



# FY 2026-27 PROPOSED BUDGET

## **BOARD OF DIRECTORS**

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Board of Directors:

The following pages provide an overview of the Proposed Budget for the Los Olivos Community Service District (LOCSD) for the Fiscal Year 2026-27 (FY 2026-27). The LOCSD fiscal year begins on July 1; therefore, FY 2026-27 runs from July 1, 2026 to June 30, 2027.

The LOCSD Proposed Budget for FY 2026-27 has been prepared in a manner consistent with prior budgets. By law, the LOCSD is required to develop and adopt a balanced budget. A balanced budget is one where the total expected revenues are equal to total planned spending.

Of note for FY 2026-27 is the often discussed and difficult financial situation of the LOCSD. More plainly, the LOCSD is running out of funds to move its efforts forward in a discernible fashion. While the LOCSD has applied for various grants and is pursuing other financial options, without an influx of approximately \$1.4 million, the LOCSD cannot continue its efforts to complete design activities and hold a Proposition 218 (Property Owner) vote. The overriding key to budget development for FY 2026-27 is that it does not assume any additional revenues are available beyond annual Special Tax Revenues. The FY 2026-27 budget further assumes that any groundwater monitoring will only be completed if the County of Santa Barbara provides the funding.

Failing to obtain additional revenues will force the LOCSD to consider dissolution. Dissolution would include the legally required Local Area Formation Commission (LAFCO) processes, ceding control back to the County of Santa Barbara, and giving up local control over potential wastewater solutions.

For FY 2026-27, the LOCSD anticipates \$358,144 in total cash and revenues to be available for expenditure during the fiscal year. This includes a projected \$58,123 in fund balance from FY 2025-26, \$7,685 in Interest Income, and \$295,118 in Special Tax Assessment revenues.

Expenses for FY 2026-27 are anticipated to be \$160,634, including all normal and professional services expenditures. Unlike recent years, only \$30,000 in Professional and Special Services expense is included. The basic assumption is that LOCSD would allow Padre to complete its initial environmental review work based on the Wallace Group 30% designs and a selection of a collection system approach, and that all other Professional Services contracts would be cancelled. Contracts for the General Manager, District Engineer, and District Counsel are budgeted at roughly the same rates as the current year, with the expectation that the General Manager and District Counsel will spend additional time working through the processes of dissolution in FY 2026-27.

Reserves amounts were reduced to just 15% of the Special Tax Assessment as the variability related to external contracts will be minimal and, therefore, the budget will not need as large of a buffer against unanticipated expense as it has the past few years.

If the estimated revenues and expenses occur as projected, the District would finish the year with approximately \$153,243 remaining.

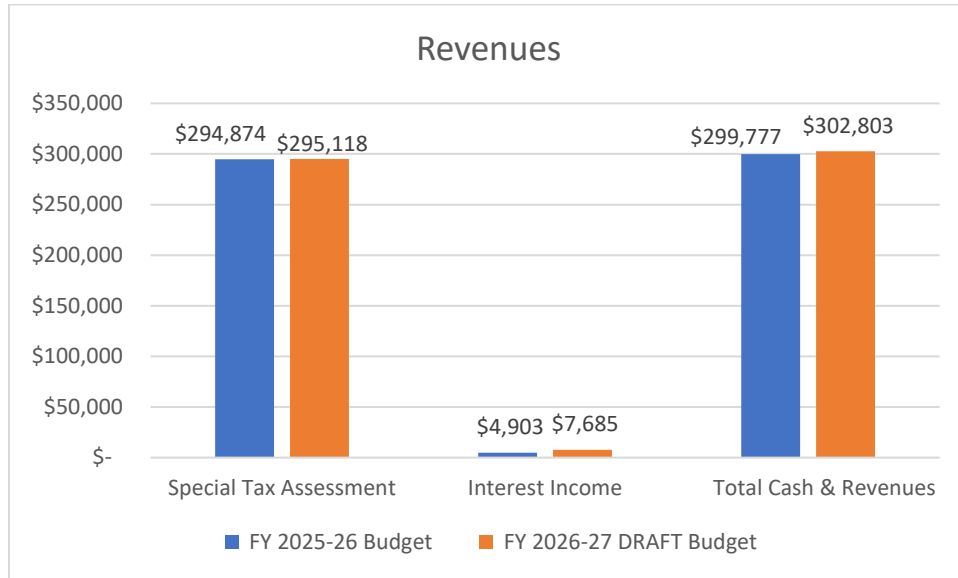
*Alternative Budgeting Approach - Additional Revenues Identified and Received*

