

PROPOSED BUDGET

FISCAL YEAR 2015/2016

Los Osos Community Services District



LOS OSOS COMMUNITY SERVICES DISTRICT
FISCAL YEAR 2015-2016



DIRECTORS

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

MANAGEMENT

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

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BUDGET MESSAGE

May 20, 2015



To the Los Osos Community Services District Board of Directors,

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

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

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

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

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

In September 2014, adopting by Resolution, the Board found that further actions were necessary based on the lack of rainfall. Staff presented to the Board a Water Shortage Contingency Plan. The Plan was intended to present additional measures developed in order to protect the community's water supply and halt seawater intrusion, reduce pumping needs, ensure the indoor water demand is equal to or less than 50 gallons per person per day consistent with San Luis

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

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

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

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

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

The Basin Management Plan was an unknown at the completion of the prior rate study with rates implemented in 2012. The capital projects within the updated Basin Plan were taken into consideration in the most recent District authorized water rate study. Staff is currently researching the need for supplemental support for the emergency drought rates recently adopted by the Board in light of the initial ruling in the San Juan Capistrano court case. As previously stated the Board adopted a Water Shortage Contingency Plan. Any implementation of the Water Shortage Contingency Plan stages or triggers potentially creates a loss of revenue as the restrictions

increase with each stage. Emergency Drought Rates were included within the 2015 adopted rates; however, the Board has chosen not to implement drought rates at this time.

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

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

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

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

- There remains in the District's Fund 600 an on-going debt repayment for the premature borrowing of funds from the Bond Reserve Account to make the bond payment. The Board in 2006 borrowed \$714,267.50 for the Debt Service Reserve Fund (now Improvement Bond Reserve) to make the semi-annual payment to the bond holders. This item is outlined in Fund 600 and the respective progress staff made during the prior fiscal year to assure the proper allocation of Administrative Charges and replenishing the improvement bond reserve.
- Under the Fund 600, staff is working on the analysis of prepaid assessments for the Wastewater 2002 Bond Assessment. Presently the District has prepaid funds on hand for a portion of the prepayment of the debt. Staff expects to have resolution of the item prior to June 2016 with the recommended action to the Board of Directors.

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

for prepaid assessments. All other information is outlined in the Summary information for the Fund 600.

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

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

Similar to the process outlined above for GASB No. 68, the Governmental Accounting Standards Board listed another project on their agenda. It is their intent to discuss Other Postemployment Benefits (OPEB) accounting and reporting in light of these recent changes to pension accounting and reporting. OPEB is other than pension benefits provided to retired employees by state and local governments. These benefits principally involve health care benefits, but also may include life insurance, disability, legal and other services that are not provided through a trust as defined in GASB No. 68. For definition purposes the District is considered a local government. It is anticipated GASB will suggest the changes for OPEB accounting and reporting be effective in 2016 and 2017.

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

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

The Proposed Budget is a work in progress. Current staff continues to review the account titles and group those expenditures to conform appropriately to standard government accounting practices and procedures. Staff continues extensive implementation and creation of new reports to attain more consistency with the District's financial audits and government standards. With the modernization of the accounting system and full implementation of the financial software, staff provided timely and accurate information expenditure information on a monthly basis. This year, through a collaborative process and support from other staff who played a key role in developing and being responsive to questions, the District managed to prepare a very concise and informative document for your consideration. Through the monthly reports staff shares fluctuations in revenue to the Board on a quarterly cycle along with any significant operational adjustments. It is anticipated that mid-year budget adjustments will be necessary as labor negotiations should be concluded and benefit variations accounted for by that time.

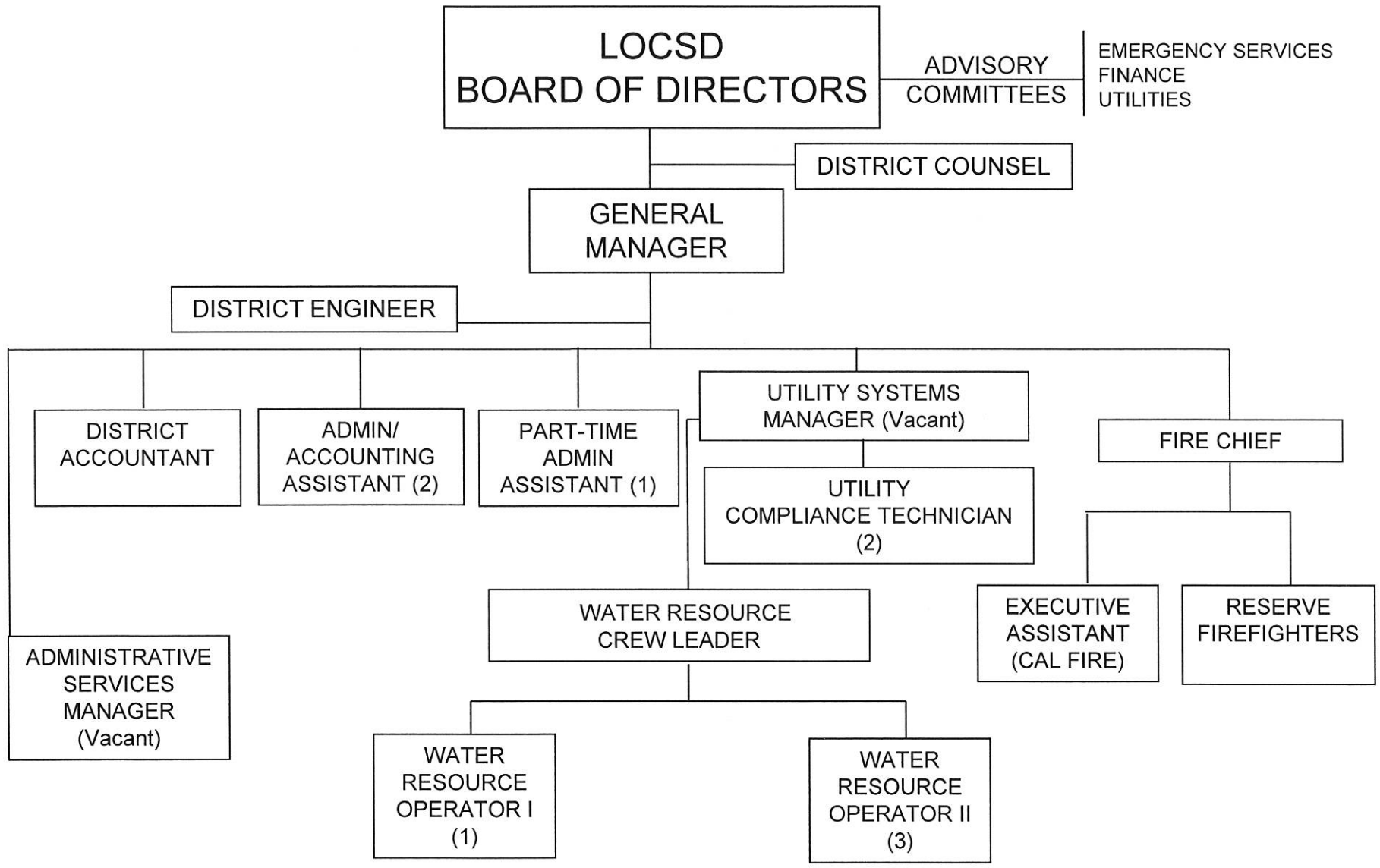
I would like to take this opportunity to publicly thank the staff of the Los Osos Community Services District and CAL Fire for their unwavering support and unswerving assistance during this very difficult and wearisome time. Without their hard work and solid commitment to excellence this document would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

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

Respectfully,



Kathy A. Kivley
General Manager



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

Cost Allocation Plan for FY 2015/2016

BASED ON ADMINISTRATION STAFF'S TIME:	Vista de							TOTALS
	Fire	Water	Solid Waste	Oro	Bayridge	Drainage	Wastewater	
General Manager	22.56%	61.20%	0.37%	2.34%	3.72%	8.65%	1.15%	100.00%
Administrative Sec./Acctg Asst. III	18.95%	73.76%	0.14%	0.72%	1.01%	4.04%	1.38%	100.00%
District Accountant	15.58%	70.15%	0.32%	2.02%	2.37%	7.50%	2.07%	100.00%
Total Time	57.08%	205.11%	0.84%	5.07%	7.10%	20.19%	4.61%	300.00%
Average % Time Spent by Fund	19.03%	68.37%	0.28%	1.69%	2.37%	6.73%	1.54%	100.00%

Projected Expenditures FY 2015-2016 \$579,701.00

TOTAL AMOUNT TO BE ALLOCATED	\$579,701.00	110,306.17	396,344.17	1,616.41	9,798.80	13,711.63	39,016.84	8,906.99	579,701.00
		110,306	396,344	1,616	9,799	13,712	39,017	8,907	579,701

Cost Allocation Plan for FY 2014/2015

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

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
	<u>1,718,911</u>	<u>1,839,726</u>	<u>1,832,969</u>	<u>1,869,635</u>	<u>36,666</u>	<u>2.00%</u>
Total Property Taxes	1,718,911	1,839,726	1,832,969	1,869,635	36,666	2.00%
Grant Revenue						
	<u>62,814</u>	<u>48,915</u>	<u>1,500</u>	<u>2,500</u>	<u>1,000</u>	<u>66.67%</u>
Total Grant Revenue	62,814	48,915	1,500	2,500	1,000	66.67%
Service Charges & Fees						
	<u>1,766,718</u>	<u>2,179,166</u>	<u>1,926,400</u>	<u>1,973,100</u>	<u>46,700</u>	<u>2.42%</u>
Total Service Charges & Fees	1,766,718	2,179,166	1,926,400	1,973,100	46,700	2.42%
Special Taxes & Assessments						
	<u>1,808,522</u>	<u>1,807,878</u>	<u>1,839,608</u>	<u>1,853,347</u>	<u>13,739</u>	<u>0.75%</u>
Total Special Taxes & Assessments	1,808,522	1,807,878	1,839,608	1,853,347	13,739	0.75%
Other Revenues						
	<u>242,708</u>	<u>3,700,620</u>	<u>78,834</u>	<u>73,234</u>	<u>(5,600)</u>	<u>(7.10)%</u>
Total Other Revenues	242,708	3,700,620	78,834	73,234	(5,600)	(7.10)%
Use of Money & Property						
	<u>4,748</u>	<u>43,348</u>	<u>2,968</u>	<u>3,963</u>	<u>995</u>	<u>33.52%</u>
Total Revenues	<u>5,604,420</u>	<u>9,619,653</u>	<u>5,682,279</u>	<u>5,775,779</u>	<u>93,500</u>	<u>1.65%</u>
Expenditures						
Personnel						
Salaries/Wages	681,658	760,220	772,086	834,042	61,956	8.02%
Payroll Taxes & Benefits	215,881	227,498	231,554	243,577	12,023	5.19%
Employment Services	42,404	26,330	46,334	21,675	(24,659)	(53.22)%
Total Personnel	939,944	1,014,048	1,049,974	1,099,294	49,320	4.70%
Services and Supplies						
Clothing & Uniform	12,567	5,737	7,700	6,200	(1,500)	(19.48)%
Contract Services	1,744,146	1,756,064	1,859,986	2,081,530	221,544	11.91%
Equipment & Tools	63,649	63,450	54,898	93,450	38,552	70.22%
Financial Services	33,367	22,069	6,400	8,300	1,900	29.69%
Insurance, Licenses & Regulatory Fees	112,250	113,866	132,445	123,768	(8,677)	(6.55)%
Legal & Professional	307,422	5,282,985	295,340	368,140	72,800	24.65%

LOS OSOS COMMUNITY SERVICES DISTRICT

Statement of Revenues and Expenditures - Unposted Transactions Included In Report

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Office/Operations	52,947	66,431	77,940	74,370	(3,570)	(4.58)%
Other Expense	30,905	22,817	6,400	33,100	26,700	417.19%
Rent & Utilities	176,753	183,649	263,530	338,490	74,960	28.44%
Repairs & Maintenance	80,499	82,486	138,374	65,924	(72,450)	(52.36)%
Travel & Training	8,806	10,863	12,750	9,525	(3,225)	(25.29)%
Vehicle Maintenance & Repair	13,049	20,100	24,550	23,800	(750)	(3.05)%
Total Services and Supplies	2,636,361	7,630,519	2,880,313	3,226,597	346,284	12.02%
Capital Outlay						
	814,190	448,967	207,700	200,000	(7,700)	(3.71)%
Total Capital Outlay	814,190	448,967	207,700	200,000	(7,700)	(3.71)%
Debt Service						
	1,428,206	1,424,366	1,456,762	1,458,516	1,754	0.12%
Total Debt Service	1,428,206	1,424,366	1,456,762	1,458,516	1,754	0.12%
Reserves						
	810,593	254,099	237,206	145,000	(92,206)	(38.87)%
Total Reserves	810,593	254,099	237,206	145,000	(92,206)	(38.87)%
Transfers						
	(44,454)	(1,405,977)	0	0	0	0.00%
Total Transfers	(44,454)	(1,405,977)	0	0	0	0.00%
Total Expenditures	6,584,839	9,366,021	5,831,955	6,129,407	297,452	5.10%
Net Revenues over Expenditures	(980,419)	253,631	(149,676)	(353,628)	(203,952)	136.26%

RESERVE STATEMENT
Effective January 1, 2015

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

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RESERVE STATEMENT
Effective January 1, 2015

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

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

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Department Summary – Fund 100

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

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

One item of importance is Note #2 below. The District Board, on October 17, 2006, entered into a Letter of Understanding between the District and MBIA Insurance Corporation regarding Terms of Agreement negotiated during the previous meeting on August 10, 2006. There are Audit Notes in FY 2011/2012 and FY 2012/2013 reports related to this topic. The District Board at that time "prematurely" borrowed \$714,267.50 from the Debt Service Reserve Fund to make the semi-annual payment to the bondholders and established a long term plan to replenish the Reserve Fund with a transfer of \$25,000 a year from Fund 100. Until January of 2015, only one \$25,000 payment was made to the bank. At that time staff made the appropriate payments less three years which it appears were never budgeted. As staff continues the reconciliation of the bank accounts for the Bond Improvement Redemption Fund and the Improvement Bond Reserve Fund, any further information is not available at this time. For more information on repayment plan and order from the Bankruptcy Court, refer to the information outlined in Fund 600.

