



NOTICE OF REGULAR MEETING

OCEANO COMMUNITY SERVICES DISTRICT – BOARD OF DIRECTORS

WEDNESDAY, MARCH 11, 2026, AT 6:00 PM

1655 FRONT STREET, OCEANO, CA

Board meetings may be viewed remotely at slo-span.org during or after the meeting. All items on the agenda, including information items, may be deliberated. Any member of the public with an interest in one of these items should review the background material.

The Oceano Community Services District encourages your active participation in the public process. All persons desiring to speak during any public comment period are asked to fill out a “Board Appearance Form” to submit to the Board Secretary prior to the start of the meeting. If you wish to speak to an item NOT on the agenda, you may do so during the “Public Comment On Matters Not on the Agenda” period. Each individual speaker is limited to a presentation time of THREE (3) minutes per item. The time limits allocated to speakers are subject to change. Time limits may not be yielded to or shared with other speakers.

The purpose of the Board meeting is to conduct the business of the community in an effective and efficient manner. For the benefit of the community, the Oceano Community Services District asks that you follow the Board meeting guidelines while attending Board meetings and treat everyone with respect and dignity.

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. FLAG SALUTE**
- 4. AGENDA REVIEW**
- 5. CLOSED SESSION REPORT FROM THE SPECIAL MEETING OF FEBRUARY 20, 2026, AND FEBRUARY 27, 2026**
- 6. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA**

This public comment period provides an opportunity for members of the public to address the Board on matters of interest within the jurisdiction of the District that are not listed on the agenda.

7. SPECIAL PRESENTATIONS AND REPORTS:

A. STAFF REPORTS

- i. Sheriff's South Station – Commander John McDaniel
- ii. FCFA Operations – Fire Chief Scott Hallett
- iii. OCSD Operations – Utilities Systems Manager Tony Marraccino
- iv. OCSD Administration – General Manager Peter Brown

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. Board President Shirley Gibson (Zone 3 and RWQCB)
- ii. Vice President Kim Rose (RWMG, State Water Contractors, and Airport Land Use)
- iii. Director Linda Austin (SSLOCSD, OCIP, and Zone 1/1A)
- iv. Director Allene Villa (WRAC and OPARC)
 - i. OPARC Meeting Minutes of 08/05/2025 and 12/02/2025
- v. Director Beverly Joyce-Suneson (CSDA, OCIP, and OPARC)

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C. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:

This public comment period provides an opportunity for members of the public to address the Board on matters discussed during Special Presentations and Reports. If a member of the public wishes to speak, Public comment is limited to three (3) minutes.

8. CONSENT AGENDA ITEMS:

Consent Items are considered routine and may be approved by one motion. Any member of the Board or staff may request that an item be removed from the Consent Calendar. If an item is pulled, the President of the Board may consider hearing the item separately from the rest of the consent items. Members of the public wishing to speak on consent items may do so when recognized by the Presiding Officer.

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- A.** Action: Review and Approve the Minutes for the Regular Board Meeting held on February 11, 2026.

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- B.** Action: Review and Approve the Minutes for the Special Board Meeting held on February 11, 2026.

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- C.** Action: Review and Approve the Minutes for the Special Board Meeting held on February 20, 2026.

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- D.** Action: Review and Approve the Minutes for the Special Board Meeting held on February 27, 2026.

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- E.** Information: Cash Disbursements

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- F.** Action: Recommendation to Approve the Property, General, Auto, and other Liability Insurance Coverage for 2026 and authorize payment in the amount of \$53,929

9. BUSINESS ITEMS:

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A. Action: Consideration of a Recommendation approving a Request for Independent Audit Services for Fiscal Year 2025-26 through 2027-28 and receive and file the June 30, 2025, Audited Financial Statements and Independent Auditors' Report prepared by Moss, Levy and Hartzheim, LLP

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B. Action: Annual review of the District's Investment Policy and Consideration of a Recommendation to approve a resolution adopting the District's Investment Policy

10. HEARING ITEMS:

11. RECEIVED WRITTEN COMMUNICATIONS:

12. FUTURE AGENDA ITEMS:

13. CLOSED SESSION:

14. ADJOURNMENT:

This agenda was prepared and posted pursuant to Government Code Section 54954.2. The agenda is posted at the Oceano Community Services District, 1655 Front Street, Oceano, CA. Agenda and reports can be accessed and downloaded from the Oceano Community Services District website at www.oceanocsd.org

ASSISTANCE FOR THE DISABLED If you are disabled in any way and need accommodation to participate in the Board meeting, please call the Clerk of the Board at (805) 481-6730 for assistance at least three (3) working days prior to the meeting so necessary arrangements can be made.



Oceano Parks and Recreation Committee Meeting

Summary Minutes for
 Tuesday, August 5, 2025 – 1:30 P.M.
 Oceano Community Services District

1. **Call To Order:** Meeting called to order by Chair Villa

2. **Roll Call:**

Present: Chair Allene Villa Member Beverly Joyce-Suneson Member Ray Monson Member Wanda Monson Member Andy Stenson, Lucia Mar USD Member Sonny Paz Community Member, Charles Varni OCSD: Peter Brown, General Manager Rob Schultz, Legal Counsel	Absent: Dwayne Brummett, Parks Commissioner, District 4, County of San Luis Obispo Member Dawn Smith, Habitat for Humanity
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3. **Agenda Review:** Approved as presented.

4. **Public Comment on Matters not on the Agenda:** Kim Rose – In support of changing the OPARC meeting time to accommodate working community members and in support of OPARC following the guidelines of OCSD.

5. **Consent Items:**

- A. Review and approve the minutes of the Oceano Parks and Recreation Committee meeting on June 10, 2025.
- B. Review and approve the minutes of the Cancelled Oceano Parks and Recreation Committee meeting on July 1, 2025.

Public Comment: None

Member W. Monson motioned to approve the consent items as presented, with a second from Member Joyce-Suneson. Motion passed.

6. **Business Items:**

Peter Brown requested the order be updated to A, C & D, and then B, due to a time constraint for a member.

- A. Review: Meeting OPARC bylaws and ILG decorum, Institute for Local Government Guidance Peter Brown & Rob Schultz, OCSD Legal Counsel, reviewed bylaws and ILG decorum with the committee. No action required by the committee.
 Public Comment: None

- C. Discussion: LMUSD Oceano Track and Soccer Field Construction update
 Andy Stenson provided an update regarding construction and landscaping. The project was finished on Saturday, and a pedestrian gate will be installed for public access around school hours. Removal of temporary fencing will happen shortly. Came in under budget, and the remaining funds will be used to purchase new mobile soccer goals.

Public Comment: Charles Varni – In support of the track.

D. Discussion: OPARC/LMUSD Track Event, funds available for event, OPARC recommended use of funds

1. Track Event: Ribbon cutting ceremony & event T-shirts

Andy Stenson provided an update on a future ribbon-cutting event, potentially in September. The LMUSD School Board would need to approve the date. OPARC and LMUSD funds might be used for t-shirts. A CalPoly class will develop a Phase 2 to further beautify the areas around the track with hardscape features. Logo designed by CCNTH (Central Coast New Tech High School) students.

Public Comment: Charles Varni – presented information regarding t-shirts.

Member Joyce-Suneson motioned to approve up to \$750 OPARC funding to match LMUSD funding for t-shirts, with a second from Member R. Monson. Motion Passed.

B. Review: OPARC Committee appointments made by the OCSD Board of Directors at the 03/12/2025 meeting, consider new request for committee appointment.

Peter Brown provided a summary of OCSD Board Meetings and OPARC appointments. The OCSD Board will consider applications again at the next Board Meeting.

Public Comment: Kim Rose – In support of clarification of processes at meetings.

Charles Varni – Provided information regarding Oceano Beach Community Association.

Member Joyce-Suneson motioned to approve Charles Varni's OPARC application with a second from Member R. Monson. Motion Passed with one opposition.

7. Items for Next Agenda: OPARC Meeting dates: October 7 & December 2, 2025

8. Adjournment: Meeting adjourned at 2:16 PM by Chair Villa



Oceano Parks and Recreation Committee Meeting

Summary Minutes for
Tuesday, December 2, 2025 – 1:30 P.M.
Oceano Community Services District

1. **Call To Order:** Meeting called to order by Chair Villa

2. **Roll Call:**

Present: Chair Allene Villa Member Beverly Joyce-Suneson Member Ray Monson Member Wanda Monson Member Sonny Paz OCSD: Peter Brown, General Manager Rob Schultz, Legal Counsel	Absent: Member Andy Stenson, Lucia Mar USD Dwayne Brummett, Parks Commissioner, District 4, County of San Luis Obispo Member Dawn Smith, Habitat for Humanity
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3. **Agenda Review:** Approved as presented.

4. **Public Comment on Matters not on the Agenda:** None

5. **Consent Items:**

- A. Review and approve the minutes of the Oceano Parks and Recreation Committee meeting on August 5, 2025.
- B. Review and approve the minutes of the Oceano Parks and Recreation Committee meeting on October 7, 2025 (no quorum).

Public Comment: None

Member W. Monson motioned to approve the consent items as presented, with a second from Chair Villa. Motion passed.

6. **Business Items:**

- A. Discussion: Update on the OES Track Ribbon Cutting
 - 1. Purchase request for track award buttons for kids who complete 10, 50, and 100 miles on the track.

6A: Peter Brown provided a report on the OES Track Ribbon Cutting ceremony.
6A(1): Peter Brown provided information regarding the expenditure request for award buttons.

Public Comment:

Kim Rose - asked for clarification on laps or miles.
Charles Varni – provided information on being tasked with designing and securing buttons and provided an invoice totaling \$282.03.

Motion:

Member W. Monson moved to proceed with the purchase of buttons, seconded by Member Joyce-Suneson. Motion passed unanimously.

B. Discussion: Options for future Grant applications.

Peter Brown provided a general overview of potential future grant applications.

Public Comment: None

C. Discussion: Goals for FY 2026; OPARC fundraising and transition of committee.

Peter Brown provided information on the bylaw requirements for OPARC, which need to be discussed and presented to the OCSB Board of Directors.

Member W. Monson moved to add this topic to the agenda for a future OPARC meeting, seconded by Member Joyce-Suneson. Motion approved unanimously.

Public Comment: None

D. Discussion: OPARC Committee makeup, existing and unfilled bylaw seats.

- Peter Brown provided an overview of this request by OPARC members.
- Rob Schultz encouraged an annual review of the bylaws and revisions as needed and provided a brief overview of civility-related items.
- Member R. Monson provided comments regarding membership and bylaw language.
- General discussion over meeting months, goals, objectives, events, and projects.
- Member Paz asked about topics for future agendas and how topics are discussed.
- Rob Schultz provided clarification and information regarding following the Brown Act.
- Discussion about becoming a non-profit organization.
- Discussion about inclusion of all OPARC members.

Public Comment:

Rochelle & Robert – Requested evening meetings for greater attendance by the community.

Charles Varni – In support of inclusivity for OPARC members.

Rochelle – In support of diversity of opinions for OPARC members.

Kim Rose – In support of Mr. Paz as an OPARC member.

7. Items for Next Agenda: Bring back agenda items 6B and 6C, and OPARC meeting 1/6/2025 start time of 6:00 PM

8. Adjournment: Meeting adjourned at approximately 2:26 PM by Chair Villa



Oceano Community Services District

Summary Minutes – Regular Board Meeting

Wednesday, February 11, 2026, 6:00 P.M.

OCSD BOARD ROOM

1. **CALL TO ORDER:** The meeting was called to order at approximately 6:00 p.m. by President Gibson
2. **ROLL CALL:** Board members present: Director Austin, Director Joyce-Suneson, Director Villa, Vice President Rose, and President Gibson
Staff present: Peter Brown, General Manager, Carey Casciola, Business & Accounting Manager, and Rob Schultz, Legal Counsel.
3. **FLAG SALUTE:** Led by Vice President Rose
4. **AGENDA REVIEW:** Agenda accepted as presented.
12. **CLOSED SESSION:** No Reportable Action
5. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA:**

Charles Varni	Provided information on the new Vehicle Free Beach Campaign.
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6. SPECIAL PRESENTATIONS & REPORTS

A. STAFF REPORTS:

- i. **Sheriff's South Station** – Sergeant Byrd
January 2026 Stats
Calls for Service 249 (CFS were 370 in Jan 2025)
2 assault & battery / 15 disturbances / 2 burglary / 2 thefts / 3 vandalism / 0 mail theft / 31 / 7 suspicious circumstances / 41 enforcement stops / 12 arrests
- ii. **Five Cities Fire Authority** – Chief Hallett - Absent
- iii. **Operations** – Utility Systems Manager, Tony Marraccino
Lopez 83.7% Full (41,390 AF) / Pumped 5.11 AF / Lopez 18.42 AF / State 20 AF
0 SSOs for January 2026
9 Work Orders / 13 USAs / 7 Customer Service Calls / 4 After Hours Call Outs
1 Ready311 ticket / higher volume of calls and website submissions for trash pick up / 22nd Street cleaned up by a contractor /
Daily Rounds / Weekly & Monthly Samples
1st of the month equipment startups and alarm checks
Fire hydrant maintenance started / Weed abatement Well #8
Meter reading / re-reads / leak notifications / comment codes / meter change-outs
Lock off for non-payment
Fire hydrant on Pier Ave was hit and reinstalled
2300 Cienaga Sp 15 line break on service side / fixed and paved
Prepped the water yard for asphalt and then paved
Framed the pad at Well #8 and installed rebar
Line break repaired and paved on Lancaster (City of Pismo Beach assisted with a vector)
Paving at water yard completed and raised and paved on 13th Street
Multiple concrete and asphalt runs
Smog completed on a service truck and reported to BAR
- iv. **General Manager** – Peter Brown
1/15/2026 – Met with Chief Hallett (FCFA) to review water use at the Well 8 yard. FCFA removed equipment from the area.
Zone 3 meetings regarding settlement conference – Loped Dam & AG Creek
1/16/2026 – Met with Lisa Howe, County of SLO Assistant Chief Executive Officer, regarding lease terms for District-owned buildings.

1/21/2026 – Met with IWMA staff regarding strategic plan.
 1/22/2026 – attended the CSDA Annual Chapter meeting with legal counsel and two Directors.
 1/27/2026 – Attended a Zone 3 conservation plan meeting.
 2/11/2026 – Attended the Zone 3 TAC meeting.
 Staff and the Board of Directors have made improvements in utility services, fire flow, the utility yard, and other areas.

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. **President Gibson** (Zone 3 and RWQCB) – Zone 3 meeting on 2/11/2026
- ii. **Vice President Rose** (RWMG, State Water Contractors, and Airport Land Use) – No reports
- iii. **Director Austin** (SSLOCSD and Zone 1/1A) – No reports
- iv. **Director Villa** (WRAC and Finance & Budget Committee) – No reports
- v. **Director Joyce-Suneson** (OPARC and CSDA) – OPARC applied for a grant for a community garden.

PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:

Charles Varni	Asked a question regarding an environmental issue.
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7. CONSENT AGENDA:	ACTION:
A. Action: Review and Approve the Minutes for the Regular Board Meeting held on January 14, 2026. B. Information: Cash Disbursements C. Information: Submittal of the District’s Fiscal Year 2025-26 Quarter 2 Investment Report ending December 31, 2025	After an opportunity for public comment and Board and staff discussion, Director Villa motioned to approve the consent agenda as presented, with a second from Vice President Rose, with a 5-0 roll call vote. Peter Brown, General Manager, provided a brief report on item 7C. Public Comment: Julie Tacker – Provided comments regarding the expense to Don Maruska and the investment report.

8A. BUSINESS ITEMS:	ACTION:
Information: Discussion and consideration of the 2025 Northern Cities Management Area (NCMA) Technical Group Strategic Plan	After a presentation by Michael Steele of Water Systems Consulting (WSC), an opportunity for public comment and Board and staff discussion, Director Austin motioned to receive and file the report, with a second by Vice President Rose, and a 5-0 roll call vote. Public Comment: None

8B. BUSINESS ITEMS:	ACTION:
Action: Adoption of the Notice of Completion (NOC) for the Waterline Replacement Project (Contract No. 2025-01)	After a presentation by Peter Brown, General Manager, an opportunity for public comment and Board and staff discussion, Vice President Rose motioned to approve and adopt the Notice of Completion (NOC) for the Waterline Replacement Project (Contract No. 2025-01), with a second from Director Austin, with a 5-0 roll call vote. Public Comment: None

8C. BUSINESS ITEMS:	ACTION:
Information: Review and Consideration of the District's contract with MKN Associates to expend previously approved budget for design services for the District's Sanitary Sewer Capital Improvement Plan (Sewer CIP) top priority projects	After a presentation by Peter Brown, General Manager, an opportunity for public comment, and Board and staff discussion, Vice President Rose motioned to receive and file the report, with a second by Director Villa, and a 5-0 roll call vote. Public Comment: None

8D. BUSINESS ITEMS:	ACTION:
Action: Consideration of a recommendation to approve the 2026 Update to the Sewer System Management Plan (SSMP)	After a presentation by Peter Brown, General Manager, an opportunity for public comment and Board and staff discussion, Vice President Rose motioned to approve and adopt the Sewer System Management Plan (SSMP) with a second from Director Villa, with a 5-0 roll call vote. Public Comment: None

8E. BUSINESS ITEMS:	ACTION:
Action: Consideration of the recommendation to approve a budget adjustment amount of up to \$35,000 for the rehabilitation of Well House #8	After a presentation by Peter Brown, General Manager, an opportunity for public comment and Board and staff discussion, Vice President Rose motioned to approve the budget adjustment amount of up to \$35,000 for the rehabilitation of Well House #8, with a second from Director Joyce-Suneson, with a 5-0 roll call vote. Public Comment: None

8F. BUSINESS ITEMS:	ACTION:
Action: Discussion and approval of the 2025-2030 Multi-Jurisdictional Hazard Mitigation Plan for San Luis Obispo County and the Oceano Annex	After a presentation by Peter Brown, General Manager, an opportunity for public comment and Board and staff discussion, Director Villa motioned to approve the 2025-2030 Multi-Jurisdictional Hazard Mitigation Plan for San Luis Obispo County and the Oceano Annex, with a second from President Gibson, with a 5-0 roll call vote. Public Comment: None

8F. BUSINESS ITEMS:	ACTION:
Information: Review of the District's Budget Status as of December 31, 2025	After a presentation by Carey Casciola, Business & Accounting Manager, an opportunity for public comment, and Board and staff discussion, this item was received and filed. Public Comment: None

9. HEARING ITEMS: None

10. RECEIVED WRITTEN COMMUNICATIONS: None

11. FUTURE AGENDA ITEMS: None

12. CLOSED SESSION: None

13. ADJOURNMENT: President Gibson adjourned the meeting at approximately 7:30 PM



Oceano Community Services District
Summary Minutes – Special Board Meeting
Thursday, February 11, 2026, 5:00 PM
OCSD BOARD ROOM

1. **CALL TO ORDER:** The meeting was called to order at approximately 5:05 PM by President Gibson
2. **ROLL CALL:** Board members present: Director Austin, Director Joyce-Suneson, Director Villa, Vice President Rose, and President Gibson.
Staff present: Peter Brown, General Manager; Carey Casciola, Business & Accounting Manager; and Rob Schultz, Legal Counsel.
3. **FLAG SALUTE:** Led by President Gibson.
4. **AGENDA REVIEW:** Agenda accepted as presented.
5. **PUBLIC COMMENT FOR ITEMS ON THE AGENDA:**

Julie Tacker	Provided information on the General Manager and Don Maruska contracts.
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6. **CLOSED SESSION:**
President Gibson adjourned the Board to closed session at 5:09 PM

A. PUBLIC EMPLOYMENT - Pursuant to Gov. Code Sec. 54957(b)(1): Performance evaluation – General Manager.

No reportable action out of closed session.
7. **ADJOURNMENT:** President Gibson adjourned the meeting at 6:00 PM.



Oceano Community Services District
Summary Minutes – Special Board Meeting
Thursday, February 20, 2026, 10:00 AM
OCSD BOARD ROOM

1. **CALL TO ORDER:** The meeting was called to order at approximately 10:05 by President Gibson
2. **ROLL CALL:** Board members present: Director Austin, Director Joyce-Suneson, Director Villa, Vice President Rose, and President Gibson.
 Staff present: Carey Casciola, Business & Accounting Manager; Tony Marraccino, Utility Systems Manager; and Rob Schultz, Legal Counsel.
3. **FLAG SALUTE:** Led by Director Austin.
4. **AGENDA REVIEW:** Agenda accepted as presented.
5. **PUBLIC COMMENT FOR ITEMS ON THE AGENDA:** No public comment.

6. BUSINESS ITEMS:	ACTION:
Accept the resignation of the General Manager	After an opportunity for public comment and Board discussion, Vice President Rose motioned to accept the item, with a second by Director Viall, and a 5-0 roll call vote. Public Comment: None

7. CLOSED SESSION:

President Gibson adjourned the Board to closed session at 10:10 AM

A. PUBLIC EMPLOYMENT - Pursuant to Gov. Code Sec. 54957(b)(1) – Appointment, Employment of General Manager

No reportable action out of closed session.

7. **ADJOURNMENT:** President Gibson adjourned the meeting at 11:00 AM.



Oceano Community Services District

Summary Minutes – Special Board Meeting

Thursday, February 27, 2026, 10:30 AM

OCSD BOARD ROOM

1. **CALL TO ORDER:** The meeting was called to order at approximately 10:30 AM by President Gibson
2. **ROLL CALL:** Board members present: Director Austin, Director Joyce-Suneson, Director Villa, Vice President Rose, and President Gibson.
Staff present: Carey Casciola, Business & Accounting Manager; and Rob Schultz, Legal Counsel.
3. **FLAG SALUTE:** Led by Vice President Rose.
4. **AGENDA REVIEW:** Agenda accepted as presented.
5. **PUBLIC COMMENT FOR ITEMS ON THE AGENDA:** No public comment.

6. **CLOSED SESSION:**

President Gibson adjourned the Board to closed session at 10:36 AM

A. PUBLIC EMPLOYMENT - Pursuant to Gov. Code Sec. 54957(b)(1) – Appointment, Employment of General Manager

A motion was introduced by Director Rose and seconded by Director Austin. The Board unanimously approved the motion with a 5-0 vote. The approved action was the adoption of a Transition Plan Agreement, which was established following the resignation of General Manager Peter Brown. This agreement outlines the terms and process for the transition between the District and Mr. Brown.

No other actions were taken during the closed session that require reporting under the Brown Act.

7. **ADJOURNMENT:** President Gibson adjourned the meeting at 10:55 AM.



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

PHONE(805) 481-6730 FAX (805) 481-6836

Date: March 11, 2026
To: Board of Directors
From: Carey Casciola, Business and Accounting Manager
Subject: **Agenda Item #8(E): Recommendation to Review Cash Disbursements**

Recommendation

It is recommended that the board review the attached cash disbursements:

Discussion

The following is a summary of the attached cash disbursements. The table captures the payments from last meeting to this meeting.

Description	Check Sequence	Amounts
	62055 - 62120	
Disbursements:		
Regular Payable Register - paid 02/09/2026	62055 - 62073	\$ 39,911.43
Regular Payable Register - paid 02/25/2026	62093 - 62113	\$ 88,042.13
Utility Billing Account - Final Bill, Refund Due (3) - paid 02/09/2026*	62080 - 62082	\$ 818.88
Utility Billing Account - Final Bill, Refund Due (4) - paid 02/11/2026	62083 - 62092	\$ 2,110.63
Subtotal:		\$ 130,883.07
Reoccurring Payments for Board Review (authorized by Resolution 2020-06):		
Payroll Disbursements - PPE 02/07/2026	N/A	\$ 39,678.55
Payroll Disbursements - PPE 02/21/2026	N/A	\$ 38,444.84
Board Member Stipends - 02/28/2026	N/A	\$ 1,291.80
Five Star Bank Mastercard Online Payment - paid 01/12/2026	N/A	\$ 629.45
Reoccurring Utility Disbursements - paid 02/09/2026	62074 - 62079	\$ 1,469.39
Reoccurring Health Disbursements - paid 02/25/2026	62114 - 62117	\$ 7,510.09
Reoccurring Utility Disbursements - paid 02/26/2026	62118 - 62120	\$ 8,949.46
Subtotal:		\$ 98,873.58
Grand Total:		\$ 229,756.65

* Void check number 62080 - Refund Amount applied to owners' other account.

Other Agency Involvement

N/A

Other Financial Considerations

Amounts are within the authorized Fund level budgets.
 AMERICAN CARPORTS, \$7,856.06, UTILITY YARD SHED
 HAAKER EQUIPMENT CO, \$11,769, LEASED VACTOR
 CORE & MAIN LP, \$8,626.44, WATER METERS
 ROBERT SCHULTZ, \$26,412.75, LEGAL SERVICES JULY - DEC 25
 SAN LUIS OBISPO COUNTY FIRE, \$9,678.92, OFFICE LEASE - FEB 2026
 THE JF WILL COM, \$28,754.25, FINAL RETENTION - WRRP 1-4,5,7,8,10

Results

The Board's review of cash disbursements is an integral component of the District's system of internal controls and promotes a well governed community.

