



June 1, 2023

**TO:** LOCSD Board of Directors

**FROM:** Ron Munds, General Manager

**SUBJECT: Agenda Item 2A – 06/01/2023 Board Meeting**  
Adopt Resolution Approving the Fiscal Year 2023-2024  
Final Budget

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**DESCRIPTION**

State law requires that the District adopt a budget for the ensuing fiscal year by July 1. This report provides an overview Fiscal Year (FY) 2023/2024 Final Budget which is attached.

**STAFF RECOMMENDATION**

Staff recommends the following:

***Motion: I move that the Board adopt Resolution 2023-21 approving the Fiscal Year 2023/2024 final budget.***

**DISCUSSION**

This FY 2023-2024 Final Budget Document (attached) includes a variety of information designed to assist the reader in understanding the District's financial health and fiscal priorities for the 2023-2024 fiscal year. The budget document is formatted to provide the key information for each fund followed by a summary of revenues and expenditures. The purpose of displaying the information in this manner is so the reader can get an understandable view of the fiscal health of each fund and the District as a whole.

This budget continues to implement the District's reserve policies, which were amended and updated in 2017 to ensure the sustainability of the District's operations and programs for emergency services, water, drainage, lighting and parks and recreation. With the adoption by the Board of 2023 work plans for the various committees, the budget supports the direction and objectives outlined in those plans.

Staff presented the preliminary budget to the Board at your May 4, 2023 meeting. Direction was provided and incorporated into the final budget document. Some additional information was received after the May 4<sup>th</sup> meeting and has been incorporated as well.

The following summarizes the budget requests presented at the May 4<sup>th</sup> meeting including any changes that were made based on Board direction.

**Fund 100 – Administration**

No Change from May 4, 2023 Board Meeting.

**Major Requests:** Increase in personnel costs related to the cost-of-living increase (COLA) for the Administrative Clerk, Administrative Services Manager (ASM) and General Manager (GM).

**Impact to Budget:** Overall personnel costs increased by about \$7,630.00, an increase of roughly 4% over FY 2022-23. The Services and Supplies budget decreased by approximately \$5,450. The overall budget impact net increase of \$2,178.00, which is about 0.31% over FY 2022-23.

**Fund 100 – Summary**

The proposed Administration budget will see about a 0.31% increase in expenditures for FY 2023-24. The overall increase in Fund 100 is approximately \$2,178.00. The Personnel cost increase is associated with recommended COLA increases for the Administrative Clerk of 5.25% (SLOCEA contract), ASM of 4% and General Manager of 3%.

The following table summarizes the budget for Fund 100. More detailed information is available in the attached Preliminary Budget worksheets.

<b>100 - ADMINISTRATION</b>			
<b>Fund 100 Budget Category</b>	<b>2022-2023 Budget</b>	<b>2023-2024 Budget</b>	<b>Increase/ (Decrease)</b>
Revenue	\$712,957.50	\$715,136.00	\$2,178.50
Expenditures			
Personnel	\$405,172.50	\$412,803.50	\$7,631.00
Services & Supplies	\$307,785.00	\$302,332.50	-\$5,452.50
<b>TOTAL Expenditures</b>	<b>\$712,957.50</b>	<b>\$715,136.00</b>	<b>\$2,178.50</b>
<b>TOTAL Revenue</b>	<b>\$712,957.50</b>	<b>\$715,136.00</b>	<b>\$2,178.50</b>

**Fund 200 – Bayridge Estates**

No Change from May 4, 2023 Board Meeting.

**Major Requests:** No major request.

**Impact to Budget:** Minor increase in recommended cost allocation of \$5.45.

**Fund 200 – Summary**

Basically, there are no changes in the Fund 200 budget except the minor increase in the cost allocation amount charged to the fund.

The following table summarizes the budget for Fund 200. More detailed information is available in the attached Preliminary Budget worksheets.

<b>200 - Bayridge</b>			
<b>Fund 200</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>Increase/</b>
<b>Budget Category</b>	<b>Budget</b>	<b>Budget</b>	<b>(Decrease)</b>
Revenue	\$10,000.00	\$10,000.00	\$0.00
Expenditures			
Services & Supplies	\$7,399.16	\$7,399.16	\$0.00
Capital Outlay	\$0.00	\$0.00	\$0.00
Debt Service	\$0.00	\$0.00	\$0.00
Transfers	\$1,782.39	\$1,787.84	\$5.45
<b>TOTAL Expenditures</b>	<b>\$9,181.55</b>	<b>\$9,187.00</b>	<b>\$5.45</b>
<b>TOTAL Revenue</b>	<b>\$10,000.00</b>	<b>\$10,000.00</b>	<b>\$0.00</b>

**Fund 301 – Fire**

Changes from May 4, 2022 meeting:

Per Board direction, the Zone A property tax revenue allocation was decreased from 67.3% to 41.7% which equates to \$125,105.00. Schedule A charges have been updated with the estimated amount to be \$2,521,923.00. The result is a \$352,373 increase (14%) over FY 2022-23 in Contract Services.

