



January 4, 2020

**TO:** Finance Advisory Committee

**FROM:** Ron Munds, General Manager  
Adrienne Geidel, District Bookkeeper

**SUBJECT: Agenda Item 2 – 1/07/2021 Board Meeting**  
Receive and File the District's Fiscal Year 2018-2019 Financial Audit

**President**  
Charles L. Cesena

**Vice President**  
Christine M. Womack

**Directors**  
Matthew D. Fourcroy  
Troy Gatchell  
Marshall E. Ochylski

**General Manager**  
Ron Munds

**District Accountant**  
Robert Stilts, CPA

**Unit Chief**  
Scott M. Jalbert

**Battalion Chief**  
Paul Provence

**Mailing Address:**  
P.O. Box 6064  
Los Osos, CA 93412

**Offices:**  
2122 9<sup>th</sup> Street, Suite 110  
Los Osos, CA 93402

**Phone:** 805/528-9370  
**FAX:** 805/528-9377

www.losososcscsd.org

**DESCRIPTION**

Presentation and review of the District's fiscal year 2019-2020 financial audit.

**SUMMARY OF STAFF RECOMMENDATION**

Staff recommends that the FAC adopt the following motion:

***Motion: I recommend to the Board that the Board receive and file the fiscal year 2019-2020 financial audit as presented.***

**DISCUSSION**

The firm Moss, Levy and Hartzheim was contracted to perform the District's fiscal year 2019-2020 financial audit. District staff facilitated the audit by providing all requested records and reports, as well as, being available for direct interviews by the audit team. The resulting opinion of Moss, Levy and Hartzheim is as follows (excerpt from the Auditor Report):

*In our opinion, the financial statement referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-typed activities, each major fund, and the aggregate remaining information of the Los Osos community Services District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof the fiscal year then ended in accordance with accounting principles generally accepted in the United State of America.*

Additionally, there were no audit findings or issues in need of correction associated with the 2019-2020 audit.

**FINANCIAL IMPACT**

There are no fiscal impacts directly associated with the recommended action. A copy of the complete audit can be found on the District's website at [www.losososcscsd.org](http://www.losososcscsd.org) or by contacting the District's office at 805-528-9370.

**Attachment**

Moss, Levy & Hartzheim LLP Independent Auditor's Report  
2019/2020 Final Draft Audit



## INDEPENDENT AUDITORS' REPORT

Board of Directors of Los Osos Community Services District  
Los Osos, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Los Osos Community Services District (District), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the Los Osos Community Services District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As more fully described in Note 14 to the financial statements, the District may be materially impacted by the outbreak of the novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the budgetary comparison information on pages 47 and 48, the schedule of proportionate share of net pension liability on page 49, the schedule of pension contributions on page 50, the schedule of changes in the OPEB liability and related ratios on page 51, and the schedule of OPEB contributions on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries of the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Los Osos Community Services District's basic financial statements. The combining nonmajor funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020, on our consideration of the Los Osos Community Services District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Moss, Levy & Halzheim LLP*

Santa Maria, California  
December 23, 2020

**LOS OSOS COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**



**LOS OSOS COMMUNITY SERVICES DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**FINANCIAL SECTION**





**LOS OSOS COMMUNITY SERVICES  
DISTRICT MANAGEMENT'S DISCUSSION  
AND ANALYSIS JUNE 30, 2020**

**BACKGROUND**

The Los Osos Community Services District (the District), a political subdivision of the State of California, was formed on January 1, 1999, pursuant to Ballot Measure K-98 to provide services previously provided by the County of San Luis Obispo (County) in specific benefit zones of what was formerly County Service Area 9. The District operates pursuant to Section 61000 of the California Government Code, currently authorized to provide Water, Fire Protection, Drainage, Street Lighting, and Parks and Recreation Services. The District is governed by a five-member Board of Directors with an operations staff headed by a general manager.

As management of the Los Osos Community Services District, we offer readers of the LOSCSD's financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2020.

We encourage readers to consider the information presented here in conjunction with additional information that we furnish in our letter of transmittal and the District's financial statement.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The basic financial statements include four components. 1) government-wide financial statements, 2) fund financial statements, 3) notes to the basic financial statements, and 4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements for non-major governmental funds. The government-wide statements consist of the Statement of Net Position and the Statement of Activities.

**Government-Wide Financial Statements**

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned and unused employee vacation balances).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the District include fire protection, parks and recreation, drainage, general government and street lighting. The business-type activities of the District include water services.

## **Los Osos Community Services District Management Discussion and Analysis**

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District are in two categories, namely, governmental and proprietary.

In a few instances where trust accounts are held, trust liability accounts are used in the related fund instead of being held in a separate fiduciary category of funds. The wastewater assessment district fund is treated as a fiduciary category fund for the accounting of the on-going wastewater assessments.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. For the purposes of government funds there are currently no long-term debt obligations.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds organized according to their type: general and special revenue. The District does not currently have debt service or capital projects type funds in the governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the General Fund and the Fire Fund with all other funds presented into an aggregate column. Due to their small size relative to the fire and general funds, individual fund data for each of the non-major governmental funds (Bayridge, Vista de Oro, Drainage, Parks and Recreation) is provided in the form of combining statements found in the other supplementary information section of this report.

A budgetary comparison statement has been provided for the General Fund and the Fire Fund to demonstrate compliance with budgetary laws of the State of California and policies and ordinances approved by the District's Board of Directors. This statement is shown under the required supplementary section of this report. Individual budgetary data for each of the non-major governmental funds (Bayridge, Vista de Oro, Drainage, Parks and Recreation) is not presented.

### **Proprietary Funds**

There are two types of funds classified as proprietary, namely, enterprise and internal service funds. The District only maintains the enterprise type of proprietary funds. The District currently uses two enterprise funds to account for its water and wastewater activities. These two enterprise funds are presented in individual columns in the fund financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Wastewater operations were eliminated upon the completion of the implementation the Second Amended Plan for Adjustment of Debts for the Los Osos Community Services District as further amended by non-material modifications as ordered by the Bankruptcy Court effective October 15, 2013. Effective June 30, 2014, the District

**Los Osos Community Services District  
Management Discussion and Analysis**

transferred the remaining activity of the Wastewater Fund to a Wastewater Fiduciary Fund for the reporting of the remainder of the bond payments being collected through the San Luis Obispo County Tax Rolls. It is the intent of the District to reclassify Fund 600 to the governmental category as part of the audit ending June 30, 2021.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information**

The statements are followed by a section of required supplementary information (RSI) that further explains and supports the information in the financial statements. Comparison of Budget to Actual for major governmental funds is shown under this caption.

**Other Supplementary Information**

Other supplementary information presents data that, although not required, is necessary to provide the reader of the basic financial statements more details to promote understanding of the statements as a whole. The combining statements for the non-major governmental funds are presented here.

**Los Osos Community Services District  
Management Discussion and Analysis**

**GOVERNMENT-WIDE FINANCIAL  
STATEMENTS**

**TABLE A  
Statement of Net Position  
June 30, 2020**

	June 30, 2020			June 30, 2019			Total Change	
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government		Percent Change
<b>Assets:</b>								
Current assets	\$ 3,369,152	\$ 4,851,722	\$ 8,220,874	\$ 2,987,582	\$ 4,253,379	\$ 7,240,961	\$ 979,913	13.5%
Capital assets	1,044,933	5,472,267	6,517,200	1,025,385	5,440,741	6,466,126	51,074	0.8%
<b>Total Assets</b>	<b>4,414,085</b>	<b>10,323,989</b>	<b>14,738,074</b>	<b>4,012,967</b>	<b>9,694,120</b>	<b>13,707,087</b>	<b>1,030,987</b>	<b>7.5%</b>
<b>Deferred Outflow of Resources:</b>								
Deferred pensions	183,716	145,830	329,546	175,388	178,554	353,942	(24,396)	-6.9%
Deferred OPEB	14,652	7,403	22,055	3,284	1,659	4,943	17,112	346.2%
<b>Total deferred outflow of resources</b>	<b>198,368</b>	<b>153,233</b>	<b>351,601</b>	<b>178,672</b>	<b>180,213</b>	<b>358,885</b>	<b>(7,284)</b>	<b>-2.0%</b>
<b>Liabilities:</b>								
Current Liabilities	16,072	133,926	149,998	36,635	107,580	144,215	5,783	4.0%
Long-Term Liabilities	762,963	4,091,199	4,854,162	713,969	4,172,388	4,886,357	(32,195)	-0.7%
<b>Total Liabilities</b>	<b>779,035</b>	<b>4,225,125</b>	<b>5,004,160</b>	<b>750,604</b>	<b>4,279,968</b>	<b>5,030,572</b>	<b>(26,412)</b>	<b>-0.5%</b>
<b>Deferred Inflow of Resources:</b>								
Deferred OPEB	6,494	28,419	34,913	3,451	15,104	18,555	16,358	88.2%
Deferred pensions	68,991	54,764	123,755	88,777	31,215	119,992	3,763	3.1%
<b>Total deferred inflow of resources</b>	<b>75,485</b>	<b>83,183</b>	<b>158,668</b>	<b>92,228</b>	<b>46,319</b>	<b>138,547</b>	<b>20,121</b>	<b>14.5%</b>
<b>Net Position:</b>								
<b>Net investment in</b>								
capital assets	1,044,933	2,283,278	3,328,211	1,025,385	2,085,975	3,111,360	216,851	7.0%
Restricted	3,275,000	-	3,275,000	2,954,055	-	2,954,055	320,945	10.9%
Unrestricted	(562,000)	3,885,636	3,323,636	(630,633)	3,462,071	2,831,438	492,198	17.4%
<b>Total Net Position</b>	<b>\$ 3,757,933</b>	<b>\$ 6,168,914</b>	<b>\$ 9,926,847</b>	<b>\$ 3,348,807</b>	<b>\$ 5,548,046</b>	<b>\$ 8,896,853</b>	<b>\$ 1,029,994</b>	<b>11.6%</b>

