



January 30, 2023

TO: LOCSO Board of Directors

FROM: Ron Munds, General Manager

SUBJECT: Agenda Item 4 – 01/30/2022 Board Meeting
Approval of the Mid-Year budget adjustment requests for Fiscal Year 2022-2023.

President
Charles L. Cesena

Vice President
Marshall E. Ochylski

Directors
Troy C. Gatchell
Matthew Fourcroy
Christine M. Womack

General Manager
Ron Munds

District Accountant
Robert Stilts, CPA

Unit Chief
John Owens

Battalion Chief
Paul Provence

Mailing Address:
P.O. Box 6064
Los Osos, CA 93412

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

Phone: 805/528-9370
FAX: 805/528-9377

www.losososcsd.org

DESCRIPTION

Mid-Year budget adjustment requests to Fiscal Year 2022-2023 budget.

SUMMARY OF STAFF RECOMMENDATION

Staff recommends that the FAC adopt the following motion:

Motion: I recommend to the Board that the Board approve the Mid-Year Adjustment requests as presented for Funds 100, 301, 500 and 800.

DISCUSSION

The following section of the report provides a summary of the requested mid-year changes to the Fiscal Year 2022-2023 budget by Fund. More detailed line-item descriptions of each request are provided as an attachment to the report.

Fiscal Year 2022-23 Mid-Year Budget Adjustment Request Summary:

Fund 100 – Administration

Major Adjustment Requests: Budget neutral adjustments in Personnel cost with an increase of \$2,600 and correspondingly decrease Services and Supplies.

Impact to Budget: Budget neutral

Fund 100 – Mid-Year Budget Adjustment Summary

There are minor adjustments in the Fund 100 budget being proposed resulting in no net increase or decrease in the overall budget. There are \$2,600 of increases in the Salaries/Wages line items that have been balanced by reductions in Services and Supplies. The main reduction is in Legal & Professional line items since there was no election this year.

The following table summarizes the requested changes to the Fund 100 budget. More detailed information is available in the attached Mid-Year Budget Adjustment worksheets.

100 - ADMINISTRATION			
Fund 100 Budget Category	2022-2023 Budget	2022-2023 Mid Year	Increase/ (Decrease)
Revenue	\$712,957.50	\$712,957.50	\$0.00
Expenditures			
Personnel	\$402,572.50	\$405,172.50	\$2,600.00
Services & Supplies	\$310,385.00	\$307,785.00	-\$2,600.00
TOTAL Expenditures	\$712,957.50	\$712,957.50	\$0.00
TOTAL Revenue	\$712,957.50	\$712,957.50	\$0.00

Fund 301 – Fire

Major Adjustment Requests: There are line-item adjustments in Revenue, Services and Supplies and Capital Outlay that require adjustments. The Services and Supplies increases are primarily attributed to Fire Personal Protection Equipment (6440), Paramedic & EMT Supplies (7238), Insurance (7325) and Capital Outlay (9006). There were some decreases in other line items to reduce the impact of these increases. Revenue projection was decreased by Board direction on 10/6/22 by \$81,340.

Impact to Budget: The adjustment requests will increase the Fund 301 budget by \$56,758.00. The individual requests are discussed in the summary section below.

Fund 301 – Mid-Year Budget Adjustment Summary

The following are the dollar adjustments and explanations for line-item adjustments in Services and Supplies. More detailed information is available in the attached Mid-Year Budget Adjustment worksheets.

GL Code	Description	Adjustment Request	Explanation
4034	Zone A Property Tax	\$81,340 (decrease)	Board action; move to Fund 500
6440	Fire Personal Protection Equipment	\$5,000 (increase)	A Cal Fire grant covered a majority of the purchase of new PPE, this is the District's share.
7238	Paramedic & EMT Supplies	\$15,000 (increase)	Upgrades to AED/Defib machines
7325	Insurance	\$11,800 (increase)	Added new fire truck to policy
9006	Capital Outlay	\$32,557 (increase)	Building condition assessment cost

The following table summarizes the requested changes to the Fund 301 budget.

301 - Fire			
Fund 301 Budget Category	2022-2023 Budget	2022-2023 Mid Year	Increase/ (Decrease)
Revenue	\$3,352,148.04	\$3,270,808.78	-\$81,339.26
Expenditures			
Total Personnel	\$289,625.00	\$289,625.00	\$0.00
Services & Supplies	\$2,371,296.00	\$2,395,487.00	\$24,191.00
Capital Outlay	\$123,180.00	\$155,747.00	\$32,567.00
Reserves	\$188,398.00	\$188,398.00	\$0.00
Transfers	\$71,295.75	\$71,295.75	\$0.00
Total Expenditure	\$3,043,794.75	\$3,100,552.75	\$56,758.00
Total Revenue	\$3,352,148.04	\$3,270,808.78	-\$81,339.26

Fund 500 – Water

Major Adjustment Requests: Adjustments in Personnel due to slight increase in overtime costs, Services and Supplies which result in a moderate increase in budget due to a significant increase in Water Quality Testing for both the 8th Street Upper and Program C wells and a decrease in Capital Outlay due to the change in capital outlay projects in the budget.

Impact to Budget: Net increase in the Personnel cost of \$2,500 and Services and Supplies budget of \$36,715 and decrease in the Capital Outlay of \$9,285 for a net increase of \$29,930.

Fund 500 – Mid-Year Budget Adjustment Summary

On the revenue side of the budget at mid-year, water sales, service fees and other revenues are on target with projections.

