

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339, Oceano, California 93475-0339

1600 Aloha Oceano, California 93445-9735

Telephone (805) 489-6666 FAX (805) 489-2765

www.sslcisd.org

AGENDA

BOARD OF DIRECTORS MEETING

City of Arroyo Grande, City Council Chambers

215 East Branch Street

Arroyo Grande, California 93420

Wednesday, May 20, 2015 at 6:00 P.M.

Board Members

Jim Hill, Chair

John Shoals, Vice Chair

Matthew Guerrero, Director

Agencies

City of Arroyo Grande

City of Grover Beach

Oceano Community Services District

Alternate Board Members

Mary Lucey, Director

Tim Brown, Director

Barbara Nicolls, Director

Oceano Community Services District

City of Arroyo Grande

City of Grover Beach

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

This public comment period is an invitation to members of the community to present comments, thoughts or suggestions on matters not scheduled on this agenda. Comments should be limited to those matters which are within the jurisdiction of the District. The Brown Act restricts the Board from taking formal action on matters not published on the agenda. In response to your comments, the Chair or presiding Board Member may:

- Direct Staff to assist or coordinate with you.
- It may be the desire of the Board to place your issue or matter on a future Board meeting agenda.

Please adhere to the following procedures when addressing the Board:

- Comments should be limited to three (3) minutes or less.
- Your comments should be directed to the Board as a whole and not directed to individual Board members.
- Slanderous, profane or personal remarks against any Board Member, Staff or member of the audience shall not be permitted.

Any writing or document pertaining to an open-session item on this agenda which is distributed to a majority of the Board after the posting of this agenda will be available for public inspection at the time the subject writing or document is distributed. The writing or document will be available for public review in the offices of the Oceano CSD, a member agency located at 1655 Front Street, Oceano, California. Consistent with the Americans with Disabilities Act (ADA) and California Government Code §54954.2, requests for disability related modification or accommodation, including auxiliary aids or services may be made by a person with a disability who requires

modification or accommodation in order to participate at the above referenced public meeting by contacting the District Manager or Bookkeeper/Secretary at (805) 481-6903.

3. CONSENT AGENDA

The following routine items listed below are scheduled for consideration as a group. Each item is recommended for approval unless noted. Any member of the public who wishes to comment on any Consent Agenda item may do so at this time. Any Board Member may request that any item be withdrawn from the Consent Agenda to permit discussion or to change the recommended course of action. The Board may approve the remainder of the Consent Agenda on one motion.

3A. Review and Approval of the Minutes of the May 06, 2015 Meeting

3B. Review and Approval of Warrants

3C. Monthly Cash Report April 2015

4. PLANT SUPERINTENDENT'S REPORT

5. BOARD ACTION ON INDIVIDUAL ITEMS:

5A. FY 2015-16 PRELIMINARY BUDGET

It is the staff recommendation that the Board review and consider the proposed FY 2015-16 Preliminary Budget and consider adopting a Final Budget after a public hearing at the June 3, 2015 meeting.

5B. FY 2014 DRAFT AUDIT PRESENTATION

It is the staff recommendation that the Board receive a presentation of the FYE 2014 audit report of the District's financial records by Moss, Levy & Hartzheim, LLP, the District's independent auditor; resolve questions; call for revisions; and file the report.

5C. REDUNDANCY PROJECT

That the Board receive the report, discuss issues and provide direction.

5D. WATER RECYCLING PROJECT

That the Board receive the report, discuss issues and provide direction.

6. MISCELLANEOUS ITEMS

6A. Miscellaneous Oral Communications

6B. Miscellaneous Written Communications

7. PUBLIC COMMENT ON CLOSED SESSION

8. CLOSED SESSION

(1) Conference with Legal Counsel regarding Existing Litigation;
Pursuant to Government Code Section 54956.9;b1; South San

Luis Obispo County Sanitation District vs. State Water
Resources Control Board

Case Number

34-2012-80001209-CU-WM-GDS

(2)

Conference with Legal Counsel regarding Potential Litigation
Government Code section 54956.9 (2) Allen DFEH Number
444099-139808;

9. RETURN TO OPEN SESSION; REPORT ON CLOSED SESSION

10. ADJOURNMENT

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

City of Arroyo Grande, City Council Chambers
215 East Branch Street
Arroyo Grande, California 93420

Minutes of the Meeting of Wednesday May 06, 2015
6:00 P.M.

1. CALL TO ORDER AND ROLL CALL

Present: Chairman Jim Hill, City of Arroyo Grande; Director John Shoals, City of Grover Beach; Director Matthew Guerrero, Oceano Community Services District;

District Staff in Attendance: Rick Sweet, District Manager; Mike Seitz, District Counsel; John Clemmons, Plant Superintendent; Amy Simpson, District Bookkeeper/Secretary.

2. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

Director Hill opened the public comment period.

Julie Tacker asked about the rate study, redundancy, and unfunded liabilities.

Beatrice Spencer is concerned the District uses QuickBooks for accounting.

Brad Snook spoke of the Water Reclamation Project in Pismo Beach.

There being no more public comment, Director Hill closed the public comment period.

3. CONSENT AGENDA

3A. Review and Approval of the Minutes of the April 01, 2015 Meeting

3B. Review and Approval of the Minutes of the April 15, 2015 Meeting

3C. Review and Approval of Warrants

3D. Review of Financials as of March 31, 2015

3A was approved 2-0 with 1 no vote.

3B was approved 2-0 with 1 no vote.

3C and 3D were approved unanimously by roll call vote.

4. PLANT SUPERINTENDENT'S REPORT

Plant Superintendent Clemmons presented the Plant Superintendent's Report which shows that the Plant numbers remain steady and strong and are in compliance with regulatory limits. Mr. Clemmons spoke about the maintenance, safety and training, and projects being done by Staff at the Plant.

Ron Holt asked if water conservation has affected the plant in anyway.

Action: The Board received and filed the Plant Superintendent's report.

5. BOARD ACTION ON INDIVIDUAL ITEMS:

5A. LEGAL REVIEW OF BOARD QUALIFICATIONS

The Board received a report from Legal Counsel regarding Board membership qualifications and directed staff to file this opinion in District's files.

Julie Tacker gave public comment.

5B. REPORT FROM PROPOSAL REVIEW COMMITTEE CHAIRMAN, BRAD SNOOK

The Board received a report from the Proposal Review Committee Chairman, Brad Snook, making a recommendation to the Board to contract with Knudson and Associates to do a Management Review.

April McLaughlin thanked the Board for the opportunity to serve on the committee. She was concerned to learn that the District uses QuickBooks.

Sharon Brown complimented the members of the Review Committee.

Julie Tacker is very impressed with the Knudson proposal.

5C. CONTRACT WITH KNUDSON AND ASSOCIATES TO PERFORM REVIEW OF PAST MANAGEMENT PRACTICES AND ADOPT RESOLUTION 2015-328, A RESOLUTION DIRECTING DISTRICT MANAGER TO EXECUTE A CONTRACT WITH KNUDSON AND ASSOCIATES TO PERFORM REVIEW OF PAST MANAGEMENT PRACTICES

The Board directed and authorized the District Manager to execute a contract, as detailed in the Request for Proposals, with Knudson and Associates to perform Review of Past Management Practices by adoption of Resolution No.2015-328.

PUBLIC COMMENT

Brad Snook does not believe there is a concern in regards to the engineering portion of the Management Review.

District Manager Rick Sweet did check the references for Knudson and Associates and found that each reference reported that Knudson had met or exceeded their expectations and was very mindful in consideration of financial constraints.

Action: The Board approved and adopted Resolution

RESOLUTION 2015-326
A RESOLUTION DIRECTING DISTRICT MANAGER TO EXECUTE A
CONTRACT WITH KNUDSON AND ASSOCIATES TO PERFORM REVIEW OF
PAST MANAGEMENT PRACTICES

6. MISCELLANEOUS ITEMS**A. Miscellaneous Oral Communications**

Director Hill wanted the record to show that he has asked for Redundancy, Recycled Water, Unfunded Pers and the Rate Study to all be put on the agenda.

He also attended the Pismo Water Recycling meeting. One concern he has is the discussion regarding the use of the effluent from our plant to dilute the brine from Pismo's potential Recycled Water Project.

Director Shoals feels that staff has accomplished a decent amount of discussions and understands the limited amount of staff resources. He recommended that staff bring back a time frame describing when the items Director Hill mentioned will be on the agenda.

District Manager Rick Sweet announced that staff is making an attempt to discuss most of these items at the next meeting. The 2014 Audit will be presented at the next meeting and it will address Unfunded Liability will be mentioned or at least be defined it. He also reported that we still we are still waiting for construction, administration and design cost to finish the Redundancy Study. These numbers will be used to complete the Rate Study.

B. Miscellaneous Written Communications

1. 2nd California Water Summit Registration Information
2. The Ferguson Group *CY 2014/FFY 2015 Federal Agenda and Work Plan*, received from Julie Tacker at April 15, 2015 meeting.

7. PUBLIC COMMENT ON CLOSED SESSION

Director Hill asked for public comment. There being no public comment, Director Hill closed the public comment period.

8. RETURN TO OPEN SESSION; REPORT ON CLOSED SESSION

- (1) Conference with Legal Counsel regarding Existing Litigation; Pursuant to Government Code Section 54956.9;b1; South San Luis Obispo County Sanitation District vs. State Water Resources Control Board
Case Number
34-2012-80001209-CU-WM-GDS

The Board heard a report from Legal Counsel and took no reportable Action.

9. ADJOURNMENT

There being no further business to come before the Board, Director Hill adjourned the meeting at approximately 7:15p.m.

THESE MINUTES ARE DRAFT AND NOT OFFICIAL UNTIL APPROVED BY THE BOARD OF DIRECTORS AT A SUBSEQUENT MEETING.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
WARRANT REGISTER
05/20/2015 FY 2014/15

ISSUED TO	BUDGET LINE ITEM	WARRANT NO.	ACCT	ACCT BRKN	TOTAL
ADVANTAGE TECHNICAL SERVICES	STRUCTURE/GROUNDS	052015-9447	26-8065	3,400.00	3,400.00
AIRFLOW FILTER SERVICES	EQUIPMENT MAINTENANCE	48	8030	144.00	144.00
ALLIED ADMINISTRATORS	DENTAL	49	6025	1,055.36	1,055.36
AQUA BEN	EQUIPMENT MAINTENANCE	50	8030	3,609.85	3,609.85
ARAMARK	EMPLOYEE UNIFORMS	51	7025	240.01	240.01
AT&T	UTILITIES-TELEPHONE	52	7013	499.41	499.41
B&B STEEL	EQUIPMENT MAINTENANCE	53	8030	193.50	193.50
BRENNTAG	PLANT CHEMICALS	54	8050	4,476.70	4,476.70
CALIFORNIA ELECTRIC	EQUIPMENT MAINTENANCE	55	8030	2,212.48	2,212.48
CCWT	LAB SUPPLIES	56	7025	180.00	180.00
DSC	LAB SUPPLIES	57	8040	264.50	264.50
FASTENAL	EQUIPMENT MAINTENANCE	58	8030	119.69	119.69
FED EX	CHEMICAL ANALYSIS	59	7078	18.45	18.45
FGL	CHEMICAL ANALYSIS	60	7078	1,804.00	1,804.00
GTA	ENGINEERING	62	7077	2,348.70	2,348.70
JB DEWAR	FUEL	63	8020	279.67	279.67
JOSLYN HODSON ACCOUNTING	AUDITING	64	7072	877.50	877.50
LEWIS, MARC	EDUCATION AND MEMBERSHIPS	65	7050	230.00	230.00
MINERS	HOUSEHOLD	66	8035	308.13	308.13
MOSS, LEVY & HARTZHEIM	AUDITING	67	7072	2,045.00	2,045.00
NESTLE PURE LIFE	HOUSEHOLD	68	8035	8.78	8.78
OCCSD	BILLING	69	7074	11,000.00	11,000.00
OG&E	UTILITIES-ELECTRIC	70	8050	5,835.10	5,835.10
OLDYNE INC.	PLANT CHEMICALS	71	20-8010	7,405.25	7,405.25
ROYAL WHOLESALE ELECTRIC	CAPITAL EQUIPMENT	72	7070	1,044.00	5,629.60
SHIPSEY & SEITZ	LEGAL COUNSEL		7070	2,403.20	
	LEGAL COUNSEL		7071	2,182.40	
	LEGAL COUNSEL		7071	2,182.40	
	AUTOMOTIVE		8032	94.60	94.60
S&M TIRE	UTILITIES-GAS	73	7092	1,357.01	1,357.01
SO CAL GAS	COMMUNICATIONS	74	7013	139.20	139.20
SPRINT	COMMUNICATIONS	75	7013	62.20	62.20
STANLEY	LAB SUPPLIES	76	7011	36.73	36.73
VWR	LAB SUPPLIES	77	8040		
SUB TOTAL				\$ 55,875.42	\$ 55,875.42
SO. SLO CO. SANITATION DISTRICT	RABOBANK REIMBURSEMENT	78		2,377.07	2,377.07
SO. SLO CO. SANITATION DISTRICT	PERS RETIREMENT	79		3,518.48	3,518.48
SO. SLO CO. SANITATION DISTRICT	PAYROLL REIMBURSEMENT	80		26,211.66	26,211.66
SUB TOTAL				\$ 26,211.66	\$ 26,211.66
GRAND TOTAL				\$ 82,087.08	\$ 82,087.08

We hereby certify that the demands numbered serially from 052015-9447 to 052015-9480 together with the supporting evidence have been examined, and that they comply with the requirements of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT. The demands are hereby approved by motion of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT, together with warrants authorizing and ordering the issuance of checks numbered identically with the particular demands and warrants.