VENDOR I.D.	NAME	STATUS	CHECK DATE	AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
0420	AMERICAN CARPORTS, LLC							
I-AC029428	AMERICAN CARPORTS, LLC	R	2/09/2026			062055		
02 5-4400-320	FIXED ASSETS: EQUIPMENT	AMERICAN CARPORTS, L		3,928.03				
03 5-4500-320	FIXED ASSETS: EQUIPMENT	AMERICAN CARPORTS, L		3,928.03				7,856.06
0148	ARROYO GRANDE CHEVROLET							
I-CTCS577910	ARROYO GRANDE CHEVROLET	R	2/09/2026			062056		
12 5-4350-171	MAINTENANCE: VEHICLES	ARROYO GRANDE CHEVRO		51.00				51.00
0048	BRISCO'S							
I-192281	BRISCO'S	R	2/09/2026			062057		
02 5-4400-175	SYSTEM PARTS/OPERATING SUPP	BRISCO'S		52.73				
03 5-4500-175	SYSTEM PARTS/OPERATING SUPP.	BRISCO'S		52.72				
I-192454	BRISCO'S	R	2/09/2026			062057		
02 5-4400-164	Paving	BRISCO'S		27.17				132.62
1060	BURKE AND PACE OF ARROYO GRAND							
I-2601-039769	BURKE AND PACE OF ARROYO GRAND	R	2/09/2026			062058		
02 5-4400-175	SYSTEM PARTS/OPERATING SUPP	BURKE AND PACE OF AR		23.98				23.98
0314	BRENT SARKISON DBA CALTEC COMP							
I-9709	BRENT SARKISON DBA CALTEC COMP	R	2/09/2026			062059		
01 5-4100-221	INFORMATION TECHNOLOGY	BRENT SARKISON DBA C		315.00				315.00
1032	CITY OF ARROYO GRANDE							
I-2026-71	CITY OF ARROYO GRANDE	R	2/09/2026			062060		
02 5-4400-297	PASS-THRU: CREST/CHRISTIE/AG	CANYON CREST-0100100		2,981.10				
02 5-4400-297	PASS-THRU: CREST/CHRISTIE/AG	CHRISTIE FAMILY - 01		265.78				
02 5-4400-297	PASS-THRU: CREST/CHRISTIE/AG	GRANDE MOBILE MANOR-		356.25				
02 5-4400-297	PASS-THRU: CREST/CHRISTIE/AG	HALCYON ESTATES- 010		447.45				4,050.58
0147	DIVERSIFIED PROJECT SERVICES I							
I-9576365	DIVERSIFIED PROJECT SERVICES I	R	2/09/2026			062061		
02 5-4400-226	ENGINEERING & OTHER REIMBURS	PROJ 6681, 2031 OCEA		810.00				
02 5-4400-226	ENGINEERING & OTHER REIMBURS	PROJ 6672, 2440 PASO		577.50				
02 5-4400-226	ENGINEERING & OTHER REIMBURS	PROJ 6564, 1900 FRO		655.00				
02 5-4400-226	ENGINEERING & OTHER REIMBURS	PROJ 6680 - 2061 OCE		807.50				2,850.00
0408	HAAKER EQUIPMENT COMPANY							
C-CM62563	HAAKER EQUIPMENT COMPANY	R	2/09/2026			062062		
02 5-4400-241	RENTS & LEASES/EQUIPMENT	25% HAAKER EQUIPMENT		1,287.00CR				
03 5-4500-241	RENTS & LEASES/EQUIPMENT	75% HAAKER EQUIPMENT		3,861.00CR				
I-INV26923	HAAKER EQUIPMENT COMPANY	R	2/09/2026			062062		
02 5-4400-241	RENTS & LEASES/EQUIPMENT	25% HAAKER EQUIPMENT		4,229.25				
03 5-4500-241	RENTS & LEASES/EQUIPMENT	75% HAAKER EQUIPMENT		12,687.75				11,769.00

VENDOR I.D.	NAME	STATUS	CHECK DATE	AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
0159	ICONIX WATERWORKS (US) INC.							
I-U2616002866	ICONIX WATERWORKS (US) INC.	R	2/09/2026			062063		
02 5-4400-175	SYSTEM PARTS/OPERATING SUPP	ICONIX WATERWORKS (U		358.88				
I-U2616003253	ICONIX WATERWORKS (US) INC.	R	2/09/2026			062063		
02 5-4400-175	SYSTEM PARTS/OPERATING SUPP	ICONIX WATERWORKS (U		557.91				
I-U2616003600	ICONIX WATERWORKS (US) INC.	R	2/09/2026			062063		
02 5-4400-175	SYSTEM PARTS/OPERATING SUPP	ICONIX WATERWORKS (U		18.52				935.31
1136	J.B. DEWAR, INC.							
I-449371	J.B. DEWAR, INC.	R	2/09/2026			062064		
12 5-4350-172	FUEL	J.B. DEWAR, INC.		81.23				81.23
1292	MINER'S ACE HARDWARE, INC.							
I-579925	MINER'S ACE HARDWARE, INC.	R	2/09/2026			062065		
01 5-4100-200	OFFICE EXPENSE	MINER'S ACE HARDWARE		36.57				
I-580059	MINER'S ACE HARDWARE, INC.	R	2/09/2026			062065		
02 5-4400-175	SYSTEM PARTS/OPERATING SUPP	MINER'S ACE HARDWARE		20.84				57.41
0370	OPTIMIZED INVESTMENT PARTNERS,							
I-1597	OPTIMIZED INVESTMENT PARTNERS,	R	2/09/2026			062066		
01 5-4100-220	PROFESSIONAL SERVICES	OPTIMIZED INVESTMENT		699.49				699.49
0027	PETTY CASH							
I-202602052542	PETTY CASH	R	2/09/2026			062067		
01 5-4100-210	POSTAGE	PETTY CASH		5.43				5.43
1360	QUILL CORPORATION							
I-47505743	QUILL CORPORATION	R	2/09/2026			062068		
01 5-4100-200	OFFICE EXPENSE	QUILL CORPORATION		80.47				80.47
0300	TROESH RECYCLING INC. DBA ROXS							
I-54456	TROESH RECYCLING INC. DBA ROXS	R	2/09/2026			062069		
06 5-4900-173	MAINT: SHARED STRUCTURE/IMPRV	TROESH RECYCLING INC		50.00				50.00
0415	SAN LUIS OBISPO COUNTY FIRE							
I-1655 FRONT-FEB2026	SAN LUIS OBISPO COUNTY FIRE	R	2/09/2026			062070		
01 5-4100-202	OFFICE LEASE	SAN LUIS OBISPO COUN		9,678.92				9,678.92
0369	SCHWIND ELECTRIC INC							
I-1232	SCHWIND ELECTRIC INC	R	2/09/2026			062071		
02 5-4400-173	MAINT: SHARED STRUCTURE/IMPRVSSCHWIND	ELECTRIC INC		348.00				
03 5-4500-173	MAINT: STRUCTURES/IMPRVTS	SCHWIND ELECTRIC INC		348.00				
I-1233	SCHWIND ELECTRIC INC	R	2/09/2026			062071		
02 5-4400-173	MAINT: SHARED STRUCTURE/IMPRVSSCHWIND	ELECTRIC INC		187.50				
03 5-4500-173	MAINT: STRUCTURES/IMPRVTS	SCHWIND ELECTRIC INC		187.50				1,071.00

VENDOR I.D.	NAME	STATUS	CHECK DATE	AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
1498	I-S1821034.001							
	02 5-4400-175		2/09/2026	56.67		062072		56.67
0180	I-5020966764							
	01 5-4100-100		2/09/2026	147.26		062073		147.26

* * T O T A L S * *	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	19	39,911.43	0.00	39,911.43
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	0 VOID DEBITS	0.00		
	VOID CREDITS	0.00	0.00	0.00

TOTAL ERRORS: 0

** G/L ACCOUNT TOTALS **

G/L ACCOUNT	NAME	AMOUNT
01 5-4100-100	CLOTHING	147.26
01 5-4100-200	OFFICE EXPENSE	117.04
01 5-4100-202	OFFICE LEASE	9,678.92
01 5-4100-210	POSTAGE	5.43
01 5-4100-220	PROFESSIONAL SERVICES	699.49
01 5-4100-221	INFORMATION TECHNOLOGY	315.00
	*** FUND TOTAL ***	10,963.14
02 5-4400-164	Paving	27.17
02 5-4400-173	MAINT: SHARED STRUCTURE/IMPRVS	535.50
02 5-4400-175	SYSTEM PARTS/OPERATING SUPP	1,089.53
02 5-4400-226	ENGINEERING & OTHER REIMBURS	2,850.00
02 5-4400-241	RENTS & LEASES/EQUIPMENT	2,942.25
02 5-4400-297	PASS-THRU: CREST/CHRISTIE/AG	4,050.58
02 5-4400-320	FIXED ASSETS: EQUIPMENT	3,928.03
	*** FUND TOTAL ***	15,423.06
03 5-4500-173	MAINT: STRUCTURES/IMPRVTS	535.50
03 5-4500-175	SYSTEM PARTS/OPERATING SUPP.	52.72
03 5-4500-241	RENTS & LEASES/EQUIPMENT	8,826.75
03 5-4500-320	FIXED ASSETS: EQUIPMENT	3,928.03
	*** FUND TOTAL ***	13,343.00

VENDOR I.D.	NAME	STATUS	CHECK DATE	AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
0071	AUTOSYS, INC.							
I-INV-0420	AUTOSYS, INC.	R	2/25/2026			062093		
02 5-4400-220	PROFESSIONAL/SPECIAL SERVICES			410.00				410.00
0072	BRENNTAG NORTH AMERICA LLC, DB							
I-BPI584363	BRENNTAG NORTH AMERICA LLC, DB	R	2/25/2026			062094		
02 5-4400-178	CHEMICALS/ OPERATING SUP			1,353.16				1,353.16
0153	BURDINE PRINTING							
I-53605	BURDINE PRINTING	R	2/25/2026			062095		
02 5-4400-205	OUTSIDE UB MAIL SERVICE			983.57				
03 5-4500-205	OUTSIDE UB MAIL SERVICE			983.56				1,967.13
1094	CLINICAL LAB OF SAN BERNARDINO							
I-1021048	CLINICAL LAB OF SAN BERNARDINO	R	2/25/2026			062096		
02 5-4400-220	PROFESSIONAL/SPECIAL SERVICES			880.00				880.00
0088	COASTLINE EQUIPMENT							
I-1323189	COASTLINE EQUIPMENT	R	2/25/2026			062097		
12 5-4350-171	MAINTENANCE: VEHICLES			454.60				454.60
0339	CORE & MAIN LP							
I-Y463382	CORE & MAIN LP	R	2/25/2026			062098		
02 5-4400-176	WATER METERS			8,626.44				8,626.44
0159	ICONIX WATERWORKS (US) INC.							
I-U2616004039	ICONIX WATERWORKS (US) INC.	R	2/25/2026			062099		
02 5-4400-175	SYSTEM PARTS/OPERATING SUPP			1,044.00				
I-U2616004195	ICONIX WATERWORKS (US) INC.	R	2/25/2026			062099		
02 5-4400-175	SYSTEM PARTS/OPERATING SUPP			685.26				
I-U2616004946	ICONIX WATERWORKS (US) INC.	R	2/25/2026			062099		
02 5-4400-175	SYSTEM PARTS/OPERATING SUPP			554.64				2,283.90
1136	J.B. DEWAR, INC.							
I-451336	J.B. DEWAR, INC.	R	2/25/2026			062100		
12 5-4350-172	FUEL			306.65				
I-453151	J.B. DEWAR, INC.	R	2/25/2026			062100		
12 5-4350-172	FUEL			208.88				515.53
0416	MIDWEST MOTOR SUPPLY CO, DBA K							
I-104192119	MIDWEST MOTOR SUPPLY CO. INC.,	R	2/25/2026			062101		
02 5-4400-200	OFFICE EXPENSE			394.68				394.68

VENDOR I.D.	NAME	STATUS	CHECK DATE	AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
0397	MARTIN MARIETTA MATERIALS, INC							
I-48476281	MARTIN MARIETTA MATERIALS, INC	R	2/25/2026			062102		
02 5-4400-173	MAINT: SHARED STRUCTURE/IMPRVSMARTIN MARIETTA MATE			240.06				
03 5-4500-173	MAINT: STRUCTURES/IMPRVTS MARTIN MARIETTA MATE			240.05				
I-48488457	MARTIN MARIETTA MATERIALS, INC	R	2/25/2026			062102		
02 5-4400-173	MAINT: SHARED STRUCTURE/IMPRVSMARTIN MARIETTA MATE			123.69				
03 5-4500-173	MAINT: STRUCTURES/IMPRVTS MARTIN MARIETTA MATE			123.68				
I-48522072	MARTIN MARIETTA MATERIALS, INC	R	2/25/2026			062102		
02 5-4400-173	MAINT: SHARED STRUCTURE/IMPRVSMARTIN MARIETTA MATE			183.04				
03 5-4500-173	MAINT: STRUCTURES/IMPRVTS MARTIN MARIETTA MATE			183.03				1,093.55
1288	PREMIER SUPPLY LLC, DBA MIER B							
I-398572	PREMIER SUPPLY LLC, DBA MIER B	R	2/25/2026			062103		
02 5-4400-173	MAINT: SHARED STRUCTURE/IMPRVSPREMIER SUPPLY LLC,			122.35				
03 5-4500-173	MAINT: STRUCTURES/IMPRVTS PREMIER SUPPLY LLC,			122.34				
I-398669	PREMIER SUPPLY LLC, DBA MIER B	R	2/25/2026			062103		
02 5-4400-163	MAINT: STRUCTURES/IMPRVTS PREMIER SUPPLY LLC,			897.19				1,141.88
1292	MINER'S ACE HARDWARE, INC.							
I-580501	MINER'S ACE HARDWARE, INC.	R	2/25/2026			062104		
12 5-4350-171	MAINTENANCE: VEHICLES MINER'S ACE HARDWARE			28.89				
I-580780	MINER'S ACE HARDWARE, INC.	R	2/25/2026			062104		
02 5-4400-175	SYSTEM PARTS/OPERATING SUPP MINER'S ACE HARDWARE			30.44				
I-580994	MINER'S ACE HARDWARE, INC.	R	2/25/2026			062104		
01 5-4100-200	OFFICE EXPENSE MINER'S ACE HARDWARE			59.80				
I-581275	MINER'S ACE HARDWARE, INC.	R	2/25/2026			062104		
02 5-4400-175	SYSTEM PARTS/OPERATING SUPP MINER'S			40.73				
03 5-4500-175	SYSTEM PARTS/OPERATING SUPP. MINER'S			40.73				
I-581337	MINER'S ACE HARDWARE, INC.	R	2/25/2026			062104		
02 5-4400-200	OFFICE EXPENSE MINER'S ACE HARDWARE			42.93				
03 5-4500-200	OFFICE EXPENSE MINER'S ACE HARDWARE			42.92				286.44
0016	R&R ROLL-OFF LLC							
I-67137	R&R ROLL-OFF LLC	R	2/25/2026			062105		
06 5-4900-220	PROFESSIONAL SERV R&R ROLL-OFF LLC			703.85				703.85
0388	ROBERT SCHULTZ							
I-25003	ROBERT SCHULTZ	R	2/25/2026			062106		
01 5-4100-223	LEGAL SERVICES ROBERT SCHULTZ			26,412.75				26,412.75
0300	TROESH RECYCLING INC. DBA ROXS							
I-54553	TROESH RECYCLING INC. DBA ROXS	R	2/25/2026			062107		
06 5-4900-173	MAINT: SHARED STRUCTURE/IMPRV TROESH RECYCLING INC			25.00				
I-54579	TROESH RECYCLING INC. DBA ROXS	R	2/25/2026			062107		
06 5-4900-173	MAINT: SHARED STRUCTURE/IMPRV TROESH RECYCLING INC			25.00				50.00

VENDOR I.D.	NAME	STATUS	CHECK DATE	AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
0415	SAN LUIS OBISPO COUNTY FIRE							
I-1655	FRONT-MAR2026	R	2/25/2026			062108		
01	5-4100-202			9,678.92				9,678.92
	OFFICE LEASE							
1424	SLO CO AIR POLLUTION CONTROL D							
I-25003	SLO CO AIR POLLUTION CONTROL D	R	2/25/2026			062109		
02	5-4400-248			1,100.32				1,100.32
	PERMITS, FEES, LICENSES							
1492	STAPLES, INC. DBA STAPLES BUSI							
I-6056177129	STAPLES, INC. DBA STAPLES BUSI	R	2/25/2026			062110		
01	5-4100-200			353.23				353.23
	OFFICE EXPENSE							
0414	THE J.F. WILL COMPANY, INC.							
I-191376-R	THE J.F. WILL COMPANY, INC.	R	2/25/2026			062111		
02	5-4400-438			28,754.25				28,754.25
	CIP - WRRP 1-4,5,7,8,10							
0180	VESTIS GROUP, INC. DBA VESTIS							
C-502007766	VESTIS GROUP, INC. DBA VESTIS	R	2/25/2026			062112		
01	5-4100-100			29.08CR				
	CLOTHING							
I-5020970964	VESTIS GROUP, INC. DBA VESTIS	R	2/25/2026			062112		
01	5-4100-100			136.16				
	CLOTHING							
I-5020975152	VESTIS GROUP, INC. DBA VESTIS	R	2/25/2026			062112		
01	5-4100-100			136.16				
	CLOTHING							
I-5020979258	VESTIS GROUP, INC. DBA VESTIS	R	2/25/2026			062112		
01	5-4100-100			136.16				
	CLOTHING							
I-5020983482	VESTIS GROUP, INC. DBA VESTIS	R	2/25/2026			062112		
01	5-4100-100			136.16				515.56
	CLOTHING							
1814	WATER SYSTEMS CONSULTING, INC.							
I-12180-OCSD	WATER SYSTEMS CONSULTING, INC.	R	2/25/2026			062113		
02	5-4400-380			1,065.94				1,065.94
	NCMA TEC							

* * T O T A L S * *	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	21	88,042.13	0.00	88,042.13
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	0	VOID DEBITS 0.00		
		VOID CREDITS 0.00	0.00	

TOTAL ERRORS: 0

VENDOR I.D.	NAME	STATUS	CHECK DATE	AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
1	ANTON, BLAKE							
I-000202602092558	US REFUND	R	2/09/2026			062080		
02 1-1102-000	A/R - REFUNDS	03-05157-00		198.88				198.88
1	OPFER, IAN							
I-000202602092557	US REFUND	R	2/09/2026			062081		
02 1-1102-000	A/R - REFUNDS	01-09100-03		120.00				120.00
1	WEMPLE, JACOB							
I-000202602092559	US REFUND	R	2/09/2026			062082		
02 1-1102-000	A/R - REFUNDS	96-10000-00		500.00				500.00

* * T O T A L S * *		NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:		3	818.88	0.00	818.88
HAND CHECKS:		0	0.00	0.00	0.00
DRAFTS:		0	0.00	0.00	0.00
EFT:		0	0.00	0.00	0.00
NON CHECKS:		0	0.00	0.00	0.00
VOID CHECKS:		0	VOID DEBITS	0.00	
			VOID CREDITS	0.00	0.00

TOTAL ERRORS: 0

** G/L ACCOUNT TOTALS **

G/L ACCOUNT	NAME	AMOUNT
02 1-1102-000	A/R - REFUNDS	818.88
	*** FUND TOTAL ***	818.88

VENDOR SET: 01	BANK: AP	TOTALS:	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
			3	818.88	0.00	818.88
BANK: AP	TOTALS:		3	818.88	0.00	818.88
REPORT TOTALS:			3	818.88	0.00	818.88

VENDOR I.D.	NAME	STATUS	CHECK DATE	AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
1 I-000202602092543 02 1-1102-000	BERG, LOUISE US REFUND A/R - REFUNDS	R	2/11/2026	120.00		062083		120.00
1 I-000202602092547 02 1-1102-000	CALZADA, HUMBERTO US REFUND A/R - REFUNDS	R	2/11/2026	120.00		062084		120.00
1 I-000202602092550 02 1-1102-000	DANIEL CLAYTON CONST US REFUND A/R - REFUNDS	R	2/11/2026	417.72		062085		417.72
1 I-000202602092552 02 1-1102-000	JF WILL US REFUND A/R - REFUNDS	R	2/11/2026	500.00		062086		500.00
1 I-000202602092546 02 1-1102-000	LAHEY, JULIETTE MARI US REFUND A/R - REFUNDS	R	2/11/2026	120.00		062087		120.00
1 I-000202602092548 02 1-1102-000	LINTNER, MARY US REFUND A/R - REFUNDS	R	2/11/2026	120.00		062088		120.00
1 I-000202602092544 02 1-1102-000	PAPAGEORGE, JULIE US REFUND A/R - REFUNDS	R	2/11/2026	120.00		062089		120.00
1 I-000202602092549 02 1-1102-000	RUST, BILL & CAROL US REFUND A/R - REFUNDS	R	2/11/2026	2.91		062090		2.91
1 I-000202602092545 02 1-1102-000	SCHEIDT, TYLER J US REFUND A/R - REFUNDS	R	2/11/2026	120.00		062091		120.00
1 I-000202602092551 02 1-1102-000	VIOLA CONSTRUCTION US REFUND A/R - REFUNDS	R	2/11/2026	470.00		062092		470.00

VENDOR I.D.	NAME	STATUS	CHECK DATE	AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
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* * T O T A L S * *		NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:		10	2,110.63	0.00	2,110.63
HAND CHECKS:		0	0.00	0.00	0.00
DRAFTS:		0	0.00	0.00	0.00
EFT:		0	0.00	0.00	0.00
NON CHECKS:		0	0.00	0.00	0.00
VOID CHECKS:	0 VOID DEBITS		0.00		
	VOID CREDITS		0.00	0.00	

TOTAL ERRORS: 0

** G/L ACCOUNT TOTALS **

G/L ACCOUNT	NAME	AMOUNT
02 1-1102-000	A/R - REFUNDS	2,110.63
	*** FUND TOTAL ***	2,110.63

VENDOR SET: 01	BANK: AP	TOTALS:	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
			10	2,110.63	0.00	2,110.63
BANK: AP	TOTALS:		10	2,110.63	0.00	2,110.63
REPORT TOTALS:			10	2,110.63	0.00	2,110.63

Payroll Summary Report
Board of Directors - Agenda Date March 11, 2026

	(*)		
Gross Wages	1/24/2026	2/7/2026	2/21/2026
Regular	\$34,481.97	\$33,878.55	\$32,646.79
Overtime Wages	\$464.31	\$351.17	\$402.11
Stand By	\$840.00	\$480.00	\$540.00
	<u>\$35,786.28</u>	<u>\$34,709.72</u>	<u>\$33,588.90</u>
Cell Phone Allowance	\$62.50	\$62.50	\$62.50
Health Pay-Out	\$272.50	\$272.50	\$272.50
Total Wages	<u>\$36,121.28</u>	<u>\$35,044.72</u>	<u>\$33,923.90</u>

Disbursements

Net Wages	\$26,840.32	\$25,955.06	\$25,044.59
State and Federal Agencies	\$6,916.23	\$6,759.18	\$6,626.65
CalPERS	\$6,888.50	\$6,789.01	\$6,598.30
SEIU - Union Fees	\$175.30	\$175.30	\$175.30
Total Disbursements processed with Payroll	<u>\$40,820.35</u>	<u>\$39,678.55</u>	<u>\$38,444.84</u>
Health (Disbursed with reoccurring bills)	\$4,765.29	\$4,765.29	\$4,765.29
Total District Payroll Related Costs	<u>\$45,585.64</u>	<u>\$44,443.84</u>	<u>\$43,210.13</u>

(*) Previously reported in prior Board Meeting packet - provided for comparison.

Board Member Stipend Summary Report
Board of Directors - Agenda Date March 11, 2026

	(*)	
<u>Gross Stipends</u>	1/26/2026	2/28/2026
Board Member Stipends	\$400.00	\$1,200.00
Gross Stipends	<u>\$400.00</u>	<u>\$1,200.00</u>
<u>Disbursements</u>		
Net Stipends	\$369.40	\$1,108.20
State and Federal Agencies	\$61.20	\$183.60
Total Disbursements processed with Stipends	<u>\$430.60</u>	<u>\$1,291.80</u>

(*) Previously reported in prior Board Meeting packet - provided for comparison.



BOARD OF DIRECTOR'S
REGULAR & SPECIAL MEETING COMPENSATION FORM

RECEIVED

FEB 13 2026

BOARD MEETING: FEBRUARY 11, 2025

DIRECTORS	SIGNATURE	DATE	ELIGIBLE/TAKEN COMPENSATION
PRESIDENT <u>GIBSON</u>	<i>[Signature]</i>	2/11/26	\$ 0.00
VICE PRESIDENT <u>ROSE</u>	<i>[Signature]</i>	2/11/26	\$100.00
DIRECTOR <u>AUSTIN</u>	<i>[Signature]</i>	2/11/26	\$100.00
DIRECTOR <u>JOYCE-SUNESON</u>	<i>[Signature]</i>	2/11/26	\$100.00
DIRECTOR <u>VILLA</u>	<i>[Signature]</i>	2-11-26	\$100.00

Oceano Community Services District - BYLAW'S

Section 8.1: Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each Regular or Special Meeting.

Section 8.2: In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.

Section 8.3: Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.



BOARD OF DIRECTOR'S
SPECIAL BOARD MEETING COMPENSATION FORM

MEETING: FEBRUARY 20, 2026

RECEIVED

FEB 27 2026

DIRECTORS	SIGNATURE	DATE	ELIGIBLE/TAKEN COMPENSATION
PRESIDENT <u>GIBSON</u>	<i>[Signature]</i>		<u> </u> \$ 0.00
VICE PRESIDENT <u>ROSE</u>	<i>[Signature]</i>	<i>2-27-26</i>	\$100.00
DIRECTOR <u>AUSTIN</u>	<i>[Signature]</i>	<i>2-27-26</i>	\$100.00
DIRECTOR <u>JOYCE-SUNESON</u>	<i>[Signature]</i>	<i>2-27-26</i>	\$100.00
DIRECTOR <u>VILLA</u>	<i>[Signature]</i>	<i>2-27-26</i>	\$100.00

Oceano Community Services District - BYLAW'S

Section 8.1: Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each Regular or Special Meeting.

Section 8.2: In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.

Section 8.3: Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

BOARD OF DIRECTOR'S
SPECIAL BOARD MEETING COMPENSATION FORM

RECEIVED

FEB 27 2026

MEETING: FEBRUARY 27, 2026



DIRECTORS	SIGNATURE	DATE	ELIGIBLE/TAKEN COMPENSATION
PRESIDENT <u>GIBSON</u>	<i>[Signature]</i>		\$ 0.00
VICE PRESIDENT <u>ROSE</u>	<i>[Signature]</i>	2-27-2026	\$100.00
DIRECTOR <u>AUSTIN</u>	<i>[Signature]</i>	2-27-2026	\$100.00
DIRECTOR <u>JOYCE-SUNESON</u>	<i>[Signature]</i>		227-26 \$100.00
DIRECTOR <u>VILLA</u>	<i>[Signature]</i>	2-27-26	\$100.00

Oceano Community Services District - BYLAW'S

Section 8.1: Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each Regular or Special Meeting.

Section 8.2: In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.