On the expense side, Fund 500 (Water) budget requires adjustments within several of the object level categories in the Services and Supplies to offset line-item increases which result in an increase of approximately \$35,715. The object level categories that required increases are:

- Salaries/Wates (increase of \$2,500)
- Rent and Utilities (increase \$15,000)
- Repairs & Maintenance (increase \$9,000)
- Water Quality Testing (increase \$36,000)

Staff was able to decrease several line-items including a decrease in Capital Outlay of \$9,285 to reflect either actual for service or anticipated costs reductions for the fiscal year to minimize the overall increase in the budget adjustment requests.

The following table summarizes the larger budget increases in the **General Ledger line-items** recommended for Mid-Year adjustments:

Salaries/Wages		
8045-Overtime	\$2,500 increase	Staff overtime hours
Rent & Utilities		
8610-Electricity	\$15,000 increase	8 th Street upper well online

Repairs & Maintenance		
6640-Equipment & Non-structural Assets	\$9,000 increase	South Bay upper well brine tank replacement-one time cost
Contract Services		
7250-Water Quality Testing	\$36,000 increase	8 th St. Upper & Program C well

Capital Outlay Summary of Changes

As identified in the 2022-23 Capital Improvement Plan, there are four capital projects, one that is being recommended for deferral until next fiscal year and the addition of a project that was unanticipated and requires immediate action. The deferral of the storage structure and the addition of the 10th Street transfer pump results in a decrease in the Capital Outlay budget of \$9,285.

FY 2022-23 Mid-Year Capital Improvement Projects Status Report				
Budget Code	FY 2020-21 Project	Original Budget	Revised Budget	Status
500/9006	Program "C" Well Construction	\$1,378,000.00	\$1,378,000.00	Drilling complete, equipping design award to MNS, pipeline project design to WSC
500/9006	16th St. Tank North Rehabilitation	\$490,000.00	\$490,000.00	Will begin in Spring
500/9006	Heavy Equipment Storage Structure	\$50,000.00	\$0.00	Deferred
500/9006	10th St. Transfer Pump	\$0.00	\$40,715.00	Emergency
	TOTAL	\$1,918,000.00	\$1,908,715.00	

The District was awarded a grant from the Department of Water Resources (DWR) for \$1,500,000 for the Program C Well and Pipeline Project which will help offset the above referenced project cost.

The following table summarizes the changes in the Fund 500 budget. More detailed line-item descriptions of the various budget adjustments are provided as an attachment to the report. The following table summarizes the revised budget for Fiscal Year 2022-23.

500 - Water			
Fund 500 Budget Category	2022-2023 Budget	2022-2023 Mid Year	Increase/ (Decrease)
Revenue	\$3,124,625.76	\$3,205,965.02	\$81,339.26
Expenditures			
Total Personnel	\$856,333.00	\$858,833.00	\$2,500.00
Services & Supplies	\$578,352.00	\$615,067.00	\$36,715.00
Capital Outlay	\$1,918,000.00	\$1,908,715.00	-\$9,285.00
Debt Service	\$264,949.19	\$264,949.19	\$0.00
Reserves	\$57,000.00	\$57,000.00	\$0.00
Transfers	\$541,847.70	\$541,847.70	\$0.00
TOTAL Expenditures	\$4,216,481.89	\$4,246,411.89	\$29,930.00
TOTAL Revenue	\$3,124,625.76	\$3,205,965.02	\$81,339.26

Fund 800 – Drainage

There are significant unanticipated expenditures that will be arising from the Vista de Oro storm incident. Staff will be providing options to the Board to fund those expenditures under a separate action

item. Staff is requesting that the Board approve the proposed minor mid-year adjustments to the regular Fund 800 budget at this time.

Major Adjustment Requests: Increases to Services and Supplies in various categories, mainly legal services and gasoline, and increase in Capital Outlay to reflect a pending capital project.

Impact to Budget: Overall increase in Fund 800 budget by \$6,673.

Fund 800 – Mid-Year Budget Adjustment Summary

The following table summarizes the requested changes to the Fund 800 budget. More detail is provided in the attached item detail document.

800 - Drainage			
Fund 800 Budget Category	2022-2023 Budget	2022-2023 Mid Year	Increase/ (Decrease)
Revenue	\$135,154.00	\$135,138.00	-\$16.00
Expenditures			
Total Personnel	\$11,200.00	\$11,200.00	\$0.00
Services & Supplies	\$30,450.00	\$34,123.00	\$3,673.00
Capital Outlay	\$15,000.00	\$18,000.00	\$3,000.00
Reserves	\$0.00	\$0.00	\$0.00
Transfers	\$14,259.15	\$14,259.15	\$0.00
TOTAL Expenditures	\$70,909.15	\$77,582.15	\$6,673.00
TOTAL Revenue	\$135,154.00	\$135,138.00	-\$16.00
Net Revenue/Expenses	\$64,244.85	\$57,555.85	

Advisory Committee Action

The Utilities Advisory Committee reviewed the Fund 500 budget at their January 18, 2023 meeting and recommended approval of the mid-year budget adjustments as presented for Funds 500. Because of the uncertainty of the upcoming budget issues facing Fund 800, staff recommended deferral of the review of Fund 800 to a future date.

The Finance Advisory Committee will review the entire mid-year budget document at their January 30, 2023 meeting. Staff will report on their recommendations at the February 2nd Board meeting.

Attachments

22/23 Mid-Year Budget Line-Item Details