

AVILA BEACH COMMUNITY SERVICES DISTRICT

Post Office Box 309, Avila Beach, CA. 93424
Meeting Room and Office – 191 San Miguel Street, Avila Beach
Telephone (805) 595-2664 FAX (805) 595-7623
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AGENDA

REGULAR BOARD MEETING
7:00 pm Tuesday, November 14th, 2017
BOARD MEETING LOCATION
AVILA BEACH CIVIC ASSOCIATION
191 SAN MIGUEL STREET
AVILA BEACH, CALIFORNIA

CALL TO ORDER: 7:00 P.M.

1. ROLL CALL: Board Members:

Pete Kelley, President
Lynn Helenius, Vice President
Eric DeWeese, Director
Ara Najarian, Director
Kristin Berry, Director

2. PUBLIC COMMENT

Members of the public wishing to comment or bring forward any items concerning District operations **which do not appear on tonight's agenda** may address the Board now. Please state name and address before addressing the Board and **limit presentations to 3 minutes**. State law does not allow Board action on items not appearing on the agenda.

3. INFORMATION AND DISCUSSION ITEMS

Items of District interest which may be placed on later agendas, or where staff needs to inform Board.

A. County Reports

1. SLO County Sheriff Department
2. CalFire/County Fire Department

B. Reports on Attended Conferences, Meetings, and General Communications of District Interest

4. CONSENT ITEMS:

These items are approved with one motion. Directors may briefly discuss any item, or may pull any item, which is then added to the business agenda.

- A. Minutes of October 11th, 2017 Regular Meeting
- B. Monthly Financial Review
- C. General Manager and District Engineer Report
- D. Water and Wastewater Superintendent Report

5. DISCUSSION OF PULLED CONSENT ITEMS

At this time, items pulled for discussion from the Consent Agenda, if any, will be heard.

6. BUSINESS ITEMS: Items where Board action is called for.

- A. District Financial Audit for Fiscal Year 2016-17
(Action Required: Receive draft report and presentation by Fedak and Brown, the District's independent Auditor; Adopt Audit Report or provide direction to staff and bring report back for Board consideration)
- B. Award Engineering Design Contract to MKN Engineering for Wet Well and Manhole Repair Coating Project. (Action Required: Approve Engineering Design Proposal)
- C. Resolution No. 2017-11 Amending District Purchasing Policy #3041
(Action Required: Receive Report; Review proposed changes; Adopt Resolution No. 2017-11 or Alternatively, Provide Further Direction to Staff)

7. COMMUNICATIONS/ CORESPONDENCE

At this time, any Director or Staff, may ask questions for clarification, make any announcements, or report briefly on any activities or suggest items for future agendas.

8. Adjourn to next regularly scheduled meeting on December 12th, 2017.

Any writing or document pertaining to an open session item on this agenda which is distributed to a majority of the Board after the posting of this agenda will be available for public inspection at the time the subject writing or document is distributed. The writing or document will be available for public review in the District Administration Office, 191 San Miguel Street, Avila Beach, CA during normal business hours. Consistent with the Americans with Disabilities Act and California Government Code Section 54954.2 requests for disability related modification or accommodation, including auxiliary aids or services may be made by a person with a disability who requires the modification or accommodation in order to participate at the above referenced public meeting by contacting the District at 805-595-2664.

**AVILA BEACH COMMUNITY SERVICES DISTRICT
MINUTES OF REGULAR MEETING
October 10th, 2017**

1. CALL TO ORDER

President Pete Kelley called the regular meeting of the Board of Directors of the Avila Beach Community Services District, to order at 7:00 p.m. on the above date, in the Avila Beach Civic Center.

2. ROLL CALL

Board Members Present: Pete Kelley
 Lynn Helenius
 Eric DeWeese

Board Members Absent: Ara Najarian
 Kristin Berry

Staff Present: Brad Hagemann, General Manager and District Engineer
 Kristi Dibbern, Accounting Clerk
 Carinna Butler, Operations Manager FRM

3. PUBLIC COMMENTS

4. INFORMATION AND DISCUSSION ITEMS

A. County Reports

1. SLO Sheriff:

Sheriff Voge reported 52 calls for service. The calls included: twelve suspicious subjects; three petty thefts; and two vehicle burglaries in Avila Beach. A purse was stolen from inside a vehicle that was left unlocked in the Cave Landing parking lot. One fireworks complaint was reported as well as, a call from the La Fonda Hotel at 4 a.m. regarding a woman sleeping behind the night clerk's desk. Sheriff Voge stated that there has been a huge reduction in thefts in the Bob Jones Trail Parking Lot due to surveillance cameras and the posting of surveillance signs. Sheriff Voge reminded the Board and public that overnight parking of RV's on Avila Beach Drive is prohibited.

2. Cal Fire Report:

Cal Fire Battalion Chief Paul Lee reported 60 calls for service during September. Forty one of those calls were for medical aid. Four of the six statewide "Cal Fire Instant Response Teams" have been deployed due to the number of fires throughout the state. Governor Jerry Brown has declared the fires a State of Emergency. The emergency air tankers stationed in Paso Robles are beneficial to the local residents if we need assistance. Chief Lee reminded the Board and public to call 911 to report anything that could potentially cause a fire.

B. Reports on Conferences, Meetings and General Communications – None Reported.

5. CONSENT ITEMS

President Kelley introduced the consent items and inquired if any member of the Board or public wished to address any items. GM Hagemann reported that the Regional Water Quality Control Board adopted the Wastewater Treatment Plant Ocean Discharge Permit at their July 21st hearing. The approved permit is very similar to the existing permit, will take effect on December 1, 2017 and expires on November 30, 2022. The District received the updated Special Districts Risk Management Authority President's Award for no claims over the last five years.

- A. Minutes of Sept 12th, 2017 Regular Meeting
- B. Monthly Financial Review for September
- C. General Manager and District Engineer Report
- D. Water and Wastewater Superintendent Report for September

Director Helenius made the motion to adopt the consent items. Director DeWeese seconded the motion and it passed with a roll call vote 3-0.

AYES: Lynn Helenius
Eric DeWeese
Pete Kelley

NOES: None

ABSENT: Kristin Berry
Ara Najarian

6. DISCUSSION OF PULLED CONSENT ITEMS.
None

7. BUSINESS ITEMS: Items where Board action is called for.

A. District Policy Manual

General Manger Hagemann introduced this item and per Board direction at the September meeting, staff added some suggested language to the Purchasing Policy that was designed to clarify the General Manager's approval authority for contract changes. Changes to the policy were indicated in RED on the current purchasing policy. Director Kelley made the motion to change Purchasing Policy 3041 as presented. Director Helenius seconded the motion and it passed with a roll call vote 3-0.

AYES: Pete Kelley
 Lynn Helenius
 Eric DeWeese

NOES: None

ABSENT: Kristin Berry
 Ara Najarian

B. Capital Improvement Program Quarterly Report [Informational Item]

General Manager Hagemann provided a quarterly status report on the FY 2017/18 Capital Improvement Program. Hagemann stated that the next project would include repairs to Water Tank #1. The project is scheduled for the first week in November. Staff will be preparing specifications for obtaining quotes for WWTP SCADA upgrades and influent wet well coating project.

Director Helenius inquired about the project to update the emergency water supply connection between San Miguelito Mutual Water, the District and Port San Luis. This project was included on the 2014 Capital Improvement Project List. Her questions included “Do we need the emergency backup water & what is the benefit and financial obligation?” GM Hagemann explained to the Board that this project is a water reliability project to provide water if the District’s main water supply line was damaged enough to prevent water from reaching the District. GM Hagemann reported to the Board that the conceptual design for the project is complete. However, the question is; “Is it worth the cost to replace the water valves, install pressure reducers and the flow meters?” Loch Dreizler from the Port was present in the audience and also questioned the cost/benefit of the project. The Board directed GM Hagemann to discuss the project with San Miguelito Mutual Water Co. and Port San Luis staff to reach consensus on whether to proceed with the project.

C. Fluid Resources Management Operations Contract Renewal

GM Hagemann summarized the staff report and stated Fluid Resource Management (FRM) Operations Contract was adopted in October 2013 for a three-year term with two, one-year renewal options. The contract includes an escalation based on the previous 12 months increase in the Consumer Price Index. GM Hagemann reported that the fixed fee portion of the contract will likely increase 3% from \$17,757 per month to \$18,290 per month, for regular O&M services to the District effective 11/1/17. Director Kelley made the motion to extend the contract for the final year through November 1st, 2018. Director DeWeese seconded the motion and it passed with a roll call vote 3-0.

AYES: Pete Kelley
Lynn Helenius
Eric DeWeese

NOES: None

ABSENT: Kristin Berry
Ara Najarian

D. Hiring an Engineering Intern

Staff believes investing in student interns is a very cost effective way to get projects started and completed. We have a very talented intern pool with Cal Poly students especially if we look at junior, senior or graduate level students. Students bring new ideas and approaches to problems. They also have lots of energy. The Board directed staff to pursue an intern candidate for hire.

E. Status of Moving Administrative Offices to the Former Fire Station

Board directed staff to prepare for the move to the San Luis Street Fire Station in Avila Beach.

8. COMMUNICATIONS:

ADJOURNMENT: The meeting was adjourned at 8:35 p.m.

The next regular meeting of the Avila Beach Community Services District is scheduled for Tuesday, November 14th, 2017 at 7:00 pm.

These minutes are not official nor a permanent part of the records until approved by the Board of Directors at their next meeting.

Respectfully submitted,

Brad Hagemann, PE
General Manager

AVILA BEACH
COMMUNITY SERVICES DISTRICT
Post Office Box 309, Avila Beach, CA 93424

MEMORANDUM

TO: Board of Directors

FROM: Brad Hagemann, General Manager 

DATE: November 14th, 2017

SUBJECT: Monthly Financial Review for October 2017

Recommendation:

Receive and file report.

Overall Monthly Summary

During October the District made deposits in the amount of \$116,420.71 and experienced \$62,857.01 in expenses (cash basis). The deposits by fund and checks by fund are provided as an attachment to this report. Income in October included \$25,846.70 in County tax income and \$85,523.25 in monthly water and sewer fees. Tax income is typically low in September and October and ramps up significantly starting in December.

As a side note, the County Auditor recently provided estimated tax revenue for FY 2017/18. The Auditor's estimated tax revenue is \$608,000, which is slightly higher than staff's budget estimated revenue of \$581,000.

Detailed financial reports including a Balance Sheet, Deposits by Fund, Checks by Fund, as well as, a Profit and Loss Sheet for October are provided for your information.

Utility Service Billing

For the month of October the District billed approximately \$88,290.06 in water and sewer service charges. Customer Rate Assistance amounted in a reduction of billing charges to the District in the amount of \$516.36.

Operation and Maintenance

The Fluid Resource Management (FRM) Statement for October 2017 is provided as an attachment to this report.

Avila Beach Community Services District
Profit & Loss
October 2017

	<u>Oct 17</u>
Ordinary Income/Expense	
Income	
4000 · Income Summary	
4010 · Operating Revenue	85,523.25
4012 · Solid Waste Franchise Fee	1,790.76
4030 · County Taxes	25,846.70
4090 · Rental Income	3,260.00
	<hr/>
Total 4000 · Income Summary	116,420.71
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Total Income	116,420.71
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Gross Profit	116,420.71
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Expense	
5100 · Merchant Credit Card Fees TIB	356.04
5200 · Payroll Expenses	
5210 · Gross Wages	
5211 · Regular Pay	4,027.12
5012 · Holiday Pay	0.00
5014 · Sick Pay	0.00
5016 · Vacation Pay	121.25
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Total 5210 · Gross Wages	4,148.37
5230 · Payroll Taxes	83.74
5240 · Health & Medical Exp.	
5242 · Health Ins / Other	900.00
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Total 5240 · Health & Medical Exp.	900.00
5250 · PERS Company Pd Expense	
5256 · PERS Co Pd Kristi	271.21
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Total 5250 · PERS Company Pd Expense	271.21
5280 · Payroll Administration & Misc.	150.48
	<hr/>
Total 5200 · Payroll Expenses	5,553.80
	<hr/>
6000 · Administrative Overheads	
6102 · Accounting	1,420.00
6135 · Legal	778.20
6140 · Office Supplies & Postage	120.02
6150 · Rate Assistance	516.36
6155 · Rent	849.38
6170 · Website	200.00
	<hr/>
Total 6000 · Administrative Overheads	3,883.96

1:45 PM
11/02/17
Accrual Basis

Avila Beach Community Services District
Profit & Loss
October 2017

	<u>Oct 17</u>
6500 · Operating Expenses	
6503 · Chemicals	7,323.47
6505 · Contract Labor O & M	17,796.80
6506 · Contract Labor GM	14,300.00
6520 · Equipment Repair & Maint.	
6522 · Equip. Rep. & Maint-Avila & HD	844.28
6524 · Equip. Rep. & Maint. Avila Only	-730.35
	<hr/>
Total 6520 · Equipment Repair & Maint.	113.93
6525 · Fat Oil & Grease (FOG)	261.25
6530 · Generator Maintenance	1,015.00
6535 · Insurance	2,380.83
6550 · Operating Supplies	2,330.44
6555 · Permits & Fees	105.80
6565 · Regulatory Compliance	520.00
6580 · Solids Handling	2,581.25
6585 · Telephone / Internet	720.07
6590 · Utilities	3,614.37
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Total 6500 · Operating Expenses	53,063.21
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Total Expense	62,857.01
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Net Ordinary Income	53,563.70
Other Income/Expense	
Other Income	
7200 · Non-Operating Income	
7210 · Capacity Fees Paid	71,360.00
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Total 7200 · Non-Operating Income	71,360.00
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Total Other Income	71,360.00
	<hr/>
Other Expense	
8200 · Non-Operating Expenses	
8230 · Capital Purchases in Prog Sani	
8232 · WW-2 Effluent Line Repair HD	13,593.19
	<hr/>
Total 8230 · Capital Purchases in Prog Sani	13,593.19
	<hr/>
Total 8200 · Non-Operating Expenses	13,593.19
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Total Other Expense	13,593.19
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Net Other Income	57,766.81
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Net Income	<u><u>111,330.51</u></u>

Avila Beach Community Services District
Balance Sheet
As of October 31, 2017

	<u>Oct 31, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 · Cash Summary	
1005 · Customer Cash	293.55
1008 · Petty Cash	80.00
1010 · Pacific Premier Checking	548,470.90
1025 · Pooled Cash	2,671,663.57
1030 · B of A - Payroll	24.95
1050 · LAIF	2,239,232.42
1099 · Cash Balance	-2,671,663.57
Total 1000 · Cash Summary	<u>2,788,101.82</u>
Total Checking/Savings	2,788,101.82
Accounts Receivable	
1200 · *Accounts Receivable	200,516.03
Total Accounts Receivable	200,516.03
Other Current Assets	
1250 · Receivables	
1255 · Interest Receivable	3,019.76
1270 · Taxes Receivable	8,787.45
1280 · Water & Sewer Billings	125,193.28
Total 1250 · Receivables	<u>137,000.49</u>
1400 · Prepaid Summary	
1410 · Prepaid Insurance	5,456.47
1400 · Prepaid Summary - Other	-0.01
Total 1400 · Prepaid Summary	<u>5,456.46</u>
Total Other Current Assets	<u>142,456.95</u>
Total Current Assets	3,131,074.80
Fixed Assets	
1600 · Fixed Assets & Acc. Depr.	
1605 · Office Equipment	
1606 · Copier Samsung 2012	8,233.58
1609 · Office Equipment Accum Depr	-6,861.31
Total 1605 · Office Equipment	<u>1,372.27</u>
1610 · Fixed Asset -Office & Admin.	
1612 · Office Furniture cost	4,526.21
1614 · Office Furniture Accum Dep.	-4,526.21

Avila Beach Community Services District
Balance Sheet
As of October 31, 2017

	<u>Oct 31, 17</u>
Total 1610 · Fixed Asset -Office & Admin.	0.00
1620 · Fixed Assets - Sanitary	
1622 · Land	60,314.10
1626 · Collection Assets	
1627 · Collection Assets Cost	1,318,875.26
1628 · Collect Assets Accum Depr	<u>-352,639.07</u>
Total 1626 · Collection Assets	966,236.19
1630 · Disposal Equipment	
1631 · Disposal Equip Cost	523,122.64
1632 · Disposal Equip Accum Depr	<u>-264,042.83</u>
Total 1630 · Disposal Equipment	259,079.81
1635 · Treatment Plant	
1636 · Treatment Plant Original	105,000.00
1637 · Treatment Plant Addition	1,909,250.75
1638 · Treatment Plant Accum Dep	<u>-886,106.88</u>
Total 1635 · Treatment Plant	1,128,143.87
1642 · Treatment Equipment	
1643 · Treatment Equip Cost	1,000,455.00
1644 · Treatment Equip Accum Depr	-524,698.87
1642 · Treatment Equipment - Other	<u>205,485.61</u>
Total 1642 · Treatment Equipment	681,241.74
Total 1620 · Fixed Assets - Sanitary	3,095,015.71
1650 · Fixed Assets - Water	
1652 · Equipment	
1653 · Equipment Cost	21,136.28
1654 · Equipment Accum Depr	<u>-21,136.28</u>
Total 1652 · Equipment	0.00
1656 · Distribution Assets	
1657 · Distribution Assets Cost	1,109,466.00
1658 · Dist Assets Accum Depr	<u>-562,263.35</u>
Total 1656 · Distribution Assets	547,202.65
Total 1650 · Fixed Assets - Water	547,202.65
1680 · Structures - Fixed Asset	
1681 · Structures GFAAG - Sani & FA	29,810.00
1682 · Gen / Fire Accum Dep	<u>-29,810.00</u>

Avila Beach Community Services District
Balance Sheet
As of October 31, 2017

	<u>Oct 31, 17</u>
Total 1680 · Structures - Fixed Asset	0.00
1690 · Construction in Progress	17,812.74
Total 1600 · Fixed Assets & Acc. Depr.	3,661,403.37
Total Fixed Assets	3,661,403.37
Other Assets	
1800 · Deferred Outflows of Resources	7,850.00
Total Other Assets	7,850.00
TOTAL ASSETS	<u>6,800,328.17</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 · Accounts Payable	78,340.71
Total Accounts Payable	78,340.71
Other Current Liabilities	
2200 · Payroll Liabilities	
2260 · Vacation Payable	1,236.90
2262 · Sick Pay Accrued	2,194.50
2240 · Health Insurance	
2241 · Employee	0.01
Total 2240 · Health Insurance	0.01
2250 · PERS Liability	341.02
Total 2200 · Payroll Liabilities	3,772.43
2300 · Deposits Held	
2303 · Water Deposits Held	7,580.00
2304 · Fire Station Deposit	2,000.00
2305 · Capacity Fees Held	213,643.16
Total 2300 · Deposits Held	223,223.16
Total Other Current Liabilities	226,995.59
Total Current Liabilities	305,336.30
Long Term Liabilities	
2400 · Net Pension Liability	115,049.00
2500 · Deferred Inflows of Resources	15,115.00

1:45 PM
11/02/17
Accrual Basis

Avila Beach Community Services District
Balance Sheet
As of October 31, 2017

	Oct 31, 17
Total Long Term Liabilities	<u>130,164.00</u>
Total Liabilities	435,500.30
Equity	
3900 · Retained Earnings	6,479,760.59
Net Income	<u>-114,932.72</u>
Total Equity	<u>6,364,827.87</u>
TOTAL LIABILITIES & EQUITY	<u><u>6,800,328.17</u></u>

Avila Beach Community Services District
Deposits by Fund
 October 2017

11/02/17

Type	Date	Memo	Split	Amount	Balance
General / Admin					
Deposit	10/05/2017	TCF SEP 17 ME - IMP # 1 - Gen .70, Water .25, Lights .05	1010 · Pacific Premier Che...	-173.29	-173.29
Deposit	10/05/2017	Rent Income Fire Station Vizdom	1010 · Pacific Premier Che...	-3,260.00	-3,433.29
Deposit	10/10/2017	fr Petty Cash, Bal \$ 80.00	1010 · Pacific Premier Che...	-73.52	-3,506.81
Deposit	10/11/2017	from Customer Cash acct	1010 · Pacific Premier Che...	-670.00	-4,176.81
Deposit	10/26/2017	F: 0895 A:0760 - Avila Beach IMP # 1 - Gen .70, Water .25, Light...	1010 · Pacific Premier Che...	-8,847.39	-13,024.20
Deposit	10/30/2017	B of A Payroll ck close acct	1010 · Pacific Premier Che...	-2,673.93	-15,698.13
Total General / Admin				-15,698.13	-15,698.13
Lights					
Deposit	10/05/2017	TCF SEP 17 ME - IMP # 1 - Gen .70, Water .25, Lights .05	1010 · Pacific Premier Che...	-12.37	-12.37
Deposit	10/26/2017	F: 0895 A:0760 - Avila Beach IMP # 1 - Gen .70, Water .25, Light...	1010 · Pacific Premier Che...	-631.96	-644.33
Total Lights				-644.33	-644.33
Sanitary					
Deposit	10/02/2017	Sani Rec	1010 · Pacific Premier Che...	-1,487.02	-1,487.02
Deposit	10/02/2017	Rate Assistance	1010 · Pacific Premier Che...	8.27	-1,478.75
Deposit	10/02/2017	1/2 Other 1	1010 · Pacific Premier Che...	-0.29	-1,479.04
Deposit	10/02/2017	1/2 Other 2	1010 · Pacific Premier Che...	0.00	-1,479.04
Deposit	10/02/2017	000162 8/29 - 9/25/17 - Community Park Restroom	1010 · Pacific Premier Che...	-590.07	-2,069.11
Deposit	10/03/2017	Sani Rec	1010 · Pacific Premier Che...	-3,690.63	-5,759.74
Deposit	10/03/2017	Rate Assistance	1010 · Pacific Premier Che...	49.65	-5,710.09
Deposit	10/03/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-5,710.09
Deposit	10/03/2017	1/2 Other 2	1010 · Pacific Premier Che...	29.93	-5,680.16
Deposit	10/05/2017	TCF SEP 17 ME - WASTE	1010 · Pacific Premier Che...	-250.07	-5,930.23
Deposit	10/05/2017	Sani Rec	1010 · Pacific Premier Che...	-1,540.38	-7,470.61
Deposit	10/05/2017	Rate Assistance	1010 · Pacific Premier Che...	33.10	-7,437.51
Deposit	10/05/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-7,437.51
Deposit	10/05/2017	1/2 Other 2	1010 · Pacific Premier Che...	0.00	-7,437.51
Deposit	10/05/2017	000162 8/29 - 9/25/17 - Community Park Restroom	1010 · Pacific Premier Che...	590.07	-6,847.44
Deposit	10/06/2017	Sani Rec	1010 · Pacific Premier Che...	-4,654.67	-11,502.11
Deposit	10/06/2017	Rate Assistance	1010 · Pacific Premier Che...	59.58	-11,442.53
Deposit	10/06/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-11,442.53
Deposit	10/06/2017	1/2 Other 2	1010 · Pacific Premier Che...	29.23	-11,413.30
Deposit	10/09/2017	Sani Rec	1010 · Pacific Premier Che...	-1,693.39	-13,106.69
Deposit	10/09/2017	Rate Assistance	1010 · Pacific Premier Che...	0.00	-13,106.69
Deposit	10/09/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-13,106.69
Deposit	10/09/2017	1/2 Other 2	1010 · Pacific Premier Che...	0.00	-13,106.69