Section 8.3: Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

Oceano Community Services District
Five Star Bank Mastercard

A/P Mastercard Credit Card Disbursement

Date	Name	Amount	Description	GL Account #
01/02/2026	ZOOM.COM 888-799-9666 SAN JOSE CA	\$55.24	OFFICE EXPENSE	01-5-4100-200
01/08/2026	LANDS END BUS OUTFITTE DODGEVILLE WI	\$31.10	CLOTHING	01-5-4100-100
01/14/2026	JUNIPER SYSTEMS LOGAN UT	\$295.00	SYSTEM PARTS/OPERATING SUPP	02-5-4400-175
01/15/2026	SLOCSDA.SPECIALDISTRIC PASO ROBLES CA	\$125.13	CLASSES/SEMINARS/TRAINING FEE	01-5-4100-285
01/17/2026	INTUIT *QBOOKS ONLINE SAN DIEGO CA	\$75.00	PERMITS, FEES LICENSES	01-5-4100-248
01/25/2026	ADOBE SAN JOSE CA	\$47.98	PERMITS, FEES LICENSES	01-5-4100-248

Total ACH - 02/11/2026 \$629.45

03/11/2026 Board Meeting - Five Star Bank Mastercard Online Payment - paid 02/11/2026	\$629.45
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VENDOR I.D.	NAME	STATUS	CHECK DATE	AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
1010	LIVE, LLC DBA ADVANTAGE ANSWER							
I-000039-093-091	LIVE, LLC DBA ADVANTAGE ANSWER	R	2/09/2026			062074		
01 5-4100-110	COMMUNICATIONS	LIVE, LLC DBA ADVANT		474.41				474.41
1090	CHARTER COMMUNICATIONS							
I-170594401012126	CHARTER COMMUNICATIONS	R	2/09/2026			062075		
01 5-4100-110	COMMUNICATIONS	CHARTER COMMUNICATIO		150.00				150.00
0280	DE LAGE LANDEN FINANCIAL SERVI							
I-5957511421	DE LAGE LANDEN FINANCIAL SERVI	R	2/09/2026			062076		
01 5-4100-220	PROFESSIONAL SERVICES	DE LAGE LANDEN FINAN		213.43				213.43
1138	DIGITAL WEST NETWORKS, INC.							
I-127069701-0012010	DIGITAL WEST NETWORKS, INC.	R	2/09/2026			062077		
01 5-4100-110	COMMUNICATIONS	DIGITAL WEST NETWORK		201.37				201.37
1484	SO CAL GAS							
I-JAN1655-2026	SO CAL GAS	R	2/09/2026			062078		
01 5-4100-290	UTILITIES	SO CAL GAS		110.12				
I-JAN1689-2026	SO CAL GAS	R	2/09/2026			062078		
01 5-4100-290	UTILITIES	SO CAL GAS		82.60				
I-JAN1935-2026	SO CAL GAS	R	2/09/2026			062078		
01 5-4100-290	UTILITIES	SO CAL GAS		13.81				206.53
1206	VERIZON WIRELESS							
I-6134186566	VERIZON WIRELESS	R	2/09/2026			062079		
02 5-4400-110	COMMUNICATIONS	VERIZON WIRELESS - W		178.92				
03 5-4500-110	COMMUNICATIONS	VERIZON WIRELESS - S		29.07				
06 5-4900-110	COMMUNICATIONS	VERIZON WIRELESS - G		13.42				
10 5-4300-110	COMMUNICATIONS	VERIZON - FACILITIES		2.24				223.65

* * T O T A L S * *	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	6	1,469.39	0.00	1,469.39
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	0	VOID DEBITS	0.00	
		VOID CREDITS	0.00	0.00

TOTAL ERRORS: 0

VENDOR I.D.	NAME	STATUS	CHECK DATE	AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
0059	BLUE SHIELD OF CALIFORNIA							
I-HEA202602112560	HEALTH INSURANCE	R	2/25/2026			062114		
01 5-4100-090	INS: GROUP HEALTH/LIFE	HEALTH	INSURANCE	1,112.97				
01 5-4100-603	UTILITY CREW - EMPLOYEE INSUR	HEALTH	INSURANCE	2,062.14				
I-HEA202602242561	HEALTH INSURANCE	R	2/25/2026			062114		
01 5-4100-090	INS: GROUP HEALTH/LIFE	HEALTH	INSURANCE	1,748.95				
01 5-4100-603	UTILITY CREW - EMPLOYEE INSUR	HEALTH	INSURANCE	1,426.16				6,350.22
0379	HUMANA INSURANCE CO.							
I-DNT202602112560	DENTAL	R	2/25/2026			062115		
01 5-4100-090	INS: GROUP HEALTH/LIFE	DENTAL		167.50				
01 5-4100-603	UTILITY CREW - EMPLOYEE INSUR	DENTAL		162.85				
I-DNT202602242561	DENTAL	R	2/25/2026			062115		
01 5-4100-090	INS: GROUP HEALTH/LIFE	DENTAL		225.52				
01 5-4100-603	UTILITY CREW - EMPLOYEE INSUR	DENTAL		104.83				
I-VIS202602112560	VISION INS.	R	2/25/2026			062115		
01 5-4100-090	INS: GROUP HEALTH/LIFE	VISION	INS.	12.87				
01 5-4100-603	UTILITY CREW - EMPLOYEE INSUR	VISION	INS.	23.05				
I-VIS202602242561	VISION INS.	R	2/25/2026			062115		
01 5-4100-090	INS: GROUP HEALTH/LIFE	VISION	INS.	20.78				
01 5-4100-603	UTILITY CREW - EMPLOYEE INSUR	VISION	INS.	15.14				732.54
0301	PRINCIPAL LIFE INSURANCE COMPA							
I-INS202602112560	LONG TERM DISABILITY	R	2/25/2026			062116		
01 5-4100-090	INS: GROUP HEALTH/LIFE	LONG TERM	DISABILITY	56.34				
01 5-4100-603	UTILITY CREW - EMPLOYEE INSUR	LONG TERM	DISABILITY	57.40				
I-INS202602242561	LONG TERM DISABILITY	R	2/25/2026			062116		
01 5-4100-090	INS: GROUP HEALTH/LIFE	LONG TERM	DISABILITY	72.91				
01 5-4100-603	UTILITY CREW - EMPLOYEE INSUR	LONG TERM	DISABILITY	40.83				
I-LIF202602112560	LIFE INS.	R	2/25/2026			062116		
01 5-4100-090	INS: GROUP HEALTH/LIFE	LIFE	INS.	36.91				
01 5-4100-603	UTILITY CREW - EMPLOYEE INSUR	LIFE	INS.	34.91				
I-LIF202602242561	LIFE INS.	R	2/25/2026			062116		
01 5-4100-090	INS: GROUP HEALTH/LIFE	LIFE	INS.	46.78				
01 5-4100-603	UTILITY CREW - EMPLOYEE INSUR	LIFE	INS.	25.04				371.12
0192	TASC -CLIENT INVOICES							
I-IN3673903	TASC -CLIENT INVOICES	R	2/25/2026			062117		
01 5-4100-090	INS: GROUP HEALTH/LIFE	TASC	-CLIENT INVOICE	56.21				56.21

VENDOR I.D.	NAME	STATUS	CHECK DATE	AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
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* * T O T A L S * *		NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:		4	7,510.09	0.00	7,510.09
HAND CHECKS:		0	0.00	0.00	0.00
DRAFTS:		0	0.00	0.00	0.00
EFT:		0	0.00	0.00	0.00
NON CHECKS:		0	0.00	0.00	0.00
VOID CHECKS:	0 VOID DEBITS		0.00		
	VOID CREDITS		0.00	0.00	

TOTAL ERRORS: 0

** G/L ACCOUNT TOTALS **

G/L ACCOUNT	NAME	AMOUNT
01 5-4100-090	INS: GROUP HEALTH/LIFE	3,557.74
01 5-4100-603	UTILITY CREW - EMPLOYEE INSUR	3,952.35
	*** FUND TOTAL ***	7,510.09

VENDOR SET: 01	BANK: AP	TOTALS:	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
			4	7,510.09	0.00	7,510.09
BANK: AP	TOTALS:		4	7,510.09	0.00	7,510.09
REPORT TOTALS:			4	7,510.09	0.00	7,510.09

VENDOR I.D.	NAME	STATUS	CHECK DATE	AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
1012	AGP VIDEO INC.							
I-9899	AGP VIDEO INC.	R	2/26/2026			062118		
01 5-4100-220	PROFESSIONAL SERVICES	AGP VIDEO INC.		785.00				785.00
1845	COASTAL COPY, INC.							
I-1182853	COASTAL COPY, INC.	R	2/26/2026			062119		
01 5-4100-220	PROFESSIONAL SERVICES	COASTAL COPY, INC.		311.62				
02 5-4400-205	OUTSIDE UB MAIL SERVICE	COASTAL COPY, INC.		184.23				
03 5-4500-205	OUTSIDE UB MAIL SERVICE	COASTAL COPY, INC.		184.23				680.08
1340	PACIFIC GAS & ELECTRIC							
I-02242026	PACIFIC GAS & ELECTRIC	R	2/26/2026			062120		
01 5-4195-295	STREET LIGHTING	STREET LIGHTS		3,158.69				
02 5-4400-290	UTILITIES	WATER		3,291.91				
03 5-4500-290	UTILITIES	SEWER		125.80				
01 5-4100-290	UTILITIES	1689 FRONT, VILLAGE		104.91				
01 5-4100-290	UTILITIES	MODULAR		10.84				
01 5-4100-290	UTILITIES	1655 FRONT - ADM		625.56				
01 5-4100-200	OFFICE EXPENSE	1655 FRONT - ADM RET		166.67				7,484.38

* * T O T A L S * *	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	3	8,949.46	0.00	8,949.46
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	0	VOID DEBITS 0.00	VOID CREDITS 0.00	0.00

TOTAL ERRORS: 0

** G/L ACCOUNT TOTALS **

G/L ACCOUNT	NAME	AMOUNT
01 5-4100-200	OFFICE EXPENSE	166.67
01 5-4100-220	PROFESSIONAL SERVICES	1,096.62
01 5-4100-290	UTILITIES	741.31
01 5-4195-295	STREET LIGHTING	3,158.69
	*** FUND TOTAL ***	5,163.29
02 5-4400-205	OUTSIDE UB MAIL SERVICE	184.23
02 5-4400-290	UTILITIES	3,291.91
	*** FUND TOTAL ***	3,476.14

VENDOR I.D.	NAME	STATUS	CHECK DATE	AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
1	ANTON, BLAKE							
I-000202602092558	US REFUND	V	2/09/2026			062080		198.88
1	ANTON, BLAKE	VOIDED						
M-CHECK	ANTON, BLAKE	VOIDED V	2/09/2026			062080		198.88CR

* * T O T A L S * *	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	0	198.88	0.00	0.00
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	0	VOID DEBITS 0.00		
		VOID CREDITS 198.88CR	198.88CR	0.00

TOTAL ERRORS: 0

VENDOR SET: 01	BANK: AP	TOTALS:	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
			0	0.00	0.00	0.00
BANK: AP	TOTALS:		0	0.00	0.00	0.00
REPORT TOTALS:			0	0.00	0.00	0.00



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: March 11, 2026

To: Board of Directors

From: Carey Casciola, Business and Accounting Manager

Subject: **Agenda Item #8(F):** Recommendation to Approve the Property, General, Auto, and other Liability Insurance Coverage for 2026 and authorize payment in the amount of \$53,929

Recommendation

It is recommended that the Board of Directors:

- A. Approve the attached insurance proposals for the renewal of the general, auto, and other liability coverage and approve the proposal from the Joint Powers Risk and Insurance Management Authority (JPRIMA) in the annual amount of \$53,929.
- B. Authorize a check disbursement of \$53,929 for insurance coverage.

Discussion

The District's liability insurance broker, Assured Partners, has completed its review of liability insurance options for the District, including the new requirements related to the Office Lease with the County of San Luis Obispo, and has submitted the cost proposal included in the attachment. The renewal of the District's liability insurance for 2026 will total \$53,929, which is an increase of \$4,598 (9%) compared to the District's 2024 cost of \$49,331.

The following is a summary of liability insurance costs for the past sixteen years. In 2017, the District saved 8.6% by moving from the WaterPlus Program to the current provider, JPRIMA.

<u>Year</u>	<u>Cost</u>	<u>% Change</u>	<u>Insurance Company</u>
2025	\$49,331	9%	JPRIMA
2024	\$44,572	11%	JPRIMA
2023	\$39,235	14%	JPRIMA
2022	\$34,324	16%	JPRIMA
2021	\$29,567	15%	JPRIMA
2020	\$25,665	8%	JPRIMA



Oceano Community Services District

Board of Directors Meeting

<u>Year</u>	<u>Cost</u>	<u>% Change</u>	<u>Insurance Company</u>
2019	\$23,727	7%	JPRIMA
2018	\$22,232	6%	JPRIMA
2017	\$20,967	-9%	JPRIMA
2016	\$22,941	3%	Alteris

Other Agency Involvement

The insurance requirements from the District's new lease with the County of San Luis Obispo for the Administrative Office have been met with the attached proposal.

Other Financial Considerations

N/A

Results

Approval of liability insurance is necessary for District operations, and to protect the community and District from financial risks associated with operations and administration of District facilities and equipment.

Attachment:

1. Insurance Proposal by JPRIMA



**CALIFORNIA ASSOCIATION OF MUTUAL WATER COMPANIES
JOINT POWERS RISK AND INSURANCE MANAGEMENT AUTHORITY (JPRIMA)
PACKAGE/AUTO/EXCESS**

**COVERAGE PROPOSAL FOR:
Oceano Community Services District**

**COVERAGE PERIOD:
4/1/2026 - 4/1/2027**

**PRESENTED BY:
Assured Partners of California Insurance Services LLC**

PROGRAM MANAGER

Allied Public Risk, LLC
CA DBA: Allied Community Insurance Services, LLC
CA License No. 0L01269
National Producer No. 17536322
www.alliedpublicrisk.com
(858) 866-8966

PREMIUM SUMMARY

NOTE: This proposal is prepared from information supplied to us on the application submitted by you or your insurance broker. It may or may not contain all terms requested on the application. Please review carefully and let us know if any additional information is required. In addition, this proposal may contain unintentional errors or omissions. We encourage you to bring them to our attention for review. This proposal does not amend, or otherwise affect or alter, the provisions of coverage provided. This proposal does not guarantee coverage for specific claims or losses under the policy. The availability of coverage depends on the JPRIMA Memorandum of Coverage (MOC) and is subject to its terms and conditions, the facts surrounding any potential claims, and relevant legal requirements. A specimen MOC is available for your review, as is the JPRIMA Member Agreement. Enrollment in the JPRIMA requires execution of the JPRIMA Member Agreement as well as membership in the California Association of Mutual Water Companies (Cal Mutuals).

SECTION	COVERAGE		PREMIUM
1	PROPERTY (Including Equipment Breakdown, if granted)	\$	11,533.00
2	INLAND MARINE	\$	855.00
3	COMMERCIAL CRIME (Including Faithful Performance, if granted)	\$	752.00
4	COMMERCIAL GENERAL LIABILITY	\$	12,945.00
5	PUBLIC OFFICIALS & MANAGEMENT LIABILITY (Including Wrongful Acts, Employment Practices, or Employee Benefits, if granted)	\$	6,695.00
6	BUSINESS AUTO	\$	7,435.00
7	COMMERCIAL EXCESS LIABILITY (Including Commercial General Liability, Wrongful Acts, Employment Practices, Employee Benefits, Business Auto, and Employers Liability, if granted)	\$	8,718.00
	MEMBER CONTRIBUTION (excludes state-imposed taxes, surcharges, and fees)	\$	48,933.00
	JPRIMA ADMINISTRATION FEES	\$	4,996.00
	TOTAL AMOUNT DUE*	\$	53,929.00

*Payment is due within 30 days of the effective date.

NOTES:

The JPRIMA MOC has a common anniversary date of April 1.

The Member's FEIN number is required in order to bind coverage.

Terrorism Coverage is automatically included for Property, General Liability and Excess in most regions of CA.

Section 1. PROPERTY (Included in the proposal? Yes)

ISSUER:	<ul style="list-style-type: none"> California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA) No Joint and Several Liability for Members 100% Reinsured
REINSURER	<ul style="list-style-type: none"> A+ XV (Superior) A.M. Best Rating AA- Standard & Poor's Rating
FORM:	Proprietary & Integrated

LIMITS

Total Insured Values: (Real Property & Business Personal Property)	\$9,186,225	
Loss of Income (aka: Business Income)	\$250,000	
Extra Expense	\$250,000	
Equipment Breakdown	\$9,186,225	
*Flood Zone Low/Moderate [N/A] (Each Occurrence)	Excluded	

* Munich/APR cannot warrant or provide information as to what zone(s) a specific location/address is situated in. Flood zones can and do change. It is ultimately the responsibility of the member and their insurance advisor to determine if the flood zones and flood limits proposed are adequate for their needs.

DEDUCTIBLES

Property Deductible (per occurrence)	\$5,000	Flood Zone Low/Moderate (\$) Deductible (per occurrence)	N/A
Equipment Breakdown Deductible (per occurrence) – aboveground and less than 50 feet belowground	\$1,000	Flood Zone Low/Moderate (%) Deductible (per occurrence/each affected item)	N/A
Equipment Breakdown Deductible (per occurrence) – greater than 50 feet belowground	\$2,500		

COVERED LOCATIONS:

Per Statement of Values: Blanket coverage applies unless otherwise noted.

SCHEDULE OF PROPERTY LIMITS – INDIVIDUAL LIMITS

LOC./BLDG NUM	BUILDING DESCRIPTION	BUILDING VALUE	CONTENTS VALUE	TOTAL INSURED VALUE	VALUATION	COINS. %
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This schedule does not apply.

COINSURANCE: N/A

POLICY HIGHLIGHTS:

- Broad Definition of Covered Property
- Option for Special Property Floater
- Form: Special Form (including Theft)
- Proprietary Coverage Extensions

MEMBER: Oceano Community Services District
EFFECTIVE DATE: 4/1/2026

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

VALUATION:

- Replacement Cost: Real Property & Business Personal Property (All Buildings subject to Property Valuation²)
- Actual Loss Sustained: Loss of Income (aka: Business Income)
- Optional Extended Business Income & Extra Expense (12 months or \$1,000,000, whichever is less)

²Functional Replacement Cost and/or Actual Cash Value are available for older and lower valued buildings.

SELECTED OPTIONAL COVERAGES:

SCADA Upgrades
Unintentional Errors
Extension of Coverage Utility Services - Direct Damage

KEY EXCLUSIONS:

- Earthquake & Earth Movement
- Flood (unless coverage is designated above, such coverage would be limited to locations in Zone X (Unshaded)/C only)

SPECIAL COVERAGES

Newly Acquired or Under Construction Real Property and Related Personal Property: Pays up to \$1,000,000 for your newly acquired real property or under construction “real property” intended for use in your “operations” acquired or where construction began after policy inception. This applies to “real property” you buy, lease, rent, or construction, including temporary structures. An additional \$500,000 limit of insurance applies to “personal property” located at new premises.

Equipment Breakdown³: Pays up to the limit in the declarations for direct physical damage to covered real property or personal property and loss of income sustained and extra expense incurred that is the result of an accident or electronic circuitry impairment. The most paid under any one equipment breakdown is the limit for real property and personal property for the applicable premises. The most paid for loss of income or extra expense in any one equipment breakdown is the limit of insurance shown in the declarations under C. Loss of Income and D. Extra Expense, respectively. The limits in this extension are part of and not in addition to the limits applicable in Section I – Coverages.

Under this extension, the following coverages also apply to loss caused by or directly resulting from an accident or electronic circuitry impairment. However, with respect to coverage (9) Service Interruption below, coverage will apply only to the direct result of an accident and will not apply to the direct result of an electronic circuitry impairment. The coverages described in (1) through (10) below do not provide additional amounts of insurance, they are part of and not in addition to the applicable limits of insurance:

- (1) **Data Restoration** – Pays up to your reasonable and necessary cost to research, replace and restore lost electronic data. The most we will pay for loss, damage, or expense for electronic data restoration including actual loss of income you sustain and necessary extra expense you incur is **\$500,000**.
- (2) **Expediting Expenses** – With respect to your covered real property and personal property that is damaged, we will pay the reasonable cost to make temporary repairs; and expedite permanent repairs or permanent replacement. The most we will pay for loss or expense under this coverage is **\$100,000**.
- (3) **Extra Expense** – Extra expense is extended to apply to extra expense incurred as a result of an accident or electronic circuitry impairment covered under this extension, and subject to the policy limit.
- (4) **Green** – Subject to more extensive provisions outlined in the policy, we will pay additional costs for the repair, replacement, disposal, etc. and/or damages as they relate to items associated with a recognized environmental standards program. The most we will pay for any qualifying loss, damage, or expense under this coverage, including actual loss of Business Income you sustain and any necessary Extra Expense you incur is **\$100,000**.
- (5) **Hazardous Substances** – Pays for the additional cost to repair or replace covered real property or personal property because of contamination by a hazardous substance. This includes the additional expense to clean up or dispose of such property. This does not include contamination of perishable goods by refrigerant. The most we will pay for loss, damage, or expense under this coverage, including actual loss of income you sustain and necessary extra expense you incur is **\$250,000**.
- (6) **Loss of Income** – Loss of Income is extended to apply to loss of income sustained as a result of an accident or electronic circuitry impairment covered under this extension, and subject to the policy limit as show in the Equipment Breakdown Coverage Supplemental Declarations.
- (7) **Off-Premises Equipment Breakdown** – Subject to more extensive provisions outlined in the policy, this extends coverage to apply to an accident or electronic circuitry impairment for the following types of equipment used in the member’s firefighting, ambulance or rescue operations, whether mobile/portable or permanently mounted on a vehicle, anywhere in the policy territory: 1) mobile cascade units; 2) mobile electrical generators; 3) portable pumping units; and 4) portable extrication devices, such as jaws-of-life. For equipment other than that used in your firefighting, ambulance or rescue operations, we will pay for physical damage to transportable covered equipment that, at the time of the accident or impairment is not at a covered location, among other offerings. The most we will pay is **\$25,000**.

- (8) Public Relations** – Subject to you sustaining an actual loss of income covered under this extension, this pays for reasonable costs for professional services to create and disseminate communications, when the need for such communications arises direction for the interruption of your business. Communication must be directed to the media, public, or your customers/clients/members. Costs are subject to being incurred during the period of restoration + 30 days. The most we will pay for loss or expense under this coverage is **\$5,000**.
- (9) Service Interruption** – Subject to more extensive provisions outlined in the policy, any insurance provided for loss of income, extra expense, data restoration or spoilage is extended to apply to your loss, damage, or expense caused by a failure or disruption of service.
- (10) Spoilage** – We will pay for physical damage to perishable goods due to spoilage; for physical damage to perishable goods due to contamination from the release of refrigerant; and/or any necessary expenses you incur to reduce the amount of loss under this coverage. Valuation and replacement conditions apply. The most we will pay for loss, damage or expense under this coverage is **\$100,000**.

³Please consult the exact policy language for all provisions that apply to each of the above Equipment Breakdown coverage.

Pollution Remediation Expenses: Pays up to \$25,000 (covered cause of loss) or \$100,000 (specified cause of loss) for remediation expenses incurred as a result of an actual, alleged, or threatened presence of pollution conditions at a premises described in the Declarations from a Covered Causes of Loss or Specified Cause of Loss occurring during the policy period and reported within 180 days. Covered Causes of Loss means risks of direct physical loss unless the loss is excluded or limited by the Property Coverage Form. Limits may be increased for a charge.

Specified Cause of Loss means the following: fire, lightning, windstorm or hail, explosion, riot or civil commotion, vehicles or aircraft, smoke, sonic boom, vandalism and malicious mischief, sprinkler leakage, sinkhole collapse, volcanic action, falling objects, weight of ice, snow or sleet, or water damage. Water damage means only accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

Property In Transit or Off Premises: Pays up to \$100,000 for direct physical loss or damage to covered property (real and personal property) while in transit or while temporarily off premises caused by a covered cause of loss, including your covered computer hardware while off premises.

SCADA Upgrades: Pays up to \$100,000 to upgrade your scheduled SCADA system after direct physical loss from a Covered Cause of Loss. The upgrade is in addition to its replacement cost. SCADA means the Supervisory Control and Data Acquisition system used in water and wastewater treatment and distribution to monitor leaks, waterflow, water analysis, and other measurable items necessary to maintain operations.

Unintentional Errors: Pays up to \$250,000 for any unintentional error or omission you make in determining or reporting values or in describing the covered property or covered locations.

Personal Effects: Pays up to \$25,000 for direct physical loss or damage to personal effects owned by you, your officers, managers, elected or appointed officials, employees, or volunteer workers caused by a covered cause of loss at your premises. Will pay up to “replacement cost.”.

Lock Replacement: Pays up to \$25,000 for lock, lock cylinder, & key replacement after theft at covered premises or damage to a lock as a result of a covered cause of loss at a covered premises. No deductible applies.

Foundations: Your real property includes foundations located at a described premise.

KEY DEFINITIONS

Covered Equipment: Means covered real property and personal property that generates, transmits, or utilizes energy or which, during normal usage, operates under vacuum or pressure, other than the weight of its contents. Covered equipment may utilize conventional design and technology or new or newly commercialized design and technology.

None of the following is covered equipment: (a) structures, foundation, cabinet or compartment; (b) insulating or refractory material; (c) sewer piping, buried vessels or piping, piping forming or part of a sprinkler or fire suppression system; (d) water piping other than boiler feedwater piping, boiler condensate return piping or water piping form as part of a refrigerating or air conditioning system; (e) vehicle or any equipment mounted on a vehicle; (f) satellite, spacecraft or any equipment mounted on a satellite or spacecraft; (g) dragline, excavation, or construction equipment; (h) equipment manufactured by you for sale; or (h) electronic data.

Electronic Circuitry: Means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips, and disk drives.

Electronic Circuitry Impairment:

- (a) Means a fortuitous event involving electronic circuitry within covered equipment to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in (b), (c), and (d) below.
- (b) We shall determine that the reasonable and appropriate remedy to restore such covered equipment's ability to function is the replacement of one or more electronic circuitry components of the covered equipment.
- (c) The covered equipment must be owned or leased by you or operated under your control.
- (d) None of the following is an electronic circuitry impairment:
 - (i) Any condition that can be reasonably remedied by:
 - 1) Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
 - 2) Rebooting, reloading, or updating software or firmware; or
 - 3) Providing necessary power or supply.
 - (ii) Any condition caused by or related to:
 - 1) Incompatibility of the covered equipment with any software or equipment installed, introduced, or networked within the prior 30 days; or
 - 2) Insufficient size, capability, or capacity of the covered equipment;
 - 3) Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.

Outdoor Property: Fixed or permanent structures including but not limited to:

- Docks, wharves, piers, pilings, or bulkheads;
- Dumpsters, concrete trash containers, or permanent recycling bins;
- Electric utility power transmission and distribution lines, poles and related equipment owned by the member;
- Exterior signs not located at a premises;
- Fences and retaining walls;
- Historical markers and flagpoles;
- Hydrants, not associated with a sprinkler system;
- Lighting towers;
- Playground equipment, park shelters, pedestrian-only bridges, picnic tables, water fountains or coolers, benches, dugouts, bleachers, or scoreboards;
- Storage sheds, garages, pavilions, or other similar buildings or structures not located at a premises; or
- Traffic lights, streetlights, traffic signs, parking meters, or bus shelters.

