



January 22, 2019

TO: LOCSO Board of Directors

FROM: Renee Osborne, General Manager
Adrienne Geidel, Bookkeeper

SUBJECT: Agenda Item 11G – 2/7/2019 Board Meeting
Approve Reconciliation of Water Reserves and Drainage Reserves

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
Greg Alex

DESCRIPTION

Fund 500 (Water), Fund 800 (Drainage), and Fund 900 (Parks and Recreation) Reserve transactions for the 2017-2018 fiscal year.

Motion: *I move that the Board approve transferring of \$32,000 from the Water Stabilization Reserve to the Water Capital Outlay Reserve.*

DISCUSSION

This is a summary report of transactions during Fiscal Year 2017/2018 for the following reserve funds:

FUND 500 WATER

6.30.17 Water Reserves Balance	1,249,940.00
Additions/savings	
Board Directed: Replacement Reserve (Water Yard)	100,000.00
Board Directed: Capital Outlay (Utility Building)	100,000.00
Board Directed: Capital Outlay	92,873.00
Budgeted: General Contingency	57,000.00
Budgeted: Capital Outlay	500,000.00
Budgeted: Water Stabilization	32,000.00
Uses	
(none)	-
6.30.18 Water Reserves Balance	2,131,813.00

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The District set aside \$380,000 for Capital Improvements (8th Street Well) in the 2017/2018 fiscal budget. However, only Engineering was completed during that budget cycle at \$64,568.21. Revenues of \$2,746,234.06 exceeded operation expenses and capital improvements. No Reserve funds were necessary to cover any capital improvements or expenses.

It was determined by the Board and the Utility Advisory Committee in 2018 that the Water Stabilization Reserve was over its designated amount of 10% of the Water Operation costs. Staff will need to move \$32,000 that was transferred into the Water Stabilization reserve to the Water Capital Outlay Reserve. The \$32,000 amount was in the original fiscal budget for 2017/2018 and subsequently the bookkeeper followed the budget.

FUND 800 DRAINAGE

Drainage Reserves Report	
General Contingency Reserve	32,238.22
Capital Outlay Reserve	<u>195,055.40</u>
6.30.18 Drainage Reserves Balance	227,293.62
Proposed Reduction (2017/2018 CIP Uses)	
01/05/18 Control Panel for 8th St Drainage Pump	1,454.96
1/5/18 Control Panel for 8th St. Drainage Pump	19,646.51
01/17/18 Cust#644067 Pioneer Pump @ 8th St & El Moro	59,174.23
01/29/18 Infrastructure CIP 8th St Drainage Pump	<u>7,055.18</u>
	87,330.88
Ending Reserves Balance with transfer	
General Contingency Reserve	32,238.22
Capital Outlay Reserve	<u>107,724.52</u>
Drainage Reserves Balance	139,962.74

During the 2017/2018 fiscal year, \$87,330.88 was spent in capital improvements. This reduces our Drainage Capital Outlay Reserves from \$195,055.40 to \$107,724.52. During 2017/2018 we budgeted using \$16,471.69 of reserves but instead spent \$19,848. This is \$3,376 more than expected.

FUND 900 PARKS AND RECREATION

There were no major expenses during the 2017/2018 fiscal year. Expenses were \$875.00 and an Administrative transfer of \$5,076.37 totaling \$5,951.37. Fund 900 reserve balance for June 30, 2018 is \$291,656.

FUND 100 ADMINISTRATION

Final Administrative Allocation Costs for Fiscal Year 2017/2018 were \$507,637.19 versus \$544,322.00 that was budgeted. Attached is the final cost allocation distribution.

Attachments

**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.lososocscsd.org.

Sincerely,

Renee Osborne
General Manager

DRAINAGE RESERVES

LOS OSOS COMMUNITY SERVICES DISTRICT

Balance Sheet
As of 12/31/2018

		Current Period Balance
LIABILITIES & EQUITY		
Other Liabilities		
Other Liabilities		
General Contingency Reserve	3111	
800 - Drainage	800	32,238.22
Capital Outlay Reserve	3160	
800 - Drainage	800	<u>107,724.52</u>
Total Other Liabilities		<u>139,962.74</u>
Total Other Liabilities		<u>139,962.74</u>
Total LIABILITIES & EQUITY		<u>139,962.74</u>

PARKS AND RECREATION RESERVES

LOS OSOS COMMUNITY SERVICES DISTRICT

Balance Sheet
As of 12/31/2018

		<u>Current Period Balance</u>
LIABILITIES & EQUITY		
Other Liabilities		
Other Liabilities		
Restricted Park and Rec	3090	
900 - Parks & Recreation	900	<u>291,655.59</u>
Total Other Liabilities		<u>291,655.59</u>
Total Other Liabilities		<u>291,655.59</u>
Total LIABILITIES & EQUITY		<u><u>291,655.59</u></u>

**MID YEAR ADJUSTED
COST ALLOCATION PLAN
FISCAL-YEAR 17-18**

Actual
\$507,637.19

TOTAL PROJECTED GENERAL FUND/ADMINISTRATION COSTS

	FIRE	WATER	PARK & REC	DRAINAGE	BAYRIDGE	VISTA DE ORO	WASTE WATER	TOTALS
Allocation Per Cent	10.00%	85.50%	1.00%	2.00%	0.50%	0.50%	0.50%	100.00%
AMOUNT ALLOCATED	\$50,763.72	\$434,029.80	\$5,076.37	\$10,152.74	\$2,538.19	\$2,538.19	\$2,538.19	\$507,637.19
Bi-Annual Interfund Transfer	\$25,215.40	\$215,591.70	\$2,521.54	\$5,043.08	\$1,260.77	\$1,260.77	\$1,260.77	\$252,154.03