

Board of Directors

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



1550 East Burton Mesa Blvd.
Lompoc, California, 93436-2100
805.733.4366
www.mhcsd.org

Mike Garner, General Manager

Mission Hills Community Services District Board of Directors
Regular Meeting

Wednesday, September 18, 2024
4:30 PM

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

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. **If you are unable to attend, you can submit comments in advance of the meeting to admin@mhcsd.org before 1:00 PM, Tuesday, September 17th, 2024.**

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

A. Consideration of Approval of Minutes from:

- i) August 21st Regular 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

5. Regular Business-

A. Receive and approve audited Financial Statements for Fiscal Year 2022/23

B. Adopt Ordinance 24-84 Public Hearing for Capacity Fee Study

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 references to staff or other resources for information, and 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 the 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)



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**Mission Hills Community Services District Board of Directors
Regular Meetings Minutes
August 21st, 2024**

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 21, 2024, at the District Meeting Room, 1550 East Burton Mesa Boulevard, Lompoc, California.

DIRECTORS PRESENT:

By roll call: Jim Keeling, Steve Dietrich,
Myron Heavin, and Jorge Magana

DIRECTORS ABSENT:

Matthew Starbuck

STAFF PRESENT:

Carol Reynolds attended via Zoom, Mike
Garner, Javier Rodriguez, Jose Acosta, and
Lupe Huitron attended in person

OTHERS PRESENT:

Glenn Mc Leod

1. **Call to Order and Pledge of Allegiance**
2. **Roll Call**
3. **Public Comment-** No public comment received.
4. **Closed Session**
 - A. Conference with legal counsel regarding existing or anticipated litigation
No reportable action was taken.
5. **Consent Agenda**
 - A. **Approved Minutes**
 - i.) July 17th, Regular Meeting
 - B. **Activity Reports for July**
 - i.) General Manager and Administrative 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

Approved Consent Items

Motion made by Director Keeling and seconded by Director Magana, to approve the Consent Agenda as presented

Motion passed 4-0 Vote.

Ayes: Jim Keeling, Jorge Magana, Myron Heavin, and Steve Dietrich

Noes:

Abstain:

Absent: Matthew Starbucks

6. Regular Business Items

Discuss approving the Capacity Charge Study as presented and direct staff to schedule a public hearing and change an ordinance to update the Capacity Charge Study.

Motion made by Director Heavin and seconded by Director Magana to approve the Capacity Charge Study and direct staff to proceed with scheduling a public hearing to adopt an ordinance, and to publish a public hearing notice in the Newspaper.

Motion passed 4-0 Vote.

Ayes: Jorge Magana, Jim Keeling, Myron Heavin, and Steve Dietrich

Noes: None

Abstain: None

Absent: Mathew Starbuck

A. Discuss and approve Resolution 24-359 accepting funds granted by the Per Capita Program— motion to approve made by Myron Heavin, seconded by Director Keeling. The funds will be used to improve and renovate district facilities.

Motion passed 4-0 Vote.

Ayes: Jorge Magana, Jim Keeling, Myron Heavin, and Steve Dietrich

Noes: None

Abstain: None

Absent: Matthew Starbuck

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, and 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- Director Heavin expressed concern about the source of our sodium issue, and Director Dietrich suggested that the Summit Hills project might be contributing to the problem. The General Manager mentioned that the City of Lompoc approved the building plans for Summit Hills and subsequently oversaw the installation of the drainage system for self-regeneration, which could be the cause of the elevated sodium levels. The General Manager intends to seek guidance from our Legal Counsel on the appropriate approach to address this matter.

C. Public Comments- None

With no further business to come before the Board, the meeting was adjourned at 5:47 pm

Respectfully submitted:

Lupe Huitron

X

Jorge Magana, President

X

Lupe Huitron, Board Secretary



General Manager and Administrative Activity Reports for
August 2024

General Manager Report

August

Stantec- Final Drawings have been received and electrical information for the PGE application has been finalized.

Sewer Plant and Lift Station- Waiting on Phoenix Engineering's proposal. I Started a conversation with city and put numbers together for the October meeting.

Well, 8- Rick Hoffman and GSI are still working on the well design to get ready to go to bid. RL Johnson has graded the area for a new well site.

Well #6 Status- Pipe is coated just waiting for crew to arrive.

Restrooms- Remodel has been started on restrooms.

Tri-State- Jose A., Jose H., and I attended the annual Tri-State Conference in Vegas and attended 3 days of training for our state license.

Customer Service/Account Receivables

- Applied 10% late fee non-pay Aug: # 143 accounts
- Past due 60 days/Turned off: 6 accounts
- 1 locked off Acc. Reverse Mortgage/No Bank Info. **If the property sells Bal. submitted to Escrow**



General Manager and Administrative Activity Reports for
August 2024

Board Secretary

Assisted Administrative Services Manager in printing and getting checks signed, Completed Travel Expense forms for Staff, Assisted Administrative Services Manager in obtaining signatures needed for a Five Star Bank document, Received Backflows, completed 2024 Conflict of Interest Biennial Review Notice, Completed Staff Reports for general Manager, Gathered Information on Public Hearing requirements, Prepared Board Packet, Completed and mailed out conflict of Interest forms for County, Assisted customers, corresponded to emails, completed paperwork on the PER CAPITA PROJECT funds granted to Mission Hills, Contacted print shop and requested well and tank drawings, and Published Public hearing notice in the Newspaper to inform public of the Districts Connection Fees update.

Administrative Services Manager

I Finalized the Capacity Fee Study. Completed ACWA JPIA, and CSDA Classes to continue informative and educational direction. Review Agenda for VVCSD Board Meetings to garner information affecting our local communities. I Facilitated money transfers between accounts as warranted. As is customary, I participated in the Board Meeting preparation. Kept abreast of the District priorities weekly with the General Manager and Operations Supervisor. Evaluated the Grant opportunities for applicable options for the District. Requested updates from District Counsel on ongoing items.

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 Director; Steve Dietrich



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**MISSION HILLS COMMUNITY SERVICES DISTRICT
 Water and Wastewater Report – August 2024**

<u>Water</u>	<u>Wastewater</u>
Monthly Distributed: 18.6 MG	Total Monthly Influent Flow: 5.25 MG
Daily Average: 0.62 MGD	Daily Average: 0.17 MGD
Monthly Sold: 15.1 MG	Ratio of Daily returned Flow: 27%
Unaccounted Water: 3.5 MG (18%)	(0.17/0.62 = 0.27)

Water

Compliance

- Submitted the State Water Resource Control Board (SWRCB) monthly reports.

Distribution System Maintenance/Repair

- Replaced 15 Hersey meters to Kamstrup meters. 845 of 1312 total meters replaced.

Preventative Maintenance Program: July

- Hydrant Maintenance: 10
- Valve exercised: 8
- Dead End Flushing: N/A

Wastewater

Compliance

- Collected all weekly settleable solids samples.
- Submitted the Monthly No Spill Report.

Collection System/Lift Station

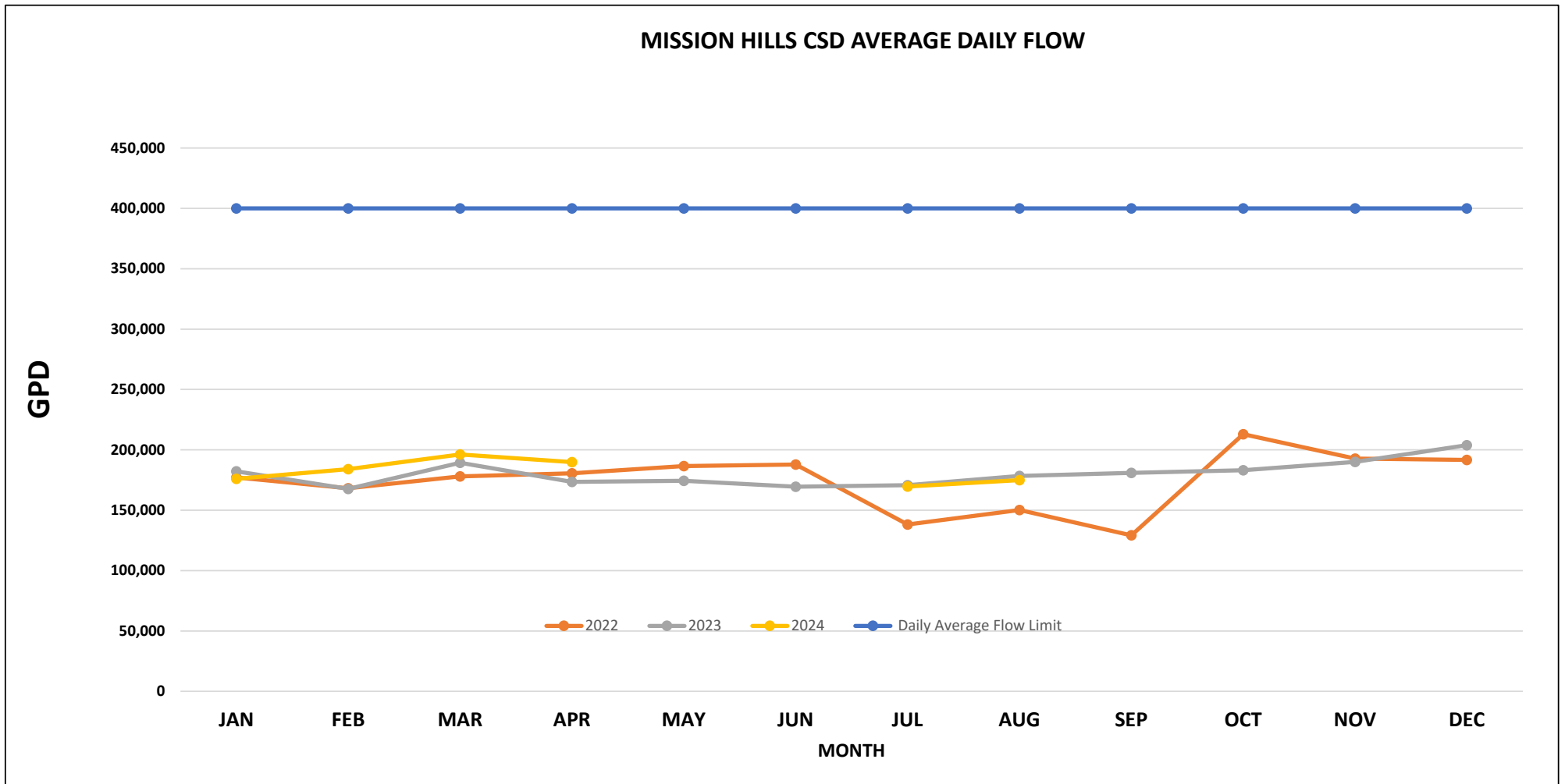
- Staff responded to power outage on 8/3, lift station ran on emergency generator until 8/4.
- Continued monitoring of Wet well Wizard.

