November 5, 2026

CONSENT ITEM STAFF REPORT

ITEM 7.D. Receive and File Financial Audit for Fiscal Year Ended June 30, 2025

Recommendation:

Receive and File

Discussion:
The District recently received the final version of the Financial Audit for Fiscal Year ended June 30, 2025. The auditor issued an unmodified opinion that the financial statement are presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Attachments:
1. Audit for year ended 6/30/2025

SAN SIMEON COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS
June 30, 2025

SAN SIMEON COMMUNITY SERVICES DISTRICT
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June 30, 2025

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INTRODUCTORY SECTION

SAN SIMEON COMMUNITY SERVICES DISTRICT
ORGANIZATION
June 30, 2025

Board of Directors

Name	Office	Term Expires
Jacqueline Diamond	First Chair	2026
Karina Tiwana	Director	2026
Holly Le	Director	2026
Michael Donahue	Director	2026

FINANCIAL SECTION

Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Simeon Community Services District
San Simeon, California

Opinions

We have audited the accompanying financial statements of the business-type activities and the major fund of the San Simeon Community Services District, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the San Simeon 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 San Simeon Community Services District, as of June 30, 2025, 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 San Simeon 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 San Simeon 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.

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- 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 San Simeon 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 San Simeon 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.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section and the schedules of revenues, expenses, and changes in net position by function on pages 1, 15, and 16 are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The schedules of revenues, expenses, and changes in net position by function are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenses, and changes in net position by function are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2026, on our consideration of the San Simeon 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 Authority's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the San Simeon Community Services District's 2024 financial statements, and our report dated February 20, 2025 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss, Levy & Hartzheim LLP

Santa Maria, California
July 2, 2026

SAN SIMEON COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2025
with Comparative Totals for June 30, 2024

	2025	2024
ASSETS		
Current Assets:		
Petty cash	$ 150	$ 150
Cash and investments	1,179,648	1,282,912
Accounts receivable	169,338	165,933
Total current assets	1,349,136	1,448,995
Capital Assets:		
Non-depreciable:		
Construction in progress	331,172	331,172
Depreciable:		
Sewer plant	1,797,238	1,797,238
Water plant	1,634,391	1,634,391
Building	279,580	279,580
Equipment	12,690	12,690
Land improvements	26,791	26,791
Less: Accumulated depreciation	(1,888,109)	(1,804,702)
Net capital assets	2,193,753	2,277,160
Total assets	3,542,889	3,726,155
LIABILITIES		
Current Liabilities:		
Accounts payable	67,951	198,830
Customer deposits	101,589	101,589
Unearned revenue	678,999	678,999
Current portion of loan payable	9,822	9,557
Total current liabilities	858,361	988,975
Long-Term Liabilities		
Long-term portion of loan payable	387,824	397,642
Total long-term liabilities	387,824	397,642
Total Liabilities	1,246,185	1,386,617
NET POSITION		
Net investment in capital assets	1,796,107	1,869,961
Restricted for:		
USDA loan reserve	25,690	25,690
Unrestricted:		
Board assigned for water capital improvements	198,978	198,978
Board assigned for wastewater capital improvements	199,048	199,048
Board assigned for general capital improvements	50,051	50,051
Board committed for operating reserves	340,000	340,000
Undesignated	(313,170)	(344,190)
Total net position	$ 2,296,704	$ 2,339,538

See accompanying notes to basic financial statements.

SAN SIMEON COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	2025	2024
Operating Revenues:		
Services-waste	$ 475,962	$ 502,561
Services-water	433,523	451,437
State of CA-Hearst Castle	76,996	
Services-other	105,364	104,901
Late fees and adjustments	(13,335)	25,233
Total operating revenues	1,078,510	1,084,132
Operating Expenses:		
Accounting	19,850	
Bank fees	1,689	1,373
Bookkeeping	45,181	55,825
Directors' fees	3,600	4,700
Payroll expenses	1,029	1,093
Dues and subscriptions	5,040	5,858
Election expense	405	
Road maintenance		53,588
Insurance-health		10
PERS Retirement	17,658	12,994
Insurance-liability	12,965	13,797
LAFCO budget allocation	3,484	6,327
Legal fees	94,431	100,974
Licenses and permits	17,682	19,519
Miscellaneous	2,285	24,570
Depreciation	83,407	87,542
Office expenses	45,712	28,602
Operations management	627,062	723,895
Repairs and maintenance allowance - GES contract		64,381
Professional fees	133,212	198,394
Emergency stand by	15,202	27,113
Repairs	16,467	13,221
Utilities	118,201	114,337
Website	7,800	5,588
Weed abatement	6,330	5,090
Total operating expenses	1,278,692	1,568,791
Net operating income (loss)	(200,182)	(484,659)
Non-Operating Revenues (Expenses):		
Property taxes	119,028	91,861
Interest expense	(11,136)	(11,390)
Interest income	49,456	21,686
Total non-operating revenues (expenses)	157,348	102,157
Capital Contributions:		
Grant income		25,118
Total capital contributions		25,118
Changes in net position	(42,834)	(357,384)
Net position - beginning of fiscal year	2,339,538	2,696,922
Net position - end of fiscal year	$ 2,296,704	$ 2,339,538

