

**Board of Directors**  
Steve Dietrich, President  
Myron Heavin, Vice President  
Matthew Starbuck, Director  
Jorge Magana, Director  
Jim Keeling, Director



1550 East Burton Mesa Blvd.  
Lompoc, California, 93436-2100  
805.733.4366  
[www.mhcsd.org](http://www.mhcsd.org)

Brad Hagemann, General Manager

Mission Hills Community Services District Board of Directors  
**Regular Meeting**  
Wednesday, September 20, 2023  
4:30 PM  
1550 East Burton Mesa Blvd, Lompoc, CA - District Board Room

### **Agenda**

**Public and staff may access the meeting via Zoom:**

**URL** to sign in for video access.

<https://zoom.us/j/9467006985?pwd=TnBqZGJXbWhCN UdJNXhMZGU3alhDZz09>

Meeting ID: 946 700 6985

**To access the meeting via telephone:**

**Dial in** 1 (669) 900-9128

**Director Steve Dietrich attending via Teleconference at:**  
2835 Lewis Drive, Lompoc, CA 93436

**1. Call to Order and Pledge of Allegiance**

**2. Roll Call**

**3. Public Comment** – Members of the public may address the Board on any item within the jurisdiction of the Board not included on this agenda for up to 3 minutes (Government Code Section 54954.3). **If you are unable to attend, you can submit comments in advance of the meeting to [admin@mhcsd.org](mailto:admin@mhcsd.org) before 1:00 PM, Tuesday, August 19, 2023.**

**4. Closed Session**

**A.** Public Employment Pursuant to Government Code Section 54957(b)  
Position: General Manager

**RECONVENE**

**Report out of Closed Session**

**5. Consent Agenda** - Staff recommends Directors approve the Consent Agenda in one motion. Members of the public may comment on a consent item (3-minute maximum per speaker). Directors may pull a consent item for discussion or separate vote.

**A. Consideration of Approval of Minutes from:**

- i) August 16, 2023, Regular Board Meeting

**B. Activity Reports for August**

- i) General Manager and Administration Reports
- ii) Water and Wastewater
- iii) Goals and Committee Updates

**C. Financial Reports**

- i) Revenue and Expenses Previous Year Comparison
- ii) Disbursements Journal
- iii) Variation from Projected Income
- iv) Bank Account Summary
- v) Budget to Actual

**6. Regular Business**

**A. Receive and approve audited Financial Statements for Fiscal Year 2021/22**

**7. Communications** - The Board of Directors may ask a question for clarification, make an announcement, or report briefly on recent activities or conferences. Also, Directors may provide reference to staff or other resources for information, direct staff to place a topic or report on a future committee or regular meeting agenda.

**A.** General Manager's Comments

**B.** Directors' Comments

**C.** Public Comments (up to 3 minutes for topics within the District's jurisdiction)

**Regular Board Meetings are held on the third Wednesday of each month beginning at 4:30 PM** Copies of the staff reports, or written materials provided for Mission Hills CSD for Open Session agenda items may be obtained upon request and are also available at the Customer Service Counter of the District Office for public inspection and reproduction during regular business hours. Closed Session items are not available for public review.

**In compliance with the Americans with Disabilities Act** If you need special assistance to participate in this meeting or if you need the agenda or other documents in the agenda packet provided in an alternative format, contact Board Secretary at 805.733.4366 at least 48 hours before the meeting to ensure that reasonable arrangements can be made. (Agenda Prepared under Government Code Section 54954.2)

**Board of Directors**

Steve Dietrich, President  
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Brad Hagemann, General Manager

**Mission Hills Community Services District Board of Directors  
Regular Meetings Minutes  
Wednesday, August 16, 2023**

1550 East Burton Mesa Blvd, Lompoc, CA - District Board Room

The Regular Meeting of the Board of Directors of the Mission Hills Community Services District was called to order at 4:30 pm on Wednesday, August 16, 2023, at the District Meeting Room, 1550 East Burton Mesa Boulevard, Lompoc, California.

**DIRECTORS PRESENT:**

By roll call: Steve Dietrich, Matthew Starbuck, Myron Heavin and Jorge Magana. Jim Keeling participated via zoom.

**DIRECTORS ABSENT:**

None

**STAFF PRESENT:**

Brad Hagemann, Lupe Huitron and Javier Rodriguez,

**OTHERS PRESENT:**

Tim Carmel and Carol Reynolds participated via zoom.

1. **Call to Order and Pledge of Allegiance**
2. **Roll Call**
3. **Public Comment-** No public comment received.

*Board Chair moved Closed Session Agenda Item 8. B to the beginning of a meeting for discussion.*

**Reconvene**

**Reports out of closed session- No reportable action.**

**4. Consent Agenda-**

**A. Approval of Minutes**

- i.) July 26, 2023, Special Meeting
- ii.) July 31, 2023, Special Meeting

**B. Activity Reports for July**

- i.) General Manager and Administrative Reports
- ii.) Water and Wastewater
- iii.) Goals and Committee Meetings

**C. Financial Reports**

- i) Revenue and Expenses Previous Year Comparison
- ii) Disbursements Journal
- iii) Variation from Projected Income
- iv) Bank Account Summary
- v) Budget to Actual

**Approved Consent Items**

Motion made by Director Heavin and seconded by Director Starbuck, to approve the Consent Agenda as presented Motion **passed 5-0 vote.**

**5. Regular Business Items**

**A. Discussion and Consideration of awarding a construction contract to Crosno Construction Inc., for the Water Tank Rehabilitation Project.**

Motion made by Director Heavin and Second by Director Magana to award an additional task to Crosno Construction Inc, to include complete coating of the west tank as part of the Water tank rehabilitation Project. Motion passed 5-0

- 6. Communications** - The Board of Directors may ask a question for clarification, make an announcement, or report briefly on recent activities or conferences. Also, Directors may provide a reference to staff or other resources for information, direct staff to place a topic or report on a future committee or regular meeting agenda.

- A. General Manager's Comments-** None
- B. Directors' Comments-** None
- C. Public Comments-**None

**Adjourn to closed session.**

- 7. Public comment on closed session-**none

**8. Closed Session**

- A. Public Employment Pursuant to Government Code Section 54957(b)  
Position: General Manager
- B. Conference with Legal Counsel – Anticipated Litigation pursuant to Government Code Section 54956.9(d)(4)-One (1) case

**Report out of closed session- No reportable action.**

With no further business to come before the Board, the meeting adjourned at 9:15PM

Respectfully submitted:

**Lupe Huitron**

X

Steve Dietrich, President

X

Lupe Huitron, Board Secretary



General Manager and Administrative Activity Reports for  
**August 2023**

**Administrative Assistant/Board Secretary**

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- Reached out to VVCS D for advice regarding meeting procedures/laws.
- Collected and organized daily mail coming in and placed in appropriate box for accounting.
- Scanned weekly/daily invoices or mail to Accountant.
- Assisted Accountant in printing checks and mailing them out.
- Contacted Legal counsel regarding Meeting procedures.
- Contacted Santa Barbara County and asked about the steps taken after appointing a new Board Member to serve on our Board.
- Worked on Webinar
- Scheduled vehicles with County Yard for Maintenance
- Posted content pertaining to Board members Biography and photos of themselves to our District website.
- Read Resolutions and Previous Board Packets
- Added new Board Member to the eDisclosure website to file the 700 forms.  
Sent out instructions for Director to file the 700 forms for assuming office.

**Customer Service/Account Receivables**

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- Applied 10% late fee non pay AUG: # 139 accounts.
- 1 Residential Acc off middle of Aug
- Funding paid from Low Income program for 1 Res. Account: \$ 3174.07 this month.  
*Funding has been extended until 2024.*



General Manager and Administrative Activity Reports for  
**August 2023**

**Administrative Services Manager**

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- Participated GM Recruitment Review/Interviews
- Participated in Personnel Meeting
- Participated in Board Meetings
- Met with CPA for FYE Audit
- Completed 6 ACWA/JPIA, CSDA Leadership Webinars
- Facilitated Board Member On-Boarding
- Reviewed Priorities with Operations Manager on Weekly Basis
- Reviewed New Grant Availability on a Daily Basis
- Worked with IT as Needed
- Completed Fund Transfers
- Updated Depreciation Schedules
- Completed Data Entry for Accounts Payable

**General Manager Report**

**Water Tank Repair Project**

Repair and exterior coating work is scheduled to begin on the West Tank on October 30, 2023. The scope of work on the West tank will include replacement of the roof hatch and the roof vent, installation of a new exterior ladder and door, new roof guardrails and ladder safety device and installation of a flexible pipe connection on the tank. Staff will begin draining the West tank the week of October 23<sup>rd</sup>.

In accordance with the Board's direction at the August 16, 2023, Board Meeting, Crosnos construction will also be sandblasting and re-coating the exterior of the West Tank. The project is scheduled to be completed and the tank should be back in service by mid-January 2024.

**Burton Ranch Development Project, Facility Design Work**

Stantec Engineering has started work on Tasks 1-3 of their professional services proposal. Those Tasks include: Site Mapping; Geotechnical Investigation; and Operational Analysis. The Site mapping and the geotechnical investigation field work was completed several weeks ago. Additional Site mapping work is scheduled for the week of September 18<sup>th</sup>. Stantec submitted an information request to the District to assist with the Operational Analysis. Staff is in the process of responding to that request.

**Board of Directors:**

President; Steve Dietrich  
Vice President; Myron Heavin  
Director; Jim Keeling  
Director; Matthew Starbuck  
Director; Jorge Magana



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General Manager, Brad Hagemann

## MISSION HILLS COMMUNITY SERVICES DISTRICT Water Reports – August 2023

**Monthly Water Distributed:** 17.9 MG (31 Days)

**Daily average:** 0.58 MGD

**Monthly Water Sold:** 13.8 MG (27 Days)

**Monthly Wastewater Influent:** 5.5 MG

### Wells

- Well 6 annual source test was completed by Air-X Testing services Inc. on 8/9/2023.
- Cla-Val rebuilt 6 inch valve at Well 6.
- Repaired Well 7 oil drip line and replaced needle valve.

### Water Treatment Plant

- Filter media survey Completed by ERS Industrial Services on 8/29/23.

### Distribution System:

- All the distribution systems pressure reducing valves (PRV) were rebuilt, repaired, and calibrated by Cla-Val on 8/7/23 and 8/8/23.

### Safety Training

- Operations staff attended a CPR/ AED/ First Aid training course at Los Alamos CSD on 8/28/23.

### Compliance

- Completed and submitted State Water Resource Control Board (SWRCB) monthly reports.
- Received the Annual Lead and Copper sample results.

### Distribution System Maintenance/Repair

- Replaced 26 Hersey meters to Kamstrup meters.
- Repaired 2 service line leaks.
- Preventative Maintenance Program: **August**
  - Hydrant Maintenance: 10
  - Valve exercised: 9





**MISSION HILLS COMMUNITY SERVICES DISTRICT  
Wastewater Report – August 2023**

**Total Plant Monthly Influent flow: 5.5 MG**

**Average Daily Flow: 178,317 GPD**

**Ratio of Avg Daily Water produce to Avg. Daily Wastewater Flow: 178,317/ 583,000 = 30%**

**Compliance**

- Submitted CIWQS monthly No-Spill Report for the month of August.
- Collected all weekly settleable solids samples.
- Updated 3<sup>rd</sup> Qtr. Self-Monitoring Report.

