

# **PROPOSED BUDGET**

**FISCAL YEAR 2015/2016**

**Los Osos Community Services District**



LOS OSOS COMMUNITY SERVICES DISTRICT  
FISCAL YEAR 2015-2016



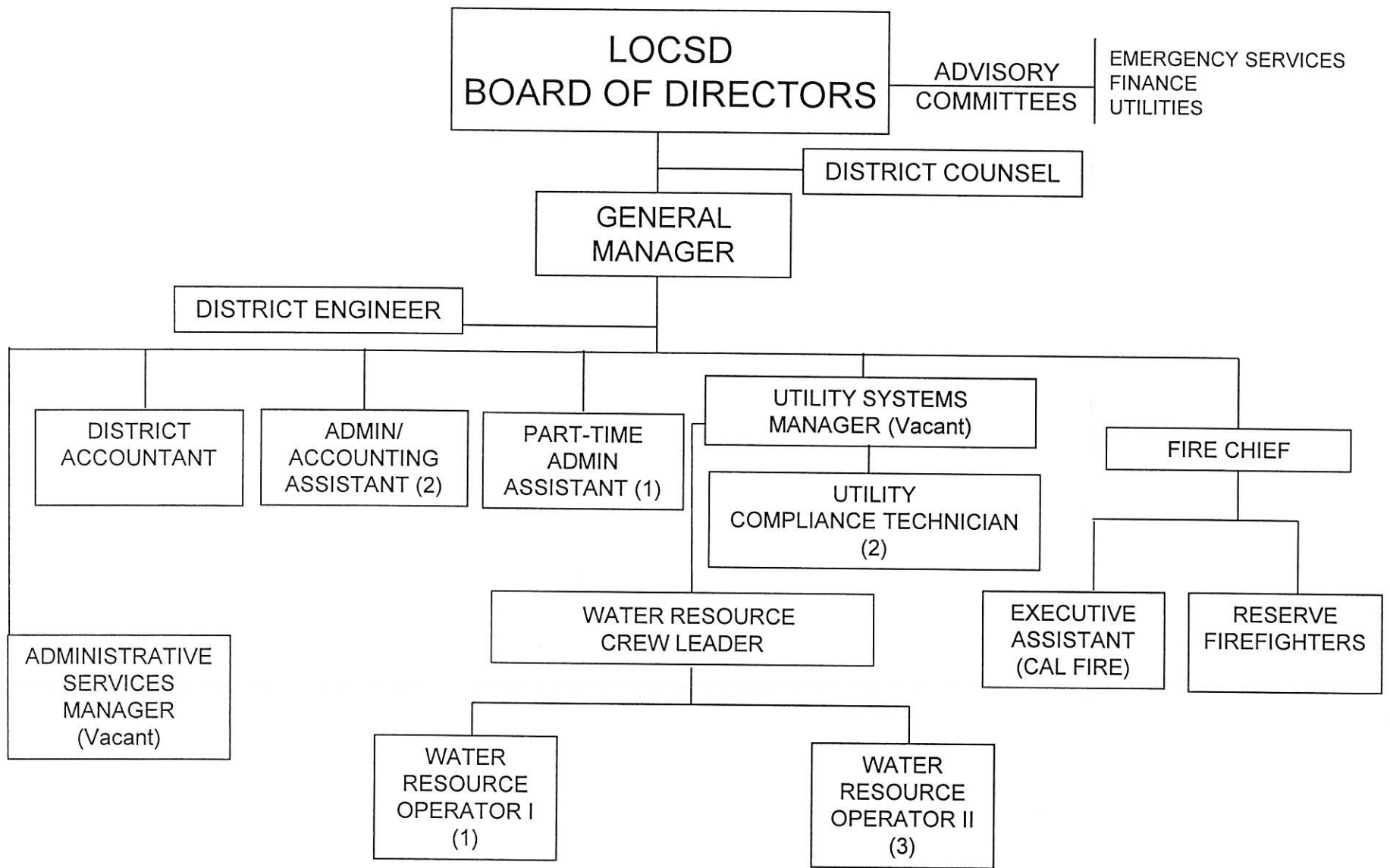
DIRECTORS

R. Michael Wright, President  
Marshall E. Ochylski, Vice President  
Charles L. Cesena, Director  
Jon-Erik G. Storm, Director  
Louis G. Tornatzky, Director

MANAGEMENT

Kathy A. Kivley, General Manager  
Michael L. Doyel, District Accountant

2122 9<sup>th</sup> Street, Suite 102, Los Osos, CA 93402  
805-528-9370



LOS OSOS COMMUNITY SERVICES DISTRICT  
 2015 ORGANIZATIONAL CHART  
 REVISED 5/15

## BUDGET MESSAGE

June 4, 2015



To the Los Osos Community Services District Board of Directors,

It is my privilege to present to you the Proposed Fiscal Year 2015/2016 Budget for the Los Osos Community Services District (District). The Proposed Budget reflects the decisions made between District staff and myself guided by the policy and priority direction of the Board of Directors for the District. Submitted is the Proposed Budget for Fiscal Year 2015/2016. The budget is a financial plan and a communication instrument. As a financial plan, the budget contains fund summaries and line item detail. The fund summaries provide the Board and reader with an understanding of the financial condition of the many funds within the budget, while the line detail explains the expenses. As a communication instrument, the budget includes an organizational chart, statistics and narratives to better explain the function, responsibilities and concerns related to each fund.

Fiscal Year 2014/2015 saw the Board of Directors and staff facing many challenges while the District faced several opportunities to actively manage the on-going drought conditions. Those challenges and opportunities included on-going reconciliation of the financial books and write-off of those items related to the bankruptcy; extensive analysis of the wastewater fund, on-going debt payments, improvement bond reserve repayment plan and improvement bond bank account reconciliations; establishment of new reserves, identification of cash balances and update with Standard and Poor's; increases in water rates including authorization for emergency drought rates; development of water shortage contingency plan and outdoor water conservation program; release of the updated Basin Management Plan; auditing for compliance with the State of California Governor's Executive Orders; implementation of the Record Management and Retention Schedule and adoption of the Capital Improvement Program.

The fiscal year began with the District adopting water conservation regulations. This action was taken by the Board on August 7, 2014, by Resolution No. 2014-15 in response to the emergency regulations issued by the State Water Resources Control Board on July 15, 2014 by Resolution No. 2014-0038. The actions taken by the State Water Board were intended to reduce outdoor urban water use throughout the State. In response the District adopted four very basic mandatory restrictions:

1. The use of potable water for irrigation of lawns, landscape plantings, groundcovers, and shrubs shall be limited to a total of 15 minutes (per station or per yard).
2. Irrigation shall occur only during dark/nighttime hours.
3. Irrigation even numbered addresses shall occur only on Wednesday and Sunday.
4. Irrigation for odd numbered addresses shall occur only on Tuesdays and Saturday.

Community recreation facilities have been exempted from this regulation by the District Board at that time. These regulations remained in effect until the District adopted a water shortage and conservation plan.

In September 2014, adopting by Resolution, the Board found that further actions were necessary based on the lack of rainfall. Staff presented to the Board a Water Shortage Contingency Plan. The Plan was intended to present additional measures developed in order to protect the community's water supply and halt seawater intrusion, reduce pumping needs, ensure the indoor

water demand is equal to or less than 50 gallons per person per day consistent with San Luis Obispo County Water Conservation Program for Los Osos, Estero Area Plan and the Basin Management Plan and establish stages with respective triggers for each stage. At that time the Board adopted Stage 2. At the Board Meeting of April 2, 2015, the Board took the appropriate action and adopted Stage 3. Stage 3 includes additional restrictive use of water measures including allowing the Board to potentially adopt emergency drought rates. A copy of the Water Shortage Contingency Plan chart outlining Stages 1 through 5 is included.

During this same period, based on recommendations from the Utilities Advisory Committee (UAC), the Board adopted a dual phased public outreach Outdoor Water Conservation Plan. The UAC recommended the District focus on outdoor conservation since the County was focusing on indoor conversation. The intent behind the program is to make a significant impact on the community regarding the severe drought conditions and the droughts impacts on the single water supply in Los Osos. This is an on-going campaign as staff works to maximize our limited resources and reach our target audience. Through this program the District provides at no cost to the residents low flow devices such as faucet aerators, outdoor garden nozzles, shower heads and three-minutes shower timers. Through the use of multi-media including direct mail notices, street fairs and other events, the District has handed out thousands of low flow products. Until the drought halts, this is a very important program in the District's goal to reduce water usage and retard sea water intrusion. A recap of the campaign today is included as additional information.

The District obtained grant funding from the California Department of Public Health to implement a nitrate removal system on the District's existing South Bay Upper Aquifer Well. The nitrate removal system allows the upper aquifer to be used domestically. The project includes construction of a 168 square foot pre-engineered building that houses the skid-mounted ion exchange unit, and a 5,000 gallon tank for brine storage. This allows the upper aquifer to be blended and treated with the existing lower aquifer well water prior to introduction into the water supply distribution system. This project was completed during FY 2014/2015 and the District will realized a full year of operation in FY 2015/2016.

In February 2015, the Board of Directors adopted a water rate increase including the option to institute drought rates should the current weather situation continue. One of the goals associated with the Water Fund 500 is to keep the fund operating in a positive direction. Emergency drought rates were included to support the operations of the water fund should implementation become necessary. The goals of the Water Rate Study were as follows:

- Provide for the prudent planning of capital infrastructure, including water supply projects and implementation of the Basin Plan, as outlined in the Capital Improvement Program approved by the Board in August, 2014
- Account for current and future operations, maintenance, and replacement expenses
- Fund reserve accounts in accordance with adopted policies, and revisit reserve policies where prudent
- Prepare for future reductions in revenue due to decreased water sales from conservation efforts and the delivery of recycled water
- Recommend emergency rates necessary to support District operations during various drought stages as defined in the Water Shortage Contingency Plan (Plan) adopted by the Board in 2014, or recommend changes to the Plan if necessary.
- Consider alternative rate structures that would encourage increased conservation.
- Comply with the requirements of Proposition 218

The Basin Management Plan was an unknown at the completion of the prior rate study with rates implemented in 2012. The capital projects within the updated Basin Plan were taken into consideration in the most recent District authorized water rate study. Staff is currently researching the need for supplemental support for the emergency drought rates recently adopted by the Board in light of the initial ruling in the San Juan Capistrano court case. As previously stated the Board adopted a Water Shortage Contingency Plan. Any implementation of the Water Shortage Contingency Plan stages or triggers potentially creates a loss of revenue as the restrictions increase with each stage. Emergency Drought Rates were included within the 2015 adopted rates; however, the Board has chosen not to implement drought rates at this time.

The severe drought currently experienced throughout California, as well as in Los Osos, has a negative impact on the District's ability to continue to pump water at the prior levels. Through extensive marketing efforts the District is working to educate the residents regarding various conservation options. Conservation is a must to reduce overdraft of the Basin and inland movement of the seawater front. Together with other parties in the Interlocutory Stipulate Judgment (ISJ), the District is funding Seawater Intrusion studies twice yearly. The ISJ participants based on the results learned in the first intrusion study conducted since 2009, confirms the critical water supply situation in Los Osos and the need to expedite both conservation and other physical solutions contemplated in the Basin Plan in order to halt seawater intrusion.

Since the initial complaint was filed by the District in February 2004, the District has been involved in litigation with Golden State Water Company. Currently there are four parties involved in the resolution of the case: San Luis Obispo County, Golden State Water Company, S & T Mutual Water Company and the District. The District together with the other parties, are dedicated to taking the steps necessary for finalization of the ISJ legal action. The ISJ parties released an updated Basin Management Plan during this past year. Recently the District was party to a case management conference and in the very near future all parties will be before the court in an effort to secure the ISJ decree from the court and move to the next phase of the partnership in managing the basin.

After the adoption of FY 2014/2015 budget, the Board of Directors adopted a long-term Capital Improvement Program which included projects from the Basin Management Plan. The District's infrastructure requires millions of dollars to improve. Staff devised a way to make the majority of the pipeline replacement projects without destroying or further destroying the roads. Staff together with the Board recognized that it will be necessary in the near future to borrow money to make the necessary infrastructure pipe replacement installations. During this year and continuing through the next, staff is working on several capital improvement projects including the Intertie Project with Golden State, renovation of the Corp facilities and preparing shovel ready projects for potential grant opportunities.

The Proposed Budget outlines, according to Funds, opportunities where the Board needs to provide policy direction. Several tough financial decisions were made last year as a result of the former Wastewater Project. Debt was written off the financial books, reconciliation in concert with US Bank representatives was initiated, reserves reconciled and established.

- There remains in the District's Fund 600 an on-going debt repayment for the premature borrowing of funds from the Bond Reserve Account to make the bond payment. The Board in 2006 borrowed \$714,267.50 for the Debt Service Reserve Fund (now Improvement Bond Reserve) to make the semi-annual payment to the bond holders. This item is outlined in Fund 600 and the respective progress staff made during the prior fiscal year to assure the proper allocation of Administrative Charges and replenishing the improvement bond reserve.
- Under the Fund 600, staff is working on the analysis of prepaid assessments for the Wastewater 2002 Bond Assessment. Presently the District has prepaid funds on hand

for a portion of the prepayment of the debt. Staff expects to have resolution of the item prior to June 2016 with the recommended action to the Board of Directors.

- Enclosed in the Proposed Budget is a copy of the Standard & Poor's Ratings Service report dated March 13, 2015. Within the Budget Summary for Fund 600 staff commented on the BBB- credit rating recently published. It is the District's goal over the next few years to improve this rating. Knowing the situation as stated above, and repayment of the Improvement Bond Reserve was not timely, staff recommended the District focus on repayment of the Bond Reserve which could potentially improve the rating and place the District in a more stable market for refinancing or securing bonds.

After careful review of the Proposed Budget, I believe the Board recognizes there are two funds with Revenue shortfalls. Those funds are Vista de Oro Fund 400 and Wastewater Fund 600. Regarding Fund 400, as I stated in my prior Budget Message it is important to understand this fund will continue to reflect a deficit until the septic system conversion occurs and over a period of years the District will recoup its prior costs for maintaining the system. The Wastewater Fund continues to incur yearly charges associated with the bond accounting. This Fund 600 requires dollars to cover legal claims that are continually filed by residents in an effort to receive a refund for prepaid assessments. All other information is outlined in the Summary information for the Fund 600.

Last year staff developed, for the Board's review, several methods for attributing expenses through a Cost Allocation Plan (Allocation of Administrative Expenses) for funding of the Administration Fund 100. The Board of Directors selected the Allocation Plan based on staff's hourly work in the various funds. Administrative staff updated the relative schedules based on the prior fiscal year work demands for the current fiscal year. In preparing this year's budget the Board adopted methodology for Fiscal Year 2013/2014 was applied. A copy of the Allocation of Administrative Costs is enclosed for FY 2014/2015 and FY 2015/2016.

Long before the current economic downturn, the issue of public pensions and the viability of individual plans was a much-debated topic; events since 2009 have only intensified the spotlight on this mounting problem. Management and those charged with governance struggled to find solutions to the underfunding that many governmental plans face. Many of these plans are defined-benefit retirement plans promising pre-determined monthly retirement benefits to employees. The Governmental Accounting Standards Board (GASB) was fully aware of the tide of unfunded retirement obligations, and in January 2006 this board added the project on pension accounting and reporting to their research agenda. In April 2008, GASB moved the project to the agenda for resolution. The goal was to improve the existing standards with the focus on improving the information as well as the accountability and transparency in employer reporting of retirement information. In June 2012, GASB issued Statement 68. Statement 68 brings the governmental employer accounting and reporting standards closer in line with the private sector requirements. There are numerous changes in reporting which are the new standards intended to provide a more comparable and visible information reflected in the annual financial statements of governments that provide defined benefit pensions. The changes include pension liability, discount rate, cost-sharing plans, special funding situations, actuarial methods, measurement frequency and valuation requirements and other changes relating to disclosure. GASB No. 68, Accounting and Financial Reporting for Pensions is effective for years ending on or after June 30, 2015. CalPERS implemented this requirement and effective FY 2014/2015 will be preparing the information at a cost to the District.

Similar to the process outlined above for GASB No. 68, the Governmental Accounting Standards Board listed another project on their agenda. It is their intent to discuss Other Postemployment Benefits (OPEB) accounting and reporting in light of these recent changes to pension accounting and reporting. OPEB is other than pension benefits provided to retired employees by state and local governments. These benefits principally involve health care benefits, but also may include life insurance, disability, legal and other services that are not provided through a trust as defined

in GASB No. 68. For definition purposes the District is considered a local government. It is anticipated GASB will suggest the changes for OPEB accounting and reporting be effective in 2016 and 2017.

In California Public Employee Retirement System (CalPERS) related to District operations there are two levels of employee pensions—Classic and Tier 2. Classic Members refers to those employers with employees enrolled prior to the PEPRA Act of 2013 and Tier 2 or conditions based on the Act refers to those employers with employees hired after January 1, 2013. Every year the District receives access to Annual Valuation Report for the two CalPERS units, Miscellaneous and Safety. Within those two units the District has both classes of pensions. This Report based on the most recent actuarial information about the District's pension plan at CalPERS specifies the District's employer pay rate for the fiscal year. It is important to note the Annual Valuation Report for CalPERS reduced the Employer Normal Cost Rate (employer contribution rate) for the Miscellaneous Classic by five percent (5%) for FY 2015/2016. For all the remaining members, the Safety Classic, Safety Tier 2 and Miscellaneous Tier 2, the rates are similar to FY 2014/2015 with no dramatic increase or decrease.

The District received the Worker's Compensation Program Invoice for FY 2015/2016. As previously stated during last year's budget presentation, the Special District Risk Management Authority (SDRMA) advised all District's beginning with this fiscal year, the SDRMA is now invoicing members annually instead of quarterly. This year's rate was reduced from an Experience Modification Factor of 85% to an Experience Modification Factor of 78%. This is the third year in a row the District has experienced a drop in the Experience Modification Factor. Because the District belongs to Workers' Compensation and Property/Liability Programs, the District receives a 5% Multi-Program Discount. The District received a 15% Credit Incentive Program Discount and a 2.09% Longevity Distribution Credit. Prior to applying the Experience Modification Factor the total estimated annual contribution was \$28,218.39. After applying the Modification Factor and all credits, the total District billing is \$17,401.90. This equates to a savings of \$10,816.49. The District employees are to be commended for continuing to operate the vehicles and equipment safely and applying best management practices while performing their job related functions.

For your reference again this year staff included a Glossary of Terms within the Proposed Budget document. It is staff's hope this will help should the Board or any person needing a definition of terms. Also, in the Adopted Budget staff will include a Table of Contents to help the reader find the respective information. This is the last item prepared as during the budget process, page numbers change as information is revised or added.

A governmental entity's reports and statements, both financial and operational, ideally should contain the information necessary for all users. These users include management, electorate, creditors, grantors and community members. These statements allow all parties the opportunity based on the information to form an opinion on the effectiveness of the stewardship exercised by the responsible public officials. The responsibility for providing such information is that of management. This budget presents a realistic depiction of the financial picture facing the Board Members and management in the continued operations of the District.

The Proposed Budget is a work in progress. Current staff continues to review the account titles and group those expenditures to conform appropriately to standard government accounting practices and procedures. With the modernization of the accounting system and full implementation of the financial software, staff provides timely and accurate expenditure information on a monthly basis. This year, through a collaborative process and support from other staff who played a key role in developing and being responsive to questions, the District managed to prepare a very concise and informative document for your consideration. Through the monthly reports staff shares fluctuations in revenue to the Board on a monthly cycle along with any significant operational adjustments. It is anticipated that mid-year budget adjustments will be

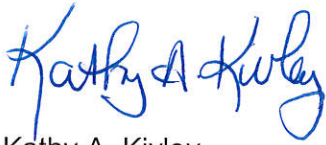


necessary as labor negotiations should be concluded, benefit variations accounted for and property tax estimates received from San Luis Obispo County.

I would like to take this opportunity to publicly thank the staff of the Los Osos Community Services District and CAL Fire for their unwavering support and unswerving assistance during this very difficult and tedious time. Without their hard work and solid commitment to excellence this document would still be a dream and not a reality. I also wish to thank the Board of Directors for their firm support, enduring patience and continuous assistance during this very demanding period.

On behalf of the District, it is my honor to present and submit the Proposed Budget for Fiscal Year 2015 – 2016.

Respectfully,



Kathy A. Kivley  
General Manager



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
<b>Revenues</b>						
Property Taxes						
Total Property Taxes	1,718,911	1,839,726	1,832,969	1,886,858	53,889	2.94%
Grant Revenue						
Total Grant Revenue	62,814	48,915	1,500	2,500	1,000	66.67%
Service Charges & Fees						
Total Service Charges & Fees	1,766,718	2,179,166	1,926,400	1,998,300	71,900	3.73%
Special Taxes & Assessments						
Total Special Taxes & Assessments	1,808,522	1,807,878	1,839,608	1,854,077	14,469	0.79%
Other Revenues						
Total Other Revenues	242,708	3,700,620	78,834	73,234	(5,600)	(7.10)%
Use of Money & Property						
Total Revenues	5,604,420	9,619,653	5,682,279	5,818,932	136,653	2.40%
<b>Expenditures</b>						
Personnel						
Salaries/Wages	681,658	760,220	772,086	834,042	61,956	8.02%
Payroll Taxes & Benefits	215,881	227,498	231,554	243,420	11,866	5.12%
Employment Services	42,404	26,330	46,334	21,675	(24,659)	(53.22)%
Total Personnel	939,944	1,014,048	1,049,974	1,099,137	49,163	4.68%
Services and Supplies						
Clothing & Uniform	12,567	5,737	7,700	6,200	(1,500)	(19.48)%
Contract Services	1,744,146	1,756,064	1,859,986	2,046,943	186,957	10.05%
Equipment & Tools	63,649	63,450	54,898	93,450	38,552	70.22%
Financial Services	33,367	22,069	6,400	12,300	5,900	92.19%
Insurance, Licenses & Regulatory Fees	112,250	113,866	132,445	125,568	(6,877)	(5.19)%
Legal & Professional	307,422	5,282,985	295,340	364,140	68,800	23.30%

Los Osos Community Services District  
Staffing History

	<b>TOTAL APPROVED 2012/2013</b>	<b>TOTAL APPROVED 2013/2014</b>	<b>TOTAL APPROVED 2014/2015</b>	<b>TOTAL APPROVED 2015/2016</b>
<b>ADMINISTRATION</b>				
General Manager	0.5	0.75	1.00	1.00
District Accountant	1.00	1.00	1.00	1.00
Administrative/Accounting Assistant III	1.00	1.00	1.00	1.00
Billing Clerk/Bookkeeper	0.60	0.00	0.00	0.00
Administrative Clerk II	1.00	0.00	0.00	0.00
<b>TOTAL ADMINISTRATION FTE'S</b>	4.10	2.75	3.00	3.00
<b>WATER</b>				
Utility Compliance Technician III	1.00	1.00	1.00	1.00
Utility Compliance Technician I	0.00	0.75	1.00	1.00
Administrative Accounting Assistant I	0.00	0.75	1.00	1.00
Administrative Assistant	0.00	0.25	0.50	0.50
Water Resources Crew Leader	1.00	1.00	1.00	1.00
Water Resources Operator II	3.00	3.00	3.00	3.00
Water Resources Operator I (Trainee)	0.25	1.00	1.00	1.00
<b>TOTAL WATER FTE'S</b>	5.25	7.75	8.50	8.50
<b>FIRE</b>				
Reserve Firefighters (25 @ 960 hours max)	11.40	11.40	11.40	11.40
<b>TOTAL RESERVE FIREFIGHTERS FTE'S</b>	11.40	11.40	11.40	11.40
<b>TOTAL LOCSD FTE'S</b>	20.75	21.90	22.90	22.90

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Office/Operations	52,947	66,431	77,940	74,370	(3,570)	(4.58)%
Other Expense	30,905	22,817	6,400	33,100	26,700	417.19%
Rent & Utilities	176,753	183,649	263,530	338,490	74,960	28.44%
Repairs & Maintenance	80,499	82,486	138,374	65,924	(72,450)	(52.36)%
Travel & Training	8,806	10,863	12,750	9,907	(2,843)	(22.30)%
Vehicle Maintenance & Repair	13,049	20,100	24,550	23,800	(750)	(3.05)%
Total Services and Supplies	<u>2,636,361</u>	<u>7,630,519</u>	<u>2,880,313</u>	<u>3,194,192</u>	313,879	10.90%
Capital Outlay						
Total Capital Outlay	<u>814,190</u>	<u>448,967</u>	<u>207,700</u>	<u>200,000</u>	(7,700)	(3.71)%
Debt Service	814,190	448,967	207,700	200,000	(7,700)	(3.71)%
Total Debt Service	<u>1,428,206</u>	<u>1,424,366</u>	<u>1,456,762</u>	<u>1,458,516</u>	1,754	0.12%
Reserves	1,428,206	1,424,366	1,456,762	1,458,516	1,754	0.12%
Total Reserves	<u>810,593</u>	<u>254,099</u>	<u>237,206</u>	<u>145,000</u>	(92,206)	(38.87)%
Transfers	810,593	254,099	237,206	145,000	(92,206)	(38.87)%
Total Transfers	<u>(44,454)</u>	<u>(1,405,977)</u>	<u>0</u>	<u>0</u>	0	0.00%
Total Expenditures	<u>(44,454)</u>	<u>(1,405,977)</u>	<u>0</u>	<u>0</u>	0	0.00%
Total Expenditures	<u>6,584,839</u>	<u>9,366,021</u>	<u>5,831,955</u>	<u>6,096,845</u>	264,890	4.54%
Net Revenues over Expenditures	<u>(980,419)</u>	<u>253,631</u>	<u>(149,676)</u>	<u>(277,913)</u>	(128,237)	

**RESERVE STATEMENT**  
Effective January 1, 2015

Account Code	Category & Fund	Beginning BALANCE 06/30/2013	Budget FY 2013/2014	Gain/ (Use) FY 2013/2014	Subtotal FY 2013/2014	Adopted Budget FY 2014/2015	Gain/ (Use) FY 2014/2015	Projected Ending BALANCE
<b>100 - Administration</b>								
3111	General Contingency Reserve	20,918			20,918	(17,947)		2,971
3164	Information Technology Reserve	28,741			28,741		175	28,916
3166	Septic Maintenance Reserve (Fire Station)	15,801			15,801			15,801
<b>Total - 100 - Administration</b>		<b>\$65,460</b>	<b>\$0</b>	<b>\$0</b>	<b>\$65,460</b>	<b>(\$17,947)</b>	<b>\$175</b>	<b>\$47,688</b>
<b>200 - Bayridge Estates</b>								
3109	Septic System Decommission Reserve	0	\$8,000		\$8,000	\$8,000	21	\$16,021
<b>301 - Fire</b>								
3110	Replacement Reserve - Vehicle, Equip & Fire Engines	247,962	109,099	35,792	392,853	92,441		485,294
3111	General Contingency Reserve	61,381			61,381		1,942	63,323
3115	Public Facilities Fee Reserve	51,193			51,193		153	51,346
3160	Capital Outlay Reserve	613,873			613,873			613,873
<b>Total - 301 - Fire</b>		<b>\$974,409</b>	<b>\$109,099</b>	<b>\$35,792</b>	<b>\$1,119,300</b>	<b>\$92,441</b>	<b>\$2,095</b>	<b>\$1,213,836</b>
<b>400 - Vista de Oro</b>								
3193	Reserve - Internal Loan	1,517.00	2 \$30,000		\$31,517			\$31,517
<b>500 - Water</b>								
3050	Water Quality Trust Reserve (0331)	91,517			91,517			91,517
3110	Replacement Reserve - Vehicle, Equip & Fire Engines	42,197			42,197		(42,197)	0
3111	General Contingency Reserve	178,783	25,000	(30,000)	173,783	25,000	(30,478)	168,305
3160	Capital Outlay Reserve	493,407	65,000	665	559,072	65,000	(60,000)	564,072
3163	Water Stabilization Reserve	128,856	32,000		160,856	32,000		192,856
3165	Basin Management Plan Reserve	39,288			39,288			39,288
3167	Water Conservation Reserve	25,031			25,031		(20,000)	5,031
<b>Total - 500 - Water</b>		<b>\$999,079</b>	<b>\$122,000</b>	<b>(\$29,335)</b>	<b>\$1,091,744</b>	<b>\$122,000</b>	<b>(\$152,675)</b>	<b>\$1,061,069</b>
<b>600 - Wastewater</b>								
3091	Restricted-2002 Bond Redemption Reserve	726,664	1 25,000	6,435	758,100	25,000		783,100
3120	LOCSD Community Fund	0	4	173,995	173,999			173,999
3159	Prepaid Assessment Reserve						142,670	142,670
3161	Disputed Reserve Fund						103,013	103,013
3191	Restricted Funds-SRF	1,407,913		(1,405,977)	1,936			1,936
<b>Total - 600 - Wastewater</b>		<b>\$2,134,577</b>	<b>\$25,000</b>	<b>(\$1,225,547)</b>	<b>\$934,035</b>	<b>\$25,000</b>	<b>\$245,683</b>	<b>\$1,204,717</b>
<b>650 - Solid Waste</b>								
3111	General Contingency Reserve	\$185,486	7 (\$21,605)	\$283	\$164,164	(\$46,660)	\$529	\$118,033
<b>800 - Drainage</b>								
3111	General Contingency Reserve	27,238	5,000		32,238	5,000	553	37,791
3160	Capital Outlay Reserve	184,995	10,000	60	195,055	10,000		205,055
<b>Total - 800 - Drainage</b>		<b>\$212,233</b>	<b>\$15,000</b>	<b>\$60</b>	<b>\$227,293</b>	<b>\$15,000</b>	<b>\$553</b>	<b>\$241,620</b>

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**RESERVE STATEMENT**  
**Effective January 1, 2015**

Account Code	Category & Fund	Beginning BALANCE 06/30/2013	Budget FY 2013/2014	Gain/ (Use) FY 2013/2014	Subtotal FY 2013/2014	Adopted Budget FY 2014/2015	Gain/ (Use) FY 2014/2015	Projected Ending BALANCE
<b>900 - Parks &amp; Recreation</b>								
3090	Restricted Pool Funds	\$303,838	5	\$0	\$918	\$304,756	\$0	\$0
						\$3,946,270		\$4,239,258