**Impact to Budget:** The increase in the Personnel costs is about \$9,540 due mainly to salary increases, there is an increase in the Services and Supplies budget by approximately \$391,427 mostly attributed to Schedule A charges. Other escalations in Vehicle Insurance costs and Equipment and Tools line items result in about a \$39,000 increase.

More detailed information is available in the attached Preliminary Budget worksheets.

<b>301 - Fire</b>			
<b>Fund 301</b>	<b>2022-2023 Budget</b>	<b>2023-2024 Budget</b>	<b>Increase/</b>
<b>Budget Category</b>			<b>(Decrease)</b>
Revenue	\$3,270,808.78	\$3,506,505.00	\$235,696.22
Expenditures			
Total Personnel	\$289,625.00	\$299,165.00	\$9,540.00
Services & Supplies	\$2,395,487.00	\$2,786,914.00	\$391,427.00
Capital Outlay	\$155,747.00	\$122,567.00	-\$33,180.00
Reserves	\$188,398.00	\$193,318.00	\$4,920.00
Transfers	\$71,295.75	\$75,089.28	\$3,793.53
<b>Total Expenditure</b>	<b>\$3,100,552.75</b>	<b>\$3,477,053.28</b>	<b>\$376,500.53</b>
<b>Total Revenue</b>	<b>\$3,270,808.78</b>	<b>\$3,506,505.00</b>	<b>\$235,696.22</b>

**Fund 400 – Vista de Oro**

No Change from May 4, 2023 Board Meeting.

**Major Requests:** No major requests.

**Impact to Budget:** Minor increase in cost allocation of \$5.45.

**Fund 400 – Mid-Year Budget Adjustment Summary**

Basically, there are no changes in the Fund 400 budget except the minor increase in the cost allocation amount charged to the fund.

The following table summarizes the revenue and expenditures for the Fund 400 budget. More detailed information is available in the attached Preliminary Budget worksheets.

<b>400 - VISTA DE ORO</b>			
<b>Fund 400 Budget Category</b>	<b>2022-2023 Budget</b>	<b>2023-2024 Budget</b>	<b>Increase/ (Decrease)</b>
Revenue	\$6,000.00	\$6,000.00	\$0.00
Expenditures			
Services & Supplies	\$3,360.00	\$3,360.00	\$0.00
Debt Service	\$0.00	\$0.00	\$0.00
Transfers	\$1,782.39	\$1,787.84	\$5.45
<b>TOTAL Expenditures</b>	<b>\$5,142.39</b>	<b>\$5,147.84</b>	<b>\$5.45</b>
<b>TOTAL Revenue</b>	<b>\$6,000.00</b>	<b>\$6,000.00</b>	<b>\$0.00</b>

**Fund 500 – Water**

Changes made after the May 4, 2023 meeting:

Per Board direction, the Zone A property tax revenue allocation is set at a rate of approximately \$50,102 for the next two years.

The Capital Improvement Project Summary has been updated to reflect the water transmission phase of the project being completed FY 2023-24. The change is reflected in Fund 500 summary below.

**Major Requests:** Increase in Salaries/Wages and Payroll Taxes/Benefits per second year of the two-year SLOCEA Memorandum of Understanding (MOU), increases in Services and Supplies and the re-prioritization of the Capital Improvement Projects (CIP).

**Impact to Budget:** Using the preliminary estimated numbers, Total Employment Services will increase by approximately \$97,147.00. Services and Supplies budget will increase by \$17,065 and the Capital Outlay budget will increase about \$13,285 over last fiscal year.

The Services and Supplies budget was increased by about \$17,065, mainly from an increase in insurance costs of \$23,900.00. Reductions in other line items minimized the overall increase in Services and Supplies.

The Capital Improvement Project Plan has been re-prioritized based on the timing of taking the 16<sup>th</sup> Street north tank out of service for rehabilitation and adjustments in timing of construction Program C well water transmission main project. The following table reflects the changes in construction schedule previously discussed.

