

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

DATE: Wednesday, Jan 14, 1998
TIME: 7:00P.M.

PLACE: CAVALIER
BANQUET ROOM

Agenda



CALL TO ORDER

- 1.1 PLEDGE OF ALLEGIANCE TO THE FLAG
- 1.2 ROLL CALL
- 1.3 ANNOUCEMENT OF CLOSED SESSION ACTION



PUBLIC COMMENTS: Note: Any topic NOT on the agenda may be presented. Please observe a 3-minute limit.



**CONSIDERATION AND APPROVAL OF MINUTES
OF DECEMBER 10, 1997. (ACTION)**



**CONSIDERATION AND APPROVAL OF
WARRANTS. (ACTION)**



**CONSIDERATION OF MERIT INCREASE FOR FORREST
WARREN, GENERAL MANAGER AND KIM ALLISON,
OFFICE ADMINISTRATOR**



**ADOPTION OF ANNUAL INVESTMENT POLICY
RESOLUTION NO. 98.242**



**CONSIDERATION OF RELAXING WATER RESTRICTIONS
ORDINANCE NO. 92**



**DESIGN CONSIDERATION FOR THE WATER LOOP LINE
BETWEEN AVONNE AVE. TO CASTILLO DR.**



**CONSIDERATION OF ADDITIONAL FIELD WORK AND
SURVEY FOR THE HEARST DR. AND PIPEBRIDGE
PROJECTS.**

~~10.~~ WATER COMMITTEE REPORT

~~11.~~ PRESENTATION OF ANNUAL INDEPENDENT AUDITOR'S
REPORT AND FINANCIAL STATEMENTS BY ROBERT
CROSBY.

~~12.~~ STAFF REPORT

~~*~~ SAFETY COMMITTEE REPORT

~~*~~ WRITTEN COMMUNICATIONS
ORAL COMMUNICATIONS

Consideration of Miscellaneous verbal Staff reports and
Directors' comments.

~~13.~~ ADJOURNMENT

9:20 P~

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

**DATE: WEDNESDAY, JAN. 14, 1997
TIME: 6:00 P.M.**

**DISTRICT OFFICE
111 PICO AVE.**

- 1. PUBLIC COMMENTS: ON ITEMS ON THE SPECIAL AGENDA**

- 2. PERSONNEL CLOSED SESSION PURSUANT TO GOV. CODE SECTION 54957. PERFORMANCE REVIEW FOR GENERAL MANAGER FORREST WARREN AND OFFICE ADMINISTRATOR KIM ALLISON.**

- 3. ADJOURNMENT**

AGENDA

AD HOC WATER COMMITTEE

SAN SIMEON COMMUNITY SERVICES DISTRICT

FRIDAY JAN. 16, 10:30 A.M.

CONFERENCE ROOM

CAVALIER RESORT

HEARST DR.

BRAIN STORMING SESSION ON WATER SOURCES

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

DATE: Wednesday, DEC. 10, 1997
TIME: 7:00 P.M.

PLACE: CAVALIER
BANQUET ROOM

MINUTES

1. **MEETING CALLED TO ORDER AT 7:05 P.M BY
CHAIRMAN ANDRESEN.**
CHAIRMAN ANDRESEN LEAD THE PLEDGE OF ALLEGIANCE TO
THE FLAG.
ROLL CALL
Present:
Director Morgan,
Vice Chair May,
Director Mirabal-Boubion,
Director Stevens,
Chairman Andresen
Absent: None

2. **PUBLIC COMMENTS: NONE**

3. **ANNUAL ELECTION OF OFFICERS.**

**Nomination of Richard Andresen for Chair and Ardy May Vice Chair.
by Director Stevens**

Roll call vote

Ayes:

Directors: Stevens, Morgan, Mirabal-Boubion, May, Andresen

Noes: None

Nomination carried.

4. **Motion by Stevens seconded by May to approve the minutes of
the regular meeting of Nov. 12, 1997.**

Motion carried, 5 ayes, none noes.

5. **Motion by May seconded by Stevens to approve warrants as presented for Nov. 6, to Dec. 3, 1997.**

Motion carried.

6. **PRESENTATION BY ROBERT P. CROSBY, CPA . RE: SAN SIMEON COMMUNITY SERVICES DISTRICT 1996-97 AUDITED STATEMENT**

Mr. Robert Crosby started the presentation but realized that he had not brought the independent Auditors' Report and Financial Statements and decided that it would be better for him to come back in January.

Mr. Crosby did indicate that he was pleased with the final numbers related to the audit as they were only off a few dollars.

Mr. Crosby also indicated that the audit took longer because of the following reasons. The Peachtree accounting system failed during the audit process. Beginning entries from last year were not properly entered. The transition of personnel was a factor. (Lack of continuity.)

Mr. Crosby stated that his philosophy was to help the staff through the transition as new employees and with the new Q-Books Pro accounting system. Mr. Crosby indicated that he would be available for consultations throughout the year at no extra cost.

7. **Motion by: Mirabal-Boubion seconded by Morgan to approve RESOLUTION NO. 97-241 A resolution authorizing a water recycling facilities planning grant application.**

Roll call vote:

Ayes:

Director May

Director Morgan

Director Mirabal- Boubion

Director Stevens

Chairman Andresen

Noes: None

Motion followed District Engineer John Wallace's presentation and discussion.

8. **Motion by Stevens seconded by Morgan to direct staff to go ahead with the design phase of the pipebridge with the water, sewer and effluent lines immediately. (No Pedestrian Bridge)**

Motion carried.

Motion followed District Engineer John Wallace's explanation and discussion.

9. **CONSIDERATION OF EFFLUENT LINE TO HIGHWAY 1**

Motion by Mirabal-Boubion seconded by May to direct staff to work with Cal Trans to come up with a design, contract and agreement for the purchase of our effluent water for Highway 1.

Motion carried.

Motion followed District Engineer John Wallace's explanation and discussion.

10. **Motion by Stevens seconded by Morgan to direct staff to move ahead on the design and estimates for the Hearst Dr. water line replacement.**

Motion carried.

Motion followed District Engineer John Wallace's explanation and discussion.

11. **STAFF REPORT**

Superintendent report (Ron Head) indicated that the chlorides in the water have dropped back down to 340 as of Dec. 10, 1997 from 900 on Nov. 29, 1997.

General Manager Forrest Warren read the investment report dated November 24, 1997 to the Board. Indicating that the District has \$58,801.79 in their bank accounts and \$1,645,026.50 in the Local Agency Investment fund for a total of \$1,703, 828.29 in all accounts. The District has \$688,485.21 in restricted funds and \$965,541.29 in available funds. The restricted funds are divided into two areas, \$250,000.00 contingency funds and \$438,485.21 reserved for specific projects.

General Manager Forrest Warren responded to a letter from Dee Dee Ricci. Enclosed is that letter to Mrs. Ricci. Most of which was read aloud.

12. **WRITTEN COMMUNICATIONS.**
Dee Dee Ricci requested a public response to her letter.
See General Manager's report for letter.
13. **ADJOURNMENT**

December 10, 1997

Dear Dee Dee,

In regards to your questions I will answer them one at a time.

Question #1.

Your interpretation is not correct. According to Mr. Fleishman, the District's counsel, any time spent on District work by a Board member is considered Board service during the course of a month and the \$75 is then due regardless of attendance at meetings.

Question #2.

Regarding check # 1100 through #1146 they were simply used out of order. By the way, the auditor has already gone over the check numbers and verified them. I answered this question publicly for the second time at the last Board meeting.

Question #3.

Directors fees are not based on a specific meeting date. Payments are for monthly service.

Question #4.

Regarding Lois' statement at the Oct. 8 meeting of receiving her check. It was for Sept. Board service not October's. This was stated on the Oct. warrant list which you referred to as one of your exhibits. Payment was made the month after Board service.

Meeting attendance is not the criteria for payment.

Your statement of how the prior Board handled checks is not accurate. **Two weeks *after* the regular board meeting another batch of checks was written, signed and sent out.** These checks were then approved at the next board meeting in the form of one of the two lists of warrants presented to the Board.

Enclosed is exhibit B, which is a copy of the red book instructions on writing checks.

The ratification of the warrant list has always been a formality taken by the Boards (prior or present) at its regular Board meeting even if some of the checks were already reviewed by two Directors and distributed.

Late fees and deadlines by various agencies make it impossible to do otherwise.

With this information I do not know if you still desire to have these items placed on the agenda.

Since the premise of your letter was based on a misinterpretation and at the last board meeting I addressed publicly the item of the out of sequence check numbers. It was not felt that these items warranted a separate agenda item as they can be brought up under public comments or written communications if you so desire.

Forrest G. Warren
General Manager/Sec.

San Simeon Community Services District
Warrant Report
 December 4, 1997 through January 7, 1998

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Warrant #</u>	<u>Memo</u>	<u>Amt.</u>
12/09/97	1384	MID-STATE BANK	9712-019	PAYROLL TAXES	3542.26
12/09/97	1385	INTERNAL REVENUE SERV.	9712-020	PAYROLL TAXES	390.87
12/09/97	1386	RICKI BAIRD	9712-021	QUICKBOOKS CONSULT. FEE	225.00
12/09/97	1387	PG&E	9712-022	STREET LIGHTS	725.12
12/09/97	1388	GTE MOBILNET	9712-023	CELL PHONE	23.04
12/09/97	1389	AT & T	9712-024	LONG DISTANCE	21.32
12/09/97	1390	PACIFIC BELL	9712-025	TELEPHONE	147.16
12/09/97	1391	A BETTER BEEP	9712-026	PAGER	12.10
12/09/97	1392	C.C.S.D.	9712-027	COLIFORM TUBE & P/A	175.00
12/09/97	1393	FGL ENVIRONMENTAL	9712-028	INORGANIC ANALYSIS	96.00
12/16/97	1394	FORREST WARREN	9712-029	PAYROLL 12/1/97-12/15/97	948.63
12/16/97	1395	KIMBERLY ALLISON	9712-030	PAYROLL 12/1/97-12/15/97	518.98
12/16/97	1396	RONALD B. HEAD	9712-031	PAYROLL 12/1/97-12/15/97	1685.62
12/16/97	1397	LEROY PRICE	9712-032	PAYROLL 12/1/97-12/15/97	1126.86
12/18/97	1398	RICHARD ANDRESEN	9712-033	BOARD SERVICE FOR DECEMBER	75.00
12/18/97	1399	LEANNE MORGAN	9712-034	BOARD SERVICE FOR DECEMBER	75.00
12/18/97	1400	ARDY MAY	9712-035	BOARD SERVICE FOR DECEMBER	75.00
12/18/97	1401	LOIS STEVENS	9712-036	BOARD SERVICE FOR DECEMBER	75.00
12/18/97	1402	LORAIN MIRABAL-BO..	9712-037	BOARD SERVICE FOR DECEMBER	75.00
12/18/97	1403	PETTY CASH	9712-038	PETTY CASH	57.56
12/18/97	1404	MISSION UNIFORM SERV.	9712-039	TOWELS & COVERALLS	53.92
12/18/97	1405	FARM SUPPLY COMPANY	9712-040	CAMLOCK/SUCTION HOSE	122.33
12/18/97	1406	MID-STATE BANK	9712-041	GAS & OIL/OFFICE SUPPLIES	624.27
12/18/97	1407	BURKART & SALZGEBER	9712-042	AUDIT	4600.00
12/18/97	1408	PG&E	9712-043	ELECTRICITY	2742.95
12/22/97	1409	RICKI BAIRD	9712-044	QUICKBOOKS CONSULT. FEE	225.00
12/31/97	1410	RONALD B. HEAD	9712-045	PAYROLL 12/15/97-12/31/97	1942.28
12/31/97	1411	LEROY PRICE	9712-046	PAYROLL 12/15/97-12/31/97	1284.40
12/31/97	1412	KIMBERLY ALLISON	9712-047	PAYROLL 12/15/97-12/31/97	509.88
12/31/97	1413	FORREST WARREN	9712-048	PAYROLL 12/15/97-12/31/97	1060.39
12/31/97	1414	CALIFORNIA SPECIAL DIST.	9712-049	MEMBERSHIP DUES	360.00
12/31/97	1415	SAN LUIS OBISPO CO.	9712-050	HAZ. MATS. & SERV. CONNECT	608.50
12/31/97	1416	CALIFORNIA RURAL W..	9712-051	MEMBERSHIP DUES	195.00
12/31/97	1417	JOHN WALLACE & ASSOC.	9712-052	DISTRICT ENGINEER	1313.10
12/31/97	1418	SAN LUIS SECURITY	9712-053	ALARM FOR JAN. - MARCH	81.00
12/31/97	1419	VIC'S BACKHOE SERV.	9712-054	CLEAN GUTTERS	510.00
12/31/97	1420	CAMBRIA AUTO PARTS	9712-055	EQUIPMENT BELT & GEAR OIL	25.94
12/31/97	1421	U.S.A. BLUE BOOK	9712-056	PUMP, HOSE, HYDRANT WRENCH	326.96
12/31/97	1422	PACIFIC BELL	9712-057	TELEPHONE	69.21
12/31/97	1423	PRESSURE VESSEL SERV.	9712-058	SOD. HYPOCHLORITE & BISULFITE	1529.94
12/31/97	1424	FGL ENVIRONMENTAL	9712-059	INORGANIC ANALYSIS	144.00
12/31/97	1425	A BETTER BEEP	9712-060	PAGER	11.50
12/31/97	1426	MID-STATE BANK	9712-061	GAS & OIL/OFFICE SUPPLIES	244.88
12/31/97	1427	FGL ENVIRONMENTAL	9712-062	INORGANIC ANALYSIS	32.00
12/31/97	1428	PG&E	9712-063	STREET LIGHTS	725.12
01/05/98	1429	MISSION COUNTRY DISP.	9801-001	RUBBISH	91.80
01/05/98	1430	RICKI BAIRD	9801-002	QUICKBOOKS CONSULT. FEE	225.00
01/05/98	1431	PERS	9801-003	HEALTH INS. FOR JANUARY	1046.23
01/07/98	TOTAL				30776.12

San Simeon Community Services



100 Avenue, San Simeon California 93452
(805) 927-4778 Fax (805) 927-0399

Richard Andresen, May, Loraine Mirabal-Boubion, Lois Stevens,
Board of Directors

**SIMEON COMMUNITY SERVICES
INVESTMENT REPORT
As of DECEMBER 24, 1997**

BANK ACCOUNT
General Checki
Money Market A
(Annual Interest 2.43%)
Subtotal Bank A

\$27,844.31
52,206.10

LOCAL AGENCY INVESTMENT FUND
Unavailable Funds
Available Funds
Subtotal Local Agency Investment Fund

688,485.21
965,541.29

TOTAL ACCOUNTS

*Contingency \$250,000.00
Reserved for Specific Projects 438,485.21

Forrest G. Warren
General Manager

The District has the ability to meet 6 months cash flow requirements.
Market valuation is stated as of the 12/24/97 statement.
Investments are in compliance with investment policies.