- 1 Managed by US Bank - ongoing analysis
- 2 Internal Loan from Water Reserves
- 3 CD Matures 03/18/2016
- 4 Managed by Community Foundation
- 5 Beginning Balance adjusted based on LAIF deposit
- 6 Authorized use: \$32,803; interest: \$2,325
- 7 Balance Bankruptcy franchise fee transfer

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**ITEM 7 - CIP PRIORITY LIST**  
**(Approved by the LOCSD Board of Directors 9/4/15)**

Funding Source	Summary of Potential Projects	Approximate Project Cost (2014 dollars)
Existing Reserves	BP-1: Program A, Intertie	\$50,000
	BP-2: Program A, Upper aquifer well - design and permitting (including final engineering)	\$60,000
	BP-3: Program C, East side lower aquifer well-design and permitting (including final engineering)	\$160,000
	Subtotal - Existing Reserves	\$270,000
Debt Financing (IBANK or equal) - Immediate	BP-2: Program A, Upper aquifer well (not including design/permitting)	\$540,000
	BP-3: Program C, East side lower aquifer well (not including design/permitting)	\$1,440,000
	IA-1: AC main replacement, 11th Street (Los Olivos to Ramona)	\$731,000
	IA-2: AC main replacement, 7th Street (Romona to Santa Ysabel)	\$874,000
	IA-3: Valve upgrades	\$313,000
	DSP-1: 18th/Paso Robles loop upgrade	\$50,000
	DSP-2: 10th Street/Santa Maria valve upgrade	\$50,000
	DSP-3: Ferrel loop upgrade	\$20,000
	DSP-4: 12th/S. Paula upgrade	\$178,000
	DSP-5: 2nd/Santa Ysabel upgrade	\$198,000
	DSP-6: 15th Street dead-end upgrade	\$98,000
	OE-1: Water operations building improvements (Phase 1 - Shop/storage improvement)	\$70,000
	OE-2: Supervisory Control and Data Acquisition (SCADA) - Phase 1	\$75,000
	Subtotal - Debt financing - immediate	\$4,637,000
Pay as you go - 5 to 10 years	OE-5: Water operations building improvements (Phase 2 - Ops Building)	\$70,000
	OE-4: Automated meter reading (AMR) meters - 5% complete	\$800,000
	OE-3: SCADA - Phase 2	\$200,000
	Subtotal - Pay as you go - 5 to 10 years	\$1,070,000
Debt or Bond Financing - Long Term	Other IA main replacement projects - remaining AC waterlines (not including DSP projects)	\$13,000,000
	Other second priority pipeline projects from 2010 CIP update	\$2,610,000
	Other third priority pipeline projects from 2010 CIP update	\$2,800,000
	Subtotal - debt or bond financing - long term	\$18,410,000
	Check Total:	\$24,387,000

Cost Allocation Plan for FY 2015/2016

BASED ON ADMINISTRATION STAFF'S TIME:	Fire	Water	Solid Waste	Vista de Oro	Bayridge	Drainage	Wastewater	TOTALS	
General Manager	22.56%	61.20%	0.37%	2.34%	3.72%	8.65%	1.15%	100.00%	
Administrative Sec./Acctg Asst. III	18.95%	73.76%	0.14%	0.72%	1.01%	4.04%	1.38%	100.00%	
District Accountant	15.58%	70.15%	0.32%	2.02%	2.37%	7.50%	2.07%	100.00%	
Total Time	57.08%	205.11%	0.84%	5.07%	7.10%	20.19%	4.61%	300.00%	
Average % Time Spent by Fund	19.03%	68.37%	0.28%	1.69%	2.37%	6.73%	1.54%	100.00%	
Projected Expenditures FY 2015-2016		\$579,701.00							
<b>TOTAL AMOUNT TO BE ALLOCATED</b>	<b>\$579,701.00</b>	<b>110,306.17</b>	<b>396,344.17</b>	<b>1,616.41</b>	<b>9,798.80</b>	<b>13,711.63</b>	<b>39,016.84</b>	<b>8,906.99</b>	<b>579,701.00</b>
		110,306	396,344	1,616	9,799	13,712	39,017	8,907	579,701

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Cost Allocation Plan for FY 2014/2015

BASED ON ADMINISTRATION STAFF'S TIME:	Vista de							TOTALS		
	Fire	Water	Solid Waste	Oro	Bayridge	Drainage	Wastewater			
General Manager	22.27%	57.11%	6.20%	2.60%	2.59%	7.50%	1.73%	100.00%		
Administrative Sec./Acctg Asst. III	15.00%	68.85%	5.77%	0.00%	0.00%	4.04%	6.34%	100.00%		
District Accountant	15.00%	57.69%	10.38%	0.00%	0.00%	5.77%	11.16%	100.00%		
Total Time	52.27%	183.65%	22.35%	2.60%	2.59%	17.31%	19.23%	300.00%		
Average % Time Spent by Fund	17.42%	61.22%	7.45%	0.87%	0.86%	5.77%	6.41%	100.00%		
Projected Expenditures FY 2014-2015		\$626,310.00								
<b>TOTAL AMOUNT TO BE ALLOCATED</b>		<b>\$626,310.00</b>	<b>109,124.08</b>	<b>383,406.11</b>	<b>46,660.10</b>	<b>5,428.02</b>	<b>5,407.14</b>	<b>36,138.09</b>	<b>40,146.47</b>	<b>626,310.00</b>
			109,124	383,406	46,660	5,428	5,407	36,138	40,146	

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**LOS OSOS COMMUNITY SERVICES DISTRICT WATER SHORTAGE CONTINGENCY PLAN**

Stage	Reduction Target	Climate Trigger (MEDIAN RAINFALL 17 INCHES)	CHLORIDE TRIGGER (8th or 10th Street Wells - Zone D)	TDS TRIGGER (8th or 10th Street Wells - Zone D)	CLIMATE & WATER QUALITY REQUIREMENTS TO EXIT WATER SHORTAGE STAGES (DE-TRIGGER)	PROHIBITIONS
<b>STAGE I ALERT</b> Customers: Residential Allocation: 183 gal/day	5%	Rainfall total as March 31: < than median (17 in.) for current year	N/A	N/A	Receive rainfall >= median by March 31	<ul style="list-style-type: none"> <li>All outdoor irrigation of vegetation shall occur only between dusk and dawn.</li> <li>The use of potable water to wash sidewalks, walkways, driveways, parking lots, open ground and other hard-surface areas by direct application shall be prohibited.</li> <li>The use of non-drinking-water fountains, except for those using recirculated water, shall be prohibited.</li> <li>Use of water which results in flooding or run-off in gutters or streets shall be prohibited.</li> </ul>
<b>STAGE II WARNING</b> Customers: Residential Allocation: 174 gal/day	15%	Stage I plus rainfall total as of March 31: <= 32 in. for over two yrs. or <= 48 in. over three yrs. or 65 in. over four yrs. or 81 in. over five years	N/A	N/A	Receive rainfall >= median by March 31	<p>In addition to Stage I conservation measures:</p> <ul style="list-style-type: none"> <li>Use of water from fire hydrants shall be limited to fire suppression and/or other activities immediately necessary to maintain health, safety and welfare of residents within the boundaries of the Los Osos Community Services District.</li> <li>The use of District potable water for construction projects shall be prohibited.</li> <li>The washing of automobiles, trucks, trailers, boats and other types of mobile equipment not occurring upon the immediate premises of a commercial car wash and/or commercial service station shall be prohibited unless residents have an automatic shut-off hose nozzle and do not allow water to run off their property.</li> <li>The use of potable water to irrigate lawns, landscape plantings, groundcovers, and shrubs shall be limited to prescribed days and hours. Irrigation shall only occur between dusk and dawn, and shall only occur on Wednesday and Sunday for <u>even</u> numbered addresses, and Tuesday and Saturday for <u>odd</u> numbered addresses. Community recreational facilities and edible crops shall be exempt from this prohibition.</li> <li>Water main flushing shall only occur in emergency situations as declared by the General Manager.</li> </ul>
<b>STAGE III EMERGENCY</b> Customers: Residential Allocation: 50 gal/day/occupant NO TRANSFERS ALLOWED	25%	Stage I plus rainfall total as of March 31: <= 29 in. for over two yrs. or <= 43 in. over three yrs. or 58 in. over four yrs. or 72 in. over five years Stage III shall be enacted no earlier than April 2015. Declared by BOD 4/2/2015 – Based on Climate Trigger ONLY	150 mg/l	700 mg/l	Receive rainfall >= median by March 31. If in Stage III due to water quality, two consecutive semi-annual samples must be below trigger concentrations to exit Stage III	<p>In addition to Stage I &amp; II conservation measures:</p> <ul style="list-style-type: none"> <li>Irrigation of community recreational facilities is exempt from this prohibition.</li> <li>Penalties up to 2 times the established rate for usage above the allocation.</li> <li>No leak adjustment credits will be awarded</li> <li>No allocations may be transferred to another property</li> <li>No new Intent to Serve applications</li> </ul>
<b>STAGE IV SEVERE</b> ALL CUSTOMERS Allocation: 45 gal/day/ occupant NO TRANSFERS ALLOWED	35%	Stage I plus rainfall total as of March 31: <= 26 in. for over two yrs. or <= 38 in. over three yrs. Or 51 in. over four yrs. Or 64 in. over five years, Stage IV shall be enacted no earlier than November 2015	250 mg/l	850 mg/l	Receive rainfall >= median by March 31, transition to Stage II for current year. If in Stage IV due to water quality, two consecutive semi-annual samples must be below trigger concentrations to exit Stage IV	<p>In addition to Stage I, II, &amp; III conservation measures:</p> <ul style="list-style-type: none"> <li>New water connections to the District water system shall be prohibited</li> <li>Commercial allocation 10% below baseline</li> <li>Penalties up to 4 times established rate may be applied</li> <li>No allocations may be transferred to another property</li> </ul>
<b>STAGE V CRITICAL</b> ALL CUSTOMERS Allocation: 42 gal/day/ occupant NO TRANSFERS ALLOWED	50%	Stage I plus rainfall total as of March 31: <= 17 in. for over two yrs. or <= 26 in. over three yrs. or 34 in. over four yrs. or 43 in. over five years	500 mg/l	1,000 mg/l	Receive rainfall >= median by March 31, transition to Stage II for current year. If in Stage V due to water quality, two consecutive semi-annual samples must be below trigger concentration to exit Stage V	<p>In addition to Stage I, II, III, &amp; IV conservation measures:</p> <ul style="list-style-type: none"> <li>Commercial allocation 15% below baseline</li> <li>Penalties up to 4 times established rate may be applied</li> <li>No allocations may be transferred to another property</li> </ul>

**RESOLUTION NO. 2014-18**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
LOS OSOS COMMUNITY SERVICES DISTRICT  
ADOPTING WATER SHORTAGE CONTINGENCY PLAN  
PURSUANT TO WATER CODE § 375**

**WHEREAS**, the LOS OSOS COMMUNITY SERVICES DISTRICT ("District") provides water service within the District's water service area pursuant to § 61100 (a) of the Community Services District Law which provides:

"(a) Supply water for any beneficial uses, in the same manner as a municipal water district, formed pursuant to the Municipal Water District Law of 1911, Division 20 (commencing with Section 71000) of the Water Code. In the case of any conflict between that division and this division, the provisions of this division shall prevail"; and

**WHEREAS**, § 61060 (b) of the Community Services District Law provides in relevant part:

"A district shall have and may exercise all rights and powers, expressed and implied, necessary to carry out the purposes and intent of this division, including, but not limited to, the following powers:

(b) To adopt, by ordinance, and enforce rules and regulations for the administration, operation, and use and maintenance of the facilities and services listed in Part 3 (commencing with Section 61100)"; and

**WHEREAS**, California Water Code Section 375 States in pertinent part:

(a) Notwithstanding any other provision of the law, any public entity which supplies water at retail or wholesale for the benefit of persons within the service area or area of jurisdiction of the public entity may, by ordinance or **resolution** adopted by a majority of the members of the governing body after holding a public hearing upon notice and making appropriate findings of necessity for the adoption of a water conservation program, adopt and enforce a water conservation program to reduce the quantity of water used by those persons for the purpose of conserving the water supplies of the public entity; and

**WHEREAS**, it is essential for the protection of the health, welfare, and safety of the residents of the District and the public benefit of the State of California ("State"), that the groundwater resources of the Los Osos Groundwater Basin be conserved; and

**WHEREAS**, Governor Jerry Brown on January 17, 2014, proclaimed that the entire State of California to be in a drought state of emergency and the State Water Board has issued Emergency Water Shortage Regulations; and

**WHEREAS**, the District has adopted regulations in compliance with the State Water Board regulations; and

**WHEREAS**, the Board of Supervisors has amended the Health and Sanitation Ordinance, Title 8 of the San Luis Obispo County Code as follows (in part):

The Board of Supervisors determined that overall water use in the Los Osos Groundwater Basin has surpassed a sustainable capacity:

1. The consumption of water in the Los Osos Groundwater Basin has resulted in seawater intrusion into the Los Osos Groundwater Basin. In response to this threat to groundwater, the community's only fresh potable water source, the Board of Supervisors has certified a Level of Severity III for the Los Osos Groundwater Basin; this is the highest severity level in the County General Plan's Resource Management System.

**WHEREAS**, the District is a party to groundwater adjudication, *Los Osos Community Services District v. Golden State Water, et al.*, Case No. GIN 040126 ("Groundwater Litigation"); and

**WHEREAS**, the committee formed as a result of the ISJ has promulgated a draft Basin Plan which was made publicly known in August 2013; and

**WHEREAS**, that draft Basin Plan has found that there is salt water intrusion within the basin; and

**WHEREAS**, Water Code § 71640 of the Municipal Water Service District Law provides:

"A district may restrict the use of district water during any emergency caused by drought, or other threatened or existing water shortage, and may prohibit the wastage of district water or the use of district water during such periods for any purpose other than household uses or such other restricted uses as the district determines to be necessary. A district may also prohibit use of district water during such periods for specific uses which it finds to be nonessential"; and

**WHEREAS**, the District Board of Directors has noticed this public meeting pursuant to Water Code § 375 and has considered the Staff Report and public testimony regarding the adoption of this Resolution; and

**WHEREAS**, the District Board of Directors wishes to set forth a Water Shortage Contingency Plan that provides a range of alternative actions that allows for flexibility in responding to a water shortage and drought emergency; and

**WHEREAS**, based on the Staff Report, staff presentation, the reports and studies referenced in this Resolution and public comment, the District Board of Directors find that:

- (a) It is necessary for the District to adopt a Water Shortage Contingency Plan to be able to respond to the lack of available groundwater for the purpose of serving District residents.
- (b) While current per capita use in the community is substantially below the State-wide average, additional measures are necessary to protect the community's water supply from the threat of seawater intrusion.
- (c) The allocated residential indoor water demand is equal to or less than 50 gallons per person per day, consistent with the San Luis Obispo County Water Conservation Program for Los Osos.
- (d) The median household size referenced from the 2010 census of Los Osos is 2.61 persons per dwelling unit, and the proposed water allocations in the Water Shortage Contingency Plan are based on a household size of 3.0 persons per dwelling unit.
- (e) The residential water allocation per person in the most severe water shortage stage (Stage V) is 42 gal/person/day, consistent with minimum health and safety requirements.

**WHEREAS**, based on the Staff Report, staff presentation and public comment, the Board further finds:

- A. That adoption of the Water Shortage Contingency Plan will provide greater assurances that there will be adequate groundwater to meet the present needs of District residents consistent with District Code §3.28.020 and the resource protection goals of the San Luis Obispo County Estero Area Plan; and
- B. That adopting this Resolution will further conserve the water supply for the greater public benefit, with particular regards to domestic use, sanitation and fire protection; and
- C. That this Resolution adopts Rules and Regulations for the administration, operation and use of District services; and
- D. The Board of Directors of the District finds that the policies and procedures adopted by this Resolution are exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15378 (b) (2) because such policies and procedures constitute general policy and procedure making. The Board of Directors further finds that the adoption of the policies and potential actions established by this Resolution is not a project as defined in CEQA Guideline Section 15378, because it can be seen that the adoption of a Water Shortage Contingency Plan will not result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. The District incorporates by reference the CEQA findings in support of San Luis Obispo County Ordinance 3090, the County of San Luis Obispo Board of Supervisor's certification of a Severity Level III for the Los Osos Groundwater Basin, the San Luis Obispo County Water Conservation Ordinance, Title 8 and the Promulgated Draft of the Basin Plan For The Los Osos Groundwater Basin released on August 1, 2013.

**WHEREAS**, based on the Staff Report, staff presentation and public comment, the District Board of Directors further finds this Resolution is adopted for the protection of the health, safety and welfare of District water customers who depend on the underlying groundwater basin as their source of water supply.

**NOW, THEREFORE BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of Directors of the LOS OSOS COMMUNITY SERVICES DISTRICT, as follows:

1. That the above recitals are true and correct.
2. The Board adopts the Water Shortage Contingency Plan attached as Exhibit "A" to this Resolution.
3. The General Manager is directed to prepare and file an appropriate notice of exemption.
4. The General Manager is directed to publish this Resolution in its entirety in a newspaper of general circulation in the District within ten (10) days.

Upon motion of Director Ockylski, seconded by Director Moothart and on the following roll call vote, to wit:

AYES: Ockylski, Moothart, Storm, Wright, Baltimore  
NOES: \_\_\_\_\_  
ABSENT: \_\_\_\_\_  
ABSTAIN: \_\_\_\_\_

The foregoing resolution is hereby passed and adopted this 4<sup>th</sup> day of September, 2014.

Craig V. Baltimore  
Craig V. Baltimore  
President of the Board of Directors  
Los Osos Community Services District

ATTEST:  
Kathy A. Kivley  
Kathy A. Kivley  
General Manager and Secretary to the Board

APPROVED AS TO FORM:  
Michael W. Seitz  
Michael W. Seitz  
District Legal Counsel



OUTDOOR WATER  
CONSERVATION  
PLAN

1. **Program Element:** Target top 100 water users with outdoor water conservation information.

**Program Description:** Each month top water user reports will be generated using the District's new billing software. Monthly monitoring of water usage is already being conducted by District Staff. Staff determines if high usage is a spike or is habitual, based on prior usage. Staff shall develop a form letter to notify customers of the high water use. Top users will be direct mailed water conservation information along with the form letter.

**Implementation Schedule:** This element has been partially implemented. Unusually high and low meter reads are monitored by the District's Administrative Accounting Assistant.

**Cost:** The largest cost of this element will be Staff time. Printing costs and postage would be minimal. See attached cost estimate spreadsheet.

2. **Program Element:** Landscape and irrigation workshops.

**Program Description:** Local nurseries currently conduct landscape and irrigation workshops. The District will partner with these nurseries, encourage use of drought tolerant plants, and advertise workshops on the District's website, Channel 20, and at the District office.

**Implementation Schedule:** The District shall reach out to local nurseries and create a schedule of when and where such workshops will be conducted.

**Cost:** The District can minimize costs by allowing local nurseries to conduct landscape and irrigation workshops. Minimal staff time will be needed to advertise the workshops on the District's website, channel 20, and the District office.

3. **Program Element:** Develop seasonal irrigation messaging and direct mail water customers with information.

**Program Description:** A seasonal irrigation schedule was created by District staff and is mailed out to water customers on an annual basis. This schedule is also available at the District office.

**Implementation Schedule:** This element has been implemented. Irrigation schedules are mailed out to customers at least once per year.

**Cost:** This element was and continues to be a minimal cost to the District. See attached spreadsheet for cost estimate.

4. **Program Element:** Analyze water consumption and track per capita water use.

**Program Description:** Water consumption is measured on a monthly basis by District personnel. Unusually high or low meter reads are compared to past reads. Any suspected inaccuracy results in a reread of the meter.

**Implementation Schedule:** This element is currently implemented. District personnel measure consumption on a monthly basis.

**Cost:** This element's cost is incorporated into duties already performed by District Staff.

**5. Program Element:** Purchase or develop landscape brochures.

**Program Description:** The District will consult with an outside marketing firm to create a water wise landscape brochure encouraging the use of drought tolerant/native plants, drip irrigation, and replacing older timer based irrigation controllers with “smart” controllers. A native plant brochure and irrigation schedules are currently available at the District office.

**Implementation Schedule:** District staff is currently in the process of requesting qualifications from outside marketing agencies.

**Cost:** Actual costs will not be available until the District receives proposals from the marketing agencies (information pending).

**6. Program Element:** Attend public events and encourage water conservation to the public.

**Program Description:** District Staff attends different public events such as Farmer’s Market, Earth Day Festival, South Bay Business Expo, and Oktoberfest handing out water conservation items such as low flow showerheads and sink aerators, low flow hose nozzles, shower timers and toilet leak detection tablets. Water conservation literature is also provided. A gardening with native plants brochure, irrigation schedules, and coloring books for kids are also available at these events. All of these items are free to the public. District Staff encourages water conservation to members of the public at these events.

**Implementation Schedule:** This element is currently implemented. District staff attends farmers market on a monthly basis and other public events as they are scheduled.

**Cost:** Costs will vary due to the times and days of the week when public events are scheduled. Farmer’s Market is held during normal District business hours and does not require Staff overtime. This event only requires one staff member, while other events require the setup, operation, and breakdown of displays, shade structures, heavy or bulky items and require two staff members. Several of the above listed events are held outside of normal District business hours and incur overtime costs. In addition, the District purchases the water efficient fixtures and literature which are made available to the public at no cost to encourage water conservation. See attached cost estimate spreadsheet.

**7. Program Element:** Speaker’s bureau

**Program Description:** The speaker’s bureau will consist of Board members utilizing speaking opportunities to promote water conservation. Staff shall develop a speaking points reference bulletin for water conservation which Board members will present to service groups or clubs, as well as to the public.

**Implementation Schedule:** This element is partially implemented. Board members already present water conservation information to groups and clubs when asked. A reference bulletin will be created by Staff in a relatively short amount of time.

**Cost:** This element is one of the most cost effective measures of the water conservation plan. Aside from a short period of Staff time to create a reference bulletin, there should be no other costs incurred.



**8. Program Element:** Water waste ordinance.

**Program Description:** This element is a regulatory measure which will require Board approval and District Code amendment prior to implementation. It would be used as a, “tool of last resort” only used when a customer is disregarding the information and assistance offered by the District. It would create an ordinance to limit water runoff caused by inefficient or over irrigation, and prohibit the blatant wasting of water.

**Implementation Schedule:** This measure is not currently implemented. It will require Board approval and an amendment to District Code.

**Cost:** Actual enforcement of this element would require additional staff time (pending rate study).

**9. Program Element:** Water conservation consultation

**Program Description:** This program element will provide a one on one consultation either in person or by telephone for irrigation scheduling and system troubleshooting. This element will restart the residential water audit program, focusing on outdoor water conservation and irrigation system troubleshooting and efficiency. Properly trained and experienced personnel would need to be hired to implement this element which will require Board approval.

**Implementation Schedule:** This measure is not yet implemented and would involve hiring additional personnel, requiring Board approval.

**Cost:** This element would require the hiring of a properly trained irrigation system technician. This could be a part time position, which would save on personnel costs. The District could also hire a consultant who would be paid on a “per consultation” basis. This would also save on costs.

**10. Program Element:** Outdoor Water Conservation Incentives

**Program Description:** This element will provide monetary incentives to District customers to replace or upgrade irrigation systems to become more efficient. Upgrades include replacing old timer based irrigation controllers with weather based irrigation controllers, and replacing old sprinkler systems with drip irrigation or high efficiency sprinklers. Staff will work with local nurseries to develop a voucher program where customers will receive a discount voucher from the District to purchase drought tolerant or native plants from local nurseries. Although a cash for turf program was initially part of this element, it has been determined not to be cost effective.

**Implementation Schedule:** This measure is not implemented. It was recommended that incentives only be considered if the Board determines that the Outreach & Education and Technical Assistance components of the plan are proven to reduce outdoor water use.

**Cost:** The Board would need to approve funding for the incentive programs prior to implementation. Refer to attached estimate spreadsheet.

# LOCSD CAMPAIGN RECAP October 2014 – March 2015



## Established Save Los Osos Water Facebook Page

- Grew Facebook audience to approximately 400 geographically targeted residents (people living and working in Los Osos)
- Combined post reach: 13,222 people
- Average organic daily reach: 60
- Average paid post reach: 541

## Established SaveLosOsosWater.org which features

- Helpful conservation tools
- Links to reports
- Daily water saving tips
- Monthly usage data with year-over-year comparisons
- Water usage calculator
- Share features for Facebook and Twitter

## Produced collateral materials with Save Los Osos Water branding

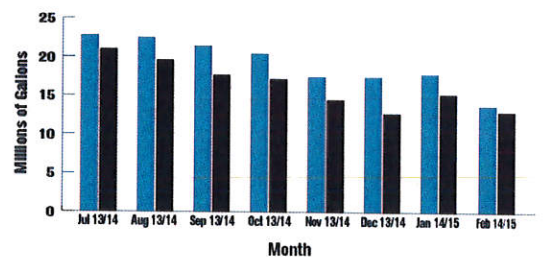
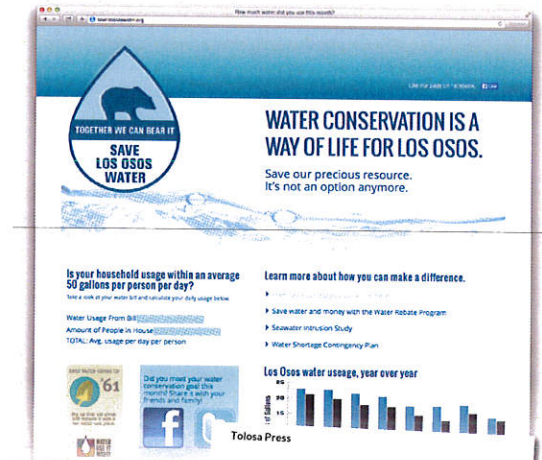
- Table Tents for local businesses, especially restaurants
- Bumper stickers for distribution at the district office and Farmers' Market
- Revamped booth signage for district's Farmers' Market presence
- Created posters for local business windows

## Designed slide for public access channel

## Created two billing inserts with conservation messaging

## Press releases/coordination that resulted in 8 media pickups

- In Los Osos, water users fight threat from the sea; SLO Tribune, March 18
- Los Osos groundwater is in danger, and its rescue will be costly; SLO Tribune, March 14
- Los Osos Water Plan now done; Tolosa Press, March 5
- Los Osos residents cut water use; Bay News, February 4
- Los Osos releases management plan for groundwater basin; KSBY News, February 4
- Save money? New fire rating in Los Osos; Tolosa Press, January 22
- Seawater is seeping into the Los Osos Groundwater Basin; KSBY News, January 22
- Los Osos CSD urges conservation; Bay News, December 11



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DATE: September 4, 2014  
AGENDA ITEM: 111  
 Approved  
 Denied  
 Continued

**RESOLUTION NO. 2014-22**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
LOS OSOS COMMUNITY SERVICES DISTRICT  
ADOPTING OUTDOOR WATER CONSERVATION PLAN  
PURSUANT TO WATER CODE § 375**

**WHEREAS**, the LOS OSOS COMMUNITY SERVICES DISTRICT ("District") provides water service within the District's water service area pursuant to § 61100 (a) of the Community Services District Law which provides:

"(a) Supply water for any beneficial uses, in the same manner as a municipal water district, formed pursuant to the Municipal Water District Law of 1911, Division 20 (commencing with Section 71000) of the Water Code. In the case of any conflict between that division and this division, the provisions of this division shall prevail"; and

**WHEREAS**, § 61060 (b) of the Community Services District Law provides in relevant part:

"A district shall have and may exercise all rights and powers, expressed and implied, necessary to carry out the purposes and intent of this division, including, but not limited to, the following powers:

(b) To adopt, by ordinance, and enforce rules and regulations for the administration, operation, and use and maintenance of the facilities and services listed in Part 3 (commencing with Section 61100)"; and

**WHEREAS**, California Water Code Section 375 States in pertinent part:

(a) Notwithstanding any other provision of the law, any public entity which supplies water at retail or wholesale for the benefit of persons within the service area or area of jurisdiction of the public entity may, by ordinance or **resolution** adopted by a majority of the members of the governing body after holding a public hearing upon notice and making appropriate findings of necessity for the adoption of a water conservation program, adopt and enforce a water conservation program to reduce the quantity of water used by those persons for the purpose of conserving the water supplies of the public entity; and

**WHEREAS**, it is essential for the protection of the health, welfare, and safety of the residents of the District and the public benefit of the State of California ("State"), that the groundwater resources of the Los Osos Groundwater Basin be conserved; and

**WHEREAS**, Governor Jerry Brown on January 17, 2014, proclaimed that the entire State of California to be in a drought state of emergency and the State Water Board has issued Emergency Water Shortage Regulations; and

**WHEREAS**, the District has adopted regulations in compliance with the State Water Board regulations; and

**WHEREAS**, the Board of Supervisors has amended the Health and Sanitation Ordinance, Title 8 of the San Luis Obispo County Code as follows (in part):

The Board of Supervisors determined that overall water use in the Los Osos Groundwater Basin has surpassed a sustainable capacity:

*26*

1. The consumption of water in the Los Osos Groundwater Basin has resulted in seawater intrusion into the Los Osos Groundwater Basin. In response to this threat to groundwater, the community's only fresh potable water source, the Board of Supervisors has certified a Level of Severity III for the Los Osos Groundwater Basin; this is the highest severity level in the County General Plan's Resource Management System.

**WHEREAS**, Water Code § 71640 of the Municipal Water Service District Law provides:

"A district may restrict the use of district water during any emergency caused by drought, or other threatened or existing water shortage, and may prohibit the wastage of district water or the use of district water during such periods for any purpose other than household uses or such other restricted uses as the district determines to be necessary. A district may also prohibit use of district water during such periods for specific uses which it finds to be nonessential"; and

**WHEREAS**, the District Board of Directors has considered the Staff Report and public testimony regarding the adoption of this Resolution; and

**WHEREAS**, the District Board of Directors wishes to set forth an Outdoor Water Conservation Plan that provides a range of alternative actions that allows for flexibility in responding to a water shortage and drought emergency; and

**WHEREAS**, based on the Staff Report, staff presentation, the reports and studies referenced in this Resolution and public comment, the District Board of Directors find that:

- (a) It is necessary for the District to adopt an Outdoor Water Conservation Plan to be able to respond to the lack of available groundwater for the purpose of serving District residents.

