



**FY 2025-26  
PROPOSED  
BUDGET**

**BOARD OF DIRECTORS**

**Julie Kennedy, President**

**Lisa Palmer, Vice President**

**Tom Fayram, Director**

**Tom Nelson, Director**

**Greg Parks, Director**

**General Manager**

**Guy Savage**

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 2025-26 (FY 2025-26). The LOCSD fiscal year begins on July 1; therefore, FY 2025-26 runs from July 1, 2025 to June 30, 2026. Details of the Proposed Budget can be found on Page 4 of this document and are based on input from your March 12, 2024 Strategic and Budget Planning session, coupled with subsequent commentary in open session and from your Finance Subcommittee.

The LOCSD Proposed Budget for FY 2025-26 has been prepared consistent with the current FY 2024-25 budget. 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.

For FY 2025-26, the LOCSD anticipates \$610,630 in total cash and revenues to be available for expenditure during the fiscal year. This includes \$310,853 in fund balance from FY 2024-25, \$4,903 in Interest Income, and \$294,874 in Special Tax Revenues.

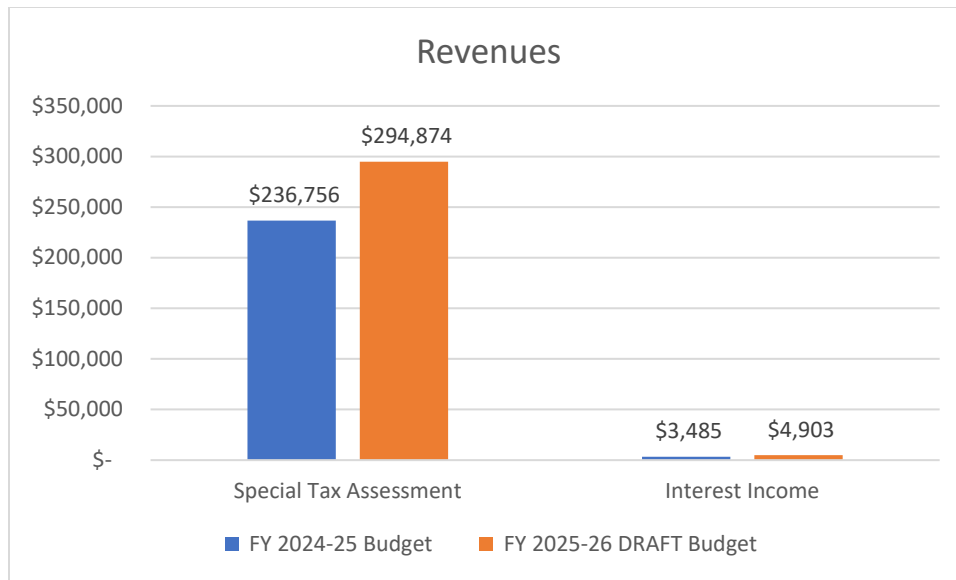
Expenses for FY 2025-26 are anticipated to be \$585,268, including all normal and professional services expenditures. Of particular note is \$425,000 in Professional and Special Services expense that are intended to set aside funding for 80% design, engineering, and cost studies (\$300,000) and environmental review (\$125,000).

Reserves are anticipated to be set at \$58,975 for the fiscal year.

Importantly, should the two Professional and Special Services expenses and normal service expenditures forecast be accurate, the LOCSD will need to use \$33,612 of its reserves to cover the forecast costs, leaving just \$25,362 in reserves at the end of the year. While not a preferred approach, the General Manager believes that this is a reasonable approach particularly as the District does not have assets that must be maintained and can manage its other professional services expenditures throughout the year. One significant downside is that very little funds will be carried into the subsequent fiscal year (FY 2026-27) and future activities will need to be curtailed until additional funding is obtained.

**FY 2024-25 to FY 2025-26 Comparisons**

The Adopted FY 2024-25 budget included \$236,756 in Special Tax Assessment revenues. The FY 2025-26 Proposed Budget assumes \$294,874 in Special Tax Assessments revenues. The FY 2025-26 figure is based on actual receipts in FY 2025-26 and assumes a 2.5% increase. No grant funds are assumed or budgeted for in FY 2025-26.



**Chart 1 – Comparison of FY 2024-25 to FY 2025-26 Revenue Sources**

Expenses

The expenses in the FY 2025-26 Proposed Budget includes those activities that are required to operate the LOCS D during a typical year plus any planned projects. The proposed Services and Supplies expense totals \$585,268.

