

Tom Fayram, President
 Brad Ross, Vice-President
 Julie Kennedy, Director
 Lisa Palmer, Director
 Greg Parks, Director



**LOS OLIVOS COMMUNITY SERVICES DISTRICT
 FINANCE COMMITTEE MEETING**

Posted: 5-1-2023

May 4, 2023 – 8:30 AM

**St Mark’s in the Valley Episcopal Church
 2901 Nojoqui Ave, Los Olivos CA 93441**

Please observe decorum and instructions from the Committee Chair

Finance Committee: Director Julie Kennedy, Director Lisa Palmer, and General Manager Guy Savage

This meeting will be held both in-person and electronically via Zoom Meetings. In-person the meeting will be held at the following locations:
 St Mark’s in the Valley Episcopal Church, 2901 Nojoqui Ave, Los Olivos CA 93441

The public will also be able to hear and participate electronically via Zoom by using the following links:

Zoom: <https://us06web.zoom.us/j/81937722522?pwd=SWpSU0RYZFliZTBkNGphZG41TGs4dz09>
 By Phone: +1 669 900 6833 US (San Jose) Meeting ID: 819 3772 2522 Passcode: 914085
 One tap mobile: +14086380968,,81937722522#,,,,*914085# US (San Jose)

The Los Olivos Community Services District is committed to ensuring equal access to meetings. In compliance with the American Disabilities Act, if you need special assistance to participate in the meeting or need this agenda provided in a disability-related alternative format, please call 805.500.4098 or email to losolivoscscd@gmail.com. Any public records, which are distributed less than 72 hours prior to this meeting to all, or a majority of all, of the District’s Board members in connection with any agenda item (other than closed sessions) will be available for public inspection at the time of such distribution at a location to be determined in Los Olivos, California 93441.

MEETING AGENDA

1. CALL TO ORDER

2. ROLL CALL

3. DIRECTOR COMMENTS

Directors will give reports on any meetings that they attended on behalf of the Committee and/or choose to comment on various Committee activities. Committee member requests for future agenda items may also be made at this time.

4. PUBLIC COMMENTS

Members of the public may address the Committee on any items of interest within the subject matter and jurisdiction of the Committee but not on the agenda today (Gov. Code - 54954.3). The public may also request future agenda topics at this time. Speakers are limited to 3 minutes. Due to the requirements of the Ralph M. Brown Act, the District cannot take action today on any matter not on the agenda, but a matter raised during Public Comments may be referred to District staff for discussion and possible action at a future meeting.

5. ADMINISTRATIVE AGENDA

A. APPROVAL OF MEETING MINUTES

Finance Committee Meeting Minutes of April 7, 2023.

6. BUSINESS ITEMS

A. Review and recommend to full Board of Directors’ payment of invoices received by May 1, 2023.

No.	Invoice Date	Invoice #	Provider	Amount
1.	4/13/2023	74960	Aleshire & Wynder – Legal Services	\$ 4,312.99

2.	3/7/2023	1091	Confluence ES – Effluent Disposal Study	\$ 550.00
3.	4/30/2023	20234	Savage – General Manager and District Services	\$ 3,611.25

Project	Vendor	To Date (inc. above)	Remaining Authorization
Effluent Study	GSI	\$ 15,317.50	\$ 4,182.50
Effluent Study	ConfluenceES	\$ 19,421.20	\$ 1,028.80
Audit	Moss, Levy & Hartzheim, LLP	\$ 2,500.00	\$ 5,275.00

- B. Review Budget Reports
- C. Audit Report Review
- D. Fiscal Year 2023-24 Budget Discussion

7. ADJOURNMENT

ITEM 5A - MINUTES TO APPROVE

MINUTES TO APPROVE

Tom Fayram, President
Brad Ross, Vice-President
Julie Kennedy, Director
Lisa Palmer, Director
Greg Parks, Director



**LOS OLIVOS COMMUNITY SERVICES DISTRICT
FINANCE COMMITTEE MEETING**

Posted: 4-4-2023

April 7, 2023 – 9:00 AM

**St Mark's in the Valley Episcopal Church
2901 Nojoqui Ave, Los Olivos CA 93441**

Please observe decorum and instructions from the Committee Chair

Finance Committee: Director Julie Kennedy, Director Lisa Palmer, and General Manager Guy Savage

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By Phone: +1 669 900 6833 US (San Jose) Meeting ID: 819 3772 2522 Passcode: 914085

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MEETING AGENDA

1. CALL TO ORDER

The meeting was called to order at: 9:05 AM.