Budget Summary

Fund 100 Expenditure	2011/2012 Actuals⁶	2012/2013 Actuals⁶	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	307,021	263,998	253,569	222,680	258,002
Benefits	81,942	92,232	63,622	67,179	63,884
Services and Supplies	278,838	257,005	250,188	306,451	248,420
Capital Outlay		41,840	13,861	5,000	4,395
Other Sources & Uses²	25,000	25,000	25,000	21,947 ⁴	0
Total	692,801 ⁵	680,075 ^{1,5}	606,240	623,257	579,701
Allocation of Admin Costs⁴	699,216 ²	643,428	705,597 ³	605,310	579,701

Notes: ¹ Includes expenditures for PEG Grant; \$15,483 in FY 2012/2013 & \$13,861 FY 2013/2014

² Repayment of required funds for use of 2002 Bond Reserves; total due \$714,268 withdrawn to make the Debt Service payment in September 2006

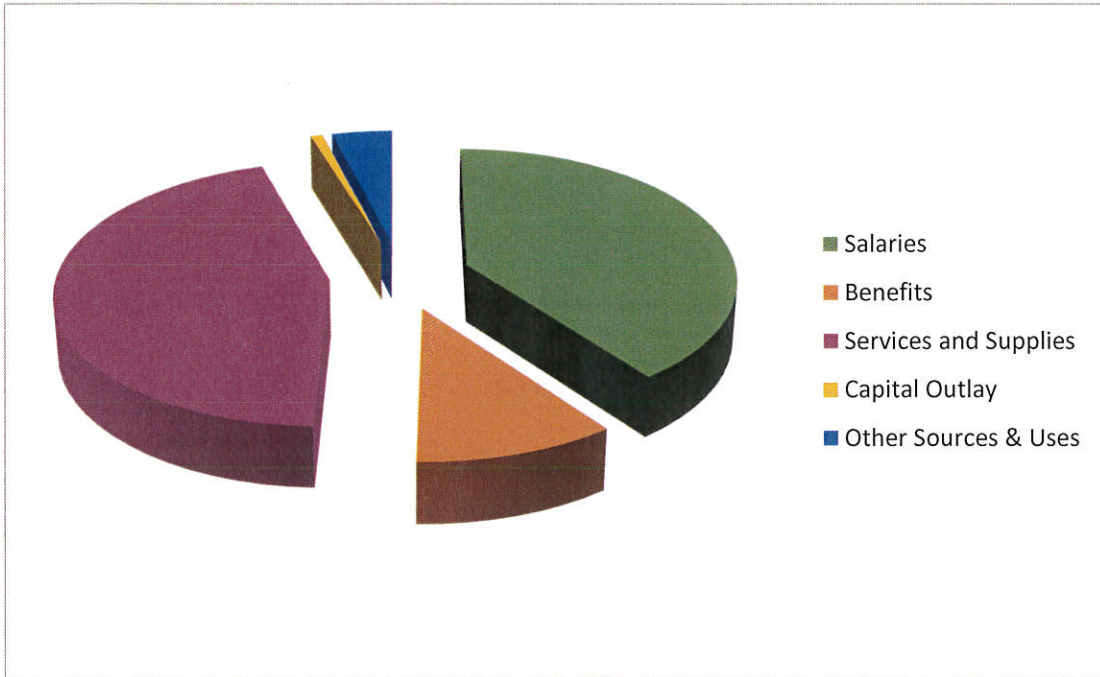
³ Includes additional funds to cover shortfall from prior year

⁴ Reserve Funds to cover Admin Cost Allocation for Wastewater Fund 600

⁵ Attached Expenditure reports reflect a discrepancy between Actuals and Audit financials

⁶ Actuals are based on fiscal year audits

Fund 100 Department Expenditure by Category for FY 2015/2016



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

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

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

(In Whole Numbers)

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

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

(In Whole Numbers)

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

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

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
8066	Comp Time Used	155	0	0	0	0.00%
8081	Vacation Pay	12,237	21,705	0	0	0.00%
	Total Salaries/Wages	283,823	253,569	222,680	258,002	35,322 15.86%
	Payroll Taxes & Benefits					
5020	FICA - ER	862	2,814	1,054	930	(124) (11.76)%
5030	Life Insurance	3,123	1,724	1,670	2,560	890 53.29%
5050	Medicare - ER	4,076	3,884	3,992	4,150	158 3.96%
5060	Cafeteria Plan	26,150	17,011	24,000	22,500	(1,500) (6.25)%
5070	Retirement ER - Regular	30,326	13,057	21,788	9,000	(12,788) (58.69)%
5071	Retirement ER - Addl Pick-up	14,045	5,768	0	1,600	1,600 0.00%
5075	Retirees Medical - ER	1,525	2,394	2,070	2,700	630 30.43%
5120	Workers Comp Insurance - ER	4,402	2,588	7,805	3,800	(4,005) (51.31)%
5124	Retirement - ER - Tier 2	0	3,983	0	11,844	11,844 0.00%
8511	Car Allowance	1,200	3,400	4,800	4,800	0 0.00%
8530	Moving and Temp Living	0	7,000	0	0	0 0.00%
	Total Payroll Taxes & Benefits	85,709	63,622	67,179	63,884	(3,295) (4.90)%
	Employment Services					
5100	Unemployment Insurance - ER	2,513	3,411	3,500	3,500	0 0.00%
6200	EE Hiring, Advertising & Other Costs	793	1,573	500	500	0 0.00%
6230	Medical Exam	0	220	220	220	0 0.00%
6250	Temporary Agency Help	8,488	2,448	24,659	0	(24,659) (100.00)%
7347	Pension Services Expense	0	0	175	175	0 0.00%
	Total Employment Services	11,794	7,651	29,054	4,395	(24,659) (84.87)%
	Total Personnel	381,326	324,843	318,913	326,281	7,368 2.31%
	Services & Supplies					
	Contract Services					
6100	Labor & Support-IT Services	24,217	24,969	5,000	7,300	2,300 46.00%
6110	IT Purchased Services	3,701	21,938	15,000	15,000	0 0.00%
7100	Copier Contract-Maint & Usage	12,450	7,105	12,000	7,000	(5,000) (41.67)%
7255	Security	720	942	750	1,200	450 60.00%
7321	Janitorial Cleaning & Supplies	1,863	1,781	2,200	2,200	0 0.00%
7342	Public Meeting Recordings	13,790	14,155	13,500	12,500	(1,000) (7.41)%

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

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

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

(In Whole Numbers)

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

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
5132	Benefits Charges by Admin	(238)	0	0	0	0.00%
5133	Benefits Charged by Water	5,644	0	0	0	0.00%
5197	Benefits Billings to Other Funds	(14,070)	0	0	0	0.00%
8153	Labor Charged by Water	16,268	0	0	0	0.00%
8197	Labor Billings to Other Funds	(36,010)	0	0	0	0.00%
8810	Admin Cost Allocation to 200	(8,604)	0	0	0	0.00%
8811	Admin Cost Allocation to 301	(107,544)	0	0	0	0.00%
8812	Admin Cost Allocation to 400	(3,744)	0	0	0	0.00%
8813	Admin Cost Allocation to 500	(464,976)	0	0	0	0.00%
8815	Admin Cost Alloc to 650	(35,892)	0	0	0	0.00%
8817	Admin Cost Allocation to 800	(22,668)	0	0	0	0.00%
	Total Allocation of Administrative Costs	(671,833)	0	0	0	0.00%
	Capital Outlay					
9057	Computer Hardware- Capital	26,357	0	0	0	0.00%
9059	Vehicles, Equipment, & Fixtures	15,483	13,861	5,000	5,000	0.00%
	Total Capital Outlay	41,840	13,861	5,000	5,000	0.00%
	Debt Service					
9806	Internal Loan	1,517	0	0	0	0.00%
	Total Debt Service	1,517	0	0	0	0.00%
	Reserves					
9572	*General Contingency (Operations) Reserve	20,873	0	0	0	0.00%
9574	*Year-end Fund Reservation(contra to 3200)	14,517	0	0	0	0.00%
9981	*Information Tech Reserve	30,000	0	0	0	0.00%
9982	*Septic System Decommission Reserve	17,300	0	0	0	0.00%
	Total Reserves	82,691	0	0	0	0.00%
	Transfers					
9410	Transfer In	0	(705,597)	(605,310)	(579,701)	25,609 (4.23)%
9465	Transfer in from SW	(44,748)	0	0	0	0.00%
9508	Transfer Out from Reserve	0	0	17,947	0	(17,947) (100.00)%
9511	Interfund Transfer Out	25,000	25,000	4,000	0	(4,000) (100.00)%
	Total Transfers	(19,748)	(680,597)	(583,363)	(579,701)	3,662 (0.63)%
	Total Expenditures	76,257	(99,356)	17,947	0	(17,947)

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

(In Whole Numbers)

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

Department Summary – Fund 200

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

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

In FY 2013/2014 the District Board adopted and funded a Septic System Decommission Reserve of \$8,000 annually. Recognizing this transition is rapidly approaching District staff met with County staff in December 2014. At this meeting based on the recent pipeline video inspections, staff discussed possible required improvements prior to the County of San Luis Obispo allowing connection or assuming responsibility for the existing septic system. The deficiencies were rate in three categories: High, Medium and Low. Using this rating, staff established two phases for maintenance improvement projects to address the high and medium priorities. Construction on Phase 1 has a scheduled completion date of early August 2015. Phase 2 is more extensive with an estimated cost of approximately \$362,000. Once the bids are received for Phase 1, a revised Engineer's Estimate will be prepared. As with Phase 1, this project requires the borrowing of funds.

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

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

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

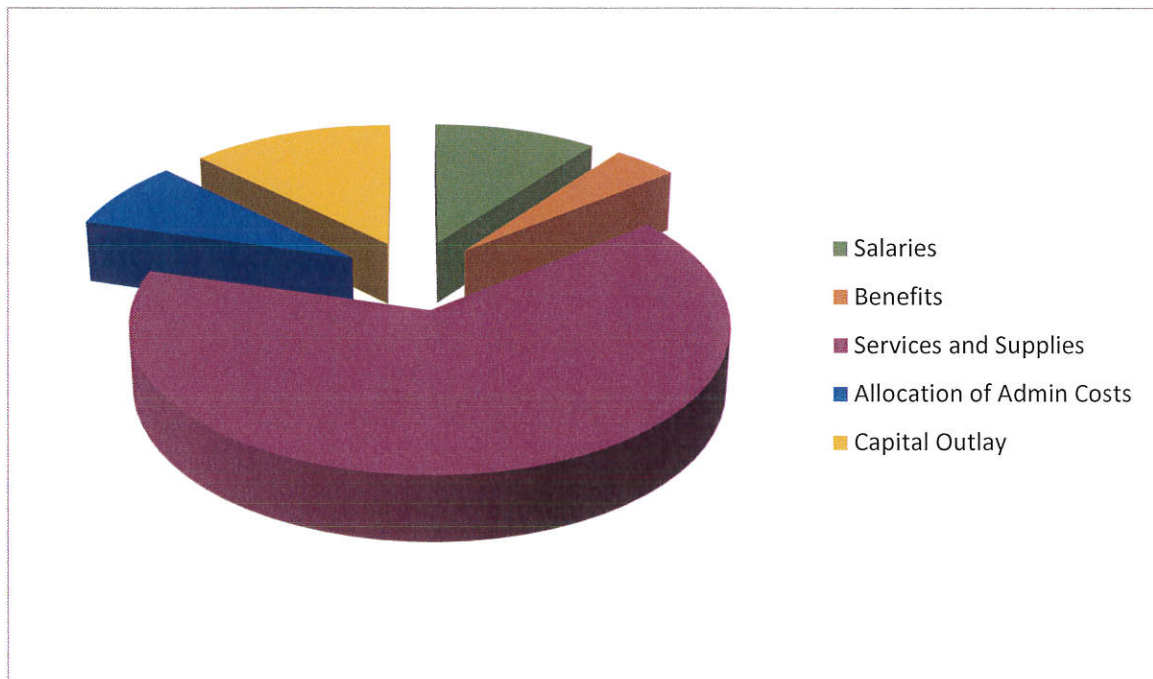
Based on the proposed budget, the expenditures exceed the revenues. It is important to note as with FY 2014/2015, the Board authorized staff to only fund the Decommission Reserve after covering the expenditures with the existing revenues and utilizing prior revenues to cover the remaining shortages.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

Budget Summary

Fund 200 Expenditures	2011/2012 Actuals ²	2012/2013 Actuals ²	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	7,101	7,705	8,393	8,400	12,000
Benefits	2,818	3,249	2,971	2,500	4,000
Services and Supplies	24,303	27,036	18,186	40,146	32,486
Allocation of Admin Costs¹	10,212	8,604	6,798	5,407	13,712
Capital Outlay	0	0	0	7,700	0
Total¹	44,434	46,594	36,348	64,153	62,198

Notes: ¹ Excludes appropriations for Reserves
² Actuals are based on Fiscal Year Audits