**Los Osos Community Services District  
Management Discussion and Analysis**

**TABLE B  
Statement of Activities  
June 30, 2020**

	June 30, 2020			June 30, 2019			Total Change
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Amount Change
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 146,879	\$ 2,912,626	\$ 3,059,505	\$ 144,764	\$ 2,777,017	\$ 2,921,781	\$ 137,724
Operating Grants and Contributions	15,109		15,109	10,247		10,247	4,862
Capital Contributions and Grants							
General Revenues:							
Property Taxes	2,327,348	165,639	2,492,987	2,290,768	155,787	2,446,555	46,432
Other Taxes	704,726		704,726	570,782		570,782	133,944
Interest and Investment Income	52,439	65,279	117,718	61,159	22,191	83,350	34,368
Other Revenues	363	8,363	8,726	26,252	11,337	37,589	(28,863)
Special item-elimination of debt		(7,826)	(7,826)		222,334	222,334	(230,160)
<b>Total Revenues</b>	<b>3,246,864</b>	<b>3,144,081</b>	<b>6,390,945</b>	<b>3,103,972</b>	<b>3,188,666</b>	<b>6,292,638</b>	<b>98,307</b>
<b>Expenses:</b>							
General Government	697,450		697,450	641,234		641,234	56,216
Public Safety	2,695,401		2,695,401	2,585,369		2,585,369	110,032
Health and Sanitation	52,240		52,240	78,660		78,660	(26,420)
Street Lighting	9,967		9,967	9,967		9,967	
Water		1,890,840	1,890,840		1,651,701	1,651,701	239,139
Wastewater Treatment		15,053	15,053		14,005	14,005	1,048
<b>Total Expenses</b>	<b>3,455,058</b>	<b>1,905,893</b>	<b>5,360,951</b>	<b>3,315,230</b>	<b>1,665,706</b>	<b>4,980,936</b>	<b>380,015</b>
Net Transfers	617,320	(617,320)		501,517	(501,517)		
<b>Change in Net Position</b>	<b>409,126</b>	<b>620,868</b>	<b>1,029,994</b>	<b>290,259</b>	<b>1,021,443</b>	<b>1,311,702</b>	<b>(281,708)</b>
Net position, beginning	3,348,807	5,548,046	8,896,853	3,058,548	4,526,603	7,585,151	1,311,702
Prior Period Adjustments							
<b>Net Position, ending</b>	<b>\$ 3,757,933</b>	<b>\$ 6,168,914</b>	<b>\$ 9,926,847</b>	<b>\$ 3,348,807</b>	<b>\$ 5,548,046</b>	<b>\$ 8,896,853</b>	<b>\$ 1,029,994</b>

**Los Osos Community Services District  
Management Discussion and Analysis**

**Analysis of Overall Financial Position and Results of Operations**

**Statement of Net Position**

At the end of fiscal year June 30, 2020, the district is able to report positive balances in both the district as a whole as well as for its separate governmental and business-type activities.

The total assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$9,926,847.

The District's net position reflects its investments in capital assets, less any related debt that is still outstanding from what was used to acquire those assets. Although the District's investment in its Capital Assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources. This debt must be provided from other sources since the Capital Assets themselves cannot be used to liquidate the liabilities.

The District should be able to maintain a positive trend with the implementation of timely financial reporting, extensive mid-year reviews and adjustments, and continual monitoring of all funds activities. Completing these processes will help ensure that the District has no going concerns or problems.

**Statement of Activities**

Overall, the results of operations as shown in the Statement of Activities has an increase in Net Position of \$1,029,994. Total revenues increased over the prior year by \$98,307. Water service fees increased by \$135,609 and property taxes increased by \$46,432. This continuing increase in property tax revenue received is in agreement with the trend in the rest of the County.

Overall expenses in Governmental Activities increased by \$139,821. Total expenses in Business-Type Activities increased by \$240,187.

Investment Income was up \$34,368 over Fiscal Year 2018-2019. Because of the rapid decline in interest rates beginning in March 2020, in October 2020, the Board of Director's made modifications to its current investment policy, allowing the General Manager to invest in appropriate areas to better commensurate with the cash flow and revenue needs of the District.

**Los Osos Community Services District  
Management Discussion and Analysis**

**TABLE C  
Capital Assets  
June 30, 2020**

	June 30, 2020			June 30, 2019			Total Change
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Amount Change
Land and Land Rights	\$ 57,375	\$ 498,429	\$ 555,804	\$ 57,375	\$ 498,429	\$ 555,804	\$ -
Construction in Progress		508,755	508,755		239,587	239,587	269,168
Buildings, Structures, and Improvements	598,871	5,000	603,871	598,871	5,000	603,871	-
Infrastructure	405,162	9,461,450	9,866,612	374,653	9,461,450	9,836,103	30,509
Equipment and Systems	1,665,125	547,463	2,212,588	1,570,100	547,463	2,117,563	95,025
<b>Total Cost</b>	<b>2,726,533</b>	<b>11,021,097</b>	<b>13,747,630</b>	<b>2,600,999</b>	<b>10,751,929</b>	<b>13,352,928</b>	<b>394,702</b>
Less Accumulated Depreciation	(1,681,600)	(5,548,830)	(7,230,430)	(1,575,614)	(5,311,188)	(6,886,802)	(343,628)
<b>Capital Assets, ending</b>	<b>\$ 1,044,933</b>	<b>\$ 5,472,267</b>	<b>\$ 6,517,200</b>	<b>\$ 1,025,385</b>	<b>\$ 5,440,741</b>	<b>\$ 6,466,126</b>	<b>\$ 51,074</b>

**TABLE D  
Long-Term Liabilities  
June 30, 2020**

	June 30, 2020			June 30, 2019			Total Change
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Amount Change
Compensated Absences	\$ 16,535	\$ 76,012	\$ 92,607	\$ 34,798	\$ 62,699	\$ 97,497	\$ (4,890)
Other Postemployment Benefits Obligation	65,246	285,537	350,783	60,612	265,257	325,869	24,914
Note Payable - CIEDB loan	-	3,188,989	3,188,989	-	3,354,766	3,354,766	(165,777)
Net Pension Liability	651,122	540,661	1,221,783	618,559	489,666	1,108,225	113,558
Loan Payable to Fiduciary Fund	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 782,963</b>	<b>\$ 4,091,199</b>	<b>\$ 4,854,162</b>	<b>\$ 713,969</b>	<b>\$ 4,172,388</b>	<b>\$ 4,886,357</b>	<b>\$ (32,195)</b>

Long-term debt totals are \$4,854,162, a decrease of \$32,195.



**Los Osos Community Services District  
Management Discussion and Analysis**

**Fire and Water Fund Reserves**

The District maintains cash reserves in the Fire and Water Funds for various purposes as budgeted annually by the Board of Directors. The reserve balances in each fund as of 6/30/20 are as follows:

Fire Fund	
General Contingency	\$ 209,926
Vehicle, Equipment, and Fire Engine Replacement	1,009,225
Capital Outlay	540,562
Public Facilities Fee	40,334
Fire Mitigation	<u>135,449</u>
Total Fire Fund Reserves	<u>\$ 1,935,496</u>
Water Fund	
General Contingency	\$ 528,183
Capital Outlay	1,999,563
Vehicle and Equipment Replacement	144,644
Water Quality	91,517
Water Stabilization	158,456
Basin Management	50,031
Water Conservation	<u>59,288</u>
Total Water Fund Reserves	<u>\$ 3,031,682</u>
Drainage Fund	
General Contingency	\$ 32,238
Capital Outlay	<u>202,297</u>
Total Drainage Fund Reserves	<u>\$ 234,535</u>
Parks and Recreation Fund	\$ 279,129

**Significant Events or Disclosures**

Through collaboration between the Finance Advisory and Utility Advisory Committees, and an Ad-Hoc group, the District performed a Water Rate Study which was adopted by the Board in March 2017. The Plan evaluated the various revenue requirements of the District including significant capital improvements, the impacts of reduced water consumption and shifting the allocation of property tax received by the District for District wide purposes. The Rate Plan detailed the need for the District to increase water rates significantly over a three year to address the changing financial position of the District and address future financial needs and obligations.

The first of three annual water rate increases took effect July 1, 2017. The second of the three annual water rate increases took effect July 1, 2018. Because of higher than anticipated revenues generated from the first two rate increases, which met the overall intended revenue goal in the of the 2017 Rate Plan, the Board of Directors decided not to implement the third approved rate increase at their June 6, 2019 meeting.

In 2018, the District determined that, due to favorable interest rates, it was in the best interest of the owners of land in the Wastewater Assessment District No. 1 to refund the 2002 Bonds (the "Refunding")

**Los Osos Community Services District  
Management Discussion and Analysis**

through the issuance of Limited Obligation Refunding Bonds (the "Bonds"). In November 2018, the District's Finance Advisory Committee (FAC) began actively exploring the District's options for the Refunding. Following an extensive review process and multiple discussions, FAC made their recommendation to present the Refunding to the full Board. At the December 6, 2018 Board meeting, the Board approved moving forward with the Refunding and engaging the services of a municipal advisor and bond counsel firm to initiate the process. At the January 10, 2019 Board meeting, the Board adopted a series of resolution ordering the reassessment and authorizing and directing actions to authorize the issuance of limited obligation refunding bonds for Wastewater Assessment District No. 1.

The par amount of the bonds is \$10,800,000. Net yield levels range from 1.84% in 2020 to 3.47% in 2033 with true interest cost of 3.10%. The average annual bond debt service saving are approximately \$137,060, and total gross savings are \$2,003,020. Net present value savings are \$1,837,900 or 15.32%. The final maturity of the Bonds is September 2, 2033.

In addition to debt service savings, the refunding eliminated \$222,334 owed by the District to the Prior Bond's reserve fund and eliminated a debt service variance of approximately \$9,000 per year.