Forrest G. Warren, General Manager
Dave Fleishman, District Counselor

John Head, Plant Superintendent

Kim Allison, Office Administrator
John L. Wallace, District Engineer

San Simeon Community Services District



111 Pico Avenue, San Simeon California 93452
(805) 927-4778 Fax (805) 927-0399

Board of Directors

Richard Andresen, Ardy May, Loraine Mirabal-Boubion, Lois Stevens, Leanne Morgan

**SAN SIMEON COMMUNITY SERVICES DISTRICT
INVESTMENT REPORT
As of DECEMBER 24, 1997**

BANK ACCOUNTS

General Checking	\$27,844.31	
Money Market Account (Annual Interest Rate 2.43%)	<u>52,206.10</u>	
Subtotal Bank Accounts		80,050.41

LOCAL AGENCY INVESTMENT FUND

Unavailable Funds*	688,485.21	
Available Funds	<u>965,541.29</u>	
Subtotal Local Agency Investment Fund		1,645,026.50

TOTAL ACCOUNTS

1,725,076.91

*Contingency	\$250,000.00
Reserved for Specific Projects	438,485.21

A handwritten signature in black ink, appearing to read "Forrest G. Warren".

Forrest G. Warren
General Manager/Secretary

The District has the ability to meet the next 6 months cash flow requirements.

Market valuation is stated as of the most recent statement.

Investments are in compliance with the adopted policies.

Forrest G. Warren, General Manager/ Sec.

Dave Fleishman, District Counsel

Kim Allison, Office Administrator

John L. Wallace, District Engineer

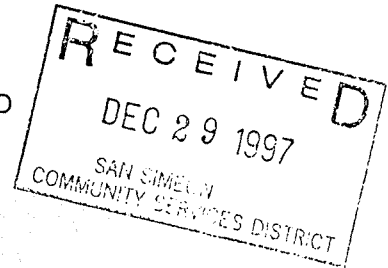
Ron Head, Plant Superintendent

OFFICE OF THE TREASURER
SACRAMENTO



LOCAL AGENCY INVESTMENT FUND
P.O. BOX 942809
SACRAMENTO, CA 94209-0001
NOVEMBER, 1997 STATEMENT

Date: 11/30/97
Page: 01



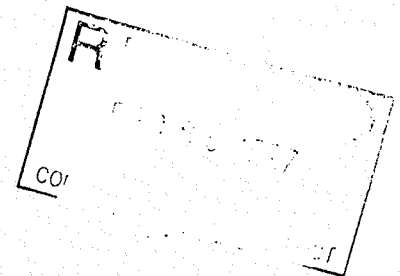
ACCOUNT NUMBER: 16-40-003

COMMUNITY SERVICES DISTRICT
OF SAN SIMEON
ATTN: CHAIRMAN
111 PICO AVENUE
SAN SIMEON, CA 93452

EFFECTIVE DATE	TRANSACTION DATE	TRAN TYPE	CONF NO	AUTH CALLER	TRANSACTION AMOUNT	BALANCE
BEGINNING BALANCE - REG						\$1,595,026.50
11/18/97	11/17/97	RD	712	FGW	\$50,000.00	\$1,645,026.50
ENDING BALANCE - REG						\$1,645,026.50
GRAND TOTAL						\$1,645,026.50

SUMMARY

	TRAN COUNT	TOTAL DEPOSIT AMT	TOTAL WITHDRAWAL AMT
REG	1	\$50,000.00	\$0.00

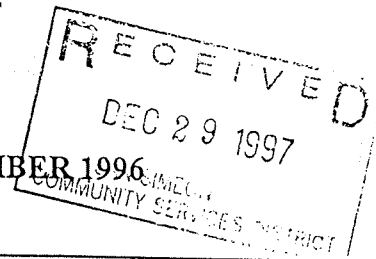


POOLED MONEY INVESTMENT ACCOUNT

SUMMARY OF INVESTMENT DATA

A COMPARISON OF NOVEMBER 1997 WITH NOVEMBER 1996

(Dollars in Thousands)



	NOVEMBER 1997	NOVEMBER 1996	CHANGE
Average Daily Portfolio	\$27,325,013	\$27,088,172	+ \$236,841
Accrued Earnings	\$128,344	\$124,662	+ \$3,682
Effective Yield	5.715	5.599	+ .116
Average Life--Month End (in days)	210	231	- 21
Total Security Transactions			
Amount	\$15,217,885	\$18,487,457	-\$3,269,572
Number	346	426	-80
Total Time Deposit Transactions			
Amount	\$518,200	\$149,500	+ \$368,700
Number	28	22	+6
Average Workday Investment Activity	\$925,652	\$1,035,387	-\$109,735
Prescribed Demand Account Balances			
For Services	\$145,818	\$123,758	+ \$22,060
For Uncollected Funds	\$151,586	\$150,866	+ \$720

LOCAL AGENCY INVESTMENT FUND*
SUMMARY OF ACTIVITY

NOVEMBER 1997

BEGINNING BALANCE	DEPOSITS	WITHDRAWALS	MONTH END BALANCE
\$10,398,375,816.65	\$750,744,840.00	\$1,045,080,141.94	\$10,104,040,514.71

*Local Agency Investment Fund Invested Through Pooled Money Investment Account

State of California
Pooled Money Investment Account
Market Valuation
11/30/97

Description	Carrying Cost Plus Accrued Interest Purch.	Estimated Market Value	Accrued Interest
United States Treasury:			
Bills	\$ 1,183,752,659.34	\$ 1,226,367,638.75	NA
Strips	\$ 73,184,450.00	\$ 92,672,200.00	NA
Notes	\$ 5,742,268,164.61	\$ 5,732,478,390.00	\$ 79,040,775.54
Federal Agency:			
Bonds	\$ 1,081,742,496.49	\$ 1,080,788,743.50	\$ 17,295,282.38
Floater	\$ 289,995,687.30	\$ 289,985,750.00	\$ 2,121,249.60
MBS	\$ 146,567,317.56	\$ 146,056,277.52	\$ 865,407.19
GNMA	\$ 2,699,184.04	\$ 3,113,196.32	\$ 26,452.96
SBA	\$ 212,640,704.78	\$ 213,844,366.66	\$ 2,127,544.01
FHLMC PC	\$ 26,349,432.34	\$ 28,233,197.75	\$ 422,952.76
Discount Notes	\$ 644,998,895.36	\$ 651,610,558.58	NA
Bankers Acceptances	\$ 310,273,363.89	\$ 311,433,829.42	NA
Corporate:			
Bonds	\$ 1,050,835,376.89	\$ 1,049,013,366.39	\$ 17,149,475.65
Floater	\$ 442,022,770.67	\$ 442,332,935.00	\$ 3,525,867.88
CDs	\$ 6,244,933,208.34	\$ 6,243,134,528.57	\$ 20,404,299.98
Bank Notes	\$ 930,000,000.00	\$ 929,592,563.75	\$ 4,664,888.90
Repurchase Agreements	\$ -	\$ -	NA
Time Deposits	\$ 1,007,095,000.00	\$ 1,007,095,000.00	NA
AB 55 & GF Loans	\$ 2,505,812,133.00	\$ 2,505,812,133.00	NA
Commercial Paper	\$ 5,785,144,386.01	\$ 5,786,078,441.58	NA
Reverse Repurchase	\$ (395,712,250.00)	\$ (395,712,250.00)	(\$465,328.50)
TOTAL	\$ 27,284,602,980.62	\$ 27,343,930,866.79	\$ 147,178,868.35

Estimated Market Value Including Accrued Interest \$ 27,491,109,735.14

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).

Certificates of Deposit (CDs), Bank Notes (BNs), and Commercial Paper (CPs) less than 90 days are carried at portfolio book value (carrying cost). Interest accrued from the date of purchase on CDs and BNs under 90 days is not included.

1998 INVESTMENT POLICY

1. INTRODUCTION

The purpose of this written *Investment Policy* is to establish the guidelines for the prudent investment of San Simeon Community Services District funds (herein referred to as District's funds). The objectives of this policy are safety, liquidity, yield, and compliance with state and federal laws and policies.

District funds are to be managed with a high degree of care and prudence. Though all investments contain a degree of risk, the proper concern for prudence, maintenance of high level of ethical standards and proper delegation of authority reduces the potential for any realized loss.

This policy establishes the standards under which the District's Finance Officer will conduct business with financial institutions with regard to the investment process.

2. FINANCE OFFICER

The Board of Directors appoints the District Manager as the District Finance Officer and Treasurer.

3. SCOPE

This investment policy applies to all financial assets and unrestricted cash reserves of the District not required for the immediate necessities: money market checking account, money market investment accounts, LAIF pooled money investment account established and administered by the State, and brokerage investment accounts.

4. OBJECTIVES The primary objectives are safety, liquidity, yield and compliance.

A. SAFETY

The investment portfolio shall be managed in a manner that ensures the preservation of capital. The objective is to minimize credit risk and interest rate risk.

B. LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements. This shall be accomplished by structuring the investment portfolio so that investments mature concurrent with cash needs.

C. YIELD

Yield shall be a consideration only after the requirements of safety and liquidity have been met.

D. COMPLIANCE

This Investment Policy is written to be in compliance with California and Federal law.

5. STANDARDS OF CARE

A. PRUDENCE

The Finance Officer will manage the portfolio pursuant to the "Prudent Investor Standard." When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds in the District's investment portfolio, the Finance Officer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

B. DISCLOSURES

The Finance Officer shall disclose any material interest in financial institutions with which he/she conducts the District business.

6. INVESTMENTS AUTHORITY

A. PERMITTED INVESTMENTS

The District Finance Officer is authorized to invest in the following institutions:

1. County pooled funds;
2. The Local Agency Investment Fund created by the California State Treasury;
3. One or more FDIC insured Banks and/or Savings and Loan Associations that are designated as District depositories by resolution of the Board of Directors;
4. Such other financial institutions or securities that may be designated by the Board of Directors from time to time in compliance with California and Federal law.

B. PROHIBITED INVESTMENTS

The District's Finance Officer shall not invest in:

1. Inverse floaters, range notes or interest only strips that are derived from a pool of mortgages.
2. Any security that could result in a zero interest accrual if held to maturity.
3. A state or federal credit union, if a member of the District's Board of Directors or an administrative officer also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee or supervisory committee, of the state or federal credit union.

C. DIVERSIFICATION

Investments, other than investments referenced in paragraphs A (1) and (2) above, will be diversified to avoid losses that may be associated with any one investment.

7. REPORTS

A. QUARTERLY REPORT

Finance Officer shall file a quarterly report that identifies the District's investments and their compliance with the District's Investment Policy. The quarterly report must be filed with the District's auditor and considered by the District's Board of Directors within thirty (30) days after the end of each quarter (i.e., by May 1, August 1, November 1, and February 1) (California Government Code 53646). Required elements of the quarterly report are as follows:

1. Type of Investment
2. Institution
3. Date of Maturity (if applicable)
4. Amount of deposit or cost of the security
5. Current market value of securities with maturity in excess of twelve months (if applicable)
6. Rate of Interest

7. Statement relating the report to the Statement of Investment Policy
8. Statement that there are sufficient funds to meet the next 180 days obligations
9. Accrued Interest (if applicable)

B. ANNUAL REPORT

Prior to February 1, of each year, the Finance Officer shall file and submit an annual report the District's auditor and Board of Directors which will contain the same information required in the quarterly report.

The annual report will include a recommendation to the Board of Directors to either:

1. Readopt the District's then current annual Investment Policy; or
2. Amend the District's then current Investment Policy.

C. LIMITED QUARTERLY REPORT

If the District has placed all of its investments in the Local Agency Investment Fund (LAIF), created by California Government Code 16429.1, or in Federal Deposit Insurance Corporation, insured accounts in a bank or savings and loan association, in a County investment pool, or any combination of these, the Finance Officer may submit to the Board of Directors, and the auditor of the District the most recent statement or statements received by the District from these institutions in lieu of the information required in paragraph 7.A, above. This special reporting policy does not relieve the Finance Officer of the obligation to prepare an annual investment statement as identified in paragraph 7.B, above.

SAN SIMEON COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 92
AN ORDINANCE RELATING TO WATER CONSERVATION

BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE SAN SIMEON COMMUNITY SERVICES DISTRICT ("SSCSD") as follows:

SECTION 1: That Ordinance 91 is hereby repealed.

SECTION 2: There is hereby re-established the SSCSD Comprehensive Water Conservation Plan.

A. DECLARATION OF POLICY.

It is hereby declared that, because of the conditions prevailing within the SSCSD boundaries, the general welfare requires that the water resources available to SSCSD be put to the maximum beneficial use to the extent to which they are capable, and that the waste or unreasonable use, or unreasonable method of 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 interests of the people of the SSCSD and for the public welfare.

The current water situation within the SSCSD is as follows:

1. Present water supplies are limited;
2. The chloride constituent of the SSCSD water fluctuates to undesirable levels periodically;
3. Long-term water supply projects are in process but not readily available;
4. SSCSD needs to conserve its available supplies to provide water to its existing customers.

Based upon the water situation within the SSCSD, the Board finds that an emergency water situation exists necessitating the immediate re-implementation of comprehensive water conservation measures.