Personal Property: Means all property used in your operations other than real property, including but, not limited to:

- Furnishings and office equipment
- Building contents;
- Computer equipment;
- Communication systems;

- Materials, supplies (including your inventory of vehicle parts and supplies) while held on your premises awaiting installation;
- Base stations and dispatching systems, provided the property is on your premises and also provided you own the property, or the property is in your custody or control, and you are responsible for it, even though it belongs to someone else;
- Value of your right to use improvements made as a tenant, if you have paid for alterations or additions to any building or structure that you do not own (improvements must be at a premises).

Pollution Conditions: The discharge, dispersal, release, seepage, migration, or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, hazardous materials, waste materials (including medical, infectious and pathological wastes) or electromagnetic fields into or upon land or any structures thereon, the atmosphere, or any watercourse or body of water including groundwater.

Real Property: The items at a premises described in the Declarations.

This includes:

- Aboveground piping;
- Aboveground and belowground “penstock”;
- Additions under construction;
- Air cascade units that are not designed to be used off “premises”;
- All appurtenant buildings or structures other than playground equipment, park shelters, pedestrian-only bridges, picnic tables, water fountains or coolers, benches, dugouts, bleachers, or scoreboards;
- Alterations and repairs to the buildings or structures;
- Completed additions;
- Exterior signs, meaning neon, automatic, mechanical, electric or other signs either attached to the outside of a building or structure, or standing free in the open;
- Foundations;
- Materials, equipment, supplies and temporary structures you own or for which you are responsible, on the “premises” or in the open (including property inside “vehicles”) within 1,000 feet of the “premises”, used for making additions, alterations or repairs to buildings or structures at the “premises”;
- Outdoor fixtures;
- Paved surfaces such as sidewalks, bike paths, walkways, patios or parking lots;
- Permanently installed fixtures, machinery, and equipment;
- “Personal property” used for the maintenance and service of buildings or structures, including tools, lawn care equipment, and free-standing appliances for refrigerating, ventilating, cooking, dishwashing and laundering;
- Submersible pumps, pump motors and engines; or
- Underground piping located on or within 100 feet of a “premises” described in the Declarations.

Remediation Expenses: Expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, or neutralization of pollution conditions to the extent required by: (1) federal, state or local laws, regulations or any subsequent amendments thereof enacted to address pollution conditions; and (2) a legally executed state voluntary program governing the cleanup of pollution conditions.

Tools and Equipment: All tools and equipment, together with attached devices, accessories and trailers, that are used in your operations. Tools and equipment include, but are not limited to, hand tools, mechanics tools, power tools, meter readers, generators, air compressors, welders, trash pumps, trenchers, saws, jackhammers, maintenance or diagnostic equipment including specialized audio-visual equipment and its associated laptop, as well as recreational equipment, such as outdoor portable seating, temporary stands, food service trailers not licensed for road use, or portable restrooms.

Tools and equipment also include mobile equipment such as, but not limited to, bulldozers, mobile equipment that travels on crawler treads, tractors, loaders, backhoes, excavators, graders, or road surfacing equipment, and equipment whether self-propelled or not, maintained primarily to provide mobility to permanently mounted cranes, shovels, loaders, diggers, and drills. Tools and equipment also include snowplows, salt spreaders, and other similar equipment when not attached to a vehicle.

PROPERTY SUBLIMITS	
Coverage	Limit
Accounts Receivable	\$50,000
Arson, Theft, or Vandalism Information Reward	\$25,000
Building Glass – Tenant	Lesser of replacement cost or amount liable under contract
Claim Expense	\$20,000
Commandeered Property (RC + loss of use)	For the time you officially use the commandeered property + reasonable return time.
Damage to Building from Theft	\$100,000
Debris Removal Expenses	25% + \$100,000
Equipment Breakdown	Building + BPP Limit + Loss of Income & Extra Expense
Fine Arts	\$50,000 (appraised) \$25,000 (unappraised – subject to \$1,500/item max)
Fire Department Charges	\$25,000
Fire Extinguishing Equipment Recharge Costs	“Necessary and reasonable” (per policy)
Limited Coverage for Fungus, Wet Rot or Dry Rot	\$25,000
Lock Replacement	\$25,000
Newly Acquired or Under Construction Real Property (Coverage A) and Related Personal Property (Coverage B)	Coverage A: \$1,000,000 Coverage B: \$500,000
Non-owned Detached Trailers	\$50,000
Ordinance Coverage Coverage A: Undamaged Real Property Coverage B: Demolition Coverage C: Increased Cost	Coverage A: Limit of Insurance (applicable to that item) Coverage B and Coverage C: Greater of 100% of direct physical loss or \$1,000,000
Outdoor Property	\$150,000
Personal Effects	\$25,000
Pollution Remediation Expense (covered cause of loss)	\$25,000
Pollution Remediation Expense (specified cause of loss)	\$100,000
Preservation of Property	Included
Real Property or Personal Property in Transit or Off-Premises	\$100,000
Software	\$500,000
Spoilage Due to Off Premises Electric Service Interruption	\$50,000
Supplementary Provisions for Coverage C. “Loss of Income” and Coverage D “Extra Expense”	Included
Trees, Shrubs, Plants and Lawns (max \$1,000 any one item)	\$25,000
Utility Services – Direct Damage	\$100,000
Valuable Papers and Records	\$50,000
Water Contamination Notification Expense	\$25,000 (annual aggregate)
Water Sewer Backup	\$100,000

NOTES:

Contribution is calculated from application’s property schedule (please review property schedule for coverage and limit adequacy).

Property Mortgagee:

Berkadia Commercial Mortgage, LLC

PO Box 557

Ambler, PA 19002

Loan No. 10245501

MEMBER: Oceano Community Services District
EFFECTIVE DATE: 4/1/2026

DISCLAIMER: Actual coverage is subject to the language of the policies as issued.
Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

Section 2. INLAND MARINE (Included in the proposal? Yes)

ISSUER:	<ul style="list-style-type: none"> ▪ California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA) ▪ No Joint and Several Liability for Members ▪ 100% Reinsured
REINSURER	<ul style="list-style-type: none"> ▪ A+ XV (Superior) A.M. Best Rating ▪ AA- Standard & Poor's Rating
FORM:	Proprietary & Integrated

LIMITS

Coverage A: Blanket Tools and Equipment: (Unscheduled, Maximum \$10,000 any one item)	\$25,000
Coverage B: Scheduled Equipment:	\$188,131
Coverage C: Blanket Emergency Services Equipment:	N/A

COVERAGE EXTENSIONS – Adds or extends the coverage under Section I – Coverages. Unless stated otherwise in the policy, a) each extension is limited to direct physical loss or damage cause by or resulting from a covered cause of loss; b) the limits in each extension are in addition to the limits applicable in Section I – Coverages; and c) All other applicable terms and conditions of the coverage form apply to each extension. (**whichever comes first)

Debris Removal Expenses	Max \$15,000 (per occurrence)
Employee Tools (no deductible applies)	Max \$25,000 (per occurrence)
Emergency Services and Law Enforcement Personal Effects (Coverage C extension, no deductible applies)	Replacement Cost
Rented or Borrowed Equipment	
<ul style="list-style-type: none"> ▪ Coverage A: Blanket Tools and Equipment and Coverage C: Blanket Emergency Services Equipment (\$1,000 deductible applies) ▪ Coverage B: Scheduled Equipment (Extended to equipment not owned by you, \$1,000 deductible applies) 	**Replacement Cost or \$10,000 (per occurrence)
	**Actual Cash Value or \$100,000 (per occurrence)
Newly Acquired Scheduled Equipment (Coverage B extension, \$1,000 deductible applies)	30 days on Replacement Cost (not to exceed purchase price)
Personal Watercraft and Watercraft (Coverage A & C extension only)	**Replacement Cost or \$25,000 (per occurrence)
Rental Reimbursement for Scheduled Equipment (Coverage B extension, no deductible applies)	Max \$10,000 (per occurrence)
Unmanned Aircraft (\$500 deductible applies)	Max \$25,000 (per occurrence)
Fire Department Charges (no deductible applies)	Max \$1,000 (per occurrence)
Fire Extinguishing Recharge Costs (no deductible applies)	Necessary and Reasonable Costs (extinguishing equipment must be for the protection of your inland marine equipment)

MEMBER: Oceano Community Services District
EFFECTIVE DATE: 4/1/2026

DISCLAIMER: Actual coverage is subject to the language of the policies as issued.
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DEDUCTIBLES		
Coverage A: Blanket Tools and Equipment		\$5,000
Coverage B: Scheduled Equipment		\$5,000
Coverage C: Blanket Emergency Services Equipment		N/A

POLICY HIGHLIGHTS:

- Blanket Coverages: “Tools and Equipment” and “Emergency Services Equipment”
- Suite of Coverage Extensions available in the core form.
- Deductible Waiver in certain circumstances for Coverages A & B.
- Service Animal Floater Purchased: No – Valuation: Agreed Value (No deductible applies)

VALUATION:

- Coverage A: Blanket Tools and Equipment: Replacement Cost
- Coverage B: Scheduled Equipment: Replacement Cost or Actual Cash Value
- Coverage C: Blanket Emergency Services Equipment: N/A

NOTES:

Loss Payable:

De Lage Landen

PO Box 5000

Johnston, IA 50131

Description of Property: Kyocera TASKalfa 5052ci Color Digital Copier Lease# FTW123918-001

Loss Payable:

Haaker Equipment Company

2070 North White Ave

La Verne, CA 91750

Description of Property: Advise type of leased equipment

Section 3. COMMERCIAL CRIME (Included in the proposal? Yes)

ISSUER:	<ul style="list-style-type: none"> ▪ California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA) ▪ No Joint and Several Liability for Members ▪ 100% Reinsured
REINSURER	<ul style="list-style-type: none"> ▪ A+ XV (Superior) A.M. Best Rating ▪ AA- Standard & Poor's Rating
FORM:	Proprietary & Integrated

LIMITS

Coverage Group	Employee Theft	Forgery or Alteration	Theft of Money & Securities (Inside the Premises)	Robbery or Safe Burglary (Inside the Premises)	Outside the Premises	Computer & Funds Transfer Fraud	Money Orders & Counterfeit Money
5	\$250,000	\$250,000	\$250,000	\$100,000	\$250,000	\$250,000	\$250,000

DEDUCTIBLE

\$1,000 (each claim)

POLICY HIGHLIGHTS:

Separate Limits Apply to Each Coverage
 Broad Definition of Employee
 Non-auditable
 Faithful Performance of Duty

NOTES:

Fraudulent Impersonation is excluded.

Section 4. COMMERCIAL GENERAL LIABILITY (Included in the proposal? Yes)

ISSUER:	<ul style="list-style-type: none"> ▪ California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA) ▪ No Joint and Several Liability for Members ▪ 100% Reinsured
REINSURER	<ul style="list-style-type: none"> ▪ A+ XV (Superior) A.M. Best Rating ▪ AA- Standard & Poor's Rating
FORM:	Proprietary & Integrated

LIMITS

General Aggregate	\$10,000,000
Products & Completed Operations Aggregate	\$10,000,000
Each Occurrence	\$1,000,000
Personal & Advertising Injury Limit	\$1,000,000
Damage to Premises Rented to You	\$1,000,000
Medical Payments	\$10,000

DEDUCTIBLE (Excluding Expenses)

\$0 (each occurrence)

SELECTED OPTIONAL COVERAGES

Failure to Supply Water Liability
Inverse Condemnation

POLICY HIGHLIGHTS:

- Duty to Defend w/ Defense Costs In Addition to Limits
- Broad Definition of Enrolled Named Member – including, but not limited to Employees, Volunteers, Elected or Appointed Officials
- Host Liquor Liability, Unless Otherwise Excluded
- Owned (Up to 100 HP – higher available by endorsement) & Nonowned Watercraft
- Blanket Additional Enrolled Named Member
- Water & Wastewater Testing Errors and Omissions
- Failure to Supply (No ISO limitation)
- Lead (potable water)
- Waterborne Asbestos (potable water)
- Product Recall
- Impaired Property
- Fungi & Bacteria
- Non-auditable

MEMBER: Oceano Community Services District
EFFECTIVE DATE: 4/1/2026

DISCLAIMER: Actual coverage is subject to the language of the policies as issued.
Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

SPECIAL COVERAGES

Asbestos: Exclusion exception wherein coverage is provided for bodily injury or property damage arising out of potable water which is supplied to others.

Contractual Liability - Railroads: Coverage is provided for any contract or agreement that indemnifies a railroad for bodily injury or property damage arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing. Available via endorsement only.

Damage to Impaired Property or Property Not Physically Injured: Exclusion exception wherein the Damage to Impaired Property or Property Not Physically Injured exclusion does not apply to potable water, non-potable water, or wastewater as well as any loss of use of other property arising out of a sudden and accidental physical injury to the member's product or work after it has been put to its intended use.

Failure to Supply: Coverage is provided for bodily injury or property damage arising out of the failure of any member to adequately supply water.

Fungi or Bacteria: Exclusion exception wherein the Fungi or Bacteria exclusion does not apply to a) any fungi or bacteria that are on or are contained in a good or product intended for consumption; or b) any injury or damage arising out of or caused by your water, irrigation, or wastewater intake, outtake, reclamation, treatment, or distribution process.

Lead: Exclusion exception to Lead, Electromagnetic Radiation, Nuclear exclusion that creates an exception for potable water you supply to others for claims involving the toxic properties of lead, or any material or substance containing lead.

Recall of Products, Work or Impaired Property: Exclusion exception where in the Recall of Products, Work or Impaired Property exclusion does not apply to potable water, non-potable water, or wastewater.

Pollution: The pollution exclusion contains the following exceptions:

- To bodily injury if sustained within a building owned or occupied by a member and caused by smoke, fumes, vapor, or soot if produced or originating from certain equipment.
- To bodily injury or property damage arising out of heat, smoke, fumes from a hostile fire occurring or originating from certain premises, sites, or locations as outlined in the policy.
- To bodily injury or property damage that occurs as a result of your operations (unless otherwise specifically excluded) including:
 - › Potable water supplied to others;
 - › Chemicals used in your water/wastewater treatment process;
 - › Chemicals you use, apply or store for your ownership, maintenance, or operation of swimming pools;
 - › The use, application or storage of road salt or similar substances designed and used for snow/ice removal;
 - › Natural gas or propane gas you use in your water or wastewater treatment process;
 - › Urgent response for the protection of property, human life, health or safety conducted away from premises you own, rent or occupy;
 - › Training operations;
 - › Water runoff from the cleaning of equipment use in emergency service activities;
 - › Storage or application of pesticides/herbicides if such storage or application meets all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government; or
 - › Fuels, lubricants or other operating fluids needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" subject to additional policy terms.
 - › To bodily injury or property damage if such bi/pd is caused by the escape of back-up of sewage or wastewater from any sewage treatment facility or fixed conduit that you own, operate, lease, control.

Water & Wastewater Testing Errors and Omissions: Coverage is provided for damages arising out of an act, error, or omission which arises from your water or wastewater testing.

Who is Covered: Coverage is extended to Scheduled Named Members comprising individuals, spouses, partnerships, joint ventures, corporations, trusts, limited liability companies, public entities, operating authorities, boards, commissions, districts, governmental units, nonprofit entities, and other organizations. Members also include: elected or appointed officials; employees or volunteer workers; real estate managers; temporary custodians; legal representatives; medical directors; mutual aid agreements; Good Samaritans; owners of commandeered equipment; blanket additional enrolled named members; and newly acquired or formed entities.

MEMBER: Oceano Community Services District
EFFECTIVE DATE: 4/1/2026

DISCLAIMER: Actual coverage is subject to the language of the policies as issued.
Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

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KEY DEFINITIONS

Insured (Member) Contract:

- › A contract for a lease or premises (see full terms and conditions).
- › A sidetrack agreement;
- › Any easement or license agreement, except in connection with construction or demolition operations on or within fifty (50) feet of a railroad;
- › An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- › An elevator maintenance agreement;
- › That part of any other contract or agreement pertaining to your operations (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for bodily injury or property damage to a third person or organization (see full terms and conditions).

Suit: Means a civil proceeding in which damages because of bodily injury, property damage, personal and advertising injury, medical incident, law enforcement wrongful act, or a water or wastewater professional activity to which this insurance applies are alleged. Suit includes: a) An arbitration proceeding in which such damages are claimed and to which the member must submit or does submit with our consent; or 2) Any other civil alternative dispute resolution proceeding in which such damages are claimed and to which the member submits with our consent.

NOTES:

- There is no coverage afforded for Sheriff's Station operations other than the insured's Media/Data/Software.
- There is no coverage afforded for Fire Station operations other than Insured's Office operations and Storage.
- Exclusion – Designated Operations, Form No. PE GL 205 01 10 will be applied to Sherriff's Station and Fire Station operations.

Additional Insured, same as expiring:

County of San Luis Obispo, its officers, agents, and employees

Re: Lease Agreement for property located at 1655 Front Street, Oceano, CA 93445

Section 5. PUBLIC OFFICIALS & MANAGEMENT LIABILITY (Included in the proposal? Yes)

ISSUER:	<ul style="list-style-type: none"> ▪ California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA) ▪ No Joint and Several Liability for Members ▪ 100% Reinsured
REINSURER	<ul style="list-style-type: none"> ▪ A+ XV (Superior) A.M. Best Rating ▪ AA- Standard & Poor's Rating
FORM:	Proprietary & Integrated: Occurrence

LIMITS			
Coverage A: Wrongful Acts - Employment Practices - Employee Benefits Liability	\$	1,000,000 Included Included	Each Wrongful Act or Offense
Coverage B: Injunctive Relief	\$	5,000	Each Action
Aggregate Limit	\$	10,000,000	Coverage A & B Combined

WRONGFUL ACTS DEDUCTIBLE	EMPLOYMENT PRACTICES DEDUCTIBLE
\$1,000 (each Wrongful Act or Offense Including Expenses)	\$25,000 (each Wrongful Act or Offense Including Expenses)
WRONGFUL ACTS RETROACTIVE DATE (CLAIMS-MADE)	EMPLOYMENT PRACTICES RETROACTIVE DATE (CLAIMS-MADE)
N/A	N/A

EMPLOYEE BENEFITS LIABILITY RETROACTIVE DATE (CLAIMS-MADE)
N/A

POLICY HIGHLIGHTS:

- Duty To Defend
- Broad Definition of Named Enrolled Named Member
- Third Party Offense Coverage
- Non-auditable

SELECTED OPTIONAL COVERAGES:

Inverse Condemnation

KEY DEFINITIONS
<p>Employment Practices: Injury, including consequential bodily injury, arising from any of your employment practices including, but not limited to:</p> <ul style="list-style-type: none"> › Discrimination; › Harassment; › Retaliation; › Any actual or alleged wrongful dismissal, discharge, or termination (either actual or constructive) of employment, including breach of an implied employment contract or an implied covenant of good faith and fair dealing in an employment contract; › Any actual or alleged wrongful hiring, demotion, discipline, evaluation, supervision and investigation of an employee or intentional interference with an employment contract; › Any actual or alleged wrongful deprivation of a career opportunity, to promote an employee or the wrongful failure to employ;

MEMBER: Oceano Community Services District
EFFECTIVE DATE: 4/1/2026

DISCLAIMER: Actual coverage is subject to the language of the policies as issued.
Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

- Any actual or alleged false arrest, false imprisonment, false detention or malicious prosecution, liable, slander, defamation, disparagement or invasion of the right of privacy, as respects employment practices;
- The violation of any federal, state, or local statutes, rules or regulations applicable to employers;
- The development, implementation, and enforcement of any and all practices, policies and procedures governing any aspect of employment practices;

Injunctive or Declaratory Relief: (a) means equitable relief sought through the demand for the issuance of a permanent, preliminary, or temporary injunction, restraining order, or similar prohibitive write against, or order for specific performance by, a member; or (b) any request that a court make a finding of law or fact, provided such action is filed during the policy period.

Wrongful Act: means any actual or alleged error, act, omission, neglect, misfeasance, nonfeasance, or breach of duty, including violation of any civil rights law, by any member in discharge of their duties individually or collectively that results directly but unexpectedly and unintentionally in damages to others.

NOTES:

Section 6. BUSINESS AUTO (Included in the proposal? Yes)

ISSUER:	<ul style="list-style-type: none"> ▪ California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA) ▪ No Joint and Several Liability for Members ▪ 100% Reinsured
REINSURER	<ul style="list-style-type: none"> ▪ A+ XV (Superior) A.M. Best Rating ▪ AA- Standard & Poor's Rating
FORM:	Proprietary & Integrated

PORTFOLIO

Coverage	Symbol	Limit
Combined Single Limit for Bodily Injury & Property Damage (each accident)	1	\$1,000,000
Hired Auto Liability	8	\$1,000,000
Non-Owned Auto Liability	9	\$1,000,000
Medical Payments	2	\$5,000
Uninsured / Underinsured Motorists	2	\$1,000,000
Hired Physical Damage	8	\$100,000
Physical Damage – Comprehensive	2	ACV
Physical Damage – Collision	2	ACV

DEDUCTIBLE

Liability:	\$0 (per accident)
Comprehensive:	\$1,000 (each covered auto)
Collision:	\$1,000 (each covered auto)

FLEET COVERAGE ENHANCEMENTS & COVERAGE EXTENSIONS (As Applicable)

- Fleet Automatic Coverage
- Commercial Auto 360 Endorsement
- Pollution Liability – Broadened Coverage for Covered Autos

NOTES:

The Business Auto Coverage requires 17-digit VIN Numbers. The member's policy cannot be released without this information.

-Provide an updated Driver's List, along with MVRs for any new drivers.

Section 7. COMMERCIAL EXCESS LIABILITY (Included in the proposal? Yes)

ISSUER:	<ul style="list-style-type: none"> ▪ California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA) ▪ No Joint and Several Liability for Members ▪ 100% Reinsured
REINSURER	<ul style="list-style-type: none"> ▪ A+ XV (Superior) A.M. Best Rating ▪ AA- Standard & Poor's Rating
FORM:	Proprietary & Integrated

LIMITS

\$5,000,000/\$5,000,000

SCHEDULED UNDERLYING COVERAGE FORMS

Commercial General Liability – Included

Auto Liability – Included

Public Officials & Management Liability (Wrongful Acts) – Included

Employers' Liability: (minimum underlying limit requirement of \$500,000 / \$500,000 / \$500,000) – Excluded

Other:

NOTABLE COVERAGES INCLUDED IN THE EXCESS (require minimum underlying limits of \$1,000,000)

Law Enforcement Liability (General Liability) – Excluded

Hired and Non-Owned Auto Liability (General Liability) – Excluded

Employee Benefit Plans (General Liability) – Excluded

Inverse Condemnation (General Liability) – Included

Hired and Non-Owned Auto Liability (Owned Auto) – Included

Employment Practices (POML) – Included

Employee Benefit Plans (POML) – Included

Inverse Condemnation (POML) – Included

NOTABLE EXCLUSIONS:

- Workers' Compensation
- Uninsured Motorists / Underinsured Motorists
- Underlying Limits < \$1,000,000 except for Employer's Liability

NOTES:

Employers' Liability subject to MRSI security requirements.

Please provide a copy of the current W/C declarations for review and affirmation of coverage.

Section 8. UNDERWRITING SUBJECTIVITIES AND GENERAL NOTES

ISSUER:	<ul style="list-style-type: none"> ▪ California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA) ▪ No Joint and Several Liability for Members ▪ 100% Reinsured
REINSURER:	<ul style="list-style-type: none"> ▪ A+ XV (Superior) A.M. Best Rating ▪ AA- Standard & Poor's Rating
FORM:	Proprietary & Integrated
MEMBER:	Oceano Community Services District

GENERAL NOTES

QUOTE SUBJECTIVITIES:

Provide a signed and dated Renewal Application, Statement of Values and Inland Marine Schedule.

Provide an updated Driver's List, along with MVRs for any new drivers.

Advise type of leased equipment from Haaker Equipment Company

THE FOLLOWING ITEMS ARE DUE AT THE TIME OF BINDING:

- ▶ Signed and Dated JPRIMA Application and Member FEIN # (required to bind auto).
- ▶ Terrorism: This coverage is included in most jurisdictions (all but 8) without an associated charge for Package (Property/GL). In those instances, a signed selection/rejection is **not** required. In the 8 jurisdictions with an associated charge including the entire State of California for Excess, a signed selection/rejection form is required to be returned at the time of binding.
- ▶ Signed and Dated Uninsured/Underinsured Motorist Selection/Rejection Form.
- ▶ Copy of the latest Dam Inspection reports and member response to any inspection deficiencies, if applicable and not already provided.
- ▶ Signed Statement of Values (Property, Inland Marine and Auto, as applicable).
- ▶ Provide Name, Phone Number, and Email Address for both the Risk Manager and Boiler & Machinery Inspection contacts.
- ▶ Provide a complete driver schedule including name, date of birth, and license number.