**Collection System/Lift Station**

- Continued monitoring of Wet well Wizard. No further smell complaints
- Received collections cleaning tools for jetter.
- Jetted collection system for the neighborhood of Lanes End.

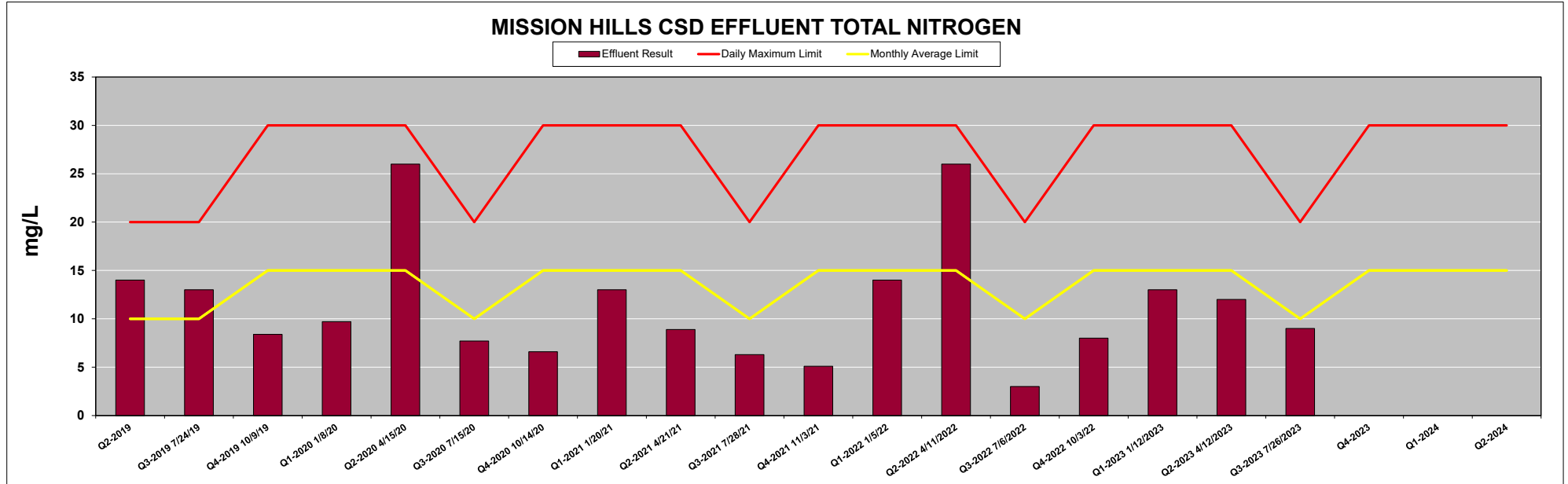
**Wastewater Plant**

- The Muffin Monster grinder was repaired by SPI and put back into service.
- Recycle Pump was also sent with SPI for impeller repair and maintenance.

<b>Chlorides (mg/L)</b>				
	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Well 5	160	O/L	150	160
Well 6	120	110	130	120
Well 7	O/L	100	100	110
WW Influent	240	300	200	400

### MISSION HILLS CSD EFFLUENT TOTAL NITROGEN (mg/L)

MONTH	7/24/2019	8/20/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	7/26/2023	Q4-2023	Q1-2024	Q2-2024
Daily Maximum Permit Limit	20	20	30	30	30	20	30	30	30	20	30	30	30	20	30	30	30	20	30	30	30
Monthly Average Limit	10	10	15	15	15	10	15	15	15	10	15	15	15	10	15	15	15	10	15	15	15
Effluent Result	14	13	8	10	26	8	7	13	9	6	5	14	26	3	8	13	12	9			



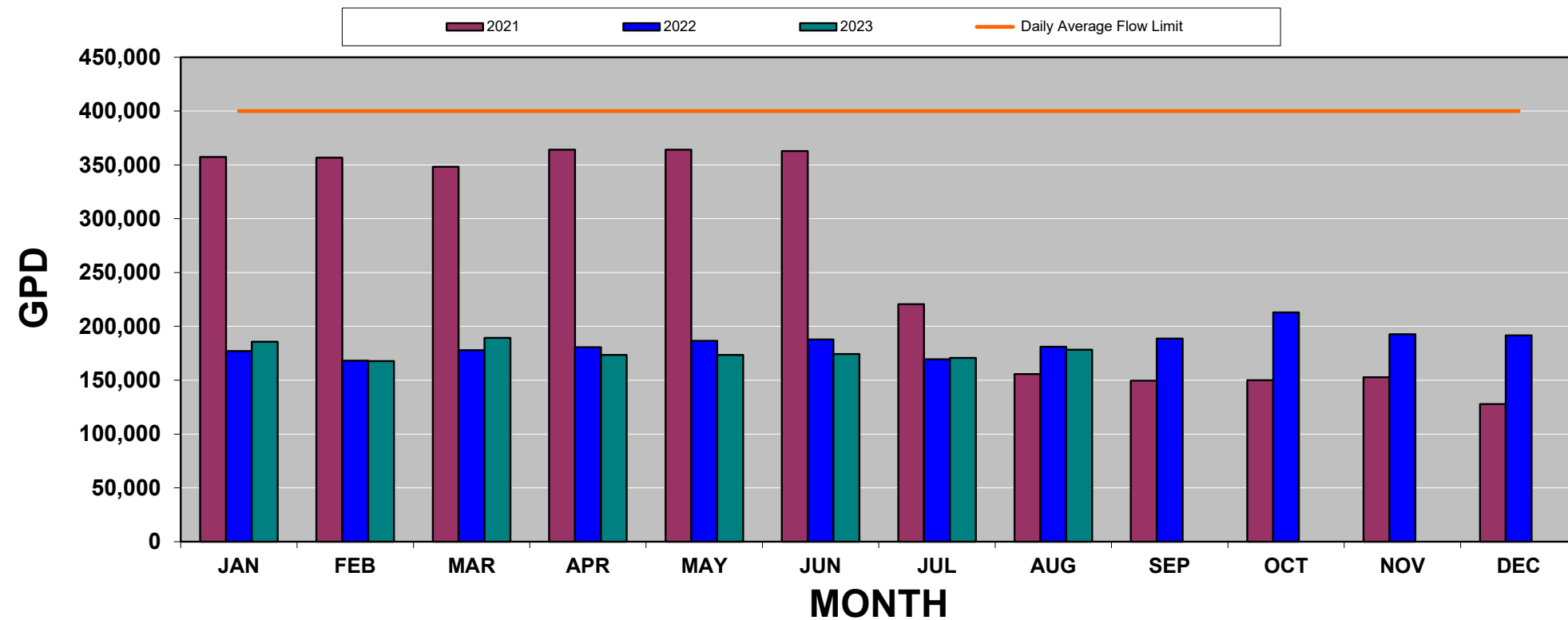
## MHCSD AVERAGE DAILY WASTEWATER FLOW (GPD)

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Daily Average Flow Limit	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
2021	357,387	356,786	348,300	364,137	364,059	362,893	220,668	155,799	149,498	149,936	152,728	127,829
2022	177,041	168,115	177,989	180,559	186,491	187,850	169,490	181,125	188,697	212,966	192,728	191,717
2023	185,814	167,689	189,351	173,446	173,446	174,311	170,812	178,317				

July 2021- Sept. 2022 Recycle flow was removed from total effluent flow.

Jan 2021- Jun 2021 inaccurate Flo-dar meter readings

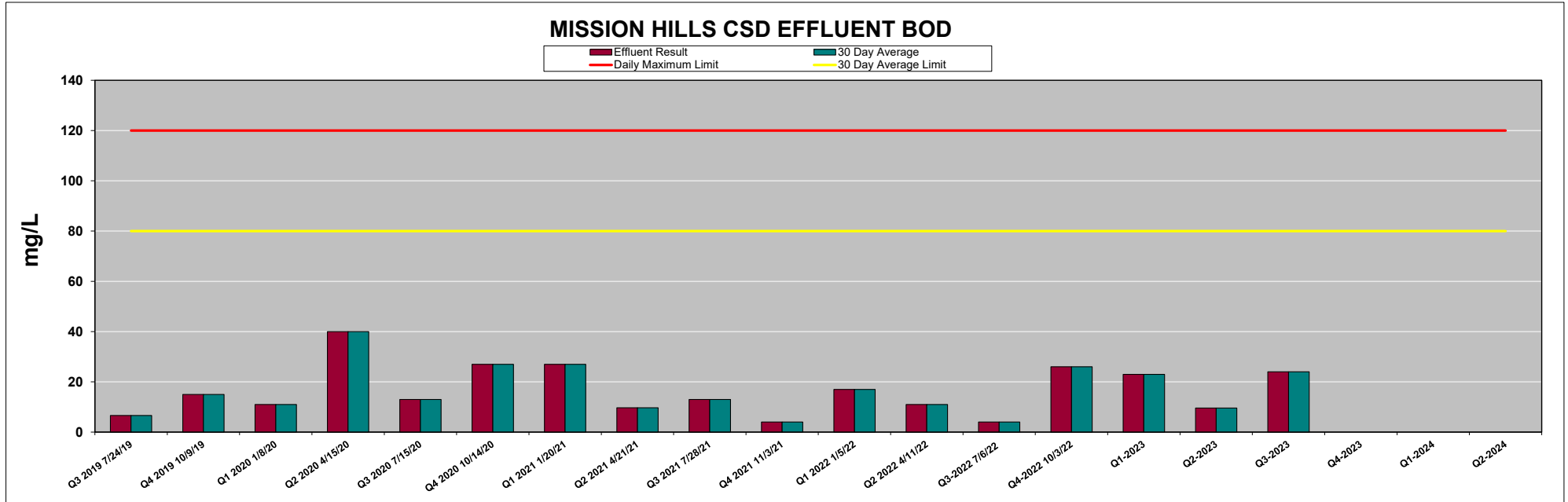
### MISSION HILLS CSD AVERAGE DAILY FLOW



# MISSION HILLS CSD EFFLUENT BOD (mg/L)

MONTH	7/24/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	7/26/2023	Q4-2023	Q1-2024	Q2-2024
<b>Daily Maximum Permit Limit</b>	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120
<b>30 Day Average Permit Limit</b>	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80
<b>Effluent Result</b>	7	15	11	>40	13	27	27	10	13	<4.0	17	11	<4.0	26	23	10	24			
<b>30 Day Average</b>	7	15	11	>40	13	27	27	10	13	<4.0	17	11	<4.0	26	23	10	24			

*Non-detect, estimated, and greater than (>) results are graphed at their reporting levels or as reported by lab.*