2. ROLL CALL

Attending: Director Kennedy, Director Palmer, General Manager Savage

Absent: None

3. DIRECTOR COMMENTS

Directors will give reports on any meetings that they attended on behalf of the Committee and/or choose to comment on various Committee activities. Committee member requests for future agenda items may also be made at this time.

No comments.

4. PUBLIC COMMENTS

Members of the public may address the Committee on any items of interest within the subject matter and jurisdiction of the Committee but not on the agenda today (Gov. Code - 54954.3). The public may also request future agenda topics at this time. Speakers are limited to 3 minutes. Due to the requirements of the Ralph M. Brown Act, the District cannot take action today on any matter not on the agenda, but a matter raised during Public Comments may be referred to District staff for discussion and possible action at a future meeting.

No comments.

5. ADMINISTRATIVE AGENDA

A. APPROVAL OF MEETING MINUTES

Finance Committee Meeting Minutes of March 9, 2023.

Motion to approve the Meeting Minutes of March 9, 2023.

Motion by: Director Palmer, Second: Director Kennedy. Voice vote: (3-0) All in favor.

6. BUSINESS ITEMS

A. Review and recommend to full Board of Directors’ payment of invoices received by April 3, 2023.

No.	Invoice Date	Invoice #	Provider	Amount
1.	1/31/2023	459	Moss, Levy & Hartzheim – Audit Services	\$ 2,500.00
2.	2/23/2023	GEN110822-44	County of Santa Barbara – Elections Services – Short Term Election	\$ 163.90
3.	2/23/2023	GEN110822-45	County of Santa Barbara – Elections Services – Full Term Election / General Election	\$ 409.74
4.	3/6/2023	74136	Aleshire & Wynder – Legal Services	\$ 3,476.00
5.	3/7/2023	876.001-24	GSI Water Solutions – Groundwater Monitoring	\$ 1,612.48
6.	3/15/2023	82597	MNS Engineering – District Engineer Services	\$ 1,931.25
7.	3/31/2023	20233	Savage – General Manager and District Services	\$ 4,050.00
8.	4/1/2023	326BDB28-0004	Streamline – Website software (annual fee)	\$ 600.00
9.	4/3/2023	151	Regen LLC – Technical Services	\$ 1,250.00

Project	Vendor	To Date (inc. above)	Remaining Authorization
Effluent Study	GSI	\$ 15,317.50	\$ 4,182.50
Effluent Study	ConfluenceES	\$ 19,421.20	\$ 1,578.80
Groundwater Monitoring	GSI	\$ 95,900.00	\$ 0.00
Audit	Moss, Levy & Hartzheim, LLP	\$ 2,500.00	\$ 5,275.00
Technical Recommendation	REGEN	\$ 10,470.00	\$ 530.00

Director Palmer asks about the Effluent Study, noting that there are two vendors who shared the work. GM Savage responds that he was expecting the final report this week, and that it may be on next week’s Regular Board agenda.

Greg Jaquez work to be limited to authorized work moving forward.

Motion to approve invoices as presented in item 6A.

Motion by: Director Palmer, Second: Director Kennedy. Voice vote: (3-0) All in favor.

B. Review Budget Reports (See Packet)

GM Savage describes a basically flat month financially due to the timing of paying bills. He adds that there is no update on the timing for when grants funds

Director Palmer asks about the Grants/Finance committee. Director Kennedy notes that it is her preference to have the committee meet twice a month.

7. ADJOURNMENT

Motion to adjourn at 9:14 AM.

Motion by: GM Savage, Second: Director Kennedy. Voice vote: (3-0) All in favor.

