



FINANCE ADVISORY COMMITTEE MEETING

Monday, December 3, 2018 at 5:30 p.m.
Los Osos Community Services District Office
2122 9th Street, Suite 106, Los Osos, CA

COMMITTEE MEMBERS

Marshall Ochylski, Chairperson
Lisa Gonzalez, Member
Cheri Grimm, Member
Bea Jansen, Member
Alyce Thorp, Member
Joyce Witt, Member

STAFF

Renee Osborne, General Manager
Adrienne Geidel, District Bookkeeper
Marti Brand, Administrative Clerk

AGENDA

1. **Opening at 5:30 p.m. – Call To Order; Flag Salute; and Roll Call**
2. **Review of Board Item Regarding Draft Fiscal Year 2017/2018 Audit**
(Committee Recommendations to the Board)
Presented By: Moss, Levy & Hartzheim
3. **Approve FAC Meeting Minutes of October 29, 2018**
(Recommend approval)
Presented By: Administrative Clerk Brand
4. **Review of Board Item Regarding Approval of Warrant Register for November 2018**
(Committee Recommendations to the Board)
Presented By: District Bookkeeper Geidel
5. **Review of Board Item Regarding Financial Reports for the Period Ending October 2018**
(Committee Recommendations to the Board)
Presented By: District Bookkeeper Geidel
6. **Review of Draft Mid-Year Budget Adjustments for Fiscal Year 2018/19**
(Committee Recommendations to the Board)
Presented By: General Manager Osborne
7. **Review of Board Item Regarding Ad Hoc Committee Report Concerning Potential Bond Refinancing**
(Committee Recommendations to the Board)
Presented By: Director Womack
8. **Review of Board Item Regarding Transfer of Wastewater Lien Funds to the US Bank Redemption Account**
(Committee Recommendations to the Board)
Presented By: General Manager Osborne
9. **Public Comments on Items NOT on this Agenda:** At this time, the public may comment on items not on this agenda. Each commenter is limited to 3 minutes and shall address the Chairperson.
10. **Schedule Next FAC Meeting – Tuesday, January 8, 2019 at 5:30 p.m. unless otherwise noted**
11. **Closing Comments by FAC Committee Members**
12. **Adjournment**

ITEM 2

**REVIEW OF BOARD ITEM REGARDING
DRAFT FISCAL YEAR 2017/2018 AUDIT**

LOS OSOS COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

Draft

**LOS OSOS COMMUNITY SERVICES DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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FINANCIAL SECTION

Draft



Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Los Osos Community Services District (District), as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the Los Osos Community Services District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Changes in Accounting Principles

As discussed in note 1 to the basic financial statements effective July 1, 2017, the Los Osos Community Services District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 through 10, the budgetary comparison information on pages 44 and 45, the schedule of proportionate share of net pension liability on pages 46, the schedule of pension contributions on pages 47, the schedule of changes in the total OPEB liability and related ratios on page 48, and the schedule of OPEB contributions on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries of the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, on our consideration of the Los Osos Community Services District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Draft

Santa Maria, California
November 28, 2018

**LOS OSOS COMMUNITY SERVICES
DISTRICT MANAGEMENT'S DISCUSSION
AND ANALYSIS JUNE 30, 2018**

BACKGROUND

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

As management of the Los Osos Community Services District, we offer readers of the LOSCSD's financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2018.

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

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

Fund was transferred to the County of San Luis Obispo effective December 31, 2013. Effective June 30, 2014, the District transferred the remaining activity of the Wastewater Fund to a Wastewater Fiduciary Fund for the reporting of the remainder of the bond payments being collected through the San Luis Obispo County Tax Rolls.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Draft

Los Osos Community Services District
Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL
STATEMENTS

TABLE A
Statement of Net Position
June 30, 2018

	June 30, 2018			June 30, 2017			Total Change	
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government	Total Change	Percent Change
Assets:								
Current assets	\$ 2,743,832	\$ 3,503,789	\$ 6,247,621	\$ 2,916,951	\$ 2,367,067	\$ 5,284,018	\$ 963,603	18.2%
Capital assets	895,367	5,569,919	6,465,286	654,421	5,764,679	6,419,100	46,186	0.7%
Total Assets	3,639,199	9,073,708	12,712,907	3,571,372	8,131,746	11,703,118	1,009,789	8.6%
Deferred Outflow of Resources:								
Deferred pensions	174,061	243,346	417,407	88,305	192,162	280,467	136,940	48.8%
Deferred OPEB	3,145	1,553	4,698	-	-	-	4,698	100.0%
Total deferred outflow of resources	177,206	244,899	422,105	88,305	192,162	280,467	141,638	50.5%
Liabilities:								
Current Liabilities	26,575	101,587	128,162	106,472	95,054	201,526	(73,364)	-36.4%
Long-Term Liabilities	631,735	4,665,527	5,297,262	441,277	4,566,062	5,007,339	289,923	5.8%
Total Liabilities	658,310	4,767,114	5,425,424	547,749	4,661,116	5,208,865	216,559	4.2%
Deferred Inflow of Resources:								
Deferred pensions	99,547	24,890	124,437	55,689	19,325	75,014	49,423	65.9%
Total deferred inflow of resources	99,547	24,890	124,437	55,689	19,325	75,014	49,423	65.9%
Net Position:								
Net investment in								
capital assets	895,367	2,054,282	2,949,649	654,421	2,092,933	2,747,354	202,295	7.4%
Restricted	2,747,116	-	2,747,116	2,724,754	-	2,724,754	22,362	0.8%
Unrestricted	(583,935)	2,472,321	1,888,386	(322,936)	1,550,534	1,227,598	660,788	53.8%
Total Net Position	\$ 3,058,548	\$ 4,526,603	\$ 7,585,151	\$ 3,056,239	\$ 3,643,467	\$ 6,699,706	\$ 885,445	13.2%

Los Osos Community Services District
Management Discussion and Analysis

TABLE B
Statement of Activities
June 30, 2018

	June 30, 2018			June 30, 2017			Total Change
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government	Amount Change
Revenues:							
Program revenues:							
Charges for services	\$ 141,669	\$ 2,598,595	\$ 2,740,264	\$ 139,935	\$ 1,983,590	\$ 2,123,525	\$ 616,739
Operating Grants and Contributions	14,596	-	14,596	9,882	1,522	11,404	3,192
Capital Contributions and Grants	-	-	-	-	-	-	-
General Revenues:							
Property Taxes	2,231,326	178,936	2,410,262	1,933,541	221,449	2,154,990	255,272
Other Taxes	530,244	38,534	568,778	624,956	25,000	649,956	(81,178)
Interest and Investment Income	12,395	11,258	23,653	5,954	4,248	10,202	13,451
Other Revenues	37,121	10,908	48,029	1,263	10,985	12,248	35,781
Total Revenues	2,967,351	2,838,231	5,805,582	2,715,531	2,246,794	4,962,325	843,257
Expenses:							
General Government	617,134	-	617,134	607,567	-	607,567	9,567
Public Safety	2,458,540	-	2,458,540	2,229,348	-	2,229,348	229,192
Health and Sanitation	152,277	-	152,277	60,709	-	60,709	91,568
Street Lighting	9,967	-	9,967	8,444	-	8,444	1,523
Water	-	1,450,480	1,450,480	-	1,580,384	1,580,384	(129,904)
Wastewater Treatment	-	11,878	11,878	-	11,224	11,224	654
Total Expenses	3,237,918	1,462,358	4,700,276	2,906,068	1,591,608	4,497,676	202,600
Net Transfers	436,568	(436,568)	-	373,823	(373,823)	-	-
Change in Net Position	166,001	939,305	1,105,306	183,286	281,363	464,649	640,657
Net position, beginning	3,056,239	3,643,467	6,699,706	2,872,953	3,362,104	6,235,057	464,649
Prior Period Adjustments	(163,692)	(56,169)	(219,861)	-	-	-	(219,861)
Net Position, ending	\$ 3,058,548	\$ 4,526,603	\$ 7,585,151	\$ 3,056,239	\$ 3,643,467	\$ 6,699,706	\$ 885,445

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

Analysis of Overall Financial Position and Results of Operations

Statement of Net Position

At the end of fiscal year June 30, 2018, the district is able to report positive balances in both the District as a whole as well as for its separate governmental and business-type activities.

The total assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2018 by \$7,585,151.

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

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

Statement of Activities

Overall, the results of operations as shown in the Statement of Activities has an increase in Net Position of \$1,105,306. Total revenues increased over the prior year by \$843,257. Water service fees increased by \$615,005 and property taxes increased by \$255,272. This continuing increase in property tax revenue received is in agreement with the trend in the rest of the County.

Overall expenses in Governmental Activities increased by \$331,850. Total expenses in Business-Type Activities decreased by \$129,250.

Investment income was up \$13,451, in part due to management's decision to invest specific reserve funds in a money market account, rather than a general savings account. The Board of Director's is considering direction to management for modifications to its current investment policy, allowing the General Manager to invest in appropriate areas commensurate with the cash flow and revenue needs of the District.

Los Osos Community Services District
Management Discussion and Analysis

TABLE C
Capital Assets
June 30, 2018

	June 30, 2018			June 30, 2017			Total Change
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government	Amount Change
Land and Land Rights	\$ 57,375	\$ 498,429	\$ 555,804	\$ 57,375	\$ 498,429	\$ 555,804	\$ -
Construction in Progress	-	185,121	185,121	-	138,872	138,872	46,249
Buildings, Structures, and Improvements	587,410	5,000	592,410	587,410	5,000	592,410	-
Infrastructure	310,762	9,461,450	9,772,212	233,431	9,455,627	9,689,058	83,154
Equipment and Systems	1,711,182	503,371	2,214,553	1,466,215	494,336	1,960,551	254,002
Total Cost	2,666,729	10,653,371	13,320,100	2,344,431	10,592,264	12,936,695	383,405
Less Accumulated Depreciation	(1,771,362)	(5,083,452)	(6,854,814)	(1,690,010)	(4,827,585)	(6,517,595)	(337,219)
Net Position, ending	\$ 895,367	\$ 5,569,919	\$ 6,465,286	\$ 654,421	\$ 5,764,679	\$ 6,419,100	\$ 46,186

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TABLE D
Long-Term Debt
June 30, 2018

	June 30, 2018			June 30, 2017			Total Change
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government	Amount Change
Compensated Absences	\$ 26,653	\$ 51,304	\$ 77,957	\$ 21,946	\$ 47,034	\$ 68,980	\$ 8,977
Other Postemployment Benefits Obligation	62,245	272,406	334,651	11,263	49,290	60,553	274,098
Note Payable - CIEDB loan	-	3,515,637	3,515,637	-	3,671,746	3,671,746	(156,109)
Net Pension Liability	542,837	578,846	1,121,683	408,068	550,658	958,726	162,957
Loan Payable to Fiduciary Fund	-	247,334	247,334	-	247,334	247,334	-
Total	\$ 631,735	\$ 4,665,527	\$ 5,297,262	\$ 441,277	\$ 4,566,062	\$ 5,007,339	\$ 289,923

Long-term debt totals \$5,297,262. The increase of \$289,923 represents an increase to Other Postemployment Benefits Obligation of \$274,098 determined by actuarial valuation, as well the increase of \$162,957 for Net Pension Liability.

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

Fire and Water Fund Reserves

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

Fire Fund:	
General Contingency	\$ 93,676
Vehicle, Equipment, and Fire Engine Replacement	755,081
Capital Outlay	590,107
Public Facilities Fee	40,334
Fire Mitigation	160,449
Total Fire Fund Reserves	<u>\$ 1,639,647</u>

Water Fund:	
General Contingency	\$ 414,183
Capital Outlay	1,214,296
Vehicle and Equipment Replacement	112,042
Water Quality	91,517
Water Stabilization	190,456
Basin Management	50,031
Water Conservation	59,288
Total Water Fund Reserves	<u>\$ 2,131,813</u>

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Significant Events or Disclosures

Through collaboration between the Finance Advisory and Utility Advisory Committees, and an Ad-Hoc group, the District performed a Water Rate Study which was adopted by the Board in March 2017. The Plan evaluated the various revenue requirements of the District including significant capital improvements and dealing with reduced water consumption. The Rate Plan detailed the need for the District to increase water rates significantly over the next three years to cover the cost of compliance with the Los Osos Groundwater Basin Stipulated Judgment and its resulting Groundwater Basin Management Plan. Resolution 2017-11 amended the District's Reserve Policies relating to the Water Enterprise Fund and also revised administrative and property tax allocations for future Water Fund budgets. The first of three annual water rate increases took effect July 1, 2017. The second of the three annual water rate increases took effect July 1, 2018.

More information about the District, its financial condition, policies, governance and management is available on the District website at www.losososcscsd.org.

Sincerely,

Renee Osborne
General Manager

LOS OSOS COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 2,474,461	\$ 2,718,199	\$ 5,192,660
Accounts receivable, net	67,193	514,327	581,520
Prepaid items	48,148	66,346	114,494
Deposits		10,000	10,000
Inventory		56,391	56,391
Other assets		900	900
Internal balances	(137,626)	137,626	
Restricted assets-			
Cash and investments	291,656		291,656
Capital assets:			
Non Depreciable:			
Land	57,375	498,429	555,804
Construction in progress		185,121	185,121
Depreciable:			
Buildings, structures, and improvements	587,410	5,000	592,410
Infrastructure	310,762	9,461,450	9,772,212
Plant and equipment	1,711,182	503,371	2,214,553
Accumulated depreciation	(1,771,362)	(5,083,452)	(6,854,814)
Total assets	<u>3,639,199</u>	<u>9,073,708</u>	<u>12,712,907</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred pensions	174,061	243,346	417,407
Deferred OPEB	3,145	1,553	4,698
Total deferred outflow of resources	<u>177,206</u>	<u>244,899</u>	<u>422,105</u>
LIABILITIES			
Accounts payable	12,288	29,598	41,886
Accrued liabilities	13,103	24,161	37,264
Accrued interest payable		44,678	44,678
Deposits	1,184	3,150	4,334
Noncurrent liabilities:			
Due within one year	6,663	223,697	230,360
Due in more than one year	625,072	4,441,830	5,066,902
Total liabilities	<u>658,310</u>	<u>4,767,114</u>	<u>5,425,424</u>
DEFERRED INFLOW OF RESOURCES			
Deferred pensions	99,547	24,890	124,437
Total deferred inflow of resources	<u>99,547</u>	<u>24,890</u>	<u>124,437</u>
NET POSITION			
Net investment in capital assets	895,367	2,054,282	2,949,649
Restricted for:			
Fire and emergency services	2,117,325		2,117,325
Parks and recreation	291,656		291,656
Bayridge functions			
Drainage services	338,135		338,135
Unrestricted	(583,935)	2,472,321	1,888,386
Total net position	<u>\$ 3,058,548</u>	<u>\$ 4,526,603</u>	<u>\$ 7,585,151</u>

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

LOS OSOS COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u> <u>Operating Contributions and Grants</u>
Governmental activities:			
General government	\$ 617,134	\$ -	\$ -
Public safety	2,458,540	71,070	14,596
Health and sanitation	152,277	60,632	
Street lighting	9,967	9,967	
Total governmental activities	<u>3,237,918</u>	<u>141,669</u>	<u>14,596</u>
Business-type activities:			
Water	1,450,480	2,598,595	-
Wastewater treatment project	11,878		
Total business-type activities	<u>1,462,358</u>	<u>2,598,595</u>	
Total governmental	<u>\$ 4,700,276</u>	<u>\$ 2,740,264</u>	<u>\$ 14,596</u>

General Revenues:

Taxes:
Property
Special
Other

Investment income
Other general revenues
Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of fiscal year

Restatement

Net position - beginning of fiscal year, restated

Net position - end of fiscal year

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

Net (Expenses) Revenue and Changes in Net Position

<u>Capital Contributions and Grants</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ -	\$ (617,134)	\$ -	\$ (617,134)
	(2,372,874)		(2,372,874)
	(91,645)		(91,645)
	<u>(3,081,653)</u>		<u>(3,081,653)</u>
		1,148,115	1,148,115
		(11,878)	(11,878)
		<u>1,136,237</u>	<u>1,136,237</u>
<u>\$ -</u>	<u>(3,081,653)</u>	<u>1,136,237</u>	<u>(1,945,416)</u>

2,231,326	178,936	2,410,262
530,244		530,244
	38,534	38,534
12,395	11,258	23,653
37,121	10,908	48,029
436,568	(436,568)	
<u>3,247,654</u>	<u>(196,932)</u>	<u>3,050,722</u>
166,001	939,305	1,105,306
3,056,239	3,643,467	6,699,706
(163,692)	(56,169)	(219,861)
<u>2,892,547</u>	<u>3,587,298</u>	<u>6,479,845</u>
<u>\$ 3,058,548</u>	<u>\$ 4,526,603</u>	<u>\$ 7,585,151</u>

LOS OSOS COMMUNITY SERVICES DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2018

	General Fund	Fire Fund	Other Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 27,373	\$ 2,061,768	\$ 385,320	\$ 2,474,461
Restricted cash and investments			291,656	291,656
Accounts receivable	924	62,403	3,866	67,193
Prepaid items	21,021	26,656	471	48,148
Due from other funds	1,517			1,517
Total assets	\$ 50,835	\$ 2,150,827	\$ 681,313	\$ 2,882,975
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,760	\$ 1,768	\$ 760	\$ 12,288
Accrued liabilities	8,025	5,078		13,103
Deposits	1,184			1,184
Loan from Water Fund			125,087	125,087
Due to other funds			14,056	14,056
Total liabilities	18,969	6,846	139,903	165,718
Fund Balances:				
Nonspendable:				
Prepaid items	21,021	26,656	471	48,148
Restricted:				
Fire and emergency services		2,117,325		2,117,325
Parks and recreation			291,656	291,656
Bayridge functions				
Drainage services			338,135	338,135
Unassigned	10,845		(88,852)	(78,007)
Total fund balances	31,866	2,143,981	541,410	2,717,257
Total liabilities and fund balances	\$ 50,835	\$ 2,150,827	\$ 681,313	\$ 2,882,975

Draft

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

LOS OSOS COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances - governmental funds \$ 2,717,257

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

Capital assets at historical cost	\$	2,666,729
Accumulated depreciation		<u>(1,771,362)</u>

Net 895,367

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

Compensated absences payable	\$	26,653
Other post employment benefits obligation		62,245
Net pension liability		<u>542,837</u>

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Total (631,735)

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

Deferred inflows of resources relating:		
to pensions	\$	(99,547)
Deferred outflows of resources relating:		
to pensions		174,061
to OPEB		<u>3,145</u>

77,659

Total net position - governmental activities \$ 3,058,548

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

LOS OSOS COMMUNITY SERVICES DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2018

	General Fund	Fire Fund	Other Governmental Funds	Totals
Revenues:				
Property taxes	\$ -	\$ 2,198,774	\$ 32,552	\$ 2,231,326
Special taxes and assessments		434,904	95,340	530,244
Intergovernmental		14,596		14,596
Service charges and fees			70,599	70,599
Public services fees		71,070		71,070
Use of money and property	3,441	6,074	2,880	12,395
Other	941	35,463	717	37,121
Total revenues	4,382	2,760,881	202,088	2,967,351
Expenditures:				
Personnel	155,866	177,567	18,812	352,245
Clothing and uniforms		678		678
Contract services	58,685	12,755		71,440
Contract services - Schedule A		2,168,721		2,168,721
Equipment and tools		41,120	763	41,883
Financial services	3,591	1,120		4,711
Insurance, licenses, and regulatory fees	26,614	20,675	10,907	58,196
Legal and professional	209,837	2,169	4,399	216,405
Office expenses	16,579	9,511	475	26,565
Other expenses	60	3,243		3,303
Rent and utilities	42,874	14,285	13,540	70,699
Repairs and maintenance	64	7,174	11,309	18,547
Travel and training	2,604	1,027	3,216	6,847
Vehicle maintenance and repairs			1,595	1,595
Capital outlay		244,967	87,331	332,298
Debt service:				
Interest			4,763	4,763
Total expenditures	516,774	2,705,012	157,110	3,378,896
Excess of revenues over (under) expenditures	(512,392)	55,869	44,978	(411,545)
Other Financing Sources (Uses):				
Transfers in	507,637			507,637
Transfers out		(50,764)	(20,305)	(71,069)
Total other financing sources (uses)	507,637	(50,764)	(20,305)	436,568
Net change in fund balances	(4,755)	5,105	24,673	25,023
Fund balances - July 1	(134)	2,138,876	671,737	2,810,479
Restatement	36,755		(155,000)	(118,245)
Fund balances - July 1, restated	36,621	2,138,876	516,737	2,692,234
Fund balances - June 30	<u>\$ 31,866</u>	<u>\$ 2,143,981</u>	<u>\$ 541,410</u>	<u>\$ 2,717,257</u>

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

LOS OSOS COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

Total net change in fund balances - governmental funds \$ 25,023

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay of \$332,298 is more than depreciation expense \$(91,352) in the period. 240,946

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation earned exceeded the amounts used by \$4,707. (4,707)

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between accrual-based OPEB costs and actual employer contribution was: (2,390)

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: (92,871)

Changes in net position - governmental activities \$ 166,001

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

LOS OSOS COMMUNITY SERVICES DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 June 30, 2018

	Water Fund	Wastewater Treatment Project Fund	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 2,718,199	\$ -	\$ 2,718,199
Accounts receivable, net	506,556		506,556
Accrued revenue receivables	7,771		7,771
Deposits	10,000		10,000
Inventory at cost	56,391		56,391
Prepays	63,838	2,508	66,346
Due from other funds	16,516		16,516
Other assets	900		900
Total current assets	<u>3,380,171</u>	<u>2,508</u>	<u>3,382,679</u>
Noncurrent assets:			
Loans to other funds	125,087		125,087
Capital assets, net of accumulated depreciation	5,411,329	158,590	5,569,919
Total noncurrent assets	<u>5,536,416</u>	<u>158,590</u>	<u>5,695,006</u>
Total assets	<u>8,916,587</u>	<u>161,098</u>	<u>9,077,685</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pensions	243,346		243,346
Deferred OPEB	1,553		1,553
Total deferred outflows of resources	<u>244,899</u>		<u>244,899</u>
LIABILITIES			
Current liabilities:			
Accounts payable	29,598		29,598
Accrued liabilities	24,161		24,161
Accrued interest payable	44,678		44,678
Deposits payable	3,150		3,150
Due to other funds		3,977	3,977
Compensated absences - current portion	12,826		12,826
Loan payables - current portion	160,871	50,000	210,871
Total current liabilities	<u>275,284</u>	<u>53,977</u>	<u>329,261</u>
Noncurrent liabilities:			
Compensated absences	38,478		38,478
OPEB payable	272,406		272,406
Loans payable	3,354,766	197,334	3,552,100
Net pension liability	578,846		578,846
Total noncurrent liabilities	<u>4,244,496</u>	<u>197,334</u>	<u>4,441,830</u>
Total liabilities	<u>4,519,780</u>	<u>251,311</u>	<u>4,771,091</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pensions	24,890		24,890
Total deferred inflows of resources	<u>24,890</u>		<u>24,890</u>
NET POSITION			
Net investment in capital assets	1,895,692	158,590	2,054,282
Unrestricted (deficit)	2,721,124	(248,803)	2,472,321
Total net position	<u>\$ 4,616,816</u>	<u>\$ (90,213)</u>	<u>\$ 4,526,603</u>

Draft

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

LOS OSOS COMMUNITY SERVICES DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2018

	Water Fund	Wastewater Treatment Project Fund	Totals
Operating Revenues:			
Utility	\$ 2,598,595	\$ -	\$ 2,598,595
Total operating revenues	<u>2,598,595</u>	<u>-</u>	<u>2,598,595</u>
Operating Expenses:			
Personnel	622,739		622,739
Clothing and uniforms	1,898		1,898
Contract services	41,978		41,978
Equipment and tools	34,321		34,321
Financial services	782	20	802
Insurance, licenses, and regulatory fees	50,276	269	50,545
Legal and professional	86,005	11,480	97,485
Office expenses	30,810	109	30,919
Other expenses	2,007		2,007
Rent and utilities	149,035		149,035
Repairs and maintenance	33,813		33,813
Travel and training	9,496		9,496
Vehicle maintenance and repairs	12,814		12,814
Depreciation	255,867		255,867
Total operating expenses	<u>1,331,841</u>	<u>11,878</u>	<u>1,343,719</u>
Operating income (loss)	<u>1,266,754</u>	<u>(11,878)</u>	<u>1,254,876</u>
Non-Operating Revenues (Expenses):			
Property taxes and assessments	178,936	38,534	217,470
Investment income	11,258		11,258
Other non-operating revenue	10,868	40	10,908
Interest and debt service fee expense	(118,639)		(118,639)
Total non-operating revenues (expenses)	<u>82,423</u>	<u>38,574</u>	<u>120,997</u>
Income before transfers	1,349,177	26,696	1,375,873
Transfers:			
Transfers (out)	(434,030)	(2,538)	(436,568)
Total transfers	<u>(434,030)</u>	<u>(2,538)</u>	<u>(436,568)</u>
Change in net position	<u>915,147</u>	<u>24,158</u>	<u>939,305</u>
Net position (deficit) - July 1	3,757,838	(114,371)	3,643,467
Prior period adjustments	(56,169)		(56,169)
Net position (deficit) - July 1, restated	<u>3,701,669</u>	<u>(114,371)</u>	<u>3,587,298</u>
Net position (deficit) - June 30	<u>\$ 4,616,816</u>	<u>\$ (90,213)</u>	<u>\$ 4,526,603</u>

Draft

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

LOS OSOS COMMUNITY SERVICES DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2018

	Water Fund	Wastewater Treatment Project Fund	Totals
Cash Flows From Operating Activities:			
Receipts from customers	\$ 2,482,895	\$ -	\$ 2,482,895
Payments to suppliers	(515,978)	(17,129)	(533,107)
Payments to employees	(617,538)		(617,538)
Net cash provided (used) by operating activities	<u>1,349,379</u>	<u>(17,129)</u>	<u>1,332,250</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition of capital assets	(61,107)		(61,107)
Principal paid on capital debt	(156,109)		(156,109)
Interest paid on capital debt	(120,623)		(120,623)
Net cash provided (used) by capital and related financing activities	<u>(337,839)</u>		<u>(337,839)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) other funds	(397,749)	(21,445)	(419,194)
Property taxes and assessments	176,318	38,534	214,852
Other revenue	10,868	40	10,908
Net cash provided (used) by noncapital financing activities	<u>(210,563)</u>	<u>17,129</u>	<u>(193,434)</u>
Cash Flows From Investing Activities:			
Interest income	11,258		11,258
Net cash provided (used) by investing activities	<u>11,258</u>		<u>11,258</u>
Net increase (decrease) in cash and cash equivalents	812,235		812,235
Cash and cash equivalents - July 1	1,905,964		1,905,964
Cash and cash equivalents - June 30	<u>\$ 2,718,199</u>	<u>\$ -</u>	<u>\$ 2,718,199</u>
Reconciliation to Statement of Net Position:			
Cash and investments	<u>\$ 2,718,199</u>	<u>\$ -</u>	<u>\$ 2,718,199</u>

Draft

(Continued)

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

LOS OSOS COMMUNITY SERVICES DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (Continued)
 For the Fiscal Year Ended June 30, 2018

	Water Fund	Wastewater Treatment Project Fund	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,266,754	\$ (11,878)	\$ 1,254,876
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	255,867		255,867
Change in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:			
Receivables, net	(115,700)		(115,700)
Inventories	(2,197)		(2,197)
Prepays	(63,838)	(2,508)	(66,346)
Deferred outflows	(51,176)		(51,176)
Accounts payable	3,292	(2,743)	549
Accrued liabilities	7,968		7,968
Compensated absences	4,270		4,270
OPEB payable	10,386		10,386
Net pension liability	28,188		28,188
Deferred inflows	5,565		5,565
Net cash provided (used) by operating activities	<u>\$ 1,349,379</u>	<u>\$ (17,129)</u>	<u>\$ 1,332,250</u>

Draft

LOS OSOS COMMUNITY SERVICES DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2018

	Wastewater Assessment District No. 1 Fund	Low Income Assistance Fund	Total Agency Funds
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS			
Cash and investments	\$ 147,749	\$ 21,840	\$ 169,589
Cash with fiscal agent	1,694,128		1,694,128
Loan receivable from District	247,334		247,334
Total assets	<u>\$ 2,089,211</u>	<u>\$ 21,840</u>	<u>\$ 2,111,051</u>
LIABILITIES			
Due to bondholders	\$ 2,089,211	-	\$ 2,089,211
Due to others		21,840	21,840
Total liabilities	<u>\$ 2,089,211</u>	<u>\$ 21,840</u>	<u>\$ 2,111,051</u>

Draft

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

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

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

B. Basis of Presentation

Fund Financial Statements:

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

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

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

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

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

Proprietary Funds

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

Proprietary Funds are as follows:

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

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fiduciary Funds

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

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

Major Funds

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

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

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

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

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

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

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

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

D. Property Taxes

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

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

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

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Property Taxes (Continued)

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

E. Cash and Investments

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

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

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

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

F. Accounts and Interest Receivable

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

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

G. Prepaid Expenses and Inventory

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

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

H. Restricted Assets

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

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

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

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

J. Accumulated Compensated Absences

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

K. Long-Term Liabilities

In the government-wide financial statements, long-term liabilities are presented for both governmental and proprietary fund types. In the fund financial statements, only the proprietary funds show long-term liabilities. Initial issue bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. Amortization of bond premiums or discounts and deferred amounts on refunding are included in interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the period when the debt is issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Pensions

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

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Other Postemployment Benefits (OPEB)

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

N. Deferred Outflows and Inflows of Resources

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

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

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

O. Interfund Transactions

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

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

P. Equity Classifications

Government-Wide Statements

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

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

Q. Future Accounting Pronouncements

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

Statement No. 83	"Certain Asset Retirement Obligations"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Future Accounting Pronouncements (Continued)

Statement No. 88	"Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 89	"Accounting for Interest Cost Incurred Before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.