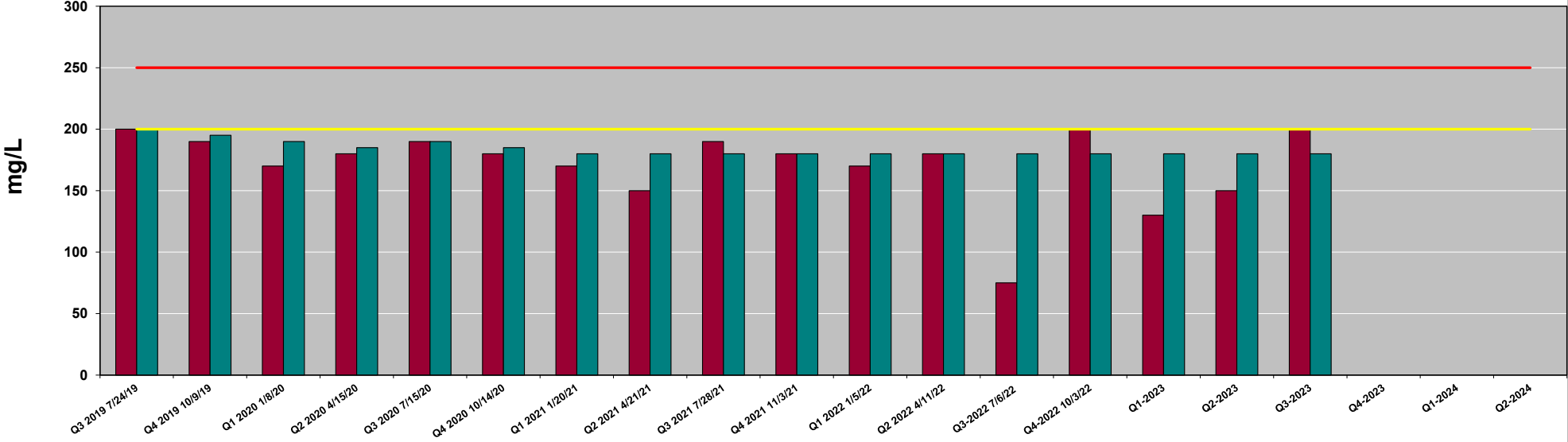


### MISSION HILLS CSD EFFLUENT SODIUM (mg/L)

MONTH	7/24/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	7/26/2023	Q4-2023	Q1-2024	Q2-2024	
<b>Daily Maximum Permit Limit</b>	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250
<b>25 Month Rolling Median Limit</b>	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
<b>Effluent Result</b>	200	190	170	180	190	180	170	150	190	180	170	180	75	200	130	150	200				
<b>25 Month Rolling Median</b>	200	195	190	185	190	185	180	180	180	180	180	180	180	180	180	180	180				

**MISSION HILLS CSD EFFLUENT SODIUM**

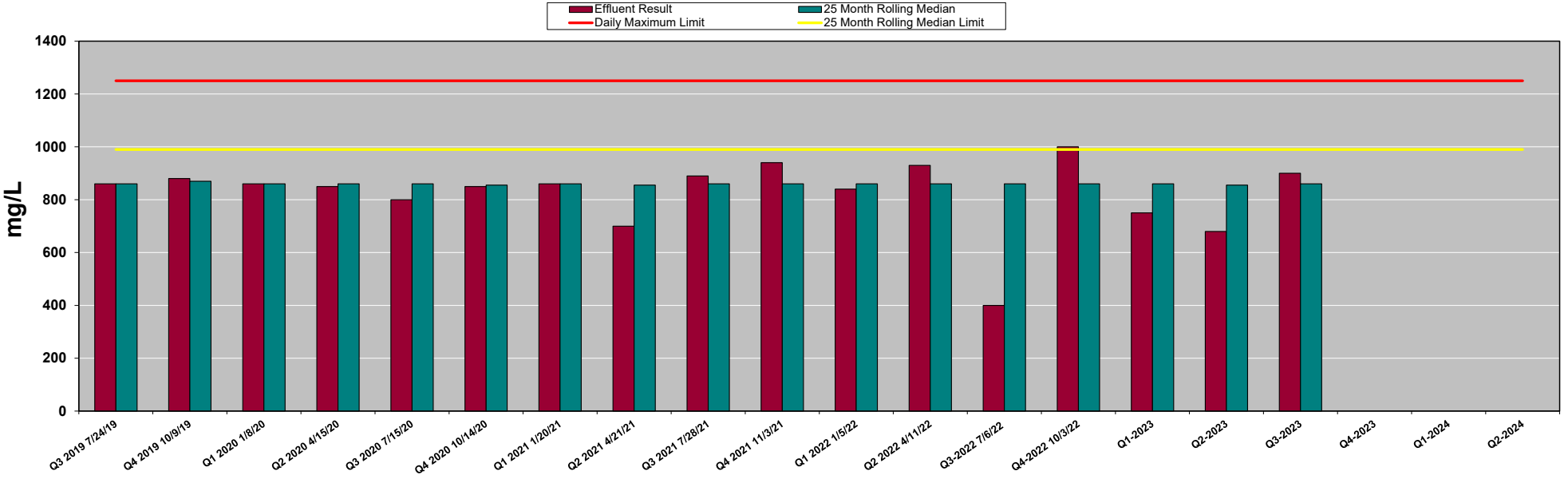
■ Effluent Result      ■ 25 Month Rolling Median  
— Daily Maximum Limit      — 25 Month Rolling Median Limit



### MISSION HILLS CSD EFFLUENT TOTAL DISSOLVED SOLIDS (mg/L)

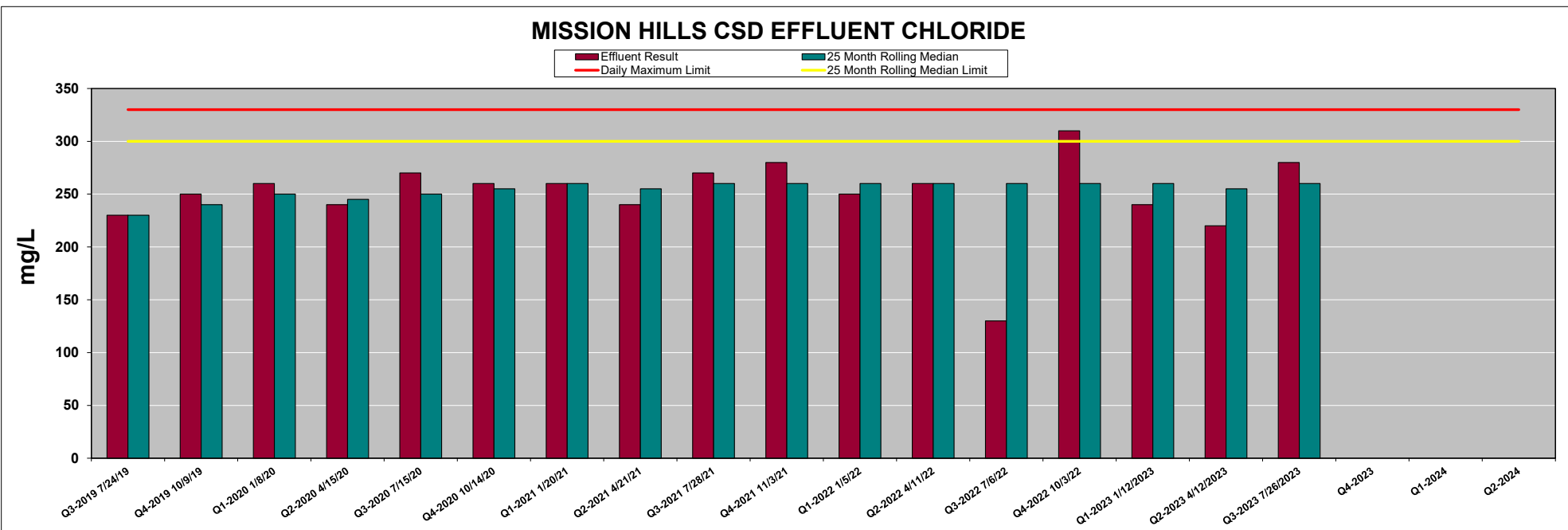
MONTH	7/24/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	7/26/2023	Q4-2023	Q1-2024	Q2-2024	
Daily Maximum Permit Limit	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
25 Month Rolling Median Limit	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990
Effluent Result	860	880	860	850	800	850	860	700	890	940	840	930	400	1,000	750	680	900				
25 Month Rolling Median	860	870	860	860	860	855	860	855	860	860	860	860	860	860	860	855	860				

### MISSION HILLS CSD EFFLUENT TOTAL DISSOLVED SOLIDS



### MISSION HILLS CSD EFFLUENT CHLORIDE (mg/L)

MONTH	7/24/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	7/26/2023	Q4-2023	Q1-2024	Q2-2024	
Daily Maximum Permit Limit	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330
25 Month Rolling Median Limit	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Effluent Result	230	250	260	240	270	260	260	240	270	280	250	260	130	310	240	220	280				
25 Month Rolling Median	230	240	250	245	250	255	260	255	260	260	260	260	260	260	260	255	260				



## Top Goals

### **Established by Board of Directors**

(Staff recommends the Board of Directors consider updating the Top Goals on an annual or by-annual basis)

**1. Wastewater TN (Total Nitrogen), Na (Sodium) & Chloride concentration reduction plan and compliance with RWQCB Time Schedule Order.**

Staff continues to carefully monitor the treatment system to keep the effluent total Nitrogen levels in compliance with the TSO and WDR standards. The most recent compliance monitoring results and process control monitoring results have remained below the permit limits. Staff continues to work on isolating the pond valves so we can perform maintenance and repair as needed and we are working on implementing chloride reduction measures by inspecting areas that have the highest level of chlorides in their wastewater and offering information and encouragement to change out older water self-regenerating systems to canister exchange systems. RWQCB conducted an inspection on July 19, 2023. We expect to receive a report from them within the next few weeks. [No Changes]

**2. General Manager Recruitment**

The Board met in Closed Session at a Special Meeting on September 13<sup>th</sup>, 2023, to discuss the progress on the GM Recruitment. The Board will meet in Closed Session at the September 20<sup>th</sup> Board meeting to further discuss the hiring process.

**3. Cost Reduction – Energy usage and other applicable initiatives**

Please refer to the Energy Committee Update. [No Changes]

**4. Public Outreach – Implement regular on-line communications to the community.**

Staff continues to post content on the Districts Facebook page, Facebook Forums, District’s Bulletin Board, District’s website, and the Next-Door local Neighborhood website. A variety of Topics have been posted via social media. Staff has been posting a new item about every three weeks. Also refer to the Public Outreach Committee summary.