**WHEREAS**, based on the Staff Report, staff presentation and public comment, the Board further finds:

- A. That adoption of the Outdoor Water Conservation Plan will provide greater assurances that there will be adequate groundwater to meet the present needs of District residents consistent with District Code §3.28.020 and the resource protection goals of the San Luis Obispo County Estero Area Plan; and
- B. That adopting this Resolution will further conserve the water supply for the greater public benefit, with particular regards to domestic use, sanitation and fire protection; and
- C. That this Resolution adopts an Outdoor Water Conservation Plan for the administration, operation and use of District services.

**WHEREAS**, based on the staff report, staff presentation and public comment, the District Board of Directors further finds this Resolution is adopted for the protection of the health, safety and welfare of District water customers who depend on the underlying groundwater basin as their source of water supply.

**NOW, THEREFORE BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of Directors of the LOS OSOS COMMUNITY SERVICES DISTRICT, as follows:

- 1. That the above recitals are true and correct.
- 2. The Board adopts the Outdoor Water Conservation Plan attached as Exhibit "A" to this Resolution.

Upon motion of Director Dokylski, seconded by Director Wright and on the following roll call vote, to wit:

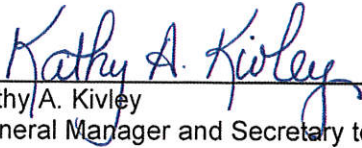
AYES: Dokylski, Wright, Moothart, Storm, Baltimore  
NOES: \_\_\_\_\_  
ABSENT: \_\_\_\_\_  
ABSTAIN: \_\_\_\_\_

The foregoing resolution is hereby passed and adopted this 4<sup>th</sup> day of September, 2014.



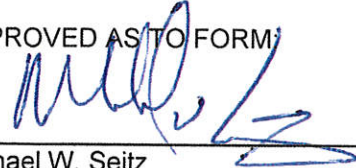
\_\_\_\_\_  
Craig V. Baltimore  
President of the Board of Directors  
Los Osos Community Services District

ATTEST:



\_\_\_\_\_  
Kathy A. Kivley  
General Manager and Secretary to the Board

APPROVED AS TO FORM:



\_\_\_\_\_  
Michael W. Seitz  
District Legal Counsel

## Department Summary – Fund 100

The Administration Fund is generally funded through transfers from the other funds to support general governance and administrative services for various operating funds. The transfer dollars are a result of the allocation factors. The proposed method for the budget preparation was based on actual time spent working for each fund. With the exception of the Park Fund, Fund 900, all funds contribute to the Administrative Overhead as able. It should also be noted that if the Administration Fund's costs come in lower than budgeted, any favorable change will reduce the allocation ratio and costs to the respective funds accordingly.

The Administration Fund provides overall management, human resources functions, payroll services, computer systems hardware and software, financial accounting, legal, consulting services and other services as it pertains to the District as a whole. This budget expenses items that are attributed to these operations, however, this Department receives no direct funding, general revenue or generates revenues. This lack of revenue produces a cash deficit.

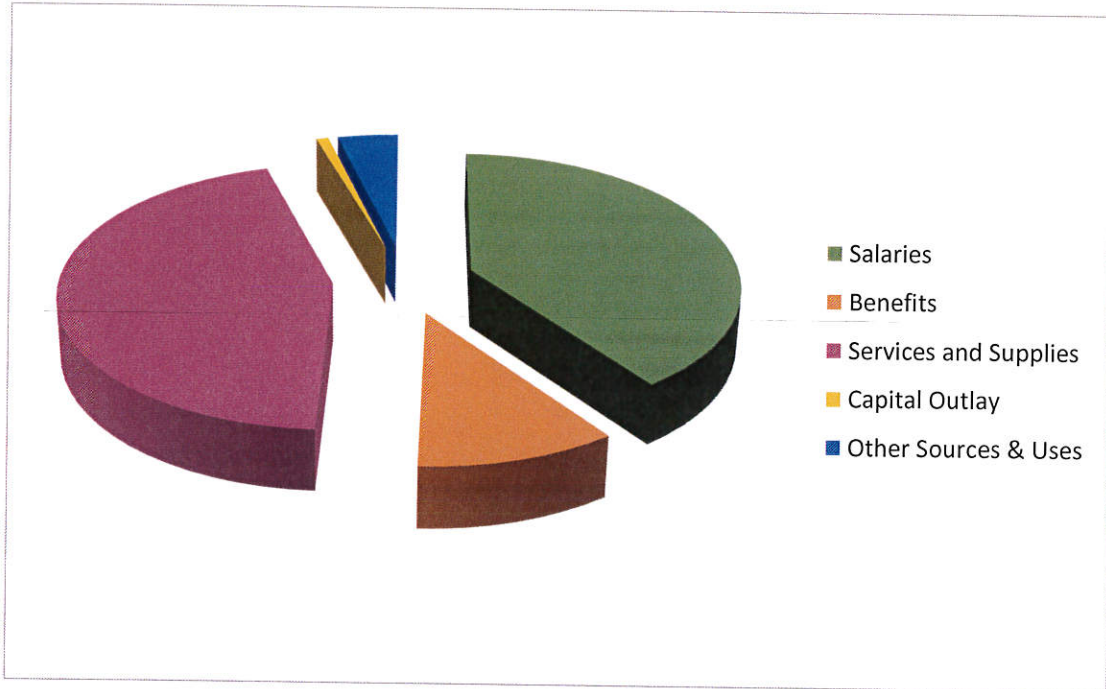
One item of importance is Note #2 below. The District Board, on October 17, 2006, entered into a Letter of Understanding between the District and MBIA Insurance Corporation regarding Terms of Agreement negotiated during the previous meeting on August 10, 2006. There are Audit Notes in FY 2011/2012 and FY 2012/2013 reports related to this topic. The District Board at that time "prematurely" borrowed \$714,267.50 from the Debt Service Reserve Fund to make the semi-annual payment to the bondholders and established a long term plan to replenish the Reserve Fund with a transfer of \$25,000 a year from Fund 100. Until January of 2015, only one \$25,000 payment was made to the bank. At that time staff made the appropriate payments less three years which it appears were never budgeted. Staff completed the reconciliation of the bank accounts for the Bond Improvement Redemption Fund and the Improvement Bond Reserve Fund. For more information on repayment plan and order from the Bankruptcy Court, refer to the information outlined in Fund 600.

## Budget Summary

Fund 100 Expenditure	2011/2012 Actuals <sup>6</sup>	2012/2013 Actuals <sup>6</sup>	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
<b>Salaries</b>	307,021	263,998	253,569	222,680	258,002
<b>Benefits</b>	81,942	92,232	63,622	67,179	63,884
<b>Services and Supplies</b>	278,838	257,005	250,188	306,451	252,815
<b>Capital Outlay</b>		41,840	13,861	5,000	5,000
<b>Other Sources &amp; Uses<sup>2</sup></b>	25,000	25,000	25,000	21,947 <sup>4</sup>	0
<b>Total</b>	692,801 <sup>5</sup>	680,075 <sup>1,5</sup>	606,240	623,257	579,701
<b>Allocation of Admin Costs<sup>4</sup></b>	699,216 <sup>2</sup>	643,428	705,597 <sup>3</sup>	605,310	579,701

- Notes: <sup>1</sup> Includes expenditures for PEG Grant; \$15,483 in FY 2012/2013 & \$13,861 FY 2013/2014  
<sup>2</sup> Repayment of required funds for use of 2002 Bond Reserves; total due \$714,268 withdrawn to make the Debt Service payment in September 2006  
<sup>3</sup> Includes additional funds to cover shortfall from prior year  
<sup>4</sup> Reserve Funds to cover Admin Cost Allocation for Wastewater Fund 600  
<sup>5</sup> Attached Expenditure reports reflect a discrepancy between Actuals and Audit financials  
<sup>6</sup> Actuals are based on fiscal year audits

**Fund 100 Department Expenditure by Category for FY 2015/2016**



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
100 - 100 - Administration

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
<b>Revenues</b>						
Property Taxes						
Total Property Taxes	17,147	0	0	0	0	0.00%
Grant Revenue						
Total Grant Revenue	30,000	(656)	0	0	0	0.00%
Service Charges & Fees						
Total Service Charges & Fees	0	110	0	0	0	0.00%
Other Revenues						
Total Other Revenues	255	32	0	0	0	0.00%
Use of Money & Property						
Total Revenues	(8)	0	0	0	0	0.00%
	47,393	(515)	0	0	0	0.00%
<b>Expenditures</b>						
Personnel						
Salaries/Wages	283,823	253,569	222,680	258,002	35,322	15.86%
Payroll Taxes & Benefits	85,709	63,622	67,179	63,884	(3,295)	(4.90)%
Employment Services	11,794	7,651	29,054	4,395	(24,659)	(84.87)%
Total Personnel	381,326	324,843	318,913	326,281	7,368	2.31%
Services and Supplies						
Contract Services	56,741	70,891	48,450	45,200	(3,250)	(6.71)%
Financial Services	307	8,248	100	2,000	1,900	1,900.00%
Insurance, Licenses & Regulatory Fees	44,494	45,574	58,977	44,000	(14,977)	(25.39)%
Legal & Professional	111,102	67,632	118,400	94,100	(24,300)	(20.52)%
Office/Operations	13,063	17,496	17,900	15,900	(2,000)	(11.17)%
Other Expense	858	1,681	500	500	0	0.00%
Rent & Utilities	26,426	27,640	29,020	42,920	13,900	47.90%
Repairs & Maintenance	915	282	300	300	0	0.00%



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
100 - 100 - Administration

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Travel & Training	6,559	3,093	3,750	3,500	(250)	(6.67)%
Total Services and Supplies	260,465	242,537	277,397	248,420	(28,977)	(10.45)%
Allocation of Administrative Costs	(671,833)	0	0	0	0	0.00%
Total Allocation of Administrative Costs	(671,833)	0	0	0	0	0.00%
Capital Outlay	41,840	13,861	5,000	5,000	0	0.00%
Total Capital Outlay	41,840	13,861	5,000	5,000	0	0.00%
Debt Service	1,517	0	0	0	0	0.00%
Total Debt Service	1,517	0	0	0	0	0.00%
Reserves	82,691	0	0	0	0	0.00%
Total Reserves	82,691	0	0	0	0	0.00%
Transfers	(19,748)	(680,597)	(583,363)	(579,701)	3,662	(0.63)%
Total Transfers	(19,748)	(680,597)	(583,363)	(579,701)	3,662	(0.63)%
Total Expenditures	76,257	(99,356)	17,947	0	(17,947)	(100.00)%
Net Revenues over Expenditures	(28,864)	98,842	(17,947)	0	17,947	

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
100 - 100 - Administration

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
<b>Revenues</b>						
Property Taxes						
4035	17,147	0	0	0	0	0.00%
	17,147	0	0	0	0	0.00%
Grant Revenue						
4944	30,000	(656)	0	0	0	0.00%
	30,000	(656)	0	0	0	0.00%
Service Charges & Fees						
4005	0	110	0	0	0	0.00%
	0	110	0	0	0	0.00%
Other Revenues						
4929	11	0	0	0	0	0.00%
4935	200	0	0	0	0	0.00%
4989	44	32	0	0	0	0.00%
	255	32	0	0	0	0.00%
Use of Money & Property						
4501	(8)	0	0	0	0	0.00%
	(8)	0	0	0	0	0.00%
	47,393	(515)	0	0	0	0.00%
<b>Expenditures</b>						
Personnel						
Salaries/Wages						
7322	13,900	12,900	15,000	15,000	0	0.00%
8018	11,616	7,828	0	0	0	0.00%
8035	0	3,152	0	0	0	0.00%
8045	8,699	11,406	7,503	3,402	(4,101)	(54.66)%
8050	2,933	5,211	0	0	0	0.00%
8051	1,373	1,724	0	0	0	0.00%
8054	226,970	179,766	200,177	239,600	39,423	19.69%
8056	0	343	0	0	0	0.00%
8060	5,941	9,534	0	0	0	0.00%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
100 - 100 - Administration

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
8066	155	0	0	0	0	0.00%
8081	12,237	21,705	0	0	0	0.00%
	<u>283,823</u>	<u>253,569</u>	<u>222,680</u>	<u>258,002</u>	<u>35,322</u>	<u>15.86%</u>
	Payroll Taxes & Benefits					
5020	862	2,814	1,054	930	(124)	(11.76)%
5030	3,123	1,724	1,670	2,560	890	53.29%
5050	4,076	3,884	3,992	4,150	158	3.96%
5060	26,150	17,011	24,000	22,500	(1,500)	(6.25)%
5070	30,326	13,057	21,788	9,000	(12,788)	(58.69)%
5071	14,045	5,768	0	1,600	1,600	0.00%
5075	1,525	2,394	2,070	2,700	630	30.43%
5120	4,402	2,588	7,805	3,800	(4,005)	(51.31)%
5124	0	3,983	0	11,844	11,844	0.00%
8511	1,200	3,400	4,800	4,800	0	0.00%
8530	0	7,000	0	0	0	0.00%
	<u>85,709</u>	<u>63,622</u>	<u>67,179</u>	<u>63,884</u>	<u>(3,295)</u>	<u>(4.90)%</u>
	Employment Services					
5100	2,513	3,411	3,500	3,500	0	0.00%
6200	793	1,573	500	500	0	0.00%
6230	0	220	220	220	0	0.00%
6250	8,488	2,448	24,659	0	(24,659)	(100.00)%
7347	0	0	175	175	0	0.00%
	<u>11,794</u>	<u>7,651</u>	<u>29,054</u>	<u>4,395</u>	<u>(24,659)</u>	<u>(84.87)%</u>
	<u>381,326</u>	<u>324,843</u>	<u>318,913</u>	<u>326,281</u>	<u>7,368</u>	<u>2.31%</u>
	Services & Supplies					
	Contract Services					
6100	24,217	24,969	5,000	7,300	2,300	46.00%
6110	3,701	21,938	15,000	15,000	0	0.00%
7100	12,450	7,105	12,000	7,000	(5,000)	(41.67)%
7255	720	942	750	1,200	450	60.00%
7321	1,863	1,781	2,200	2,200	0	0.00%
7342	13,790	14,155	13,500	12,500	(1,000)	(7.41)%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
100 - 100 - Administration

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Total Contract Services	56,741	70,891	48,450	45,200	(3,250)	(6.71)%
Financial Services						
7309 Late Fees	0	30	0	0	0	0.00%
7310 Bank Service Charges	0	8,218	100	2,000	1,900	1,900.00%
9154 Losses and Damages	307	0	0	0	0	0.00%
Total Financial Services	307	8,248	100	2,000	1,900	1,900.00%
Insurance, Licenses & Regulatory Fees						
6120 Computer Licenses	6,035	2,842	6,000	3,000	(3,000)	(50.00)%
6340 Misc Fees	0	3,121	3,200	1,000	(2,200)	(68.75)%
6341 LAFCO Fees	17,229	18,256	29,977	20,000	(9,977)	(33.28)%
7325 Insurance	21,231	21,355	19,800	20,000	200	1.01%
Total Insurance, Licenses & Regulatory Fees	44,494	45,574	58,977	44,000	(14,977)	(25.39)%
Legal & Professional						
7305 Auditing Services	30,800	16,450	17,900	18,000	100	0.56%
7317 Settlements	5,000	0	0	0	0	0.00%
7319 Other Professional Services	92	0	0	0	0	0.00%
7320 Professional & Consulting Services	3,210	0	0	0	0	0.00%
7326 Legal Services	70,635	50,335	85,000	75,000	(10,000)	(11.76)%
7340 Legal Notifications & Mandated Advertising	1,081	846	500	1,100	600	120.00%
7343 Election Expense	283	0	15,000	0	(15,000)	(100.00)%
Total Legal & Professional	111,102	67,632	118,400	94,100	(24,300)	(20.52)%
Office/Operations						
6121 IT-Supplies & Miscellaneous	0	0	500	500	0	0.00%
6130 Computer Hardware	0	0	2,000	2,000	0	0.00%
7110 Copier Supplies	0	(2)	0	0	0	0.00%
7140 General Supplies & Minor Equipment	4,855	7,827	6,000	5,500	(500)	(8.33)%
7160 Postage, Shipping & Mail Supplies	3,307	3,951	4,000	2,500	(1,500)	(37.50)%
7226 Membership & Dues	4,901	5,124	5,400	5,400	0	0.00%
7332 Office Supplies	0	596	0	0	0	0.00%
Total Office/Operations	13,063	17,496	17,900	15,900	(2,000)	(11.17)%
Other Expense						
7025 Significant Value Purchase-General Use	0	917	0	0	0	0.00%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
100 - 100 - Administration

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
7348 Water Conservation Program	0	35	0	0	0	0.00%
8735 Misc Department Admin	858	729	500	500	0	0.00%
Total Other Expense	858	1,681	500	500	0	0.00%
Rent & Utilities						
6000 Cell Phones	326	0	0	0	0	0.00%
6025 Telephone	4,063	4,261	4,300	4,100	(200)	(4.65)%
7350 Rent - Meetings	5,063	6,582	6,000	6,000	0	0.00%
7352 Rent - Offices & Other Structures	13,640	13,440	14,880	28,980	14,100	94.76%
8610 Electric	3,163	2,925	3,600	3,600	0	0.00%
8620 Gas Service	172	161	240	240	0	0.00%
8630 Trash Services	0	270	0	0	0	0.00%
Total Rent & Utilities	26,426	27,640	29,020	42,920	13,900	47.90%
Repairs & Maintenance						
6405 R & M - Extinguishers	59	80	100	100	0	0.00%
6750 R & M - Minor Tools & Equipment	856	95	200	200	0	0.00%
6900 Maint-Buildings & Structures	0	95	0	0	0	0.00%
7130 Fax Maintenance	0	13	0	0	0	0.00%
Total Repairs & Maintenance	915	282	300	300	0	0.00%
Travel & Training						
7323 Books, Publications & Subscriptions	513	199	0	0	0	0.00%
7324 Education & Training Fees	525	138	1,000	750	(250)	(25.00)%
7334 Seminar & Conference Fees	550	0	0	0	0	0.00%
8510 Lodging & Meals - Local	1,076	585	1,000	1,000	0	0.00%
8512 Lodging & Meals - Out of County	674	351	0	0	0	0.00%
8539 Meals	39	166	1,000	1,000	0	0.00%
8541 Meals- Local Area - DIR	1,210	884	0	0	0	0.00%
8550 Mileage Reimbursement & Parking - EE	865	619	750	750	0	0.00%
8551 Mileage Reimbursement & Parking- DIR	285	152	0	0	0	0.00%
8563 Common Carrier Charges- DIR	822	0	0	0	0	0.00%
Total Travel & Training	6,559	3,093	3,750	3,500	(250)	(6.67)%
Total Services & Supplies	260,465	242,537	277,397	248,420	(28,977)	(10.45)%
Allocation of Administrative Costs						

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
100 - 100 - Administration

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
5132	(238)	0	0	0	0	0.00%
5133	5,644	0	0	0	0	0.00%
5197	(14,070)	0	0	0	0	0.00%
8153	16,268	0	0	0	0	0.00%
8197	(36,010)	0	0	0	0	0.00%
8810	(8,604)	0	0	0	0	0.00%
8811	(107,544)	0	0	0	0	0.00%
8812	(3,744)	0	0	0	0	0.00%
8813	(464,976)	0	0	0	0	0.00%
8815	(35,892)	0	0	0	0	0.00%
8817	(22,668)	0	0	0	0	0.00%
Total Allocation of Administrative Costs	(671,833)	0	0	0	0	0.00%
Capital Outlay						
9057	26,357	0	0	0	0	0.00%
9059	15,483	13,861	5,000	5,000	0	0.00%
Total Capital Outlay	41,840	13,861	5,000	5,000	0	0.00%
Debt Service						
9806	1,517	0	0	0	0	0.00%
Total Debt Service	1,517	0	0	0	0	0.00%
Reserves						
9572	20,873	0	0	0	0	0.00%
9574	14,517	0	0	0	0	0.00%
9981	30,000	0	0	0	0	0.00%
9982	17,300	0	0	0	0	0.00%
Total Reserves	82,691	0	0	0	0	0.00%
Transfers						
9410	0	(705,597)	(605,310)	(579,701)	25,609	(4.23)%
9465	(44,748)	0	0	0	0	0.00%
9508	0	0	17,947	0	(17,947)	(100.00)%
9511	25,000	25,000	4,000	0	(4,000)	(100.00)%
Total Transfers	(19,748)	(680,597)	(583,363)	(579,701)	3,662	(0.63)%
Total Expenditures	76,257	(99,356)	17,947	0	(17,947)	(100.00)%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
 Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
 100 - 100 - Administration

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Net Revenues over Expenditures	(28,864)	98,842	(17,947)	0	17,947	

## Department Summary – Fund 200

Bayridge Estates is a subdivision in Los Osos that has a dedicated residential community septic system. There are 147 parcels in this subdivision. The fund provides septic management, storm water drainage, streetlight, and open space management. The key source of funding is assessments for service charges on property owners within the specific boundary of the subdivision. This fund receives General Property Taxes of about \$7,200 per year. This general tax was grandfathered into the Prop 13 allocation since the Fund was receiving general taxes before the proposition passed. In June 2013 based on the consent of the property owners the District increased the annual assessment from \$201/parcel to \$373/parcel. The assessments collected are used to maintain the system. Connection to the community-wide sewer system is estimated for spring of 2016. In preparation for connection to the sewer system, there were extensive repairs required. On March 3, 2015, by Resolution No. 2015-08 the Board of Directors approved an interfund loan from the Water Fund 500 to Bayridge Fund 200 in an amount not to exceed \$125,000. The interest rate is based on West Coast Prime plus 1% at the time of borrowing/transfer from the Water Fund General Contingency Reserve. This loan funds Phase 1 Maintenance Improvement Project to the existing septic system. The following project encompass Phase 1 for both engineering and construction:

- Bay Oaks Drive: Between Manholes 5 and 6 (~190 feet). The inspection noted one high priority sag and two medium priority sags along with root intrusion.
- Bay Oaks Drive: At Manhole 7. The inspection noted a high priority pipe offset.
- Del Mar Drive: Between Manholes 21 and 22 (~250 feet). The inspection noted two high priority sags, three medium priority sags and a pipe offset.
- Green Oaks Drive: Between Manholes 10 and 11 (~200 feet). The inspection noted one high priority sag and three medium priority sags.

In FY 2013/2014 the District Board adopted and funded a Septic System Decommission Reserve of \$8,000 annually. Recognizing this transition is rapidly approaching District staff met with County staff in December 2014. At this meeting based on the recent pipeline video inspections, staff discussed possible required improvements prior to the County of San Luis Obispo allowing connection or assuming responsibility for the existing septic system. The deficiencies were rate in three categories: High, Medium and Low. Using this rating, staff established two phases for maintenance improvement projects to address the high and medium priorities. Construction on Phase 1 has a scheduled completion date of early August 2015. Phase 2 is more extensive with an estimated cost of approximately \$325,000. Once the bids are received for Phase 1, a revised Engineer's Estimate will be prepared. As with Phase 1, this project requires the borrowing of funds.

Five upgrades are required for Phase 2 along with root cleaning and jetting. The recommended improvements are as follows:

- |   |           |
|---|-----------|
| • Bay Oaks Drive: MH #1 to 2 – Spot Repair        | \$16,000  |
| • Bay Oaks Drive: MH #2 to 3 – Replace sewer main | \$100,000 |
| • Bay Oaks Drive: MH #1to CO #5 – Spot repair     | \$16,000  |
| • Las Encinas Drive: Replace Sewer main           | \$100,000 |
| • Oak Ridge Drive: Off Pipe                       | \$10,000  |
| • Tierra Drive: Replace sewer main                | \$120,000 |

It is important to note, until the interfund loan is repaid to the water fund, septic system decommissioning and connections costs incurred by the District are repaid, the assessment remains on the properties.

Based on the proposed budget, the expenditures exceed the revenues. It is important to note as with FY 2014/2015, the Board authorized staff to only fund the Decommission Reserve after covering the expenditures with the existing revenues and utilizing prior revenues to cover the remaining shortages. Kindly note, affecting this same direction this year, removing the Decommission Reserve, the Proposed FY 2015/2016 Budget balances. Staff requests the Proposed Budget be adopted as shown with this direction to staff. This allow the staff after covering the expenditures to place the necessary funds in the Decommission Reserve.

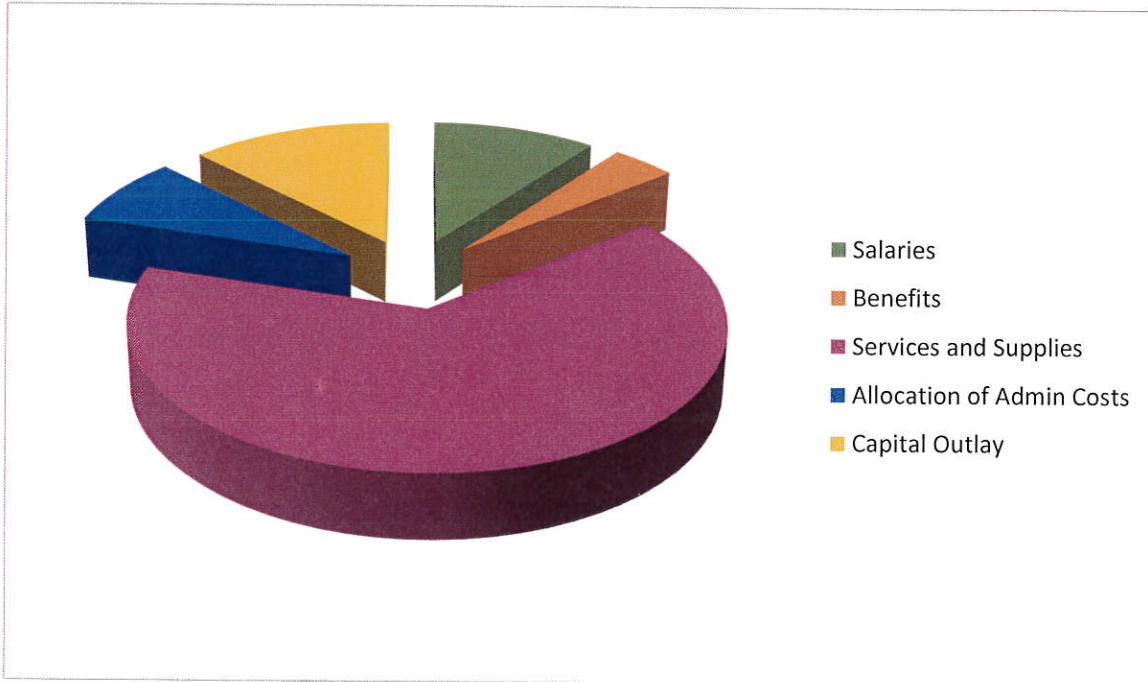


## Budget Summary

Fund 200 Expenditures	2011/2012 Actuals <sup>2</sup>	2012/2013 Actuals <sup>2</sup>	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	7,101	7,705	8,393	8,400	12,000
Benefits	2,818	3,249	2,971	2,500	4,000
Services and Supplies	24,303	27,036	18,186	40,146	32,486
Allocation of Admin Costs <sup>1</sup>	10,212	8,604	6,798	5,407	13,712
Capital Outlay	0	0	0	7,700	0
<b>Total<sup>1</sup></b>	<b>44,434</b>	<b>46,594</b>	<b>36,348</b>	<b>64,153</b>	<b>62,198</b>

Notes: <sup>1</sup> Excludes appropriations for Reserves  
<sup>2</sup> Actuals are based on Fiscal Year Audits

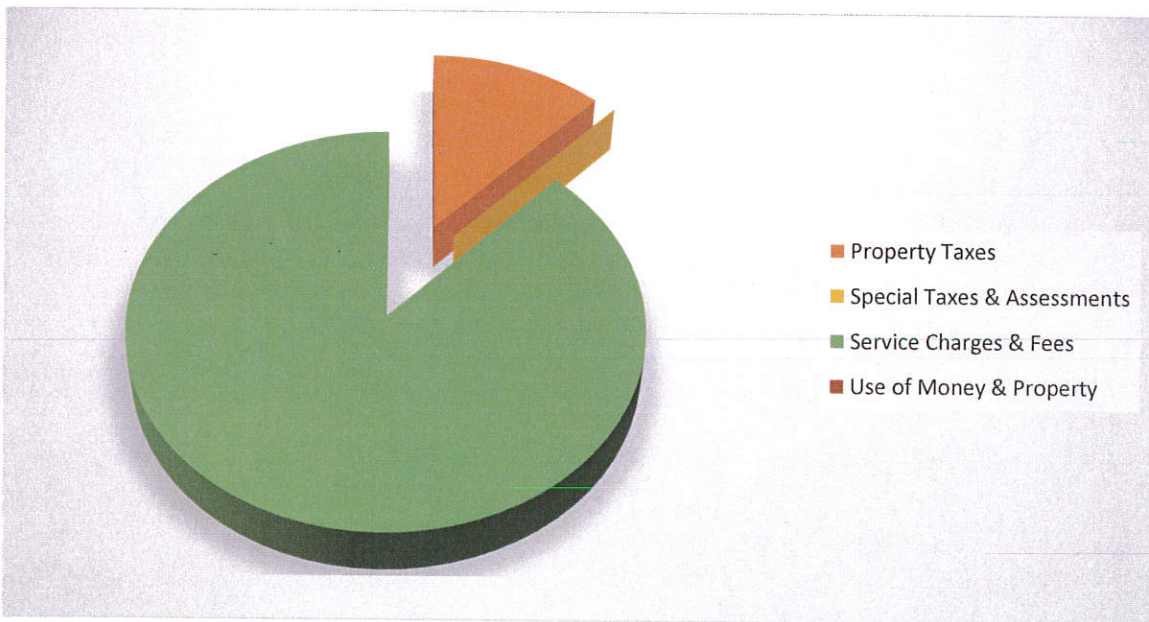
### Fund 200 Department Expenditure by Category for FY 2015/2016