Wastewater Plant

- Wastewater Flow Meter is still being repaired. Manufacturer shipped a temporary meter, which was installed 7/11/24
- Perform weekly laboratory in-house samples.
- Wastewater Plant is operating in good condition.

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
2022	177,041	168,115	177,989	180,560	186,491	187,850	138,217	150,210	129,171	212,966	192,729	191,717
2023	182,227	167,689	189,351	173,446	174,311	169,441	170,812	178,317	181,009	183,039	190,019	203,847
2024	176,039	184,061	196,175	189,774			169,626	174,891				

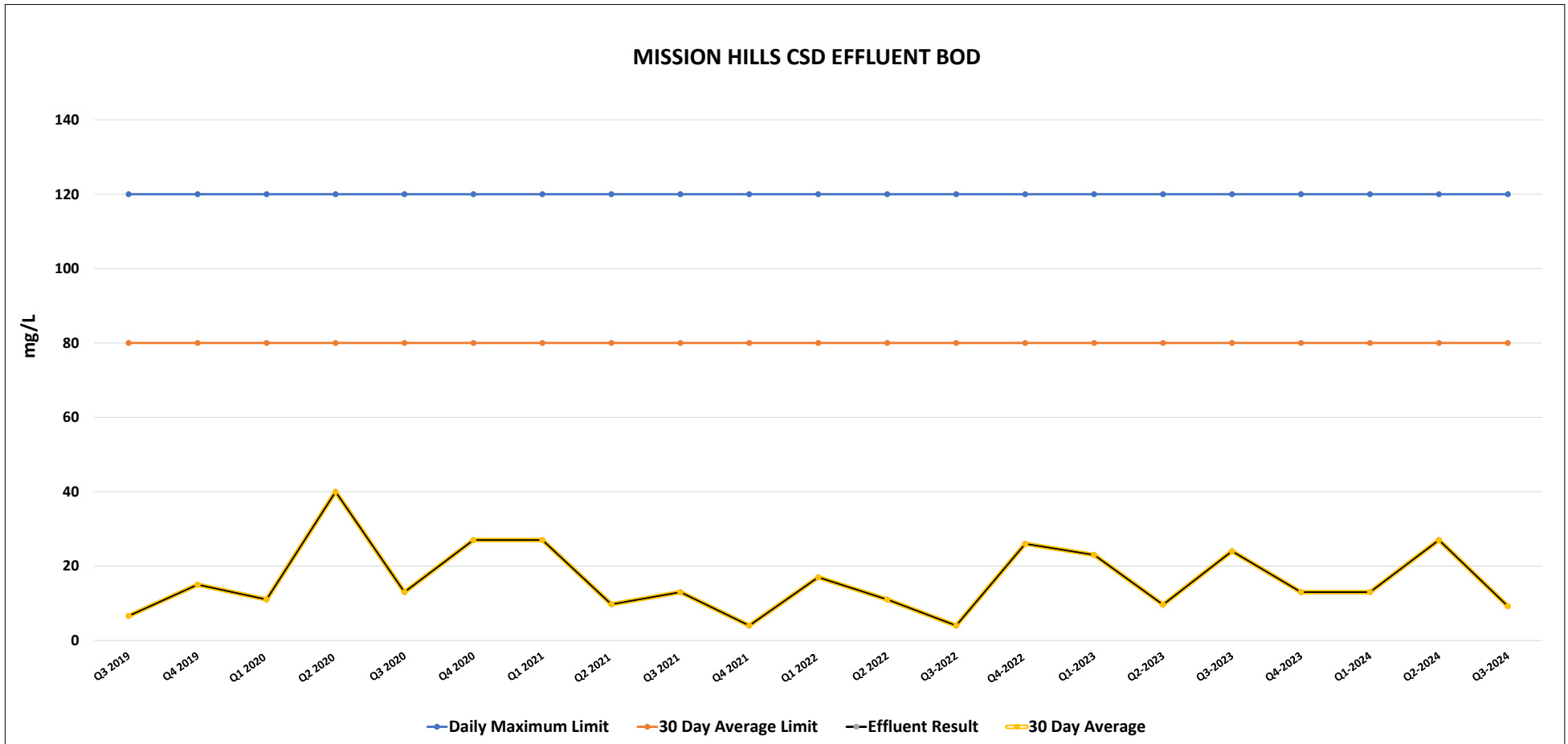


MISSION HILLS CSD EFFLUENT BOD (mg/L)

Consent Item 4. B ii

MONTH	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3-2022	Q4-2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Q1-2024	Q2-2024	Q3-2024	
Daily Maximum Permit Limit	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120
30 Day Average Permit Limit	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80
Effluent Result	7	15	11	>40	13	27	27	10	13	<4.0	17	11	<4.0	26	23	10	24	13	13	27	9	
30 Day Average	7	15	11	>40	13	27	27	10	13	<4.0	17	11	<4.0	26	23	10	24	13	13	27	9	

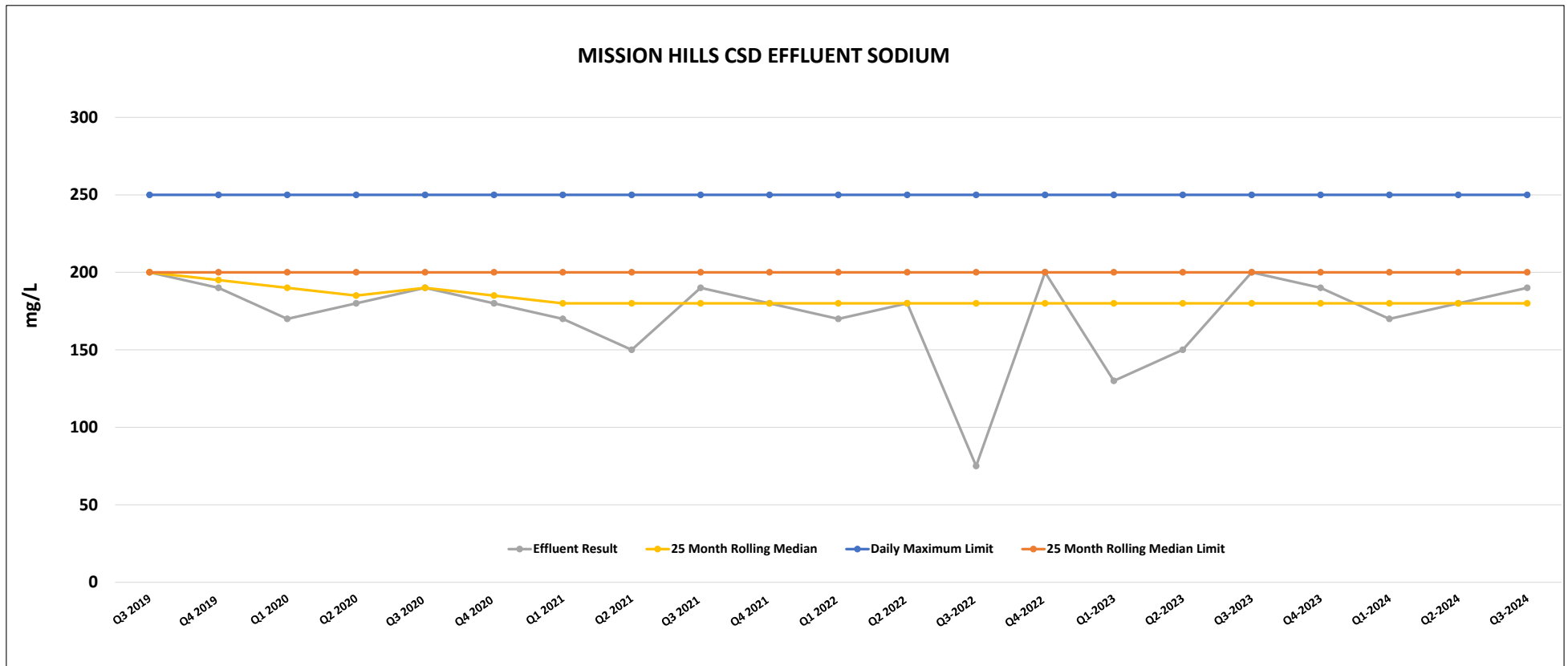
Non-detect, estimated, and greater than (>) results are graphed at their reporting levels or as reported by lab.