BOARD OF DIRECTORS:

DATE:

Chairman

Board Member

Board Member

Secretary



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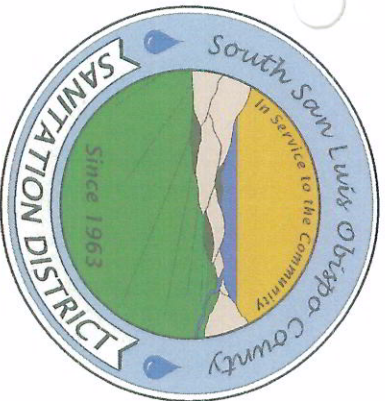
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SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT MONTHLY CASH REPORT

Cash Balance at 03/31/15	\$ 5,288,470.57
Deposits	325,012.24
Interest Payment LAIF	1,545.10
Interest Payment County Treasury	2,403.43
Warrant Register 04/01/15	(79,036.47)
Warrant Register 04/15/15	(51,558.63)
Payroll PPE 04/03/15	(25,332.70)
Payroll PPE 04/17/15	(24,380.24)
Cal Pers Medical	(15,513.03)
Cal Pers Retirement	(6,909.57)
Rabobank April Activity	(2,377.07)
Total April Activity	123,853.06

Cash Balance at 04/30/15 5,412,323.63

Cash by Institution	CASH BALANCE
	@ 04/30/15
Cash with County Treasury	\$ 2,924,827.97
Cash with LAIF	2,410,830.88
Cash with Rabobank	76,664.78
	<u>\$ 5,412,323.63</u>



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

1600 Aloha Oceano, California 93445-9735
Telephone (805) 489-6666 FAX (805) 489-2765

Date: May 15, 2015

To: SSLOCSD Board of Directors

From: John Clemmons, District Superintendent

Via: Rick Sweet, District Manager

Subject: Superintendent's Report

Operations

Chart 1 – Plant Data

May 2015*	INF Flow MGD	Peak Flow MGD	INF BOD mg/L	EFF BOD mg/L	INF TSS mg/L	EFF TSS mg/L	Fecal Coli	CI2 lbs/day	BOD REM Eff. %
Average	2.21	3.43	470	28.7	453	30.1	60	155	93.9
High	2.35	4.10	472	31.0	464	30.5	350	270	
Limit	5.0			40/60/90		40/60/90	2000		80
CY 2014 Monthly									
Average	2.35	3.8	392	26	406	31	87	188	93.4
High	2.70	4.8	444	34	470	39	1600	250	

* = Plant data through May 15th.

Limit – 40/60/90 represent NPDES Permit limits for the monthly average, weekly average, and instantaneous value for plant effluent BOD and TSS.

Treatment processes continue to operate efficiently. All KPI (key performance indicator) parameters are well within permit limits. Although influent flow rates are lower, influent BOD and TSS loadings are much higher. The Plant continues to handle the increased loadings well.

Maintenance

- Replaced 4 Dzuric valves in heated sludge recirculation line.

- Removed sludge line section to #1 digester to stop sludge leakage into digester.
- Stopped feeding and mixing to #2 Digester due to high volatile acid to alkalinity ratio. Prevent “sour” digester.
- Removed access hatches on #1 digester.
- Tested emergency back-up (Paco) pump and emergency generator.
- Installed electrical conduit for new communications. and power lines.

Call Outs

- Thursday, April 14, 2015, 8:00 pm – On-Duty Operator received alarm notification. Arrived at Plant at 8:08 pm. Identified “Waste Gas Burner Pilot Failure” alarm. Inspected flare unit. Pilot was back on.

In-Progress

- Garing, Taylor, and Associates is working with staff to review and ensure the integrity of the District’s A.G. sewer bridge. Inspection was performed on April 22nd. Awaiting approval from Fish and Game to perform work.
- Digester #1 cleaning. Draining digester #1. Opened access hatches.
- Staff has begun work with MKA Engineers to draft an RFP for a new Grit Removal System.

Training

- Staff attended safety training on fall arrest safety and systems.
- Operator M. Lewis attended free training workshops on Emergency and Disaster Planning and Drought Contingency Planning hosted by the Rural Community Assistance Corporation Association.
- Staff attended O&M training session on the Secondary Clarifier system.
- Staff attended a review of Chapters 1 and 2 of the District personnel Policy.

Miscellaneous

Staff received a call from SLO APCD regarding an “anonymous and vague” odor complaint from someone walking their dog on the levy. Staff walked the levy adjacent to the Plant for the next two days. We were not able to identify any odors coming from the Plant. We reported back to APCD. The complaint report has been closed by APCD.

Best regards,

John Clemmons
Superintendent



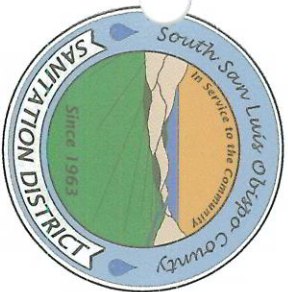
Figure 1 - Digester #1 Valve Pit



Figure 2 - Digester #1 Sludge Line



Figure 3 - Valves for Heated Sludge Line



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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www.ssiocsd.org

Staff Report

To: Board of Directors
From: Richard Sweet, PE, District Manager

Date: May 20, 2015

Subject: **2015-16 FISCAL YEAR BUDGET; SET PUBLIC HEARING FOR
JUNE 3, 2015**

RECOMMENDATION:

That the Board provide input regarding the proposed 2015-16 Fiscal Year (FY) Budget, Attachment "A," and set a noticed public hearing for June 3, 2015.

BACKGROUND

The District has developed a proposed budget that reflects the needs of the District. Operating costs are restricted and funds for capital projects are being assigned to much needed and Board directed improvements and studies.

DISCUSSION:

The proposed budget reflects a carry over of \$582,000 from last year. Major projects that are proposed are a mechanical bar screen (\$325,000), Recycled Water Planning Study (District's share \$40,000), and the Redundancy Project (preliminary efforts \$35,000).

Proposed savings from the last FY are proposed in temporary labor, plant chemicals, safety supplies, FEMA expenditures, WDR and SSMP Reporting, laboratory supplies, and, Fats Oils and Grease. Many of these savings reflect bringing services in house or reducing need through enhance operational activities.

Proposed expenditure increases are proposed in ocean outfall maintenance and transfers out to Fund 26 (Replacement Fund). Both reflect a continuing emphasis on plant maintenance and improvement.

Options

1. Determine that the budget needs substantial revisions and delay the noticed public hearing to June 17, 2015 to allow revisions to be accomplished.
2. Fail to establish a public hearing at this time and continue discussion of the 2015-16 FY budget to a later date.

Richard G. Sweet, PE
District Manager

Attachments: Attachment "A" Draft FY 2015-15 Budget

*South San Luis Obispo County Sanitation
District*

BUDGET

2015-16 Fiscal Year

**MEMBERS OF THE
BOARD OF DIRECTORS:**

Jim Hill – Chairman

John Shoals – Director

Matthew Guerrero – Director

South San Luis Obispo County Sanitation District

PO Box 339

1600 Aloha Place

Oceano, CA 93445-9735

(805) 489-6666 Operations

(805) 481-6903 Business Office

(805) 489-2765 Fax

**NOTICE OF PUBLIC HEARING
SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT
ADOPTION OF FISCAL YEAR 2015/2016 BUDGET**

DATE: June 3, 2015

TIME: 6:00 pm

PLACE: City Council Chambers
215 Branch Street,
Arroyo Grande, CA 93420

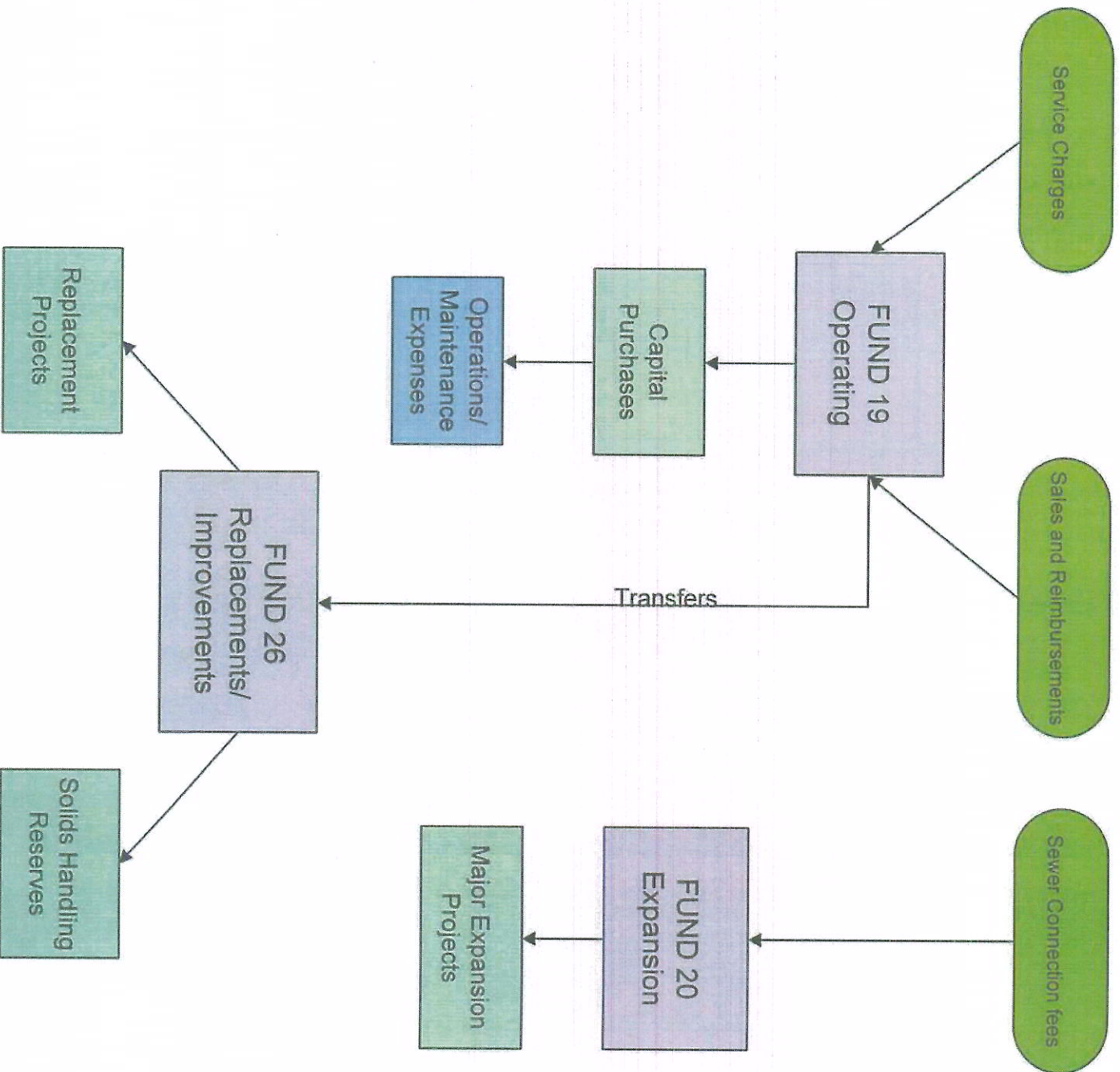
PLEASE TAKE NOTICE:

1. The District Administrator has prepared a proposed final Budget which is available for inspection, during regular District business hours, at the District's Office located at 1600 Aloha Place, Oceano, California.
2. On June 3, 2015 at 6:00pm at the City of Arroyo Grande City Council Chambers, Arroyo Grande, California, the South San Luis Obispo County Sanitation District Board of Directors will meet to consider and adopt the final Budget.
3. At the time and place specified in this Notice any person may appear to be heard regarding any item in the Budget, or regarding the addition of any other items.
4. The hearing on the Budget may be continued from time to time.

If you should have questions related to the Budget, please contact Amy Simpson, District Secretary at (805) 481-6903.

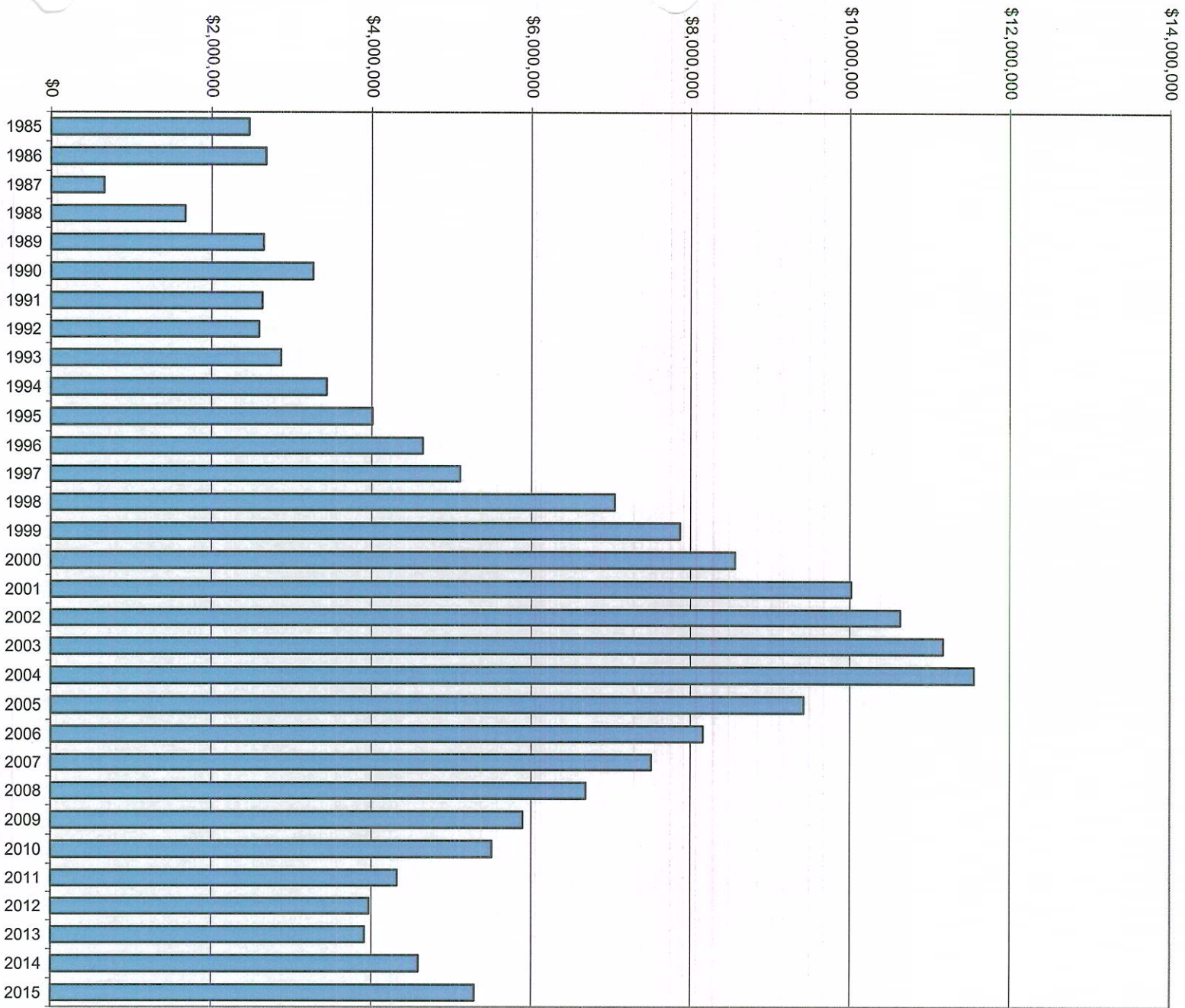
South San Luis Obispo County Sanitation District