B. APPLICATION.

The provisions of this Ordinance shall apply to all persons, customers and property served by the SSCSD wherever situated. No customer of SSCSD, or any employee or invitee of any customer of the SSCSD, shall knowingly make, cause, use or permit the use of

SSCSD 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 "SSCSD water," as used herein, shall not include reclaimed wastewater.

C. MANDATORY COMPLIANCE - WATER EMERGENCY.

The following restrictions shall apply to all persons effective immediately:

(1) ~~The use of SSCSD water for the filling, refilling or adding of water to swimming pools, wading pools, ornamental fountains, or spas shall be limited to the amount necessary to keep pool or fountain equipment operative and to refill for evaporative losses; and may be prohibited in the event that the SSCSD General Manager determines that further water conservation is necessary.~~

(2) Use of water from fire hydrants shall be limited to fire fighting and/or other activities immediately necessary to maintain the health, safety and welfare of the SSCSD.

(3) ~~Restaurants are prohibited from serving SSCSD water to their customers except when specifically requested by the customers.~~

(4) ~~SSCSD water shall not be used to wash down sidewalks, driveways, parking areas, buildings or other structures, except to alleviate immediate fire or sanitation hazards.~~

(5) All sales of SSCSD water outside of the SSCSD limits shall be discontinued.

D. PENALTY.

Any violation of any provision of this Ordinance shall constitute an infraction on the first offense and a misdemeanor for each subsequent violation. The violation of each provision, and each separate violation thereof, shall be deemed a separate offense, and shall be punished accordingly; provided, however, compliance may be further sought through injunctive relief in the Superior Court.

E. SEVERABILITY.

If any provision, section, subsection, sentence, clause or phrase of this Ordinance, or the application of same to any person or set of circumstances if for any reason is held to be unconstitutional, void or invalid, the invalidity of the remaining portions of this Ordinance shall

not be affected thereby, it being the intent of the Board of Directors in adopting this Ordinance that no portion thereof, or provisions, or regulation contained herein, shall become inoperative, or fail by reason of any unconstitutionality of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

SECTION 3: This Ordinance shall take effect and be in force immediately after its passage.

SECTION 4: This Ordinance shall be posted for one (1) week in three (3) public places in the District.

This Ordinance was INTRODUCED, READ, PASSED and ADOPTED on this ____ day of _____, 19____, on the following roll call vote, to-wit:

AYES:

NOES:


ABSENT:

Chairman, Board of Directors

ATTEST:

District Secretary

APPROVED AS TO FORM:


General Counsel

SAN SIMEON COMMUNITY SERVICES DISTRICT

Route 1, Box S-17
San Simeon, California 93452
(805) 927-4778

MEMORANDUM

DATE: January 8, 1998

TO: Board of Directors

VIA: Forrest G. Warren, General Manager

FROM: John L. Wallace, District Engineer

SUBJECT: Hearst Drive and Pipe Bridge Water Line Replacement Projects - Update

DISCUSSION:

According to the San Luis Obispo County Standard Improvement Specifications under section 11-351.1713, DISTRIBUTION MAINS; the installation of 4-inch mains should be limited to cul-de-sacs. In commercial distribution systems, the grid shall be a minimum 8-inch with cross-connecting mains at intervals at approximately 1,300 feet, with intermediate 6-inch lines.

Using these standards, the District should specify that the existing 4-inch water lines in Hearst Drive and San Simeon Avenue and the 6-inch water line spanning the Arroyo de Padre Juan should all be planned to be replaced, at a minimum, by 8-inch diameter lines.

Record drawings from CalTrans are not available for the two storm drain pipe lines or for the surface improvements on Hearst Drive. In addition, the aerial topographical information, thought to be available for these projects, are not accurate and are not compatible with AUTOCADD. Because of this, additional survey and field work will be necessary for both projects.

At this point, it would be advantageous for the District to use the Survey Crew and combine efforts to obtain accurate information for both projects, saving travel and set-up time.

Staff feels confident that we can obtain the additional field information and keep within our engineering budget for the Pipe Line Bridge Project. The engineering budget for the Hearst Drive Water Line, on the other hand, *may* require additional funding for this field work. Costs for this work is being investigated and will be reported by the January 14, Board Meeting.

RECOMMENDATIONS:

Staff recommends the Board approve the additional survey and begin work to obtain accurate topographical information, combining efforts for both projects, pending verbal discussion of costs at the January 14, 1998 Board Meeting.

08402.hears1.wpd

Post-it® Fax Note	7671	Date	1-8-98	# of pages	1
To	FORREST WARREN	From	CRAIG TAYLOR		
Co./Dept.	SSCSD	Co.	JLWA		
Phone #		Phone #	544-4011		
Fax #	927-0399	Fax #			

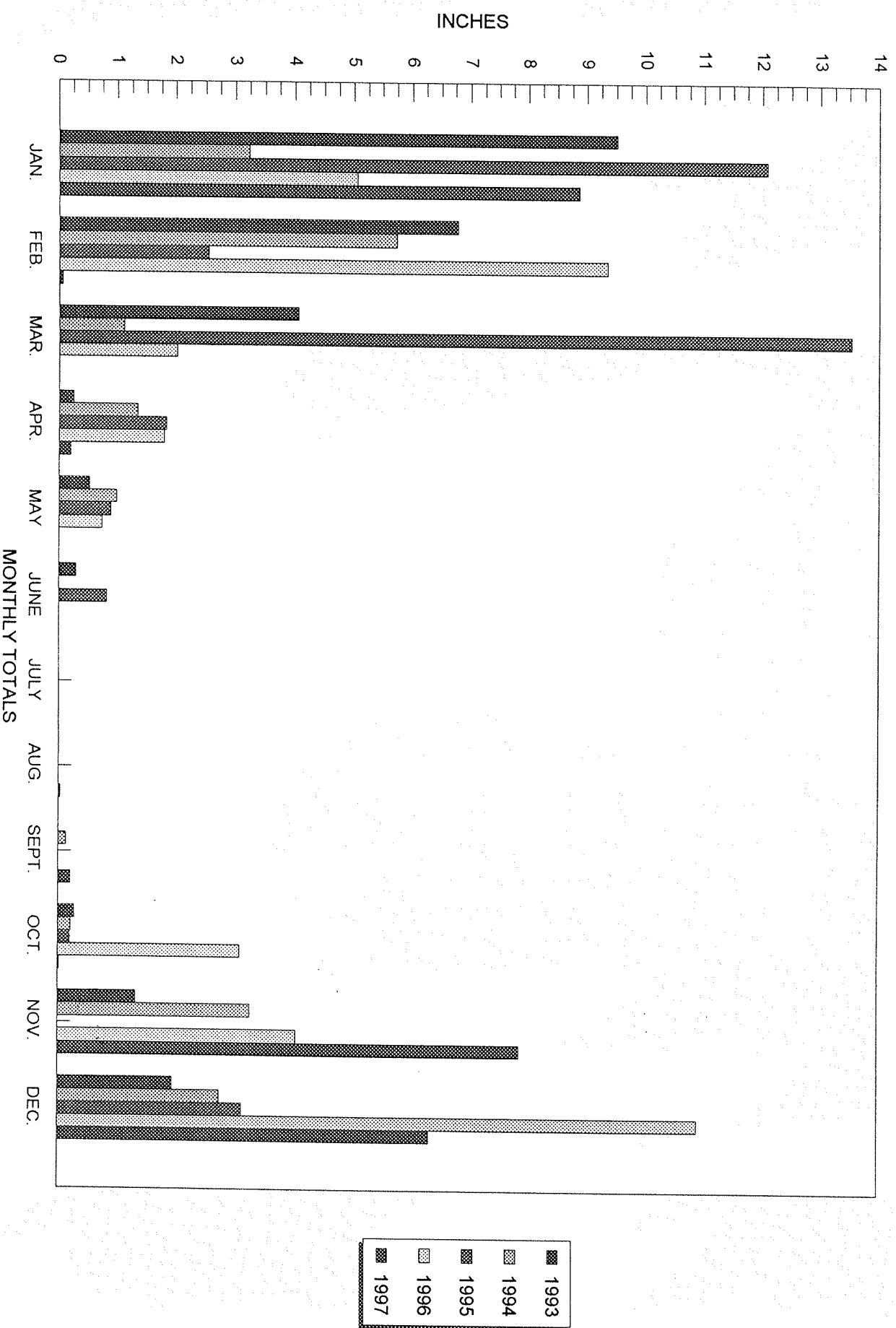
SAN SIMEON COMMUNITY SERVICES DISTRICT

SUPERINTENDENT'S REPORT FOR DECEMBER 1997

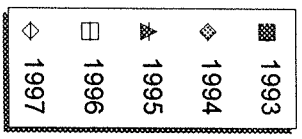
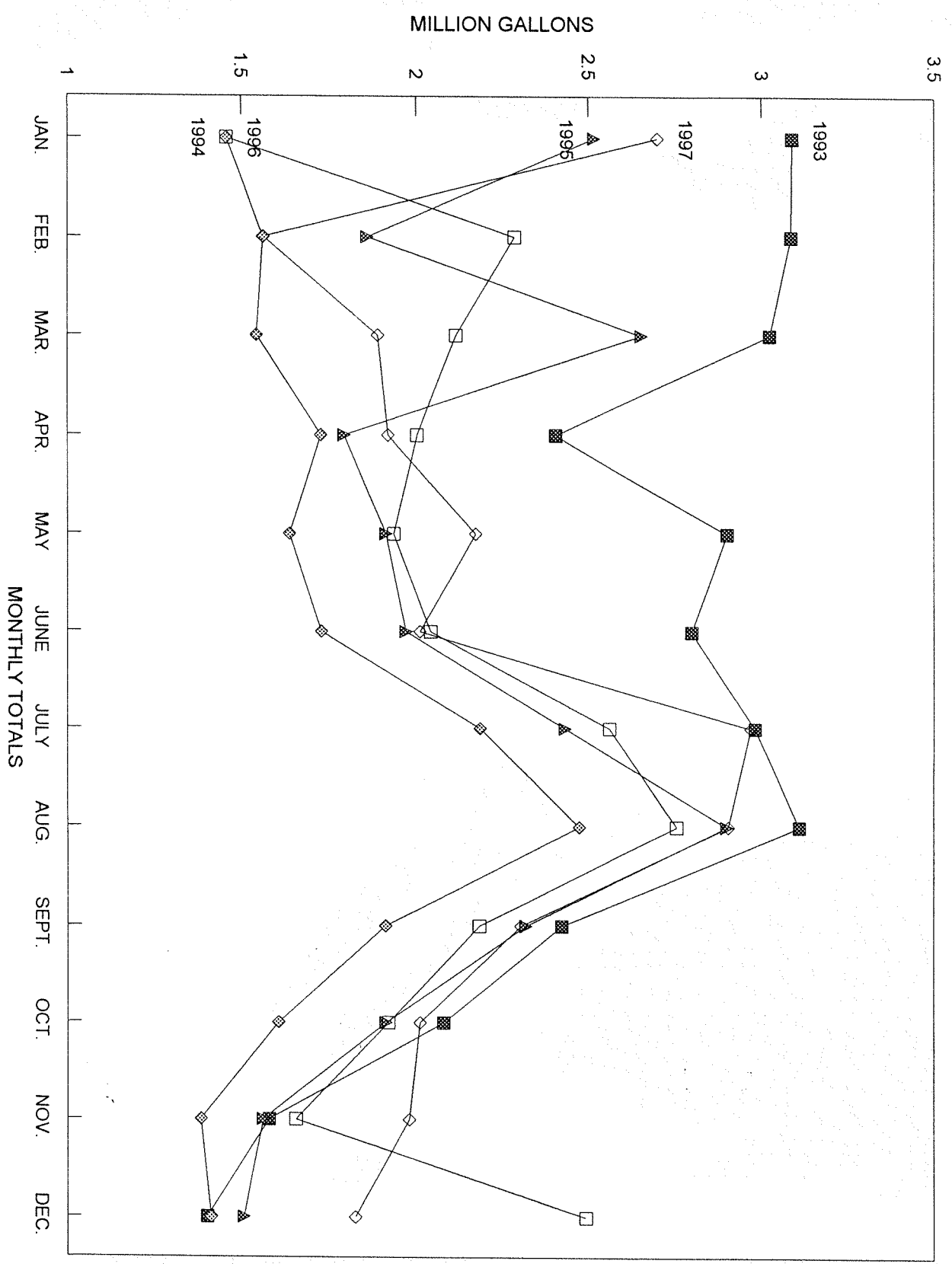
FLOW COMPARISON - Water				
DEC 1997 2,130,000 gallons	YTD 1997 34,122,000 gallons	MONTHLY USAGE COMPARISON:	13% increase	
		ANNUAL USAGE COMPARISON:	13% increase	
DEC 1996 1,888,000 gallons	YTD 1996 30,298,000 gallons	GROSS WATER PRODUCTION:	1,933,000 gallons	
		NET WATER PRODUCTION:	1,486,307 gallons	
		MONTHLY RECOVERY RATE:	77%	
RAINFALL				
DEC 1997 6.32 inches	97-98 YTD 14.44 inches	MONTHLY COMPARISON:	4.58 inches less	
DEC 1996 10.90 inches	96-97 YTD 18.05 inches	ANNUAL COMPARISON:	3.61 inches less	
WELL DEPTH COMPARISON				
DEC 1997 10.64 feet	NOV 1997 12.05 feet	DEC 1996 10.15 feet	MONTHLY COMPARISON:	1.41 feet higher
			ANNUAL COMPARISON:	0.49 feet lower
CHLORIDE COMPARISON				
DEC 1997 224 mg/l	NOV 1997 800 mg/l	DEC 1996 46 mg/l	MONTHLY COMPARISON:	REDUCED
			ANNUAL COMPARISON:	INCREASED
FLOW COMPARISON - District Wastewater Treated				
DEC 1997 1,828,430 gallons	YTD 1997 26,258,838 gallons	MONTHLY USAGE COMPARISON:	27% decrease	
DEC 1996 2,494,078 gallons	YTD 1996 25,418,555 gallons	ANNUAL USAGE COMPARISON:	3% increase	
FLOW COMPARISON - State Wastewater Treated				
DEC 1997 332,194 gallons	YTD 1997 4,212,785 gallons	MONTHLY USAGE COMPARISON:	41% decrease	
DEC 1996 562,800 gallons	YTD 1996 3,393,600 gallons	ANNUAL USAGE COMPARISON:	24% increase	
DISCHARGE REQUIREMENTS				
EFFLUENT BOD:	3.8 mg/l	EFFLUENT SUSPENDED SOLIDS:	<10 mg/l	
INFLUENT BOD:	N/A mg/l	INFLUENT SUSPENDED SOLIDS:	N/A mf/l	
BIOSOLID DISPOSAL				
DECEMBER:	12120 gallons	YTD:	226800 gallons	

SAN SIMEON C.S.D.