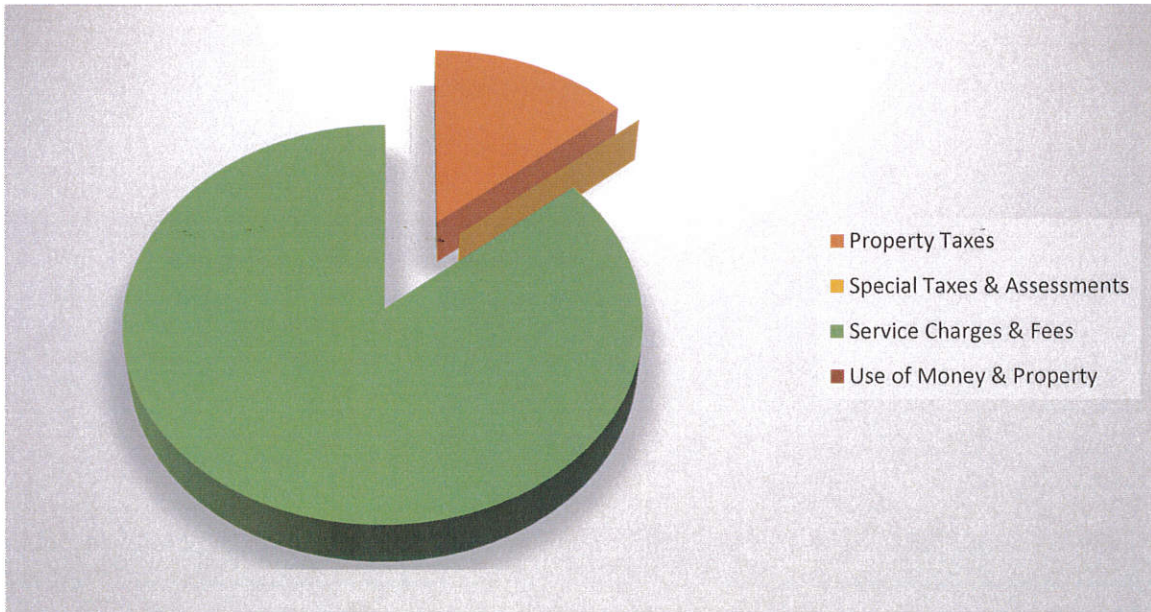
Fund 200 Department Expenditure by Category for FY 2015/2016



Fund 200 Department Revenue by Category for FY 2015/2016

	2012/2013 Actuals	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Property Taxes	6,731	7,412	7,227	7,372
Special Taxes & Assessments	0	0	0	0
Service Charges	29,547	56,331	54,831	54,831
Use of Money & Property	(4)	0	0	0
Total	36,274	63,743	62,058	62,203

Fund 200 Department Revenue by Category for FY 2015/2016



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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
Total Property Taxes	6,731	7,412	7,227	7,372	145	2.01%
Special Taxes & Assessments						
Total Special Taxes & Assessments	29,547	56,331	54,831	54,831	0	0.00%
Use of Money & Property						
Total Revenues	(4)	0	0	0	0	0.00%
	36,274	63,743	62,058	62,203	145	0.23%
Expenditures						
Personnel						
Salaries/Wages	0	8,393	8,400	12,000	3,600	42.86%
Payroll Taxes & Benefits	0	2,971	2,500	4,000	1,500	60.00%
Total Payroll Taxes & Benefits	0	2,971	2,500	4,000	1,500	60.00%
Total Personnel	0	11,364	10,900	16,000	5,100	46.79%
Services and Supplies						
Contract Services	650	165	850	850	0	0.00%
Equipment & Tools	0	111	100	100	0	0.00%
Insurance, Licenses & Regulatory Fees	1,017	1,230	1,304	1,304	0	0.00%
Legal & Professional	1,291	1,250	500	1,000	500	100.00%
Office/Operations	64	30	70	70	0	0.00%
Rent & Utilities	13,167	13,623	20,760	18,600	(2,160)	(10.40)%
Repairs & Maintenance	9,718	626	15,262	9,262	(6,000)	(39.31)%
Vehicle Maintenance & Repair	1,131	1,152	1,300	1,300	0	0.00%
Total Services and Supplies	27,038	18,186	40,146	32,486	(7,660)	(19.08)%
Allocation of Administrative Costs						
Total Allocation of Administrative Costs	19,558	0	0	0	0	0.00%
Capital Outlay						
Total Allocation of Administrative Costs	19,558	0	0	0	0	0.00%
Capital Outlay	0	0	7,700	0	(7,700)	(100.00)%

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Total Capital Outlay	0	0	7,700	0	(7,700)	(100.00)%
Reserves	0	8,000	8,000	8,000	0	0.00%
Total Reserves	0	8,000	8,000	8,000	0	0.00%
Transfers	0	6,798	5,407	13,712	8,305	153.60%
Total Transfers	0	6,798	5,407	13,712	8,305	153.60%
Total Expenditures	46,595	44,348	72,153	70,198	(1,955)	(2.71)%
Net Revenues over Expenditures	(10,321)	19,395	(10,095)	(7,995)	2,100	

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
4035	6,731	7,412	7,227	7,372	145	2.01%
	6,731	7,412	7,227	7,372	145	2.01%
Special Taxes & Assessments						
4550	29,547	56,331	54,831	54,831	0	0.00%
	29,547	56,331	54,831	54,831	0	0.00%
Use of Money & Property						
4501	(4)	0	0	0	0	0.00%
	(4)	0	0	0	0	0.00%
	36,274	63,743	62,058	62,203	145	0.23%
Expenditures						
Personnel						
Salaries/Wages						
8054	0	8,393	8,400	12,000	3,600	42.86%
	0	8,393	8,400	12,000	3,600	42.86%
Payroll Taxes & Benefits						
5010	0	2,971	2,500	4,000	1,500	60.00%
	0	2,971	2,500	4,000	1,500	60.00%
	0	11,364	10,900	16,000	5,100	46.79%
Services & Supplies						
Contract Services						
7250	650	165	850	850	0	0.00%
	650	165	850	850	0	0.00%
Equipment & Tools						
7242	0	111	100	100	0	0.00%
	0	111	100	100	0	0.00%
Insurance, Licenses & Regulatory Fees						
6342	760	970	1,044	1,044	0	0.00%
6345	257	260	260	260	0	0.00%
	1,017	1,230	1,304	1,304	0	0.00%

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

(In Whole Numbers)

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

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
8801 Admin Cost Allocation	8,604	0	0	0	0	0.00%
Total Allocation of Administrative Costs	19,558	0	0	0	0	0.00%
Capital Outlay						
9006 Infrastructures	0	0	7,700	0	(7,700)	(100.00)%
Total Capital Outlay	0	0	7,700	0	(7,700)	(100.00)%
Reserves						
9982 *Septic System Decommision Reserve	0	8,000	8,000	8,000	0	0.00%
Total Reserves	0	8,000	8,000	8,000	0	0.00%
Transfers						
9511 Interfund Transfer Out	0	6,798	5,407	13,712	8,305	153.60%
Total Transfers	0	6,798	5,407	13,712	8,305	153.60%
Total Expenditures	46,595	44,348	72,153	70,198	(1,955)	(2.71)%
Net Revenues over Expenditures	(10,321)	19,395	(10,095)	(7,995)	2,100	

Department Summary – Fund 301

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

It is important to note there is a projected Schedule A Contract increase of 12.6% over Fiscal Year 2014/2015. The Schedule A in the prior year was \$1,709,966. The proposed Contract for FY 2015/2016 is \$1,926,749 which equates to an increase of \$216,783. This increase creates a budget shortfall. Staff proposes to handle the effect of this dramatic increase by two methods. In preparing this budget, staff recommends deferring numerous expenditures for this fiscal year and proposes the Board of Directors cover the immediate shortfall for this fiscal year from the Contingency Reserve. The current balance in the General Contingency Reserve is \$63,322.99. The current proposed budget shortfall is \$41,824. It is staff's intention with authorization from the Board of Director's to use the Reserve only when necessary and when the FY 2013/2014 audit is finally completed, any excess revenues replace any Reserves allocated to cover the budget shortfall.

The more important issue for consideration and future discussion is the lack of revenues to cover the expenditures. Staff could not anticipate the 12.6% increase in the Schedule A Contract for FY 2015/2016. The secondarily question is what level of increase should the District expect in the Schedule A Contract for FY 2016/2017 and what effect will the continued increases have on the District's ability to fund services and supplies at an appropriate level? Staff is unable to answer these two pertinent questions at this time. However, it is important the Board of Directors recognized increases in assessments in the Special Fire Tax maybe necessary in the foreseeable future to allow adequate funding for continuing the current operations or funding for any improvements in the operations.

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

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

This year the South Bay Fire, Station 15 received positive news from the recent ISO rating review. The ISO rating is one of the primary elements used by the insurance industry to develop premium rates for residential and commercial businesses. By classifying the communities' ability to suppress fires, ISO helps communities evaluate their public fire protection services. The program provides an objective, countrywide standard that assists Fire and Utility Departments in planning and budgeting for facilities, equipment and training. By securing lower fire insurance premiums for communities through increased public protection, the Public Protection Classification (PPC) program provides incentives and rewards for communities that choose to improve their firefighting and water purveyor services. In FY 2014/2015 with the assistance of CAL FIRE/San Luis County Fire Department Station 15 was successful in announcing a new ISO rating reduction from 5/9 to 3/3X. This improvement indicates that insurance premiums may be reduced in Los

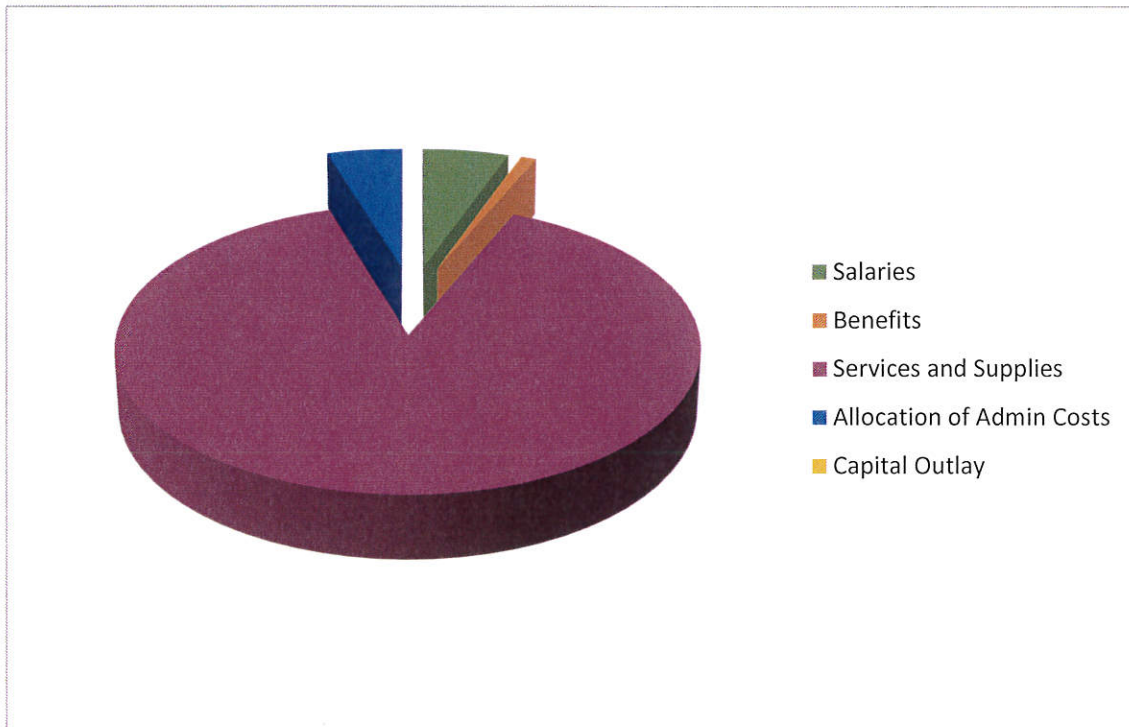
Osos as this information was afforded by the District, S&T Mutual Water Company and Golden State Water Company in cooperation for the safety of the residents and businesses.

Budget Summary

Fund 301 Expenditure	2011/2012 Actuals ²	2012/2013 Actuals ²	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	105,789	104,542	111,119	116,650	126,307
Benefits	20,882	20,204	11,882	22,569	22,602
Services and Supplies	1,731,981	1,764,430	1,770,822	1,863,584	2,051,767
Allocation of Admin Costs	108,600	107,544	103,158	109,124	110,306
Capital Outlay	0	546,721	41,188	20,000	0
Total¹	1,967,252	2,543,441	2,038,169	2,131,927	2,310,982

Notes: ¹ Excludes appropriation for Reserves
² Actuals are based on Fiscal Year Audits

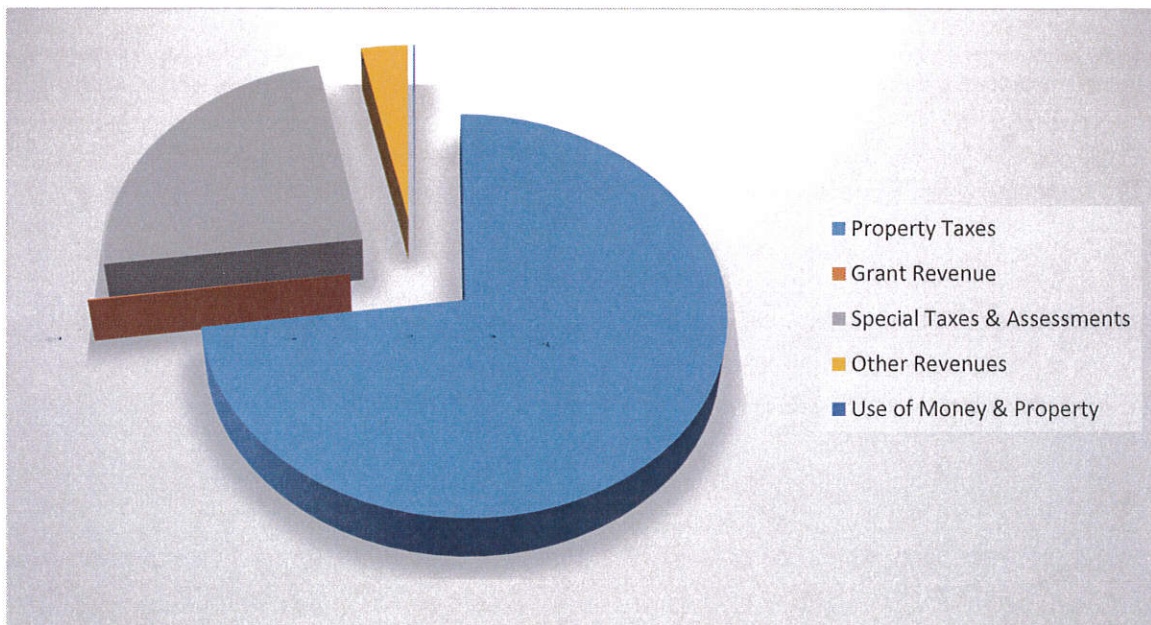
Fund 301 Department Expenditure by Category for FY 2015/2016