Respectfully submitted:



Guy W. Savage
General Manager – Los Olivos Community Services District

Approved:

Lisa Palmer or Julie Kennedy
Director – Los Olivos Community Services District

ITEM 6A - INVOICE PAYMENT

INVOICE PAYMENT



April 13, 2023

VIA EMAIL ONLY: Guy Savage – GM.LOCSD@gmail.com

General Manager
Los Olivos Community Services District
P.O. Box 345
Los Olivos, CA 93441

Re: **April 2023 Billing Statement (for services through 03/31/23);
Aleshire & Wynder, LLP**

Dear General Manager:

Enclosed, please find the billing statements for the month of April, which include services rendered and costs incurred by Aleshire & Wynder, LLP, through March 31, 2023.

Should you have any questions or require additional information concerning the foregoing, please let me know.

Sincerely,

ALESHIRE & WYNDER, LLP

Haydee Sanchez *for*
G. Ross Trindle, III

Enclosure

cc: Mary Zepeda – mzepeda@mnsengineers.com

LOS OLIVOS COMMUNITY SERVICES DISTRICT (01245) MONTHLY BILLING SUMMARY

Billing Period: March 1 thru March 31, 2023

	Total Hours	Hourly Rate	Total Fees	Total Costs	Total Fees & Costs	Writeoff Value	Comments
0001 General (\$220 Blended: Atty / Paralegal / Law Clerk)	2.60	220	572.00	264.99	836.99	0.00	(Advisory/Transactional Svcs)
TOTALS:	2.60		572.00	264.99	836.99	0.00	



Federal Tax ID: 55-0814676

Los Olivos Community Services District
Attn: General Manager
PO Box 345
Los Olivos, CA 93441

April 13, 2023
Bill No. 74960

For Legal Services Rendered Through 03/31/23

CLIENT: 01245 - Los Olivos Community Services District
MATTER: 0001 - General

PROFESSIONAL SERVICES

Date	Attorney	Description	Hours	Amount
03/15/23	GRT	(REGULAR MEETING) COMPLETE PREPARATION FOR AND ATTEND REGULAR MEETING VIA ZOOM	2.20	484.00
03/27/23	GRT	(GENERAL MANAGER) BRIEF PHONE CONFERENCE WITH GENERAL MANAGER RE CEQA APPLICATION FOR INITIAL ASSESSMENT VOTE	0.10	22.00
03/30/23	GRT	(GENERAL MANAGER) EMAIL EXCHANGE WITH GENERAL MANAGER RE LETTER OF SUPPORT FOR CSDA SPONSOR BILL ON AB 361	0.20	44.00
03/31/23	GRT	(LAFCO) RECEIPT AND REVIEW OF EMAIL FROM GENERAL MANAGER RE LAFCO AGENDA AND STATUS OF WRITTEN COMMENTS ON DISTRICT'S RENEWAL REQUEST	0.10	22.00
Total Professional Services			2.60	\$572.00

PROFESSIONAL SERVICES SUMMARY

Code	Name	Hours	Rate	Amount
GRT	George "Ross" Trindle	2.60	220.00	572.00
Total Professional Services		2.60		\$572.00

DISBURSEMENTS

Date	Description	Amount
03/31/23	MILEAGE TO/FROM 16Y4696-(TO LOCSD, BOARD MTNG, 01/11/23);Check#1150 - G. Ross Trindle, III	59.94
03/31/23	MILEAGE TO/FROM 16Y4696-(LOCSD TO RIVERSIDE OFFICE, BOARD MTNG, 01/15/23);Check#1150 - G. Ross Trindle, III	59.93
03/31/23	MILEAGE TO/FROM 16Y4696-(HOTEL, LOCSD & SMVWCD BOARD MTNGS, 01/11 - 01/12/23);Check#1150 - G. Ross Trindle, III	145.12
Total Disbursements		<u>\$264.99</u>
CURRENT BILL TOTAL AMOUNT DUE		<u><u>\$836.99</u></u>
Balance Forward:		3,476.00
Payments & Adjustments:		-0.00
Total Due:		<u><u>\$4,312.99</u></u>

Please return this page with remittance

to
Aleshire & Wynder, LLP

Bill Number: 74960
Bill Date: April 13, 2023
Client Code: 01245
Client Name: Los Olivos Community Services District
Matter Code: 0001
Matter Name: General

Total Professional Services	572.00
Total Disbursements	264.99
CURRENT BILL TOTAL AMOUNT DUE	<u>\$836.99</u>
Balance Forward:	3,476.00
Payments & Adjustments:	-0.00
Total Due:	<u>\$4,312.99</u>

Amount enclosed: _____

Thank You

Confluence Engineering Solutions, Inc.