<b>Capital Improvement Project Summary</b>					
<b>Budget Code</b>	<b>FY 22/23 Projects</b>	<b>Budgeted (Estimated)</b>	<b>FY 22/23 Expenditures</b>	<b>Carryover Balance</b>	<b>Comments</b>
500/9006	Program "C" Well Construction	\$1,378,000.00	\$1,084,000.00	\$294,000.00	
500/9006	16th St. Tank North Rehabilitation	\$485,000.00	\$0.00	\$0.00	Deferred
500/9006	Heavy Equipment Storage Structure	\$50,000.00	\$0.00	\$0.00	Deferred
500/9059	10th St. Transfer Pump	\$40,500.00	\$0.00	\$0.00	Underway
	<b>TOTAL</b>		\$1,084,000.00	\$294,000.00	
	<b>FY 23/24 Projects</b>				
500/9006	Program "C" Well Construction	\$1,122,000.00	\$1,084,000.00	\$294,000.00	
500/9006	16th St. Tank North Rehabilitation	\$700,000.00			Revised estimate
500/9006	Heavy Equipment Storage Structure	\$100,000.00			Revised estimate
	<b>TOTAL</b>	\$1,922,000.00			

The following table summarizes the revenue and expenditures projections for the Fund 500 budget. More detailed information is available in the attached Preliminary Budget worksheets.

<b>500 - Water</b>			
<b>Fund 500</b>	<b>2022-2023 Budget</b>	<b>2023-2024 Budget</b>	<b>Increase/ (Decrease)</b>
<b>Budget Category</b>			
<b>Revenue</b>	\$3,205,965.02	\$3,212,526.10	\$6,561.08
<b>Expenditures</b>			
<b>Total Personnel</b>	\$858,833.00	\$955,980.00	\$97,147.00
<b>Services &amp; Supplies</b>	\$615,067.00	\$636,717.00	\$21,650.00
<b>Capital Outlay</b>	\$1,908,715.00	\$1,922,000.00	\$13,285.00
<b>Debt Service</b>	\$264,949.19	\$264,890.53	-\$58.66
<b>Reserves</b>	\$57,000.00	\$57,000.00	\$0.00
<b>Transfers</b>	\$541,847.70	\$543,503.36	\$1,655.66
<b>TOTAL Expenditures</b>	<b>\$4,246,411.89</b>	<b>\$4,380,090.89</b>	<b>\$133,679.00</b>
<b>TOTAL Revenue</b>	<b>\$3,205,965.02</b>	<b>\$3,212,526.10</b>	<b>\$6,561.08</b>

**Fund 600 – Wastewater**

Changes made after the May 4, 2023 meeting:

NBS provided an updated budget for their services which increased \$249.99 over initial budget.

**Major Requests:** No major requests.

**Impact to Budget:** Minor Increase in Administration Costs to NBS of \$1,656.17 and minor increase in cost allocation of \$10.89.

**Fund 600 – Summary**

Basically, there are minor changes in the Fund 600 budget with a slight increase in Administration Costs paid to NBS and the minor increase in the cost allocation amount charged to the fund.

The following table summarizes the budget for Fund 600. More detailed information is available in the attached Preliminary Budget worksheets.

<b>600 - Wastewater</b>			
<b>Fund 600</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>Increase/</b>
<b>Budget Category</b>	<b>Budget</b>	<b>Budget</b>	<b>(Decrease)</b>
<b>Revenue</b>	\$19,720.79	\$21,082.85	\$1,362.06
<b>Expenditures</b>			
<b>Services &amp; Supplies</b>	\$16,156.00	\$17,812.17	\$1,656.17
<b>Debt Service</b>	\$0.00	\$0.00	\$0.00
<b>Transfers</b>	\$3,564.79	\$3,575.68	\$10.89
<b>TOTAL Expenditures</b>	<b>\$19,720.79</b>	<b>\$21,387.85</b>	<b>\$1,667.06</b>
<b>TOTAL Revenue</b>	<b>\$19,720.79</b>	<b>\$21,082.85</b>	<b>\$1,362.06</b>

#### **Fund 650 – Solid Waste**

No changes made since the May 4, 2023 meeting.

**Major Requests:** Fund 650 is still a relatively new budget with many assumptions and estimations built in. Other budgetary items such as Legal and Professional Services and Office/Operations are general estimations that can be adjusted up or down during the mid-year budget adjustment process once staff has a better understanding of the budget expenditures.

**Impact to Budget:** Small increase in Transfer of \$217.85 based on the revised cost allocation numbers.

#### **Fund 650 – Summary**

The anticipated revenue from the franchise fee is \$350,000.00 which is a \$105,000.00 increase from the previous fiscal year. There is a small increase of \$217.85 in Transfers.

The following table summarizes the budget for Fund 650. More detailed information is available in the attached Preliminary Budget worksheets.