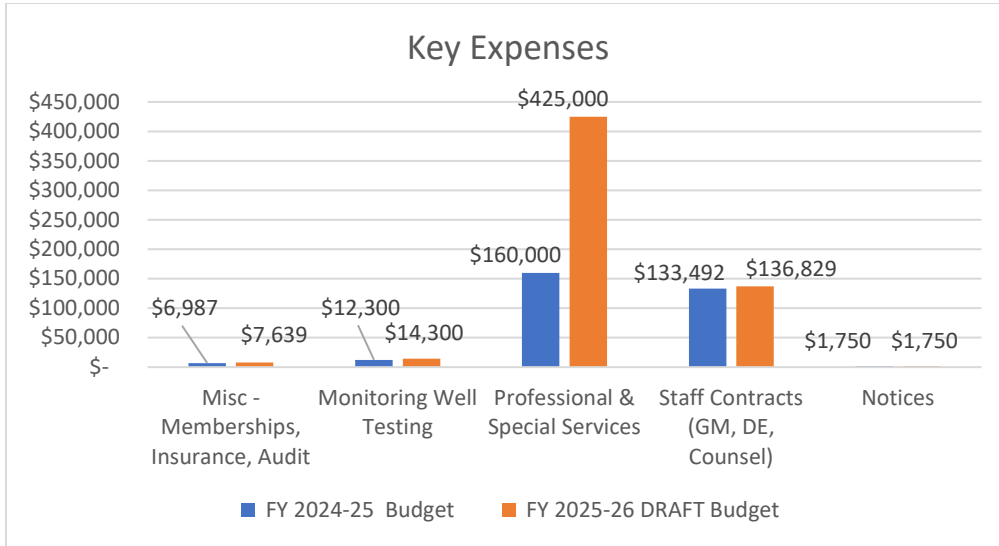
Annually incurred expenses such as insurance, audit, and office expenses comprise the majority of the smaller amounts included in the Proposed Budget. The amounts used for these expenses in the FY 2025-26 Proposed Budget were based on quotes from existing service providers or prior year actuals.

Expenses related to Legal Fees and Contractual Services (GM and DE contracts) are based on a straight-line projection of FY 2024-25 actuals, plus any contractually agreed to increases. Where a contractually agreed increase is expected, a 2.5% Consumer Price Index (CPI) increase was assumed. Unlike prior years, a specific budget line item has been added for Groundwater Monitoring Well testing. The budgeted amount is based on the contract with GSI Water Solutions, who has been doing the LOCS D’s testing since the District drilled its first wells in 2023.

As part of your FY 2025-26 budget discussions, your Board emphasized increased public engagement. For this reason, five public notifications, including mailers to all property owners within the LOCS D, have been assumed. Additionally, the LOCS D is required to provide public notice in a local newspaper for its Budget Hearing. Combined, these Publication and Legal Notice costs are estimated to be \$1,750 for FY 2025-26.

The other significant expense shown in the FY 2025-26 Proposed Budget is Professional & Special Service. Based on recommendations from the Finance Subcommittee, an amount of \$425,000 is shown in the Proposed Budget for Professional and Special Services. This amount includes \$300,000 for 80% design, engineering, and cost estimating and \$125,000 for environmental review.

Additional notable expenses include staff contracts for the General Manager, District Engineer, and District Counsel. Each of these was estimated based on current year costs through March and then a calculation was made to estimate a full 12-month expense amount, then a 2.5% CPI adjustment was added.



**Chart 2 – Comparison of FY 2024-25 to FY 2025-26 Key Expenses**

Reserves

The final amount shown on FY 2025-26 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, instead of using an amount tied directly to the operating budget, a calculation related to the Special Tax Revenues was used. Therefore, the amount shown for Operational Reserve is \$58,975, or 20% of the Special Tax Revenues.

Unallocated Funds

After expenditures, and setting aside an operational reserve, the District has no unallocated funds. This amount will be highly dependent on the amount of funds “carried over” from FY 2024-25. Meaning it is driven by funds that were not spent in FY 2024-25. This amount can be targeted as the year progresses towards new efforts your Board would like to see completed.