Accounting Funds



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

TOTAL CASH CASH BALANCE HISTORY 1985 - 2015





Consolidated

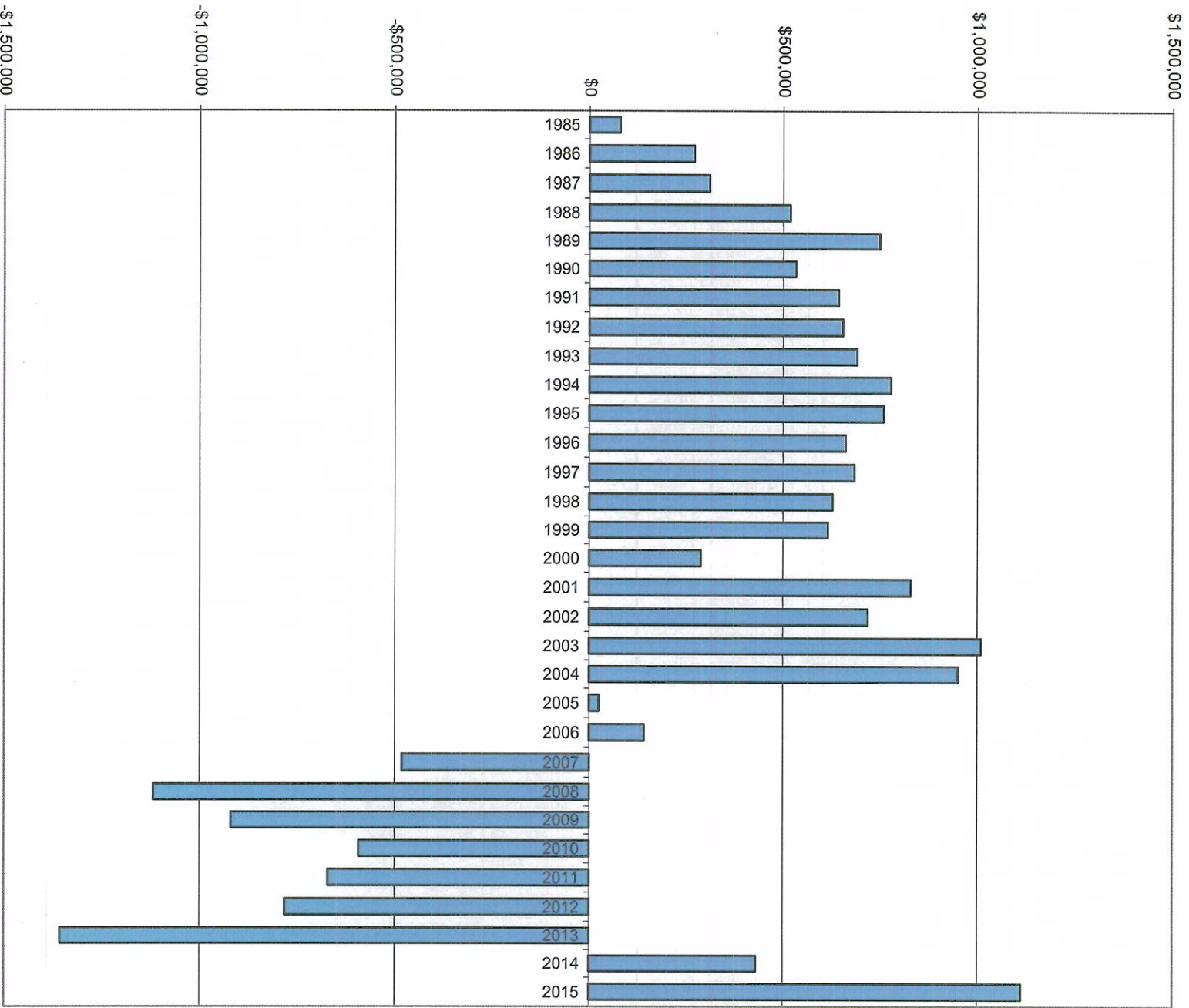
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Operating Fund 19

Provides for routine daily operations, as well as funding transfers for major maintenance and capital purchases.
Primarily funded by user service fees.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

OPERATING FUND 19
CASH BALANCE HISTORY
1985 - 2015



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
FY 2015/16 Proposed
Budget

Fund 19 - Operating Fund		FY 2014-15 BUDGET	FY 14-15 AT MARCH 2015	FY 15-16 PROPOSED BUDGET	
Beginning Balance		552,762	552,762	581,604	
Revenues					
Gross Revenues					
Service Charges and Fees					
19-4015	Arroyo Grande Services	1,440,500	1,108,251	1,440,500	
19-4022	Grover Beach Services	1,050,000	810,596	1,050,000	
19-4035	OCSO Services	500,000	393,872	500,000	
19-4040	Other Service Income	0	1,836	0	
19-4045	School Services	23,000	462	23,000	
Total Service Charges and Fees		3,013,500	2,315,017	3,013,500	
19-5015	Interest	500	3,576	7,600	
Total Interest		500	3,576	7,600	
Other Revenues					
19-4050	Brine Disposal Service	80,000	167,378	190,000	
19-4055	Lease (AT&T)	22,525	19,453	22,525	
19-5020	Other Reimbursements	0	1,280	0	
19-5022	WDR Reimburs. (Mas)	10,300	0	0	
19-5023	FOG Reimbursement	30,900	4,624	0	
19-5025	Other Sales	0	6,290	4,788	
19-5030	IRWM Funding	0	0	1,400	
Total Other Revenues		143,725	199,025	218,713	
Total Revenues		3,157,725	2,517,618	3,239,813	
Beginning Balance		552,762	552,762	581,604	
Total Revenues		3,710,487	3,070,380	3,821,417	
Fund 19 Total Balance		3,710,487	3,070,380	3,821,417	
Expenditures & Other Uses					
Operating Expenditures					
19-6030	Plant Operators	593,660	414,967	601,620	
19-6040	Bookkeeper/Secretary	56,616	36,612	57,132	
Total Salaries and Wages		650,276	451,579	658,752	
Employee Benefits and Other Personnel Costs					
19-6010	Medical Insurance	220,000	152,972	200,000	
19-6025	Dental Insurance	14,760	9,893	15,000	
19-6050	Social Security & Medicare	50,751	33,602	56,000	
19-6055	State Disability Insurance	3,317	1,913	3,300	
19-6060	State Retirement	115,000	29,339	115,000	
19-6075	Medical Reimbursement	5,000	4,820	5,000	
19-6080	Worker's Compensation	99,900	67,600	100,000	
	Unfunded Liability			70,000	N1
19-6095	Unemployment Reimbursm	1,000	0	1,000	
Total Employee Benefits and Other Personnel Costs		509,728	300,139	565,300	

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
FY 2015/16 Proposed
Budget

		FY 2014-15 BUDGET	FY 14-15 AT MARCH 2015	FY 15-16 PROPOSED BUDGET	
Fund 19 - Operating Fund					
Permits, Fees and Licenses					
19-6090	Payroll Process Fee	2,700	1,835	2,700	
19-7068	Permits/Fees/Licenses	42,400	33,778	40,000	
Total Permits, Fees and Licenses		45,100	35,613	42,700	
Communications					
19-7011	Comm (Alarm, Web Hosting)	3,300	2,818	3,300	
19-7013	Communications - Telephone	7,300	6,051	6,600	
19-7014	Communications - Cell Phone	0	0	2,400	
Total Communications		10,600	8,869	12,300	
Computer Support					
19-7015	Office Equipment/Computer S	11,300	3,091	5,000	
Total Computer Support		11,330	3,091	5,000	
Administrative Costs					
19-7005	Advertisements/Legal & Rec	2,100	766	2,000	
19-7043	Insurance Liability - Auto	31,700	18,213	31,000	
19-7065	Source Control Program	15,000	0	15,000	
19-7069	LAFCO Budget Share	9,800	7,261	9,800	
19-7070	Prof Services - Outside Court	200,000	61,691	100,000	
19-7071	Prof Services - Attorney Fee	48,000	33,252	48,000	
19-7072	Prof Services - Auditing	10,000	5,544	10,000	
19-7073	Prof Services - AG Billing	22,000	12,033	22,000	
19-7074	Prof Services - OCSD Bill	22,000	11,000	22,000	
19-7075	Prof Services - Board Memb	7,500	5,300	7,500	
19-7076	Prof Services - District Adm	90,000	60,864	80,000	
19-7077	Prof Services - Engineering	100,000	46,664	100,000	
19-7078	Prof Services Chemical Anal	25,000	9,588	20,000	
19-7079	Prof Services - Other Bill	5,000	5,003	20,000	
19-7081	Prof Services - GB Bill	22,000	0	22,000	
19-7087	Prof Services - Computer Su	0	0	10,000	
19-7088	WDR & SSMP District Expert	30,000	1,280	15,000	
19-7089	Water Recycling Study	0	7,722	0 N2	
19-7090	Rate Study	27,500	6,557	5,000	
19-7090	Management Review	0	0	55,500	
19-7095	Zone 1/1A Agreement	25,000	12,503	30,000	
Total Administrative Costs		692,600	305,241	624,800	
Disposal Services					
19-7085	Solids Handling	90,000	34,253	60,000	
19-7086	Brine Disposal Expenses	5,000	1,818	5,000	
Total Disposal Services		95,000	36,071	65,000	
Utilities					
19-7091	Utilities - Electricity	183,000	146,160	180,000	
19-7092	Utilities - Gas	10,000	1,654	10,000	
19-7093	Utilities - Rubbish	1,800	890	1,800	
19-7094	Utilities - Water	1,500	614	1,500	
Total Utilities		196,300	149,318	193,300	

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
FY 2015/16 Proposed
Budget

Fund 19 - Operating Fund		FY 2014-15 BUDGET	FY 14-15 AT MARCH 2015	FY 15-16 PROPOSED BUDGET	
Maintenance, Tools & Replacements					
19-7060	Ocean Outfall Maintenance	0	0	40,000	
19-8015	Trunk and Sewer Minor Main	25,000	1,294	25,000	
19-8030	Equip Maint Reg and Minor F	100,000	73,280	100,000	
19-8032	Automotive Maintenance	8,400	5,409	8,000	
19-8055	Tools	13,000	7,950	13,000	
19-8060	Structure Maintenance - Reg	50,000	19,254	50,000	
19-8061	Structure Maintenance - Maj	45,000	1,825	45,000	
Total Maintenance, Tools &		241,400	109,012	281,000	
Materials, Services and Supplies					
19-6085	Temporary Labor Services	13,000	1,483	7,000	
19-7025	Employee Uniforms	14,000	10,729	15,000	
19-7032	Equipment Rental - other	6,000	3,269	6,000	
19-8020	Gas and Oil	10,000	7,292	10,000	
19-8035	Household Expense	4,000	3,574	4,000	
19-8040	Laboratory Supplies	20,000	9,283	15,000	
19-8045	Office Supplies and Expense	8,500	6,635	8,500	
19-8050	Plant Chemicals	200,000	118,660	175,000	
19-8056	Safety Supplies	14,000	3,777	10,000	
Total Materials, Services and Supplies		289,500	164,702	250,500	
Training, Education & Memberships					
19-7050	Memberships/Seminars/Me etings	25,000	15,645	25,000	
Total Training, Education & Memberships		25,000	15,645	25,000	
Total Operating Expenditures		2,766,834	1,579,280	2,723,652	
Other Charges					
19-7082	FEMA Expenditures	5,000	0	0	
19-7083	WDR & SSMP Reporting (M	10,300	0	0	
19-7084	FOG (Member Agencies)	30,900	3,834	0	
Total Other Charges		46,200	3,834	0	
Capital Outlay					
19-8010	Capital Equipment	15,000	0	15,000	
Total Capital Outlay		15,000	0	15,000	
Other Financing Sources & Uses					
19-8079	Transfer out to fund 26	300,879	150,440	500,000	
Total Other Financing Sources & Uses		300,879	150,440	500,000	
Total Uses		3,128,913	1,733,554	3,238,652	
Budget Income (Deficit)		28,812	784,065	1,161	
Fund 19 Balance		581,574	1,336,827	582,765	
Notes:					
N1 Add in unfunded liability, \$70,000					

**OPERATING FUND
EXPENDITURES
FUND 19**

<i>Account</i>	<i>Title</i>	<i>Description</i>
PERSONNEL EXPENSES		
6010	Medical Insurance	Provides District portion of Health Insurance
6025	Dental Insurance	Provides District portion of Dental Insurance
6030	Plant Operators	Wages & Salaries for Plant Superintendent and Technical Staff
6040	Bookkeeper/Secretary	Wages & Salary for Bookkeeper/Secretary
6050	Social Security & Medicare	As defined in the <i>Contributions on Behalf of Employee</i> section of the Budget
6055	State Disability Insurance	As defined in the <i>Contributions on Behalf of Employee</i> section of the Budget
6060	State Retirement	As defined in the <i>Contributions on Behalf of Employee</i> section of the Budget
6075	Medical Reimbursement	As defined in the <i>Contributions on Behalf of Employee</i> section of the Budget
6080	Workers' Compensation	Provides District contribution of State Compensation Insurance at 1.14% for Clerical and 14.01% for Plant Employees with a 79% experience modification
6085	Temporary Labor Services	Labor that is paid to a temp agency
6090	Payroll Process Fee	Fee expended for outsourced payroll
6095	Unemployment Reimbursement	State Fund reimbursement for actual unemployment contributions
OPERATING EXPENSES		
7005	Advertising	Provides for recruitment and legal advertising costs
7011	Communications - USA, Alarm, Web Hosting & Internet	Provides for Underground Service Alert information service, Plant alarm fees, Web hosting fee, & Internet Fees
7013	Communications - Telephone	Local service and lease of equipment. Payment of cellular accounts