Fund 301 Department Revenue by Category for FY 2015/2016

	2012/2013 Actuals	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Property Taxes	1,518,765	1,625,572	1,620,321	1,652,727
Grant Revenue	32,814	7,549	1,500	2,500
Special Taxes & Assessments	510,825	488,606	529,210	540,834
Other Revenues	75,088	78,641	71,134	71,134
Use of Money & Property	4,164	34,742	2,203	1,963
Total	2,141,657	2,235,110	2,224,368	2,269,158

Fund 301 Department Revenue by Category for FY 2015/2016



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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
Total Property Taxes	1,518,765	1,625,572	1,620,321	1,652,727	32,406	2.00%
Grant Revenue						
Total Grant Revenue	32,814	7,549	1,500	2,500	1,000	66.67%
Special Taxes & Assessments						
Total Special Taxes & Assessments	510,825	488,606	529,210	540,834	11,624	2.20%
Other Revenues						
Total Other Revenues	75,088	78,641	71,134	71,134	0	0.00%
Use of Money & Property						
Total	(103)	34,742	1,968	1,963	(5)	(0.25)%
Total Revenues	2,137,390	2,235,110	2,224,133	2,269,158	45,025	2.02%
Expenditures						
Personnel						
Salaries/Wages	104,542	111,119	116,650	126,307	9,657	8.28%
Payroll Taxes & Benefits	14,191	11,882	22,569	22,602	33	0.15%
Employment Services	8,813	10,871	14,380	14,380	0	0.00%
Total Personnel	127,547	133,872	153,599	163,289	9,690	6.31%
Services and Supplies						
Clothing & Uniform	10,856	3,371	4,500	3,000	(1,500)	(33.33)%
Contract Services	1,628,709	1,630,890	1,716,746	1,939,540	222,794	12.98%
Equipment & Tools	53,876	35,867	48,448	34,000	(14,448)	(29.82)%
Financial Services	(9)	5,040	100	100	0	0.00%
Insurance, Licenses & Regulatory Fees	19,900	23,400	26,000	23,300	(2,700)	(10.38)%
Legal & Professional	3,378	4,812	2,440	2,040	(400)	(16.39)%
Office/Operations	7,500	6,467	8,270	6,100	(2,170)	(26.24)%
Other Expense	8,829	8,122	4,500	1,200	(3,300)	(73.33)%

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Rent & Utilities	13,703	15,588	18,400	13,532	(4,868)	(26.46)%
Repairs & Maintenance	12,945	19,349	12,500	10,750	(1,750)	(14.00)%
Travel & Training	1,944	6,854	7,300	3,825	(3,475)	(47.60)%
Vehicle Maintenance & Repair	0	162	0	0	0	0.00%
Total Services and Supplies	1,761,632	1,759,922	1,849,204	2,037,387	188,183	10.18%
Allocation of Administrative Costs						
	107,544	0	0	0	0	0.00%
Total Allocation of Administrative Costs	107,544	0	0	0	0	0.00%
Capital Outlay						
	546,720	41,188	20,000	0	(20,000)	(100.00)%
Total Capital Outlay	546,720	41,188	20,000	0	(20,000)	(100.00)%
Reserves						
	236,393	109,099	92,206	0	(92,206)	(100.00)%
Total Reserves	236,393	109,099	92,206	0	(92,206)	(100.00)%
Transfers						
	0	103,158	109,124	110,306	1,182	1.08%
Total Transfers	0	103,158	109,124	110,306	1,182	1.08%
Total Expenditures	2,779,836	2,147,240	2,224,133	2,310,982	86,849	3.90%
Net Revenues over Expenditures	(642,446)	87,870	0	(41,824)	(41,824)	

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
4035	1,518,765	1,625,572	1,620,321	1,652,727	32,406	2.00%
	1,518,765	1,625,572	1,620,321	1,652,727	32,406	2.00%
Grant Revenue						
4955	18,415	7,549	1,500	2,500	1,000	66.67%
4957	14,399	0	0	0	0	0.00%
	32,814	7,549	1,500	2,500	1,000	66.67%
Special Taxes & Assessments						
4015	23,358	0	22,500	24,000	1,500	6.67%
4050	487,467	488,606	506,710	516,834	10,124	2.00%
	510,825	488,606	529,210	540,834	11,624	2.20%
Other Revenues						
4000	65,088	66,031	67,134	67,134	0	0.00%
4055	0	8,700	4,000	4,000	0	0.00%
4655	10,000	1,000	0	0	0	0.00%
4935	0	62	0	0	0	0.00%
4989	0	2,849	0	0	0	0.00%
	75,088	78,641	71,134	71,134	0	0.00%
Use of Money & Property						
4501	(103)	(23)	5	0	(5)	(100.00)%
4505	0	0	1,963	1,963	0	0.00%
4934	0	34,765	0	0	0	0.00%
	(103)	34,742	1,968	1,963	(5)	(0.25)%
	2,137,390	2,235,110	2,224,133	2,269,158	45,025	2.02%
Expenditures						
Personnel						
Salaries/Wages						
8290	207	0	450	525	75	16.67%
8295	7,263	8,360	3,330	3,885	555	16.67%

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets	
8310	Resv FF-Emerg Resp-Off Duty	4,129	8,728	7,770	9,072	1,302	16.76%
8330	Resv FF- Mutual Aid Coverage	64	241	100	100	0	0.00%
8340	Resv FF-Shift Coverage	71,251	72,499	88,000	92,891	4,891	5.56%
8345	Resv FF-Special Projects	4,072	3,925	3,500	4,074	574	16.40%
8355	Resv FF- Training & Drills	16,974	16,014	12,000	14,007	2,007	16.73%
8360	Resv FF-Weed Abatement	582	1,353	1,500	1,753	253	16.87%
	Total Salaries/Wages	104,542	111,119	116,650	126,307	9,657	8.28%
	Payroll Taxes & Benefits						
5021	FICA - Fire - ER	5,130	5,215	7,590	5,195	(2,395)	(31.55)%
5030	Life Insurance	2,223	0	3,000	2,700	(300)	(10.00)%
5031	Disability Insurance	0	0	200	1,279	1,079	539.50%
5051	Medicare - Reserves - ER	1,352	1,607	1,775	1,215	(560)	(31.55)%
5120	Workers Comp Insurance - ER	5,486	5,060	5,720	4,050	(1,670)	(29.20)%
5124	Retirement - ER - Tier 2	0	0	4,284	8,163	3,879	90.55%
	Total Payroll Taxes & Benefits	14,191	11,882	22,569	22,602	33	0.15%
	Employment Services						
5000	Medical Exams & Procedures	638	145	1,300	1,300	0	0.00%
5101	Unemp. Costs - Reserves	5,375	6,439	8,680	8,680	0	0.00%
6200	EE Hiring, Advertising & Other Costs	70	69	0	0	0	0.00%
6230	Medical Exam	2,730	4,218	4,400	4,400	0	0.00%
	Total Employment Services	8,813	10,871	14,380	14,380	0	0.00%
	Total Personnel	127,547	133,872	153,599	163,289	9,690	6.31%
	Services & Supplies						
	Clothing & Uniform						
7246	Uniform & Gear	2,352	2,212	2,500	2,000	(500)	(20.00)%
7248	Uniform Safety Boots	8,504	1,159	2,000	1,000	(1,000)	(50.00)%
	Total Clothing & Uniform	10,856	3,371	4,500	3,000	(1,500)	(33.33)%
	Contract Services						
6110	IT Purchased Services	0	977	1,200	6,024	4,824	402.00%
7100	Copier Contract-Maint & Usage	791	1,700	1,380	1,617	237	17.17%
7202	Building Alarms & Security	756	334	450	450	0	0.00%
7204	Cleaning Supplies, Laundry & Towel Service	3,187	2,594	2,700	2,700	0	0.00%

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
7222 Hazardous Materials CW JPA Cost	0	0	1,050	2,000	950	90.48%
7499 CSA 9-I Payments for Services to Area Served	23,358	0	0	0	0	0.00%
7500 Schedule A Charges	<u>1,600,618</u>	<u>1,625,286</u>	<u>1,709,966</u>	<u>1,926,749</u>	<u>216,783</u>	<u>12.68%</u>
Total Contract Services	1,628,709	1,630,890	1,716,746	1,939,540	222,794	12.98%
Equipment & Tools						
6055 Radios -Non Capital	7,549	2,111	1,750	1,000	(750)	(42.86)%
6440 Fire Personal Protection Equipment	18,629	10,281	14,198	10,500	(3,698)	(26.05)%
6460 Self-Contained Breathing Apparatus	4,936	2,507	5,500	5,500	0	0.00%
6610 Rescue - Extrication Equipment	0	2,068	1,500	900	(600)	(40.00)%
6630 Rope & Climbing Equipment	876	542	500	300	(200)	(40.00)%
7234 Oxygen Supplies & Cylinder Rent	4,297	4,866	1,300	500	(800)	(61.54)%
7238 Paramedic & EMT Small Tools & Supplies	14,820	12,428	14,500	14,500	0	0.00%
7242 Minor Tools, Accessories & Field Machines	2,185	930	1,000	800	(200)	(20.00)%
7252 Misc Hardware	0	0	8,200	0	(8,200)	(100.00)%
7307 Office Tools, Accessories & Machines	<u>584</u>	<u>135</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total Equipment & Tools	53,876	35,867	48,448	34,000	(14,448)	(29.82)%
Financial Services						
7310 Bank Service Charges	0	0	100	100	0	0.00%
7401 Discounts Taken	(9)	0	0	0	0	0.00%
8734 Commissions & Other Sales Expenses	<u>0</u>	<u>5,040</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total Financial Services	(9)	5,040	100	100	0	0.00%
Insurance, Licenses & Regulatory Fees						
6120 Computer Licenses	1,960	1,637	2,000	500	(1,500)	(75.00)%
6340 Misc Fees	0	0	600	300	(300)	(50.00)%
6345 Property Taxes & Assessments Costs	1,407	1,408	2,400	1,500	(900)	(37.50)%
7325 Insurance	<u>16,534</u>	<u>20,354</u>	<u>21,000</u>	<u>21,000</u>	<u>0</u>	<u>0.00%</u>
Total Insurance, Licenses & Regulatory Fees	19,900	23,400	26,000	23,300	(2,700)	(10.38)%
Legal & Professional						
7320 Professional & Consulting Services	2,404	2,720	200	200	0	0.00%
7326 Legal Services	598	1,654	1,800	1,400	(400)	(22.22)%
7340 Legal Notifications & Mandated Advertising	<u>376</u>	<u>438</u>	<u>440</u>	<u>440</u>	<u>0</u>	<u>0.00%</u>
Total Legal & Professional	3,378	4,812	2,440	2,040	(400)	(16.39)%

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Office/Operations						
6121	579	0	0	0	0	0.00%
7140	2,516	2,493	2,420	1,600	(820)	(33.88)%
7160	179	578	400	400	0	0.00%
7200	930	544	800	350	(450)	(56.25)%
7216	2,042	677	1,200	950	(250)	(20.83)%
7226	0	1,175	1,300	1,300	0	0.00%
7230	861	669	1,500	1,100	(400)	(26.67)%
7240	393	330	650	400	(250)	(38.46)%
	<u>7,500</u>	<u>6,467</u>	<u>8,270</u>	<u>6,100</u>	<u>(2,170)</u>	<u>(26.24)%</u>
Other Expense						
7016	3,439	1,951	0	0	0	0.00%
7025	2,433	3,481	0	0	0	0.00%
7201	497	469	500	200	(300)	(60.00)%
7209	0	407	450	450	0	0.00%
7218	306	161	350	350	0	0.00%
7224	523	11	500	200	(300)	(60.00)%
7345	1,132	91	0	0	0	0.00%
8735	500	1,550	0	0	0	0.00%
9072	0	0	2,700	0	(2,700)	(100.00)%
	<u>8,829</u>	<u>8,122</u>	<u>4,500</u>	<u>1,200</u>	<u>(3,300)</u>	<u>(73.33)%</u>
Rent & Utilities						
6000	2,409	2,308	2,500	2,500	0	0.00%
6025	2,961	3,606	3,800	3,800	0	0.00%
8610	3,874	4,248	6,000	1,100	(4,900)	(81.67)%
8620	1,092	1,045	1,600	1,600	0	0.00%
8630	1,088	1,021	1,100	1,100	0	0.00%
8640	2,159	3,237	3,300	3,300	0	0.00%
8670	120	124	100	132	32	32.00%
	<u>13,703</u>	<u>15,588</u>	<u>18,400</u>	<u>13,532</u>	<u>(4,868)</u>	<u>(26.46)%</u>
Repairs & Maintenance						
6400	0	337	500	500	0	0.00%

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
6405 R & M - Extinguishers	339	393	400	400	0	0.00%
6640 Maint - Equip & Other Non-Structural Fixed Assets	621	7,482	3,000	2,800	(200)	(6.67)%
6750 R & M - Minor Tools & Equipment	4,457	1,861	2,100	1,800	(300)	(14.29)%
6775 Maintenance Contract-Oper/Field Equip	765	765	800	800	0	0.00%
6800 R & M - Grounds & Collection Systems	247	223	700	450	(250)	(35.71)%
6900 Maint-Buildings & Structures	6,516	8,289	5,000	4,000	(1,000)	(20.00)%
Total Repairs & Maintenance	12,945	19,349	12,500	10,750	(1,750)	(14.00)%
Travel & Training						
6300 DMV Driv Lic Class B	0	0	200	200	0	0.00%
7141 CERT Training Supplies	0	0	300	100	(200)	(66.67)%
7323 Books, Publications & Subscriptions	215	215	300	175	(125)	(41.67)%
7324 Education & Training Fees	375	434	800	350	(450)	(56.25)%
8405 Reserve FF Training Costs	1,170	5,479	5,000	2,500	(2,500)	(50.00)%
8410 Certifications	184	726	400	400	0	0.00%
8510 Lodging & Meals - Local	0	0	300	100	(200)	(66.67)%
Total Travel & Training	1,944	6,854	7,300	3,825	(3,475)	(47.60)%
Vehicle Maintenance & Repairs						
7017 Routine Maintenance	0	162	0	0	0	0.00%
Total Vehicle Maintenance & Repairs	0	162	0	0	0	0.00%
Total Services & Supplies	1,761,632	1,759,922	1,849,204	2,037,387	188,183	10.18%
Allocation of Administrative Costs						
8801 Admin Cost Allocation	107,544	0	0	0	0	0.00%
Total Allocation of Administrative Costs	107,544	0	0	0	0	0.00%
Capital Outlay						
9074 Fire Engine Purchase	479,911	1,353	0	0	0	0.00%
9076 Capital Equipment & Accessories	0	35,661	20,000	0	(20,000)	(100.00)%
9086 Fire Engine Equipment & Accessories	66,809	4,174	0	0	0	0.00%
Total Capital Outlay	546,720	41,188	20,000	0	(20,000)	(100.00)%
Reserves						
9504 *Vehicle Replacement Reserve	175,754	109,099	92,206	0	(92,206)	(100.00)%
9571 *Capital Outlay Reserve	30,219	0	0	0	0	0.00%