R. New Accounting Pronouncements

For the fiscal year ended June 30, 2018, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This Statement is effective for periods beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. Implementation of the GASB Statements No. 75 and the impact on the District's financial statements are explained in Note 8 - Postemployment Benefits Other than Pensions and Note 14 - Restatements.

S. Use of Estimates

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

NOTE 2 – CASH AND INVESTMENTS

Draft

Investments of the District are governed by the California Government Code and by the District's investment policy. The General Manager of the District acts as the District Finance Officer and Treasurer who is tasked to perform investment functions in accordance with the investment policy. The objectives of the policy are safety, liquidity, yield, and compliance with State and Federal laws and regulations.

Investments of the District as of June 30, 2018

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

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

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – CASH AND INVESTMENTS (Continued)

The composition of cash and investments as of June 30, 2018, by fund type is as follows:

	Available for Operations	Restricted	Total
General Fund	\$ 27,373	\$ -	\$ 27,373
Special Revenue Funds	2,447,088	291,656	2,738,744
Proprietary Funds	2,718,199		2,718,199
Fiduciary Funds		1,863,717	1,863,717
	<u>\$ 5,192,660</u>	<u>\$ 2,155,373</u>	<u>\$ 7,348,033</u>

Classification

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

Cash and investments	\$ 5,192,660
Cash and investments - restricted	<u>291,656</u>
Total cash and investments, statement of net position	5,484,316
Cash and investments, statement of fiduciary net position	169,589
Cash and investments with fiscal agents, statement of fiduciary net position	<u>1,694,128</u>
Total cash and investments	<u>\$ 7,348,033</u>

On June 30, 2018, the District had the following cash and investments on hand:

Deposits with financial institutions	\$ 1,316,926
Imprest funds	900
Bank time deposits	52,501
State investment pool	647,090
Money market	<u>5,330,616</u>
Total cash and investments	<u>\$ 7,348,033</u>

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

Disclosure Relating to Interest Rate Risk

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

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – CASH AND INVESTMENTS (Continued)

Disclosure Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2018:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
Bank time deposits	\$ 52,501	\$ 52,501	\$ -	\$ -	\$ -
LAIF	647,090	647,090			
Money market	3,636,488	3,636,488			
Held by bond trustees:					
Money market	1,694,128	1,694,128			
	<u>\$ 6,030,207</u>	<u>\$ 6,030,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year ended June 30, 2018 for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Aa	Not Rated
Bank time deposits	\$ 52,501	N/A	\$ -	\$ -	\$ 52,501	
LAIF	647,090	N/A			647,090	
Money market	3,636,488	N/A			3,636,488	
Held by bond trustees:						
Money market	1,694,128				1,694,128	
	<u>\$ 6,030,207</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,030,207</u>	

Concentration of Credit Risk

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

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

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

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk (Continued)

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

Custodial Credit Risk

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

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

NOTE 3 – INTERFUND TRANSACTIONS

Interfund activity during the fiscal year ended June 30, 2018, was as follows:

Interfund Transfers:

Draft

<u>Major Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 507,637	\$ -
Fire		50,764
<u>Nonmajor Governmental Funds:</u>		
Bayridge		2,538
Vista de Oro		2,538
Drainage		10,153
Parks and Recreation		5,076
<u>Proprietary Funds:</u>		
Water		434,030
Wastewater Treatment Plant		2,538
	<u>\$ 507,637</u>	<u>\$ 507,637</u>

Due To/Due From:

<u>Major Governmental Fund:</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 1,517	\$ -
<u>Nonmajor Governmental Fund:</u>		
Vista de Oro		14,056
<u>Proprietary Funds:</u>		
Water	16,516	
Wastewater Treatment Plant		3,977
	<u>\$ 18,033</u>	<u>\$ 18,033</u>

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – INTERFUND TRANSACTIONS (Continued)

Interfund Loans Receivable and Payable

Interfund loans receivable and payable are formal loan agreements within the District to borrow money from the Water Fund.
 The balances at June 30, 2018, are as follows:

	<u>Loan Receivable</u>	<u>Loan Payable</u>
<u>Nonmajor Governmental Funds:</u>		
Bayridge	\$ -	\$ 100,877
Vista de Oro		24,210
<u>Proprietary Fund:</u>		
Water	125,087	
	<u>\$ 125,087</u>	<u>\$ 125,087</u>

NOTE 4 – CAPITAL ASSETS

Governmental activities:

	<u>Balance at</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>June 30, 2018</u>
Capital assets not being depreciated				
Land	\$ 57,375	\$ -	\$ -	\$ 57,375
Total capital assets not being depreciated	<u>\$ 57,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,375</u>
Capital assets being depreciated				
Buildings, structures, and improvements	\$ 587,410	\$ -	\$ -	\$ 587,410
Infrastructure	233,431	87,331	(10,000)	310,762
Plant and equipment	1,466,215	244,967		1,711,182
Total capital assets being depreciated	<u>2,287,056</u>	<u>332,298</u>	<u>(10,000)</u>	<u>2,609,354</u>
Less accumulated depreciation				
Buildings, structures, and improvements	438,532	23,272		461,804
Infrastructure	230,417	5,134	(10,000)	225,551
Plant and equipment	1,021,061	62,946		1,084,007
Total accumulated depreciation	<u>1,690,010</u>	<u>91,352</u>	<u>(10,000)</u>	<u>1,771,362</u>
Total capital assets being depreciated, net	<u>\$ 597,046</u>	<u>\$ 240,946</u>	<u>\$ -</u>	<u>\$ 837,992</u>
Net capital assets	<u>\$ 654,421</u>	<u>\$ 240,946</u>	<u>\$ -</u>	<u>\$ 895,367</u>

Draft

Business-type activities:

	<u>Balance at</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>June 30, 2018</u>
Capital assets not being depreciated				
Land	\$ 498,429	\$ -	\$ -	\$ 498,429
Construction in progress	138,872	46,249		185,121
Total capital assets not being depreciated	<u>\$ 637,301</u>	<u>\$ 46,249</u>	<u>\$ -</u>	<u>\$ 683,550</u>
Capital assets being depreciated				
Building and improvements	\$ 5,000	\$ -	\$ -	\$ 5,000
Infrastructure	9,455,627	5,823		9,461,450
Plant and equipment	494,336	9,035		503,371
Total capital assets being depreciated	<u>9,954,963</u>	<u>14,858</u>		<u>9,969,821</u>
Less accumulated depreciation				
Building and improvements	5,000			5,000
Infrastructure	4,398,393	228,569		4,626,962
Plant and equipment	424,192	27,298		451,490
Total accumulated depreciation	<u>4,827,585</u>	<u>255,867</u>		<u>5,083,452</u>
Total capital assets being depreciated, net	<u>\$ 5,127,378</u>	<u>\$ (241,009)</u>	<u>\$ -</u>	<u>\$ 4,886,369</u>
Net capital assets	<u>\$ 5,764,679</u>	<u>\$ (194,760)</u>	<u>\$ -</u>	<u>\$ 5,569,919</u>

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – CAPITAL ASSETS (Continued)

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

Governmental Activities:		
General administration	\$	7,489
Public safety		78,729
Health and sanitation		5,134
		<hr/>
Total governmental activities depreciation expense	\$	<u>91,352</u>
Business-type Activities:		
Water services	\$	255,867
		<hr/>
Total business-type activities depreciation expense	\$	<u>255,867</u>

NOTE 5 – LONG-TERM LIABILITIES

The following is a summary of changes in the District's long-term liabilities for the fiscal year ended June 30, 2018:

	Balance at July 1, 2017	Additions	Reductions	Restatement	Balance at June 30, 2018	Current Portion	Long Term Portion
Governmental Activities:			\$ 2,373				
Compensated Absences	\$ 21,946	\$ 6,053	\$ 1,346	\$ -	\$ 26,653	\$ 6,663	\$ 19,990
Other Post Employment Benefits Obligation	11,263	4,826	2,453	48,609	62,245		62,245
Net Pension Liability	408,068	164,877	30,108		542,837		542,837
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Governmental Activities	\$ 441,277	\$ 175,756	\$ 33,907	\$ 48,609	\$ 631,735	\$ 6,663	\$ 625,072
Business-Type Activities:							
Compensated Absences	\$ 47,034	\$ 28,269	\$ 23,999	\$ -	\$ 51,304	\$ 12,826	\$ 38,478
Other Post Employment Benefits Obligation	49,290	21,123	10,737	212,730	272,406		272,406
Water Fund:							
Loan Payable	3,671,746		156,109		3,515,637	160,871	3,354,766
Wastewater Treatment Project Fund:							
Loan Payable to Fiduciary Fund	247,334				247,334	50,000	197,334
Net Pension Liability	550,658	96,047	67,859		578,846		578,846
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Business-Type Activities	\$ 4,566,062	\$ 145,439	\$ 258,704	\$ 212,730	\$ 4,665,527	\$ 223,697	\$ 4,441,830

NOTE 6 – LOANS PAYABLE

Loan Payable to Fiduciary Fund

The District used \$714,268 bond reserve funds on September 1, 2006, to cover amounts the District had spent from the bond redemption funds. As part of the bankruptcy settlement, the District is to pay back the reserve fund with its bond administration fee plus \$25,000 annually. As of June 30, 2018, the District owed \$247,334. The District's scheduled payment in May 2018 was not made so the District plans to pay \$50,000 in the following fiscal year. See Note 13 – Contingencies and Commitments for further details.

California Infrastructure and Economic Development Bank

On December 6, 2004, the District entered into a loan agreement with the California Infrastructure and Economic Development Bank (CIEDB) for a principal amount of \$5 million for the purpose of constructing and upgrading water delivery facilities. The loan is for a term of thirty years ending in August 2034 with an interest rate of 3.05% per annum. Annual payments average \$278,000 per year including interest. Debt service payments are due in August and February each year. Water revenues were pledged to guarantee the loan. All projects covered by the loan were completed and closed out in January 2009. The outstanding principal balance of the loan at June 30, 2018, was \$3,515,637.

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – LOANS PAYABLE (Continued)

California Infrastructure and Economic Development Bank (Continued)

California Infrastructure and Economic Development Bank				
For the Fiscal Year Ending June 30	Principal	Interest	Annual Administrative Fee	Total
2019	\$ 160,871	\$ 104,773	\$ 10,547	\$ 276,191
2020	165,777	99,792	10,064	275,633
2021	170,834	94,659	9,567	275,060
2022	176,044	89,369	9,054	274,467
2023	181,413	83,918	8,526	273,857
2024-2028	993,516	331,823	34,128	1,359,467
2029-2033	1,154,556	168,325	18,289	1,341,170
2034-2035	512,626	15,754	2,320	530,700
Total	<u>\$ 3,515,637</u>	<u>\$ 988,413</u>	<u>\$ 102,495</u>	<u>\$ 4,606,545</u>

NOTE 7 – PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

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

Contribution rates are based on the Actuarial Valuation Report as of June 30, 2016. The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Classic Member Hired Prior to January 1, 2013*	New Member Hired On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.46% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.50%
Required employer contribution rates	9.599% + \$34,831	6.908% + \$65

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – PENSION PLANS (Continued)

A. General Information about the Pension Plans (Continued)

	Safety	
	Classic Member Hired Prior to January 1, 2013*	New Member Hired On or after January 1, 2013
Hire Date		
Benefit formula	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	50-57
Monthly benefits, as a % of eligible compensation	2.0-2.7%	2.0% to 2.7%
Required employee contribution rates	9%	12.25%
Required employer contribution rates	16.498% + \$10,728	12.729% +\$19

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the District were \$13,143 for the Safety Plan and \$84,824 for the Miscellaneous Plan for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net position liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 723,558
Safety	398,125
	<u>\$ 1,121,683</u>

The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2017, the District's proportionate share of the net pension liability for each Plan as of June 30, 2016 and June 30, 2017 was as follows:

	Miscellaneous	Safety
Proportion-June 30, 2016	0.01761%	0.00670%
Proportion-June 30, 2017	0.01835%	0.00666%
Change-Increase (Decrease)	<u>0.00074%</u>	<u>-0.00004%</u>

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$188,065. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – PENSION PLANS (Continued)

A. General Information about the Pension Plans (Continued)

	Safety	
	Classic Member Hired Prior to January 1, 2013*	New Member Hired On or after January 1, 2013
Hire Date		
Benefit formula	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	50-57
Monthly benefits, as a % of eligible compensation	2.0-2.7%	2.0% to 2.7%
Required employee contribution rates	9%	12.25%
Required employer contribution rates	\$10,728	12.729% +\$19

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the District were \$13,143 for the Safety Plan and \$84,824 for the Miscellaneous Plan for the fiscal year ended June 30, 2018.

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Miscellaneous	\$ 723,558
Safety	398,125
	<u>\$ 1,121,683</u>

The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2017, the District's proportionate share of the net pension liability for each Plan as of June 30, 2016 and June 30, 2017 was as follows:

	Miscellaneous	Safety
Proportion-June 30, 2016	0.01761%	0.00670%
Proportion-June 30, 2017	0.01835%	0.00666%
Change-Increase (Decrease)	<u>0.00074%</u>	<u>-0.00004%</u>

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$188,065. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – PENSION PLANS (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,833	\$ 15,985
Changes in assumptions	197,259	15,074
Net difference between projected and actual earnings on retirement plan investments	44,046	
Adjustment due to differences in proportion	54,821	38,056
Changes in proportion and differences between District contributions and proportionate share of contributions	17,481	55,322
District contributions subsequent to the measurement date	97,967	
	<u>\$ 417,407</u>	<u>\$ 124,437</u>

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

\$97,967 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

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

Fiscal year ending June 30,	Amount
2019	\$ 40,604
2020	114,901
2021	65,519
2022	(26,021)
	<u>\$ 195,003</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous and Safety</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return (1)	7.00%
Mortality	Derived using CalPERS' Membership Data for all Funds (1)

- (1) Net of pension plan investment and administrative expenses including inflation
- (2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2014 experience study report.

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – PENSION PLANS (Continued)

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

Change in Assumptions

In December 2016, as part of the Asset Liability Management (ALM) review cycle, the CalPERS Board approved to lower the financial reporting discount rate for PERF C from 7.65% to 7.15%.

Discount Rate

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

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	100.0%		

(a) An expected inflation of 2.5% was used for this period.

(b) An expected inflation of 3.0% was used for this period.

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – PENSION PLANS (Continued)

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

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

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

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 1,144,116	\$ 628,297
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 723,558	\$ 398,125
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 375,245	\$ 209,970

Pension Plan Fiduciary Net Position

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

C. Payable to the Pension Plan

At June 30, 2018, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2018.

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NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

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

Employees become eligible to retire and receive District-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The District's contribution on behalf of retirees is the same as for active employees - 100% of the PEMHCA premium for retiree and covered dependents, but not to exceed \$128 per month. Benefits continue for the lifetime of the retiree with survivor benefits extended to surviving spouses for PERS annuitants who elect pension options with survivor benefits.

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

Employees Covered

As of June 30, 2017, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active plan members	7
Inactive plan members or beneficiaries currently receiving benefits	3
Total	<u>10</u>

Contributions

The District currently finances benefits on a pay-as-you-go basis.

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Net OPEB Liability

The District's Net OPEB Liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2017. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

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

Salary increases	3.00%
Healthcare cost trend rate	6.00% for 2017, 5.00% for 2018 and later years
PEMHCA Minimum increase rate	4.00% for 2019 and later

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

Actuarial assumptions used in the June 30, 2017 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

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

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

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

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

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20 Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2017	4.00%	3.13%	3.13%

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017 (Valuation Date June 30, 2017)	<u>\$ 321,892</u>
Changes recognized for the measurement period:	
Service cost	16,079
Interest	9,870
Changes of assumptions	
Contributions - employer	
Net investment income	
Benefit payments	(13,190)
Administrative expense	
Net Changes	<u>12,759</u>
Balance at June 30, 2018 (Measurement Date June 30, 2017)	<u>\$ 334,651</u>

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

	1% Decrease <u>2.13%</u>	Discount Rate <u>3.13%</u>	1% Increase <u>4.13%</u>
Net OPEB Liability	387,305	334,651	292,341

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

	1% Decrease <u>4.00%</u>	Trend Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Net OPEB Liability	288,906	334,651	392,132

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

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$25,949. As of the fiscal year ended June 30, 2018, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	<u>\$ 4,698</u>	<u>\$ -</u>
	<u>\$ 4,698</u>	<u>\$ -</u>

The \$4,698 deferred outflow for OPEB contributions subsequent to the measurement date will be recognized in OPEB expense in the fiscal year ended June 30, 2019.

NOTE 9 – OPERATING LEASES

The District has commitments to lease certain office equipment and facilities. The District leases its administrative facilities for \$2,900 a month. A new five-year lease began in November 2016 for Suites 102 and 106. The District leases a copier at \$374 a month. This lease is renewable annually at the District's option in September each year.

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 – FUND DEFICITS

As of June 30, 2018, the following funds had a fund deficit:

Non-major Governmental Funds:	
Bayridge Fund	\$ 50,378
Vista de Oro Fund	38,003
Proprietary Fund:	
Wastewater Treatment Project Fund	90,213
Total	<u>\$ 178,594</u>

NOTE 11 – FIDUCIARY BONDED DEBT – NON-DISTRICT DEBT

This debt is held in a trustee capacity for the homeowners of the Wastewater Assessment District No. 1 where the assessments are received from the Assessment District's property owners as collected on the County tax roll in order to pay the 2002 Wastewater Improvement Bonds debt service payments.

Wastewater Improvement Bonds

Wastewater Improvement Bonds			
For the Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 530,000	\$ 613,250	\$ 1,143,250
2020	555,000	586,125	1,141,125
2021	585,000	557,625	1,142,625
2022	615,000	527,625	1,142,625
2023	645,000	496,125	1,141,125
2024-2028	3,730,000	1,951,750	5,681,750
2029-2033	4,770,000	894,500	5,664,500
2034	1,100,000	27,500	1,127,500
Total	<u>\$ 12,530,000</u>	<u>\$ 5,654,500</u>	<u>\$ 18,184,500</u>

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, property loss and damage, errors and omissions, and employee injury. The District carries all its insurance coverage over these risks and also for Workers' Compensation through the Special Districts Risk Management Authority (SDRMA). This agency is a Joint Powers Authority (JPA) consisting of special districts in the State of California. It is governed by a seven-member Board of Directors. All seven are elected at large from the membership to serve four year terms. It has about 505 public agencies participating in the Property/Liability program and 442 agencies in its Workers' Compensation program. SDRMA's audit report for the fiscal year 2016-17 shows it had Net Position of about \$50.2 million.

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

NOTE 13 – CONTINGENCIES AND COMMITMENTS

Commitment to Pay into the 2002 Bond Reserve

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

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

LOS OSOS COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – CONTINGENCIES AND COMMITMENTS (Continued)

Commitment to Pay into the 2002 Bond Reserve (Continued)

In FY 2014/2015 the District in cooperation with US Bank conducted a full audit of this fund from its inception through June 30, 2015. After making the payments for FY 2013/2014, FY 2014/2015, and processing all payments currently held by the LOCSD for prior years, the Reserve balance as of June 30, 2018 is \$918,002. As of June 30, 2018, \$247,334 less interest earned in the Reserve account is still needed to restore the reserve to its required level. For FY 2015/2016 the LOCSD Board authorized a \$12 per parcel administrative charge be included on the San Luis Obispo Tax Rolls as allowed by the bond documents. Consistent with the bankruptcy order these funds are to be used to pay the MBIA claim by making the payments annually to US Bank to restore the fund in the Improvement Bond Reserve. The \$25,000 bank transfer order for the fiscal year ended June 30, 2018 was not filled and as a result the District will make \$50,000 in payments in the next fiscal year.

Other Commitments

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

NOTE 14 – RESTATEMENTS

The District had the following restatements for the fiscal year ended June 30, 2018:

	<u>Statement of Activities</u>		<u>Fund Statements</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Governmental Funds:				
Governmental Activities				
The District adopted the new GASB 75 for reporting of OPEB.	\$ (45,447)	\$ -	\$ -	\$ -
General Fund				
Overstatement of accounts payable in the prior year.	36,755		36,755	
Bayridge Fund				
In the past, the loan from the Water Fund was misclassified as a transfer instead of as a formal loan agreement.	(125,000)		(125,000)	
Vista de Oro Fund				
In the past, the loan from the Water Fund was misclassified as a transfer instead of as a formal loan agreement.	(30,000)		(30,000)	
Proprietary Funds:				
Water Fund				
In the past, the loans with Bayridge and Vista de Oro funds were misclassified as a transfer instead of as a formal loan agreement.		155,000		155,000
The District adopted the new GASB 75 for reporting of OPEB.		(211,169)		(211,169)
	<u>\$ (163,692)</u>	<u>\$ (56,169)</u>	<u>\$ (118,245)</u>	<u>\$ (56,169)</u>

REQUIRED SUPPLEMENTARY INFORMATION

Draft

LOS OSOS COMMUNITY SERVICES DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Use of money and property	\$ -	\$ -	\$ 3,441	\$ 3,441
Other			941	941
Total revenues			4,382	4,382
Expenditures:				
Personnel	149,353	152,124	155,866	(3,742)
Contract services	53,913	53,913	58,685	(4,772)
Financial services	3,000	3,725	3,591	134
Insurance, licenses, and regulatory fees	30,996	30,996	26,614	4,382
Legal and professional	239,960	239,960	209,837	30,123
Office expenses	17,420	17,420	16,579	841
Other expenses	200	300	60	240
Rent and utilities	40,679	40,679	42,874	(2,195)
Repairs and maintenance	110	110	64	46
Travel and training	5,050	5,050	2,604	2,446
Total expenditures	540,681	544,277	516,774	27,503
Excess of revenues over (under) expenditures	(540,681)	(544,277)	(512,392)	31,885
Other Financing Sources (Uses)				
Transfers in	540,681	544,277	507,637	(36,640)
Total other financing sources (uses)	540,681	544,277	507,637	(36,640)
Net change in fund balance			(4,755)	(4,755)
Fund balance - July 1	(134)	(134)	(134)	
Restatement			36,755	36,755
Fund balances - July 1, restated	(134)	(134)	36,621	36,755
Fund balance - June 30	\$ (134)	\$ (134)	\$ 31,866	\$ 32,000

LOS OSOS COMMUNITY SERVICES DISTRICT
 FIRE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Property taxes	\$ 2,014,307	\$ 2,014,307	\$ 2,198,774	\$ 184,467
Special taxes and assessments	569,096	569,096	434,904	(134,192)
Intergovernmental	2,000	2,000	14,596	12,596
Public services fees	67,134	67,134	71,070	3,936
Use of money and property			6,074	6,074
Other	34,763	59,763	35,463	(24,300)
Total revenues	2,687,300	2,712,300	2,760,881	48,581
Expenditures:				
Personnel	152,679	160,109	177,567	(17,458)
Clothing and uniforms	3,200	2,530	678	1,852
Contract services	9,030	8,845	12,755	(3,910)
Contract services - Schedule A	2,164,108	2,164,208	2,168,721	(4,513)
Equipment and tools	135,811	131,863	41,120	90,743
Financial services	1,820	2,171	1,120	1,051
Insurance, licenses, and regulatory fees	23,200	21,850	20,675	1,175
Legal and professional	2,600	2,709	2,169	540
Office expenses	11,530	9,175	9,511	(336)
Other expenses	4,650	4,688	3,243	1,445
Rent and utilities	11,057	13,946	14,285	(339)
Repairs and maintenance	7,050	9,170	7,174	1,996
Travel and training	7,275	2,668	1,027	1,641
Capital outlay	165,000	180,500	244,967	(64,467)
Total expenditures	2,699,010	2,714,432	2,705,012	9,420
Excess of revenues over (under) expenditures	(11,710)	(2,132)	55,869	58,001
Other Financing Sources (Uses)				
Transfers out	(54,068)	(54,068)	(50,764)	3,304
Total other financing sources (uses)	(54,068)	(54,068)	(50,764)	3,304
Net change in fund balance	(65,778)	(56,200)	5,105	61,305
Fund balance - July 1	2,138,876	2,138,876	2,138,876	
Fund balance - June 30	\$ 2,073,098	\$ 2,082,676	\$ 2,143,981	\$ 61,305

LOS OSOS COMMUNITY SERVICES DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 Last 10 Years*
 As of June 30, 2018

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

	2018	2017	2016	2015
Proportion of the net pension liability	0.01131%	0.01108%	0.00994%	0.00998%
Proportionate share of the net pension liability	\$ 1,121,683	\$ 958,726	\$ 682,047	\$ 621,010
Covered payroll	\$ 554,757	\$ 655,035	\$ 619,826	\$ 413,539
Proportionate share of the net pension liability as a percentage of covered payroll	202.19%	146.36%	110.04%	150.17%
Plan's total pension liability	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631
Plan's fiduciary net position	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

Changes in assumptions

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

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

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

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

Draft

LOS OSOS COMMUNITY SERVICES DISTRICT
SCHEDULE OF CONTRIBUTIONS
 Last 10 Years*
 As of June 30, 2018

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

	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 97,967	\$ 89,855	\$ 109,190	\$ 95,817
Contribution in relation to the actuarially determined contributions	(97,967)	(89,855)	(109,190)	(95,817)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 557,148	\$ 554,757	\$ 655,035	\$ 619,826
Contributions as a percentage of covered payroll	17.58%	16.20%	16.67%	15.46%

Notes to Schedule

Valuation Date: 6/30/2016

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2017/2018 were derived from the June 30, 2017 funding valuation report.

Actuarial Cost Method Entry Age Normal

Amortization Method/Period For details, see June 30, 2016 funding valuation report.

Inflation 2.75%

Salary Increases Varies by entry age and service

Payroll Growth 3.00%

Investment Rate of Return 7.0% net of pension plan investment and administrative expenses; includes inflation.

Retirement Age The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.