Should the LOCSD identify and receive the approximately \$1.4 million noted as needed to complete design and Proposition 218 efforts, many of the expenses would continue as planned above. Notable changes to be considered would be the addition of community workshops, use of the \$1.4 million to pay for design and

Proposition 218 vote activities, use of approximately \$95k of the projected end of year fund balance for Assessment Engineering purposes, and a shift for the General Manager, District Counsel, and District Engineer from dissolution activities to design and vote activities.

**FY 2025-26 to FY 2026-27 Comparisons**

The Adopted FY 2025-26 budget included \$294,874 in Special Tax Assessment revenues. The FY 2026-27 Proposed Budget assumes \$295,118 in Special Tax Assessments revenues. The FY 2026-27 figure is based on actual receipts in FY 2026-27 and assumes a 2.5% increase.



**Chart 1 – Comparison of FY 2025-26 to FY 2026-27 Revenue Sources**

**Expenses**

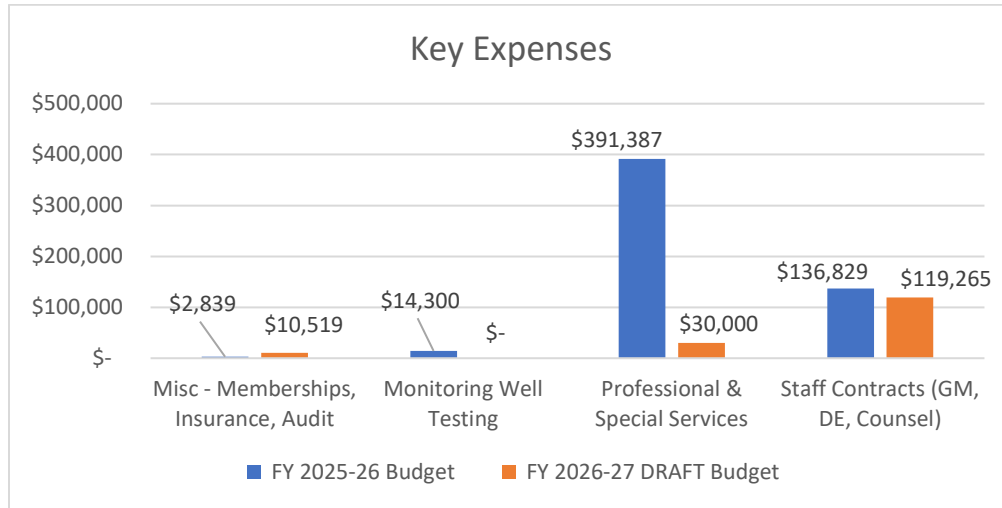
As previously noted, the expenses in the FY 2026-27 Proposed Budget includes those activities that are required to minimally operate the LOCS D and begin dissolution processes. The proposed Services and Supplies expense totals \$160,634 and includes all LOCS D contracts.

Annually incurred expenses such as insurance, audit, and office expenses comprise the majority of the smaller amounts included in the Proposed Budget. The amounts used for these expenses in the FY 2026-27 Proposed Budget were based on quotes from existing service providers and adjusted year-to-date or prior year actuals.

