

SQUIRE CANYON COMMUNITY SERVICES DISTRICT

1 Squire Road, San Luis Obispo, California 93401
(805) 835-3163

www.squirecanyoncsd.com

AGENDA FOR BOARD OF DIRECTORS SPECIAL MEETING

WEDNESDAY, OCTOBER 21, 2026, 6:00 PM

Avila Beach Community Services District Office, 100 San Luis Street, Avila Beach, California

1. CALL TO ORDER:

2. ROLL CALL:

Board Members

Zack Scott, President
Elizabeth Cziraki, Vice President
Fernando Campos, Director
Mike Callahan, Director
Amanda Duda, Director

Staff

Brad Hagemann, GM

3. PUBLIC COMMENT:

Any member of the public may address the Board relating to any matter within the Board of Director's jurisdiction, provided that the matter is NOT on the Board's Agenda. Presentations are limited to three (3) minutes or otherwise at the discretion of the Board President. Please note that pursuant to the Brown Act, the Board of Directors can only act on those items specifically listed on the Agenda.

4. CONSENT ITEMS:

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

- A. Approval of Minutes for July 23, 2026, Special Board meeting
- B. Review and Approval of Warrant Register
- C. Financial Report

5. GENERAL MANAGER REPORT:

Oral Report

6. BUSINESS ITEMS:

A. Receive the FY 2018/19 Financial Audit Prepared by Nigro & Nigro: Review, comment, receive and file audit. Discuss the status of the other on-going audit reports. **Possible board action.**

B. Road Repair and Maintenance: Status Report on Repair and Maintenance Projects and Board Consideration of New Road Repair Projects. **Possible board action.**

C. Board of Director's Recommendation to fill vacant Director Positions: Director Campos and Director Callahan 4-year term's end in December 2026. In addition, Director Duda was appointed to a partial term and her term also ends in December 2026. No one applied for the vacant positions; therefore, the County Clerk's Office is requesting the Board's recommendation to fill the three vacant spots. **Possible board action.**

7. ADJOURNMENT

The next Board meeting is scheduled to be held on **Tuesday, January 12th, 2027, at 6:00 pm** at the Avila Beach Community Services District office, 100 San Luis Street, Avila Beach, California.

Squire Canyon Community Services District
Board of Directors
1 Squire Canyon
San Luis Obispo, CA 93401
(805) 835-3163

www.squirecanyoncsd.com

July 23, 2026 Special Meeting Minutes

Please Note: The Board meets quarterly. It is the policy of the District to post draft minutes to our web site prior to the next Board Meeting to provide information regarding issues and decisions made. ****If you would like to have your copy of the agenda sent electronically (via email), please contact the District General Manager, Brad Hagemann at hagemann.associates@gmail.com and request to be added to the electronic distribution list.**

These Minutes are in draft form and subject to Board approval at their next meeting.

1. Call to Order: President Scott called the meeting to order at 6:11 PM.

2. Roll Call: **Board Members present:** President Scott, Vice President Cziraki, Director Duda
Board members absent: Director Campos and Director Callahan
Staff present: Brad Hagemann, General Manager.

3. Public Comments: No public in attendance

4. Consent Items:

- A. Approval of Minutes for the May 19, 2026, Special Board meeting
- B. Review and Approval of Warrant Register
- C. Review and Approval of the Financial Report

After some Board discussion, **Director Duda moved to approve the consent agenda. Director Cziraki seconded the motion and the motion carried 3-0, with two members absent.**

5. General Manager Report. GM provided a quick oral report noting that Director Callahan and Director Campos 4-year terms expire in December, 2026. These are four year terms that expire in December, 2030. In addition, Director Duda was initially appointed to a partial (two years or less) term, therefore, her term also expires in December 2026. This vacancy will be a partial term, that will expire in December 2028. If the Directors wish to run for election they should go to the County Clerk's Office and sign up. If no one applies for the position(s) the Board of Supervisors will have an opportunity to appoint someone to these vacancies.

6. Business Items:

- A. **Consider adoption of Resolution No. 2026-02, approving the FY 2026/27 Assessment Rates and authorizing the special assessment for road maintenance.** Director Scott made a motion to adopt Resolution No. 2026-02. Director Duda seconded the motion. **The motion passed 3-0 with two members absent.**
- B. **Fiscal Year 2026/27 Budget Adoption:** The Board discussed the draft annual budget. After some discussion, Director Scott made a motion to approve the FY 26/27 Budget as drafted. Director Cziraki seconded the motion. **The motion passed 3-0 with two members absent.**

- C. **Comments of LAFCO draft Municipal Services Review (MSR):** LAFCO staff is requesting comments on the draft MSR. Director Cziraki had a few questions on the draft report. GM Hagemann stated that he would send his comments to LAFCO for their consideration.
- D. **Road Repair and Maintenance:** The Board members discussed potential road maintenance projects. However, they were also mindful that a good portion of this year's budget would be needed to complete the Financial audits being prepared by Nigro & Nigro. Director Scott made a motion to approve up to \$10,000 for extending the concrete retaining wall on Indian Knob conditional upon at least two of the Directors approving the detailed scope of work. Director Cziraki seconded the motion. **The motion passed 3-0 with two members absent.**

7. Adjournment

There being no further business, the meeting was adjourned at approximately 7:30 PM.