Mortality The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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

LOS OSOS COMMUNITY SERVICES DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 Last 10 Years*
 As of June 30, 2018

Measurement Period	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 16,079
Interest on the total OPEB liability	9,870
Actual and expected experience difference	
Changes in assumptions	
Changes in benefit terms	
Benefit payments	<u>(13,190)</u>
Net change in total OPEB Liability	12,759
Total OPEB liability- beginning	321,892
Total OPEB liability- ending (a)	<u>\$ 334,651</u>
Covered payroll	<u>\$ 430,762</u>
Total OPEB liability as a percentage of covered payroll	77.69%

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*- Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

LOS OSOS COMMUNITY SERVICES DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
Last 10 Years*
As of June 30, 2018

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

Draft

SUPPLEMENTARY INFORMATION

Draft

LOS OSOS COMMUNITY SERVICES DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	<u>Bayridge</u>	<u>Vista de Oro</u>	<u>Drainage</u>	<u>Parks and Recreation</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 49,714	\$ -	\$ 335,606	\$ -	\$ 385,320
Restricted cash and investments				291,656	291,656
Accounts receivable	640	263	2,963		3,866
Prepays	471				471
	<u>471</u>	<u>263</u>	<u>2,963</u>	<u>291,656</u>	<u>3,866</u>
Total assets	<u>\$ 50,825</u>	<u>\$ 263</u>	<u>\$ 338,569</u>	<u>\$ 291,656</u>	<u>\$ 681,313</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 326	\$ -	\$ 434	\$ -	\$ 760
Loan from Water Fund	100,877	24,210			125,087
Due to other funds		14,056			14,056
	<u>326</u>	<u>24,210</u>	<u>434</u>	<u>-</u>	<u>144,056</u>
Total liabilities	<u>101,203</u>	<u>38,266</u>	<u>434</u>		<u>139,903</u>
Fund Balances:					
Nonspendable:					
Prepaid items	471				471
Restricted			338,135	291,656	629,791
Unassigned	(50,849)	(38,003)			(88,852)
	<u>471</u>	<u>(38,003)</u>	<u>338,135</u>	<u>291,656</u>	<u>629,791</u>
Total fund balances (deficit)	<u>(50,378)</u>	<u>(38,003)</u>	<u>338,135</u>	<u>291,656</u>	<u>541,410</u>
Total liabilities and fund balances	<u>\$ 50,825</u>	<u>\$ 263</u>	<u>\$ 338,569</u>	<u>\$ 291,656</u>	<u>\$ 681,313</u>

Draft

LOS OSOS COMMUNITY SERVICES DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2018

	Bayridge	Vista de Oro	Drainage	Parks and Recreation	Total
Revenues:					
Property taxes	\$ 8,917	\$ -	\$ 23,635	\$ -	\$ 32,552
Special taxes and assessments			95,340		95,340
Service charges and fees	54,831	15,768			70,599
Use of money and property	8	9	508	2,355	2,880
Other			717		717
Total revenues	63,756	15,777	120,200	2,355	202,088
Expenditures:					
Personnel			18,812		18,812
Equipment and tools			763		763
Insurance, licenses, and regulatory fees	800	500	9,607		10,907
Legal and professional	1,872	883	769	875	4,399
Office expenses			475		475
Rent and utilities	6,402	2,533	4,605		13,540
Repairs and maintenance	6,324	2,263	2,722		11,309
Travel and training			3,216		3,216
Vehicle maintenance and repairs			1,595		1,595
Capital outlay			87,331		87,331
Debt service:					
Interest	3,841	922			4,763
Total expenditures	19,239	7,101	129,895	875	157,110
Excess of revenues over (under) expenditures	44,517	8,676	(9,695)	1,480	44,978
Other Financing Sources (Uses)					
Transfers out	(2,538)	(2,538)	(10,153)	(5,076)	(20,305)
Total other financing sources (uses)	(2,538)	(2,538)	(10,153)	(5,076)	(20,305)
Net change in fund balances	41,979	6,138	(19,848)	(3,596)	24,673
Fund balances - July 1	32,643	(14,141)	357,983	295,252	671,737
Restatement	(125,000)	(30,000)			(155,000)
Fund balances - July 1, restated	(92,357)	(44,141)	357,983	295,252	516,737
Fund balances (deficit) - June 30	\$ (50,378)	\$ (38,003)	\$ 338,135	\$ 291,656	\$ 541,410

ITEM 3

**APPROVE FAC MEETING MINUTES
OF OCTOBER 29, 2018**

**Los Osos Community Services District
DRAFT Minutes of the Finance Advisory Committee Meeting
October 29, at 5:30 p.m. at the District Office**

AGENDA ITEM	DISCUSSION	FOLLOW-UP
<p>1. Call to Order, Flag Salute and Roll Call</p>	<p>Chairperson Ochylski called the meeting to order at 5:32 p.m. and General Manager Osborn led the flag salute.</p> <p><u>Roll Call:</u></p> <p>Lisa Gonzalez, Committee Member – Present Cheri Grimm, Committee Member – Present Bea Jansen, Committee Member - Absent Alyce Thorp, Committee Member - Absent Joyce Witt, Committee Member - Present Marshall Ochylski, Chairperson -- Present</p> <p><u>Staff:</u> Renee Osborne, General Manager Greg Alex, Battalion Chief Adrienne Geidel, District Bookkeeper Marti Brand, Administrative Clerk</p>	
<p>2. Approve FAC Meeting Minutes of September 4, 2018</p>	<p>General Manager Osborne presented the minutes for Committee approval.</p> <p>Member Grimm reported that Item 3 should read approve August Warrant, not June.</p> <p>Public Comment - Richard Margetson stated that his comment on Item 5 was that he did not like the process regarding the replacement of the chips.</p> <p>Committee Member Gonzalez moved to approve the meeting minutes of September 4, 2018 as amended. The motion was seconded by Committee Member Grimm and carried by unanimous consent.</p>	<p>Action: File approved minutes with amendments.</p>
<p>3. Review of Board Item Regarding Approval of Warrant Registers for September 1, 2018 through October 19, 2018</p>	<p>District Bookkeeper Geidel presented the Warrant Reports with no special comments.</p> <p>Committee Member Witt inquired about the change in the time frame of warrants from September through the middle of October. Bookkeeper Geidel reported that Administrative Service Manager Kudart was out of the office on the 19th through the end of the month and the warrants reflect the time period.</p> <p>Committee Member Witt inquired about Check #28166 to Rain for Rent, in the amount of \$31,057.48 and Utility Systems Manager Acosta reported that it was an upgrade at the 16th Street drainage site to address noise complaints and to operate more efficiently. She asked about Check #29152 regarding the Ford Truck and Chief Alex reported that the truck did sell. Committee Member Gonzalez asked the amount of the sale and if it was above \$250 and the Chief did not have the exact amount but reported it was above \$2500.</p> <p>Public Comment - Julie Tacker commented that it would be helpful to have more packets available for the public; that the three legal bill transaction descriptions being exactly the same make it difficult to distinguish the various expenses; and asked about the Parks and Recreation component.</p> <p>General Manager Osborne responded that regarding the legal bills, all were regarding discussions with the County regarding Right-of-Way Permitting and Bookkeeper Geidel stated these are from Fund 900 for \$315.00.</p> <p>Committee Member Gonzalez moved that the Committee recommend that the Board accepted the Warrant Registers. The motion was seconded by Committee Member Witt and carried by unanimous consent.</p>	<p>Action: The Committee recommended that the Board approve the September 1, 2018 and the October 19, 2018 warrants.</p>

AGENDA ITEM	DISCUSSION	FOLLOW-UP
<p>4. Review of Board Item Regarding Financial Reports for the Periods Ending August 31, 2018 and September 30, 2018</p>	<p>District Bookkeeper Geidel provided a brief summary of the report as submitted with the agenda packet. Ms. Geidel reported that line 5035 Accidental Death and Dismemberment had been included with Disability Insurance, however, ABRA separated it and it will be adjusted at mid-year.</p> <p>Committee Member Witt asked if 6100 Labor & Support IT and 6110 IT Purchased Services were the same and General Manager Osborne reported that one has to do with a contract and the other with software support. Committee Member Witt asked about the September Fund 500 and if it was normal to put together all the infrastructure items or should the infrastructure items be separated. Ms. Geidel responded when you buy a capital asset it is not actually an expenditure and the District utilizes this line item to capitalize all our assets at the end of the year and that our auditor at the end of the year decides on the items to be capitalized. She reported that the updated June 30, 2018 Revenue and Expense Report show the balances have dropped significantly according to what is not an expenditure and what has been added to capital assets.</p> <p>Committee Member Gonzales commented that there is a depreciation schedule that is considered a holding spot for assets. Ms. Geidel reported that it would be updated yearly with the audit and General Manager Osborne commented that this is where we store and account for them.</p> <p>General Manager Osborne reported that the draft audit will be discussed at the December's FAC meeting.</p> <p>Public Comment - Richard Margetson requested that Reserve fund balances be included in the Financials and believes that there are discrepancies in the reserve funds.</p> <p>Julie Tacker commented that there was no accounting for the Low Income Assistance; that she is accustomed to budget adjustments coming with Board approval; and voiced her concern that chip replacement expenses had not been included and will exceed the Board's approval amount.</p> <p>Chairperson Ochylski requested that the Low Income Fund information be provided. General Manager Osborne stated that this has been the practice but believes it was an oversight and copies will be made available.</p> <p>Committee Member Grimm moved that the Committee recommend that the Board receive and file the Financial Reports for the periods ending August 2018 and September 2018. The motion was seconded by Committee Member Gonzales and carried by unanimous consent.</p>	
<p>5. Review of Board Item Regarding the Purchase of Self-Contained Breathing Apparatus, Thermal Imaging Cameras, and Supporting Gear</p>	<p>Battalion Chief Alex provided a brief summary of the report as submitted with the agenda packet reporting that staff is requesting permission to purchase new equipment for Station 15 – South Bay Firefighters consisting of Self Contained Breathing Apparatus (SCBA), Integrated Thermal Imaging Cameras (ITIC), and supporting gear used to find hidden hot spots. He reported that the current SCBA's are in excess of 16 years old, out of warranty, and difficult to find repairing vendors. He reported that the County had a vendor change resulting in the replacement of the masks, bottles, fit testing, supporting gear and the ITICs and that SLO County/CAL FIRE Stations are required to obtain this equipment as part of the State and Countywide compliance.</p> <p>Chief Alex reported that the quote is for necessary supporting equipment expenditures of \$84,493.21, that \$65,000 has been set aside and that the difference needed from Capital Outlay Reserves is \$19,493.21.</p>	<p>Action: The Committee recommended that the Board approve the purchase and transfer of funds from 301 in the amount of \$19,493.21 for Capital Outlay Reserves</p>

AGENDA ITEM	DISCUSSION	FOLLOW-UP
<p>5. Review of Board Item Regarding Purchase of Self-Contained Breathing Apparatus, Thermal Imaging Cameras, and Supporting Gear (continued)</p>	<p>Public Comment - Linde Owen asked if the District would be selling off the old equipment to help pay for the cost and the Chief responded that the packs are old, out of compliance, out of warranty, and that there is nothing salvageable.</p> <p>Committee Member Witt made a motion that the Committee recommend that the Board approve the purchase of the equipment and the transfer of \$19,493.21 from Capital Outlay Reserves. The motion was seconded by Committee Member Gonzalez and carried by unanimous consent.</p>	
<p>6. Review of Board Item Regarding Bayridge Estates Septic Tanks Decommission Process</p>	<p>Utility Systems Manager Acosta reported that the 10 septic tanks in Bayridge Estates are in need of decommissioning; that Al's Septic pumped two tanks in 2016 but was no longer interested in pursuing the project; that staff had contacted several sludge hauling services but many are not interested; that there are concerns in finding a disposal site as the sludge has expired and the product is considered hazardous waste; that the District has two quotes from companies that will pump, haul, and dispose of the waste and received a third quote but was unable to include it when presenting to the UAC on October 17, 2018, but once received will be included. He reported that UAC recommended that FAC review and provide comments to the Board for their decision. Mr. Acosta reported the financial impact of decommissioning the Bayridge Estates tanks should be paid by Fund 200 Reserves and that the Fund should only need a temporary loan that can be paid back by the end of 2018/19 fiscal year. He reported that no wastewater facility in the County or Santa Maria would take this product as it is a large volume and could interrupt process at their facility.</p> <p>Public Comment - Julie Tacker opposed the Water Fund lending funds to Bayridge as the 2014 Prop 218 does not allow for that; that the County should be involved; that Bayridge Estates needs to be involved to understand potential costs to them; and, what is Bayridge responsible.</p> <p>Vita Miller commented that it sounded as if there was enough money in the Bayridge Estates fund and there would not be a need for a temporary loan; that there was a plan from the beginning as to what would happen to the tanks; and requested that Bayridge residents be given advance notification.</p> <p>Linde Owen commented that dormant septic tanks go anaerobic and asked about the tanks in Vista De Oro.</p> <p>Lynette Tornatzky commented on penalties should we do nothing and what has the County recommended.</p> <p>Richard Margetson commented on his concerns regarding the lag time before this was brought forward; and, payment from the Bayridge fund by the end of Fiscal Year 18/19.</p> <p>Chairperson Ochylski recommended that the Committee request that the Board direct staff to move forward with a Request for Proposal (RFP); Committee Member Gonzalez stated that an RFP could also request what to do with the decommission tanks; and, General Manager Osborne reported that Mr. Miller has been involved from the beginning and advising staff on the process.</p> <p>Committee Member Gonzales made a motion to recommend to the Board to direct staff to move forward with a Request for Proposal. The motion was seconded by Committee Member Grimm and carried by unanimous consent.</p>	<p>Action: The Committee recommended that the Board direct staff to move forward with a Request for Proposal.</p>

AGENDA ITEM	DISCUSSION	FOLLOW-UP
7. Update Regarding Low Income Assistance Fund	<p>General Manager Osborne provided a brief summary of the report as submitted with the agenda packet.</p> <p>Director Womack requested that the Committee consider donating the \$800.00 of General Manager Osborne's time as a benefit to the community in assisting everyone to getting hooked up to the sewer.</p> <p>Committee Member Gonzales stated that in regards to the whole budget, \$800 is not significant and Committee Member Witt commented that people have donated their time on paper.</p> <p>Public Comment - Julie Tacker opposed the total amount of hours stated by Ms. Osborne; objected to Mr. Acosta's time not being donated; opposed the influence of the Morro Bay Estuary on decisions on the fund after many others donated to the fund and objected to the process of the project.</p> <p>Richard Margetson commented that there would not be a fund without the Morro Bay National Estuary Program and would like to hear Bob Semonsen's perspective on the project as his initial donation spurred many donations.</p> <p>Ms. Osborne reported that she spent more than 16 hours on this project and take work home; that these hours reflect time spent in the office that cannot be accomplished at home; and, that this is only Phase One.</p> <p>Committee Member Gonzales stated there have been a lot of donations starting with the Estuary and that this is about the people who are living on the edge financially, age-wise, and so beyond themselves that they need this assistance. Committee Member Grimm voiced her agreement.</p> <p>Committee Member Grimm made a motion to recommend that the Board donate the General Manager's time and expenses to Phase One as a benefit to Los Osos. The motion was seconded by Committee Member Witt and carried by unanimous consent.</p>	<p>Action: The Committee recommended that the Board donate the General Manager's time and expenses to Phase One as a benefit to Los Osos.</p>
8. Public Comments on Items NOT on Agenda	<p>Julie Tacker opposed LOCAC's Land Use Committee discussing an item regarding a monitoring well before coming to the public at a CSD meeting.</p> <p>Chairperson Ochylski responded that it had been addressed by the Basin Management Committee.</p> <p>Richard Margetson commented that the District does not have a general fund, that all funds are funded by a revenue source of their own and that the administrative fund is funded by all the other funds. He commented that there are four candidates for two CSD seats and there was one candidate here in attendance.</p> <p>Lynette Tornatzky asked about taxes that come from the County and designated to a fund.</p> <p>Bookkeeper Geidel responded that all were designated.</p>	
9. Schedule Next Meeting	Next meeting was scheduled for Monday, December 3, 2018 at 5:30 p.m.	
10. Closing Comments by FAC Committee Members	None	
11. Adjournment	The meeting adjourned at 6:58 p.m.	

ITEM 4

**REVIEW OF BOARD ITEM REGARDING
APPROVAL OF WARRANT REGISTER FOR
NOVEMBER 2018**



November 30, 2018

TO: LOCSD Board of Directors

FROM: Adrienne Geidel, District Bookkeeper
Ann Kudart, Administrative Services Manager

SUBJECT: **Agenda Item 11C – 12/6/2018 Board Meeting**
Approve Warrant Register for the Period of October 20, 2018
through November 30, 2018

President
Vicki L. Milledge

Vice President
Marshall E. Ochylski

Directors
Charles L. Cesena
Louis G. Tornatzky
Christine M. Womack

General Manager
Renee Osborne

District Accountant
Robert Stilts, CPA

Unit Chief
Scott M. Jalbert

Battalion Chief
Greg Alex

DESCRIPTION

The attached Warrant Register is for your Board's review and approval for disbursement.

SUMMARY STAFF RECOMMENDATION

This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, Staff recommends that the Board adopt the following motion:

Motion: I move that the Board approve the warrants for the period of October 19, 2018 through November 30, 2018.

Attachments

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Offices:
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www.lososocsd.org

LOS OSOS COMMUNITY SERVICES DISTRICT

Check Register

From 10/19/2018 Through 11/30/2018

Check No	Check Date	Vendor Name	Check Amount	Fund Code	Transaction Description
27981	10/22/2018	AM CONSERVATION GROUP, INC.	606.77	500	10/17/18 Cust#26365 Water Conservation Fixtures
27982	10/22/2018	B&B GARAGE DOORS	135.00	301	09/17/18 Service Call: Repaired spricket on door opener
27983	10/22/2018	CHARTER COMMUNICATIONS	200.00	100	10/2818-11/27/18 Acct#8245101120119577 Internet Service (Adm
	10/22/2018	CHARTER COMMUNICATIONS	25.00	500	10/2818-11/27/18 Acct#8245101120119577 Internet Service (Adm
27984	10/22/2018	FARM SUPPLY CO	212.83	800	10/12/18 Cust#26174 R&M Equip & Other Non-Structural Fixed A
	10/22/2018	FARM SUPPLY CO	371.59	800	10/17/18 CUST#26174 Infrastructure CIP 16th St Drainage
27985	10/22/2018	WELLS FARGO VENDOR FIN SERV	93.31	301	11/03-12/02/18 ID#90136374384 Copier Lease Service Contract
27986	10/22/2018	HANLEY & FLEISHMAN, LLP	1,295.00	100	09/01-30/18 Legal Services (Gen/Pers/Prog C/P&R Prog)
	10/22/2018	HANLEY & FLEISHMAN, LLP	2,362.50	500	09/01-30/18 Legal Services (Gen/Pers/Prog C/P&R Prog)
	10/22/2018	HANLEY & FLEISHMAN, LLP	525.00	900	09/01-30/18 Legal Services (Gen/Pers/Prog C/P&R Prog)
27987	10/22/2018	LIFE ASSIST INC	284.88	301	10/03/18 CUST#93402CDF Paramedic Supplies
	10/22/2018	LIFE ASSIST INC	476.60	301	9/21/18 CUST#93402CDF Paramedic Supplies
27988	10/22/2018	THE LINCOLN NATIONAL LIFE INSURANCE COMPANY	138.05	100	11/01-30/18 Acct#LOSOSOS-BL-283600 Insurance (Life/AD+D/D/WI
	10/22/2018	THE LINCOLN NATIONAL LIFE INSURANCE COMPANY	610.60	500	11/01-30/18 Acct#LOSOSOS-BL-283600 Insurance (Life/AD+D/D/WI
27989	10/22/2018	MISSION COUNTRY DISPOSAL	1,184.36	100	10/19/18 2007 Delinquent SW Payment
27990	10/22/2018	OFFICE DEPOT INC	148.17	301	09/01-30/18 ACCT#28702448 Office Supplies
27991	10/22/2018	PG&E	2,619.14	301	08/23/18-09/23/18 Acct#6190008235-7 Annual True-Up Bill
27992	10/22/2018	SLO COUNTY EMPLOYEES ASSOC	29.01	100	10/08/18-10/21/18 SLOCEA Dues
	10/22/2018	SLO COUNTY EMPLOYEES ASSOC	116.55	500	10/08/18-10/21/18 SLOCEA Dues
27993	10/22/2018	SLO COUNTY DEPARTMENT OF PUBLIC WORKS	2,437.00	500	09/01-30/18 405R979032 Water Quality Testing
27994	10/22/2018	SPEED'S OIL TOOL SERVICE, INC	392.00	500	10/02/18 Brine Disposal Trucking Service - SB Well
27995	10/22/2018	TECHXPRESS INC	1,405.00	100	11/01-30/18 IT Support & Services
27996	10/22/2018	VERIZON WIRELESS	167.25	301	09/08/18-10/07/18 Acct#472454582-00001 Cellular Service
	10/22/2018	VERIZON WIRELESS	208.42	500	09/08/18-10/07/18 Acct#472454582-00001 Cellular Service
	10/22/2018	VERIZON WIRELESS	138.94	800	09/08/18-10/07/18 Acct#472454582-00001 Cellular Service
27997	10/22/2018	ZOLL MEDICAL CORPORATION	989.82	301	09/21/18 CUST#113922 Medical Supplies
27998	10/30/2018	RANDAL SHELDON	462.06	500	10/12/18 Balance due from \$1,000 deposit for upgrade
27999	10/30/2018	SPEED'S OIL TOOL SERVICE, INC	386.25	500	10/10/18 Brine Disposal Trucking Service - SB Well
28000	10/30/2018	USA BLUE BOOK	331.96	500	10/18/18 Cust#922782 Disinfection Feed Pumps
28001	10/30/2018	WILLIE'S EQUIPMENT REPAIR	1,900.00	500	10/09/18-10/11/18 Labor on Backhoe
28197	10/22/2018	CARDMEMBER SERVICE	1,858.87	301	09/04/18 CC/Brown - HomeDepot (washer & dryer)
	10/22/2018	CARDMEMBER SERVICE	20.00	301	09/06/18 CC/Brown - Craigslist (advertising Office Asst)
	10/22/2018	CARDMEMBER SERVICE	95.72	301	09/14/18 CC/Alex - Amazon (frames)
	10/22/2018	CARDMEMBER SERVICE	4.31	301	09/18/18 CC/Brown - Dollar Tree (Safety Fair Supplies)
	10/22/2018	CARDMEMBER SERVICE	5.75	301	09/18/18 CC/Brown - WalMart (Safety Fair Supplies)
	10/22/2018	CARDMEMBER SERVICE	54.19	301	09/18/18 CC/Brown SmartNFinal (Safety Fair Supplies)
	10/22/2018	CARDMEMBER SERVICE	502.07	301	09/26/18 CC/Alex - OTCBRANDS (Safety Fair Supplies)
28198	11/1/2018	GEORGE CONTENTO	2,900.00	100	11/01-30/18 Office Rent (Suites 102 & 106)
28199	11/1/2018	GRACE ENVIRONMENTAL SERVICES	8,010.50	100	10/01-31/18 General Manager Services

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28200	11/1/2018	ROBERT STILTS, CPA	5,000.00	100	09/15/18-10/15/18 Bookkeeping Services
28201	11/1/2018	TECHXPRESS INC	237.05	100	11/01/18 Ubiquiti WiFi Devices (2)
28202	11/1/2018	DEPARTMENT OF THE TREASURY	4,100.00	100	11/01/18 EID#77-0504518 W2 SSA Late Filing Penalty 12.31.15
28203	11/5/2018	CARDMEMBER SERVICE	118.53	100	09/25/18 CC/Acosta - Staples (Office Chairs)
	11/5/2018	CARDMEMBER SERVICE	269.24	500	09/25/18 CC/Acosta - Staples (Office Chairs)
	11/5/2018	CARDMEMBER SERVICE	123.16	500	10/02/18 CC/Acosta - JiffyShirts.com (uniform shirts)
28207	11/15/2018	CARDMEMBER SERVICE	280.00	100	10/10/18 CC/Osborne - Stone IT solutions (telephone services)
	11/15/2018	CARDMEMBER SERVICE	13.93	100	10/15/18 CC/Kudart - Amazon (Business Membership)
	11/15/2018	CARDMEMBER SERVICE	932.34	100	10/18/18 CC/Osborne - Blind Lady (Blinds 102 & 103)
	11/15/2018	CARDMEMBER SERVICE	8.59	100	11/01/18 CC/Kudart - Ralphs (supplies)
	11/15/2018	CARDMEMBER SERVICE	6.70	100	11/01/18 CC/Kudart - USPS (certified mailing)
	11/15/2018	CARDMEMBER SERVICE	34.99	301	10/03/18 CC/Alex - Amazon (dive bag)
	11/15/2018	CARDMEMBER SERVICE	97.48	301	10/03/18 CC/Alex - FireStore (chock)
	11/15/2018	CARDMEMBER SERVICE	240.00	301	10/08/18 CC/Brown - CentralCoastTacos (Safety Fair)
	11/15/2018	CARDMEMBER SERVICE	20.00	301	10/15/19 CC/Brown - Craigslist (job recruitment advertising)
	11/15/2018	CARDMEMBER SERVICE	(107.64)	301	10/18/18 CC/Alex - Webstaurant (credit)
	11/15/2018	CARDMEMBER SERVICE	22.57	500	10/10/18 CC/Asuncion - HomeDepot (Unit A tow hitch)
	11/15/2018	CARDMEMBER SERVICE	463.00	500	10/10/18 CC/Osborne - Stickermule (Water Conservation Magnet)
	11/15/2018	CARDMEMBER SERVICE	68.16	500	10/15/18 CC/Asuncion - DHC Supplies (Henry Aquatac Primer)
	11/15/2018	CARDMEMBER SERVICE	92.22	500	10/15/18 CC/Asuncion - RelTruck (Unit A side step)
	11/15/2018	CARDMEMBER SERVICE	164.45	500	10/22/18 CC/Asuncion - FullSource (safety equipment)
	11/15/2018	CARDMEMBER SERVICE	249.00	500	10/31/18 CC/Asuncion - Fred Pryor (Leadership Seminar)
	11/15/2018	CARDMEMBER SERVICE	31.21	500	11/02/18 CC/Asuncion - Harbor Freight (tools)
	11/15/2018	CARDMEMBER SERVICE	27.65	900	10/02/18 CC/Oswborne - Domino's (Food-Playground Project)
	11/19/2018	DEMSEY, FILLIGER & ASSOCIATES	2,000.00	100	11/17/18 GASB 75 Valuation & Disclosure Report
28208	11/19/2018	DSD BUSINESS SYSTEMS	135.00	100	10/01-31/18 Cust#C10171 Time Force Software Contract
28209	11/19/2018	SLO COUNTY EMPLOYEES ASSOC	29.01	100	11/05/18-11/18/18 SLOCEA Dues
	11/19/2018	SLO COUNTY EMPLOYEES ASSOC	116.55	500	11/05/18-11/18/18 SLOCEA Dues
28210	11/19/2018	VERIZON WIRELESS	167.29	301	10/08/18-11/07/18 Acct#472454582-00001 Cellular Service
	11/19/2018	VERIZON WIRELESS	208.42	500	10/08/18-11/07/18 Acct#472454582-00001 Cellular Service
	11/19/2018	VERIZON WIRELESS	138.94	800	10/08/18-11/07/18 Acct#472454582-00001 Cellular Service
28211	11/26/2018	CHARTER COMMUNICATIONS	200.00	100	11/28/18-12/27/18 Acct#8245101120119577 Internet Service (Ad
	11/26/2018	CHARTER COMMUNICATIONS	25.00	500	11/28/18-12/27/18 Acct#8245101120119577 Internet Service (Ad
28212	11/26/2018	GRIFFITH & THORNBURG, LLP	447.80	600	10/01-31/18 Legal Services (Prepaid Assessments)
28213	11/26/2018	HANLEY & FLEISHMAN, LLP	1,120.00	100	10/01-31/18 Legal Services (Personnel/Program C)
	11/26/2018	HANLEY & FLEISHMAN, LLP	560.00	500	10/01-31/18 Legal Services (Personnel/Program C)
28214	11/26/2018	HUMANA INSURANCE COMPANY	241.50	301	12/01-31/18 ID#732930-001 Insurance (RFF)
28215	11/26/2018	ITRON, INC.	824.27	500	12/01/18-02/28/19 Cont#SC00001696 Qtrly Maint Hardware/Softw
28216	11/26/2018	THE LINCOLN NATIONAL LIFE INSURANCE COMPANY	109.58	100	12/01-31/18 Acct#LOSOSOS-BL-283600 Insurance (Life/AD+D/WI/L
	11/26/2018	THE LINCOLN NATIONAL LIFE INSURANCE COMPANY	582.12	500	12/01-31/18 Acct#LOSOSOS-BL-283600 Insurance (Life/AD+D/WI/L