RAINFALL

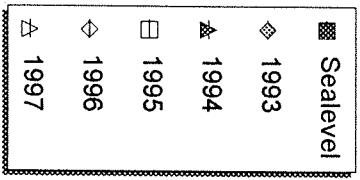
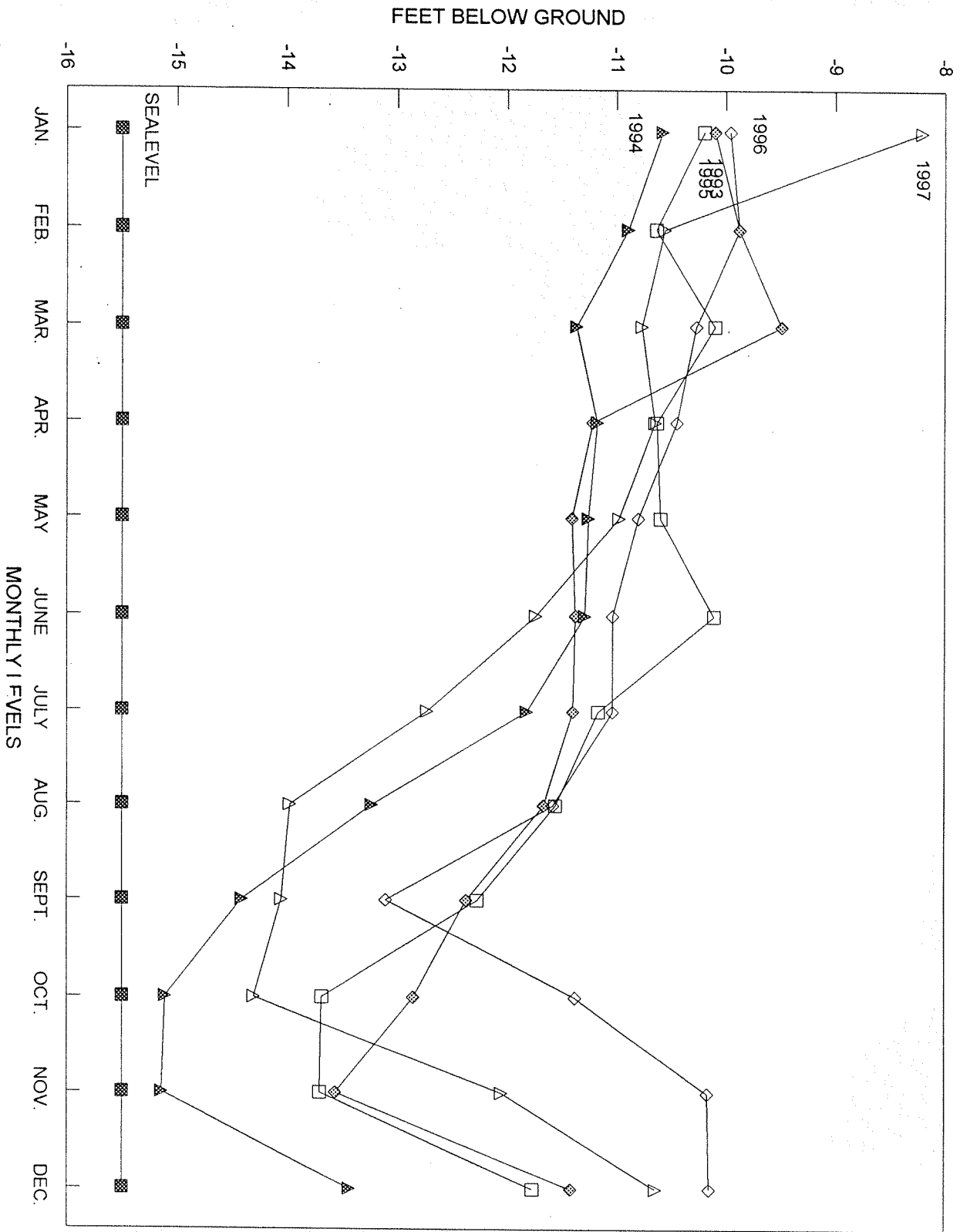


SAN SIMÉON C.S.D.
WASTEWATER TREATED

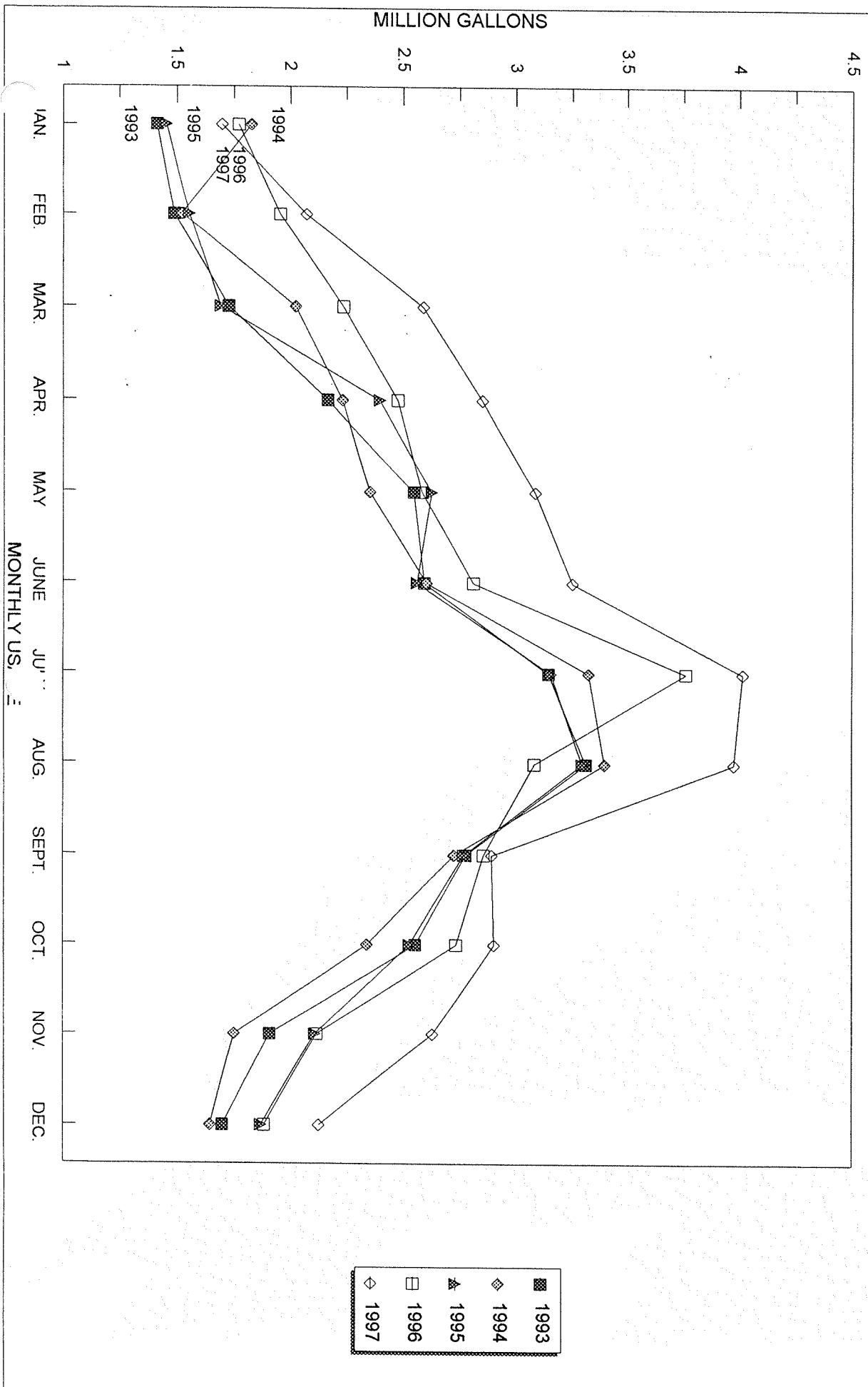


SAN SIMEON C.S.D.

WELL DEPTH



SAN SIMEON C.S.D.
 WATER PRODUCTION



Jan. 7, 1997

To: Board of Directors

Subject: Paul Hough's water leak.

From: Forrest G. Warren, General Manager/Sec.

Description:

Paul Hough had a water leak caused from a toilet failure in October of last year. He has contacted us for a reduction of the sewer portion of the bill as this is the standard procedure for the Board.

Paul Hough's average sewer bill is \$3.67, as he only uses this house as a vacation home.

His sewer charge for October was \$74.90 minus his average sewer bill (\$3.67) which leaves \$71.23.

His bill is current except for the sewer charge in question.

Recommendation: The Board of Directors direct staff to adjust Paul Hough's October bill by the amount of \$71.23 as this is the procedure normally used under such situations in the past by the board.

SAN SIMEON COMMUNITY SERVICES DISTRICT

Independent Auditors' Report
and
Financial Statements

For the Years Ended
June 30, 1997 and 1996

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SAN SIMEON COMMUNITY SERVICES DISTRICT
INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
For the Years Ended June 30, 1997 and 1996

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SAN SIMEON COMMUNITY SERVICES DISTRICT
SCHEDULE OF DIRECTORS
June 30, 1997

BOARD OF DIRECTORS

<u>NAME</u>	<u>TERM EXPIRES</u>
Richard Andresen, Chairman	November, 2000
Ardy May, Vice-Chairman	November, 2000
Lois Stevens, Director	November, 1998
Loraine Mirabal-Boubion, Director	November, 2000
Leanne Morgan, Director	November, 1998

Independent Auditors' Report

Burkart & Salzgeber

Certified Public

Accountants

Since 1945

Board of Directors
San Simeon Community Services District

694 Santa Rosa Street

Post Office Box 1423

San Luis Obispo

California

93406

Telephone

805.543.6876

800.549.6876

Facsimile

805.781.2526

We have audited the accompanying financial statements of the San Simeon Community Services District as of June 30, 1997 and 1996, and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Simeon Community Services District as of June 30, 1997 and 1996, and the results of its operations and its changes in cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


BURKART & SALZGEBER
Certified Public Accountants

October 9, 1997

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SAN SIMEON COMMUNITY SERVICES DISTRICT
COMBINED BALANCE SHEETS – ALL ENTERPRISE FUNDS
 June 30, 1997 and 1996

ASSETS

Current assets

Cash and cash equivalents (Notes 2 and 3)
 Accounts receivable (Note 2)
 Interest receivable
 Prepaid insurance

Total current assets

Restricted cash (Notes 3 and 7)

Property, plant & equipment, net (Notes 2 and 4)

Other assets

Construction in progress (Note 5)
 Deposits

Total other assets

Total assets

LIABILITIES & FUND EQUITY

Current liabilities

Accounts payable
 Accrued expenses (Note 6)
 Deposits – payable from restricted assets (Note 7)

Total liabilities

Fund equity

Retained earnings (Note 9)
 Reserved for contingent liability
 Reserved for capital projects
 Unreserved

Total fund equity

Total liabilities and fund equity

	1997	1996
	\$1,523,911	\$1,329,556
	62,925	49,356
	20,631	18,959
	13,494	1,352
	1,620,961	1,399,223
	76,160	76,010
	786,943	827,173
	140,835	111,899
	3,991	3,991
	144,826	115,890
	\$2,628,890	\$2,418,296
	\$21,040	\$21,089
	9,184	8,845
	76,160	76,010
	106,384	105,944
	250,000	250,000
	478,417	326,094
	1,794,089	1,736,258
	2,522,506	2,312,352
	\$2,628,890	\$2,418,296

The accompanying notes are an integral part of these financial statements

SAN SIMEON COMMUNITY SERVICES DISTRICT
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS – ALL ENTERPRISE FUNDS
For the Years Ended June 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<i>Operating revenues</i>		
Utility sales	\$195,056	\$126,085
Service charges	213,811	173,863
State of California – Department of Parks and Beaches	38,298	23,413
Total operating revenues	447,165	323,361
<i>Operating expenses</i>		
Salaries and wages	105,674	91,938
Payroll taxes	1,527	1,510
Employee benefits (Note 8)	16,161	14,930
Vehicle expenses	1,650	1,224
Supplies and small tools	27,245	31,430
Repairs and maintenance	9,223	55,263
Utilities and telephone	58,840	53,817
Insurance	22,557	19,069
Office expense	3,445	4,162
Legal and professional	15,557	15,467
Licenses and permits	4,744	4,686
General manager	14,363	19,580
Director's fees	4,200	4,275
Hauling	3,904	3,772
Depreciation expense	46,069	47,303
Lab expense	4,923	6,302
Other expense	4,389	
Memberships and seminars	2,737	1,251
Contract labor	19,523	26,922
Total operating expenses	366,731	402,901
Operating income (loss)	80,434	(79,540)
<i>Non-operating revenues and (expenses)</i>		
Grant income	3,918	24,754
Interest income	82,747	79,096
Tax revenue	44,197	44,209
Other revenues	46	103
Tax administration fee	(1,188)	(1,011)
Total non-operating revenues and (expenses)	129,720	147,151
<i>Net income</i>	210,154	67,611
<i>Retained earnings – beginning of year</i>	2,312,352	2,244,741
<i>Retained earnings – end of year</i>	\$2,522,506	\$2,312,352

The accompanying notes are an integral part of these financial statements

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SAN SIMEON COMMUNITY SERVICES DISTRICT
COMBINED STATEMENTS OF CASH FLOWS – ALL ENTERPRISE FUNDS
For the Years Ended June 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<i>Cash flows from operating activities</i>		
Operating income (loss)	\$80,434	(\$79,540)
Adjustments to reconcile operating loss to net cash provided (used) by operations:		
Depreciation	46,069	47,303
Change in assets and liabilities		
Increase in accounts receivable	(13,569)	(9,945)
(Increase) decrease in interest receivable	(1,672)	1,117
(Increase) decrease in prepaid insurance	(12,142)	15,596
Increase (decrease) in accounts payable	(49)	1,659
Increase in accrued liabilities	339	1,273
Increase in deposits	150	
Net cash flows provided (used) by operating activities	99,560	(22,537)
<i>Cash flows from noncapital financing activities</i>		
Grant income	3,918	24,754
Property tax revenues received	44,197	44,209
Property tax administration fees paid	(1,188)	(1,011)
Other revenues received	46	103
Net cash flows provided by noncapital financing activities	46,973	68,055
<i>Cash flows from capital and related financing activities</i>		
Purchase of fixed assets	(5,839)	(2,651)
Additional construction in progress	(28,936)	(63,823)
Net cash flows used by capital and related financing activities	(34,775)	(66,474)
<i>Cash flows from investing activities</i>		
Interest income	82,747	79,096
Net cash flows provided by investing activities	82,747	79,096
<i>Net increase in cash</i>	194,505	58,140
<i>Cash, cash equivalents, and restricted cash at beginning of year</i>	1,405,566	1,347,426
<i>Cash, cash equivalents, and restricted cash at end of year</i>	\$1,600,071	\$1,405,566

The accompanying notes are an integral part of these financial statements

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997 and 1996

NOTE 1: ORGANIZATION

The San Simeon Community Services 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 and general administrative services.