More information about the District, its financial condition, policies, governance and management is available on the District website at [www.losososcsd.org](http://www.losososcsd.org).

Sincerely,

Ron Munds  
General Manager

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**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION**  
June 30, 2020

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 2,905,724	\$ 4,051,261	\$ 6,956,985
Accounts receivable, net	132,677	638,495	771,172
Prepaid items	36,576	91,039	127,615
Deposits		10,000	10,000
Inventory		47,213	47,213
Other assets		900	900
Internal balances	(12,814)	12,814	
Restricted assets-			
Cash and investments	306,989		306,989
Capital assets:			
Non Depreciable:			
Land	57,375	498,429	555,804
Construction in progress		508,755	508,755
Depreciable:			
Buildings, structures, and improvements	598,871	5,000	603,871
Infrastructure	405,162	9,461,450	9,866,612
Plant and equipment	1,665,125	547,463	2,212,588
Accumulated depreciation	(1,681,600)	(5,548,830)	(7,230,430)
Total assets	<u>4,414,085</u>	<u>10,323,989</u>	<u>14,738,074</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred pensions	183,716	145,830	329,546
Deferred OPEB	14,652	7,403	22,055
Total deferred outflow of resources	<u>198,368</u>	<u>153,233</u>	<u>351,601</u>
<b>LIABILITIES</b>			
Accounts payable	6,891	63,563	70,454
Accrued liabilities	9,181	29,836	39,017
Accrued interest payable		40,527	40,527
Deposits			
Noncurrent liabilities:			
Due within one year	4,149	189,837	193,986
Due in more than one year	758,814	3,901,362	4,660,176
Total liabilities	<u>779,035</u>	<u>4,225,125</u>	<u>5,004,160</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred OPEB	6,494	28,419	34,913
Deferred pensions	68,991	54,764	123,755
Total deferred inflow of resources	<u>75,485</u>	<u>83,183</u>	<u>158,668</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,044,933	2,283,278	3,328,211
Restricted for:			
Fire and emergency services	2,515,533		2,515,533
Parks and recreation	306,989		306,989
Drainage services	452,478		452,478
Unrestricted	(562,000)	3,885,636	3,323,636
Total net position	<u>\$ 3,757,933</u>	<u>\$ 6,168,914</u>	<u>\$ 9,926,847</u>

The notes to basic financial statements are an integral part of this statement.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2020

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Contributions and Grants</u>
Governmental activities:			
General government	\$ 697,450	\$ -	\$ -
Public safety	2,695,401		15,109
Health and sanitation	52,240	136,912	
Street lighting	9,967	9,967	
	<u>3,455,058</u>	<u>146,879</u>	<u>15,109</u>
Business-type activities:			
Water	1,890,840	2,895,730	-
Wastewater treatment project	15,053	16,896	
	<u>1,905,893</u>	<u>2,912,626</u>	
Total governmental	<u>\$ 5,360,951</u>	<u>\$ 3,059,505</u>	<u>\$ 15,109</u>

General Revenues:  
Taxes:  
    Property  
    Special  
Investment income  
Other general revenues  
Special item-elimination of debt  
Transfers

Total general revenues, special items, and transfers

Change in net position

Net position - beginning of fiscal year

Net position - end of fiscal year

The notes to basic financial statements are an integral part of this statement.

Capital Contributions and Grants	Net (Expenses) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (697,450)	\$ -	\$ (697,450)
	(2,680,292)		(2,680,292)
	84,672		84,672
	(3,293,070)		(3,293,070)
		1,004,890	1,004,890
		1,843	1,843
		1,006,733	1,006,733
\$ -	(3,293,070)	1,006,733	(2,286,337)
	2,327,348	165,639	2,492,987
	704,726		704,726
	52,439	65,279	117,718
	363	8,363	8,726
		(7,826)	(7,826)
	617,320	(617,320)	
	3,702,196	(385,865)	3,316,331
	409,126	620,868	1,029,994
	3,348,807	5,548,046	8,896,853
\$	\$ 3,757,933	\$ 6,168,914	\$ 9,926,847

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
June 30, 2020

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and investments	\$ 73,728	\$ 2,376,063	\$ 455,933	\$ 2,905,724
Restricted cash and investments			306,989	306,989
Accounts receivable		127,122	5,555	132,677
Prepaid items	36,576			36,576
Due from other funds	1,517			1,517
	<u>1,517</u>			<u>1,517</u>
<b>Total assets</b>	<u>\$ 111,821</u>	<u>\$ 2,503,185</u>	<u>\$ 768,477</u>	<u>\$ 3,383,483</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 25,773	\$ (20,164)	\$ 1,282	\$ 6,891
Accrued liabilities	1,365	7,816		9,181
Deposits				
Loan from Water Fund			12,814	12,814
Due to other funds			1,517	1,517
			<u>1,517</u>	<u>1,517</u>
<b>Total liabilities</b>	<u>27,138</u>	<u>(12,348)</u>	<u>15,613</u>	<u>30,403</u>
Fund Balances:				
Nonspendable:				
Prepaid items	36,576			36,576
Restricted:				
Fire and emergency services		2,515,533		2,515,533
Parks and recreation			306,989	306,989
Bayridge functions			14,137	14,137
Drainage services			452,478	452,478
Unassigned	48,107		(20,740)	27,367
	<u>48,107</u>		<u>(20,740)</u>	<u>27,367</u>
<b>Total fund balances</b>	<u>84,683</u>	<u>2,515,533</u>	<u>752,864</u>	<u>3,353,080</u>
<b>Total liabilities and fund balances</b>	<u>\$ 111,821</u>	<u>\$ 2,503,185</u>	<u>\$ 768,477</u>	<u>\$ 3,383,483</u>

The notes to basic financial statements are an integral part of this statement.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2020

Total fund balances - governmental funds \$ 3,353,080

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost \$ 2,726,533

Accumulated depreciation (1,681,600)

Net 1,044,933

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences payable \$ 16,595

Other post employment benefits liability 65,246

Net pension liability 681,122

Total (762,963)

Deferred outflows and inflows of resources relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.

Deferred inflows of resources relating:

to pensions \$ (68,991)

to OPEB (6,494)

Deferred outflows of resources relating:

to pensions 183,716

to OPEB 14,652

122,883

Total net position - governmental activities

\$ 3,757,933

The notes to basic financial statements are an integral part of this statement.



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2020

	General Fund	Fire Fund	Other Governmental Funds	Totals
<b>Revenues:</b>				
Property taxes	\$ -	\$ 2,259,602	\$ 67,746	\$ 2,327,348
Special taxes and assessments		609,446	95,280	704,726
Intergovernmental		15,109		15,109
Service charges and fees	2	76,278	70,599	146,879
Use of money and property		40,228	12,211	52,439
Other			363	363
<b>Total revenues</b>	<b>2</b>	<b>3,000,663</b>	<b>246,199</b>	<b>3,246,864</b>
<b>Expenditures:</b>				
Personnel	368,237	207,693		575,930
Clothing and uniforms		3,519		3,519
Contract services	41,758	3,040		44,798
Contract services - Schedule A		2,267,703		2,267,703
Equipment and tools		52,763	8,614	61,377
Financial services	5,190	15		5,205
Insurance, licenses, and regulatory fees	36,899	27,926	7,450	72,275
Legal and professional	136,983	1,907	5,879	144,769
Office expenses	13,593	12,394	2,177	28,164
Other expenses	19,692	11,223	362	31,277
Rent and utilities	36,997	9,146	9,133	55,276
Repairs and maintenance	3,561	30,823	1,716	36,100
Vehicle maintenance and repairs			2,010	2,010
Capital outlay		95,025	30,644	125,669
Debt service:				
Interest	2,089		5,890	7,979
<b>Total expenditures</b>	<b>664,999</b>	<b>2,723,177</b>	<b>73,875</b>	<b>3,462,051</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(664,997)</b>	<b>277,486</b>	<b>172,324</b>	<b>(215,187)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	717,814			717,814
Transfers out		(71,782)	(28,712)	(100,494)
<b>Total other financing sources (uses)</b>	<b>717,814</b>	<b>(71,782)</b>	<b>(28,712)</b>	<b>617,320</b>
<b>Net change in fund balances</b>	<b>52,817</b>	<b>205,704</b>	<b>143,612</b>	<b>402,133</b>
Fund balances - July 1	31,866	2,309,829	609,252	2,950,947
Fund balances - June 30	<u>\$ 84,683</u>	<u>\$ 2,515,533</u>	<u>\$ 752,864</u>	<u>\$ 3,353,080</u>

The notes to basic financial statements are an integral part of this statement.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2020

Total net change in fund balances - governmental funds	\$ 402,133
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay of \$125,534 exceeded depreciation expense \$(105,986) in the period.	19,548
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation used exceeded the amounts earned by \$18,203.	18,203
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between accrual-based OPEB costs and actual employer contribution was:	(17,325)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	<u>(13,433)</u>
Changes in net position - governmental activities	<u>\$ 409,126</u>

The notes to basic financial statements are an integral part of this statement.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
June 30, 2020