Avila Beach Community Services District
Deposits by Fund
 October 2017

11/02/17

Type	Date	Memo	Split	Amount	Balance
Deposit	10/10/2017	Sani Rec	1010 · Pacific Premier Che...	-6,170.70	-19,277.39
Deposit	10/10/2017	Rate Assistance	1010 · Pacific Premier Che...	24.82	-19,252.57
Deposit	10/10/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-19,252.57
Deposit	10/10/2017	1/2 Other 2	1010 · Pacific Premier Che...	1.57	-19,251.00
Deposit	10/11/2017	Sani Rec	1010 · Pacific Premier Che...	-7,659.91	-26,910.91
Deposit	10/11/2017	Rate Assistance	1010 · Pacific Premier Che...	49.65	-26,861.26
Deposit	10/11/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-26,861.26
Deposit	10/11/2017	1/2 Other 2	1010 · Pacific Premier Che...	-78.25	-26,939.51
Deposit	10/12/2017	Sani Rec	1010 · Pacific Premier Che...	-644.12	-27,583.63
Deposit	10/12/2017	Rate Assistance	1010 · Pacific Premier Che...	8.27	-27,575.36
Deposit	10/12/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-27,575.36
Deposit	10/12/2017	1/2 Other 2	1010 · Pacific Premier Che...	66.21	-27,509.15
Deposit	10/17/2017	Sani Rec	1010 · Pacific Premier Che...	-1,548.82	-29,057.97
Deposit	10/17/2017	Rate Assistance	1010 · Pacific Premier Che...	16.55	-29,041.42
Deposit	10/17/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-29,041.42
Deposit	10/17/2017	1/2 Other 2	1010 · Pacific Premier Che...	-57.77	-29,099.19
Deposit	10/20/2017	Sani Rec	1010 · Pacific Premier Che...	-2,650.83	-31,750.02
Deposit	10/20/2017	Rate Assistance	1010 · Pacific Premier Che...	16.55	-31,733.47
Deposit	10/20/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-31,733.47
Deposit	10/20/2017	1/2 Other 2	1010 · Pacific Premier Che...	-53.46	-31,786.93
Deposit	10/23/2017	Sani Rec	1010 · Pacific Premier Che...	-695.91	-32,482.84
Deposit	10/23/2017	Rate Assistance	1010 · Pacific Premier Che...	0.00	-32,482.84
Deposit	10/23/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-32,482.84
Deposit	10/23/2017	1/2 Other 2	1010 · Pacific Premier Che...	-1.10	-32,483.94
Deposit	10/25/2017	Sani Rec	1010 · Pacific Premier Che...	-1,080.03	-33,563.97
Deposit	10/25/2017	Rate Assistance	1010 · Pacific Premier Che...	0.00	-33,563.97
Deposit	10/25/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-33,563.97
Deposit	10/25/2017	1/2 Other 2	1010 · Pacific Premier Che...	-138.62	-33,702.59
Deposit	10/26/2017	Sani Rec	1010 · Pacific Premier Che...	-454.98	-34,157.57
Deposit	10/26/2017	Rate Assistance	1010 · Pacific Premier Che...	24.82	-34,132.75
Deposit	10/26/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-34,132.75
Deposit	10/26/2017	1/2 Other 2	1010 · Pacific Premier Che...	-53.10	-34,185.85
Deposit	10/26/2017	F: 0895 A:0760 - Curr Secured Tax	1010 · Pacific Premier Che...	-12,709.95	-46,895.80
Deposit	10/30/2017	Sani Rec	1010 · Pacific Premier Che...	-3,857.44	-50,753.24
Deposit	10/30/2017	Rate Assistance	1010 · Pacific Premier Che...	0.00	-50,753.24
Deposit	10/30/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-50,753.24
Deposit	10/30/2017	1/2 Other 2	1010 · Pacific Premier Che...	-67.31	-50,820.55
Deposit	10/31/2017	Sani Rec	1010 · Pacific Premier Che...	-177.90	-50,998.45
Deposit	10/31/2017	Rate Assistance	1010 · Pacific Premier Che...	0.00	-50,998.45

Avila Beach Community Services District
Deposits by Fund
 October 2017

11/02/17

Type	Date	Memo	Split	Amount	Balance
Deposit	10/31/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-50,998.45
Deposit	10/31/2017	1/2 Other 2	1010 · Pacific Premier Che...	0.00	-50,998.45
Deposit	10/31/2017	ADJ \$ 128.28 cc Deposits	1010 · Pacific Premier Che...	-64.14	-51,062.59
Total Sanitary					
				-51,062.59	-51,062.59
Solid Waste					
Deposit	10/17/2017	9-2017 Sept 2017 Waste Connections Franchise Fee SW	1010 · Pacific Premier Che...	-1,790.76	-1,790.76
Total Solid Waste					
				-1,790.76	-1,790.76
Water					
Deposit	10/02/2017	Water Rec	1010 · Pacific Premier Che...	-1,150.31	-1,150.31
Deposit	10/02/2017	Rate Assistance	1010 · Pacific Premier Che...	8.28	-1,142.03
Deposit	10/02/2017	1/2 Other 1	1010 · Pacific Premier Che...	-0.29	-1,142.32
Deposit	10/02/2017	1/2 Other 2	1010 · Pacific Premier Che...	0.00	-1,142.32
Deposit	10/02/2017	000162 8/29 - 9/25/17 - Community Park Restroom	1010 · Pacific Premier Che...	-422.76	-1,565.08
Deposit	10/02/2017	000162 8/29 - 9/25/17 - San Juan Park Irrigation	1010 · Pacific Premier Che...	-1,626.00	-3,191.08
Deposit	10/02/2017	000162 8/29 - 9/25/17 - Front St Irrigation	1010 · Pacific Premier Che...	-563.68	-3,754.76
Deposit	10/03/2017	Water Rec	1010 · Pacific Premier Che...	-2,163.74	-5,918.50
Deposit	10/03/2017	Rate Assistance	1010 · Pacific Premier Che...	49.65	-5,868.85
Deposit	10/03/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-5,868.85
Deposit	10/03/2017	1/2 Other 2	1010 · Pacific Premier Che...	29.93	-5,838.92
Deposit	10/05/2017	TCF SEP 17 ME - IMP # 1 - Gen .70, Water .25, Lights .05	1010 · Pacific Premier Che...	-61.89	-5,900.81
Deposit	10/05/2017	Water Rec	1010 · Pacific Premier Che...	-3,682.25	-9,583.06
Deposit	10/05/2017	Rate Assistance	1010 · Pacific Premier Che...	33.10	-9,549.96
Deposit	10/05/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-9,549.96
Deposit	10/05/2017	1/2 Other 2	1010 · Pacific Premier Che...	-0.01	-9,549.97
Deposit	10/05/2017	000162 8/29 - 9/25/17 - Community Park Restroom	1010 · Pacific Premier Che...	422.76	-9,127.21
Deposit	10/05/2017	000162 8/29 - 9/25/17 - Front St Irrigation	1010 · Pacific Premier Che...	563.68	-8,563.53
Deposit	10/05/2017	000162 8/29 - 9/25/17 - San Juan Park Irrigation	1010 · Pacific Premier Che...	1,626.00	-6,937.53
Deposit	10/06/2017	Water Rec	1010 · Pacific Premier Che...	-3,694.75	-10,632.28
Deposit	10/06/2017	Rate Assistance	1010 · Pacific Premier Che...	59.58	-10,572.70
Deposit	10/06/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-10,572.70
Deposit	10/06/2017	1/2 Other 2	1010 · Pacific Premier Che...	29.23	-10,543.47
Deposit	10/09/2017	Water Rec	1010 · Pacific Premier Che...	-1,441.72	-11,985.19
Deposit	10/09/2017	Rate Assistance	1010 · Pacific Premier Che...	0.00	-11,985.19
Deposit	10/09/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-11,985.19
Deposit	10/09/2017	1/2 Other 2	1010 · Pacific Premier Che...	0.00	-11,985.19
Deposit	10/10/2017	Water Rec	1010 · Pacific Premier Che...	-10,057.73	-22,042.92

Avila Beach Community Services District
Deposits by Fund
 October 2017

11/02/17

Type	Date	Memo	Split	Amount	Balance
Deposit	10/10/2017	Rate Assistance	1010 · Pacific Premier Che...	24.83	-22,018.09
Deposit	10/10/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-22,018.09
Deposit	10/10/2017	1/2 Other 2	1010 · Pacific Premier Che...	1.57	-22,016.52
Deposit	10/11/2017	Water Rec	1010 · Pacific Premier Che...	-6,529.88	-28,546.40
Deposit	10/11/2017	Rate Assistance	1010 · Pacific Premier Che...	49.65	-28,496.75
Deposit	10/11/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-28,496.75
Deposit	10/11/2017	1/2 Other 2	1010 · Pacific Premier Che...	-78.26	-28,575.01
Deposit	10/12/2017	Water Rec	1010 · Pacific Premier Che...	-2,022.57	-30,597.58
Deposit	10/12/2017	Rate Assistance	1010 · Pacific Premier Che...	8.28	-30,589.30
Deposit	10/12/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-30,589.30
Deposit	10/12/2017	1/2 Other 2	1010 · Pacific Premier Che...	66.21	-30,523.09
Deposit	10/17/2017	Water Rec	1010 · Pacific Premier Che...	-2,084.87	-32,607.96
Deposit	10/17/2017	Rate Assistance	1010 · Pacific Premier Che...	16.55	-32,591.41
Deposit	10/17/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-32,591.41
Deposit	10/17/2017	1/2 Other 2	1010 · Pacific Premier Che...	-57.78	-32,649.19
Deposit	10/20/2017	Water Rec	1010 · Pacific Premier Che...	-2,387.90	-35,037.09
Deposit	10/20/2017	Rate Assistance	1010 · Pacific Premier Che...	16.55	-35,020.54
Deposit	10/20/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-35,020.54
Deposit	10/20/2017	1/2 Other 2	1010 · Pacific Premier Che...	-53.47	-35,074.01
Deposit	10/20/2017	adj cc \$ 182.49, not \$ 182.43	1010 · Pacific Premier Che...	-0.06	-35,074.07
Deposit	10/23/2017	Water Rec	1010 · Pacific Premier Che...	-1,217.89	-36,291.96
Deposit	10/23/2017	Rate Assistance	1010 · Pacific Premier Che...	0.00	-36,291.96
Deposit	10/23/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-36,291.96
Deposit	10/23/2017	1/2 Other 2	1010 · Pacific Premier Che...	-1.11	-36,293.07
Deposit	10/25/2017	Water Rec	1010 · Pacific Premier Che...	-811.56	-37,104.63
Deposit	10/25/2017	Rate Assistance	1010 · Pacific Premier Che...	0.00	-37,104.63
Deposit	10/25/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-37,104.63
Deposit	10/25/2017	1/2 Other 2	1010 · Pacific Premier Che...	-138.63	-37,243.26
Deposit	10/26/2017	Water Rec	1010 · Pacific Premier Che...	-1,040.64	-38,283.90
Deposit	10/26/2017	Rate Assistance	1010 · Pacific Premier Che...	24.83	-38,259.07
Deposit	10/26/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-38,259.07
Deposit	10/26/2017	1/2 Other 2	1010 · Pacific Premier Che...	-53.10	-38,312.17
Deposit	10/26/2017	F: 0895 A:0760 - Avila Beach IMP # 1 - Gen .70, Water .25, Light...	1010 · Pacific Premier Che...	-3,159.78	-41,471.95
Deposit	10/30/2017	Water Rec	1010 · Pacific Premier Che...	-3,777.84	-45,249.79
Deposit	10/30/2017	Rate Assistance	1010 · Pacific Premier Che...	0.00	-45,249.79
Deposit	10/30/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-45,249.79
Deposit	10/30/2017	1/2 Other 2	1010 · Pacific Premier Che...	-67.32	-45,317.11
Deposit	10/31/2017	Water Rec	1010 · Pacific Premier Che...	-162.60	-45,479.71
Deposit	10/31/2017	Rate Assistance	1010 · Pacific Premier Che...	0.00	-45,479.71

Avila Beach Community Services District
Deposits by Fund
 October 2017

11/02/17

Type	Date	Memo	Split	Amount	Balance
Deposit	10/31/2017	1/2 Other 1	1010 · Pacific Premier Che...	0.00	-45,479.71
Deposit	10/31/2017	1/2 Other 2	1010 · Pacific Premier Che...	0.00	-45,479.71
Deposit	10/31/2017	ADJ \$ 128.28 cc Deposits	1010 · Pacific Premier Che...	-64.14	-45,543.85
Total Water				-45,543.85	-45,543.85
TOTAL				-114,739.66	-114,739.66

**Avila Beach Community Services District
Checks by Fund w/Accounts**

11/02/17

October 2017

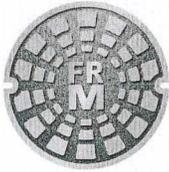
Type	Date	Num	Name	Memo	Account	Amount	Balance
General / Admin							
Check	10/02/2017		Bankcard MTOT Disc		5100 · Merchant Credit Card Fe...	356.04	356.04
Check	10/03/2017		U.S. Postal Service		6140 · Office Supplies & Postage	1.40	357.44
Check	10/03/2017	1340	Hagemann & Associates	Inv. 98 Sept 17th - Sept. 30th, 2017	6506 · Contract Labor GM	3,300.00	3,657.44
Check	10/04/2017		Digital Deployment	monthly ABCSD Streamline	6170 · Website	200.00	3,857.44
Check	10/05/2017		Adobe.com		6140 · Office Supplies & Postage	14.99	3,872.43
Check	10/05/2017		U.S. Postal Service		6140 · Office Supplies & Postage	11.13	3,883.56
Check	10/09/2017	1343	Fedak & Brown, LLP	Sept. 2017 Statement Professional Services FY ...	6102 · Accounting	1,200.00	5,083.56
Check	10/09/2017	1346	Angeles Maria Marquez	9/19/17	6505 · Contract Labor O & M	40.00	5,123.56
Check	10/10/2017		Cal Tec Computers	computer repairs	6524 · Equip. Rep. & Maint. Avila...	40.00	5,163.56
Check	10/11/2017		Public Employees Retirement System	Kristi 9/1 - 9/15/17	2250 · PERS Liability	179.60	5,343.16
Check	10/11/2017		Public Employees Retirement System	Kristi 9/1 - 9/15/17	5256 · PERS Co Pd Kristi	23.66	5,366.82
Check	10/11/2017		Public Employees Retirement System	Kristi 9/16 - 9/30/17	2250 · PERS Liability	145.50	5,512.32
Check	10/11/2017		Public Employees Retirement System	Kristi 9/16 - 9/30/17	5256 · PERS Co Pd Kristi	4.29	5,516.61
Check	10/17/2017		Charter	Acct #. 8245100980033571	6585 · Telephone / Internet	189.95	5,706.56
Check	10/17/2017	1348	Nikki Engle Bookkeeping & Teaching	Inv. 1665 10/3/17	6102 · Accounting	220.00	5,926.56
Check	10/17/2017	1349	Chaparral Business Supplies	Inv. #41912	6524 · Equip. Rep. & Maint. Avila...	444.93	6,371.49
Check	10/17/2017	1351	Shipsey & Seitz	Meeting Prep. & Attendance	6135 · Legal	135.00	6,506.49
Check	10/17/2017	1351	Shipsey & Seitz	Draft Audit Letter, Purchasing Policy Review	6135 · Legal	563.20	7,069.69
Check	10/17/2017	1351	Shipsey & Seitz	Law Library	6135 · Legal	80.00	7,149.69
Check	10/17/2017	1352	Hagemann & Associates	Inv. # 99 Oct 1st - 14th, 2017	6506 · Contract Labor GM	5,500.00	12,649.69
Check	10/23/2017	1354	Staples	Statement 10/15/17	6140 · Office Supplies & Postage	92.50	12,742.19
Check	10/31/2017	1359	Avila Beach Civic Association	November Rent 2017	6155 · Rent	849.38	13,591.57
Check	10/31/2017	1360	Hagemann & Associates	Inv. 1001 October 15th - October 28th, 2017	6506 · Contract Labor GM	5,500.00	19,091.57
Total General / Admin							
Lights							
Check	10/02/2017		PG&E	Colony Lights acct # 5992155362-0	6590 · Utilities	91.23	91.23
Check	10/02/2017		PG&E	Town Lights acct # 0690976984-3	6590 · Utilities	470.97	562.20
Check	10/23/2017		PG&E	Front St. Lights acct# 5796765606-7	6590 · Utilities	405.28	967.48
Total Lights							
Sanitary							
Check	10/03/2017	1337	San Luis Powerhouse, Inc.	Quarterly Testing for the Generator	6530 · Generator Maintenance	1,015.00	1,015.00
Check	10/03/2017	1338	USA Bluebook	Gloves for Treatment Plant	6550 · Operating Supplies	241.25	1,256.25
Check	10/03/2017	1339	Brenntag Pacific, Inc.	Inv. BPI 2819797	6503 · Chemicals	1,119.16	2,375.41
Check	10/03/2017	1339	Brenntag Pacific, Inc.	Inv. BPI 2819798	6503 · Chemicals	1,047.18	3,422.59
Check	10/03/2017	1339	Brenntag Pacific, Inc.	Inv. BPI 2819802	6503 · Chemicals	1,092.61	4,515.20
Check	10/09/2017	1341	Brenntag Pacific, Inc.	Inv. BPI 2819804	6503 · Chemicals	939.03	5,454.23
Check	10/09/2017	1342	Great Western Alarm	Alarm Service Call 09/21/2017	6590 · Utilities	170.00	5,624.23
Check	10/09/2017	1344	South County Sanitary Service	2 Yd Dumpster	6590 · Utilities	117.84	5,742.07
Check	10/09/2017	1345	Fluid Resource Management	Sept. Ops. Inv. F16274	6505 · Contract Labor O & M	5,356.00	11,098.07
Check	10/09/2017	1345	Fluid Resource Management	A16236 Green Flags	6522 · Equip. Rep. & Maint-Avila...	177.92	11,275.99
Check	10/09/2017	1345	Fluid Resource Management	W15962 Draft Permit Review	6565 · Regulatory Compliance	520.00	11,795.99
Check	10/09/2017	1345	Fluid Resource Management	W16162 Computer Call Outs	6522 · Equip. Rep. & Maint-Avila...	666.36	12,462.35
Check	10/09/2017	1345	Fluid Resource Management	W15253-3 Effluent Line Repair	8232 · WW-2 Effluent Line Rep...	10,623.50	23,085.85
Check	10/09/2017	1345	Fluid Resource Management	W15253-2 Effluent Line Repair	8232 · WW-2 Effluent Line Rep...	2,969.69	26,055.54
Check	10/17/2017	1347	Wallace Group	Inv. 44664 Oct 6th, 2017 Invoice	6525 · Fat Oil & Grease (FOG)	261.25	26,316.79

**Avila Beach Community Services District
Checks by Fund w/Accounts**

October 2017

11/02/17

Type	Date	Num	Name	Memo	Account	Amount	Balance	
Check	10/17/2017	1350	Speed's, Inc.	Inv. 57573 Solid Waste Hauling 9/26/17	6580 · Solids Handling	1,278.75	27,595.54	
Check	10/17/2017		AT&T	acct # x 0885 Internet	6585 · Telephone / Internet	80.81	27,676.35	
Check	10/23/2017	1353	USA Bluebook	Chlorine Sensor & Cable	6550 · Operating Supplies	2,089.19	29,765.54	
Check	10/23/2017	1356	Speed's, Inc.	Inv. 57641 Solid Waste Hauling 10/10/17	6580 · Solids Handling	1,302.50	31,068.04	
Check	10/23/2017	1357	Brenntag Pacific, Inc.	Inv. BPI 2832634	6503 · Chemicals	999.57	32,067.61	
Check	10/23/2017	1357	Brenntag Pacific, Inc.	Inv. BPI 2832635	6503 · Chemicals	992.83	33,060.44	
Check	10/23/2017	1357	Brenntag Pacific, Inc.	Inv. BPI 2832633	6503 · Chemicals	1,043.68	34,104.12	
Check	10/23/2017	1358	Brenntag Pacific, Inc.	BPI 761439	6503 · Chemicals	89.41	34,193.53	
Check	10/23/2017		PG&E	Waste Water Plant acct # 6380034236-0 3rd & ...	6590 · Utilities	1,794.07	35,987.60	
Check	10/23/2017		PG&E	Lift Station acct# 6338432238-2	6590 · Utilities	48.98	36,036.58	
Check	10/25/2017	184...	Great Western Alarm	Alarm Service Call 09/21/2017	6590 · Utilities	360.00	36,396.58	
Check	10/30/2017		AT&T	acct # 805 595-9416 904 5 Credit to be given \$ 1...	6585 · Telephone / Internet	332.79	36,729.37	
Check	10/31/2017		AT&T	acct # 805 595-7619 618 0	6585 · Telephone / Internet	116.52	36,845.89	
Total Sanitary							36,845.89	
Water								
Check	10/09/2017	1345	Fluid Resource Management	Sept Ops. Inv. F16274	6505 · Contract Labor O & M	12,400.80	12,400.80	
Check	10/09/2017	1345	Fluid Resource Management	Inv. #A16235 Blue Flags	6524 · Equip. Rep. & Maint. Avila...	11.33	12,412.13	
Check	10/23/2017	1355	SLO Co Health	INV. #0109761 Cross Connection	6555 · Permits & Fees	105.80	12,517.93	
Check	10/23/2017		PG&E	Water Tank acct # 4807713956-5	6590 · Utilities	156.00	12,673.93	
Total Water							12,673.93	12,673.93
TOTAL							69,578.87	69,578.87



FLUID RESOURCE MANAGEMENT

2385 Precision Drive
 Arroyo Grande, CA 93420
 www.frm-ops.com CA Lic #937346

Statement

Date
10/31/17

Phone # 805.597.7100 Fax # 805.597.7171

California Certified Small Business #1120142

To:
Avila Beach Community Services District P.O. Box 309 191 San Miguel Street Avila Beach, CA 93424

Amount Due	Amount Enc.
\$22,102.91	

Date	Transaction	Amount	Balance
10/31/17	348F11001 Monthly OPS/Maint- INV #F16382. Orig. Amount \$17,756.80.	17,756.80	17,756.80
10/10/17	348F11001 Monthly OPS/Maint:348FW11001 Water:348AW17001 Add Services water- INV #A16326. Orig. Amount \$907.00.	907.00	18,663.80
10/11/17	348F11001 Monthly OPS/Maint:348FWW11001 Wastewater:348AWW17002 Add Services Wastewater- INV #A16359. Orig. Amount \$102.87.	102.87	18,766.67
10/09/17	W15959 Additional SWRCB - Required Lead a- INV #W15959. Orig. Amount \$388.00.	388.00	19,154.67
10/31/17	W15966 SCADA Computer Offline- INV #W15966. Orig. Amount \$2,748.24.	2,748.24	21,902.91
10/09/17	W16244 08-2017 DMR Preparation- INV #W16244. Orig. Amount \$50.00.	50.00	21,952.91
10/09/17	W16325 Prepare July 2017 DMR- INV #W16325. Orig. Amount \$100.00.	100.00	22,052.91
10/26/17	W16372 Prepare September 2017 DMR- INV #W16372. Orig. Amount \$50.00.	50.00	22,102.91

CURRENT	1-30 DAYS PAST DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	Amount Due
22,102.91	0.00	0.00	0.00	0.00	\$22,102.91

AVILA BEACH COMMUNITY SERVICES DISTRICT

Post Office Box 309, Avila Beach, CA. 93424

MEMORANDUM

TO: Board of Directors

FROM: Brad Hagemann, General Manager 

DATE: November 14th, 2017

SUBJECT: General Manager/District Engineer Report

Zone 3 Technical Advisory Committee Meeting

The Zone 3 Technical Advisory Committee (TAC) met on Wednesday, November 8, 2017, at the Arroyo Grande City Hall. The Agenda for the TAC meeting is provided as an attachment to this report. As of this writing Lopez Lake is at an elevation of 492 feet, 54% capacity and has approximately 26,536 acre feet of water in storage (about 1000 acre feet less than a month ago). The Central Coast Water Authority (CCWA) is the agency that owns and operates the State Water treatment and delivery system for the Coastal Branch. They sent the attached memorandum advising State Water Contractors that the system will be shut-down for annual maintenance from October 27 through November 20. During the shut-down all Zone 3 water contractors will rely on Lopez water or local ground water sources.