**Fund 200 Department Revenue by Category for FY 2015/2016**

	<b>2012/2013 Actuals</b>	<b>2013/2014 Unaudited Actuals</b>	<b>2014/2015 Adopted Budget</b>	<b>2015/2016 Proposed Budget</b>
<b>Property Taxes</b>	6,731	7,412	7,227	7,440
<b>Special Taxes &amp; Assessments</b>	0	0	0	0
<b>Service Charges</b>	29,547	56,331	54,831	54,831
<b>Use of Money &amp; Property</b>	(4)	0	0	0
<b>Total</b>	36,274	63,743	62,058	62,271

**Fund 200 Department Revenue by Category for FY 2015/2016**



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
200 - 200 - Bayridge

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
<b>Revenues</b>						
Property Taxes						
	6,731	7,412	7,227	7,440	213	2.95%
Total Property Taxes	6,731	7,412	7,227	7,440	213	2.95%
Special Taxes & Assessments						
	29,547	56,331	54,831	54,831	0	0.00%
Total Special Taxes & Assessments	29,547	56,331	54,831	54,831	0	0.00%
Use of Money & Property						
	(4)	0	0	0	0	0.00%
Total Revenues	36,274	63,743	62,058	62,271	213	0.34%
<b>Expenditures</b>						
Personnel						
Salaries/Wages	0	8,393	8,400	12,000	3,600	42.86%
Payroll Taxes & Benefits	0	2,971	2,500	4,000	1,500	60.00%
Total Payroll Taxes & Benefits	0	2,971	2,500	4,000	1,500	60.00%
Total Personnel	0	11,364	10,900	16,000	5,100	46.79%
Services and Supplies						
Contract Services	650	165	850	850	0	0.00%
Equipment & Tools	0	111	100	100	0	0.00%
Insurance, Licenses & Regulatory Fees	1,017	1,230	1,304	1,304	0	0.00%
Legal & Professional	1,291	1,250	500	1,000	500	100.00%
Office/Operations	64	30	70	70	0	0.00%
Rent & Utilities	13,167	13,623	20,760	18,600	(2,160)	(10.40)%
Repairs & Maintenance	9,718	626	15,262	9,262	(6,000)	(39.31)%
Vehicle Maintenance & Repair	1,131	1,152	1,300	1,300	0	0.00%
Total Services and Supplies	27,038	18,186	40,146	32,486	(7,660)	(19.08)%
Allocation of Administrative Costs						
	19,558	0	0	0	0	0.00%
Total Allocation of Administrative Costs	19,558	0	0	0	0	0.00%
Capital Outlay						
	0	0	7,700	0	(7,700)	(100.00)%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
200 - 200 - Bayridge

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Total Capital Outlay	0	0	7,700	0	(7,700)	(100.00)%
Reserves	0	8,000	8,000	8,000	0	0.00%
Total Reserves	0	8,000	8,000	8,000	0	0.00%
Transfers	0	6,798	5,407	13,712	8,305	153.60%
Total Transfers	0	6,798	5,407	13,712	8,305	153.60%
Total Expenditures	46,595	44,348	72,153	70,198	(1,955)	(2.71)%
Net Revenues over Expenditures	(10,321)	19,395	(10,095)	(7,927)	2,168	-

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
200 - 200 - Bayridge

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
<b>Revenues</b>						
Property Taxes						
4035	6,731	7,412	7,227	7,440	213	2.95%
	6,731	7,412	7,227	7,440	213	2.95%
Special Taxes & Assessments						
4550	29,547	56,331	54,831	54,831	0	0.00%
	29,547	56,331	54,831	54,831	0	0.00%
Use of Money & Property						
4501	(4)	0	0	0	0	0.00%
	(4)	0	0	0	0	0.00%
	36,274	63,743	62,058	62,271	213	0.34%
<b>Expenditures</b>						
Personnel						
Salaries/Wages						
8054	0	8,393	8,400	12,000	3,600	42.86%
	0	8,393	8,400	12,000	3,600	42.86%
Payroll Taxes & Benefits						
5010	0	2,971	2,500	4,000	1,500	60.00%
	0	2,971	2,500	4,000	1,500	60.00%
	0	11,364	10,900	16,000	5,100	46.79%
Services & Supplies						
Contract Services						
7250	650	165	850	850	0	0.00%
	650	165	850	850	0	0.00%
Equipment & Tools						
7242	0	111	100	100	0	0.00%
	0	111	100	100	0	0.00%
Insurance, Licenses & Regulatory Fees						
6342	760	970	1,044	1,044	0	0.00%
6345	257	260	260	260	0	0.00%
	1,017	1,230	1,304	1,304	0	0.00%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
200 - 200 - Bayridge

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets	
Legal & Professional							
7320	Professional & Consulting Services	840	1,250	500	1,000	500	100.00%
7326	Legal Services	451	0	0	0	0	0.00%
	<b>Total Legal &amp; Professional</b>	<b>1,291</b>	<b>1,250</b>	<b>500</b>	<b>1,000</b>	<b>500</b>	<b>100.00%</b>
Office/Operations							
7160	Postage, Shipping & Mail Supplies	64	0	70	70	0	0.00%
7249	Safety Supplies	0	30	0	0	0	0.00%
	<b>Total Office/Operations</b>	<b>64</b>	<b>30</b>	<b>70</b>	<b>70</b>	<b>0</b>	<b>0.00%</b>
Rent & Utilities							
6000	Cell Phones	169	129	160	200	40	25.00%
7352	Rent - Offices & Other Structures	0	0	0	800	800	0.00%
8610	Electric	2,911	2,550	2,500	2,500	0	0.00%
8645	Septage Handling	5,500	6,240	12,000	10,000	(2,000)	(16.67)%
8670	Street Lighting	4,587	4,704	6,100	5,100	(1,000)	(16.39)%
	<b>Total Rent &amp; Utilities</b>	<b>13,167</b>	<b>13,623</b>	<b>20,760</b>	<b>18,600</b>	<b>(2,160)</b>	<b>(10.40)%</b>
Repairs & Maintenance							
6405	R & M - Extinguishers	12	18	12	12	0	0.00%
6640	Maint - Equip & Other Non-Structural Fixed Assets	13	100	150	150	0	0.00%
6750	R & M - Minor Tools & Equipment	27	51	100	100	0	0.00%
6800	R & M - Grounds & Collection Systems	7,490	0	11,000	5,000	(6,000)	(54.55)%
6900	Maint-Buildings & Structures	2,175	457	4,000	4,000	0	0.00%
	<b>Total Repairs &amp; Maintenance</b>	<b>9,718</b>	<b>626</b>	<b>15,262</b>	<b>9,262</b>	<b>(6,000)</b>	<b>(39.31)%</b>
Vehicle Maintenance & Repairs							
7211	Misc Fuel & Diesel	484	504	500	500	0	0.00%
7220	Gasoline	647	648	800	800	0	0.00%
	<b>Total Vehicle Maintenance &amp; Repairs</b>	<b>1,131</b>	<b>1,152</b>	<b>1,300</b>	<b>1,300</b>	<b>0</b>	<b>0.00%</b>
	<b>Total Services &amp; Supplies</b>	<b>27,038</b>	<b>18,186</b>	<b>40,146</b>	<b>32,486</b>	<b>(7,660)</b>	<b>(19.08)%</b>
Allocation of Administrative Costs							
5133	Benefits Charged by Water	3,127	0	0	0	0	0.00%
5197	Benefits Billings to Other Funds	122	0	0	0	0	0.00%
8153	Labor Charged by Water	7,705	0	0	0	0	0.00%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
200 - 200 - Bayridge

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
8801 Admin Cost Allocation	8,604	0	0	0	0	0.00%
Total Allocation of Administrative Costs	19,558	0	0	0	0	0.00%
Capital Outlay						
9006 Infrastructures	0	0	7,700	0	(7,700)	(100.00)%
Total Capital Outlay	0	0	7,700	0	(7,700)	(100.00)%
Reserves						
9982 *Septic System Decommision Reserve	0	8,000	8,000	8,000	0	0.00%
Total Reserves	0	8,000	8,000	8,000	0	0.00%
Transfers						
9511 Interfund Transfer Out	0	6,798	5,407	13,712	8,305	153.60%
Total Transfers	0	6,798	5,407	13,712	8,305	153.60%
Total Expenditures	46,595	44,348	72,153	70,198	(1,955)	(2.71)%
Net Revenues over Expenditures	(10,321)	19,395	(10,095)	(7,927)	2,168	

## Department Summary – Fund 301

The Los Osos Community Services District Fire Department is responsible for providing fire protection and life safety services for all lands and properties within the District boundaries as well as participating in automatic and mutual aid with other agencies. Full time Fire and Emergency Services are provided through a Cooperative Fire Protection Agreement with CAL FIRE for the entire community. LOCSO Reserve Firefighters, fire station operation and administrative operational costs are paid by the District outside the CAL FIRE contract. In 2015 the Department responded to 1,252 calls for service in comparison to 1,250 calls in 2014, and 1,250 calls for service in 2013. This is an average of 104.3 calls for service per month. Specialized equipment includes Medic Engine 15, Medic Rescue 15, Medic Engine 215, Water Tender 15, Trench Trailer 15 and Boat. The fire protection apparatus coupled with trained fire fighters, are capable of providing protection on all fire, medical and hazardous incidents encountered within the District. All personnel from CAL Fire and South Bay Fire Reserves are trained as a member of a fire crew to respond effectively to protect life and property during emergencies that can range from structural firefighting, wildland firefighting, vehicle accidents, first-air medical response (or higher), hazardous materials spills and surf and trench rescue.

In preparation for presenting this budget to the Board of Directors, staff proposed two budget alternatives— proposed budget 50% reduction and proposed budget 20% reduction or 80% of the Mid-year Adopted Budget for FY 2014/2015. A proposed budget with 50% reductions is not feasible nor does it provide the services, supplies and training necessary for fire emergency services. This budget is proposed at 80% of prior year and does include the level of training necessary for effective and efficient operations, purchase of minimal supplies, deferment of numerous expenditures and the full complement of twenty-five Reserve Firefighter positions.

It is important to note there is a projected Schedule A Contract increase of 10.65% over Fiscal Year 2014/2015. The Schedule A in the prior year was \$1,709,966. The proposed Contract for FY 2015/2016 is \$1,892,162 which equates to an increase of \$182,196. In preparing this budget, staff recommends deferring numerous expenditures for this fiscal year based on the 80% coverage of normal expenditures discussed above. The current balance in the General Contingency Reserve is \$63,322.99. Should there be a budget shortfall or any unanticipated expenditures, there are sufficient reserves within the General Contingency to cover a minor one-time expense.

The Proposed Budget for FY 2015/2016 does not include any requested appropriation for the Vehicle Replacement Reserve. It is staff's intention with authorization from the Board of Director's to recommend any excess revenues for FY 2013/2014 be used to assist in meeting the financial obligation to fund this Reserve. When the FY 2013/2014 audit is finally completed, it will be staff's recommendation that any excess revenues from the FY 2013/2014 be allocated to cover the Vehicle Replacement Reserve budget shortfall as designated on the 20 Year Projection for Replacing Vehicles/Engines.

The more important issue for consideration and future discussion is the lack of revenues to cover the expenditures. Staff could not anticipate the 10.65% increase in the Schedule A Contract for FY 2015/2016. The secondarily question is what level of increase should the District expect in the Schedule A Contract for FY 2016/2017 and what effect will the continued increases have on the District's ability to fund services and supplies at an appropriate level? Staff is unable to answer these two pertinent questions at this time. However, it is important the Board of Directors recognized increases in assessments in the Special Fire Tax maybe necessary in the foreseeable future to allow adequate funding for continuing the current operations or funding for any improvements in the operations.

Recently the Reserve Firefighters received a \$1.00 per hour increase from a base of \$8.00 per hour to \$9.00 per hour. This budget includes another \$1.00 per hour increase for the Reserve Firefighters to insure compliance with the State of California minimum wage law. This is applicable as of January 1, 2016. The current base rate after application of the increase is \$10.00 per hour.

Currently thirty-six percent (36%) of the Reserve Firefighters are CalPERS pension eligible. As stated previously in this document, the District has unfunded liabilities in CalPERS. Of the 36%, thirty-three percent (33%) are currently classified as Safety Classic employees (Employees eligible prior to PEPRA Act of 2013). The unfunded liabilities apply to Classic employees only. The Proposed Budget for FY 2015/2016 includes a portion of the unfunded liability to be paid in the new fiscal year. The Safety Classic liability is



budgeted at a total for FY 2015/2016 of \$6,102. At this time the District was not provided an estimate for FY 2016/2017 for this same Safety group.

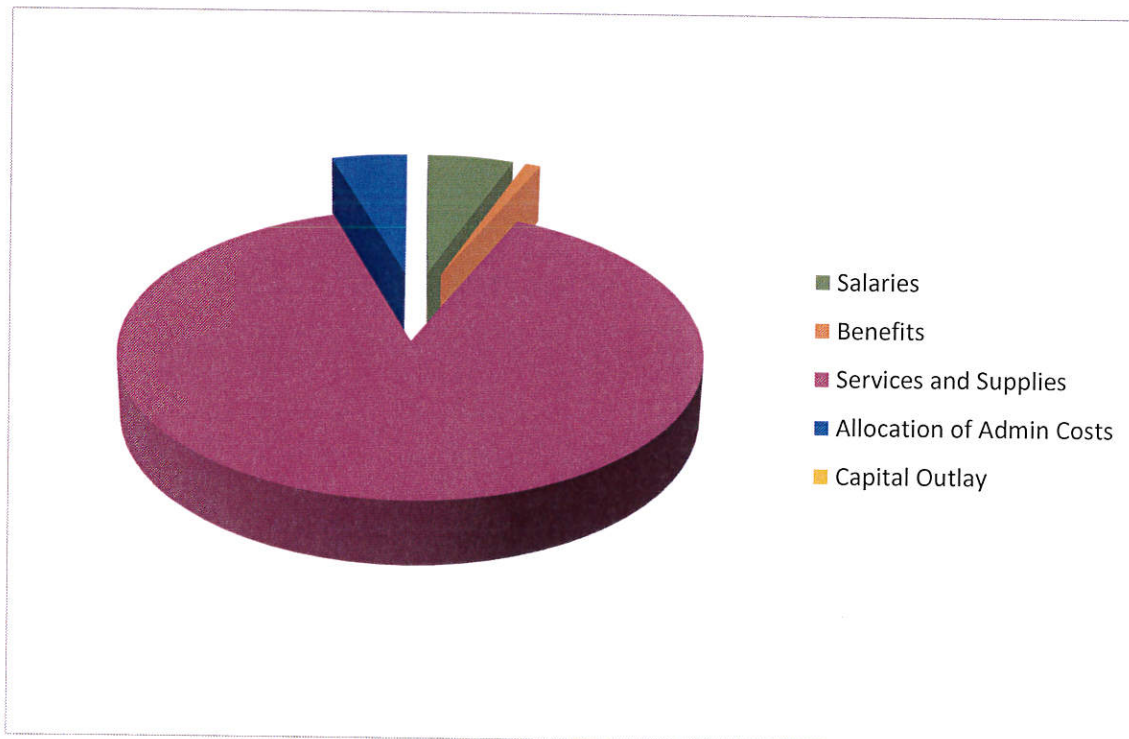
This year the South Bay Fire, Station 15 received positive news from the recent ISO rating review. The ISO rating is one of the primary elements used by the insurance industry to develop premium rates for residential and commercial businesses. By classifying the communities' ability to suppress fires, ISO helps communities evaluate their public fire protection services. The program provides an objective, countrywide standard that assists Fire and Utility Departments in planning and budgeting for facilities, equipment and training. By securing lower fire insurance premiums for communities through increased public protection, the Public Protection Classification (PPC) program provides incentives and rewards for communities that choose to improve their firefighting and water purveyor services. In FY 2014/2015 with the assistance of CAL FIRE/San Luis County Fire Department Station 15 was successful in announcing a new ISO rating of 3/3X. This new rating is a reduction from 5/9. This improvement indicates that insurance premiums may be reduced in Los Osos. The data was provided by all the water purveyors, LOCAD, S & T Mutual Water Company and Golden State Water Company working in cooperation for the safety of the residents and businesses.

## Budget Summary

Fund 301 Expenditure	2011/2012 Actuals <sup>2</sup>	2012/2013 Actuals <sup>2</sup>	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	105,789	104,542	111,119	116,650	126,307
Benefits	20,882	20,204	11,882	22,569	28,704
Services and Supplies	1,731,981	1,764,430	1,770,822	1,863,584	2,017,562
Allocation of Admin Costs	108,600	107,544	103,158	109,124	110,306
Capital Outlay	0	546,721	41,188	20,000	0
<b>Total<sup>1</sup></b>	<b>1,967,252</b>	<b>2,543,441</b>	<b>2,038,169</b>	<b>2,131,927</b>	<b>2,282,879</b>

Notes: <sup>1</sup> Excludes appropriation for Reserves  
<sup>2</sup> Actuals are based on Fiscal Year Audits

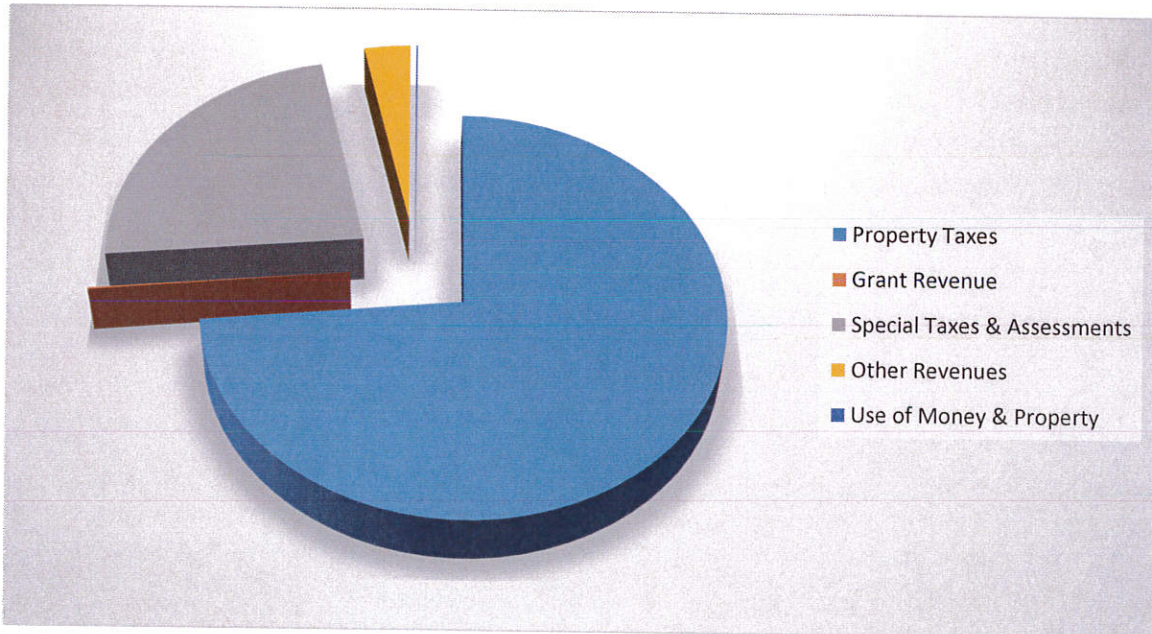
**Fund 301 Department Expenditure by Category for FY 2015/2016**



**Fund 301 Department Revenue by Category for FY 2015/2016**

	<b>2012/2013 Actuals</b>	<b>2013/2014 Unaudited Actuals</b>	<b>2014/2015 Adopted Budget</b>	<b>2015/2016 Proposed Budget</b>
<b>Property Taxes</b>	1,518,765	1,625,572	1,620,321	1,667,958
<b>Grant Revenue</b>	32,814	7,549	1,500	2,500
<b>Special Taxes &amp; Assessments</b>	510,825	488,606	529,210	539,324
<b>Other Revenues</b>	75,088	78,641	71,134	71,134
<b>Use of Money &amp; Property</b>	4,164	34,742	2,203	1,963
<b>Total</b>	2,141,657	2,235,110	2,224,368	2,282,879

**Fund 301 Department Revenue by Category for FY 2015/2016**



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
301 - 301 - Fire

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
<b>Revenues</b>						
Property Taxes						
	<u>1,518,765</u>	<u>1,625,572</u>	<u>1,620,321</u>	<u>1,667,958</u>	<u>47,637</u>	<u>2.94%</u>
Total Property Taxes	1,518,765	1,625,572	1,620,321	1,667,958	47,637	2.94%
Grant Revenue						
	<u>32,814</u>	<u>7,549</u>	<u>1,500</u>	<u>2,500</u>	<u>1,000</u>	<u>66.67%</u>
Total Grant Revenue	32,814	7,549	1,500	2,500	1,000	66.67%
Special Taxes & Assessments						
	<u>510,825</u>	<u>488,606</u>	<u>529,210</u>	<u>539,324</u>	<u>10,114</u>	<u>1.91%</u>
Total Special Taxes & Assessments	510,825	488,606	529,210	539,324	10,114	1.91%
Other Revenues						
	<u>75,088</u>	<u>78,641</u>	<u>71,134</u>	<u>71,134</u>	<u>0</u>	<u>0.00%</u>
Total Other Revenues	75,088	78,641	71,134	71,134	0	0.00%
Use of Money & Property						
	<u>(103)</u>	<u>34,742</u>	<u>1,968</u>	<u>1,963</u>	<u>(5)</u>	<u>(0.25)%</u>
Total Revenues	<u>2,137,390</u>	<u>2,235,110</u>	<u>2,224,133</u>	<u>2,282,879</u>	<u>58,746</u>	<u>2.64%</u>
<b>Expenditures</b>						
Personnel						
Salaries/Wages	104,542	111,119	116,650	126,307	9,657	8.28%
Payroll Taxes & Benefits	14,191	11,882	22,569	28,704	6,135	27.18%
Employment Services	<u>8,813</u>	<u>10,871</u>	<u>14,380</u>	<u>14,380</u>	<u>0</u>	<u>0.00%</u>
Total Personnel	127,547	133,872	153,599	169,391	15,792	10.28%
Services and Supplies						
Clothing & Uniform	10,856	3,371	4,500	3,000	(1,500)	(33.33)%
Contract Services	1,628,709	1,630,890	1,716,746	1,904,953	188,207	10.96%
Equipment & Tools	53,876	35,867	48,448	34,000	(14,448)	(29.82)%
Financial Services	(9)	5,040	100	100	0	0.00%
Insurance, Licenses & Regulatory Fees	19,900	23,400	26,000	23,300	(2,700)	(10.38)%
Legal & Professional	3,378	4,812	2,440	2,040	(400)	(16.39)%
Office/Operations	7,500	6,467	8,270	6,100	(2,170)	(26.24)%
Other Expense	8,829	8,122	4,500	1,200	(3,300)	(73.33)%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
301 - 301 - Fire

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Rent & Utilities	13,703	15,588	18,400	13,532	(4,868)	(26.46)%
Repairs & Maintenance	12,945	19,349	12,500	10,750	(1,750)	(14.00)%
Travel & Training	1,944	6,854	7,300	4,207	(3,093)	(42.37)%
Vehicle Maintenance & Repair	0	162	0	0	0	0.00%
Total Services and Supplies	1,761,632	1,759,922	1,849,204	2,003,182	153,978	8.33%
Allocation of Administrative Costs						
	107,544	0	0	0	0	0.00%
Total Allocation of Administrative Costs	107,544	0	0	0	0	0.00%
Capital Outlay						
	546,720	41,188	20,000	0	(20,000)	(100.00)%
Total Capital Outlay	546,720	41,188	20,000	0	(20,000)	(100.00)%
Reserves						
	236,393	109,099	92,206	0	(92,206)	(100.00)%
Total Reserves	236,393	109,099	92,206	0	(92,206)	(100.00)%
Transfers						
	0	103,158	109,124	110,306	1,182	1.08%
Total Transfers	0	103,158	109,124	110,306	1,182	1.08%
Total Expenditures	2,779,836	2,147,240	2,224,133	2,282,879	58,746	2.64%
Net Revenues over Expenditures	(642,446)	87,870	0	0	0	

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
301 - 301 - Fire

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
4035	1,518,765	1,625,572	1,620,321	1,667,958	47,637	2.94%
	1,518,765	1,625,572	1,620,321	1,667,958	47,637	2.94%
Grant Revenue						
4955	18,415	7,549	1,500	2,500	1,000	66.67%
4957	14,399	0	0	0	0	0.00%
	32,814	7,549	1,500	2,500	1,000	66.67%
Special Taxes & Assessments						
4015	23,358	0	22,500	24,000	1,500	6.67%
4050	487,467	488,606	506,710	515,324	8,614	1.70%
	510,825	488,606	529,210	539,324	10,114	1.91%
Other Revenues						
4000	65,088	66,031	67,134	67,134	0	0.00%
4055	0	8,700	4,000	4,000	0	0.00%
4655	10,000	1,000	0	0	0	0.00%
4935	0	62	0	0	0	0.00%
4989	0	2,849	0	0	0	0.00%
	75,088	78,641	71,134	71,134	0	0.00%
Use of Money & Property						
4501	(103)	(23)	5	0	(5)	(100.00)%
4505	0	0	1,963	1,963	0	0.00%
4934	0	34,765	0	0	0	0.00%
	(103)	34,742	1,968	1,963	(5)	(0.25)%
	2,137,390	2,235,110	2,224,133	2,282,879	58,746	2.64%
Expenditures						
Personnel						
Salaries/Wages						
8290	207	0	450	525	75	16.67%
8295	7,263	8,360	3,330	3,885	555	16.67%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
301 - 301 - Fire

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets	
8310	Resv FF-Emerg Resp-Off Duty	4,129	8,728	7,770	9,072	1,302	16.76%
8330	Resv FF- Mutual Aid Coverage	64	241	100	100	0	0.00%
8340	Resv FF-Shift Coverage	71,251	72,499	88,000	92,891	4,891	5.56%
8345	Resv FF-Special Projects	4,072	3,925	3,500	4,074	574	16.40%
8355	Resv FF- Training & Drills	16,974	16,014	12,000	14,007	2,007	16.73%
8360	Resv FF-Weed Abatement	582	1,353	1,500	1,753	253	16.87%
	<b>Total Salaries/Wages</b>	<b>104,542</b>	<b>111,119</b>	<b>116,650</b>	<b>126,307</b>	<b>9,657</b>	<b>8.28%</b>
	<b>Payroll Taxes &amp; Benefits</b>						
5021	FICA - Fire - ER	5,130	5,215	7,590	5,195	(2,395)	(31.55)%
5030	Life Insurance	2,223	0	3,000	2,700	(300)	(10.00)%
5031	Disability Insurance	0	0	200	1,279	1,079	539.50%
5051	Medicare - Reserves - ER	1,352	1,607	1,775	1,215	(560)	(31.55)%
5070	Retirement ER - Regular	0	0	0	6,102	6,102	0.00%
5120	Workers Comp Insurance - ER	5,486	5,060	5,720	4,050	(1,670)	(29.20)%
5124	Retirement - ER - Tier 2	0	0	4,284	8,163	3,879	90.55%
	<b>Total Payroll Taxes &amp; Benefits</b>	<b>14,191</b>	<b>11,882</b>	<b>22,569</b>	<b>28,704</b>	<b>6,135</b>	<b>27.18%</b>
	<b>Employment Services</b>						
5000	Medical Exams & Procedures	638	145	1,300	1,300	0	0.00%
5101	Unemp. Costs - Reserves	5,375	6,439	8,680	8,680	0	0.00%
6200	EE Hiring, Advertising & Other Costs	70	69	0	0	0	0.00%
6230	Medical Exam	2,730	4,218	4,400	4,400	0	0.00%
	<b>Total Employment Services</b>	<b>8,813</b>	<b>10,871</b>	<b>14,380</b>	<b>14,380</b>	<b>0</b>	<b>0.00%</b>
	<b>Total Personnel</b>	<b>127,547</b>	<b>133,872</b>	<b>153,599</b>	<b>169,391</b>	<b>15,792</b>	<b>10.28%</b>
	<b>Services &amp; Supplies</b>						
	<b>Clothing &amp; Uniform</b>						
7246	Uniform & Gear	2,352	2,212	2,500	2,000	(500)	(20.00)%
7248	Uniform Safety Boots	8,504	1,159	2,000	1,000	(1,000)	(50.00)%
	<b>Total Clothing &amp; Uniform</b>	<b>10,856</b>	<b>3,371</b>	<b>4,500</b>	<b>3,000</b>	<b>(1,500)</b>	<b>(33.33)%</b>
	<b>Contract Services</b>						
6110	IT Purchased Services	0	977	1,200	6,024	4,824	402.00%
7100	Copier Contract-Maint & Usage	791	1,700	1,380	1,617	237	17.17%
7202	Building Alarms & Security	756	334	450	450	0	0.00%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
301 - 301 - Fire