The next meeting of the Squire Canyon Community Services District was scheduled to be held on Tuesday October 13, 2026, at 6:00 PM, conditional upon a quorum being met.

APPROVED AS TO FORM:

Zach Scott
President, Board of Directors
Squire Canyon Community Services District

Respectfully submitted,

Brad Hagemann
General Manager/Secretary

Squire Canyon Community Services District

Balance Sheet
As of Sep 30, 2026

	Total
Assets	
Current Assets	
Bank Accounts	
1000 Cash Summary	
1004 Checking-Heritage Oaks	6,258.21
1005 Savings-Heritage Oaks	32,348.25
Total for 1000 Cash Summary	\$38,606.46
Total for Bank Accounts	\$38,606.46
Other Current Assets	
1300 Prepaid Expenses	0.00
Total for Other Current Assets	\$0.00
Total for Current Assets	\$38,606.46
Total for Assets	\$38,606.46
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 Accrued Expenses	4,500.00
Total for Accounts Payable	\$4,500.00
Total for Current Liabilities	\$4,500.00
Total for Liabilities	\$4,500.00
Equity	
3000 Opening Balance Equity	38,686.94
3200 Retained Earnings	20,874.48
Net Income	-25,454.96
Total for Equity	\$34,106.46
Total for Liabilities and Equity	\$38,606.46

Squire Canyon Community Services District

Profit and Loss
July-September, 2026

	Total
Income	
4000 Income Summary	
4001 Assessments Collected	473.33
4005 Interest Income	4.89
Total for 4000 Income Summary	\$478.22
Total for Income	\$478.22
Gross Profit	\$478.22
Expenses	
5000 Administrative Overhead	
5005 Insurance	4,264.98
5030 Professional Fees	
5030.01 Auditor	15,750.00
5030.04 Management	2,375.00
Total for 5030 Professional Fees	\$18,125.00
5035 Web Site Expense	943.20
Total for 5000 Administrative Overhead	\$23,333.18
5500 Road Repair & Maintenance	
5520 Weed & Brush Control	2,600.00
Total for 5500 Road Repair & Maintenance	\$2,600.00
Total for Expenses	\$25,933.18
Net Operating Income	-\$25,454.96
Net Income	-\$25,454.96

Squire Canyon Community Services District

Warrant Register-Checking

July 1, 2026 through September 30, 2026

Transaction date	Transaction type	Num	Name	Description	Cleared	Amount
1004 Checking-Heritage Oaks						
07/21/2026	Check	928	Cesar's Landscaping	Inv. # 3280 Dated 7/8/2026	Reconciled	-2,600.00
07/21/2026	Check	928	Cesar's Landscaping	Weed abatement, brush removal Squire Canyon Road		1,600.00
07/21/2026	Check	928	Cesar's Landscaping	Weed abatement, brush removal Indian Knob		1,000.00
07/21/2026	Check	929	Streamline Inc	Inv 5F2A06C4-0005 Annual Web SCCSD May 2026 - 2027	Reconciled	-943.20
07/21/2026	Check	929	Streamline Inc	Inv 5F2A06C5-0004 Annual Web Hosting Services SCCSD May 1 2026 - May 1 2027		943.20
07/21/2026	Check	930	SDRMA	Ref #80152 FY 2026/27 Prop & Liability Insurance	Reconciled	-4,264.98
07/21/2026	Check	930	SDRMA	FY 2026/27 Prop & Liability Insurance Inv# 80152		4,264.98
07/21/2026	Check	931	Nigro & Nigro PC	Financial Audits Inv. # 24386	Reconciled	-
07/21/2026	Check	931	Nigro & Nigro PC	Audits June 30, 2019 to June 30, 2025. 7 ea at \$4,500		15,750.00
07/21/2026	Check	932	Hagemann and Associates	GM Services, Feb, Mar, Apr, May, June, July 2026 Inv #1294	Reconciled	-2,375.00
07/21/2026	Check	932	Hagemann and Associates	GM Services, Feb, Mar, Apr, May, June, July 2026 Inv #1294		2,375.00

**SQUIRE CANYON
COMMUNITY SERVICES DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2019
(With Comparative Amounts as of June 30, 2018)**

NIGRO & NIGRO^{PC}

SQUIRE CANYON COMMUNITY SERVICES DISTRICT

For the Fiscal Year Ended June 30, 2019

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Squire Canyon Community Services District
San Luis Obispo, California

Opinion

We have audited the accompanying financial statements of the governmental activities and general fund of the Squire Canyon Community Services District (District) as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 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 governmental activities and the general fund of the District, as of June 30, 2019, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 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 opinion.