**5. Pursue Grant Funding Opportunities for Capital Projects**

Staff has attended several grant funding webinars and has signed up to receive electronic notices of grant funding and low interest loan opportunities. Staff receive weekly notices on grant opportunities, but to date the grants are only available for certain types of projects or Agencies and they are not applicable to the District. We will continue to monitor grant opportunities. [No Changes]



**MHCSD COMMITTEE MEETING UPDATES****September 20, 2023, Board Meeting**

(Updated September 14, 2023)

Committee	Summary Discussion	Completed Meeting Date
<b>Water</b> Starbuck & Dietrich Alt-Keeling	Committee members met on June 14, 2023, to discuss the Stantec Proposal to provide engineering design services for the Burton Ranch projects. The Committee did not meet on August 9th, or September 13, 2023. The next meeting is scheduled for October 11 <sup>th</sup> , if needed.	June 14, 2023
<b>Wastewater</b> Starbuck & Heavin Alt-Dietrich	Committee members provided an oral summary of their March 13 <sup>th</sup> meeting at the March 29 <sup>th</sup> Board meeting. The Committee did not need to meet on September 13 <sup>th</sup> , 2023. The next meeting is scheduled for October 11 <sup>th</sup> , if needed.	March 13, 2023
<b>Finance</b> Dietrich & Keeling Alt-Heavin	The Committee members met on June 14, 2023, to discuss retaining a consultant to update the District's Water and Sewer Connection Fees. The Board did agree to retain Tuckfield and Associates to prepare an updated Connection Fee Study. The Committee did not need to meet on September 13 <sup>th</sup> . The next meeting is scheduled for October 11 <sup>th</sup> , if needed.	June 14, 2023
<b>Energy</b> Heavin & Starbuck Alt-Dietrich	On August 2 <sup>nd</sup> , Director Heavin and GM Hagemann met with a representative from Rare Electric to discuss a battery option for the WWTP and the sewage lift station. Staff provided the Rare representative with the last 12 months of PG&E data. Rare agreed to work up an estimate for installing batteries. To date, Rare Electric has not provided an estimate to install a battery system for the WWTP.	August 12, 2023
<b>Personnel</b> Keeling & Magana Alt-Starbuck	Committee Members met on August 23, 2023, to discuss the status of the GM recruitment process. The Committee provided direction to Staff on moving forward with the recruitment process. President Dietrich appointed Director Magana to replace him on the Personnel Committee. The next meeting is scheduled for October 11 <sup>th</sup> , if needed.	August 23, 2023
<b>GSA for WMA</b> Heavin Alt-General Manager	The WMA GSA met on August 23, 2023. The Agenda for the meeting is provided as an attachment to this report. Director Heavin will provide a summary of the Meeting at the September 20, 2023, Board meeting.	August 23, 2023

<p><b>Community Engagement</b> Heavin &amp; Keeling Alt-Starbuck</p>	<p>Staff continues to post content on social media, the District’s Bulletin Board, the District’s website, and the Next-door Neighborhood website. Based on direction from the Board, staff recently posted informational item related to the purpose and benefits of installing a water pressure reducing valve on the homeowners water supply line. Next meeting TBD.</p>	<p>September 8, 2023</p>
<p><b>Development</b> Dietrich &amp; Keeling Alt-Starbuck</p>	<p>Development Committee did not meet. Next meeting TBD.</p>	

## NOTICE AND AGENDA OF REGULAR MEETING

GROUNDWATER SUSTAINABILITY AGENCY FOR THE WESTERN MANAGEMENT AREA  
IN THE SANTA YNEZ RIVER GROUNDWATER BASIN  
HELD AT  
VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT, MEETING ROOM  
3745 CONSTELLATION RD, LOMPOC, CALIFORNIA

AT 10:00 A.M. WEDNESDAY, AUGUST 23, 2023

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### Optional remote public participation is available via Telephone or ZOOM

To access the meeting via telephone, please dial: 1-669-900-6833 or 1-669-444-9171  
or via the Web at: <http://join.zoom.us>

“Join a Meeting” - **Meeting ID 823 1366 5054 Meeting Passcode: 733000**

\*\*\* Please Note \*\*\*

The above teleconference option for public participation is being offered as a convenience only and may limit or otherwise prevent your access to and participation in the meeting due to disruption or unavailability of the teleconference line. If any such disruption of unavailability occurs for any reason the meeting will not be suspended, terminated, or continued.

Therefore in-person attendance of the meeting is strongly encouraged.

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### AGENDA OF REGULAR MEETING

1. Call to Order and Roll Call
2. Additions or Deletions to the Agenda
3. Public Comment (Any member of the public may address the Committee relating to any non-agenda matter within the Committee’s jurisdiction. The total time for all public comment shall not exceed fifteen minutes and the time allotted for each individual shall not exceed five minutes. No action will be taken by the Committee at this meeting on any public comment item.)
4. Review and consider approval of meeting minutes of May 24 and August 9, 2023
5. Review and consider approval of Financial Statements and Warrant List
6. Review and Summary of Request(s) for WMA GSA Written Verification under Executive Order N-7-22 as amended in Executive Order N-5-23 for well permits processed by County EHS in the WMA
  - a. APN 099-200-085 Rita’s Crown Vineyard
7. Review and consider approving proposed addition to well verification request forms for the WMA
8. Update on Rate Study
9. Update on WMA CAG applications and consider forming Ad-hoc committee to review same
10. Review and consider endorsing draft Joint Powers Agreement for the WMA
11. Next WMA GSA Regular Meeting, Wednesday, September 27, 2023, at 10:00 a.m. at Vandenberg Village Community Services District, Meeting Room, 3745 Constellation Rd, Lompoc, California
12. WMA GSA Committee reports and requests for future agenda items
13. Adjournment

[This agenda was posted 72 hours prior to the scheduled regular meeting at 3669 Sagunto Street, Suite 101, Santa Ynez, California, and SantaYnezWater.org in accordance with Government Code Section 54954. In compliance with the Americans with Disabilities Act, if you need special assistance to review agenda materials or participate in this meeting, please contact the Santa Ynez River Water Conservation District at (805) 693-1156. Advanced notification as far as practicable prior to the meeting will enable the GSA to make reasonable arrangements to ensure accessibility to this meeting.]

Mission Hills Community Services District  
Revenue Expense Prev Year Comparison

August 2023

	Aug 23	Aug 22	\$ Change	Explanation
<b>Ordinary Income/Expense</b>				
Income				
4005 · 48 hour notice fees	0.00	250.00	-250.00	
4025 · Construction hydrant meter	0.00	344.28	-344.28	
4045 · Late fees	0.00	2,070.90	-2,070.90	
4060 · Reconnection fees	0.00	480.00	-480.00	
4075 · Returned check fees	0.00	100.00	-100.00	
4085 · Sewer basic charges	97,994.30	84,012.03	13,982.27	Rate Increase
4095 · Street sweeping charges	1,500.84	1,502.97	-2.13	
4105 · Water basic charges	58,991.74	60,283.19	-1,291.45	
4115 · Water usage charges	56,000.00	56,128.00	-128.00	
<b>Total Income</b>	<b>214,486.88</b>	<b>205,171.37</b>	<b>9,315.51</b>	
<b>Gross Profit</b>	<b>214,486.88</b>	<b>205,171.37</b>	<b>9,315.51</b>	
Expense				
6000 · Salaries and wages				
6005 · Wage expense	84,223.14	50,620.79	33,602.35	3 Pay Periods 2023
6010 · Payroll tax expense	7,411.43	4,439.23	2,972.20	3 Pay Periods 2023
<b>Total 6000 · Salaries and wages</b>	<b>91,634.57</b>	<b>55,060.02</b>	<b>36,574.55</b>	
6050 · Employee benefits				
6065 · Health insurance	10,375.20	16,697.14	-6,321.94	Rate Decrease 2023
6071 · Tuition Reimbursement	3,330.00	0.00	3,330.00	New Agreement 2023
6075 · Retirement expenses	2,404.96	1,416.57	988.39	
6090 · Vacation & Sick Leave	10,177.40	6,231.63	3,945.77	More Vacation 2023
6095 · Benefit Administration	89.82	89.82	0.00	
<b>Total 6050 · Employee benefits</b>	<b>26,377.38</b>	<b>24,435.16</b>	<b>1,942.22</b>	
6100 · Director fees	2,500.00	0.00	2,500.00	Timing of Payment
6110 · Depreciation expense	26,784.66	28,189.70	-1,405.04	Slightly Lower 2023
6140 · Vehicle expenses				
6145 · Tractor and equipment	0.00	1,070.83	-1,070.83	Timing of Expenses 2023
6150 · Vehicle fuel	1,344.37	3,387.83	-2,043.46	Timing of Payment
6155 · Vehicle maintenance	1,772.63	2,490.56	-717.93	Timing of Payment
<b>Total 6140 · Vehicle expenses</b>	<b>3,117.00</b>	<b>6,949.22</b>	<b>-3,832.22</b>	
6170 · Insurance expense				
6180 · Liability insurance	0.00	1,224.60	-1,224.60	Timing of Payment
<b>Total 6170 · Insurance expense</b>	<b>0.00</b>	<b>1,224.60</b>	<b>-1,224.60</b>	
6190 · Dues and memberships	984.00	1,774.00	-790.00	Less Memberships 2023
6200 · Office expenses				
6205 · Bank fees and charges	0.00	5.00	-5.00	
6210 · Cash (over) / short	0.00	-1.00	1.00	
6225 · Miscellaneous expenses	14.00	0.00	14.00	
6230 · Office supplies	555.66	708.26	-152.60	
6235 · Postage expense	700.00	708.33	-8.33	
6240 · Subscriptions	0.00	90.00	-90.00	
6245 · Office Equipment	0.00	169.17	-169.17	
<b>Total 6200 · Office expenses</b>	<b>1,269.66</b>	<b>1,679.76</b>	<b>-410.10</b>	
6300 · Operating supplies and expenses				
6310 · Miscellaneous supplies	814.24	451.99	362.25	
6325 · Portable equipment	0.00	-630.28	630.28	
6330 · Shop supplies	0.00	229.02	-229.02	
6335 · Small tools and appliances	0.00	287.92	-287.92	
6340 · Chemicals				
6344 · Chlorine	1,349.44	1,918.61	-569.17	
6345 · Corrosion inhibitor	5,844.83	5,470.81	374.02	

Mission Hills Community Services District  
Revenue Expense Prev Year Comparison  
August 2023