Water Tank #1 Repairs

On November 1 – 2, Advanced Technical Services (ATS) completed repairs on tank #1. I have attached a summary email and photos from Will Bellis at ATS. Staff intends to retain ATS to help develop the scope or work for needed repairs on Tank #2. I anticipate the District will need to pursue formal bids for this project do to the scope and cost of the project.

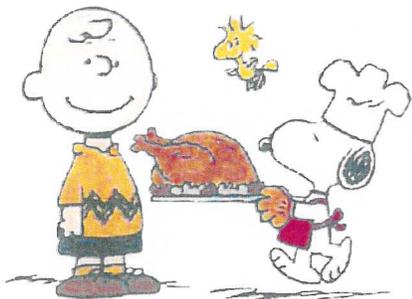
Student Intern

We are pleased to report that we have hired Jacob Custodio as the District's student intern. Jacob is a graduate student at Cal Poly. Jacob completed his BS in Civil Engineering at UC Irvine in 2012, worked for the City of San Jose for three years and then decided to pursue his Civil Engineering graduate degree at Cal Poly. Jacob will graduate in June 2018 and he intends on working part-time for the District until he graduates.

California Special District Association (CSDA)

Save the date: The local CSDA Chapter has scheduled the annual meeting for Friday, January 26, 2018 at the Avila Beach Community Center. I anticipate that the District's Administrative Offices will be moved to the former Fire Station by this date, but no doubt we will be asked to assist with logistics. Also, I am attaching a recent article regarding new laws of 2018 and specifically Senate Bill 450. SB 450 requires local agencies, including Special Districts to disclose the full cost of bond financing prior to issuance on bonds. This was the first part of an eight part series on new laws of 2018.

**ZONE 3
TECHNICAL ADVISORY COMMITTEE**



**Wednesday November 8, 2017
9:30-11:30 AM
ARROYO GRANDE CITY HALL
300 BRANCH STREET
2nd FLOOR CONFERENCE ROOM**

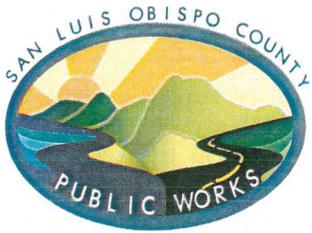
Agenda

1. Announcements <ul style="list-style-type: none"> • New meeting day/time – <i>2nd Wednesday of each month 9:30 -11:30 am</i> 	All
2. General Operations and Water Report <ul style="list-style-type: none"> • Monthly Operations Report • Lopez Dam Storage Projections • Summary Notes/Action Items - October 	Jill
3. Capital Improvement Projects – <ul style="list-style-type: none"> • Current Projects update • FY 18-19 CIP Projects (endorsement by TAC) 	Jill
4. Santa Maria Groundwater Basin Modeling – Update	Dan Heimel/Jill
5. ECORPS Contract Change Modeling – <ul style="list-style-type: none"> • Results of first “bookend” modeling 	Jill
6. Spillway Assessment - Update	Jill
7. Agenda items next month?	All

Attachments:

- A. Lopez Monthly Operations Report – Distributed at meeting
- B. Lopez Reservoir Storage Projections – Distributed at meeting
- C. Capital Improvement Project Update – Distributed at meeting

Next Meeting December 13, 2017



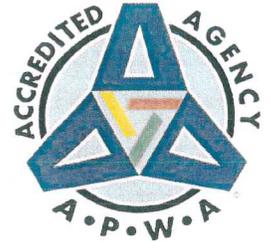
SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

Wade Horton, Director

County Government Center, Room 206 • San Luis Obispo CA 93408 • (805) 781-5252

Fax (805) 781-1229

email address: pwd@co.slo.ca.us



TO: Zone 3 Technical Advisory Committee

FROM: David Spiegel, PE

DATE: November 8, 2017

SUBJECT: Zone 3 Projects Update

Project Updates:

- Turnout SCADA Project – Complete (See attached example)
- Parking & Roadway Resurfacing – Complete
- HCL Tank for pH Suppression – Due to be completed Nov 2017
 - Rent HCL tank for pH suppression
- Equipment Audit & Replacement - Ongoing
 - Work proposed to continue in 2017/18
- Spillway Assessment – Due to be completed 17/18
 - Work Plan Approved by DSOD
 - Coordinating work plan implementation
- Lopez Dam and Terminal Dam Hazard Classification – Due to be completed 17/18
 - Inundation Map RFQ's are being prepared
 - Emergency Action Plan is in preparation
- Structural Assessment of Terminal Reservoir
 - Reviewing Proposals
- Fault Zone Assessment – Dam Left Abutment
 - Reviewing Proposals
- Equipment Storage
 - Requesting Quotes
- Lopez WTP Safety Upgrades
 - Reviewing safety study and working on implementing changes



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

October 4, 2017

TO: CCWA Project Participants
FROM: John Brady, Deputy Director 
SUBJECT: 2017 DWR Scheduled Coastal Branch Shutdown

The Department of Water Resources (DWR) has finalized its schedule for the annual maintenance shutdown for the Coastal Branch of the State Water Project. This shutdown will require approximately three and one half weeks and will allow both DWR and CCWA will complete required maintenance work. To accommodate this work, CCWA staff will shutdown participant Turnouts as follows:

- All Turnouts will be shut down **between 7:00 AM and 12:00 noon on Friday, October 27, 2017.**

Once the shutdown maintenance work is complete, CCWA will activate Turnouts and resume water deliveries as follows:

- Water deliveries for the Golden State Water Company, City of Santa Maria, City of Guadalupe, Lopez, Chorro Valley and Shandon Turnouts will initiated between **8:00 AM and 12:00 noon on Monday, November 20, 2017.**
- Water deliveries for Vandenberg Air Force Base, City of Buellton, City of Solvang and ID#1 Turnouts will be initiated between **12:00 noon and 4:30 PM on Monday, November 20, 2017.**

Please be advised that to prepare the pipeline for the duration of the shutdown, the chlorine residual will be raised in the range of 3.5 to 4.0 mg/l in water delivered during the week prior to the shutdown. This will ensure that water within the pipeline will remain potable throughout the outage. CCWA will also purge a portion of the pipeline through resuming lake delivery operations prior to activating Turnouts on the pipeline.

During this extended outage, CCWA will have the Treatment Plant Clearwell, Tank 2 and Tank 7 available as a limited source of emergency supply. Weekly bacteriologic water quality samples will be collected and analyzed throughout the shutdown period. If your system requires an emergency source of supply during the shutdown, please contact us to coordinate.

Please note that due to work on the pipeline in the Santa Maria Valley and the Lompoc Valley, no emergency supply of water will be available in those areas. This effects Lopez, Guadalupe, Santa Maria, Golden State Water Company and Vandenberg Air Force Base Turnouts.

If there are any changes to the above schedule, we will inform you as soon as practical. Thank you for your cooperation. If you have any questions, please call me at my office (805) 688-2292 ext 228 or on my cell phone (805) 680-2116 at anytime.



Bradley Hagemann <hagemann.associates@gmail.com>

ABCSD Tank #1 Repairs

1 message

William Bellis <wbellis.ats@gmail.com>

Mon, Nov 6, 2017 at 12:28 PM

To: Bradley Hagemann <hagemann.associates@gmail.com>

Good Morning Bradley,

We had a very successful project on your Tank #1. We are confident that over 100 sq. ft. of repairs were completed on the interior rafters, the ends of all 70 interior rafters were repaired on the ends at the center support. Additionally, we repaired approximately 25 locations on the tank exterior.

Confined space procedures were followed. The tank was ventilated and the atmosphere was tested with a calibrated gas monitor. All of our equipment was disinfected prior to contact with the potable water. We do this in conformance with a procedure specified by AWWA. Interior repairs were done with a 100% solids epoxy that conforms to NSF61 for contact with potable water. Exterior repairs were done with a two part epoxy primer and a polyurethane top coat that was custom mixed to match the existing coating.

I've added some photos of the work. Please let me know if you have any questions.

Thank you!

Best Regards,
ATS, Inc.
Will Bellis, P.E.
CWI, ASNT III
Ph: [805-748-6726](tel:805-748-6726)
CA Contractor Lic. # 961111
ats-slo.com

**17.11.01 ABCSD Tank 1 Repairs.pdf**

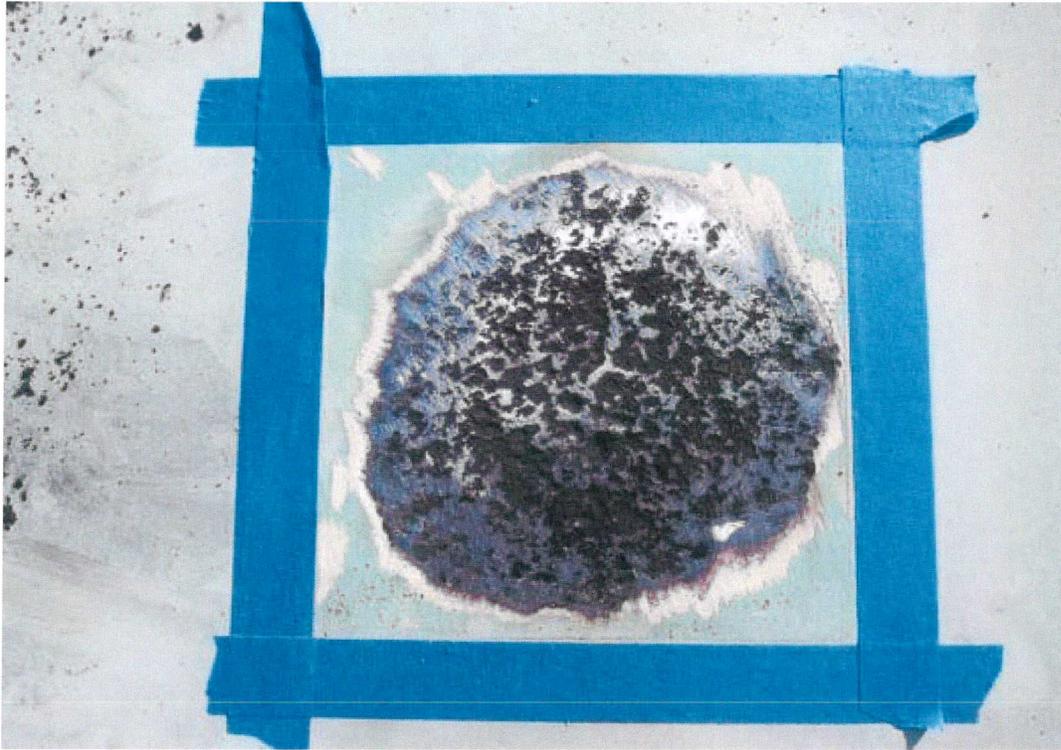
359K



Typical corrosion location on exterior roof. Approximately 25 locations were repaired on the exterior roof.



Preparation in process showing the amount of corrosion damage.



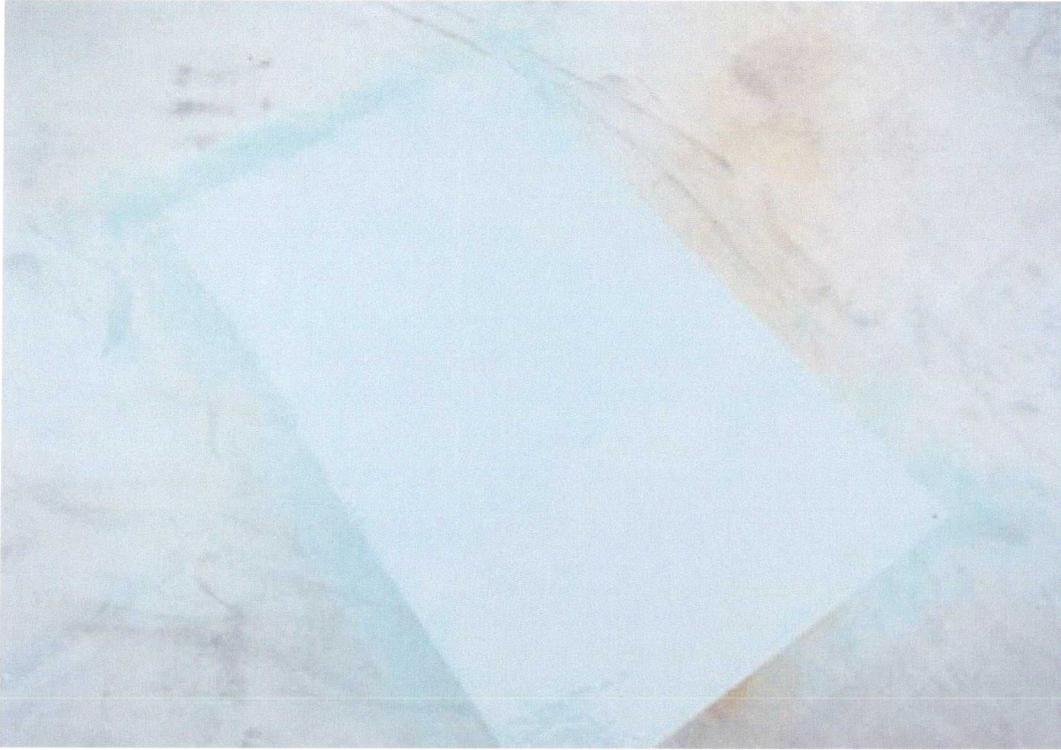
Typical preparation on exterior roof. Ready for epoxy.



Application of epoxy.

PROJECT: Avila Beach CSD, Corrosion Spot Repairs

DATE: 11/1&2/2017



Typical exterior roof repair location after application of the finish coat.



Rafter ends as accessed from roof vent.



Corrosion removal in process on rafters inside of roof vent.



This is a typical view showing rafter ends after removal of corrosion and application of 100% solids epoxy. All rafters were spot coated in this manner.

PROJECT: Avila Beach CSD, Corrosion Spot Repairs

DATE: 11/1&2/2017



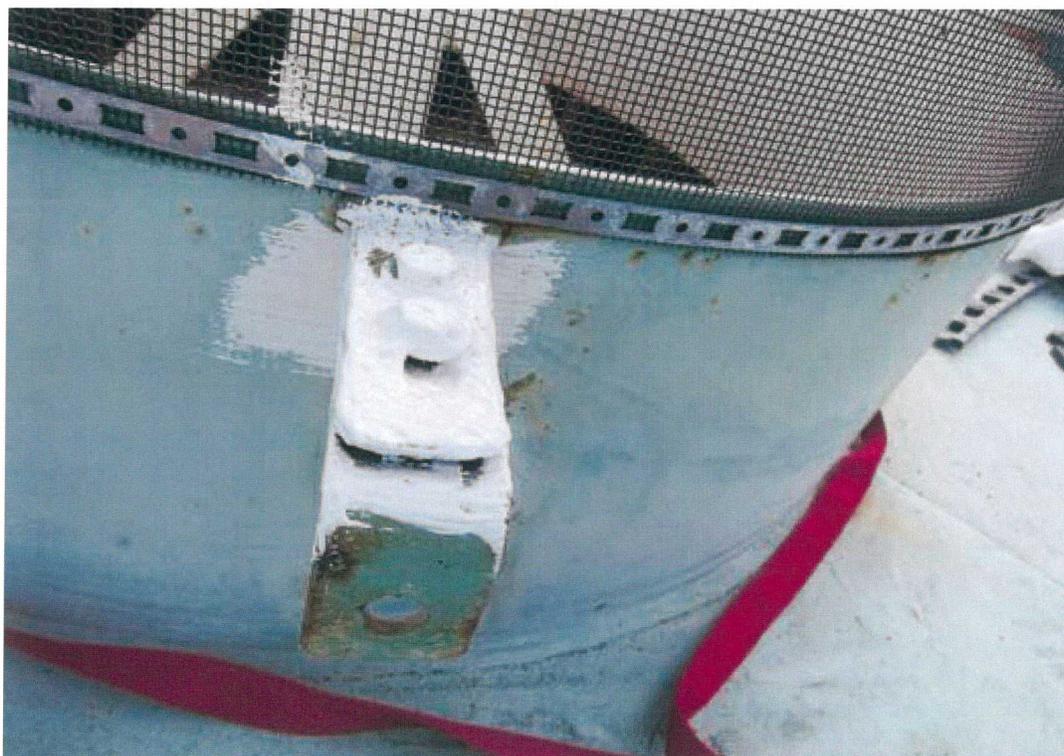
Typical view of roof support rafter on tank interior where coatings were removed with a scraper.



Typical spot repair on roof support rafter on tank interior. Approximately 100 similar locations were repaired.



Top rim of the vent after application of epoxy. The screen was not removed because the existing clamp is corroded to the extent that it would have failed during removal.



Roof vent cover bracket after spot repair. One of the three brackets had completely corroded and was no longer attached. The vent is held in place with the two remaining brackets.



**California Special
Districts Association**
Districts Stronger Together

e-News

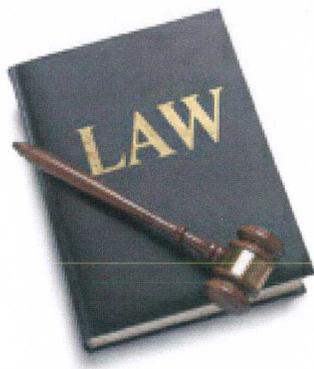


New Laws of 2018: Part I

The Benefits of Knowing the Full Cost of Debt Financing: SB 450

*By Mark B. Campbell, Executive Director,
California Debt and Investment Advisory
Commission*

*And by Tim Schaefer, Deputy Treasurer,
State Treasurer's Office*



On October 9, 2017, Governor Edward G. Brown Jr. signed Senate Bill 450 (Chapter 625, Statutes of 2017) requiring California local agencies, including special districts, to disclose the full cost of using bond financing prior to approving the issuance of the bonds. The information to be disclosed in a public meeting must include the true interest cost on the bonds, the sum of all fees and charges to issue the bonds, the amount of proceeds to be generated by the sale of the bonds, and the total amount of the issuer's obligation to bondholders.

Inspiration for SB 450 grew out of a collaboration between the author, Senator Robert Hertzberg, and State Treasurer John Chiang. The bill received support from the California Association of County Treasurers and Tax Collectors and the California Taxpayers Association. Hertzberg and Chiang have joined forces on other efforts to infuse best practices into public finance. Notable among them is SB 1029 (Chapter 309, Statutes of 2016), which, beginning in 2017, requires local agencies issuing debt to adopt debt policies that control the use of the proceeds and requires all public debt issuers to report annually to the California Debt and Investment Advisory Commission (CDIAC) on the outstanding balances owed and how the proceeds were spent.

SB 450 Explained

Within the constraints of the State Constitution, local agencies are authorized by state law to issue debt to build and maintain capital improvements, manage cash flow, and repay existing obligations. The administrative process of approving the issuance of debt may take different forms depending upon the specific authority used and the source of funds committed by the agency to repay the debt. For example, debt issued by a community facilities district may require the vote of property owners or taxpayers to approve bonds and set a maximum amount to be issued over time, but the actual approval to issue bonds is a resolution of the governing board. Alternatively, utility fees supporting revenue bonds may be subject to override by fee payers, but the decision to issue debt supported by those fees is the governing body's.

The use of debt by public agencies in California is made more complicated by the multiplicity of types and procedures. For most public agencies, the issuance of debt

is an infrequent event. Even for those more familiar with the process, the legal, financial, and economic requirements of each transaction demands the participation of a team of lawyers, bankers, and financial advisors to carry out.

As in any market, there is asymmetry in the municipal bond market between those who know how the process works and those who do not. This asymmetry cuts both ways. Public agencies benefit from the experience and professional training of consultants to achieve their goals at the lowest economic cost. Alternatively, issuers may, with the best of intentions, make financial decisions that are not in the best interest of the agency or its stakeholders. And even with the reforms enacted in the post-Dodd-Frank era, there remains the chance that an issuer at the suggestion of their consultants will enter into a long-term financial obligation that restricts or curtails its ability to carry-on over the long-term.

SB 450 was written to address at least one element of the transaction that may, even with the support of teams of consultants, remain clouded for some decision-makers. That element is: the total cost of the debt. Until SB 450, it was not common practice for voters or the governing body approving the debt to receive in advance of their vote a declaration of this cost. And if they were provided one it was often not in a logical and transparent form.

To correct this, SB 450 embodies the intent of the disclosure standards set by the U.S. Department of Housing and Urban Development for real estate lending. Borrowers will now know before they commit to the terms of a loan, how much of the loan is principle, interest, or other charges, and how interest is to be calculated.

SB 450 requires that, prior to authorizing the issuance of long-term debt (defined here as more than 13 months), the “governing body” of a “public body” must disclose the following:

1. The true interest cost of the loan, accounting for discounts and premium paid.
2. All financing fees and charges.
3. The amount of the proceeds that may be used by the agency, less capitalized interest or funded reserves.
4. The total amount to be repaid by the agency.

SB 450 applies to special districts, counties, cities, city and county, district, authority, or corporation, or other statutory entities authorized to issue debt. This information must be reported for all “bonds”, defined as bonds, notes, certificates of indebtedness, or other evidence of indebtedness. Furthermore, the issuer may depend upon the good faith estimates of underwriters, financial advisors, or private lenders. These requirements go into effect on January 1, 2018.

Don't Say I Didn't Tell You So!

Shortly after the San Diego Union Tribune broke the [story](#) that taxpayers in the Poway Unified School District would be obliged to repay nearly \$1 billion to bondholders for the right to borrow \$105 million for school construction, a member of the school board confessed ‘if he had known the cost he would never have approved the bonds’. SB 450 should take the mystery out of the equation. It intends to provide public bodies full cost disclosure before they approve the issuance of bonds. But it does so much more.