MISSION HILLS CSD EFFLUENT SODIUM (mg/L)

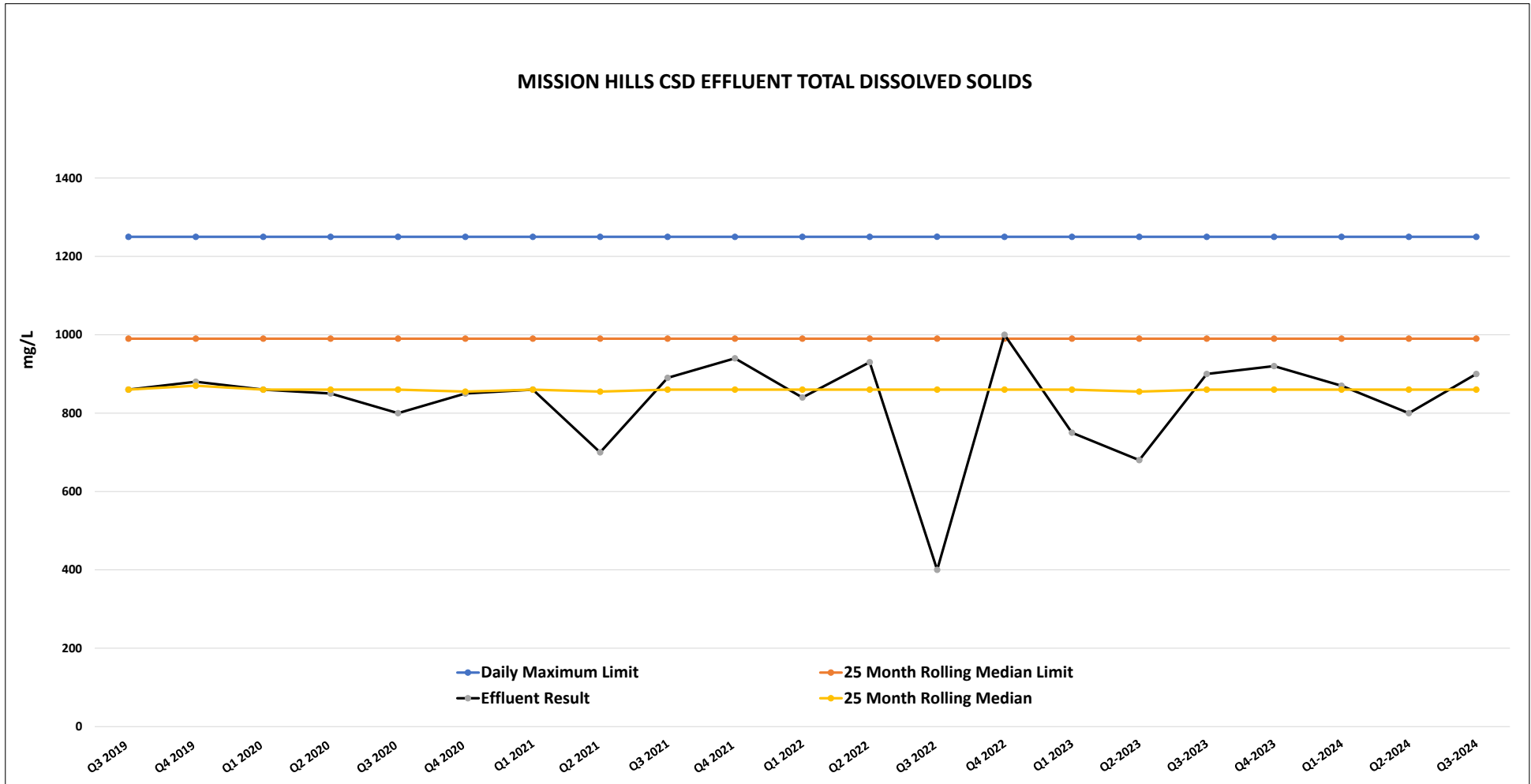
Consent Item 4. B ii

MONTH	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3-2022	Q4-2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Q1-2024	Q2-2024	Q3-2024	
Daily Maximum Permit Limit	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250
25 Month Rolling Median Limit	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
Effluent Result	200	190	170	180	190	180	170	150	190	180	170	180	75	200	130	150	200	190	170	180	190	
25 Month Rolling Median	200	195	190	185	190	185	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	



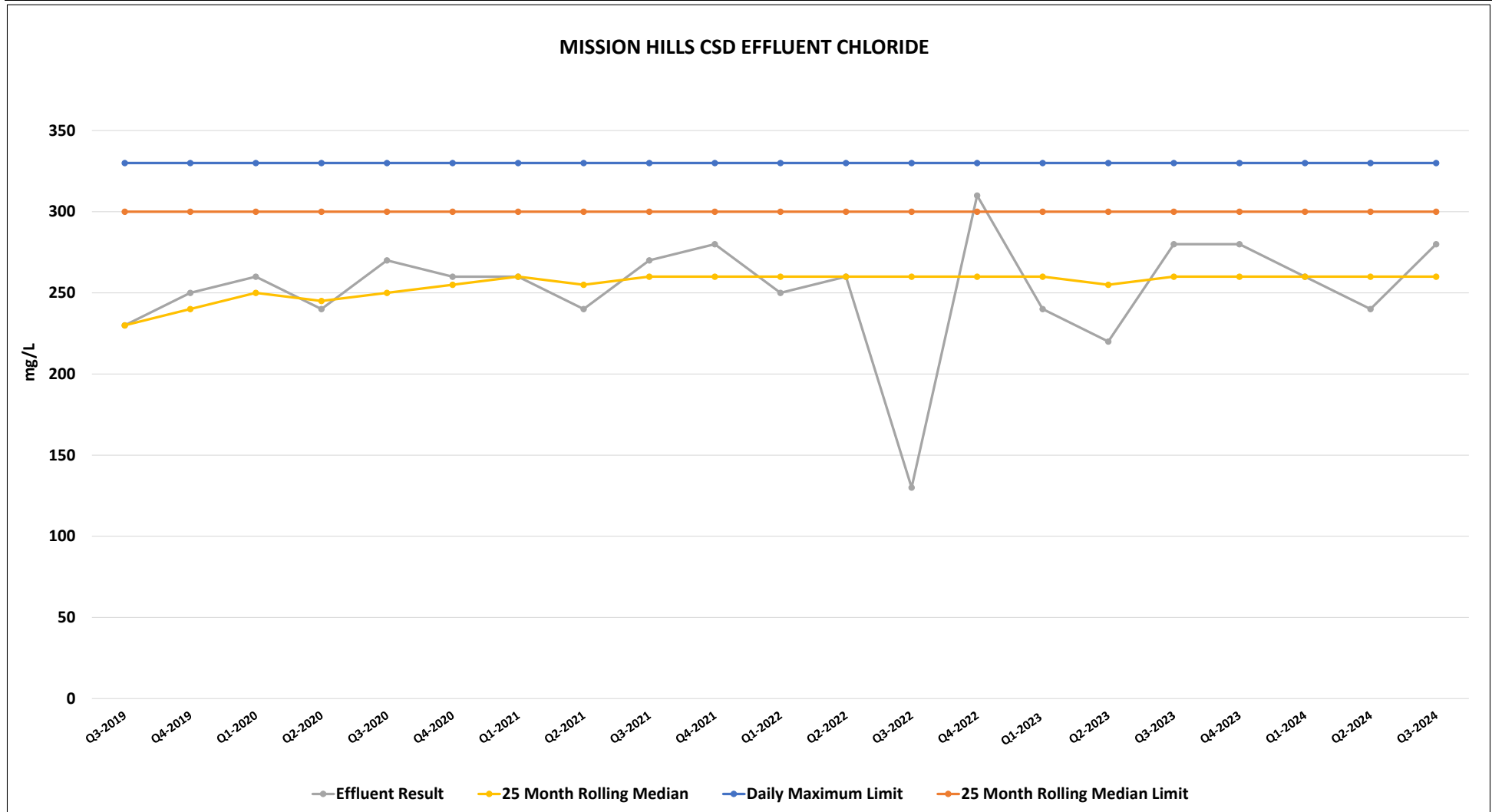
MISSION HILLS CSD EFFLUENT TOTAL DISSOLVED SOLIDS (mg/L)