	Water	Wastewater Treatment Project	
	Fund	Fund	Totals
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 4,022,974	\$ 28,287	\$ 4,051,261
Accounts receivable, net	628,621		628,621
Accrued revenue receivables	9,874		9,874
Deposits	10,000		10,000
Inventory at cost	47,213		47,213
Prepays	88,406	2,633	91,039
Loan to other funds	12,814		12,814
Other assets	900		900
<b>Total current assets</b>	<b>4,820,802</b>	<b>30,920</b>	<b>4,851,722</b>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	5,313,677	158,590	5,472,267
<b>Total noncurrent assets</b>	<b>5,313,677</b>	<b>158,590</b>	<b>5,472,267</b>
<b>Total assets</b>	<b>10,134,479</b>	<b>189,510</b>	<b>10,323,989</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pensions	145,830		145,830
Deferred OPEB	7,403		7,403
<b>Total deferred outflows of resources</b>	<b>153,233</b>		<b>153,233</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	63,489	74	63,563
Accrued liabilities	29,836		29,836
Accrued interest payable	40,527		40,527
Compensated absences - current portion	19,003		19,003
Loan payables - current portion	170,834		170,834
<b>Total current liabilities</b>	<b>323,689</b>	<b>74</b>	<b>323,763</b>
Noncurrent liabilities:			
Compensated absences	57,009		57,009
OPEB liability	285,537		285,537
Loans payable	3,018,155		3,018,155
Net pension liability	540,661		540,661
<b>Total noncurrent liabilities</b>	<b>3,901,362</b>		<b>3,901,362</b>
<b>Total liabilities</b>	<b>4,225,051</b>	<b>74</b>	<b>4,225,125</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred OPEB	28,419		28,419
Deferred pensions	54,764		54,764
<b>Total deferred inflows of resources</b>	<b>83,183</b>		<b>83,183</b>
<b>NET POSITION</b>			
Net investment in capital assets	2,124,688	158,590	2,283,278
Unrestricted (deficit)	3,854,790	30,846	3,885,636
<b>Total net position</b>	<b>\$ 5,979,478</b>	<b>\$ 189,436</b>	<b>\$ 6,168,914</b>

The notes to basic financial statements are an integral part of this statement.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Fiscal Year Ended June 30, 2020

	Water Fund	Wastewater Treatment Project Fund	Totals
<b>Operating Revenues:</b>			
Utility	\$ 2,895,730	\$ 16,896	\$ 2,912,626
Total operating revenues	<u>2,895,730</u>	<u>16,896</u>	<u>2,912,626</u>
<b>Operating Expenses:</b>			
Personnel	862,394		862,394
Clothing and uniforms	1,566		1,566
Contract services	31,546		31,546
Equipment and tools	11,233		11,233
Financial services	185		185
Insurance, licenses, and regulatory fees	85,873	260	86,133
Legal and professional	153,865	14,793	168,658
Office expenses	39,783		39,783
Other expenses	23,373		23,373
Rent and utilities	131,195		131,195
Repairs and maintenance	191,206		191,206
Travel and training	1,278		1,278
Vehicle maintenance and repairs	11,951		11,951
Depreciation	237,642		237,642
Total operating expenses	<u>1,783,090</u>	<u>15,053</u>	<u>1,798,143</u>
Operating income (loss)	<u>1,112,640</u>	<u>1,843</u>	<u>1,114,483</u>
<b>Non-Operating Revenues (Expenses):</b>			
Property taxes and assessments	133,924	31,715	165,639
Investment income	65,279		65,279
Other non-operating revenue	8,363		8,363
Interest and debt service fee expense	(107,750)		(107,750)
Total non-operating revenues (expenses)	<u>99,816</u>	<u>31,715</u>	<u>131,531</u>
Income before transfers and special items	<u>1,212,456</u>	<u>33,558</u>	<u>1,246,014</u>
<b>Transfers:</b>			
Transfers (out)	(613,731)	(3,589)	(617,320)
Total transfers	<u>(613,731)</u>	<u>(3,589)</u>	<u>(617,320)</u>
<b>Special Items:</b>			
Elimination of debt	(7,826)		(7,826)
Change in net position	590,899	29,969	620,868
Net position (deficit) - July 1	5,388,579	159,467	5,548,046
Net position (deficit) - June 30	<u>\$ 5,979,478</u>	<u>\$ 189,436</u>	<u>\$ 6,168,914</u>

The notes to basic financial statements are an integral part of this statement.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2020

	Water Fund	Wastewater Treatment Project Fund	Totals
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 2,789,311	\$ 36,163	\$ 2,825,474
Payments to suppliers	(736,928)	(15,009)	(751,937)
Payments to employees	(688,200)		(688,200)
Other receipts	537		537
Net cash provided (used) by operating activities	<u>1,364,720</u>	<u>21,154</u>	<u>1,385,874</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Acquisition of capital assets	(286,645)		(286,645)
Principal paid on debt	(165,777)		(165,777)
Interest paid on debt	(109,856)		(109,856)
Net cash provided (used) by capital and related financing activities	<u>(562,278)</u>		<u>(562,278)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from (to) other funds	(613,731)	(3,589)	(617,320)
Property taxes and assessments	130,454	31,715	162,169
Principal paid on interfund debt	84,328		84,328
Net cash provided (used) by noncapital financing activities	<u>(398,949)</u>	<u>28,126</u>	<u>(370,823)</u>
<b>Cash Flows From Investing Activities:</b>			
Interest income	65,279		65,279
Net cash provided (used) by investing activities	<u>65,279</u>		<u>65,279</u>
Net increase (decrease) in cash and cash equivalents	468,772	49,280	518,052
Cash and cash equivalents - July 1	3,554,202	(20,993)	3,533,209
Cash and cash equivalents - June 30	<u>\$ 4,022,974</u>	<u>\$ 28,287</u>	<u>\$ 4,051,261</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and investments	<u>\$ 4,022,974</u>	<u>\$ 28,287</u>	<u>\$ 4,051,261</u>

(Continued)

The notes to basic financial statements are an integral part of this statement.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS (Continued)**  
For the Fiscal Year Ended June 30, 2020

	Water Fund	Wastewater Treatment Project Fund	Totals
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 1,112,640	\$ 1,843	\$ 1,114,483
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	237,642		237,642
Other nonoperating revenues	537		537
Change in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:			
Receivables, net	(106,419)	19,267	(87,152)
Prepays	(74,769)	(30)	(74,799)
Deferred outflows - pension	32,724		32,724
Deferred outflows - OPEB	(5,744)		(5,744)
Accounts payable	24,045	74	24,119
Accrued liabilities	4,333		4,333
Deposits	(3,150)		(3,150)
Compensated absences	13,313		13,313
OPEB liability	20,280		20,280
Net pension liability	50,995		50,995
Deferred inflows - pension	29,874		29,874
Deferred inflows - OPEB	28,419		28,419
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,364,720</b>	<b>\$ 21,154</b>	<b>\$ 1,385,874</b>

The notes to basic financial statements are an integral part of this statement.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
June 30, 2020

	Wastewater Assessment District No. 1 Fund	Low Income Assistance Fund	Total Agency Funds
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 9,409	\$ 9,409
Cash with fiscal agent	1,885,591		1,885,591
Accrued interest receivable	33		33
Accrued property taxes receivable	27,866		27,866
Total assets	<u>\$ 1,913,490</u>	<u>\$ 9,409</u>	<u>\$ 1,922,899</u>
<b>LIABILITIES</b>			
Due to bondholders	\$ 1,913,490		\$ 1,913,490
Due to others		9,409	9,409
Total liabilities	<u>\$ 1,913,490</u>	<u>\$ 9,409</u>	<u>\$ 1,922,899</u>

The notes to basic financial statements are an integral part of this statement.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. The Financial Reporting Entity

The Los Osos Community Services District (District), a political subdivision of the State of California, was formed on January 1, 1999, pursuant to Ballot Measure K-98 to provide services previously provided by San Luis Obispo County (the County) in specific benefits zones of what was formerly County Service Area 9. After formation, the District added solid waste services providing service to all properties in the District. It operates pursuant to Section 61000 of the California Government Code. It is currently authorized to provide Fire Protection, Water, Street Lighting, Drainage, and Parks and Recreation Services. It is governed by a five-member Board of Directors with an operations staff headed by a general manager.

B. Basis of Presentation

*Fund Financial Statements:*

The fund financial statements provide information about the District's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

All remaining governmental funds are aggregated and reported as non-major funds in a single column, regardless of their fund type.

The funds of the financial reporting entity are described below:

**Governmental Funds**

General Fund - The General Fund, more commonly referred to as the Administrative Fund, is the general operating fund of the District and is always classified as a major fund. It is used to account for all other activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following are Special Revenue Funds:

- 301 – Fire Fund
- 200 – Bayridge (a subdivision where lighting and septic system maintenance are provided)
- 400 – Vista de Oro (a subdivision where lighting and septic system maintenance are provided)
- 800 – Drainage
- 900 – Parks and Recreation

**Proprietary Funds**

Enterprise Funds - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Proprietary Funds are as follows:

- 500 – Water
- 600 – Wastewater Treatment Project Fund (This is for the aborted sewer system project and may in the future be reclassified to the governmental category.)



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. Basis of Presentation (Continued)

**Fiduciary Funds**

The fiduciary funds are accounted for on the accrual basis of accounting because the fund is custodial in nature (assets equal liabilities) a measurement of results of operations is not shown.

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District maintains two agency funds – Los Osos Community Services District Wastewater Assessment District No. 1 and the Low Income Assistance Fund.

**Major Funds**

The District reported the following major governmental funds in the accompanying financial statements:

General Fund - This is the District's primary operating fund and is more commonly referred to as the Administrative Fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The fund provides for public administration, overall management, occupancy, computer systems, accounting, legal, consulting, communication, and insurance as it pertains to the District as a whole.

Fire Fund - This fund accounts for activities of Fire Station 15 - South Bay. The fire department provides fire suppression, emergency paramedic services, and fire prevention including public education. Services are provided through a contract with Cal Fire for the entire community. Reserve firefighters and administrative operational costs are paid by the District outside the Cal Fire contract.

The District reported the following major proprietary funds in the accompanying financial statements:

Water Fund - This fund accounts for the operation and maintenance of the District's water distribution system. The water department is responsible for the operation and maintenance of five groundwater supply wells providing treatment, monitoring, and distribution services.