Reporting Entity

The San Simeon Community Services District (District) complies with Generally Accepted Accounting Principals and all relevant Governmental Accounting Standards Board pronouncements. These technical pronouncements establish criteria for determining the District's activities and functions that are included in the financial statements of a governmental unit.

The District is a member of the Special District Authority Risk Management Joint Powers Agency, which was organized for the purpose of providing general liability, automobile, errors and omissions, and property loss insurance coverage to special districts. This organization is financed through premium charges to each member.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Proprietary Fund Type (Enterprise Funds)

The San Simeon Community Services District accounts for its operation as an Enterprise Fund. Enterprise Funds are used to account for operations which are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The enterprise funds of the District are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 1997 and 1996

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Water and sewer charges are billed monthly. Customer accounts receivable are written off in full when the receivable is deemed totally uncollectible. An allowance for uncollectibles is not considered necessary since it would not be material.

Property, Plant and Equipment

All fixed assets are valued at historical cost or estimated historical cost if actual costs are not available. Depreciation has been provided over the estimated useful life of the asset using the straight-line method. The estimated useful lives are as follows:

Treatment Plant and Collection System	50 years
Supply/Distribution System	30 years
Buildings/Blowers	20 years
General Plant Machinery and Equipment	5-10 years

Property Taxes

The County of San Luis Obispo bills and collects property taxes for the District. Tax revenues are recognized by the District in the year levied.

NOTE 3: CASH AND CASH EQUIVALENTS

Short-term investments are carried at cost, which approximates market. The values of cash and investments at June 30, 1997 and 1996 are summarized as follows:

	<u>June 30, 1997</u>	<u>June 30, 1996</u>
Petty cash	\$ 100	\$ 100
Demand deposits	124,850	18,651
Cash and investments with:		
County treasurer	2,060	2,208
Local Agency Investment Fund (LAIF)	<u>1,396,901</u>	<u>1,308,597</u>
Subtotal	1,523,911	1,329,556
Local Agency Investment Fund - restricted (see note 7)	<u>76,160</u>	<u>76,010</u>
Total cash and cash equivalents	<u>\$ 1,600,071</u>	<u>\$ 1,405,566</u>

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 1997 and 1996

NOTE 3: CASH AND CASH EQUIVALENTS (continued)

The California Government Code requires California banks and savings and loan associations to secure a district's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a district's deposits. California law also allows financial institutions to secure district deposits by pledging first trust deed mortgage notes having a value of 150% of a district's total deposits. The District may waive collateral requirements for deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC).

Credit Risk, Carrying Amount, and Market Value

Cash is classified in three categories of credit risk as follows:

- Category 1 - insured or collateralized with securities held by the entity or by its agent in the entity's name;
- Category 2 - collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name; and
- Category 3 - uncollateralized.

Investments in pools managed by other governments or in mutual funds are not required to be categorized.

At June 30, 1997, the carrying amount of the District's cash deposits was \$124,850. The bank's balance was \$127,763. This difference is due to the normal deposits in transit and outstanding checks. District cash deposits by category as of June 30, 1997, are as follows:

	<u>1</u>	<u>Category</u>		<u>Bank</u>	<u>Carrying</u>
		<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Amount</u>
Bank					
Accounts	<u>\$ 100,000</u>	<u>\$ -0-</u>	<u>\$ 27,763</u>	<u>\$ 127,763</u>	<u>\$ 124,850</u>

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997 and 1996

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

A summary of fixed assets by major classifications is as follows:

	<u>June 30, 1997</u>	<u>June 30, 1996</u>
Sewer plant	\$ 929,924	\$ 927,204
Water plant	243,356	243,356
Building	116,294	116,294
Equipment	<u>193,768</u>	<u>190,649</u>
	1,483,342	1,477,503
Less accumulated depreciation	<u>(696,399)</u>	<u>(650,330)</u>
Total	<u>\$ 786,943</u>	<u>\$ 827,173</u>

Depreciation expense for the periods ended June 30, 1997 and 1996, were \$46,069 and \$47,303, respectively.

NOTE 5: CONSTRUCTION IN PROGRESS

Several projects have been started by the San Simeon Community Services District but have not been completed at year end. All costs associated with these projects/studies have been capitalized to construction in progress, as follows:

	<u>June 30, 1997</u>	<u>June 30, 1996</u>
Major water project	\$ 136,769	\$ 107,833
Waste water treatment plant	<u>4,066</u>	<u>4,066</u>
	<u>\$ 140,835</u>	<u>\$ 111,899</u>

NOTE 6: ACCRUED EXPENSES

San Simeon Community Services District has accrued a liability for vacation leave earned, but not taken, by staff employees for the periods ended June 30, 1997 and 1996, in the amount of \$9,184 and \$8,845, respectively. These accruals were calculated based on actual vacation days earned and applied to the individual employees' hourly rates.

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 1997 and 1996

NOTE 7: DEPOSITS

The District has received refundable hook-up deposits from customers on a waiting list to connect into the system. These deposits totaled \$67,410, for both periods ended June 30, 1997 and 1996. 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.

A \$50 refundable deposit is required from each metered customer before any service can be provided by the District. Customer meter deposits totaled \$8,750 and \$8,600, for the periods ended June 30, 1997 and 1996, respectively.

Hook-up and customer meter deposits totaled \$76,160 and \$76,010, for the periods ended June 30, 1997 and 1996, respectively. These deposits represent a non-interest bearing restricted current liability. All deposits are currently invested with the Local Agency Investment Fund (see note 3).

NOTE 8: PENSION PLAN

The San Simeon Community Services District is a member of the Public Employees' Retirement System (PERS) which covers all full-time employees. The total PERS pension expense to the District amounted to \$11,876 and \$11,228 for the years ended June 30, 1997 and 1996, respectively. The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1995, which indicates a total underfunded pension benefit obligation of \$44,033 applicable to District employees, as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 196
Current employees:	
Accumulated employee contributions including allocated investment earnings	18,518
Employer-financed vested	85,884
Employer-financed nonvested	<u>-0-</u>
Total pension benefit obligation	104,598
Net assets available for benefits, at cost (Market value is \$64,381)	<u>60,565</u>
Underfunded pension obligation	<u>\$ 44,033</u>

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997 and 1996

NOTE 9: RESERVED RETAINED EARNINGS

The District has set up "reserves" in retained earnings to set aside retained earnings balances for a specific future use. Reserves have been established by Board resolution for contingent liabilities and future capital projects.

NOTE 10: 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 August 1, 1996 through June 30, 1997.

General and Auto Liability and Public Officials' and Employees' Errors and Omissions: Insurance Company of the State of Pennsylvania p.l.c., No. 4795-4156 combined single limit at \$2.0 million per occurrence, with a \$500-\$1,000 deductible per occurrence. Coverage also includes \$100,000 blanket fidelity bond and sublimits with respect to other coverages.

Property Loss: The Travelers Insurance Company No. KTJ-CMB-230T795-8-96. This covers the replacement cost of property excluding vehicles, or the stated value, if property isn't replaced, to a combined total of \$25 million per occurrence. There is a \$2,000 deductible per occurrence.

Boiler and Machinery: Kemper National Insurance Company No. 3XN-02650-00. This covers the replacement cost less listed deductibles.

Comprehensive and Collision: Fully self-funded by S.D.R.M.A., Policy No. 9697CC. This covers selected vehicles with deductibles of \$250/\$500 or \$500/\$1,000, as elected.

The annual member contribution was \$16,823 for the Package Program. 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.

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997 and 1996

NOTE 11: COMMITMENTS

The District entered into a water supply agreement with Cambria Community Services District (Cambria) in order to participate in Cambria's planned salt water desalination project. Under the terms of the agreement, the District would acquire the right to receive approximately eleven percent of the water produced by the desalination plant and would pay a similar proportion of the total capitalization costs.

The Cambria Board of Directors has questions concerning the propriety and cost effectiveness of the water desalination project. The District Board of Directors has also questioned the benefit of going forward with the project as well. Currently, the project is at a standstill and it is uncertain whether Cambria will modify, abandon, or renegotiate the agreement with the San Simeon Community Services District.

NOTE 12: CONTINGENCIES

The District is currently not involved in any pending lawsuits and no contingent liabilities are outstanding, according to the District's staff and attorney.

SAN SIMEON COMMUNITY SERVICES DISTRICT
 COMBINING STATEMENTS OF REVENUES AND EXPENSES –
 ALL ENTERPRISE FUNDS
 For the Years Ended June 30, 1997 and 1996

	Sanitation Fund	1997 Water Fund	Total	1996 Total
<i>Operating revenues</i>				
Utility sales		\$195,056	\$195,056	\$126,085
Service charges	\$213,811		213,811	173,863
State of California	38,298		38,298	23,413
Total operating revenues	252,109	195,056	447,165	323,361
<i>Operating expenses</i>				
Salaries and wages	84,091	21,583	105,674	91,938
Payroll taxes	1,222	305	1,527	1,510
Employee benefits	12,775	3,386	16,161	14,930
Vehicle expenses	1,028	622	1,650	1,224
Supplies and small tools	2,859	24,386	27,245	31,430
Repairs and maintenance	5,798	3,425	9,223	55,263
Utilities and telephone	46,915	11,925	58,840	53,817
Insurance	18,034	4,523	22,557	19,069
Office expense	2,178	1,267	3,445	4,162
Legal and professional	9,797	5,760	15,557	15,467
Licenses and permits	4,088	656	4,744	4,686
General manager	8,259	6,104	14,363	19,580
Director's fees	2,604	1,596	4,200	4,275
Hauling	3,904		3,904	3,772
Depreciation expense	32,263	13,806	46,069	47,303
Lab expense	4,117	806	4,923	6,302
Other expense	2,522	1,867	4,389	
Memberships and seminars	1,233	1,504	2,737	1,251
Contract labor	11,319	8,204	19,523	26,922
Total operating expenses	255,006	111,725	366,731	402,901
Operating income (loss)	(2,897)	83,331	80,434	(79,540)
<i>Non-operating revenues and (expenses)</i>				
Grant income	3,134	784	3,918	24,754
Interest income	66,198	16,549	82,747	79,096
Tax revenue	35,358	8,839	44,197	44,209
Other revenues	37	9	46	103
Tax administration fee	(950)	(238)	(1,188)	(1,011)
Total non-operating revenues and (expenses)	103,777	25,943	129,720	147,151
<i>Net income</i>	<u>\$100,880</u>	<u>\$109,274</u>	<u>\$210,154</u>	<u>\$67,611</u>

1998 INVESTMENT POLICY

1. INTRODUCTION

The purpose of this written *Investment Policy* is to establish the guidelines for the prudent investment of San Simeon Community Services District funds (herein referred to as District's funds). The objectives of this policy are safety, liquidity, yield, and compliance with state and federal laws and policies.

District funds are to be managed with a high degree of care and prudence. Though all investments contain a degree of risk, the proper concern for prudence, maintenance of high level of ethical standards and proper delegation of authority reduces the potential for any realized loss.

This policy establishes the standards under which the District's Finance Officer will conduct business with financial institutions with regard to the investment process.

2. FINANCE OFFICER

The Board of Directors appoints the District Manager as the District Finance Officer and Treasurer.

3. SCOPE

This investment policy applies to all financial assets and unrestricted cash reserves of the District not required for the immediate necessities: money market checking account, money market investment accounts, LAIF pooled money investment account established and administered by the State, and brokerage investment accounts.

4. OBJECTIVES The primary objectives are safety, liquidity, yield and compliance.

A. SAFETY

The investment portfolio shall be managed in a manner that ensures the preservation of capital. The objective is to minimize credit risk and interest rate risk.

B. LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements. This shall be accomplished by structuring the investment portfolio so that investments mature concurrent with cash needs.

C. YIELD

Yield shall be a consideration only after the requirements of safety and liquidity have been met.

D. COMPLIANCE

This Investment Policy is written to be in compliance with California and Federal law.

5. STANDARDS OF CARE

A. PRUDENCE

The Finance Officer will manage the portfolio pursuant to the "Prudent Investor Standard." When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds in the District's investment portfolio, the Finance Officer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

B. DISCLOSURES

The Finance Officer shall disclose any material interest in financial institutions with which he/she conducts the District business.

6. INVESTMENTS AUTHORITY

A. PERMITTED INVESTMENTS

The District Finance Officer is authorized to invest in the following institutions:

1. County pooled funds;
2. The Local Agency Investment Fund created by the California State Treasury;
3. One or more FDIC insured Banks and/or Savings and Loan Associations that are designated as District depositories by resolution of the Board of Directors;
4. Such other financial institutions or securities that may be designated by the Board of Directors from time to time in compliance with California and Federal law.