MONTH	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2-2024	Q3-2024	
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	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	990
Effluent Result	860	880	860	850	800	850	860	700	890	940	840	930	400	1,000	750	680	900	920	870	800	900	
25 Month Rolling Median	860	870	860	860	860	855	860	855	860	860	860	860	860	860	860	855	860	860	860	860	860	



MISSION HILLS CSD EFFLUENT CHLORIDE (mg/L)

MONTH	Q3-2019	Q4-2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Q1-2024	Q1-2024	Q3-2024	
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	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	300
Effluent Result	230	250	260	240	270	260	260	240	270	280	250	260	130	310	240	220	280	280	260	240	280	
25 Month Rolling Median	230	240	250	245	250	255	260	255	260	260	260	260	260	260	260	255	260	260	260	260	260	



MISSION HILLS CSD EFFLUENT TOTAL NITROGEN (mg/L)

MONTH	Q2-2019	Q3-2019	Q4-2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Q1-2024	Q2-2024	Q3-2024
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	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	15
Effluent Result	14	13	8	10	26	8	7	13	9	6	5	14	26	3	8	13	12	9	5	9	14	14



Top Goals

<p>Established by Board of Directors (Staff recommends the Board of Directors consider updating the Top Goals on an annual or by-annual basis)</p>
<p>1. N/A</p>
<p>2. N/A</p>
<p>3. Cost Reduction – Energy usage and other applicable initiatives Please refer to the Energy Committee Update. [No Changes]</p>
<p>4. Public Outreach – Implement regular on-line communications to the community. Staff continues to post content on the Districts Facebook page, Facebook Forums and District’s website. A variety of topics have been posted via social media. Staff has been posting a new item about once a month. The most recent post was announcing the Districts \$177,952 grant award received by the Per Capita Program which is designed to help Local governments with funding to rehabilitate Park creation, rehabilitation, and improvements.</p>
<p>5. Pursue Grant Funding Opportunities for Capital Projects Staff continue to review electronic notices regarding 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 do not apply to the District. We will continue to monitor grant opportunities. [No Changes]</p>

Updated September 13, 2024

MHCSD COMMITTEE MEETING UPDATES**April 17, 2024, Board Meeting**

(Updated September 10, 2024)

Committee	Summary Discussion	Completed Meeting Date
Water/Wastewater Starbuck & Dietrich Alt-Heavin	<p>The Committee met on July 15, 2024, and the General Manager provided an update on Lift Station replacement. Informed Committee that the Engineer John Turner was put on hold and will meet him in August to re-start design work. Also provided an update on Stantec for the new Tank and Pumps. The PG&E Application was never started, so the General Manager is now working on the Application with the Electrical Engineer. By August Stantec should have provided final drawings for us.</p>	July 15, 2024
Finance Dietrich & Keeling Alt-Starbuck	<p>The Committee members met on July 15, 2024. The Committee reviewed the draft water/wastewater Capacity charge Study. The Committee provided directions to staff that included bringing the Study to the full board for review on July 17, 2024, regular meeting and after for approval in the August 21, 2024, Regular Board Meeting. Also discussed ratifying the GM decision to put the 1.5 million for Pond Liner back on the 5-year CIP to keep Capacity Charges from dropping. Discussed moving new well 8 to Fiscal Year 2024/25 from 2025/26 to get better pricing from drillers.</p>	July 15, 2024
Energy Heavin & Starbuck Alt-Magana	<p>The Energy Committee has not met since August 2023.</p>	August 2, 2023
Personnel Keeling & Magana Alt-Dietrich	<p>Committee Members met on July 16, 2024, to discuss the Injury Illness Prevention Plan (IIPP) with the committee and how we combined the workplace violence Prevention plan with the IIPP. The committee directed staff to bring the IIPP to the July Regular Board Meeting for approval. The committee also reviewed the Employee Handbook and directed staff to bring it to the July 17 Board Meeting for approval.</p>	July 16, 2024
GSA for WMA Heavin Alt-Jim Keeling	<p>The WMA GSA met on August 28, 2024 and no one from the District attended this meeting. Another meeting was scheduled on September 6, 2024, Director Heavin attended the meeting, and General Manager attended Via Zoom. The meeting Agenda Notice is attached for the September 6, The next WMA GSA is scheduled for September 25, 2024.</p>	September 6, 2024

<p>Community Engagement Heavin & Keeling Alt-Magana</p>	<p>Staff continues to post content on social media, the District's Bulletin Board, and the District's website. Mission Hills Staff has shared content on social media to announce the \$177,952 grant award received by the Per Capita Program which originated from Prop 68, these funds are going towards our recreational and playground area. The District Restrooms are currently undergoing renovation.</p>	<p>December, 2023</p>
<p>Development Dietrich & Keeling Alt-Starbuck</p>	<p>The Development Committee did not meet. The next meeting is TBD.</p>	<p>TBD</p>

Mission Hills Community Services District
Revenue and Expenses Prev Year Comparison
August 2024

				Aug 24	Aug 23	\$ Change	Explanation
Ordinary Income/Expense							
Income							
		4005 · 48 hour notice fees		420.00	225.00	195.00	
		4045 · Late fees		2,466.46	2,530.01	-63.55	
		4060 · Reconnection fees		300.00	365.00	-65.00	
		4075 · Returned check fees		0.00	79.00	-79.00	
		4085 · Sewer basic charges		106,410.25	98,415.81	7,994.44	Rate Increase
		4095 · Street sweeping charges		1,507.44	1,510.08	-2.64	
		4105 · Water basic charges		62,415.36	59,255.27	3,160.09	Rate Increase
		4115 · Water usage charges		76,889.29	85,517.11	-8,627.82	Decreased Usage
		Total Income		250,408.80	247,897.28	2,511.52	
		Gross Profit		250,408.80	247,897.28	2,511.52	
Expense							
		6000 · Salaries and wages					
		6005 · Wage expense		93,671.61	84,223.14	9,448.47	Fully Staffed, Promotions
		6010 · Payroll tax expense		7,905.12	7,411.43	493.69	
		Total 6000 · Salaries and wages		101,576.73	91,634.57	9,942.16	
		6050 · Employee benefits					
		6065 · Health insurance		12,558.61	10,375.20	2,183.41	More on Plan
		6071 · Tuition Reimbursement		0.00	5,089.50	-5,089.50	Timing of Payment
		6075 · Retirement expenses		3,052.32	2,404.96	647.36	
		6090 · Vacation & Sick Leave		8,072.82	10,177.40	-2,104.58	Less Time Taken
		6095 · Benefit Administration		0.00	89.82	-89.82	
		Total 6050 · Employee benefits		23,683.75	28,136.88	-4,453.13	
		6100 · Director fees		1,625.00	2,500.00	-875.00	Less Meetings
		6110 · Depreciation expense		26,784.66	26,784.66	0.00	
		6140 · Vehicle expenses					
		6145 · Tractor and equipment		63.12	0.00	63.12	
		6150 · Vehicle fuel		1,652.63	1,344.37	308.26	
		6155 · Vehicle maintenance		292.60	1,772.63	-1,480.03	Timing of Payment
		6160 · Automobile Allowance		350.00	0.00	350.00	
		Total 6140 · Vehicle expenses		2,358.35	3,117.00	-758.65	
		6190 · Dues and memberships		139.93	984.00	-844.07	
		6200 · Office expenses					
		6205 · Bank fees and charges		0.00	10.00	-10.00	
		6210 · Cash (over) / short		0.00	-0.10	0.10	
		6225 · Miscellaneous expenses		0.00	14.00	-14.00	
		6230 · Office supplies		31.96	185.06	-153.10	
		6235 · Postage expense		0.00	700.00	-700.00	
		Total 6200 · Office expenses		31.96	908.96	-877.00	
		6300 · Operating supplies and expenses					
		6310 · Miscellaneous supplies		0.00	993.69	-993.69	
		6325 · Portable equipment		211.90	155.70	56.20	
		6340 · Chemicals					
		6344 · Chlorine		1,394.68	1,349.44	45.24	
		6345 · Corrosion inhibitor		5,262.01	5,844.83	-582.82	
		Total 6340 · Chemicals		6,656.69	7,194.27	-537.58	
		Total 6300 · Operating supplies and expense		6,868.59	8,343.66	-1,475.07	
		6350 · Safety expenses					
		6360 · Protective Clothing/Uniforms		1,256.74	0.00	1,256.74	Timing of Payment
		Total 6350 · Safety expenses		1,256.74	0.00	1,256.74	
		6410 · Contractual services					
		6420 · Cleaning service		200.00	200.00	0.00	
		6425 · Office equip maintenance		454.86	285.58	169.28	
		6430 · Internet access		281.53	168.35	113.18	
		6435 · Landscaping services		353.41	602.70	-249.29	
		6437 · Pest Control		124.00	0.00	124.00	
		6445 · Security expense		112.50	112.50	0.00	

Mission Hills Community Services District
Revenue and Expenses Prev Year Comparison
August 2024