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
9572 *General Contingency (Operations) Reserve	23,518	0	0	0	0	0.00%
9573 *Year-end Encumbrance(contra to 3200)	<u>6,902</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total Reserves	236,393	109,099	92,206	0	(92,206)	(100.00)%
Transfers						
9511 Interfund Transfer Out	<u>0</u>	<u>103,158</u>	<u>109,124</u>	<u>110,306</u>	<u>1,182</u>	<u>1.08%</u>
Total Transfers	<u>0</u>	<u>103,158</u>	<u>109,124</u>	<u>110,306</u>	<u>1,182</u>	<u>1.08%</u>
Total Expenditures	<u>2,779,836</u>	<u>2,147,240</u>	<u>2,224,133</u>	<u>2,310,982</u>	<u>86,849</u>	<u>3.90%</u>
Net Revenues over Expenditures	<u>(642,446)</u>	<u>87,870</u>	<u>0</u>	<u>(41,824)</u>	<u>(41,824)</u>	



SOUTH BAY FIRE DEPARTMENT

Los Osos Community Services District



20 Year Projection for Replacing Vehicles / Engines

UNIT #	Vehicle/Assumptions	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	FY31-32	FY32-33	FY33-34
3411	Command 2010 Term=8Yrs; 3% F	44,337	45,667	47,037	48,448	49,902	51,399	52,941	54,529	56,165	57,850	59,585	61,373	63,214	65,110	67,064	69,076	71,148	73,282	75,481	77,745	80,077	82,480
U15	Utility 2003 Term=10Yrs; 3% F	49,581	51,069	52,601	54,179	55,804	57,478	59,203	60,979	62,808	64,692	66,633	68,632	70,691	72,812	74,996	77,246	79,564	81,950	84,409	86,941	89,549	92,236
R 15	Rescue Squad 2004 Term=15yr; 3% F	189,192	194,868	200,714	206,735	212,937	219,326	225,905	232,682	239,663	246,853	254,258	261,886	269,743	277,835	286,170	294,755	303,598	312,706	322,087	331,750	341,702	351,953
E 215	Engine 1997 (Equip too) Term=15yr; 3% F	521,909	537,567	553,694	570,304	587,413	605,036	623,187	641,883	661,139	680,973	701,402	722,444	744,118	766,441	789,435	813,118	837,511	862,637	888,516	915,171	942,626	970,905
E 15	Engine 2013(Equip too) Term=15Yr; 3% F	552,743	569,325	586,405	603,997	622,117	640,781	660,004	679,804	700,198	721,204	742,840	765,126	788,079	811,722	836,073	861,156	886,990	913,600	941,008	969,238	998,315	1,028,265
Cost		552,743				105,706	660,004	232,682					63,214	911,070							80,077	351,953	
Used Vehicle Sales Proceeds*		(35,792)				(10,000)	(25,000)	(10,000)					(5,000)	(30,000)							(5,000)	(10,000)	
Net Cost		516,951				95,706	635,004	222,682					58,214	881,070							75,077	341,953	
Cumulative Cost		588,318				694,024	1,354,028	1,586,710					1,644,924	2,555,994							2,636,071	2,988,024	

Future Replacements
2040 / 2041
2036 / 2037
2048 / 2049
2034 / 2035
2034 / 2035

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

Funding Options #1, #2 & #3	** Funding Options #1, #2, and #3 provided as budgetary options																						
1. Contribution Each Fiscal Year	G	143,864	86,100	90,190	94,474	98,961	103,662	108,586	113,744	119,147	124,806	130,734	136,944	143,446	150,263	157,400	164,877	172,708	180,912	189,505	198,507	207,936	
2. Average Annual Contribution		138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	138,645	
3. 3% Stepped Increases		103,196	106,292	109,481	112,765	116,148	119,632	123,221	126,918	130,726	134,647	138,687	142,847	147,133	151,547	156,093	160,776	165,599	170,567	175,684	180,955		
Sinking Fund Balance		247,962	391,826	477,926	568,116	566,884	665,845	134,503	20,406	134,150	253,296	378,102	508,837	587,567	731,016	209	157,609	322,486	495,195	676,107	865,612	989,042	855,025
	C, D				A	A	C, D	B					A	A, C, D						A		B, E	

2,772,905
2,772,915

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

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

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

30A

Department Summary – Fund 400

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

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

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

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

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

Budget Summary

Fund 400 Expenditure	2011/2012 Actuals ³	2012/2013 Actuals ³	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	5,000	7,656	9,339	9,330	12,000 ²
Benefits	1,950	3,237	3,336	3,300	4,000 ²
Services and Supplies	12,266	22,588	9,204	16,466	17,296
Allocation of Admin Costs ¹	4,452	3,744	9,502	5,428	9,799
Total¹	23,668⁴	37,225⁴	31,381	34,524	43,799

Notes: Actuals are based on Fiscal Year Audits

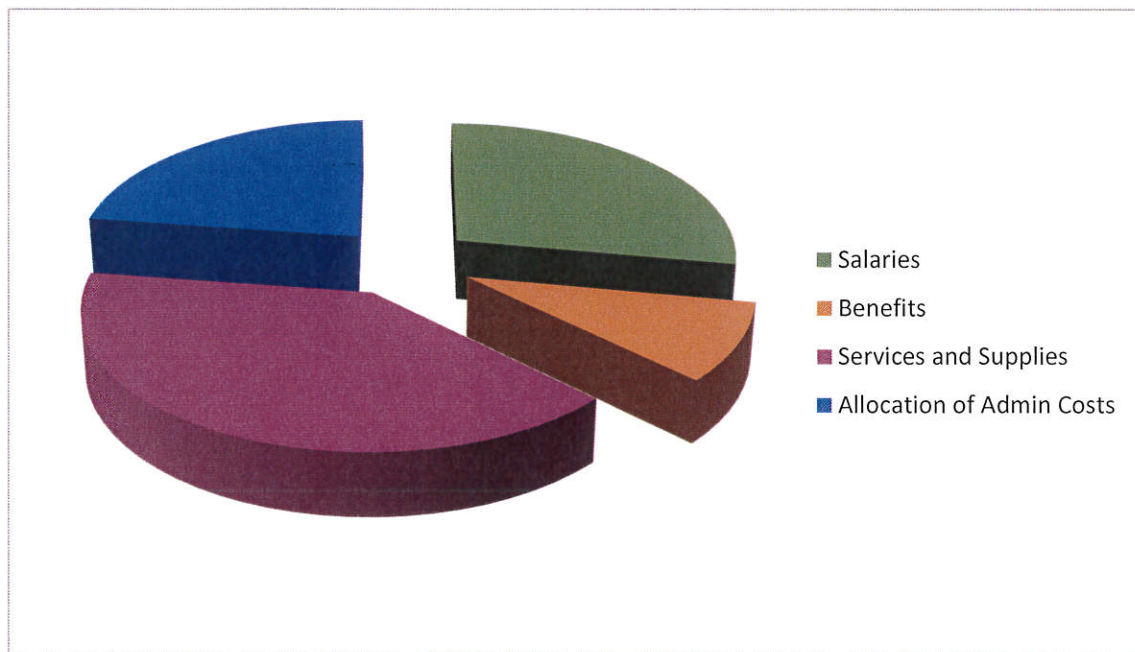
¹ This does not include Reserves

² Increased cost as the District prepares for connection to the Recycled Water Facility

³ Actuals are based on Fiscal Year Audits

⁴ Attached expenditure reports reflect a discrepancy between Actuals and Audit Financials

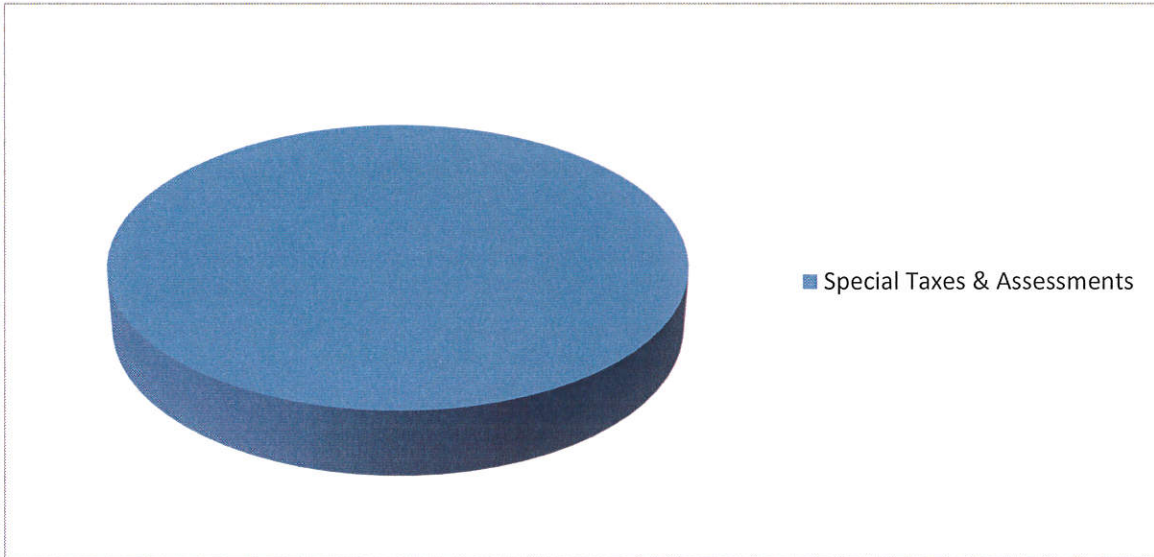
Fund 400 Department Expenditure by Category for FY 2015/2016



Fund 400 Department Revenue by Category for FY 2015/2016

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

Fund 400 Department Revenue by Category for FY 2015/2016



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

(In Whole Numbers)

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

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

(In Whole Numbers)

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

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

(In Whole Numbers)

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

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

(In Whole Numbers)

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

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

(In Whole Numbers)

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

Department Summary – Fund 500

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

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

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

Staff was able to purchase two replacement vehicles during the prior fiscal year and will receive the equipment prior to the closed of FY 2014/2015.

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

The Board adopted a five-year Capital Improvement Program during FY 2014/2015. This list delineates multiple projects in various categories. This CIP was also incorporated in the Water Rate Study adopted in February 2015. The Capital Improvement Project for Infrastructure includes two items from the Basin Plan (ISJ) and the approved Capital Improvement Projects List from the Water Master Plan. Staff budgeted \$50,000 for the intertie project with Golden State Water Company (GSWC). That project's design is in the hands of GSWC at this time for slight modifications. The District intended to complete the intertie project prior to this fiscal year (14/15). The \$150,000 is to allow staff to work towards construction of the upper aquifer well at 8th Street and El Moro. The design and permitting is estimated at \$60,000 according to Table 6 of the Water Rate Study. This project is on the list of the high scoring priority projects for the County of San Luis Obispo's Integrated Regional Water Management (IRWM) Plan. Staff plans to apply for third round of available grant funding (Prop 84). In order to score higher points on the District's application,

the District project must be "shovel ready" by April 1, 2016. Staff previously initiated the environmental process on this CIP in order to facilitate obtaining a coastal development permit. In the FY 2015/2016 budget staff allocated monies for the engineering process. Should the District be successful in securing the grant, this money will offset construction costs and possibly some engineering services cost. Approximately \$30,000 (5% of estimated total) is available for matching funds. Any matching fund commitment of up to 25% earns additional points on the grant application which helps in the decision process by California Department of Water Resources (DWR). The grant applications are due to DWR in August 2015. These two projects are budget in Infrastructures in an amount of \$150,000 and Professional and Consulting Service in the amount of \$25,000 both funded from the Capital Outlay Reserve.

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

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

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

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

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

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

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

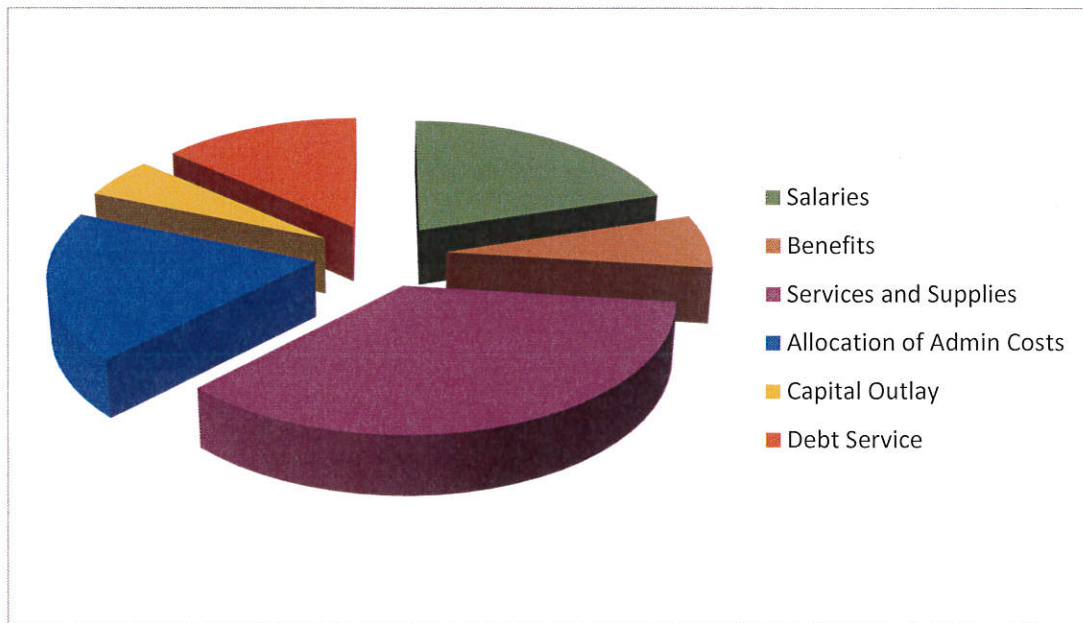
Based on the proposed budget, the expenditures exceed the revenues. The Capital Outlay Reserve for Fund 500 is recommended to reimburse the operating fund in the amount of \$270,000 for the on-going and new CIP recommended allocation. Should the Board approve this direction, the Proposed Budget for FY 2015/2016 for Water Fund 500 reflects an estimated positive balance of \$10,708.