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28217	11/26/2018	DSD BUSINESS SYSTEMS	341.25	100	11/09/18 CustC10171 TimeForce & Abra Updates
28218	11/27/2018	POTABLE DIVERS, INC.	3,300.00	500	11/14/18 10th Street Tanks (maintenance)
28219	11/27/2018	CARDMEMBER SERVICE	(54.56)	500	08/16/18 CC/Acosta Credit for Previous Fees & Charges
	11/27/2018	CARDMEMBER SERVICE	195.50	500	08/25/18 CC/Acosta - AWWA.org (water audits supplies)
	11/27/2018	CARDMEMBER SERVICE	90.14	500	08/29/18 CC/Acosta - JiffyShirts.com (uniform shirts)
	11/27/2018	CARDMEMBER SERVICE	25.16	500	10/28/18 CC/Acosta - GroceryOutlet (supplies)
	11/27/2018	CARDMEMBER SERVICE	15.73	500	10/31/18 CC/Acosta Fees & Charges
28278	10/30/2018	AT&T	249.03	100	09/17/18-10/16/18 9391056500 Telephone & Telemetry Services
	10/30/2018	AT&T	388.52	301	09/17/18-10/16/18 CUST#9391056297 Long Distance Service
	10/30/2018	AT&T	20.80	500	09/17/18-10/16/18 9391056138 Telephone & Telemetry Services
	10/30/2018	AT&T	20.80	500	09/17/18-10/16/18 9391056151 Telephone & Telemetry Services
	10/30/2018	AT&T	20.80	500	09/17/18-10/16/18 9391056160 Telephone & Telemetry Services
	10/30/2018	AT&T	215.09	500	09/17/18-10/16/18 9391056166 Telephone & Telemetry Services
	10/30/2018	AT&T	41.06	500	09/17/18-10/16/18 9391056172 Telephone & Telemetry Services
	10/30/2018	AT&T	20.80	500	09/17/18-10/16/18 9391056188 Telephone & Telemetry Services
	10/30/2018	AT&T	20.80	500	09/17/18-10/16/18 9391056191 Telephone & Telemetry Services
	10/30/2018	AT&T	20.80	500	09/17/18-10/16/18 9391056275 Telephone & Telemetry Services
	10/30/2018	AT&T	273.13	500	09/20/18-10/16/18 9391059905 Telephone & Telemetry Services
	10/30/2018	AT&T	98.81	500	09/20/18-10/16/18 9391059906 Telephone & Telemetry Services
	10/30/2018	AT&T	20.80	800	09/17/18-10/16/18 9391056182 Telephone & Telemetry Services
28279	10/30/2018	AT&T	126.55	500	10/22/18-11/21/18 Acct#134994840 Telephone/Internet SB Well
28280	10/30/2018	CHARTER COMMUNICATIONS	104.99	500	11/01-30/18 Acct#8245101120119395 Internet Services Water Ya
28281	10/30/2018	COASTAL ROLL OFF	0.00	500	10/11/18 Cust#22707 Backhoe Repair
28282	10/30/2018	FARM SUPPLY CO	378.12	800	10/16/18 Cust#26174 Infrastructure CIP 16th St Drainage Pump
28283	10/30/2018	FERGUSON ENTERPRISES, INC #1350	41.53	500	10/16/18 Cust#725053 R&M Distribution System
	10/30/2018	FERGUSON ENTERPRISES, INC #1350	1,162.05	500	10/17/18 Cust#725053 Misc Small Parts & Supplies
28284	10/30/2018	LIFE ASSIST INC	134.79	301	10/18/18 CUST#93402CDF Paramedic Supplies
	10/30/2018	LIFE ASSIST INC	93.54	301	10/19/18 CUST#93402CDF Paramedic Supplies
28285	10/30/2018	MINER'S ACE HARDWARE	172.68	301	09/02/18-10/11/18 CUST#121480 Misc. Small Parts & Supplies
28286	10/30/2018	MISSION LINEN SUPPLY	22.92	500	10/25/18 Cust#213729 Janitorial Supplies - towel rolls/rags
28287	10/30/2018	PG&E	67.48	100	09/19/18-10/18/18 Electric Services
	10/30/2018	PG&E	519.37	200	09/19/18-10/18/18 Electric Services
	10/30/2018	PG&E	11.18	301	09/19/18-10/18/18 Electric Services
	10/30/2018	PG&E	205.71	400	09/19/18-10/18/18 Electric Services
	10/30/2018	PG&E	7,999.05	500	09/19/18-10/18/18 Electric Services
	10/30/2018	PG&E	208.45	800	09/19/18-10/18/18 Electric Services
28288	10/30/2018	PRP COMPANIES	110.55	500	10/19/18 Utility Billing Supplies (Perforated Billing Paper)
28289	10/30/2018	PRP COMPANIES	939.74	500	10/29/18 Utility Billing Services (Rts 206-213)
28290	10/30/2018	COASTLINE EQUIPMENT	3,852.35	500	10/11/18 Cust#22707 Backhoe Repair
28291	11/6/2018	ALPHA ELECTRICAL SERVICE	823.30	500	10/04/18 Emergency Call (Booster Pump Phase Loss)
28292	11/6/2018	AFLAC	61.34	100	10/01-31/18 Acct#HJ582 EE Elected Insurance
	11/6/2018	AFLAC	395.54	500	10/01-31/18 Acct#HJ582 EE Elected Insurance

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28293	11/6/2018	AIRGAS USA, LLC	212.78	301	10/24/18 Cust#1673979 Oxygen
28294	11/6/2018	ALLIED ADMIN - DELTA DENTAL	141.49	100	12/01-31/18 ID#07917-7535 Dental Plan
	11/6/2018	ALLIED ADMIN - DELTA DENTAL	819.53	500	12/01-31/18 ID#07917-7535 Dental Plan
28295	11/6/2018	ALL WAYS CLEAN	245.00	100	11/01-30/18 Janitorial Services (Suites 102 & 106)
28296	11/6/2018	GOLDEN STATE WATER COMPANY	476.53	301	08/13/18-10/15/18 Acct#84033200001 Water
28297	11/6/2018	CHARTER COMMUNICATIONS	198.77	301	10/28/18-11/27/18 Acct#8245101120143981 Internet/Cable TV Se
28298	11/6/2018	COAST PEST CONTROL	75.00	301	10/27/18 Bi-monthly Pest Control Service
28299	11/6/2018	COASTAL COPY, LP	19.71	100	09/24/18-10/23/18 Acct#LO22 Main Copier/Printer/Fax Overages
28300	11/6/2018	DIGITAL DEPLOYMENT, INC	200.00	100	11/01-30/18 Website Hosting Service & Fee
28301	11/6/2018	THE DOCUTEAM, LLC	38.00	100	10/10/18 Acct#0979 Onsite Service (Document Destruction)
28302	11/6/2018	WELLS FARGO VENDOR FIN SERV	93.31	301	12/3/18-1/2/19 ID#90136374384 Copier Lease Service Contract
28303	11/6/2018	L N CURTIS	2,464.61	301	09/26/18 Cust#C33451 PPE (G-XCEL Jackets)
	11/6/2018	L N CURTIS	2,153.58	301	09/26/18 Cust#C33451 PPE (G-XCEL Jackets/Pants)
	11/6/2018	L N CURTIS	4,307.16	301	09/27/18 Cust#C33451 PPE (G-XCEL Jackets/Pants)
	11/6/2018	L N CURTIS	1,842.56	301	09/28/18 Cust#C33451 PPE (G-XCEL Pants)
28304	11/6/2018	MINER'S ACE HARDWARE	52.48	301	10/23/18 CUST#121480 Small Parts & Supplies, Accessories
28305	11/6/2018	MISSION TILE	450.00	301	10/23/18 Bathroom Tile Repair
28306	11/6/2018	SLO COUNTY EMPLOYEES ASSOC	29.01	100	10/22/18-11/04/18 SLOCEA Dues
	11/6/2018	SLO COUNTY EMPLOYEES ASSOC	116.55	500	10/22/18-11/04/18 SLOCEA Dues
28307	11/6/2018	THE GAS COMPANY	44.11	301	09/19/18-10/22/18 Acct#14941522279 Gas
28308	11/6/2018	THE GAS COMPANY	12.18	100	09/20/18-10/23/18 Acct#17141580187 Gas Service
28309	11/6/2018	WALLACE GROUP	693.00	301	7/9/18 FY18/19 Fire Tax Roll & CPI
28310	11/15/2018	CRYSTAL SPRINGS WATER	33.62	100	10/01-31/18 Acct#057427 Wate Delivery
28311	11/15/2018	HACH	280.87	500	10/31/18 Acct#270053 Water Treatment Chemicals
28312	11/15/2018	KITZMAN WATER, INC.	83.00	301	11/01-30/18 Acct#72975 Soft-Water Service
28313	11/15/2018	LIFE ASSIST INC	649.02	301	11/01/18 CUST#93402CDF (Paramedic Supplies)
28314	11/15/2018	MINER'S ACE HARDWARE	13.93	100	10/01-31/18 Acct#143640 Supplies/Maint/Equip/Tools/Parts
	11/15/2018	MINER'S ACE HARDWARE	884.32	500	10/01-31/18 Acct#143640 Supplies/Maint/Equip/Tools/Parts
	11/15/2018	MINER'S ACE HARDWARE	151.31	800	10/01-31/18 Acct#143640 Supplies/Maint/Equip/Tools/Parts
28315	11/15/2018	MISSION COUNTRY DISPOSAL	101.41	301	11/01-11/31/18 Acct#4130-5101023 Trash Services
28316	11/15/2018	MOSS, LEVY & HARTZHEIM LLP	5,000.00	100	11/01/18 LOSOSOSCSO Audit Services
28317	11/15/2018	NATIONAL METER & AUTOMATION, INC.	12,159.32	500	11/07/18 Cust#2738 Meter Purchases & Replacements (150 ea)
28318	11/15/2018	OFFICE DEPOT INC	248.49	100	10/01-31/18 Acct#28702448 General Office Supplies
28319	11/15/2018	HARMONY BROWN, LOCSO FIRE PETTY CASH CUSTODIAN	21.82	301	08/24/18 Pacific Auto Propane Tank Fill
28320	11/15/2018	SPEED'S OIL TOOL SERVICE, INC	424.00	500	10/16/18 Brine Disposal Trucking Service - SB Well
	11/15/2018	SPEED'S OIL TOOL SERVICE, INC	376.00	500	10/26/18 Brine Disposal Trucking Service - SB Well
28321	11/15/2018	SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT	1,584.00	500	10/02-26/18 Brine Disposal Services - SB Well
28322	11/15/2018	STANLEY CONVERGENT SECURITY SOLUTIONS	60.67	100	12/01-31/18 Acct#2234623879 Security Services (Suite 106)

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	11/15/2018	STANLEY CONVERGENT SECURITY SOLUTIONS	458.88	500	12/01/18-02/28/19 Acct#1371001227 Monitoring Services (102)
28323	11/15/2018	NANCY TATE	365.13	500	Balance Due from \$500 deposit to adjust meter & service line height
28324	11/15/2018	USA BLUE BOOK	110.90	500	10/29/18 Cust#922782 Process Control & Treatment Supplies
	11/15/2018	USA BLUE BOOK	58.05	500	10/30/2018 Cust#922782 Process Control & Treatment Supplies
28325	11/15/2018	LOS OSOS CHEVRON	786.82	500	10/01-31/18 Gas & Diesel - Fleet Vehicles
	11/15/2018	LOS OSOS CHEVRON	196.70	800	10/01-31/18 Gas & Diesel - Fleet Vehicles
	11/15/2018	LOS OSOS CHEVRON	63.86	900	10/01-31/18 Gas & Diesel - Fleet Vehicles
28326	11/15/2018	ZEE MEDICAL SERVICE CO #34	23.76	100	11/01/18 Acct#028078 First Aid Supply Refills
28327	11/19/2018	AUTOZONE	18.23	500	10/31/18 Customer #000638878 Tune Up/Oil/Maintenance
28328	11/19/2018	GEORGE CONTENTO	2,900.00	100	12/01-31/18 Office Rent (Suites 102 & 106)
28329	11/19/2018	J B DEWAR	30.36	500	10/08/18 Acct#58976 Oil/Fileters for Vac Truck
	11/19/2018	J B DEWAR	280.18	500	11/08/18 Acct#58976 Oil/Filters
28330	11/19/2018	LIFE ASSIST INC	4.44	301	11/8/18 CUST#93402CDF Paramedic Supplies
28331	11/19/2018	MISSION LINEN SUPPLY	22.92	500	11/08/18 Cust#213729 Janitorial Supplies - towel rolls/rags
28332	11/19/2018	PRP COMPANIES	368.80	500	11/12/18 Billing Envelopes 1500ea #9 Return and #10 Window
28333	11/19/2018	RANGE MASTER	248.18	301	10/31/18 Acct SOBAYFIRE Uniform: Zerolis
28334	11/19/2018	COUNTY OF SAN LUIS OBISPO - EH	429.00	500	01/01-12/31/19 Acct#AR0013802;FAC0006613 HazMat Reg Fee 2103
	11/19/2018	COUNTY OF SAN LUIS OBISPO - EH	429.00	500	01/01-12/31/19 Act#AR0007867;FAC0001588 HazMat Reg Fee 953
	11/19/2018	COUNTY OF SAN LUIS OBISPO - EH	429.00	500	01/01/19-12/31/19 Act#AR0013804;FAC0006615 HazMat Reg Fee SB
	11/19/2018	COUNTY OF SAN LUIS OBISPO - EH	429.00	500	01/1-12/31/19 Act#AR0024364;FAC0012459 HazMat Reg Fee 16 st.
28335	11/19/2018	STATE WATER RESOURCES CONTROL BOARD	5,692.00	500	07/01/18-06/30/19 Facility ID 3 40M2000133 Annual Permit Fee
28336	11/29/2018	AT&T	245.07	100	10/17/18-11/16/18 9391056500 Telephone & Telemetry Services
	11/29/2018	AT&T	387.45	301	10/17/18-11/16/18 CUST#9391056297 Long Distance Service
	11/29/2018	AT&T	20.67	500	10/17/18-11/16/18 9391056138 Telephone & Telemetry Services
	11/29/2018	AT&T	20.67	500	10/17/18-11/16/18 9391056151 Telephone & Telemetry Services
	11/29/2018	AT&T	20.67	500	10/17/18-11/16/18 9391056160 Telephone & Telemetry Services
	11/29/2018	AT&T	214.26	500	10/17/18-11/16/18 9391056166 Telephone & Telemetry Services
	11/29/2018	AT&T	40.80	500	10/17/18-11/16/18 9391056172 Telephone & Telemetry Services
	11/29/2018	AT&T	20.67	500	10/17/18-11/16/18 9391056188 Telephone & Telemetry Services
	11/29/2018	AT&T	20.67	500	10/17/18-11/16/18 9391056191 Telephone & Telemetry Services
	11/29/2018	AT&T	20.67	500	10/17/18-11/16/18 9391056275 Telephone & Telemetry Services
	11/29/2018	AT&T	273.13	500	10/20/18-11/19/18 9391059905 Telephone & Telemetry Services
	11/29/2018	AT&T	98.81	500	10/20/18-11/19/18 9391059906 Telephone & Telemetry Services
	11/29/2018	AT&T	20.67	800	10/17/18-11/16/18 9391056182 Telephone & Telemetry Services
28337	11/29/2018	AT&T	126.55	500	11/22/18-12/21/18 Acct#134994840 Telephone/Internet SB Well
28338	11/29/2018	BRENNTAG PACIFIC INC.	871.08	500	11/14/18 Acct#122727 Water Treatment Chemicals
28339	11/29/2018	CHARTER COMMUNICATIONS	201.94	301	11/28/18-12/27/18 Acct#8245101120143981 Internet/Cable TV Se
28340	11/29/2018	DANNY CIECEK	54.60	301	11/21/18 Santa Maria Trsf;transported .84 tons yard veg dump
28341	11/29/2018	ERNEST PACKAGING SOLUTIONS	408.06	301	11/20/2018 CUST#CAL059 Station Supplies
28342	11/29/2018	GARDENSOFT	142.12	500	12/10/18-12/10/19 Waterwise Gardening Website License

LOS OSOS COMMUNITY SERVICES DISTRICT

Check Register

From 10/19/2018 Through 11/30/2018

Check No	Check Date	Vendor Name	Check Amount	Fund Code	Transaction Description
28343	11/29/2018	GRACE ENVIRONMENTAL SERVICES	8,010.50	100	11/01-30/18 General Manager Services
28344	11/29/2018	DE LANGE LANDEN FINANCIAL SERVICES	264.18	100	11/01-30/18 Acct#630919 Kyocera Service Contract/Insurance
28345	11/29/2018	PG&E	68.18	100	10/19/18-11/18/18 Electric Service
	11/29/2018	PG&E	519.37	200	10/19/18-11/18/18 Electric Service
	11/29/2018	PG&E	11.18	301	10/19/18-11/18/18 Electric Service
	11/29/2018	PG&E	205.70	400	10/19/18-11/18/18 Electric Service
	11/29/2018	PG&E	7,815.97	500	10/19/18-11/18/18 Electric Service
	11/29/2018	PG&E	210.72	800	10/19/18-11/18/18 Electric Service
28346	11/29/2018	PRP COMPANIES	755.00	500	11/21/18 Utility Billing Services (RTS 201-205)
28347	11/29/2018	SLO COUNTY DEPARTMENT OF PUBLIC WORKS	3,597.64	500	10/10-31/18 405R979032 Water Quality Testing
28348	11/29/2018	SPEED'S OIL TOOL SERVICE, INC	384.00	500	11/06/18 Brine Disposal Trucking Service - SB Well
28349	11/29/2018	STANLEY CONVERGENT SECURITY SOLUTIONS	122.61	301	1/1-3/31/19 Acct#1371001193 Alarm System Monitoring
28350	11/29/2018	ROBERT STILTS, CPA	5,000.00	100	10/15/18-11/15/18 Bookkeeping Services
28351	11/29/2018	TECHXPRESS INC	1,405.00	100	11/01-30/18 IT Support & Service
28352	11/29/2018	USA BLUE BOOK	52.11	500	11/15/18 Cust#922782 Process Control & Treatment Supplies
28353	11/29/2018	WALLACE GROUP	176.00	100	10/01-31/18 Engineering Services
	11/29/2018	WALLACE GROUP	77.00	301	10/01-31/18 Engineering Services
	11/29/2018	WALLACE GROUP	1,312.00	500	10/01-31/18 Engineering Services
58-4064-4072-4C	10/31/2018	CA PUBLIC EMPL RET SYSTEM	897.28	100	10/01-31/18 CalPERS Unfunded Accrued Liability
	10/31/2018	CA PUBLIC EMPL RET SYSTEM	1,394.52	301	10/01-31/18 CalPERS Unfunded Accrued Liability
	10/31/2018	CA PUBLIC EMPL RET SYSTEM	2,717.88	500	10/01-31/18 CalPERS Unfunded Accrued Liability
10-8025-8035-8C	11/1/2018	CA PUBLIC EMPL RET SYSTEM	897.28	100	11/01-30/18 CalPERS Unfunded Accrued Liability
	11/1/2018	CA PUBLIC EMPL RET SYSTEM	1,394.52	301	11/01-30/18 CalPERS Unfunded Accrued Liability
	11/1/2018	CA PUBLIC EMPL RET SYSTEM	2,717.88	500	11/01-30/18 CalPERS Unfunded Accrued Liability
ERSMed2143_N	10/15/2018	CA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	1,672.49	100	11/01-30/18 ID#4662975925 CalPERS Medical
	10/15/2018	CA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	5,162.35	500	11/01-30/18 ID#4662975925 CalPERS Medical
PD102618_EDD	10/26/2018	CA EMPLOYMENT DEVELOPMENT DEPT	240.14	100	10/08/18-10/21/18 State Payroll Taxes
	10/26/2018	CA EMPLOYMENT DEVELOPMENT DEPT	342.73	301	10/08/18-10/21/18 State Payroll Taxes
	10/26/2018	CA EMPLOYMENT DEVELOPMENT DEPT	637.89	500	10/08/18-10/21/18 State Payroll Taxes
PD102618_IRS	10/26/2018	DEPARTMENT OF THE TREASURY	583.46	100	10/08/18-10/21/18 Federal Payroll Taxes
	10/26/2018	DEPARTMENT OF THE TREASURY	992.22	301	10/08/18-10/21/18 Federal Payroll Taxes
	10/26/2018	DEPARTMENT OF THE TREASURY	1,979.75	500	10/08/18-10/21/18 Federal Payroll Taxes
102618_PERSRc	10/31/2018	CA PUBLIC EMPL RET SYSTEM	665.60	100	10/08/18-10/21/18 Retirement Earned
	10/31/2018	CA PUBLIC EMPL RET SYSTEM	179.75	301	10/08/18-10/21/18 Retirement Earned

LOS OSOS COMMUNITY SERVICES DISTRICT

Check Register

From 10/19/2018 Through 11/30/2018

Check No	Check Date	Vendor Name	Check Amount	Fund Code	Transaction Description
	10/31/2018	CA PUBLIC EMPL RET SYSTEM	3,233.90	500	10/08/18-10/21/18 Retirement Earned
PD10262018_457	10/26/2018	CALPERS 457	250.00	100	10/08/18-10/21/18 SIP457 Contributions
	10/26/2018	CALPERS 457	1,350.00	500	10/08/18-10/21/18 SIP457 Contributions
PD110918_457	11/9/2018	CALPERS 457	250.00	100	10/22/18-11/04/18 SIP457 Contributions
	11/9/2018	CALPERS 457	1,350.00	500	10/22/18-11/04/18 SIP457 Contributions
PD110918_EDD	11/9/2018	CA EMPLOYMENT DEVELOPMENT DEPT	298.34	100	10/22/18-11/04/18 State Payroll Taxes
	11/9/2018	CA EMPLOYMENT DEVELOPMENT DEPT	251.12	301	10/22/18-11/04/18 State Payroll Taxes
	11/9/2018	CA EMPLOYMENT DEVELOPMENT DEPT	651.20	500	10/22/18-11/04/18 State Payroll Taxes
PD110918_IRS	11/9/2018	DEPARTMENT OF THE TREASURY	710.49	100	10/22/18-11/04/18 Federal Payroll Tax
	11/9/2018	DEPARTMENT OF THE TREASURY	757.67	301	10/22/18-11/04/18 Federal Payroll Tax
	11/9/2018	DEPARTMENT OF THE TREASURY	2,035.66	500	10/22/18-11/04/18 Federal Payroll Tax
110918_PERSF	11/9/2018	CA PUBLIC EMPL RET SYSTEM	665.60	100	10/22/18-11/04/18 Retirement Earned
	11/9/2018	CA PUBLIC EMPL RET SYSTEM	373.46	301	10/22/18-11/04/18 Retirement Earned
	11/9/2018	CA PUBLIC EMPL RET SYSTEM	3,251.98	500	10/22/18-11/04/18 Retirement Earned
PD112118-EDD	11/21/2018	CA EMPLOYMENT DEVELOPMENT DEPT	246.24	100	11/05/18-11/18/18 State Payroll Taxes
	11/21/2018	CA EMPLOYMENT DEVELOPMENT DEPT	312.95	301	11/05/18-11/18/18 State Payroll Taxes
	11/21/2018	CA EMPLOYMENT DEVELOPMENT DEPT	659.77	500	11/05/18-11/18/18 State Payroll Taxes
PD112118_457	11/21/2018	CALPERS 457	250.00	100	11/05/18-11/18/18 SIP457
	11/21/2018	CALPERS 457	1,350.00	500	11/05/18-11/18/18 SIP457
PD112118_IRS	11/21/2018	DEPARTMENT OF THE TREASURY	599.28	100	11/05/18-11/18/18 Federal Payroll Taxes
	11/21/2018	DEPARTMENT OF THE TREASURY	666.10	301	11/05/18-11/18/18 Federal Payroll Taxes
	11/21/2018	DEPARTMENT OF THE TREASURY	2,042.14	500	11/05/18-11/18/18 Federal Payroll Taxes
112118_PERSR€	11/21/2018	CA PUBLIC EMPL RET SYSTEM	665.60	100	11/05/18-11/22/18 Retirement Earned
	11/21/2018	CA PUBLIC EMPL RET SYSTEM	285.40	301	11/05/18-11/22/18 Retirement Earned
	11/21/2018	CA PUBLIC EMPL RET SYSTEM	3,233.90	500	11/05/18-11/22/18 Retirement Earned
PPECSD102118	10/26/2018		2,550.34	100	CSD - Abra Suite Payroll
	10/26/2018		1,227.94	301	CSD - Abra Suite Payroll
	10/26/2018		14,827.23	500	CSD - Abra Suite Payroll
PPESBF102118	10/26/2018		<u>3,400.40</u>	301	SBF - Abra Suite Payroll
Report Total			<u>229,378.79</u>		

ITEM 5

REVIEW OF BOARD ITEM REGARDING FINANCIAL REPORTS FOR THE PERIOD ENDING OCTOBER 2018



November 21, 2018

TO: LOCSO Board of Directors
FROM: Adrienne Geidel at Robert Stilts, District Bookkeeper
SUBJECT: **Agenda Item 11D – 12/6/2018 Board Meeting**
Receive Financial Report for the Period Ending October 31, 2018

President
Vicki L. Milledge

Vice President
Marshall E. Ochylski

Directors
Charles L. Cesena
Louis G. Tornatzky
Christine M. Womack

General Manager
Renee Osborne

District Accountant
Robert Stilts, CPA

Unit Chief
Scott M. Jalbert

Battalion Chief
Greg Alex

DESCRIPTION

The attached are the Statement of Revenues and Expenditures and Balance Sheets as of October 31, 2018.

STAFF RECOMMENDATION

This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, staff recommends that the Board adopt the following motion:

Motion: I move that the Board receive and file the financials for the period ending October 31, 2018.