	Aug 24	Aug 23	\$ Change	Explanation
6450 · Software support	3,251.26	1,933.00	1,318.26	Hardware Purchase
6452 · Credit Card Processing	232.42	453.29	-220.87	
6453 · Software Subscriptions	132.80	380.99	-248.19	
6455 · Street sweeping services	1,530.00	1,471.18	58.82	
6466 · Emissions Testing	0.00	8,164.80	-8,164.80	Timing Compliance
6470 · Other contractual services	0.00	22.25	-22.25	
Total 6410 · Contractual services	6,672.78	13,794.64	-7,121.86	
6475 · Professional services				
6480 · Accounting services	0.00	625.00	-625.00	
6490 · Legal services	1,585.30	4,131.22	-2,545.92	Less Legal Required
6495 · Human Resources services	0.00	379.90	-379.90	
Total 6475 · Professional services	1,585.30	5,136.12	-3,550.82	
6500 · Printing and publication	2,268.12	0.00	2,268.12	Timing Payment
6505 · Equipment lease and rentals	242.02	660.46	-418.44	
6525 · Research and monitoring				
6530 · Lab & Testing Expenses	0.00	736.94	-736.94	
6535 · Monitoring expense	1,615.50	1,623.00	-7.50	
Total 6525 · Research and monitoring	1,615.50	2,359.94	-744.44	
6600 · Travel and meetings				
6610 · Meals	0.00	203.66	-203.66	
6620 · Staff training	2,109.33	795.00	1,314.33	Higher Attendance
Total 6600 · Travel and meetings	2,109.33	998.66	1,110.67	
6650 · Utilities				
6655 · Cell phones	50.00	407.94	-357.94	
6660 · Dump fees	37.80	0.00	37.80	
6665 · Electrical	26,632.41	16,918.85	9,713.56	Gas Well Down
6670 · Natural gas	21.04	2,022.09	-2,001.05	Gas Well Down
6685 · Telephone	70.30	201.16	-130.86	
6691 · Trash & Recycling	362.86	335.12	27.74	
Total 6650 · Utilities	27,174.41	19,885.16	7,289.25	
6720 · Repairs and maintenance				
6730 · Distribution expense	31.71	1,129.56	-1,097.85	Griswold Industries
6740 · Hydrants	0.00	188.83	-188.83	
6745 · Lift station expenses	0.00	36.34	-36.34	
6775 · Filtration Plant	0.00	2,738.81	-2,738.81	Blue-White
6785 · Wells and pumping	0.00	1,600.00	-1,600.00	Fabrication
6790 · Waste water plant	0.00	16,997.66	-16,997.66	JWC Environmental
6795 · Other repairs and maintenance	3,200.00	1,650.00	1,550.00	Leaks
Total 6720 · Repairs and maintenance	3,231.71	24,341.20	-21,109.49	
Total Expense	209,224.88	229,585.91	-20,361.03	
Net Ordinary Income	41,183.92	18,311.37	22,872.55	
Other Income/Expense				
Other Income				
7006 · Market Appreciation/(Depr)	605.08	1,716.62	-1,111.54	Less Return
7010 · Interest income	10,269.18	5,321.11	4,948.07	Better Interest
Total Other Income	10,874.26	7,037.73	3,836.53	
Net Other Income	10,874.26	7,037.73	3,836.53	
Net Income	52,058.18	25,349.10	26,709.08	

Mission Hills Community Services District
Disbursements Journal
August 2024

Consent Item 4. C ii

	Date	Num	Name	Amount	Explanation
1000 · FSB - Operating 1535412					
	08/20/2024	34041	Conference Reimbursement	-448.81	
	08/20/2024	34042	ACWA Joint Powers Insurance Au	-18,092.60	Property Insurance
	08/20/2024	34043	ALLco Fence Industries	-524.55	
	08/20/2024	34044	American Industrial Supply	-146.02	
	08/20/2024	34045	Brenntag Pacific, Inc	-6,656.69	Chemicals
	08/20/2024	34046	Carmel & Naccasha LLP	-1,585.30	Legal Fees
	08/20/2024	34047	Compuvision	-1,696.25	IT Services
	08/20/2024	34048	County of Santa Barbara- Gen Sv	-2,964.86	Vehicle Fuel & Maint
	08/20/2024	34049	County of Santa Barbara - DPW V	-139.93	
	08/20/2024	34051	Greg Radabaugh Construction	-2,367.00	Mens Bathroom Remodel
	08/20/2024	34052	Conference Reimbursement	-922.20	
	08/20/2024	34053	JB Dewar Inc	-569.52	
	08/20/2024	34054	Janitorial Service	-200.00	
	08/20/2024	34055	K L E Designs	-1,256.74	Uniforms
	08/20/2024	34056	LAFCO	-2,004.00	FY 2024-2025
	08/20/2024	34057	Marborg Industries	-273.14	
	08/20/2024	34058	Pitney Bowes	-185.30	
	08/20/2024	34059	Smith Alarms & Electronics, Inc.	-112.50	
	08/20/2024	34060	SP Maintenance Services, Inc.	-1,530.00	Street Cleaning
	08/20/2024	34061	Stantec	-1,011.00	Burton Ranch Engineering
	08/20/2024	34062	Ultrex Inc	-229.86	
	08/20/2024	34063	Conference Reimbursement	-665.32	
	08/23/2024	34064	Greg Radabaugh Construction	-2,367.00	Mens Bathroom Remodel
	08/29/2024	34065	Bremer Auto Parts	-7.60	
	08/29/2024	34066	City of Lompoc	-37.80	
	08/29/2024	34067	Comcast	-171.58	
	08/29/2024	34068	Dahl Air Conditioning	-210.00	
	08/29/2024	34069	De Lage Landen Financial Servic	-242.02	
	08/29/2024	34070	Home Depot	-646.03	
	08/29/2024	34071	Inklings Printing Company	-2,091.94	Customer Bills
	08/29/2024	34072	JB Dewar Inc	-362.84	
	08/29/2024	34073	Marborg Industries	-78.51	
	08/29/2024	34074	O'Connor Pest Control	-124.00	
	08/29/2024	34075	Office Depot Business Credit	-112.82	
	08/29/2024	34076	Staples Advantage*	-190.97	
	08/29/2024	34077	TASC	-780.12	
	08/29/2024	34078	Valley Rock Ready Mix, Inc.	-331.87	
	08/29/2024	34079	Verizon	-412.76	
Total 1000 · FSB - Operating 1535412				-51,749.45	
1060 · CHCU - General 4163					
	08/19/2024	EFT	PG&E	-8,557.39	Utility Bill - Well #5
	08/19/2024	EFT	PG&E	-8,897.77	Utility Bill - Well #7
	08/19/2024	EFT	PG&E	-437.49	Utility Bill - Office
	08/19/2024	EFT	PG&E	-55.38	Utility Bill - Well #6
	08/19/2024	EFT	PG&E	-2,498.81	Utility Bill - Lift Station
	08/19/2024	EFT	PG&E	-976.36	Utility Bill - Shop
	08/23/2024	EFT	PG&E	-5,169.80	Utility Bill - WWTP
	08/27/2024	EFT	PG&E	-11.69	Utility Bill - St Light
	08/31/2024	EFT	Right Networks	-132.80	
Total 1060 · CHCU - General 4163				-26,737.49	
1070 · CHCU - Payroll 4155					
	08/02/2024	E-pay	EDD	-1,824.86	Payroll Taxes
	08/02/2024	E-pay	IRS USATAXPYMT	-5,232.24	Payroll Taxes
	08/02/2024	EFT	Expertpay	-299.07	
	08/14/2024		Payroll	-26,528.25	Payroll
	08/16/2024	E-pay	EDD	-2,028.30	Payroll Taxes

Mission Hills Community Services District
Disbursements Journal
 August 2024

Consent Item 4. C ii

			Date	Num	Name	Amount	Explanation
			08/16/2024	E-pay	IRS USATAXPYMT	-5,186.80	Payroll Taxes
			08/16/2024	EFT	Expertpay	-299.07	
			08/20/2024	1407	Matrix Trust Company	-12,082.20	457/401K
			08/28/2024		Payroll	-22,226.62	Payroll
			08/28/2024		BOD Payroll	-1,140.62	BOD Payroll
			08/29/2024	1409	BOD Payroll	-342.19	BOD Payroll
			08/30/2024	E-pay	EDD	-1,789.62	Payroll Taxes
			08/30/2024	E-pay	IRS USATAXPYMT	-5,385.38	Payroll Taxes
			08/30/2024	EFT	Expertpay	-299.07	
			08/31/2024	EFT	AFLAC	-229.35	
		Total 1070 · CHCU - Payroll 4155				-84,893.64	
		1075 · CHCU - ACH 4130					
			08/16/2024	EFT	Springbrook (ACH Services)	-232.42	
		Total 1075 · CHCU - ACH 4130				-232.42	
		TOTAL				-163,613.00	