See accompanying notes to basic financial statements.

SAN SIMEON COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	2025	2024
Cash Flows From Operating Activities:		
Receipts from customers and users	$ 1,075,105	$ 1,037,962
Payments to suppliers	(1,321,535)	(1,536,808)
Payments to employees	(4,629)	(5,803)
Net cash used by operating activities	(251,059)	(504,649)
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets		(43,478)
Capital grants		25,118
Interest payments	(11,136)	(11,390)
Principal loan payments	(9,553)	(9,300)
Net cash used by capital and related financing activities	(20,689)	(39,050)
Cash Flows from Noncapital Financing Activities:		
Property taxes	119,028	91,861
Net cash provided by noncapital and related financing activities	119,028	91,861
Cash Flows from Investing Activities:		
Investment income	49,456	21,686
Net cash provided by investing activities	49,456	21,686
Net decrease in cash and cash equivalents	(103,264)	(430,152)
Cash and cash equivalents, beginning of fiscal year	1,283,062	1,713,214
Cash and cash equivalents, end of fiscal year	$ 1,179,798	$ 1,283,062
Reconciliation to Statement of Net Position		
Petty cash	$ 150	$ 150
Cash and investments	1,179,648	1,282,912
	$ 1,179,798	$ 1,283,062
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating loss	$ (200,182)	$ (484,659)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	83,407	87,542
Change in Operating Assets and Liabilities:		
(Increase) decrease in accounts receivable	(3,405)	(46,070)
Increase (decrease) in accounts payable	(130,879)	23,638
Increase (decrease) in customer deposits		(100)
Increase (decrease) in legal settlement payable		(85,000)
Net cash used by operating activities	$ (251,059)	$ (504,649)

See accompanying notes to basic financial statements.

NOTE 1 - NATURE OF DISTRICT

San Simeon Community Services District (the "District") is a political subdivision of the State of California. The District administers the following community services as provided by its charter: water, sanitation, streets, lighting, weed abatement, and general and administrative services.

The District is a Community Services District as defined under State Code Section: 61000. A Community Services District is a public agency (State Code Section: 12463.1) which is a State instrumentality (State Code Section: 23706). State instrumentalities are exempt from federal and state income taxes.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies - The accounting policies of the District conform with 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. Basis of Accounting - 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. Budget - Although a budget is adopted annually, it is used primarily as a guideline for the Board in regulating expenditures. There is no legal requirement to stay within the adopted budget in the payment or classification of expenditures.

D. Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand and in banks and short-term, highly liquid investments with a maturity of three months or less, which include money market funds, cash management pools in County Treasury and the state Local Agency Investment Fund (LAIF). Cash held in the county and state pooled funds is carried at cost, which approximates fair value. Interest earned is deposited quarterly into the participant's fund. Any investment losses are proportionately shared by all funds in the pool. The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

E. Property, Plant and Equipment - Capital assets purchased by the District are recorded at cost. Contributed or donated capital assets are recorded at fair value when acquired.

F. Depreciation - Capital assets purchased by the District are depreciated over their estimated useful lives (ranging from 5-50 years) under the straight-line method of depreciation.

G. Receivables - The District did not experience any significant bad debt losses; accordingly, no provision has been made for doubtful accounts, and accounts receivable is shown at full value.

H. Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

I. Customer Deposits - Customer deposits are recorded as a liability of the District. The District requires an advance deposit of $50 for new customers.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Net Position (Continued) - Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the net position that has external constraints placed on them by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

K. 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.

L. Comparative Data/Total Only - Comparative total data for the prior fiscal year has been presented in certain accompanying financial statements in order to provide an understanding of the changes in the District's financial position, operations, and cash flows. Also, certain prior fiscal amounts may have been reclassified to conform to the current fiscal year financial statements presentation.