SB 450 provides the same cost summary to taxpayers. Prior to SB 450 taxpayers likely received only bits and pieces of the full picture prior to the vote of the governing body. In the case of general or special tax obligations, the ballot submitted to taxpayers revealed the total bond authority and the maximum tax rate. But it did not include an accounting of the fees and charges or the amount of the bond proceeds that would be made available by the sale of the approved debt. Likewise, fee payers supporting a revenue bond are told the fees they will pay in the future, but they provided the terms of the bond sale at the time they approve any fee increases.

Not only is the cost information required by SB 450 to be made public, but it is to be provided 10 days in advance of the meeting to be held by the governing body to decide on the bonds. No different than with any public disclosure. The advantage provided by SB 450, however, is that this 10 day window now provides community members time to respond to concerns about the cost of proposed debt before the governing body votes.

SB 450 provides that governing bodies may rely on the good faith efforts of underwriters, financial advisors, and financing professionals to report the full cost of the debt to issuers. But because these costs are entered into the proceedings the governing body must take ownership of the data. In doing so, it seems likely that board members will seek to learn as much about the source and substance of the data as they can. If this does occur, SB 450 will invigorate the discussion between the finance team and the governing body in a way that produces greater understanding of the structure and cost of the proposed debt. This is, unquestionably, a good thing.

The outcome of SB 450 remains the result of application. CDIAC will continue to assess opportunities to provide training and guidance to ensure this step towards greater transparency yields a positive return to taxpayers.

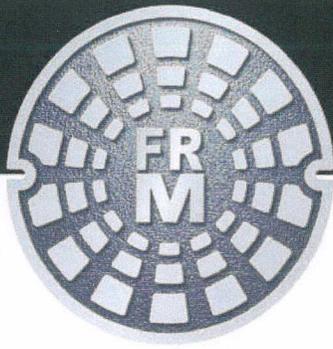
This article was written by guest authors, Mark B. Campbell and Tim Schaefer, as part of CSDA's New Laws of 2018 Series, an eight-part series where experts explain legislation that was passed in 2017 and how it will impact special districts moving forward. Stay tuned to CSDA's E-News for more in-depth analyses on new laws affecting special districts. Up next...

Part II: New California Law Expands Baby Bonding Leave to Mid-Size Employers

[California Special Districts Association](#) | 1112 I Street | Suite 200 | Sacramento, CA 95814 | 877.924.CSDA (2732)



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November 7, 2017

Avila Beach Community Services District
191 San Miguel Street
Avila Beach, CA 93424

SUBJECT: OCTOBER 2017 MONTHLY FACILITY REPORT FOR THE AVILA BEACH COMMUNITY SERVICES DISTRICT WASTEWATER TREATMENT PLANT, WATER SYSTEM AND COLLECTION SYSTEM

WASTEWATER TREATMENT PLANT

Areas within the wastewater plant that are known to accumulate solids continue to be manually cleaned on a regular basis. The Chlorine Contact Chamber floor is vacuumed out on a weekly basis. These solids, if left to decompose, can have a negative effect on the effluent quality leaving the facility.

Staff responded to a power outage on October 21; the Honda trash pump was used to move flow forward during the outage. Staff diagnosed and repaired problems with the priming chamber on the pump. Staff has requested pricing on a new seal kit for the pump and will provide the quote to ABCSD.

Staff replaced membranes on both chlorine probes at the Wastewater Treatment Plant; a replacement sensor was ordered to keep in the critical spare parts inventory. The chlorine probes are essential for instantaneous monitoring of effluent limitations for total chlorine residual.

Staff collected semiannual effluent samples per the current Waste Discharge Requirements.

Staff performed routine quarterly hot spot cleaning of the collection system.

Staff responded to low amperage alarms on the First Street Lift Station pumps. Staff removed rags and debris from Pumps 1 and 2. Pricing has been sent to ABCSD to replace and/or repair the pumps due to normal wear.

Staff is receiving communications alarms from Great West Alarm. GWA has determined that the alarm is due to perceived phone line issues by the controller that causes the controller to switch itself to a backup mode and alert the dispatcher. Staff is working with GWA to get a final solution.

WATER SYSTEM

The small water storage tank continues to be used as standby, with FRM Staff monitoring the water quality in the tank and flushing as needed. FRM Staff continues to monitor the chlorine residuals and shock the system with additional chlorine as needed.

Staff responded to various low tank level alarms received from the Great Western Alarm monitoring system; the cause of the alarms is still under investigation. Upon confirming the source of the alarm staff will provide recommendations.

Staff collected quarterly disinfection byproduct samples from the distribution system; the quarterly report was submitted to the State Water Resources Control Board (SWRCB), Division of Drinking Water. ABCSD received approval from SWRCB to return to annual monitoring of disinfection byproducts based on the running annual average over the last year of quarterly monitoring.

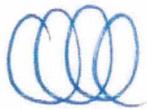
COMPLIANCE RECORD AND PLANT PERFORMANCE

Plant Design for Influent BOD is 270 mg/L. The permit limit for Effluent TSS and BOD is a Monthly Average of 40 mg/L with a Daily Maximum of 90 mg/L.

Staff compiled the data to complete the monthly Self-Monitoring Report and Discharge Monitoring Report (DMR) in Central Integrated Water Quality Service (CIWQS). Once approved, the reports are uploaded into CIWQS and certified by ABCSD Staff.

Sincerely,

FLUID RESOURCE MANAGEMENT



Carinna Butler
Operations Manager

ATTACHMENTS

- Self-Monitoring Report
- ABCSD Average Daily WWTP Effluent Flow (2015-2017)
- ABCSD Monthly Total WWTP Effluent Flow (2015-2017)
- Port San Luis Monthly Total Flow (2015-2017)
- Monthly Average Influent BOD (2015-2017)
- Monthly Average Effluent BOD (2015-2017)
- Monthly Water Purchased From Lopez (2015-2017)
- ABCSD Monthly Water Sold (2015-2017)

Avila Beach CSD Wastewater Treatment Facility

Monthly report due last day of following month
Annual report due January 30

Month: OCTOBER 2017

Date	Daily Flow (MGD)			Effluent Monitoring		
	Total	Max (gpm)	Avg (gpm)	Biweekly Total Coliform	Biweekly Fecal Coliform	Daily Chlorine Residual
1	0.061423	115	33			<0.02
2	0.041344	91	28			<0.02
3	0.039436	70	27	<2	<2	<0.02
4	0.043274	81	30			<0.02
5	0.046709	84	33	2	<2	<0.02
6	0.049045	95	34			<0.02
7	0.063227	116	44			<0.02
8	0.062135	103	43			<0.02
9	0.049320	111	34			<0.02
10	0.043301	79	30	<2	<2	<0.02
11	0.041680	78	29			<0.02
12	0.042754	74	30	<2	<2	<0.02
13	0.051573	134	35			<0.02
14	0.062401	103	43			<0.02
15	0.063570	101	44			<0.02
16	0.050645	129	35			<0.02
17	0.048307	97	34	<2	<2	<0.02
18	0.047855	86	33			<0.02
19	0.043739	88	30	<2	<2	<0.02
20	0.052517	123	37			<0.02
21	0.067168	108	47			<0.02
22	0.062923	134	39			<0.02
23	0.046581	90	32			<0.02
24	0.045371	89	32	<2	<2	<0.02
25	0.045385	93	32			<0.02
26	0.044899	84	31	<2	<2	<0.02
27	0.050533	99	35			<0.02
28	0.057424	96	40			<0.02
29	0.057051	92	39			<0.02
30	0.041094	78	28			<0.02
31	0.036671	75	26	<2	<2	<0.02
Min	0.036671	70	26	<2	<2	<0.02
Mean	0.050302	97	34	<2	<2	<0.02
Max	0.067168	134	47	2	<2	<0.02
Total	1.559355	Effluent daily (dry weather) flow NTE 0.2 MGD (mean).				

Effluent and Influent Monitoring					
Date	Biweekly Effluent BOD (24 HC)	Biweekly Effluent TSS (24 HC)	Biweekly Influent BOD (24 HC)	Biweekly Influent TSS (24 HC)	Monthly Effluent Oil & Grease (Grab)
10/1/17	23	18	417	376	
10/5/17	14	14	263	240	
10/8/17	21	23	368	360	
10/12/17	15	10	422	392	1.6
10/15/17	14	13	304	358	
10/19/17	15	11	303	324	
10/22/17	21	20	299	292	
10/26/17	14	15	510	423	
10/29/17	19	17	338	433	
Min	14	10	263	240	1.6
Mean	17	16	358	355	1.6
Max	23	23	510	433	1.6
BOD Removal: 95.2%			TSS Removal: 95.6%		

Effluent Monitoring				
Date	Weekly Set. Solids (Grab)	Weekly Turbidity (Grab)	Weekly pH (Grab)	Weekly Temp °F (Grab)
10/5/17	<0.1	16.7	6.6	71
10/12/17	<0.1	7.73	6.6	71
10/19/17	<0.1	9.66	6.7	71
10/26/17	<0.1	12.5	6.6	72
Min	<0.1	7.7	6.6	71
Mean	<0.1	11.6	6.6	71
Max	<0.1	16.7	6.7	72

Effluent Limits				
Parameter	Units	Monthly Avg	Weekly Avg	Daily Max
BOD	mg/L	40	60	90
Suspended Solids	mg/L	40	60	90
Oil and Grease	mg/L	25	40	75
Turbidity	NTU	75	100	225
Total Coliform	MPN/100 mL	7 Sample Median: 23		
		More than once in 30 days: 240		
		Daily Maximum: 2,400		
Chlorine Residual	mg/L	6 Month Median: 0.3		1.2
pH	pH units	Between 6.0 - 9.0		
Settleable Solids	mL/L	1.0	1.5	3.0
BOD/TSS Removal	%	≥ 75%	***	***

Sludge Removal	
Date	Gallons (Est.)
10/10/17	4,500
10/24/17	4,500

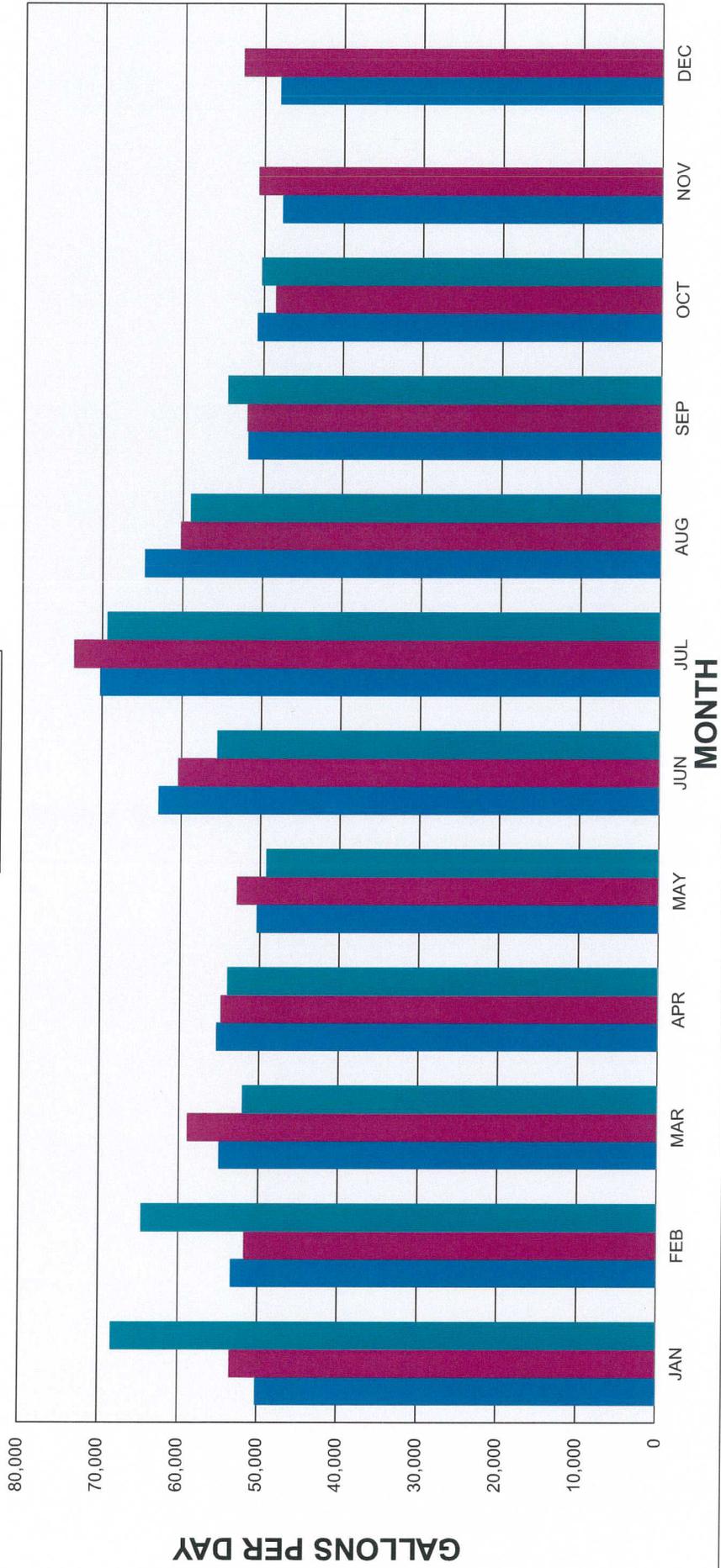
I certify under penalty of perjury that the foregoing is true and accurate and that the sampling procedure and analysis used are as specified in the Waste Discharge Order for this facility.

SIGNATURE: W. Hester
PRINTED NAME: W. Hester

DATE: 11-6-17
TITLE: Operator

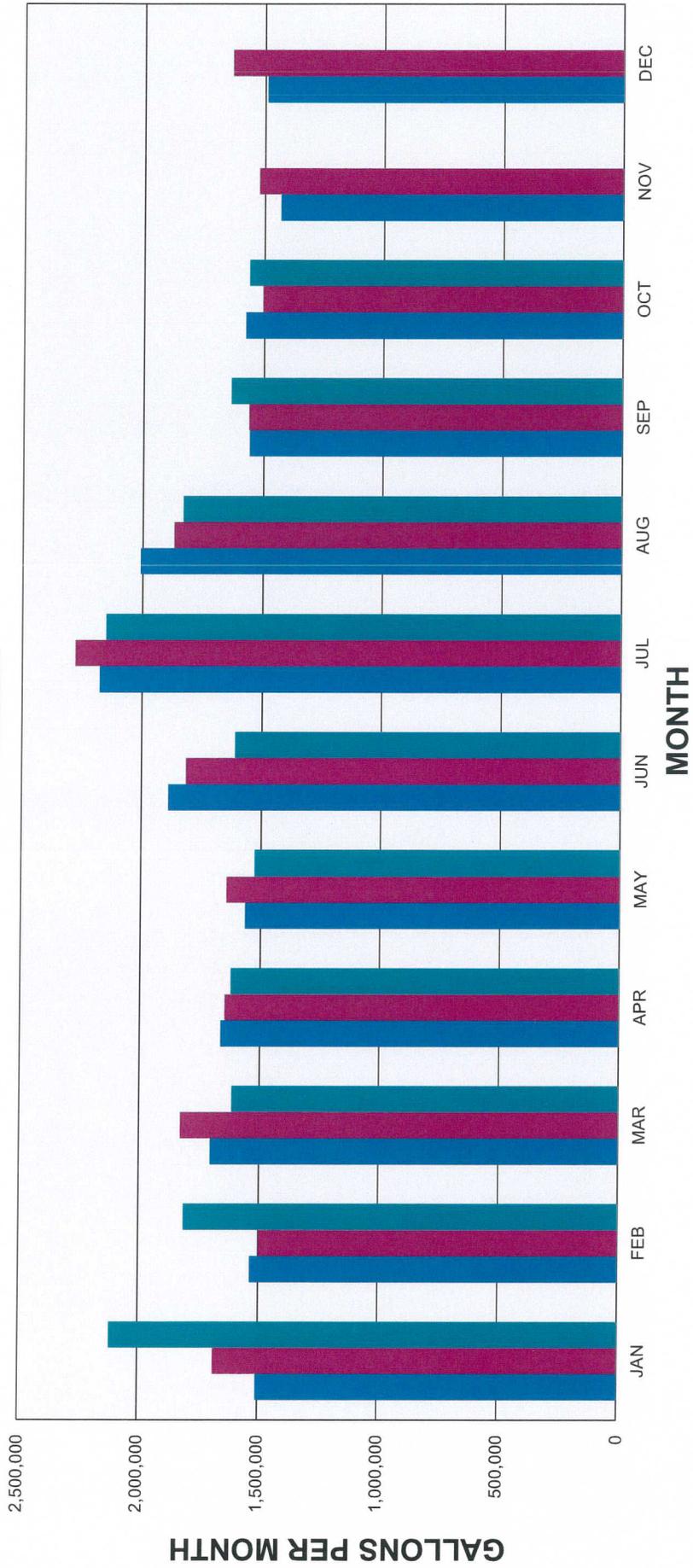
ABCSD AVERAGE DAILY WWTP EFFLUENT FLOW (2015 - 2017)

■ 2015 ■ 2016 ■ 2017



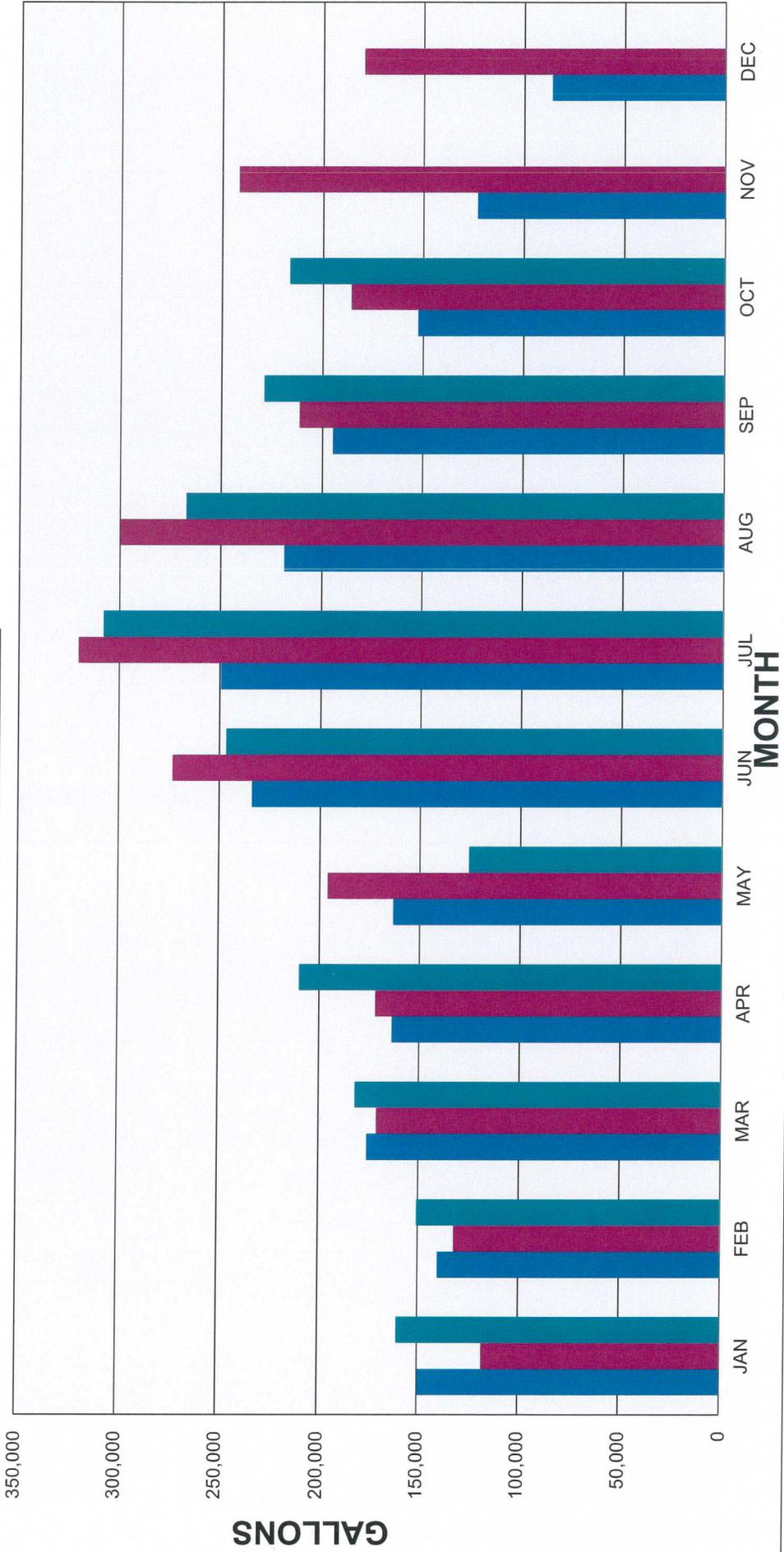
ABCSD MONTHLY TOTAL WWTP EFFLUENT FLOW (2015 - 2017)

■ 2015 ■ 2016 ■ 2017



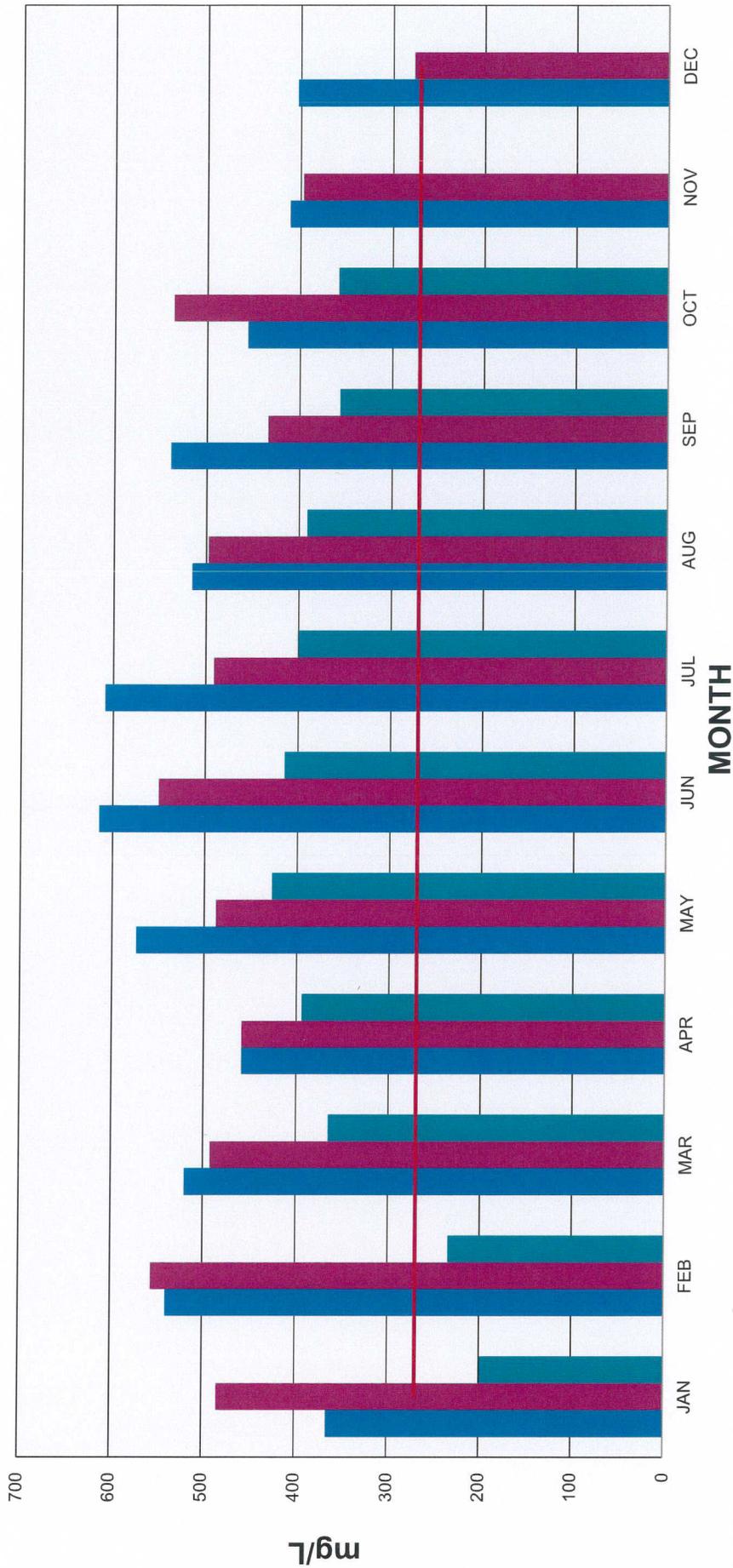
PORT SAN LUIS MONTHLY TOTAL FLOW (2015 - 2017)