PO 7098
Los Osos, CA 93412
(805) 8054598498
danheimel@ConfluenceES.com



INVOICE

BILL TO
Los Olivos CSD

INVOICE 1091
DATE 04/12/2023
TERMS Net 60
DUE DATE 06/11/2023

PROJECT NAME
Effluent Disposal Study

INVOICE PERIOD
1/1/23 - 3/31/23

	DESCRIPTION	QTY	RATE	AMOUNT
Principal Engineer	Prepared summary of permitting requirements for Effluent Disposal Alternatives.	1:00	200.00	200.00
Principal Engineer	Prepared Final Effluent Disposal Alternatives Evaluation TM.	1:45	200.00	350.00

Thank you for working with Confluence Engineering Solutions, Inc.

BALANCE DUE

\$550.00

INVOICE

FROM:

Guy W. Savage
PO Box 894
Los Olivos, Ca 93441

BILL TO:

Via electronic delivery
President Thomas Fayram
Los Olivos Community Services District
PO Box 345
Los Olivos, Ca 93441

Invoice # 20234
Invoice Date: 4/30/2023

Dear President Fayram,

Please see the below for professional services provided, plus any expenditures made on behalf of the District. The attached tally of hours (units) exceeds those being billed below. This is being done to track the hours for future reference. Per agreement, the hours will be capped at the number below or as authorized by the President.

Date	Description	Units	Rate	Amount
4/30/2023	General Manager Services - LOCSD (4/1/23-4/30/23) See Attached for Details	26.75	\$ 135.00	\$ 3,611.25
Total				\$ 3,611.25

Thank you for your continued support.



Date	Description	Hours	Rate	Amount
2-Apr	Regen follow up	0.25	\$ 135.00	\$ 33.75
3-Apr	Fayram meeting	0.25	\$ 135.00	\$ 33.75
	Finance Agenda	0.75	\$ 135.00	\$ 101.25
	Regular Agenda	0.5	\$ 135.00	\$ 67.50
4-Apr	Finance Agenda	0.75	\$ 135.00	\$ 101.25
	Regular Agenda	1	\$ 135.00	\$ 135.00
	Website Updates, administrative, emails	0.5	\$ 135.00	\$ 67.50
5-Apr	Tech Committee w/Cloacina	1.25	\$ 135.00	\$ 168.75
6-Apr	LAFCO meeting	2	\$ 135.00	\$ 270.00
7-Apr	Finance Meeting and minutes	1	\$ 135.00	\$ 135.00
	Regular Agenda, website updates	3	\$ 135.00	\$ 405.00
8-Apr	Tech Committee prep	1	\$ 135.00	\$ 135.00
10-Apr	Fayram meeting	0.25	\$ 135.00	\$ 33.75
	Tech Committee	1.25	\$ 135.00	\$ 168.75
12-Apr	Box shared files issue	0.75	\$ 135.00	\$ 101.25
	Technical discussion with Regen	1.25	\$ 135.00	\$ 168.75
	Regular Meeting	3.5	\$ 135.00	\$ 472.50
13-Apr	Regular Meeting minutes, posting video, correspondence	3	\$ 135.00	\$ 405.00
14-Apr	Grants committee	1	\$ 135.00	\$ 135.00
	Grants committee post work, MHI survey research	1.25	\$ 135.00	\$ 168.75
15-Apr	Emails, Tech Committee work	1	\$ 135.00	\$ 135.00
17-Apr	Emails	0.75	\$ 135.00	\$ 101.25
19-Apr	Email, phone calls	0.5	\$ 135.00	\$ 67.50
Totals		26.75	\$	3,611.25

ITEM 6B – BUDGET REPORTS

BUDGET REPORTS

Report : Financial Status (Real-Time)