M. Property Taxes - The County levies, bills, and collects property taxes and special assessments for the District. Property taxes levied are recorded as revenue in the fiscal year of levy, due to the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the District and the County. The Teeter Plan authorizes the Auditor/Controller of the County to allocate 100% of the secured property taxes billed, excluding unitary tax (whether paid or unpaid). The County remits tax monies to the District every month and twice a month in December and April. The final amount which is "teetered" is remitted in August each year.

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Property valuations are established by the Assessor of the County for the secured and unsecured property tax rolls. Under the provisions of Article XIIIA of the State Constitution, properties are assessed at 100% of purchase price or value in 1978 whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

M. Future Accounting Pronouncements

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

Statement No. 103	"Financial Reporting Model Improvements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.
Statement No. 104	"Disclosure of Certain Capital Assets"	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.
Statement No. 105	"Subsequent Events"	The provisions of this statement are effective for fiscal years beginning after June 15, 2026.

NOTE 3 - CASH AND INVESTMENTS

Investments are carried at fair value. On June 30, 2025, the District had the following cash and temporary investments on hand:

Deposits:	
Cash on hand	$ 150
Cash in banks	48,176
	48,326
Investments:	
Money market funds	61,851
California CLASS	1,069,000
State of California Local Agency Investment Fund (LAIF)	621
	1,131,472
Total Cash and Investments	$1,179,798

Cash and investments are presented on the accompanying basic financial statements, as follows:

Petty cash	$ 150
Cash and investments	1,179,648
Total cash and investments	$1,179,798

The District categorizes its fair value measurements within the fair value hierarchy established by U.S. Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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. There are no investments measured under Levels 1, 2, or 3.

Investments Authorized by the District's Investment Policy

The following table 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
Federal Agency Securities	N/A	None	None
Banker's Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase and Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	20%	None
Mutual Funds	N/A	20%	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Fund	N/A	None	None
California CLASS	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	$75,000,000
State Registered Warrants, Notes or Bonds	N/A	None	None
Notes and Bonds for other Local California Agencies	5 years	None	None

NOTE 3 - CASH AND INVESTMENTS (Continued)

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:

		Remaining Maturity (in Months)			
Investment Type	Carrying Amount	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
Money market funds	$ 61,851	$ 61,851	$ -	$ -	$ -
California CLASS	1,069,000	1,069,000			
LAIF	621	621			
Total	$ 1,131,472	$ 1,131,472	$ -	$ -	$ -

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 (where applicable) the California Government Code and the actual rating as of fiscal year end for each investment type.

		Minimum	Exempt	Rating as of Fiscal Year End		
Investment Type	Carrying Amount	Legal Rating	From Disclosure	AAA	Aa	Not Rated
Money market funds	$ 61,851	N/A	$ -	$ -	$ -	$ 61,851
California CLASS	1,069,000	N/A				1,069,000
LAIF	621	N/A				621
Total	$1,131,472		$ -	$ -	$ -	$1,131,472

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 that represent 5% or more of total District's investments that are required to be reported.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

NOTE 3 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

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 and the District's investment policy do 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.

NOTE 4 – SCHEDULE OF CAPITAL ASSETS

A schedule of changes in capital assets and depreciation for the fiscal years ended June 30, 2025, and June 30, 2024, are shown below and on the following page:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Non-depreciable capital assets:				
Construction in progress	$ 331,172	$ -	$ -	$ 331,172
Total non-depreciable capital assets	$ 331,172	$ -	$ -	$ 331,172
Depreciable capital assets:				
Sewer plant	$ 1,797,238	$ -	$ -	$ 1,797,238
Water plant	1,634,391			1,634,391
Building	279,580			279,580
Land improvements	26,791			26,791
Equipment	12,690			12,690
	3,750,690			3,750,690
Accumulated depreciation	1,804,702	83,407		1,888,109
Total depreciable capital assets	$ 1,945,988	$ (83,407)	$ -	$ 1,862,581
Net capital assets	$ 2,277,160	$ (83,407)	$ -	$ 2,193,753

NOTE 4 – SCHEDULE OF CAPITAL ASSETS (Continued)

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Non-depreciable capital assets:				
Construction in progress	$ 287,694	$ 43,478	$ -	$ 331,172
Total non-depreciable capital assets	$ 287,694	$ 43,478	$ -	$ 331,172
Depreciable capital assets:				
Sewer plant	$ 1,797,238	$ -	$ -	$ 1,797,238
Water plant	1,634,391			1,634,391
Building	279,580			279,580
Land improvements	26,791			26,791
Equipment	12,690			12,690
	3,750,690			3,750,690
Accumulated depreciation	1,717,160	87,542		1,804,702
Total depreciable capital assets	$ 2,033,530	$ (87,542)	$ -	$ 1,945,988
Net capital assets	$ 2,321,224	$ (44,064)	$ -	$ 2,277,160

Depreciation expense for the fiscal years ended June 30, 2025 and 2024 was $83,407 and $87,542 respectively.