Expenses related to Legal Fees (District Counsel) and Contractual Services (General Manager and District Engineer contracts) are based on prior year actuals and include estimated additional efforts related to dissolution, plus any contractually agreed to increases. Where a contractually agreed increase is expected, a 2.5% Consumer Price Index (CPI) increase was assumed.

A significant increase in the costs related to Audit and Accounting Fees is included in FY 2026-27. Following a new contract being signed with Moss, Levy, Hartzheim in late 2025, the amount was adjusted to more accurately reflect anticipated actual expense.

The budgeted amount for Groundwater Monitoring Well testing was set to \$0.00. Should additional testing be required, it is recommended that the LOCSD hold out for funding from the County of Santa Barbara. The related costs for groundwater testing through GSI Water Solutions, who has been doing the LOCSD’s testing since the District drilled its first wells in 2023, is \$10,000 for each testing round. The prior year amount of \$14,300 was based on older vendor pricing.



**Chart 2 – Comparison of FY 2025-26 to FY 2026-27 Key Expenses**

Reserves

The final amount shown on FY 2026-27 Proposed Budget is a Reserve. Per Board Policy, this amount should be budgeted no less than 10% of the current operating budget. As was done beginning in FY 2023-24, a calculation related to the Special Tax Revenues was used. For FY 2026-27, the percentage was lowered to 15% of the Special Tax Revenues Therefore, the amount shown for Operational Reserve is \$44,268.

Unallocated Funds

After expenditures, and setting aside an operational reserve, the District has unallocated funds in the amount of \$153,243. This amount will be highly dependent on the amount of funds “carried over” from FY 2025-26 and Professional Services contracts that are let. Meaning it is driven by funds that were not spent in FY 2025-26.

**Los Olivos Community Services District  
FY 2025-26 Budget (DRAFT)**

Line Item Account	FY 2025-26 Budget	FY 2025-26 Budget (Projections 3/26/2026)	FY 2026-27 PROPOSED Budget	Notes
<b>Beginning Balance</b>	\$ 310,853	\$ 310,853	\$ 58,123	
<b>Revenues</b>				
<b>Taxes</b>				
3066 -- Special Tax Assessment	\$ 294,874	\$ 287,920	\$ 295,118	Amount recv'd by 3/26 x2 +2.5%
<b>Taxes</b>	<b>\$ 294,874</b>	<b>\$ 287,920</b>	<b>\$ 295,118</b>	
<b>Use of Money and Property</b>				
3380 -- Interest Income	\$ 4,903	\$ 7,685	\$ 7,685	YTD
3381 -- Unrealized Gain/Loss Invstmnts	\$ -	\$ -	\$ -	
<b>Use of Money and Property</b>	<b>\$ 4,903</b>	<b>\$ 7,685</b>	<b>\$ 7,685</b>	SALY, adjusted down, spending our funds
<b>Intergovernmental Revenue</b>				
4339 -- State - Other	\$ -	\$ -	\$ -	
4840 -- Other Governmental Agencies	\$ -	\$ -	\$ -	
<b>Intergovernmental Revenue-Other</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Miscellaneous Revenue</b>				
5895 and 5909 -- Donations	\$ -	\$ -	\$ -	
<b>Miscellaneous Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Cash &amp; Revenues</b>	<b>\$ 610,630</b>	<b>\$ 606,458</b>	<b>\$ 360,926</b>	
<b>Expenditures</b>				
<b>Services and Supplies</b>				
7090 -- Insurance	\$ 2,839	\$ 3,319	\$ 3,319	YTD
7324 -- Audit and Accounting Fees	\$ 3,500	\$ 3,500	\$ 5,900	MLH
7325 -- Other Professional Services (Well Testing)	\$ 14,300	\$ 14,300	\$ -	Assume County pays or doesn't occur
7430 -- Memberships	\$ 1,300	\$ 1,300	\$ 1,300	SALY
7450 -- Office Expense	\$ -	\$ -	\$ -	Included in Prof & Special Services
7460 -- Professional & Special Service (Project, Planning & Studies)	\$ 391,387	\$ 465,000	\$ 30,000	WG hits 2025-26, remainder of Padre, cancel all other agreements
7508 -- Legal Fees	\$ 28,762	\$ 23,000	\$ 25,595	FY 2023-24+10% (dissolution?)
7510 -- Contractual Services (GM and DE Contracts)	\$ 108,067	\$ 94,000	\$ 93,669	FY 2024-25+10% (dissolution?)
7530 -- Publications & Legal Notices	\$ 1,500	\$ 1,500	\$ 850	Budget notices + 1 workshops mailers, etc. at \$600 per workshop
7671 -- Special Projects	\$ -	\$ -	\$ -	
7732 -- Training	\$ -	\$ -	\$ -	
<b>Services and Supplies</b>	<b>\$ 551,655</b>	<b>\$ 605,919</b>	<b>\$ 160,634</b>	
<b>Other Charges</b>				
7894 - Communication Services	\$ -	\$ -	\$ -	
<b>Other Charges</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Operational Reserve</b>	\$ 58,975	\$ 57,584	\$ 44,268	15% of Special Tax Revenues, smaller than 20% for FY 2025-26
<b>Reserve</b>	<b>\$ 58,975</b>	<b>\$ 57,584</b>	<b>\$ 44,268</b>	
<b>Total Expenditures</b>	<b>\$ 610,630</b>	<b>\$ 663,503</b>	<b>\$ 204,901</b>	
<b>Ending Balance</b>	<b>\$ 0</b>	<b>\$ 58,123</b>	<b>\$ 156,025</b>	