Selection Criteria: Fund = 3490

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

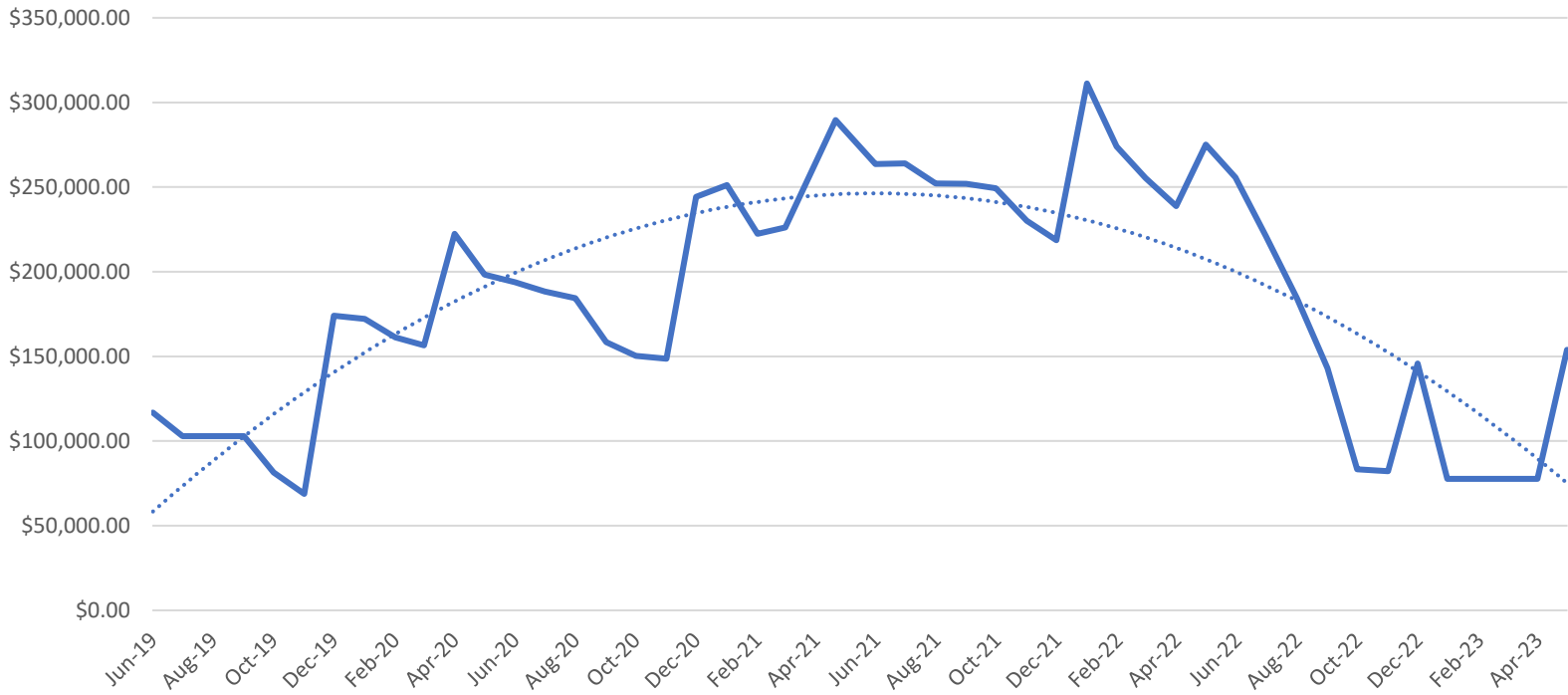
Last Updated: 4/4/2023 1:37 AM

As of: 4/30/2023 (84% Elapsed)