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 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 opinion. 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 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 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 not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America requires 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2018, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated October 21, 2026, on our consideration of the 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.



Murrieta, California
October 21, 2026

SQUIRE CANYON COMMUNITY SERVICES DISTRICT*Statement of Net Position**June 30, 2019**(With Comparative Amounts as of June 30, 2018)*

	Governmental Activities	
	2019	2018
ASSETS		
Cash and cash equivalents (Note 2)	\$ 96,791	\$ 97,792
Prepaid items	-	1,215
Total assets	96,791	99,007
LIABILITIES		
Accounts payable and accrued expenses	4,500	-
Total liabilities	4,500	-
NET POSITION		
Unrestricted	92,291	99,007
Total net position	\$ 92,291	\$ 99,007

SQUIRE CANYON COMMUNITY SERVICES DISTRICT*Statement of Activities**For the Fiscal Year Ended June 30, 2019**(With Comparative Amounts for the Year Ended June 30, 2018)*

	Governmental Activities	
	2019	2018
EXPENSES		
Road maintenance	\$ 16,690	\$ 28,282
Professional services	20,938	18,248
General and administrative	2,183	1,859
Fire protection - weed abatement	-	2,100
Total expenses	39,811	50,489
GENERAL REVENUES		
Property assessments	33,006	32,347
Investment earnings	89	119
Total general revenues	33,095	32,466
CHANGE IN NET POSITION	(6,716)	(18,023)
NET POSITION		
Beginning of year	99,007	117,030
End of year	<u>\$ 92,291</u>	<u>\$ 99,007</u>

SQUIRE CANYON COMMUNITY SERVICES DISTRICT*Balance Sheet – Governmental Funds**June 30, 2019**(With Comparative Amounts as of June 30, 2018)*

		General Fund	
		2019	2018
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents		\$ 96,791	\$ 97,792
Prepaid items		-	1,215
Total assets		\$ 96,791	\$ 99,007
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable and accrued expenses		\$ 4,500	\$ -
Total liabilities		4,500	-
FUND BALANCE (Note 3)			
Nonspendable		-	1,215
Unassigned		92,291	97,792
Total fund balances		92,291	99,007
Total liabilities and fund balances		\$ 96,791	\$ 99,007

SQUIRE CANYON COMMUNITY SERVICES DISTRICT***Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019******(With Comparative Amounts as of June 30, 2018)***

	2019	2018
Fund Balance – Governmental Fund	<u>\$ 92,291</u>	<u>\$ 99,007</u>
Amounts reported for governmental activities in the statement of net position are different because:		
No Reconciling Adjustments	<u>-</u>	<u>-</u>
Net Position of Governmental Activities	<u><u>\$ 92,291</u></u>	<u><u>\$ 99,007</u></u>

SQUIRE CANYON COMMUNITY SERVICES DISTRICT**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**
For the Fiscal Year Ended June 30, 2019
(With Comparative Amounts for the Year Ended June 30, 2018)

	General Fund	
	2019	2018
REVENUES		
Property assessments	\$ 33,006	\$ 32,347
Investment earnings	89	119
Total revenues	33,095	32,466
EXPENDITURES		
Current:		
Road maintenance	16,690	28,282
Professional services	20,938	18,248
General and administrative	2,183	1,859
Fire protection - weed abatement	-	2,100
Total expenditures	39,811	50,489
NET CHANGE IN FUND BALANCE	(6,716)	(18,023)
FUND BALANCE:		
Beginning of year	99,007	117,030
End of year	<u>\$ 92,291</u>	<u>\$ 99,007</u>

SQUIRE CANYON COMMUNITY SERVICES DISTRICT***Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities******For the Fiscal Year Ended June 30, 2019******(With Comparative Amounts for the Year Ended June 30, 2018)***

	2019	2018
Net Change in Fund Balance – Governmental Fund	\$ (6,716)	\$ (18,023)
Amounts reported for governmental activities in the statement of activities are different because:		
No Reconciling Adjustments	-	-
Change in Net Position of Governmental Activities	\$ (6,716)	\$ (18,023)

SQUIRE CANYON COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Squire Canyon Community Services District (the District) is a political subdivision of the State of California as a special district. The District operates under a Board of Directors form of government and provides road maintenance and road improvement services.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

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

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

SQUIRE CANYON COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds

The District maintains the following major governmental fund:

General Fund: This fund is used to account for all financial resources of the District, except those required to be accounted for in another fund when necessary.