MEMBER: Oceano Community Services District
EFFECTIVE DATE: 4/1/2026

DISCLAIMER: Actual coverage is subject to the language of the policies as issued.
Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

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A D J U S T E R S , I N C

• CLAIMS ADMINISTRATORS • ADJUSTERS • INVESTIGATORS

Stanford Place I - 8055 East Tufts Avenue, Suite 600, Denver, CO 80237 – Ph: 877-533-1211

CLAIM CALL CENTER

**8055 E. Tufts Ave
Suite 600
Denver, CO 80237**

877-533-1211

**Adam Beltz– Ext 765
Reyleen Wood Ext 699
J. Mayer – Ext 664**

**Karen Zapata – Ext. 326
Subrogation Supervisor**

TO REPORT A NEW CLAIM OR LOSS

- **PHONE** **877-533-1211 Option 3
24 Hour Call Center**

- **E-MAIL** **networknewloss@networkadjusters.com**

ALLIED PUBLIC RISK - INLAND MARINE SCHEDULE
 INSURED: Oceano Community Services District
 POLICY YEAR EFFECTIVE: 4/1/2026 - 4/1/2027

ITEM NUM	IM CATEGORY	DESCRIPTION	SERIAL #/ID#	TOTAL INSURED VALUE	DEDUCTIBLE	VALUATION
1	Scheduled Equipment	John Deere Tractor	T0310BA715195	\$32,200	\$5,000	ACV
2	Scheduled Equipment	MQ Power Generator	7201765	\$30,000	\$5,000	ACV
3	Scheduled Equipment	John Deere Backhoe	1T0310ELPHG316818	\$79,696	\$5,000	ACV
4	Scheduled Equipment	Diesel Genset with Transfer Switch Control		\$34,235	\$5,000	ACV
5	Scheduled Equipment	TASKalfa 5054ci Copier		\$12,000	\$5,000	ACV

PRINTED NAME

March 11, 2026 - Page 60 of 144

AUTHORIZED SIGNATURE

DATE

Joint Powers Risk and Insurance Management Authority Proposal

Insured	02/05/2026
Oceano Community Services District	Policy:
PO Box 599	FEIN: 95-3639481
Oceano, CA 93475	e-mail:

Description	Renewal	Business Auto	\$7,435.00
Lock Rates Date	04/01/2026		
Effective Date	04/01/2026		
Expiration Date	04/01/2027	Total	\$7,435.00
Type of Business	Renewal		
Program Name	WaterPlusMunich		
		Policy Surcharges and Taxes	
		POLICY TOTAL	\$7,435.00

Policy Totals Breakdown

Business Auto	
Liability	\$4,217.00
Medical	\$205.00
UM/UIM	\$355.00
Other Than Coll	\$484.00
Collision	\$1,674.00
Hired Auto	\$250.00
Non-Owned	\$250.00
Total	\$7,435.00

Policy Information - Business Auto

Legal Entity	Other	Type of Fleet	Fleet
Liability	1,000,000	CSL Deductible	Full
NAICS Class	221310 Water supply systems		

Location 1 Joint Powers Risk and Insurance Management Authori

1655 Front Street	Business Auto	\$7,435.00
Oceano, CA 93475		
San Luis Obispo County	Total	\$7,435.00

Business Auto

Territory 128	Total Fleet Premium Information...
	Liability \$4,327
	UM/UIM \$355
	Med Pay \$205
	OTC \$484
	Collision \$1,674
	Non-Owned \$140
	Hired \$250
	Fleet Grand Total \$7,435

Hired Auto: Liability class 6619, Physical Damage class 6619

	Limit/Ded	Premium
Liability	1,000,000	\$250†

†Liab Minimum Applies: 250

Non-Owned Auto class 6601 (9 Employees)

	Limit	Premium
Liability	1,000,000	\$140

Vehicles

Vehicle # 1 - Truck 2006 Chevrolet C2500 HD Silverado 1GBHC24U76E169094			Vehicle Total	\$771
Cost New 23,000	Code 21499	Age Group 21		

	Limit	
Liability	1,000,000	\$596
	Limit	Premium
Med Payments	5,000	\$41
Un Motorist	1,000,000	\$71
	Deduct	Premium
Comprehensive	1,000	\$26
	Deduct	Premium
Collision	1,000	\$37

Vehicle # 2 - Truck 2007 Chevrolet C2500 HD Silverado 1GBHC24U57E163957			Vehicle Total	\$821
Cost New 28,500	Code 21499	Age Group 20		

	Limit	
Liability	1,000,000	\$624
	Limit	Premium
Med Payments	5,000	\$41
Un Motorist	1,000,000	\$71
	Deduct	Premium
Comprehensive	1,000	\$33
	Deduct	Premium
Collision	1,000	\$52

Vehicle # 3 - Semi-Trailer 2013 Piper Hunter Jetter & Trailer 1T9P42124DP391840			Vehicle Total	\$676
Cost New 125,300	Code 67499	Age Group 14		

	Limit	
Liability	1,000,000	\$225
	Deduct	Premium
Comprehensive	1,000	\$54
	Deduct	Premium
Collision	1,000	\$397

Vehicle # 4 - Truck 2015 Ford F-550 1FDUF5HT5FEC03758			Vehicle Total	\$1,139
Cost New 51,735	Code 31499	Age Group 12		

	Limit	
Liability	1,000,000	\$770
	Limit	Premium
Med Payments	5,000	\$41
Un Motorist	1,000,000	\$71
	Deduct	Premium
Comprehensive	1,000	\$68
	Deduct	Premium
Collision	1,000	\$189

Vehicle # 5 - Truck 2023 Ford F-450 1FDUF4GT5PED01153			Vehicle Total	\$1,889
Cost New 121,342	Code 31499	Age Group 4		

	Limit	
Liability	1,000,000	\$1,054
	Limit	Premium
Med Payments	5,000	\$41
Un Motorist	1,000,000	\$71
	Deduct	Premium
Comprehensive	1,000	\$164
	Deduct	Premium
Collision	1,000	\$559

Vehicle # 6 - Truck 2024 Ford F-150 Lightning 1FTVW3LK6RWG00440			Vehicle Total	\$1,639
Cost New 64,995	Code 01499	Age Group 3		

	Limit	
Liability	1,000,000	\$948
	Limit	Premium
Med Payments	5,000	\$41
Un Motorist	1,000,000	\$71
	Deduct	Premium
Comprehensive	1,000	\$139
	Deduct	Premium
Collision	1,000	\$440

[Privacy Statement](#)
[Early Adopter Program Terms](#)

Vertafore, Inc. © 2026

Vehicle Rating : 1.0.0.116



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: March 11, 2026
To: Board of Directors
From: Carey Casciola, Business and Accounting Manager
Subject: **Agenda Item #9(A): Consideration of a Recommendation approving a Request for Independent Audit Services for Fiscal Year 2025-26 through 2027-28 and receive and file the June 30, 2025, Audited Financial Statements and Independent Auditors' Report prepared by Moss, Levy and Hartzheim, LLP**

Recommendation

It is recommended that the Board approve the following:

- a. Review and consider a Request for Proposal (RFP) for independent audit services.
- b. Receive and file the June 30, 2025, Audited Financial Statements and Independent Auditors Report prepared by Moss, Levy and Hartzheim, LLP

Discussion

Pursuant to Special District Law, the Board of Directors shall provide for regular audits of the District's accounts and records. An audit is performed on the accounts and records of Oceano CSD every year by an independent Certified Public Accountant. The audit for June 30, 2025, is attached, and the auditor provided a "clean" auditor opinion, and there are no findings relating to the District's system of internal controls that need to be addressed. Also included in the Independent Auditors' Report on the Financial Statements is a "Management Discussion and Analysis" (MD&A). An MD&A is required by the Governmental Accounting Standards Board (GASB), which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As a result, preparation of the MD&A helps ensure that fiscal issues being addressed by the Board are described to the auditors in the MD&A.

On December 13, 2023, the Board selected Moss, Levy and Hartzheim, LLP as the District Auditors for fiscal year 2022-23 through 2024-25. The audit fees from Moss, Levy, and Hartzheim for the past three years are summarized below:

Firm	Fiscal Year	Audit Fees
Moss, Levy & Hartzheim	FY 2022-23	\$21,500
	FY 2023-24	\$22,000
	FY 2024-25	\$22,550



Since FY 2024-25 was the last audit under the current contract, staff has provided the attached draft RFP for independent audit services. If approved by the Board, the RFP will be posted on the website distributed to a list of firms and others that have contacted the District with an interest in providing audit services. California Government Code Section 12410.6 requires an agency that submits its audit to the State Controller to change lead auditors every six years. The proposed response date for the RFP is May 1, 2026, allowing the award of a contract to be considered by the Board at the May 13, 2026, meeting.

Other Agency Involvement

The State Controller, County Auditor, and the Local Agency Formation Commission are provided a copy of the audit and related communication letters.

Other Financial Considerations

Funding for audit services has been included in the Budget 2025-26 at \$28,080 for the preparation of the June 30, 2025, audit.

Results

Completion of the annual audit promotes independent evaluation of the District's accounting records and helps to ensure a well-governed community.

Attachment:

1. Oceano Community Services District Financial Statements June 30, 2025, and Independent Auditors Report
2. Draft Request for Proposal for Independent Audit Services

Report of Independent Auditors and Financial Statements with
Required Supplementary Information

Oceano Community Services District

June 30, 2025

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Report of Independent Auditors

Board of Directors of Oceano Community Services District
Oceano, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Oceano Community Services District, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Oceano Community Services District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Oceano Community Services District, as of June 30, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Oceano Community Services District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Oceano Community Services District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Oceano Community Services District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Oceano Community Services District's ability to continue as a going concern for a reasonable period of time.

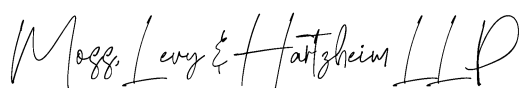
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2026, on our consideration of the Oceano 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.



Santa Maria, California
March 11, 2026

OCEANO COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

The Oceano Community Services District (District) has prepared the following narrative summarizing the District's financial statements to provide an overview and analysis of District finances for the fiscal year ending June 30, 2025. The District encourages readers to consider the information together with the District's financial statements following this section.

The District is an independent special district serving a population of approximately 7,600. The District is governed by a five-member Board of Directors, elected by voters within five distinct geographic divisions within the District's LAFCO-defined service area; all Board members must reside within the District's boundaries, and must reside within the division they are elected to represent. The District is governed by California Government Code Sections 61000 et al, as well as other specific statutes and regulations that govern its operations.

The District provides both governmental-type activities and enterprise activities. Governmental activities include fire protection services (through December 2024), street lighting, and recreation. Enterprise activities include water service, wastewater collection service, and solid waste and recycling services.

District Services and Related Agencies

As a special District, the District's powers are authorized by the San Luis Obispo County Local Agency Formation Commission (LAFCO). Any proposed additions to the District services, modification of District boundaries, or service provisions outside of the District boundaries must be approved in advance by LAFCO.

The following provides a brief overview of each of the District's services:

Fire Protection Services

During Fiscal Year 2024-25, the District provided fire protection services through December 31, 2024, with a contract with Five Cities Fire Authority (FCFA). The FCFA was created as a "joint exercise of powers authority" (JPA) through an agreement originally approved in 2010 and amended on May 23, 2018, June 12, 2019, and most recently on June 24, 2020, between the cities of Arroyo Grande and Grover Beach, and the District. One member of the OCSD Board of Directors was appointed to represent the District on the FCFA Board, and a second member of the OCSD Board of Directors served as an alternate on the FCFA Board. The District would pay a portion of the annual costs of FCFA services under a funding formula established in the FCFA agreement, which was modified by the third amendment. The JPA amendments were needed for several reasons, including a multi-year implementation of the FCFA "Strategic Plan." The "Strategic Plan" included increased staffing and service levels exceeding those provided under the existing JPA. The amendments included specific approval of each member's annual costs during the implementation period. Because FCFA's escalating costs exceeded District property tax revenue, the amendment required either a citizen initiative or a District-initiated special tax measure to be placed on the 2022 primary ballot. The increase in the District costs during the implementation period was funded from reserves to the extent that the costs exceeded property tax revenues received by OCSD. The FCFA JPA amendments required the District to call for a special tax election on the March 2020 ballot for voters to

consider approving additional funding so that the District could continue to participate as a member of the FCFA. On March 3, 2020, Measure A-20 received 66.14% support, which was 11 votes short of the required 66.67% to pass. The third amendment to the FCFA JPA was approved on June 24, 2020, which extended the agreement for an additional two years and required the District to provide the community with another opportunity to consider additional funding via a ballot measure in June 2022. On June 7, 2022, the Board of Directors placed Measure A-22 on the ballot, and it failed with 57.75% support. The District then initiated proceedings with LAFCO to divest Fire Protection Services' power and transfer responsibility to the County of San Luis Obispo. The divestiture process continued past June 30, 2024 and the District entered into an agreement with FCFA to contract for services in the amount of \$1,150,000 for the fiscal year 2023-24 and a second agreement of \$1,706,000 (\$142,167 a month) for the fiscal year 2024-25 and was finalized to the County after the first half of this fiscal year. On January 14, 2025, LAFCO approved and endorsed the District's and County's plan for service for the community of Oceano, fully divesting the District from managing fire services within its service area and turning over that responsibility to the County of San Luis Obispo who now pays for the unincorporated community's share of fire protections services provided by FCFA, along with the Cities of Arroyo Grande and Grover Beach.

Lighting Services

The District provides street lighting services in certain areas of the community. The County of San Luis Obispo and the California Department of Transportation also provide some street lighting. District responsibilities include repairing and replacing street light poles and paying for electricity costs. The only revenue source for this service comes from a 3.85% allocation of a portion of County property tax revenue.

Parks and Recreation Services

The District is authorized to provide parks and recreation services. The District holds a lease with LMUSD for the Oceano Community Center, and as part of the lease requirements, LMUSD utilizes the community center for recreation programs. A section in the lease allows the District to utilize the community center. Currently, the District offers individuals the opportunity to utilize the Oceano Community Center for up to 10 hours per month and 120 hours per year with discounted fees. In fiscal year 2023-24, the Board established the Oceano Parks and Recreation Committee (OPARC) and provided \$19,500 of General Funds as a grassroots effort. OPARC was awarded a \$15,904 grant from Parks CA for the Field Trips to State Parks Program at Oceano Elementary. OPARC was funded by general fund revenues from the County and is not eligible to use enterprise funding sources. Then, in FY 2024-25, the committee applied to the Community-Based Organization/Preventive Health Grant from the County of SLO and was awarded \$50,000 to the Lucia Mar Unified School District for the new track at Oceano Elementary.

Water Services

The District provides water service to approximately 2,200 connections. An annual Consumer Confidence Report (CCR) is mailed to all water customers, providing a summary of the District's water quality, including a comparison to regulatory requirements. The California State Division of Drinking Water regulates the District's water supplies, and the CCR is available on the District website or by calling the District office.

The District's water supplies include groundwater, surface water from Lopez Lake, and State Water Project water. Regulation of the District's groundwater supply is also subject to the stipulations and judgment adopted for the adjudication of the Santa Maria groundwater basin. Lopez and State water supplies are provided by the County of San Luis Obispo under two separate water supply contracts. The District's water supply reliability is relatively high, allowing it to store water in Lopez and San Luis Reservoirs. Nevertheless, the need to address water supply reliability continues, and contract amendments for the State Water Project

are being developed by the State Department of Water Resources and, separately, contract amendments for the Lopez Lake water supply were adopted by local agencies in August 2022 to establish water storage rights and enhance multi-year water resource planning. Future state subcontractor contract amendments are anticipated to allow for water transfers in the future.

A water and wastewater rate increase was approved by the Board on June 11, 2025. The rate increase provided funding for ongoing operations, capital improvement projects, and minimum reserves. The rate increase was phased over five years (FY 2025-2030). The water and wastewater rate studies analyzed service costs and estimated revenues to keep up with rising costs for staff labor, water/wastewater line replacements, capital improvement plans, and Lopez/State water delivery costs.

Wastewater Collection Services

The District provides wastewater collection services through a network of neighborhood pipelines that flow into a District-owned lift station, and then into pipelines and facilities owned by the South San Luis Obispo County Sanitation District (SSLOCSD), which is responsible for treatment and disposal. The SSLOCSD customers include the customers of the District as well as those of the cities of Arroyo Grande and Grover Beach. Since the District does not control the operations of SSLOCSD, the financial statements and audit of the SSLOCSD are separate from the District. District operations are regulated by the Central Coast Regional Water Quality Control Board. On June 11, 2025, the Board approved a wastewater rate increase with a Proposition 218 public hearing for the next five years (FY 2026-2030), since the last rate study was done in 2010 and the last rate increase took place in 2015, with sewer rates remaining constant for the last decade with no increased cost to rate payers.

Solid Waste and Recycling Services

The District provides mandatory solid waste, organic waste, and recycling services through a franchise agreement with South County Sanitary Services Incorporated (SCSS Inc.), which is a subsidiary of Waste Connections Incorporated, a publicly traded corporation "WCN" on the New York Stock Exchange. In 2025, the Board adopted a resolution to increase the SCSS franchise fee payment from 5% to 10%. The District manages the franchise hauler activities and enforces SB 1383 requirements and illegal dumping within the community. The District has also adopted incentive programs designed to promote a cleaner community and has worked with the franchise hauler to enhance services, such as bulky item pickup and cart replacements. Since the District does not control operations of SCSS or WCN, the financial statements and audits of those entities are separate from the District.

Overview of the Financial Statements

This annual report contains the following five parts.

- Management Discussion and Analysis (this section)
- The Basic Financial Statements
- Notes to the Financial Statements
- Supplementary Information – a comparison of the District's budgets to actual results
- Supplementary Information on Pension Disclosures

This management discussion and analysis is intended to provide an overview of the most relevant information affecting the District's financial affairs for the year and the District's end-of-the-year status. The basic financial statements provide information on the governmental and enterprise activities, including operating and non-operating revenues and expenditures, current assets, non-current assets, capital assets, deferred outflows of resources, current and long-term liabilities, and deferred inflows of resources.

The notes to the financial statements provide additional detailed information and explanations on the financial statements. The budget-to-actual comparison illustrates differences between the adopted board budget and actual revenues, expenditures, and changes in fund balance in the General Fund. A positive budget variance took place this year because the County continued to transmit the District's entire allocation of Property Taxes until October 2025, the current year reflects a large budget variance of \$730,927 in the Governmental Fund.

Financial Statement Analysis and Highlights

The District's Statements of Net Position are illustrated below for the Governmental and Business-type Activities, and subsequently, for each of the Enterprise Funds.

Statements of Net Position as of June 30, 2024, and 2025

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	2024	2025	2024	2025
Current and Other Assets	\$ 1,294,584	\$ 1,912,868	\$ 4,065,210	\$ 3,650,843
Capital Assets, net	1,578,077	1,508,895	5,064,247	5,810,521
Total Assets	2,872,661	3,421,763	9,129,457	9,461,364
Deferred Outflow of Resources	200,391	90,135	335,844	186,017
Current Liabilities	95,441	154,598	663,480	880,137
Non-current Liabilities	169,951	169,766	819,437	756,313
Total Liabilities	265,392	324,364	1,482,917	1,636,450
Deferred Inflow of Resources	93,576	45,099	156,829	93,069
Net Investment in Capital Assets	1,578,077	1,508,895	5,064,247	5,810,521
Restricted	214,751	260,598	42,553	24,705
Unrestricted	921,256	1,372,942	2,718,755	2,082,636
Net Position	\$ 2,714,084	\$ 3,142,435	\$ 7,825,555	\$ 7,917,862

Statements of Net Position by Enterprise Fund as of June 30, 2024, and 2025

	<u>Water Fund</u>		<u>Wastewater Fund</u>		<u>Garbage Fund</u>	
	2024	2025	2024	2025	2024	2025
Current and Other Assets	\$3,170,687	\$2,989,034	\$ 1,050,903	\$ 785,253	\$ 113,166	\$ 125,375
Capital Assets, net	4,136,384	4,742,724	929,699	1,063,102	0	24,276
Total Assets	7,307,071	7,731,758	1,980,602	1,848,355	113,166	149,651
Deferred Outflow of Resources	214,387	118,718	107,193	59,373	14,264	7,926
Current Liabilities	671,333	838,825	23,642	67,968	923	4,630
Non-current Liabilities	798,401	737,937	271,354	250,389	0	5,101
Total Liabilities	1,469,734	1,576,762	294,996	318,357	5,306	9,731
Deferred Inflow of Resources	100,112	59,398	50,056	29,706	14,533	3,965
Net Investment in Capital Assets	4,117,888	4,723,143	929,699	1,063,102	16,990	24,276
Restricted	42,553	24,705	—	—	—	—
Unrestricted	1,791,171	1,466,468	813,044	496,563	114,540	119,605
Net Position	\$ 5,951,612	\$ 6,214,316	\$ 2,087,795	\$ 1,559,665	\$ 131,200	\$ 143,881

The Net Position of the Business-type Activities remained consistent with the previous year.

Following the District's Statements of Net Position is the Statement of Activities.

Statement of Activities for the Years Ending June 30, 2024, and 2025

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	2024	2025	2024	2025
Operating Revenues and Grants	\$ 46,847	\$ 19,366	\$ 5,370,053	\$ 4,294,492
Operating Expenditures:				
Administrative	(1,078,139)	(1,163,771)		
Fire Protection	(1,182,460)	(886,393)		
Street Lighting	(45,417)	(47,006)		
Enterprise Funds			(2,879,304)	(3,287,899)
Net Operating Income / (Loss)	(2,259,169)	(2,077,804)	2,490,749	1,006,593
Ad Valorem Taxes	1,362,913	1,428,003	–	–
Other Non-operating Income	182,059	121,200	89,911	42,666
Transfers	879,122	956,952	(879,122)	(956,952)
Total Non-Operating Income	2,424,094	2,506,155	(789,211)	(914,286)
Change in Net Position	\$ 164,925	\$ 428,351	\$ 1,701,538	\$ 92,307

In summary, the Governmental Activities increased from a net income of \$164,925 to \$428,351 in 2025. The increase is due to the County of San Luis Obispo sending the District's full property tax allocation until October 2025. After October 2025, the County updated the District's property tax allocation to match the Property Tax agreement of 3.85%.

The Business-type Activities went from a net income for the prior fiscal year of \$1,701,538 to a net income of \$92,307. The decrease in income is from the grant funds received in the Water Fund for the Stormwater Recapture and Groundwater Recharge Project and the Water Storage Tank Rehabilitation Project in 2024. The Enterprise Funds are broken out by fund in the table below.

Statements of Revenues, Expenses, and Changes in Net Position as of June 30, 2024, and 2025

	<u>Water Fund</u>		<u>Wastewater Fund</u>		<u>Garbage Fund</u>	
	2024	2025	2024	2025	2024	2025
Operating Revenues	\$ 3,382,998	\$ 3,587,091	\$ 408,534	\$ 411,254	\$ 101,012	\$ 121,271
Operating Expenditures	(2,525,623)	(2,898,855)	(279,114)	(321,175)	(74,567)	(67,869)
Net Operating Income / (Loss)	857,375	688,236	129,420	90,079	26,445	53,402
Other Non-operating Income	1,513,256	168,289	51,472	22,753	0	0
Non-operating Expenditures	(1,561)	0	(1,131)	0	0	0
Net Non-Operating Income	1,514,817	168,289	52,603	22,753	0	0
Transfers	\$ (561,142)	\$ (593,821)	\$ (280,571)	\$ (295,910)	\$ (37,409)	\$ (40,721)
Net Income / (Loss)	\$ 1,811,050	\$ 262,704	\$ (98,548)	\$ (183,078)	\$ (10,964)	\$ 12,681

The decrease in net income in the Water Fund reflects grant income received in 2024 for the Stormwater Recapture and Groundwater Recharge Project and the Water Storage Tank Rehabilitation Project. The water fund rate structure approved in 2020 began to establish financial stability and provide funds for long-term capital improvement plans and minimum reserves. The rate structure considered and approved by the Board on June 11, 2025, will provide the revenues for the next 5 years to keep up with rising costs for staff labor, construction costs for water/wastewater line replacements, and Lopez/State water delivery costs.

The Wastewater Fund incurred a deficit of (\$183,078) this year. A wastewater rate study was adopted by the Board at the June 11, 2025, Proposition 218 rate-increase public hearing, which set the new wastewater rates for the next 5 years. The new rates will close the structural deficit and provide funding for the new Wastewater CIP Plan for the wastewater system.

The Garbage Fund's net income increased from the prior year because in 2020, the Board adopted a resolution to reduce the franchise fee payment from SCSS from 10% to 5% to reduce the costs to customers and draw down reserves in the Garbage Fund. Then, in January 2025, the Board adopted a resolution to restore the franchise fee payments from SCSS back up to 10%. The District continues to move forward on the Solid Waste Programs adopted by the Board on February 8, 2017. These programs include policies to address illegal dumping, unsanitary conditions, and related solid waste problems within the District.

Capital Assets

The District currently owns the Sheriff's substation, the old fire station, and some undeveloped land. In previous years, the community fire station was provided to FCFA for \$15,000 per year; under the FY 2023-24 contract for fire services with FCFA, the District granted FCFA access to the fire station at no cost. The community fire station was then transferred to the County of SLO in 2025 after the divestiture of fire protection services. The lease for the Sheriff substation was also amended in 2025 and is now leased to the County of San Luis Obispo for \$0 per year. In the past, the District received lease revenue of \$126,792 per year, but beginning on January 1, 2025, the new lease agreement reduces annual revenue from the Sheriff's substation lease to zero. The divestiture of the District's fire and emergency services has reduced the substation's rent to no cost to the County, and the District administrative office property has been transferred to the County, with the property to be leased back to the District beginning in July of 2025 for \$116,175 in fiscal year 2025-26.

The Oceano Depot and Community Center are leased to non-governmental agencies. The Lucia Mar Unified School District and Oceano Depot lease the properties for \$1 per year each based on the multi-party agreements developed for those properties in conjunction with grants that funded the development of the community center and the preservation of the historic Oceano train depot.

The District's water and wastewater infrastructure ranges widely in age. Many of the water and wastewater system pipelines were originally constructed in the 1950's. The District completed water and wastewater system master plans, but revenue shortfalls have deferred infrastructure replacement projects. The District completed an updated water system capital improvement program for infrastructure replacement, which was substantially funded by grants approved by the State of California. The 2020 water rates began to set aside funds for long-term capital improvement plans. The Water and Wastewater Proposition 218 hearing held on June 11, 2025, was adopted and provides for revenues to keep up with rising costs for staff labor, construction costs for water/wastewater line replacements, and Lopez/State water delivery costs. The District updated both the water and wastewater CIP plans in 2025 and began the design of the top priority projects.

Debt Activities

On June 1, 2021, the District entered into a financing agreement with First Foundation Bank after issuing a "Request for Proposals" (RFP) to purchase the District's outstanding California Public Employees' Retirement System (CalPERS) Unfunded Accrued Liability (UAL) or the "CalPERS UAL Repayment Project." The District holds a contract with CalPERS and is required to make contributions to fund pension benefits for miscellaneous employees, safety employees, and amortize a portion of the UAL. The total UAL as of June 30, 2021, for the District's miscellaneous plan and safety plan was \$822,745. The Board adopted Resolution 2021-02 to proceed with refinancing the UAL balances under these plans to bring the funding status of these plans to 100% funded, to enhance budget predictability by "smoothing" out the UAL payment structure over the next 15 years, and to provide cash flow savings to the District. The District received two bids and locked in an interest rate of 3.46%. By lowering the interest rate, this will result in a total cash flow savings of \$328,600 through June 30, 2035. The finance agreement pledged the revenues of the Water and Wastewater Funds. An interfund agreement was also established from the General (17.5%) and Garbage (3.5%) Funds to pay back the Water and Wastewater Funds for the payment of the UAL obligation, which was paid off during fiscal year 2024. The principal and interest payments to First Foundation Bank will range between \$68,000 and \$83,000 until August 1, 2035.

Internal debt, or borrowing between District funds, is more significant. Note #3 to the Financial Statements illustrates interfund liabilities. During the fiscal year ending June 30, 2025, the District recorded the interfund

transfers on the following page to adhere to resolutions adopted April 26, 2017, to ensure repayment of interfund liabilities. In FY 2025-26 the District closed out the safety plan related to the Oceano Fire Department with General Fund reserves to complete the District's divestiture of fire and emergency services.