Fund 3490 -- Los Olivos CSD

Line Item Account	6/30/2023 Fiscal Year Adjusted Budget	4/30/2023 Year-To-Date Actual	6/30/2023 Fiscal Year Variance	6/30/2023 Fiscal Year Pct of Budget
Revenues				
Taxes				
3066 -- Special Tax Assessment	203,121.00	227,649.65	227,649.65	112.08%
Taxes	203,121.00	227,649.65	227,649.65	0.00%
Use of Money and Property				
3380 -- Interest Income	724.00	1,190.55	466.55	--
3381 -- Unrealized Gain/Loss Invstmnts	0.00	0.00	0.00	#DIV/0!
Use of Money and Property	0.00	1,190.55	466.55	#DIV/0!
Intergovernmental Revenue-Other				
4840 -- Other Governmental Agencies	169,804.00	30,131.27	-139,672.73	17.74%
Intergovernmental Revenue-Other	274,000.00	30,131.27	-243,868.73	11.00%
Revenues	372,925.00	258,971.47	88,443.47	69.44%
Expenditures				
Services and Supplies				
7090 -- Insurance	2,500.00	2,799.92	299.92	112.00%
7324 -- Audit and Accounting Fees	4,000.00	2,500.00	-1,500.00	62.50%
7430 -- Memberships	1,200.00	1,287.00	87.00	107.25%
7450 -- Office Expense	2,000.00	0.00	-2,000.00	0.00%
7460 -- Professional & Special Service (Project, Planning & Studies)	189,908.00	214,651.58	24,743.58	113.03%
7508 -- Legal Fees	30,000.00	32,168.41	2,168.41	107.23%
7510 -- Contractual Services (IGM Contract, Engineer)	49,000.00	72,977.37	23,977.37	148.93%
7530 -- Publications & Legal Notices	1,000.00	0.00	-1,000.00	0.00%
7671 -- Special Projects	175,000.00	0.00	-175,000.00	0.00%
7732 -- Training	1,500.00	0.00	-1,500.00	0.00%
Services and Supplies	456,108.00	326,384.28	129,723.72	71.56%
Expenditures	456,108.00	326,384.28	129,723.72	71.56%

Los Olivos CSD Cash Balance History



ITEM 6C – AUDIT REPORTS

AUDIT REPORTS

**LOS OLIVOS COMMUNITY
SERVICES DISTRICT**

FINANCIAL STATEMENTS
June 30, 2020

Draft

LOS OLIVOS COMMUNITY SERVICES DISTRICT
TABLE OF CONTENTS
June 30, 2020

FINANCIAL SECTION

Independent Auditors' Report 1

BASIC FINANCIAL STATEMENTS

Statement of Net Position – Proprietary Fund 3

Statement of Revenues, Expenses, and Changes
in Net Position – Proprietary Fund 4

Statement of Cash Flows – Proprietary Fund 5

Notes to Basic Financial Statements 6

Draft

FINANCIAL SECTION

Draft



INDEPENDENT AUDITORS' REPORT

The Board of Directors
Los Olivos Community Services District
Los Olivos, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Los Olivos Community Services District (the District) as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's 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 opinions 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 auditors' 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Los Olivos Community Services District, as of June 30, 2020, and the respective changes in financial position thereof and, where applicable, 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 the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April XX, 2023, on our consideration of the Los Olivos 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.

Santa Maria, CA
April XX, 2023

Draft

LOS OLIVOS COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2020

ASSETS

Cash in county treasury	\$	195,234
Interest receivable		609
Total assets		<u>195,843</u>

LIABILITIES

Accounts payable		<u> </u>
Total liabilities		<u> </u>

NET POSITION

Unrestricted		195,843
Total net position	\$	<u><u>195,843</u></u>

Draft

The notes to basic financial statements are an integral part of these basic financial statements.

LOS OLIVOS COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2020

Operating Expenses:	
Office expense	\$ 830
Professional services	58,252
Insurance	5,185
Contractual services	42,226
Other services and supplies	<u>1,588</u>
Total operating expenses	<u>108,081</u>
Operating Loss	<u>(108,081)</u>
Non-Operating Revenues (Expenses):	
Interest income	3,319
Assessments	196,822
Other income	<u>525</u>
Total Non-Operating Revenues (Expenses)	<u>200,666</u>
Change in net position	92,585
Net Position	
Net Position, beginning of fiscal year	<u>103,258</u>
Net Position, end of fiscal year	<u><u>\$ 195,843</u></u>

Draft

The notes to basic financial statements are an integral part of these basic financial statements.

LOS OLIVOS COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to vendors	\$ (122,611)
Net cash used by operating activities	<u>(122,611)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other income	525
Property assessments	<u>196,822</u>
Net cash provided by noncapital financing activities	<u>197,347</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>3,278</u>
Net cash provided by investing activities	<u>3,278</u>
Net increase in cash and cash equivalents	78,014
Cash and cash equivalents - July 1, 2019	<u>117,220</u>
Cash and cash equivalents - June 30, 2020	<u><u>\$ 195,234</u></u>
Reconciliation to Statement of Net Position:	
Cash in county treasury	<u><u>\$ 195,234</u></u>
Draft	
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (108,081)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Change in assets and liabilities:	
Accounts payable	<u>(14,530)</u>
Net cash used by operating activities	<u><u>\$ (122,611)</u></u>

The notes to basic financial statements are an integral part of these basic financial statements.