NOTE 5 – CUSTOMER DEPOSITS

The liability for customer deposits consists of the following as of June 30, 2025 and 2024:

	2025	2024
Hook-up deposits	$ 93,539	$ 93,539
Customer meter deposits	8,050	8,050
	$ 101,589	$ 101,589

The hook-up deposits are from customers on a waiting list to connect into the system. Each deposit represents total hook-up fees owed by the customer based on the fee schedule in place at the time of the payment. Additional fees may be required from the customer, based on the current fee schedule, when the utility connection is completed.

Customer meter deposits consist of a $50 refundable deposit required for each metered customer before any service can be provided by the District.

NOTE 6 – LOAN PAYABLE

On July 11, 2011, the District applied for a $500,000 loan from the United States Department of Agriculture. The loan was approved, and the District began to draw on the loan during the 13/14 fiscal year. The District is required to make semi-annual payments of $10,345. The agreement is secured by a first lien and a pledge of revenues from the water system. In the event of a default by the District, the remaining amount of the note shall become due. Future minimum payments are as follows on the next page:

NOTE 6 – LOAN PAYABLE (Continued)

Fiscal year Ended June 30,	Principal	Interest	Total
2026	$ 9,822	$ 10,868	$ 20,690
2027	10,094	10,596	20,690
2028	10,374	10,316	20,690
2029	10,661	10,029	20,690
2030	10,956	9,734	20,690
2031-2035	59,501	43,949	103,450
2036-2040	68,208	35,242	103,450
2041-2045	78,188	25,262	103,450
2046-2050	89,629	13,821	103,450
2051-2053	50,213	11,857	62,070
Total	$ 397,646	$ 181,674	$ 579,320

NOTE 7 – LONG TERM LIABILITIES – SCHEDULE OF CHANGES

A schedule of changes in long-term liabilities for the fiscal years ended June 30, 2025 and June 30, 2024, are shown below:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due within one year
Loan payable (Direct Borrowing)	$ 407,199	$ -	$ 9,553	$ 397,646	$ 9,822
Totals	$ 407,199	$ -	$ 9,553	$ 397,646	$ 9,822

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due within one year
Loan payable (Direct Borrowing)	$ 416,499	$ -	$ 9,300	$ 407,199	$ 9,557
Totals	$ 416,499	$ -	$ 9,300	$ 407,199	$ 9,557

NOTE 8 – JOINT POWERS AUTHORITY

The District is a member of the Special District Risk Management Authority (S.D.R.M.A.), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et. Seq. In becoming a member of the S.D.R.M.A., the District elected to participate in the risk financing programs listed below for the program period July 1, 2024 through June 30, 2025.

General and Auto Liability, Public Officials' and Employees' Errors, and Employment Practices Liability and Employee Benefits Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201112. This covers $2,500,000 per occurrence, subject to policy deductibles.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 201112. This policy includes a $400,000 Public Employee Dishonesty Blanket Coverage.

Property Loss: Special District Risk Management Authority, coverage number PPC SDRMA 201112. This policy covers the replacement cost for property on file, $1,000,000,000 per occurrence, subject to policy deductibles.

NOTE 8 – JOINT POWERS AUTHORITY (Continued)

Boiler and Machinery: Special District Risk Management Authority, coverage number BMC SDRMA 201112. This covers $100,000,000 per occurrence, subject to policy deductibles.

The District also participated in the elective comprehensive/collision coverage on selected vehicles, subject to policy deductibles.

Personal Liability Coverage for Board Members: This policy covers $500,000 per occurrence, coverage number LCA SDRMA 201112, annual segregate per each selected/appointed official, subject to policy deductibles.

Members are subject to dividends and/or assessments, in accordance with Second Amended Joint Powers Agreement and amendments thereto, on file with the District. No such dividends have been declared, nor have any assessments been levied.

NOTE 9 – CONTINGENCIES AND SUBSEQUENT EVENTS

The District sent a Resolution of Application for Dissolution to LAFCO in late May 2024 identifying the District request for the County to take over District operations. The response letter from LAFCO identified how the County and the District need to collaborate to a successful dissolution. The District formed a re-organization Board in October 2024 to address the process and have scheduled monthly meetings with the County. The dissolution process is quite complicated in identifying how finances, property, property taxes, water and wastewater operations, administrative functions, as well as necessary physical upgrades to District functions and equipment will be transferred to the County and the process is currently ongoing.