**Los Olivos Community Services District  
FY 2025-26 Budget (DRAFT) - 4/4/2025**

Line Item Account	FY 2024-25 Budget	FY 2024-25 Budget (as of 3/11/25)	FY 2025-26 DRAFT Budget w/carry over	FY 2025-26 DRAFT Budget zero based	Notes
<b>Beginning Balance</b>	\$ 302,199	\$ 285,475	\$ 310,853	\$ -	
<b>Revenues</b>					
<b>Taxes</b>					
3066 -- Special Tax Assessment	\$ 236,756	\$ 143,841	\$ 294,874	\$ 294,874	2x amount recv'd by 3/11 (one payment * 2)+2.5%
<b>Taxes</b>	\$ 236,756	\$ 143,841	\$ 294,874	\$ 294,874	
<b>Use of Money and Property</b>					
3380 -- Interest Income	\$ 3,485	\$ 4,903	\$ 4,903	\$ 4,903	YTD
3381 -- Unrealized Gain/Loss Invstmnts	\$ -	\$ -	\$ -	\$ -	
<b>Use of Money and Property</b>	\$ 3,485	\$ 4,903	\$ 4,903	\$ 4,903	
<b>Intergovernmental Revenue</b>					
4339 -- State - Other	\$ -	\$ -	\$ -	\$ -	
4840 -- Other Governmental Agencies	\$ -	\$ -	\$ -	\$ -	
<b>Intergovernmental Revenue-Other</b>	\$ -	\$ -	\$ -	\$ -	
<b>Miscellaneous Revenue</b>					
5895 and 5909 -- Donations	\$ -	\$ -	\$ -	\$ -	
<b>Miscellaneous Revenue</b>	\$ -	\$ -	\$ -	\$ -	
<b>Total Cash &amp; Revenues</b>	\$ 555,767	\$ 434,219	\$ 610,630	\$ 299,777	
<b>Expenditures</b>					
<b>Services and Supplies</b>					
7090 -- Insurance	\$ 2,787	\$ 2,770	\$ 2,839	\$ 2,839	SALY+2.5%
7324 -- Audit and Accounting Fees	\$ 2,900	\$ -	\$ 3,500	\$ 3,500	Actual 2023-24
7325 -- Other Professional Services (Well Testing)	\$ 12,300	\$ 7,414	\$ 14,300	\$ 14,300	Per contract, twice a year, all 5 wells, nitrates only
7430 -- Memberships	\$ 1,300	\$ -	\$ 1,300	\$ 1,300	SALY
7450 -- Office Expense	\$ -	\$ -	\$ -	\$ -	Included in Prof & Special Services
7460 -- Professional & Special Service (Project, Planning & Studies)	\$ 160,000		\$ 425,000	\$ 425,000	\$300K 80% Design, \$125k Environmental
7508 -- Legal Fees	\$ 28,061	\$ 12,335	\$ 28,762	\$ 28,762	SALY+2.5%
7510 -- Contractual Services (GM Contract, Engineer)	\$ 105,431	\$ 50,847	\$ 108,067	\$ 108,067	SALY+2.5%
7530 -- Publications & Legal Notices	\$ 1,750	\$ -	\$ 1,500	\$ 1,500	Budget notices + 3 workshops mailers, etc. at \$300 per workshop
7671 -- Special Projects	\$ -	\$ -	\$ -	\$ -	
7732 -- Training	\$ -	\$ -	\$ -	\$ -	
<b>Services and Supplies</b>	\$ 314,529	\$ 73,366	\$ 585,268	\$ 585,268	
<b>Other Charges</b>					
7894 - Communication Services	\$ -	\$ -	\$ -	\$ -	
<b>Other Charges</b>	\$ -	\$ -	\$ -	\$ -	
<b>Operational Reserve</b>					
	\$ 47,351		\$ 58,975	\$ 58,975	20% of Special Tax Revenues
<b>Reserve</b>	\$ 47,351	\$ -	\$ 58,975	\$ 58,975	
<b>Total Expenditures</b>	\$ 361,880	\$ 73,366	\$ 644,243	\$ 644,243	
<b>Ending Balance</b>	\$ 193,888	\$ 360,853	\$ (33,612)	\$ (344,466)	