Attachments

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

Offices:
2122 9th Street, Suite 102
Los Osos, CA 93402

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

www.losososcsd.org

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
100 - 100 - Administration
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
Revenues					
Service Charges & Fees					
4005	0.00	0.00	20.00	(20.00)	(100.00)%
	0.00	0.00	20.00	(20.00)	(100.00)%
Use of Money & Property					
4510	0.00	74.16	0.00	74.16	0.00%
	0.00	74.16	0.00	74.16	0.00%
	0.00	74.16	20.00	54.16	270.80%
Expenditures					
Personnel					
Salaries/Wages					
7322	1,500.00	4,500.00	12,000.00	7,500.00	62.50%
8018	0.00	712.60	4,000.00	3,287.40	82.19%
8045	21.54	1,706.56	5,000.00	3,293.44	65.87%
8051	0.00	620.48	1,000.00	379.52	37.95%
8054	8,006.71	28,967.53	109,000.00	80,032.47	73.42%
8060	0.00	198.47	2,000.00	1,801.53	90.08%
8066	71.26	1,297.20	0.00	(1,297.20)	0.00%
8081	0.00	0.00	3,000.00	3,000.00	100.00%
	9,599.51	38,002.84	136,000.00	97,997.16	72.06%
Payroll Taxes & Benefits					
5020	93.00	279.00	1,700.00	1,421.00	83.59%
5030	12.36	59.40	300.00	240.60	80.20%
5031	6.52	25.60	60.00	34.40	57.33%
5035	3.26	15.65	0.00	(15.65)	0.00%
5040	45.88	180.25	1,000.00	819.75	81.97%
5050	127.33	515.04	2,478.00	1,962.96	79.22%
5060	1,162.56	3,506.31	8,625.00	5,118.69	59.35%
5070	1,558.70	6,290.55	13,700.00	7,409.45	54.08%
5071	0.00	0.00	1,019.00	1,019.00	100.00%
5075	270.14	1,089.39	3,000.00	1,910.61	63.69%
5120	0.00	431.11	4,675.00	4,243.89	90.78%
5124	0.00	228.63	0.00	(228.63)	0.00%
	3,279.75	12,620.93	36,557.00	23,936.07	65.48%
Employment Services					
5100	144.28	330.28	3,400.00	3,069.72	90.29%
6200	0.00	139.30	300.00	160.70	53.57%
6230	150.00	150.00	125.00	(25.00)	(20.00)%
	294.28	619.58	3,825.00	3,205.42	83.80%
	13,173.54	51,243.35	176,382.00	125,138.65	70.95%
Services & Supplies					
Clothing & Uniform					
7246	0.00	43.50	0.00	(43.50)	0.00%
	0.00	43.50	0.00	(43.50)	0.00%
Contract Services					
6100	0.00	5,364.50	4,500.00	(864.50)	(19.21)%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
100 - 100 - Administration
From 10/1/2018 Through 10/31/2018

		Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
6110	IT Purchased Services	1,947.09	8,219.05	21,500.00	13,280.95	61.77%
7100	Copier Contract-Maint & Usage	264.18	1,116.44	5,000.00	3,883.56	77.67%
7255	Security Services	60.67	239.16	1,000.00	760.84	76.08%
7321	Janitorial Cleaning & Supplies	245.00	980.00	4,000.00	3,020.00	75.50%
7342	Public Meeting Recordings	0.00	4,050.00	13,500.00	9,450.00	70.00%
	Total Contract Services	2,516.94	19,969.15	49,500.00	29,530.85	59.66%
	Financial Services					
7309	Late Fees	0.00	13.19	100.00	86.81	86.81%
7310	Bank Service Charges	233.22	1,028.43	3,000.00	1,971.57	65.72%
	Total Financial Services	233.22	1,041.62	3,100.00	2,058.38	66.40%
	Insurance, Licenses & Regulatory Fees					
6340	Misc Fees	0.00	0.00	100.00	100.00	100.00%
6341	LAFCO Fees	0.00	16,567.07	20,000.00	3,432.93	17.16%
6343	Lien & Notary Fees	0.00	30.00	0.00	(30.00)	0.00%
7325	Insurance	0.00	14,266.50	9,254.00	(5,012.50)	(54.17)%
	Total Insurance, Licenses & Regulatory Fees	0.00	30,863.57	29,354.00	(1,509.57)	(5.14)%
	Legal & Professional					
7303	Professional Services - GM	0.00	24,031.50	96,126.00	72,094.50	75.00%
7304	Professional Services - ACCTG	5,000.00	15,000.00	60,000.00	45,000.00	75.00%
7305	Auditing Services	0.00	5,000.00	20,000.00	15,000.00	75.00%
7320	Professional & Consulting Services	542.70	2,752.49	10,000.00	7,247.51	72.48%
7326	Legal Services	1,295.00	7,335.00	30,000.00	22,665.00	75.55%
7340	Legal Notifications & Mandated Advertising	0.00	0.00	1,000.00	1,000.00	100.00%
	Total Legal & Professional	6,837.70	54,118.99	217,126.00	163,007.01	75.07%
	Office/Operations					
6121	IT-Supplies & Miscellaneous	0.00	0.00	500.00	500.00	100.00%
6130	Computer Hardware	0.00	0.00	1,500.00	1,500.00	100.00%
7140	General Supplies & Minor Equipment	13.93	1,630.82	5,000.00	3,369.18	67.38%
7160	Postage, Shipping & Mail Supplies	0.00	1,184.31	3,200.00	2,015.69	62.99%
7226	Membership & Dues	0.00	180.00	6,500.00	6,320.00	97.23%
	Total Office/Operations	13.93	2,995.13	16,700.00	13,704.87	82.07%
	Other Expense					
7330	Misc Operating Expenses	0.00	39.99	100.00	60.01	60.01%
8735	Misc Department Admin	932.34	1,832.34	5,300.00	3,467.66	65.43%
	Total Other Expense	932.34	1,872.33	5,400.00	3,527.67	65.33%
	Rent & Utilities					
6025	Telephone	249.03	1,356.10	3,000.00	1,643.90	54.80%
7350	Rent - Meetings	0.00	0.00	400.00	400.00	100.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
100 - 100 - Administration
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
7352 Rent - Offices & Other Structures	2,900.00	11,600.00	35,000.00	23,400.00	66.86%
8610 Electric	67.48	292.81	3,800.00	3,507.19	92.29%
8620 Gas Service	12.18	18.08	450.00	431.92	95.98%
Total Rent & Utilities	3,228.69	13,266.99	42,650.00	29,383.01	68.89%
Repairs & Maintenance					
6405 R & M - Extinguishers	0.00	73.36	110.00	36.64	33.31%
Total Repairs & Maintenance	0.00	73.36	110.00	36.64	33.31%
Travel & Training					
7323 Books, Publications & Subscriptions	0.00	0.00	100.00	100.00	100.00%
7324 Education & Training Fees	0.00	0.00	1,300.00	1,300.00	100.00%
8539 Meals	0.00	72.26	2,000.00	1,927.74	96.39%
8541 Meals- Local Area - DIR	0.00	0.00	100.00	100.00	100.00%
8550 Mileage Reimbursement & Parking	0.00	53.53	500.00	446.47	89.29%
Total Travel & Training	0.00	125.79	4,000.00	3,874.21	96.86%
Total Services & Supplies	13,762.82	124,370.43	367,940.00	243,569.57	66.20%
Transfers					
9512 Transfer In	0.00	0.00	544,322.00	544,322.00	100.00%
Total Transfers	0.00	0.00	544,322.00	544,322.00	100.00%
Total Expenditures	26,936.36	175,613.78	1,088,644.00	913,030.22	83.87%
Net Revenues over Expenditures	(26,936.36)	(175,539.62)	(1,088,624.00)	913,084.38	(83.88)%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
200 - 200 - Bayridge
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
Revenues					
Property Taxes					
4035	8.92	26.89	9,052.00	(9,025.11)	(99.70)%
	8.92	26.89	9,052.00	(9,025.11)	(99.70)%
Special Taxes & Assessments					
4550	0.00	0.00	54,831.00	(54,831.00)	(100.00)%
	0.00	0.00	54,831.00	(54,831.00)	(100.00)%
Use of Money & Property					
4505	0.00	0.00	57.00	(57.00)	(100.00)%
4510	0.04	0.04	0.00	0.04	0.00%
	0.04	0.04	57.00	(56.96)	(99.93)%
	8.96	26.93	63,940.00	(63,913.07)	(99.96)%
Expenditures					
Services & Supplies					
Insurance, Licenses & Regulatory Fees					
6345	0.00	0.00	500.00	500.00	100.00%
7325	0.00	0.00	800.00	800.00	100.00%
	0.00	0.00	1,300.00	1,300.00	100.00%
Legal & Professional					
7320	0.00	145.00	700.00	555.00	79.29%
7326	0.00	0.00	500.00	500.00	100.00%
	0.00	145.00	1,200.00	1,055.00	87.92%
Rent & Utilities					
8670	519.37	2,075.86	6,224.16	4,148.30	66.65%
	519.37	2,075.86	6,224.16	4,148.30	66.65%
	519.37	2,220.86	8,724.16	6,503.30	74.54%
Debt Service					
9804	0.00	0.00	27,964.56	27,964.56	100.00%
	0.00	0.00	27,964.56	27,964.56	100.00%
Transfers					
9511	0.00	0.00	2,721.61	2,721.61	100.00%
	0.00	0.00	2,721.61	2,721.61	100.00%
	519.37	2,220.86	39,410.33	37,189.47	94.36%
Net Revenues over Expenditures	(510.41)	(2,193.93)	24,529.67	(26,723.60)	(108.94)%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
301 - 301 - Fire
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
Revenues					
Property Taxes					
4034	Property Tax Revenue from Water	0.00	0.00	59,915.50	(59,915.50) (100.00)%
4035	Property Taxes	0.00	0.00	2,062,770.00	(2,062,770.00) (100.00)%
	Total Property Taxes	0.00	0.00	2,122,685.50	(2,122,685.50) (100.00)%
Grant Revenue					
4955	Govt-Other St Aids & Reimbursements	0.00	0.00	4,000.00	(4,000.00) (100.00)%
	Total Grant Revenue	0.00	0.00	4,000.00	(4,000.00) (100.00)%
Special Taxes & Assessments					
4015	CSA 9-I Assessments (Contract)	0.00	0.00	25,214.00	(25,214.00) (100.00)%
4050	Special Fire Tax	452.03	1,361.37	561,557.00	(560,195.63) (99.76)%
	Total Special Taxes & Assessments	452.03	1,361.37	586,771.00	(585,409.63) (99.77)%
Other Revenues					
4000	Ambulance Agreement	0.00	300.00	67,134.00	(66,834.00) (99.55)%
	Total Other Revenues	0.00	300.00	67,134.00	(66,834.00) (99.55)%
Use of Money & Property					
4505	HO Prop Tax Relief	0.00	0.00	13,075.00	(13,075.00) (100.00)%
4510	Investment Income on funds	2,868.45	10,800.24	25,590.00	(14,789.76) (57.80)%
4924	Gain/Loss on Disp of F/A	0.00	22,500.00	0.00	22,500.00 0.00%
	Total Use of Money & Property	2,868.45	33,300.24	38,665.00	(5,364.76) (13.87)%
	Total Revenues	3,320.48	34,961.61	2,819,255.50	(2,784,293.89) (98.76)%
Expenditures					
Personnel					
Salaries/Wages					
8295	Resv FF-Overtime/Shift Coverage	1,973.67	7,940.60	27,000.00	19,059.40 70.59%
8340	Resv FF-Shift Coverage	9,605.41	34,776.52	98,000.00	63,223.48 64.51%
8345	Resv FF-Special Projects	0.00	409.18	7,100.00	6,690.82 94.24%
	Total Salaries/Wages	11,579.08	43,126.30	132,100.00	88,973.70 67.35%
Payroll Taxes & Benefits					
5021	FICA - Fire - ER	607.69	2,036.40	7,000.00	4,963.60 70.91%
5030	Life Insurance - ER	180.00	824.00	2,500.00	1,676.00 67.04%
5035	AD & D Insurance	50.00	235.00	800.00	565.00 70.63%
5051	Medicare - Reserves - ER	175.48	633.40	2,100.00	1,466.60 69.84%
5070	Retirement ER - Regular	1,394.52	5,778.08	11,000.00	5,221.92 47.47%
5120	Workers Comp Insurance - ER	0.00	3,978.72	5,000.00	1,021.28 20.43%
5124	Retirement - ER - Tier 2	191.06	3,076.09	3,000.00	(76.09) (2.54)%
	Total Payroll Taxes & Benefits	2,598.75	16,561.69	31,400.00	14,838.31 47.26%
Employment Services					
5000	Medical Exams & Procedures	0.00	0.00	1,275.00	1,275.00 100.00%
5101	Unemp. Costs - Reserves	505.58	1,770.52	8,000.00	6,229.48 77.87%
6200	Hiring, Advertising & Other Costs	0.00	20.00	0.00	(20.00) 0.00%
6230	Medical Exam	0.00	2,885.00	3,800.00	915.00 24.08%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
301 - 301 - Fire
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
Total Employment Services	<u>505.58</u>	<u>4,675.52</u>	<u>13,075.00</u>	<u>8,399.48</u>	<u>64.24%</u>
Total Personnel	14,683.41	64,363.51	176,575.00	112,211.49	63.55%
Services & Supplies					
Clothing & Uniform					
7246 Uniform & Gear	0.00	758.18	1,100.00	341.82	31.07%
7248 Uniform Safety Boots	<u>0.00</u>	<u>0.00</u>	<u>2,000.00</u>	<u>2,000.00</u>	<u>100.00%</u>
Total Clothing & Uniform	0.00	758.18	3,100.00	2,341.82	75.54%
Contract Services					
6110 IT Purchased Services	101.36	180.09	1,080.00	899.91	83.33%
7100 Copier Contract-Maint & Usage	93.31	431.16	1,600.00	1,168.84	73.05%
7202 Building Alarms & Security	0.00	122.61	475.00	352.39	74.19%
7204 Cleaning Supplies, Laundry & Towel Service	319.75	1,073.89	3,700.00	2,626.11	70.98%
7222 Hazardous Materials CW JPA Cost	0.00	2,000.00	2,000.00	0.00	0.00%
7500 Schedule A Charges	<u>0.00</u>	<u>0.00</u>	<u>2,192,419.00</u>	<u>2,192,419.00</u>	<u>100.00%</u>
Total Contract Services	514.42	3,807.75	2,201,274.00	2,197,466.25	99.83%
Equipment & Tools					
6440 Fire Personal Protection Equipment	1,842.56	14,091.99	14,000.00	(91.99)	(0.66)%
6460 Self-Contained Breathing Apparatus	0.00	0.00	32,500.00	32,500.00	100.00%
7234 Oxygen Supplies & Cylinder Rent	212.78	212.78	350.00	137.22	39.21%
7238 Paramedic & EMT Small Tools & Supplies	513.21	8,279.67	16,000.00	7,720.33	48.25%
7242 Minor Tools, Accessories & Field Machines	0.00	20.37	250.00	229.63	91.85%
7252 Misc Hardware	<u>34.99</u>	<u>34.99</u>	<u>350.00</u>	<u>315.01</u>	<u>90.00%</u>
Total Equipment & Tools	2,603.54	22,639.80	63,450.00	40,810.20	64.32%
Financial Services					
7309 Late Fees	0.00	0.00	10.00	10.00	100.00%
7310 Bank Service Charges	0.00	0.00	20.00	20.00	100.00%
9154 Losses and Damages	<u>0.00</u>	<u>0.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00%</u>
Total Financial Services	0.00	0.00	130.00	130.00	100.00%
Insurance, Licenses & Regulatory Fees					
6345 Property Taxes & Assessments Costs	0.00	1,386.00	4,000.00	2,614.00	65.35%
7325 Insurance	<u>0.00</u>	<u>21,231.53</u>	<u>20,400.00</u>	<u>(831.53)</u>	<u>(4.08)%</u>
Total Insurance, Licenses & Regulatory Fees	0.00	22,617.53	24,400.00	1,782.47	7.31%
Legal & Professional					
7320 Professional & Consulting Services	20.00	170.00	1,400.00	1,230.00	87.86%
7326 Legal Services	0.00	0.00	350.00	350.00	100.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
301 - 301 - Fire
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original	
7340	Legal Notifications & Mandated Advertising	0.00	0.00	75.00	75.00	100.00%
	Total Legal & Professional	20.00	170.00	1,825.00	1,655.00	90.68%
	Office/Operations					
6130	Computer Hardware	0.00	0.00	1,700.00	1,700.00	100.00%
7140	General Supplies & Minor Equipment	0.00	574.71	1,800.00	1,225.29	68.07%
7160	Postage, Shipping & Mail Supplies	0.00	101.84	300.00	198.16	66.05%
7216	Fire Prevention Education Materials	(107.64)	481.30	1,200.00	718.70	59.89%
7226	Membership & Dues	0.00	62.10	75.00	12.90	17.20%
7230	Misc Small Parts & Supplies	20.37	44.58	300.00	255.42	85.14%
7240	Propane	0.00	0.00	100.00	100.00	100.00%
	Total Office/Operations	(87.27)	1,264.53	5,475.00	4,210.47	76.90%
	Other Expense					
7201	White Goods & Accessories - bedding, towels	0.00	0.00	300.00	300.00	100.00%
7209	District Operating Center Expense	0.00	0.00	450.00	450.00	100.00%
7218	Cooking Products - Food, Drinks & Staples	240.00	330.00	300.00	(30.00)	(10.00)%
7224	Kitchen Cookware & Utensils	0.00	0.00	800.00	800.00	100.00%
	Total Other Expense	240.00	330.00	1,850.00	1,520.00	82.16%
	Rent & Utilities					
6000	Cell Phones	167.25	667.75	1,550.00	882.25	56.92%
6025	Telephone	0.00	1,531.21	3,700.00	2,168.79	58.62%
8610	Electric	0.00	2,619.14	1,000.00	(1,619.14)	(161.91)%
8620	Gas Service	44.11	160.60	910.00	749.40	82.35%
8630	Trash Services	106.41	410.64	1,850.00	1,439.36	77.80%
8640	Water and Water Services	476.53	1,196.16	4,704.00	3,507.84	74.57%
8659	Utility Cable Charges	97.41	513.76	1,400.00	886.24	63.30%
8670	Street Lighting	11.18	44.65	132.00	87.35	66.17%
	Total Rent & Utilities	902.89	7,143.91	15,246.00	8,102.09	53.14%
	Repairs & Maintenance					
6400	R & M - Air Compressors	0.00	0.00	300.00	300.00	100.00%
6405	R & M - Extinguishers	0.00	497.17	700.00	202.83	28.98%
6640	R & M - Equip & Other Non-Structural Fixed Assets	129.59	600.05	1,600.00	999.95	62.50%
6750	R & M - Minor Tools & Equipment	0.00	56.80	1,000.00	943.20	94.32%
6775	R & M -Operation/Field Equipment	0.00	0.00	1,215.00	1,215.00	100.00%
6800	R & M - Grounds & Collection Systems	0.00	0.00	500.00	500.00	100.00%
6900	R & M - Buildings & Structures	525.00	1,028.84	4,300.00	3,271.16	76.07%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
301 - 301 - Fire
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
Total Repairs & Maintenance	654.59	2,182.86	9,615.00	7,432.14	77.30%
Travel & Training					
6300 DMV Driv Lic Class B	0.00	0.00	100.00	100.00	100.00%
7141 CERT Training Supplies	0.00	0.00	100.00	100.00	100.00%
7323 Books, Publications & Subscriptions	0.00	0.00	470.00	470.00	100.00%
8405 Reserve FF Training Costs	0.00	0.00	3,000.00	3,000.00	100.00%
Total Travel & Training	0.00	0.00	3,670.00	3,670.00	100.00%
Total Services & Supplies	4,848.17	60,914.56	2,330,035.00	2,269,120.44	97.39%
Capital Outlay					
9006 Infrastructure CIP	0.00	12,213.94	44,545.30	32,331.36	72.58%
9085 Vehicle Purchase	0.00	0.00	80,000.00	80,000.00	100.00%
Total Capital Outlay	0.00	12,213.94	124,545.30	112,331.36	90.19%
Reserves					
9504 *Vehicle Replacement Reserve	0.00	0.00	99,144.00	99,144.00	100.00%
9572 *General Contingency (Operations) Reserve	0.00	0.00	34,524.00	34,524.00	100.00%
Total Reserves	0.00	0.00	133,668.00	133,668.00	100.00%
Transfers					
9511 Interfund Transfer Out	0.00	0.00	54,432.20	54,432.20	100.00%
Total Transfers	0.00	0.00	54,432.20	54,432.20	100.00%
Total Expenditures	19,531.58	137,492.01	2,819,255.50	2,681,763.49	95.12%
Net Revenues over Expenditures	(16,211.10)	(102,530.40)	0.00	(102,530.40)	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
400 - 400 - Vista de Oro
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
Revenues					
Special Taxes & Assessments					
4550	0.00	0.00	15,768.00	(15,768.00)	(100.00)%
	0.00	0.00	15,768.00	(15,768.00)	(100.00)%
	0.00	0.00	15,768.00	(15,768.00)	(100.00)%
Expenditures					
Services & Supplies					
Insurance, Licenses & Regulatory Fees					
6345	0.00	0.00	500.00	500.00	100.00%
7325	0.00	0.00	500.00	500.00	100.00%
	0.00	0.00	1,000.00	1,000.00	100.00%
Legal & Professional					
7320	0.00	145.00	700.00	555.00	79.29%
7326	0.00	0.00	300.00	300.00	100.00%
	0.00	145.00	1,000.00	855.00	85.50%
Rent & Utilities					
8670	205.71	822.21	2,460.00	1,637.79	66.58%
	205.71	822.21	2,460.00	1,637.79	66.58%
	205.71	967.21	4,460.00	3,492.79	78.31%
Debt Service					
9804	0.00	0.00	6,711.49	6,711.49	100.00%
	0.00	0.00	6,711.49	6,711.49	100.00%
Transfers					
9511	0.00	0.00	2,721.61	2,721.61	100.00%
	0.00	0.00	2,721.61	2,721.61	100.00%
	205.71	967.21	13,893.10	12,925.89	93.04%
Net Revenues over Expenditures	(205.71)	(967.21)	1,874.90	(2,842.11)	(151.59)%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
500 - 500 - Water
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
Revenues					
Property Taxes					
4035	Property Taxes	234.46	706.07	149,788.75	(149,082.68) (99.53)%
	Total Property Taxes	234.46	706.07	149,788.75	(149,082.68) (99.53)%
Service Charges & Fees					
4030	Residential Single Family	228,902.33	757,380.92	2,135,000.00	(1,377,619.08) (64.53)%
4102	Residential- Multi -Family-Water Sales	13,997.75	75,879.61	199,900.00	(124,020.39) (62.04)%
4103	Commercial, Home Care, Retail-Water Sales	38,370.50	123,254.95	321,000.00	(197,745.05) (61.60)%
4104	Irrigation- Water Sales	394.25	11,756.00	53,000.00	(41,244.00) (77.82)%
4114	Water Other Service Revenues	(295.00)	(559.75)	1,000.00	(1,559.75) (155.97)%
4931	Water Activation Fees	450.00	2,700.00	6,000.00	(3,300.00) (55.00)%
4932	Penalties	2,379.36	8,898.23	20,000.00	(11,101.77) (55.51)%
4933	Door Hangers/Lockout Notices	2,270.00	6,410.00	10,000.00	(3,590.00) (35.90)%
4937	NSF Fees	25.00	100.00	500.00	(400.00) (80.00)%
	Total Service Charges & Fees	286,494.19	985,819.96	2,746,400.00	(1,760,580.04) (64.11)%
Other Revenues					
4105	Recycled Water Revenue	0.00	0.00	57,000.00	(57,000.00) (100.00)%
4930	Other Revenue	(747.96)	2,256.66	1,000.00	1,256.66 (125.67)%
	Total Other Revenues	(747.96)	2,256.66	58,000.00	(55,743.34) (96.11)%
Use of Money & Property					
4504	Interest Income	0.00	0.00	2,964.00	(2,964.00) (100.00)%
4505	HO Prop Tax Relief	0.00	0.00	1,509.00	(1,509.00) (100.00)%
4510	Investment Income on funds	1.03	280.95	4,000.00	(3,719.05) (92.98)%
	Total Use of Money & Property	1.03	280.95	8,473.00	(8,192.05) (96.68)%
	Total Revenues	285,981.72	989,063.64	2,962,661.75	(1,973,598.11) (66.62)%
Expenditures					
Personnel					
Salaries/Wages					
8018	Holiday Pay	0.00	3,783.48	25,000.00	21,216.52 84.87%
8045	Overtime Pay	111.90	111.90	4,000.00	3,888.10 97.20%
8050	Administrative Leave Pay	408.87	1,791.25	3,680.00	1,888.75 51.32%
8051	Floating Holiday Pay	170.08	1,022.86	5,000.00	3,977.14 79.54%
8054	Salaries & Wages - Regular	31,041.30	120,766.31	356,316.15	235,549.84 66.11%
8056	Retroactive Pay	0.00	460.80	1,000.00	539.20 53.92%
8060	Sick Leave Pay	1,543.30	5,061.68	24,150.00	19,088.32 79.04%
8063	Standby Pay	1,514.50	6,291.25	14,700.00	8,408.75 57.20%
8066	Comp Time Used	1,219.65	4,463.42	11,550.00	7,086.58 61.36%
8081	Vacation Pay	3,588.72	13,219.89	39,900.00	26,680.11 66.87%
	Total Salaries/Wages	39,598.32	156,972.84	485,296.15	328,323.31 67.65%
Payroll Taxes & Benefits					
5030	Life Insurance - ER	114.00	456.00	1,700.00	1,244.00 73.18%
5031	Disability Insurance	30.10	120.07	500.00	379.93 75.99%
5035	AD & D Insurance	30.00	120.00	0.00	(120.00) 0.00%
5040	LTD Insurance	211.90	845.17	3,300.00	2,454.83 74.39%
5050	Medicare - ER	573.31	2,278.70	10,356.00	8,077.30 78.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
500 - 500 - Water
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original	
5060	Cafeteria Plan - ER	5,712.54	19,431.29	65,000.00	45,568.71	70.11%
5070	Retirement ER - Regular	6,546.82	26,697.09	67,000.00	40,302.91	60.15%
5075	Retirees Medical - ER	135.07	562.25	1,620.00	1,057.75	65.29%
5120	Workers Comp Insurance - ER	0.00	15,767.18	24,440.00	8,672.82	35.49%
5124	Retirement - ER - Tier 2	336.36	1,718.65	3,720.00	2,001.35	53.80%
	Total Payroll Taxes & Benefits	13,690.10	67,996.40	177,636.00	109,639.60	61.72%
	Employment Services					
5100	Unemployment Insurance - ER	51.28	51.28	5,500.00	5,448.72	99.07%
6230	Medical Exam	0.00	0.00	150.00	150.00	100.00%
	Total Employment Services	51.28	51.28	5,650.00	5,598.72	99.09%
	Total Personnel	53,339.70	225,020.52	668,582.15	443,561.63	66.34%
	Services & Supplies					
	Clothing & Uniform					
7246	Uniform & Gear	245.05	335.19	2,600.00	2,264.81	87.11%
7248	Uniform Safety Boots	0.00	171.60	1,000.00	828.40	82.84%
	Total Clothing & Uniform	245.05	506.79	3,600.00	3,093.21	85.92%
	Contract Services					
6100	Labor & Support-IT Services	0.00	0.00	300.00	300.00	100.00%
6110	IT Purchased Services	255.78	1,023.44	5,400.00	4,376.56	81.05%
7250	Water Quality Testing	0.00	6,370.00	28,000.00	21,630.00	77.25%
7255	Security Services	0.00	187.22	8,000.00	7,812.78	97.66%
7301	Contract Maint Services	0.00	0.00	1,000.00	1,000.00	100.00%
7321	Janitorial Cleaning & Supplies	45.84	206.28	850.00	643.72	75.73%
	Total Contract Services	301.62	7,786.94	43,550.00	35,763.06	82.12%
	Equipment & Tools					
6438	Disinfection Feed Pumps	331.96	879.10	800.00	(79.10)	(9.89)%
7242	Minor Tools, Accessories & Field Machines	22.57	330.80	3,500.00	3,169.20	90.55%
7253	Rent - Equipment	0.00	0.00	1,000.00	1,000.00	100.00%
7256	Meter Purchases & Replacements	12,158.93	31,228.91	75,000.00	43,771.09	58.36%
	Total Equipment & Tools	12,513.46	32,438.81	80,300.00	47,861.19	59.60%
	Financial Services					
7309	Late Fees	29.00	(16.31)	50.00	66.31	132.62%
7310	Bank Service Charges	13.56	13.56	0.00	(13.56)	0.00%
	Total Financial Services	42.56	(2.75)	50.00	52.75	105.50%
	Insurance, Licenses & Regulatory Fees					
6120	Computer Licenses	0.00	0.00	200.00	200.00	100.00%
6340	Misc Fees	0.00	0.00	3,000.00	3,000.00	100.00%
6342	Fees - Regulatory	0.00	2,869.66	18,000.00	15,130.34	84.06%
6345	Property Taxes & Assessments Costs	0.00	0.00	6,300.00	6,300.00	100.00%
7325	Insurance	0.00	34,272.96	33,000.00	(1,272.96)	(3.86)%
	Total Insurance, Licenses & Regulatory Fees	0.00	37,142.62	60,500.00	23,357.38	38.61%
	Legal & Professional					