	Aug 23	Aug 22	\$ Change	Explanation
6347 · Other chemicals	0.00	315.00	-315.00	
<b>Total 6340 · Chemicals</b>	<b>7,194.27</b>	<b>7,704.42</b>	<b>-510.15</b>	
<b>Total 6300 · Operating supplies and ex</b>	<b>8,008.51</b>	<b>8,043.07</b>	<b>-34.56</b>	
6350 · Safety expenses				
6375 · Other safety expenses	0.00	647.88	-647.88	
<b>Total 6350 · Safety expenses</b>	<b>0.00</b>	<b>647.88</b>	<b>-647.88</b>	
6410 · Contractual services				
6420 · Cleaning service	200.00	200.00	0.00	
6425 · Office equip maintenance	285.58	358.84	-73.26	
6430 · Internet access	168.35	163.35	5.00	
6435 · Landscaping services	602.70	249.44	353.26	
6437 · Pest Control	0.00	100.00	-100.00	
6445 · Security expense	112.50	112.50	0.00	
6450 · Software support	1,733.00	2,940.16	-1,207.16	Less Software Fees
6452 · Credit Card Processing	215.99	319.43	-103.44	
6453 · Software Subscriptions	128.00	327.27	-199.27	
6455 · Street sweeping services	1,471.18	1,414.60	56.58	
6466 · Emissions Testing	8,164.80	932.40	7,232.40	Air X Testing, Energy Link
6470 · Other contractual services	22.25	1,602.50	-1,580.25	Underground Service Alert, FRM, Wallace Group
<b>Total 6410 · Contractual services</b>	<b>13,104.35</b>	<b>8,720.49</b>	<b>4,383.86</b>	
6475 · Professional services				
6480 · Accounting services	0.00	9,570.00	-9,570.00	Timing F/S Payment 2022
6485 · Engineering services	0.00	1,975.00	-1,975.00	Tuckfield & Associates
6490 · Legal services	4,131.22	484.75	3,646.47	Litigation 2023
6495 · Human Resources services	379.90	0.00	379.90	
<b>Total 6475 · Professional services</b>	<b>4,511.12</b>	<b>12,029.75</b>	<b>-7,518.63</b>	
6505 · Equipment lease and rentals	289.86	598.43	-308.57	
6525 · Research and monitoring				
6535 · Monitoring expense	1,623.00	1,368.20	254.80	
<b>Total 6525 · Research and monitoring</b>	<b>1,623.00</b>	<b>1,368.20</b>	<b>254.80</b>	
6600 · Travel and meetings				
6610 · Meals	0.00	760.07	-760.07	
6620 · Staff training	0.00	620.00	-620.00	
6625 · Travel expenses	0.00	327.20	-327.20	
<b>Total 6600 · Travel and meetings</b>	<b>0.00</b>	<b>1,707.27</b>	<b>-1,707.27</b>	
6650 · Utilities				
6655 · Cell phones	407.94	376.94	31.00	
6665 · Electrical	16,918.85	15,377.43	1,541.42	Slight Increase in Usage
6670 · Natural gas	2,022.09	3,514.41	-1,492.32	Slight Increase in Usage
6685 · Telephone	201.16	381.38	-180.22	
6691 · Trash & Recycling	335.12	277.37	57.75	
<b>Total 6650 · Utilities</b>	<b>19,885.16</b>	<b>19,927.53</b>	<b>-42.37</b>	
6700 · Government fees and charges	0.00	2,702.00	-2,702.00	LAFCO Payment 2022
6720 · Repairs and maintenance				
6730 · Distribution expense	0.00	94.65	-94.65	
6750 · Collection expense	0.00	2,833.94	-2,833.94	Mainline Utility 2022
6765 · Supplies and small tools	0.00	635.13	-635.13	
6775 · Filtration Plant	2,738.81	1,579.37	1,159.44	Famcon, Iconix, Pro3 2023

Mission Hills Community Services District  
**Revenue Expense Prev Year Comparison**  
 August 2023

				Aug 23	Aug 22	\$ Change	Explanation
			<b>6785 · Wells and pumping</b>	0.00	4,782.77	-4,782.77	<b>Energy Link Engine Rebuild</b>
			<b>6790 · Waste water plant</b>	1,781.81	135.36	1,646.45	
			<b>6795 · Other repairs and maintenanc</b>	1,650.00	0.00	1,650.00	<b>Pipeline Plumbing Water Heater/Toilet Replacement</b>
			<b>Total 6720 · Repairs and maintenance</b>	6,170.62	10,061.22	-3,890.60	
			<b>Total Expense</b>	206,259.89	185,118.30	21,141.59	
			<b>Net Ordinary Income</b>	8,226.99	20,053.07	-11,826.08	
			<b>Other Income/Expense</b>				
			<b>Other Income</b>				
			<b>7006 · Market Appreciation/(Depr)</b>	1,716.62	-3,290.61	5,007.23	<b>Better Investment 2023</b>
			<b>7010 · Interest income</b>	5,321.11	1,488.05	3,833.06	<b>Better Interest 2023</b>
			<b>Total Other Income</b>	7,037.73	-1,802.56	8,840.29	
			<b>Net Other Income</b>	7,037.73	-1,802.56	8,840.29	
			<b>Net Income</b>	<b>15,264.72</b>	<b>18,250.51</b>	<b>-2,985.79</b>	



Mission Hills Community Services District  
Disbursements Journal  
August 2023

		Date	Num	Name	Amount	Explanation
<b>1000 · FSB - Operating 1535412</b>						
		08/02/2023	33468	ACWA/JPIA *Medical Insuran	-11,572.05	Monthly Insurance
		08/02/2023	33469	Bremer Auto Parts	-201.16	
		08/02/2023	33470	Comcast	-168.35	
		08/02/2023	33471	De Lage Landen Financial Se	-177.63	
		08/02/2023	33472	Jon's Lawn Mowing	-314.91	
		08/02/2023	33473	Linde Gas & Equipment Inc	-43.62	
		08/02/2023	33474	Moss, Levy & Hartzheim LLP	-5,000.00	Partial Audit Payment
		08/02/2023	33475	Pro3 Automation Inc	-930.00	
		08/02/2023	33476	Reimbursement	-1,665.00	Tuition Reimbursement
		08/02/2023	33477	SoCalGas	-20.76	
		08/02/2023	33478	SP Maintenance Services, Inc	-1,471.18	Monthly Street Sweeping Fee
		08/02/2023	33479	Ultrex Inc	-161.48	
		08/02/2023	33480	Underground Service Alert of	-22.25	
		08/02/2023	33481	USA BlueBook	-1,574.91	WWTP Supplies
		08/02/2023	33482	Waste Management	-335.12	
		08/16/2023	33483	American Industrial Supply	-117.42	
		08/16/2023	33484	Brenntag Pacific, Inc	0.00	Voided
		08/16/2023	33485	Carmel & Naccasha LLP	-1,161.22	Legal Fees
		08/16/2023	33495	Compuvision	-1,635.50	IT Fees
		08/16/2023	33486	County of Santa Barbara- Ger	-2,627.00	Vehicle Fuel & Maintenance
		08/16/2023	33487	County of Santa Barbara - DP	-984.00	
		08/16/2023	33488	East Mesa Oaks HOA	-13.30	
		08/16/2023	33489	Energy Link	-595.64	
		08/16/2023	33490	Moss, Levy & Hartzheim LLP	-6,000.00	Balance of Audit Fee
		08/16/2023	33491	O'Connor Pest Control	-110.00	
		08/16/2023	33492	Stantec	-960.00	
		08/16/2023	33493	Ultrex Inc	-75.58	
		08/16/2023	33494	USPS - Bulk Mail	-8,400.00	Annual Bulk Mail
		08/31/2023	33496	AirX Testing Services	-6,300.00	Compliance Testing
		08/31/2023	33497	American Industrial Supply	-482.89	
		08/31/2023	33498	Box Shop	-63.00	
		08/31/2023	33499	Brenntag Pacific, Inc	-7,194.27	Chemicals
		08/31/2023	33500	Energy Link	-1,864.80	Emissions Testing
		08/31/2023	33501	Griswold Industries	-14,267.94	Various Items
		08/31/2023	33502	Harben California	-5,687.53	Jetter Accessories
		08/31/2023	33503	Hensley Law Group	-2,970.00	Legal Fees
		08/31/2023	33504	Home Depot	-1,159.20	Various Items
		08/31/2023	33505	Juana Garcia Rodriguez	-200.00	
		08/31/2023	33506	Kendra L Estes Marketing Sup	-14.00	
		08/31/2023	33507	Pitney Bowes	-185.30	
		08/31/2023	33508	Reimbursement	-1,665.00	Tuition Reimbursement
		08/31/2023	33509	Smith Alarms & Electronics, Ir	-112.50	
		08/31/2023	33510	Staples	-275.95	
		08/31/2023	33511	Staples Business Credit	-116.98	
		08/31/2023	33512	TASC	-737.00	
		08/31/2023	33514	Verizon	-200.47	
Total 1000 · FSB - Operating 1535412					-89,834.91	
<b>1060 · CHCU - General 4163</b>						

Mission Hills Community Services District  
**Disbursements Journal**  
 August 2023

			<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Amount</b>	<b>Explanation</b>
			08/01/2023	EFT	Tierzero	-133.90	
			08/21/2023	EFT	Right Networks	-128.00	
			08/22/2023	EFT	PG&E	-50.83	Well #6
			08/22/2023	EFT	PG&E	-730.43	Shop
			08/22/2023	EFT	PG&E	-1,883.46	Lift Station
			08/22/2023	EFT	PG&E	-5,987.04	Well #7
			08/22/2023	EFT	PG&E	-375.38	Office
			08/22/2023	EFT	PG&E	-10.71	Street Light
			08/24/2023	EFT	PG&E	-2,989.99	WWTP
			08/25/2023	EFT	TASC	-89.82	
			08/28/2023	EFT	SoCalGas	-2,004.26	Well #6
			08/30/2023	EFT	PG&E	-4,380.29	Well #5
			08/31/2023	32886	Mission Hills CSD	-100.00	
Total 1060 · CHCU - General 4163						-18,864.11	
<b>1070 · CHCU - Payroll 4155</b>							
			08/01/2023		BOD Payroll	-685.87	
			08/02/2023		Payroll	-22,114.66	
			08/02/2023	1373	Matrix Trust Company	-4,773.96	401K/457
			08/04/2023	E-pay	EDD	-1,930.69	
			08/04/2023	E-pay	IRS USATAXPYMT	-6,952.88	
			08/04/2023	EFT	CA State Disbursement Unit/E	-299.07	
			08/16/2023		Payroll	-22,050.56	
			08/18/2023	E-pay	EDD	-1,846.64	
			08/18/2023	E-pay	IRS USATAXPYMT	-6,636.34	
			08/18/2023	EFT	CA State Disbursement Unit/E	-299.07	
			08/30/2023		Payroll	-19,758.18	
			08/30/2023		BOD Payroll	-1,600.38	
			08/31/2023	EFT	AFLAC	-100.23	
			08/31/2023	1374	Matrix Trust Company	-4,721.80	401K/457
Total 1070 · CHCU - Payroll 4155						-93,770.33	
<b>1075 · CHCU - ACH 4130</b>							
			08/16/2023	EFT	Springbrook (ACH Services)	-215.99	
Total 1075 · CHCU - ACH 4130						-215.99	
<b>TOTAL</b>						<b>-202,685.34</b>	

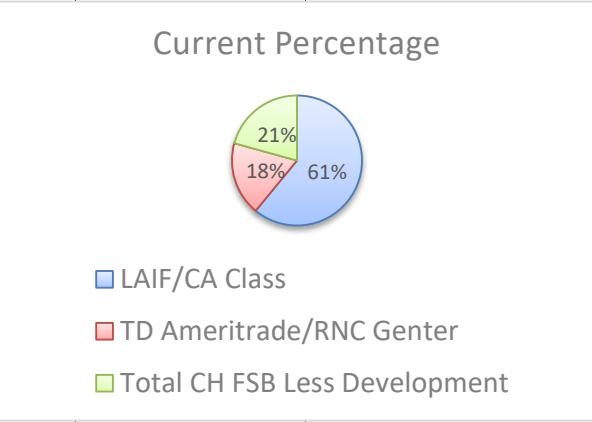


### Variation From Projected Income

Fiscal Year Ending 6-30-2024

Billing Month	Water			Wastewater			Total (Loss) / Gain	Current Year Units Sold	Last Year Units Sold	Previous 5 Year Average Units Sold
	Projected Income*	Actual Income	Variation	Projected Income	Actual Income	Variation				
Jul-22	\$ 119,125	\$ 115,544	\$ (3,581)	\$ 83,708	\$ 97,994	\$ 14,286	\$ 10,705	19,190	22,621	21,551
Aug-22	\$ 117,875	\$ 114,992	\$ (2,883)	\$ 83,708	\$ 97,994	\$ 14,286	\$ 11,403	18,479	25,390	23,675
Sep-22	\$ 116,250			\$ 83,708			\$ -		20,829	21,744
Oct-22	\$ 115,800			\$ 83,708			\$ -		16,842	20,569
Nov-22	\$ 114,125			\$ 83,708			\$ -		15,567	19,427
Dec-22	\$ 113,625			\$ 83,708			\$ -		10,999	14,236
Jan-23	\$ 92,175			\$ 83,708			\$ -		9,757	11,259
Feb-23	\$ 96,375			\$ 83,708			\$ -		9,472	13,761
Mar-23	\$ 95,595			\$ 83,708			\$ -		9,024	12,444
Apr-23	\$ 91,625			\$ 83,708			\$ -		13,645	14,081
May-23	\$ 109,750			\$ 83,708			\$ -		19,652	19,099
Jun-23	\$ 111,125			\$ 83,708			\$ -		19,089	19,758
<b>Total</b>	<b>\$ 1,293,445</b>	<b>\$ 230,536</b>	<b>\$ (6,464)</b>	<b>\$ 1,004,500</b>	<b>\$ 195,988</b>	<b>\$ 28,571</b>	<b>\$ 22,107</b>	<b>37,669</b>	<b>192,887</b>	<b>211,603</b>
								<b>Year to Date Monthly Averages</b>		
YTD avg	100%	<b>18%</b>		100%	<b>20%</b>			18,835	16,074	17,634
								<b>Yearly Average</b>	16,074	17,634
* Projected Income is calculated by using current year and previous 5 year average monthly units sold.										
<b>Units Sold by Calendar Year (1 Unit = 1 HCF = 748 Gallons)</b>										