Interfund Transfers for the Fiscal Year Ended June 30, 2025

Interfund (Due to) / Due From	Beginning Balances – July 1, 2024	Interfund Transfers Out	Interfund Transfers In	Ending Balances – June 30, 2025
General Fund Due from Water Fund	306,537	- 0 -	18,510	268,400
Water Fund Due to the General Fund	(306,537)	18,510	- 0 -	(306,537)
Water Fund Due to Garbage Fund	(1,132)	1,132	- 0 -	- 0 -
Garbage Fund Due from Water Fund	1,132	- 0 -	1,132	- 0 -
Totals	\$ - 0 -	\$ 19,642	\$ 19,642	\$ - 0 -

Budget and Rates

The District's budget for the year ending June 30, 2025, reflects the water system rate increase approved by the Board of Directors in October 2020, adjusted for increases in the consumer price index and wholesale water costs. The annual increases are prescribed in Ordinance 2020-01, and in accordance with California Government Code section 53756. In June 2025, the Board approved a new rate study effective July 18, 2025. The following illustrates the Water Fund change in net position before and after the 2020 rate increase:

Water Fund – Change in Net Position

Fiscal Year	Surplus / (Deficit)
2014/15	\$ (182,216)
2015/16	93,228
2016/17	186,858
2017/18	22,518
2018/19	(187,930)
2019/20	(118,952)
2020/21	87,654
2021/22	1,233,214
2022/23	684,706
2023/24	1,811,050
2024/25	262,704

With the approval of the 2020 rate increase, the District established fiscal stability and funds for minimum reserves. The increase began in November 2020 and was phased in over five years. The new 2026-2030 rate structure considered by the Board on June 11, 2025, for the next 5 years provides the revenues needed to keep up with rising staff labor costs, construction costs for water/wastewater line replacements, and Lopez/State water delivery costs. The District has secured approximately \$4,405,000 in grants from state agencies for the water system and related needs since 2017.

No rate changes affected the wastewater fund for the fiscal year ending June 30, 2025. In June 2025, the Board approved a new rate study effective July 18, 2025. The following shows the running deficit of the Wastewater Fund:

Wastewater Fund – Change in Net Position

Fiscal Year	Surplus / (Deficit)
2014/15	\$ (16,927)
2015/16	(54,103)
2016/17	(104,305)
2017/18	(153,944)
2018/19	(165,453)
2019/20	(172,445)
2020/21	(226,848)
2021/22	22,474
2022/23	(333,160)
2023/24	(98,548)
2024/25	(183,078)

The operating revenue for the wastewater fund was addressed at the public hearing in June 2025. On February 12, 2025, the Board of Directors approved a contract to initiate a wastewater rate study. On April 9, 2025, the Board provided direction to schedule a Proposition 218 public hearing at the June 11, 2025 meeting and considered the new increase to the District’s wastewater rates for the next five years since the last rate study was done in 2011 and rates in place since 2015 did not meet the District’s revenue requirement to operate the sewer utility.

An increase of 4.98% in garbage rates for SCSS Inc. was approved on January 8, 2025, and inflationary adjustments went into effect until 2029. In addition, the Board returned to the franchise fee rate of 5% to 10%.

Future Outlook

Overall, the District's financial outlook has remained relatively stable in the short term during the fiscal year ending June 30, 2025. The primary challenges are related to deferred infrastructure repairs and replacement in the water and wastewater systems. The District evaluated the deferred infrastructure needs and utilized grants obtained from the State of California for much of this effort in FY 2024-25. Identifying costs and rate impacts to fund the deferred infrastructure was initiated in June 2025 for the water and wastewater rates to allow funds to be set aside for long-term capital projects. The new rate structures in both the water and wastewater systems have solidified the District's fiscal position in the coming years.

Basic Financial Statements

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and investments	\$ 1,331,486	\$ 3,136,996	\$ 4,468,482
Restricted cash and investments	260,598	–	260,598
Accounts receivable, net	–	628,070	628,070
Prepaid items	52,384	102,046	154,430
Inventory	–	32,550	32,550
Internal balances	268,400	(268,400)	–
Total current assets	1,912,868	3,631,262	5,544,130
JOINT VENTURE DEPOSITS	–	19,581	19,581
CAPITAL ASSETS			
Non-depreciable capital assets			
Land	610,390	6,000	616,390
Construction in progress	–	562,927	562,927
Depreciable capital assets			
Buildings and improvements	2,154,547	10,835,162	12,989,709
Equipment, vehicles and machinery	446,061	1,153,221	1,599,282
Software	6,096	195,918	202,014
Accumulated depreciation	(1,708,199)	(6,942,707)	(8,650,906)
Total assets	3,421,763	9,461,364	12,883,127
DEFERRED OUTFLOWS OF RESOURCES	90,135	186,017	276,152
Total assets and deferred outflows of resources	<u>\$ 3,511,898</u>	<u>\$ 9,647,381</u>	<u>\$ 13,159,279</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$ 85,624	\$ 626,431	\$ 712,055
Accrued payroll and benefits	29,375	9,856	39,231
Deposits	1,000	139,900	140,900
Unearned revenue	1,346	46,050	47,396
Current portion of compensated absences	37,253	–	37,253
Current portion of taxable revenue bond obligation	–	57,900	57,900
Total current liabilities	154,598	880,137	1,034,735
NONCURRENT LIABILITIES			
Compensated absences, net of current portion	111,758	–	111,758
Taxable revenue bond obligation, net of current portion	–	636,600	636,600
Net pension liability	58,008	119,713	177,721
Total liabilities	324,364	1,636,450	1,960,814
DEFERRED INFLOWS OF RESOURCES	45,099	93,069	138,168
NET POSITION			
Investment in capital assets	1,508,895	5,810,521	7,319,416
Restricted for			
Capital facilities	260,598	–	260,598
Water joint venture agreement	–	24,705	24,705
Unrestricted	1,372,942	2,082,636	3,455,578
Total net position	3,142,435	7,917,862	11,060,297
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,511,898</u>	<u>\$ 9,647,381</u>	<u>\$ 13,159,279</u>

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Administration	\$ 1,163,771	\$ -	\$ -	\$ 19,366	\$ (1,144,405)	\$ -	\$ (1,144,405)
Fire protection	886,393	-	-	-	(886,393)	-	(886,393)
Street lighting	47,006	-	-	-	(47,006)	-	(47,006)
Total governmental activities	<u>2,097,170</u>	<u>-</u>	<u>-</u>	<u>19,366</u>	<u>(2,077,804)</u>	<u>-</u>	<u>(2,077,804)</u>
Business-type activities:							
Water	2,898,855	3,386,354	200,737	165,376	-	853,612	853,612
Sewer	321,175	403,448	7,806	9,500	-	99,579	99,579
Garbage	67,869	-	121,271	-	-	53,402	53,402
Total business-type activities	<u>3,287,899</u>	<u>3,789,802</u>	<u>329,814</u>	<u>174,876</u>	<u>-</u>	<u>1,006,593</u>	<u>1,006,593</u>
Total governmental	<u>\$ 5,385,069</u>	<u>\$ 3,789,802</u>	<u>\$ 329,814</u>	<u>\$ 194,242</u>	<u>(2,077,804)</u>	<u>1,006,593</u>	<u>(1,071,211)</u>
General Revenues and Transfers:							
Taxes:							
Property					1,428,003	-	1,428,003
Use of money and property					115,697	26,506	142,203
Other general revenues					5,503	16,160	21,663
Transfers					956,952	(956,952)	-
Total general revenues and transfers					<u>2,506,155</u>	<u>(914,286)</u>	<u>1,591,869</u>
Change in net position					428,351	92,307	520,658
Net position - beginning of year					<u>2,714,084</u>	<u>7,825,555</u>	<u>10,539,639</u>
Net position - end of year					<u>\$ 3,142,435</u>	<u>\$ 7,917,862</u>	<u>\$ 11,060,297</u>

General
Fund

ASSETS

ASSETS

Cash and investments	\$ 1,331,486
Restricted cash and investments	260,598
Prepaid items	52,384
Advances receivable	<u>268,400</u>
 Total assets	 <u>\$ 1,912,868</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 85,624
Accrued payroll and benefits	29,375
Deposits	1,000
Unearned revenue	<u>1,346</u>
 Total liabilities	 <u>117,345</u>

FUND BALANCE

Nonspendable	
Prepaid items	52,384
Advances receivable	268,400
Restricted	
Capital facilities	260,598
Assigned	
Infrastructure replacement	132,658
Unassigned	<u>1,081,483</u>
 Total fund balance	 <u>1,795,523</u>
 Total liabilities and fund balance	 <u>\$ 1,912,868</u>

Total fund balance - governmental fund \$ 1,795,523

In the governmental fund, 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 \$ 3,217,094

Accumulated depreciation (1,708,199)

Net 1,508,895

Long-term liabilities: In the governmental fund, 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 \$ 149,011

Net pension liability 58,008

Total (207,019)

In the governmental fund, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows of \$90,135 and inflows of resources of \$(45,099) relating to pensions are reported.

45,036

Total net position - governmental activities \$ 3,142,435

	<u>General Fund</u>
REVENUES	
Taxes and assessments	\$ 1,428,003
Public facility fee	4,718
Interest income	27,265
Rental income	88,432
Grant income	14,648
Other	<u>5,503</u>
Total revenues	<u>1,568,569</u>
EXPENDITURES	
Salaries, wages and directors' stipends	474,862
Payroll taxes and employee benefits	241,612
Liability insurance	45,897
Repairs and maintenance	18,584
Administrative services	9,240
Data processing	21,131
Dues and fees	33,891
Education	11,198
Legal fees	81,137
Miscellaneous	2,849
Office expense	14,796
Street lighting	35,442
Professional fees	74,420
Public safety	864,204
Utilities	23,414
Grant expense	<u>8,265</u>
Total expenditures	<u>1,960,942</u>
Excess of revenues under expenditures	<u>(392,373)</u>
OTHER FINANCING SOURCES	
Transfers in	<u>956,952</u>
Total other financing sources	<u>956,952</u>
Net change in fund balance	564,579
FUND BALANCE - beginning of year	<u>1,230,944</u>
FUND BALANCE - end of year	<u>\$ 1,795,523</u>

Total net change in fund balance - governmental fund	\$ 564,579
Capital outlays are reported in the governmental fund 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 \$0 is less than depreciation expense (\$69,182) in the period.	(69,182)
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This year, vacation earned exceeded the amounts used by \$21,807.	(21,807)
In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	<u>(45,239)</u>
Changes in net position - governmental activities	<u><u>\$ 428,351</u></u>

	Water Fund	Sewer Fund	Garbage Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and investments	\$ 2,319,239	\$ 719,811	\$ 97,946	\$ 3,136,996
Accounts receivable, net	537,129	63,737	27,204	628,070
Prepaid expenses	101,821	-	225	102,046
Inventory	30,845	1,705	-	32,550
Total current assets	2,989,034	785,253	125,375	3,899,662
JOINT VENTURE DEPOSITS	19,581	-	-	19,581
CAPITAL ASSETS				
Non-depreciable capital assets				
Land	6,000	-	-	6,000
Construction in progress	417,145	145,782	-	562,927
Depreciable capital assets				
Buildings and improvements	8,027,395	2,807,767	-	10,835,162
Equipment, vehicles and machinery	719,437	390,269	43,515	1,153,221
Software	156,734	39,184	-	195,918
Accumulated depreciation	(4,603,568)	(2,319,900)	(19,239)	(6,942,707)
Total assets	7,731,758	1,848,355	149,651	9,729,764
DEFERRED OUTFLOWS OF RESOURCES	118,718	59,373	7,926	186,017
Total assets and deferred outflows of resources	<u>\$ 7,850,476</u>	<u>\$ 1,907,728</u>	<u>\$ 157,577</u>	<u>\$ 9,915,781</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	\$ 576,772	\$ 45,415	\$ 4,244	\$ 626,431
Accrued wages and benefits	7,265	2,205	386	9,856
Deposits	139,900	-	-	139,900
Unearned revenue	45,000	1,050	-	46,050
Current portion of advance payable	31,286	-	-	31,286
Current portion of taxable revenue bond obligation	38,602	19,298	-	57,900
Total current liabilities	838,825	67,968	4,630	911,423
NONCURRENT LIABILITIES				
Advances payable, net of current portion	237,114	-	-	237,114
Taxable revenue bond obligation, net of current portion	424,421	212,179	-	636,600
Net pension liability	76,402	38,210	5,101	119,713
Total liabilities	1,576,762	318,357	9,731	1,904,850
DEFERRED INFLOWS OF RESOURCES	59,398	29,706	3,965	93,069
NET POSITION				
Investment in capital assets	4,723,143	1,063,102	24,276	5,810,521
Restricted	24,705	-	-	24,705
Unrestricted	1,466,468	496,563	119,605	2,082,636
Total net position	6,214,316	1,559,665	143,881	7,917,862
Total liabilities, deferred inflows of resources, and net position	<u>\$ 7,850,476</u>	<u>\$ 1,907,728</u>	<u>\$ 157,577</u>	<u>\$ 9,915,781</u>

	Water Fund	Sewer Fund	Garbage Fund	Total
OPERATING REVENUES				
Charges for services	\$ 3,386,354	\$ 403,448	\$ -	\$ 3,789,802
Other fees	200,737	7,806	121,271	329,814
Total operating revenues	3,587,091	411,254	121,271	4,119,616
OPERATING EXPENSES				
Salaries and wages	194,575	75,160	16,998	286,733
Payroll taxes and employee benefits	198,277	82,119	26,160	306,556
Repairs and maintenance	40,312	13,862	379	54,553
Legal and professional	215,747	40,300	11,648	267,695
Dues and fees	21,305	4,360	-	25,665
Education	2,031	65	10,000	12,096
Water meters	26,257	-	-	26,257
Wheeled water expense	28,945	-	-	28,945
Office expense	425	193	129	747
Supplies	20,835	19,653	503	40,991
Utilities	26,922	1,568	614	29,104
Water supply expense	1,938,764	-	-	1,938,764
Depreciation	184,460	83,895	1,438	269,793
Total operating expenses	2,898,855	321,175	67,869	3,287,899
OPERATING INCOME	688,236	90,079	53,402	831,717
NONOPERATING REVENUES				
Revenue from other governmental agencies	148,376	-	-	148,376
Interest on bank deposits, net	4,216	22,290	-	26,506
Other nonoperating income	15,697	463	-	16,160
Total nonoperating revenues, net	168,289	22,753	-	191,042
Income before transfers	856,525	112,832	53,402	1,022,759
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Connection fees	17,000	9,500	-	26,500
Transfers out	(610,821)	(305,410)	(40,721)	(956,952)
Total capital contributions and transfers	(593,821)	(295,910)	(40,721)	(930,452)
Change in net position	262,704	(183,078)	12,681	92,307
NET POSITION - beginning of year	5,951,612	1,742,743	131,200	7,825,555
NET POSITION, end of year	\$ 6,214,316	\$ 1,559,665	\$ 143,881	\$ 7,917,862

	Water Fund	Sewer Fund	Garbage Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,811,633	\$ 407,612	\$ 105,434	\$ 5,324,679
Payments to suppliers	(2,078,341)	(35,277)	(19,045)	(2,132,663)
Payments to employees	(339,217)	(133,100)	(40,242)	(512,559)
Net cash provided by operating activities	<u>2,394,075</u>	<u>239,235</u>	<u>46,147</u>	<u>2,679,457</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES				
Acquisition of capital assets	(789,712)	(217,299)	(9,056)	(1,016,067)
Net cash used in capital and related financing activities	<u>(789,712)</u>	<u>(217,299)</u>	<u>(9,056)</u>	<u>(1,016,067)</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES				
Grants received	148,376	-	-	148,376
Transfers to other funds	(630,466)	(305,407)	(39,586)	(975,459)
Connection fees received	17,000	9,500	-	26,500
Interfund interest paid	(13,041)	-	-	(13,041)
Principal paid on loan payable	(37,335)	(18,665)	-	(56,000)
Interest paid on loan payable	(16,667)	(8,332)	-	(24,999)
Other revenue	15,697	463	-	16,160
Net cash used in noncapital financing activities	<u>(516,436)</u>	<u>(322,441)</u>	<u>(39,586)</u>	<u>(878,463)</u>
CASH FLOWS FROM FINANCIAL ACTIVITIES				
Interest income	33,924	30,622	-	64,546
Net cash provided by investing activities	<u>33,924</u>	<u>30,622</u>	<u>-</u>	<u>64,546</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,121,851	(269,883)	(2,495)	849,473
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,197,388</u>	<u>989,694</u>	<u>100,441</u>	<u>2,287,523</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,319,239</u>	<u>\$ 719,811</u>	<u>\$ 97,946</u>	<u>\$ 3,136,996</u>
Reconciliation to Statement of Net Position:				
Cash and investments	<u>\$ 2,319,239</u>	<u>\$ 719,811</u>	<u>\$ 97,946</u>	<u>\$ 3,136,996</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 688,236	\$ 90,079	\$ 53,402	\$ 831,717
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation expense	184,460	83,895	1,438	269,793
Change in assets, liabilities, deferred outflows, and deferred inflows				
Receivables, net	1,301,272	(4,167)	(15,837)	1,281,268
Prepaid expenses	5,923	-	-	5,923
Inventories	(3,691)	(68)	-	(3,759)
Joint venture deposits	(1,085)	-	-	(1,085)
Deferred outflows	95,669	47,820	6,338	149,827
Accounts payable	242,055	44,792	4,228	291,075
Accrued wages and benefits	2,032	(1,624)	(521)	(113)
Deposits	(121,730)	-	-	(121,730)
Unearned revenues	45,000	525	-	45,525
Net pension liability	(3,352)	(1,667)	(205)	(5,224)
Deferred inflows	(40,714)	(20,350)	(2,696)	(63,760)
Net cash provided by operating activities	<u>\$ 2,394,075</u>	<u>\$ 239,235</u>	<u>\$ 46,147</u>	<u>\$ 2,679,457</u>

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The Oceano Community Services District (the “District”) is a multipurpose special district established on January 1, 1981. The District is a political subdivision of the State of California and operates under a Board of Directors. The District provides water, wastewater, street lighting, and garbage franchise services.

The District complies with the U. S. Generally Accepted Accounting Principles (GAAP) and all relevant Government Accounting Standards Board (GASB) pronouncements. These technical pronouncements establish criteria for determining the District’s activities and functions that are included in the financial statements of a governmental unit. The proprietary funds apply Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) unless those principles conflict with or contradict GASB pronouncements, in which case GASB prevails. There are no component units included in this report which meet the criteria of GASB Statement No. 14 as amended by GASB Statements No. 39, 61, 80, and 90.

B. 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.

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 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 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 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.

C. **Basis of Presentation**

Government-wide Statements – The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall District government. Eliminations have been made to minimize the double counting of internal activities. Government activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

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, deferred inflows of resources, liabilities, deferred outflows of resources, 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. All District funds are considered major funds.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for all proprietary funds. Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred. The funds of the financial reporting entity are described below:

Governmental Funds

General Fund – This is the District's primary operating 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 and overall management as it pertains to the District as a whole as well as the District's street lighting services. It also accounts for the District's fire protection services as agreed upon with the Five Cities Fire Authority Joint Powers Authority.

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.

Water Fund – This fund accounts for the operation and maintenance of the District's water distribution, treatment, and monitoring systems.

Sewer Fund – This fund is used to account for all activities of operating sewer services and maintaining the sewer lines.

Garbage Fund – This fund is used to account for the garbage franchise services.

D. Property Taxes

San Luis Obispo County levies, bills, and collects property taxes and special assessments for the District. Property taxes levied are recorded as revenue in the 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 year and is delinquent if not paid by December 10; and the second is due on March 1 of the 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 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.

Tax levy dates are attached annually on January 1 preceding the year for which the taxes are levied. The 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. 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.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The District maintains its cash balance in financial institutions in the United States. The balances at the institutions are generally insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2025, the District held cash in financial institutions in excess of federally insured limits.

F. **Accounts and Interest Receivable**

In the government-wide statements, receivables consist of all revenues earned at 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 year-end and not yet received. Utility accounts receivable and interest earnings comprise most proprietary fund receivables.

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 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. **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 many 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:

Water system	5 to 75 years
Sanitation system	10 to 50 years
Drainage	5 to 50 years
Administration	5 to 40 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.

I. Compensated Absences

Compensated absences comprise unused vacation leave, sick leave, and compensatory time off, which are accrued as earned. Vacation hours, which accrue from the first day of employment, can be taken immediately and are capped at 320 hours. Upon termination, all accumulated vacation hours up to 320 hours are paid out. Sick leave, which accrue from the first day of employment can be taken immediately and can be accrued up to 180 days or 1,440 hours. Upon termination, all accumulated vacation hours up to 180 days are paid out. 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 year-end.

J. 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.

K. 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 Oceano Community Services District California Public Employees’ Retirement System (CalPERS) Miscellaneous, Miscellaneous PEPRAs, and Safety Fire Plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

Valuation Date:	June 30, 2023
Measurement Date:	June 30, 2024
Measurement Period:	July 1, 2023 through June 30, 2024

L. 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 one item which qualifies for reporting in this category, refer to Note 7 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.

M. **Interfund Transactions**

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

N. **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.

Governmental Fund Statements – Fund balance is the difference between the assets and liabilities reported in the governmental funds. In compliance with GASB Statement No. 54, the District has established the following fund balance classifications:

Non-spendable – The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – The restricted fund balance classification includes amounts that reflect constraints placed on the use of resources (other than non-spendable items) that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (legislation, resolution, ordinance, etc.) employed to previously commit those amounts. Committed fund balance should also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – The assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but that are neither restricted nor committed. Such intent is to be established by (a) the Board of Directors itself or (b) the General Manager to which the Board of Directors has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – The unassigned fund balance classification includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes within the General Fund.

When an expenditure is incurred for which both restricted and unrestricted fund balances are available, it is District’s policy that the restricted fund balance be spent first followed by committed, then assigned, and, if applicable, unassigned.

O. Future Accounting Pronouncements

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

Statement No. 103	“Financial Reporting Model Improvements”	This statement revises financial statement presentation requirements, including enhancements to Management’s Discussion and Analysis (MD&A), proprietary fund reporting, and disclosures for major component units. The provisions of this statement are effective for years beginning after June 15, 2025.
Statement No. 104	“Disclosure of Certain Capital Assets”	This statement establishes new disclosure requirements for certain types of capital assets, including assets held for sale. The provisions of this statement are effective for years beginning after June 15, 2025.

Note 2 – Cash and Investments

The composition of cash and investments as of June 30, 2025, is as follows:

Cash and Investments	
Imprest cash	\$ 625
Cash with County Treasurer	41,865
Cash with financial institutions	438,499
Investment in California Asset Management Program	2,147,226
Investment with financial institution	1,815,562
Restricted Cash and Investments	
Cash with financial institution	260,598
Cash with fiscal agent	<u>24,705</u>
 Total cash and investments	 <u>\$ 4,729,080</u>

The District categorizes its fair value measurements within the fair value hierarchy established by U.S. Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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 fair value measurement of the District's investments as of June 30, 2025, is as follows:

Investment Type	Fair Value	Fair Value Measurement		
		Level 1	Level 2	Level 3
Negotiable certificate of deposits	\$ 99,918	\$ -	\$ 99,918	\$ -
U.S. Treasury Securities	981,843	981,843	-	-
Federal agency securities	704,816	-	704,816	-
Mutual funds	28,985	28,985	-	-
California Asset Management Program Investment Pool	2,147,226	-	2,147,226	-
	<u>\$ 3,962,788</u>	<u>\$ 1,010,828</u>	<u>\$ 2,951,960</u>	<u>\$ -</u>

Investments Authorized by the California Government Code and the District's Investment Policy – 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State Obligations – CA and Others	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
Bankers' Acceptances	180 Days	40%	None
Commercial Paper	270 Days	25%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Non-negotiable Certificates of Deposit	5 Years	50%	None
Placement Services Deposits	5 Years	50%	None
Medium-Term Notes	5 Years	30%	None
Mutual Funds	N/A	20%	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	\$ 75,000,000
Capital Asset Management Plan Investment Pool	N/A	None	None

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.

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 table on the following page that shows the distribution of the District’s investments by maturity as of June 30, 2025.

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
Negotiable certificate of deposits	\$ 99,918	\$ 99,918	\$ –	\$ –	\$ –
U.S. Treasury Securities	981,843	200,396	99,106	682,341	–
Federal agency securities	704,816	–	299,589	405,227	–
Mutual funds	28,985	28,985	–	–	–
California Asset Management Program Investment Pool	<u>2,147,226</u>	<u>2,147,226</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>\$ 3,962,788</u>	<u>\$ 2,476,525</u>	<u>\$ 398,695</u>	<u>\$ 1,087,568</u>	<u>\$ –</u>

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 year ended June 30, 2025 for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AA+	AAA	Not Rated
Negotiable certificate of deposits	\$ 99,918	N/A	\$ –	\$ –	\$ –	\$ 99,918
U.S. Treasury Securities	981,843	N/A	981,843	–	–	–
Federal agency securities	704,816	N/A	–	704,816	–	–
Mutual funds	28,985	N/A	–	–	–	28,985
California Asset Management Program Investment Pool	<u>2,147,226</u>		<u>–</u>	<u>–</u>	<u>2,147,226</u>	<u>–</u>
	<u>\$ 3,962,788</u>		<u>\$ 981,843</u>	<u>\$ 704,816</u>	<u>\$ 2,147,226</u>	<u>\$ 128,903</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.

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 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 San Luis Obispo County Investment Pool is not required to be collateralized. The fair value of securities in the pool is based on quoted market prices. The San Luis Obispo County 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 San Luis Obispo County Treasurer's website.