Budget Summary

Fund 500 Expenditure	2011/2012 Actuals ⁵	2012/2013 Actuals ⁵	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	278,416	276,525	364,609	402,026	409,733
Benefits	111,969	113,327	141,108	131,506	143,591
Services and Supplies	583,299 ²	671,295 ²	513,833	372,400	857,658
Allocation of Admin Costs	502,836	464,976	462,758 ¹	383,406	396,344
Capital Outlay	49,443	208,056	57,992	175,000	195,000
Debt Service	279,658	279,206	278,741	278,262	277,766
Total³	1,805,621	2,013,385 ⁴	1,819,041	2,101,049	2,280,092

- Notes: ¹Includes the \$10,000 grant match for the CDPH Nitrate Removal Facility approved by the California Department of Public Health (CDPH)
²Includes Depreciation
³Excluded appropriations for Reserves
⁴Attached Expenditure Reports reflect a discrepancy between Actuals and Audited financial reports
⁵Actuals are based on Fiscal Year Audits

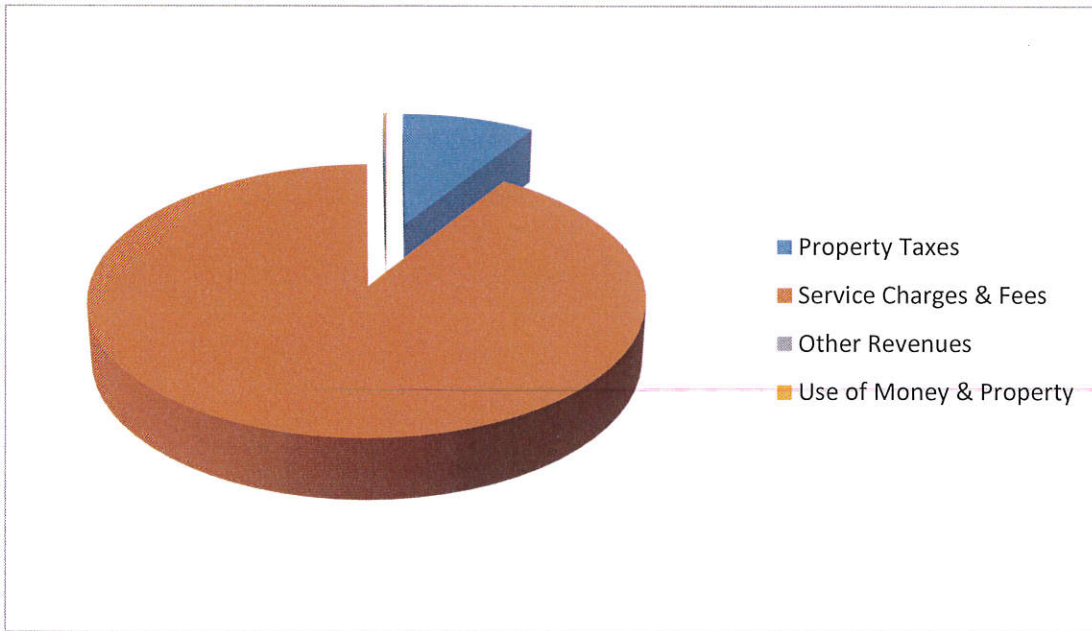
Fund 500 Department Expenditure by Category for FY 2015/2016



Fund 500 Department Revenue by Category for FY 2015/2016

	2012/2013 Actuals	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Property Taxes	176,269	188,431	187,249	191,000
Service Charges & Fees	1,752,000	2,164,356	1,905,400	1,947,900
Other Revenues	8,547	3,400	7,400	1,900
Use of Money & Property	7,800	150	1,000	2,000
Total	1,944,467	2,356,337	2,101,049	2,142,800

Fund 500 Department Revenue by Category for FY 2015/2016



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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
	176,269	188,431	187,249	191,000	3,751	2.00%
Total Property Taxes	176,269	188,431	187,249	191,000	3,751	2.00%
Service Charges & Fees						
	1,752,000	2,164,356	1,905,400	1,947,900	42,500	2.23%
Total Service Charges & Fees	1,752,000	2,164,356	1,905,400	1,947,900	42,500	2.23%
Other Revenues						
	8,547	3,400	7,400	1,900	(5,500)	(74.32)%
Total Other Revenues	8,547	3,400	7,400	1,900	(5,500)	(74.32)%
Use of Money & Property						
	4,635	150	1,000	2,000	1,000	100.00%
Total Revenues	1,941,451	2,356,336	2,101,049	2,142,800	41,751	1.99%
Expenditures						
Personnel						
Salaries/Wages	293,293	364,609	402,026	409,733	7,707	1.92%
Payroll Taxes & Benefits	115,981	141,108	131,506	143,591	12,085	9.19%
Employment Services	21,797	7,807	2,900	2,900	0	0.00%
Total Personnel	431,071	513,524	536,432	556,224	19,792	3.69%
Services and Supplies						
Clothing & Uniform	1,712	2,366	3,000	3,000	0	0.00%
Contract Services	57,396	53,853	93,100	95,100	2,000	2.15%
Equipment & Tools	9,554	27,125	6,000	59,000	53,000	883.33%
Financial Services	(1,288)	2,144	3,200	3,200	0	0.00%
Insurance, Licenses & Regulatory Fees	37,884	36,520	37,100	46,100	9,000	24.26%
Legal & Professional	131,673	135,410	164,000	257,000	93,000	56.71%
Office/Operations	32,085	42,251	51,600	52,200	600	1.16%
Other Expense	20,065	12,765	1,100	31,100	30,000	2,727.27%
Rent & Utilities	108,255	115,744	182,250	248,408	66,158	36.30%
Repairs & Maintenance	46,779	60,809	106,500	38,500	(68,000)	(63.85)%
Travel & Training	250	903	1,650	2,150	500	30.30%

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Vehicle Maintenance & Repair	9,210	16,136	20,000	19,000	(1,000)	(5.00)%
Total Services and Supplies	453,575	506,026	669,500	854,758	185,258	27.67%
Allocation of Administrative Costs	433,892	0	0	0	0	0.00%
Total Allocation of Administrative Costs	433,892	0	0	0	0	0.00%
Capital Outlay	208,056	57,992	175,000	195,000	20,000	11.43%
Total Capital Outlay	208,056	57,992	175,000	195,000	20,000	11.43%
Debt Service	279,206	278,741	278,262	277,766	(496)	(0.18)%
Total Debt Service	279,206	278,741	278,262	277,766	(496)	(0.18)%
Reserves	405,627	122,000	122,000	122,000	0	0.00%
Total Reserves	405,627	122,000	122,000	122,000	0	0.00%
Transfers	0	462,758	383,406	396,344	12,938	3.37%
Total Transfers	0	462,758	383,406	396,344	12,938	3.37%
Total Expenditures	2,211,426	1,941,041	2,164,600	2,402,092	237,492	10.97%
Net Revenues over Expenditures	(269,975)	415,296	(63,551)	(259,292)	(195,741)	-

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
4035	176,269	188,431	187,249	191,000	3,751	2.00%
	176,269	188,431	187,249	191,000	3,751	2.00%
Service Charges & Fees						
4030	1,703,073	1,927,525	1,850,000	1,757,500	(92,500)	(5.00)%
4102	0	35,515	0	50,000	50,000	0.00%
4103	0	94,640	0	100,000	100,000	0.00%
4104	0	3,482	0	0	0	0.00%
4111	0	891	1,000	0	(1,000)	(100.00)%
4112	0	1,625	0	0	0	0.00%
4114	0	44,587	0	0	0	0.00%
4931	12,350	9,085	14,000	15,000	1,000	7.14%
4932	36,577	36,275	35,000	20,000	(15,000)	(42.86)%
4933	0	10,320	5,400	5,400	0	0.00%
4937	0	410	0	0	0	0.00%
	1,752,000	2,164,356	1,905,400	1,947,900	42,500	2.23%
Other Revenues						
4928	30	0	300	300	0	0.00%
4929	383	0	0	0	0	0.00%
4930	6,638	514	5,000	500	(4,500)	(90.00)%
4935	430	58	100	100	0	0.00%
4936	1,066	2,828	2,000	1,000	(1,000)	(50.00)%
	8,547	3,400	7,400	1,900	(5,500)	(74.32)%
Use of Money & Property						
4500	580	0	0	0	0	0.00%
4501	255	150	0	0	0	0.00%
4934	3,800	0	1,000	2,000	1,000	100.00%
	4,635	150	1,000	2,000	1,000	100.00%
Total Revenues	1,941,451	2,356,336	2,101,049	2,142,800	41,751	1.99%

Expenditures

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Personnel						
Salaries/Wages						
8012	Call Back Pay	1,025	138	1,000	500	(500) (50.00)%
8018	Holiday Pay	11,832	15,276	0	0	0 0.00%
8045	Overtime Pay	2,247	4,072	17,728	6,000	(11,728) (66.16)%
8051	Floating Holiday Pay	2,056	2,213	0	0	0 0.00%
8054	Salaries & Wages - Regular	224,452	283,927	365,852	379,433	13,581 3.71%
8056	Retroactive Pay	0	348	0	0	0 0.00%
8060	Sick Leave Pay	9,894	13,028	0	0	0 0.00%
8063	Standby Pay	17,052	17,254	17,446	23,800	6,354 36.42%
8066	Comp Time Used	14,146	15,267	0	0	0 0.00%
8081	Vacation Pay	10,590	13,086	0	0	0 0.00%
	Total Salaries/Wages	293,293	364,609	402,026	409,733	7,707 1.92%
Payroll Taxes & Benefits						
5010	Total Fringe Benefits	0	(10,886)	(10,300)	(13,500)	(3,200) 31.07%
5030	Life Insurance	4,107	5,418	5,061	5,600	539 10.65%
5050	Medicare - ER	4,117	5,609	5,050	6,650	1,600 31.68%
5060	Cafeteria Plan	39,654	58,913	73,500	60,000	(13,500) (18.37)%
5070	Retirement ER - Regular	33,232	39,621	43,642	51,605	7,963 18.25%
5071	Retirement ER - Addl Pick-up	14,997	17,143	0	9,642	9,642 0.00%
5075	Retirees Medical - ER	1,395	3,295	690	2,760	2,070 300.00%
5120	Workers Comp Insurance - ER	18,440	18,213	13,863	15,534	1,671 12.05%
5124	Retirement - ER - Tier 2	39	3,782	0	5,300	5,300 0.00%
	Total Payroll Taxes & Benefits	115,981	141,108	131,506	143,591	12,085 9.19%
Employment Services						
5100	Unemployment Insurance - ER	2,537	5,216	0	0	0 0.00%
6200	EE Hiring, Advertising & Other Costs	0	0	100	100	0 0.00%
6230	Medical Exam	0	270	200	200	0 0.00%
6250	Temporary Agency Help	19,261	2,321	2,500	2,500	0 0.00%
7347	Pension Services Expense	0	0	100	100	0 0.00%
	Total Employment Services	21,797	7,807	2,900	2,900	0 0.00%
	Total Personnel	431,071	513,524	536,432	556,224	19,792 3.69%

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

(In Whole Numbers)

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

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

(In Whole Numbers)

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

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

(In Whole Numbers)

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

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

(In Whole Numbers)

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

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Transfers						
9505 Transfers In - Other Funds	0	10,000	0	0	0	0.00%
9511 Interfund Transfer Out	0	452,758	383,406	396,344	12,938	3.37%
Total Transfers	<u>0</u>	<u>462,758</u>	<u>383,406</u>	<u>396,344</u>	<u>12,938</u>	<u>3.37%</u>
Total Expenditures	<u>2,211,426</u>	<u>1,941,041</u>	<u>2,164,600</u>	<u>2,402,092</u>	<u>237,492</u>	<u>10.97%</u>
Net Revenues over Expenditures	<u>(269,975)</u>	<u>415,296</u>	<u>(63,551)</u>	<u>(259,292)</u>	<u>(195,741)</u>	

Department Summary – Fund 600

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

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

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

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

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

¹ Amended Plan, Section 7.1 Class 5(B)

were never paid according to the Districts financial records. It is the Districts responsibility to make the past due payments and reestablish the District credit worthiness. The District records do not reflect payment. Staff is currently reviewing the bank records to determine if this lack of payment is accurate.

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

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

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

As stated above, staff is presently working to determine the actual balance for the Improvement Bond Reserve Fund. The staff is working with the trustee from US Bank and currently reviewing old bank statements to determine the dollar value of the appropriate deposits for each of the respective accounts. Once complete, together the trustee and staff will determine the dollar value of the Improvement Bond Reserve Fund. All other funds belong to the Bond Redemption account. Unfortunately for the District, Standard & Poor's underlying rating (SPUR) is based on multiple factors including the ability to maintain the required Improvement Bond Reserve balance. At the time of this report dated March 13, 2015, the Improvement Bond Reserve Fund reflected a balance of \$751,664 of the required \$1,158,500. Because of this situation and other factors (recent bankruptcy) the rating service issued a rating of BBB- and views the outlook for this rating as stable. It is staff's goal over FY 2015/2016 to show exceptional progress in the reconciliation and repayment based on the Court-ordered decision.