■ 2015 ■ 2016 ■ 2017



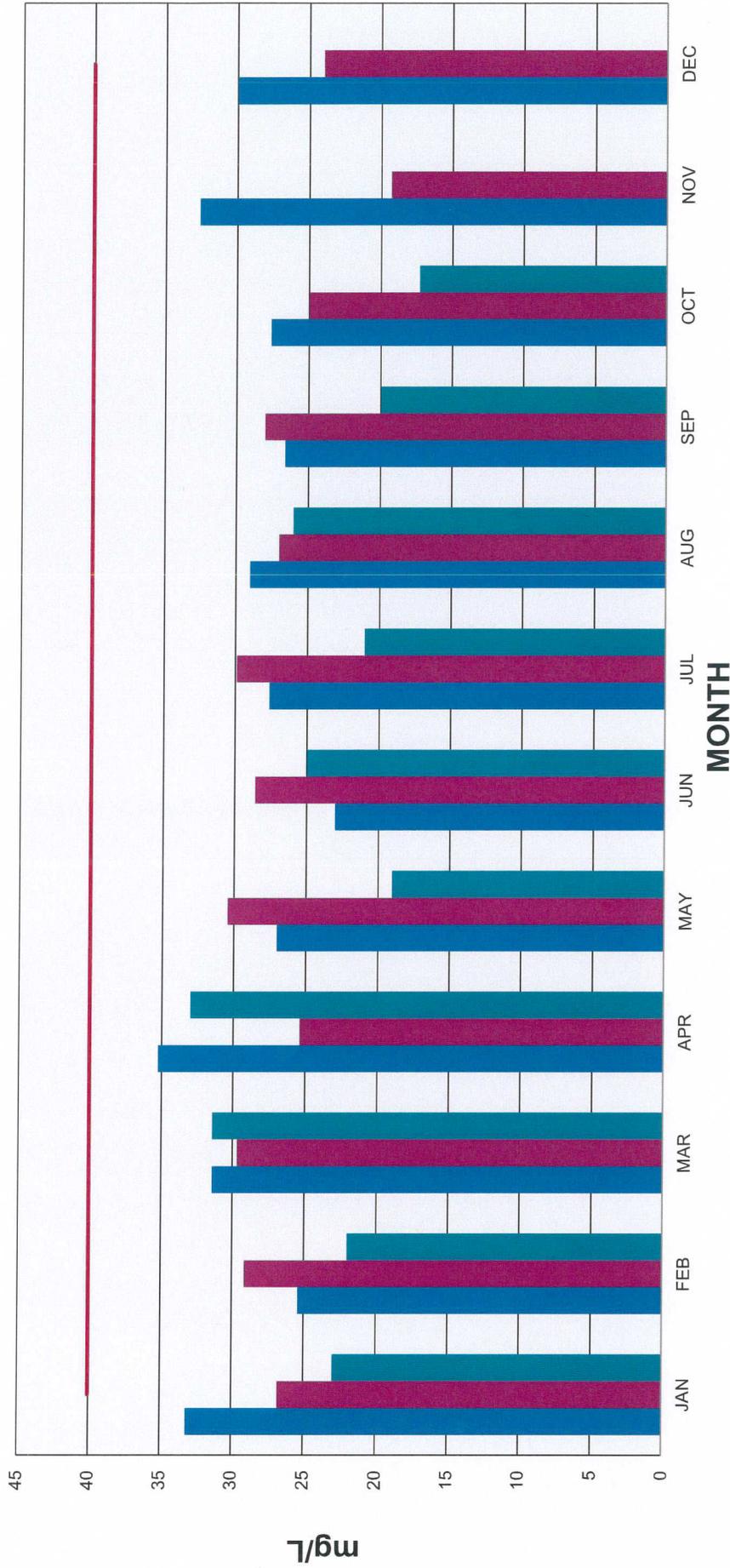
ABCSD MONTHLY AVERAGE INFLUENT BOD (2015 - 2017)

■ 2015
 ■ 2016
 ■ 2017
 — WWTP Design



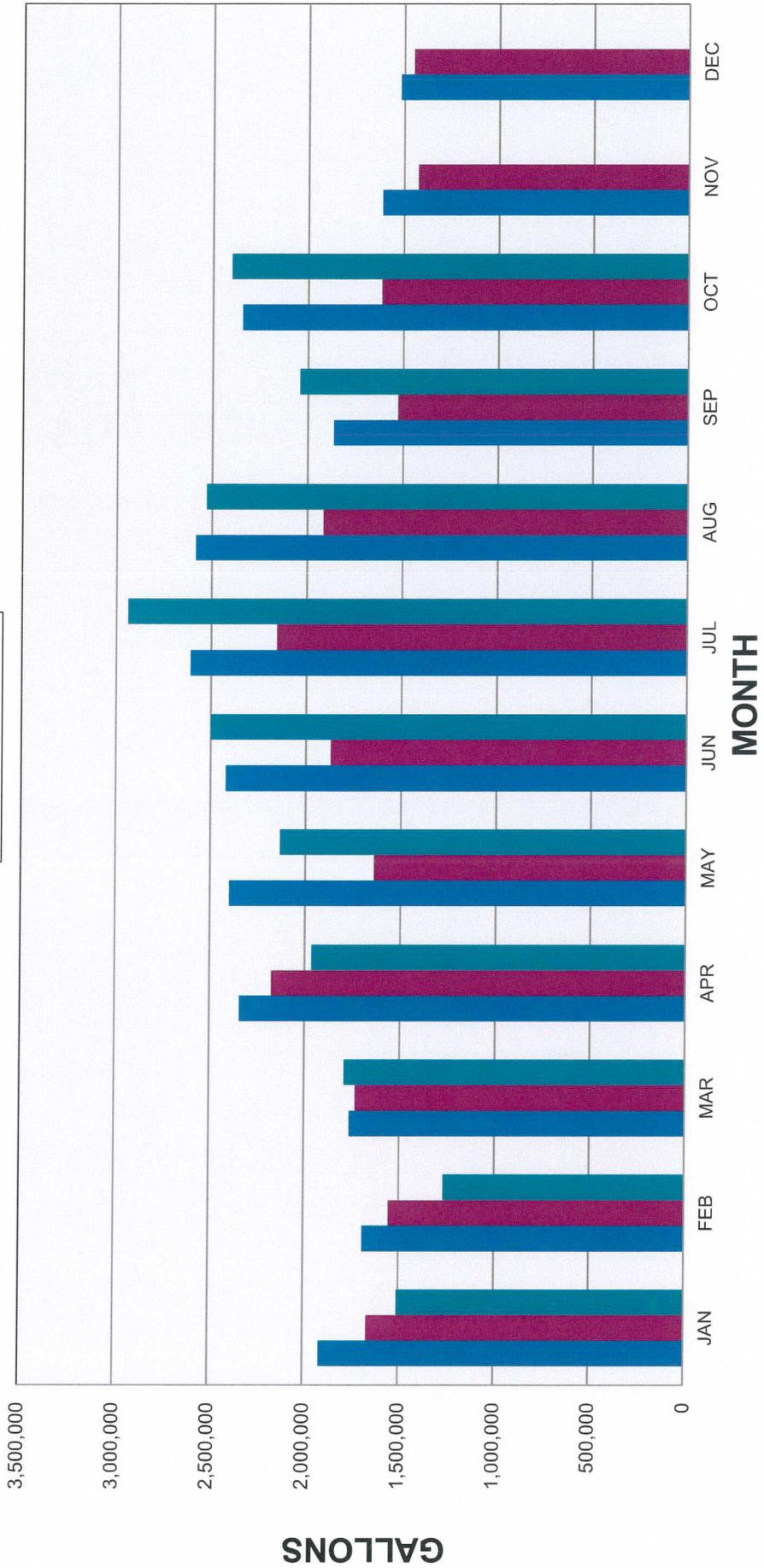
ABCSD MONTHLY AVERAGE EFFLUENT BOD (2015 - 2017)

■ 2015
 ■ 2016
 ■ 2017
 — 30 Day Average Limit



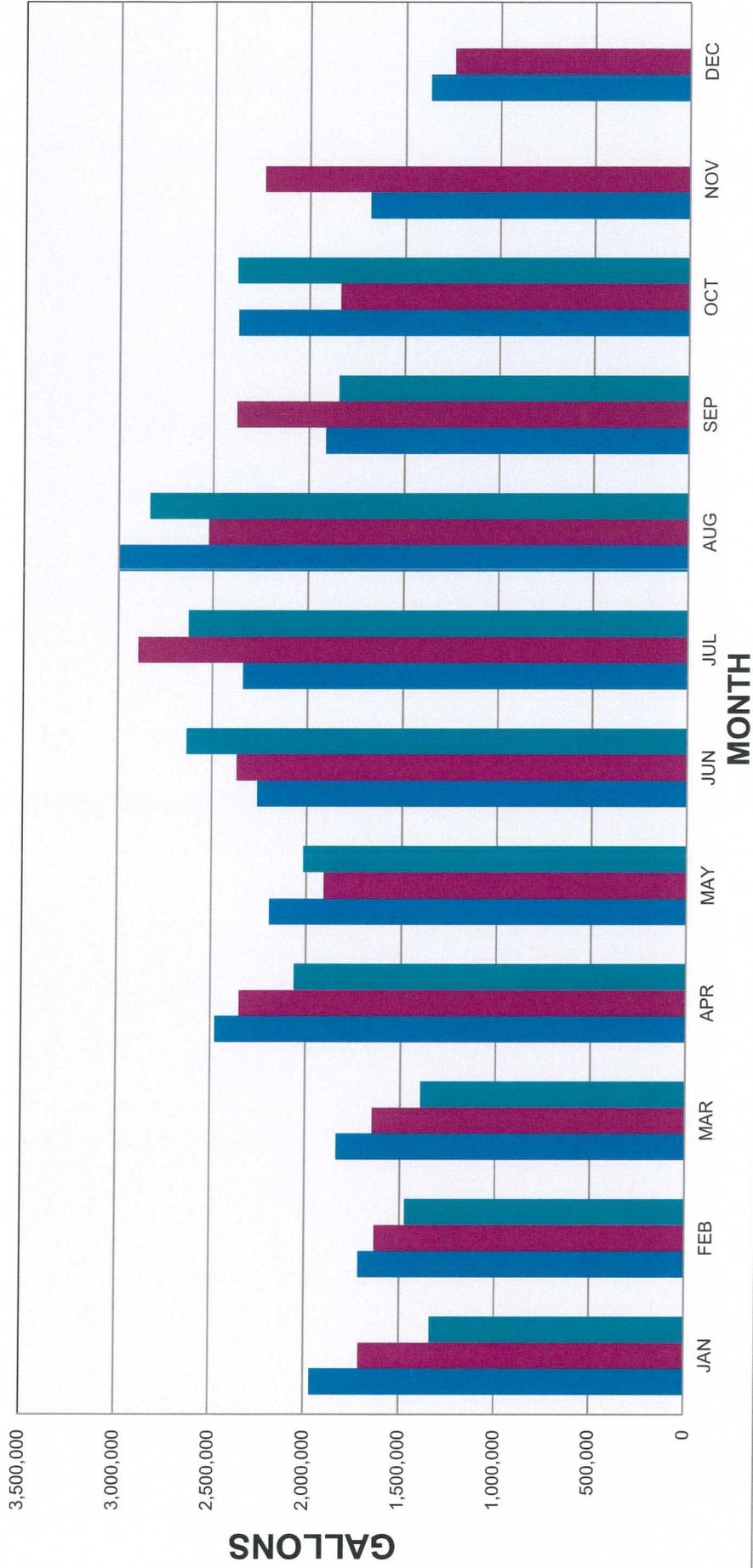
ABCSD MONTHLY WATER PURCHASED FROM LOPEZ (2015 - 2017)

■ 2015 ■ 2016 ■ 2017



ABCSD MONTHLY WATER SOLD (2015 - 2017)

■ 2015 ■ 2016 ■ 2017



**AVILA BEACH
COMMUNITY SERVICES DISTRICT**

Post Office Box 309, Avila Beach, CA. 93424

MEMORANDUM

TO: Board of Directors

FROM: Brad Hagemann, General Manager



DATE: November 14, 2017

SUBJECT: Presentation of Fiscal Year 2016-17 Draft Financial Audit

Recommendation:

Receive draft Report and presentation by Fedak and Brown the District's outside, independent auditor; provide comment; and consider approval of the Report.

Discussion:

Each year, the District is required by state law to provide an Independent Auditor's Report of the District's financial records. Attached for your review is the District's draft audit Report for Fiscal Year 2016-17.

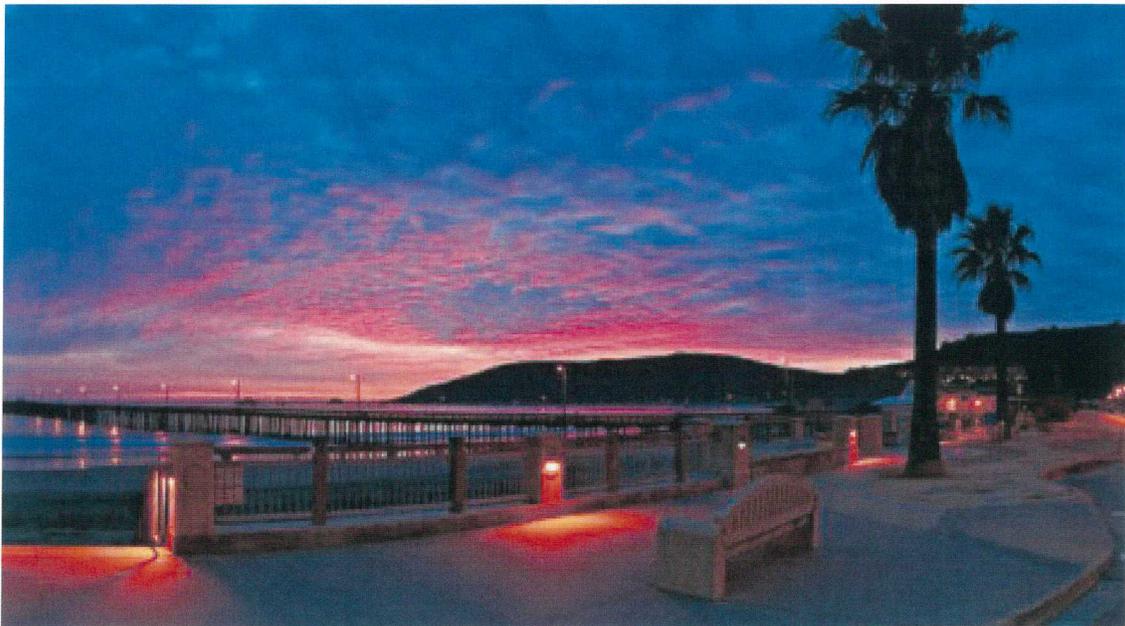
Mr. Andy Beck, CPA will attend the November 14, 2017, Board of Directors meeting to present the draft Report and answer any Board questions. The auditors will address the questions and if acceptable, the Board should consider adopting audit Report as final. Following finalization, staff will provide copies of the Report to both the County and State Auditor Controller offices as required.



**Avila Beach Community Services District
Avila Beach, California**

Annual Financial Report

**For the Fiscal Year Ended
June 30, 2017**



AVILA BEACH COMMUNITY SERVICES DISTRICT

List of Elected and District Staff

June 30, 2017

Elected Officials

BOARD OF DIRECTORS

President	Peter Kelley
Vice President	Lynn Helenius
Director	Kristin Berry
Director	Eric DeWeese
Director	Ara Najarian

District Staff

General Manager	Bradley Hagemann
------------------------	-------------------------

**Avila Beach Community Services District
Post Office Box 309
191 San Miguel Street
Avila Beach, California 93424
(805) 595-2664 www.avilabeachcsd.org**



Avila Beach Community Services District
Annual Financial Report
For the Fiscal Year Ended June 30, 2017

**Avila Beach Community Services District
Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

Table of Contents

	<u>Page No.</u>
Table of Contents	i
Financial Section	
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Position – Enterprise Funds	15
Statement of Revenues, Expenses and Changes in Fund Net Position – Enterprise Funds	16
Statement of Cash Flows – Enterprise Funds	17-18
Notes to the Basic Financial Statements	19-41
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	42
Notes to Required Supplementary Information – General Fund	42
Budgetary Comparison Schedule – Streets Light Fund	43
Notes to Required Supplementary Information – Streets Light Fund	43
Schedules of the District’s Proportionate Share of Net Pension Liability	44
Schedules of Pension Plan Contributions	45
Report on Compliance and Internal Controls	
Independent Auditor’s Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46-47

Financial Section



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Jonathan P. Abadesco, CPA

Fedak & Brown LLP

Certified Public Accountants

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Riverside Office:
4204 Riverwalk Pkwy. Ste. 390
Riverside, California 92505
(951) 977-9888

Independent Auditor's Report

Board of Directors
Avila Beach Community Services District
Avila Beach, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining funds information of the Avila Beach Community Services District (District) as of and for the year ended June 30, 2017, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic 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; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Avila Beach Community Services District, as of June 30, 2017, and the respective changes in its net position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, budgetary comparison information on pages 42 and 43, and the required supplementary information on pages 44 and 45, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 14, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 46 and 47.

Fedak & Brown LLP
Cypress, California
November 14, 2017

**Avila Beach Community Services District
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

The following Management's Discussion and Analysis of activities and financial performance of the Avila Beach Community Services District (District) provide an introduction to the financial statements of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position increased 6.99% or \$428,906 from \$6,135,802 to \$6,564,708 in 2017, as a result of current year operations.
- In 2017, total revenues from all sources increased 12.06% or \$198,387 from \$1,645,659 to \$1,844,046, primarily due to increases of \$159,134 in program revenues, and \$39,253 in general revenues.
- In 2017, total expenses from the District operations increased 6.57% or \$87,222 from \$1,327,918 to \$1,415,140, primarily due to a fund increase of \$117,502 in water, which was offset by fund decrease of \$26,787 in sanitary.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned, but unused, vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes, assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government and street lighting. The business-type activities of the District include operations for sanitation (sewer), water, and refuse (trash and solid waste).

The government-wide financial statements can be found on pages 9 and 10 of this report.

**Avila Beach Community Services District
Management's Discussion and Analysis, continued
For the Year Ended June 30, 2017**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and enterprise funds.

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The District maintains two individual governmental funds: general and street lighting. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and street lighting fund, which are considered major funds. The District maintains no non-major governmental funds.

The District adopts an annual appropriated budget for its general fund and street lighting fund. A budgetary comparison statement has been provided for the general fund and street lighting fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

Statement of Net Position and Statement of Revenues, Expenditures and Changes in Fund Balance – Enterprise Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses three enterprise funds to account for its water, sanitary, and refuse.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund financial statements provide separate information for all three enterprise funds.

The basic enterprise fund financial statements can be found on pages 15 through 18 of this report.

**Avila Beach Community Services District
Management's Discussion and Analysis, continued
For the Year Ended June 30, 2017**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 41 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which can be found on pages 42 through 45 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$6,564,708 at the close of the most recent fiscal year, with an increase of \$428,906 compared with the prior year.

The largest portion of the District's net position (56.43%) reflects its net investment in capital assets (e.g. land, water/wastewater infrastructure, and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Statements of Net Position

	Condensed Statements of Net Position					
	Governmental Activities		Business-type Activities		Total District	
	2017	2016	2017	2016	2017	2016
Assets:						
Current assets	\$ 990,679	1,197,093	2,079,288	1,746,779	3,069,967	2,943,872
Capital assets, net	20	1,393	3,704,153	3,660,012	3,704,173	3,661,405
Total assets	<u>990,699</u>	<u>1,198,486</u>	<u>5,783,441</u>	<u>5,406,791</u>	<u>6,774,140</u>	<u>6,605,277</u>
Deferred outflows of resources:						
Deferred pension outflows	39,579	7,850	-	-	39,579	7,850
Total deferred outflows of resources	<u>39,579</u>	<u>7,850</u>	<u>-</u>	<u>-</u>	<u>39,579</u>	<u>7,850</u>
Liabilities:						
Current liabilities	8,591	18,439	98,098	326,694	106,689	345,133
Non-current liabilities	126,121	117,077	-	-	126,121	117,077
Total liabilities	<u>134,712</u>	<u>135,516</u>	<u>98,098</u>	<u>326,694</u>	<u>232,810</u>	<u>462,210</u>
Deferred inflows of resources:						
Deferred pension inflows	16,201	15,115	-	-	16,201	15,115
Total deferred inflows of resources	<u>16,201</u>	<u>15,115</u>	<u>-</u>	<u>-</u>	<u>16,201</u>	<u>15,115</u>
Net position:						
Net investment in capital assets	20	1,393	3,704,153	3,660,012	3,704,173	3,661,405
Unrestricted	879,345	1,054,312	1,981,190	1,420,085	2,860,535	2,474,397
Total net position	<u>\$ 879,365</u>	<u>1,055,705</u>	<u>5,685,343</u>	<u>5,080,097</u>	<u>6,564,708</u>	<u>6,135,802</u>

The remaining balance of unrestricted net position totaling \$2,860,535 may be used to meet the government's ongoing obligations.