**OPERATING FUND
EXPENDITURES
FUND 19**

<i>Account</i>	<i>Title</i>	<i>Description</i>
7014	Communications - Paging Service	Plant paging service
7015	Office Equipment/ Computer Support Maintenance	Provides for all office equipment maintenance/ computer upgrades and support, including IT annual services
7025	Employee Uniforms	Provides for monthly uniform maintenance and shop towels used at the plant
7032	Equipment Rental - Other	Provides for miscellaneous equipment rental
7043	Insurance - Liability/ Automotive	Provides for Plant Operations and Automobile Liability Insurance
7050	Memberships/ Seminars/ Meetings	Provides for those expenses incurred by District personnel to maintain required memberships and to attend required schools and meetings. Also provides for subscriptions
7060	Ocean Outfall Maintenance Receiving Water Monitoring	Expenses incurred for testing and maintenance of the outfall line (expenses are shared 50% with the City of Pismo Beach)
7065	Source Control Program	Provides for expenses incurred during implementation of District's Source Control Program
7068	Permits, Fees, License	Provides for costs of permits, fees, and licenses required by the District
7069	LAFCO Budget Share	Provides for District Share of LAFCO Budget
7071	Professional Services - Attorney Fees	Monthly legal retainer and any other occasional legal fees
7072	Professional Services - Auditing Fees	Provides for fiscal year end audit
7073	Professional Services - Billing Services Arroyo Grande	Provides for Arroyo Grande's fees to bill the District's sewer service user fees and hook-up fees, and to provide supporting monthly billing data

**OPERATING FUND
EXPENDITURES
FUND 19**

<i>Account</i>	<i>Title</i>	<i>Description</i>
7074	Professional Services - Billing Services OCCSD	Provides for OCCSD's fees to bill the District's sewer service user fees and to provide supporting monthly billing data
7075	Professional Services - Board Members	Compensates Board Members for District Board Meetings
7076	Professional Services - District Admin	Provides for Administration services of Wallace Group
7077	Professional Services - Engineering	Provides for Wallace Group and miscellaneous engineering services.
7078	Professional Services - Chemical Analysis	Provides for monthly testing as required by the Water Quality Control Board
7079	Professional Services - Other Billings	Provides for incidental services, including website hosting
7081	Professional Services - Billing Services Grover Beach	Provides for Grover Beach's fees to bill the District's sewer service user fees and to provide supporting monthly billing data
7082	FEMA Authorized Expenditures	Expenditures as authorized by FEMA for Earthquake Damage Repairs
7083	WDR & SSMP District Reporting (Member Agencies)	Expenses incurred while assisting Member Agencies with reporting requirements per agreement
7084	FOG (fats, oil, grease) Parent agencies	Expenses incurred while assisting Member Agencies with FOG Program. (To be reimbursed by Member Agencies)
7085	Solids Handling- Off-site	Provides for all expenses pertaining to off-site disposal of treated solids
7086	Brine Disposal Expense	Provide for all expenses pertaining to providing brine disposal service
7087	WDR & SSMP District Expense	Provides for all expenses related to Waste Discharge Reporting (expenses not related to member agencies)
7089	Rate Study	Provides for consultant prepared Rate Study

**OPERATING FUND
EXPENDITURES
FUND 19**

<i>Account</i>	<i>Title</i>	<i>Description</i>
7091	Utilities - Electricity	Plant electric service and power
7092	Utilities - Gas	Plant natural gas service
7093	Utilities - Rubbish	Garbage pick-up and dump charges
7094	Utilities - Water Service	Plant water service from OCSE and bottled water
7095	Zone 1/1A Agreement	Expenses associated with Zone 1/1A coordination and assessments
7096	Cogeneration EISA (Debt Service)	Self-funded Equipment Installation Sales Agreement
7097	Cogeneration Services Contract	Provides for annual maintenance of cogeneration facility

MATERIALS AND SUPPLIES EXPENSES

8010	Capital Equipment	Purchase of all capital plant equipment, includes any item with purchase price over \$1,000 or which is an approved Major Budget Item
8015	Trunk Sewer Maintenance	Provides for maintenance of District owned trunk sewer lines
8020	Gas & Oil	Provides for Plant vehicle and equipment fuel and oil
8030	Equipment Maint Reg & Minor Replacement	Provides for routine maintenance of plant equipment and replacements under \$5,000
8032	Vehicle Maintenance	Provides for routine maintenance of rolling stock
8035	Household Expense	Supplies for simple routine maintenance of plant buildings and grounds, including cleaning and paper supplies, etc
8040	Laboratory Supplies	All supplies used at the Plant lab to perform routine testing, also includes distilled water
8045	Office Supplies and Expense	Provides for all expenses relating to District office including office supplies, postage, shipping expenses, mileage, etc
8050	Plant Chemicals	Provides for chemicals required in plant operations including chlorine, round-up, and degreasers

**OPERATING FUND
EXPENDITURES
FUND 19**

<i>Account</i>	<i>Title</i>	<i>Description</i>
8055	Small Tools and Equipment	Provides for the purchase of small tools used in plant operations
8056	Safety Supplies	Provides for supplies related to safety equipment
8060	Structure Maintenance - Regular	Provides for routine maintenance of plant structures and grounds
8061	Structure Maintenance - Major	Provides for major maintenance of structures and grounds as approved as a major budget item

Service Charges and Connection Fees

ORDINANCE NO. 2006-01

AN ORDINANCE OF THE GOVERNING BOARD OF THE SOUTH
SAN LUIS OBISPO COUNTY SANITATION DISTRICT ESTABLISHING
MONTHLY RATES FOR SERVICE CHARGES AND SETTING CONNECTION
FEES.

THE BOARD OF DIRECTORS OF THE SOUTH SAN LUIS OBISPO
COUNTY SANITATION DISTRICT DOES ORDAIN AS FOLLOWS:

WHEREAS, the South County Sanitation District (District) operates a waste water treatment facility and maintains trunk lines that services the Communities of Arroyo Grande, Grover Beach and the Oceano Community Services District (Oceano) and;

WHEREAS, the entirety of it's funding from service charges and connection fees and the District has not raised connection and service fees since 1983 and 1986 and;

WHEREAS, the District has determined a need based upon a short fall for overhead expenses and for capital projects and;

WHEREAS, the District has retained the services of Tuckfield and Associates to conduct a rates study to determine rates appropriately fund the District for capital improvements and overhead expenses into the future and;

WHEREAS, the Districts Board of Directors has considered The Tuckfield report and has asked for modifications based upon local knowledge regarding actual flows and;

WHEREAS, the District has reviewed the Report and associated information with the Utilities Staff for Arroyo Grande, Grover Beach and Oceano and has reached concurrence in regards to the data contained therein.

WHEREAS, based upon facts and analysis presented Tuckfield and Associates, the Rate Study, the District Engineer's analysis, and the Staff Report, the Board of Directors finds:

- A. The public meetings adopting this Ordinance have been properly noticed pursuant to Government Code Section 54954.2 (The Brown Act); and
- B. That notice has been published and Mailed as required by law; and
- C. The fees, rates and charges that are the subject of this Ordinance do not exceed the estimated reasonable cost of providing the services for which the fees and/or charges are imposed; and
- D. That the public benefits from the logical, long-range approach to the operation, maintenance and financing of public facilities:

NOW THEREFORE, be it resolved and judged and determined that the District Rates structure shall be as follows:

The chart attached as **Exhibit A** to this Ordinance sets forth each customer classification, the existing rates and the rates by classification.

The chart attached as **Exhibit B** sets forth the connection fees.

The Board of Directors of the District hereby determines that it is necessary for the effective operation of the District to fund all projects that are anticipated and in anticipation of overhead costs and that the charges and fees outlined in **Exhibit A** and **Exhibit B** are necessary and hereby orders these fees to be implemented as set forth in **Exhibit A** and **Exhibit B**.

Section 3. The Recitals to this Ordinance are true and correct and incorporated herein by reference.

Section 4. Repeal of Prior Ordinances and Resolutions

All Ordinances, sections of Ordinances and Resolutions that are inconsistent with this ordinance are hereby repealed.

Section 5. Effect of Repeal on Past Actions and Obligations.

This Ordinance does not affect prosecutions for Ordinance violations committed prior to the effective date of this Ordinance, does not waive any fee or penalty due and unpaid on the effective date of this Ordinance..

Section 6. CEQA Findings

The Board of Directors of the District finds that the fees and charges adopted by this Ordinance are exempt from the California Environmental Quality Act pursuant to Public Resources Code § 21080(b)(8) and CEQA Guidelines Section 15273. The Board of Directors further finds that the adoption of the Rules and Regulations established by this Ordinance fall within the activities described in Section 15378(b)(4) and (5) of the CEQA Guidelines which are deemed not to be "projects" for the purposes of CEQA, because it can be seen with certainty that the adoption of the Fees and Charges that are the subject of this Ordinance will not have a significant effect on the environment. The District Administrator is directed to prepare and file an appropriate notice of exemption.

Section 7. Severance Clause.

If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional, ineffective or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this Ordinance. The Governing Board of the District hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsection, sentence, clause or phrase be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

Section 8. Effect of Headings in Ordinance.

Title, division, part, chapter, article, and section headings contained herein do not in any manner affect the scope, meaning, or intent of the provisions of this Ordinance.

Section 9. Effective Date.

The Connection fees established by this Ordinance shall take effect sixty (60) days after passage. The Service Charges established by this Ordinance shall take effect thirty (30) days after passage. Before the expiration of fifteen (15) days after passage it shall be posted in three (3) public places with the names of the members voting for and against the Ordinance and shall remain posted thereafter for at least one (1) week. The Ordinance shall be published once with the names of the members of the Board of Directors voting for and against the Ordinance in a newspaper of general circulation within the District.

Based upon motion made by: Director Ekborn

Seconded by: Director Dahl

And upon Roll Call Vote:

AYES: Director Ferrara, Director Ekborn, Director Dahl

NOES: None

ABSENT: None

ABSTAINING: None

This Ordinance is hereby adopted as of November 29, 2006.


Vice Chairman


Secretary of Board


MICHAEL W. SEITZ
District Legal Counsel

South San Luis Obispo County Sanitation District

NOTICE OF PROPOSED SERVICE CHARGE AND CONNECTION FEE INCREASE

Dear Property Owner:

This is a notice to explain the proposed increases in service charges and connection fees for the South San Luis Obispo County Sanitation District (SCSD). This notice is being sent to all property owners within the District or who currently receive service outside the District. The proposed rate increases will be recommended for adoption by the SCSD's Board of Directors at a public hearing described in this notice.

NOTICE OF PUBLIC HEARING

At a public hearing the SCSD will consider proposed increases for service charges and connection fees. The proposed changes are listed in this notice. The public hearing will be held on November 29th, 2006 at 6 o'clock p.m. at the Oceano Community Services District office building located at : 1655 Front Street Oceano, CA.

Annual rate increases beginning in January 2007 through May 1st, 2010 with subsequent inflationary adjustments will be recommended for adoption by the Board of Directors at the November 29th, 2006 public hearing. If approved, these rate increases will take effect January 1st, 2007.

Customers may voice their support or opposition to the proposed rate changes during the public hearing. In addition, customers may support or protest the proposed rates by filing a written statement with the District's secretary at or before the time set for the public hearing. A written statement of support or protest should include the property owner's name and address and which portion of the rate changes are being supported or protested and mailed to SCSD P.O. Box 339 Oceano, CA 93445.

The SCSD Board of Directors will be discussing the proposed rates on November 1st at the Board's regular meeting at 6 P.M. at 1655 Front Street Oceano, CA. The public will also have the opportunity to ask questions of the District Staff and make comments to the Board at that meeting.

WHY CHANGE THE SEWER RATES

Providing reliable and affordable sewer service is the mission of the District. The District is required to provide service primarily through user rates. It receives no other funding by property taxes or otherwise for the provision of sewer service. The proposed sewer rate increases are needed to:

1. Provide sufficient funds for ongoing operation and maintenance.
2. Support rehabilitation and upgrade of the facilities, which provide service and to comply with governmental regulations.
3. To maintain reserves to reduce risk and prudently manage District's resources.

What follows is additional information for your consideration. First you will see the current and proposed service charges. Following you will see a comparison of current and proposed connection fees.

