



September 17, 2014

TO: LOCSD Board of Directors

FROM: Kathy A. Kivley, General Manager

SUBJECT: **Agenda Item 11F – 10/2/2014 Board Meeting**
Adopt Resolution to Reverse Entry for the I-Bank Reserve in
Fiscal Year 2013/14

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Craig V. Baltimore

Vice President
R. Michael Wright

Directors
Leonard A. Moothart
Marshall E. Ochylski
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DESCRIPTION

Reverse the entry for the I-Bank Reserve in FY 2013/2014.

SUMMARY OF 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 adopt Resolution No. 2014-24 which directs the General Manager to perform the appropriate actions consistent with Standard Accounting Practices to reverse the entry in the I-Bank Reserve.

DISCUSSION

Based on staff research in Fiscal Year 2008/2009 staff established the I-Bank Reserve Account. This Reserve Account based on the supporting documentation was established for a single purpose. This purpose was to accumulate money through the fiscal year on a monthly basis towards the payment of the I-Bank loan. During this fiscal year the Reserve Account was used as the mechanism to make the I-Bank Loan payments as the cash was disbursed from the fund. In FY 2009/2010 staff discontinued this process and from the paperwork began to expense the payments. Also in the FY 2009/2010, the cash account for the payment was zeroed out. The Reserve Fund amount remained on the books instead of zeroing out this amount also.

The I-Bank Loan is currently reflected in the prior year budget (FY 2013/2014) and staff expensed the loan payment for the same year. This same scenario is for FY 2014/2015. Therefore this is a duplicate entry with only cash to cover the expenditures in the expense reports. It is also important to note based on staff review of documentation, this Reserve Fund was not established by Board of Directors action.

FINANCIAL IMPACT

The recommended action will have no financial impact on the District. This simply allows staff to continue to resolve financial functions.

Attachment: Resolution 2014-24

RESOLUTION 2014-24

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT
REVERSING THE I-BANK RESERVE AS ESTABLISHED IN THE WATER FUND**

WHEREAS, the Los Osos Community Services District ("District") provides water service within the District's water service area pursuant to § 61100 (a) of the Community Services District Law; and

WHEREAS, pursuant to § 61112 of the Community Services District Law the Board of Directors may establish designated reserves; and

WHEREAS, the Board of Directors pursuant to this same section find that reserves are no longer needed may discontinue the reserve designation; and

WHEREAS, the Board of Directors realizes with the conclusion of the bankruptcy there are many clean-up tasks necessary for the District; and

WHEREAS, the Board of Directors desires financial stability and accountability with transparency in their actions; and

WHEREAS, based on staff's extensive analysis and research the Board of Directors desires to take actions within their authority;

NOW THEREFORE, in consideration of the mutual covenants therein contained, the Board agrees and directs as follows:

1. Reverse the I-Bank Reserve Fund and prepare the appropriate paperwork consistent with Standard Government Accounting Practices to remove this reserve from the financial records.
2. Authorize staff to take this action effective June 30, 2014.

The Board of Director hereby agrees with all the terms and conditions as outlined. This agreement was passed by Resolution No. 2014-24 adopted on the 2nd day of October, 2014 and incorporated therein by reference.

Upon motion of Director _____, seconded by Director _____
and on the following roll call vote, to wit:

AYES: _____
NOES: _____
ABSENT: _____
ABSTAIN: _____

Craig V. Baltimore
President of the Board of Directors
Los Osos Community Services District

ATTEST:

APPROVED AS TO FORM:

Kathy A. Kivley
General Manager and Secretary to the Board

Michael W. Seitz
District Legal Counsel