<b>650 - Solid Waste</b>			
<b>Fund 800</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>Increase/</b>
<b>Budget Category</b>	<b>Budget</b>	<b>Budget</b>	<b>(Decrease)</b>
<b>Revenue</b>	\$245,000.00	\$350,000.00	\$105,000.00
<b>Expenditures</b>			
<b>Total Personnel</b>	\$0.00	\$0.00	\$0.00
<b>Services &amp; Supplies</b>	\$20,000.00	\$17,000.00	-\$3,000.00
<b>Capital Outlay</b>	\$0.00	\$0.00	\$0.00
<b>Debt Services</b>	\$120,000.00	\$120,000.00	\$0.00
<b>Reserves</b>	\$0.00	\$0.00	\$0.00
<b>Transfers</b>	\$71,295.75	\$71,513.60	\$217.85
<b>TOTAL Expenditures</b>	<b>\$211,295.75</b>	<b>\$208,513.60</b>	<b>-\$2,782.15</b>
<b>TOTAL Revenue</b>	<b>\$245,000.00</b>	<b>\$350,000.00</b>	<b>\$105,000.00</b>

**Fund 800 – Drainage**

Changes made since the May 4, 2023 Meeting:

Per Board direction, the Zone A property tax revenue allocation is set at a rate of approximately \$109,804.39.

**Major Requests:** Proposed minor increases in Personnel Costs and major expenditure for the interfund loan approved by the Board for the Cabrillo Basin repairs.

**Impact to Budget:** Increase in Personnel costs of about \$1,000.00 and \$63,890.00 increase for debt service.

**Fund 800 – Summary**

Revenues for Fund 800 will increase based on estimations provided by the County for Zone D and F revenues by about \$2,400.00. Per Board direction, Zone A funding will be \$109,804.39. The Drainage Assessment fee on each parcel will remain about the same.

The following table summarizes the budget for Fund 800. More detailed information is available in the attached Preliminary Budget worksheets.

<b>800 - Drainage</b>			
<b>Fund 800</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>Increase/</b>
<b>Budget Category</b>	<b>Budget</b>	<b>Budget</b>	<b>(Decrease)</b>
<b>Revenue</b>	\$135,138.00	\$247,331.39	\$112,193.39
<b>Expenditures</b>			
<b>Total Personnel</b>	\$11,200.00	\$12,200.00	\$1,000.00
<b>Services &amp; Supplies</b>	\$34,123.00	\$33,950.00	-\$173.00
<b>Capital Outlay</b>	\$18,000.00	\$18,000.00	\$0.00
<b>Reserves</b>	\$0.00	\$0.00	\$0.00
<b>Transfers</b>	\$14,259.15	\$14,302.72	\$43.57
<b>Debt Service</b>	\$0.00	\$63,890.50	\$63,890.50
<b>TOTAL Expenditures</b>	<b>\$77,582.15</b>	<b>\$142,343.22</b>	<b>\$64,761.07</b>
<b>TOTAL Revenue</b>	<b>\$135,138.00</b>	<b>\$247,331.39</b>	<b>\$112,193.39</b>

**Fund 900 – Parks and Recreation**

Changes made since the May 4, 2023 meeting:

Per Board direction, the Zone A property tax revenue allocation is set at a rate of approximately \$15,000.

**Major Requests:** Decrease the cost allocation from 1% to 0.5%. No other budget requests.

**Impact to Budget:** Reducing the cost allocation will decrease the amount by \$3,553.90.

**Fund 900 – Summary**

Revenues will decrease by \$27,354.20 based on the reduced Zone A allocation. Expenditures will decrease by \$3,553.90 due to the change in the cost allocation percentage from 1% to 0.05%.

The following table summarizes the requested changes to the Fund 900 budget.

<b>900 - Parks &amp; Recreation</b>			
<b>Fund 900</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>Increase/</b>
<b>Budget Category</b>	<b>Budget</b>	<b>Budget</b>	<b>(Decrease)</b>
<b>Revenue</b>	\$43,064.20	\$15,700.00	-\$27,364.20
<b>Expenditures</b>			
<b>Services &amp; Supplies</b>	\$1,600.00	\$1,600.00	\$0.00
<b>Capital Outlay</b>	\$42,000.00	\$42,000.00	\$0.00
<b>Transfers</b>	\$7,129.58	\$3,575.68	-\$3,553.90
<b>TOTAL Expenditures</b>	<b>\$50,729.58</b>	<b>\$47,175.68</b>	<b>-\$3,553.90</b>
<b>TOTAL Revenue</b>	<b>\$43,064.20</b>	<b>\$15,700.00</b>	<b>-\$27,364.20</b>

#### **Attachments**

Resolution No. 2023-21  
Fiscal Year 2023-24 Final Budget