SUPPLEMENTARY INFORMATION

SAN SIMEON COMMUNITY SERVICES DISTRICT
SCHEDULE OF REVENUES AND EXPENSES BY FUNCTION
For the Fiscal Year Ended June 30, 2025

	Sanitation Fund	Water Fund	General	Total
Operating Revenues:				
Utility sales	$ 475,962	$ 433,523	$ -	$ 909,485
Service charges			105,364	105,364
State of CA-Dept. of Parks and Recreation	76,996			76,996
Late fees and adjustments			(13,335)	(13,335)
Total operating revenues	552,958	433,523	92,029	1,078,510
Operating Expenses:				
Accounting	6,617	6,617	6,616	19,850
Bank fees			1,689	1,689
Bookkeeping			45,181	45,181
Directors' fees	1,433	1,433	734	3,600
Payroll expenses	250	250	529	1,029
Dues and subscriptions	2,485	2,485	70	5,040
Election expense			405	405
PERS Retirement	8,829	8,829		17,658
Insurance-liability	5,249	6,562	1,154	12,965
LAFCO budget allocation	1,161	1,161	1,162	3,484
Legal fees	31,477	31,477	31,477	94,431
Licenses and permits	16,793	889		17,682
Miscellaneous	566	566	1,153	2,285
Depreciation	36,856	43,713	2,838	83,407
Office expenses	9,920	9,920	25,872	45,712
Operations management	362,040	249,816	15,206	627,062
Professional fees	49,136	63,028	21,048	133,212
Emergency stand by		15,202		15,202
Repairs	8,233	8,140	94	16,467
Utilities	54,055	54,054	10,092	118,201
Website	3,900	3,900		7,800
Weed abatement	6,330			6,330
Total operating expenses	605,330	508,042	165,320	1,278,692
Net operating income (loss)	(52,372)	(74,519)	(73,291)	(200,182)
Non-Operating Revenues (Expenses):				
Property taxes			119,028	119,028
Interest expense		(11,136)		(11,136)
Interest income			49,456	49,456
Total non-operating revenues (expenses)		(11,136)	168,484	157,348
Change in net position	$ (52,372)	$ (85,655)	$ 95,193	$ (42,834)

SAN SIMEON COMMUNITY SERVICES DISTRICT
SCHEDULE OF REVENUES AND EXPENSES BY FUNCTION
For the Fiscal Year Ended June 30, 2024

	Sanitation Fund	Water Fund	General	Total
Operating Revenues:				
Utility sales	$ 502,561	$ 451,437	$ -	$ 953,998
Service charges			104,901	104,901
Late fees and adjustments			25,233	25,233
Total operating revenues	502,561	451,437	130,134	1,084,132
Operating Expenses:				
Bank fees			1,373	1,373
Bookkeeping	8,460	8,460	38,905	55,825
Directors' fees	1,734	1,733	1,233	4,700
Payroll expenses	120	120	853	1,093
Dues and subscriptions	2,572	3,086	200	5,858
Road maintenance			53,588	53,588
Insurance-health	5	5		10
PERS Retirement	6,497	6,497		12,994
Insurance-liability	2,928	3,660	7,209	13,797
LAFCO budget allocation	2,109	2,109	2,109	6,327
Legal fees	30,799	32,536	37,639	100,974
Licenses and permits		16,195	3,324	19,519
Miscellaneous	656	656	23,258	24,570
Depreciation	39,350	43,835	4,357	87,542
Office expenses	6,195	6,195	16,212	28,602
Operations management	397,260	315,468	11,167	723,895
Repairs and maintenance allowance - GES contract	39,251	20,187	4,943	64,381
Professional fees	79,398	64,411	54,585	198,394
Emergency stand by		27,113		27,113
Repairs	9,482	3,646	93	13,221
Utilities	52,782	52,231	9,324	114,337
Website	2,361	2,361	866	5,588
Weed abatement	5,090			5,090
Total operating expenses	687,049	610,504	271,238	1,568,791
Net operating income (loss)	(184,488)	(159,067)	(141,104)	(484,659)
Non-Operating Revenues (Expenses):				
Property taxes			91,861	91,861
Interest expense		(11,390)		(11,390)
Interest income			21,686	21,686
Total non-operating revenues (expenses)		(11,390)	113,547	102,157
Capital Contributions				
Grant income	25,118			25,118
Total capital contributions	25,118			25,118
Change in net position	$ (159,370)	$ (170,457)	$ (27,557)	$ (357,384)