Variation From Projected Income

Fiscal Year Ending 6-30-2025

Billing Month	Water			Wastewater			Total (Loss) / Gain	Current Year Units Sold	Last Year Units Sold	Previous 5 Year Average Units Sold
	Budgeted Income*	Actual Income	Variation	Budgeted Income	Actual Income	Variation				
Jul-24	\$ 143,109	\$ 130,364	\$ (12,745)	\$ 106,022	\$ 98,556	\$ (7,466)	\$ (20,211)	23,376	26,994	23,423
Aug-24	\$ 133,911	\$ 139,304	\$ 5,393	\$ 106,022	\$ 106,410	\$ 388	\$ 5,781	19,997	18,520	22,985
Sep-24	\$ 132,500	\$ -	\$ -	\$ 106,022	\$ -	\$ -	\$ -	-	19,235	21,164
Oct-24	\$ 130,375	\$ -	\$ -	\$ 106,022	\$ -	\$ -	\$ -	-	21,178	20,544
Nov-24	\$ 118,208	\$ -	\$ -	\$ 106,022	\$ -	\$ -	\$ -	-	15,372	18,119
Dec-24	\$ 128,765	\$ -	\$ -	\$ 106,022	\$ -	\$ -	\$ -	-	12,792	13,394
Jan-25	\$ 100,264	\$ -	\$ -	\$ 106,022	\$ -	\$ -	\$ -	-	11,393	11,585
Feb-25	\$ 100,123	\$ -	\$ -	\$ 106,022	\$ -	\$ -	\$ -	-	8,925	13,026
Mar-25	\$ 111,783	\$ -	\$ -	\$ 106,022	\$ -	\$ -	\$ -	-	10,159	11,729
Apr-25	\$ 98,317	\$ -	\$ -	\$ 106,022	\$ -	\$ -	\$ -	-	11,777	13,932
May-25	\$ 114,100	\$ -	\$ -	\$ 106,022	\$ -	\$ -	\$ -	-	17,377	19,461
Jun-25	\$ 120,890	\$ -	\$ -	\$ 106,020	\$ -	\$ -	\$ -	-	22,879	20,468
Total	\$ 1,432,345	\$ 269,668	\$ (7,352)	\$ 1,272,262	\$ 204,966	\$ (7,078)	\$ (14,430)	43,373	196,601	209,830
YTD avg	100%	19%		100%	16%			Year to Date Monthly Averages		
								3,614	16,383	17,486
								Yearly Average	16,383	17,486
* Projected Income is calculated by using current year and previous 5 year average monthly units sold.										
Units Sold by Calendar Year (1 Unit = 1 HCF = 748 Gallons)										

Bank Account Summary												
	7/31/2024	8/31/2024	9/30/2024	10/31/2024	11/30/2024	12/31/2024	1/31/2025	2/29/2025	3/31/2025	4/30/2025	5/31/2025	6/30/2025
LAIF	\$320,536	\$320,536										
California Class	\$2,069,473	\$2,078,951										
TD Ameritrade/RNC Genter	\$710,537	\$711,349										
Coast Hills FCU												
Checking	\$238,166	\$358,149										
Development	\$0	\$0										
Investment Checking	\$202	\$202										
Savings	\$0	\$0										
Payroll	\$21,735	\$31,961										
ACH (Sweep Account)	\$1,000	\$1,000										
Total Coast Hill FCU	\$261,102	\$391,312										
Five Star Bank												
Operating	\$302,935	\$188,927										
Development	\$13,034	\$13,035										
Money Market	\$128,664	\$129,158										
ACH (Sweep Account)	\$0	\$0										
Payroll	\$0	\$0										
Total Five Star Bank	\$444,632	\$331,120										
Combined Balance	\$3,806,280	\$3,833,268										
Monthly Change	\$138,522	\$26,988										
Fiscal Year Monthly Change To Date												
	\$165,510											

Mission Hills Community Services District											2
Budget to Actual Comparison											0.17
Thru 08/31/2024											10
	Budgeted	Prorated Budget	Actual Thru		Remainder	% of Budget	Explanation				
Income	Fiscal Year 24-25	Aug-24	Aug-24	Difference	Budgeted Amount	17%					
Late Fees/Charges	\$ 40,000	\$ 6,667	\$ 6,022	\$ (645)	\$ 33,978	15%	Slightly Lower Than Budgeted				
Water Service	\$ 1,432,345	\$ 238,724	\$ 269,668	\$ 30,944	\$ 1,162,677	19%	Slightly Higher Than Budgeted (Usage)				
Sewer Service	\$ 1,272,262	\$ 212,044	\$ 204,966	\$ (7,078)	\$ 1,067,296	16%	Slightly Lower Than Budgeted				
Street Sweeping	\$ 18,000	\$ 3,000	\$ 3,021	\$ 21	\$ 14,979	17%	On Track With Budget				
	\$ 2,762,607	\$ 460,435	\$ 483,677	\$ 23,243	\$ 2,278,930	18%	Revenue is 1% Above With Budget				
	Budgeted	Prorated Budget	Actual Thru		Remainder						
Expense	Fiscal Year 24-25	Aug-24	Aug-24	Difference	Budgeted Amount						
Salaries & Wages	\$ 880,000	\$ 146,667	\$ 169,581	\$ (22,914)	\$ 710,419	19%	Slightly Higher Than Budgeted				
Employee Benefits	\$ 265,000	\$ 44,167	\$ 37,844	\$ 6,323	\$ 227,156	14%	Slightly Lower Than Budgeted				
Director Fees	\$ 16,000	\$ 2,667	\$ 1,625	\$ 1,042	\$ 14,375	10%	Timing of Meetings				
WMA GSA Allocation	\$ 40,000	\$ 6,667	\$ 31,250	\$ (24,583)	\$ 8,750	78%	Annual Fee				
Election Expense	\$ 2,500	\$ 417	\$ -	\$ 417	\$ 2,500	0%	No Election Expense				
Vehicle Expense	\$ 37,000	\$ 6,167	\$ 6,036	\$ 131	\$ 30,964	16%	Lower Than Budgeted				
Insurance	\$ 33,000	\$ 5,500	\$ 19,096	\$ (13,596)	\$ 13,904	58%	Property Ins Billing Timing				
Memberships	\$ 44,000	\$ 7,333	\$ 5,454	\$ 1,879	\$ 38,546	12%	Lower Than Budgeted				
Office Expenses	\$ 16,000	\$ 2,667	\$ 426	\$ 2,241	\$ 15,574	3%	Lower Than Budgeted				
Operating Supplies	\$ 23,000	\$ 3,833	\$ 2,036	\$ 1,797	\$ 20,964	9%	Slightly Lower Than Budgeted				
Chemicals	\$ 75,000	\$ 12,500	\$ 13,635	\$ (1,135)	\$ 61,365	18%	Slightly Higher Than Budgeted				
Safety	\$ 5,000	\$ 833	\$ 1,372	\$ (539)	\$ 3,628	27%	Timing Purchase of Uniforms				
Contractual Services	\$ 75,000	\$ 12,500	\$ 11,144	\$ 1,356	\$ 63,856	15%	Slightly Lower Than Budgeted				
Professional Services	\$ 90,000	\$ 15,000	\$ 2,384	\$ 12,616	\$ 87,616	3%	Lower Than Budgeted				
Printing & Publication	\$ 2,500	\$ 417	\$ 2,407	\$ (1,990)	\$ 93	96%	Timing of Order of Billings				
Equipment Lease	\$ 7,500	\$ 1,250	\$ 659	\$ 591	\$ 6,841	9%	Lower Than Budgeted				
Monitoring	\$ 16,000	\$ 2,667	\$ 2,007	\$ 660	\$ 13,993	13%	Lower Than Budgeted				
Travel/Meetings/Meals	\$ 15,000	\$ 2,500	\$ 2,269	\$ 231	\$ 12,731	15%	Lower Than Budgeted				
Utilities	\$ 265,000	\$ 44,167	\$ 57,782	\$ (13,615)	\$ 207,218	22%	Slightly Higher Than Budgeted				
Government Fees	\$ 45,000	\$ 7,500	\$ 2,004	\$ 5,496	\$ 42,996	4%	Lower Than Budgeted				
Repairs & Maintenance	\$ 150,000	\$ 25,000	\$ 60,471	\$ (35,471)	\$ 89,529	40%	Large Leak				
	\$ 2,102,500	\$ 350,417	\$ 429,482	\$ (79,065)	\$ 1,673,018	20%	Expenses Are 3% Above 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% =	\$ 105,125.00						



MISSION HILLS COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Michael Garner, General Manager
Carol Reynolds, Administrative Services Manager

DATE: September 18, 2024

SUBJECT: **Fiscal Year Ended June 30, 2023 Audited Financial Statements**

Recommendation / Proposed Motion

- Recommendation: Review, discuss and approve the FY 2022/23 Financial Audit Report presented by Moss, Levy & Hartzheim, LLP.
- Proposed Motion(s): Approve the FY 2022/23 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, 2023. The audit report states that at year-end, the District had \$10.61 million in assets, operating revenue of \$2.28 million and operating expenses of \$2.24 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, 2023, Audited Financial Statements

**MISSION HILLS COMMUNITY
SERVICES DISTRICT**

BASIC FINANCIAL STATEMENTS
June 30, 2023

Copy

MISSION HILLS COMMUNITY SERVICES DISTRICT
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June 30, 2023

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Statement of Cash Flows – Proprietary Funds 9
Notes to Basic Financial Statements 10

FINANCIAL SECTION

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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, 2023, 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, 2023, and the respective changes in financial position and cash flows, 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.

Auditors' 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 July 12, 2024, 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.