Wastewater Treatment Project Fund - This fund originally accounted for projects relating to the District's wastewater treatment project. Since the wastewater treatment project was stopped, this fund now mainly reflects functions relative to bankruptcy proceedings and assessment costs on the aborted sewer project.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or non-current) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District defines available to be within 60 days of fiscal year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for principal and interest on long term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent that they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds for governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest, and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the District may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position are available to finance program expenditures. The District’s policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

The fiduciary funds are accounted for on the accrual basis of accounting. Because the fund is custodial in nature (assets equal liabilities), a measurement of results of operations is not shown.

D. Property Taxes

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

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

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

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Property Taxes (Continued)

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

E. Cash and Investments

The District pools the cash of all funds, except for monies deposited with fiscal agent in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the District's cash and investment pool.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on month-end balances. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

The District's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from Securities and Exchange Commission (SEC) registered securities exchanges or NASDAQ dealers. Local Agency Investment Fund (LAIF) determines the fair value of their portfolio quarterly and reports a factor to the District. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the District has defined cash and cash equivalents to be change and petty cash funds, equity in the District's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

F. Accounts and Interest Receivable

In the government-wide statements, receivables consist of all revenues earned at fiscal year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities may include sales taxes, property taxes, grants, and other fees, if any. Business-type activities report utilities as their major receivables.

In the fund financial statements, material receivables in governmental funds may include revenue accruals such as franchise tax, grants, service charges and other similar intergovernmental revenues that are both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned, if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at fiscal year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. The fiduciary funds receivable primarily consists of tax assessments.

G. Prepaid Expenses and Inventory

Inventory is valued at the lower of cost or market using the first-in, first-out (FIFO) method. The cost is recorded as an expenditure/expense in the funds at the time individual inventory items are purchased rather than when consumed. This is then adjusted by physical inventory at fiscal year-end. Inventory in the enterprise funds consist principally of materials and supplies for utility operations.

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

Funds that are under the control of external parties are restricted.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

I. Capital Assets

The accounting treatment of property, plant, and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations. The presentation and recording of governmental assets are described below.

*Government-Wide Statements*

In the government-wide financial statements, capital assets with a historical cost of \$5,000 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, if any, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets.

With the implementation of GASB Statement No. 34, the District has recorded all its public domain (infrastructure) capital assets on the government-wide statements.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements other than buildings	5-25 years
Infrastructure	5-60 years
Equipment and systems	5-30 years

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are capitalized when purchased.

J. Accumulated Compensated Absences

Compensated absences comprise unused vacation leave, sick leave, and compensatory time off, which are accrued as earned. Vacation can be accrued to a maximum of 40 days or 320 hours for the regular employees or 448 hours for the shift employees. Upon termination, all accumulated vacation up to 240 hours can be paid for the regular employees or up to 336 hours for the shift employees. Sick leave can be accrued up to 180 days or 1,440 hours. Only half of accumulated sick leave hours can be paid on termination to eligible employees. Employees become eligible for sick leave pay-off after completing five years of service. Payments are based on the pay rate at the time of termination. The District's liability for the current and long-term portions of compensated absences is shown in the government-wide Statement of Net Position for both governmental funds and proprietary funds. Only proprietary funds reflect the long-term portion in the fund financials report, Statement of Net Position. The short-term portion is reflected for both governmental and proprietary funds in the fund financial statements. Computation was based on rates in effect as of the fiscal year-end.

K. Long-Term Liabilities

In the government-wide financial statements, long-term liabilities are presented for both governmental and proprietary fund types. In the fund financial statements, only the proprietary funds show long-term liabilities.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Los Osos Community Services District California Public Employees' Retirement System (CalPERS) Miscellaneous, Miscellaneous PEPRA, Safety Fire, and Safety Fire PEPRA Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee

LOS OSOS COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Pensions (Continued)

contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has two items which qualify for reporting in this category, refer to Note 7 and Note 8 for a detailed listing of the deferred outflows of resources the District has recognized.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Note 7 and Note 8 for a detailed listing of the deferred inflows of resources the District has recognized.

O. Interfund Transactions

The following is a description of the three basic types of interfund transactions that can be made during the fiscal year and the related accounting policies:

1. Interfund services provided and used - transactions for services rendered or facilities provided. These transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund.
2. Reimbursements (expenditure transfers) - transactions to reimburse a fund for specific expenditures incurred for the benefit of another fund. These transactions are recorded as expenditures in the disbursing fund and a reduction of expenditures in the receiving fund.
3. Transfers - all interfund transactions which allocate resources from one fund to another fund. These transactions are recorded as transfers in and out.

P. Equity Classifications

*Government-Wide Statements*

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

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

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. Future Accounting Pronouncements**

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

Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.
Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 92	"Omnibus 2020"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provision of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 97	"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"	The provisions of this statement are effective for fiscal years beginning December 15, 2019.

**R. Use of Estimates**

The financial statements have been prepared in accordance with principles generally accepted in the United States of America and necessarily include amounts based on estimates and assumptions by Management. Actual results could differ from these amounts.

**NOTE 2 – CASH AND INVESTMENTS**

Investments of the District are governed by the California Government Code and by the District's investment policy. The General Manager of the District acts as the District Finance Officer and Treasurer who is tasked to perform investment

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

functions in accordance with the investment policy. The objectives of the policy are safety, liquidity, yield, and compliance with State and Federal laws and regulations.

Investments of the District as of June 30, 2020

The table below identifies the investment types the District has that are authorized for the District by the California Government Code or the District's investment policy, where more restrictive, that addresses interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	N/A	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase and Reserve			
Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	15%	10%
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	N/A	20%	None
County Pooled Investment Fund	N/A	None	None
State Registered Warrants, Notes or Bonds	N/A	None	None
Notes and Bonds for other Local California Agencies	5 years	None	None
Local Agency Investment Fund	5 years	None	None

The composition of cash and investments as of June 30, 2020, by fund type is as follows:

	<u>Available for Operations</u>	<u>Restricted</u>	<u>Total</u>
General Fund	\$ 73,728	\$ -	\$ 73,728
Special Revenue Funds	2,831,996	306,989	3,138,985
Proprietary Funds	4,051,261		4,051,261
Fiduciary Funds		1,895,000	1,895,000
	<u>\$ 6,956,985</u>	<u>\$ 2,201,989</u>	<u>\$ 9,158,974</u>

Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of the District's debt instruments or Agency's agreements:

Cash and investments	\$ 6,956,985
Cash and investments - restricted	306,989
Total cash and investments, statement of net position	<u>7,263,974</u>
Cash and investments, statement of fiduciary net position	9,409
Cash and investments with fiscal agents, statement of fiduciary net position	1,885,591
Total cash and investments	<u>\$ 9,158,974</u>

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Classification (Continued)

On June 30, 2020, the District had the following cash and investments on hand:

Cash and investments	\$ 6,956,985
Cash and investments - restricted	306,989
Total cash and investments, statement of net position	<u>7,263,974</u>
Cash and investments, statement of fiduciary net position	9,409
Cash and investments with fiscal agents, statement of fiduciary net position	1,885,591
Total cash and investments	<u>\$ 9,158,974</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in the State Investment Pool, and money market funds, however, these external pools or deposits measured at cost are not required to be measured under Level 1, 2 or 3.

Disclosure Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustees) to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2020:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
LAIF	\$ 677,341	\$ 677,341	\$ -	\$ -	\$ -
Money market funds	4,411,006	4,411,006			
Held by bond trustees:					
Money market	1,885,591	1,885,591			
	<u>\$ 6,973,938</u>	<u>\$ 6,973,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The District has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year ended June 30, 2020 for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Aa	Not Rated
LAIF	\$ 677,341	N/A	\$ -	\$ -	\$ -	\$ 677,341
Money market funds	4,411,006	N/A				4,411,006
Held by bond trustees:						
Money market	1,885,591					1,885,591
	<u>\$ 6,973,938</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,973,938</u>



**LOS OSOS COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District minimizes its credit risk by investing only in the safest types of securities or investments.

The biggest investment of the District is in money market funds, comprising eighty-five percent (85%) of all investments. This is managed by the District's bank. This investment is indexed to earn ten basis points above that earned monthly by the State Investment Pool. These are collateralized up to 110%, in compliance with State law, with the collaterals held by a separate trustee bank.

The next major investment of the District, not considering those held by bond trustees, is investment in the State Investment Pool, more commonly known as LAIF. Investment in LAIF comprises fourteen percent (14%) of all invested funds. This fund is not registered with the Securities and State Commission as an investment company but is required to invest according to California State Code. The fund is under the oversight of the Treasurer of the State of California through the Local Investment Advisory Board that consists of five members as designated by statute. Market valuation is conducted quarterly by the State Treasurer's office. In addition, it also conducts a monthly fair market valuation of all securities held against carrying costs. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based on the District's pro-rata share of the fair value of the entire portfolio net of any amortized costs as provided by LAIF.

Investment of funds held by bond trustees is governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the District's investment policy. The current agreement of the District with bond trustee directs the trustee to invest in money market funds duly registered under the Federal Securities Act of 1933 and under the Investment Company Act of 1940 and having a rating by Standard and Poor's (S&P) of AAAM-G or AAAM or in any other investment acceptable to the bond insurer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Deposits are insured up to \$250,000.

The investment in the State Investment Pool is not required to be collateralized. The fair value of securities in the pool is based on quoted market prices. The State Treasurer's Office performs a monthly fair market valuation of all securities held against carrying costs. Reports of valuations and financial statements are available to participants on the State Treasurer's website.