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
500 - 500 - Water
From 10/1/2018 Through 10/31/2018

		Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
7318	Professional & Consulting BMC	0.00	3,376.30	50,654.00	47,277.70	93.33%
7320	Professional & Consulting Services	286.00	550.00	30,000.00	29,450.00	98.17%
7326	Legal Services	2,135.00	8,855.00	11,000.00	2,145.00	19.50%
7336	Legal Services- ISJ	0.00	0.00	1,000.00	1,000.00	100.00%
	Total Legal & Professional	2,421.00	12,781.30	92,654.00	79,872.70	86.21%
	Office/Operations					
6130	Computer Hardware	0.00	0.00	3,000.00	3,000.00	100.00%
6140	Computer Software	1,440.00	6,448.27	2,000.00	(4,448.27)	(222.41)%
7140	General Supplies & Minor Equipment	0.00	541.71	1,000.00	458.29	45.83%
7160	Postage, Shipping & Mail Supplies	939.74	4,630.43	17,000.00	12,369.57	72.76%
7180	Billing Supplies, Forms & Printing	110.55	110.55	2,200.00	2,089.45	94.97%
7226	Membership & Dues	0.00	420.00	3,000.00	2,580.00	86.00%
7230	Misc Small Parts & Supplies	1,162.05	1,361.11	1,000.00	(361.11)	(36.11)%
7237	Process Control & Treatment Supplies	0.00	873.59	4,000.00	3,126.41	78.16%
7239	Water Treatment Chemicals	0.00	1,501.85	8,000.00	6,498.15	81.23%
7249	Safety Supplies	0.00	182.79	3,000.00	2,817.21	93.91%
	Total Office/Operations	3,652.34	16,070.30	44,200.00	28,129.70	63.64%
	Other Expense					
7330	Misc Operating Expenses	0.00	0.00	250.00	250.00	100.00%
7348	Water Conservation Program	1,069.77	1,639.79	2,000.00	360.21	18.01%
	Total Other Expense	1,069.77	1,639.79	2,250.00	610.21	27.12%
	Rent & Utilities					
6000	Cell Phones	248.42	1,009.25	3,000.00	1,990.75	66.36%
6025	Telephone	752.89	2,981.56	8,200.00	5,218.44	63.64%
7352	Rent - Offices & Other Structures	0.00	0.00	2,900.00	2,900.00	100.00%
8610	Electric	7,967.02	35,782.00	95,000.00	59,218.00	62.33%
8620	Gas Service	0.00	0.00	250.00	250.00	100.00%
8630	Trash Services	37.52	1,027.70	4,000.00	2,972.30	74.31%
8644	Disposal Services	778.25	9,471.25	28,500.00	19,028.75	66.77%
8670	Street Lighting	32.03	127.25	400.00	272.75	68.19%
	Total Rent & Utilities	9,816.13	50,399.01	142,250.00	91,850.99	64.57%
	Repairs & Maintenance					
6405	R & M - Extinguishers	0.00	311.89	350.00	38.11	10.89%
6422	R & M - Hydrants	0.00	575.85	350.00	(225.85)	(64.53)%
6640	R & M - Equip & Other Non-Structural Fixed Assets	0.00	160.72	500.00	339.28	67.86%
6641	R & M - Wells	0.00	71.80	1,000.00	928.20	92.82%
6750	R & M - Minor Tools & Equipment	0.00	118.48	2,000.00	1,881.52	94.08%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
500 - 500 - Water
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
6800 R & M - Grounds & Collection Systems	0.00	0.00	1,000.00	1,000.00	100.00%
6830 Paving & Concrete	0.00	0.00	8,000.00	8,000.00	100.00%
6900 R & M - Buildings & Structures	68.16	859.40	2,000.00	1,140.60	57.03%
7241 R & M - Water Distribution System	864.83	2,446.12	20,000.00	17,553.88	87.77%
Total Repairs & Maintenance	932.99	4,544.26	35,200.00	30,655.74	87.09%
Travel & Training					
7323 Books, Publications & Subscriptions	0.00	0.00	250.00	250.00	100.00%
7324 Education & Training Fees	249.00	494.50	5,900.00	5,405.50	91.62%
8410 Certifications	0.00	0.00	500.00	500.00	100.00%
8510 Lodging & Meals - Local	0.00	0.00	2,000.00	2,000.00	100.00%
8539 Meals	0.00	0.00	700.00	700.00	100.00%
8550 Mileage Reimbursement & Parking	0.00	35.97	700.00	664.03	94.86%
Total Travel & Training	249.00	530.47	10,050.00	9,519.53	94.72%
Vehicle Maintenance & Repairs					
7006 Tuneup/Oil/Maintenance	92.22	229.90	1,600.00	1,370.10	85.63%
7211 Misc Fuel & Diesel	0.00	446.88	2,300.00	1,853.12	80.57%
7220 Gasoline	0.00	1,268.58	5,000.00	3,731.42	74.63%
7228 Markings & Other Misc Services	0.00	0.00	500.00	500.00	100.00%
7232 Vehicle Repairs - Parts, Tires & Lubricants	0.00	255.68	5,000.00	4,744.32	94.89%
Total Vehicle Maintenance & Repairs	92.22	2,201.04	14,400.00	12,198.96	84.72%
Total Services & Supplies	31,336.14	166,038.58	529,004.00	362,965.42	68.61%
Capital Outlay					
9006 Infrastructure CIP	6,187.35	74,581.40	502,524.00	427,942.60	85.16%
9059 Vehicles, Equipment, & Fixtures	32,602.28	32,602.28	0.00	(32,602.28)	0.00%
Total Capital Outlay	38,789.63	107,183.68	502,524.00	395,340.32	78.67%
Debt Service					
9022 Debt Service - Principal	0.00	160,870.79	160,871.00	0.21	0.00%
9023 Debt Service - Interest & Annual Fee	0.00	53,613.47	104,773.00	51,159.53	48.83%
9024 Loan Administration Fee	0.00	10,546.91	10,547.00	0.09	0.00%
Total Debt Service	0.00	225,031.17	276,191.00	51,159.83	18.52%
Reserves					
9571 *Capital Outlay Reserve	0.00	0.00	498,641.34	498,641.34	100.00%
9572 *General Contingency (Operations) Reserve	0.00	0.00	57,000.00	57,000.00	100.00%
Total Reserves	0.00	0.00	555,641.34	555,641.34	100.00%
Transfers					
9511 Interfund Transfer Out	0.00	0.00	465,395.31	465,395.31	100.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
500 - 500 - Water
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
Total Transfers	<u>0.00</u>	<u>0.00</u>	<u>465,395.31</u>	<u>465,395.31</u>	<u>100.00%</u>
Total Expenditures	<u>123,465.47</u>	<u>723,273.95</u>	<u>2,997,337.80</u>	<u>2,274,063.85</u>	<u>75.87%</u>
Net Revenues over Expenditures	<u>162,516.25</u>	<u>265,789.69</u>	<u>(34,676.05)</u>	<u>300,465.74</u>	<u>(866.49)%</u>

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
600 - 600 - Wastewater
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
Revenues					
Service Charges & Fees					
4062	0.00	0.00	44,246.40	(44,246.40)	(100.00)%
	0.00	0.00	44,246.40	(44,246.40)	(100.00)%
	0.00	0.00	44,246.40	(44,246.40)	(100.00)%
Expenditures					
Services & Supplies					
Insurance, Licenses & Regulatory Fees					
6343	0.00	31.49	0.00	(31.49)	0.00%
6345	0.00	0.00	270.00	270.00	100.00%
	0.00	31.49	270.00	238.51	88.34%
Legal & Professional					
7320	2,553.39	5,061.49	12,365.94	7,304.45	59.07%
7326	0.00	0.00	500.00	500.00	100.00%
	2,553.39	5,061.49	12,865.94	7,804.45	60.66%
	2,553.39	5,092.98	13,135.94	8,042.96	61.23%
Debt Service					
9805	0.00	0.00	25,000.00	25,000.00	100.00%
	0.00	0.00	25,000.00	25,000.00	100.00%
Transfers					
9511	0.00	0.00	2,721.61	2,721.61	100.00%
	0.00	0.00	2,721.61	2,721.61	100.00%
	2,553.39	5,092.98	40,857.55	35,764.57	87.53%
Net Revenues over Expenditures	(2,553.39)	(5,092.98)	3,388.85	(8,481.83)	(250.29)%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
602 - Wastewater Fiduciary Fund
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
Revenues					
Special Taxes & Assessments					
4061	0.00	(843,250.00)	0.00	(843,250.00)	0.00%
	0.00	(843,250.00)	0.00	(843,250.00)	0.00%
Use of Money & Property					
4510	0.00	5,688.75	0.00	5,688.75	0.00%
	0.00	5,688.75	0.00	5,688.75	0.00%
	0.00	(837,561.25)	0.00	(837,561.25)	0.00%
Net Revenues over Expenditures					
	0.00	(837,561.25)	0.00	(837,561.25)	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
800 - 800 - Drainage
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
Revenues					
Property Taxes					
4034	0.00	0.00	29,957.75	(29,957.75)	(100.00)%
4035	23.66	71.24	24,015.00	(23,943.76)	(99.70)%
	23.66	71.24	53,972.75	(53,901.51)	(99.87)%
Special Taxes & Assessments					
4400	0.00	0.00	95,440.00	(95,440.00)	(100.00)%
	0.00	0.00	95,440.00	(95,440.00)	(100.00)%
Other Revenues					
4935	18.00	22.50	0.00	22.50	0.00%
	18.00	22.50	0.00	22.50	0.00%
Use of Money & Property					
4505	0.00	0.00	152.00	(152.00)	(100.00)%
4510	0.10	0.10	300.00	(299.90)	(99.97)%
	0.10	0.10	452.00	(451.90)	(99.98)%
	41.76	93.84	149,864.75	(149,770.91)	(99.94)%
Expenditures					
Personnel					
Salaries/Wages					
8045	0.00	0.00	200.00	200.00	100.00%
8054	510.24	1,017.52	16,000.00	14,982.48	93.64%
	510.24	1,017.52	16,200.00	15,182.48	93.72%
	510.24	1,017.52	16,200.00	15,182.48	93.72%
Services & Supplies					
Equipment & Tools					
6390	0.00	0.00	300.00	300.00	100.00%
7242	0.00	0.00	200.00	200.00	100.00%
	0.00	0.00	500.00	500.00	100.00%
Insurance, Licenses & Regulatory Fees					
6342	0.00	0.00	7,000.00	7,000.00	100.00%
6345	0.00	0.00	200.00	200.00	100.00%
	0.00	0.00	3,500.00	3,500.00	100.00%
	0.00	0.00	10,700.00	10,700.00	100.00%
Legal & Professional					
7320	0.00	181.25	2,000.00	1,818.75	90.94%
7326	0.00	35.00	1,000.00	965.00	96.50%
	0.00	216.25	3,000.00	2,783.75	92.79%
Office/Operations					
7140	0.00	9.62	50.00	40.38	80.76%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
800 - 800 - Drainage
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original	
7226	Membership & Dues	0.00	0.00	200.00	200.00	100.00%
7230	Misc Small Parts & Supplies	0.00	132.31	500.00	367.69	73.54%
7249	Safety Supplies	0.00	0.00	100.00	100.00	100.00%
	Total Office/Operations	0.00	141.93	850.00	708.07	83.30%
	Other Expense					
7346	Promotional Expenses - Event	0.00	250.00	300.00	50.00	16.67%
	Total Other Expense	0.00	250.00	300.00	50.00	16.67%
	Rent & Utilities					
6000	Cell Phones	138.94	554.47	1,700.00	1,145.53	67.38%
6025	Telephone	20.80	82.66	250.00	167.34	66.94%
8610	Electric	134.11	554.83	2,200.00	1,645.17	74.78%
8670	Street Lighting	74.34	296.09	1,000.00	703.91	70.39%
	Total Rent & Utilities	368.19	1,488.05	5,150.00	3,661.95	71.11%
	Repairs & Maintenance					
6405	R & M - Extinguishers	0.00	36.68	0.00	(36.68)	0.00%
6640	R & M - Equip & Other Non-Structural Fixed Assets	212.83	212.83	1,000.00	787.17	78.72%
6750	R & M - Minor Tools & Equipment	0.00	0.00	500.00	500.00	100.00%
6800	R & M - Grounds & Collection Systems	0.00	32.16	2,000.00	1,967.84	98.39%
6900	R & M - Buildings & Structures	0.00	432.27	200.00	(232.27)	(116.14)%
	Total Repairs & Maintenance	212.83	713.94	3,700.00	2,986.06	80.70%
	Travel & Training					
7324	Education & Training Fees	0.00	0.00	2,200.00	2,200.00	100.00%
8410	Certifications	0.00	0.00	100.00	100.00	100.00%
8475	Training Materials	0.00	0.00	500.00	500.00	100.00%
8510	Lodging & Meals - Local	0.00	0.00	500.00	500.00	100.00%
8539	Meals	0.00	0.00	100.00	100.00	100.00%
8550	Mileage Reimbursement & Parking	0.00	0.00	300.00	300.00	100.00%
	Total Travel & Training	0.00	0.00	3,700.00	3,700.00	100.00%
	Vehicle Maintenance & Repairs					
7211	Misc Fuel & Diesel	0.00	111.72	550.00	438.28	79.69%
7220	Gasoline	0.00	317.15	800.00	482.85	60.36%
	Total Vehicle Maintenance & Repairs	0.00	428.87	1,350.00	921.13	68.23%
	Total Services & Supplies	581.02	3,239.04	29,250.00	26,010.96	88.93%
	Capital Outlay					
9006	Infrastructure CIP	749.71	33,217.11	110,000.00	76,782.89	69.80%
	Total Capital Outlay	749.71	33,217.11	110,000.00	76,782.89	69.80%
	Transfers					
9511	Interfund Transfer Out	0.00	0.00	10,886.44	10,886.44	100.00%
	Total Transfers	0.00	0.00	10,886.44	10,886.44	100.00%
	Total Expenditures	1,840.97	37,473.67	166,336.44	128,862.77	77.47%
	Net Revenues over Expenditures	(1,799.21)	(37,379.83)	(16,471.69)	(20,908.14)	126.93%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Monthly Actuals
900 - 900 - Parks & Recreation
From 10/1/2018 Through 10/31/2018

	Current Period Actual	YTD	Total Budget - Original	Total Budget Variance - Original	Percent Total Budget Remaini... - Original
Revenues					
Other Revenues					
4655	1,187.17	1,437.17	0.00	1,437.17	0.00%
	1,187.17	1,437.17	0.00	1,437.17	0.00%
Use of Money & Property					
4510	0.00	0.00	1,607.78	(1,607.78)	(100.00)%
	0.00	0.00	1,607.78	(1,607.78)	(100.00)%
	1,187.17	1,437.17	1,607.78	(170.61)	(10.61)%
Expenditures					
Services & Supplies					
Legal & Professional					
7320	14,140.19	14,140.19	1,000.00	(13,140.19)	...14.02)%
7326	525.00	1,155.00	1,000.00	(155.00)	(15.50)%
	14,665.19	15,295.19	2,000.00	(13,295.19)	(664.76)%
Office/Operations					
7140	0.00	0.00	100.00	100.00	100.00%
	0.00	0.00	100.00	100.00	100.00%
Other Expense					
7330	98.55	379.20	0.00	(379.20)	0.00%
	98.55	379.20	0.00	(379.20)	0.00%
	14,763.74	15,674.39	2,100.00	(13,574.39)	(646.40)%
Transfers					
9511	0.00	0.00	5,443.22	5,443.22	100.00%
	0.00	0.00	5,443.22	5,443.22	100.00%
	14,763.74	15,674.39	7,543.22	(8,131.17)	(107.79)%
Net Revenues over Expenditures	(13,576.57)	(14,237.22)	(5,935.44)	(8,301.78)	139.87%

LOS OSOS COMMUNITY SERVICES DISTRICT

Balance Sheet
As of 10/31/2018

		Current Period Balance
		<hr/>
ASSETS		
CURRENT ASSETS		
Cash in Bank		
Change Fund	0999	400.00
Petty Cash	1000	500.00
LAIF Investments	1011	647,089.92
General Checking Account	1012	1,194,264.33
Payroll Account (contra to 2998)	1013	1,766.30
Rabobank-Bankruptcy Disbursement Reserve	1017	102,793.69
Fire Reserves Account	1031	1,571,152.76
US Bank- WW Bond Redemption Fund	1077	930.50
US Bank - WW Bond Reserve Fund	1078	<u>877,419.24</u>
Total Cash in Bank		4,396,316.74
Investments		
Inv: Pacific Premier	0333	52,501.00
Rabo Bank -Investments	0334	<u>2,073,631.00</u>
Total Investments		2,126,132.00
Due From Others		
Loan Receivable From District	1160	222,333.96
Due From Bayridge	1420	100,876.84
Due From Vista De Oro	1440	<u>25,727.44</u>
Total Due From Others		348,938.24
Held Deposits		
Held Deposits	1030	<u>10,000.00</u>
Total Held Deposits		10,000.00
Accounts Receivable		
Accounts Receivable	1080	271,923.53
Unbilled A/R	1085	<u>207,505.95</u>
Total Accounts Receivable		479,429.48
Accrued Inventory On Hand		
Inventory	1100	<u>54,194.36</u>
Total Accrued Inventory On Hand		54,194.36
Total CURRENT ASSETS		<u>7,415,010.82</u>
FIXED ASSETS		
Land		
Land and Land Rights	1720	<u>555,803.09</u>
Total Land		555,803.09
Building		
Building, Structures & Improvements	1750	592,410.70
Accum Depreciation-Building, Structures & Improvements	1851	(5,000.00)
Total Building		<u>587,410.70</u>
Plant & Equipment		
Equipment, Vehicles, Fixtures & Systems	1800	1,960,549.73
Acc Depreciation-Equipment, Vehicles & Systems	1853	(424,190.84)
Total Plant & Equipment		<u>1,536,358.89</u>
Construction in Progress		
Construction In Progress	1850	<u>138,872.75</u>
Total Construction in Progress		138,872.75

LOS OSOS COMMUNITY SERVICES DISTRICT

Balance Sheet
As of 10/31/2018

		Current Period Balance
Infrastructure		
Infrastructures	1730	9,689,057.94
Accum Depreciation-Infrastructures	1852	<u>(4,398,393.04)</u>
Total Infrastructure		<u>5,290,664.90</u>
Total FIXED ASSETS		8,109,110.33
OTHER ASSETS		
Cash Suspense		
Other Assets	1990	<u>900.00</u>
Total Cash Suspense		<u>900.00</u>
Total OTHER ASSETS		900.00
Other Assets		
Def Outflow	1991	192,162.00
Amount to be Provided for Internal Loans	1997	1,517.00
Amount to be Provided - Other LT	1998	26,653.43
Oblig-Comp Leave		
Total Other Assets		<u>220,332.43</u>
Total ASSETS		<u><u>15,745,353.58</u></u>
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
Accounts Payable		
Vendor Payable (Control Account)	2000	3,616.33
AP Other- Adjment to 2000, AP Control Acct	2010	<u>(413.88)</u>
Total Accounts Payable		3,202.45
Current Payroll Liabilities		
Fed Income Tax Withholding	2001	(452.76)
FICA Employee Payable	2002	(55.78)
FICA Employer Payable	2003	254.77
Wage Garnishment	2005	20.85
CA Income Tax Withholding	2011	2,458.36
SDI Payable Employee (EE Only)	2012	(4.34)
Retirement-ER-Regular Contrib	2014	(0.04)
SLOCEA Dues Payable	2016	(25.17)
Employee Contributions to 457 PLAN	2021	1,600.00
AFLAC Voluntary Insurance-Employee	2022	(282.48)
Workers Comp Ins Liab-Employer	2023	138.17
Accrued Life/Disability Medical Exp	2026	(228.58)
Retirement Addl Pick-up Liab-Employer	2027	(1.03)
Unemployment Ins Liab-Employer (ER only)	2028	(513.79)
Medicare Liab- Employer	2029	225.14
Other Deposits	2038	(152.64)
Accrued Compensated Absences	2040	19,489.38
Long-term Compensated Absences	2041	58,468.12
CALPERS Retirement Tier 2- EE- Liab	2042	69.96
CALPERS Retirement Tier 2- ER- Liab	2044	(448.34)
Other Pension Oblig Liab (OPEB) ARC	2045	49,290.00
Retirement Conbtribution Safety-Fire-EE	2046	(3.53)
Life Insurance Liab-Employer	2201	(41.47)
Medicare Tax Liab-Employee	2202	(1,173.66)
Medical Plan Liab- Employee	2203	(101.96)
Vision Plan Liab- Employee	2204	11.91
Dental Plan Ins Payable- Employee	2205	919.26

LOS OSOS COMMUNITY SERVICES DISTRICT

Balance Sheet
As of 10/31/2018

		Current Period Balance
Retirement Contrib Liab-Employee	2206	29.10
Insurance- AD & D	2211	(269.10)
Insurance-Work Injury (WI)	2212	(256.03)
Insurance- LT Disability	2213	(130.47)
Survivor Premiums-PERS	2214	5.67
Payroll Clearing Account	2999	<u>(2,282.65)</u>
Total Current Payroll Liabilities		126,556.87
Deposits Held for Water Customers		
Will Serve Deposits	2036	750.00
Other		<u>2,400.00</u>
Total Deposits Held for Water Customers		3,150.00
Due to Others		
Due To Administration	2410	<u>1,517.00</u>
Total Due to Others		1,517.00
Current Portion Long Term Debt		
Current portion-Long Term Debt	2102	<u>156,109.44</u>
Total Current Portion Long Term Debt		156,109.44
Trust Liability		
Trust Funds- Low Income Savings	2513	1,169.32
Water Quality Trust Reserve	3050	<u>91,517.27</u>
Total Trust Liability		<u>92,686.59</u>
Total CURRENT LIABILITIES		383,222.35
Other Liabilities		
Other Liabilities		
Net Pension Liability	2215	550,658.00
Def Inflow	2216	19,325.00
Loan Payable to Agency Fund	2495	222,333.96
Restricted Park and Rec	3090	305,813.55
Replacement Reserve - Vehicle, Equip & Fire Engines	3110	922,225.07
General Contingency Reserve	3111	561,015.70
Public Facilities Fees Reserve	3115	40,334.00
Capital Outlay Reserve	3160	1,999,459.05
Water Stabilization Reserve	3163	190,456.00
Info Tech Reserve	3164	28,741.40
Basin Management Reserve	3165	50,031.00
Water Conservation Reserve	3167	59,288.00
Reserve - Internal Loans	3193	<u>1,517.00</u>
Total Other Liabilities		<u>4,951,197.73</u>
Total Other Liabilities		4,951,197.73
Long Term Debt		
Note Payable - Long Term		
Note Payable - State CIEDB-LTD	2101	3,515,636.88
Internal Loan Due Water-500	2491	<u>125,087.28</u>
Total Note Payable - Long Term		3,640,724.16
Accrued Interest Payable		
Accrued Interest Payable	2110	<u>46,661.78</u>
Total Accrued Interest Payable		<u>46,661.78</u>
Total Long Term Debt		3,687,385.94
Equity		
Revenues		185,229.64

LOS OSOS COMMUNITY SERVICES DISTRICT

Balance Sheet
As of 10/31/2018

		Current Period Balance
Expenditures		(1,095,210.70)
Equity		
Septic System Decommission Reserve	3109	8,000.00
Prepaid Assessment Reserve	3159	147,868.10
Fire Mitigation Fund	3161	263,397.60
Fund Balance	3200	6,137,466.93
Bankruptcy Fund Balance	3203	58,710.96
GFAG- Net Investment in Assets	3300	671,156.09
GFAG- Accumulated Depreciation	3301	1,756,878.01
GFAG- Governmental Depreciation Expense	3302	(83,603.02)
Investment in N/A-Costs	3310	<u>(1,326,346.05)</u>
Total Equity		<u>7,633,528.62</u>
Total Equity		<u>6,723,547.56</u>
Total LIABILITIES & EQUITY		<u><u>15,745,353.58</u></u>

FIRE RESERVES

LOS OSOS COMMUNITY SERVICES DISTRICT

Balance Sheet
As of 10/31/2018

		Current Period Balance
LIABILITIES & EQUITY		
Other Liabilities		
Other Liabilities		
Replacement Reserve - Vehicle, Equip & Fire Engines	3110	
301 - Fire	301	777,580.82
General Contingency Reserve	3111	
301 - Fire	301	93,676.00
Public Facilities Fees Reserve	3115	
301 - Fire	301	40,334.00
Capital Outlay Reserve	3160	
301 - Fire	301	590,107.36
Total Other Liabilities		<u>1,501,698.18</u>
Total Other Liabilities		1,501,698.18
Equity		
Equity		
Fire Mitigation Fund	3161	
301 - Fire	301	160,448.89
Total Equity		<u>160,448.89</u>
Total Equity		160,448.89
Total LIABILITIES & EQUITY		<u>1,662,147.07</u>

WATER RESERVES

LOS OSOS COMMUNITY SERVICES DISTRICT

Balance Sheet
As of 10/31/2018

		Current Period Balance
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
Trust Liability		
Water Quality Trust Reserve	3050	
500 - Water	500	<u>91,517.27</u>
Total Trust Liability		<u>91,517.27</u>
Total CURRENT LIABILITIES		91,517.27
Other Liabilities		
Other Liabilities		
Replacement Reserve - Vehicle, Equip & Fire Engines	3110	
500 - Water	500	144,644.25
General Contingency Reserve	3111	
500 - Water	500	414,183.00
Capital Outlay Reserve	3160	
500 - Water	500	1,214,296.29
Water Stabilization Reserve	3163	
500 - Water	500	190,456.00
Basin Management Reserve	3165	
500 - Water	500	50,031.00
Water Conservation Reserve	3167	
500 - Water	500	<u>59,288.00</u>
Total Other Liabilities		<u>2,072,898.54</u>
Total Other Liabilities		<u>2,072,898.54</u>
Total LIABILITIES & EQUITY		<u>2,164,415.81</u>



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STATEMENT OF ACCOUNT ACTIVITY

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LOS OSOS COMMUNITY SERVICES DISTRICT
LOW INCOME ASSISTANCE FUNDS ACCOUNT
PO BOX 6064
LOS OSOS CA 93412-6064

Page 1 of 2
Branch 033
Account Number:
Date 10/31/18
EM

EXECUTIVE 250 CHECKING

Acct

Summary of Activity Since Your Last Statement

Table with 3 columns: Description, Date, Amount. Rows include Beginning Balance, Deposits / Misc Credits, Withdrawals / Misc Debits, Ending Balance, Service Charge, Average Collected Balance, Enclosures.

Checks in Check Number Order

Table with 9 columns: Date, Check No, Amount, Date, Check No, Amount, Date, Check No, Amount. Shows three checks with dates 10/10, 10/23, and 10/25.

* indicates a break in check number sequence

Daily Balance Summary

Table with 7 columns: Date, Balance, Date, Balance, Date, Balance. Includes CD Amount, Issued, Matures, Next Int, Rate, YTD Int, Term.