Bank Account Summary					
	7/31/2023	8/31/2023			
<b>LAIF</b>	\$1,781,631	\$1,781,631			
<b>California Class</b>	\$502,970	\$505,297			
<b>TD Ameritrade/RNC Genter</b>	\$682,155	\$687,771			
<b>Coast Hills FCU</b>					
Checking	\$321,621	\$462,170			
Development	\$0	\$0			
Investment Checking	\$202	\$202			
Savings	\$0	\$0			
Payroll	\$44,515	\$30,715			
ACH (Sweep Account)	\$1,000	\$1,000			
<b>Total Coast Hill FCU</b>	\$367,338	\$494,087			
<b>Five Star Bank</b>					
Operating	\$277,073	\$109,094			
Development	\$111,671	\$111,680			
Money Market	\$173,535	\$174,021			
ACH (Sweep Account)	\$0	\$0			
Payroll	\$0	\$0			
<b>Total Five Star Bank</b>	\$562,279	\$394,795			
<b>Combined Balance</b>	\$3,896,373	\$3,863,582			
<b>Monthly Change</b>	-\$53,866	-\$32,791			
<b>Fiscal Year Monthly Change To Date</b>					
<b>-\$86,657</b>					
<b>INVESTMENT STRATEGY</b>					
Along with resuming active management, the Finance Committee and Staff recommend a balanced distribution of monies as stated below between TD Ameritrade, LAIF and Coast Hills Credit Union/Five Star Bank. This distribution will allow the District to maximize yields on investments, while meeting operating and capital cash needs					
<b>Recommended Investment Strategy:</b>					
01. Coast Hills CU/Five Star Bank: \$300,000					
<b>Goal of about 10%</b>					
02. TD Ameritrade: 50% of balance of unrestricted cash					
<b>Goal of about 45%</b>					
03. LAIF: 50% of the balance of unrestricted cash					
<b>Goal of about 45%</b>					



Mission Hills Community Services District									2
Budget to Actual Comparison									0.17
Aug-23									10
	Budgeted	Prorated Budget	Actual		Remainder	% of Budget	Explanation		
	Fiscal Year 23-24	Aug-23	Aug-23	Difference	Budgeted Amount	17%			
<b>Income</b>									
Late Fees/Charges	\$ 40,000	\$ 6,667	\$ 2,079	\$ (4,588)	\$ 37,921	5%	Lower Than Budgeted		
Water Service	\$ 1,358,034	\$ 226,339	\$ 230,144	\$ 3,805	\$ 1,127,890	17%	On Track With Budget		
Sewer Service	\$ 1,173,590	\$ 195,598	\$ 195,989	\$ 390	\$ 977,601	17%	On Track With Budget		
Street Sweeping	\$ 18,000	\$ 3,000	\$ 3,002	\$ 2	\$ 14,998	17%	On Track With Budget		
	\$ 2,589,624	\$ 431,604	\$ 431,213	\$ (391)	\$ 2,158,411	17%	Revenue is on Target with Budget		
	Budgeted	Prorated Budget	Actual		Remainder				
	Fiscal Year 23-24	Aug-23	Aug-23	Difference	Budgeted Amount				
<b>Expense</b>									
Salaries & Wages	\$ 787,873	\$ 131,312	\$ 154,977	\$ (23,665)	\$ 632,896	20%	Slightly Higher Than Budgeted		
Employee Benefits	\$ 285,000	\$ 47,500	\$ 43,423	\$ 4,077	\$ 241,577	15%	Slightly Lower Than Budgeted		
Director Fees	\$ 15,000	\$ 2,500	\$ 3,250	\$ (750)	\$ 11,750	22%	Slightly Higher Than Budgeted		
Depreciation	\$ 372,648	\$ 62,108	\$ 53,569	\$ 8,539	\$ 319,079	14%	Slightly Lower Than Budgeted		
Election Expense	\$ -	\$ -	\$ -	\$ -	\$ -	0%	No Election Expense		
Vehicle Expense	\$ 30,000	\$ 5,000	\$ 5,783	\$ (783)	\$ 24,217	19%	Slightly Higher Than Budgeted		
Insurance	\$ 40,000	\$ 6,667	\$ 14,808	\$ (8,141)	\$ 25,192	37%	Paid Property & Cyber In Full Timing		
Memberships	\$ 40,000	\$ 6,667	\$ 1,129	\$ 5,538	\$ 38,871	3%	Lower Than Budgeted		
Office Expenses	\$ 25,000	\$ 4,167	\$ 4,912	\$ (746)	\$ 20,088	20%	Slightly Higher Than Budgeted		
							Famcon, Uline, USA BlueBook, Home Depot, American		
Operating Supplies	\$ 20,000	\$ 3,333	\$ 5,463	\$ (2,130)	\$ 14,537	27%	Industrial, Timing of Payments		
Chemicals	\$ 75,000	\$ 12,500	\$ 13,986	\$ (1,486)	\$ 61,014	19%	Slightly Higher Than Budgeted		
Safety	\$ 5,000	\$ 833	\$ 1,410	\$ (577)	\$ 3,590	28%	Uniform Purchase Timing		
Contractual Services	\$ 125,000	\$ 20,833	\$ 20,069	\$ 764	\$ 104,931	16%	Lower Than Budgeted		
Professional Services	\$ 70,000	\$ 11,667	\$ 13,821	\$ (2,155)	\$ 56,179	20%	Slightly Higher Than Budgeted		
Printing & Publication	\$ 5,000	\$ 833	\$ -	\$ 833	\$ 5,000	0%	No Printing & Publication		
Equipment Lease	\$ 7,500	\$ 1,250	\$ 290	\$ 960	\$ 7,210	4%	Lower Than Budgeted		
Monitoring	\$ 25,000	\$ 4,167	\$ 2,161	\$ 2,006	\$ 22,839	9%	Lower Than Budgeted		
Travel/Meetings/Meals	\$ 20,000	\$ 3,333	\$ 120	\$ 3,213	\$ 19,880	1%	Lower Than Budgeted		
Utilities	\$ 225,000	\$ 37,500	\$ 37,162	\$ 338	\$ 187,838	17%	Lower Than Budgeted		
Government Fees	\$ 100,000	\$ 16,667	\$ -	\$ 16,667	\$ 100,000	0%	No Government Fees		
Repairs & Maintenance	\$ 80,000	\$ 13,333	\$ 23,349	\$ (10,015)	\$ 56,651	29%	Pellham Leak		
Ratepayer Write Offs	\$ 25,000	\$ 4,167	\$ -	\$ 4,167	\$ 25,000	0%	No Uncollectables or Write Offs		
	\$ 2,378,021	\$ 396,337	\$ 399,683	\$ (3,346)	\$ 1,978,338	17%	Expenses Are On Track With Budget		
Resolution 15-229 - Budget Preparation and Approval Process									
C.3. - Whenever a budgeted expense line item has circumstances where a projected expense exceeds a 5% variance of the total budget, the GM will be required to seek a super majority approval from the BOD before the expense is finalized, when possible.									
				5% =	\$ 118,901.05				



**MISSION HILLS COMMUNITY SERVICES DISTRICT**

**MEMORANDUM**

**TO:** Board of Directors

**FROM:** Brad Hagemann, General Manager  
Carol Reynolds, Admin Services Manager

**DATE:** September 20, 2023

**SUBJECT:** **Fiscal Year Ended June 30, 2022 Audited Financial Statements**

**Recommendation / Proposed Motion**

- Recommendation: Review, discuss and approve the FY 2021/22 Financial Audit Report presented by Moss, Levy & Hartzheim, LLP.
- Proposed Motion(s): Approve the FY 2021/22 Financial Audit Report

**Policy Reference**

California Government Code §26909 requires Special Districts to prepare and submit an annual financial audit report to the County Auditor and the State Controller.

**Alternatives Considered**

None

**Background**

The objective of the annual audit is to gain a professional opinion as to whether the District's basic financial statements are fairly presented, in all material respects, in conformance with U.S. generally accepted accounting principles. California Special Districts are required to have their financial statements audited and reported annually by a certified public accountant and submitted to county and state agencies within twelve months of the end of the fiscal year.

**Discussion**

The District retained Moss Levy & Hartzheim LLP Corporation to perform an audit of the District's financial statements for fiscal year ended June 30, 2022. The audit report states that at year-end, the District had \$10.27 million in assets, operating revenue of \$2.38 million and operating expenses of \$2.43 million. Mr. Adam V. Guise from Moss, Levy & Hartzheim LLP will summarize their findings and respond to any questions.

Attachment(s):

1. Fiscal Year Ended June 30, 2022, Audited Financial Statements



September 6, 2023

To the Board of Directors  
Mission Hills Community Services District

We have audited the financial statements of the business-type activities and the major fund of Mission Hills Community Services District (the District) for the fiscal year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 17, 2022. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *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 2 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the 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 financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the District's financial statements was (were):

Management's estimate of the useful lives of capital assets is based on experience with other capital assets and on their standard table of useful lives. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

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

The disclosure of the Schedule of Capital Assets in Note 4 to the financial statements.

The financial statement disclosures 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*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

1

##### *Disagreements with Management*

For purposes 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 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 representation letter dated September 6, 2023.

*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 application of an accounting principle to the governmental unit's 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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Finding:** During our payroll testing, we noted several timecards that were not signed in approval by the employee's supervisor.

**Recommendation:** The District should ensure that processes are well establish and followed to ensure all timecards are signed in approval by a supervisor or designated personnel in order to verify the reported hours are accurate.

**Finding:** During our testing of credit card purchases and employee reimbursements, we noted several transactions that were either missing appropriate itemized receipts or invoices to substantiate the purchase or were missing a signature of approval from somebody other than the purchaser in order to evidence a proper authorization and review of the expenditures.