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets	
7204	Cleaning Supplies, Laundry & Towel Service	3,187	2,594	2,700	2,700	0	0.00%
7222	Hazardous Materials CW JPA Cost	0	0	1,050	2,000	950	90.48%
7499	CSA 9-I Payments for Services to Area Served	23,358	0	0	0	0	0.00%
7500	Schedule A Charges	1,600,618	1,625,286	1,709,966	1,892,162	182,196	10.65%
	<b>Total Contract Services</b>	<b>1,628,709</b>	<b>1,630,890</b>	<b>1,716,746</b>	<b>1,904,953</b>	<b>188,207</b>	<b>10.96%</b>
	<b>Equipment &amp; Tools</b>						
6055	Radios -Non Capital	7,549	2,111	1,750	1,000	(750)	(42.86)%
6440	Fire Personal Protection Equipment	18,629	10,281	14,198	10,500	(3,698)	(26.05)%
6460	Self-Contained Breathing Apparatus	4,936	2,507	5,500	5,500	0	0.00%
6610	Rescue - Extrication Equipment	0	2,068	1,500	900	(600)	(40.00)%
6630	Rope & Climbing Equipment	876	542	500	300	(200)	(40.00)%
7234	Oxygen Supplies & Cylinder Rent	4,297	4,866	1,300	500	(800)	(61.54)%
7238	Paramedic & EMT Small Tools & Supplies	14,820	12,428	14,500	14,500	0	0.00%
7242	Minor Tools, Accessories & Field Machines	2,185	930	1,000	800	(200)	(20.00)%
7252	Misc Hardware	0	0	8,200	0	(8,200)	(100.00)%
7307	Office Tools, Accessories & Machines	584	135	0	0	0	0.00%
	<b>Total Equipment &amp; Tools</b>	<b>53,876</b>	<b>35,867</b>	<b>48,448</b>	<b>34,000</b>	<b>(14,448)</b>	<b>(29.82)%</b>
	<b>Financial Services</b>						
7310	Bank Service Charges	0	0	100	100	0	0.00%
7401	Discounts Taken	(9)	0	0	0	0	0.00%
8734	Commissions & Other Sales Expenses	0	5,040	0	0	0	0.00%
	<b>Total Financial Services</b>	<b>(9)</b>	<b>5,040</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0.00%</b>
	<b>Insurance, Licenses &amp; Regulatory Fees</b>						
6120	Computer Licenses	1,960	1,637	2,000	500	(1,500)	(75.00)%
6340	Misc Fees	0	0	600	300	(300)	(50.00)%
6345	Property Taxes & Assessments Costs	1,407	1,408	2,400	1,500	(900)	(37.50)%
7325	Insurance	16,534	20,354	21,000	21,000	0	0.00%
	<b>Total Insurance, Licenses &amp; Regulatory Fees</b>	<b>19,900</b>	<b>23,400</b>	<b>26,000</b>	<b>23,300</b>	<b>(2,700)</b>	<b>(10.38)%</b>
	<b>Legal &amp; Professional</b>						
7320	Professional & Consulting Services	2,404	2,720	200	200	0	0.00%
7326	Legal Services	598	1,654	1,800	1,400	(400)	(22.22)%
7340	Legal Notifications & Mandated Advertising	376	438	440	440	0	0.00%



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
301 - 301 - Fire

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Total Legal & Professional	3,378	4,812	2,440	2,040	(400)	(16.39)%
Office/Operations						
6121 IT-Supplies & Miscellaneous	579	0	0	0	0	0.00%
7140 General Supplies & Minor Equipment	2,516	2,493	2,420	1,600	(820)	(33.88)%
7160 Postage, Shipping & Mail Supplies	179	578	400	400	0	0.00%
7200 Batteries - Common Sizes	930	544	800	350	(450)	(56.25)%
7216 Fire Prevention Education Materials	2,042	677	1,200	950	(250)	(20.83)%
7226 Membership & Dues	0	1,175	1,300	1,300	0	0.00%
7230 Misc Small Parts & Supplies	861	669	1,500	1,100	(400)	(26.67)%
7240 Propane	393	330	650	400	(250)	(38.46)%
Total Office/Operations	7,500	6,467	8,270	6,100	(2,170)	(26.24)%
Other Expense						
7016 Significant Value Purchase-Field Use	3,439	1,951	0	0	0	0.00%
7025 Significant Value Purchase-General Use	2,433	3,481	0	0	0	0.00%
7201 Bedding	497	469	500	200	(300)	(60.00)%
7209 District Operating Center Expense	0	407	450	450	0	0.00%
7218 Food/Drink	306	161	350	350	0	0.00%
7224 Kitchen Supplies - Dishes, Pots	523	11	500	200	(300)	(60.00)%
7345 Outreach- Program Give-away Items	1,132	91	0	0	0	0.00%
8735 Misc Department Admin	500	1,550	0	0	0	0.00%
9072 AFG Grant 5% Match	0	0	2,700	0	(2,700)	(100.00)%
Total Other Expense	8,829	8,122	4,500	1,200	(3,300)	(73.33)%
Rent & Utilities						
6000 Cell Phones	2,409	2,308	2,500	2,500	0	0.00%
6025 Telephone	2,961	3,606	3,800	3,800	0	0.00%
8610 Electric	3,874	4,248	6,000	1,100	(4,900)	(81.67)%
8620 Gas Service	1,092	1,045	1,600	1,600	0	0.00%
8630 Trash Services	1,088	1,021	1,100	1,100	0	0.00%
8640 Water and Water Services	2,159	3,237	3,300	3,300	0	0.00%
8670 Street Lighting	120	124	100	132	32	32.00%
Total Rent & Utilities	13,703	15,588	18,400	13,532	(4,868)	(26.46)%
Repairs & Maintenance						

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
301 - 301 - Fire

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
6400	0	337	500	500	0	0.00%
6405	339	393	400	400	0	0.00%
6640	621	7,482	3,000	2,800	(200)	(6.67)%
6750	4,457	1,861	2,100	1,800	(300)	(14.29)%
6775	765	765	800	800	0	0.00%
6800	247	223	700	450	(250)	(35.71)%
6900	6,516	8,289	5,000	4,000	(1,000)	(20.00)%
	<u>12,945</u>	<u>19,349</u>	<u>12,500</u>	<u>10,750</u>	<u>(1,750)</u>	<u>(14.00)%</u>
Travel & Training						
6300	0	0	200	200	0	0.00%
7141	0	0	300	100	(200)	(66.67)%
7323	215	215	300	175	(125)	(41.67)%
7324	375	434	800	350	(450)	(56.25)%
8405	1,170	5,479	5,000	2,882	(2,118)	(42.36)%
8410	184	726	400	400	0	0.00%
8510	0	0	300	100	(200)	(66.67)%
	<u>1,944</u>	<u>6,854</u>	<u>7,300</u>	<u>4,207</u>	<u>(3,093)</u>	<u>(42.37)%</u>
Vehicle Maintenance & Repairs						
7017	0	162	0	0	0	0.00%
	<u>0</u>	<u>162</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
	<u>1,761,632</u>	<u>1,759,922</u>	<u>1,849,204</u>	<u>2,003,182</u>	<u>153,978</u>	<u>8.33%</u>
Allocation of Administrative Costs						
8801	107,544	0	0	0	0	0.00%
	<u>107,544</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Capital Outlay						
9074	479,911	1,353	0	0	0	0.00%
9076	0	35,661	20,000	0	(20,000)	(100.00)%
9086	66,809	4,174	0	0	0	0.00%
	<u>546,720</u>	<u>41,188</u>	<u>20,000</u>	<u>0</u>	<u>(20,000)</u>	<u>(100.00)%</u>
Reserves						
9504	175,754	109,099	92,206	0	(92,206)	(100.00)%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
301 - 301 - Fire

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
9571      *Capital Outlay Reserve	30,219	0	0	0	0	0.00%
9572      *General Contingency (Operations) Reserve	23,518	0	0	0	0	0.00%
9573      *Year-end Encumbrance(contra to 3200)	<u>6,902</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total Reserves	236,393	109,099	92,206	0	(92,206)	(100.00)%
Transfers						
9511      Interfund Transfer Out	<u>0</u>	<u>103,158</u>	<u>109,124</u>	<u>110,306</u>	<u>1,182</u>	<u>1.08%</u>
Total Transfers	<u>0</u>	<u>103,158</u>	<u>109,124</u>	<u>110,306</u>	<u>1,182</u>	<u>1.08%</u>
Total Expenditures	<u>2,779,836</u>	<u>2,147,240</u>	<u>2,224,133</u>	<u>2,282,879</u>	<u>58,746</u>	<u>2.64%</u>
Net Revenues over Expenditures	<u>(642,446)</u>	<u>87,870</u>	<u>0</u>	<u>0</u>	<u>0</u>	



# SOUTH BAY FIRE DEPARTMENT

Los Osos Community Services District



## 20 Year Projection for Replacing Vehicles / Engines

UNIT #	Vehicle/Assumptions	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	FY31-32	FY32-33	FY33-34	Future Replacements
3411	Command 2010 Term=8Yrs; 3% F	44,337	45,667	47,037	48,448	Replacement YR 49,902	51,399	52,941	54,529	56,165	57,850	59,585	61,373	Replacement YR 63,214	65,110	67,064	69,076	71,148	73,282	75,481	77,745	Replacement YR 80,077	82,480	2040 / 2041
U15	Utility 2003 Term=10Yrs; 3% F	49,581	51,069	52,601	54,179	Replacement YR 55,804	57,478	59,203	60,979	62,808	64,692	66,633	68,632	70,691	Replacement YR 72,812	74,996	77,246	79,564	81,950	84,409	86,941	89,549	92,236	2036 / 2037
R 15	Rescue Squad 2004 Term=15yr; 3% F	189,192	194,868	200,714	206,735	212,937	219,326	225,905	Replacement YR 232,682	239,663	246,853	254,258	261,886	269,743	277,835	286,170	294,755	303,598	312,706	322,087	331,750	341,702	Replacement YR 351,953	2048 / 2049
E 215	Engine 1997 (Equip too) Term=15yr; 3% F	Replacement YR 521,909	537,567	553,694	570,304	587,413	605,036	Replacement YR 623,187	641,883	661,139	680,973	701,402	722,444	744,118	Replacement YR 766,441	789,435	813,118	837,511	862,637	888,516	915,171	942,626	970,905	2034 / 2035
E 15	Engine 2013(Equip too) Term=15Yr; 3% F	552,743	569,325	586,405	603,997	622,117	640,781	Transfer 660,004	679,804	700,198	721,204	742,840	765,126	788,079	Transfer 811,722	836,073	861,156	886,990	913,600	941,008	969,238	998,315	1,028,265	2034 / 2035
Cost		552,743			105,706		660,004	232,682					83,214		911,070						80,077	351,953		
Used Vehicle Sales Proceeds*		(35,792)			(10,000)		(25,000)	(10,000)					(5,000)		(30,000)						(5,000)	(10,000)		
Net Cost		516,951			95,706		635,004	222,682					78,214		581,070						75,077	341,953		
Cumulative Cost		588,318			694,024		1,354,028	1,586,710					1,644,924		2,555,994						2,636,071	2,988,024		

\* Includes Interest earned (\$1,026.30) on LAIF Investment Fund

Funding Options #1, #2 & #3	** Funding Options #1, #2, and #3 provided as budgetary options																						
1. Contribution Each Fiscal Year	G	143,854	86,100	90,190	94,474	98,961	103,662	108,588	113,744	119,147	124,806	130,734	136,944	143,449	150,263	157,400	164,877	172,703	180,912	139,505	198,507	207,936	
2. Average Annual Contribution		138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	
3. 3% Stepped Increases		103,196	106,292	109,431	112,765	116,143	119,632	123,221	126,918	130,725	134,647	138,687	142,847	147,133	151,547	156,093	160,776	165,599	170,567	175,684	180,951	130,955	
Sinking Fund Balance	C, D	247,962	391,325	477,925	568,116	566,834	665,845	134,503	20,406	134,150	253,296	373,102	508,837	587,567	731,016	209	157,509	322,486	495,195	676,107	865,612	989,042	855,025
					A	A	C, D	B					A		A, C, D					A		B, E	

2,772,905  
2,772,915

Identifier	Notes
A	Cost of replacement vehicle is offset by estimated selling price of \$5,000 for current vehicle
B	Cost of replacement vehicle is offset by estimated selling price of \$10,000 for current vehicle
C	E215 will be sold for estimated \$25,000. The current E15 will become E215 and a new E15 will be purchased
D	Cost of replacement engine is offset by estimated selling price of \$25,000 for current E215
E	R15 will be converted to an engine; based on anticipated growth Station should support 2 full-time engines. Fire Public Facility Fees anticipated to fund the difference.
F	3% Inflation rate based on current information, subject to change.
G	Sinking fund contributions increased by 4.75% each year, as of 15/16

Fiscal Year	Schedule
15/16	U15 was scheduled to be replaced 13/14 but due to low mileage and good condition, replacement was pushed back until 16/17
15/16	3411 will be replaced due to high mileage.
18/19	E215 will be sold. E15 will be transferred to E215 and a new E15 will be purchased. E215 was originally slated to be sold 17/18.
19/20	R15 will be replaced.
24/25	3411 will be replaced.
26/27	E215 will be sold and U15 will be replaced. E15 will be transferred to E215 and a new E15 will be purchased.
32/33	3411 will be replaced.
33/34	3411 and R15 will be replaced. The old R15 will be converted to an engine. See Footnote 'E'

2012/2013 Ending Balance	247,962
Total Contributions 2013/2014	144,891
Total predicted as of 6-30-14	392,853

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## **Department Summary – Fund 400**

Vista de Oro is a subdivision in Los Osos that has a dedicated residential community septic system. There are 73 parcels in this subdivision. The fund provides septic management, storm water drainage, street and open space management. The key source of funding is assessments for lighting and septic services in the amount of \$16,531 at \$216/parcel. Because the protest to the Proposition 218 was successful in June 2013, the assessment rate is insufficient to cover the normal operating costs. This requires the District to continue to subsidize this operation to insure healthy and viable system operations. Upon completion of the County project providing sewer collection services to the subdivision, the septic system will be abandoned at a cost. The assessments will remain on the parcels until the fund settles all liabilities due to the District and the Water Fund for continuing to provide the services.

The Vista de Oro Fund 400 continues to operate in a deficit. It is necessary for the fund to borrow from another fund to cover the actual costs of operations which includes the Administrative Allocation. This interfund loan allows market rate interest charges with an established repayment plan. On August 7, 2014, the Board of Directors adopted Resolution No. 2014-13 approving an interfund loan from the District's Water Fund, Fund 500. This loan was approved to cover the operating deficits from Fiscal Years 2012/2013, 2013/2014 and 2014/2015. The loan was in an amount not to exceed \$30,000 and the interest rate is based on West Coast Prime plus 1% at the time of borrowing/transfer from the Water Fund General Contingency Reserve. Fund 400 continues to operate in a deficit, it will be necessary at the end of FY 2014/2015 for the Board to take action amending the current loan agreement allowing an increase in the borrowing power.

The current budget amount is based on the Fiscal Year unaudited salary and fringe benefit cost estimates average for the total year from the eight months of actual costs. District staff directly charges the hours on their time sheet per employee per fund with the fringe benefit costs based on the fringe rate for the respective employee. This method provides the accurate information based on actual costs. It is important to note that as the District moves closer to transiting the septic system to the County facility, the system requires more attention to ensure a smooth transition. Because of the necessity to assess the conversion and connection to the new County facility for services, staff hours and expenses are increasing.

In order to provide the connection to the County facility for waste disposal, it is necessary for the District to contract for clean-out of all the lines. This may require Board action in the upcoming fiscal year. On a positive note, in review the tapes of the televised gravity wastewater septic collection system it does not appear any major capital improvements are necessary prior to the connection to the County facility.

Based on the proposed budget, the expenditures exceed the revenues. Currently Fund 400 is operating on monies loaned from the Water Fund 500 per Board authorization in August 2014. Fund 400 has exceeded the \$30,000 limit and it will be necessary for staff to present amended documents to increase the borrowing authority to the Board in the near future. Staff recommends adopting this budget as presented with direction to staff to return with amended interfund loan documents. An alternative to providing additional loan funds is attempting to conduct another Proposition 218 process. Staff does not recommend this alternative as connection to the County facility appears to be in the very near future.

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## Budget Summary

Fund 400 Expenditure	2011/2012 Actuals <sup>3</sup>	2012/2013 Actuals <sup>3</sup>	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	5,000	7,656	9,339	9,330	12,000 <sup>2</sup>
Benefits	1,950	3,237	3,336	3,300	4,000 <sup>2</sup>
Services and Supplies	12,266	22,588	9,204	16,466	17,296
Allocation of Admin Costs <sup>1</sup>	4,452	3,744	9,502	5,428	9,799
<b>Total<sup>1</sup></b>	<b>23,668<sup>4</sup></b>	<b>37,225<sup>4</sup></b>	<b>31,381</b>	<b>34,524</b>	<b>43,095</b>

Notes: Actuals are based on Fiscal Year Audits

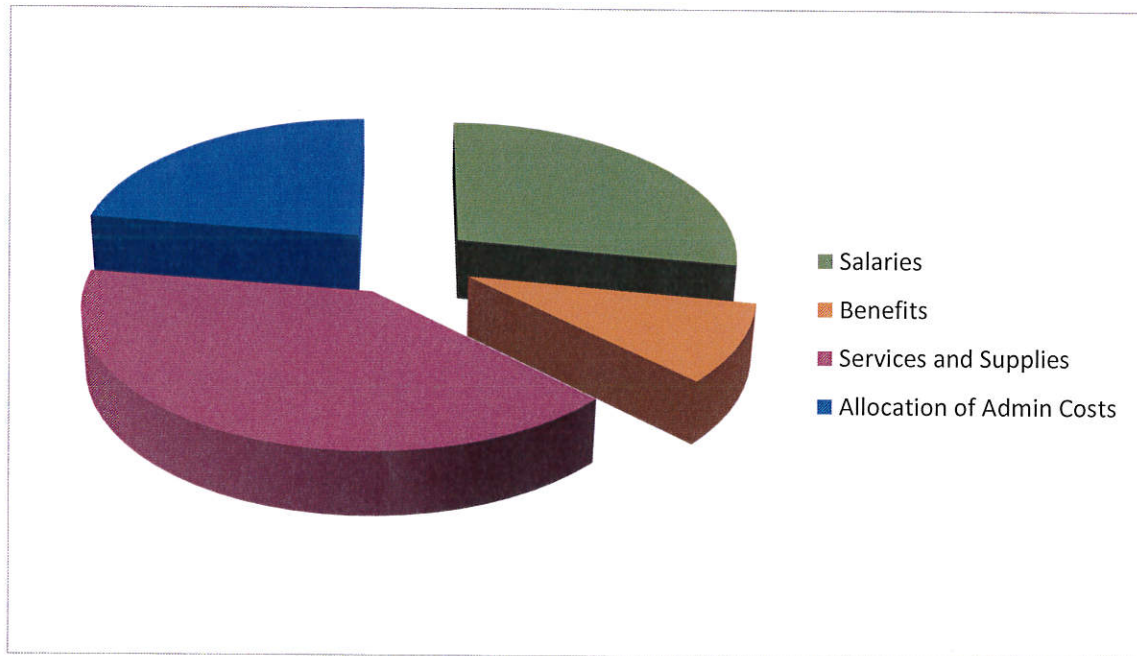
<sup>1</sup> This does not include Reserves

<sup>2</sup> Increased cost as the District prepares for connection to the Recycled Water Facility

<sup>3</sup> Actuals are based on Fiscal Year Audits

<sup>4</sup> Attached expenditure reports reflect a discrepancy between Actuals and Audit Financials

**Fund 400 Department Expenditure by Category for FY 2015/2016**

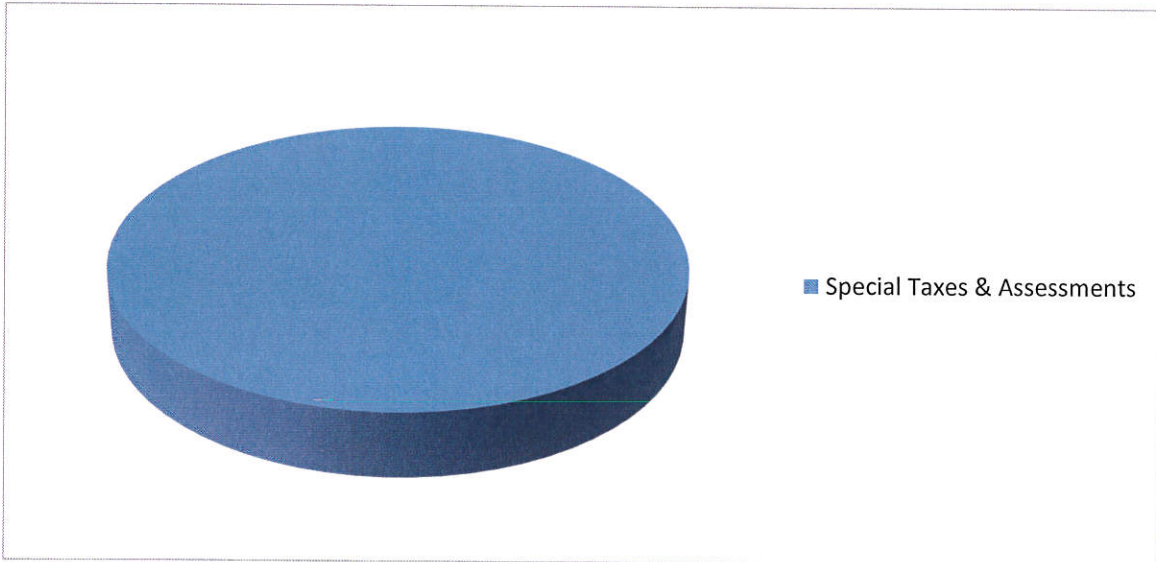


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**Fund 400 Department Revenue by Category for FY 2015/2016**

	<b>2012/2013 Actuals</b>	<b>2013/2014 Actuals</b>	<b>2014/2015 Adopted Budget</b>	<b>2015/2016 Proposed Budget</b>
<b>Special Taxes &amp; Assessments</b>	15,768	16,531	15,768	15,768
<b>Total</b>	15,768	16,531	15,768	15,768

**Fund 400 Department Revenue by Category for FY 2015/2016**



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**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
400 - 400 - Vista de Oro

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
<b>Revenues</b>						
Special Taxes & Assessments	15,768	16,531	15,768	15,768	0	0.00%
Total Revenues	<u>15,768</u>	<u>16,531</u>	<u>15,768</u>	<u>15,768</u>	<u>0</u>	<u>0.00%</u>
<b>Expenditures</b>						
<b>Personnel</b>						
Salaries/Wages	0	9,339	9,330	12,000	2,670	28.62%
Payroll Taxes & Benefits	0	3,336	3,300	4,000	700	21.21%
Total Payroll Taxes & Benefits	<u>0</u>	<u>3,336</u>	<u>3,300</u>	<u>4,000</u>	<u>700</u>	<u>21.21%</u>
Total Personnel	0	12,674	12,630	16,000	3,370	26.68%
<b>Services and Supplies</b>						
Contract Services	650	265	840	840	0	0.00%
Equipment & Tools	0	111	50	50	0	0.00%
Insurance, Licenses & Regulatory Fees	778	988	1,064	1,064	0	0.00%
Legal & Professional	1,362	200	500	500	0	0.00%
Office/Operations	33	30	0	0	0	0.00%
Other Expense	780	0	0	0	0	0.00%
Rent & Utilities	9,576	6,985	10,000	10,830	830	8.30%
Repairs & Maintenance	8,845	50	3,012	3,012	0	0.00%
Vehicle Maintenance & Repair	565	576	1,000	1,000	0	0.00%
Total Services and Supplies	<u>22,588</u>	<u>9,204</u>	<u>16,466</u>	<u>17,296</u>	<u>830</u>	<u>5.04%</u>
<b>Allocation of Administrative Costs</b>						
	14,637	0	0	0	0	0.00%
Total Allocation of Administrative Costs	<u>14,637</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
<b>Debt Service</b>						
	(1,517)	0	0	0	0	0.00%
Total Debt Service	<u>(1,517)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
<b>Transfers</b>						
	0	9,502	5,428	9,799	4,371	80.53%
Total Transfers	<u>0</u>	<u>9,502</u>	<u>5,428</u>	<u>9,799</u>	<u>4,371</u>	<u>80.53%</u>
Total Expenditures	<u>35,708</u>	<u>31,380</u>	<u>34,524</u>	<u>43,095</u>	<u>8,571</u>	<u>24.83%</u>



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
 Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
 400 - 400 - Vista de Oro

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Net Revenues over Expenditures	<u>(19,940)</u>	<u>(14,849)</u>	<u>(18,756)</u>	<u>(27,327)</u>	<u>(8,571)</u>	

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
400 - 400 - Vista de Oro

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Special Taxes & Assessments						
4550	15,768	16,531	15,768	15,768	0	0.00%
	15,768	16,531	15,768	15,768	0	0.00%
	15,768	16,531	15,768	15,768	0	0.00%
Expenditures						
Personnel						
Salaries/Wages						
8054	0	9,339	9,330	12,000	2,670	28.62%
	0	9,339	9,330	12,000	2,670	28.62%
Payroll Taxes & Benefits						
5010	0	3,336	3,300	4,000	700	21.21%
	0	3,336	3,300	4,000	700	21.21%
	0	12,674	12,630	16,000	3,370	26.68%
Services & Supplies						
Contract Services						
7250	650	165	840	840	0	0.00%
7342	0	100	0	0	0	0.00%
	650	265	840	840	0	0.00%
Equipment & Tools						
7242	0	111	50	50	0	0.00%
	0	111	50	50	0	0.00%
Insurance, Licenses & Regulatory Fees						
6342	760	970	1,044	1,044	0	0.00%
6345	18	18	20	20	0	0.00%
	778	988	1,064	1,064	0	0.00%
Legal & Professional						
7320	840	200	500	500	0	0.00%
7326	522	0	0	0	0	0.00%
	1,362	200	500	500	0	0.00%
Office/Operations						

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
400 - 400 - Vista de Oro

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
7160 Postage, Shipping & Mail Supplies	33	0	0	0	0	0.00%
7249 Safety Supplies	0	30	0	0	0	0.00%
Total Office/Operations	33	30	0	0	0	0.00%
Other Expense						
7016 Significant Value Purchase-Field Use	780	0	0	0	0	0.00%
Total Other Expense	780	0	0	0	0	0.00%
Rent & Utilities						
6000 Cell Phones	169	129	200	200	0	0.00%
7352 Rent - Offices & Other Structures	0	0	0	730	730	0.00%
8610 Electric	315	326	300	400	100	33.33%
8645 Septage Handling	7,445	4,690	7,500	7,500	0	0.00%
8670 Street Lighting	1,647	1,840	2,000	2,000	0	0.00%
Total Rent & Utilities	9,576	6,985	10,000	10,830	830	8.30%
Repairs & Maintenance						
6405 R & M - Extinguishers	12	18	12	12	0	0.00%
6750 R & M - Minor Tools & Equipment	0	6	0	0	0	0.00%
6800 R & M - Grounds & Collection Systems	8,808	25	3,000	3,000	0	0.00%
6900 Maint-Buildings & Structures	25	0	0	0	0	0.00%
Total Repairs & Maintenance	8,845	50	3,012	3,012	0	0.00%
Vehicle Maintenance & Repairs						
7211 Misc Fuel & Diesel	242	252	300	300	0	0.00%
7220 Gasoline	323	324	700	700	0	0.00%
Total Vehicle Maintenance & Repairs	565	576	1,000	1,000	0	0.00%
Total Services & Supplies	22,588	9,204	16,466	17,296	830	5.04%
Allocation of Administrative Costs						
5133 Benefits Charged by Water	3,237	0	0	0	0	0.00%
8153 Labor Charged by Water	7,656	0	0	0	0	0.00%
8801 Admin Cost Allocation	3,744	0	0	0	0	0.00%
Total Allocation of Administrative Costs	14,637	0	0	0	0	0.00%
Debt Service						
9807 Interfund Loan Proceeds	(1,517)	0	0	0	0	0.00%
Total Debt Service	(1,517)	0	0	0	0	0.00%

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**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
400 - 400 - Vista de Oro

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Transfers						
9511 Interfund Transfer Out	0	9,502	5,428	9,799	4,371	80.53%
Total Transfers	0	9,502	5,428	9,799	4,371	80.53%
Total Expenditures	35,708	31,380	34,524	43,095	8,571	24.83%
Net Revenues over Expenditures	(19,940)	(14,849)	(18,756)	(27,327)	(8,571)	

## Department Summary – Fund 500

The Water Utility Department is responsible for the management, operation and maintenance of the water system serving approximately half of the community in Los Osos and all of Baywood Park. Under the Water Division, operators are responsible for five groundwater supply wells for treatment, two of which employ full filtration technology for iron/manganese removal. Crews are responsible for water quality monitoring, water quality sampling, distribution system repair/maintenance, customer service, meter reading, water meter change outs, water audits, leak detection, flushing lines, and regulatory reporting compliance. The delivery of water to the District's water customers is conveyed through a network of over 27 miles of water mainlines utilizing three (3) water storage tanks and a booster pump station. Approximately 2,755 water service lines and meters serving residences and commercial businesses are connected to the distribution system. Included in the domestic water service infrastructure are 162 fire hydrants with some 585 main line valves that require periodic maintenance and inspection. These services provided by utility forces not only assure delivery of pure, wholesome and potable drinking water, but also provide the essential water for firefighting. Crews and staff work with the District Engineer, consultants, and vendors.

In FY 2014/2015 the Board of Directors adopted several drought related programs. On July 15, 2014, the State Water Resources Control Board approved an emergency regulation that requires California water providers to implement mandatory conservation. In order to comply with the State mandate, the District adopted an emergency water shortage regulation by Resolution No. 2014-15 on August 7, 2014, that required all residential and commercial water customers to take five actions beginning August 11, 2014. Those required actions are delineated within the budget message and later incorporated within the Water Shortage Contingency Plan.

Based on Board direction the staff implemented an Outdoor Water Conservations Program, Water Shortage Contingency Plan and Water Rate Study with emergency drought rates. The Board addressed the Water Shortage Contingency Plan on April 2, 2015 and implemented Stage 3 level. This level is consistent with the Executive Order issued by the Governor on April 1, 2015. The Board intends to relook at the Water Shortage Contingency Plan beginning in October of 2015 after receiving the results from the sea water intrusion monitoring which occurs April and September 2015. At that time further action may be necessary. A copy of the outline of the Water Shortage Contingency Plan is contained within this budget document as indicated in the Table of Contents.

Currently one hundred percent (100%) of the employees in the Utility Funds and Administration are CalPERS pension eligible. As stated previously in this document, the District has unfunded liabilities in CalPERS. Of the 100%, sixty-five percent (65%) are currently classified as Classic employees (Employees eligible prior to PEPRA Act of 2013). The unfunded liabilities apply to Classic employees only. The Proposed Budget for FY 2015/2016 includes a portion of the unfunded liability to be paid in the upcoming new fiscal year. The Utility Funds are responsible for a majority of the liability. This liability is budgeted at a total for FY 2015/2016 of \$25,742. At this time the District was provided an estimate for FY 2016/2017 of \$29,289.