**Avila Beach Community Services District
Management's Discussion and Analysis, continued
For the Year Ended June 30, 2017**

Government-wide Financial Analysis, continued

Statements of Net Position, continued

Governmental activities — Governmental activities decreased the District's net position by \$176,340 from the prior year. The decrease in net position was primarily due to increases of \$205,753 from current year operations; which was offset by a decrease of \$382,093 from transfer out to support the operations of business-type activities.

Business-type activities — Business-type activities increased the District's net position by \$605,246 from the prior year. The increase in net position was primarily due to increases of \$223,153 from current year operations and \$382,093 from transfer in from governmental activities.

Statements of Activities

Condensed Statements of Activities

	Governmental Activities		Business-type Activities		Total District	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 6,766	4,966	1,209,596	1,052,262	1,216,362	1,057,228
General revenues:						
Property taxes	572,920	245,284	-	295,813	572,920	541,097
Interest earnings	16,580	10,974	-	-	16,580	10,974
Rental income	38,184	36,360	-	-	38,184	36,360
Total revenues	<u>634,450</u>	<u>297,584</u>	<u>1,209,596</u>	<u>1,348,075</u>	<u>1,844,046</u>	<u>1,645,659</u>
Expenses:						
General government	415,791	421,039	-	-	415,791	421,039
Street lighting	12,906	9,937	-	-	12,906	9,937
Water	-	-	388,766	271,264	388,766	271,264
Sanitary	-	-	597,131	623,918	597,131	623,918
Refuse	-	-	546	1,760	546	1,760
Total expenses	<u>428,697</u>	<u>430,976</u>	<u>986,443</u>	<u>896,942</u>	<u>1,415,140</u>	<u>1,327,918</u>
Change in net position	205,753	(133,392)	223,153	451,133	428,906	317,741
Transfers in/(out)	(382,093)	(823,310)	382,093	823,310	-	-
Net position, beginning of year	<u>1,055,705</u>	<u>2,012,407</u>	<u>5,080,097</u>	<u>3,805,654</u>	<u>6,135,802</u>	<u>5,818,061</u>
Net position, end of year	<u>\$ 879,365</u>	<u>1,055,705</u>	<u>5,685,343</u>	<u>5,080,097</u>	<u>6,564,708</u>	<u>6,135,802</u>

- The District's net position increased 6.99% or \$428,906 from \$6,135,802 to \$6,564,708 in 2017, as a result of current year operations.
- In 2017, total revenues from all sources increased 12.06% or \$198,387 from \$1,645,659 to \$1,844,046, primarily due to increases of \$159,134 in program revenues, and \$39,253 in general revenues.
- In 2017, total expenses from the District operations increased 6.57% or \$87,222 from \$1,327,918 to \$1,415,140, primarily due to a fund increase of \$117,502 in water, which was offset by fund decrease of \$26,787 in sanitary.

**Avila Beach Community Services District
Management's Discussion and Analysis, continued
For the Year Ended June 30, 2017**

Government Funds' Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The following discussion is correlated to the Balance Sheet – Governmental Funds found on page 11.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$982,088, a decrease of \$196,566 in comparison with the prior year. Of the total fund balance, 99.8%, or \$980,402, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is assigned to indicate that it is not available for general spending because it has already been assigned for compensated absences.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, the fund balance of the general fund was \$980,841, of which \$1,686 was assigned for compensated absences. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 224.57% of total general fund expenditures, while total fund balance represents 224.95% of that same amount.

The fund balance of the District's general fund decreased \$197,501 as a result of a \$197,291 gain from the current year's operations; which was offset by a \$394,792 transfer out to support the operations of the District's other funds.

The street lighting fund balance was \$1,247 which will be used for the ongoing maintenance and improvement of street lights. The fund balance of the streets light fund increased \$312 as a result of a \$11,764 loss from the current year's operations; which was offset by a \$12,699 transfer in from the general fund to support its operations.

Enterprise funds – The District's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position for all enterprise funds increased \$605,246 from the prior year. Changes in total net position from the prior year are as follows: water enterprise increased by \$252,311, of which \$64,805 related to transfer in from the general fund in support of its operations and an increase of 187,506 as a result of current year operations; sanitary enterprise increased by \$338,759, of which \$317,288 related to transfer in from the general fund in support of its operations and an increase of \$21,471 as a result of current year operations; and refuse enterprise increased by \$14,176 as a result of current year operations.

Governmental Activities Budgetary Highlights

The final actual expenditures for the year ended June 30, 2017, was more than budgeted by \$229,281 for the General Fund, and less than budgeted by \$12,925 for the Streets Lighting Fund. Actual revenues for the year ended June 30, 2017, were more than the anticipated budget by \$34,808 for the General Fund, and less than the anticipated budget by \$58 for the Streets Lighting Fund. At June 30, 2017, there were no differences between the original and final amended budgets. (See Budgetary Comparison Schedule for the General Fund and Streets Lighting Fund under Required Supplementary Information section on pages 42 and 43).

**Avila Beach Community Services District
Management's Discussion and Analysis, continued
For the Year Ended June 30, 2017**

Capital Asset Administration

	Governmental Activities		Business-type Activities		Total District	
	2017	2016	2017	2016	2017	2016
Capital assets:						
Non-depreciable assets	\$ 20	20	183,628	78,107	183,648	78,127
Depreciable assets	42,570	42,570	6,364,034	6,192,792	6,406,604	6,235,362
Total capital assets	42,590	42,590	6,547,662	6,270,899	6,590,252	6,313,489
Accumulated depreciation	(42,570)	(41,197)	(2,843,509)	(2,610,887)	(2,886,079)	(2,652,084)
Total capital assets, net	\$ 20	1,393	3,704,153	3,660,012	3,704,173	3,661,405

At the end of fiscal year 2017, the District's investment in capital assets amounted to \$3,704,173 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment. The capital assets of the District are more fully analyzed in Note 5 to the basic financial statements.

Requests for Information

This financial report is designed to provide the District's present users, including funding sources, customers, stakeholders and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager, Bradley Hagemann at Avila Beach Community Services District, Post Office Box 309, Avila Beach, California 93424 or (805) 835-3163.

Basic Financial Statements

Avila Beach Community Services District
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents (note 2)	\$ 977,714	1,970,812	2,948,526
Accrued interest receivable	5,145	-	5,145
Accounts receivable – utilities, net (note 3)	-	108,476	108,476
Property taxes and assessments receivable	7,820	-	7,820
Total current assets	<u>990,679</u>	<u>2,079,288</u>	<u>3,069,967</u>
Non-current assets:			
Capital assets – not being depreciated (note 5)	20	183,628	183,648
Capital assets – being depreciated, net (note 5)	-	3,520,525	3,520,525
Total non-current assets	<u>20</u>	<u>3,704,153</u>	<u>3,704,173</u>
Total assets	<u>990,699</u>	<u>5,783,441</u>	<u>6,774,140</u>
Deferred outflows of resources:			
Deferred pension outflows (note 7)	39,579	-	39,579
Total deferred outflows of resources	<u>39,579</u>	<u>-</u>	<u>39,579</u>
Current liabilities:			
Accounts payable and accrued expenses	2,750	90,418	93,168
Accrued wages and related payables	2,155	-	2,155
Deposits and unearned revenue	2,000	7,680	9,680
Compensated absences (note 6)	1,686	-	1,686
Total current liabilities	<u>8,591</u>	<u>98,098</u>	<u>106,689</u>
Non-current liabilities:			
Net pension liability (note 7)	126,121	-	126,121
Total non-current liabilities	<u>126,121</u>	<u>-</u>	<u>126,121</u>
Total liabilities	<u>134,712</u>	<u>98,098</u>	<u>232,810</u>
Deferred inflows of resources:			
Deferred pension inflows (note 7)	16,201	-	16,201
Total deferred inflows of resources	<u>16,201</u>	<u>-</u>	<u>16,201</u>
Net position:			
Net investment in capital assets (note 8)	20	3,704,153	3,704,173
Unrestricted	879,345	1,981,190	2,860,535
Total net position	<u>\$ 879,365</u>	<u>5,685,343</u>	<u>6,564,708</u>

See accompanying notes to the basic financial statements

Avila Beach Community Services District
Statement of Activities
For the Year Ended June 30, 2017

Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Governmental Activities	Business-type Activities	Total
	\$ 415,791	5,624	(410,167)	-	(410,167)
	12,906	1,142	(11,764)	-	(11,764)
Governmental activities	<u>428,697</u>	<u>6,766</u>	<u>(421,931)</u>	<u>-</u>	<u>(421,931)</u>
	388,766	576,272	-	187,506	187,506
	597,131	618,602	-	21,471	21,471
	546	14,722	-	14,176	14,176
Business-type activities	<u>986,443</u>	<u>1,209,596</u>	<u>-</u>	<u>223,153</u>	<u>223,153</u>
	\$ <u>1,415,140</u>	<u>1,216,362</u>	<u>(421,931)</u>	<u>223,153</u>	<u>(198,778)</u>
General revenues:					
Property taxes			\$ 572,920	-	572,920
Interest earnings			16,580	-	16,580
Rental income			38,184	-	38,184
Transfers in/(out) (note 4)			(382,093)	382,093	-
Total general revenues			<u>245,591</u>	<u>382,093</u>	<u>627,684</u>
Change in net position			<u>(176,340)</u>	<u>605,246</u>	<u>428,906</u>
Net position, beginning of year			<u>1,055,705</u>	<u>5,080,097</u>	<u>6,135,802</u>
Net position, end of year			<u>\$ 879,365</u>	<u>5,685,343</u>	<u>6,564,708</u>

to the basic financial statements

Avila Beach Community Services District
Balance Sheet – Governmental Funds
June 30, 2017

	<u>General</u>	<u>Streets Lighting</u>	<u>Total Governmental Activities</u>
cash equivalents (note 2)	\$ 976,467	1,247	977,714
interest receivable	5,145	-	5,145
taxes and assessments receivable	7,820	-	7,820
total assets	<u>\$ 989,432</u>	<u>1,247</u>	<u>990,679</u>
payable and accrued expenses	\$ 2,750	-	2,750
wages and related payables	2,155	-	2,155
fund unearned revenue	2,000	-	2,000
accrued absences (note 6)	1,686	-	1,686
total liabilities	<u>8,591</u>	<u>-</u>	<u>8,591</u>
fund balance (note 9):			
	1,686	-	1,686
	979,155	1,247	980,402
total fund balance	<u>980,841</u>	<u>1,247</u>	<u>982,088</u>
total liabilities and fund balance	<u>\$ 989,432</u>	<u>1,247</u>	<u>990,679</u>

next page

including notes to the basic financial statements

Avila Beach Community Services District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2017

of Governmental Funds	\$	982,088
<p>for governmental activities in the statement of net position is different because:</p> <p>used in governmental activities are not current financial resources and, therefore, governmental funds balance sheet. However, the statement of net position includes position among the assets of the District as a whole.</p>		
		20
<p>ows of resources applicable to the consumption of resources to be used in future</p>		
		39,579
<p>ilities applicable to the District are not due and payable in the current period and, are not reported as governmental fund liabilities. All liabilities' both current and e reported in the statement of net position as follows:</p>		
<p>n liability</p>		
		(126,121)
<p>ws of resources applicable to the aquisition of resources to be used in future</p>		
		<u>(16,201)</u>
Governmental Activities	\$	<u><u>879,365</u></u>

ates to the basic financial statements

Avila Beach Community Services District

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the Year Ended June 30, 2017

	<u>General</u>	<u>Streets Lighting</u>	<u>Total Governmental Activities</u>
Salaries	\$ 572,920	-	572,920
Salaries	16,580	-	16,580
Fees	38,184	-	38,184
Services	<u>5,624</u>	<u>1,142</u>	<u>6,766</u>
Revenues	<u>633,308</u>	<u>1,142</u>	<u>634,450</u>
Government	436,017	-	436,017
Depreciation	<u>-</u>	<u>12,906</u>	<u>12,906</u>
Expenditures	<u>436,017</u>	<u>12,906</u>	<u>448,923</u>
Change of revenues over expenditures	197,291	(11,764)	185,527
Transfers (uses):			
Transfers in(out) (note 4)	<u>(394,792)</u>	<u>12,699</u>	<u>(382,093)</u>
Change in fund balance	<u>(197,501)</u>	<u>935</u>	<u>(196,566)</u>
Beginning of year	<u>1,178,342</u>	<u>312</u>	<u>1,178,654</u>
End of year	<u>\$ 980,841</u>	<u>1,247</u>	<u>982,088</u>

Next page

Refer to notes to the basic financial statements.

Avila Beach Community Services District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Balances – Total Governmental Funds	\$	(196,566)
<p>Governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Depreciation expense		(1,373)
<p>Governmental activities reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenses in governmental funds as follows:</p>		
Pension obligations for the current period		<u>21,599</u>
Total Governmental Activities	\$	<u><u>(176,340)</u></u>

to the basic financial statements

Avila Beach Community Services District
Statement of Net Position – Enterprise Funds
June 30, 2017

	<u>Water</u>	<u>Sanitary</u>	<u>Refuse</u>	<u>Total Business-type Activities</u>
Investments (note 2)	\$ 1,600,931	334,504	35,377	1,970,812
– utilities, net (note 3)	<u>62,372</u>	<u>46,104</u>	<u>-</u>	<u>108,476</u>
Investments	<u>1,663,303</u>	<u>380,608</u>	<u>35,377</u>	<u>2,079,288</u>
Accumulated depreciation (note 5)	6,406	177,222	-	183,628
Accumulated depreciation, net (note 5)	<u>556,557</u>	<u>2,970,374</u>	<u>-</u>	<u>3,520,525</u>
Capital assets	<u>556,557</u>	<u>3,147,596</u>	<u>-</u>	<u>3,704,153</u>
	<u>2,219,860</u>	<u>3,528,204</u>	<u>35,377</u>	<u>5,783,441</u>
Accrued expenses	26,565	63,853	-	90,418
	<u>7,680</u>	<u>-</u>	<u>-</u>	<u>7,680</u>
Utilities	<u>34,245</u>	<u>63,853</u>	<u>-</u>	<u>98,098</u>
Expenses	<u>34,245</u>	<u>63,853</u>	<u>-</u>	<u>98,098</u>
Capital assets (note 8)	556,557	3,147,596	-	3,704,153
	<u>1,629,058</u>	<u>316,755</u>	<u>35,377</u>	<u>1,981,190</u>
Net Position	<u>\$ 2,185,615</u>	<u>3,464,351</u>	<u>35,377</u>	<u>5,685,343</u>

to the basic financial statements

Avila Beach Community Services District

Statement of Revenues, Expenses and Changes in Fund Net Position – Enterprise Funds

For the Year Ended June 30, 2017

	<u>Water</u>	<u>Sanitary</u>	<u>Refuse</u>	<u>Total Business-type Activities</u>
Revenues:				
Water sales	\$ 576,272	-	-	576,272
Sanitary charges	-	618,602	-	618,602
Refuse charges	-	-	14,722	14,722
Total revenue	<u>576,272</u>	<u>618,602</u>	<u>14,722</u>	<u>1,209,596</u>
Expenses:				
Water	57,411	207,088	-	264,499
Sanitary	350	26,788	-	27,138
Refuse	51,071	50,292	-	101,363
Depreciation	(3,442)	68,580	-	65,138
Other	4,942	4,942	-	9,884
Repairs and maintenance	6,828	10,929	546	18,303
Utilities	243,160	24,336	-	267,496
Total expenses	<u>360,320</u>	<u>392,955</u>	<u>546</u>	<u>753,821</u>
Income before depreciation expense	215,952	225,647	14,176	455,775
Depreciation expense	(28,446)	(204,176)	-	(232,622)
Operating income	<u>187,506</u>	<u>21,471</u>	<u>14,176</u>	<u>223,153</u>
Change in (note 4)	64,805	317,288	-	382,093
Change in net position	252,311	338,759	14,176	605,246
Balance at beginning of year	<u>1,933,304</u>	<u>3,125,592</u>	<u>21,201</u>	<u>5,080,097</u>
Balance at end of year	<u>\$ 2,185,615</u>	<u>3,464,351</u>	<u>35,377</u>	<u>5,685,343</u>

Notes to the basic financial statements

**Avila Beach Community Services District
Statement of Cash Flows – Enterprise Funds
For the Year Ended June 30, 2017**

	2017
Cash flows from operating activities:	
Cash receipts from customers for water sales and services	\$ 1,102,357
Cash paid to vendors and suppliers for materials and services	(730,570)
Net cash provided by operating activities	371,787
Cash flows from non-capital financing activities:	
Proceeds from property taxes – ad valorem	1,316
Operating transfers in	382,093
Net cash provided by non-capital financing activities	383,409
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(276,763)
Net cash used in capital and related financing activities	(276,763)
Net increase in cash and cash equivalents	478,433
Cash and cash equivalents, beginning of year	1,492,379
Cash and cash equivalents, end of year	\$ 1,970,812

Continued on next page

See accompanying notes to the basic financial statements

Avila Beach Community Services District
Statement of Cash Flows – Enterprise Funds, continued
For the Year Ended June 30, 2017

	2017
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 223,153
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	232,622
Changes in asset and liabilities:	
Increase in asset:	
Accounts receivable – water sales and services, net	144,608
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	23,251
Unearned revenue	(251,847)
Net cash provided by by operating activities	\$ <u><u>371,787</u></u>

See accompanying notes to the basic financial statements

Avila Beach Community Services District
Notes to the Basic Financial Statements
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Avila Beach Community Services District (District) serves as the local government for Avila Beach community. The District is similar to a city government, supplying such services as fire protection, street lighting, potable water, wastewater treatment, and solid waste disposal. The District exists under California State law governing special districts (Government Code, Sec 61000 et. seq.). The District was formed in February 1997, with the combining of the Avila Beach County Water District and the Avila Lighting District. Previously, in 1974, the Avila Beach County Water District was formed by combining the Avila Fire Protection District and the Avila Sanitary District. The District is governed by a five-member Board of Directors who are elected at large. The directors entrust the responsibility for the efficient execution of District policies to their designated representative, the General Manager.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board No. 61, *The Financial Reporting Entity*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The District has no blended or discretely-presented component units.

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting for both governmental and business-type activities. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which operating expenses of a given function are offset by operating revenues. Operating expenses are those that are clearly identifiable with a specific function. The types of transactions reported as operating revenues for the District are charges for services directly related to the operations of the District. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes, operating grants and other items not properly included among operating revenues are reported instead as non-operating revenues. Contributed capital and capital grants are included as capital contributions.

Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Accompanying these statements are schedules to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-wide Financial Statements.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Fund Financial Statements, continued

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property tax, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The accrual basis of accounting is followed by the proprietary enterprise funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, such as, unbilled but utilized utility services are recorded at year end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place. Operating revenues and expenses, such as water sales, wastewater service, solid waste collection and purchases of water, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories, such as interest income and interest expense, are reported as non-operating revenues and expenses.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities, or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

Funds are organized into two major categories: governmental and proprietary categories. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the District, or meets the following criteria:

- a) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type;
- b) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined; or
- c) The entity has determined that a fund is important to the financial statement user.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Fund Financial Statements, continued

The funds of the financial reporting entity are described below:

Governmental Funds

General – This fund acts as the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. This fund also includes all activity and assets of the emergency and unemployment compensation funds.

Lighting – This fund accounts for the operations and maintenance of the Front Street Plaza lights and additional 27 streetlights in various locations around the community of the District.

Enterprise Funds

Water – This fund accounts for the water transmission and distribution operations of the District.

Sanitary – This fund accounts for the wastewater service operations of the District.

Refuse – This fund accounts for the solid waste collection and disposal operations of the District.

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has adopted the following GASB pronouncements in the current year:

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness or information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57 – *OPEB Measurements by Agent Employers and Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25 – *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No.50, *Pension Disclosures*.

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from governmental programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

In December 2015, the GASB issued Statement No. 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68 – *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that meet certain criteria.

In January 2016, the GASB issued Statement No. 80 – *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

In March 2016, the GASB issued Statement No. 82 – *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

D. Financial Statement Elements

1. Cash and Cash Equivalents

Substantially, all of the District's cash is invested in interest bearing accounts. The District considers all highly-liquid investments with a maturity of three months or less to be cash equivalents.

2. Accounts Receivable

The District extends credit to customers in the normal course of operations. Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been recorded.

3. Investment and Investment Policy

The District has adopted an investment policy to deposit funds in financial institutions. Investments are to be made in the following areas:

- California Local Agency Investment Fund (LAIF)
- Checking and savings accounts at local financial institutions

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

4. Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – Valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

5. Property Taxes and Assessments

The San Luis Obispo County Assessor's Office assesses all real and personal property within the County each year. The San Luis Obispo County Tax Collector's Office bills and collects the District's share of property taxes and/or tax assessments. The San Luis Obispo Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes and assessments receivable at year-end are related to property taxes and special assessments collected by the San Luis Obispo County, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

6. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

7. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. The District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation and/or historical cost. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Governmental Activities

- Buildings and improvements – 20 to 30 years
- Furniture and equipment – 5 years

Business-Type Activities

- Sewage disposal system – 75 years
- Treatment and collection system – 10 to 50 years
- Transmission and distribution system – 20 to 50 years
- Equipment – 5 to 10 years

8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to future periods.

9. Unearned Revenue

Unearned revenue consists of customer deposits held at year-end.

10. Compensated Absences

It is the District's policy to allow employees to accumulate earned but unused vacation time. The vesting method is used to calculate the liability and 100% of earned vacation time is payable upon separation. All vacation pay is accrued when incurred in the government-wide and enterprise fund financial statements. The entire balance of compensated absences is expected to be used within one year and is classified as a current liability. The General Fund is used to liquidate the compensated absence liabilities.

11. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources applicable to future periods.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

12. Net Position

The government-wide financial statements utilize a net position presentation. Net position categories are as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.
- **Restricted Net Position** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

13. Fund Balance

The financial statements for governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable fund balance** – amounts that cannot be spent because they are either (a) not spendable in form, or (b) legally or contractually required to be maintained intact.
- **Restricted fund balance** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the District's special revenue funds.
- **Unassigned fund balance** – the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

13. Fund Balance, continued

The Board of Directors establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

14. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following time frames are used:

- Valuation Date: June 30, 2015
- Measurement Date: June 30, 2016
- Measurement Period: July 1, 2015 to June 30, 2016

15. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements; and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2017, are classified as follows:

	2017
Governmental activity funds:	
General fund	\$ 976,467
Lighting fund	1,247
Total governmental activity funds	977,714
Business-type activity funds:	
Water fund	1,600,931
Sanitary fund	334,504
Refuse fund	35,377
Total business-type activity funds	1,970,812
Total cash and investments	\$ 2,948,526

Cash and cash equivalents as of June 30, 2017, consisted of the following:

	2017
Cash on hand	\$ 344
Deposits with financial institutions	714,094
Deposits held with the California Local Agency Investment Fund (LAIF)	2,234,088
Total cash and investments	\$ 2,948,526

As of June 30, 2017, the District's authorized deposits had the following maturities:

	2017
Deposits held with the California Local Agency Investment Fund (LAIF)	194 days

Authorized Deposits and Investments

Under provisions of the District's investment policy, and in accordance with Section 53601 of the California Government Code, the District may invest in certain types of investments as listed in Note 1(D)(3) to the financial statements.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(2) Cash and Cash Equivalents, continued

Investment in State Investment Pool

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

The District's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transaction processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of a \$1,000 dollars.
- Withdrawals of \$10,000,000 or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

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 does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balance, up to \$250,000 is federally insured. The remaining balance is to be collateralized by the bank.