HOW THE TYPICAL SEWER BILL BE AFFECTED

Current and Proposed Monthly Wastewater Service Rates

Customer Classification	Rates				
	Existing Rates	Future Rate As of Jan 1, 2007	Future Rate As of May 1, 2007	Future Rate As of May 1, 2008	Future Rate As of May 1, 2009
a. Residences and Apartments	\$5.20	\$8.93	\$10.70	\$12.31	\$14.86
b. Hotel Units with Kitchens	5.20	9.41	11.29	12.98	15.71
c. Motel Units without Kitchens	4.40	6.02	7.22	8.30	10.02
d. Hotel Room	4.55	6.22	7.46	8.58	9.42
e. Commercial Establishments	6.73	4.59	5.51	6.26	6.97
f. Each additional employee above 5	0.44	0.92	1.10	1.25	1.39
g. Beauty Shops	8.66	8.49	10.19	11.60	12.73
h. Each additional operator above 5	0.86	1.41	1.70	1.93	2.12
i. Eating Establishments w/o Genders	1.01	9.11	10.92	12.56	13.79
j. Each additional 5 seats above 30	1.01	1.52	1.82	2.09	2.30
k. Restaurants (w/ Genders) less than 30 seats	14.78	17.30	20.67	24.31	28.12
l. Restaurants (w/ Genders) seats over 30	18.29	22.18	26.51	31.17	36.06
m. Laundromats - per washing machine minimum charge	2.96	5.83	7.01	7.98	8.85
n. Service Stations - no wash/rack	7.66	23.26	27.91	31.84	34.11
o. Service Stations - with wash/rack	12.47	34.19	41.06	46.58	49.65
p. Factories	12.47	13.34	16.02	18.30	20.68
q. Each additional employee above 20	0.38	0.66	0.80	0.91	1.00
r. Churches	6.71	7.57	9.19	10.34	11.44
s. Per ADA with elementary school	0.21	0.21	0.28	0.28	0.31
t. Per ADA with other school	0.30	0.30	0.33	0.42	0.46
u. Boiling Plants	12.47	13.34	16.02	18.30	20.68
v. Schools (non-boarding)	3.25	4.27	5.13	5.83	6.44
w. Per ADA with elementary school	0.21	0.20	0.24	0.27	0.30
x. Per ADA with other school	0.30	0.31	0.38	0.43	0.47
y. Schools (boarding)	3.25	4.27	5.13	5.83	6.44
z. Per ADA with elementary school	0.36	0.43	0.51	0.59	0.65
aa. Per ADA with other school	0.48	0.57	0.68	0.78	0.86
bb. Trailer/mobile Home Space	6.50	2.52	3.02	3.47	3.81
cc. RV Dump Stations - Less Than 50 services	21.00	25.22	30.15	35.20	38.75
dd. Brine (per gallon)	\$0.01125	\$0.01125	\$0.01125	\$0.01125	\$0.01125

FY 2006-07 rates to be implemented January 1. All other rates to be implemented May 1 of fiscal year. After FY 2010-11, rates increase by the change in CPI. Rate adjustments reflect changes in capital cost allocations with the addition of capital improvements to fixed assets.

Comparison of Existing and Proposed Connection Fees

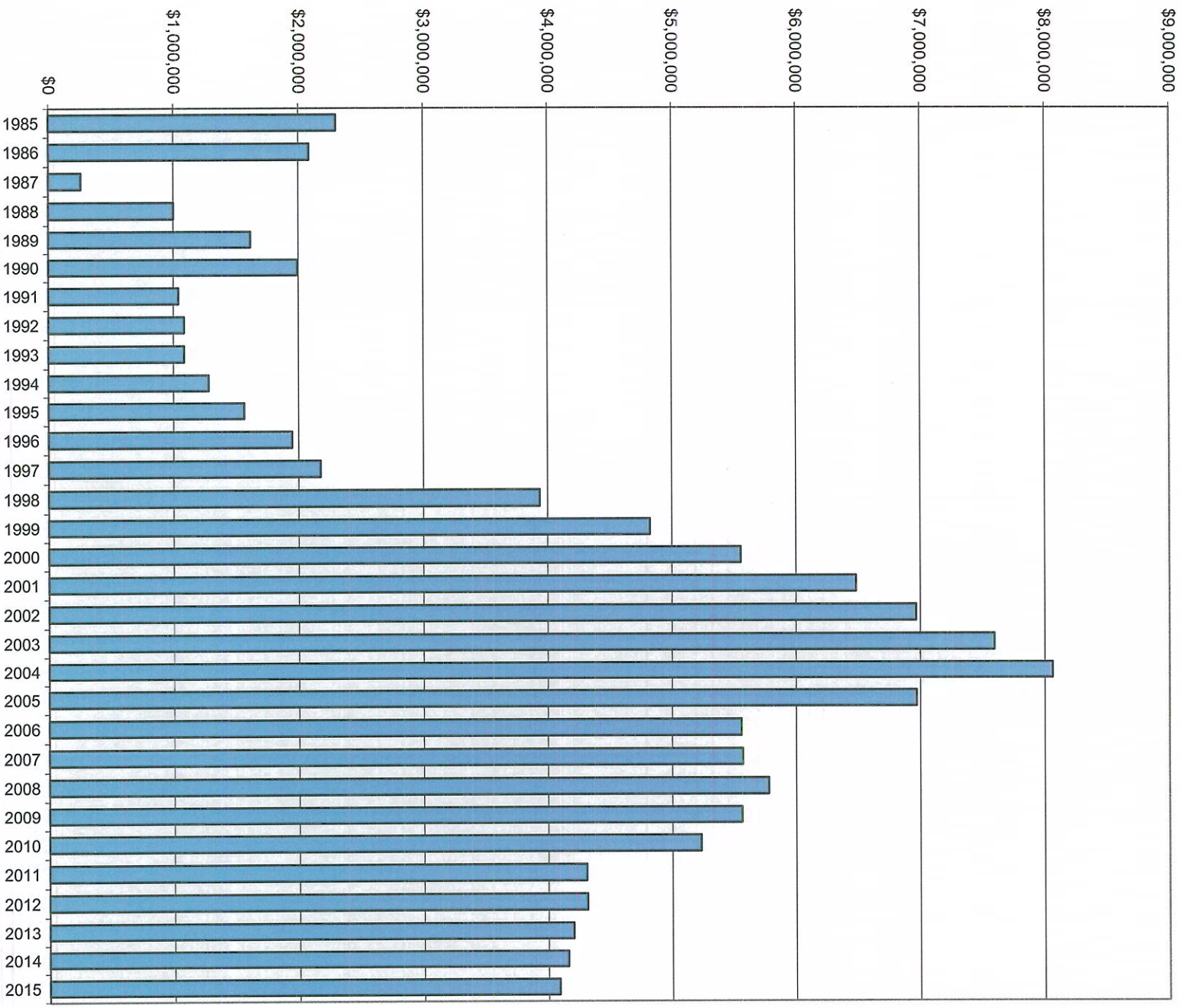
Dwelling Unit or Meter Size	Existing Connection Fee	Proposed Connection Fee
Single Family Dwelling unit	\$2,000	\$2,475
Apartment Complex (Bathetic, 1 or 2 bedrooms)	\$1,500	\$1,866
Apartment Complex (3 or more bedrooms)	\$2,000	\$2,475
Motel/Hotel (per room)	\$1,000	\$1,237
Hybrid Use	\$1,500	\$1,866
Condominium (per unit)	\$2,000	\$2,475
Mobile Home Parks (per space)	\$2,000	\$2,475
Travel Trailer (per space)	\$1,000	\$1,237
3/8 inch (meter)	\$2,000	\$2,475
3/4 inch (meter)	\$2,800	\$3,712
1 inch (meter)	\$4,900	\$6,187
1 to 1 1/2 inch (meter)	\$11,000	\$13,612
2 inch (meter)	\$19,500	\$24,131
3 inch (meter)	\$34,000	\$44,450

Expansion Fund 20

To provide for major expenses in order to increase
plant capacity or new equipment as required.
Primarily funded by new user connection fees

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

EXPANSION FUND 20
CASH BALANCE HISTORY
1985 - 2015



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
FY 2015/16 Proposed
Budget

Fund 20 - Expansion Fund		FY 2014-15 BUDGET	FY 14-15 AT MARCH 2015	FY 2015-16 BUDGET
Revenues				
Gross Revenues				
Connection Fees				
20-4010	Arroyo Grande Connections	45,000	89,093	80,000
20-4020	Grover Beach Connections	30,000	34,650	30,000
20-4030	OCSO Connections	<u>10,000</u>	<u>7,425</u>	<u>10,000</u>
Total Connection Fees		85,000	131,168	120,000
Interest				
20-5015	Interest Income	5,200	4,335	5,200
Total Interest		5,200	4,335	5,200
Total Revenues		90,200	135,503	125,200
Expenditures & Other Uses				
Other Charges				
20-7096	Cogeneration EISA - Debt Principal and Interest	76,000	74,797	76,000
20-1010	Transfer to Fund 26	<u>321,000</u>	<u>0</u>	<u>0</u>
Total Other Charges		397,000	74,797	76,000
Capital Outlay				
20-8010	Capital Equipment	150,000	38,395	180,000
20-8065	Structure/Grounds Replacement	0	3,560	0
	Redundancy Project			35,000
	Water Recycling Study			40,000
Total Capital Outlay		150,000	41,955	255,000
Total Uses		547,000	116,752	331,000
Budget Income (Deficit/Use of Fund Balance)		(456,800)		(205,800)

**EXPANSION FUND
REVENUE
FUND 20**

<i>Account</i>	<i>Title</i>	<i>Description</i>
4010	Arroyo Grande Connections	Hookup fees collected from the City of Arroyo Grande for new service connections (pass through)
4020	Grover Beach Connections	Hookup fees collected from the City of Grover Beach for new service connections (pass through)
4030	OCCSD Connections	Hookup fees collected from the Oceano Community Services District for new service connections (paid directly to District)
5015	Interest Income	Interest received
5030	State (Utility) SGIP Rebate	One time SGIP (Self Generating Incentive Program) rebate for installation of co-generation project

**EXPANSION FUND
EXPENDITURES
FUND 20**

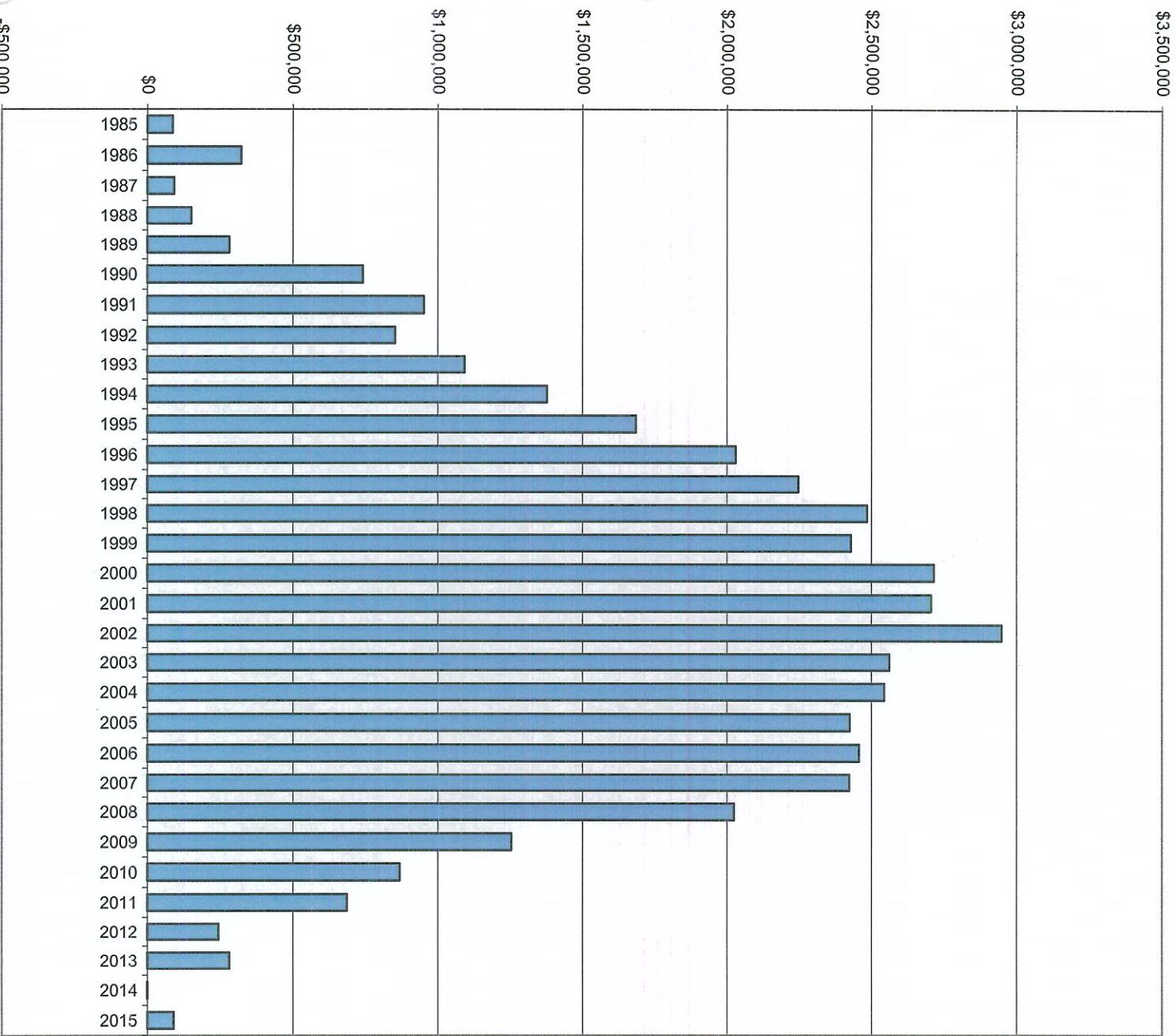
<i>Account</i>	<i>Title</i>	<i>Description</i>
7089	Rate Study	Provides for consultant prepared Rate Study
8010	Capital Equipment	Capital Equipment purchased for plant expansion (Major Budget Items)
8065	Structure/Grounds Maint. – Major	Structure/Grounds Maintenance related to plant expansion (Major Budget Items)

Replacement Fund 26

To provide for the replacement of Plant treatment and processing equipment. Also provides for future solids handling requirements. Primarily funded by user service fees provided for through transfers from the Operating Fund as budgeted annually.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

REPLACEMENT FUND 26
CASH BALANCE HISTORY
1985 - 2015



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
FY 2015/16 Proposed
Budget

Fund 26 - Replacement Fund		FY 2014-15 BUDGET	NOTE NO.	FY 2015-16 Budget
Revenues				
Gross Revenues				
Interest				
26-5015	Interest Income	0		
Total Interest		0		
Other Revenues				
26-5040	Transfer from Fund 19	300,879		500,000
26-5040	Transfer from Fund 20	321,000		
Total Other Revenues		621,879		500,000
Total Revenues		621,879		500,000
Expenditures & Other Uses				
26-8015	Trunk Sewer Maintenance	100,000		80,000
26-8061	Structures/Grounds Maint-Maj	115,000		0
26-8065	Structures/Grounds Repl/Imp	406,879		420,000
26-8070	Emergency Equipment Repair	0		0
Total Expenditures		621,879		500,000
Total Uses		621,879		500,000
Budget Income (Deficit/Use of Fund Balance)		-		0

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
FY 2015/16 Recommended
Budget