B. PROHIBITED INVESTMENTS

The District's Finance Officer shall not invest in:

1. Inverse floaters, range notes or interest only strips that are derived from a pool of mortgages.
2. Any security that could result in a zero interest accrual if held to maturity.
3. A state or federal credit union, if a member of the District's Board of Directors or an administrative officer also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee or supervisory committee, of the state or federal credit union.

C. DIVERSIFICATION

Investments, other than investments referenced in paragraphs A (1) and (2) above, will be diversified to avoid losses that may be associated with any one investment.

7. REPORTS

A. QUARTERLY REPORT

Finance Officer shall file a quarterly report that identifies the District's investments and their compliance with the District's Investment Policy. The quarterly report must be filed with the District's auditor and considered by the District's Board of Directors within thirty (30) days after the end of each quarter (i.e., by May 1, August 1, November 1, and February 1) (California Government Code 53646). Required elements of the quarterly report are as follows:

1. Type of Investment
2. Institution
3. Date of Maturity (if applicable)
4. Amount of deposit or cost of the security
5. Current market value of securities with maturity in excess of twelve months (if applicable)
6. Rate of Interest

7. Statement relating the report to the Statement of Investment Policy
8. Statement that there are sufficient funds to meet the next 180 days obligations
9. Accrued Interest (if applicable)

B. ANNUAL REPORT

Prior to February 1, of each year, the Finance Officer shall file and submit an annual report the District's auditor and Board of Directors which will contain the same information required in the quarterly report.

The annual report will include a recommendation to the Board of Directors to either:

1. Readopt the District's then current annual Investment Policy; or
2. Amend the District's then current Investment Policy.

C. LIMITED QUARTERLY REPORT

If the District has placed all of its investments in the Local Agency Investment Fund (LAIF), created by California Government Code 16429.1, or in Federal Deposit Insurance Corporation, insured accounts in a bank or savings and loan association, in a County investment pool, or any combination of these, the Finance Officer may submit to the Board of Directors, and the auditor of the District the most recent statement or statements received by the District from these institutions in lieu of the information required in paragraph 7.A, above. This special reporting policy does not relieve the Finance Officer of the obligation to prepare an annual investment statement as identified in paragraph 7.B, above.

San Simeon Community Services District



111 Pico Avenue, San Simeon California 93452
(805) 927-4778 Fax (805) 927-0399

Board of Directors

Richard Andresen, Ardy May, Loraine Mirabal-Boubion, Lois Stevens, Leanne Morgan

**SAN SIMEON COMMUNITY SERVICES DISTRICT
INVESTMENT REPORT
As of DECEMBER 24, 1997**

BANK ACCOUNTS

General Checking	\$27,844.31
Money Market Account (Annual Interest Rate 2.43%)	<u>52,206.10</u>

Subtotal Bank Accounts **80,050.41**

LOCAL AGENCY INVESTMENT FUND

Unavailable Funds*	688,485.21
Available Funds	<u>965,541.29</u>

Subtotal Local Agency Investment Fund **1,645,026.50**

TOTAL ACCOUNTS **1,725,076.91**

*Contingency	\$250,000.00
Reserved for Specific Projects	438,485.21

A handwritten signature in black ink, appearing to read "Forrest G. Warren".

**Forrest G. Warren
General Manager/Secretary**

The District has the ability to meet the next 6 months cash flow requirements.

Market valuation is stated as of the most recent statement.

Investments are in compliance with the adopted policies.

Forrest G. Warren, General Manager/ Sec.

Dave Fleishman, District Counsel

Kim Allison, Office Administrator

John L. Wallace, District Engineer

Ron Head, Plant Superintendent

OFFICE OF THE TREASURER
SACRAMENTO



LOCAL AGENCY INVESTMENT FUND
P.O. BOX 942809
SACRAMENTO, CA 94209-0001
NOVEMBER, 1997 STATEMENT

RECEIVED
DEC 29 1997
SAN SIMEON
COMMUNITY SERVICES DISTRICT

Date: 11/30/97
Page: 01

ACCOUNT NUMBER: 16-40-003

COMMUNITY SERVICES DISTRICT
OF SAN SIMEON
ATTN: CHAIRMAN
111 PICO AVENUE
SAN SIMEON, CA 93452

EFFECTIVE DATE	TRANSACTION DATE	TRAN TYPE	CONF NO	AUTH CALLER	TRANSACTION AMOUNT	BALANCE
BEGINNING BALANCE - REG						\$1,595,026.50
11/18/97	11/17/97	RD	712	FGW	\$50,000.00	\$1,645,026.50
ENDING BALANCE - REG						\$1,645,026.50
GRAND TOTAL						\$1,645,026.50

SUMMARY

	TRAN COUNT	TOTAL DEPOSIT AMT	TOTAL WITHDRAWAL AMT
REG	1	\$50,000.00	\$0.00

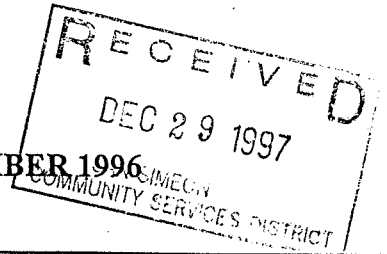
R
DEC 29 1997
CO/

POOLED MONEY INVESTMENT ACCOUNT

SUMMARY OF INVESTMENT DATA

A COMPARISON OF NOVEMBER 1997 WITH NOVEMBER 1996

(Dollars in Thousands)



	NOVEMBER 1997	NOVEMBER 1996	CHANGE
Average Daily Portfolio	\$27,325,013	\$27,088,172	+ \$236,841
Accrued Earnings	\$128,344	\$124,662	+ \$3,682
Effective Yield	5.715	5.599	+ .116
Average Life--Month End (in days)	210	231	- 21
Total Security Transactions			
Amount	\$15,217,885	\$18,487,457	-\$3,269,572
Number	346	426	-80
Total Time Deposit Transactions			
Amount	\$518,200	\$149,500	+ \$368,700
Number	28	22	+6
Average Workday Investment Activity	\$925,652	\$1,035,387	-\$109,735
Prescribed Demand Account Balances			
For Services	\$145,818	\$123,758	+ \$22,060
For Uncollected Funds	\$151,586	\$150,866	+ \$720

LOCAL AGENCY INVESTMENT FUND*

SUMMARY OF ACTIVITY

NOVEMBER 1997

BEGINNING BALANCE	DEPOSITS	WITHDRAWALS	MONTH END BALANCE
\$10,398,375,816.65	\$750,744,840.00	\$1,045,080,141.94	\$10,104,040,514.71

*Local Agency Investment Fund Invested Through Pooled Money Investment Account

State of California
Pooled Money Investment Account
Market Valuation
11/30/97

Description	Carrying Cost Plus Accrued Interest Purch.	Estimated Market Value	Accrued Interest
United States Treasury:			
Bills	\$ 1,183,752,659.34	\$ 1,226,367,638.75	NA
Strips	\$ 73,184,450.00	\$ 92,672,200.00	NA
Notes	\$ 5,742,268,164.61	\$ 5,732,478,390.00	\$ 79,040,775.54
Federal Agency:			
Bonds	\$ 1,081,742,496.49	\$ 1,080,788,743.50	\$ 17,295,282.38
Floater	\$ 289,995,687.30	\$ 289,985,750.00	\$ 2,121,249.60
MBS	\$ 146,567,317.56	\$ 146,056,277.52	\$ 865,407.19
GNMA	\$ 2,699,184.04	\$ 3,113,196.32	\$ 26,452.96
SBA	\$ 212,640,704.78	\$ 213,844,366.66	\$ 2,127,544.01
FHLMC PC	\$ 26,349,432.34	\$ 28,233,197.75	\$ 422,952.76
Discount Notes	\$ 644,998,895.36	\$ 651,610,558.58	NA
Bankers Acceptances	\$ 310,273,363.89	\$ 311,433,829.42	NA
Corporate:			
Bonds	\$ 1,050,835,376.89	\$ 1,049,013,366.39	\$ 17,149,475.65
Floater	\$ 442,022,770.67	\$ 442,332,935.00	\$ 3,525,867.88
CDs	\$ 6,244,933,208.34	\$ 6,243,134,528.57	\$ 20,404,299.98
Bank Notes	\$ 930,000,000.00	\$ 929,592,563.75	\$ 4,664,888.90
Repurchase Agreements	\$ -	\$ -	NA
Time Deposits	\$ 1,007,095,000.00	\$ 1,007,095,000.00	NA
AB 55 & GF Loans	\$ 2,505,812,133.00	\$ 2,505,812,133.00	NA
Commercial Paper	\$ 5,785,144,386.01	\$ 5,786,078,441.58	NA
Reverse Repurchase	\$ (395,712,250.00)	\$ (395,712,250.00)	(\$465,328.50)
TOTAL	\$ 27,284,602,980.62	\$ 27,343,930,866.79	\$ 147,178,868.35

Estimated Market Value Including Accrued Interest \$ 27,491,109,735.14

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).

Certificates of Deposit (CDs), Bank Notes (BNs), and Commercial Paper (CPs) less than 90 days are carried at portfolio book value (carrying cost). Interest accrued from the date of purchase on CDs and BNs under 90 days is not included.

Jan. 7, 1997

To: Board of Directors

Subject: Paul Hough's water leak.

From: Forrest G. Warren, General Manager/Sec.

Description:

Paul Hough had a water leak caused from a toilet failure in October of last year. He has contacted us for a reduction of the sewer portion of the bill as this is the standard procedure for the Board.

Paul Hough's average sewer bill is \$3.67, as he only uses this house as a vacation home.

His sewer charge for October was \$74.90 minus his average sewer bill (\$3.67) which leaves \$71.23.

His bill is current except for the sewer charge in question.

Recommendation: The Board of Directors direct staff to adjust Paul Hough's October bill by the amount of \$71.23 as this is the procedure normally used under such situations in the past by the board.

Motion By: (Mirabal) (second aidy) (ages)

RESOLUTION NO. 98-242

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN SIMEON COMMUNITY SERVICES DISTRICT ADOPTING
AN INVESTMENT POLICY

THE BOARD OF DIRECTORS OF THE SAN SIMEON COMMUNITY SERVICES DISTRICT DOES
HEREBY RESOLVE AS FOLLOWS:

WHEREAS, the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of State-wide concern (California Government Code Sections 53600.6 and 53630.1); and

WHEREAS, the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Section 53601 et seq.; and

WHEREAS, the Finance Office of the San Simeon Community Services District shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the legislative body at a public meeting (Government Code Section 53646(a)).

NOW, THEREFORE, BE IT RESOLVED, that the Board of Director of the San Simeon Community Services District does hereby adopt the Investment Policy attached hereto as Exhibit "A" and incorporated herein by this reference as though set forth in full.

On motion of Board Member _____, seconded by Board Member _____

, and on the following roll call vote, to-wit:

AYES:

NOES:

ABSENT:

The foregoing Resolution is hereby adopted this _____ day of _____, 1998

Richard Andresen
Chairman of the Board of Directors

ATTEST:

Forrest G. Warren

General Manager/Sec..

APPROVED AS TO FORM:

HUNT AND ASSOCIATES

By: _____

Dave Fleishman
District Counsel

San Simeon Community Services District
Warrant Report
December 4, 1997 through January 7, 1998

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Warrant #</u>	<u>Memo</u>	<u>Amt.</u>
12/09/97	1384	MID-STATE BANK	9712-019	PAYROLL TAXES	3542.26
12/09/97	1385	INTERNAL REVENUE SERV.	9712-020	PAYROLL TAXES	390.87
12/09/97	1386	RICKI BAIRD	9712-021	QUICKBOOKS CONSULT. FEE	225.00
12/09/97	1387	PG&E	9712-022	STREET LIGHTS	725.12
12/09/97	1388	GTE MOBILNET	9712-023	CELL PHONE	23.04
12/09/97	1389	AT & T	9712-024	LONG DISTANCE	21.32
12/09/97	1390	PACIFIC BELL	9712-025	TELEPHONE	147.16
12/09/97	1391	A BETTER BEEP	9712-026	PAGER	12.10
12/09/97	1392	C.C.S.D.	9712-027	COLIFORM TUBE & P/A	175.00
12/09/97	1393	FGL ENVIRONMENTAL	9712-028	INORGANIC ANALYSIS	96.00
12/16/97	1394	FORREST WARREN	9712-029	PAYROLL 12/1/97-12/15/97	948.63
12/16/97	1395	KIMBERLY ALLISON	9712-030	PAYROLL 12/1/97-12/15/97	518.98
12/16/97	1396	RONALD B. HEAD	9712-031	PAYROLL 12/1/97-12/15/97	1685.62
12/16/97	1397	LEROY PRICE	9712-032	PAYROLL 12/1/97-12/15/97	1126.86
12/18/97	1398	RICHARD ANDRESEN	9712-033	BOARD SERVICE FOR DECEMBER	75.00
12/18/97	1399	LEANNE MORGAN	9712-034	BOARD SERVICE FOR DECEMBER	75.00
12/18/97	1400	ARDY MAY	9712-035	BOARD SERVICE FOR DECEMBER	75.00
12/18/97	1401	LOIS STEVENS	9712-036	BOARD SERVICE FOR DECEMBER	75.00
12/18/97	1402	LORAIN MIRABAL-BO..	9712-037	BOARD SERVICE FOR DECEMBER	75.00
12/18/97	1403	PETTY CASH	9712-038	PETTY CASH	57.56
12/18/97	1404	MISSION UNIFORM SERV.	9712-039	TOWELS & COVERALLS	53.92
12/18/97	1405	FARM SUPPLY COMPANY	9712-040	CAMLOCK/SUCTION HOSE	122.33
12/18/97	1406	MID-STATE BANK	9712-041	GAS & OIL/OFFICE SUPPLIES	624.27
12/18/97	1407	BURKART & SALZGEBER	9712-042	AUDIT	4600.00
12/18/97	1408	PG&E	9712-043	ELECTRICITY	2742.95
12/22/97	1409	RICKI BAIRD	9712-044	QUICKBOOKS CONSULT. FEE	225.00
12/31/97	1410	RONALD B. HEAD	9712-045	PAYROLL 12/15/97-12/31/97	1942.28
12/31/97	1411	LEROY PRICE	9712-046	PAYROLL 12/15/97-12/31/97	1284.40
12/31/97	1412	KIMBERLY ALLISON	9712-047	PAYROLL 12/15/97-12/31/97	509.88
12/31/97	1413	FORREST WARREN	9712-048	PAYROLL 12/15/97-12/31/97	1060.39
12/31/97	1414	CALIFORNIA SPECIAL DIST.	9712-049	MEMBERSHIP DUES	360.00
12/31/97	1415	SAN LUIS OBISPO CO.	9712-050	HAZ. MATS. & SERV. CONNECT	608.50
12/31/97	1416	CALIFORNIA RURAL W..	9712-051	MEMBERSHIP DUES	195.00
12/31/97	1417	JOHN WALLACE & ASSOC.	9712-052	DISTRICT ENGINEER	1313.10
12/31/97	1418	SAN LUIS SECURITY	9712-053	ALARM FOR JAN. - MARCH	81.00
12/31/97	1419	VIC'S BACKHOE SERV.	9712-054	CLEAN GUTTERS	510.00
12/31/97	1420	CAMBRIA AUTO PARTS	9712-055	EQUIPMENT BELT & GEAR OIL	25.94
12/31/97	1421	U.S.A. BLUE BOOK	9712-056	PUMP, HOSE, HYDRANT WRENCH	326.96
12/31/97	1422	PACIFIC BELL	9712-057	TELEPHONE	69.21
12/31/97	1423	PRESSURE VESSEL SERV.	9712-058	SOD. HYPOCHLORITE & BISULFITE	1529.94
12/31/97	1424	FGL ENVIRONMENTAL	9712-059	INORGANIC ANALYSIS	144.00
12/31/97	1425	A BETTER BEEP	9712-060	PAGER	11.50
12/31/97	1426	MID-STATE BANK	9712-061	GAS & OIL/OFFICE SUPPLIES	244.88
12/31/97	1427	FGL ENVIRONMENTAL	9712-062	INORGANIC ANALYSIS	32.00
12/31/97	1428	PG&E	9712-063	STREET LIGHTS	725.12
01/05/98	1429	MISSION COUNTRY DISP.	9801-001	RUBBISH	91.80
01/05/98	1430	RICKI BAIRD	9801-002	QUICKBOOKS CONSULT. FEE	225.00
01/05/98	1431	PERS	9801-003	HEALTH INS. FOR JANUARY	1046.23
01/07/98	TOTAL				30776.12