00000728-00023909-0001-0002-TIMRBR006411031189737000007281-0000002011



ITEM 6

**REVIEW OF BOARD ITEM REGARDING
DRAFT MID-YEAR BUDGET
ADJUSTMENTS FOR FISCAL YEAR 2018/19**



November 29, 2018

TO: Finance Advisory Committee

FROM: Renee Osborne, General Manager
Jose Acosta, Utility systems Manager

SUBJECT: **Item 6 – 12/3/2018 Financial Advisory Committee Meeting**
Review of Draft Mid-Year Budget Adjustments for Fiscal Year 2018/19

President
Vicki L. Milledge

Vice President
Marshall E. Ochylski

Directors
Charles L. Cesena
Louis G. Tornatzky
Christine M. Womack

General Manager
Renee Osborne

District Accountant
Robert Stilts, CPA

Unit Chief
Scott M. Jalbert

Battalion Chief
Greg Alex

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

Offices:
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DISCUSSION

Attached is the 2018/2019 Draft Mid-Year Budget with a short summary of adjustments to each fund.

Fund 100 Administration

The only significant increase to Fund 100 is the Board of Directors monthly compensation, from \$12,000 to \$17,000. Compared to previous years, Board of Directors meeting attendance has increased causing the change in this line item. We have adjusted several other budget items that will balance the Directors Compensation increase.

Staff is still looking into the installation of a kitchen and breakroom. We budgeted for the kitchen and blind replacement at \$5300. That line item has been increased to \$6,450 after adjustments in other areas.

The Administration budget total expenditures has not changed from \$544,322.

Fund 200 Bayridge Estates

Expenses in Bayridge have decreased since the County took over the collection system. The District is still responsible for taking care of drainage in that area, which is charged to Fund 800 Drainage. As mentioned previously to this committee, Bayridge has 12 septic tanks that need to be decommissioned. Staff is preparing a request for proposal (RFP) to start this process. We currently have a few informal bids. The price is approximately \$110,000. Although Bayridge has some "cash funds", it will not cover the full cost of the project. Bayridge had \$32,643 in reserves at the end of the 2016/2017 Audit. We are still waiting for their 2017/2018 balance. Once we have actual costs for the decommissioning project and a final reserve amount, staff will return with a request to use Bayridge reserve funds and a loan.

The other costs associated with this fund are street lighting and the loan to the Water Fund which are covered by the assessments.

With an estimated cost of \$110,000 for the decommissioning project, this fund will end with an estimated \$85,470 negative amount before using reserves.

Fund 301 Fire

Fund 301 required only minor adjustments during the 2018-2019 mid-year. The adjustments made were to accommodate YTD expenses. Some of these changes include a reduction in personnel salaries/wages and employment services and an increase in payroll taxes/benefits. Additional funds were made available for rescue/extrication equipment maintenance, rope/climbing equipment, and grounds & collection systems. Proceeds from the sale of MR-15 in the amount of \$22,500 was also added to the Vehicle Replacement Fund.

Total expenses increased from \$2,819,255.50 to \$2,841,755.50 which will offset by the deposit into the Vehicle Reserve Fund from the sale of the fire truck.

Fund 400 Vista De Oro

Since the County took over the collection system at Vista De Oro, there are two expenses associated with this fund; street lighting and the loan to the Water Fund. These expenses are covered by the current assessments.

The Vista De Oro fund has no changes.

Fund 500 Water

The Water fund continues to experience revenues that are adequate to cover most operation and maintenance costs within the water department operating budget. A few line items will need some minor adjustments to cover costs that have been presented by projects or operating costs of the water department.

A request for a \$2,000 decrease in computer hardware is being requested as all computers are operating satisfactorily and purchase can be delayed until next budget. The \$2,000 being saved in computer hardware will be transferred into computer software to cover costs associated with meter reading software. An increase of \$1,000 is being requested in the Water Conservation Program in order to continue purchasing conservation items for the rest of this fiscal year. An increase of \$4,000 in R&M Building and Structures is being requested to replace a gate and some fencing at the 3rd Street well compound and building repairs at the Palisades well site.

The Water budget total expenditures have increased from \$2,997,337.80 to \$3,003,987.80; an increase of \$6,650.

Fund 600 Wastewater

There has been a minor adjustment made to the Wastewater fund. We have had some research/legal fees associated with refinancing of the Bonds. The change in the legal line item is an increase from \$500 to \$1000.

Total expenditures have changed from \$40,857.55 to \$41,407.55.

Fund 800 Drainage

The Drainage fund has two requests for modifications. An increase of \$50 in R&M Extinguishers is requested to cover the costs of testing of fire extinguishers at the drainage sites. The second request is an increase of \$1,300 within R&M Buildings and Structures to cover the estimated costs for staff to construct awnings covering the newly installed panels at the drainage facilities.

Total expenditures have changed from \$166,336.44 to \$167,686.44. Drainage reserves will be used to balance Fund 800 2018-2019 fiscal budget.

Fund 900 Parks and Recreation

The Parks and Recreation fund expenses are covered by the Parks and Recreation reserves with a small amount of interest income. Since actual costs of the rubber chip removal project were not known, the project was not budgeted in the 2018-2019 fiscal budget. Total costs of the project were \$12,134.41 after donations of \$2,437.17.

The Dog Park is another item that has not been budgeted in the 2018-2019 fiscal budget. Total costs are still unknown until we do a California Environmental Quality Act impact report (CEQA). This will help us establish permitting costs. Staff has been waiting for the completion of the Habitat Conservation Plan (HCP) which is needed in order to complete the CEQA. This report has been estimated at \$6000. Legal expenses will also be incurred and are estimated at an additional \$1300. Staff would like these cost "place holders" in order to proceed with the Dog Park Project if the HCP is completed at the beginning of the year.

Total change in budget from \$5,935.44 to \$24,798.27. Parks and Recreation Reserves will be used to fund the Parks and Recreation 2018-2019 fiscal budget.

SUMMARY

Staff is requesting any changes or recommendations to the 2018-2019 Mid-Year Budget Adjustments. FAC will have an opportunity to review the Mid-Year Adjustments prior to the January meeting.

DRAFT 100 - ADMINISTRATION

		Current Period Actual (Oct)	YTD	Total Budget - Original	Mid Year Adjustment	Notes
REVENUES						
Service Charges & Fees						
4005	Copying Costs	0.00	0.00	20.00	20.00	
Total Service Charges & Fees		0.00	0.00	20.00	20.00	
Use of Money & Property						
4510	Investment Income on funds	0.00	74.16	0.00	0.00	
Total Use of Money & Property		0.00	74.16	0.00	0.00	
Total		0.00	74.16	20.00	20.00	
EXPENDITURES						
Personnel						
Salaries/Wages						
7322	Director's Compensation	1,500.00	4,500.00	12,000.00	17,000.00	Increase by \$5000
8018	Holiday Pay	0.00	712.60	4,000.00	4,000.00	
8045	Overtime Pay	21.54	1,706.56	5,000.00	2,500.00	Decrease by \$2500
8051	Floating Holiday Pay	0.00	620.48	1,000.00	1,000.00	
8054	Salaries & Wages - Regular	8,006.71	28,967.53	109,000.00	109,000.00	
8060	Sick Leave Pay	0.00	198.47	2,000.00	2,000.00	
8066	Comp Time Used	71.26	1,297.20	0.00	2,500.00	Added \$2500
8081	Vacation Pay	0.00	0.00	3,000.00	3,000.00	
Total Salaries/Wages		9,599.51	38,002.84	136,000.00	141,000.00	
Payroll Taxes & Benefits						
5020	FICA - ER	93.00	279.00	1,700.00	1,700.00	
5030	Life Insurance - ER	12.36	59.40	300.00	300.00	
5031	Disability Insurance	6.52	25.60	60.00	60.00	
5035	AD & D Insurance	3.26	15.65	0.00	0.00	
5040	LTD Insurance	45.88	180.25	1,000.00	1,000.00	
5050	Medicare - ER	127.33	515.04	2,478.00	2,478.00	
5060	Cafeteria Plan - ER	1,162.56	3,506.31	8,625.00	8,625.00	
5070	Retirement ER - Regular	1,558.70	6,290.55	13,700.00	13,700.00	
5071	Retirement ER - Addl Pick-up	0.00	0.00	1,019.00	1,019.00	

100 - ADMINISTRATION

		Current Period		Total Budget -	Mid Year	Notes
		Actual (Oct)	YTD	Original	Adjustment	
5075	Retirees	270.14	1,089.39	3,000.00	3,000.00	
5120	Medical - ER Workers Comp Insurance - ER	0.00	431.11	4,675.00	4,675.00	
5124	Retirement - ER - Tier 2	0.00	228.63	0.00	0.00	
Total Payroll Taxes & Benefits		3,279.75	12,620.93	36,557.00	36,557.00	
Employment Services						
5100	Unemployment Insurance - ER	144.28	330.28	3,400.00	3,400.00	
6200	Hiring, Advertising & Other Costs	0.00	139.30	300.00	300.00	
6230	Medical Exam	150.00	150.00	125.00	125.00	
Total Employment Services		294.28	619.58	3,825.00	3,825.00	
Total Personnel		13,173.54	51,243.35	176,382.00	181,382.00	
Services & Supplies						
Clothing & Uniform						
7246	Uniform & Gear	0.00	43.50	0.00	150.00	Added 150
Total Clothing & Uniform		0.00	43.50	0.00	150.00	
Contract Services						
6100	Labor & Support- IT Services	0.00	5,364.50	4,500.00	6,000.00	Increase by 1500
6110	IT Purchased Services	1,947.09	8,219.05	21,500.00	20,000.00	Decrease by 1500
7100	Copier Contract- Maint & Usage	264.18	1,116.44	5,000.00	5,000.00	
7255	Security Services	60.67	239.16	1,000.00	1,000.00	
7321	Janitorial Cleaning & Supplies	245.00	980.00	4,000.00	4,000.00	
7342	Public Meeting Recordings	0.00	4,050.00	13,500.00	13,500.00	
Total Contract Services		2,516.94	19,969.15	49,500.00	49,500.00	
Financial Services						
7309	Late Fees	0.00	13.19	100.00	100.00	
7310	Bank Service Charges	233.22	1,028.43	3,000.00	3,000.00	
Total Financial Services		233.22	1,041.62	3,100.00	3,100.00	
Ins., Lic. & Regulatory Fees						
6340	Misc Fees	0.00	0.00	100.00	100.00	
6341	LAFCO Fees	0.00	16,567.07	20,000.00	20,000.00	
6343	Lien & Notary Fees	0.00	30.00	0.00	0.00	
7325	Insurance	0.00	14,266.50	9,254.00	9,254.00	
Total Ins., Lic. & Regulatory Fees		0.00	30,863.57	29,354.00	29,354.00	

100 - ADMINISTRATION

		Current Period Actual (Oct)	YTD	Total Budget - Original	Mid Year Adjustment	Notes
Legal & Professional						
7303	Professional Services - GM	0.00	24,031.50	96,126.00	96,126.00	
7304	Professional Services - ACCTG	5,000.00	15,000.00	60,000.00	60,000.00	
7305	Auditing Services	0.00	5,000.00	20,000.00	20,000.00	
7320	Professional & Consulting Services	542.70	2,752.49	10,000.00	10,000.00	
7326	Legal Services	1,295.00	7,335.00	30,000.00	25,000.00	Decrease by \$5000
7340	Legal Notifications & Mandated Advertising	0.00	0.00	1,000.00	1,000.00	
Total Legal & Professional		6,837.70	54,118.99	217,126.00	212,126.00	
Office/Operations						
6121	IT-Supplies & Miscellaneous	0.00	0.00	500.00	500.00	
6130	Computer Hardware	0.00	0.00	1,500.00	1,000.00	Decrease \$500
7140	General Supplies & Minor Equipment	13.93	1,630.82	5,000.00	5,000.00	
7160	Postage, Shipping & Mail Supplies	0.00	1,184.31	3,200.00	3,200.00	
7226	Membership & Dues	0.00	180.00	6,500.00	6,500.00	
Total Office/Operations		13.93	2,995.13	16,700.00	16,200.00	
Other Expense						
7330	Misc Operating Expenses	0.00	39.99	100.00	100.00	
8735	Misc Department Admin	932.34	1,832.34	5,300.00	6,450.00	Increase by \$1150 (Kitchen for staff)
Total Other Expense		932.34	1,872.33	5,400.00	6,550.00	
Rent & Utilities						
6025	Telephone	249.03	1,356.10	3,000.00	3,000.00	
7350	Rent - Meetings	0.00	0.00	400.00	400.00	

100 - ADMINISTRATION

		Current Period Actual (Oct)	YTD	Total Budget - Original	Mid Year Adjustment	Notes
7352	Rent - Offices & Other Structures	2,900.00	11,600.00	35,000.00	35,000.00	
8610	Electric	67.48	292.81	3,800.00	3,800.00	
8620	Gas Service	12.18	18.08	450.00	450.00	
Total Rent & Utilities		3,228.69	13,266.99	42,650.00	42,650.00	
Repairs & Maintenance						
6405	R & M - Extinguishers	0.00	73.36	110.00	110.00	
Total Repairs & Maintenance		0.00	73.36	110.00	110.00	
Travel & Training						
7323	Books, Publications & Subscriptions	0.00	0.00	100.00	100.00	
7324	Education & Training Fees	0.00	0.00	1,300.00	1,000.00	Decrease by \$300
8539	Meals	0.00	72.26	2,000.00	1,500.00	Decrease by \$500
8541	Meals- Local Area - DIR	0.00	0.00	100.00	100.00	
8550	Mileage Reimbursement & Parking	0.00	53.53	500.00	500.00	
Total Travel & Training		0.00	125.79	4,000.00	3,200.00	
Total Services & Supplies		13,762.82	124,370.43	367,940.00	362,940.00	
TRANSFERS						
9512	Transfer In	0.00	0.00	544,322.00	544,322.00	
Total Transfers		0.00	0.00	544,322.00	544,322.00	
Total Expenditures		26,936.36	175,613.78	544,322.00	544,322.00	

DRAFT 200 - BAYRIDGE ESTATES

		Current Period Actual (Oct)	YTD	Total Budget - Original	Mid Year Adjustment	Notes
REVENUE						
Property Taxes						
4035	Property Taxes	8.92	26.89	9,052.00	9,052.00	
	Total Property Taxes	8.92	26.89	9,052.00	9,052.00	
Special Taxes & Assessments						
4550	Lighting & Septic Assessments	0.00	0.00	54,831.00	54,831.00	
	Total Special Taxes & Assessments	0.00	0.00	54,831.00	54,831.00	
Use of Money & Property						
4505	HO Prop Tax Relief	0.00	0.00	57.00	57.00	
4510	Investment Income on funds	0.04	0.04	0.00	0.00	
	Total Use of Money & Property	0.04	0.04	57.00	57.00	
	Total Revenues	8.96	26.93	63,940.00	63,940.00	
EXPENDITURES						
Services & Supplies						
Insurance, Licenses & Regulatory Fees						
6345	Property Taxes & Assessments Costs	0.00	0.00	500.00	500.00	
7325	Insurance	0.00	0.00	800.00	800.00	
	Total Ins., Lic. & Regulatory Fees	0.00	0.00	1,300.00	1,300.00	
Legal & Professional						
7320	Professional & Consulting Services	0.00	145.00	700.00	700.00	
7326	Legal Services	0.00	0.00	500.00	500.00	
	Total Legal & Professional	0.00	145.00	1,200.00	1,200.00	
Rent & Utilities						
8670	Street Lighting	519.37	2,075.86	6,224.16	6,224.16	
	Tank Decomission				110,000.00	(Estimate)
	Total Rent & Utilities	519.37	2,075.86	6,224.16	116,224.16	
	Total Services & Supplies	519.37	2,220.86	8,724.16	118,724.16	
Debt Service						
9804	Payment on Internal Loans	0.00	0.00	27,964.56	27,964.56	
	Total Debt Service	0.00	0.00	27,964.56	27,964.56	
TRANSFERS						
9511	Interfund Transfer Out	0.00	0.00	2,721.61	2,721.61	
	Total Transfers	0.00	0.00	2,721.61	2,721.61	
	Total Expenditures	519.37	2,220.86	39,410.33	149,410.33	
	Net Revenues over Expenditures	(510.41)	(2,193.93)	24,529.67	(85,470.33)	

DRAFT 301 - FIRE

		Current Period Actual (Oct)	YTD	Total Budget - Original	Mid Year Adjustment	Notes
REVENUES						
Property Taxes						
4034	Property Tax Revenue from Water	0.00	0.00	59,915.50	59,915.50	
4035	Property Taxes	0.00	0.00	2,062,770.00	2,062,770.00	
	Total Property Taxes	0.00	0.00	2,122,685.50	2,122,685.50	
Grant Revenue						
4955	Govt-Other St Aids & Reimbursements	0.00	0.00	4,000.00	4,000.00	
	Total Grant Revenue	0.00	0.00	4,000.00	4,000.00	
Special Taxes & Assessments						
4015	CSA 9-I Assessments (Contract)	0.00	0.00	25,214.00	25,214.00	
4050	Special Fire Tax	452.03	1,361.37	561,557.00	561,557.00	
	Total Special Taxes & Assessments	452.03	1,361.37	586,771.00	586,771.00	
Other Revenues						
4000	Ambulance Agreement	0.00	300.00	67,134.00	67,134.00	
	Total Other Revenues	0.00	300.00	67,134.00	67,134.00	
Use of Money & Property						
4505	HO Prop Tax Relief	0.00	0.00	13,075.00	13,075.00	
4510	Investment Income on funds	2,868.45	10,800.24	25,590.00	25,590.00	
4924	Gain/Loss on Disp of F/A	0.00	22,500.00	0.00	22,500.00	Sale of Vehicle
	Total Use of Money & Property	2,868.45	33,300.24	38,665.00	61,165.00	
	Total Revenues	3,320.48	34,961.61	2,819,255.50	2,841,755.50	
EXPENDITURES						
Personnel Salaries/Wages						
8295	Resv FF-Overtime/Shift Coverage	1,973.67	7,940.60	27,000.00	22,000.00	Decrease 5000
8340	Resv FF-Shift Coverage	9,605.41	34,776.52	98,000.00	99,000.00	Increase 1000
8345	Resv FF-Special Projects	0.00	409.18	7,100.00	1,600.00	Decrease 5500
	Total Salaries/Wages	11,579.08	43,126.30	132,100.00	122,600.00	
Payroll Taxes & Benefits						
5021	FICA - Fire - ER	607.69	2,036.40	7,000.00	7,000.00	
5030	Life Insurance - ER	180.00	824.00	2,500.00	2,500.00	
5035	AD & D Insurance	50.00	235.00	800.00	800.00	

301 - Fire

		Current Period Actual (Oct)	YTD	Total Budget - Original	Mid Year Adjustment	Notes
5051	Medicare - Reserves - ER	175.48	633.40	2,100.00	2,100.00	
5070	Retirement ER - Regular	1,394.52	5,778.08	11,000.00	11,000.00	
5120	Workers Comp Insurance - ER	0.00	3,978.72	5,000.00	8,000.00	Increase 3000
5124	Retirement - ER - Tier 2	191.06	3,076.09	3,000.00	5,000.00	Increase 2000
	Total Payroll Taxes & Benefits	2,598.75	16,561.69	31,400.00	36,400.00	
Employment Services						
5000	Medical Exams & Procedures	0.00	0.00	1,275.00	1,275.00	
5101	Unemp. Costs - Reserves	505.58	1,770.52	8,000.00	5,000.00	Decrease 3000
6200	Hiring, Advertising & Other Costs	0.00	20.00	0.00	20.00	Increase 20
6230	Medical Exam	0.00	2,885.00	3,800.00	4,885.00	Increase 1085
	Total Employment Services	505.58	4,675.52	13,075.00	11,180.00	
	Total Personnel	14,683.41	64,363.51	176,575.00	170,180.00	
Services & Supplies						
Clothing & Uniform						
7246	Uniform & Gear	0.00	758.18	1,100.00	1,760.00	Increase 660
7248	Uniform Safety Boots	0.00	0.00	2,000.00	1,000.00	Decrease 1000
	Total Clothing & Uniform	0.00	758.18	3,100.00	2,760.00	
Contract Services						
6110	IT Purchased Services	101.36	180.09	1,080.00	1,080.00	
7100	Copier Contract-Maint & Usage	93.31	431.16	1,600.00	1,600.00	
7202	Building Alarms & Security	0.00	122.61	475.00	475.00	
7204	Cleaning Supplies, Laundry & Towel	319.75	1,073.89	3,700.00	3,700.00	
7222	Hazardous Materials CW JPA Cost	0.00	2,000.00	2,000.00	2,000.00	
7500	Schedule A Charges	0.00	0.00	2,192,419.00	2,192,419.00	
	Total Contract Services	514.42	3,807.75	2,201,274.00	2,201,274.00	
Equipment & Tools						
6440	Fire Personal Protection Equipment	1,842.56	14,091.99	14,000.00	14,092.00	Increase 92
6460	Self-Contained Breathing Apparatus	0.00	0.00	32,500.00	32,500.00	

301 - Fire

		Current Period Actual (Oct)	YTD	Total Budget - Original	Mid Year Adjustment	Notes
7234	Oxygen Supplies & Cylinder Rent	212.78	212.78	350.00	350.00	
7238	Paramedic & EMT Small Tools & Supplies	513.21	8,279.67	16,000.00	18,623.00	Increase 2623
7242	Minor Tools, Accessories & Field Machines	0.00	20.37	250.00	250.00	
6610	Rescue-Extrication Equipment	0.00	0.00	0.00	1,500.00	Added GL
6630	Rope & Climbing Equipment	0.00	0.00	0.00	500.00	Added GL
7252	Misc Hardware	34.99	34.99	350.00	350.00	
	Total Equipment & Tools	2,603.54	22,639.80	63,450.00	68,165.00	

Financial Services

7309	Late Fees	0.00	0.00	10.00	10.00	
7310	Bank Service Charges	0.00	0.00	20.00	20.00	
9154	Losses and Damages	0.00	0.00	100.00	100.00	
	Total Financial Services	0.00	0.00	130.00	130.00	

Ins., Licenses & Regulatory Fees

6345	Property Taxes & Assessments Costs	0.00	1,386.00	4,000.00	4,000.00	
7325	Insurance	0.00	21,231.53	20,400.00	21,232.00	Increase 831.53
	Total Ins., Licenses & Regulatory Fees	0.00	22,617.53	24,400.00	25,232.00	

Legal & Professional

7320	Professional & Consulting Services	20.00	170.00	1,400.00	1,400.00	
7326	Legal Services	0.00	0.00	350.00	350.00	
7340	Legal Notifications & Mandated Advertising	0.00	0.00	75.00	75.00	
	Total Legal & Professional	20.00	170.00	1,825.00	1,825.00	

Office/Operations

6130	Computer Hardware	0.00	0.00	1,700.00	1,700.00	
7140	General Supplies & Minor Equipment	0.00	574.71	1,800.00	1,800.00	
7160	Postage, Shipping & Mail Supplies	0.00	101.84	300.00	300.00	

301 - Fire

		Current Period Actual (Oct)	YTD	Total Budget - Original	Mid Year Adjustment	Notes
7216	Fire Prevention Education Materials	(107.64)	481.30	1,200.00	1,200.00	
7226	Membership & Dues	0.00	62.10	75.00	105.00	Increase 30
7230	Misc Small Parts & Supplies	20.37	44.58	300.00	300.00	
7240	Propane	0.00	0.00	100.00	100.00	
	Total	(87.27)	1,264.53	5,475.00	5,505.00	
	Office/Operations					
Other Expense						
7201	White Goods & Accessories - bedding, towels	0.00	0.00	300.00	300.00	
7209	District Operating Center Expense	0.00	0.00	450.00	450.00	
7218	Cooking Products - Food, Drinks & Staples	240.00	330.00	300.00	500.00	Increase 200
7224	Kitchen Cookware & Utensils	0.00	0.00	800.00	800.00	
	Total Other Expense	240.00	330.00	1,850.00	2,050.00	
Rent & Utilities						
6000	Cell Phones	167.25	667.75	1,550.00	1,550.00	
6025	Telephone	0.00	1,531.21	3,700.00	3,700.00	
8610	Electric	0.00	2,619.14	1,000.00	2,620.00	Increase 1620
8620	Gas Service	44.11	160.60	910.00	910.00	
8630	Trash Services	106.41	410.64	1,850.00	1,850.00	
8640	Water and Water Services	476.53	1,196.16	4,704.00	4,704.00	
8659	Utility Cable Charges	97.41	513.76	1,400.00	1,400.00	
8670	Street Lighting	11.18	44.65	132.00	132.00	
	Total Rent & Utilities	902.89	7,143.91	15,246.00	16,866.00	
Repairs & Maintenance						
6400	R & M - Air Compressors	0.00	0.00	300.00	300.00	
6405	R & M - Extinguishers	0.00	497.17	700.00	1,000.00	Increase 300
6640	R & M - Equip & Other Non-Structural Fixed Assets	129.59	600.05	1,600.00	1,600.00	
6750	R & M - Minor Tools & Equipment	0.00	56.80	1,000.00	1,000.00	
6775	R & M -Operation/Field Equipment	0.00	0.00	1,215.00	1,215.00	
6800	R & M - Grounds & Collection Systems	0.00	0.00	500.00	1,500.00	Increase 1000

301 - Fire

		Current Period Actual (Oct)	YTD	Total Budget - Original	Mid Year Adjustment	Notes
6900	R & M - Buildings & Structures	525.00	1,028.84	4,300.00	4,300.00	
	Total Repairs & Maintenance	654.59	2,182.86	9,615.00	10,915.00	
Travel & Training						
6300	DMV Driv Lic Class B	0.00	0.00	100.00	100.00	
7141	CERT Training Supplies	0.00	0.00	100.00	100.00	
7323	Books, Publications & Subscriptions	0.00	0.00	470.00	470.00	
8405	Reserve FF Training Costs	0.00	0.00	3,000.00	3,000.00	
	Total Travel & Training	0.00	0.00	3,670.00	3,670.00	
	Total Services & Supplies	4,848.17	60,914.56	2,330,035.00	2,338,392.00	
Capital Outlay						
9006	Infrastructure CIP	0.00	12,213.94	44,545.30	42,583.30	Decrease 1962
9085	Vehicle Purchase	0.00	0.00	80,000.00	80,000.00	
	Total Capital Outlay	0.00	12,213.94	124,545.30	122,583.30	
Reserves						
9504	*Vehicle Replacement Reserve	0.00	0.00	99,144.00	121,644.20	Increase 22,500.20 from vehicle sale
9572	*General Contingency (Operations) Reserve	0.00	0.00	34,524.00	34,524.00	
	Total Reserves	0.00	0.00	133,668.00	156,168.20	
TRANSFERS						
9511	Interfund Transfer Out	0.00	0.00	54,432.20	54,432.20	
	Total Transfers	0.00	0.00	54,432.20	54,432.00	
	Total Expenditures	19,531.58	137,492.01	2,819,255.50	2,841,755.50	
	Net Revenues over Expenditures	(16,211.10)	(102,530.40)	0.00	0.00	

ITEM 7

**REVIEW OF BOARD ITEM REGARDING AD
HOC COMMITTEE REPORT CONCERNING
POTENTIAL BOND REFINANCING**



November 27, 2018

TO: LOCSO Board of Directors
FROM: Director Chris Womack, Ad Hoc Committee Member
SUBJECT: Agenda Item 12C – 12/6/2018 Board Meeting
Ad Hoc Committee Report Regarding Refinancing Wastewater Assessment District No. 1 Bonds

President
Vicki L. Milledge

Vice President
Marshall E. Ochylski

Directors
Charles L. Cesena
Louis G. Tornatzky
Christine M. Womack

General Manager
Renee Osborne

District Accountant
Robert Stilts, CPA

Unit Chief
Scott M. Jalbert

Battalion Chief
Greg Alex

DESCRIPTION

We are currently paying 5% interest on two bonds maturing 2023 and 2033. While this was the market rate when we issued the bonds, currently we could refinance the bonds and pay around 3.6%. This would save us \$1.3 million over 15 years. We get nothing of value by overpaying. Some lucky bond holders are just getting more interest than they should.