**Table 1 – FY 2026-27 Proposed Budget**

**Year Over Year Comparison of Budgets**

**Los Olivos Community Services District  
FY 2025-26 Budget (DRAFT)**

Line Item Account	FY 2020-21 Budget	FY 2020-21 (as of 6/30/2021)	FY 2021-22 Budget	FY 2021-22 (as of 6/30/2022)	FY 2022-23 Budget	FY 2022-23 YTD Actuals (as of 6/30/23)	FY 2023-24 Budget	FY 2023-24 YTD Actuals (as of 6/30/24)	FY 2024-25 Budget	FY 2024-25 Budget (as of 6/30/25)	FY 2025-26 Budget	FY 2025-26 Budget (Projections 3/26/2026)	FY 2026-27 PROPOSED Budget	Notes
<b>Beginning Balance</b>	\$ 193,885	\$ 193,885	\$ 213,370	\$ 213,370	\$ 136,475	\$ 136,475	\$ 48,678	\$ 87,667	\$ 259,257	\$ 324,226	\$ 310,853	\$ 310,853	\$ 58,123	
<b>Revenues</b>														
<b>Taxes</b>														
3066 -- Special Tax Assessment	\$ 188,887	\$ 197,023	\$ 196,253	\$ 200,931	\$ 203,121	\$ 227,650	\$ 227,650	\$ 239,513	\$ 236,756	\$ 252,310	\$ 294,874	\$ 287,920	\$ 295,118	Amount rec'd by 3/26 x2 +2.5%
<b>Taxes</b>	\$ 188,887	\$ 197,023	\$ 196,253	\$ 200,931	\$ 203,121	\$ 227,650	\$ 227,650	\$ 239,513	\$ 236,756	\$ 252,310	\$ 294,874	\$ 287,920	\$ 295,118	
<b>Use of Money and Property</b>														
3380 -- Interest Income		\$ 839	\$ -	\$ 764	\$ 724	\$ 1,191	\$ 744	\$ 6,014	\$ 3,485	\$ 12,272	\$ 4,903	\$ 7,685	\$ 7,685	YTD
3381 -- Unrealized Gain/Loss Invstmnts		\$ (1,157)	\$ (80)	\$ (6,602)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Use of Money and Property</b>		\$ (319)	\$ (80)	\$ (5,838)	\$ 724	\$ 1,191	\$ 744	\$ 6,014	\$ 3,485	\$ 12,272	\$ 4,903	\$ 7,685	\$ 7,685	SALY, adjusted down, spending our funds
<b>Intergovernmental Revenue</b>	\$ -													
4339 -- State - Other	\$ 180,000	\$ 44,986	\$ 274,000	\$ 43,386	\$ 169,804	\$ 30,131	\$ -	\$ 75,000	\$ -	\$ 75,000	\$ -	\$ -	\$ -	
4840 -- Other Governmental Agencies								\$ 105,508	\$ -	\$ 32,608	\$ -	\$ -	\$ -	
<b>Intergovernmental Revenue-Other</b>								\$ 180,508	\$ -	\$ 107,608	\$ -	\$ -	\$ -	
<b>Miscellaneous Revenue</b>														
5895 and 5909 -- Donations								\$ 20,020		\$ -	\$ -	\$ -	\$ -	
<b>Miscellaneous Revenue</b>	\$ 180,000	\$ 44,986	\$ 274,000	\$ 43,386	\$ 169,804	\$ 30,131	\$ -	\$ 20,020	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Cash &amp; Revenues</b>	\$ 562,772	\$ 435,575	\$ 683,543	\$ 451,849	\$ 510,124	\$ 395,447	\$ 277,072	\$ 533,622	\$ 555,767	\$ 696,417	\$ 610,630	\$ 606,458	\$ 360,926	
<b>Expenditures</b>														
<b>Services and Supplies</b>														
7090 -- Insurance	\$ 2,320	\$ -	\$ 2,500	\$ 162	\$ 2,500	\$ 2,800	\$ 2,934	\$ 2,933	\$ 2,787	\$ 2,770	\$ 2,839	\$ 3,319	\$ 3,319	YTD