SAN SIMEON COMMUNITY SERVICES DISTRICT

SUPERINTENDENT'S REPORT FOR DECEMBER 1997

FLOW COMPARISON - Water

DEC 1997 2,130,000 gallons	YTD 1997 34,122,000 gallons	MONTHLY USAGE COMPARISON: ANNUAL USAGE COMPARISON:	13% increase 13% increase
DEC 1996 1,888,000 gallons	YTD 1996 30,298,000 gallons	GROSS WATER PRODUCTION: NET WATER PRODUCTION: MONTHLY RECOVERY RATE:	1,933,000 gallons 1,486,307 gallons 77%

RAINFALL

DEC 1997 6.32 inches	97-98 YTD 14.44 inches	MONTHLY COMPARISON: ANNUAL COMPARISON:	4.58 inches less 3.61 inches less
DEC 1996 10.90 inches	96-97 YTD 18.05 inches		

WELL DEPTH COMPARISON

DEC 1997 10.64 feet	NOV 1997 12.05 feet	DEC 1996 10.15 feet	MONTHLY COMPARISON: ANNUAL COMPARISON:	1.41 feet higher 0.49 feet lower
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CHLORIDE COMPARISON

DEC 1997 224 mg/l	NOV 1997 800 mg/l	DEC 1996 46 mg/l	MONTHLY COMPARISON: ANNUAL COMPARISON:	REDUCED INCREASED
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FLOW COMPARISON - District Wastewater Treated

DEC 1997 1,828,430 gallons	YTD 1997 26,258,838 gallons	MONTHLY USAGE COMPARISON: ANNUAL USAGE COMPARISON:	27% decrease 3% increase
DEC 1996 2,494,078 gallons	YTD 1996 25,418,555 gallons		

FLOW COMPARISON - State Wastewater Treated

DEC 1997 332,194 gallons	YTD 1997 4,212,785 gallons	MONTHLY USAGE COMPARISON: ANNUAL USAGE COMPARISON:	41% decrease 24% increase
DEC 1996 562,800 gallons	YTD 1996 3,393,600 gallons		

DISCHARGE REQUIREMENTS

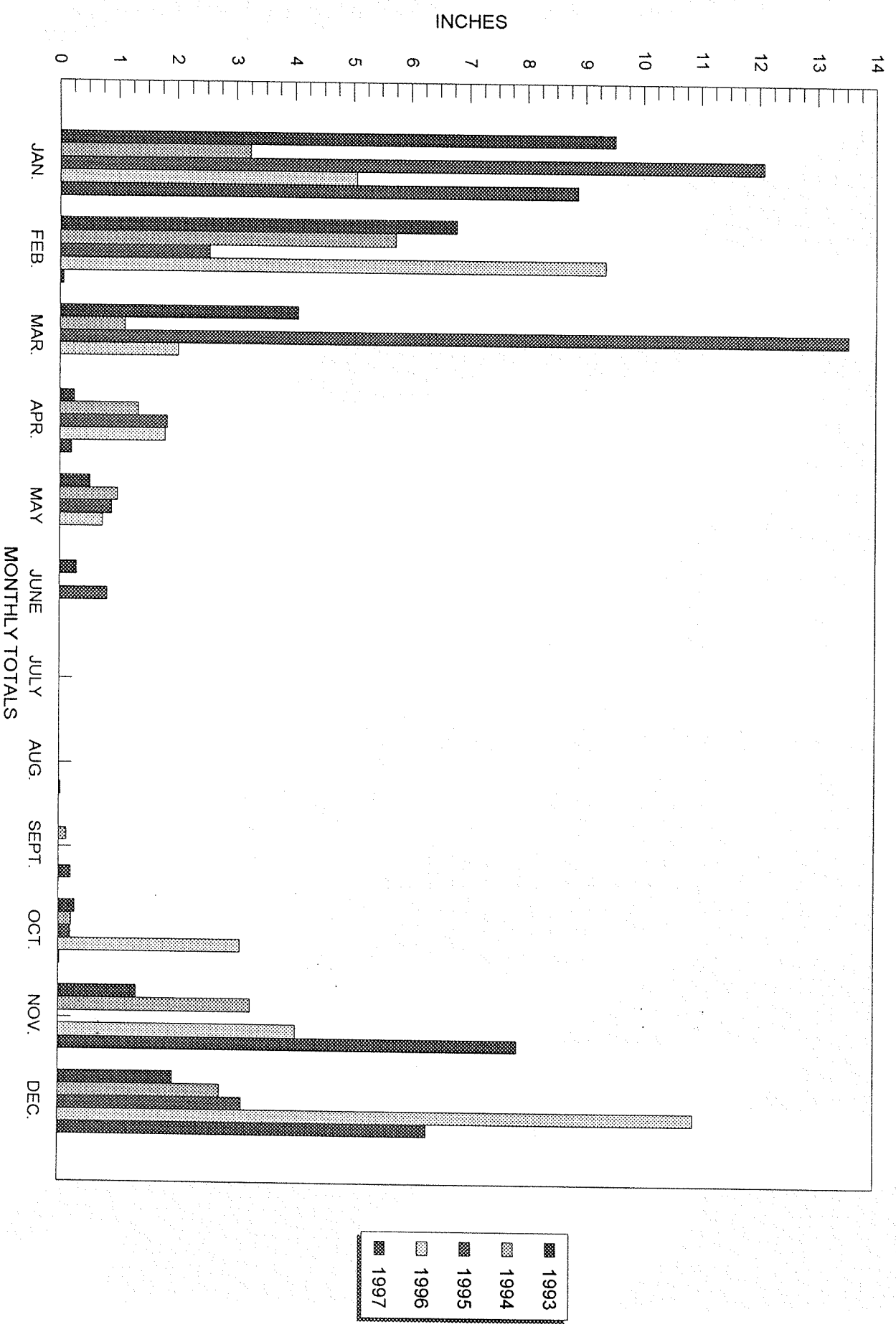
EFFLUENT BOD:	3.8 mg/l	EFFLUENT SUSPENDED SOLIDS:	<10 mg/l
INFLUENT BOD:	N/A mg/l	INFLUENT SUSPENDED SOLIDS:	N/A mf/l

BIOSOLID DISPOSAL

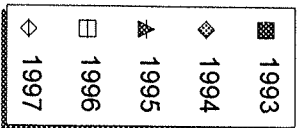
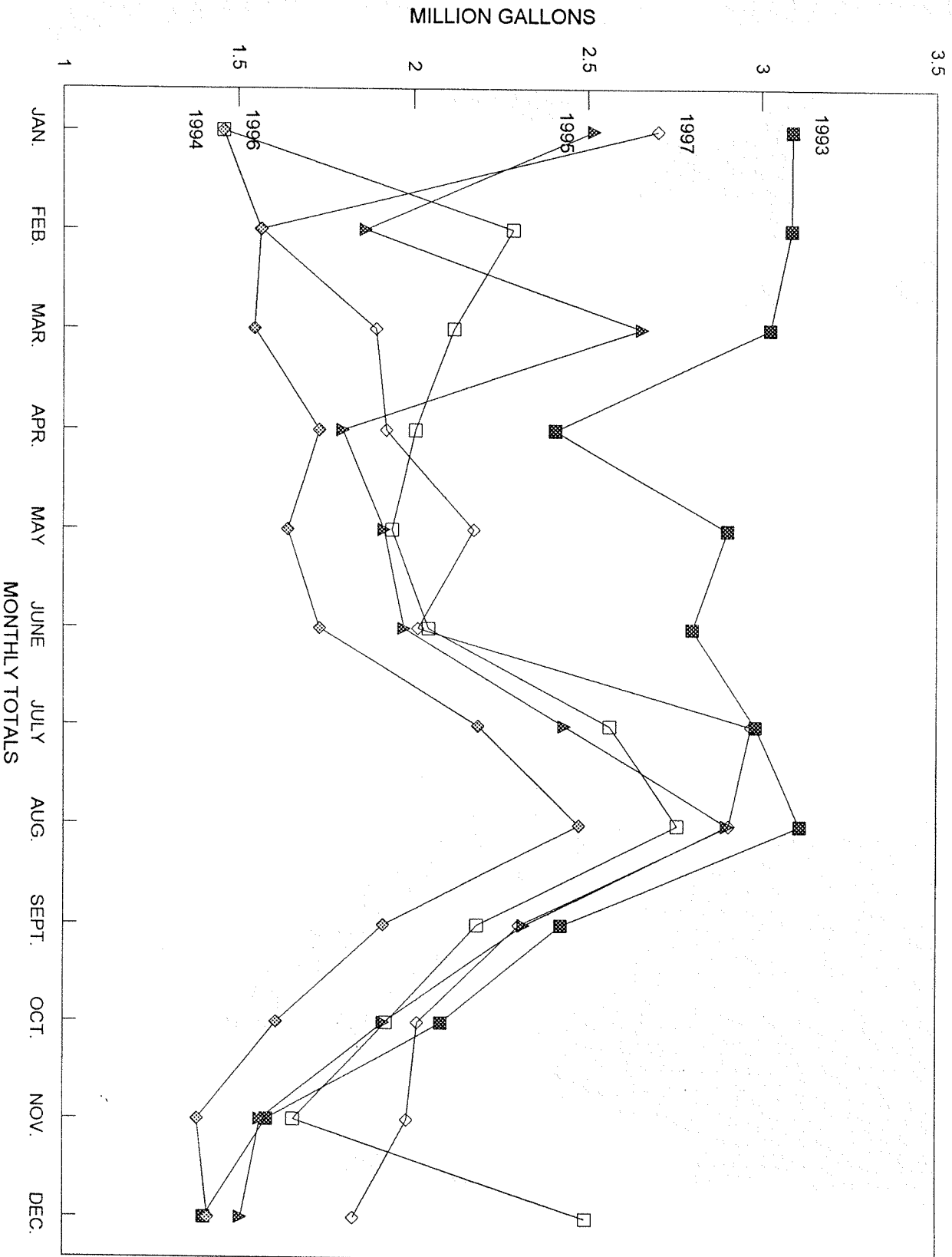
DECEMBER:	12120 gallons	YTD:	226800 gallons
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SAN SIMEON C.S.D.

