



March 22, 2019

TO: LOCSD Board of Directors
FROM: Renee Osborne, General Manager
Adrienne Geidel, Bookkeeper

SUBJECT: Agenda Item 11E – 4/4/2019 Board Meeting
Designate Local Agency Investment Fund (LAIF) as the Drainage and Parks and Recreation Reserve Account

President
Marshall E. Ochylski

Vice President
Charles L. Cesena

Directors
Matthew D. Fourcroy
Vicki L. Milledge
Christine M. Womack

General Manager
Renee Osborne

District Accountant
Robert Stilts, CPA

Unit Chief
Scott M. Jalbert

Battalion Chief
George Huang

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Los Osos, CA 93412

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2122 9th Street, Suite 110
Los Osos, CA 93402

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www.losososcscsd.org

DESCRIPTION

Staff would like to designate the Local Agency Investment Fund account to Drainage and Parks and Recreation reserves only. Interest would be divided between Drainage (43.8%) and Parks and Recreation (56.2%) funds.

STAFF RECOMMENDATION

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

Motion: I move that the Board designate the Local Agency Investment Fund as the Drainage and Parks and Recreation Reserve account and divide interest between Drainage and Parks and Recreation; 43.8% will go to Drainage and 56.2% will go to Parks and Recreation; and, move \$138,694 from LAIF to the Rabobank Money Market Account for Water.

DISCUSSION

Currently, Fund 500/Water receives 100% of the Rabobank Money Market Account interest. There is \$1,925,584.82 in the account and the Water Reserve total is \$2,131,813 per the 2017/2018 Audit.

The Local Agency Investment Fund (LAIF) account has a total of \$657,643.09. Presently, LAIF interest is divided between Administration 44.43%, Water 22.58%, Drainage 1.83%, and Parks 31.16%.

Per the 2017/2018 Audit, Fund 800/Drainage has \$227,293 in reserves and Fund 900/Parks and Recreation has \$291,656 in reserves. Staff would like to split the LAIF interest between Drainage at 43.8% and Parks at 56.2%.

Water should get 0% interest since it is receiving 100% from the Rabobank Money Market account and 100% of the Pacific Premier Bank CD. Fund 100/Administration should not be receiving interest income. The District Auditor said that, "only the Water, Fire, Drainage, and Parks funds should be getting interest income."

SUMMARY

Staff is recommending that the LAIF fund be designated strictly to Drainage and Parks reserves. In addition, move \$138,694 from LAIF to the Rabobank Money Market Water Reserve Fund. The requested changes would help with cleaner bookkeeping.

FINANCIAL IMPACT

LAIF made \$3,950.13 in interest in the 4th quarter of 2018. If Drainage and Parks split the interest 43.8/56.2, Drainage would receive \$1,730.11 and Parks \$2,220.02; compared to \$72.28 for Drainage and \$1,230.82 Parks.

Attachments

2018/2019 AUDIT	
Parks Reserve Balance	\$291,656.00
Drainage Reserve Balance	\$227,293.00
Combined amount	<u>\$518,949.00</u>

LAIF ACCOUNT BALANCE

As of March 2019	\$657,643.09
Allocation to Water to balance Water Reserve	<u>\$138,694.00</u>
Balance after adjustment	\$518,949.09

2018/2019 AUDIT	
Water Reserve Balance	\$2,131,813.00
Rabobank MM balance	\$1,925,584.82
Allocation from LAIF	<u>\$138,694.00</u>
Water Reserve Balance after allocation	\$2,064,278.82

Water Reserves Bank Balances

Water CD	\$52,984.55
Water MM	\$1,925,584.82
Allocation from LAIF	<u>\$138,694.00</u>
Water Reserve Balances	\$2,323,491.55

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

Fire and Water Fund Reserves

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

Fire Fund:	
General Contingency	\$ 93,676
Vehicle, Equipment, and Fire Engine Replacement	755,081
Capital Outlay	590,107
Public Facilities Fee	40,334
Fire Mitigation	160,449
Total Fire Fund Reserves	<u>\$ 1,639,647</u>
Water Fund:	
General Contingency	\$ 414,183
Capital Outlay	1,214,296
Vehicle and Equipment Replacement	112,042
Water Quality	91,517
Water Stabalization	190,456
Basin Management	50,031
Water Conservation	59,288
Total Water Fund Reserves	<u>\$ 2,131,813</u>
Drainage Fund:	
General Contingency	\$ 32,238
Capital Outlay	195,055
	<u>\$ 227,293</u>
Parks and Recreation Fund:	\$ 291,656