**NOTE 3 – INTERFUND TRANSACTIONS**

Interfund activity during the fiscal year ended June 30, 2020, was as follows on the next page:

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 – INTERFUND TRANSACTIONS (Continued)**

**Interfund Transfers:**

<u>Major Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 717,814	\$ -
Fire		71,782
<u>Nonmajor Governmental Funds:</u>		
Bayridge		3,589
Vista de Oro		3,589
Drainage		14,356
Parks and Recreation		7,178
<u>Proprietary Funds:</u>		
Water		613,731
Wastewater Treatment Plant		3,589
	<u>\$ 717,814</u>	<u>\$ 717,814</u>

**Due To/Due From:**

<u>Major Governmental Fund:</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 1,517	\$ -
<u>Nonmajor Governmental Fund:</u>		
Vista de Oro		1,517
	<u>\$ 1,517</u>	<u>\$ 1,517</u>

**Interfund Loans Receivable and Payable**

Interfund loans receivable and payable are formal loan agreements within the District to borrow money from the Water Fund. The balances at June 30, 2020, are as follows:

<u>Nonmajor Governmental Fund:</u>	<u>Loan Receivable</u>	<u>Loan Payable</u>
Vista de Oro	\$ -	\$ 12,814
<u>Proprietary Fund:</u>		
Water	12,814	
	<u>\$ 12,814</u>	<u>\$ 12,814</u>

**LOS OSOS COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 – CAPITAL ASSETS**

**Governmental activities:**

	Balance at July 1, 2019	Additions	Retirements	Balance at June 30, 2020
Capital assets not being depreciated				
Land	\$ 57,375	\$ -	\$ -	\$ 57,375
Total capital assets not being depreciated	<u>\$ 57,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,375</u>
Capital assets being depreciated				
Buildings, structures, and improvements	\$ 598,871	\$ -	\$ -	\$ 598,871
Infrastructure	374,653	30,509		405,162
Plant and equipment	1,570,100	95,025		1,665,125
Total capital assets being depreciated	<u>2,543,624</u>	<u>125,534</u>		<u>2,669,158</u>
Less accumulated depreciation				
Buildings, structures, and improvements	480,876	13,806		494,682
Infrastructure	225,084	18,841		243,925
Plant and equipment	869,654	73,339		942,993
Total accumulated depreciation	<u>1,575,614</u>	<u>105,986</u>		<u>1,681,600</u>
Total capital assets being depreciated, net	<u>\$ 968,010</u>	<u>\$ 19,548</u>	<u>\$ -</u>	<u>\$ 987,558</u>
Net capital assets	<u>\$ 1,025,385</u>	<u>\$ 19,548</u>	<u>\$ -</u>	<u>\$ 1,044,933</u>

**Business-type activities:**

	Balance at July 1, 2019	Additions	Retirements	Balance at June 30, 2020
Capital assets not being depreciated				
Land	\$ 498,429	\$ -	\$ -	\$ 498,429
Construction in progress	239,587	286,645	(17,477)	508,755
Total capital assets not being depreciated	<u>\$ 738,016</u>	<u>\$ 286,645</u>	<u>\$ (17,477)</u>	<u>\$ 1,007,184</u>
Capital assets being depreciated				
Building and improvements	\$ 5,000	\$ -	\$ -	\$ 5,000
Infrastructure	9,461,450			9,461,450
Plant and equipment	547,463			547,463
Total capital assets being depreciated	<u>10,013,913</u>	<u>-</u>		<u>10,013,913</u>
Less accumulated depreciation				
Building and improvements	5,000			5,000
Infrastructure	4,854,841	219,183		5,074,024
Plant and equipment	451,347	18,459		469,806
Total accumulated depreciation	<u>5,311,188</u>	<u>237,642</u>		<u>5,548,830</u>
Total capital assets being depreciated, net	<u>\$ 4,702,725</u>	<u>\$ (237,642)</u>	<u>\$ -</u>	<u>\$ 4,465,083</u>
Net capital assets	<u>\$ 5,440,741</u>	<u>\$ 49,003</u>	<u>\$ (17,477)</u>	<u>\$ 5,472,267</u>

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 4 – CAPITAL ASSETS (Continued)**

Depreciation expense was charged to function and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

Governmental Activities:			
General administration		\$	1,693
Public safety			85,452
Health and sanitation			18,841
			<u>105,986</u>
Total governmental activities depreciation expense		\$	<u>105,986</u>
Business-type Activities:			
Water services		\$	237,642
			<u>237,642</u>
Total business-type activities depreciation expense		\$	<u>237,642</u>

**NOTE 5 – LONG-TERM LIABILITIES**

The following is a summary of changes in the District's long-term liabilities for the fiscal year ended June 30, 2020:

	Balance at July 1, 2019	Additions	Reductions	Balance at June 30, 2020	Current Portion	Long Term Portion
Governmental Activities:						
Compensated Absences	\$ 34,798	\$ 15,352	\$ 33,555	\$ 16,595	\$ 4,149	\$ 12,446
Other Post Employment Benefits Liability	60,612	6,017	1,383	65,246		65,246
Net Pension Liability	618,559	152,860	90,297	681,122		681,122
Total Governmental Activities	<u>\$ 713,969</u>	<u>\$ 174,229</u>	<u>\$ 125,235</u>	<u>\$ 762,963</u>	<u>\$ 4,149</u>	<u>\$ 758,814</u>
Business-Type Activities:						
Compensated Absences	\$ 62,699	\$ 38,274	\$ 24,961	\$ 76,012	\$ 19,003	\$ 57,009
Other Post Employment Benefits Liability	265,257	26,330	6,050	285,537		285,537
Water Fund:						
Loan Payable - Direct Borrowing	3,354,766		165,777	3,188,989	170,834	3,018,155
Net Pension Liability	489,666	121,007	70,012	540,661		540,661
Total Business-Type Activities	<u>\$ 4,172,388</u>	<u>\$ 185,611</u>	<u>\$ 266,800</u>	<u>\$ 4,091,199</u>	<u>\$ 189,837</u>	<u>\$ 3,901,362</u>

**NOTE 6 – LOANS PAYABLE**

California Infrastructure and Economic Development Bank – Direct Borrowing

On December 6, 2004, the District entered into a direct borrowing loan agreement with the California Infrastructure and Economic Development Bank (CIEDB) for a principal amount of \$5 million for the purpose of constructing and upgrading water delivery facilities. The loan is for a term of thirty years ending in August 2034 with an interest rate of 3.05% per annum. Annual payments average \$278,000 per year including interest. Debt service payments are due in August and February each year. Net Water system revenues were pledged to guarantee the loan. All projects covered by the loan were completed and closed out in January 2009. The outstanding principal balance of the loan at June 30, 2020, was \$3,188,989. In the event of a default, all unpaid principal and accrued interest would come due immediately in full with overdue installment payments accruing interest at the lesser of 12% per annum or the maximum rate permitted by law.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 6 – LOANS PAYABLE (Continued)**

California Infrastructure and Economic Development Bank (Continued)

For the Fiscal Year Ending June 30	Principal	Interest	Annual	
			Administrative Fee	Total
2021	\$ 170,834	\$ 94,659	\$ 9,567	\$ 275,060
2022	176,044	89,369	9,054	274,467
2023	181,413	83,918	8,526	273,857
2024	186,946	78,301	7,982	273,229
2025	192,648	72,512	31,148	296,308
2026-2030	1,055,046	269,353	14,825	1,339,224
2031-2034	1,226,058	95,736	780	1,322,574
<b>Total</b>	<b>\$ 3,188,989</b>	<b>\$ 783,848</b>	<b>\$ 81,882</b>	<b>\$ 4,054,719</b>

**NOTE 7 – PENSION PLANS**

**A. General Information about the Pension Plans**

*Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the District's separate Safety and Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

*Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Miscellaneous Classic Plan and all Safety Plan members with five years of total service are eligible to retire at age 50 and new Miscellaneous members/PEPRA Plan members with five years of total service are eligible to retire at age 52, with statutorily reduced benefits. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Pre-Retirement Option Settlement. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Contribution rates are based on the Actuarial Valuation Report as of June 30, 2019. The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

Hire Date	Miscellaneous	
	Hired Prior to January 1, 2013*	New Member Hired On or after January 1, 2013
Benefit formula	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.46% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.50%
Required employer contribution rates	10.868% + \$51,862	7.072% + \$579

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 7 – PENSION PLANS (Continued)**

**A. General Information about the Pension Plans (Continued)**

Hire Date	Safety	
	Hired Prior to January 1, 2013*	New Member Hired On or after January 1, 2013
Benefit formula	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	50-57
Monthly benefits, as a % of eligible compensation	2.0-2.7%	2.0% to 2.7%
Required employee contribution rates	9%	12.25%
Required employer contribution rates	\$ 22,767	13,786% +\$287

\* A new employee may transfer into the Classic Member formula if he/she comes from another agency participating in the CalPERS or reciprocal retirement system and did not have more than a six month break in service.

*Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the District were \$12,126 for the Safety Plan and \$119,884 for the Miscellaneous Plan for the fiscal year ended June 30, 2020.

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

At June 30, 2020, the District reported net pension liabilities for its proportionate shares of the net position liability of each

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 772,373
Safety	449,410
	<u>\$ 1,221,783</u>

Plan as follows:

The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2019, the District's proportionate share of the net pension liability for each Plan as of June 30, 2018 and June 30, 2019 was as follows:

	Miscellaneous	Safety
Proportion-June 30, 2018	0.01856%	0.00696%
Proportion-June 30, 2019	0.01929%	0.00720%
Change-Increase (Decrease)	<u>0.00073%</u>	<u>0.00024%</u>

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 7 – PENSION PLANS (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$273,867. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,987	\$ 4,156
Changes in assumptions	55,251	16,651
Net difference between projected and actual earnings on retirement plan investments		19,686
Adjustment due to differences in proportion		
Changes in proportion and differences between District contributions and proportionate share of contributions	59,298	83,262
District contributions subsequent to the measurement date	132,010	
	<u>\$ 329,546</u>	<u>\$ 123,755</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$132,010 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

Fiscal year ending June 30	Amount
2021	\$ 75,730
2022	(13,816)
2023	7,936
2024	3,931
	<u>\$ 73,781</u>

*Actuarial Assumptions*

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 7 – PENSION PLANS (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Actuarial Assumptions (Continued)*

	<u>Miscellaneous and Safety</u>
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return (1)	7% Net Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality	Derived using CalPERS' Membership Data for all Funds (1)
Post Retirement Benefit	Contract COLA up to 2.50% until

- (1) The mortality table used was developed based on CalPERS' specific date. The table includes 15 years of mortality improvements using 90% Scale MP 2016 published by the Society of Actuaries. For more details on this table please refer to the 2017 experience study report.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on testing the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB No. 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2021-22 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 7 – PENSION PLANS (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Discount Rate (Continued)*

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.0% was used for this period.