Schedule A		
Detail List of Replacement Projects in Fund 26		
26-8015 Trunk Sewer Maintenance		
Item		Cost
Trunk Sewer Maintenance		\$80,000
Total for 26-8061		\$80,000
26-8061 Structures/Grounds - Major Maintenance		
Item		Cost
Total for 26-8061		
26-8065 Structures/Grounds - Replacement and Improvement		
Item		Cost including Design/Installation
2 Electric Carts		20,000.00
Camera for Pipes		10,000
Safety Ladder/Platform		5,000
Cat Walk		20,000
Lab Centrifuge		10,000
ISCO Sampler		10,000
Mechanical Bar Screen		325,000
Info Truck		20,000
Total for 26-8065		\$420,000
TOTAL OF ALL REPLACEMENT PROJECTS IN FUND 26		\$500,000

**REPLACEMENT AND IMPROVEMENT FUND
REVENUE
FUND 26**

<i>Account</i>	<i>Title</i>	<i>Description</i>
5015	Interest Income	Interest received

**REPLACEMENT AND IMPROVEMENT FUND
EXPENDITURES
FUND 26**

<i>Account</i>	<i>Title</i>	<i>Description</i>
8015	Trunk Sewer Maintenance	Provides for maintenance of District owned trunk sewer lines
8061	Structure Maintenance - Major	Provides for major maintenance of structures and grounds as approved as a major budget item
8065	Structures/Grounds Repl & Improvement	Expenses related to structure/grounds replacement
8070	Emergency Equipment Repair	Provides for repairs on an emergency basis

RESOLUTION 2015-325

A RESOLUTION OF THE SOUTH SAN LUIS OBISPO
COUNTY SANITATION DISTRICT BOARD
OF DIRECTORS APPROVING A RESOLUTION GRANTING
A COST OF LIVING ADJUSTMENT TO DISTRICT STAFF
OF ONE PERCENT RETROACTIVE TO FEBRUARY 1, 2015

WHEREAS, the South San Luis Obispo County Sanitation District
(District) desires to remain competitive in salary and benefits that it provides to its
employees; and

WHEREAS, the Consumer Price Index (CPI) for the Los Angeles area for
the twelve months prior to December of 2014 was 0.7 percent which represented
a 0.5 decrease from the prior month; and

WHEREAS, the cost of living adjustment (COLA) provided to Social
Security recipients for this year is 1.7 percent; and

WHEREAS, in 2014 District granted employees a 2.93 percent COLA
effective on February 1st;

THEREFORE, BE IT RESOLVED THAT, the District hereby grants
employees a one percent COLA increase retroactive to February 1, 2015

PASSED AND ADOPTED at a regular meeting of the South San Luis
County Sanitation District Board of Directors held this 18th day of February
2015.

On the motion of John Shoals seconded by MaryLucy
and of the following roll call vote, to wit:

AYES: John Shoals, MaryLucy, Jim Hill

NOES:

ABSENT:

CONFLICTS:

Jim Hill
Jim Hill, Chairman
Board of Directors
South San Luis Obispo County Sanitation District

Received as to form
Michael Setz

EXHIBIT "A"

2014-15 FISCAL YEAR SALARY/RANGE MONTHLY COMPENSATION COLA INCREASE AT 1.0%

FULL TIME EMPLOYEES

<i>Level Authorized</i>	<i>Step 1</i>	<i>Step 2</i>	<i>Step 3</i>	<i>Step 4</i>	<i>Step 5</i>
1 Plant Superintendent	6575	6709	7045	7398	7769
1 Shift Supervisor	5371	5481	5757	6043	6346
0 Operator 3	4769	4867	5110	5367	5635
1 Senior Maintenance Mechanic	4634	4867	5110	5367	5635
0 Lead Operator	4426	4648	4881	5126	5382
1 Lab Tech/ Operator	4426	4648	4881	5126	5382
3 Operator 2	4300	4516	4741	4978	5230
0 Operator 1 *** *** Grade II 2.5% increase	3993	4192	4403	4623	4975
1 Operator In Training Intern	3609	3791	3980	4181	4389
1 Maintenance Assistant	3609	3791	3980	4181	4389
1 Bookkeeper/Secretary	3916	4112	4318	4534	4761
10 TOTAL STAFF					

PART TIME EMPLOYEES - MONTHLY RATE

Board Member or Alternate \$100 per meeting attended
(Resolution 1995-150)

Administrator Per Contract

Attorney Per Contract

Volunteers See Resolution No. 76

RESOLUTION NO. 2015-326

A RESOLUTION OF THE SOUTH SAN LUIS OBISPO
COUNTY SANITATION DISTRICT BOARD OF DIRECTORS
APPROVING THE ADOPTION OF A REVISED
PLANT SUPERINTENDENT EMPLOYMENT STANDARDS AND
PLANT SUPERINTENDENT COMPENSATION SCHEDULE

WHEREAS, the Plant Superintendent for the South San Luis Obispo County Sanitation District (District) has roles that exceed that of what is typically expected of a Chief Plant Operator (CPO).

WHEREAS, the Plant Superintendent for SSLOCSO is required to perform the duties of CPO as well as manage a sewage collection system, manage all District owned systems, supervise District employees and define budgetary needs.

WHEREAS, the Plant Superintendent also plays a major role in defining the long-term vision for the District.

WHEREAS, the District attempts to keep Employment Standards and Compensation Schedules current.

BE IT RESOLVED that the South San Luis Obispo County Sanitation Board of Directors adopt the revised Plant Superintendent Employment Standard Exhibit "A", and Monthly Compensation Schedule Exhibit "B" for the Plant Superintendent.

PASSED AND ADOPTED at a regular meeting of the South San Luis County Sanitation District Board of Directors held this 18th day of March 2015.

On the motion of John Shoals seconded by Matt Guerrero
and of the following roll call vote, to wit:

AYES: Shoals, Guerrero, Hill

NOES:

ABSENT :

CONFLICTS:

Jim Hill, Chairman
Board of Directors
South San Luis Obispo County Sanitation District

7010 -PLANT SUPERINTENDENT

EMPLOYMENT STANDARDS

Position Characteristics This individual is responsible for wastewater treatment/water reclamation plant and District owned sewer, operations and maintenance. This includes administering all wastewater treatment, reclamation and disposal functions for the SLOCCSD Wastewater Treatment Plant, providing work oversight, review and evaluation to treatment plant personnel. Successful performance of the work; requires a high degree of technical and regulatory knowledge to ensure that all plant operations and laboratory activities are in compliance with National Pollutant Discharge Elimination System (NPDES), Regional Water Quality Control Board (RWQCB) and Air Pollution Control District (APCD) as well as other regulatory requirements.

Plans, coordinates, manages, reviews and evaluates all water reclamation facility operations, maintenance and effluent disposal activities; ensures compliance with federal, state and local water, biosolids and air-quality regulations; performs related work as assigned.

The SLOCCSD Plant Superintendent receives general direction from the contract District Manager within a framework of legal requirements, policies and established organizational values and processes, with independence of action to meet changing operational conditions. Direct supervision is provided at various levels within the organization requiring the use of sound management skills, business management practices, professional development, and supervisory skills.

Education and Experience Equivalent to completion of two years of college or technical school training or possession of an Associate of Arts degree in chemistry, biology, wastewater treatment or a closely-related field and/or successful completion of training required by the California State Water Resources Control Board and four years experience operating and performing maintenance on facilities and equipment in a secondary wastewater treatment/reclamation plant, including two years at a supervisory level or shift lead.

Possession of: Must possess a valid California class C driver's license and a satisfactory driving record. Must possess, or obtain prior to completion of the probationary period, a Grade III Wastewater Treatment Plant Operator certificate issued by the California State Water Resources Control Board.

Knowledge of:

- The operation, cleaning and preventive maintenance of wastewater treatment and disposal facilities and equipment.
- The operation and preventive maintenance of piping systems, including hydraulics, telemetry, valves and related appurtenances.
- Principles of contract negotiation and administration.
- Document preparation.
- Recent developments, current technology and informational resources regarding wastewater treatment and reclamation.
- Standard chemical and physical tests of wastewater, sludge, effluent and related materials.
- Supervisory principles and practices, including work planning, assignment, review and evaluation.
- Techniques for training staff in work procedures.
- Principles and practices of public agency budget preparation, administration, and control.
- The operation and minor maintenance of a variety of hand and power tools, vehicles and equipment related to the work.
- Safety equipment and practices related to the work, including the handling of hazardous chemicals and confined space entry procedures.
- Applicable laws, codes and regulations.
- Principles and practices of public agency budget preparation, administration, and maintenance.
- Principles and practices of contract negotiation and administration.
- Computer applications related to the work.
- Standard office practices and procedures, including the use of standard office equipment.
- Effective and diplomatic communications skills.
- Techniques for providing a high level of customer service to public and District staff, in person and over the telephone.

○ Ability to:

- Plan, organize, supervise, coordinate, review, evaluate and personally participate in the functions and activities of a comprehensive wastewater treatment, reclamation and disposal system.
- Plan, assign, supervise, review and evaluate the work of treatment plant operations, laboratory and maintenance staff.
- Train staff in work and safety procedures.
- Recognize, correct and/or report unusual, inefficient or dangerous operating conditions.
- Read and comprehend a variety of gauges, charts and meters; record data accurately and make appropriate process adjustments.
- Conduct standard chemical and physical tests of wastewater, sludge and related materials.
- Troubleshoot maintenance problems and determine materials and supplies required for repair.
- Read and accurately interpret construction drawings and specifications.
- Maintain accurate logs and written records of operations and work performed.

- Us tact, initiative, prudence and independent judgment within general policy, procedural and legal guidelines.
- Communicate effectively, both orally and in writing.
- Establish and maintain effective working relations with those contacted in the course of the work.
- Take a proactive approach to problem solving.
- Use good judgment, make sound decisions,
- Make recommendations on matters of policy, or complex technical and administrative problems.
- Working in a team atmosphere.

○ Typical Duties:

- Plans, oversees and evaluates the operation and maintenance of the District tertiary wastewater reclamation facility and the associated laboratory.
- Plans, organizes, assigns, supervises and reviews the work of staff to ensure that work is completed in a safe and appropriate manner and within regulatory requirements; develops and implements work and standby schedules.
- Trains staff in work procedures and methods; evaluates the work of staff, initiates and implements work selection and disciplinary procedures.
- Inspects the plant and reviews laboratory testing results to determine operational status; authorizes changes in activities to meet regulatory requirements and ensures the most effective and efficient processes are used.
- Assists in and makes recommendations regarding the long-and short-range planning of plant collection, operational and disposal facility construction and modification activities; assists in the development of the annual and capital improvement budgets.
- Directs the maintenance and inventory of materials, chemicals, supplies and equipment required for the effective operation of the wastewater reclamation plant.
- Oversees laboratory testing activities; prepares or directs the preparation of regulatory reports and ensures their timely submission to appropriate agencies.
- Contributes to and assists in the long-and short-range planning of water reclamation facility construction and modification projects; develops and administers the water reclamation section operating budget; assists in the development and review of requests for proposals; contacts vendors and service contractors regarding prices, delivery and services for materials, chemicals, supplies and equipment; negotiates and administers contracts for contractors and suppliers.
- Inspects the plant for safety violations; ensures that safety procedures are followed and that safety equipment is worn; makes periodic safety presentations to plant staff.
- Troubleshoots operational and maintenance problems; corrects, repairs or directs the correction and repair of operational and/or equipment problems.

- Reads and interprets plans, specifications, blueprints and schematics.
- Responds to and resolves complaints regarding plant operations, including odors, discharge quality and permit problems.
- Responds to emergency situations during off-hours, as required; maintains employee standby availability on a scheduled basis.
- Directs the maintenance of treatment plant, shop areas and other facilities and equipment in a clean and orderly condition.
- May operate valves, pumps and automated controls to regulate the flow of wastewater through the plant; may operate a variety of treatment plant equipment, such as pumps, motors, chlorinators, filters, chemical valves, digesters, bar screens and blowers.
- Prepares and directs the preparation and timely submission of a variety of written correspondence, reports, procedures, ordinances and other materials.
- Maintains and directs the maintenance of automated and manual files.
- Monitors changes in laws, regulations and technology that may affect division operations; implements changes to policies and procedures, after approval.

Working Conditions:

Work in wastewater treatment plant, wastewater collection system environments; some exposure to water, chemicals, hazardous materials, and noise; heavy lifting/moving, standing, climbing. May work at heights, in confined spaces, and in inclement weather conditions. Must be available for standby assignments and to work emergency overtime, as required.

Physical Demands: Must possess strength, stamina and mobility to work in a wastewater treatment plant and laboratory setting, to lift and carry materials weighing up to fifty pounds and to use specialized test equipment, hand and power tools and instrumentation; stamina to work in confined spaces around machines and to climb and descend ladders; vision to read printed materials, charts, gauges and a computer screen; hearing and speech to converse in person and over the telephone or radio.

Exhibit "B"

**PLANT SUPERINTENDENT
MONTHLY COMPENSATION SCHEDULE**

	Step 1	Step 2	Step 3	Step 4	Step 5
Proposed	7768	8157	8565	8993	9443

2014-15 FISCAL YEAR
CHANGE MONTHLY COMPENSATION
Resolution 2015-326

FULL TIME EMPLOYEES

Level/Authorized	Step 1	Step 2	Step 3	Step 4	Step 5
1 Plant Superintendent	7768	8157	8565	8993	9443
1 Shift Supervisor	5371	5481	5757	6043	6346
0 Operator 3	4769	4867	5110	5367	5635
1 Senior Maintenance Mechanic	4634	4867	5110	5367	5635
0 Lead Operator	4426	4648	4881	5126	5382
1 Lab Tech/ Operator	4426	4648	4881	5126	5382
3 Operator 2	4300	4516	4741	4978	5230
0 Operator 1 *** *** Grade II 2.5% increase	3993	4192	4403	4623	4975
1 Operator In Training Intern	3609	3791	3980	4181	4389
1 Maintenance Assistant	3609	3791	3980	4181	4389
1 Bookkeeper/Secretary	3916	4112	4318	4534	4761
10 TOTAL STAFF					

PART TIME EMPLOYEES - MONTHLY RATE

Board Member or Alternate	\$100 per meeting attended (Resolution 1995-150)
---------------------------	---

Administrator	Per Contract
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
14	14
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90	90
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92	92
93	93
94	94
95	95
96	96
97	97
98	98
99	99
100	100

Attorney Per Contract

Volunteers

See Resolution No. 76

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

RESOLUTION NO. 2014-317

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT ADOPTING THE YEAR 2014 DISTRICT INVESTMENT POLICY

WHEREAS, The Board of Directors of the South San Luis Obispo County Sanitation District ("District") believes that the public funds should, so far as is reasonably possible, be invested in financial institutions to produce revenue for the District rather than to remain idle, and

WHEREAS, from time to time there are District funds which for varying periods of time will not be required for immediate use by the District, and which will, therefore, be available for the purpose of investing in financial institutions with the objectives of safety, liquidity, yield, and compliance with state and federal laws and policies.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South San Luis Obispo County Sanitation District as follows:

1. The District hereby adopted the Investment Policy attached hereto as Exhibit "A" as the District's Investment Policy:
2. The District General Manager shall act as Treasurer/Finance Officer of the District and is authorized to invest and re-invest funds in accordance with the Investment Policy for the succeeding twelve (12) month period or until such time as the delegation of authority is revoked.