Staff was able to purchase two replacement vehicles during the prior fiscal year and will receive the equipment prior to the closed of FY 2014/2015. Beginning with acquisition of the two new vehicles, staff is preparing a 20 Year Projection for Vehicle Replacement calculating the yearly dollar contributions necessary to fund the Vehicle Replacement Reserve for the future replacement of vehicles. With the implementation of this Vehicle Replacement Schedule this will allow the District to plan for the future.

The Nitrate Removal Facility at the South Bay Upper Aquifer Well came on line in FY 2014/2015. The Los Osos Community Services District (District) obtained grant funding from the California Department of Public Health to implement a nitrate removal system on the District's existing South Bay Upper Aquifer Well. The nitrate removal system will allow the upper aquifer to be used domestically. The project includes construction of a 168 square foot pre-engineered building that will house the skid-mounted ion exchange unit, and a 5,000 gallon tank for brine storage. This allows the upper aquifer to be blended and treated with the existing lower aquifer well water prior to introduction into the water supply distribution system. On July 9, 2013, Funding Agreement No. 84-125124 between the District and the State of California was signed providing a maximum grant of \$635,980. The District held a public bid on May 5, 2014. John Madonna Construction (JMC) was lowest bidder and was awarded the construction project. JMC began construction on June 2, 2014. The District funded the \$10,000 match from the water fund.

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The Board adopted a five-year Capital Improvement Program during FY 2014/2015. This list delineates multiple projects in various categories. This CIP was also incorporated in the Water Rate Study adopted in February 2015. The Capital Improvement Project for Infrastructure includes two items from the Basin Plan (ISJ) and the approved Capital Improvement Projects List from the Water Master Plan. Staff budgeted \$50,000 for the intertie project with Golden State Water Company (GSWC). That project's design is in the hands of GSWC at this time for slight modifications. The District intended to complete the intertie project prior to this fiscal year (14/15). The \$150,000 is to allow staff to work towards construction of the upper aquifer well at 8<sup>th</sup> Street and El Moro. The design and permitting is estimated at \$60,000 according to Table 6 of the Water Rate Study. This project is on the list of the high scoring priority projects for the County of San Luis Obispo's Integrated Regional Water Management (IRWM) Plan. Staff plans to apply for third round of available grant funding (Prop 84). In order to score higher points on the District's application, the District project must be "shovel ready" by April 1, 2016. Staff previously initiated the environmental process on this CIP in order to facilitate obtaining a coastal development permit. In the FY 2015/2016 budget staff allocated monies for the engineering process. Should the District be successful in securing the grant, this money will offset construction costs and possibly some engineering services cost. Approximately \$30,000 (5% of estimated total) is available for matching funds. Any matching fund commitment of up to 25% earns additional points on the grant application which helps in the decision process by California Department of Water Resources (DWR). The grant applications are due to DWR in August 2015. These two projects are budget in Infrastructures in an amount of \$150,000 and Professional and Consulting Service in the amount of \$25,000 both funded from the Capital Outlay Reserve.

The District continues the on-going replacement of water meters. This replacement is part of the recently adopted CIP list. Staff is recommending \$50,000 under Equipment & Tools, Meters Purchases & Replacements. This project is listing as a multi-year project in the CIP and is funded from the Capital Outlay Reserve.

In FY 2014/2015 budget, funds were allocated for architectural design for Phase 1 of the renovation of the Water Yard Facility at 953 El Morro Avenue, Los Osos. As the Board is aware the house serves as facilities for the Utility Crew. The final drawings for the Phase 1 construction are under review--bathroom, kitchen/staff break area and office space renovation and Title 24 improvements. Phase 2 includes additional Title 24 improvements, roof expansion and crew office renovation. Phase 3 includes remodel of the existing shop. This project was included on the recently Board adopted CIP in September 2014. As incorporated in the CIP, this is a three to four year phased project and is funded through the Capital Outlay Reserve in the amount of \$45,000 and reflected in the budget under Building, Structures & Improvements category. This is a long awaited renovation and staff is thankful for the Boards willingness to improve their working conditions.

In the proposed budget for FY 2015/2016 the Capital Outlay Reserve was originally budgeted at \$150,000. An additional \$90,000 for Capital Infrastructure construction is recommended. This addition outlines as \$50,000 for the Intertie Project between Golden State and LOCSD and \$30,000 towards Coastal Development Permits for the 8<sup>th</sup> Street Upper Aquifer Well and Basin Management Plan Program C Expansion Wells. By allocating this funding, the District is attempting to develop shovel ready projects for future consideration of potential grant funding.

In February 2015, the Board of Directors adopted the increases in water rates effective July 1, 2015. This rate structure also includes emergency drought rates which the Board will be considering at a future date. Finally in April the Board enacted Stage 3 of the Water Shortage Contingency Plan. These actions directly affect the rates by the number of gallons used by the customers. Estimating any new revenue with the seriousness of the drought and implementation of Stage 3 with a potential consideration of Stage 4 in November 2015, is impossible. Any increased adjustments in revenues will be considered during the mid-year budget review.

Staff recommends continuing to fund the Reserves for FY 2015/2016 at the following levels:

- Capital Outlay Reserve - \$65,000 annually
- Water Stabilization Reserve - \$32,000 annually
- Contingency Reserve funded \$25,000 annually

The Rate Study recommends increases in the established Reserves. Staff recommends at this time with the adoption of Stage 3 of the Water Shortage Contingency Plan and potential consideration for Stage 4 in November 2015, the Reserve levels remain the same as in FY 2014/2015.

Based on the proposed budget, the expenditures exceed the revenues. The Capital Outlay Reserve for Fund 500 is recommended to reimburse the operating fund in the amount of \$270,000 for the on-going and new CIP recommended allocation. Should the Board approve this direction, the Proposed Budget for FY 2015/2016 for Water Fund 500 reflects an estimated revenues exceeding expenditures by \$18,721.

## Budget Summary

Fund 500 Expenditure	2011/2012 Actuals <sup>5</sup>	2012/2013 Actuals <sup>5</sup>	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	278,416	276,525	364,609	402,026	409,733
Benefits	111,969	113,327	141,108	131,506	137,332
Services and Supplies	583,299 <sup>2</sup>	671,295 <sup>2</sup>	513,833	372,400	857,658
Allocation of Admin Costs	502,836	464,976	462,758 <sup>1</sup>	383,406	396,344
Capital Outlay	49,443	208,056	57,992	175,000	195,000
Debt Service	279,658	279,206	278,741	278,262	277,766
<b>Total<sup>3</sup></b>	<b>1,805,621</b>	<b>2,013,385<sup>4</sup></b>	<b>1,819,041</b>	<b>2,101,049</b>	<b>2,273,833</b>

Notes: <sup>1</sup>Includes the \$10,000 grant match for the CDPH Nitrate Removal Facility approved by the California Department of Public Health (CDPH)

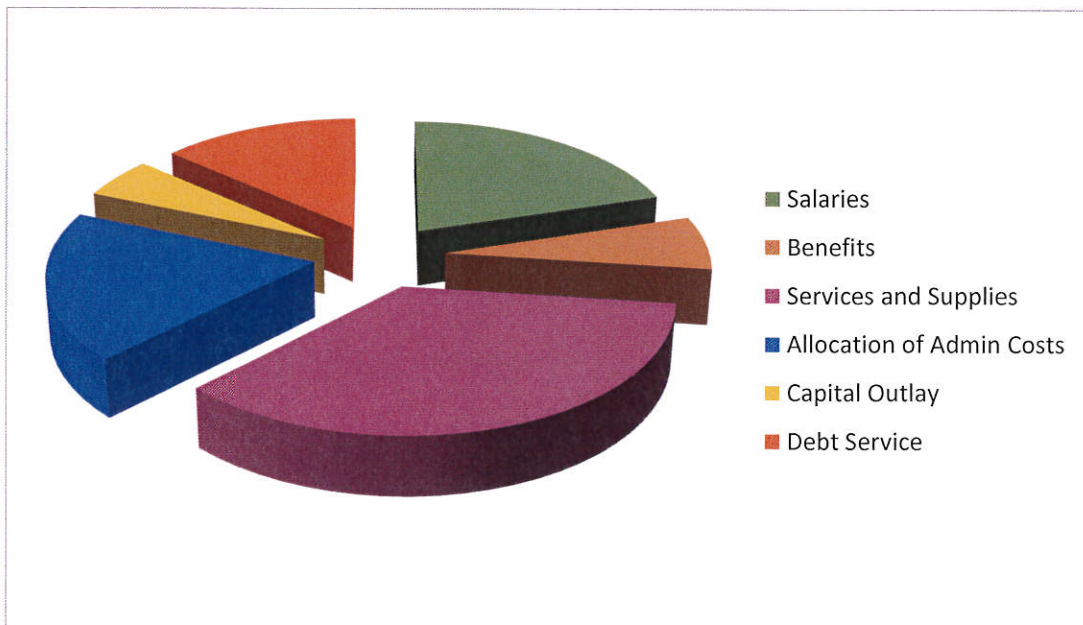
<sup>2</sup>Includes Depreciation

<sup>3</sup>Excluded appropriations for Reserves

<sup>4</sup>Attached Expenditure Reports reflect a discrepancy between Actuals and Audited financial reports

<sup>5</sup>Actuals are based on Fiscal Year Audits

### Fund 500 Department Expenditure by Category for FY 2015/2016

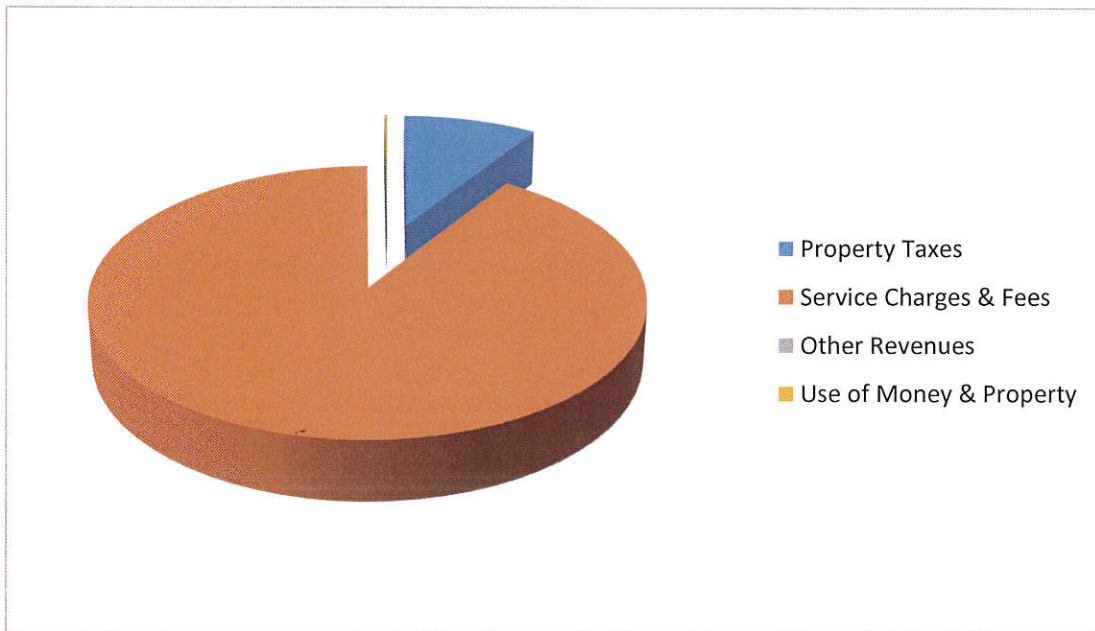




**Fund 500 Department Revenue by Category for FY 2015/2016**

	<b>2012/2013 Actuals</b>	<b>2013/2014 Unaudited Actuals</b>	<b>2014/2015 Adopted Budget</b>	<b>2015/2016 Proposed Budget</b>
<b>Property Taxes</b>	176,269	188,431	187,249	192,754
<b>Service Charges &amp; Fees</b>	1,752,000	2,164,356	1,905,400	1,947,900
<b>Other Revenues</b>	8,547	3,400	7,400	1,900
<b>Use of Money &amp; Property</b>	7,800	150	1,000	2,000
<b>Total</b>	1,944,467	2,356,337	2,101,049	2,144,544

**Fund 500 Department Revenue by Category for FY 2015/2016**



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
500 - 500 - Water

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
<b>Revenues</b>						
Property Taxes	176,269	188,431	187,249	192,754	5,505	2.94%
Total Property Taxes	176,269	188,431	187,249	192,754	5,505	2.94%
Service Charges & Fees	1,752,000	2,164,356	1,905,400	1,947,900	42,500	2.23%
Total Service Charges & Fees	1,752,000	2,164,356	1,905,400	1,947,900	42,500	2.23%
Other Revenues	8,547	3,400	7,400	1,900	(5,500)	(74.32)%
Total Other Revenues	8,547	3,400	7,400	1,900	(5,500)	(74.32)%
Use of Money & Property	4,635	150	1,000	2,000	1,000	100.00%
Total Revenues	1,941,451	2,356,336	2,101,049	2,144,554	43,505	2.07%
<b>Expenditures</b>						
<b>Personnel</b>						
Salaries/Wages	293,293	364,609	402,026	409,733	7,707	1.92%
Payroll Taxes & Benefits	115,981	141,108	131,506	137,332	5,826	4.43%
Employment Services	21,797	7,807	2,900	2,900	0	0.00%
Total Personnel	431,071	513,524	536,432	549,965	13,533	2.52%
<b>Services and Supplies</b>						
Clothing & Uniform	1,712	2,366	3,000	3,000	0	0.00%
Contract Services	57,396	53,853	93,100	95,100	2,000	2.15%
Equipment & Tools	9,554	27,125	6,000	59,000	53,000	883.33%
Financial Services	(1,288)	2,144	3,200	3,200	0	0.00%
Insurance, Licenses & Regulatory Fees	37,884	36,520	37,100	46,100	9,000	24.26%
Legal & Professional	131,673	135,410	164,000	257,000	93,000	56.71%
Office/Operations	32,085	42,251	51,600	52,200	600	1.16%
Other Expense	20,065	12,765	1,100	31,100	30,000	2,727.27%
Rent & Utilities	108,255	115,744	182,250	248,408	66,158	36.30%
Repairs & Maintenance	46,779	60,809	106,500	38,500	(68,000)	(63.85)%
Travel & Training	250	903	1,650	2,150	500	30.30%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
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(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Vehicle Maintenance & Repair	9,210	16,136	20,000	19,000	(1,000)	(5.00)%
Total Services and Supplies	453,575	506,026	669,500	854,758	185,258	27.67%
Allocation of Administrative Costs	433,892	0	0	0	0	0.00%
Total Allocation of Administrative Costs	433,892	0	0	0	0	0.00%
Capital Outlay	208,056	57,992	175,000	195,000	20,000	11.43%
Total Capital Outlay	208,056	57,992	175,000	195,000	20,000	11.43%
Debt Service	279,206	278,741	278,262	277,766	(496)	(0.18)%
Total Debt Service	279,206	278,741	278,262	277,766	(496)	(0.18)%
Reserves	405,627	122,000	122,000	122,000	0	0.00%
Total Reserves	405,627	122,000	122,000	122,000	0	0.00%
Transfers	0	462,758	383,406	396,344	12,938	3.37%
Total Transfers	0	462,758	383,406	396,344	12,938	3.37%
Total Expenditures	2,211,426	1,941,041	2,164,600	2,395,833	231,233	10.68%
Net Revenues over Expenditures	(269,975)	415,296	(63,551)	(251,279)	(187,728)	

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
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(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
4035	176,269	188,431	187,249	192,754	5,505	2.94%
	176,269	188,431	187,249	192,754	5,505	2.94%
Service Charges & Fees						
4030	1,703,073	1,927,525	1,850,000	1,757,500	(92,500)	(5.00)%
4102	0	35,515	0	50,000	50,000	0.00%
4103	0	94,640	0	100,000	100,000	0.00%
4104	0	3,482	0	0	0	0.00%
4111	0	891	1,000	0	(1,000)	(100.00)%
4112	0	1,625	0	0	0	0.00%
4114	0	44,587	0	0	0	0.00%
4931	12,350	9,085	14,000	15,000	1,000	7.14%
4932	36,577	36,275	35,000	20,000	(15,000)	(42.86)%
4933	0	10,320	5,400	5,400	0	0.00%
4937	0	410	0	0	0	0.00%
	1,752,000	2,164,356	1,905,400	1,947,900	42,500	2.23%
Other Revenues						
4928	30	0	300	300	0	0.00%
4929	383	0	0	0	0	0.00%
4930	6,638	514	5,000	500	(4,500)	(90.00)%
4935	430	58	100	100	0	0.00%
4936	1,066	2,828	2,000	1,000	(1,000)	(50.00)%
	8,547	3,400	7,400	1,900	(5,500)	(74.32)%
Use of Money & Property						
4500	580	0	0	0	0	0.00%
4501	255	150	0	0	0	0.00%
4934	3,800	0	1,000	2,000	1,000	100.00%
	4,635	150	1,000	2,000	1,000	100.00%
	1,941,451	2,356,336	2,101,049	2,144,554	43,505	2.07%

Expenditures

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
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(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Personnel						
Salaries/Wages						
8012	Call Back Pay	1,025	138	1,000	500	(500) (50.00)%
8018	Holiday Pay	11,832	15,276	0	0	0 0.00%
8045	Overtime Pay	2,247	4,072	17,728	6,000	(11,728) (66.16)%
8051	Floating Holiday Pay	2,056	2,213	0	0	0 0.00%
8054	Salaries & Wages - Regular	224,452	283,927	365,852	379,433	13,581 3.71%
8056	Retroactive Pay	0	348	0	0	0 0.00%
8060	Sick Leave Pay	9,894	13,028	0	0	0 0.00%
8063	Standby Pay	17,052	17,254	17,446	23,800	6,354 36.42%
8066	Comp Time Used	14,146	15,267	0	0	0 0.00%
8081	Vacation Pay	10,590	13,086	0	0	0 0.00%
	<b>Total Salaries/Wages</b>	<b>293,293</b>	<b>364,609</b>	<b>402,026</b>	<b>409,733</b>	<b>7,707 1.92%</b>
Payroll Taxes & Benefits						
5010	Total Fringe Benefits	0	(10,886)	(10,300)	(13,500)	(3,200) 31.07%
5030	Life Insurance	4,107	5,418	5,061	5,600	539 10.65%
5050	Medicare - ER	4,117	5,609	5,050	6,650	1,600 31.68%
5060	Cafeteria Plan	39,654	58,913	73,500	60,000	(13,500) (18.37)%
5070	Retirement ER - Regular	33,232	39,621	43,642	51,605	7,963 18.25%
5071	Retirement ER - Addl Pick-up	14,997	17,143	0	9,642	9,642 0.00%
5075	Retirees Medical - ER	1,395	3,295	690	2,760	2,070 300.00%
5120	Workers Comp Insurance - ER	18,440	18,213	13,863	9,275	(4,588) (33.10)%
5124	Retirement - ER - Tier 2	39	3,782	0	5,300	5,300 0.00%
	<b>Total Payroll Taxes &amp; Benefits</b>	<b>115,981</b>	<b>141,108</b>	<b>131,506</b>	<b>137,332</b>	<b>5,826 4.43%</b>
Employment Services						
5100	Unemployment Insurance - ER	2,537	5,216	0	0	0 0.00%
6200	EE Hiring, Advertising & Other Costs	0	0	100	100	0 0.00%
6230	Medical Exam	0	270	200	200	0 0.00%
6250	Temporary Agency Help	19,261	2,321	2,500	2,500	0 0.00%
7347	Pension Services Expense	0	0	100	100	0 0.00%
	<b>Total Employment Services</b>	<b>21,797</b>	<b>7,807</b>	<b>2,900</b>	<b>2,900</b>	<b>0 0.00%</b>
	<b>Total Personnel</b>	<b>431,071</b>	<b>513,524</b>	<b>536,432</b>	<b>549,965</b>	<b>13,533 2.52%</b>

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
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(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Services & Supplies						
Clothing & Uniform						
7246	1,712	2,366	3,000	3,000	0	0.00%
	1,712	2,366	3,000	3,000	0	0.00%
Contract Services						
6100	14,249	6,370	10,000	10,000	0	0.00%
6110	1,199	3,453	12,000	14,000	2,000	16.67%
6142	860	0	0	0	0	0.00%
7204	370	46	300	300	0	0.00%
7250	33,637	37,021	50,000	50,000	0	0.00%
7255	4,907	4,907	9,000	9,000	0	0.00%
7301	0	0	10,000	10,000	0	0.00%
7321	1,599	2,057	1,800	1,800	0	0.00%
7342	575	0	0	0	0	0.00%
	57,396	53,853	93,100	95,100	2,000	2.15%
Equipment & Tools						
7242	5,426	1,478	3,000	6,000	3,000	100.00%
7253	0	2,190	3,000	3,000	0	0.00%
7256	4,128	23,457	0	50,000	50,000	0.00%
	9,554	27,125	6,000	59,000	53,000	883.33%
Financial Services						
7310	0	0	200	200	0	0.00%
7401	(288)	(224)	0	0	0	0.00%
7600	(1,000)	0	0	0	0	0.00%
9153	0	2,368	3,000	3,000	0	0.00%
	(1,288)	2,144	3,200	3,200	0	0.00%
Insurance, Licenses & Regulatory Fees						
6120	3,625	6,408	5,000	5,000	0	0.00%
6340	1,373	0	3,000	3,000	0	0.00%
6342	13,113	12,294	6,000	15,000	9,000	150.00%
6343	137	(9)	100	100	0	0.00%
6345	2,135	2,144	3,000	3,000	0	0.00%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
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(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
7325 Insurance	17,501	15,683	20,000	20,000	0	0.00%
Total Insurance, Licenses & Regulatory Fees	37,884	36,520	37,100	46,100	9,000	24.26%
Legal & Professional						
7318 Professional & Consulting Svcs-ISJ	9,930	4,305	28,000	30,000	2,000	7.14%
7319 Other Professional Services	250	5,786	15,000	30,000	15,000	100.00%
7320 Professional & Consulting Services	26,158	42,916	45,000	100,000	55,000	122.22%
7326 Legal Services	9,794	10,947	30,000	30,000	0	0.00%
7336 Legal Services- ISJ	17,318	41,674	0	20,000	20,000	0.00%
7340 Legal Notifications & Mandated Advertising	221	0	1,000	2,000	1,000	100.00%
9155 ISJ - Inter-Agency Cost Sharing	68,001	29,782	45,000	45,000	0	0.00%
Total Legal & Professional	131,673	135,410	164,000	257,000	93,000	56.71%
Office/Operations						
6121 IT-Supplies & Miscellaneous	0	0	1,000	0	(1,000)	(100.00)%
6130 Computer Hardware	0	369	3,200	5,000	1,800	56.25%
6140 Computer Software	0	336	2,000	5,000	3,000	150.00%
7140 General Supplies & Minor Equipment	1,890	2,764	3,000	3,000	0	0.00%
7160 Postage, Shipping & Mail Supplies	13,184	15,884	15,000	15,000	0	0.00%
7170 Special Purpose Forms and Printing	444	0	0	0	0	0.00%
7180 Billing Supplies, Forms & Printing	370	431	1,000	1,000	0	0.00%
7225 Mapping Costs	123	0	0	0	0	0.00%
7226 Membership & Dues	413	80	200	200	0	0.00%
7230 Misc Small Parts & Supplies	2,212	2,921	4,200	1,000	(3,200)	(76.19)%
7237 Process Control & Treatment Supplies	3,046	5,375	6,000	6,000	0	0.00%
7239 Water Treatment Chemicals	7,803	10,640	13,000	13,000	0	0.00%
7249 Safety Supplies	2,600	3,452	3,000	3,000	0	0.00%
Total Office/Operations	32,085	42,251	51,600	52,200	600	1.16%
Other Expense						
7016 Significant Value Purchase-Field Use	18,663	0	0	0	0	0.00%
7330 Misc Operating Expenses	0	0	100	100	0	0.00%
7348 Water Conservation Program	760	11,996	0	30,000	30,000	0.00%
8650 Clean-Up Costs	642	0	0	0	0	0.00%
8735 Misc Department Admin	0	768	1,000	1,000	0	0.00%

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(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Total Other Expense	20,065	12,765	1,100	31,100	30,000	2,727.27%
Rent & Utilities						
6000 Cell Phones	1,886	1,546	1,700	1,700	0	0.00%
6025 Telephone	6,362	6,558	6,000	9,000	3,000	50.00%
7352 Rent - Offices & Other Structures	5,280	8,880	12,000	25,158	13,158	109.65%
8610 Electric	92,992	96,675	130,000	130,000	0	0.00%
8620 Gas Service	265	202	400	400	0	0.00%
8630 Trash Services	1,207	1,212	1,500	1,500	0	0.00%
8644 Disposal Services	0	375	30,000	80,000	50,000	166.67%
8670 Street Lighting	262	295	650	650	0	0.00%
Total Rent & Utilities	108,255	115,744	182,250	248,408	66,158	36.30%
Repairs & Maintenance						
6405 R & M - Extinguishers	236	328	400	400	0	0.00%
6422 R & M - Hydrants	0	57	100	100	0	0.00%
6640 Maint - Equip & Other Non-Structural Fixed Assets	7,206	6,107	20,000	3,000	(17,000)	(85.00)%
6641 R & M - Wells	13,523	29,976	60,000	6,000	(54,000)	(90.00)%
6750 R & M - Minor Tools & Equipment	4,914	510	2,000	2,000	0	0.00%
6800 R & M - Grounds & Collection Systems	350	2,085	2,000	2,000	0	0.00%
6900 Maint-Buildings & Structures	8,490	8,917	10,000	10,000	0	0.00%
7241 Maint-Water Distribution System	12,060	12,829	12,000	15,000	3,000	25.00%
Total Repairs & Maintenance	46,779	60,809	106,500	38,500	(68,000)	(63.85)%
Travel & Training						
7323 Books, Publications & Subscriptions	0	50	150	150	0	0.00%
7324 Education & Training Fees	60	114	500	500	0	0.00%
8410 Certifications	60	265	500	1,000	500	100.00%
8539 Meals	0	52	0	0	0	0.00%
8541 Meals- Local Area - DIR	0	21	0	0	0	0.00%
8550 Mileage Reimbursement & Parking - EE	130	402	500	500	0	0.00%
Total Travel & Training	250	903	1,650	2,150	500	30.30%
Vehicle Maintenance & Repairs						
7211 Misc Fuel & Diesel	3,952	3,378	5,500	5,500	0	0.00%



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(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
7220 Gasoline	4,107	4,509	6,000	5,000	(1,000)	(16.67)%
7228 Markings & Other Misc Services	1,151	1,590	1,000	1,000	0	0.00%
7232 Vehicle Repairs - Parts, Tires & Lubricants	0	6,659	7,500	7,500	0	0.00%
Total Vehicle Maintenance & Repairs	<u>9,210</u>	<u>16,136</u>	<u>20,000</u>	<u>19,000</u>	<u>(1,000)</u>	<u>(5.00)%</u>
Total Services & Supplies	453,575	506,026	669,500	854,758	185,258	27.67%
Allocation of Administrative Costs						
5132 Benefits Charges by Admin	8,139	0	0	0	0	0.00%
5197 Benefits Billings to Other Funds	(16,867)	0	0	0	0	0.00%
8152 Labor Charged by Admin	20,387	0	0	0	0	0.00%
8197 Labor Billings to Other Funds	(42,744)	0	0	0	0	0.00%
8801 Admin Cost Allocation	<u>464,976</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total Allocation of Administrative Costs	433,892	0	0	0	0	0.00%
Capital Outlay						
9000 Building, Structures & Improvements	146,432	2,850	10,000	45,000	35,000	350.00%
9006 Infrastructures	9,585	0	90,000	150,000	60,000	66.67%
9058 System & Software - Capital	0	21,285	0	0	0	0.00%
9059 Vehicles, Equipment, & Fixtures	<u>52,038</u>	<u>33,857</u>	<u>75,000</u>	<u>0</u>	<u>(75,000)</u>	<u>(100.00)%</u>
Total Capital Outlay	208,056	57,992	175,000	195,000	20,000	11.43%
Debt Service						
9022 Debt Service - Principal	134,335	138,432	142,655	147,005	4,350	3.05%
9023 Debt Service - Interest & Annual Fee	<u>144,871</u>	<u>140,308</u>	<u>135,607</u>	<u>130,761</u>	<u>(4,846)</u>	<u>(3.57)%</u>
Total Debt Service	279,206	278,741	278,262	277,766	(496)	(0.18)%
Reserves						
9504 *Vehicle Replacement Reserve	38,800	0	0	0	0	0.00%
9571 *Capital Outlay Reserve	199,619	65,000	65,000	65,000	0	0.00%
9572 *General Contingency (Operations) Reserve	25,000	25,000	25,000	25,000	0	0.00%
9573 *Year-end Encumbrance(contra to 3200)	39,398	0	0	0	0	0.00%
9574 *Year-end Fund Reservation(contra to 3200)	6,610	0	0	0	0	0.00%
9980 *Basin Management Reserve	39,200	0	0	0	0	0.00%
9983 *Water Conservation Reserve	25,000	0	0	0	0	0.00%
9988 *Water Rate Stabilization Reserve	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>0</u>	<u>0.00%</u>
Total Reserves	405,627	122,000	122,000	122,000	0	0.00%

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(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Transfers						
9505 Transfers In - Other Funds	0	10,000	0	0	0	0.00%
9511 Interfund Transfer Out	0	452,758	383,406	396,344	12,938	3.37%
Total Transfers	<u>0</u>	<u>462,758</u>	<u>383,406</u>	<u>396,344</u>	<u>12,938</u>	<u>3.37%</u>
Total Expenditures	<u>2,211,426</u>	<u>1,941,041</u>	<u>2,164,600</u>	<u>2,395,833</u>	<u>231,233</u>	<u>10.68%</u>
Net Revenues over Expenditures	<u>(269,975)</u>	<u>415,296</u>	<u>(63,551)</u>	<u>(251,279)</u>	<u>(187,728)</u>	

## Department Summary – Fund 600

This Fund 600 collects special assessments on all property owners within the sewer prohibition zone for payment for the amortization of bonds issued in 2002. This fund was used to account for the construction of a sewage treatment plant which was halted. Under special legislation AB2701, the project was transferred to the County of San Luis Obispo. On March 15, 2011 the County officially accepted the project.