Note 3 – Interfund Transactions

Transfers between funds during the year ended June 30, 2025, were as follows:

Interfund Transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Fund:</u>		
General	\$ 956,952	\$ -
<u>Proprietary Funds:</u>		
Water	-	610,821
Sewer	-	305,410
Garbage	-	40,721
	<u>\$ 956,952</u>	<u>\$ 956,952</u>

Borrowing between funds during the year ended June 30, 2025, were as follows:

Advances and Due To/Due From:

	<u>Due From</u>	<u>Due To</u>	<u>Advances Receivable</u>	<u>Advances Payable</u>
<u>Governmental Fund:</u>				
General	\$ -	\$ -	\$ 268,400	\$ -
<u>Proprietary Funds:</u>				
Water	-	-	-	268,400
Sewer	-	-	-	-
Garbage	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,400</u>	<u>\$ 268,400</u>

Note 4 – Capital Assets

Capital assets activity for the year ended June 30, 2025 was as follows:

	Beginning July 1, 2024	Additions	Retirements/ Transfers	Ending June 30, 2025
Governmental activities:				
Capital assets not subject to depreciation				
Land	\$ 610,390	\$ –	\$ –	\$ 610,390
Total capital assets not subject to depreciation	<u>610,390</u>	<u>–</u>	<u>–</u>	<u>610,390</u>
Capital assets subject to depreciation				
Buildings and improvements	2,154,547	–	–	2,154,547
Software	6,096	–	–	6,096
Equipment, vehicles and machinery	<u>446,061</u>	<u>–</u>	<u>–</u>	<u>446,061</u>
Total capital assets subject to depreciation	<u>2,606,704</u>	<u>–</u>	<u>–</u>	<u>2,606,704</u>
Less accumulated depreciation	<u>1,639,017</u>	<u>69,182</u>	<u>–</u>	<u>1,708,199</u>
Total capital assets subject to depreciation, net	<u>967,687</u>	<u>(69,182)</u>	<u>–</u>	<u>898,505</u>
Total capital assets, net	<u>\$ 1,578,077</u>	<u>\$ (69,182)</u>	<u>\$ –</u>	<u>\$ 1,508,895</u>
	Beginning July 1, 2024	Additions	Retirements/ Transfers	Ending June 30, 2025
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 6,000	\$ –	\$ –	\$ 6,000
Construction in progress	<u>2,311,675</u>	<u>562,927</u>	<u>(2,311,675)</u>	<u>562,927</u>
Total capital assets not subject to depreciation	<u>2,317,675</u>	<u>562,927</u>	<u>(2,311,675)</u>	<u>568,927</u>
Capital assets being depreciated				
Buildings and improvements	8,142,160	381,327	2,311,675	10,835,162
Software	195,918	–	–	195,918
Equipment, vehicles and machinery	<u>1,081,408</u>	<u>71,813</u>	<u>–</u>	<u>1,153,221</u>
Total capital assets subject to depreciation	<u>9,419,486</u>	<u>453,140</u>	<u>2,311,675</u>	<u>12,184,301</u>
Less accumulated depreciation	<u>6,672,914</u>	<u>269,793</u>	<u>–</u>	<u>6,942,707</u>
Total capital assets subject to depreciation, net	<u>2,746,572</u>	<u>183,347</u>	<u>2,311,675</u>	<u>5,241,594</u>
Total capital assets, net	<u>\$ 5,064,247</u>	<u>\$ 746,274</u>	<u>\$ –</u>	<u>\$ 5,810,521</u>

Note 5 – Long-Term Liabilities

The following is a summary of changes in the District’s long-term liabilities for the year ended June 30, 2025:

	Beginning July 1, 2024	Additions	Reductions	Ending June 30, 2025	Current Portion	Long Term Portion
Governmental Activities:						
Compensated absences	\$ 127,204	\$ 21,807	\$ –	\$ 149,011	\$ 37,253	\$ 111,758
Net pension liability	74,548	–	16,540	58,008	–	58,008
Total governmental activities	<u>\$ 201,752</u>	<u>\$ 21,807</u>	<u>\$ 16,540</u>	<u>\$ 207,019</u>	<u>\$ 37,253</u>	<u>\$ 169,766</u>
Business-Type Activities:						
Taxable revenue bond obligations	\$ 750,500	\$ –	\$ 56,000	\$ 694,500	\$ 57,900	\$ 636,600
Net pension liability	124,937	–	5,224	119,713	–	119,713
Total business-type activities	<u>\$ 875,437</u>	<u>\$ –</u>	<u>\$ 61,224</u>	<u>\$ 814,213</u>	<u>\$ 57,900</u>	<u>\$ 756,313</u>

Note 6 – Taxable Revenue Bond Obligations

On June 3, 2021, the District issued \$906,000 in taxable revenue bonds in order to pay off the unfunded accrued liability with CalPERS on the District’s pension plans. The taxable revenue obligations were issued at an interest rate of 3.46% per annum and mature on August 1, 2035. Net revenues of the Water and Sewer funds were pledged as the security for the obligations. Debt service payments are due semi-annually on August 1 and February 1. The future minimum payment obligations for the taxable revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 57,900	\$ 23,028	\$ 80,928
2027	60,000	20,988	80,988
2028	62,100	18,876	80,976
2029	64,400	16,688	81,088
2030-2034	318,900	49,760	368,660
2035-2036	<u>131,200</u>	<u>4,546</u>	<u>135,746</u>
Total	<u>\$ 694,500</u>	<u>\$ 133,886</u>	<u>\$ 828,386</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. Classic Plan members with five years of total service are eligible to retire at age 50 and new members/PEPRA Plan members with five years of total service are eligible to retire at age 52, with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. 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, 2023 rolled forward to June 30, 2024 using standard update procedures. The Plans’ provisions and benefits in effect at June 30, 2025, are summarized as follows:

Hire Date	Miscellaneous		Safety
	Classic Member Hired Prior to January 1, 2013*	New Member Hired On or after January 1, 2013	Classic Member Hired Prior to January 1, 2013*
Benefit formula	2.0% @ 55	2% @ 62	2% @ 50
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	52-67	50-55
Monthly benefits, as a % of eligible compensation	1.46% to 2.418%	1.0% to 2.5%	2.0-2.7%
Required employee contribution rates	7.00%	7.75%	N/A
Required employer contribution rates	11.84% + \$0	7.68% + \$0	\$0

* 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 \$0 for the Safety Plan and \$78,252 for the Miscellaneous Plan for the year ended June 30, 2025.

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

At June 30, 2025, the District reported net pension assets for its proportionate shares of the net position liability (asset) of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 161,459
Safety	<u>16,262</u>
Total	<u>\$ 177,721</u>

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 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, 2025, the District’s proportionate share of the net pension liability for each Plan as of June 30, 2023 and June 30, 2024 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2023	0.00350%	0.00033%
Proportion - June 30, 2024	<u>0.00334%</u>	<u>0.00022%</u>
Change - decrease	<u>-0.00016%</u>	<u>-0.00011%</u>

For the year ended June 30, 2025, the District recognized pension expense of \$204,334. 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, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,287	588
Changes in assumptions	4,550	-
Net difference between projected and actual earnings on retirement plan investments	10,081	-
Adjustment due to differences in proportion	167,981	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	137,580
District contributions subsequent to the measurement date	<u>78,253</u>	<u>-</u>
	<u>\$ 276,152</u>	<u>\$ 138,168</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. \$78,253 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 year ended June 30, 2026.

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:

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ 63,267
2027	5,472
2028	(5,554)
2029	<u>(3,454)</u>
	<u>\$ 59,731</u>

Actuarial assumptions – The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous and Safety</u>
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Mortality	Derived using CalPERS' Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies; 2.30% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Long-term expected rate of return – In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The expected real rates of return by asset class are as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return (a,b)</u>
Global Equity - cap-weighted	30.0%	4.54%
Global Equity - non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporations	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
 Total	 <u>100.0%</u>	

(a) An expected inflation of 2.30% was used for this period.

(b) Figures are based on the 2021 Asset Liability Management Study.

Discount rate – The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 6.90 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 (5.90 percent) or 1 percentage point higher (7.90 percent) than the current rate:

	Discount Rate-1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Net pension liability - Miscellaneous	\$ 675,788	\$ 161,459	\$ (261,910)
Net pension liability - Safety	<u>83,266</u>	<u>16,262</u>	<u>(38,538)</u>
Total net pension liability	<u>\$ 759,054</u>	<u>\$ 177,721</u>	<u>\$ (300,448)</u>

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, 2025, the District had no amount outstanding for contributions to the pension plan required for the year ended June 30, 2025.

Note 8 – Joint Ventures

State Water Project – In 1991, the District approved participation in the State Water Project (SWP). As a result, the District entered into two contracts with the San Luis Obispo County Flood Control and Water Conservation District (SLOFCD). One agreement is entitled “Water Supply Agreement” and the other is entitled “Water Treatment and Local Facilities Agreement.”

The Water Supply Agreement is for the SWP source of supply, which is an allocation of 750 acre feet per year. The Water Supply Agreement incorporates by reference the SLOFCD agreement with the California Department of Water Resources (DWR), which is termed the “Master Water Supply Agreement.” The District is obligated to pay its proportionate share of the cost of the SWP facilities owned by the California Department of Water Resources (DWR) that is used to convey the District’s source of supply to the “Lopez Turnout,” plus a proportionate share of the SLOFCD costs. The Lopez Turnout connects the SWP facilities to Lopez facilities enabling State Water deliveries to the District. The District’s prorated share of operating, maintenance, pumping, and other related costs are charged as an operating expense in the Water Fund. The portion of the costs that is fixed in nature must be paid regardless of water deliveries. Variable costs are paid based on actual water deliveries.

The Water Treatment and Local Facilities agreement is for treatment of the SWP supply and for construction associated with the Lopez Turnout, a local facility. The Water Treatment and Local Facilities agreement incorporates by reference the SLOFCD agreement with the Central Coast Water Authority termed the “Master Water Treatment Agreement.” The District is obligated to pay its proportionate share of treatment facilities owned and operated by CCWA, and for the cost

of local facilities specifically benefitting the District – the Lopez Turnout. The portion of the costs that is fixed in nature must be paid regardless of water deliveries. Variable costs are paid based on actual water deliveries.

The District is required to make payments under its Water Supply agreement and its Water Treatment and Local Facilities agreement from the revenues of its water system. The District has agreed in its agreements to fix, prescribe and collect rates and charges for its water system which will be at least sufficient to yield each year's net revenues equal to 125% of the sum of (1) the payment required pursuant to the agreements, and (2) debt service on any existing participant obligation for which revenues are also pledged.

On October 1, 1992, CCWA sold \$177,120,000 in revenue bonds at a true interest cost of 6.64% to enable CCWA to finance a portion of the costs of constructing a water treatment plant to treat SWP water for use by various participating water purveyors and users within Santa Barbara and San Luis Obispo Counties, local facilities needed to deliver such water to the participating water purveyors and users, and certain other local improvements to the water systems of some of the participating purveyors. In November 1996, CCWA sold \$198,015,000 of revenue bonds at a true interest cost of 5.55% to defease CCWA's \$177,120,000 1992 revenue bonds and to pay certain costs of issuing the bonds. The 1996 bonds were issued in two series: Series A of \$173,015,000 and Series B of \$25,000,000. The Series B bonds are subject to mandatory redemption from amounts transferred from the Construction Fund and the Reserve Fund upon completion of the construction of the CCWA facilities.

The District's current year State water project expense totaled \$1,171,170. All of the District's disbursements were paid to the SLOFCD, which is obligated to pay to DWR and CCWA the District's proportionate share of costs to those agencies.

The District also contracts with SLOFCD for an annual allocation of 303 acre feet of water from the Lopez project, issued voter- approved general obligation bonds for the purpose of building Lopez Dam, a storage reservoir, water treatment plant, and other facilities to provide a primary municipal water supply. The District has entered into a water supply agreement wherein the District has agreed to pay annually, regardless of water deliveries, a prorated percentage of certain costs. In addition, the District also pays the San Luis Obispo County Flood Control and Water Conservation District a prorated share of operating, maintenance, pumping, and related operating costs which are charge as an operating expense in the Water Fund. The District's current year San Luis Obispo County Flood Control and Water Conservation District expense totaled \$767,594.

South San Luis Obispo County Sanitation District – The District does not own and operate a separate wastewater treatment plant facility. The Oceano Community Services District's waste is transported through District-owned and District-maintained lines for processing at the South San Luis Obispo County Sanitation District plant.

Note 9 – Divestiture of Fire Protection Services

The District historically provided fire protection services to the community of Oceano through a contractual arrangement with the Five Cities Fire Authority (FCFA). During the year ended June 30, 2025, the District completed a multi-year process to divest its fire protection services power and transfer that responsibility to the County of San Luis Obispo through proceedings with the San Luis Obispo Local Agency Formation Commission (LAFCO).

The District maintained contractual agreements with FCFA during the transition period as follows: \$1,150,000 for the year ended June 30, 2024, and \$1,706,000 for the year ended June 30, 2025. Under the latter agreement, the District funded fire protection services through December 31, 2024, representing the first six months of the year.

On January 14, 2025, LAFCO approved the District's and County's plan for service for the community of Oceano, completing the divestiture. Effective upon LAFCO's approval, the District is fully divested of all fire protection services within its service area. The County of San Luis Obispo has assumed responsibility for funding the unincorporated community's share of fire protection services provided by FCFA, alongside the Cities of Arroyo Grande and Grover Beach. As a result of the divestiture, fire protection expenditures are not expected to recur in future years.

Note 10 – Risk Management and Contingencies

Risk management – The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for small California water agencies. The purpose of the JPRIMA is to arrange and administer programs of self-insured losses and to purchase the appropriate amount of insurance coverage. At June 30, 2025, the District participated in the liability and property programs of the JPRIMA as follows:

- **General and auto liability:** The District has a \$500 deductible for general and auto liability. The District purchased additional excess coverage layers: \$5 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.
- **Employee dishonesty coverage and public officials' liability** up to \$1,000,000 per loss includes public employee dishonesty, forgery or alteration and theft, computer fraud coverages.
- **Property loss/Boiler and Machinery** is paid based on the replacement cost or actual cash value for the property on file. If the property is replaced within two years after the loss or otherwise paid on an actual cash value basis, to a combined total of \$4 million subject to a \$1,000 deductible per occurrence for most equipment.
- **Workers' compensation insurance** provides coverage with a self-insured retention limit of \$1 million for all work related injuries/illnesses covered by California law.

Settled claims have not exceeded any of the coverage amounts in any of the last three years and there were no reductions in the District's insurance coverage during the years ending June 30, 2025, 2024 and 2023. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2025, 2024, and 2023.

Legal contingency – In the opinion of management and legal counsel, the disposition of any pending litigation will not have an anticipated material effect on the District's financial statements as of June 30, 2025.

Construction contingency – The District has no construction contingencies as of June 30, 2025.

Required Supplementary Information

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes and assessments	\$ 703,778	\$ 703,778	\$ 1,428,003	\$ 724,225
Public facility fee	–	–	4,718	4,718
Interest income	6,996	6,996	27,265	20,269
Rental income	75,693	75,693	88,432	12,739
Grant income	–	–	14,648	14,648
Other	1,200	1,200	5,503	4,303
Total revenues	787,667	787,667	1,568,569	780,902
EXPENDITURES				
Salaries, wages, and directors' stipends	500,500	500,500	474,862	25,638
Payroll taxes and employee benefits	203,493	203,493	241,612	(38,119)
Liability insurance	42,500	42,500	45,897	(3,397)
Repairs and maintenance	37,410	37,410	18,584	18,826
Administrative services	14,045	14,045	9,240	4,805
Data processing	38,250	38,250	21,131	17,119
Dues and fees	35,400	35,400	33,891	1,509
Education	14,450	14,450	11,198	3,252
Legal fees	85,000	85,000	81,137	3,863
Miscellaneous	17,230	17,230	2,849	14,381
Office expense	19,930	19,930	14,796	5,134
Street lighting	37,000	37,000	35,442	1,558
Professional fees	73,250	73,250	74,420	(1,170)
Utilities	18,000	18,000	23,414	(5,414)
Grant expense	7,111	–	8,265	(8,265)
Public safety	853,000	853,000	864,204	(11,204)
Total expenditures	1,996,569	1,989,458	1,960,942	28,516
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,208,902)	(1,201,791)	(392,373)	809,418
OTHER FINANCING SOURCES (USES)				
Transfers in	1,101,535	1,101,535	956,952	(144,583)
Transfers out	(66,092)	(66,092)	–	66,092
Total other financing sources (uses)	1,035,443	1,035,443	956,952	(78,491)
Net change in fund balance	(173,459)	(166,348)	564,579	730,927
FUND BALANCE - beginning of year	1,230,944	1,230,944	1,230,944	–
FUND BALANCE - end of year	\$ 1,057,485	\$ 1,064,596	\$ 1,795,523	\$ 730,927

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Proportion of the net pension liability	0.00015%	0.00016%	0.00094%	-0.01004%	0.00763%
Proportionate share of the net pension liability (asset)	\$ 177,721	\$ 199,485	\$ 108,549	\$ (542,757)	\$ 830,340
Covered payroll	\$ 677,922	\$ 674,032	\$ 682,293	\$ 674,882	\$ 643,799
Proportionate share of the net pension liability as a percentage of covered payroll	26.22%	29.60%	15.91%	-80.42%	128.98%
Plan's total pension liability	\$ 55,320,956,562	\$ 52,441,984,274	\$ 49,525,975,138	\$ 46,174,942,264	\$ 43,702,930,887
Plan's fiduciary net position	\$ 43,193,516,203	\$ 39,966,633,692	\$ 37,975,170,163	\$ 40,766,653,876	\$ 32,822,501,335
Plan fiduciary net position as a percentage of the total pension liability	78.08%	76.21%	76.68%	88.29%	75.10%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	0.00741%	0.00715%	0.00704%	0.00692%	0.00649%
Proportionate share of the net pension liability (asset)	\$ 759,574	\$ 689,459	\$ 698,116	\$ 598,558	\$ 445,280
Covered payroll	\$ 577,089	\$ 573,557	\$ 544,352	\$ 437,408	\$ 453,904
Proportionate share of the net pension liability as a percentage of covered payroll	131.62%	120.21%	128.25%	136.84%	98.10%
Plan's total pension liability	\$ 41,426,453,489	\$ 38,944,855,364	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402
Plan's fiduciary net position	\$ 31,179,414,067	\$ 29,308,589,559	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%

Note to Schedule

There were no changes in assumptions or benefits for the year ended June 30, 2025.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution (actuarially determined)	\$ 78,253	\$ 62,794	\$ 72,517	\$ 68,835	\$ 122,565
Contribution in relation to the actuarially determined contributions	<u>(78,253)</u>	<u>(62,794)</u>	<u>(72,517)</u>	<u>(68,835)</u>	<u>(954,271)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (831,706)</u>
Covered payroll	\$ 758,332	\$ 677,922	\$ 674,032	\$ 682,293	\$ 674,882
Contributions as a percentage of covered payroll	10.32%	9.26%	10.76%	10.09%	141.40%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 101,217	\$ 83,717	\$ 73,333	\$ 65,457	\$ 52,723
Contribution in relation to the actuarially determined contributions	<u>(101,217)</u>	<u>(83,717)</u>	<u>(73,333)</u>	<u>(65,457)</u>	<u>(52,723)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 643,779	\$ 577,089	\$ 573,557	\$ 544,352	\$ 437,408
Contributions as a percentage of covered payroll	15.72%	14.51%	12.79%	12.02%	12.05%

Note to Schedule

There were no changes in assumptions or benefits for the year ended June 30, 2025.

**Report of Independent Auditors on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on a Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Board of Directors
Oceano Community Services District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oceano Community Services District (the “District”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Oceano Community Services District’s basic financial statements, and have issued our report thereon dated March 11, 2026

Report on Internal Control over Financial Reporting

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

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

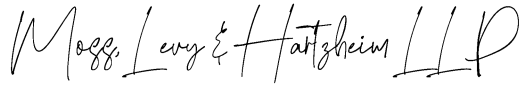
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Moss, Levy & Hartzheim LLP". The signature is written in a cursive, flowing style.

Santa Maria, CA
March 11, 2026



REQUEST FOR PROPOSAL
(RFP)

for

INDEPENDENT AUDIT SERVICES

MARCH 2026

OCEANO COMMUNITY SERVICES DISTRICT
1655 Front Street
Oceano, CA 93445
(805) 481-6730
(805) 481-6836 fax

1.0 GENERAL

1.1 Purpose

The Oceano Community Services District (District) is soliciting proposals from accounting firms that are interested in providing audit services to the District. The audit period will be for the fiscal year ending June 30, 2026, with options to renew for annual audits for the fiscal years ending June 30, 2027 and June 30, 2028.

The District intends on following Government Code section 12410.6(b) regarding auditor rotation requirements of public accounting firms providing audit services to local agencies.

1.2 Agency Description

The Oceano Community Services District (District) is a multi-purpose special district and was formed on January 1, 1981. The District is a political subdivision of the State of California and operates under a Board of Directors – General Manager form of government. The District is demographically diverse and classified as disadvantaged based on criteria established for median household income.

District Services

The District provides water, wastewater collection, solid waste, street lighting and parks and recreation services to the community, which is predominantly residential and includes a population of approximately 7,600. In the fiscal year ending June 30, 2023, the District provided fire and emergency services through the Five Cities Fire Authority (FCFA), a joint powers authority (JPA) formed in 2010 between the District and the cities of Arroyo Grande and Grover Beach. In 2022 the District initiated divestiture of fire and emergency services through the Local Formation Commission (LAFCO). Through December 31, 2025, the District contracted with FCFA for fire and emergency services and was no longer a member of the JPA. LAFCO approved the District's divestiture of fire services to the County of San Luis Obispo in 2025 and the District no longer provides fire and emergency services to the community. Lastly, the District provides solid waste and recycling services through a franchise agreement with South County Sanitary Incorporated, a subsidiary of Waste Connections Incorporated, a publicly traded corporation. The District's powers also include parks and recreation and in 2023 the Board created the Oceano Parks and Recreation Committee. Other services such as streets and roads, drainage and flood control, land use planning, law enforcement, health and human services are provided by the County of San Luis Obispo or other agencies.

Real Property

In addition to water and wastewater collection infrastructure, the District's significant fixed assets includes real property leased to the County of San Luis Obispo for use as a Sheriff Substation, a community center leased to Lucia Mar Unified School District, and the historic Oceano Train Depot leased to a local non-profit organization.

Water Supply Contracts

The District purchases two sources of water pursuant to long-term contracts executed with the San Luis Obispo County Flood Control and Water Conservation District for supplies from Lopez Reservoir and the State Water Project. Water supply costs are the District's most significant expenditures, and during the recent drought, the reliability of the District's supplies proved sufficient to allow the District to increase water in storage in contrast to most agencies that realized diminishing water supplies.

Wastewater Treatment and Disposal

Wastewater treatment and disposal services for the community are the responsibility of the South San Luis Obispo County Sanitation District, an independent special district formed under provisions of the California State Health and Safety Code. The sanitation district also treats and disposes of wastewater for the cities of Arroyo Grande and Grover Beach. The sanitation district's governing board is comprised of elected officials from each of the three agencies, as provided by state statute. As an independent special district, the sanitation district is not a component unit of the District.

Employees

The District currently has nine (9) full-time employees and one (1) part-time employee – five (5) field staff, four (4) office staff and the general manager. Full-time non-management employees are represented by the Service Employees International Union (SEIU) Local 620. District employees receive pension benefits through CalPERS. The District does not provide post-retirement health benefits. Legal, engineering and computer services are provided by independent contractors.

Recent Audits - Attached

In 2025, the District addressed financial issues and the Board of Directors approved new water, wastewater, and solid waste rates, to address the budgetary deficit and by doing so to establish an operating surplus.

Outlook

Since 2017, the District has been awarded approximately \$4,400,000 in grants for technical assistance and has addressed deferred infrastructure replacement and upgrades. In 2025, the District was awarded \$9,400,000 to consolidate the community of Halcyon, Ken Mar Gardens, Halcyon Estates, adding 50 new connections to the water system. The grant funds allowed the District to develop a long term capital improvement program in the water system. In 2025, the Board allocated District reserves to develop a wastewater capital improvement program.

1.3 Computer and Accounting System

Tyler Technologies (Incode).

1.4 Contact Information

Any questions about this RFP should be directed to:

Carey Casciola – Business and Accounting Manager
Oceano Community Services District
P.O. Box 599
Oceano, CA 93447-599
Phone: (805) 481-6730
Fax: (805) 481-6836
Email: carey@oceanocsd.org

1.5 Submittal Requirements

Interested accounting firms shall submit one electronic copy of their Response to RFP in PDF format to the District no later than **4:00 p.m. on Friday, May 1, 2026**. All submittals should be sent to carey@oceanocsd.org.

2.0 DESIRED SERVICES

The District desires its audited annual financial report to include financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standard Board (GASB) practices. The examination by the auditors of such financial statements shall be performed in accordance with Generally Accepted Auditing Standards (GAAS) and in compliance with all laws.

The District will prepare and submit the State Controller's Annual Report for Special Districts and supplemental information for the financial statements.

2.1 Project Objectives and Anticipated Scope

The selected auditor will be required to:

1. Prior to the commencement of the audit, the auditor will review the audit program with District Staff including proposed dates for completion of audit tasks. For the initial year (fiscal year ending June 30, 2026), District staff will have the supporting schedules and documentation which the District customarily prepares for audits available for initial review by the auditor upon execution of a letter of engagement with the selected firm. In subsequent years, the District will have schedules and documentation completed by November 30th of each year.
2. The auditor will review the draft financial statements with District Staff. At this meeting the CPA will disclose all findings or situations that the auditors feel are weak or problematic. The auditor will review and assess internal controls and make recommendations to improve the current procedures. The District will receive a management letter from the auditor reflecting the above items. If any irregularities and illegal acts are identified by the auditor, the auditor

shall report their findings in writing to the General Manager, Business and Accounting Manger, and to the Board President. The auditor should anticipate preparing annual GASB #68 calculations based on information provided by CalPERS for use by the District, who will prepare adjusting journal entries for the various funds based on established allocation methodologies.

3. The auditor will prepare the financial statements for fiscal year ending June 30, 2026, by June 30, 2027, and in subsequent years, by December 30th of each year.

District staff will be available to assist the auditors by providing information, documentation, and explanations. The District will provide the trial balance, all schedules and other related items, including a MD&A.

The District will provide the auditor with reasonable work space, phone, internet and copy machine access.

The audit report shall consist of, but not be limited to the auditor's report and opinion, a management letter, statement of net position, statement of cash flows, statement of revenues, expenses and changes in net position, notes to the financial statements, any required supplementary information, and any other additional information that may be applicable or pertinent to the audit as would be customary for a complete and conforming audit by current standards and regulations.

Report preparation, editing and printing will be the auditor's responsibility.

3.0 RFP REQUIREMENTS

As previously mentioned, responses should be submitted electronically in PDF format. Required proposal elements are outlined in this section. Submittals may contain additional information, but it is necessary to maintain the specific headings or order presented below.

3.1 Firm Overview

Provide a general overview and history of your firm that describes general capabilities and practice areas. Include a list of office locations and identify the office that would be the primary point of service for District projects. Responses may also contain a description of your firm's approach to quality assurance and other key operating practices. Responses should include an affirmative statement of independence from the Oceano Community Services District and affirmative statement that the firm and assigned staff are licensed to practice in California.