RAINFALL

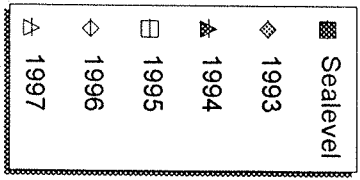
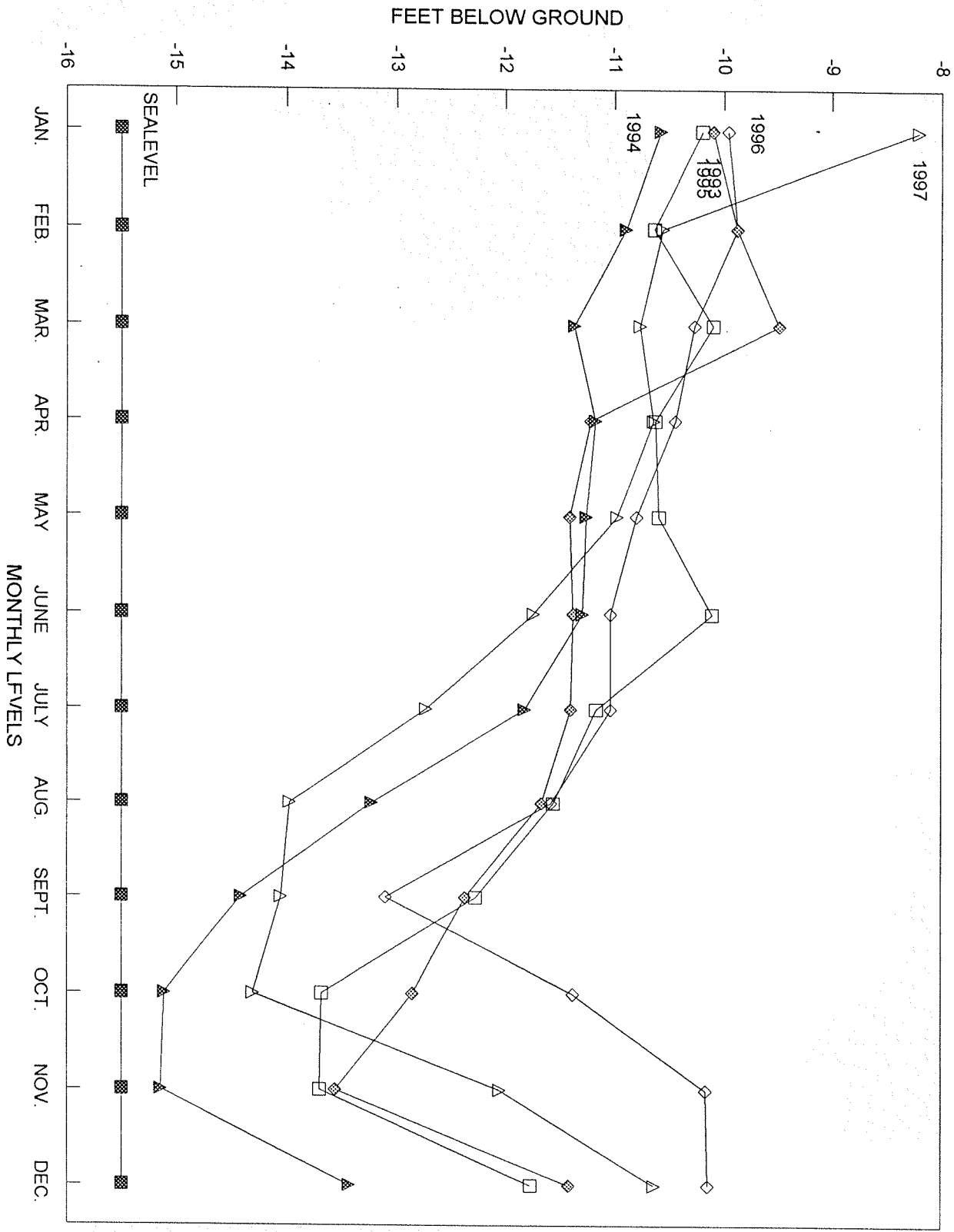


SAN SIMEON C.S.D.
WASTEWATER TREATED

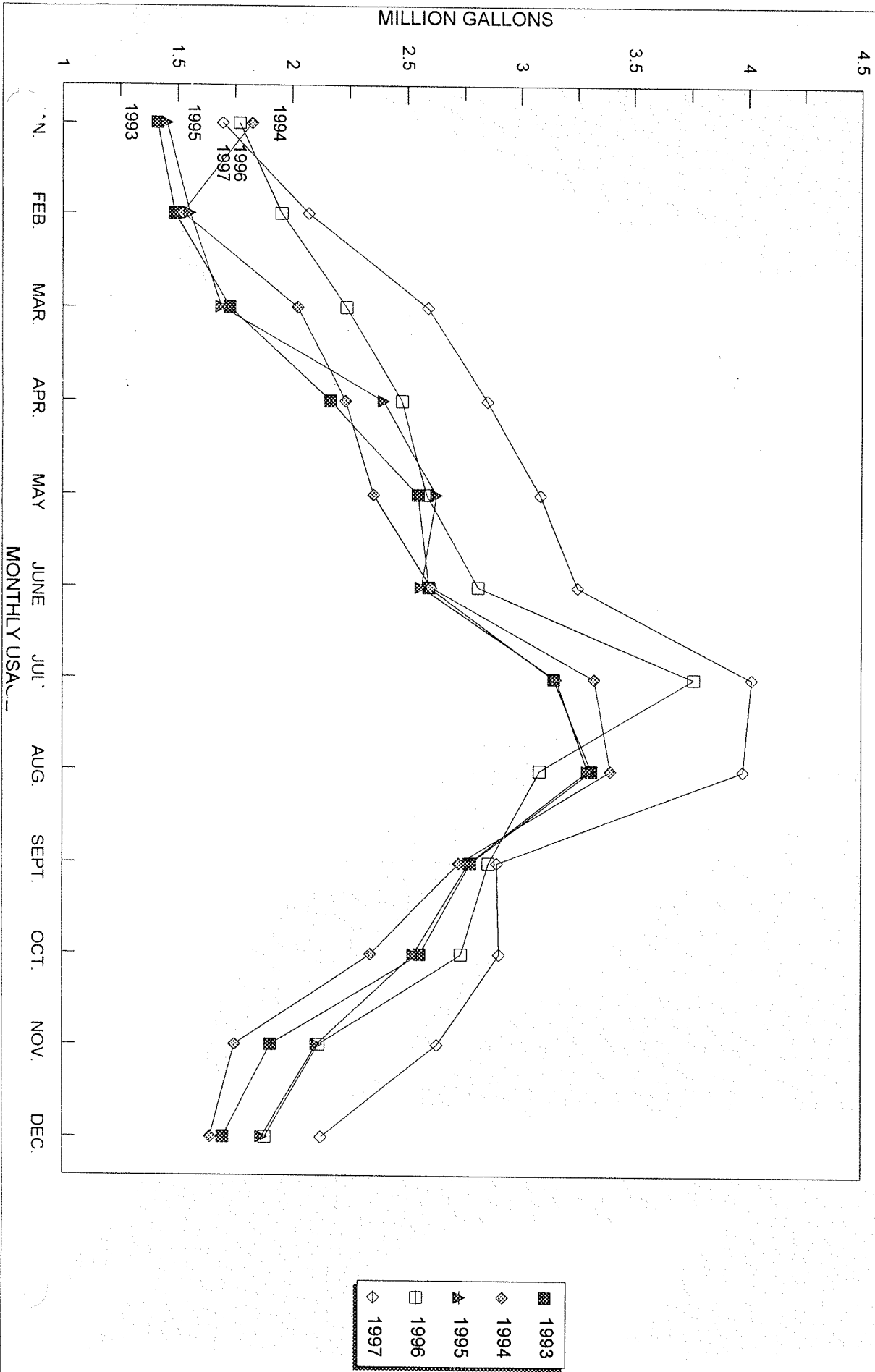


SAN SIMEON C.S.D.

WELL DEPTH



SAN SIMEON C.S.D.
 WATER PRODUCTION



San Simeon Community Services District



111 Pico Avenue, San Simeon California 93452
(805) 927-4778 Fax (805) 927-0399

Board of Directors

Richard Andresen, Ardy May, Loraine Mirabal-Boubion, Lois Stevens, Leanne Morgan

**SAN SIMEON COMMUNITY SERVICES DISTRICT
INVESTMENT REPORT
As of DECEMBER 24, 1997**

BANK ACCOUNTS

General Checking \$27,844.31
Money Market Account 52,206.10
(Annual Interest Rate 2.43%)

Subtotal Bank Accounts 80,050.41

LOCAL AGENCY INVESTMENT FUND

Unavailable Funds* 688,485.21
Available Funds 965,541.29

Subtotal Local Agency Investment Fund 1,645,026.50

TOTAL ACCOUNTS 1,725,076.91

*Contingency \$250,000.00
Reserved for Specific Projects 438,485.21

A handwritten signature in black ink, appearing to read "Forrest G. Warren".

**Forrest G. Warren
General Manager/Secretary**

The District has the ability to meet the next 6 months cash flow requirements.

Market valuation is stated as of the most recent statement.

Investments are in compliance with the adopted policies.

Forrest G. Warren, General Manager/ Sec.

Dave Fleishman, District Counsel

Kim Allison, Office Administrator

John L. Wallace, District Engineer

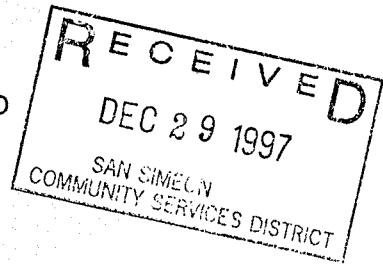
Ron Head, Plant Superintendent

OFFICE OF THE TREASURER
SACRAMENTO



LOCAL AGENCY INVESTMENT FUND
P.O. BOX 942809
SACRAMENTO, CA 94209-0001
NOVEMBER, 1997 STATEMENT

Date: 11/30/97
Page: 01



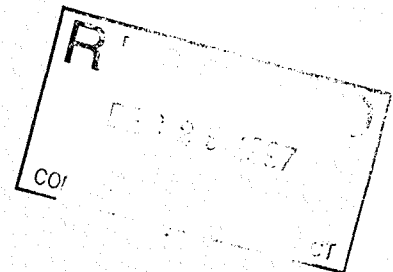
ACCOUNT NUMBER: 16-40-003

COMMUNITY SERVICES DISTRICT
OF SAN SIMEON
ATTN: CHAIRMAN
111 PICO AVENUE
SAN SIMEON, CA 93452

EFFECTIVE DATE	TRANSACTION DATE	TRAN TYPE	CONF NO	AUTH CALLER	TRANSACTION AMOUNT	BALANCE
BEGINNING BALANCE - REG						\$1,595,026.50
11/18/97	11/17/97	RD	712	FGW	\$50,000.00	\$1,645,026.50
ENDING BALANCE - REG						\$1,645,026.50
GRAND TOTAL						\$1,645,026.50

SUMMARY

	TRAN COUNT	TOTAL DEPOSIT AMT	TOTAL WITHDRAWAL AMT
REG	1	\$50,000.00	\$0.00

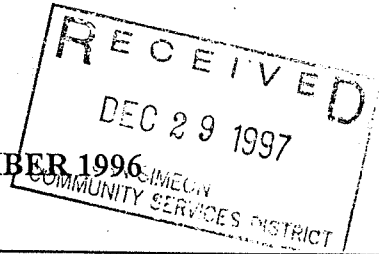


POOLED MONEY INVESTMENT ACCOUNT

SUMMARY OF INVESTMENT DATA

A COMPARISON OF NOVEMBER 1997 WITH NOVEMBER 1996

(Dollars in Thousands)



	NOVEMBER 1997	NOVEMBER 1996	CHANGE
Average Daily Portfolio	\$27,325,013	\$27,088,172	+ \$236,841
Accrued Earnings	\$128,344	\$124,662	+ \$3,682
Effective Yield	5.715	5.599	+ .116
Average Life--Month End (in days)	210	231	- 21
Total Security Transactions			
Amount	\$15,217,885	\$18,487,457	-\$3,269,572
Number	346	426	-80
Total Time Deposit Transactions			
Amount	\$518,200	\$149,500	+ \$368,700
Number	28	22	+6
Average Workday Investment Activity	\$925,652	\$1,035,387	-\$109,735
Prescribed Demand Account Balances			
For Services	\$145,818	\$123,758	+ \$22,060
For Uncollected Funds	\$151,586	\$150,866	+ \$720

LOCAL AGENCY INVESTMENT FUND*
SUMMARY OF ACTIVITY

NOVEMBER 1997

BEGINNING BALANCE	DEPOSITS	WITHDRAWALS	MONTH END BALANCE
\$10,398,375,816.65	\$750,744,840.00	\$1,045,080,141.94	\$10,104,040,514.71

*Local Agency Investment Fund Invested Through Pooled Money Investment Account

State of California
Pooled Money Investment Account
Market Valuation
11/30/97

Description	Carrying Cost Plus Accrued Interest Purch.	Estimated Market Value	Accrued Interest
United States Treasury:			
Bills	\$ 1,183,752,659.34	\$ 1,226,367,638.75	NA
Strips	\$ 73,184,450.00	\$ 92,672,200.00	NA
Notes	\$ 5,742,268,164.61	\$ 5,732,478,390.00	\$ 79,040,775.54
Federal Agency:			
Bonds	\$ 1,081,742,496.49	\$ 1,080,788,743.50	\$ 17,295,282.38
Floater	\$ 289,995,687.30	\$ 289,985,750.00	\$ 2,121,249.60
MBS	\$ 146,567,317.56	\$ 146,056,277.52	\$ 865,407.19
GNMA	\$ 2,699,184.04	\$ 3,113,196.32	\$ 26,452.96
SBA	\$ 212,640,704.78	\$ 213,844,366.66	\$ 2,127,544.01
FHLMC PC	\$ 26,349,432.34	\$ 28,233,197.75	\$ 422,952.76
Discount Notes	\$ 644,998,895.36	\$ 651,610,558.58	NA
Bankers Acceptances	\$ 310,273,363.89	\$ 311,433,829.42	NA
Corporate:			
Bonds	\$ 1,050,835,376.89	\$ 1,049,013,366.39	\$ 17,149,475.65
Floater	\$ 442,022,770.67	\$ 442,332,935.00	\$ 3,525,867.88
CDs	\$ 6,244,933,208.34	\$ 6,243,134,528.57	\$ 20,404,299.98
Bank Notes	\$ 930,000,000.00	\$ 929,592,563.75	\$ 4,664,888.90
Repurchase Agreements	\$ -	\$ -	NA
Time Deposits	\$ 1,007,095,000.00	\$ 1,007,095,000.00	NA
AB 55 & GF Loans	\$ 2,505,812,133.00	\$ 2,505,812,133.00	NA
Commercial Paper	\$ 5,785,144,386.01	\$ 5,786,078,441.58	NA
Reverse Repurchase	\$ (395,712,250.00)	\$ (395,712,250.00)	(\$465,328.50)
TOTAL	\$ 27,284,602,980.62	\$ 27,343,930,866.79	\$ 147,178,868.35

Estimated Market Value Including Accrued Interest \$ 27,491,109,735.14

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).

Certificates of Deposit (CDs), Bank Notes (BNs), and Commercial Paper (CPs) less than 90 days are carried at portfolio book value (carrying cost). Interest accrued from the date of purchase on CDs and BNs under 90 days is not included.