In 2006 a trust account was established and transferred to US Bank to receive the 2002 WW Bond Assessments directly and issue the bond principal and interest debt service payments. All Wastewater Assessments are transferred directly from San Luis Obispo County Auditor-Controller to the US Bank and the bond payments are paid by US Bank. In FY 2006/2007 the District Board prematurely borrowed from the Improvement Bonds Reserve to make the bond payment. A Letter of Agreement dated in October 17, 2006, established a repayment plan of \$25,000 per year. Contrary to the agreement, it appears the \$25,000 payments did not begin until FY 2009/2010. From the early analysis the District potentially owes money for FY 2006/2007, 2007/2008 and 2008/2009 totaling \$75,000. At the time of this writing, the reconciliation and analysis with US Bank is on-going. According to a letter dated October 17, 2006, the \$25,000 payment was being held by the District and to be transferred. Subsequent information states the payments of \$25,000 per year for FY 2007/2008 and 2008/2009 were also budgeted. This information was verified. Staff is in receipt of bank statements dating back to November 2006 in an effort to insure the proper recording of the \$25,000 payments. Those payments were not made.

All interest earned on that Improvement Bonds Reserve bank account is required to be reinvested into the Improvement Bonds Reserve bank account and the District is able to calculate that interest towards the repayment. Based on the Board's direction, Wallace Group includes an administrative charge to repay the Bond Reserve. The Administrative Charge is added to the wastewater assessments as allowed by the Bond Resolution to fund direct costs of maintaining this assessment (FY 2007/2008 budget statement).

On October 15, 2013, the Honorable Robin L. Riblet, Judge, United States Bankruptcy Court, Central District of California, Northern Division issued an order granting the motion for approval of the Second Amended Plan for Adjustment of Debts (Amended Plan). This Amended Plan as stipulated to by all the parties resolves all the lawsuits and claims arising from the District's former Wastewater Project. Under Section 7.1 Class 5(B) MBIA filed a claim (119) arising out of the bonds that were issued by LOCSO to fund part of the OLD Project (WW 2002 Bonds). The bond indenture required LOCSO to maintain certain bond proceeds in reserve and segregate them into the Debt Service Reserve Fund (LOCSO Improvement Bond Reserve Fund-US Bank). "Instead, LOCSO pooled the reserve funds and spent them for other purposes"<sup>1</sup>. In full satisfaction of its Allowed Secured Claim, the trustee shall be paid \$25,000 per year from the annual assessment overhead charges collected by San Luis Obispo County until the Secured Claim is paid in full without interest. The inclusion of this repayment plan in the Bankruptcy Order substitutes for the Letter of Agreement dated October 17, 2006. This annual payment will be made by the County of San Luis Obispo at the time the County collects the assessments and makes payments to the US Bank. With this knowledge, it is recommended to raise the Administrative Charge to \$12.00 per parcel to allow total repayment to the Bond Redemption Reserve account. That equates to one dollar per month per parcel. This allows the District to make the missing payments for the three fiscal years as outlined above over a three year period and make the \$25,000 payment per year as order by the Court. After the three year period and payment for the missing years, the Board could choose to reduce the Administrative Charge to \$6 per parcel to cover the \$25,000 payment. The 2002 Wastewater Improvement Bonds Reserve was established at \$1,158,500. At the rate of \$25,000 per year, it will take approximately six to eight years to repay the Improvement Bond Reserve Fund. All monies generated from the Administrative Charge must be transferred as repayment to the Improvement Bond Reserve Fund per the bankruptcy order until the required Reserve balance reaches the total of \$1,158,500.

Staff is presently working with US Bank to reconcile the two accounts: Improvement Bonds Redemption Fund and Improvement Bonds Reserve Fund. In preparing the reconciliation, staff determined the District records reflect the totaled required payments were never paid. In January 2015, the FY 2013/2014 payment was made. In February 2014 the payments for FY 2009/2010, 2010/2011 and balances due for FY 2011/2012 and 2012/2013 were paid. Fiscal Year payments for 2006/2007, 2007/2008 and 2008/2009

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<sup>1</sup> Amended Plan, Section 7.1 Class 5(B)

were never paid according to the Districts vendor report and financial records. It is the Districts responsibility to make the past due payments and reestablish the District credit worthiness. Subsequent information states the payments of \$25,000 per year for FY 2007/2008 and 2008/2009 were also budgeted; however according to the Bank Statements and the District's financial records, no transfers were made for FY 2006/2007, 2007/2008 and 2008/2009. Staff is in receipt of bank statements dating back to November 2006 in an effort to insure the proper recording of the \$25,000 payments. All Bank Statements for Improvement Bond Reserve and Bond Redemption Fund since November 2006 through March 2015 were reviewed and all transactions verified. The required payments for the three fiscal years outlined above were not paid to US Bank.

On April 12, 2004, the LOCSB Board of Directors authorized the execution of a Main Installation Agreement between the Los Osos Community Services District and Bonaire Investments (Agreement). This Agreement involved transfer to the District once designed and constructed a Sewer Mainline Extension and associated facilities within South Bay Boulevard (Bay Oaks Drive to Los Osos Valley Road) to serve the Bonaire Property and properties located up-slope from the Mainline Extension. The Bonaire Property is located within the Prohibition Zone and the District's Wastewater Treatment District No. 1. District No 1 is an Assessment District established by the District to partially finance the design and construction of the District's Wastewater Treatment Project. The Bonaire Property has a total assessment of thirty thousand three dollars and thirty-nine cents (\$30,003.39). The 2004 District Board agreed to transfer, operation and maintenance of the Mainline Extension and to provide services to the collection system for the Wastewater Treatment Project. This 2004 District Board agreed to reduce the assessment attributed to the Bonaire Property in the amount of thirty thousand three dollars and thirty-nine cents (\$30,003.39) in exchange for the completed infrastructure project thereby making the District liable for the payments. The LOCSB is paying the current assessment for the Bonaire Properties, APN 074-314-10 and APN 074-314-011 and has made the payments since Fiscal Year 2005/2006 or Year 4 of the assessments. To date the LOCSB made payments totaling \$15,235.18. The payment for Fiscal Year 2013-2014 paid normally at the beginning of following fiscal year, was not paid. The payment amount is \$1,688.80. Staff reconciled the Assessor Parcel No. accounts since the first payment was paid in FY 2005/2006. In order to accurately reflect any assessment payments due, the respective commitment to pay the on-going assessment requires a budgeted expenditure. In other words, this expense should be budgeted yearly as a cost to the LOCSB. This expense was never incorporated within any budget since its inception. Until staff completed the reconciliation this on-going expenditure was unidentified and paid from prepaid assessments (those assessments paid off after the various APN were placed on the tax rolls).

In addition to necessity for budgeting for this ongoing assessment payment, there were five common area parcels that were no longer subject to tax collection and required payment by the District. It appears from the reconciliation the payments were excluded from the budgets as identified above and the assessment payments were made for the parcels. The assessment payments for the five parcels since Year 6 or Fiscal Year 2007/2008 is \$998.50. As with the two larger assessment payments, the payment of \$132.30 remains outstanding at this time.

Once the analysis is complete regarding the District's commitment to make the Bond assessment payments as identified, the appropriate budget considerations identified, on-going obligations resolved and payment options determined, the cash payments will be processed. It is important to note the correct dollar balances are in the Prepaid Assessment Reserves. Staff made the required cash transfers and general ledger adjustments to insure adequate funds. It is important to note, staff is conducting on-going conversations with the US Bank Trustee and the Trustee is now aware the District is retaining a Prepaid Assessment Reserve. According to the bank Trustee, there is question as to the validity of the District retaining these funds. Once the bank account reconciliations from 2006 forward for the Improvement Bonds Redemption and Reserve Funds are completed, there will be discussion on handling the Prepaid Reserve Fund.

As stated above, staff is presently working to determine the actual balance for the Improvement Bond Reserve Fund. The staff is working with the trustee from US Bank and currently reviewing old bank statements to determine the dollar value of the appropriate deposits for each of the respective accounts. Once complete, together the trustee and staff will determine the dollar value of the Improvement Bonds Reserve Fund. All other funds belong to the Bond Redemption account. Unfortunately for the District, Standard & Poor's underlying rating (SPUR) is based on multiple factors including the ability to maintain the required Improvement Bond Reserve balance. At the time of this report dated March 13, 2015, the

Improvement Bond Reserve Fund reflected a balance of \$751,664 of the required \$1,158,500. Because of this situation and other factors (recent bankruptcy) the rating service issued a rating of BBB- and views the outlook for this rating as stable. It is staff's goal over FY 2015/2016 to show exceptional progress in the reconciliation and repayment based on the Court-ordered decision.

This Wastewater Fund 600 currently functions for two purposes: 1) to service the debt associated with the aborted project and 2) to repay the "spent for other purposes" monies from the Improvement Bond Reserve Fund. Now that the bankruptcy case is closed, this fund officially changes to a debt service fund for the Wastewater Assessment District No. 1. Beginning FY 2014/2015 this fund functions as the debt service fund for the bonds; however there are costs associated with the financial management and reporting of the fund, continued inclusion on the San Luis Obispo County Tax Rolls and reconciliation with US Bank. As such the time associated with this fund from a cost allocation perspective still remains. The fund will continue to operate at a deficit and therefore the District needs to cover the costs associated with this operation. There are trustee costs associated with administration of the two bank accounts by US Bank. The category Bank Service Charges reflect the transfer of funds from the Improvement Bond Redemption bank account to cover the trustee fees for the fiscal year. According to the bank statements these charges normally occur instead of monthly as with personal bank accounts, only once yearly during the third quarter of the fiscal year. This yearly charge is delineated on the expenditure reports to ensure accurate reporting of the available funds.

The total value of the bond assessments for FY 2015/2016 was unknown at the time of printing this information. The assessments will be updated upon receipt of the information from the Wallace Group. The budget dollar value shown is the total collected in FY 2013/2014 per the County information. There are expenditures to this fund for the on-going preparation of the yearly bond payments to be placed on the County tax rolls. There are trustee costs associated with administration of the two funds: Bond Redemption principal and interest and Improvement Bonds Reserve Fund. Those costs will continue until the 2002 WW Bond is completely paid. As parcels owners continue to pay off their respective assessment balances, staff time remains a factor in processing the payments, lien release and other documents. This information remains reportable to all entities. The Fund 600 continues to incur costs associated with the operation and reconciliation of this fund. Until the scheduled repayment plan is financially completed with the Bond Reserve Fund fully funded at \$1,158,500, the Administrative Charge must be allocated to the repayment plan. This means the District must fund any costs associated with the operation including the administrative allocation. Once the Bond Reserve is fully funded, the District may recoup its costs previously incurred over time. Staff plans to bring an interfund loan agreement before the Board for this purpose.

## Budget Summary

Fund 600 Expenditure	2011/2012 Actuals	2012/2013 Actuals	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	0	0	0	0	0
Benefits	0	0	0	0	0
Services and Supplies	155,005	85,732	5,038,004 <sup>4</sup>	7,000	11,800
Allocation of Admin Costs <sup>1</sup>	0	0	(1,410,356) <sup>1</sup>	(2,800) <sup>1</sup>	8,907
Debt Service	1,159,438	1,158,667	1,145,625	1,178,500 <sup>8</sup>	1,180,750 <sup>8</sup>
<b>Total<sup>2, 5</sup></b>	<b>1,314,443</b>	<b>1,244,399<sup>3</sup></b>	<b>4,773,272<sup>7</sup></b>	<b>1,182,700<sup>6</sup></b>	<b>1,201,457</b>

Notes: <sup>1</sup> This includes transfers

<sup>2</sup> Excluded appropriations for Reserves

<sup>3</sup> Attached expenditure reports show a discrepancy between the Actuals and Audited Financials

<sup>4</sup> This value includes the total dollars required for payment of Class 8 unsecured creditor as delineated by the bankruptcy order

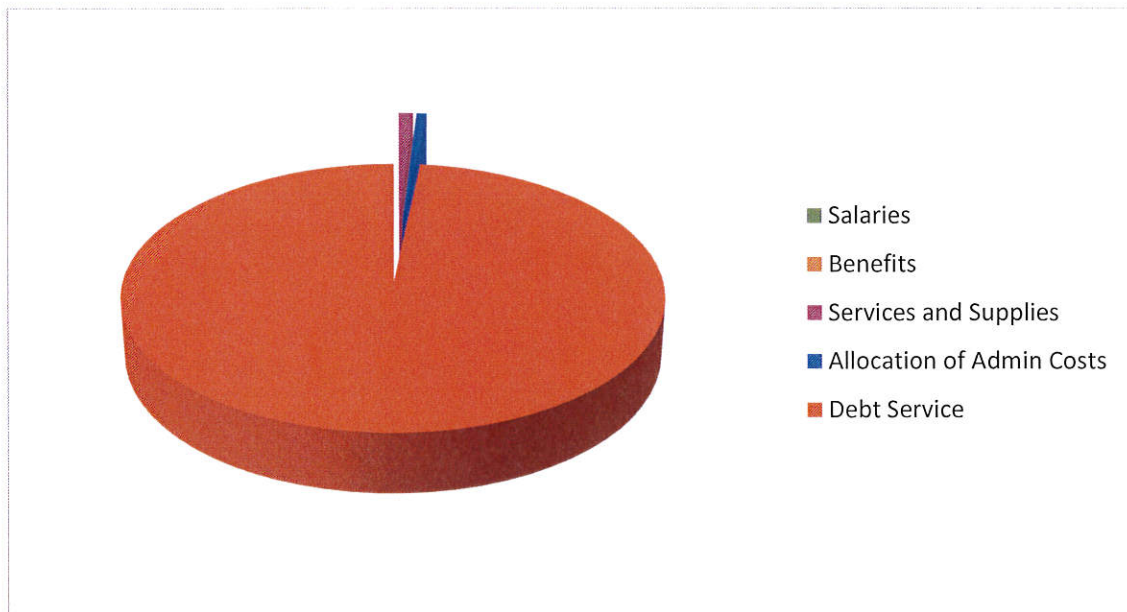
<sup>5</sup> This value does not include the Bond Reserve repayment of \$25,000 per year for FY 11/12, 12/13 & 13/14 with a balance remaining as of June 30, 2013 of \$431,859

<sup>6</sup> A one-time Transfer from Administration Reserves of \$17,947 was used to balance the revenue with the expenditures

<sup>7</sup> A one-time transfer of the remaining SRF Funds & Solid Waste used for bankruptcy payout is not reflected

<sup>8</sup> This total includes the \$25,000 Bond Reserve Repayment

### Fund 600 Department Expenditure by Category for FY 2015/2016

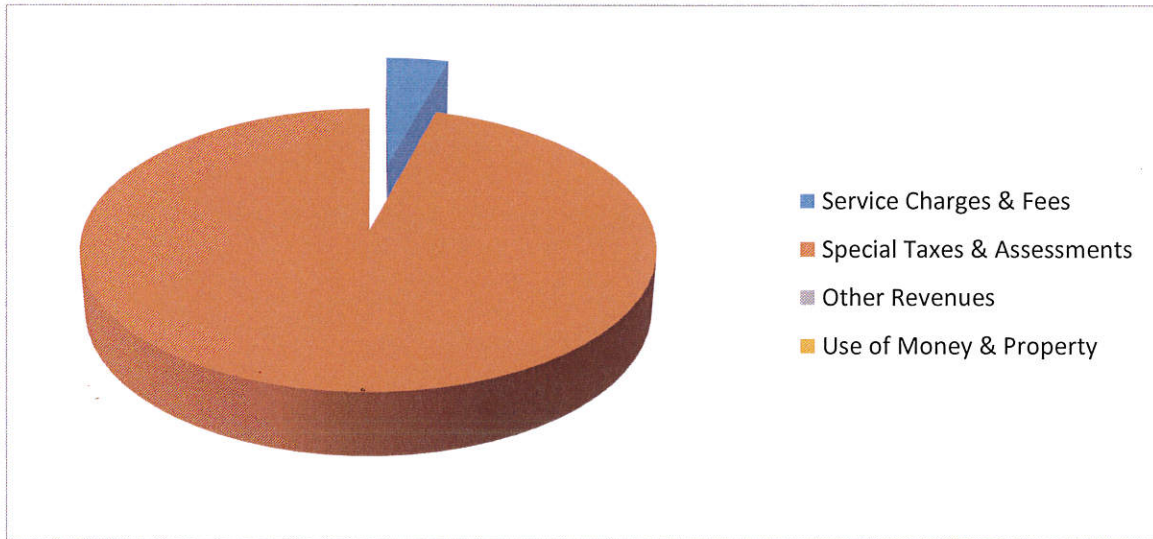


**Fund 600 Department Revenue by Category for FY 2015/2016**

<b>Fund 600 Revenue</b>	<b>2012/2013 Actuals</b>	<b>2013/2014 Unaudited Actuals</b>	<b>2014/2015 Adopted Budget</b>	<b>2015/2016 Proposed Budget</b>
<b>Service Charges &amp; Fees</b>	16,400	14,700	21,000	50,400
<b>Special Taxes &amp; Assessments</b>	1,156,960	1,148,730	1,144,375	1,148,730
<b>Other Revenues</b>	16,372	3,570,927	0	0
<b>Use of Money &amp; Property</b>	4,752	8,456	0	0
<b>Total</b>	1,194,484	4,742,813 <sup>1</sup>	1,165,3075	1,199,130

<sup>1</sup>SRF \$1,394,711.65 and Solid Waste of \$27,971 to pay creditors omitted

**Fund 600 Department Revenue by Category for FY 2015/2016**



# RatingsDirect®

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## Summary:

# Los Osos Community Services District Wastewater Assessment District No. 1, California; Special Assessments

### Primary Credit Analyst:

Misty L Newland, San Francisco (1) 415-371-5073; misty.newland@standardandpoors.com

### Secondary Contact:

Kate R Burroughs, San Francisco (1) 415-371-5081; kathleen.burroughs@standardandpoors.com

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## Summary:

# Los Osos Community Services District Wastewater Assessment District No. 1, California; Special Assessments

### Credit Profile

Los Osos Comnty Svcs Dist Wastewtr Assess Dist No. 1 ser 2002 ltd oblig imp bonds (MBIA) (MBIA of Illinois)

*Unenhanced Rating*

BBB-(SPUR)/Stable

Affirmed, Removed from  
CreditWatch

Many issues are enhanced by bond insurance.

## Rationale

Standard & Poor's Ratings Services affirmed its 'BBB-' underlying rating (SPUR) on Los Osos Community Services District Wastewater Assessment District No. 1, Calif.'s limited-obligation improvement bonds outstanding and removed the rating from CreditWatch with negative implications. The rating had been placed on CreditWatch with negative implications on Dec. 15, 2014, due to the lack of timely information, a situation that the district has since resolved. The outlook is stable.

The rating reflects our view of the following credit weaknesses:

- Just 1x coverage of annual debt service by scheduled special assessments (as is typical for special assessment bonds);
- The debt service reserve, which would support only the estimated permanent loss of 4.2% of annual assessments for the life of the bonds, which would be unable to fully cover the permanent loss of assessments from properties with a value to lien of less than 5 to 1; and
- The overall value to lien (including overlapping debt) of 8.8 to 1.

In our opinion, partly offsetting credit strengths include:

- The district's participation in the county Teeter Plan, which funds the full amount of annual assessments regardless of delinquencies, and
- The primarily residential and mostly built-out district, which has access to the broader San Luis Obispo metropolitan statistical area.

The authority bonds are limited obligations of the authority payable from assessments levied against the property in the Los Osos Community Services District Wastewater Assessment District No. 1 collected for the repayment of the assessment district's outstanding improvement bonds. Proceeds from the bonds were used to construct a wastewater collection, treatment, and disposal system.

As is typical for special assessment bonds, assessments provide just 1x coverage of annual debt service on the improvement bonds. For fiscal 2015, 4,202 parcels were subject to the assessment levy, for a total of \$1.17 million of

annual assessment revenue. The assessment district is primarily residential, with residential parcels representing 96% of total assessed value (AV). The assessment district's overall AV to lien is 8.8, and 9.7% of assessments generated from parcels with a value to lien of less than 5 to 1. The assessment base is diverse, in our view, with the 10 largest property owners' assessments representing only 12% of total annual assessments in fiscal 2015. The leading taxpayer, Morro Shores Mobilehome Park LLC, accounts for 3.8% of total assessments. The value to lien for the 10 leading assessment taxpayers is 15 to 1.

The bonds' debt service reserve is currently funded at \$751,664, would support only the permanent loss of 4.2% of annual assessments for the life of the bonds, compared to 12.1% and 9.7% of assessments payable from the top 10 assessment payers and parcels with AV-to-lien ratios of less than 5 to 1, respectively. However, we believe the proportion of parcels with a value to lien of less than 5 to 1 may be overstated due to Proposition 13, which results in AV that is lower than current market value in communities such as Los Osos that have a preponderance of retirement communities that experience low turnover in property.

We understand that the assessment district's improvement bonds were issued to construct a wastewater collection, treatment, and disposal system, a project that was significantly delayed, then halted in 2005. Assessments that property owners pay are in proportion to the perceived benefit from the improvements funded by the improvement bonds and are included on taxpayers' property tax bills. San Luis Obispo County's Teeter Plan remits the full amount of the assessment levy regardless of delinquencies. In addition, the assessment district's 2006 supplemental bond resolution requires all assessments to be transferred from the county to the trustee for deposit in the bond redemption fund, and the district shall have no rights to funds held in the redemption fund until the improvement bonds have been paid in full, according to the resolution.

We understand that the bankruptcy court entered an order confirming the assessment district's plan of adjustment on Oct 15, 2013, in which the improvement bonds as an unimpaired secured claim. In addition, subsequent to the assessment district's Chapter 9 bankruptcy filing on Aug. 25, 2006, the U.S. bankruptcy court judge approved an agreement between the district and the county, whereby all improvement bond assessments levied on and collected from property owners in the assessment district will be collected by San Luis Obispo County and directly remitted to the bond redemption fund held by the bond trustee during the pendency of the bankruptcy. The plan of adjustment stipulates that this procedure remain in place until the bonds are paid in full.

The assessment district comprises about 5.38 square miles within the community of Los Osos. Los Osos, often referred to as Los Osos-Baywood Park, is nestled along the southern tidal estuary of Morro Bay on the coast of Central California. The assessment district is located in the unincorporated western portion of San Luis Obispo County, approximately 12 miles from the city of San Luis Obispo. The assessment district was organized in 1988 pursuant to the Community Services District Act to supply water, sewer, and fire protection services to approximately 14,861 residents within its jurisdiction. AV within the district totaled \$1.05 billion as of fiscal 2013, the most recent data available, up 8% from fiscal 2008.

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## Outlook

The stable outlook reflects our anticipation that the assessment district will continue to participate in the Teeter Plan. In addition, the outlook reflects our expectation that the county, on behalf of the assessment district, will continue to collect and remit the required assessments directly to the improvement bond trustee to cover debt service. We could lower the rating if the overall value to lien were to decline. We do not expect to raise the rating during the current two-year outlook period given the assessment district's low overall AV to lien and the debt service reserve's inability to fully cover the permanent loss of assessments from properties with a value to lien of less than 5 to 1.

## Related Criteria And Research

### Related Criteria

USPF Criteria: Special-Purpose Districts, June 14, 2007

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**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
600 - 600 - Wastewater

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
<b>Revenues</b>						
Service Charges & Fees						
	14,718	14,700	21,000	50,400	29,400	140.00%
Total Service Charges & Fees	14,718	14,700	21,000	50,400	29,400	140.00%
Special Taxes & Assessments						
	1,156,960	1,148,730	1,144,375	1,148,730	4,355	0.38%
Total Special Taxes & Assessments	1,156,960	1,148,730	1,144,375	1,148,730	4,355	0.38%
Other Revenues						
	1,653	3,570,927	0	0	0	0.00%
Total Other Revenues	1,653	3,570,927	0	0	0	0.00%
Use of Money & Property						
	227	8,456	0	0	0	0.00%
Total Revenues	1,173,557	4,742,813	1,165,375	1,199,130	33,755	2.90%
<b>Expenditures</b>						
Services and Supplies						
Financial Services	33,903	6,637	3,000	7,000	4,000	133.33%
Insurance, Licenses & Regulatory Fees	355	291	500	2,300	1,800	360.00%
Legal & Professional	51,474	5,031,056	3,500	2,500	(1,000)	(28.57)%
Office/Operations	0	20	0	0	0	0.00%
Total Services and Supplies	85,732	5,038,004	7,000	11,800	4,800	68.57%
Debt Service						
	1,149,000	1,145,625	1,178,500	1,180,750	2,250	0.19%
Total Debt Service	1,149,000	1,145,625	1,178,500	1,180,750	2,250	0.19%
Reserves						
	25,000	0	0	0	0	0.00%
Total Reserves	25,000	0	0	0	0	0.00%
Transfers						
	(69,454)	(1,410,356)	(2,800)	8,907	11,707	(418.11)%
Total Transfers	(69,454)	(1,410,356)	(2,800)	8,907	11,707	(418.11)%
Total Expenditures	1,190,278	4,773,272	1,182,700	1,201,457	18,757	1.59%
Net Revenues over Expenditures	(16,721)	(30,459)	(17,325)	(2,327)	14,998	

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
600 - 600 - Wastewater

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
<b>Revenues</b>						
Service Charges & Fees						
4062	14,718	14,700	21,000	50,400	29,400	140.00%
	14,718	14,700	21,000	50,400	29,400	140.00%
Special Taxes & Assessments						
4061	1,149,895	1,148,730	1,144,375	1,148,730	4,355	0.38%
4063	7,065	0	0	0	0	0.00%
	1,156,960	1,148,730	1,144,375	1,148,730	4,355	0.38%
Other Revenues						
4350	0	26,839	0	0	0	0.00%
4800	0	(27,971)	0	0	0	0.00%
4928	0	30	0	0	0	0.00%
4935	1,653	0	0	0	0	0.00%
4958	0	3,572,029	0	0	0	0.00%
	1,653	3,570,927	0	0	0	0.00%
Use of Money & Property						
4501	227	0	0	0	0	0.00%
4504	0	8,456	0	0	0	0.00%
	227	8,456	0	0	0	0.00%
	1,173,557	4,742,813	1,165,375	1,199,130	33,755	2.90%
<b>Expenditures</b>						
Services & Supplies						
Financial Services						
7310	33,903	6,637	3,000	7,000	4,000	133.33%
	33,903	6,637	3,000	7,000	4,000	133.33%
Insurance, Licenses & Regulatory Fees						
6341	0	0	500	500	0	0.00%
6343	95	30	0	0	0	0.00%
6345	260	261	0	1,800	1,800	0.00%
	355	291	500	2,300	1,800	360.00%
Legal & Professional						

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
600 - 600 - Wastewater

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
7317 Settlements	0	4,994,712	0	0	0	0.00%
7320 Professional & Consulting Services	5,700	11,700	500	2,000	1,500	300.00%
7326 Legal Services	45,774	11,266	3,000	500	(2,500)	(83.33)%
8705 Attorney Costs - Bankruptcy	0	13,378	0	0	0	0.00%
Total Legal & Professional	51,474	5,031,056	3,500	2,500	(1,000)	(28.57)%
Office/Operations						
7160 Postage, Shipping & Mail Supplies	0	20	0	0	0	0.00%
Total Office/Operations	0	20	0	0	0	0.00%
Total Services & Supplies	85,732	5,038,004	7,000	11,800	4,800	68.57%
Debt Service						
9022 Debt Service - Principal	400,000	415,000	455,000	480,000	25,000	5.49%
9023 Debt Service - Interest & Annual Fee	749,000	730,625	698,500	675,750	(22,750)	(3.26)%
9806 Internal Loan	0	0	25,000	25,000	0	0.00%
Total Debt Service	1,149,000	1,145,625	1,178,500	1,180,750	2,250	0.19%
Reserves						
9502 *Debt Reserves	25,000	0	0	0	0	0.00%
Total Reserves	25,000	0	0	0	0	0.00%
Transfers						
9505 Transfers In - Other Funds	0	(27,971)	(17,947)	0	17,947	(100.00)%
9508 Transfer Out from Reserve	(44,454)	0	0	0	0	0.00%
9511 Interfund Transfer Out	0	48,592	19,147	8,907	(10,240)	(53.48)%
9512 Transfer In	(25,000)	(1,430,977)	(4,000)	0	4,000	(100.00)%
Total Transfers	(69,454)	(1,410,356)	(2,800)	8,907	11,707	(418.11)%
Total Expenditures	1,190,278	4,773,272	1,182,700	1,201,457	18,757	1.59%
Net Revenues over Expenditures	(16,721)	(30,459)	(17,325)	(2,327)	14,998	

## Department Summary – Fund 650

Solid Waste provided trash cleanup and recycling services to the community of Los Osos. The actual services were provided by Mission Country Disposal for Los Osos through the District. Effective December 31, 2013, the franchise and operations were transferred to the County of San Luis Obispo. This action was necessary in order to comply with the settlement agreements and amended plans allowing the District to meet the terms of the bankruptcy order. The summary below is provided for information purposes only. The allocation of Admin Costs cover the staff time to prepare, reconcile and monitor the Reserve Fund, State Controller Reports and documentation necessary for on-going audits.