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(2) Cash and Cash Equivalents, continued

Credit Risk

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 a rating by a nationally recognized statistical rating organization; however, LAIF is not rated.

Concentration of Credit Risk

The District's investment policy does not contain various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The District's deposit portfolio in LAIF is 76% as of June 30, 2017, of the District's total depository and investment portfolio.

(3) Accounts Receivable – Utilities

The accounts receivable – utilities has been determined to be 100% collectible and an allowance for doubtful accounts is deemed unnecessary.

(4) Internal Transfers

Inter-fund Operational Transfers

Inter-fund transfers are used to move financial resources from the General fund to the Street Light fund, the Water fund, and the Sanitary fund to absorb the operating deficit and to support the operations of each respective fund. Inter-fund transfers consist of the following for the year ended June 30, 2017:

Transfer from	Transfer to	Amount
General	Street Light	\$ 12,699
General	Water	64,805
General	Sanitary	317,288
	Total	\$ 394,792

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(5) Capital Assets

Governmental Activities

Changes in capital assets for 2017, were as follows:

	<u>Balance 2016</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2017</u>
Non-depreciable assets:				
Land and land rights	\$ 20	-	-	20
Total non-depreciable assets	<u>20</u>	<u>-</u>	<u>-</u>	<u>20</u>
Depreciable assets:				
Furniture and equipment	12,760	-	-	12,760
Building and improvements	<u>29,810</u>	<u>-</u>	<u>-</u>	<u>29,810</u>
Total depreciable assets	<u>42,570</u>	<u>-</u>	<u>-</u>	<u>42,570</u>
Accumulated depreciation:				
Furniture and equipment	(11,387)	(1,373)	-	(12,760)
Building and improvements	<u>(29,810)</u>	<u>-</u>	<u>-</u>	<u>(29,810)</u>
Total accumulated depreciation	<u>(41,197)</u>	<u>(1,373)</u>	<u>-</u>	<u>(42,570)</u>
Total depreciable assets, net	<u>1,373</u>	<u>(1,373)</u>	<u>-</u>	<u>-</u>
Total capital assets, net	<u>\$ 1,393</u>			<u>20</u>

There were no major capital asset additions in the governmental activities funds for the year ended June 30, 2017.

Business-Type Activities

Changes in capital assets for 2017, were as follows:

	<u>Balance 2016</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2017</u>
Non-depreciable assets:				
Land	\$ 60,294	-	-	60,294
Construction in progress	<u>17,813</u>	<u>233,100</u>	<u>(127,579)</u>	<u>123,334</u>
Total non-depreciable assets	<u>78,107</u>	<u>233,100</u>	<u>(127,579)</u>	<u>183,628</u>
Depreciable assets:				
Water transmission and distribution	1,129,981	31,394	-	1,161,375
Wastewater collection	<u>5,062,811</u>	<u>139,848</u>	<u>-</u>	<u>5,202,659</u>
Total depreciable assets	<u>6,192,792</u>	<u>171,242</u>	<u>-</u>	<u>6,364,034</u>
Accumulated depreciation:				
Water transmission and distribution	(582,778)	(28,446)	-	(611,224)
Wastewater collection	<u>(2,028,109)</u>	<u>(204,176)</u>	<u>-</u>	<u>(2,232,285)</u>
Total accumulated depreciation	<u>(2,610,887)</u>	<u>(232,622)</u>	<u>-</u>	<u>(2,843,509)</u>
Total depreciable assets, net	<u>3,581,905</u>	<u>(61,380)</u>	<u>-</u>	<u>3,520,525</u>
Total capital assets, net	<u>\$ 3,660,012</u>			<u>3,704,153</u>

Major capital asset additions in the business-type activities funds include additions for wastewater collection for the year ended June 30, 2017.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(6) Compensated Absences

Changes in compensated absence as of June 30, 2017, were as follows:

	Balance		Balance
	2016	Earned	2017
\$	3,431	2,133	(3,878)
	1,686		

(7) Defined Benefit Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 60 Risk Pool Retirement Plan to new employee entrants, not previously employed by an agency under CalPERS, effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(7) Defined Benefit Pension Plans, continued

Benefits Provided, continued

The District participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous pool in effect as June 30, 2017, are summarized as follows:

	<u>New Classic</u>	<u>PEPRA</u>
	Prior to December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	
Benefit payments	monthly for life	
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	1.1% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	7.16%	6.53%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1, following notice of a change in rate. Funding contribution for the Plan is determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

As of the fiscal year ended June 30, 2017, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	<u>2017</u>
Proportionate share of net pension liability	\$ <u>126,121</u>

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(7) Defined Benefit Pension Plans, continued

Net Pension Liability, continued

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2017, the net pension liability of the Plan is measured as of June 30, 2016 (the measurement date). The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 (the valuation date), rolled forward to June 30, 2016, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's changes in proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the measurement dates June 30, 2016, was as follows:

	Proportionate Share
Proportion – June 30, 2015	0.00171 %
Proportion – June 30, 2016	0.00146
Decrease in proportionate share	0.00025 %

Deferred Pension Outflows(Inflows) of Resources

For the year ended June 30, 2017, the District recognized pension benefits of \$6,811. As of the fiscal year ended June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 14,788	-
Differences between actual and expected experience	383	-
Changes in assumptions	-	(4,690)
Net differences between projected and actual earnings on plan investments	24,408	-
Adjustment due to changes in proportions and difference between actual and proportionate share of contributions	-	(11,511)
Total	\$ 39,579	(16,201)

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(7) Defined Benefit Pension Plans, continued

Deferred Pension Outflows(Inflows) of Resources, continued

For the year ended June 30, 2017, the District's deferred outflows of resources related to contributions subsequent to the measurement date totaled \$14,788; and other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year	Deferred Net
Ending	Inflows of
June 30,	Resources
2018	\$ (2,757)
2019	(2,384)
2020	7,409
2021	6,322

Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation report was determined using the following actuarial assumptions:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumption	
Discount rate	7.65%
Inflation	2.75%
Salary increase	Varies by Entry Age and Service
Mortality table*	Derived using CalPERS membership data
Period upon which actuarial experience survey assumptions were based	1997 - 2011
Post-retirement benefit increase	Contract COLA up to 2.75% until PPPA floor on purchasing power applies; 2.75% thereafter.

* The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available online.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(7) Defined Benefit Pension Plans, continued

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan, selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

As of June 30, 2017, the target allocation and the long-term expected real rate of return by asset class were as follow:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1-10</u>	<u>Real Return Year 11+</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Asset	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	1.0	(0.55)	(1.05)
Total	<u>100.0%</u>		

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(7) Defined Benefit Pension Plans, continued

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

As of June 30, 2017, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower and using a discount rate that is one-percentage point higher, are as follows:

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	6.65%	7.65%	8.65%
District's Net Pension Liability	\$ 196,493	126,121	67,962

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 44 and 45 for the Required Supplementary Schedules.

(8) Net Investment in Capital Assets

The details of net investment in capital assets are as follows:

	Governmental Activities	Business-type Activities	2017
Capital assets – not being depreciated	\$ 20	183,628	183,648
Capital assets – being depreciated, net	-	3,520,525	3,520,525
Net investment in capital assets	\$ 20	3,704,153	3,704,173

(9) Fund Balance

Fund balances are presented in the following categories: non-spendable, restricted, committed, assigned and unassigned (See Note 1(D)(13) for a description of these categories). A detailed schedule of fund balances and their funding composition at June 30, 2017, is as follows:

Description	2017
Assigned	
Compensated absences	\$ 1,686
Unassigned	
Operations	980,402
Total fund balance	\$ 982,088

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(10) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2017, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability coverage up to \$5 million per occurrence; and uninsured/underinsured motorist coverage up to \$750,000 per occurrence.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to a \$400,000 limit.
- Property loss is paid at the replacement cost for property on file, if replaced within three years after the loss; otherwise, paid on an actual cash value basis, to a combined total of \$1.0 billion per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million limit.
- Public officials error and omissions covered up to \$5,000,000 each occurrence, with an annual aggregate of \$5,000,000.
- Workers' compensation insurance per statutory requirements and Employer's Liability Coverage up to \$5 million.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal years 2017, 2016 and 2015. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2017, 2016 and 2015.

(11) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the report date that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 75

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2017. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(11) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 78

In December 2015, the GASB issued Statement No. 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that meet certain criteria. This Statement is effective for financial statements for periods beginning after December 15, 2015. It is believed that the implementation of this Statement will not have a material effect to the District’s financial statements.

Governmental Accounting Standards Board Statement No. 80

In January 2016, the GASB issued Statement No. 80 – *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. It is believed that the implementation of this Statement will not have a material effect to the District’s financial statements.

Governmental Accounting Standards Board Statement No. 81

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(11) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 83

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement (1) addresses accounting and financial reporting for certain asset retirement obligations (AROs), (2) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (3) requires that recognition occur when the liability is both incurred and reasonably estimable, (4) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, (5) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually, and (6) requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 85

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(11) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 86

In May 2017, the GASB issued Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2016. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

(12) Commitments and Contingencies

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Contracts and Agreements

The District is one of the entities covered by an agreement entered in October 1992, between the Central Coast Water Authority (CCWA) and San Luis Obispo (SLO) County to treat water delivered through the State Water Project (SWP).

Avila Beach Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2017

(13) Subsequent Events

Events occurring after June 30, 2017, have been evaluated for possible adjustment to the financial statements or disclosure as of November 14, 2017, which is the date the financial statements were available to be issued. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

**Avila Beach Community Services District
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2017**

	<u>Adopted Original Budget</u>	<u>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Vairance Positive (Negative)</u>
Revenues:					
Property taxes	\$ 551,500	-	551,500	572,920	21,420
Interest earnings	6,500	-	6,500	16,580	10,080
Rents and royalties	38,000	-	38,000	38,184	184
Charges for services	2,500	-	2,500	5,624	3,124
Total revenues	<u>598,500</u>	<u>-</u>	<u>598,500</u>	<u>633,308</u>	<u>34,808</u>
Expenditures:					
General government	206,736	-	206,736	436,017	229,281
Total expenditures	<u>206,736</u>	<u>-</u>	<u>206,736</u>	<u>436,017</u>	<u>229,281</u>
Excess(deficiency) of revenues over expenditures	391,764	-	391,764	197,291	(194,473)
Other financing sources(uses):					
Operating transfers in(out)	(331,500)	-	(331,500)	(394,792)	(63,292)
Net change in fund balance	<u>60,264</u>	<u>-</u>	<u>60,264</u>	<u>(197,501)</u>	<u>(257,765)</u>
Fund balance, beginning of year	<u>1,178,342</u>		<u>1,178,342</u>	<u>1,178,342</u>	
Fund balance, end of year	\$ <u>1,238,606</u>		<u>1,238,606</u>	<u>980,841</u>	

Notes to Required Supplementary Information — Genral Fund

(1) Budgets and Budgetary Data

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the District's General Manager prepares and submits an operating budget to the Board of Directors for the General Fund no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Directors must approve all supplemental appropriations to the budget and transfers between major accounts.

The District presents a comparison of the annual budget to actual results for the General Fund at the functional expenditure-type major object level for financial reporting purposes. The budgeted expenditure amounts represent the adopted budget.

**Avila Beach Community Services District
Budgetary Comparison Schedule – Streets Light Fund
For the Fiscal Year Ended June 30, 2017**

	<u>Adopted Original Budget</u>	<u>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Vairance Positive (Negative)</u>
Revenues:					
Charges for services	\$ 1,200	-	1,200	1,142	(58)
Total revenues	<u>1,200</u>	<u>-</u>	<u>1,200</u>	<u>1,142</u>	<u>(58)</u>
Expenditures:					
Street lighting	25,831	-	25,831	12,906	(12,925)
Total expenditures	<u>25,831</u>	<u>-</u>	<u>25,831</u>	<u>12,906</u>	<u>(12,925)</u>
Excess(deficiency) of revenues over expenditures	(24,631)	-	(24,631)	(11,764)	12,867
Other financing sources(uses):					
Operating transfers in(out)	15,500	-	15,500	12,699	(2,801)
Net change in fund balance	<u>(9,131)</u>	<u>-</u>	<u>(9,131)</u>	<u>935</u>	<u>10,066</u>
Fund balance, beginning of year	<u>312</u>		<u>312</u>	<u>312</u>	
Fund balance, end of year	<u>\$ (8,819)</u>		<u>(8,819)</u>	<u>1,247</u>	

Notes to Required Supplementary Information — Streets Light Fund

(1) Budgets and Budgetary Data

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the District's General Manager prepares and submits an operating budget to the Board of Directors for the Streets Light Fund no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Directors must approve all supplemental appropriations to the budget and transfers between major accounts.

The District presents a comparison of the annual budget to actual results for the Street Lighting Fund at the functional expenditure-type major object level for financial reporting purposes. The budgeted expenditure amounts represent the adopted budget.

Avila Beach Community Services District
Schedules of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2017
Last Ten Years*

Defined Benefit Pension Plan

Description	Measurement Dates		
	6/30/2016	6/30/2015	6/30/2014
District's Proportion of the Net Pension Liability	0.00146%	0.00171%	0.00207%
District's Proportionate Share of the Net Pension Liability	\$ 126,121	117,077	125,453
District's covered-employee payroll	\$ 42,741	60,486	58,718
District's proportionate share of the net pension liability(asset) as a Percentage of its Covered-Employee Payroll	295.08%	193.56%	213.65%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	74.06%	78.40%	79.82%

Notes to the Schedule of the District's Proportionate Share of Net Pension Liability

Changes in Benefit Terms – There were no changes to benefit terms for the measurement period ended June 30, 2016.

Changes of Assumptions – There were no changes of assumption for the measurement period ended June 30, 2016.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Avila Beach Community Services District
Schedules of Pension Plan Contributions
As of June 30, 2017
Last Ten Years*

Defined Benefit Pension Plan

Description	Measurement Dates		
	6/30/2016	6/30/2015	6/30/2014
Actuarially Determined Contribution	\$ 13,713	9,566	9,894
Contributions in Relation to the Actuarially Determined Contribution	<u>(13,713)</u>	<u>(9,566)</u>	<u>(9,894)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
District's Covered Payroll	<u>\$ 42,741</u>	<u>62,301</u>	<u>60,480</u>
Contribution's as a percentage of Covered-Employee Payroll	<u>32.08%</u>	<u>15.35%</u>	<u>16.36%</u>

Notes to the Schedule of Pension Plan Contributions

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Report on Compliance and Internal Controls



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Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Avila Beach Community Services District
Avila Beach, California

We have audited, in accordance with the 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, the financial statements of the Avila Beach Community Services District (District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 14, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

**Independent Auditor's Report on Internal Controls Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*, (continued)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP

Cypress, California

November 14, 2017

Avila Beach Community Services District

Management Report

June 30, 2017



Fedak & Brown LLP

Certified Public Accountants

Avila Beach Community Services District

Management Report

Table of Contents

<u>Item</u>	<u>Page No.</u>
General Introduction	1
Summary of Current Year Comments and Recommendations	1-4
Appendix:	
Audit/Finance Committee Letter	1-3
Schedule of Audit Adjusting Entries	4-10



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Board of Directors
Avila Beach Community Services District
Avila Beach, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of Avila Beach Community Services District (District) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited period described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness. Given these limitations, during our audit we did not identify any deficiencies in internal control to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our comments, all of which have been discussed with the appropriate members of management, are summarized as follows:

Current Year Comments and Recommendations

Year-end Closing Journal Entries

Throughout the year, the District records and reports expenses on a cash basis. As a result, expenditures that occur before the fiscal year and paid after the fiscal year are not reflected on the District's Government-wide financial statements. Also, for budgetary purposes, the District expenses all capital asset purchases. Consequently, capital asset purchases are not reflected as assets of the District on the District's Government-wide financial statements.

Generally accepted accounting principles (GAAP) set by the Governmental Accounting Standards Board (GASB) mandate that the Government-wide financial statements be prepared on a full accrual basis. In doing so, expenditure occurring during the fiscal year is reflected as an expense to the District and capital asset purchases are reflected as non-current assets.

We recommend that the District implement procedures to post closing journal entries to accrue expenditures occurring before its fiscal year and reclassify capital asset purchases as an asset.

Current Year Comments and Recommendations, continued

Year-end Closing Journal Entries, continued

Management's Response

We agree with the auditor's comments and will implement procedures to accrue all expenditures incurred during the year and capitalize all capital purchases.

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance.

Prior Year Comments and Recommendations

Segregation of Duties

During our review of the District's internal control structure and policies, we noted that the District's accounting clerk is charged with opening the District's mail, preparing and making bank deposits, and posting receipts and deposits to the District's utility billing software. Best practices encourage separation of duties with regard to the cash handling function to reduce the risk of material misstatement due to error and/or fraud. To reduce the risk of material misstatement due to error and/or fraud, we encourage that the General Manager review the bank reconciliation in a timely manner after it is prepared by the third party consultant.

Prior Year Management's Response

The General Manager reviews the bank statement and bank reconciliation.

Comment Status

The District is a small organization and, wherever possible, attempts to segregate duties to prevent, and detect and correct misstatements due to error or fraud.

Cut-off Procedures for Purchasing, Accounts Payable, and Accrued Liabilities

During our audit, we noted a number of invoices and payments related to fiscal year 2016, totaling \$80,175, were not properly accrued at June 30, 2016. In addition, our procedures indicated that a significant number of transactions improperly recorded in fiscal year 2016, were associated with fiscal year 2015. As a result, the District has recorded a prior period adjustment, totaling \$85,389, to net position. We recommend that the District adopt year-end cut-off procedures to ensure that liabilities and associated expenses are recognized in the proper fiscal year.

Prior Year Comments and Recommendations, continued

Cut-off Procedures for Purchasing, Accounts Payable, and Accrued Liabilities, continued

Prior Year Management's Response

We agree with the auditor's recommendation and will implement proper cut-off procedures.

Comment Status

The comment is in the process of being corrected and is repeated in the current year.

Individual Fund Trial Balance

For fiscal year 2016, it was noted that the trial balance consolidating the District's funds netted to zero. However, the individual fund trial balances did not net out to zero. Accounting is based on a double entry bookkeeping system whereby a transaction will result in an amount recorded in at least two accounts. In the case of the District, all transactions entered into the accounting system corresponding to each District funds should net to zero. Funds that do not balance will not fairly present the current status of each District's funds financial position and will not be helpful in providing useful information to the board and management in making District's decision. We recommend that the District review its general ledger trial balance reports for each fund to verify that all entries are proper and balanced. This should help reduce year-end audit adjustments.

Prior Year Management's Response

The District has implemented procedures to allocate transactions to the proper fund.

Comment Status

The District has corrected the issue and is able to report financial status by fund.

Inventory of Fixed Assets

During our audit, discussions with the General Manager indicated that the District has not conducted a physical inventory of capital assets. We recommend that a physical inventory of fixed assets be performed at least once every two years. This inventory could be performed on a rotating basis with a separate group of assets being inventoried every six months. Physical verification of fixed assets would improve the integrity of fixed asset records, and more importantly, ensure that the District knows that idle or disposed assets are no longer in the books.

Prior Year Management's Response

We agree with the auditor's recommendation. Effective immediately, the District will initiate an inventory of fixed assets.

Comment Status

Inventory of fixed assets is a work in progress.

Prior Year Comments and Recommendations, continued

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Prior Year Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance.

* * * * *

This communication is intended solely for the information and use of management and the Board of Directors of the District. This restriction is not intended to be, and should not be, used by anyone than these specified parties.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

Fedak & Brown LLP
Cypress, California
November 14, 2017

APPENDIX

Avila Beach Community Services District

Audit/Finance Committee Letter

June 30, 2017



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Jonathani P. Abadesco, CPA

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Board of Directors
Avila Beach Community Services District
Avila Beach, California

We have audited the basic financial statements of the Avila Beach Services District (District) for the year ended June 30, 2017, and have issued our report thereon dated November 14, 2017. Generally accepted auditing standards require that we provide the Governing Board and management with the following information related to our audit of the District's basic financial statements.

Auditor's Responsibility under United States Generally Accepted Auditing Standards

As stated in our Audit Engagement Letter, dated March 23, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of its responsibilities.

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

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing requirements previously communicated to management. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the basic financial statements.

We noted no transactions entered into by the District during fiscal year 2017, for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Qualitative Aspects of Accounting Practices, continued

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the position in the basic financial statements were:

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the defined benefit pension plan's: deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial valuation of these amounts which was conducted by a third-party actuary. We evaluated the basis, and actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the basic financial statements were:

The disclosure of fair value of investments, in Note 2 to the basic financial statements, represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 5 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's defined benefit pension plan in Note 7 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosures in the basic financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Generally Accepted Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management as follows:

There were fourteen audit adjustments, four of which pertain to GASB 68, and five reclassification entries made to the original trial balance presented to us to begin our audit. A schedule of entries can be found at the end of this report.

Disagreements with Management

For the purpose of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated November 14, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the District's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than the specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Conclusion

We appreciate the cooperation extended us by Bradley Hagemann, General Manager, Kristi Dibbern, Accounting Clerk, and Nikki Engle, External Bookkeeper, in the performance of our audit testwork.