NOTE 1 - ORGANIZATION

The Los Olivos Community Services District is an independent governmental unit within the unincorporated area of the County of Santa Barbara and derives its decision-making capabilities from State legislation. The District is governed by a Board of Directors elected to serve four-year terms. The primary purpose of the District is the building and operation of facilities needed to collect, treat, and dispose of sewage, wastewater, recycled water, and storm water.

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, No. 61, and No. 80.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Accounting Policies - The accounting policies of the District conform to 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).

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the District has opted to apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

- B. Accounting Method - The District is organized as an Enterprise Fund and follows the accrual method of accounting, whereby revenues are recorded when earned and expenses are recorded when incurred.

- C. Fund Financial Statements - The fund financial statements provide information about the District's proprietary fund.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

GASB Statement No. 34 defines major funds and requires that the District's major business-type fund be identified and presented separately in the fund financial statements.

Major funds are defined as funds that have assets, liabilities, revenues, or expenses equal to ten percent of their fund-type total and five percent of the grand total. The District maintains one proprietary fund.

Proprietary Fund Type

Enterprise Fund:

Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District reported its enterprise fund as a major fund in the accompanying basic financial statements.

Sewer Fund – The Sewer Fund is to account for the provision of sewer services to the residents of the District.

- D. Cash and Cash Equivalents – For purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash and investments with original maturities of three months or less.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 according to the following schedule:

<u>Item</u>	<u>Years</u>
Office Furniture and Equipment	5
Plant Equipment	10-20
Manholes, Laterals, and Sewer lines	30
Treatment Plant Structures	30-50

- G. Receivables - The District did not experience any significant bad debt losses; accordingly, no provision has been made for doubtful accounts and accounts receivable are shown at full value.
- H. Construction in Progress - The District occasionally constructs capital assets for its own use in the plant operations. The costs associated with these projects are accumulated in a construction in progress account while the project is being developed. Once the project is completed, the entire cost of the constructed assets are transferred to the capital assets account and depreciated over the estimated useful life of the capital assets.
- I. Use of 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 reported period. Actual results could differ from those estimates.
- 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.

Net position that is net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position are those net position that have 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 consist of net position that do not meet the definition of invested in capital assets, net of related debt, or restricted net position.

K. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.

LOS OLIVOS COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Future Accounting Pronouncements (Continued)

Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.
Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 92	"Omnibus 2020"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provision of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 97	"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"	The provisions of this statement are effective for fiscal years beginning December 15, 2019.

Draft

NOTE 3 - CASH AND INVESTMENTS

On June 30, 2020, the District had the following cash and investments on hand:

Cash in county treasury	<u>\$ 195,234</u>
Total cash and investments	<u>\$ 195,234</u>

LOS OLIVOS COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 3 - CASH AND INVESTMENTS (Continued)

Cash and investments listed above, are presented on the accompanying statement of net position as follows:

Cash in county treasury	\$ 195,234
	<u>\$ 195,234</u>

The District categorizes its fair value measurements within the fair value hierarchy established by U.S. Generally Accepted Accounting Principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. 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 Santa Barbara County investment pool, that investment is measured under Level 2.

Investments Authorized by the District's Investment Policy

The District's investment policy only authorizes investment in the local government investment pool administered by the County of Santa Barbara. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

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:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
Santa Barbara County Investment Pool	\$ 195,234	\$ 195,234	\$ -	\$ -	\$ -
Total	<u>\$ 195,234</u>	<u>\$ 195,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Minimum Carrying Amount</u>	<u>Exempt Legal Rating</u>	<u>From Disclosure</u>	<u>Rating as of Fiscal Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Santa Barbara County Investment Pool	\$ 195,234	N/A	\$ -	\$ -	\$ -	\$ 195,234
Total	<u>\$ 195,234</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,234</u>

NOTE 3 - CASH AND INVESTMENTS (Continued)

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 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.