Significant Events or Disclosures

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

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

Sincerely,

Renee Osborne
General Manager

Local Agency Investment Fund

Box 942809

Sacramento, CA 94209-0001

(916) 653-3001

www.treasurer.ca.gov/pmia-laif/laif.as

March 04, 2010

LOS OSOS COMMUNITY SERVICES DISTRICT

GENERAL MANAGER

P.O. BOX 6064

LOS OSOS, CA 93412

PMIA Average Monthly Yields

Account Number:

16-40-010

Tran Type Definitions

February 2010 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	657,643.09
Total Withdrawal:	0.00	Ending Balance:	657,643.09



**CALIFORNIA STATE TREASURER
FIONA MA, CPA**



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
02/18/19	2.39	2.37	181
02/19/19	2.39	2.37	178
02/20/19	2.39	2.37	178
02/21/19	2.39	2.37	177
02/22/19	2.39	2.37	177
02/23/19	2.39	2.37	177
02/24/19	2.39	2.37	177
02/25/19	2.39	2.37	175
02/26/19	2.39	2.37	174
02/27/19	2.39	2.37	175
02/28/19	2.43	2.37	184
03/01/19	2.43	2.37	191
03/02/19	2.43	2.38	191
03/03/19	2.43	2.38	191
03/04/19	2.43	2.38	191
03/05/19	2.43	2.38	190
03/06/19	2.43	2.38	189
03/07/19	2.43	2.38	189
03/08/19	2.43	2.38	190
03/09/19	2.43	2.38	190
03/10/19	2.43	2.38	190
03/11/19	2.43	2.38	187
03/12/19	2.43	2.38	185
03/13/19	2.43	2.38	184
03/14/19	2.44	2.38	184
03/15/19	2.44	2.38	183
03/16/19	2.44	2.39	183
03/17/19	2.44	2.39	183
03/18/19	2.44	2.39	179
03/19/19	2.44	2.39	178
03/20/19	2.44	2.39	177

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

LAIF Performance Report

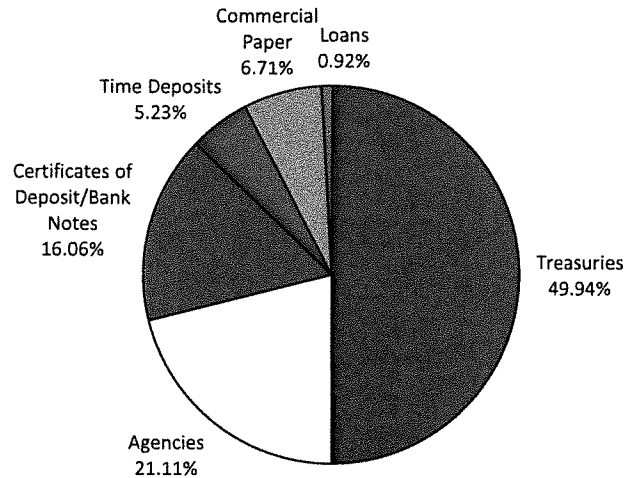
Quarter Ending 12/31/18

Apportionment Rate: 2.40
 Earnings Ratio: 0.00006573663340150
 Fair Value Factor: 0.999051127
 Daily: 2.32%
 Quarter to Date: 2.21%
 Average Life: 192

PMIA Average Monthly Effective Yields

Feb 2019 2.392
 Jan 2019 2.355
 Dec 2018 2.291

**Pooled Money Investment Account
Portfolio Composition
02/28/19
\$89.5 billion**



Percentages may not total 100% due to rounding

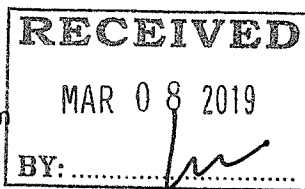
Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1)