We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

Avila Beach Community Services District
Schedule of Adjusting Journal Entries
For the Year Ended June 30, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
AJE - To adjust property tax receivable as of June 30, 2017.			
1270-01	Taxes Receivable	348.96	
4030-06	County Taxes	1,316.34	
1270-06	Taxes Receivable		1,316.34
4030-01	County Taxes		348.96
Total		<u>1,665.30</u>	<u>1,665.30</u>
Adjusting Journal Entries JE # 2			
AJE - To adjust interest receivable as of June 30, 2017.			
1255-01	Interest Receivable	2,125.04	
4600-01	Interest Income		2,125.04
Total		<u>2,125.04</u>	<u>2,125.04</u>
Adjusting Journal Entries JE # 3			
AJE - To convert capital assets from a modified accrual basis to an accrual basis of accounting.			
1010-05	Heritage Oaks General Checking	2,953.57	
1637-06	Treatment Plant Addition	139,847.55	
1657-05	Distribution Assets Cost	31,394.50	
1690-05	Construction in Progress	6,406.18	
1690-06	Construction in Progress	61,234.45	
6520-05	Equipment Repair & Maint.	2,381.40	
6520-05	Equipment Repair & Maint.	17,974.28	
6524-01	Equip. Rep. & Maint. Avila Only	2,110.00	
8237-06	WW-7 Misc. Wastewater Projects	2,953.57	
1010-06	Heritage Oaks General Checking		2,953.57
1690-05	Construction in Progress		4,587.29
1690-06	Construction in Progress		13,225.45
8224-01	Gen Admin Capital Equipment Exp		2,110.00
8230-05	Capital Purchases in Progress		26,807.21
8230-05	Capital Purchases in Progress		6,406.18
8230-06	Capital Purchases in Progress		61,234.45
8230-06	Capital Purchases in Progress		126,622.10
8273-05	W-3 Misc Water Line Replacement		2,953.57
8273-05	W-3 Misc Water Line Replacement		2,381.40
8273-05	W-3 Misc Water Line Replacement		17,974.28
Total		<u>267,255.50</u>	<u>267,255.50</u>

Avila Beach Community Services District
Schedule of Adjusting Journal Entries
For the Year Ended June 30, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 4			
AJE - To reconcile cash for the Heritage Oaks General Checking and eliminating the use of pooled cash accounts.			
1005-01	Customer Cash	1,662.48	
1005-01	Customer Cash	21,201.42	
1005-05	Customer Cash	17,188.23	
1005-05	Customer Cash	17,188.23	
1008-01	Petty Cash	80.00	
1010-01	Heritage Oaks General Checking	2,906,747.41	
1010-01	Heritage Oaks General Checking	220.70	
1010-05	Heritage Oaks General Checking	1,453,989.64	
1010-07	Heritage Oaks General Checking	21,201.42	
1030-01	B of A - Payroll	24,611.72	
1050-01	LAIF	2,219,633.04	
1210-06	Undeposited Funds	29,183.18	
1005-01	Customer Cash		220.70
1005-05	Customer Cash		17,188.23
1005-06	Customer Cash		29,183.18
1025-01	Pooled Cash		1,179,284.28
1025-05	Pooled Cash		1,453,989.64
1025-05	Pooled Cash		17,188.23
1025-07	Pooled Cash		21,201.42
1210-01	Undeposited Funds		1,040,348.76
1210-01	Undeposited Funds		2,906,747.41
1210-01	Undeposited Funds		21,201.42
1210-01	Undeposited Funds		80.00
1210-01	Undeposited Funds		24,611.72
4100-01	Misc Income		1,662.48
Total		<u><u>6,712,907.47</u></u>	<u><u>6,712,907.47</u></u>

Avila Beach Community Services District
Schedule of Adjusting Journal Entries
For the Year Ended June 30, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 5			
AJE - To reconcile prior year ending net position to current year beginning net position.			
1020-05	B of A - General Checking	1,197.00	
3900-01	Retained Earnings	1,882.69	
3900-06	Retained Earnings	1,197.00	
3900-99	Retained Earnings	1,662.53	
4100-01	Misc Income	1.80	
9999-01	Suspense	1,834.49	
1020-06	B of A - General Checking		1,197.00
1030-99	B of A - Payroll		1,662.53
2201-01	Accrued Payroll		1,834.49
2201-01	Accrued Payroll		1,834.49
3900-05	Retained Earnings		1,197.00
4100-01	Misc Income		50.00
Total		<u><u>7,775.51</u></u>	<u><u>7,775.51</u></u>
Adjusting Journal Entries JE # 8			
AJE - To adjust payroll accrual.			
2250-01	PERS Liability	1,831.27	
5211-01	Regular Pay	24.90	
5447-01	Pension Expense - GASB 68	196.73	
2201-01	Accrued Payroll		24.90
2400-01	Net Pension Liability		2,028.00
Total		<u><u>2,052.90</u></u>	<u><u>2,052.90</u></u>
Adjusting Journal Entries JE # 9			
AJE - To adjust compensated absences.			
2260-01	Vacation Payable	1,015.00	
2262-01	Sick Pay Accrued	730.00	
5211-01	Regular Pay		1,015.00
5211-01	Regular Pay		730.00
Total		<u><u>1,745.00</u></u>	<u><u>1,745.00</u></u>

Avila Beach Community Services District
Schedule of Adjusting Journal Entries
For the Year Ended June 30, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 14			
AJE - To accrue current year accounts payable.			
1690-06	Construction in Progress	55,693.19	
6503-05	Chemicals	262.53	
6505-01	Contract Labor	2,750.00	
6505-05	Contract Labor	18,043.98	
6505-06	Contract Labor	8,158.69	
6520-05	Equipment Repair & Maint.	1,579.38	
6520-05	Equipment Repair & Maint.	777.28	
6522-05	Equip. Rep. & Maint-Avila & HD	562.95	
6522-05	Equip. Rep. & Maint-Avila & HD	232.18	
6522-05	Equip. Rep. & Maint-Avila & HD	1,908.18	
6522-05	Equip. Rep. & Maint-Avila & HD	329.18	
6524-05	Equip. Rep. & Maint. Avila Only	448.10	
6524-05	Equip. Rep. & Maint. Avila Only	1,460.28	
6524-05	Equip. Rep. & Maint. Avila Only	560.78	
6565-05	Regulatory Compliance	325.00	
6565-05	Regulatory Compliance	75.00	
2100-01	Accounts Payable		2,750.00
2100-05	Accounts Payable		4,940.87
2100-05	Accounts Payable		21,623.95
2100-06	Accounts Payable		8,158.69
2100-06	Accounts Payable		55,693.19
Total		<u>93,166.70</u>	<u>93,166.70</u>
Adjusting Journal Entries JE # 15			
GASB 68 Entry 1 - To reclassify prior year employer contributions to net pension liability.			
1800-01	Deferred Outflows of Resources	14,788.00	
5447-01	Pension Expense - GASB 68		14,788.00
Total		<u>14,788.00</u>	<u>14,788.00</u>
Adjusting Journal Entries JE # 16			
GASB 68 Entry 2 - To record changes in pension liability during current year measurement period.			
1800-01	Deferred Outflows of Resources	31,855.00	
2400-01	Net Pension Liability		9,044.00
2500-01	Deferred Inflows of Resources		18,801.00
5447-01	Pension Expense - GASB 68		4,010.00
Total		<u>31,855.00</u>	<u>31,855.00</u>

**Avila Beach Community Services District
Schedule of Adjusting Journal Entries
For the Year Ended June 30, 2017**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 17			
GASB 68 Entry 3 - To record changes in the deferred outflows and deferred inflows (amortization) for current year measurement period.			
1800-01	Deferred Outflows of Resources	3,973.00	
2500-01	Deferred Inflows of Resources		1,172.00
5447-01	Pension Expense - GASB 68		2,801.00
Total		<u>3,973.00</u>	<u>3,973.00</u>
Adjusting Journal Entries JE # 18			
GASB 68 Entry 4 - To reconcile balances between deferred outflows and deferred inflows of resources.			
2500-01	Deferred Inflows of Resources	18,887.00	
1800-01	Deferred Outflows of Resources		18,887.00
Total		<u>18,887.00</u>	<u>18,887.00</u>
Adjusting Journal Entries JE # 19			
AJE - To record depreciation expense.			
6125-01	Depreciation	1,372.28	
6125-05	Depreciation	28,446.21	
6125-06	Depreciation	204,175.86	
1609-01	Office Equipment Accum Depr		1,372.28
1628-06	Collect Assets Accum Depr		46,598.15
1638-06	Treatment Plant Accum Dep		157,577.71
1658-05	Dist Assets Accum Depr		28,446.21
Total		<u>233,994.35</u>	<u>233,994.35</u>
Adjusting Journal Entries JE # 20			
AJE - To adjust accounts receivable for the customer adjustments.			
4010-05	Operating Revenue	6,299.50	
1280-05	Water & Sewer Billings		6,299.50
Total		<u>6,299.50</u>	<u>6,299.50</u>
Total Adjusting Journal Entries		<u>7,946,956.53</u>	<u>7,946,956.53</u>

Avila Beach Community Services District
Schedule of Adjusting Journal Entries
For the Year Ended June 30, 2017

Account	Description	Debit	Credit
Reclassifying Journal Entries			
Reclassifying Journal Entries JE # 6			
RJE - To eliminate fund 99.			
1099-99	Cash Balance	2,671,663.57	
1210-99	Undeposited Funds	3,963,806.13	
1005-99	Customer Cash		10,648.30
1008-99	Petty Cash		80.00
1010-99	Heritage Oaks General Checking		4,382,159.17
1030-99	B of A - Payroll		22,949.19
1050-99	LAIF		2,219,633.04
Total		<u>6,635,469.70</u>	<u>6,635,469.70</u>
Reclassifying Journal Entries JE # 7			
RJE - To classify prepaid transactions to appropriate fund.			
1010-01	Heritage Oaks General Checking	9,883.65	
1410-05	Prepaid Insurance	4,941.89	
1410-06	Prepaid Insurance	4,941.88	
1010-05	Heritage Oaks General Checking		4,941.89
1010-06	Heritage Oaks General Checking		4,941.88
1410-01	Prepaid Insurance		9,883.65
Total		<u>19,767.42</u>	<u>19,767.42</u>
Reclassifying Journal Entries JE # 11			
RJE - To reclassify water deposit refund from the General Fund to the Water Fund.			
1010-01	Heritage Oaks General Checking	140.00	
2303-05	Water Deposits Held	140.00	
1010-05	Heritage Oaks General Checking		140.00
2303-01	Water Deposits Held		140.00
Total		<u>280.00</u>	<u>280.00</u>

Avila Beach Community Services District
Schedule of Adjusting Journal Entries
For the Year Ended June 30, 2017

Account	Description	Debit	Credit
Reclassifying Journal Entries JE # 12			
RJE - To reclassify unbalanced funds.			
1010-99	Heritage Oaks General Checking	220.70	
2999-01	Unbalanced Classes	6,112.52	
2999-05	Unbalanced Classes	108.40	
2999-06	Unbalanced Classes	112.30	
6150-05	Rate Assistance	3,056.29	
6150-06	Rate Assistance	3,056.23	
1010-05	Heritage Oaks General Checking		108.40
1010-06	Heritage Oaks General Checking		112.30
2999-05	Unbalanced Classes		3,056.29
2999-06	Unbalanced Classes		3,056.23
2999-99	Unbalanced Classes		220.70
6150-01	Rate Assistance		6,112.52
Total		<u>12,666.44</u>	<u>12,666.44</u>
Reclassifying Journal Entries JE # 21			
RJE - To reclassify property taxes recorded in various funds as transfers.			
4030-04	County Taxes	12,698.52	
4030-05	County Taxes	64,804.51	
4030-06	County Taxes	317,288.31	
6104-01	Administrative Transfer	394,791.34	
4030-01	County Taxes		394,791.34
6104-04	Administrative Transfer		12,698.52
6104-05	Administrative Transfer		64,804.51
6104-06	Administrative Transfer		317,288.31
Total		<u>789,582.68</u>	<u>789,582.68</u>
	Total Reclassifying Journal Entries	<u>7,457,766.24</u>	<u>7,457,766.24</u>

**AVILA BEACH
COMMUNITY SERVICES DISTRICT**

Post Office Box 309, Avila Beach, CA. 93424

MEMORANDUM

TO: Board of Directors

FROM: Brad Hagemann, General Manager 

DATE: November 14, 2017

SUBJECT: Award Engineering Contract for Wet Well and Manhole Coating Project

Funding:

The approved FY 2017-18 Capital Improvement Program includes \$45,000 for project WW 2017/18-2 Influent Wet Well Coating Repairs. Preparation of bid documents will be the first funds expended on this project.

Recommendation:

Authorize staff to retain Michael K. Nunley and Associates to conduct engineering work, prepare an Engineers Opinion of Construction Cost and prepare plans and specifications for public bidding of the project at a cost not to exceed \$6,786.

Discussion:

The FY 2017-18 approved Capital Improvement Program budget includes project WW 2017/18-2 Influent Wet Well Coating Repairs. The scope of the project includes repair of the existing wet well coating that is delaminating at the top of the wet well. Upon initial inspection, it appears the delamination is only occurring at the top 3 – 5 feet of the wet well and will be the only area in need of repair. As budget allows, staff also plans to include the sealing and recoating of up to seven manholes in the sewage collection system. Fluid Resource Management Operations and/or Maintenance staff will assist the District in identifying the highest priority manholes.

MKN's scope of work includes: Preliminary Engineering that will include visual inspection of the wet well and manholes to be included in the project; preparation of an Engineers Cost Estimate and preparation of plans and specifications to accommodate public bidding of the project. Staff has worked with MKN and Associates in the past and believes they are a good fit for this type of engineering support services. MKN's proposal and scope of work is provided as an attachment to this Staff Report.



MKN & Associates, Inc.
P O Box 1604
Arroyo Grande CA 93421
805 904 6530

October 23, 2017

Brad Hagemann, PE – Hagemann & Associates
General Manager
Avila Beach Community Services District
(Submitted Electronically)

RE: Influent Lift Station Coating Rehabilitation Project

Dear Brad,

PROJECT UNDERSTANDING

It is our understanding that the District intends to rehabilitate the existing coating in the influent lift station. The existing coating is delaminating from the roof section of the concrete wet well and is in need of repair. The District is also interested in rehabilitating several manholes along 1st Street to prevent infiltration during large rain events. As requested, Michael K. Nunley & Associates, Inc., (MKN) has developed this proposal to provide construction documents for coating of the influent lift station and manholes.

SCOPE OF WORK

Task Group 100 – Preliminary Engineering

MKN will plan and attend a kickoff meeting with District staff to review the project scope, schedule, data needs, and to perform visual inspections of the manholes to be included in the project. It is assumed up to seven (7) manholes will be included in the project.

Task Group 200 – Draft and Final Construction Documents

It is anticipated that only the roof and two to three feet of the upper portion of the wet well walls will be recoated. It is also our understanding that the coating contractor will require bypassing of the wet well to perform the work. Bypass connection points and flow rates will be provided on the plans.

Manholes to be rehabilitated will be identified on the plans and will include size, depth, and required repairs. Bypass pumping for the manholes (if required) will also be addressed within the construction documents.

MKN will prepare plans and specifications for public bid. We anticipate providing the following sheets for the project:

- Cover sheet
- Site Plans and Rehabilitation Notes
- Construction Details (if required)

Construction drawings will be prepared as 22-inch x 34-inch sheets. All drawings will be prepared using AutoCAD 2013.

MKN will prepare technical specifications for the project in CSI format. It is assumed that front-end contract documents prepared previously for the Water Valve Replacement Project will be utilized for this project. MKN will provide a project bid schedule for the District's use.

One copy of electronic plans and specifications saved as PDF files, with 1/2 sized drawings (11-inch x 17-inch), will be provided to the District for review at the draft design submittal. The final construction contract documents will be signed and sealed by a registered professional engineer licensed in the State of California and will be provided in electronic format. An Engineer's Opinion of Construction Cost will be provided with the draft and final plans and specifications.

MKN staff will attend one progress meeting to discuss comments from the District's review of the draft construction documents.

ASSUMPTIONS:

- The District will provide available asbuilt plan information for the manholes to be rehabilitated.
- The District will provide staff to open each manhole for visual inspection. Traffic control (if required) will also be performed by the District.
- The District will provide manhole rim and invert elevations for each manhole.
- MKN shall be entitled to rely reasonably upon the accuracy of data and information provided by or through Client and will use good professional judgment in reviewing and evaluating such information. If MKN identifies any error or inaccuracy in data or information provided by or through Client, or determines that additional data or information is needed to perform the services, MKN shall promptly notify the client.
- Bid and construction phase services (including observations) are not currently included in this scope of work, but can be provided for an additional fee.

BUDGET

MKN proposes to complete this work on a time and material basis with a budget not to exceed \$6,786. A breakdown of costs is provide below. Hourly rates are attached but may be revised annually. Other direct costs will be charged with a 10% markup.

Project Task	Budget
Task Group 100- Preliminary Engineering	\$1,055
Task Group 200- Construction Documents	\$5,731
Total	\$6,786

Brad Hagemann
Page 3

Thank you for providing MKN with the opportunity to provide professional services for your project. If you have any questions regarding this proposal, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "J.J. Reichmuth", written in a cursive style.

J.J. Reichmuth, PE
Senior Engineer

Attachments:

Fee Schedule



MKN & Associates, Inc.
PO Box 1604
Arroyo Grande, CA 93421
805 904 6530

FEE SCHEDULE FOR PROFESSIONAL SERVICES

ENGINEERS AND TECHNICAL SUPPORT STAFF

Principal Engineer	\$175/HR
Senior Project Engineer	\$165/HR
Project Engineer	\$145/HR
Water Resources Planner	\$135/HR
Assistant Engineer	\$125/HR
GIS Specialist	\$125/HR
GIS Technician	\$105/HR
Senior Design Technician	\$92/HR
Administrative Assistant	\$55/HR

Routine office expenses such as computer usage, telephone charges, office equipment and supplies, incidental postage, copying, faxes, etc., are included in the hourly rates.

DIRECT PROJECT EXPENSES

Outside Reproduction	Cost + 10%
Subcontracted or Subconsultant Services	Cost + 10%
Travel & Subsistence (other than mileage)	Cost
Auto Mileage	Current IRS Rate - \$.54/mi.

**AVILA BEACH
COMMUNITY SERVICES DISTRICT**

Post Office Box 309, Avila Beach, CA. 93424

MEMORANDUM

TO: Board of Directors

FROM: Brad Hagemann, General Manager 

DATE: November 14, 2017

SUBJECT: District Purchasing Policy #3041

Recommendations:

Adopt Resolution No. 2017-11 formally adopting revisions to the Purchasing Policy #3041.

Discussion:

At the October 10, 2017, Board meeting staff presented suggested changes to the District's Purchasing Policy, as it relates to the purchase of items costing greater than \$25,000 that require the preparation and circulation of a formal request for proposals. Staff presented the suggested Policy changes in "red-line" format (attached). The Board concurred with staff's suggested changes and directed staff to formally make the changes to the Purchasing Policy.

Staff recommends the Board adopt attached Resolution No. 2017-11 which formally makes the changes to the Policy.

AVILA BEACH COMMUNITY SERVICES DISTRICT

Resolution No. 2017-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE AVILA BEACH COMMUNITY SERVICES DISTRICT AMENDING DISTRICT POLICY 3041; PURCHASING

WHEREAS, from time to time a review of policies is undertaken by the Board of Directors; and

WHEREAS, the Board requested a review of District Policy 3041 Purchasing; and

WHEREAS, the Board of Directors desires to amend the policy as it relates to the approval of project change orders;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors, as follows: That Policy 3041 Purchasing be amended as detailed in the attached documents.

ON MOTION of Director _____, seconded by Director _____, and on the following roll call vote to wit:

AYES:

NOES:

ABSENT:

The foregoing resolution is hereby adopted this 14th day of November, 2017.

ATTEST: _____

Peter Kelley, President

SECRETARY TO BOARD

Avila Beach Community Services District



POLICY TITLE: Purchasing

POLICY NUMBER: 3041

Application:

A. The following policies are established for the purchase of supplies and equipment, as referenced in Government Code Section 54202.

B. The procedures established herein shall not apply to the construction of any unit of work, as referenced in Public Contract Code Section 20680 et seq., the payment of contracted services or other payments that are authorized by stature or policies of the Board of Directors, such as personnel policies or the hiring of consultants.

3041.1 To purchase small items - such as office supplies, auto parts, and other miscellaneous items costing less than \$500, purchases will be made with vendors who have established charge accounts in the District's name *or with vendors that accept the District's debit card.*

3041.2 To purchase items costing \$501- \$5,000, *the General Manager will solicit quotations via telephone, fax, mail or email prior to processing a purchase order.* ~~quotations will be solicited from vendors and received by telephone, fax or mail prior to processing a purchase order.~~ The General Manager must approve purchase orders.

3041.3 To purchase items costing \$5,001- \$ 9,999, a minimum of three quotations will be required. If it is a budgeted item it may be approved by the General Manager. Board approval will be required for an unbudgeted purchase of items costing \$5,001 - \$9,999.

3041.4 To purchase items over \$10,000 a minimum of three quotations will be required. Board approval must be received.

3041.5 The General Manager may determine the existence of an emergency and thereon issue warrants up to twenty-five thousand dollars (\$25,000) with counter the signature of a member of the Board of Directors. Said emergency shall be described in a written memorandum presented to the Board of Directors at the next regularly scheduled meeting of the Board of Directors.

3041.6 Purchases of items equal or greater than twenty five thousand dollars (\$25,000) shall be by written contract with a vendor, who, in response to a notice inviting proposals, submits a proposal that most closely meets the Districts specifications with a consideration of price and delivery dates.

3041.6.1 Notice of Inviting Proposals shall include the following:

1. A statement of specifications of equipment and/or supplies to be purchased;
2. The location and deadline for submission of proposals;
3. The location where the specifications and proposal forms, if required, may be secured;
4. The date, time and place assigned for the opening of sealed proposals;
5. The type and character of proposal security required, if any;
6. A statement that the District intends to award the Contract to the vendor who submits a proposal that most closely meets the District specifications with the consideration of price and delivery dates.
7. That the District reserves the right to reject all proposals; and
8. Notice that no vendor can withdraw its proposal for a period of 60 days from the date of opening proposals.
9. *The General Manager may approve of changes to the contract amount up to \$10,000 or 10% of the contract amount, whichever is greater. Changes above this amount require the approval of the Board. If the General Manager determines the change is an emergency, the General Manager shall get the concurrence of the Board President or Vice President and then provide a written description at the next regularly scheduled Board of Directors meeting.*

3041.6.2 The Notice of Inviting Proposals shall be widely distributed by the General Manager in a manner that reasonably assures the proposed purchase is circulated to all responsive and responsible vendors.

3041.7 Alternative Procedure. As an alternative to the procedures described in Section 3041.6, above the Board of Directors may approve the purchase of supplies and equipment and/or supplies upon the Board of Directors approving the purchase by Resolution making the following findings:

1. The other agency's procedures for the purchase were substantially similar to the District's procedures as stated in Section 3041.6 above.
2. The equipment and/or supplies to be purchased by District is substantially similar to the supplies and equipment purchased by the other agency, so that the submitted proposals would be responsive to the District's specifications.
3. The negotiations regarding the purchase are minor and the proposed purchase is consistent with the policy of awarding the contract to the most responsive vendor with the consideration of price and delivery date.

3041.8 Non-Competitive Negotiations : This approach involves procurement of supplies and equipment through solicitation of a proposal from only one source. Such negotiations may be used in limited situations when the award of a contract is not feasible under the other methods and when said purchase is approved by resolution of the Board of Directors upon the following findings: (1) the purchase price is reasonable, and (2) one or more of the following exists:

- A. The product is the only one that will properly meet the needs of the District because:
 1. The item is unique and is available only from a sole source; or
 2. The item is unique and is designed to match others used in or furnished to a particular installation, program, facility or location.
- B. Public exigency or emergency will not permit delay.

C. The Federal Grantor authorized non-competitive negotiations.

3041.9 Alternatives:

A. The District may request the State Department of General Services to make purchases of materials, equipment, or supplies on its behalf pursuant to Section 10298 of the Public Contract Code.

B. The District may request the purchasing agent of the principal county to make purchases of materials, equipment, or supplies on its behalf pursuant to Article 7 (commencing with Section 25500) of Chapter 5 of Division 2 of Title 3.

C. The District may request the purchasing agent of the principal county to contract with persons to provide projects, services, and programs authorized by this division pursuant to Article 7 (commencing with Section 25500) of Chapter 5 of Division 2 of Title 3.

3041.10 Consistency with State and Federal Laws:

In the event these policies and procedures are inconsistent with State or Federal law, then said State or Federal law shall control.