Santa Maria, California
July 12, 2024

Mission Hills Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Our Management's Discussion and Analysis of the Mission Hills Community Services District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2023. 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 Revenue, 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 Revenue, 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.

This statement 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 7 to 9.

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 10 to 16.

Financial Highlights

- Total assets were \$10,613,120 on June 30, 2023.
- Operating revenue was \$2,284,362, which consisted of Water Charges, Wastewater Charges, Street Sweeping Charges and Service Charges.
- Total Expenses were \$2,245,395, 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 \$10,390,356 as of June 30, 2023.

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 reserved for future spending. This portion includes cash and Investments.

Please see Table A below for the 2022 to 2023 comparison of the District's assets and liabilities.

Table A
Statement of Net Position
June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
<u>Assets:</u>			
Current assets	\$3,934,974	\$4,209,562	-6.5%
Restricted cash	61,663	261,415	-76.4%
Capital assets	<u>6,616,483</u>	<u>6,033,573</u>	9.7%
 Total assets	 <u>10,613,120</u>	 <u>10,504,550</u>	 1.0%
<u>Liabilities:</u>			
Current liabilities	<u>222,764</u>	<u>237,630</u>	-6.3 %
<u>Net Position:</u>			
Net investment in capital assets	6,616,483	6,033,573	9.7%
Restricted	61,663	261,415	-76.4%
Unrestricted	<u>3,712,210</u>	<u>3,971,932</u>	-6.5%
 Total net position	 <u>\$10,390,356</u>	 <u>\$10,266,920</u>	 1.2%

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 investments investment assets.
- Current liabilities are slightly higher than the previous year.
- Regular straight-line depreciation for the fiscal year ending June 30, 2023 decreased capital assets by \$388,901.

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, 2023

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Operating revenues	\$ 2,284,362	\$2,328,473	-2%
Nonoperating revenues	84,468	55,393	52%
Total revenues	<u>2,368,830</u>	<u>2,383,866</u>	<u>-1%</u>
Depreciation expense	388,901	383,298	1%
Other operating expenses	1,856,494	2,048,281	-9%
Total operating expenses	<u>2,245,395</u>	<u>2,431,579</u>	<u>-8%</u>
Net Operating Income	38,967	-47,713	
Change in net position	123,435	(414,202)	
Total Ending net position	<u>\$ 10,390,356</u>	<u>\$10,266,920</u>	<u>1%</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.

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 FUND
June 30, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 2,773,984
Investments	1,016,682
Accounts receivable	135,125
Prepaid expenses and deposits	<u>9,183</u>
Total current assets	<u>3,934,974</u>

Other assets:

Restricted cash	<u>61,663</u>
Total other assets	<u>61,663</u>

Capital assets:

Land	523,725
Construction in progress	288,970
Plant and facilities	<u>13,499,435</u>
Total capital assets	<u>14,312,130</u>

Less: Accumulated depreciation (7,695,647)

Total capital assets - net of accumulated depreciation 6,616,483

Total assets 10,613,120

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	163,532
Customer and developer deposits and advances	41,490
Compensated absences	<u>17,742</u>

Total current liabilities 222,764

Total liabilities 222,764

NET POSITION

Net investment in capital assets	6,616,483
Restricted	61,663
Unrestricted	<u>3,712,210</u>
Total net position	<u>\$ 10,390,356</u>

See accompanying notes to basic financial statements.

MISSION HILLS COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2023

Operating Revenues:

Service charges	\$ 2,253,225
Late charges and other operating revenues	<u>31,137</u>
Total operating revenues	<u>2,284,362</u>

Operating Expenses:

Bad debt	68
Chemicals	53,443
Contractual services	126,750
Depreciation	388,901
Director's fees	10,500
Engineering services	51,742
Equipment rentals	2,822
Government charges	37,846
Insurance	31,700
Memberships and dues	31,491
Miscellaneous expense	(3,207)
Office expense	23,176
Operating supplies	33,183
Printing and publications	7,249
Professional services	92,136
Repairs and maintenance	111,768
Research and monitoring	15,783
Safety expense	4,106
Salaries, benefits, and payroll taxes	985,601
Travel and meetings	25,225
Utilities	174,350
Vehicle expense	<u>40,762</u>
Total operating expenses	<u>2,245,395</u>
Net operating income (loss)	<u>38,967</u>

Non-Operating Revenues (Expenses):

Investment income	75,849
Net gain on disposal of capital assets	<u>8,619</u>
Total non-operating revenues (expenses)	<u>84,468</u>

Change in net position	123,435
Total net position - beginning	<u>10,266,920</u>
Total net position - ending	<u>\$ 10,390,356</u>

See accompanying notes to basic financial statements.

MISSION HILLS COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2023

Cash Flows From Operating Activities:

Receipts from customers and users	\$ 2,311,817
Payments to suppliers	(883,276)
Payments to employees	<u>(994,692)</u>
Net cash provided by operating activities	<u>433,849</u>

Cash Flows from Capital and Related

Financing Activities:

Sale of capital assets	8,619
Purchase of capital assets	<u>(971,811)</u>
Net cash used by capital and related financing activities	<u>(963,192)</u>

Cash Flows from Investing Activities:

Investment income	75,849
Net sale (purchase) of investments	<u>76,786</u>
Net cash provided by investing activities	<u>152,635</u>
Net decrease in cash and cash equivalents	(376,708)

Cash and cash equivalents, beginning of fiscal year	<u>3,212,355</u>
Cash and cash equivalents, end of fiscal year	<u><u>\$ 2,835,647</u></u>

Reconciliation to Statement of Net Position:

Cash and cash equivalents	\$ 2,773,984
Restricted cash	61,663
	<u><u>\$ 2,835,647</u></u>

Reconciliation of Operating Income to Net

Cash Provided by Operating Activities:

Operating income	\$ 38,967
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	388,901
Bad debt	68

Change in Operating Assets and Liabilities:

(Increase) decrease in accounts receivable	27,387
(Increase) decrease in prepaid expenses and deposits	(6,608)
Increase (decrease) in accounts payable and accrued liabilities	(9,167)
Increase (decrease) in customer and developer deposits and advances	(7,108)
Increase (decrease) in compensated absences	<u>1,409</u>

Net cash provided by operating activities	<u><u>\$ 433,849</u></u>
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See accompanying notes to basic financial statements.

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 receivables are 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, 2023, the allowance for uncollectible receivables is \$0.

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, 2023 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, 2023, \$61,663 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. 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.

MISSION HILLS COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Future Accounting Pronouncements (Continued)

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, 2023, the District had the following cash and investments on hand:

Cash in bank	\$ 1,005,307
Restricted cash in bank	61,663
Cash and investments in Local Agency Investment Fund (LAIF)	1,768,677
Investments	<u>1,016,682</u>
Cash and investments	<u>\$ 3,852,329</u>

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

Cash and cash equivalents	\$ 2,773,984
Restricted cash	61,663
Investments	<u>1,016,682</u>
Total	<u>\$ 3,852,329</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.

	Total	<u>Fair Value Measurement Using</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Quoted Prices in Unobservable Inputs (Level 3)
<u>Investments by Fair Value</u>				
California CLASS	\$ 500,720	\$ 500,720	\$ -	\$ -
Corporate bonds (medium term notes)	283,334	283,334		
U.S. Treasury Notes	<u>232,628</u>	<u>232,628</u>		
Total investments measured at fair value	1,016,682	<u>\$ 1,016,682</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at amortized cost:				
LAIF	1,768,677			
Total investments	<u>\$ 2,785,359</u>			

Investments Authorized by the California Government Code

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

MISSION HILLS COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
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:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
California CLASS	\$ 500,720	\$ 500,720	\$ -	\$ -	\$ -
Corporate bonds (medium term notes)	283,334	196,657		86,677	
U.S. Treasury Notes	232,628	63,223	75,065	94,340	
LAIF	<u>1,768,677</u>	<u>1,768,677</u>			
Total	<u>\$ 2,785,359</u>	<u>\$ 2,529,277</u>	<u>\$ 75,065</u>	<u>\$ 181,017</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>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>
California CLASS	\$ 500,720	N/A	\$ -	\$ 500,720	\$ -	\$ -
Corporate bonds (medium term notes)	283,334	N/A		283,334		
U.S. Treasury Notes	232,628	N/A	232,628			
LAIF	<u>1,768,677</u>	N/A				<u>1,768,677</u>
Total	<u>\$2,785,359</u>		<u>\$ 232,628</u>	<u>\$ 784,054</u>	<u>\$ -</u>	<u>\$1,768,677</u>

NOTE 3 - CASH AND INVESTMENTS (Continued)

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, 2023, 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, 2023

NOTE 4 - SCHEDULE OF CAPITAL ASSETS

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2023, is shown below:

	Balance July 1, 2022	Additions	Transfers	Deletions	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 523,725	\$ -	\$ -	\$ -	\$ 523,725
Construction in progress	28,412	971,811	(711,253)		288,970
Total capital assets, not being depreciated	<u>\$ 552,137</u>	<u>\$ 971,811</u>	<u>\$ (711,253)</u>	<u>\$ -</u>	<u>\$ 812,695</u>
Capital assets, being depreciated:					
Plant and facilities	\$ 12,805,083	\$ -	\$ 711,253	\$ (16,901)	\$ 13,499,435
Total capital assets, being depreciated	12,805,083		711,253	(16,901)	13,499,435
Less accumulated depreciation	<u>(7,323,647)</u>	<u>(388,901)</u>		<u>16,901</u>	<u>(7,695,647)</u>
Total capital assets, being depreciated, net	<u>\$ 5,481,436</u>	<u>\$ (388,901)</u>	<u>\$ 711,253</u>	<u>\$ -</u>	<u>\$ 5,803,788</u>
Capital assets, net	<u>\$ 6,033,573</u>	<u>\$ 582,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,616,483</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, 2023 were as follows:

Water charges	\$ 1,175,393
Wastewater charges	1,060,116
Street sweeping charges	<u>17,716</u>
Total	<u>\$ 2,253,225</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, 2023.