Based on data available as of 03/20/2019



Rabobank, N.A.
 PO Box 6010
 Santa Maria, CA 93456-6010
 www.RabobankAmerica.com

Rabobank Return Service Requested



Rabobank, N.A.
 Member FDIC
 EQUAL HOUSING LENDER
 NMLS #649477

Account Number:
 This Statement: February 28, 2019
 Last Statement: January 31, 2019
 Days in Statement Period: 28
 Checks/Items Enclosed: 0

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1
 LOS OSOS COMM SERVICES DIST
 PO BOX 6064
 LOS OSOS CA 93412-6064

Customer Service Information

- Telephone Banking**
1-800-942-6222
- Written Inquiries:**
P.O. Box 6002, Arroyo Grande, CA 93421-6002
- Visit Us Online:**
www.RabobankAmerica.com/contact-us

Water Reserves

PUBLIC INVESTMENT MONEY MARKET

Account Number:

Balance Summary

Beginning Balance as of 01/31/2019	\$1,925,584.82
+ Deposits and Credits (1)	43,308.70
+ Interest Paid	299.23
- Withdrawals and Debits (0)	0.00
Ending Balance as of 02/28/2019	\$1,969,192.75
Low Balance	1,925,584.82
Average Balance	1,950,332.65

Earnings Summary

Interest Paid This Period	299.23
Interest Paid Year to Date	641.33
Interest Earned	299.23
Interest-Bearing Days	28
Annual Percentage Yield Earned	0.20%

Credits

Date	Description	Additions
02-13	CASH MGMT TRSFR CR REF 0441546L FUNDS TRANSFER FRM DEP 2022384701 FROM WW LIENS EMAIL ADR IENNE 021319	43,308.70
02-28	INTEREST CREDIT	299.23

Overdraft and Returned Item Fees

	Total For This Period	Total Year To Date
TOTAL OVERDRAFT FEES	0.00	0.00
TOTAL RETURNED ITEM FEES	0.00	0.00



2.50% APY*
25 month CD

1.85% APY*
5 month CD

Rabobank | It means Ready to Help

RabobankAmerica.com/Earn

*Annual Percentage Yield (APY) shown is accurate as of 01/15/2019 and is subject to change without notice. Minimum deposit to open a Personal or Business CD: \$2,500. Minimum deposit to open an IRA CD: \$1,000. There is no minimum balance to obtain the disclosed APY. Public Funds CDs are excluded from the above offer. A penalty will be imposed for early withdrawal. Fees may reduce earnings. Please review deposit account agreement, disclosures or see a Rabobank associate for full account terms.

From: Adam Guise [mailto:aguisse@mlhcpas.com]
Sent: Tuesday, March 19, 2019 1:30 PM
To: Renee Osborne <rosborne@losososcscsd.org>
Subject: Re: Administrative interest income

Renee,

Please see the attached cash and investment reconciliation from our audit. LAIF has the same problem as a few other cash accounts in that at some point in history the allocation was screwed up between funds and as a result the Admin Fund shows a negative LAIF balance. I know that the LAIF balance in the Recreation Fund is correct but that negative LAIF should be zeroed out and netted with the Water, Fire and/or Drainage funds (note that to do so some General or PIMMA cash would need to be moved to compensate). Due to those past mistakes we just net the cash and investments in each fund currently but it would be great if Adrienne was able to tackle cleaning that up.

Anyway, as you can see from the positive balances, only the Water, Fire, Drainage, and Parks Funds should be getting interest income.