This Wastewater Fund 600 currently functions for two purposes: 1) to service the debt associated with the aborted project and 2) to repay the "spent for other purposes" monies from the Improvement Bond Reserve

Fund. Now that the bankruptcy case is closed, this fund officially changes to a debt service fund for the Wastewater Assessment District No. 1. Beginning FY 2014/2015 this fund functions as the debt service fund for the bonds; however there are costs associated with the financial management and reporting of the fund, continued inclusion on the San Luis Obispo County Tax Rolls and reconciliation with US Bank. As such the time associated with this fund from a cost allocation perspective still remains. The fund will continue to operate at a deficit and therefore the District needs to cover the costs associated with this operation.

The total value of the bond assessments was unknown at the time of printing this information. The assessments will be updated upon receipt of the information from the Wallace Group. The budget dollar value shown is the total collected in FY 2013/2014 per the County information. There are expenditures to this fund for the on-going preparation of the yearly bond payments to be placed on the County tax rolls. There are trustee costs associated with administration of the two funds: Bond Redemption principal and interest and Improvement Bond Reserve Fund. Those costs will continue until the 2002 WW Bond is completely paid. As parcels owners continue to pay off their respective assessment balances, staff time remains a factor in processing the payments, lien release and other documents. This information remains reportable to all entities.

The Fund 600 continues to incur costs associated with the operation and reconciliation of this fund. Until the scheduled repayment plan is financially completed with the Bond Reserve Fund fully funded at \$1,158,500, the Administrative Charge must be allocated to the repayment plan. This means the District must fund any costs associated with the operation including the administrative allocation. Once the Bond Reserve is fully funded, the District may recoup its costs previously incurred over time. Staff plans to bring an interfund loan agreement before the Board for this purpose.

Budget Summary

Fund 600 Expenditure	2011/2012 Actuals	2012/2013 Actuals	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	0	0	0	0	0
Benefits	0	0	0	0	0
Services and Supplies	155,005	85,732	5,038,004 ⁴	7,000	10,000
Allocation of Admin Costs ¹	0	0	(1,410,356) ¹	(2,800) ¹	8,907
Debt Service	1,159,438	1,158,667	1,145,625	1,178,500 ⁸	1,180,750 ⁸
Total^{2, 5}	1,314,443	1,244,399³	4,773,272⁷	1,182,700⁶	1,199,657

Notes: ¹ This includes transfers

² Excluded appropriations for Reserves

³ Attached expenditure reports show a discrepancy between the Actuals and Audited Financials

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

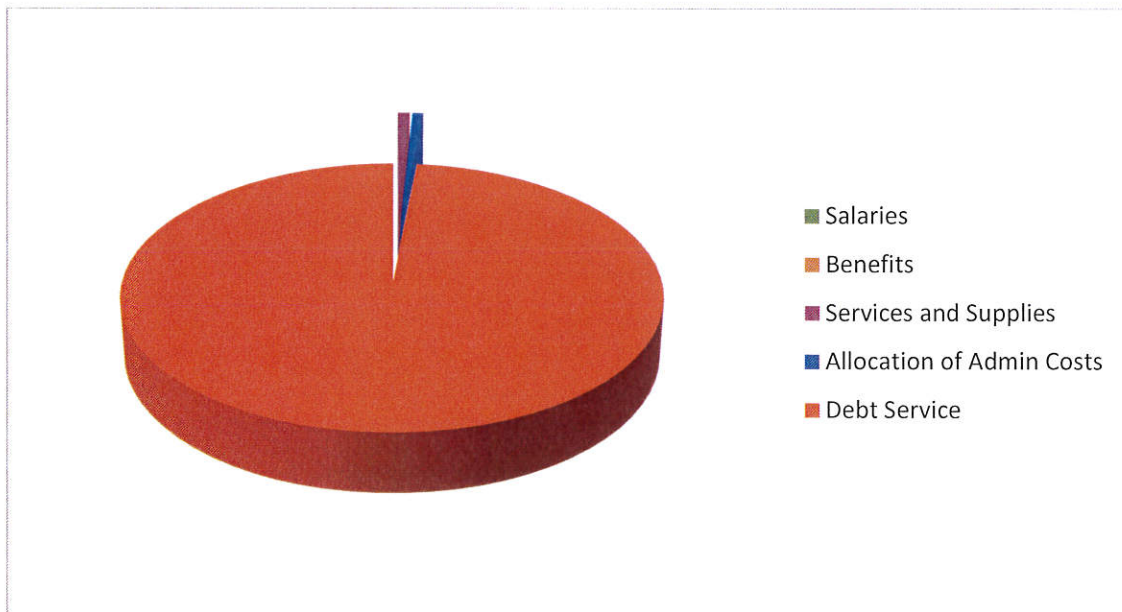
⁵ This value does not include the Bond Reserve repayment of \$25,000 per year for FY 11/12, 12/13 & 13/14 with a balance remaining as of June 30, 2013 of \$431,859

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

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

⁸ This total includes the \$25,000 Bond Reserve Repayment

Fund 600 Department Expenditure by Category for FY 2015/2016

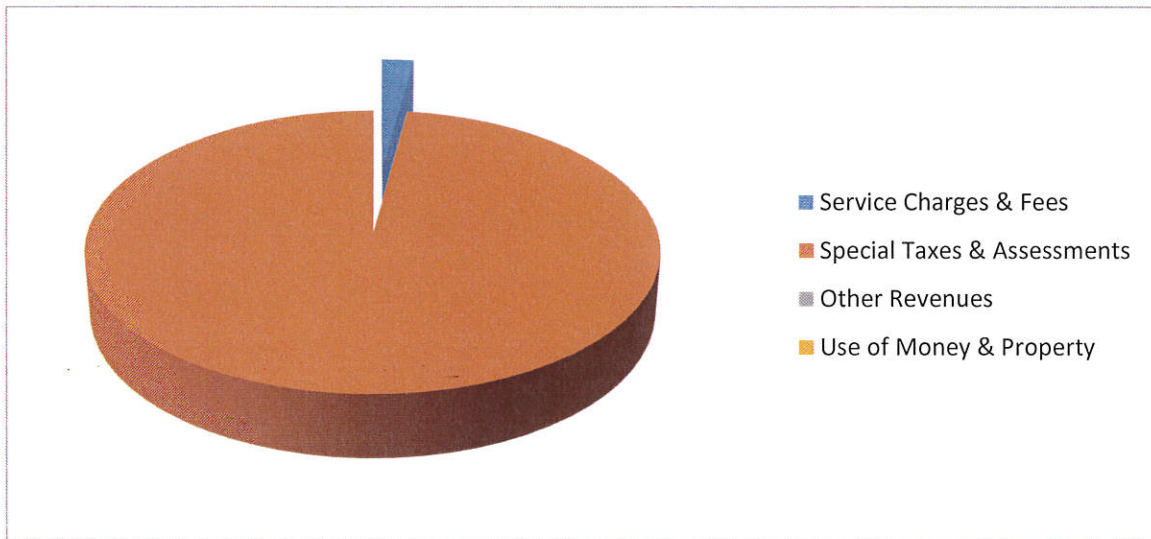


Fund 600 Department Revenue by Category for FY 2015/2016

Fund 600 Revenue	2012/2013 Actuals	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Service Charges & Fees	16,400	14,700	21,000	25,200
Special Taxes & Assessments	1,156,960	1,148,730	1,144,375	1,146,940
Other Revenues	16,372	3,570,927	0	0
Use of Money & Property	4,752	8,456	0	0
Total	1,194,484	4,742,813 ¹	1,165,3075	1,171,690

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

Fund 600 Department Revenue by Category for FY 2015/2016



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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Service Charges & Fees						
4062	14,718	14,700	21,000	25,200	4,200	20.00%
	14,718	14,700	21,000	25,200	4,200	20.00%
Special Taxes & Assessments						
4061	1,149,895	1,148,730	1,144,375	1,146,490	2,115	0.18%
4063	7,065	0	0	0	0	0.00%
	1,156,960	1,148,730	1,144,375	1,146,490	2,115	0.18%
Other Revenues						
4350	0	26,839	0	0	0	0.00%
4800	0	(27,971)	0	0	0	0.00%
4928	0	30	0	0	0	0.00%
4935	1,653	0	0	0	0	0.00%
4958	0	3,572,029	0	0	0	0.00%
	1,653	3,570,927	0	0	0	0.00%
Use of Money & Property						
4501	227	0	0	0	0	0.00%
4504	0	8,456	0	0	0	0.00%
	227	8,456	0	0	0	0.00%
	1,173,557	4,742,813	1,165,375	1,171,690	6,315	0.54%
Expenditures						
Services & Supplies						
Financial Services						
7310	33,903	6,637	3,000	3,000	0	0.00%
	33,903	6,637	3,000	3,000	0	0.00%
Insurance, Licenses & Regulatory Fees						
6341	0	0	500	500	0	0.00%
6343	95	30	0	0	0	0.00%
6345	260	261	0	0	0	0.00%
	355	291	500	500	0	0.00%
Legal & Professional						

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
7317 Settlements	0	4,994,712	0	0	0	0.00%
7320 Professional & Consulting Services	5,700	11,700	500	6,000	5,500	1,100.00%
7326 Legal Services	45,774	11,266	3,000	500	(2,500)	(83.33)%
8705 Attorney Costs - Bankruptcy	0	13,378	0	0	0	0.00%
Total Legal & Professional	51,474	5,031,056	3,500	6,500	3,000	85.71%
Office/Operations						
7160 Postage, Shipping & Mail Supplies	0	20	0	0	0	0.00%
Total Office/Operations	0	20	0	0	0	0.00%
Total Services & Supplies	85,732	5,038,004	7,000	10,000	3,000	42.86%
Debt Service						
9022 Debt Service - Principal	400,000	415,000	455,000	480,000	25,000	5.49%
9023 Debt Service - Interest & Annual Fee	749,000	730,625	698,500	675,750	(22,750)	(3.26)%
9806 Internal Loan	0	0	25,000	25,000	0	0.00%
Total Debt Service	1,149,000	1,145,625	1,178,500	1,180,750	2,250	0.19%
Reserves						
9502 *Debt Reserves	25,000	0	0	0	0	0.00%
Total Reserves	25,000	0	0	0	0	0.00%
Transfers						
9505 Transfers In - Other Funds	0	(27,971)	(17,947)	0	17,947	(100.00)%
9508 Transfer Out from Reserve	(44,454)	0	0	0	0	0.00%
9511 Interfund Transfer Out	0	48,592	19,147	8,907	(10,240)	(53.48)%
9512 Transfer In	(25,000)	(1,430,977)	(4,000)	0	4,000	(100.00)%
Total Transfers	(69,454)	(1,410,356)	(2,800)	8,907	11,707	(418.11)%
Total Expenditures	1,190,278	4,773,272	1,182,700	1,199,657	16,957	1.43%
Net Revenues over Expenditures	(16,721)	(30,459)	(17,325)	(27,967)	(10,642)	

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Service Charges & Fees						
Total Service Charges & Fees	14,718	14,700	21,000	25,200	4,200	20.00%
Special Taxes & Assessments						
Total Special Taxes & Assessments	1,156,960	1,148,730	1,144,375	1,146,490	2,115	0.18%
Other Revenues						
Total Other Revenues	1,653	3,570,927	0	0	0	0.00%
Use of Money & Property						
Total Revenues	227	8,456	0	0	0	0.00%
	<u>1,173,557</u>	<u>4,742,813</u>	<u>1,165,375</u>	<u>1,171,690</u>	<u>6,315</u>	<u>0.54%</u>
Expenditures						
Services and Supplies						
Financial Services	33,903	6,637	3,000	3,000	0	0.00%
Insurance, Licenses & Regulatory Fees	355	291	500	500	0	0.00%
Legal & Professional	51,474	5,031,056	3,500	6,500	3,000	85.71%
Office/Operations	0	20	0	0	0	0.00%
Total Services and Supplies	85,732	5,038,004	7,000	10,000	3,000	42.86%
Debt Service						
Total Debt Service	1,149,000	1,145,625	1,178,500	1,180,750	2,250	0.19%
Reserves						
Total Reserves	25,000	0	0	0	0	0.00%
Transfers						
Total Transfers	(69,454)	(1,410,356)	(2,800)	8,907	11,707	(418.11)%
Total Expenditures	<u>1,190,278</u>	<u>4,773,272</u>	<u>1,182,700</u>	<u>1,199,657</u>	<u>16,957</u>	<u>1.43%</u>
Net Revenues over Expenditures	<u>(16,721)</u>	<u>(30,459)</u>	<u>(17,325)</u>	<u>(27,967)</u>	<u>(10,642)</u>	<u>61.43%</u>

Department Summary – Fund 650

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

Budget Summary

Fund 650 Expenditure	2011/2012 Actuals	2012/2013 Actuals	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	15,030	15,622	0	0	0
Benefits	6,020	6,169	0	0	0
Services and Supplies	26,477	25,273	1,680	0	0
Allocation of Admin Costs²	45,084	35,892	67,320 ⁴	46,660	1,616
Total³	92,611	82,956 ¹	69,000	46,660 ⁵	1,616

Notes: Actuals are based on Fiscal Year Audits

¹ Attached expenditure reports show a discrepancy between the Actuals and Audited Financials

² Based on adopted methodology #4

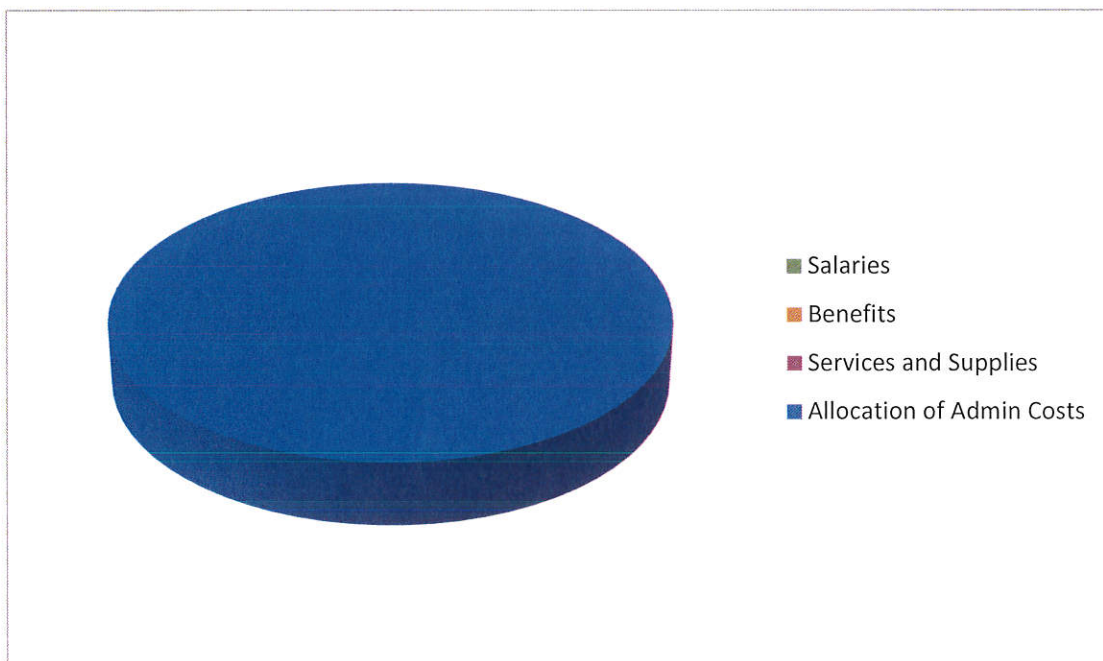
³ This does not include Reserves

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

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

⁶ Transfer from Reserves to cover ongoing reporting requirements

Fund 650 Department Expenditure by Category for FY 2015/2016



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

(In Whole Numbers)