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 its 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.

Copy



MISSION HILLS COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Mike Garner, General Manager
Lupe Huitron, General Manager

DATE: September 18, 2024

SUBJECT: Adopt Ordinance 24-84, Public Hearing

Recommendation / Proposed Motion

- Recommendation: Board of Directors adopt Ordinance No. 24-84, Setting Forth Fees to Connect to District Facilities for new construction. This motion to adopt rescinds and replaces Section 1 Article II of Ordinance no. 19-83
- Proposed Motion: Adopt Ordinance 24-84, updating connection fees for new construction, as approved by the Board of Directors at the August 21, 2024, Regular Meeting.

Policy Reference

- California Government Code §66013 allows local agencies, including special districts, to impose fees (capacity charges) for water and wastewater.
- California Government Code §66017(a) requires the effective date of the fee to be no sooner than 60 days from the date of adoption.
[November 17, if adopted on September 21]
- California Government Code §66016 et seq. requires the Board to hold a public hearing before changing rates, charges, and fees.
[September 21, 2024]

Budget Resource

- Capacity Charges are a source of revenue for funding capital facilities.

Alternatives Considered

None

Background

These Connection Fees were updated by Tuckfield and Associates and approved by the Board of Directors at the August 21, 2024, Regular Meeting.

Current Capacity Charges for Water and Sewer Facilities are established in Ordinance No 19-83, Article II - *Schedule of Fees to Connect to District Facilities*, Section 1. *Connection Fee Charges* and will be repealed by Ordinance 24-84 after the following schedule:

- Introduce Capacity Charge Study- August 21, 2024, Board Meeting (Board Approved)
- Posting of the Public Hearing – September 4, 2024, and September 11, 2024
- Introduce Ordinance change– September 18, 2024
- Summary posting in the newspaper – September 25, 2024
- Updated Connect fees take effect – November 17, 2024

Discussion

With District introduction last month, posting of public hearing and summary, staff continues with the ordinance process during tonight’s public hearing at a regularly scheduled meeting. By California Government Code §66017, the new capacity charges would go into effect November 17, 2024 - 60 days following adoption of the new ordinance.

Attachments

Ordinance No. 24-84

ORDINANCE NO. 24-84

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE MISSION HILLS COMMUNITY SERVICES
DISTRICT SETTING FORTH FEES TO CONNECT
TO DISTRICT FACILITIES**

(Rescinds and replaces Section 1 of Ordinance)

WHEREAS, the Mission Hills Community Services District (the “District”) is a community services district duly formed under California Government Code §61000 et. seq. to provide community services within the District’s service area, including water, sewer, and street sweeping services; and

WHEREAS, under California Government Code §61123, the District may charge fees to cover the costs of any service that the District provides; and

WHEREAS, the District’s Board of Directors are authorized by the provisions of California Government Code §61060(a) to adopt ordinances; and

WHEREAS, the California Government Code §66013 authorizes public agencies to impose capacity charges on connecting customers, to ensure that they pay their fair share of the current Water and/or Wastewater utility assets, plus the cost of new facilities needed to serve them; and

WHEREAS, under a contract with the District, Tuckfield and Associates prepared a Water and Wastewater Connection Charge Study dated June 2024 (“Water and Sewer Capacity Charge Study”) recommending certain changes to the District’s water and sewer connection rates; and

WHEREAS, the revenues from the proposed water and sewer connection charge fees will not exceed the funds required to provide the service, and the fees do not exceed the proportional cost of service attributable to each parcel served; and

WHEREAS, it is noted that this study defines the maximum amount that could be charged for new connections and that the District’s Board of Directors retain the option to set lower charge should they desire, and

WHEREAS, on August 21, 2024 the District’s Board of Directors reviewed and accepted the Capacity Charge Study.

NOW, THEREFORE, be it ordained by the Board of Directors of the Mission Hills Community Services District, Santa Barbara County, California as follows:

ARTICLE I - GENERAL PROVISIONS

Section 1. Recitals.

The Recitals are true and correct and incorporated herein by this reference. The Recitals and referenced reports and studies contained therein constitute and/or support the findings of the District in support of this Ordinance.

Section 2. Definitions.

All definitions of terms used herein are the same as contained in Ordinance 19-83 and are applicable.

Section 4. Repealer.

Section 1 of Ordinance No. 19-83 is hereby repealed, effective 11:59 pm, September 18, 2024. Thenceforth, all water and sewer connection fees previously becoming due and payable shall be collected under provisions of this Ordinance and as otherwise authorized by law,

Section 5. Right to Determine the Applicability of Rates.

The District reserves the right to determine the applicability of any charges and fees and to consider applications for adjustment to the timing or terms and conditions for payment charges and fees set by the District.

Section 6. Non-Routine Services.

All non-routine services provided by the District whose charges are not covered by ordinance shall be charged at the hourly rate of the person performing the service plus the current overhead rate as determined by the General Manager.

Section 7. Quality.

Whenever furnished for human consumption or domestic uses, the District will endeavor to meet the requirements of the State Health Department and provide water that is wholesome, potable, in no way harmful or dangerous to health, and insofar as practicable, free from objectionable odors, taste, color, and turbidity. However, the District cannot be responsible for meeting these objectives nor can it guarantee the quality of water to its customers.

Section 8. Conditions of Service.

As a condition of water and sewer services, it shall be the responsibility of the applicant for said service to connect to the District water meter and/or sewer line by the approved District Standards. Each lot or parcel of land, as shown on the current parcel map in the Office of the Assessor of the county of Santa Barbara, shall be served through and have a separate water meter and/or sewer lateral. No water or sewer piping shall cross lot or parcel boundary lines to serve any other lot or parcel without the approval of the District Manager and the explicit agreement of the District Board of Directors.

ARTICLE II – SCHEDULE OF FEES TO CONNECT TO DISTRICT FACILITIES

Section 1. Connection Fee Charges.

Connection Fees to connect previously unconnected premises or lots of parcels of land to the District’s Water and/or Sewer Systems are hereby established. Said Connection Fees are not transferable and are due and payable 1) at the time application is made for service to the subdivision, and 2) before physical connection for properties, per the following aggregate rate schedule or as amended by Board approved Development Agreement.

Water Facilities.

Connection, direct or indirect, of any parcel, lot or premise to the District Water System.

Meter Size (Inches)	Flow Rate (Gpm) Max	Ratio	Water Connection Fee
$\frac{5}{8}$, - 1	50	1.00	\$8,667
1 ½	100	2.00	\$21,094.88
2	160	3.20	\$33,751.80
3	320	6.40	\$67,503.60
4	500	10.00	\$105,474.38
6	1,000	20.00	\$210,948.76
8	2,800	56.00	\$590,656.52

Sewer Facilities.

Connection, direct or indirect, of any parcel, lot or premise to the District Sewer System except hotels, motels, or school/meeting facilities; **\$7,927.33 per Equivalent Dwelling Unit (EDU)** One EDU is a Single-Family Residential unit)

All Other Facilities Fees to be determined individually based upon current standards, as allowed by Article I, Section 5.

Section 2. Metered Service Installation

All service connections to the Water System of the Mission Hills Community Service District and the installation of water meters with respect thereto shall be made only by the Mission Hills Community Services District, its authorized agents or employees.

ARTICLE VI- MISCELLANEOUS

Section 1.

All ordinances, resolutions, or administrative actions by the Board, or parts thereof, which are inconsistent with any provision of this Ordinance are hereby superseded only to the extent of such inconsistency.

Section 2.

If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The Board of Directors hereby declares that it would have passed this Ordinance, and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

Section 3.

This Ordinance shall take effect and be in full force and effect sixty (60) days after the date of its adoption. The rates and charges adopted by this Ordinance shall take effect November 17, 2024

Section 4.

Within fifteen (15) days following adoption, this Ordinance shall be published at least once, together with the names of the Directors voting thereon, in a newspaper of general circulation within the District. Additionally, this Ordinance shall be posted for one week in three (3) public places in the District.

Introduced and approved at a meeting of the Board of Directors on March 20, 2019, and passed and adopted by the Board of Directors of the Mission Hills Community Services District on September 18, 2024, by the following roll call vote:

AYES: **Directors:**
NOES:
ABSENT:
ABSTAIN:

Jorge Magana, President
Board of Directors

ATTEST:

Lupe Huitron, Secretary



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