Los Osos CSD
Cash
Summary
June 30, 2018

Need cash confirms

Prepared by: A1001
Reviewed by: AM 10/26/18

Account Name	Bank	Account #	Confirm	Balance per Bank	Reconciled Balance
General Checking Account	Rabobank	2022384701	A1008	1,353,650.37	A1008 1,192,462.41
PIMMA	Rabobank	9533747849	A1006	2,073,287.47	A1006 2,073,287.47
CD	Pacific Premier	3419100105	A1004	52,501.00	A1004 52,501.00
Payroll	Rabobank	2022384702	A1009	1,239.33	A1009 (432.33)
LAIF	LAIF	16-40-010	A20011	647,089.92	A20011 647,089.92
Low Income Assistance Funds Account	Pacific Premier	3317181190	A1002	21,840.00	
South Bay Fire Reserves	Pacific Premier	8000004155	A1003	1,563,220.97	1,563,220.97
Bankruptcy Account	Rabobank	606505101	A10010	102,793.69	A10010 102,793.69
Fiscal	US Bank	107141001	A3003	918,002.03	918,002.03
Fiscal	US Bank	107141000	A3002	776,125.75	776,125.75
Petty Cash (100)					W 300.00 TB
Change Fund (100)					W 200.00
Petty Cash (301)					W 200.00
Change Fund (500)					W 200.00
Total Cash & Investments:					7,325,930.91 b

Agency Fund:

Account Name	Bank	Account #	Confirm	Balance per Bank	Reconciled Balance
Low Income Assistance Funds	Pacific Premier	3317181190		21,840.00	A1002 21,840.00

Note: This account is not under Los Osos control but they are an Agent for distribution of the funds.

Fund	Account	Account Balance
100	0999	Change Fund 200.00
500	0999	Change Fund 200.00
301	1031	Fire Reserves Account 1,563,220.97
100	1012	General Checking Account (1,865,004.33)
200	1012	General Checking Account 49,714.28
301	1012	General Checking Account 6,554.58
313	1012	General Checking Account (289.57)
350	1012	General Checking Account (10,188.55)
400	1012	General Checking Account (12,538.50)
500	1012	General Checking Account 2,715,229.86
550	1012	General Checking Account 35,490.83
600	1012	General Checking Account (88,784.71)
602	1012	General Checking Account 47,168.51
650	1012	General Checking Account -
800	1012	General Checking Account 332,988.27
900	1012	General Checking Account (17,615.54)
100	0333	Inv. Pacific Premier 16.62
301	0333	Inv. Pacific Premier 52,419.53
500	0333	Inv. Pacific Premier 62.73
602	0333	Inv. Pacific Premier 2.12
600	0330	Inv. WW SRF Rabobank PMMI -
100	1011	LAIF Investments (343,360.74)
200	1011	LAIF Investments -
301	1011	LAIF Investments 436,808.17
400	1011	LAIF Investments -
500	1011	LAIF Investments 224,077.48
600	1011	LAIF Investments -
650	1011	LAIF Investments -
800	1011	LAIF Investments 20,293.88
900	1011	LAIF Investments 309,271.13
100	1013	Payroll Account (contra to 2998) 136,836.13
301	1013	Payroll Account (contra to 2998) 5,538.63
500	1013	Payroll Account (contra to 2998) (123,994.52)
800	1013	Payroll Account (contra to 2998) (18,812.57)
100	1000	Petty Cash 300.00
301	1000	Petty Cash 200.00
100	0334	Rabo Bank -Investments 2,088,385.33
301	0334	Rabo Bank -Investments 7,504.48
500	0334	Rabo Bank -Investments (118,350.90)
600	0334	Rabo Bank -Investments (17,986.34)
602	0334	Rabo Bank -Investments 100,578.06
800	0334	Rabo Bank -Investments 1,139.84
100	1014	Rabobank Investments -
600	1014	Rabobank Investments -
602	1014	Rabobank Investments -
650	1014	Rabobank Investments -
100	1017	Rabobank-Bankruptcy Disbursement Reserve -
600	1017	Rabobank-Bankruptcy Disbursement Reserve 102,793.69
602	1017	Rabobank-Bankruptcy Disbursement Reserve -
100	1078	US Bank - WW Bond Reserve Fund -
600	1078	US Bank - WW Bond Reserve Fund -
602	1078	US Bank - WW Bond Reserve Fund 918,002.03
100	1077	US Bank- WW Bond Redemption Fund -
600	1077	US Bank- WW Bond Redemption Fund -
602	1077	US Bank- WW Bond Redemption Fund 776,125.75
Total:		7,326,193.15 c

Difference (c-b): 262.24

Note: Based on the audit work performed, the balances appear to be reasonable.

Note: As of 10/26/18, the ending balance in the TB for the General Checking Account is \$262.24 higher than the reconciled balance. Adam is going to talk to Adrienne about why.