7324 -- Audit and Accounting Fees	\$ 4,000	\$ 2,000	\$ 4,000	\$ 178	\$ 4,000	\$ 7,775	\$ 2,500	\$ 844	\$ 2,900	\$ 6,809	\$ 3,500	\$ 3,500	\$ 5,900	MLH
7325 -- Other Professional Services (Well Testing)		\$ -	\$ 10,000	\$ -	\$ -	\$ -			\$ 12,300	\$ 14,300	\$ 14,300	\$ 14,300	\$ -	Assume County pays or doesn't occur
7430 -- Memberships	\$ 1,200	\$ 3,533	\$ 1,200	\$ 1,102	\$ 1,200	\$ 1,287	\$ 1,300	\$ 1,244	\$ 1,300		\$ 1,300	\$ 1,300	\$ 1,300	SALY
7450 -- Office Expense	\$ 2,000		\$ 2,000	\$ 600	\$ 2,000	\$ -		\$ 756	\$ -	\$ -	\$ -	\$ -	\$ -	Included in Prof & Special Services
7460 -- Professional & Special Service (Project, Planning & Studies)	\$ 193,500	\$ 54,191	\$ 439,000	\$ 156,283	\$ 189,908	\$ 219,384	\$ 78,886	\$ 148,986	\$ 160,000	\$ 103,914	\$ 391,387	\$ 465,000	\$ 30,000	WG hits 2025-26, remainder of Padre, cancel all other agreements
7508 -- Legal Fees	\$ 27,000	\$ 17,921	\$ 27,000	\$ 27,165	\$ 30,000	\$ 36,481	\$ 45,529	\$ 23,268	\$ 28,061	\$ 16,102	\$ 28,762	\$ 23,000	\$ 25,595	FY 2023-24+10% (dissolution?)
7510 -- Contractual Services (GM and DE Contracts)	\$ 80,400	\$ 95,023	\$ 67,000	\$ 103,038	\$ 49,000	\$ 79,041	\$ 98,643	\$ 95,761	\$ 105,431	\$ 85,154	\$ 108,067	\$ 94,000	\$ 93,669	FY 2024-25+10% (dissolution?)
7530 -- Publications & Legal Notices	\$ 1,000	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 1,750		\$ 1,750	\$ -	\$ 1,500	\$ 1,500	\$ 850	Budget notices + 1 workshops mailers, etc. at \$600 per workshop
7671 -- Special Projects	\$ 8,000	\$ -	\$ 15,000	\$ -	\$ 175,000	\$ -		\$ 574	\$ -	\$ -	\$ -	\$ -	\$ -	
7732 -- Training	\$ 1,500	\$ -	\$ 1,500	\$ -	\$ 1,500	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Services and Supplies</b>	\$ 320,920	\$ 172,668	\$ 574,200	\$ 288,527	\$ 460,108	\$ 346,769	\$ 231,542	\$ 274,365	\$ 314,529	\$ 229,049	\$ 551,655	\$ 605,919	\$ 160,634	
<b>Other Charges</b>														
7894 - Communication Services	\$ 930	\$ 600	\$ 930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Other Charges</b>	\$ 930	\$ 600	\$ 930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Operational Reserve</b>							\$ 45,530		\$ 47,351		\$ 58,975	\$ 57,584	\$ 44,268	15% of Special Tax Revenues, smaller than 20% for FY 2025-26
<b>Reserve</b>						\$ -	\$ 45,530	\$ -	\$ 47,351	\$ -	\$ 58,975	\$ 57,584	\$ 44,268	
<b>Total Expenditures</b>	\$ 321,850	\$ 173,268	\$ 575,130	\$ 288,527	\$ 460,108	\$ 346,769	\$ 277,072	\$ 274,365	\$ 361,880	\$ 229,049	\$ 610,630	\$ 663,503	\$ 204,901	
<b>Ending Balance</b>	\$ 240,922	\$ 262,307	\$ 108,413	\$ 163,321	\$ 49,293	\$ 48,678	\$ 0	\$ 259,257	\$ 193,888	\$ 467,368	\$ 0	\$ 58,123	\$ 156,025	