(b) An expected inflation of 2.92% was used for this period.

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in Discount Rate*

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15 percent) or 1- percentage point higher (8.15 percent) than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 1,263,415	\$ 694,854
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 772,373	\$ 449,410
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 367,052	\$ 248,185

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**C. Payable to the Pension Plan**

At June 30, 2020, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2020.

**NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Plan Description

*Plan administration.* The District provides post-retirement medical coverage through CalPERS under the Public Employees Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Plan Description (Continued)

*Benefits provided.* The District offers the same medical plans to its retirees as to its active employees, with the general exception that upon reaching age 65 and becoming eligible for Medicare, the retiree must join one of the Medicare Supplement coverages offered under PEMHCA.

Employees become eligible to retire and receive District-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The District's contribution on behalf of retirees is the same as for active employees - 100% of the PEMHCA premium for retiree and covered dependents, but not to exceed \$133 per month. Benefits continue for the lifetime of the retiree with survivor benefits extended to surviving spouses for PERS annuitants who elect pension options with survivor benefits.

The District pays a 0.31% of premium administrative fee on behalf of employees and retirees.

Employees Covered

As of June 30, 2018, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active plan members	8
Inactive plan members or beneficiaries currently receiving bene	3
Total	<u>11</u>

Contributions

The District currently finances benefits on a pay-as-you-go basis. No assts are held in trust.

Net OPEB Liability

The District's Net OPEB Liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2018. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

*Actuarial assumptions.* The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Healthcare cost trend rate	6.00% for 2019, 5.9% for 2020, 5.8% for 2021 and decreasing .10% per year down to 5%
PEMHCA Minimum increase rate	4.00% for 2019 and later

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the June 30, 2019 valuation were based on a review of plan experience during the period July 1, 2017 to June 30, 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 3.13 percent.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

*Discount rate.* GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20 Year High Grade Rate Index	Discount Rate
June 30, 2019	June 30, 2018	4.00%	3.62%	3.62%
June 30, 2020	June 30, 2019	4.00%	3.13%	3.13%

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019 (Valuation Date June 30, 2018)	\$ 325,869
Changes recognized for the measurement period:	
Service cost	17,904
Interest	12,311
Difference between expected and actual experience	(24,615)
Changes of assumptions	26,747
Contributions - employer	(7,433)
Net investment income	
Benefit payments	
Administrative expense	
Net Changes	24,914
Balance at June 30, 2019 (Measurement Date June 30, 2019)	\$ 350,783

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

	1% Decrease 2.13%	Discount Rate 3.13%	1% Increase 4.13%
Net OPEB Liability	\$ 407,266	\$ 350,783	\$ 305,226

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	1% Decrease 5.00%	Trend Rate 6.00%	1% Increase 7.00%
Net OPEB Liability	\$ 300,992	\$ 350,783	\$ 413,137

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$26,650. As of the fiscal year ended June 30, 2020, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 20,297
Changes in assumptions	22,055	14,616
	<u>\$ 22,055</u>	<u>\$ 34,913</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal year ending June 30,	Amount
2021	\$ (3,565)
2022	(3,565)
2023	(3,565)
2024	(2,425)
2025	262
	<u>\$ (12,858)</u>

**NOTE 9 – OPERATING LEASES**

The District has commitments to lease certain office equipment and facilities. The District leases its administrative facilities for \$3,000 a month. A new five-year lease began in November 2016 for Suites 106 and 110. The District leases a copier at \$374 a month. This lease is renewable annually at the District's option in September each year.

**NOTE 10 – FUND DEFICITS**

As of June 30, 2020, the following fund had a fund deficit:

Non-major Governmental Fund:	
Vista de Oro Fund	\$ 20,740
Total	<u>\$ 20,740</u>

**NOTE 11 – FIDUCIARY BONDED DEBT – NON-DISTRICT DEBT**

This debt is held in a trustee capacity for the homeowners of the Wastewater Assessment District No. 1 where the assessments are received from the Assessment District's property owners as collected on the County tax roll in order to pay the 2002 Wastewater Improvement Bonds debt service payments. The 2002 bonds were refunded on February 14, 2019 for a total savings of \$1,211,139.

Wastewater Improvement Refunding Bonds				
For the Fiscal Year Ending June 30	Principal	Interest	Total	
2021	\$ 580,000	\$ 430,325	\$ 1,010,325	
2022	600,000	409,625	1,010,325	
2023	625,000	385,125	1,142,625	
2024	645,000	359,725	1,142,625	
2025	665,000	334,325	1,004,725	
2026-2030	3,625,000	1,038,088	4,663,088	
2031-2034	4,060,000	299,049	4,359,049	
Total	<u>\$ 10,800,000</u>	<u>\$ 3,256,262</u>	<u>\$ 14,332,762</u>	

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 12 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, property loss and damage, errors and omissions, and employee injury. The District carries all its insurance coverage over these risks and also for Workers' Compensation through the Special Districts Risk Management Authority (SDRMA). This agency is a Joint Powers Authority (JPA) consisting of special districts in the State of California. It is governed by a seven-member Board of Directors. All seven are elected at large from the membership to serve four-year terms. It has about 507 public agencies participating in the Property/Liability program and 447 agencies in its Workers' Compensation program. SDRMA's audit report for the fiscal year 2017-18 shows it had Net Position of about \$54.6 million.

The District has never incurred any uninsured losses since its inception.

**NOTE 13 – CONTINGENCIES AND COMMITMENTS**

Commitment to Pay into the 2002 Bond Reserve

On September 2, 2006, the District used \$714,268 of fiduciary fund bond reserves for the Wastewater Project. As part of the Amended Bankruptcy Plan, the Class 5 Secured Claim of MBIA Insurance Corp. arose out of the bonds that were issued by LOCSD Wastewater Assessment District No. 1 to fund part of the Wastewater Project (Old Project).

MBIA was the insurer of those bonds. As stated above the District used bond reserves for District purposes. The District has committed to pay at least \$25,000 per year. This amount plus any investment income earned by all funds held by the bond trustee was to be used to bring the reserve account to its required level of \$1,158,500.

In FY 2014/2015 the District in cooperation with US Bank conducted a full audit of this fund from its inception through June 30, 2015. For FY 2015/2016 the LOCSD Board authorized a \$12 per parcel administrative charge to be included on the San Luis Obispo Tax Rolls as allowed by the bond documents. Consistent with the bankruptcy order, these funds were to be used to pay the MBIA claim by making the payments annually to US Bank to restore the fund in the Improvement Bond Reserve. As of February 14, 2019, the remaining balance owed to the Reserve Account of \$222,334 was paid off as part of the Wastewater Bond Refunding.

Other Commitments

In September 2007, the District entered into an Interlocutory Stipulated Judgment (ISJ) with three other water purveyors in the community. The judgment was intended to provide a coordinated effort of all parties to manage the water basin by first preparing a comprehensive plan to address deficiencies that threaten the long-term viability of the water basin. The judgment provided for an equitable sharing of costs. The District's share is thirty-nine percent (39%). The District is current on this commitment which is funded in its annual budget.

**NOTE 14 – SUBSEQUENT EVENTS**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity as of the date of issuance of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
 For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Service charges and fees	\$ 20	\$ 20	\$ 2	\$ (18)
Total revenues	20	20	2	(18)
<b>Expenditures:</b>				
Personnel	170,444	170,444	368,237	(197,793)
Clothing and uniforms	200	200		200
Contract services	51,600	51,600	41,758	9,842
Financial services	3,100	3,100	5,190	(2,090)
Insurance, licenses, and regulatory fees	34,760	34,760	36,899	(2,139)
Legal and professional	198,626	198,626	136,983	61,643
Office expenses	19,538	19,538	13,593	5,945
Other expenses	2,000	2,000	19,692	(17,692)
Rent and utilities	42,650	42,650	36,997	5,653
Repairs and maintenance	100	100	3,561	(3,461)
Travel and training	3,950	3,950		3,950
Interest			2,089	(2,089)
Total expenditures	526,968	526,968	664,999	(138,031)
Excess of revenues over (under) expenditures	(526,948)	(526,948)	(664,997)	(138,049)
<b>Other Financing Sources (Uses)</b>				
Transfers in	526,968	526,968	717,814	190,846
Total other financing sources (uses)	526,968	526,968	717,814	190,846
Net change in fund balance	20	20	52,817	52,797
Fund balance - July 1	31,866	31,866	31,866	
Fund balance - June 30	\$ 31,886	\$ 31,886	\$ 84,683	\$ 52,797



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**FIRE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 2,227,635	\$ 2,227,635	\$ 2,259,602	\$ 31,967
Special taxes and assessments	609,464	609,464	583,110	(26,354)
Intergovernmental			15,109	15,109
Service charges and fees	67,134	67,134	102,614	35,480
Use of money and property	42,731	42,731	40,228	(2,503)
<b>Total revenues</b>	<b>2,946,964</b>	<b>2,946,964</b>	<b>3,000,663</b>	<b>53,699</b>
<b>Expenditures:</b>				
Personnel	205,270	205,270	207,693	(2,423)
Clothing and uniforms	4,000	4,000	3,519	481
Contract services	9,450	9,450	3,040	6,410
Contract services - Schedule A	2,267,703	2,267,703	2,267,703	
Equipment and tools	101,785	101,785	52,763	49,022
Financial services	80	80	15	65
Insurance, licenses, and regulatory fees	30,351	30,351	27,926	2,425
Legal and professional	1,770	1,770	1,907	(137)
Office expenses	10,420	10,420	12,394	(1,974)
Other expenses	3,300	3,300	11,223	(7,923)
Rent and utilities	17,335	17,335	9,146	8,189
Repairs and maintenance	23,400	23,400	30,823	(7,423)
Travel and training	2,300	2,300		2,300
Capital outlay	743,000	743,000	95,025	647,975
<b>Total expenditures</b>	<b>3,420,164</b>	<b>3,420,164</b>	<b>2,723,177</b>	<b>696,987</b>
Excess of revenues over (under) expenditures	(473,200)	(473,200)	277,486	750,686
<b>Other Financing Sources (Uses)</b>				
Transfers out	(52,967)	(52,967)	(71,782)	(18,815)
<b>Total other financing sources (uses)</b>	<b>(52,967)</b>	<b>(52,967)</b>	<b>(71,782)</b>	<b>(18,815)</b>
<b>Net change in fund balance</b>	<b>(526,167)</b>	<b>(526,167)</b>	<b>205,704</b>	<b>731,871</b>
Fund balance - July 1	2,309,829	2,309,829	2,309,829	
Fund balance - June 30	\$ 1,783,662	\$ 1,783,662	\$ 2,515,533	\$ 731,871

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
 Last 10 Years\*  
 As of June 30, 2020

The following table provides required supplementary information regarding the District's Pension Plan.