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

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

(In Whole Numbers)

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

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Reserves						
9156	20,665	0	0	0	0	0.00%
9572	7,260	0	0	0	0	0.00%
	<u>27,925</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Transfers						
9508	0	0	0	1,616	1,616	0.00%
9511	44,748	67,320	46,660	0	(46,660)	(100.00)%
	<u>44,748</u>	<u>67,320</u>	<u>46,660</u>	<u>1,616</u>	<u>(45,044)</u>	<u>(96.54)%</u>
	<u>134,963</u>	<u>69,000</u>	<u>46,660</u>	<u>1,616</u>	<u>(45,044)</u>	<u>(96.54)%</u>
Net Revenues over Expenditures	<u>22,154</u>	<u>(21,605)</u>	<u>(46,660)</u>	<u>(1,616)</u>	<u>45,044</u>	

Department Summary – Fund 800

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

The District is responsible for the following Submersible Pump Stations:

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

The District is responsible for the following Drainage Basins:

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

The District also handles the following Drainage Swales:

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

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

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

Budget Summary

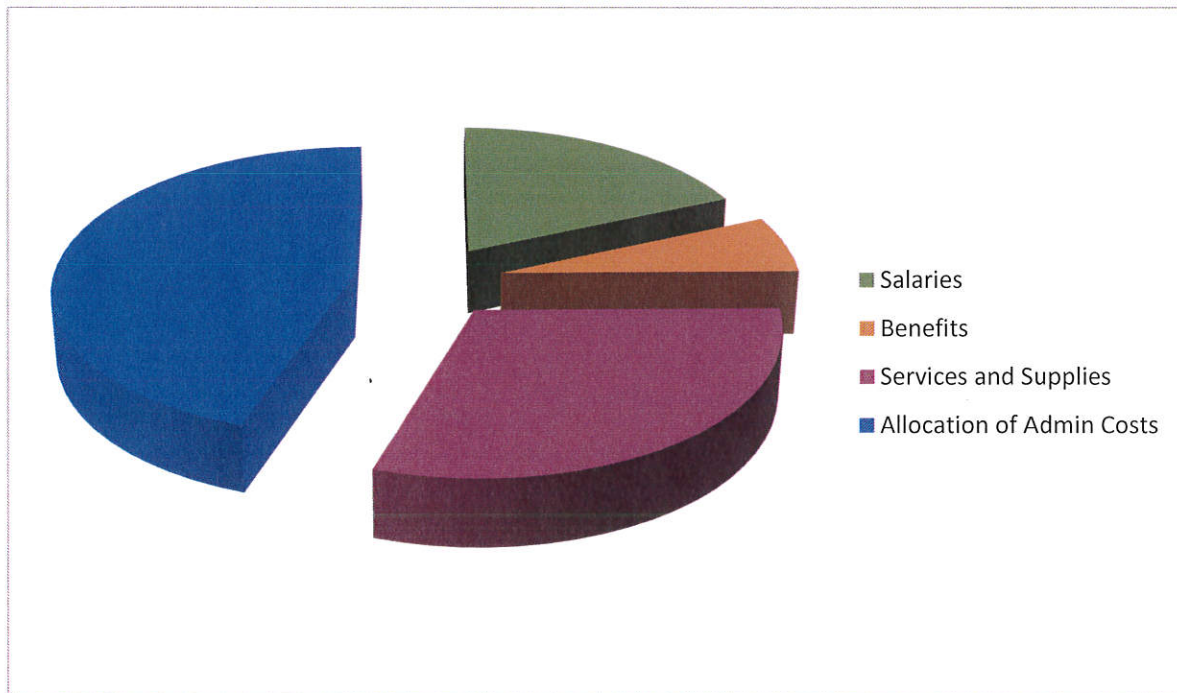
Fund 800 Expenditure	2011/2012 Actuals ¹	2012/2013 Actuals ²	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Salaries	11,003	11,115	13,192	13,000	16,000
Benefits	4,441	4,737	4,580	4,500	5,500
Services and Supplies	18,038	20,725	15,968	20,600	26,250
Allocation of Admin Costs	28,032	22,668	45,440	36,138	39,017
Capital Outlay	0	17,574	0	0	0
Total²	61,514	76,819³	79,180	74,238	86,767

Notes: ¹Actuals are based on Fiscal Year Audits

²Excludes appropriations for Reserves

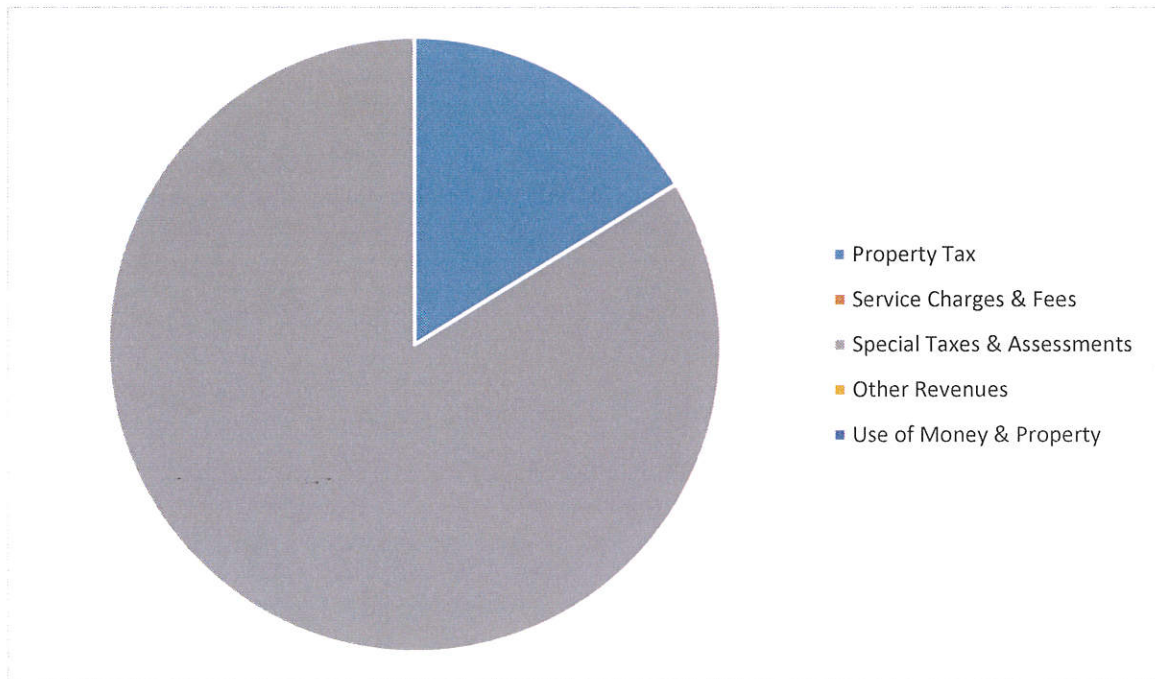
³The attached expenditures reflect a discrepancy between Actuals and Audited Financials

Fund 800 Department Expenditure by Category for FY 2015/2016



Fund 800 Department Revenue by Category FY 2015/2016

Fund 800 Revenue	2012/2013 Actuals	2013/2014 Unaudited Actuals	2014/2015 Adopted Budget	2015/2016 Proposed Budget
Property Tax	0	18,310	18,172	18,536
Service Charges & Fees	275	0	0	0
Special Taxes & Assessments	95,422	97,681	95,424	95,424
Other Revenues	0	226	300	0
Use of Money & Property	676	0	0	0
Total	96,098	116,217	113,896	114,160



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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes	0	18,310	18,172	18,536	364	2.00%
Total Property Taxes	0	18,310	18,172	18,536	364	2.00%
Special Taxes & Assessments	95,422	97,681	95,424	95,424	0	0.00%
Total Special Taxes & Assessments	95,422	97,681	95,424	95,424	0	0.00%
Other Revenues	49	226	300	200	(100)	(33.33)%
Total Revenues	95,471	116,217	113,896	114,160	264	0.23%
Expenditures						
Personnel						
Salaries/Wages	0	13,192	13,000	16,000	3,000	23.08%
Payroll Taxes & Benefits	0	4,580	4,500	5,500	1,000	22.22%
Total Personnel	0	17,771	17,500	21,500	4,000	22.86%
Services and Supplies						
Clothing & Uniform	0	0	200	200	0	0.00%
Equipment & Tools	219	236	300	300	0	0.00%
Financial Services	453	0	0	0	0	0.00%
Insurance, Licenses & Regulatory Fees	7,771	5,864	7,500	7,500	0	0.00%
Legal & Professional	5,782	3,633	6,000	7,000	1,000	16.67%
Office/Operations	201	138	100	100	0	0.00%
Other Expense	300	250	300	300	0	0.00%
Rent & Utilities	2,545	2,390	3,100	4,200	1,100	35.48%
Repairs & Maintenance	1,298	1,370	800	4,100	3,300	412.50%
Travel & Training	13	13	50	50	0	0.00%
Vehicle Maintenance & Repair	2,143	2,074	2,250	2,500	250	11.11%
Total Services and Supplies	20,726	15,968	20,600	26,250	5,650	27.43%
Allocation of Administrative Costs						
Total Allocation of Administrative Costs	38,520	0	0	0	0	0.00%
Total Allocation of Administrative Costs	38,520	0	0	0	0	0.00%

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Capital Outlay						
	17,574	0	0	0	0	0.00%
Total Capital Outlay	17,574	0	0	0	0	0.00%
Reserves						
	32,958	15,000	15,000	15,000	0	0.00%
Total Reserves	32,958	15,000	15,000	15,000	0	0.00%
Transfers						
	0	45,440	36,138	39,017	2,879	7.97%
Total Transfers	0	45,440	36,138	39,017	2,879	7.97%
Total Expenditures	109,777	94,179	89,238	101,767	12,529	14.04%
Net Revenues over Expenditures	(14,306)	22,038	24,658	12,393	(12,265)	

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
4035	0	18,310	18,172	18,536	364	2.00%
	0	18,310	18,172	18,536	364	2.00%
Special Taxes & Assessments						
4400	95,422	97,681	95,424	95,424	0	0.00%
	95,422	97,681	95,424	95,424	0	0.00%
Other Revenues						
4935	49	226	300	200	(100)	(33.33)%
	49	226	300	200	(100)	(33.33)%
	95,471	116,217	113,896	114,160	264	0.23%
Expenditures						
Personnel						
Salaries/Wages						
8045	0	287	0	0	0	0.00%
8054	0	12,905	13,000	16,000	3,000	23.08%
	0	13,192	13,000	16,000	3,000	23.08%
Payroll Taxes & Benefits						
5010	0	4,580	4,500	5,500	1,000	22.22%
	0	4,580	4,500	5,500	1,000	22.22%
	0	17,771	17,500	21,500	4,000	22.86%
Services & Supplies						
Clothing & Uniform						
7246	0	0	200	200	0	0.00%
	0	0	200	200	0	0.00%
Equipment & Tools						
7242	219	236	300	300	0	0.00%
	219	236	300	300	0	0.00%
Financial Services						
7349	453	0	0	0	0	0.00%
	453	0	0	0	0	0.00%

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

(In Whole Numbers)

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

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

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Total Travel & Training	13	13	50	50	0	0.00%
Vehicle Maintenance & Repairs						
7211 Misc Fuel & Diesel	980	908	1,000	1,150	150	15.00%
7220 Gasoline	1,164	1,166	1,250	1,350	100	8.00%
Total Vehicle Maintenance & Repairs	2,143	2,074	2,250	2,500	250	11.11%
Total Services & Supplies	20,726	15,968	20,600	26,250	5,650	27.43%
Allocation of Administrative Costs						
5133 Benefits Charged by Water	4,737	0	0	0	0	0.00%
8153 Labor Charged by Water	11,115	0	0	0	0	0.00%
8801 Admin Cost Allocation	22,668	0	0	0	0	0.00%
Total Allocation of Administrative Costs	38,520	0	0	0	0	0.00%
Capital Outlay						
9100 Pump Purchase	17,574	0	0	0	0	0.00%
Total Capital Outlay	17,574	0	0	0	0	0.00%
Reserves						
9571 *Capital Outlay Reserve	27,958	10,000	10,000	10,000	0	0.00%
9572 *General Contingency (Operations) Reserve	5,000	5,000	5,000	5,000	0	0.00%
Total Reserves	32,958	15,000	15,000	15,000	0	0.00%
Transfers						
9511 Interfund Transfer Out	0	45,440	36,138	39,017	2,879	7.97%
Total Transfers	0	45,440	36,138	39,017	2,879	7.97%
Total Expenditures	109,777	94,179	89,238	101,767	12,529	14.04%
Net Revenues over Expenditures	(14,306)	22,038	24,658	12,393	(12,265)	

LOS OSOS COMMUNITY SERVICES DISTRICT WATER SHORTAGE CONTINGENCY PLAN

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

GLOSSARY OF BUDGET TERMINOLOGY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CATEGORY: A grouping of related objects of expenditures.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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