**Recommendation:** All purchases should have itemized receipts or invoices submitted to substantiate the purchase and each should have an approval signature to ensure proper authorization and review of the purchases.

**Audit Adjustments:** We recommended several adjusting journal entries to the District management. The first was to match the capital asset accounts and activity to the asset list and depreciation schedule. The second was to accrued payroll for hours worked before year-end that were not paid until after year-end in order to record the expenditures in the proper fiscal year.

Restriction of Use

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

Very truly yours,

*Moss, Remy & Spangolone LLP*

Santa Maria, California  
September 6, 2023

**MISSION HILLS COMMUNITY  
SERVICES DISTRICT**

**BASIC FINANCIAL STATEMENTS**  
June 30, 2022

**MISSION HILLS COMMUNITY SERVICES DISTRICT**  
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June 30, 2022

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**FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Mission Hills Community Services District  
Lompoc, California

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities and the major fund of the Mission Hills Community Services District, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Mission Hills Community Services District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Mission Hills Community Services District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mission Hills Community Services District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mission Hills Community Services District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mission Hills Community Services District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mission Hills Community Services District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Other Matters**

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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 our report dated September 6, 2023, on our consideration of the Mission Hills Community Services District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Moss, Remy & Spitzgrain, LLP*

Santa Maria, California  
September 6, 2023

Mission Hills Community Services District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022

Our Management's Discussion and Analysis of the Mission Hills Community Services District's (the District) financial performance provides an overview of the District's financial activities for the year ended June 30, 2022. It should be considered in conjunction with the information within the body of the audited financial statements,

**Mission Statement**

The Mission Hills Community Services District is committed to providing the residents within the District reliable, high quality, water and wastewater services in an efficient, cost-effective, and environmentally safe manner.

**Basic Financial Statements**

The basic financial statements provide readers with a broad overview of the District's finances, combining the water, sewer, and street sweeping enterprise fund data.

The District's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to Financial Statements

The Statement of Net Position includes all of the District's assets and liabilities, with the difference between the two reported as net position. The Statement of Net Position provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The Statement of Revenues, Expenses, and Changes in Net Position present information which shows how the District's position changed during the year. All the year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The Statement of Revenues, Expenses, and Changes in Net Position measure the success of the District's operations during the year and determine whether the District has recovered its costs through user fees and other charges.

The Statement of Cash Flows differentiates from the Statement of Revenues, Expenses, and Changes In Net Position by only accounting for transactions that result in cash receipts or cash disbursements.

The basic financial statements can be found on pages 8 to 10.

The Notes to the Financial Statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

The notes to the financial statements can be found on pages 11 to 17.

### **Financial Highlights**

- Total assets were \$10,504,550 on June 30, 2022.
- Operating revenue was \$2,383,866, which consisted of Water Charges, Wastewater Charges, Street Sweeping Charges, and Service Charges.
- Total Expenses were \$2,431,579, which consisted primarily of Salaries, Benefits, Depreciation, Government Charges, Contractual Services, Engineering Services, Operating Expenses, Utilities, and Repairs and Maintenance.

### **Basic Financial Analysis**

#### **Net Position**

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$10,266,920 as of June 30, 2022.

The largest portion of net position reflects investment in capital assets (i.e. land, easements, wells and pumping, mains and distribution systems, buildings and improvements, vehicles, furniture, and equipment). The District uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

The next largest portion of net position is unrestricted. This portion includes cash and investments.

## Revenues, Expenses, and Changes in Net Position

The District's financial position results from operating activities, investment activities, the acquisition and disposal of capital assets and the depreciation of capital assets.

Please see Table B below for the current year to previous year comparison of the District's revenues, expenses, and changes in net position.

**Table B**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Service charges	\$ 2,328,473	\$ 2,270,474	2.6%
Other operating revenues	<u>55,393</u>	<u>576,120</u>	<u>-90.4%</u>
Total operating revenues	<u><b>2,383,866</b></u>	<u><b>2,846,594</b></u>	<u><b>-16.3%</b></u>
Depreciation expense	383,298	393,069	-2.5%
Operating expenses	<u>2,048,281</u>	<u>1,645,113</u>	<u>24.5%</u>
Total operating expenses	<u><b>2,431,579</b></u>	<u><b>2,038,182</b></u>	<u><b>19.3%</b></u>
Net operating income (expense)	<u>(47,713)</u>	<u>808,412</u>	-105.9%
Non-op revenue (expenses)	(16,969)	5,573	-404.5%
Connection fees	<u>117,600</u>	<u>0</u>	<u>100.0%</u>
Change in net position	52,918	813,985	
Beginning net position	10,628,204	9,814,219	8.3%
Prior-period adjustments	<u>(414,202)</u>	<u>0</u>	<u>-100.0%</u>
Total beginning net position	<u>10,214,002</u>	<u>9,814,219</u>	4.3%
Total ending net position	<u><b>\$10,266,920</b></u>	<u><b>\$10,628,204</b></u>	<u><b>-3.4%</b></u>

## District Outlook

In 2018, Mission Hills CSD updated our water and wastewater capacity charges (connection fees) to reflect the cost of infrastructure needed to serve future customers. The Study was approved by the Board in February of 2019 and the updated fees went into effect in March 2019. In August, 2022, the Board approved a five-year updated water and sewer rate schedule. The updated rate schedule went into effect on October 1, 2022. The Board will review the approved annual rate increase as part of the annual budget approval process. The updated 5-year rate schedule is designed to fund the Board approved capital projects and maintain the Board established Reserve Policy Goals.

Please see Table A below for the 2021 to 2022 comparison of the District's assets, liabilities, and net position.

**Table A**  
**Statement of Net Position**  
**June 30, 2022**

	2022	2021	% Change
<b><u>Assets:</u></b>			
Current assets	\$ 4,209,562	\$3,635,500	15.8%
Restricted cash	261,415	661,269	-60.5%
Capital assets	<u>6,033,573</u>	<u>6,473,281</u>	-6.8%
Total assets	<u>10,504,550</u>	<u>10,768,050</u>	-2.1%
<b><u>Liabilities:</u></b>			
Current liabilities	237,630	139,846	70.0%
<b><u>Net Position:</u></b>			
Net investment in capital assets	6,033,573	6,473,281	-6.8%
Restricted	261,415	661,269	-60.5%
Unrestricted	<u>3,971,932</u>	<u>3,493,654</u>	13.7%
Total Net Position	<b><u>\$10,266,920</u></b>	<b><u>\$10,628,204</u></b>	-3.4%

The following are significant current fiscal year transactions that have an impact on the Statement of Net Position:

- Current assets have increased due to adjustment of District investment assets.
- Current liabilities are slightly higher than the previous year.
- Regular straight-line depreciation for the fiscal year ending June 30, 2022 decreased capital assets by \$383,298.

This financial report is designed to provide the District's customers and other interested parties with an overview of the District's financial operations and financial condition. Questions concerning any of the information in this report or requests for additional information should be addressed to the General Manager, Mission Hills Community Services District, 1550 Burton Mesa Boulevard, Lompoc, CA 93436.



**MISSION HILLS COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2022**

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**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 2,950,940
Investments	1,093,535
Accounts receivable	162,512
Prepaid expenses and deposits	<u>2,575</u>
Total current assets	<u>4,209,562</u>
Other assets:	
Restricted cash	<u>261,415</u>
Total other assets	<u>261,415</u>
Capital assets:	
Land	523,725
Construction in progress	28,412
Plant and facilities	<u>12,805,083</u>
Total capital assets	<u>13,357,220</u>
Less: Accumulated depreciation	<u>(7,323,647)</u>
Total capital assets - net of accumulated depreciation	<u>6,033,573</u>
Total assets	<u>10,504,550</u>

**LIABILITIES**

Current liabilities:	
Accounts payable and accrued liabilities	172,699
Customer and developer deposits and advances	48,598
Compensated absences	<u>16,333</u>
Total current liabilities	<u>237,630</u>
Total liabilities	<u>237,630</u>

**NET POSITION**

Net investment in capital assets	6,033,573
Restricted	261,415
Unrestricted	<u>3,971,932</u>
Total net position	<u>\$ 10,266,920</u>

See accompanying notes to basic financial statements.

**MISSION HILLS COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2022

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<b>Operating Revenues:</b>	
Service charges	\$ 2,328,473
Late charges and other operating revenues	<u>55,393</u>
Total operating revenues	<u>2,383,866</u>
<b>Operating Expenses:</b>	
Bad debt	3,552
Chemicals	82,384
Contractual services	199,684
Depreciation	383,298
Director's fees	14,125
Engineering services	18,256
Equipment rentals	9,481
Government charges	44,611
Insurance	12,523
Memberships and dues	25,015
Miscellaneous expense	48,568
Office expense	28,386
Operating supplies	50,114
Printing and publications	7,075
Professional services	209,544
Repairs and maintenance	107,914
Research and monitoring	37,069
Safety expense	5,297
Salaries, benefits, and payroll taxes	902,422
Travel and meetings	11,723
Utilities	197,738
Vehicle expense	<u>32,800</u>
Total operating expenses	<u>2,431,579</u>
Net operating income (loss)	<u>(47,713)</u>
<b>Non-Operating Revenues (Expenses):</b>	
Investment income (loss)	<u>(16,969)</u>
Total non-operating revenues (expenses)	<u>(16,969)</u>
<b>Capital Contributions and Transfers:</b>	
Connection fees	<u>117,600</u>
Total capital contributions	<u>117,600</u>
Change in net position	<u>52,918</u>
Total net position - beginning	10,628,204
Prior-period adjustments	<u>(414,202)</u>
Total net position - beginning (restated)	<u>10,214,002</u>
Total net position - ending	<u>\$ 10,266,920</u>

See accompanying notes to basic financial statements.

**MISSION HILLS COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2022

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**Cash Flows From Operating Activities:**

Receipts from customers and users	\$ 2,277,627
Payments to suppliers	(1,019,160)
Payments to employees	<u>(936,377)</u>
Net cash provided by operating activities	<u>322,090</u>

**Cash Flows from Capital and Related**

**Financing Activities:**

Connection fees collected	117,600
Purchase of capital assets	<u>(313,954)</u>
Net cash used by capital and related financing activities	<u>(196,354)</u>

**Cash Flows from Investing Activities:**

Investment income (loss)	(16,969)
Net sale (purchase) of investments	<u>659,571</u>
Net cash provided by investing activities	<u>642,602</u>
Net increase in cash and cash equivalents	768,338

Cash and cash equivalents, beginning of fiscal year	2,444,017
Cash and cash equivalents, end of fiscal year	<u><u>\$ 3,212,355</u></u>

**Reconciliation to Statement of Net Position:**

Cash and cash equivalents	\$ 2,950,940
Restricted cash	<u>261,415</u>
	<u><u>\$ 3,212,355</u></u>

**Reconciliation of Operating Income (Loss) to Net**

**Cash Provided by Operating Activities:**

Operating income (loss)	\$ (47,713)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	383,298

**Change in Operating Assets and Liabilities:**

(Increase) decrease in accounts receivable	(106,239)
(Increase) decrease in prepaid expenses and deposits	(5,040)
Increase (decrease) in accounts payable and accrued liabilities	110,612
Increase (decrease) in customer and developer deposits and advances	7,002
Increase (decrease) in compensated absences	<u>(19,830)</u>

Net cash provided by operating activities	<u><u>\$ 322,090</u></u>
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See accompanying notes to basic financial statements.