PASSED AND ADOPTED by the Board of Directors of the South San Luis Obispo County Sanitation District this March 19, 2014, on the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:



Matthew Guerrero, Chairperson,
South San Luis Obispo County Sanitation District

ATTEST:



Rick Sweet, District Manager

APPROVED AS TO FORM:



Michael W. Seitz
District Legal Counsel

RESOLUTION 2014-317

EXHIBIT A

YEAR 2014 INVESTMENT POLICY

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

1. INTRODUCTION

This policy establishes the standards under which the District's Finance Officer will conduct business with financial institutions with regard to the investment process.

2. PURPOSE AND SCOPE

This investment policy is intended to outline the guidelines and practices to be used in effectively managing the District's available cash and investment portfolio. It applies to all cash and investment assets of the District except those funds maintained in deferred compensation accounts for employees, and proceeds of debt issuance that shall be invested in accordance with the permitted investment provisions of their specific bond indentures. District monies not required for immediate expenditure will be invested in compliance with governing provisions of law (Government Code Sections 53600 et seq) and this policy. Investments shall be made in judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers (Finance Officer) acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

3. FINANCE OFFICER

The Board of Directors appoints the District Manager as the District Finance Officer and Treasurer.

4. SCOPE

The District investment portfolio shall consist of money held in a sinking fund of, or surplus money in, the District's treasury not required for the immediate necessities of the District. The District's investment portfolio shall be invested in accordance with this policy.

5. OBJECTIVES

The primary objectives are safety, liquidity, yield, and compliance.

A. SAFETY

The investment portfolio shall be managed in a manner that ensures the preservation of capital. The objective is to minimize credit risk and interest rate risk.

LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements. This shall be accomplished by structuring the investment portfolio so that investments mature in advance of with cash needs.

B. YIELD

Yield shall be a consideration only after the requirements of safety and liquidity have been met.

C. COMPLIANCE

This Investment Policy is written to be in compliance with California and Federal law.

6. STANDARD OF CARE

A. PRUDENCE

The Finance Officer will manage the portfolio pursuant to the "Prudent Investor Standard." When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds in the District's investment portfolio, the Finance Officer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, 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 District.

B. DISCLOSURES

Finance Officer shall disclose any material interest in financial institutions with which he/she conducts the District business.

7. INVESTMENTS AUTHORITY

A. PERMITTED INVESTMENTS

The District Finance Officer is authorized to invest in the following institutions:

1. County pooled funds (California Government Code § 61730)
2. The Local Agency Investment Fund created by the California State Treasury (California Government Code §16429.1)

3. One or more FDIC insured Banks and/or Savings and Loan Associations that are designated as District depositories by resolution of the Board of Directors (California Government Code §61053).
4. Such other financial institutions or securities that may be designated by the Board of Directors from time to time in compliance with California and Federal law.

B. PROHIBITED INVESTMENTS

The District's Finance Officer shall not invest in:

1. Inverse floaters, range notes or interest only strips that are derived from a pool of mortgages.
2. Any security that could result in a zero interest accrual if held to maturity.
3. A state or federal credit union, if a member of the District's Board of Directors or an administrative officer also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee or supervisory committee, of the state or federal credit union.

C. DIVERSIFIED INVESTMENTS

Investments, other than investments referenced in paragraphs 7-A (1) and (2) above, will be diversified to avoid losses that may be associated with any one investment.

8. REPORTS

A. MONTHLY REPORT

Finance Officer/Treasurer shall make monthly reports to the Board with the following information:

- Investments made or retired during the preceding month.
- Single transfers between permitted institutions of greater than \$150,000.

B. QUARTERLY REPORTS

Finance Officer shall file a quarterly report that identifies the District's investments and their compliance with the District's Investment Policy. The quarterly report must be filed with the District's auditor and considered by the District's Board of Directors within thirty (30) days after the end of each quarter (i.e., by May 1, August 1, November 1, and February 1) (California Government Code §53646). Required elements of the quarterly report are as follows:

1. Type of Investment

2. Institution
3. Date of Maturity (if applicable)
4. Amount of deposit or cost of the security
5. Current market value of securities with maturity in excess of twelve months (if applicable)
6. Rate of interest
7. Statement relating the report to the Statements of Investments Policy
8. Statement of the District's ability to meet cash flow requirements for the next six months.
9. Accrued Interest (if applicable)

C. ANNUAL REPORT

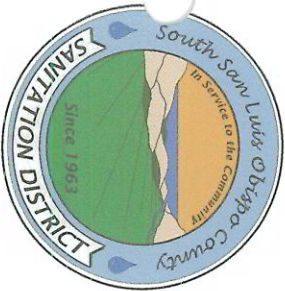
Prior to February 1, of each year, the Finance Officer shall file and submit an annual report to the district's auditor and Board of Director's which will contain the same information required in the quarterly report.

The annual report will include a recommendation to the Board of Directors to either:

1. Readopt the District's then current annual Investment Policy
2. Amend the District's then current Investment Policy.

D. LIMITED QUARTERLY REPORT

If the District has placed all of its investments in the Local Agency Investment Fund (LAIF), created by California Government Code § 16429.1, or in Federal Deposit Insurance Corporation, insured accounts in a bank or savings and loan association, in a County investment pool, or any combination of these, the Finance Officer may submit to the Board of Directors, and the auditor of the District the most recent statement or statements received by the District from these institutions in lieu of the information required in paragraph 8.B, above. This special reporting policy does not relieve the Finance Officer of the obligation to prepare an annual investment report as identified in paragraph 8.C., above.



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339 Oceano, California 93475-0339
1600 Aloha Oceano, California 93445-9735
Telephone (805) 489-6666 FAX (805) 489-2765
www.ssiocsd.org

Staff Report

To: Board of Directors
From: Richard Sweet, PE, District Manager
Date: May 20, 2015
Subject: **PRESENTATION OF 2014 AUDIT**

RECOMMENDATION:

That the Board receive a presentation of the audit report of the District's financial records by Moss, Levy & Hartzheim, LLP, the District's independent auditor; resolve questions; call for revisions; approve and file the report.

BACKGROUND

At the meeting of July 16, 2014, the Board approved retaining Moss, Levy & Hartzheim, LLP to perform the annual audit for the District. The auditors reviewed District financial statements and records and met with District staff to develop the Audit Report, Attachment "A." Included in the Audit Report is the "Management Discussion and Analysis" which summarizes items pertaining to revenue, expenditures and assets.

DISCUSSION:

The District improved its fiscal standing during 2014 fiscal year (FY). The change in net assets for FY 2013 was a negative (\$2,191,626) while in FY 2014 the change in net assets was a negative (\$460,183). Cash and cash equivalent assets increased in value from the 2013 FY by \$675,045. The improved cash assets are being secured to pay for ongoing capital improvement projects to update and replace existing equipment and improve plant operations. The decline in net assets reflects depreciation of District facilities.

With the implementation in the FY ending 2014 of Government Accounting Standards Board (GASB) Statement No. 67 there has been a heightened awareness of unfunded liabilities associated with pension benefits. The District's unfunded liability issue pertains to retirement health care benefits. The District provides a retirement health benefit to District employee that amounts to eighty percent of health plan costs. Next year this will increase to ninety percent (90%) and the following year, one hundred percent (100%). Page 18 of the Audit Report notes the value of the unfunded liability at \$1,295,363. The District is engaged with specialists at CalPERS that are proposing

options to the District to satisfy this obligation. The Board will be presented these options as they are developed.

Options

1. Decline to approve the Audit Report and direct changes be made for future consideration of the Board.
2. Decline to approve the Audit Report and decline to consider the report at a future date, leaving the District unaudited for the 2014 FY.

Richard G. Sweet, PE
District Manager

Attachments: Attachment "A" Audit Report

**SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT**

FINANCIAL STATEMENTS

June 30, 2014

DRAFT

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
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June 30, 2014

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DRAFT



MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

South San Luis Obispo County Sanitation District
Oceano, California

Report on the Financial Statements

We have audited the accompanying financial statements of the South San Luis Obispo County Sanitation District (District) as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the South San Luis Obispo County Sanitation District, as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 2 to the basic financial statements effective July 1, 2013, the South San Luis Obispo County Sanitation District adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Correction-2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, of the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2015, on our consideration of the South San Luis Obispo County Sanitation 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, CA
May 14, 2015

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
POST OFFICE BOX 339
1600 ALOHA PLACE
OCEANO, CA 93475

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2014

The following is a discussion of the consolidated financial condition and the results of operations of the South San Luis Obispo County Sanitation District (the District) for the year ending June 30, 2014. This discussion refers to and is qualified by information contained in the financial statements and in the notes to the financial statements. Thus, it should be read together with these statements in the Audit Report. The financial audit of the South San Luis Obispo County Sanitation District has been performed by Moss, Levy & Hartzheim, CPAs, in accordance with U.S. generally accepted auditing standards.

Overall Performance

South San Luis Obispo County Sanitation District realized an overall increase in cash and cash equivalents of \$ 675,045. However, the District realized a decrease in Net Assets of \$460,183 from the previous fiscal year. This decrease is the result of a Net Operating Loss of \$621,441 for FYE 2014. The District realized a Net Operating Loss of \$1,322,049 for FYE 2013 meaning that the District lost \$700,608 less in FYE 2014 than in the previous fiscal year. Net operating loss in FYE 2014 is due primarily to Depreciation which was \$1,351,494.

Total District Operating Revenues showed an increase of \$74,052 (1.98%).

Total District Operating Expenses showed a decrease of \$626,556 (14.2%) from the previous year. With the exclusion of Depreciation expense, however, operating expenses were \$661,686 less than the prior year (\$2,415,261 for FYE 2014 compared to \$3,076,947 for FYE 2013) which is a decrease of 22%.

Several expense categories showed significant reduction: Employee Benefits \$37,171 (12.3%), Retirement Contribution \$13,006 (17.14%) OPEB Expense \$19,801 (14.19%), Repairs and Maintenance \$39,775 (14.34%), Equipment Rental \$2,416 (45.49%), Special Services \$83,333 (33.80%), Fuel and Oil \$1,449 (14.29%), Membership, Permit, and License Fees \$27,624 (30.17%), Legal and Accounting \$207,458 (44.88%), Plant Chemicals, Lab and Analysis \$129,433 (35.96%), Environmental Regulation Fees \$118,985 (83.08%), Solids Handling \$29,472 (42.93%), Small Tools \$3,139 (14.4%).

The decrease in Employee Benefits expenses was due to a decrease in Workers Comp expenses.

Retirement Contribution expenses decreased due to one Classic CalPens member being on Disability Leave and one employee leaving half way through the year.

OPEB Expense is a liability calculated by the District's Actuary.

Special Services expense decrease was due to a drastic drop in the cost of the District Administrator and Engineering savings.

Memberships, Fees, and Licenses expense decreased due to a reduction in Source Control Program costs and Air/Water Board permit prep costs.

Legal and Accounting is due to a decrease in Outside Legal Counsel costs.

Plant Chemicals, Lab and Analysis decrease is due to reduction in use of plant chemicals and as a result of performing in-house lab analysis that were previously contracted out.

Environmental Regulations Fees is primarily due to the cost of the NOV response, and due to prep for the WDR and SSMF being performed by District staff.

Solids Handling reduction was a result in changing contractors and negotiating a new contract.

Three expense categories showed significant increases: Payroll Tax and Benefits \$7,603 (16.03%), Communications \$1,651 (17.04%), Property Taxes \$26,126 (65.84%).

Zone 1 1/A, Property Tax is approximately \$26,000 per year. This apparent difference is due to the timing of property tax payment. There really is no significant difference.

Business-Type Activities

Wastewater Treatment is the primary business-type activity of the South San Luis Obispo County Sanitation District. The Operating Fund provides for revenues and expenses and is a self-supporting fund.

Comparative Revenue from Sewer Service Fees Fiscal Years Ending 2013 & 2014

	FYE 2013	FYE 2014
Sewer Service Fees	\$3,071,262	\$3,145,314
Net increase of \$74,052 for FYE 2014		

Capital Improvement Activities

The District continues to improve plant performance and capacity through planning and completion of a number of capital improvements. Some of the capital purchases and projects completed during the fiscal year ended 2014 include:

- IT System Upgrade
- SSMF Update & Biannual Audit
- Replace all Influent Pump VFD's
- Purchase Ford F150 to replace Ranger
- Installed Dual Gas Boiler
- O&M Manual Update
- Installed Secondary System Recirculation Pump and Pipes
- Replaced FFR Pumps 1 & 2
- Installed Centrifuge Centrate Piping to Sludge beds
- Replaced Influent Pump #2
- Replace Influent pump check valves
- Installed sludge conveyor at centrifuge

As capital improvement is always an on-going effort at the District, many projects were added to the District's construction-in-progress listing. On-going projects at the District include:

- Influent Grinder Service
- Long-range Plant Expansion
- Grit Removal System
- Mechanical Bar Screen
- CIPP Lining
- Refurbishment of AG Creek Sewer Bridge
- SCADA System Upgrade
- Sludge Bed VFD's
- Digester Cleaning
- Primary Clarifier No. 1 Catwalk
- Secondary Clarifier Inspection /Refurbishment
- O&M Manual & Training
- Chemical Metering Pumps
- Trunk Line Inspection
- Install Catwalk at CCT

Capital Improvements are funded by three different funds according to the project's intent and benefit.