**Table 1 – FY 2025-26 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 3/11/25)	FY 2025-26 DRAFT Budget w/carry over	Notes
<b>Beginning Balance</b>	\$ 193,885	\$ 193,885	\$ 213,370	\$ 213,370	\$ 136,475	\$ 136,475	\$ 48,678	\$ 87,567	\$ 259,257	\$ 285,475	\$ 310,853	
<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	\$ 143,841	\$ 294,874	2x amount rec'd by 3/11 (one payment * 2)+2.5%
<b>Taxes</b>	\$ 188,887	\$ 197,023	\$ 196,253	\$ 200,931	\$ 203,121	\$ 227,650	\$ 227,650	\$ 239,513	\$ 236,756	\$ 143,841	\$ 294,874	
<b>Use of Money and Property</b>												
3380 -- Interest Income		\$ 839	\$ -	\$ 764	\$ 724	\$ 1,191	\$ 744	\$ 6,014	\$ 3,485	\$ 4,903	\$ 4,903	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	\$ 4,903	\$ 4,903	
<b>Intergovernmental Revenue</b>												
4339 -- State - Other	\$ 180,000	\$ 44,986	\$ 274,000	\$ 43,386	\$ 169,804	\$ 30,131	\$ -	\$ 75,000	\$ -	\$ -	\$ -	
4840 -- Other Governmental Agencies								\$ 105,508	\$ -	\$ -	\$ -	
<b>Intergovernmental Revenue-Other</b>								\$ 180,508	\$ -	\$ -	\$ -	
<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	\$ 434,219	\$ 610,630	
<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	SALY+2.5%
7324 -- Audit and Accounting Fees	\$ 4,000	\$ 2,000	\$ 4,000	\$ 178	\$ 4,000	\$ 7,775	\$ 2,500	\$ 844	\$ 2,900	\$ -	\$ 3,500	Actual 2023-24
7325 -- Other Professional Services (Well Testing)		\$ -	\$ 10,000	\$ -		\$ -			\$ 12,300	\$ 7,414	\$ 14,300	Per contract, twice a year, all 5 wells, nitrates only
7430 -- Memberships	\$ 1,200	\$ 3,533	\$ 1,200	\$ 1,102	\$ 1,200	\$ 1,287	\$ 1,300	\$ 1,244	\$ 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		\$ 425,000	\$300K 80% Design, \$125k Environmental
7508 -- Legal Fees	\$ 27,000	\$ 17,921	\$ 27,000	\$ 27,165	\$ 30,000	\$ 36,481	\$ 45,529	\$ 23,268	\$ 28,061	\$ 12,335	\$ 28,762	SALY+2.5%
7510 -- Contractual Services (IGM Contract, Engineer)	\$ 80,400	\$ 95,023	\$ 67,000	\$ 103,038	\$ 49,000	\$ 79,041	\$ 98,643	\$ 95,761	\$ 105,431	\$ 50,847	\$ 108,067	SALY+2.5%
7530 -- Publications & Legal Notices	\$ 1,000	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 1,750		\$ 1,750	\$ -	\$ 1,500	Budget notices + 3 workshops mailers, etc. at \$300 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	\$ 73,366	\$ 585,268	
<b>Other Charges</b>												
7894 - Communication Services	\$ 930	\$ 600	\$ 930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Other Charges</b>	\$ 930	\$ 600	\$ 930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Operational Reserve</b>												
<b>Reserve</b>												
							\$ 45,530		\$ 47,351		\$ 58,975	20% of Special Tax Revenues
							\$ 45,530	\$ -	\$ 47,351	\$ -	\$ 58,975	
<b>Total Expenditures</b>	\$ 321,850	\$ 173,268	\$ 575,130	\$ 288,527	\$ 460,108	\$ 346,769	\$ 277,072	\$ 274,365	\$ 361,880	\$ 73,366	\$ 644,243	
<b>Ending Balance</b>	\$ 240,922	\$ 262,307	\$ 108,413	\$ 163,321	\$ 49,293	\$ 48,678	\$ 0	\$ 259,257	\$ 193,888	\$ 360,853	\$ (33,612)	

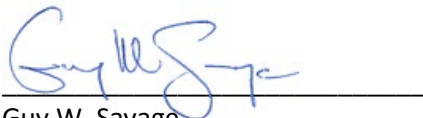
**FY 2025-26 Budget Timeline**

<b>PROPOSED STEPS</b>		<b>DATE</b>
1	DRAFT Budget to Finance Subcommittee	4/4/2025
2	Budget Workshop, after Regular Meeting concludes	4/9/2025
3	GM prepares recommended DRAFT Budget	4/30/2025
4	Finance Committee prepares and approves recommended DRAFT Budget to present to Board	5/9/2025
5	Board Approves a PRELIMINARY budget at a Regular Meeting and determines a Hearing Date, after Community Workshop concludes	5/14/2025
6	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.	5/20/2024 - publication must be at least 2 weeks before 6/11/2025 meeting
7	FINAL Budget hearing, part of Regular Meeting	6/11/2025
8	Post FINAL Budget on website	6/20/2025

**Table 2 – FY 2025-26 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 improve groundwater quality by converting septic systems to a community wastewater collection, treatment, and reclamation facility in the Los Olivos area.

Sincerely,



Guy W. Savage  
General Manager  
Los Olivos Community Services District