**MISSION HILLS COMMUNITY SERVICES DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

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**NOTE 1 - REPORTING ENTITY**

The Mission Hills Community Services District (the District) began operations in November of 1979, under the authorization of Section 61000, et. Sew., of the Government Code of the State of California, for the purpose of providing water and wastewater disposal services. Prior to the formation of the District, these services were provided by Park Water Company. The District is a political subdivision of the State of California and operates under a Board of Directors – Manager form of government.

There are no component units included in this report which meet the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, No. 80, and No. 90.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. Accounting Policies – The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).
- B. Accounting Method – The District is organized as an Enterprise Fund and follows the accrual method of accounting, whereby revenues are recorded as earned, and expenses are recorded when incurred.
- C. Fund Financial Statements – The fund financial statements provide information about the District’s proprietary fund.

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

GASB Statement No. 34, defines major funds and requires that the District’s major business-type fund be identified and presented separately in the fund financial statements. Major funds are defined as funds that have either assets, liabilities, revenues or expenses equal to ten percent of their fund-type total and five percent of the grand total. The District maintains one major proprietary fund.

Proprietary Fund Type

**Enterprise Fund**

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

The District reported its enterprise fund as a major fund in the accompanying basic financial statements. The enterprise fund’s principal operating revenues are sewer and water usage charges and other related income. Interest income is considered non-operating revenue. When both restricted and unrestricted revenues are available for expense, the District’s policy is to use restricted revenues first, and then unrestricted revenues as they are necessary.

- D. Cash and Cash Equivalents – For the purpose of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash and restricted and unrestricted certificates of deposit with original maturities of three months or less.
- E. Investments – Investments are reported at fair value. Marketable securities’ fair values are based on quoted market prices from independent sources. Short-term investments may consist of equity securities, open-ended mutual funds, certificates of deposit, and U.S. government and municipal obligations. Investment income consists of interest and dividends net of investment management and custodian fees.
- F. Accounts Receivable – The District’s accounts receivable is primarily comprised of water, wastewater, and street sweeping fees billed on a monthly basis. Customer receivables are written off in full when the receivable is deemed uncollectible. The allowance for uncollectible receivables is based on prior experience and management’s analysis of possible bad debts. At June 30, 2022, the allowance for uncollectible receivables is \$0.

MISSION HILLS COMMUNITY SERVICES DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2022

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- G. Prepaid Expenses and Deposits – Payments made to vendors for services that will benefit any period beyond June 30, 2022 are recorded as prepaid expenses or deposits.
- H. Property, Plant, and Equipment – Capital assets over \$5,000 in value purchased by the District are recorded at cost. Contributed or donated capital assets are recorded at fair value when acquired. Capital assets purchased by the District are depreciated over their estimated useful lives under the straight-line method of depreciation.

Office furniture and fixtures	5-15 years
Machinery and equipment	2-25 years
Supply distribution system	10-75 years
Building and improvements	10-40 years
Treatment collection system	10-100 years
Vehicles	7 years

- I. Accrued Compensation - Accumulated unpaid employee vacation is recognized as a liability of the District. The amounts are included in current liabilities under compensated absences.
- J. Customer and Developer Deposits - The District requires customers to pay an advance deposit for utility services or provide a letter of credit from another utility. It is the District's current policy to hold all deposits for a period of two years. Deposits are then refunded in full and no accrued interest is paid.

K. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. As of June 30, 2022, \$261,415 of the District's net position represents developer fees paid to the District restricted for use on water and sewer capital improvement projects. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

L. Estimates

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

M. Future Accounting Pronouncements

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

Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provisions of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.

**MISSION HILLS COMMUNITY SERVICES DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2022

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

M. Future Accounting Pronouncements (Continued)

Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 99	"Omnibus 2022"	The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.
Statement No. 100	"Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

**NOTE 3 - CASH AND INVESTMENTS**

Investments are carried at fair value in accordance with GASB Statement No. 31. On June 30, 2022, the District had the following cash and investments on hand:

Cash in bank	\$ 1,213,325
Restricted cash in bank	261,415
Cash and investments in Local Agency Investment Fund (LAIF)	1,737,615
Investments	<u>1,093,535</u>
Cash and investments	<u>\$ 4,305,890</u>

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

Cash and cash equivalents	\$ 2,950,940
Restricted cash	261,415
Investments	<u>1,093,535</u>
Total	<u>\$ 4,305,890</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has investments in corporate bonds and U.S. Treasury Notes measured under level 1. The District had cash equivalents invested in the Local Agency Investment Fund. This external pool is measured under amortized cost and not under levels 1, 2, or 3.

MISSION HILLS COMMUNITY SERVICES DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2022

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments by Fair Value	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Quoted Prices in Unobservable Inputs (Level 3)
Corporate bonds (medium term notes)	\$ 431,468	\$ 431,468	\$ -	\$ -
U.S. Treasury Notes	662,067	662,067		
Total investments measured at fair value	1,093,535	\$ 1,093,535	\$ -	\$ -
Investments measured at amortized cost:				
LAIF	1,737,615			
Total investments	\$ 2,831,150			

Investments Authorized by the California Government Code

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75,000,000
JPA Pools (other investment pools)	N/A	None	None

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
Corporate bonds (medium term notes)	\$ 431,468	\$ 44,796	\$ 298,951	\$ 87,721	\$ -
U.S. Treasury Notes	662,067	599,796	62,271		
LAIF	1,737,615	1,737,615			
Total	\$ 2,831,150	\$ 2,382,207	\$ 361,222	\$ 87,721	\$ -

MISSION HILLS COMMUNITY SERVICES DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2022

NOTE 3 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Corporate bonds (medium term notes)	\$ 431,468	N/A	\$ -	\$ 431,468	\$ -	\$ -
U.S. Treasury Notes	662,067	N/A	662,067			
LAIF	<u>1,737,615</u>	N/A				<u>1,737,615</u>
Total	<u>\$2,831,150</u>		<u>\$ 662,067</u>	<u>\$ 431,468</u>	<u>\$ -</u>	<u>\$1,737,615</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer (other than U.S. Treasury securities and external investment pools) that represent 5% or more of total District's investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. 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 and the Santa Barbara County Investment Pool).

As of June 30, 2022, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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

Investment in State Investment Pool

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



**MISSION HILLS COMMUNITY SERVICES DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 4 - SCHEDULE OF CAPITAL ASSETS**

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2022, is shown below:

	Balance July 1, 2021	Additions	Transfers	Prior-period Adjustment	Balance June 30, 2022
Capital assets, not being depreciated:					
Land	\$ 624,862	\$ -	\$ -	\$ (101,137)	\$ 523,725
Construction in progress		260,158	(428,577)	196,831	28,412
Total capital assets, not being depreciated	<u>\$ 624,862</u>	<u>\$ 260,158</u>	<u>\$ (428,577)</u>	<u>\$ 95,694</u>	<u>\$ 552,137</u>
Capital assets, being depreciated:					
Plant and facilities	\$ 12,446,440	\$ 53,796	\$ 428,577	\$ (123,730)	\$ 12,805,083
Total capital assets, being depreciated	12,446,440	53,796	428,577	(123,730)	12,805,083
Less accumulated depreciation	<u>(6,598,021)</u>	<u>(383,298)</u>		<u>(342,328)</u>	<u>(7,323,647)</u>
Total capital assets, being depreciated, net	<u>\$ 5,848,419</u>	<u>\$ (329,502)</u>	<u>\$ 428,577</u>	<u>\$ (466,058)</u>	<u>\$ 5,481,436</u>
Capital assets, net	<u>\$ 6,473,281</u>	<u>\$ (69,344)</u>	<u>\$ -</u>	<u>\$ (370,364)</u>	<u>\$ 6,033,573</u>

**NOTE 5 – SERVICE REVENUES**

The operations of the District are primarily funded through the collection of service fees for connection fees, water, wastewater, and street sweeping services provided by the District. Revenues earned by type during the fiscal year ended June 30, 2022 were as follows:

Water charges	\$ 1,299,958
Wastewater charges	1,010,494
Street sweeping charges	<u>18,021</u>
Total	<u>\$ 2,328,473</u>

**NOTE 6 – DEFERRED COMPENSATION PLAN**

The District is currently participating in an FTJ FundChoice governmental eligible 457 Plan administered by Bayhill Advisors, Inc. effective starting January 1, 2007. The Mission Hills CSD 457 Plan is a deferred compensation plan and covers all employees of the District. Employees may elect to contribute a portion of their salary to the plan with no limitations other than those legally imposed. An employee can also elect to contribute their social security taxes in lieu of paying into social security and the District contributes an employer portion to the plan as well. All other District contributions are discretionary and all contributions are vested 100% immediately. Assets are held separately from the District's funds. Total District contributions were \$48,364 for the fiscal year ended June 30, 2022.

**NOTE 7 – RISK MANAGEMENT**

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), which was organized for the purpose of providing general liability, automobile, errors and omission, and property loss insurance coverage to water agencies. The ACWA/JPIA is financed through premium charges to each member. The ACWA/JPIA does not meet the reporting entity criteria and is therefore not included in the accompanying financial statements.

The ACWA/JPIA is administered by a board of directors, consisting of one member of each participating water agency. In addition, the water agencies' board members and staff are eligible to participate on the various committees and subcommittees of the ACWA/JPIA. The board is responsible for establishing premium rates and making budgeting decisions.

**NOTE 7 – RISK MANAGEMENT (Continued)**

Coverage under current policies provide for the District to pay for the first \$2,500 of property loss for buildings, personal property, fixed equipment, and mobile equipment and the agency to pay for the next \$497,500. There is a \$1,000 deductible for licensed vehicles. The auto and general liability program has no deductible. Property losses are limited to the value of the property as assessed by the ACWA/JPIA. The ACWA/JPIA is self-insured for the first \$500,000. Claims over the self-insured amounts are covered by a group purchased commercial insurance policy. Each member district is assessed a premium in accordance with the JPIA agreement, creating the ACWA/JPIA. Financial information on the ACWA/JPIA is publicly available on their website.

**NOTE 8 - CONTINGENCIES**

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

**NOTE 9 – PRIOR-PERIOD ADJUSTMENT**

A prior-period adjustment was made to the statement of revenues, expenses, and changes in net position of (\$414,202) consisting of an adjustment to match the general ledger capital accounts with a revised schedule of capital assets for (\$370,364) and to remove old prepaid expenses balances of (\$43,838) that were recognized in prior fiscal years.



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

Board of Directors  
Mission Hills Community Services District  
Lompoc, 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 business-type activities and the major fund of Mission Hills Community Services District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 6, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 financial statements. 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*.

**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.

*Moss, Levy & Hartzheim LLP*

Santa Maria, California  
September 6, 2023



## MISSION HILLS COMMUNITY SERVICES DISTRICT

**7. COMMUNICATIONS-** The Board of Directors may ask a question for clarification, make an announcement, or report briefly on recent activities or conferences. Also, Directors may provide a reference to staff or other resources for information, request the Board President consider placing an item on a future committee meeting or regular meeting.

- A. General Manager Comments
- B. Director's Comments
- C. Public Comments

**LAST PAGE OF BOARD PACKET**