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the net pension liability	0.01192%	0.01150%	0.01131%	0.01108%
Proportionate share of the net pension liability	\$ 1,221,783	\$ 1,108,225	\$ 1,121,683	\$ 958,726
Covered payroll	\$ 647,852	\$ 557,148	\$ 554,757	\$ 655,035
Proportionate share of the net pension liability as a percentage of covered payroll	188.59%	198.91%	202.19%	146.36%
Plan's total pension liability	\$ 41,426,453,489	\$ 38,944,855,364	\$ 37,161,348,332	\$ 33,358,627,624
Plan's fiduciary net position	\$ 31,179,414,067	\$ 29,308,589,559	\$ 27,244,095,376	\$ 24,705,532,291
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%
	<u>2016</u>	<u>2015</u>		
Proportion of the net pension liability	0.00994%	0.00998%		
Proportionate share of the net pension liability	\$ 682,047	\$ 621,010		
Covered payroll	\$ 619,826	\$ 413,539		
Proportionate share of the net pension liability as a percentage of covered payroll	110.04%	150.17%		
Plan's total pension liability	\$ 31,771,217,402	\$ 30,829,966,631		
Plan's fiduciary net position	\$ 24,907,305,871	\$ 24,607,502,515		
Plan fiduciary net position as a percentage of the total pension liability	78.40%	79.82%		

**Notes to Schedule:**

Changes in assumptions

In 2018, inflation was changed from 2.75 percent to 2.50 percent and individual salary increases and overall payroll growth was reduced from 3.00 percent to 2.75 percent.

In 2017, as part of the Asset Liability Management review cycle, the discount rate was changed from 7.65% to 7.15%.

In 2016, the discount rate was changed from 7.5% (net of administrative expense) to 7.65% to correct for an adjustment to exclude administrative expense.

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

\*- Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Years\*  
As of June 30, 2020

The following table provides required supplementary information regarding the District's Pension Plan.

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2,017</u>
Contractually required contribution (actuarially determined)	\$ 132,010	\$ 124,126	\$ 97,967	\$ 89,855
Contribution in relation to the actuarially determined contributions	<u>(132,010)</u>	<u>(124,126)</u>	<u>(97,967)</u>	<u>(89,855)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	861,437	\$ 647,852	\$ 557,148	\$ 554,757
Contributions as a percentage of covered payroll	15.32%	19.16%	17.58%	16.20%
	<u>2016</u>	<u>2015</u>		
Contractually required contribution (actuarially determined)	\$ 109,190	\$ 95,817		
Contribution in relation to the actuarially determined contributions	<u>(109,190)</u>	<u>(95,817)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll	\$ 655,035	\$ 619,826		
Contributions as a percentage of covered payroll	16.67%	15.46%		

**Notes to Schedule**

Valuation Date: 6/30/2016

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2016/2017 were derived from the June 30, 2016 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2016 funding valuation report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment Rate of Return	7.0% net of pension plan investment and administrative expenses; includes inflation.
Retirement Age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\*- Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS**  
 Last 10 Years\*  
 As of June 30, 2020

	<u>Measurement Period</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 17,904	\$ 16,561	\$ 16,079
Interest on the total OPEB liability	12,311	10,271	9,870
Actual and expected experience difference	(24,615)		
Changes in assumptions	26,747	(22,494)	
Changes in benefit terms			
Benefit payments	(7,433)	(13,120)	(13,190)
<b>Net change in total OPEB Liability</b>	<u>24,914</u>	<u>(8,782)</u>	<u>12,759</u>
<b>Total OPEB liability- beginning</b>	<u>325,869</u>	<u>334,651</u>	<u>321,892</u>
<b>Total OPEB liability- ending (a)</b>	<u>\$ 350,783</u>	<u>\$ 325,869</u>	<u>\$ 334,651</u>
<b>Covered payroll</b>	<u>\$ 815,856</u>	<u>\$ 567,108</u>	<u>\$ 430,762</u>
<b>Total OPEB liability as a percentage of covered payroll</b>	43.00%	57.46%	77.69%

\*- Fiscal year 2018 was the 1st year of implementation, therefore only three years are shown.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
Last 10 Years\*  
As of June 30, 2020

As of June 30, 2020, the plan is not administered through a qualified trust. Therefore there is no Actuarially Determined Contribution (ADC). Benefit payments of \$7,433 were made on a pay-as-you-basis for the fiscal year ended June 30, 2020.

As of June 30, 2019, the plan is not administered through a qualified trust. Therefore there is no Actuarially Determined Contribution (ADC). Benefit payments of \$4,943 were made on a pay-as-you-basis for the fiscal year ended June 30, 2019.

As of June 30, 2018, the plan is not administered through a qualified trust. Therefore there is no Actuarially Determined Contribution (ADC). Benefit payments of \$4,698 were made on a pay-as-you-basis for the fiscal year ended June 30, 2018.

**SUPPLEMENTARY INFORMATION**



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2020

	<u>Bayridge</u>	<u>Vista de Oro</u>	<u>Drainage</u>	<u>Parks and Recreation</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$ 13,700	\$ (6,746)	\$ 448,979	\$ -	\$ 455,933
Restricted cash and investments				306,989	306,989
Accounts receivable	1,105	763	3,687		5,555
	<u>1,105</u>	<u>763</u>	<u>3,687</u>		<u>5,555</u>
Total assets	<u>\$ 14,805</u>	<u>\$ (5,983)</u>	<u>\$ 452,666</u>	<u>\$ 306,989</u>	<u>\$ 768,477</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 668	\$ 426	\$ 188	\$ -	\$ 1,282
Loan from Water Fund		12,814			12,814
Due to other funds		1,517			1,517
		<u>1,517</u>			<u>1,517</u>
Total liabilities	<u>668</u>	<u>14,757</u>	<u>188</u>		<u>15,613</u>
Fund Balances:					
Restricted	14,137		452,478	306,989	773,604
Unassigned		(20,740)			(20,740)
		<u>(20,740)</u>			<u>(20,740)</u>
Total fund balances (deficit)	<u>14,137</u>	<u>(20,740)</u>	<u>452,478</u>	<u>306,989</u>	<u>752,864</u>
Total liabilities and fund balances	<u>\$ 14,805</u>	<u>\$ (5,983)</u>	<u>\$ 452,666</u>	<u>\$ 306,989</u>	<u>\$ 768,477</u>



**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2020

	<u>Bayridge</u>	<u>Vista de Oro</u>	<u>Drainage</u>	<u>Parks and Recreation</u>	<u>Total</u>
<b>Revenues:</b>					
Property taxes	\$ 10,361	\$ -	\$ 25,670	\$ 31,715	\$ 67,746
Special taxes and assessments			95,280		95,280
Intergovernmental					
Service charges and fees	54,831	15,768			70,599
Use of money and property			5,446	6,765	12,211
Other			363		363
	<u>65,192</u>	<u>15,768</u>	<u>126,759</u>	<u>38,480</u>	<u>246,199</u>
<b>Expenditures:</b>					
Personnel					
Equipment and tools			8,614		8,614
Insurance, licenses, and regulatory fees	314		7,136		7,450
Legal and professional	944	944	751	3,240	5,879
Office expenses			1,975	202	2,177
Other expenses			362		362
Rent and utilities	4,776	1,891	2,466		9,133
Repairs and maintenance			1,716		1,716
Vehicle maintenance and repairs			2,010		2,010
Capital outlay	30,509		135		30,644
Debt service:					
Interest	5,166	724			5,890
	<u>41,709</u>	<u>3,559</u>	<u>25,165</u>	<u>3,442</u>	<u>73,875</u>
Excess of revenues over (under) expenditures	<u>23,483</u>	<u>12,209</u>	<u>101,594</u>	<u>35,038</u>	<u>172,324</u>
<b>Other Financing Sources (Uses)</b>					
Transfers out	<u>(3,589)</u>	<u>(3,589)</u>	<u>(14,356)</u>	<u>(7,178)</u>	<u>(28,712)</u>
Total other financing sources (uses)	<u>(3,589)</u>	<u>(3,589)</u>	<u>(14,356)</u>	<u>(7,178)</u>	<u>(28,712)</u>
Net change in fund balances	19,894	8,620	87,238	27,860	143,612
Fund balances - July 1	<u>(5,757)</u>	<u>(29,360)</u>	<u>365,240</u>	<u>279,129</u>	<u>609,252</u>
Fund balances (deficit) - June 30	<u>\$ 14,137</u>	<u>\$ (20,740)</u>	<u>\$ 452,478</u>	<u>\$ 306,989</u>	<u>\$ 752,864</u>