The Operating Fund primarily provides for the purchase of equipment and plant improvements which will benefit the overall plant performance.

The Expansion Fund primarily provides for those projects which will ultimately increase plant capacity. This fund's primary revenue source is through new, user-connection fees.

The Replacement Fund primarily provides for the replacement of existing plant equipment and processes. This fund receives its revenue through transfers from the Operating Fund.

Summary

The District has improved its fiscal standing during this fiscal period. The change in net assets for FYE 2014 was a negative (\$460,183) as compared to a negative (\$2,191,626) in FYE 2013. That is a 79% improvement in net assets change. The District did realize a total cash increase of \$675,045 in its cash and cash equivalents when compared to FYE 2013. There was a decrease in the District's cash and cash equivalents in FYE 2013 of \$57,950 and FYE 2012 of \$381,173. This demonstrates a current trend of positive gains in District cash and cash equivalents. The District continues to improve its cash balance standing to prepare for upcoming Capital Improvement Projects. The cash balance at FYE 2014 is \$4,586,534. One should bear in mind however, that this District did experience a net operating loss of \$621,441 for FYE 2014 when also considering depreciation losses. While cash balance has improved significantly, the Districts net asset have decreased.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2014

ASSETS

Current Assets:

Cash and investments	\$ 4,586,534
Accounts receivable	402,727
Prepaid expenses	37,163

Total current assets

5,026,424

Noncurrent Assets:

Deposits	7,295
Capital Assets	
Land	431,425
Construction in progress	541,691
Property, plant & equipment	26,668,462
Accumulated depreciation	(17,465,192)

Total noncurrent assets

10,183,681

Total assets

15,210,105

LIABILITIES

Current Liabilities:

Accounts payable	75,429
Accrued liabilities	24,219
Accrued interest payable	5,212
Settlement payable	1,109,813
Loan payable, current portion	61,591

Total current liabilities

1,276,264

Long-Term Liabilities:

Loan payable, less current portion	205,137
Compensated absences	49,247
Other post employment benefits	611,233

Total long term liabilities

865,617

Total liabilities

2,141,881

NET POSITION

Net investment in capital assets	9,909,658
Restricted for capital expansion	3,966,816
Unrestricted	(808,250)

Total net position

\$ 13,068,224

DRAFT

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND

For the Fiscal Year Ended June 30, 2014

Operating Revenues:	
Sewer services fees	\$ 3,145,314
Total operating revenues	<u>3,145,314</u>
Operating Expenses:	
Gross wages	591,188
Payroll taxes and benefits	47,419
Employee benefits	263,668
Retirement contribution	62,894
OPEB expense	119,785
Uniforms	12,517
Repairs and maintenance	237,509
Equipment rental	2,895
Insurance	27,727
Depreciation	1,351,494
Communications	9,689
Utilities	180,645
Property tax	39,684
Special services	163,198
Office and supplies	16,493
Fuel and oil	8,683
Membership, permits and license fees	63,927
Legal and accounting	254,776
Plant chemicals, lab, and analysis	230,473
Environmental regulation fees	24,241
Solids handling	39,186
Small tools	18,664
Total operating expenses	<u>3,766,755</u>
Net operating loss	<u>(621,441)</u>
Non-Operating Revenues (Expenses):	
From other governmental agencies	25,666
Interest income	3,158
Lease income	24,547
Interest expense	<u>(15,173)</u>
Total non-operating revenues (expenses)	<u>38,198</u>
Capital Contributions:	
Connection fees	<u>123,060</u>
Change in net assets	<u>(460,183)</u>
Net Position:	
Net position, beginning of fiscal year	14,828,408
Prior period adjustment	<u>(1,300,001)</u>
Net position, beginning of fiscal year- restated	<u>13,528,407</u>
Net position, end of fiscal year	<u><u>\$ 13,068,224</u></u>

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 3,139,871
Payments to vendors	(1,879,072)
Payments to employees	(462,551)
Net cash provided by operating activities	<u>798,248</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash received from other governmental agencies	25,666
Lease income	<u>24,547</u>
Net cash provided by noncapital financing activities	<u>50,213</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital contributions	123,060
Acquisition and construction of capital assets	(226,613)
Payments of capital debt	(58,481)
Interest paid on capital debt	<u>(16,316)</u>
Net cash used by capital and related financing activities	<u>(178,350)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>4,934</u>
Net cash provided by investing activities	<u>4,934</u>
Net change in cash and cash equivalents	675,045
Cash and cash equivalents, July 1, 2013	<u>3,911,489</u>
Cash and cash equivalents, June 30, 2014	<u><u>\$ 4,586,534</u></u>

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (Continued)
For the Fiscal Year Ended June 30, 2014

Reconciliation of operating loss to net cash provided
by operating activities:

Operating loss	\$ (621,441)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	1,351,494
Change in net assets and liabilities:	
Accounts receivable	3,062
Prepaid expenses	(4,942)
Deposits	(3,563)
Accounts payable	(54,999)
Accrued liabilities	601
Compensated absences	8,251
OPRB liability	<u>119,785</u>

Net cash provided by operating activities

\$ 798,248

DRAFT

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - REPORTING ENTITY

The reporting entity is the South San Luis Obispo County Sanitation District. The District is responsible for trunk main and sewer pipes from the Cities of Arroyo Grande, Grover Beach, and the Oceano Community Services District. The District is governed by a three-member body, known as the District Board, who are appointed by the respective member agencies on a yearly basis. The District Board includes one representative from each of its Member Agencies, specifically, the City of Arroyo Grande, City of Grover Beach and the Oceano Community Services District. The District provides wastewater disposal services.

There are no component units included in this report which meet the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and No. 61.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Accounting Policies - The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

- B. Accounting Method - The District is organized as an Enterprise Fund and follows the accrual method of accounting, whereby revenues are recorded as earned, and expenses are recorded when incurred.

- C. Fund Financial Statements - The fund financial statements provide information about the District's proprietary fund.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Proprietary Fund Type

Enterprise Fund

Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

- D. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash and restricted and unrestricted certificates of deposit with original maturities of three months or less.

- E. Property, Plant, and Equipment - Capital assets purchased by the District are recorded at cost. Contributed or donated capital assets are recorded at fair value when acquired.

- F. Depreciation - Capital assets owned by the District are depreciated over their estimated useful lives (ranging from 5-40 years) under the straight-line method of depreciation.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G. Receivables - The District did not experience bad debt losses; accordingly, no adjustment has been made for doubtful accounts, and accounts receivable is shown at the adjusted value.
- H. Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.
- I. Compensated Absences - Accumulated unpaid employee vacation and sick leave benefits are recognized as liabilities of the District. The amounts are included in current liabilities.
- J. Restricted Assets - Restricted assets are financial resources segregated for a special purpose such as construction of improvements and financing of debt obligations. These assets are for the benefit of a distinct group and as such are legally or contractually restricted.
- K. Use of Estimates
- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

L. Net Position

GASB Statement No. 63, requires that the difference between assets added to the deferred outflows of resources and liabilities be 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 net position that has external constraints placed on them 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 investment in capital assets or restricted net position.

M. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 65

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of the GASB Statement No. 65 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction - 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," and GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 66 (Continued)

Questions also have arisen about differences between Statement No. 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2014.

NOTE 3 - CASH AND INVESTMENTS

Investments are carried at fair value in accordance with GASB Statement No. 31. On June 30, 2014 the District had the following cash and investments on hand:

Cash on hand	\$	140
Cash in Bank		90,199
Cash and investments with County Treasurer		2,091,245
Local Agency Investment Fund (LAIF)		<u>2,404,950</u>
Total cash and investment	\$	<u><u>4,586,534</u></u>

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

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

Disclosures 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, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk 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 to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>12 Months or Less</u>	<u>13 - 24 Months</u>	<u>25 - 60 Months</u>	<u>More than 60 Months</u>
San Luis Obispo Investment Pool	\$ 2,091,245	\$ 2,091,245	\$ -	\$ -	\$ -
State Investment Pool (LAIF)	2,404,950	2,404,950	-	-	-
	<u>\$ 4,496,195</u>	<u>\$ 4,496,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Remaining Maturity (in Months)

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code and the District's investment policy, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Rating as of Fiscal Year End			
			AAA	Aa	Baa	Not Rated
San Luis Obispo Investment Pool	\$ 2,091,245	N/A	\$ -	\$ -	\$ -	\$ 2,091,245
State Investment Pool (LAIF)	2,404,950	N/A				2,404,950
	<u>\$ 4,496,195</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,496,195</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. There are no investments in any one issuer that represent 5% or more of total District 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 custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental 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 the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2014, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investment in State Pool (LAIF)

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 4 - SCHEDULE OF CAPITAL ASSETS

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2014, is shown below:

	Balance July 1, 2013	Additions	Deletions	Prior Period Adjustment	Balance June 30, 2014
Land	\$ 431,425	\$ -	\$ -	\$ -	\$ 431,425
Construction in progress	1,813,196	48,155		(1,319,660)	541,691
Property, Plant, & Equipment	26,542,203	178,458	(32,130)	(20,069)	26,668,462
Total capital assets	28,786,824	226,613	(32,130)	(1,339,729)	27,641,578
Less Accumulated Depreciation	(16,185,556)	(1,351,494)	32,130	39,728	(17,465,192)
Net capital assets	\$ 12,601,268	\$ (1,124,881)	\$ -	\$ (1,300,001)	\$ 10,176,386

NOTE 5 - LOAN PAYABLE

On October 19, 2009, the District received a loan from Municipal Finance Corporation in the amount of \$483,159. The purpose of the loan was to install a new electrical generator system. The District will make semi-annual payments under the loan agreement of \$37,398 through August 16, 2017. The interest rate for the loan is 5.25%. Future debt service payments are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2015	\$ 61,591	\$ 13,206	\$ 74,797
2016	64,867	9,930	74,797
2017	68,318	6,479	74,797
2018	71,952	2,845	74,797
	<u>\$ 266,728</u>	<u>\$ 32,460</u>	<u>\$ 299,188</u>

NOTE 6 - LONG-TERM DEBT

The changes in long-term debt at June 30, 2014, are as follows:

	July 1, 2013	Additions	Retirements	Total	Current	Long Term
Compensated Absences	\$ 40,996	\$ 32,115	\$ (23,864)	\$ 49,247	\$ -	\$ 49,247
Loan Payable	325,209		(58,481)	266,728	61,591	205,137
OPFB	491,448	150,441	(30,656)	611,233		611,233
Total	<u>\$ 857,653</u>	<u>\$ 182,556</u>	<u>\$ (113,001)</u>	<u>\$ 927,208</u>	<u>\$ 61,591</u>	<u>\$ 865,617</u>

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 7 - DISTRICT EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

Plan Description

The South San Luis Obispo County Sanitary District's (the District) defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The PERS is part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes with the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members in the PERS are required to contribute 8% of their annual covered salary. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2013/2014, was 11.403%. The contribution requirements of the plan members are established by State statute and employer contribution rate was established and may be amended by CalPERS. The South San Luis Obispo County Sanitary District's contributions to CalPERS for the fiscal years ending June 30, 2014, 2013, and 2012, were \$41,786, \$47,479, and \$49,115, respectively, and equal 100% of the required contributions for each fiscal year.

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The District provides post-retirement health benefits to all retirees who retire from the System and have reached the minimum age of 50.

Funding Policy

The District is required to contribute the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB Statement No. 45. The System used the alternative measurement method as allowed under GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB Cost and Net OPEB Obligation/(Asset)

	Fiscal Year
	<u>Ending June 30, 2014</u>
Annual Required Contributions	\$ 130,783
Interest on Net OPEB Obligation/(Asset)	19,658
Annual OPEB Cost/Expense	150,441
Contributions made	30,656
Increase in Net OPEB Obligations/(Asset)	119,785
Net OPEB Obligations/(Assets) - beginning of fiscal year	491,448
Net OPEB Obligations/(Assets) - end of fiscal year	<u>\$ 611,233</u>

The following table shows the components of the District's Annual OPEB Cost for the fiscal year ended June 30, 2014, the amount actually contributed to the plan (including administrative costs), and changes in the System's Net OPEB Obligation/(Asset):

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014**

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Annual OPEB Cost and Net OPEB Obligation/(Asset) (Continued)

The District's Annual OPEB cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation (Asset) are as follows:

Fiscal Year	Annual		Actual		Percentage of		Net OPEB Obligation (Asset)
	Ended	OPEB Cost	Contribution	Cost Contributed	OPEB Cost Contributed		
June 30, 2012	\$	116,152	\$	16,345	14%	\$	351,862
June 30, 2013	\$	161,749	\$	22,163	14%	\$	491,448
June 30, 2014	\$	150,441	\$	30,656	20%	\$	611,233

The funded status of the plan was as follows:

Valuation Date	Projected Unit Credit Actuarial		Unfunded		Funded Ratio	Covered Payroll	UUAL as a Percentage of Covered Payroll
	Value of Assets	Accrued Liabilities	AAL (UUAL)				
June 30, 2012	\$	-	\$	798,486	0%	\$	438,683
June 30, 2013	\$	-	\$	1,017,897	0%	\$	405,804
June 30, 2014	\$	-	\$	1,295,363	0%	\$	366,444
							182%
							251%
							353%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

The District did not pre-fund retiree healthcare costs nor establish an irrevocable trust for retiree healthcare costs. The decision not to use an irrevocable trust was made because of the current national and state economic issues and the possibility that the funds may be required to provide current services.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available for issuance which is May 14, 2015

NOTE 10 – COMMITMENTS AND CONTINGENCIES

According to the District's staff and attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

NOTE 11 – SETTLEMENT PAYABLE

On October 3, 2012, the District was levied a penalty of \$1,109,813 from the Regional Water Control Board for a sewage spill in December 2010. As of June 30, 2014, the balance was \$1,109,813.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 12 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$(1,300,001) was for the correction to capital assets of \$(1,339,729) and accumulated depreciation on capital assets of \$39,728.

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