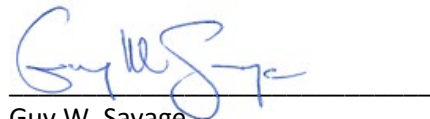
**FY 2026-27 Budget Timeline**

<b>PROPOSED STEPS</b>		<b>DATE</b>
1	GM prepares proposed DRAFT Budget, posts on-line for public review	3/27/2026
2	Finance Subcommittee reviews and comments prior to posting for Regular Board meeting	4/3/2026
3	Board reviews PROPOSED budget at a Regular Meeting and determines a Budget Hearing Date	4/8/2026
4	The District will publish a notice stating that the GM has prepared a proposed final budget which is available for inspection on the website; and include the date, time, and place when the Board will meet to adopt the final budget and that any person may appear and be heard regarding any item in the budget or regarding the addition of other items.  Publication must be at least 2 weeks before Budget adoption meeting in at least one newspaper of general circulation in the district. NOTE: The notice must be PUBLISHED at least two weeks before the hearing, (Santa Maria Times). It only needs to be published one time. Post DRAFT Budget on Website.	5/15/2026 - publication must be at least 2 weeks before 6/10/2026 meeting
5	FINAL Budget hearing, part of Regular Meeting	6/10/2026
6	Post FINAL Budget on website	6/30/2026

**Table 2 – FY 2026-27 Budget Timeline**

As a resident of the District, I would like to thank you for your ongoing support of the Los Olivos Community Services District’s mission to ensure local control and improve groundwater quality by converting septic systems to a community wastewater collection, treatment, and reclamation facility. The District is faced with its biggest funding challenge since formation and your steady guidance is greatly appreciated.

Sincerely,



Guy W. Savage  
General Manager  
Los Olivos Community Services District