3.2 Experience Summary

This section should include summaries of your firm's overall experience and qualifications performing governmental and special district audits. Responses may also include engagements in the last five years that are similar to that anticipated for our organization.

3.3 Personnel

Provide a list of key personnel within your organization that would be expected to contribute to the performance of the audit. Provide a description of individual experience/qualifications and include professional resumes, if appropriate.

If your firm would typically assign a client manager or a single point of contact for services of this type, please identify the person that you propose to fill this role.

3.4 Scope of Services

Provide the scope of audit services that your firm would propose to undertake for this engagement. The scope should be responsive to the objectives and anticipated services outline in Section 2.1 and should include information on deliverables and other proposed services.

3.5 Proposed Fees

Provide a proposed lump sum fee for complete audit services, including all anticipated direct and indirect costs, for each year of three-year performance period (FY 2025/26, FY 2026/27 and FY 2027/28), based on the scope of services presented in your proposal.

3.6 References

Provide at least three client references with complete contact information. Ideally, references would be from agencies or entities for which your firm has recently completed independent audit services that are similar to the District's.

4.0 SELECTION PROCESS

The District's objective is to select an accounting firm with the experience and resources necessary to meet the District's expressed needs.

Proposed Schedule:

Submittal Due	May 1, 2026
Selection (expected)	May 13, 2026 Regular Meeting

All responses received will be carefully reviewed by District management and the Board of Directors will approve the selected firm. The District may elect to create a short list, conduct interviews of selected firms or request additional information as part of the evaluation process.

Ultimately, the selected firm will be required to provide an engagement letter. Additionally, firms providing services will be required to comply with District's standard insurance requirements, which are attached.

The District reserves the right to reject any and all proposals submitted and to award the contract to the firm which, in the District's opinion is best qualified.

Attached:

- Financial Statements for the year ending June 30, 2023 and related auditor letters.
- Financial Statements for the year ending June 30, 2024 and related auditor letters.
- Financial Statements for the year ending June 30, 2025 and related auditor letters.
- Condition of Purchase and Insurance Requirements



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: March 11, 2026

To: Board of Directors

From: Carey Casciola, Business and Accounting Manager

Subject: **Agenda Item 9(B): Annual review of the District's Investment Policy and Consideration of a Recommendation to approve a resolution adopting the District's Investment Policy**

Recommendation

It is recommended that the OCSD Board of Directors consider and approve the attached resolution adopting the District's Investment Policy.

Discussion

California Government Code Section 53646(A)(2) requires local government entities to adopt an annual investment policy. While it is not required by statute, it is in the best interests of the District to discuss the policy with the Board of Directors and to have it approved and adopted. A public vote signifies that the Board of Directors has a fiduciary responsibility to establish the investment policy, thereby providing transparency and disclosure. The annual review and adoption are a financially sound organizational practice that should be maintained even if there is no change to the policy. In March 2025, [Resolution 2025-02](#) was adopted by the Board, establishing the 2025 Investment Policy. The recommended changes have been redlined in the investment policy (Attachment 2) and summarized in Attachment 3. The first amendment is the addition to authorized and suitable investments in relation to time deposits in accordance with the California Government Code Section 53606.8. Followed by the update to service deposits reverting from 50% to 30%, sunset extension from January 1, 2026, to 2031. The last addition includes medium-term corporate notes and municipal bonds since they can provide safety and liquidity.

The Board hired OIP in February 2023 to improve investment returns for the District and ensure compliance with the California Government Code by safeguarding principal and maintaining sufficient liquidity for operations. During the first half of Fiscal Year 2025-26, the District, by the recommendation of OIP, successfully recommended investments that were compliant with the District's investment policy and earned the District a total of \$74,548 in interest.

Other Agency Involvement

The County of San Luis Obispo collects property tax revenues and serves as the depository for District funds.



Other Financial Considerations

By adopting an updated investment policy that meets industry best practices while maintaining a conservative list of authorized investments. Recent investment practices have yielded over \$74,548 in interest income to be used for future District expenses, indicating best practices and best use of limited District and ratepayer revenues.

Results

Reviewing the existing investment policy in accordance with the Government Code and considering the attached resolution promotes a well-governed community.

Attachments:

1. Attachment – Draft Resolution
2. Attachment - 2025 Investment Policy Redlined
3. Attachment - Summary of Amendments

**OCEANO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2026-_____**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OCEANO COMMUNITY
SERVICES DISTRICT ADOPTING THE INVESTMENT POLICY**

WHEREAS, the Board of Directors of the Oceano Community Services District ("District") has a fiduciary responsibility to assure that public funds are invested in financial instruments and institutions in accordance with State and Federal law and District guidelines; and,

WHEREAS, District funds will be available from time to time that would be beneficial to invest in financial instruments in accordance with the Investment Policy (Exhibit A) and deposited in interest-bearing accounts, in banks or financial institutions; and,

WHEREAS, the Board of Directors finds that it is impractical to expect that the District will hire and provide continuous training to the District Finance Officer/Treasurer to meet the "Prudent Investor Standard" requirements established in Government Code Section 53600.3, and that the District Board of Directors shall authorize investments in accordance with the provisions of the District's current Investment Policy with and the California Government Code.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Oceano Community Services District that the District Finance Officer/Treasurer is hereby authorized to deposit for safekeeping all money belonging to, or in the custody of, the District pursuant to Exhibit A, the District's Investment Policy; and,

BE IT FURTHER RESOLVED that the District hereby adopts a Statement of Investment Policy attached here to as Exhibit A, Investment Policy, which supersedes any previously adopted or utilized policies and that this Policy be effective immediately.

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

AYES:

NAYES:

ABSENT:

ABSTAIN:

The foregoing Resolution is hereby passed and adopted this _____ day of March 2026.

ATTEST:

President, Board of Directors
of the Oceano Community Services District

Board Secretary of the
Oceano Community Services District

OCEANO COMMUNITY SERVICES DISTRICT INVESTMENT POLICY (Last Revised 3/11/26)



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1. Policy

The Oceano Community Services District shall invest public funds in such a manner as to comply with state and local laws; ensure prudent money management; provide for daily cash flow requirements; and meet the objectives of the Policy, in priority order of Safety, Liquidity and Return on investment. In accordance with the Municipal Code of the Oceano Community Services District and under authority granted by the Board of Directors, the District General Manager is responsible for investing the unexpended cash in the District Treasury.

2. Scope

The investment policy applies to all investment activities and financial assets of the Oceano Community Services District as accounted for in the Annual Comprehensive Financial Report (ACFR). This policy is applicable, but not limited to, all funds listed below:

- General Fund
- Capital Funds
- Other Special Revenue Funds, Debt Service Funds, Internal Service Funds
- Any new fund created by the Board of Directors unless specifically exempted.

3. Prudence

The standard of prudence to be used by the designated representative shall be the “prudent investor” standard and shall be applied in the context of managing the overall portfolio. Persons authorized to make investment decisions on behalf of local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard which states, “When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency”.

The District General Manager and other individuals assigned to manage the investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

4. Objectives

The District’s primary investment objectives, in order of priority, shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation



of capital in the overall portfolio. The District shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

- a. Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in issuers that carry the direct or implied backing of the U.S. Government (including, but not limited to, the U.S. Treasury, U.S. Government Agencies, and federally insured banks). The portfolio will be diversified so that the failure of any one issuer does not unduly harm the District's capital base and cash flow.
 - b. Market risk, (aka "interest rate risk") defined as market value fluctuations due to overall changes in the general level of interest rates shall be mitigated by limiting the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding the purchase of long-term securities for the sole purpose of short-term speculation. Moreover, it is the District's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. Limited exceptions will be granted for security swaps that would improve the portfolio's yield and/or credit quality.
2. Liquidity: The District's investment portfolio will remain sufficiently liquid to enable the Oceano Community Services District to meet all operating requirements which might be reasonably anticipated.
 3. Return on Investments: The District's investment portfolio shall have the objective of attaining a comparative performance measurement or an acceptable rate of return throughout budgetary and economic cycles. These measurements should be commensurate with the District's investment risk constraints identified in this Investment Policy and the cash flow characteristics of the portfolio.

5. Delegation of Authority

The Municipal Code of the Oceano Community Services District and the authority granted by Board of Directors assign the responsibility of investing unexpended cash to the District's General Manager. Daily management responsibility of the investment program may be delegated to the Business and Accounting Manager, who shall establish procedures for the operation consistent with this investment policy.

6. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program or impairs their ability to make impartial investment decisions. Additionally, the General Manager and the Business and Accounting Manager are required to annually file applicable



financial disclosures as required by the Fair Political Practices Commission (FPPC). Furthermore, Investment officials must refrain from undertaking personal investment transactions with the same individual(s) employed by the financial institution with whom business is conducted on behalf of the District.

7. Authorized Dealers and Institutions

The General Manager will maintain a list of approved financial institutions authorized to provide investment services to the public agency in the State of California. These may include “primary” dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). Best practices include the following: 1) A determination that all approved broker/dealer firms, and individuals covering the public agency, are reputable and trustworthy; 2) the broker/dealer firms should have the ability to meet all their financial obligations in dealing with the Public Agency; 3) the firms, and individuals covering the agency, should be knowledgeable and experienced in Public Agency investing and the investment products involved; 4) no public deposit shall be made except in a qualified public depository as established by the established state laws; 4) all financial institutions and broker/dealers who desire to conduct investment transactions with the public agency may supply the General Manager with audited financial statements, proof of FINRA certification, trading resolution, proof of State of California registration, a completed broker/dealer questionnaire, certification of having read the Public Agency’s investment policy and depository contracts.

The General Manager may conduct an annual review of the financial condition and registrations of qualified dealers & institutions.

8. Authorized and Suitable Investments

Investment of District funds is governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized, as further limited herein:

1. United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable.
2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
3. Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, and Los Angeles County Investment pool, may be used up to the maximum permitted by California State Law. A review of the pool/fund is required when part of the list of authorized investments, with the knowledge that the



pool/fund may include some investments allowed by statute but not explicitly identified in this investment policy.

Additionally, shares of beneficial interest issued by a joint powers authority organized pursuant to CA Code (Section 6509.7) that invests in the securities and obligations in compliance with CA Code 53601 (subsection 'a' to 'r', inclusive) are also authorized. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

- The adviser is registered or exempt from registration with the Securities and Exchange Commission.
- The adviser has not less than five years of experience investing in the securities and obligations authorized in CA Code (subsection 'a' to 'r', inclusive).
- The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

4. Negotiable Certificates of Deposit issued by nationally or state-chartered banks (FDIC insured institutions) or state or federal savings institutions. Purchases of negotiable certificates of deposit may not exceed 30% of total portfolio. Principal and accrued interest on these investments must not exceed the \$250,000 FDIC insurance limit. A maturity limitation of five years is applicable.

5. [Time deposits or placement service deposits, non-negotiable and collateralized in accordance with California Government Code § 53601.8, may be purchased through banks, savings and loan associations, or federally insured credit unions. Deposits placed through a private-sector placement service shall not exceed fifty percent \(50%\) of the agency's total investment portfolio at the time of purchase, as permitted under Government Code § 53601.8. Principal and accrued interest shall be fully insured by the Federal Deposit Insurance Corporation \(FDIC\) or the National Credit Union Administration \(NCUA\), or collateralized in accordance with state law. Negotiable certificates of deposit authorized under Government Code § 53601\(i\) are excluded from this limitation. This authority remains in effect through January 1, 2031, unless extended by further legislative action.](#)

6. Various daily money market funds administered for or by trustees, paying agents and custodian banks contracted by the Oceano Community Services District may be purchased as allowed under the State of California Government Code. Only funds holding U.S. Treasury or Government agency obligations can be used.

7. [Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and](#)

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operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. A local agency, other than a county or a City and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

8. 53601(a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

9. 53601(c) State warrants or treasury notes/bonds-Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

10. 53601(d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

11. 53601(e) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

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The following summary of maximum percentage limits, by instrument, are established for the District's investment portfolio:

Authorized Investment Type	Government Code	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment in One Issuer
Treasury Obligations (bills, notes, & bonds)	53601(b)	5 Years	N/A	100%	N/A
US Government Agency and Federal Agency Securities	53601(f)	5 Years	N/A	100%	N/A
Local Agency Investment Fund (LAIF)	16429.1	Upon Demand	N/A	As permitted by LAIF	N/A
San Luis Obispo County Investment Pool	53684	Upon Demand	N/A	As permitted by County Treasurer (currently no limit)	N/A
Joint Powers Authority Pool	53601(p)	N/A	See § 8.3 (above)	None	N/A
Negotiable Certificates of Deposit	53601(i)	5 Years	N/A	30%	N/A
Placement Service Deposits – Deposits or	53601.8 and 53635.8	5 Years	N/A	50%	N/A
<u>Medium-term notes</u>	<u>53601(k)</u>	<u>5 Years</u>	<u>"A" or its equivalent or better by an</u>	<u>30%</u>	<u>10 %</u>

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Deleted: accounts permitted by LAIF



			NRSRO		
Bonds issued by the local agency	53601(a)	5 Years	N/A	N/A	N/A
State warrants or treasury notes/bonds	53601(c)	5 Years	N/A	N/A	N/A
Registered treasury notes or bonds of any of the other 49 states, including California	53601(d)	5 Years	N/A	N/A	N/A
Bonds, notes, warrants, or other evidences of indebtedness of a local agency within California	53601(e)	5 Years	N/A	N/A	N/A

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9. Review of Investment Portfolio

The securities held by the Oceano Community Services District must be in compliance with Section 8.0 “Authorized and Suitable Investments” at the time of purchase. The General Manager should review the portfolio (at least annually) to identify those securities that do not comply.

The General Manager should establish procedures to report any major and critical incidences of noncompliance identified through the review of the portfolio.

10. Investment Pools / Money Market Funds

A thorough investigation of the investment pool/money market fund is required prior to investing, and on a continual basis. Best efforts will be made to acquire the following information:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?



11. Collateralization

Collateralization will be required on two types of investments: non-negotiable certificates of deposit and repurchase (and reverse repurchase) agreements. To anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value for non-negotiable certificate of deposit and 102% for reverse repurchase agreements of principal and accrued interest.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

The District may waive the collateralization requirements for any portion of the deposit that is covered by Federal Deposit Insurance.

12. Safekeeping and Custody

All security transactions shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts.

13. Diversification

The District shall diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. To promote diversification, no more than 5% of the portfolio may be invested in the securities of any one issuer, regardless of security type, excluding U.S. Treasuries, federal agencies, and pooled investments such as LAIF, money market funds, or local government investment pools.

14. Maximum Maturities

To the extent possible, the Oceano Community Services District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than 5 years from the date of purchase. Any investment longer than 5 years must be done with advance permission from Board of Directors.

15. Internal Controls

The General Manager is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Oceano Community Services District are protected from loss, theft, fraud or misuse.

Separation of functions between the District’s General Manager or Business and Accounting Manager is designed to provide an ongoing internal review to prevent the potential for converting assets or concealing transactions.

Investment decisions are made by the General Manager, executed by the General Manager or Assistant General Manager, and confirmed by the Senior Business and



Accounting Manager. All wire transfers initiated by the Business and Accounting Manager must be reconfirmed by the appropriate financial institution to the General Manager. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliation is conducted to ensure proper handling of all transactions.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Senior Business and Accounting Manager on a monthly basis. An independent analysis by an external auditor shall be conducted annually to review and perform procedure testing on the District's cash and investments that have a material impact on the financial statements. The General Manager shall review and assure compliance with investment process and procedures.

16. Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The District intends to spread its investments relatively evenly between 0 and 5 years and hold those investments to maturity. Therefore, an appropriate performance benchmark will be a market-based index or blended benchmark that reflects the portfolio's actual composition and weighted average maturity. This may include Treasury indices, government/credit indices, or other publicly available benchmarks consistent with the investment types authorized in the District's policy. The selected benchmark shall be reviewed periodically and adjusted as needed to remain aligned with the District's investment objectives and evolving portfolio structure.

17. Reporting

The District General Manager shall review and render quarterly reports to the Board of Directors that include the following information:

- Investment type (e.g. U.S. Treasury Note, U.S. Government Agency Bond)
- Name of the issuer (e.g. Federal Farm Credit Bank, Federal Home Loan Bank)
- Maturity date
- Yield to maturity
- Current market value and source of market value
- Par and dollar amount for each security the District has invested in
- Par and dollar amount on any money held by the District (e.g. LAIF balance, Cash Balance).

The report shall also include a description of any of the District's funds, investments, or programs that are under the management of contracted parties, including lending programs.

The quarterly report shall state compliance of the portfolio to the investment policy, or manner in which the portfolio is not in compliance.

Deleted: The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.¶
The District intends to spread its investments relatively evenly between 0 and 5 years and hold those investments to maturity. The District is limiting its authorized investments to the safest end of the investment spectrum—debt issued by the U.S. Treasury, U.S. Government Agencies, and debt that is federally insured (see section 8.0 Authorized and Suitable Investments, above, for a complete list of authorized investments). ¶
Therefore, an appropriate performance benchmark will be a Constant Treasury Maturity Rate consistent with the weighted average maturity of the portfolio. The District recognizes that benchmarks may change over time based on changes in market conditions or cash flow requirements.¶



The quarterly report shall include a statement denoting the ability of the District to meet its expenditure requirements for the next six months or provide an explanation as to why sufficient money shall (or may not) be available.

The quarterly reports shall be placed on the Board of Directors meeting agenda for its review and approval no later than 45 days after the quarter ends. If there are no Board meetings within the 45-day period, the quarterly report shall be presented to the Board at the soonest possible meeting thereafter.

18. Investment Policy Adoption

The Oceano Community Services District investment policy shall be adopted by resolution of the Board of Directors. The policy shall be reviewed annually by the Board of Directors and any modifications made thereto must be approved by the Board of Directors.

The General Manager shall establish written investment policy procedures for the operation of the investment program consistent with this policy. The procedures should include reference to: safekeeping, master repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Oceano Community Services District.

19. Glossary of Terms in this Policy

Accrued Interest: Interest earned but not yet received.

Annual Comprehensive Financial Report (ACFR): The official annual financial report for the District. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principles (GAAP).

Bond: A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Bond Swap: Selling one bond issue and buying another at the same time in order to create an advantage for the investor. Some benefits of swapping may include tax-deductible losses, increased yields, and an improved quality portfolio.

Broker: In securities, the intermediary between a buyer and a seller of securities. The broker, who usually charges a commission, must be registered with the exchange in which he or she is trading, accounting for the name registered representative.

Certificate of Deposit: A deposit insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) at a set rate for a specified period of time.



Collateral: Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Constant Maturity Treasury (CMT): An average yield of a specific Treasury maturity sector for a specific time frame. This is a market index for reference of past direction of interest rates for the given Treasury maturity range.

Custody: A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement that also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

Delivery vs. Payment (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

Diversification: Dividing investment funds among a variety of securities offering independent returns and risk profiles.

Federal Deposit Insurance Corporation (FDIC): Insurance provided to customers of a subscribing bank that guarantees deposits to a set limit (currently \$250,000) per account.

Interest Rate: The annual yield earned on an investment, expressed as a percentage.

Liquidity: Refers to the ability to rapidly convert an investment into cash.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Portfolio: Collection of securities held by an investor.

Primary Dealer: A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

Purchase Date: The date in which a security is purchased for settlement on that or a later date.

Rate of Return: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Risk: Degree of uncertainty of return on an asset. Safekeeping: See Custody.

Settlement Date: The date on which a trade is cleared by delivery of securities against funds.



Time Deposit: A deposit in an interest-paying account that requires the money to remain on account for a specific length of time. While withdrawals can generally be made from a passbook account at any time, other time deposits, such as certificates of deposit, are penalized for early withdrawal.

Treasury Obligations: Debt obligations of the U.S. Government that are sold by the Treasury Department in the forms of bills, notes, and bonds. Bills are short-term obligations that mature in one year or less. Notes are obligations that mature between one year and ten years. Bonds are long-term obligations that generally mature in ten years or more.

U.S. Government Agencies: Instruments issued by various US Government Agencies most of which are secured only by the credit worthiness of the particular agency.

Yield: The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

Yield to Maturity: The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

20. Glossary of General Investment Terms

Active Deposits: Funds that are immediately required for disbursement.

Amortization: An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

Asked Price: The price a broker dealer offers to sell securities. **Basis Point:** One basis point is one hundredth of one percent (.01). **Bid Price:** The price a broker / dealer offers to purchase securities.

Book Entry Securities: Securities, such stocks held in "street name," that are recorded in a customer's account, but are not accompanied by a certificate. The trend is toward a certificate-free society to cut down on paperwork and to diminish investors' concerns about the certificates themselves. All the large New York District banks, including those that handle the bulk of the transactions of the major government securities dealers, now clear most of their transactions with each other and with the Federal Reserve through the use of automated telecommunications and the "book-entry" custody system maintained by the Federal Reserve Bank of New York. These banks have deposited with the Federal Reserve Bank a major portion of their government and agency securities holdings, including securities held for the accounts of their customers or in a fiduciary capacity for the District. Virtually all transfers for the account of the banks, as well as for the government securities dealers who are their clients, are now effected solely by



bookkeeping entries. The system reduces the costs and risks of physical handling and speeds the completion of transactions.

Book Value: The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

Bullet Bond: See “*Non-callable Bond.*”

Callable Bond: A debit obligation where the bond issuer (i.e. borrower) has the option to *call the bond* or pay it off early (before the scheduled maturity date). For instance, a 5-year bond might be “callable quarterly”—meaning that, although the bond has a scheduled end date 5 years from now, it could end in 3 months (and every 3 months after that, until the scheduled maturity date).

Coupon: The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

Credit Analysis: A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

Current Yield: The interest paid on an investment expressed as a percentage of the current price of the security.

Discount: The difference between the cost of a security and its value at maturity when quoted at lower than face value.

Duration: The weighted average maturity of a bond's cash flow stream, where the present value of the cash flows serve as the weights; the future point in time at which on average, an investor has received exactly half of the original investment, in present value terms; a bond's zero-coupon equivalent; the fulcrum of a bond's present value cash flow time line.

Fannie Mae: Trade name for the Federal National Mortgage Association (FNMA), a U.S. sponsored corporation.

Federal Reserve System: The central bank of the U.S. that consists of a seven member Board of Governors, 12 regional banks and approximately 8,000 commercial banks that are members.

Fed Wire: A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

Freddie Mac: Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. sponsored corporation.



Investment Agreements: An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity and interest rates.

Nationally Recognized Statistical Rating Organizations (NRSRO): A U.S. Securities & Exchange Commission registered agency that assesses the creditworthiness of an entity or specific security. NRSRO typically refers to Standard and Poor's Ratings Services, Fitch Ratings, Inc. or Moody's Investors Services.

New Issue: Term used when a security is originally "brought" to market.

Non-callable Bond: Also known as, "*Bullet Bond*." A non-callable bond is a debt obligation where the bond issuer does not have the option to "call the bond" i.e.-end the bond before the scheduled maturity date.

Perfected Delivery: Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

Repurchase Agreement (REPO): A transaction where the seller (bank) agrees to buy back from the buyer (District) the securities at an agreed upon price after a stated period of time.

Reverse Repurchase Agreement (REVERSE REPO): A transaction where the seller (District) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Yield Curve: The yield on bonds, notes or bills of the same type and credit risk at a specific date for maturities up to thirty years.



LAIF Policy Language Cleanup (Best Practice)

As part of our investment policy review, we identified a housekeeping item related to how the **Local Agency Investment Fund (LAIF)** is referenced in your current policy.

Your policy includes a specific dollar reference for LAIF deposits. LAIF currently permits deposits of up to **\$65 million per account**, subject to program rules established by the State Treasurer.

As a best practice, we recommend removing the specific dollar amount and instead referencing LAIF deposits more generally as **“as permitted by LAIF.”** This approach keeps the policy accurate over time and avoids the need for future updates when LAIF program limits change.

This recommendation does **not** affect your investment strategy or risk profile and is intended solely to keep the policy language current and flexible.

Placement Service Deposits – § 53601.8 Sunset Extension (Extended to January 1, 2031)

What Changed

Your investment policy currently includes language stating that the expanded authority to invest in placement service deposits would revert from **50% to 30% of the portfolio on January 1, 2026**.

Since your policy was adopted, the California Legislature extended this temporary authority under Government Code § 53601.8. As a result, the expanded placement service deposit provisions did not expire on January 1, 2026, and remain in effect through January 1, 2031.

Because the policy still references a sunset date that no longer applies, the language is now outdated and should be corrected to reflect current law.

This update is technical and compliance-driven and does not represent a change to your investment strategy or risk profile.

Recommended Policy Revision

To address this statutory update, we recommend **removing the outdated reversion language** and replacing it with the following language, which reflects the current requirements of Government Code § 53601.8:

Time deposits or placement service deposits, non-negotiable and collateralized in accordance with California Government Code § 53601.8, may be purchased through banks, savings and loan associations, or federally insured credit unions.

Deposits placed through a private-sector placement service shall not exceed fifty percent (50%) of the agency's total investment portfolio at the time of purchase, as permitted under Government Code § 53601.8.

Principal and accrued interest shall be fully insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA), or collateralized in accordance with state law. Negotiable certificates of deposit authorized under Government Code § 53601(i) are excluded from this limitation.

This authority remains in effect through January 1, 2031, unless extended by further legislative action.

Optional Medium-Term Corporate Notes and Municipal Bonds

Optional Investment Policy Considerations – Medium-Term Corporate Notes and Municipal Bonds

Medium-term corporate notes and municipal bonds are already permitted under the California Government Code and are commonly used by public agencies across the state. We believe these investment options may be appropriate additions to your investment policy for the following reasons:

- **Widely Accepted and Low Risk**

These instruments are well-established and widely used by California municipalities and other public agencies. They are not speculative investments and are structured to align with public-agency priorities emphasizing safety and liquidity.

- **Improved Diversification**

Including medium-term corporate notes and municipal bonds can provide diversification beyond U.S. Treasuries, Federal Agency Bonds, and CDs, helping to spread risk while maintaining a conservative overall investment profile.

- **Better Return Potential**

These investments generally offer slightly higher yields than U.S. Treasuries, Federal Agency Bonds, and CDs without significantly increasing risk, which may help improve overall portfolio performance.

- **Understandable and Transparent**

Both investment types are relatively easy to explain to stakeholders, including boards and the public, and are commonly included in peer agency investment policies.

While these instruments may have slightly different liquidity characteristics than U.S. Treasuries, Federal Agency Bonds, and CDs, they maintain a high level of security and meet the fiduciary standards expected for public funds. There is no requirement to add these options; this information is provided solely for your consideration.