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

SQUIRE CANYON COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits.

2. Fair Value Measurements

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

Unrestricted net position - This component of net position consists of net position that is available for operations.

SQUIRE CANYON COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, and Net Position (continued)

4. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenditures during the reported period. Actual results could differ from those estimates.

F. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of San Luis Obispo Assessor's Office assesses all real and personal property within the County each year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The County of San Luis Obispo Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

G. Budgetary Accounting

An annual unappropriated budget, which establishes the total spending authority for the General Fund, is adopted by the Board of Directors just prior to the beginning of the District's fiscal year. Estimated revenue is the original estimate with modifications for new programs which are anticipated to be received during the fiscal year. Expenditures cannot legally exceed appropriations at the fund level. Appropriations for the General Fund lapse at the end of the fiscal year. The Board of Directors may authorize amendments to the budget during the year as deemed necessary. Budgeted amounts were not amended for the fiscal year ended June 30, 2019.

H. Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

SQUIRE CANYON COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 2 – CASH AND INVESTMENTS

Cash was reported at fair value and consisted of the following as of June 30:

<u>Description</u>	<u>Balance</u>
Demand deposits held with financial institutions	<u>\$ 96,791</u>

Demand Deposits with Financial Institutions

At June 30, 2019, the carrying amount of the District's demand deposits were \$96,791 and the financial institution's balance was \$98,897. There was a difference representing outstanding checks, deposits in transit and/or other reconciling items.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

NOTE 3 – FUND BALANCES

At June 30, 2019, fund balances of the District's governmental funds were classified as follows:

<u>Description</u>	<u>General Fund</u>
Unassigned	<u>\$ 92,291</u>
Total fund balances	<u>\$ 92,291</u>

SQUIRE CANYON COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 4 – RISK MANAGEMENT

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

A. Entity	SDRMA	
B. Purpose	To pool member contributions and realize the advantages of self-insurance	
C. Participants	As of June 30, 2018 – 628 member agencies	
D. Governing board	Seven representatives employed by members	
E. District payments for FY 2019:		
Property/Liability policy	\$1,219	
F. Condensed financial information	June 30, 2018	
Statement of net position:		June 30, 2018
Total assets		<u>\$ 112,001,700</u>
Deferred outflows		<u>823,568</u>
Total liabilities		<u>57,903,143</u>
Deferred inflows		<u>337,392</u>
Net position		<u>\$ 54,584,733</u>
Statement of revenues, expenses and changes in net position:		
Total revenues		<u>\$ 69,341,632</u>
Total expenses		<u>(64,849,209)</u>
Change in net position		<u>4,492,423</u>
Beginning – net position		<u>50,092,310</u>
Ending – net position		<u>\$ 54,584,733</u>
G. Member agencies share of year-end financial position		Not Calculated

SQUIRE CANYON COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 4 – RISK MANAGEMENT (continued)

At June 30, 2019, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$2,500,000, combined single limit at \$2,500,000 per occurrence.

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

- Employee dishonesty coverage up to \$1,000,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage's.
- Property loss is paid at the replacement cost for property on file, if replaced within three years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$2.5 million per occurrence, subject to a \$1,000 deductible per occurrence.
- Public officials personal liability up to \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which this coverage applies, subject to the terms, with a deductible of \$500 per claim.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2019, 2018 and 2017. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2019, 2018 and 2017.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Litigation

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

NOTE 6 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 21, 2026, the date on which the financial statements were available to be issued.

Required Supplementary Information

SQUIRE CANYON COMMUNITY SERVICES DISTRICT*Budgetary Comparison Schedule – General Fund**For the Fiscal Year Ended June 30, 2019*

	<u>Adopted and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Property assessments	\$ 33,749	\$ 33,006	\$ (743)
Investment earnings	-	89	89
Total revenues	<u>33,749</u>	<u>33,095</u>	<u>(654)</u>
EXPENDITURES:			
Current:			
Road maintenance	19,000	16,690	2,310
Professional services	12,950	20,938	(7,988)
General and administrative	2,500	2,183	317
Fire protection - weed abatement	2,500	-	2,500
Total expenditures	<u>36,950</u>	<u>39,811</u>	<u>(2,861)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,201)</u>	<u>(6,716)</u>	<u>\$ (3,515)</u>
FUND BALANCES:			
Beginning of year		<u>99,007</u>	
End of year		<u>\$ 92,291</u>	

Other Independent Auditors' Reports



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

Board of Directors
Squire Canyon Community Services District
San Luis Obispo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Squire Canyon Community Services District (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 21, 2026.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California
October 21, 2026