### Budget Summary

Fund 650 Expenditure	2011/2012 Actuals	2012/2013 Actuals	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	15,030	15,622	0	0	0
Benefits	6,020	6,169	0	0	0
Services and Supplies	26,477	25,273	1,680	0	0
Allocation of Admin Costs <sup>2</sup>	45,084	35,892	67,320 <sup>4</sup>	46,660	1,616
<b>Total<sup>3</sup></b>	92,611	82,956 <sup>1</sup>	69,000	46,660 <sup>5</sup>	1,616

Notes: Actuals are based on Fiscal Year Audits

<sup>1</sup> Attached expenditure reports show a discrepancy between the Actuals and Audited Financials

<sup>2</sup> Based on adopted methodology #4

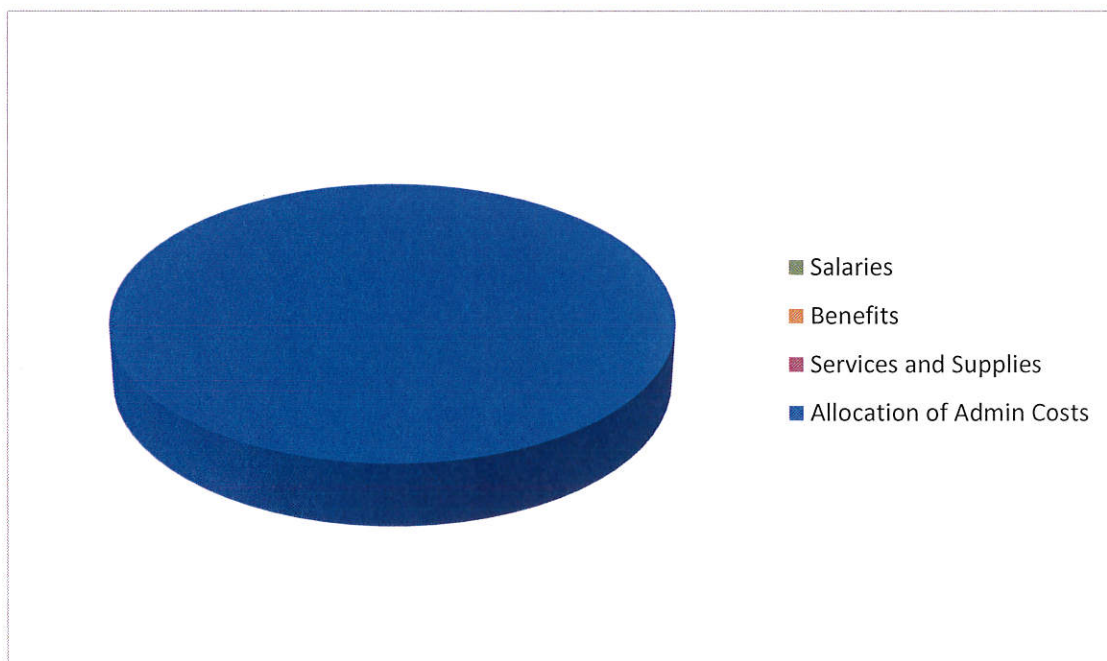
<sup>3</sup> This does not include Reserves

<sup>4</sup> This includes transfer of franchise fee to cover bankruptcy distribution and Cost Allocation of \$36,349

<sup>5</sup> A one-time Transfer from Reserves of \$46,660 used to balance the revenue with expenditures

<sup>6</sup> Transfer from Reserves to cover ongoing reporting requirements

### Fund 650 Department Expenditure by Category for FY 2015/2016





**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
650 - 650 - Solid Waste

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
<b>Revenues</b>						
Other Revenues						
	157,116	47,395	0	0	0	0.00%
<b>Total Revenues</b>	<b>157,116</b>	<b>47,395</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>Expenditures</b>						
<b>Services and Supplies</b>						
Insurance, Licenses & Regulatory Fees	50	0	0	0	0	0.00%
Legal & Professional	1,361	0	0	0	0	0.00%
Other Expense	74	0	0	0	0	0.00%
Rent & Utilities	3,080	1,680	0	0	0	0.00%
Travel & Training	41	0	0	0	0	0.00%
<b>Total Services and Supplies</b>	<b>4,606</b>	<b>1,680</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>Allocation of Administrative Costs</b>						
	57,684	0	0	0	0	0.00%
<b>Total Allocation of Administrative Costs</b>	<b>57,684</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>Reserves</b>						
	27,925	0	0	0	0	0.00%
<b>Total Reserves</b>	<b>27,925</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>Transfers</b>						
	44,748	67,320	46,660	1,616	(45,044)	(96.54)%
<b>Total Transfers</b>	<b>44,748</b>	<b>67,320</b>	<b>46,660</b>	<b>1,616</b>	<b>(45,044)</b>	<b>(96.54)%</b>
<b>Total Expenditures</b>	<b>134,963</b>	<b>69,000</b>	<b>46,660</b>	<b>1,616</b>	<b>(45,044)</b>	<b>(96.54)%</b>
<b>Net Revenues over Expenditures</b>	<b>22,154</b>	<b>(21,605)</b>	<b>(46,660)</b>	<b>(1,616)</b>	<b>45,044</b>	

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
650 - 650 - Solid Waste

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
<b>Revenues</b>						
Other Revenues						
4600	0	1,597	0	0	0	0.00%
4800	157,101	45,432	0	0	0	0.00%
4928	15	366	0	0	0	0.00%
	<u>157,116</u>	<u>47,395</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
	<u>157,116</u>	<u>47,395</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
<b>Expenditures</b>						
Services & Supplies						
Insurance, Licenses & Regulatory Fees						
6343	50	0	0	0	0	0.00%
	<u>50</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Legal & Professional						
7326	1,126	0	0	0	0	0.00%
7340	234	0	0	0	0	0.00%
	<u>1,361</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Other Expense						
7330	74	0	0	0	0	0.00%
	<u>74</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Rent & Utilities						
7352	3,080	1,680	0	0	0	0.00%
	<u>3,080</u>	<u>1,680</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Travel & Training						
8550	41	0	0	0	0	0.00%
	<u>41</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
	<u>4,606</u>	<u>1,680</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Allocation of Administrative Costs						
5132	6,169	0	0	0	0	0.00%
8152	15,622	0	0	0	0	0.00%
8801	35,892	0	0	0	0	0.00%
	<u>57,684</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
650 - 650 - Solid Waste

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Reserves						
9156 Outreach- Offset to Rate Increases	20,665	0	0	0	0	0.00%
9572 *General Contingency (Operations) Reserve	7,260	0	0	0	0	0.00%
Total Reserves	27,925	0	0	0	0	0.00%
Transfers						
9508 Transfer Out from Reserve	0	0	0	1,616	1,616	0.00%
9511 Interfund Transfer Out	44,748	67,320	46,660	0	(46,660)	(100.00)%
Total Transfers	44,748	67,320	46,660	1,616	(45,044)	(96.54)%
Total Expenditures	134,963	69,000	46,660	1,616	(45,044)	(96.54)%
Net Revenues over Expenditures	22,154	(21,605)	(46,660)	(1,616)	45,044	

## Department Summary – Fund 800

Drainage for the community of Los Osos falls under the purview of the Utility Department. Primary responsibility is the operation and maintenance of four (4) pump station sites and five (5) drainage basins within the community. Revenues are collected through property taxes and assessments and are almost the same as in previous years.

The District is responsible for the following Submersible Pump Stations:

- 8<sup>th</sup> & El Moro (SW corner) 3 pumps – maximum discharge rate 5,700 gallons/minute
- Don & Mitchell (SE corner) 2 pumps – maximum discharge rate 734 gallons/minute
- 16<sup>th</sup> & Paso Robles (NE corner) 2 pump – maximum discharge rate 1,065 gallons/minute
- 6<sup>th</sup> & El Moro (N & S corners) 2 pumps – maximum discharge rate 650 gallons/minute

The District is responsible for the following Drainage Basins:

- Madera Drainage Basin (East of Pecho Road on Madera) occupying 102,510 square feet. It is important to note a portion of this basin has Morro Shoulder Dune Snails and crews are not allowed to do any grounds keeping in the area on the east side of this basin.
- Vista de Oro off Pecho Road = 18,225 square feet
- Bayridge Drainage Basin at Bay Oaks Drive = 22,090 square feet
- East Tierra (behind leachfield) & Tierra Drive both parcels = 27,688 square feet

The District also handles the following Drainage Swales:

- Swale maintenance on the southeast corner of 6<sup>th</sup> Street & El Moro Avenue
- Swale maintenance between 16<sup>th</sup> & 18<sup>th</sup> streets on Paso Robles

The Community of Los Osos/Baywood was formerly a County Services Area under the jurisdiction of the County of San Luis Obispo. In 1998 the Los Osos Community Services District (LOCSD) was formed and began providing utility services to the community. The LOCSD responsibility for storm water management is restricted to LOCSD facilities and dedicated drainage basins. The County remains the overall governing authority for planning, land use, grading and building permitting and roads with regard to storm water runoff management.

Cabrillo Estates continues to pay pre Proposition 13 property tax. This tax is strictly identified for drainage purposes. Prior to FY 2013/2014 this money was allocated to the Administrative Fund. Administrative Cost are total supported thru the Cost Allocation Plan. Staff adjusted the revenue for FY 2013/2014 and subsequently reflected the revenues appropriately under the drainage fund. Staff learned this year there are more funds required for the additional work necessary for compliance on the MS4 permit. Based on the proposed budget, the revenues exceed the expenditures.

## Budget Summary

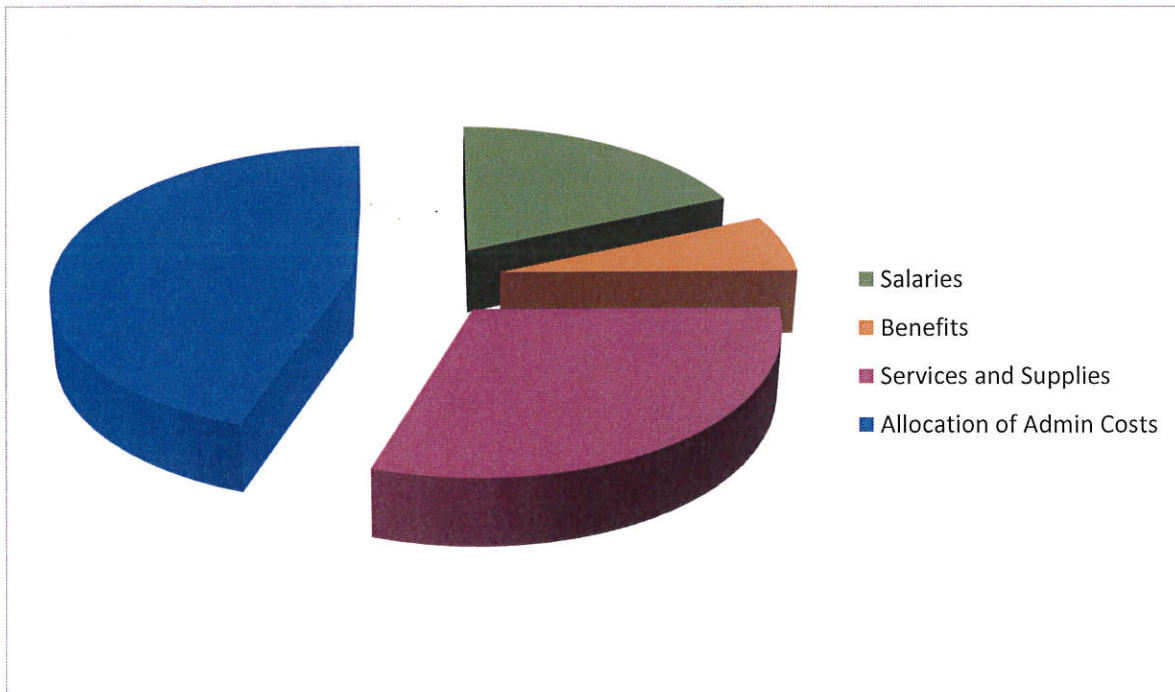
Fund 800 Expenditure	2011/2012 Actuals <sup>1</sup>	2012/2013 Actuals <sup>2</sup>	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	11,003	11,115	13,192	13,000	16,000
Benefits	4,441	4,737	4,580	4,500	5,500
Services and Supplies	18,038	20,725	15,968	20,600	26,250
Allocation of Admin Costs	28,032	22,668	45,440	36,138	39,017
Capital Outlay	0	17,574	0	0	0
<b>Total<sup>2</sup></b>	<b>61,514</b>	<b>76,819<sup>3</sup></b>	<b>79,180</b>	<b>74,238</b>	<b>86,767</b>

Notes: <sup>1</sup>Actuals are based on Fiscal Year Audits

<sup>2</sup>Excludes appropriations for Reserves

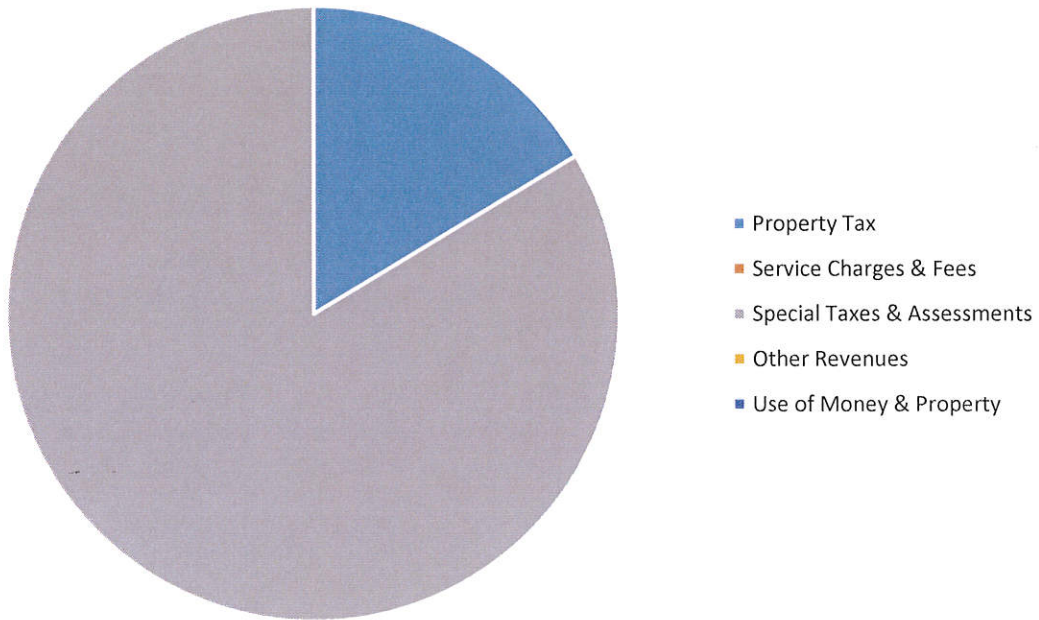
<sup>3</sup>The attached expenditures reflect a discrepancy between Actuals and Audited Financials

### Fund 800 Department Expenditure by Category for FY 2015/2016



### Fund 800 Department Revenue by Category FY 2015/2016

<b>Fund 800 Revenue</b>	<b>2012/2013 Actuals</b>	<b>2013/2014 Unaudited Actuals</b>	<b>2014/2015 Adopted Budget</b>	<b>2015/2016 Proposed Budget</b>
<b>Property Tax</b>	0	18,310	18,172	18,706
<b>Service Charges &amp; Fees</b>	275	0	0	0
<b>Special Taxes &amp; Assessments</b>	95,422	97,681	95,424	95,424
<b>Other Revenues</b>	0	226	300	0
<b>Use of Money &amp; Property</b>	676	0	0	0
<b>Total</b>	96,098	116,217	113,896	114,330



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
800 - 800 - Drainage

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
<b>Revenues</b>						
Property Taxes						
Total Property Taxes	0	18,310	18,172	18,706	534	2.94%
Special Taxes & Assessments						
Total Special Taxes & Assessments	95,422	97,681	95,424	95,424	0	0.00%
Other Revenues						
Total Revenues	49	226	300	200	(100)	(33.33)%
	<u>95,471</u>	<u>116,217</u>	<u>113,896</u>	<u>114,330</u>	<u>434</u>	<u>0.38%</u>
<b>Expenditures</b>						
Personnel						
Salaries/Wages	0	13,192	13,000	16,000	3,000	23.08%
Payroll Taxes & Benefits	0	4,580	4,500	5,500	1,000	22.22%
Total Personnel	0	17,771	17,500	21,500	4,000	22.86%
Services and Supplies						
Clothing & Uniform	0	0	200	200	0	0.00%
Equipment & Tools	219	236	300	300	0	0.00%
Financial Services	453	0	0	0	0	0.00%
Insurance, Licenses & Regulatory Fees	7,771	5,864	7,500	7,500	0	0.00%
Legal & Professional	5,782	3,633	6,000	7,000	1,000	16.67%
Office/Operations	201	138	100	100	0	0.00%
Other Expense	300	250	300	300	0	0.00%
Rent & Utilities	2,545	2,390	3,100	4,200	1,100	35.48%
Repairs & Maintenance	1,298	1,370	800	4,100	3,300	412.50%
Travel & Training	.13	13	50	50	0	0.00%
Vehicle Maintenance & Repair	2,143	2,074	2,250	2,500	250	11.11%
Total Services and Supplies	20,726	15,968	20,600	26,250	5,650	27.43%
Allocation of Administrative Costs						
Total Allocation of Administrative Costs	38,520	0	0	0	0	0.00%
	<u>38,520</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
800 - 800 - Drainage

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Capital Outlay						
Total Capital Outlay	17,574	0	0	0	0	0.00%
Reserves						
Total Reserves	32,958	15,000	15,000	15,000	0	0.00%
Transfers						
Total Transfers	0	45,440	36,138	39,017	2,879	7.97%
Total Expenditures	0	45,440	36,138	39,017	2,879	7.97%
Total Expenditures	109,777	94,179	89,238	101,767	12,529	14.04%
Net Revenues over Expenditures	(14,306)	22,038	24,658	12,563	(12,095)	(49.05)%



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
800 - 800 - Drainage

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
<b>Revenues</b>						
Property Taxes						
4035	0	18,310	18,172	18,706	534	2.94%
	0	18,310	18,172	18,706	534	2.94%
Special Taxes & Assessments						
4400	95,422	97,681	95,424	95,424	0	0.00%
	95,422	97,681	95,424	95,424	0	0.00%
Other Revenues						
4935	49	226	300	200	(100)	(33.33)%
	49	226	300	200	(100)	(33.33)%
	95,471	116,217	113,896	114,330	434	0.38%
<b>Expenditures</b>						
Personnel						
Salaries/Wages						
8045	0	287	0	0	0	0.00%
8054	0	12,905	13,000	16,000	3,000	23.08%
	0	13,192	13,000	16,000	3,000	23.08%
Payroll Taxes & Benefits						
5010	0	4,580	4,500	5,500	1,000	22.22%
	0	4,580	4,500	5,500	1,000	22.22%
	0	17,771	17,500	21,500	4,000	22.86%
Services & Supplies						
Clothing & Uniform						
7246	0	0	200	200	0	0.00%
	0	0	200	200	0	0.00%
Equipment & Tools						
7242	219	236	300	300	0	0.00%
	219	236	300	300	0	0.00%
Financial Services						
7349	453	0	0	0	0	0.00%
	453	0	0	0	0	0.00%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
800 - 800 - Drainage

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Insurance, Licenses & Regulatory Fees						
6120	0	519	500	500	0	0.00%
6342	7,671	5,244	6,000	6,000	0	0.00%
6345	100	101	1,000	1,000	0	0.00%
	<u>7,771</u>	<u>5,864</u>	<u>7,500</u>	<u>7,500</u>	<u>0</u>	<u>0.00%</u>
Legal & Professional						
7320	5,782	3,633	6,000	7,000	1,000	16.67%
	<u>5,782</u>	<u>3,633</u>	<u>6,000</u>	<u>7,000</u>	<u>1,000</u>	<u>16.67%</u>
Office/Operations						
7230	177	83	100	100	0	0.00%
7249	25	55	0	0	0	0.00%
	<u>201</u>	<u>138</u>	<u>100</u>	<u>100</u>	<u>0</u>	<u>0.00%</u>
Other Expense						
7330	250	250	300	300	0	0.00%
7346	50	0	0	0	0	0.00%
	<u>300</u>	<u>250</u>	<u>300</u>	<u>300</u>	<u>0</u>	<u>0.00%</u>
Rent & Utilities						
6000	1,014	773	1,000	1,000	0	0.00%
6025	191	197	200	200	0	0.00%
7352	0	0	0	1,100	1,100	0.00%
8610	878	872	1,000	1,000	0	0.00%
8670	462	549	900	900	0	0.00%
	<u>2,545</u>	<u>2,390</u>	<u>3,100</u>	<u>4,200</u>	<u>1,100</u>	<u>35.48%</u>
Repairs & Maintenance						
6640	228	262	300	300	0	0.00%
6750	241	97	300	300	0	0.00%
6800	91	408	100	3,000	2,900	2,900.00%
6900	739	603	100	500	400	400.00%
	<u>1,298</u>	<u>1,370</u>	<u>800</u>	<u>4,100</u>	<u>3,300</u>	<u>412.50%</u>
Travel & Training						
8550	13	13	50	50	0	0.00%

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
800 - 800 - Drainage

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Total Travel & Training	13	13	50	50	0	0.00%
Vehicle Maintenance & Repairs						
7211 Misc Fuel & Diesel	980	908	1,000	1,150	150	15.00%
7220 Gasoline	1,164	1,166	1,250	1,350	100	8.00%
Total Vehicle Maintenance & Repairs	2,143	2,074	2,250	2,500	250	11.11%
Total Services & Supplies	20,726	15,968	20,600	26,250	5,650	27.43%
Allocation of Administrative Costs						
5133 Benefits Charged by Water	4,737	0	0	0	0	0.00%
8153 Labor Charged by Water	11,115	0	0	0	0	0.00%
8801 Admin Cost Allocation	22,668	0	0	0	0	0.00%
Total Allocation of Administrative Costs	38,520	0	0	0	0	0.00%
Capital Outlay						
9100 Pump Purchase	17,574	0	0	0	0	0.00%
Total Capital Outlay	17,574	0	0	0	0	0.00%
Reserves						
9571 *Capital Outlay Reserve	27,958	10,000	10,000	10,000	0	0.00%
9572 *General Contingency (Operations) Reserve	5,000	5,000	5,000	5,000	0	0.00%
Total Reserves	32,958	15,000	15,000	15,000	0	0.00%
Transfers						
9511 Interfund Transfer Out	0	45,440	36,138	39,017	2,879	7.97%
Total Transfers	0	45,440	36,138	39,017	2,879	7.97%
Total Expenditures	109,777	94,179	89,238	101,767	12,529	14.04%
Net Revenues over Expenditures	(14,306)	22,038	24,658	12,563	(12,095)	

## GLOSSARY OF BUDGET TERMINOLOGY

**ACCOUNT GROUPS:** Account groups are used to establish accounting control of general fixed assets and the un-matured principal of general long-term obligations. Assets and liabilities of these funds are neither spendable nor do they require current appropriation. Therefore, they are accounted for separately from the Governmental Type Funds.

**ACCOUNTABILITY:** Term used to describe a government's duty to justify the raising and spending of public resources.

**APPROPRIATED FUND BALANCE:** A portion of existing fund balance that is incorporated into the subsequent year's budget to "balance" expected expenditures in excess of expected revenues.

**ASSIGNED FUND BALANCE:** The portion of the net position of a governmental fund that represents resources set aside "ear marked" by the government for a particular purpose.

**ADOPTED BUDGET:** The official budget as approved by the Board of Directors through the course of a fiscal year. The budget is proposed until it has been approved by the Board of Directors. The budget is a plan of financial activity for a period of time (usually one year) indicating all planned revenues and expenses and proposed ending fund balances. It is a plan of financial operation comprised of estimated expenditures and the proposed means of financing the expenditures.

**ALLOCATION:** An expenditure limit established for an organizational unit or function.

**AMENDED BUDGET:** The official budget as adopted and as amended by the Board of Directors through the course of the fiscal year. The Board has the sole responsibility for adopting the District's budget and may amend or supplement the budget at any time after adoption by a majority vote. The District Manager has the authority to approve administrative adjustments to the budget as long as those changes will not have a significant policy impact nor effect budgeted year-end fund balances.

**APPROPRIATION:** An authorization by the Board of Directors to make expenditures/expenses and to incur obligations for a specific purpose within a specific time frame. An appropriation is usually limited in amount and as to time when it may be expended.

**ASSESSMENT DISTRICT:** Defines area of land that is benefited by the acquisition, construction, or property tax bill to fund the improvements.

**AUTHORIZED POSITIONS:** The ongoing positions approved in the final budget. The detail of authorized positions by classification is published in the Salaries and Wages information in this budget.

**BALANCE AVAILABLE:** The portion of a fund balance which is available for appropriation. It is the excess of assets of a fund over its liabilities and reserves.

**BASIS OF BUDGETING:** Method used to determine when revenues and expenditures are recognized for budgetary purposes.

**BUDGET CHANGE PROPOSAL:** This is a proposal to change the level of service or funding sources for activities authorized by the District, or to propose new program activities not currently authorized.

**BUDGET HEARING :** A public meeting at which any citizen may appear and be heard regarding the increase, decrease or omission of any item in the proposed budget as presented in writing by the District Manager and the Board of Directors.

**BUDGET MESSAGE:** A written discussion of the proposed budget presented by District Manager to the Board of Directors.

**BUDGET PROGRAM:** A plan of operation for a specific period of time expressed in financial terms. A Program Budget expresses the operating plan in terms of the costs of activities to be undertaken to achieve specific goals and objectives.

**BUDGETARY REPORTING:** Budgetary reporting is required in connection with general purpose external financial reporting. Budgetary reporting is required in connection with the basic financial statements for governmental funds.

**BUDGET UNDERSTANDABILITY:** Principle that budget information should be expressed as simple as possible.

**BUSINESS TYPE ACTIVITIES:** Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

**COMMITTED FUND BALANCE:** The portion of the net position of a governmental fund that represents resources whose use is subject to a legally binding constraint.

**CAPITAL IMPROVEMENT:** A permanent addition to the District's assets, including design, construction, or purchase of land, buildings, or facilities, or major renovations.

**CAPITAL OUTLAY:** A budget appropriation category which budgets all equipment having a unit cost of more than \$5,000 and an estimated useful life of five years. Non-CIP capital outlay is budgeted in the District's operating budget.

**CAPITAL PROJECTS:** Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increase their useful life.

**CATEGORY:** A grouping of related objects of expenditures.

**COMMITTED FUND BALANCE:** The portion of the net position of a governmental fund that represents resources whose use is subject to a legally binding constraint.

**CONTINGENCY:** A budgetary reserve set aside for emergency or unanticipated expenditures, revenue shortfalls and/or unknown expenditures.

**CONSISTENCY:** Notion that once a budget principle or reporting method is adopted, it will be used for all similar transactions or events.

**CONSUMER PRICE INDEX:** Consumer price index is a statistical measure of a weighted average of prices of a specific set of goods and services purchased by wage earners in urban areas.

**DEBT SERVICE:** Payment of the principal and interest on an obligation resulting from the issuance of bonds, notes, or certificates of participation.

**DEBT SERVICE REQUIREMENTS:** The amount of money required to PAY principal and interest on outstanding debt and required contributions to accumulate monies for future retirement of term bonds.

**DEFICIENCY:** A lack or shortage of (1) money in a fund, (2) expenditure authority due to an insufficient appropriation or (3) expenditure authority due to a cash problem, e.g. reimbursements not received.

**DEFICIT:** An excess of expenditures or expenses over revenues (resources).

**DIRECT EXPENSE:** Expense that is specifically associated with a service program, or department and thus, is clearly identifiable with a particular function.

**ENCUMBRANCES:** Funds not yet expended, but which are legally obligated or “set aside” in anticipation of expenditure. These funds cease to be an encumbrance when paid, and become a disbursement.

**ENTERPRISE FUNDS:** A type of fund established for the total costs of those governmental facilities and entirely or predominantly self-supporting.

**EXPENDITURE:** The actual spending of Governmental Funds set aside by appropriation.

**EXPENSE:** The actual spending of Proprietary Funds (Enterprise and Internal Services Funds).

**FISCAL YEAR:** a 12-month period of time to which a budget applies. This District runs on a fiscal year from July 1 through June 30<sup>th</sup> each year.

**FISCAL ACCOUNTABILITY:** Responsibility of governments to justify that their actions in the current period have complied with public decisions concerning the raising and spending of public moneys for a budgetary cycle.

**FRANCHISE FEE:** a Franchise Fee is imposed on various utilities and organizations which permits them to use and operate those facilities within the District.

**FTE: (Full-Time Equivalent)** Amount of time a regular or part time position has been budgeted for in terms of the amount of time an employee works in a year.

**FUND:** An independent fiscal and accounting entity used to record all financial transactions related to the specific purpose for which it was created. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves and fund balance, as well as its income and expenditures.

**FUND BALANCE:** Also known as financial position, fund balance is the excess of assets over liabilities, and represents the cumulative effect of revenues and other financing sources over expenditure and other financing uses.

**FUND BALANCE POLICY:** Policy to maintain fund balance at a predetermined target level.

**GOVERNMENTAL FUND TYPES:** General, Special Revenue, Debt Service and Capital Projects types are used to account for most governmental functions. The governmental fund measurement focus is on the “financial flow” basis, which accounts for sources and used of available spendable resources.

**GRANT:** Contributions, gift of cash, or other assets from another agency to be used or expended for a specific purpose, activity, or facility.

**INTERFUND REIMBURSEMENT:** Repayments by one fund or blended component units of a primary government to another for expenditures or expense incurred on its behalf.

**MATERIALS, SUPPLIES, AND SERVICES:** Expenditures/expenses for materials, supplies, and services which are ordinarily consumed within a fiscal year and which are not included in departmental inventories.

**OBJECTIVES:** The expected results or achievements of a budget activity.

**OPERATING BUDGET:** Annual appropriation of funds for on-going program costs, including salaries and benefits, services and supplies, debt service, capital outlay and capital improvements.

**OTHER FINANCING SOURCES:** Increases in the net position of a governmental fund other than expenditures. Only items identified as other financing sources may be classified as such.

**OTHER FINANCING USES:** Decreases in net position of a governmental fund other than expenditures. Only items identified as other financing uses may be classified as such.

**PROPOSITION 4 LIMIT (GANN INITIATIVE):** In November 1979, the voters of the State of California approved Proposition 4, commonly known as the Gann Initiative. The proposition created Article XIII B of the State Constitution placing limits on the amount of revenue which can be spent by all entities of government. Proposition 4 became effective for the for the 1980-81 fiscal year, but the formula for calculating the limits was based on the 1978-79 “base year” revenues.

**PROPRIETARY FUNDS:** Funds that focus on the determination of operating income, changes in net position, financial position, and cash flows.

**RESOURCES:** Total dollars available for appropriations including estimated revenues, fund transfers and beginning fund balances.

**REVENUES:** Amount received for taxes, fees, permits, licenses, interest, intergovernmental sources, and other sources during the fiscal year.

**SPECIAL ASSESSMENT:** Compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

**TAXES:** Compulsory charges levied by the District for the purpose financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges.