulated depreciation	2,036,639	73,150			2,109,789
Total depreciable capital assets	\$ 1,873,033	\$ (64,159)	\$ -	\$ 21,319	\$ 1,830,193
Net capital assets	\$ 1,904,287	\$ 827,039	\$ -	\$ 21,319	\$ 2,752,645

SAN SIMEON COMMUNITY SERVICES DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 4 - SCHEDULE OF CAPITAL ASSETS (Continued)

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Non-depreciable capital assets:				
Construction in progress	\$ 11,511	\$ 19,743	\$ -	\$ 31,254
Total non-depreciable capital assets	<u>\$ 11,511</u>	<u>\$ 19,743</u>	<u>\$ -</u>	<u>\$ 31,254</u>
Depreciable capital assets:				
Sewer plant	\$ 2,030,781	\$ 25,838	\$ -	\$ 2,056,619
Water plant	1,118,700	21,731		1,140,431
Building	395,874			395,874
Equipment	316,748			316,748
	<u>3,862,103</u>	<u>47,569</u>	<u>-</u>	<u>3,909,672</u>
Accumulated depreciation	1,956,839	79,800		2,036,639
Total depreciable capital assets	<u>\$ 1,905,264</u>	<u>\$ (32,231)</u>	<u>\$ -</u>	<u>\$ 1,873,033</u>
Net capital assets	<u>\$ 1,916,775</u>	<u>\$ (12,488)</u>	<u>\$ -</u>	<u>\$ 1,904,287</u>

Depreciation expense for the fiscal years ended June 30, 2016 and 2015 was \$73,150 and \$79,800, respectively. Additions to construction in progress for the year ended June 30, 2016 consisted of expenses related to the RO unit.

NOTE 5 - CUSTOMER DEPOSITS

The liability for customer deposits consists of the following as of June 30, 2016 and 2015:

	2016	2015
Hook-Up deposits	\$ 45,750	\$ 45,750
Customer meter deposits	9,858	9,858
	<u>\$ 55,608</u>	<u>\$ 55,608</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 6 - LOAN PAYABLE

On July 11, 2011, the District applied for a \$500,000 loan from the United States Department of Agriculture. The loan was approved, and the District began to draw on the loan during the 13/14 fiscal year. The District is required to make semi-yearly payments of \$10,345. Future minimum payments are as follows on the next page:

SAN SIMEON COMMUNITY SERVICES DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 6 – LOAN PAYABLE (Continued)

Fiscal year Ended June 30,	Principal	Interest	Total
2017	\$ 7,483	\$ 13,207	\$ 20,690
2018	7,690	13,000	20,690
2019	7,902	12,788	20,690
2020	8,121	12,569	20,690
2021	8,347	12,343	20,690
2022-2026	45,329	58,121	103,450
2027-2031	51,963	51,487	103,450
2032-2036	59,564	43,886	103,450
2037-2041	68,281	35,169	103,450
2042-2046	78,273	25,177	103,450
2047-2051	89,726	13,724	103,450
2052-2053	43,974	9,314	53,288
Total	\$ 476,653	\$ 300,785	\$ 777,438

NOTE 7 – LONG TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the fiscal year ended June 30, 2016, is shown below:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due within one year
Loan payable	\$ 483,934	\$ -	\$ 7,281	\$ 476,653	\$ 7,483
Totals	\$ 483,934	\$ -	\$ 7,281	\$ 476,653	\$ 7,483

NOTE 8 – 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, 2015 through June 30, 2016.

General and Auto Liability, Public Officials' and Employees' Errors, and Employment Practices Liability and Employee Benefits Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201112. This covers \$2,500,000 per occurrence, subject to policy deductibles.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 201112. This policy includes a \$400,000 Public Employee Dishonesty Blanket Coverage.

Property Loss: Special District Risk Management Authority, coverage number PPC SDRMA 201112. 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 201112. This covers \$100,000,000 per occurrence, subject to policy deductibles.

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 – JOINT POWERS AUTHORITY (Continued)

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

Personal Liability Coverage for Board Members: This policy covers \$500,000 per occurrence, coverage number LCA SDRMA 201112, annual segregate per each selected/appointed official, subject to policy deductibles.

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 9 – RELATED PARTY TRANSACTION

The District has an agreement with Grace Environmental Services to oversee the daily operations of the District. San Simeon Community Services District paid \$579,074 for their services during the 15/16 fiscal year.

NOTE 10 – CONTINGENCIES

According to the District's staff and attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$21,319 was made to add a generator which should have been an addition to capital assets in the 14/15 fiscal year.

DRAFT

SUPPLEMENTARY INFORMATION
DRAFT

SAN SIMEON COMMUNITY SERVICES DISTRICT
SCHEDULE OF REVENUES AND EXPENSES BY FUNCTION
For the Fiscal Year Ended June 30, 2016

	Sanitation Fund	Water Fund	General	Total
Operating Revenues:				
Utility sales	\$ 395,248	\$ 328,018	\$ 3,076	\$ 726,342
Service charges		3,004	73,397	76,401
State of CA-Dept of Parks and Recreation	31,107			31,107
Total operating revenues	426,355	331,022	76,473	833,850
Operating Expenses:				
Accounting	2,838	2,838	2,859	8,535
Bank fees		10	159	169
Bookkeeping	4,800	4,800	4,800	14,400
Directors' fees	1,944	2,232	1,624	5,800
Payroll expenses	148	148	148	444
Dues and subscriptions	650	381	2,633	3,664
Road maintenance			18,056	18,056
Riprap engineering	30,534			30,534
Insurance-Health			10,991	10,991
Insurance-Liability	697	3,832	2,438	6,967
LAFCO budget allocation	686	686	1,370	2,742
Legal fees	7,614	7,614	7,613	22,841
Legal fees-litigation	67	67	1,050	1,184
Licenses and permits	9,959	2,303		12,262
Miscellaenous			106	106
Depreciation	35,112	22,676	15,362	73,150
Interest expense			13,409	13,409
Operations management	364,457	185,663	28,954	579,074
Professional fees	11,682	4,303	2,000	17,985
Pico project			4,907	4,907
Emergency water stand-by		12,607		12,607
Repairs	13,220			13,220
Website			3,840	3,840
Total operating expenses	484,408	250,160	122,319	856,887
Net operating gain (loss)	(58,053)	80,862	(45,846)	(23,037)
Non-Operating Revenues (Expenses):				
Property taxes			77,109	77,109
Interest income			2,266	2,266
Total non-operating revenues (expenses)			79,375	79,375
Capital and Financing Revenues				
Grant income			419,448	419,448
Total capital and financing revenues			419,448	419,448
Change in net position	\$ (58,053)	\$ 80,862	\$ 452,977	\$ 475,786

SAN SIMEON COMMUNITY SERVICES DISTRICT
SCHEDULE OF REVENUES AND EXPENSES BY FUNCTION
For the Fiscal Year Ended June 30, 2015

	Sanitation Fund	Water Fund	General	Total
Operating Revenues:				
Utility sales	\$ 370,212	\$ 311,700	\$ 4,074	\$ 685,986
Service charges	8,943	13,016	57,587	79,546
State of CA-Dept of Parks and Recreation	23,495			23,495
Total operating revenues	402,650	324,716	61,661	789,027
Operating Expenses:				
Accounting	2,758	2,739	2,928	8,425
Bank fees			20	20
Bookkeeping	5,000	4,820	4,580	14,400
Directors' fees	2,260	2,710	530	5,500
Payroll expenses	155	155	187	497
Dues and subscriptions	503	201	1,836	2,540
Election expense			250	250
Road maintenance			206	206
Riprap engineering	2,989			2,989
Insurance-Health			8,262	8,262
Insurance-Liability	4,180	2,090	697	6,967
LAFCO budget allocation	620	620	1,239	2,479
Legal fees	8,660	8,660	8,660	25,980
Legal fees-litigation	324	324	1,506	2,154
Licenses and permits	9,496	4,287	82	13,865
Miscellaneous	50	50		100
Memberships			153	153
Depreciation	38,304	24,738	16,758	79,800
Interest expense			13,605	13,605
Office expenses			1,421	1,421
Operations management	370,435	198,627	31,035	600,097
Professional fees	18,435	36,760	2,635	57,830
Emergency water stand-by		21,962		21,962
Repairs	20,612	206		20,818
Website			3,570	3,570
Total operating expenses	484,781	308,949	100,160	893,890
Net operating gain (loss)	(82,131)	15,767	(38,499)	(104,863)
Non-Operating Revenues (Expenses):				
Property taxes			74,721	74,721
Interest income			1,687	1,687
Tax administration fee			(1,414)	(1,414)
Total non-operating revenues (expenses)			74,994	74,994
Change in net position	\$ (82,131)	\$ 15,767	\$ 36,495	\$ (29,869)