Investment in Santa Barbara County Investment Pool

The District is a participant in the Santa Barbara County Investment Pool that is regulated by the California Government Code. The fair value of the District's investment in this pool is based upon the District's pro-rata share of the fair value provided by the Santa Barbara County Investment Pool for the entire Santa Barbara County Investment Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Santa Barbara County Investment Pool, which are recorded on an amortized cost basis.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

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

Draft



Moss, Levy & Hartzheim LLP

Certified Public Accountants

April 13, 2023

Los Olivos Community Services District
PO Box 345
Los Olivos, CA 93441

Attached is a draft copy of your audit for your review. After reviewing and upon your approval, please sign and fax back this letter to our office. We will not finalize the audit until we receive your response, a signed and dated Management Representation Letter (to be prepared by you), a written response from your attorney to the legal representation letter or a letter from you stating that no legal counsel was retained.

Sincerely,

MOSS, LEVY & HARTZHEIM LLP

Moss, Levy & Hartzheim LLP

RESPONSE:

I have reviewed the draft copy of the audit for Los Olivos Community Services District and give my approval

By: _____

Title: _____

Date: _____

ITEM 6D – FY 2023-24 BUDGET DISCUSSION

FY 2023-24 BUDGET DISCUSSION

Los Olivos Community Services District				
FY 2022-23 Draft Budget				
Line Item Account	FY 2020-21 Budget	FY 2021-22 Budget (Adjusted)	FY 2021-22 YTD Actuals+ Commitments	PROPOSED FY 2022-23
Beginning Balance	\$ 193,885	\$ 213,370	\$ 213,370	\$ 136,475
Revenues				
Taxes				
3066 -- Special Tax Assessment	\$ 188,887	\$ 196,253	\$ 194,635	\$ 203,121
Taxes	\$ 188,887	\$ 196,253	\$ 194,635	\$ 203,121
Use of Money and Property				
3380 -- Interest Income		\$ -	\$ 724	\$ 724
3381 -- Unrealized Gain/Loss Invstmnts			\$ (6,602)	
Use of Money and Property			\$ (5,878)	
Intergovernmental Revenue-Other	\$ -			
4840 -- Other Governmental Agencies	\$ 180,000	\$ 274,000	\$ 104,196	\$ 169,804
Intergovernmental Revenue-Other	\$ 180,000	\$ 274,000	\$ 104,196	\$ 169,804
Total Cash & Revenues	\$ 562,772	\$ 683,623	\$ 506,323	\$ 509,401
Expenditures				
Services and Supplies				
7090 -- Insurance	\$ 2,320	\$ 2,500	\$ 162	\$ 2,500
7324 -- Audit and Accounting Fees	\$ 4,000	\$ 4,000	\$ 178	\$ 4,000
7325 -- Other Professional Services (Grant Assistance)		\$ 10,000	\$ -	
7430 -- Memberships	\$ 1,200	\$ 1,200	\$ 1,102	\$ 1,200
7450 -- Office Expense	\$ 2,000	\$ 2,000	\$ -	\$ 2,000
7460 -- Professional & Special Service (Project, Planning & Studies)	\$ 193,500	\$ 439,000	\$ 251,763	\$ 189,908
7508 -- Legal Fees	\$ 27,000	\$ 27,000	\$ 23,205	\$ 30,000
7510 -- Contractual Services (IGM Contract, Engineer)	\$ 80,400	\$ 67,000	\$ 93,438	\$ 49,000
7530 -- Publications & Legal Notices	\$ 1,000	\$ 5,000	\$ -	\$ 5,000
7671 -- Special Projects	\$ 8,000	\$ 15,000	\$ -	\$ 175,000
7732 -- Training	\$ 1,500	\$ 1,500	\$ -	\$ 1,500
Services and Supplies	\$ 320,920	\$ 574,200	\$ 369,847	\$ 460,108
Other Charges		\$ -	\$ -	
7894 - Communication Services	\$ 930	\$ 930	\$ -	\$ -
Other Charges	\$ 930	\$ 930	\$ -	\$ -
Total Expenditures	\$ 321,850	\$ 575,130	\$ 369,847	\$ 460,108
Ending Balance	\$ 240,922	\$ 108,493	\$ 136,475	\$ 49,293