We can only refund these bonds on the interest payment date. The next one is March 2, 2019. It takes time to get bond refunding in place. We have enough time if we act promptly. We should absolutely refinance as soon as possible. If we wait savings could decrease.

See attached letter for a more thorough analysis.

Motion: I move that the Board take action to hire a municipal advisor and bond counsel and provide direction to staff to bring back a resolution for adoption at the Board's January 2019 meeting.

or,

Motion: I move that the Board NOT make any changes to the Bonds at this time.

DISCUSSION

Refinancing the 2002 Bonds at today's interest rates will achieve debt service savings of approximately \$140,000 per year from 2020-2033, for total savings of \$1.96 million. These savings are net of all issuance costs and assume no extension of the final maturity.

At today's rates, this refinancing will yield NPV Savings of approximately \$1.54 million, which equals 13.40% of the principal amount of the 2002 Bonds being refinanced. A refinancing that generates NPV Savings of more than 10% is considered "very good".

The costs of issuance for this refinancing are expected to equal approximately \$235,000 including fees and expenses for Bond & Disclosure Counsel, Underwriter, Municipal Advisor, Rating Agency, and miscellaneous other fees and expenses. All costs of issuance are payable from bond proceeds upon closing. If

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for any reason the refinancing fails to close, then all fees will be waived and the District will not be billed, with one possible exception. A portion of the Rating Fee estimated at \$10,000 may be non-contingent.

Additionally, it is anticipated that all or a portion of the Refunding Bonds will be insured pursuant to a policy of municipal bond insurance, if it is determined that such insurance increases savings by more than the cost of the insurance policy. Bond insurance will cost approximately \$104,000 payable from proceeds, fully contingent upon closing.

From start to finish, the entire process of issuing the Refunding Bonds will take approximately 12-14 weeks to complete. That means the process needs to commence soon if the 2002 Bonds are to be redeemed on March 2, 2019. If the refinancing is not completed by March 2, 2019, then the next date on which the 2002 Bonds may be redeemed is September 2, 2019.

The proposed Municipal Advisory Fee for this refinancing is \$30,000 payable from proceeds, fully contingent upon a successful closing. If for any reason the refinancing fails to close, then the fee will be waived and the District will owe nothing. Additionally, all out-of-pocket costs and expenses will be the sole responsibility of the Municipal Advisor. The District will not be asked to reimburse any out-of-pocket costs or expenses.

FAC will review this item at their December 3, 2018 meeting and a verbal report of will be provided to your Board when this item is heard.

FINANCIAL IMPACT

Total savings conservatively could be \$1.3 million or more.

Attachments

November 18, 2018

Christine Womack, Director
Los Osos Community Service District

Dear Ms. Womack,

Thank you for calling me, and for sharing that Mayor Glass of Petaluma referred me to you. Following-up our conversation, I reviewed the Wastewater Assessment District No. 1 Bonds and the possibility of refinancing those bonds at lower interest rates, as discussed below. Per your request, I have copied Marshall Ochylski and Renee Osborne on this email.

Background

The Los Osos Community Services District issued \$17,990,000 of Assessment District Bonds in November 2002, to finance wastewater system improvements. The 2002 Bonds are secured by and payable from assessments that are levied on approximately 4,192 parcels located in Wastewater Assessment District No. 1. Currently \$12,000,000 of the 2002 bonds remain outstanding with a final maturity of September 2, 2033.

The 2002 Bonds may be refunded, or optionally redeemed, on March 2, 2019 at par.

An opportunity now exists to refinance the 2002 Bonds at lower interest rates, much the same as when a homeowner refinances their mortgage. At current market interest rates the Community Services District can issue Refunding Bonds at a 'true interest cost' of approximately 3.65% as compared to an average coupon rate of 5.00% on the outstanding 2002 Bonds being refinanced.

Financial Impact

Refinancing the 2002 Bonds at today's interest rates will achieve debt service savings of approximately \$140,000 per year from 2020-2033, for total savings of \$1.96 million. These savings are net of all issuance costs and assume no extension of the final maturity.

Another measure of the savings from a bond refinancing is **Net Present Value Savings**, which equals total savings adjusted for the time value of money and the costs of issuance. "NPV Savings" is considered a better measure of the 'economic benefit' of a refinancing.

At today's rates, this refinancing will yield NPV Savings of approximately \$1.54 million, which equals 13.40% of the principal amount of the 2002 Bonds being refinanced. A refinancing that generates NPV Savings of more than 10% is considered very good.

Attached is a brief 'Refinancing Analysis' with further details.

Bear in mind, the actual savings from this refinancing will not be determined until the Refunding Bonds are sold to investors, which occurs at the very tail-end of the process. Thus, if interest rates rise before the bond sale then the savings may be less than expected. Moreover, if interest rates rise sharply, then it is possible the savings may be insufficient to warrant proceeding with the refinancing, in which case the refinancing may be cancelled, or delayed until a later date. In any event, the District may cancel the refinancing at any time prior to the bond sale, for any reason, at no cost to the District.

Method of Sale; Costs of Issuance

There are three methods by which local public agencies such as the CSD issue bonds: competitive public sales, negotiated public sales and direct private placements.

Given the security for the bonds, as well as the size, term and presumed creditworthiness, a negotiated public sale would most likely produce the best overall result, meaning the lowest possible interest rates and the maximum possible debt service savings. However, it would also be prudent to simultaneously explore the option of a private placement, in case circumstances change and it is determined that a private placement yields superior results.

The costs of issuance for this refinancing are expected to equal approximately \$235,000 including fees and expenses for Bond & Disclosure Counsel, Underwriter, Municipal Advisor, Rating Agency, and miscellaneous other fees and expenses. All costs of issuance are payable from bond proceeds upon closing. If for any reason the refinancing fails to close, then all fees will be waived and the District will not be billed, with one possible exception. A portion of the Rating Fee estimated at \$10,000 may be non-contingent.

Additionally, it is anticipated that all or a portion of the Refunding Bonds will be insured pursuant to a policy of municipal bond insurance, if it is determined that such insurance increases savings by more than the cost of the insurance policy. Bond insurance will cost approximately \$104,000 payable from proceeds, fully contingent upon closing.

Timetable

From start to finish, the entire process of issuing the Refunding Bonds will take approximately 12-14 weeks to complete. That means the process needs to commence soon if the 2002 Bonds are to be redeemed on March 2, 2019. If the refinancing is not completed by March 2, 2019, then the next date on which the 2002 Bonds may be redeemed is September 2, 2019.

Proposed Fee for Municipal Advisory Services

My proposed Municipal Advisory Fee for this refinancing is \$30,000 payable from proceeds, fully contingent upon a successful closing. If for any reason the refinancing fails to close, then the fee will be waived and the District will owe nothing. Additionally, all out-of-pocket costs and expenses will be the sole responsibility of the Municipal Advisor. The District will not be asked to reimburse any out-of-pocket costs or expenses.

For your reference, I have attached some background information on myself.
May I stop by your office sometime to introduce myself and discuss the refinancing?
I am available at your convenience.

Very truly yours,

Steven Gortler

Steven Gortler
268 Bush Street, #3911
San Francisco, CA 94104
(415) 298-3319
steven.gortler@att.net

cc: **Marshall Ochylski**, Finance Advisory Committee Chair
Renee Osborne, General Manager



**Los Osos Community Services District
Wastewater Assessment District No. 1
Limited Obligation Improvement Bonds**

Refinancing Analysis

November 18, 2018

Prepared by Steven Gortler
Telephone (415) 298-3319
Email: steven.gortler@att.net



Outstanding Wastewater Assessment District No. 1 Bonds

Date of Issuance	Nov 7, 2002
Original Par Amount	17,990,000
Outstanding Par Amount	12,000,000
Final Maturity	Sep 2, 2033
Optional Redemption	Mar 1, 2019

Estimated Debt Service Savings

12-Mo. End 9/2	Outstanding Bonds				Refunding Bonds			Debt Service Savings
	Principal	Interest	Reserve	Total	Principal	Interest	Total	
2019	0	286,125		286,125	70,000	214,581	284,581	1,544
2020	585,000	572,250		1,157,250	590,000	427,063	1,017,063	140,188
2021	615,000	543,000		1,158,000	615,000	403,463	1,018,463	139,538
2022	645,000	512,250		1,157,250	640,000	378,863	1,018,863	138,388
2023	675,000	480,000		1,155,000	655,000	359,663	1,014,663	140,338
2024	710,000	446,250		1,156,250	680,000	333,463	1,013,463	142,788
2025	745,000	410,750		1,155,750	715,000	299,463	1,014,463	141,288
2026	780,000	373,500		1,153,500	750,000	263,713	1,013,713	139,788
2027	820,000	334,500		1,154,500	790,000	226,213	1,016,213	138,288
2028	865,000	293,500		1,158,500	830,000	186,713	1,016,713	141,788
2029	905,000	250,250		1,155,250	870,000	145,213	1,015,213	140,038
2030	950,000	205,000		1,155,000	910,000	101,713	1,011,713	143,288
2031	1,000,000	157,500		1,157,500	945,000	71,000	1,016,000	141,500
2032	1,050,000	107,500		1,157,500	980,000	37,925	1,017,925	139,575
2033	1,100,000	55,000	(911,564)	243,436	100,000	3,625	103,625	139,811
	11,445,000	5,027,375	(911,564)	15,560,811	10,140,000	3,452,669	13,592,669	1,968,142



Estimated Net Present Value Savings

Net Present Value (NPV) Savings	1,538,684
Par Amount of Refunded Bonds	11,445,000
NPV Savings / Refunded Par Amount	13.4%



Estimated Sources & Uses of Funds

Sources of Funds:

Par Amount of Bonds	10,140,000
Original Issue Premium (Discount)	731,379
Transfer from Prior Reserve Fund	911,564
Total Sources	11,782,943

Uses of Funds:

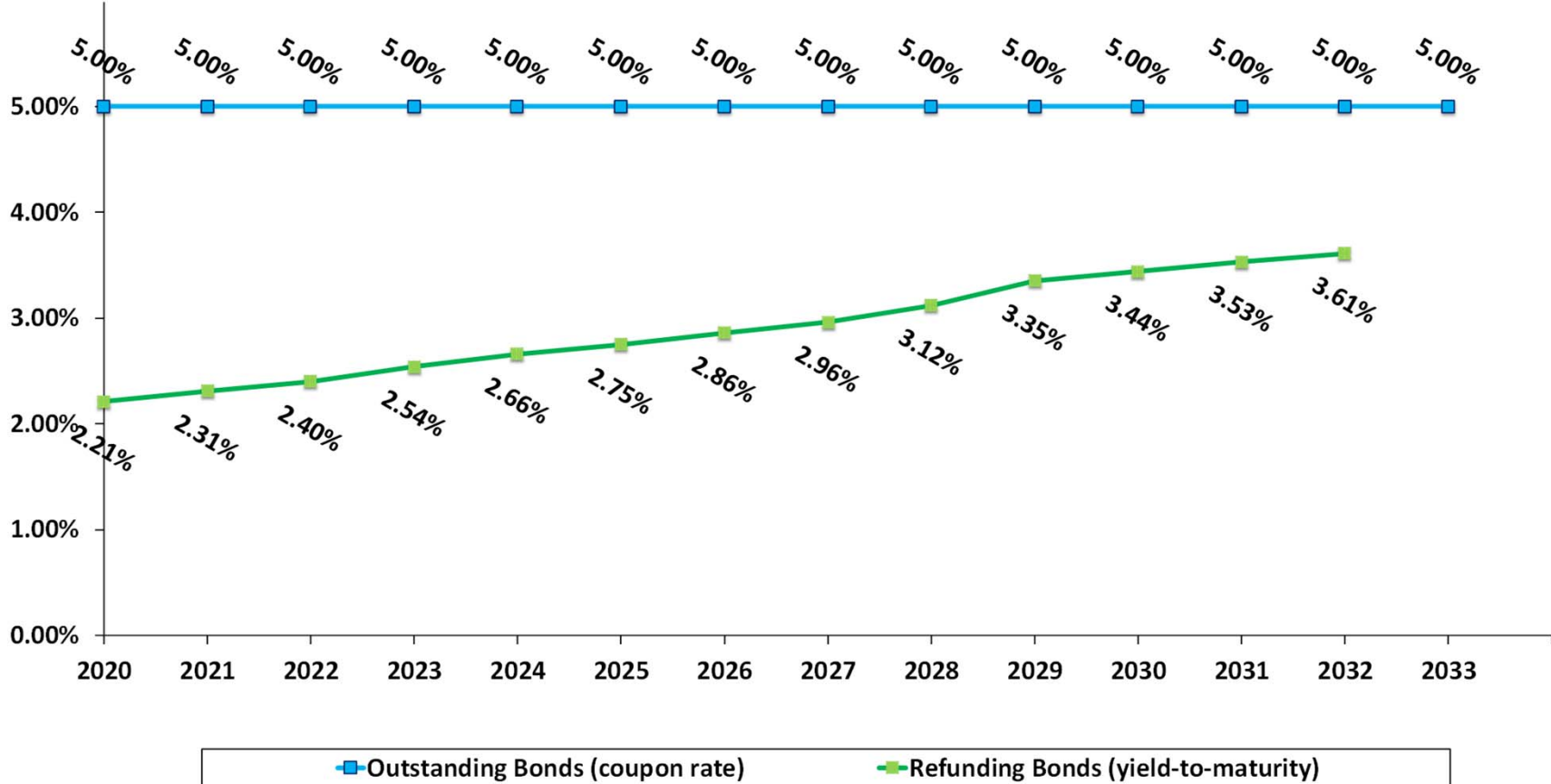
Deposit to Escrow Fund	11,445,000
Estimated Costs of Issuance	337,943
Total Uses	11,782,943



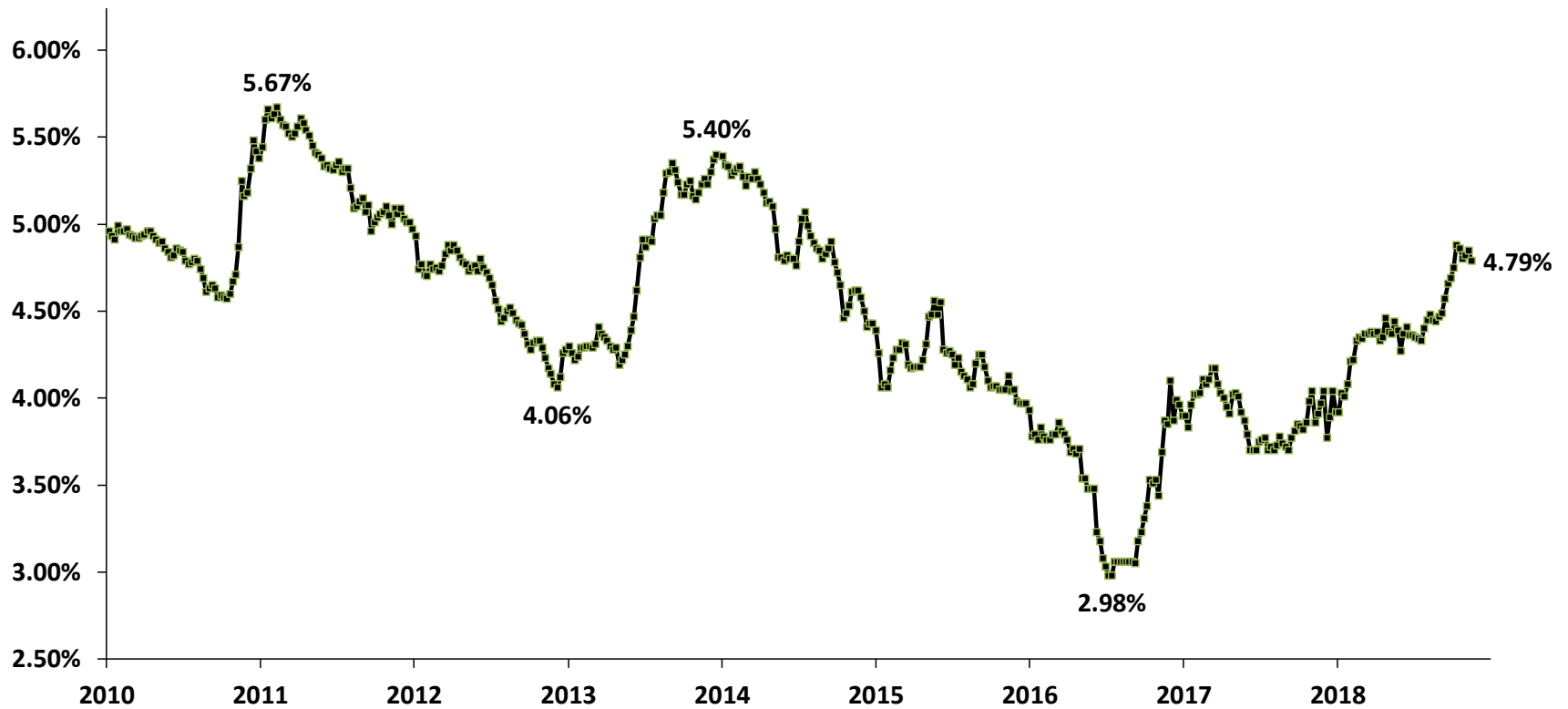
Estimated Costs of Issuance

	<u>Estimated Fee</u>
Credit Enhancement:	
<i>Bond Insurance (100 bps)</i>	78,940
<i>Reserve Fund Surety (2.50%)</i>	25,350
Sub-Total	104,290
Bond & Disclosure Counsel	65,000
Underwriter (0.60%)	60,840
Municipal Advisor	30,000
Reassessment Engineer	22,500
Rating Agency	17,500
Underwriters Counsel	15,000
Trustee & Escrow Agent	5,000
Verification Agent	2,500
Financial Printer	2,500
Contingency	12,813
Sub-Total	233,653
TOTAL	337,943

Interest Rate Comparison: Outstanding Bonds vs. Refunding Bonds



Historical Trends in Municipal Bond Interest Rates (Bond Buyer Revenue Bond Index)



Date: XXXXXXXX
Agenda Item: XXX
() Approved
() Denied
() Continued to

RESOLUTION NO. 201X-XX

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT
AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS FOR THE ISSUANCE OF BONDS,
DESIGNATING CONSULTANTS AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS
WITH RESPECT THERETO – WASTEWATER ASSESSMENT DISTRICT NO. 1**

WHEREAS, on April 19, 2001 the Board of Directors (the "Board") of the Los Osos Community Services District (the "District") adopted Resolution No. 2001-07 expressing its intent to form the Wastewater Assessment District No. 1 (the "Assessment District") in accordance with the provisions of the Municipal Improvement Act of 1913, in order to finance certain wastewater improvements (the "Improvements");

WHEREAS, the District is authorized, under the proceedings to form the Assessment District, to levy special assessments on property in the Assessment District (the "Assessments"), in order to provide funds to pay the debt service on bonds issued by the District to finance the Improvements;

WHEREAS, on November 7, 2002, the District issued \$17,990,000 initial principal amount of Los Osos Community Services District Wastewater Assessment District No. 1 Limited Obligation Improvement Bonds (the "Assessment Bonds") under the provisions of the Improvement Bond Act of 1915 to provide funds to finance the Improvements;

WHEREAS, the District has determined that, due to prevailing financial market conditions, it would be advantageous at this time for the District to refund the outstanding Assessment Bonds; and

WHEREAS, it is appropriate at this time that the Board formally authorize the commencement of proceedings to prepare the documents needed to issue reassessment bonds (the "Refunding Bonds") and to use the proceeds thereof to refund the outstanding Assessment Bonds, and to appoint a bond and disclosure counsel and designate an underwriter in connection therewith.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF LOS OSOS COMMUNITY SERVICES DISTRICT DOES HEREBY RESOLVE, DECLARE AND DETERMINE AN ORDER AS FOLLOWS:

1. Officers and officials of the District are hereby authorized to proceed with the preparation of documents necessary to provide for the issuance and sale of the Refunding Bonds and the redemption of the Assessment Bonds. All primary legal documents to which the District will be a party related to the Refunding Bonds and the redemption of the Assessment Bonds shall be subject to the final approval thereof by the Board at a subsequent meeting of the Board.
2. _____ is hereby designated as bond counsel and as disclosure counsel to the District, and _____ is hereby designated as municipal advisor to the District, each in connection with the issuance and sale of the Refunding Bonds and the redemption of the Assessment Bonds. The President of the Board is hereby authorized and directed to execute an agreement with each such firm for its services with respect to the Refunding Bonds and the redemption of the Assessment Bonds, as approved by the President upon consultation with the General Manager; provided that any and all compensation payable to such firms shall be contingent upon the sale and issuance of the Refunding Bonds and shall be payable solely from the proceeds of the Refunding Bonds.
3. _____ is hereby designated as underwriter in connection with the issuance and sale of the Refunding Bonds.
4. The President, the General Manager, the District Legal Counsel and all other appropriate officials of the District are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this Resolution.

On the motion of Director _____, seconded by Director _____,
and on the following roll call vote, to wit:

Ayes: _____
Nays: _____
Absent: _____
Conflicts: _____

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Los Osos Community Services District this XX day of XXXXXX 201X.

Vicki Milledge
President, Board of Directors
Los Osos Community Services District

ATTEST:

APPROVED AS TO FORM:

Renee Osborne
General Manager and Secretary to the Board

Roy Hanley
District Legal Counsel

ITEM 8

**REVIEW OF BOARD ITEM REGARDING
TRANSFER OF WASTEWATER
LIEN FUNDS TO THE US BANK
REDEMPTION ACCOUNT**



November 13, 2018

TO: Finance Advisory Committee
FROM: Renee Osborne, General Manager
Adrienne Geidel, District Bookkeeper
Subject: **Item 8 – 12/3/2018 Finance Advisory Committee Meeting**
Review of Board Item Regarding Transfer of Wastewater Lien Funds to the US Bank Redemption Account

President
Vicki L. Milledge

Vice President
Marshall E. Ochylski

Directors
Charles L. Cesena
Louis G. Tornatzky
Christine M. Womack

General Manager
Renee Osborne

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Battalion Chief
Greg Alex

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Los Osos, CA 93402

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www.losososcsd.org

SUMMARY

The District has \$106,768.62 of wastewater liens comingled with Water Reserves. In order to begin separating the funds, staff would like to move the \$106,768.62 to the US Bank Redemption Account. The 10.31.18 Money Market balance was \$2,074,676.53 and the Water Reserve Fund total is \$2,072,898.54.

STAFF RECOMMENDATION

Motion: I move that the Committee recommend that the Board direct staff to move the \$106,768.62 wastewater liens from the Rabobank Money Market account to the US Bank Redemption account to help pay off the wastewater bonds and that all interest from the Rabobank Money Market account go directly to Water Reserves.

DISCUSSION

There is currently \$106,768.62 of wastewater liens in our Rabobank Money Market Account comingled with Water Reserves. These liens have been collected and been accumulating to this balance since 2001.

In order to start separating the funds, staff would like to move the \$106,768.62 to the US Bank Redemption Account which will go towards paying the wastewater bonds. This will allow for simpler bookkeeping of the funds and interest recording from the Rabobank Money Market Account (RMMA).

Our Auditor feels this would be a prudent move, and District Legal Counsel and our bankruptcy lawyer have both agreed that this is legal within the bankruptcy agreement.

FINANCIAL IMPACT

The Rabobank Money Market Account accumulates .2% (approximately \$350) in interest every month. Per staff's request, this interest would all go towards Water revenue.

Attachments

Renee Osborne

From: Joseph Sholder <sholder@g-tlaw.com>
Sent: Wednesday, October 17, 2018 12:10 PM
To: Renee Osborne; Roy Hanley
Cc: Adam Guise
Subject: RE: Bond Money in Los Osos, blind to board of directors

Roy and Renee:

I spoke to Adam about the prepaid assessments.

LOCSD's Second Amended Plan and Second Amended Disclosure Statement classified the holders of the bonds under Class 5(A). The plan treats the bondholders as unimpaired, meaning that whatever pre-bankruptcy rights they had under the bond documents was not altered in any way by the plan. Plan page 25. That means the bondholders are entitled to whatever legal, contractual and equitable rights they have under the bond documents as if no bankruptcy case had been filed. Id. ("The Holders will retain unaltered all legal, equitable and contractual rights under the Bonds and the Bond Documents and all security interests securing the Bonds pursuant to the Bond Documents will remain in place.")

The plan and disclosure statement do not discuss prepaid assessments held by LOCSD. That is because LOCSD represented to the court that all those prepaid assessments had been spent on the old wastewater project. Pages 25-26 of the disclosure statement describe the bankruptcy litigation LOCSD had with the property owners who sought to recover their prepaid assessments because the old wastewater project had been discontinued. Page 25, lines 23-25 of the disclosure statement says that "Those funds [the prepaid assessments] were then used by LOCSD to pay for the designing and beginning construction on the Old Project." At page 26, lines 6-9, a similar point was made in describing why LOCSD contended the property owners weren't entitled to a return of the prepaid assessments: "the Proposition 218 voting material distributed to the voters along with the resolutions of LOCSD's then-board and other materials did not promise the voters a completed project, but only that their assessments would be used the initial work on the Old Project."

Since the plan and disclosure statement don't say what is to be done with the prepaid assessments — much less even disclose that LOCSD still had some of the prepaid assessment money — and since the rights of the bondholders are unaffected by the plan, if the bondholders would be entitled to be paid from the prepaid assessments under the bond documents, then those assessments can be used to pay the bonds. You should review the bond documents and should also check with the bond trustee to confirm this.

Best regards,

Joseph M. Sholder, Esq.

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Los Osos CSD
 Prepaid Wastewater Tax Assessment Reserve Reconciliation
 June 30, 2017

A10013
 Prepared by: AG 11/2/17

Note: Cash balance is offset with a reserve account (3159 Prepaid Assessment Reserve).

	<u>Fund 602 Cash</u>
Balance at July 1, 2015	PY, A10013.1 142,669.62
Collections:	
8/18/15 - 038-272-039 1454 5th St:	2,946.15
8/18/15 - Lien Release Collections:	15.00
1/19/16 - WW Assessment (Lewis - 2):	5,892.30
1/19/16 - Lien Release Collections:	30.00
2/3/16 - WW Assessment (Mihaylov):	2,946.15
2/3/16 - Lien Release Collections:	<u>15.00</u>
Total:	11,844.60
Payments from Prepaid Assessments to US Bank Redemption Acct:	
Check 25101: Payment for FY 14-15	6,192.18
Check 25140: Catch-up payment for 2003-04 through 2013-14 and for 2015-16:	41,600.98
Lien Release Fees:	<u>60.00</u>
Total:	47,853.16
Interest Allocated for PIMMIA balance:	8.96
Balance at 6/30/16:	PY <u><u>106,670.02</u></u>
Interest Allocated for PIMMIA balance:	LiL 98.60
Balance at 6/30/17:	PY <u><u>106,768.62</u></u> TB

LOS OSOS COMMUNITY SERVICES DISTRICT

Balance Sheet
As of 10/31/2018

		<u>Current Period Balance</u>
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
Trust Liability		
Water Quality Trust Reserve	3050	
500 - Water	500	<u>91,517.27</u>
Total Trust Liability		<u>91,517.27</u>
Total CURRENT LIABILITIES		91,517.27
Other Liabilities		
Other Liabilities		
Replacement Reserve - Vehicle, Equip & Fire Engines	3110	
500 - Water	500	144,644.25
General Contingency Reserve	3111	
500 - Water	500	414,183.00
Capital Outlay Reserve	3160	
500 - Water	500	1,214,296.29
Water Stabilization Reserve	3163	
500 - Water	500	190,456.00
Basin Management Reserve	3165	
500 - Water	500	50,031.00
Water Conservation Reserve	3167	
500 - Water	500	<u>59,288.00</u>
Total Other Liabilities		<u>2,072,898.54</u>
Total Other Liabilities		<u>2,072,898.54</u>
Total LIABILITIES & EQUITY		<u><u>2,164,415.81</u></u>