

**Los Osos Community Services District
Minutes of the Finance Advisory Committee Meeting
August 31, 2015 at 5:30 p.m. at the District Office**

AGENDA ITEM	DISCUSSION	FOLLOW-UP
1. Call to Order, Flag Salute and Roll Call	<p>Chairperson Storm called the meeting to order at 5:30 p.m. and led the flag salute and a moment of silence.</p> <p><u>Roll Call:</u> Craig Baltimore, Committee Member – Present Jeff Edwards, Committee Member – Present Lisa Gonzalez, Committee Member – Absent Gene Heyer, Committee Member – Present Gary Orback, Committee Member - Present Michael Wright, Vice Chairperson – Present Jon-Erik Storm, Chairperson – Present</p> <p><u>Staff:</u> Kathy Kivley, General Manager Mike Doyel, District Accountant Ann Kudart, Administrative/Accounting Assistant III</p>	
2. Approve FAC Minutes of May 14, 2015	<p>Admin/Accounting Assistant Kudart reported that the minutes would be amended to add Committee Member Baltimore who was present but left off the roll. Committee Member Heyer reported that the comment in Item 7 was Committee Member Orback, not Heyer.</p> <p>Public Comment: Richard Margetson opposed the format of the minutes.</p> <p>Committee Member Baltimore made a motion to approve the minutes as amended. The motion was seconded by Committee Member Orback and carried with the following vote:</p> <p>Ayes: Baltimore, Orback, Edwards, Heyer Nays: None Abstain: None Absent: Gonzalez</p>	
3. Review of Board Item Regarding Warrant Register for August 2015	<p>The Committee reviewed and discussed various warrants with staff.</p> <p>Public Comment: Richard Margetson and Al Barrow spoke.</p> <p>Committee Member Baltimore moved that the committee review any non-payroll expenditure exceeding \$10,000 and recommend that the Board receive and file the Warrant Register. The motion was seconded by Committee Member Edwards and carried with the following vote:</p> <p>Ayes: Baltimore, Edwards, Orback, Heyer Nays: None Abstain: None Absent: Gonzalez</p>	Action: The Committee will review any non-payroll expenditure exceeding \$10,000 and recommended that the Board receive and file the Warrant Register.
4. Review of Board Item Regarding Prior Year Expenditures	<p>General Manager Kivley provided a summary of the reports as submitted. She reported that the \$50,340 generated from the \$12 parcel charge was not included and would be before the Budget goes to print.</p> <p>Public Comment: Richard Margetson and Al Barrow spoke.</p>	Action: The Committee recommended that the Board receive and file the Prior Year Expenditures

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<p>4. Review of Board Item Regarding Prior Year Expenditures (continued)</p>	<p>Committee Member Edwards moved that the Board receive and file the Prior Year Expenditures. The motion was seconded by Committee Member Baltimore and carried with the following vote:</p> <p>Ayes: Edwards, Baltimore, Heyer, Orback, Nays: None Abstain: None Absent: Gonzalez</p>	
<p>5. Review of Board Item Regarding Fiscal Year 2013/2014 Audit Report</p>	<p>General Manager Kivley provided a summary of the audit report as submitted in the agenda packet. She reported that the Management Discussion and Analysis was excluded as it is not a requirement but an option; that once the audit is received and file and the budget adopted, staff will review cash balances at the end of 13/14 and make recommendations to the Board with regards to putting the money into the reserves or keep in the general checking account.</p> <p>Public Comment: Richard Margetson spoke.</p> <p>Committee Member Baltimore moved that the Board receive and file the Fiscal Year 2013/2014 Audit Report. The motion was seconded by Committee Member Heyer and carried with the following vote:</p> <p>Ayes: Baltimore, Heyer, Edwards, Orback, Nays: None Abstain: None Absent: Gonzalez</p>	<p>Action: The Committee recommended that the Board receive and file the 2013/2014 Audit Report</p>
<p>6. Review District Investment Policy and Provide Recommendations to the Board</p>	<p>Accountant Doyel reported that the District's Investment Policy provides guidelines for the investment of District funds and provides standards with which the District conducts business with financial institutions regarding investments. He reported that the majority of the District's funds are currently invested in the Local Agency Investment Fund (LAIF) and other funds invested in CDs. He reported that staff is not recommending any new changes to the policy.</p> <p>Public Comment: Al Barrow spoke.</p> <p>Committee Member Baltimore moved that the Committee recommend that the Board re-adopt the District's Investment Policy and consider diversification of the LAIF dollars. The motion was seconded by Committee Member Orback and carried with the following vote:</p> <p>Ayes: Baltimore, Orback, Edwards, Heyer Nays: None Abstain: None Absent: Gonzalez</p>	<p>Action: The Committee recommended that the Board re-adopt the District's Investment Policy and consider diversification.</p>
<p>7. Discuss Potential 2-Year Budget and Provide Recommendations to the Board</p>	<p>General Manager Kivley reported that it was brought to her attention that it might be prudent to develop a 2-year budget with midyear adjustments being done every 6 months and that it would be at least 2016/17-2017/18 before the District would be ready to implement.</p>	

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	<p>Public Comment: Al Barrow voiced his support. Richard Margetson voiced his opposition.</p> <p>Committee Member Edwards moved that the Committee recommend that the Board look at developing a 2-year budget for Fiscal Years 2017/18-2018/19. The motion was seconded by Committee Member Heyer and carried with the following vote:</p> <p>Ayes: Edwards, Heyer, Orback Nays: Baltimore Abstain: None Absent: Gonzalez</p>	<p>Action: The Committee recommended that the Board look at developing a 2-year budget beginning FY 2017/18-2018/19.</p>
8. Public Comments on Items Not on the Agenda	<p>Al Barrow commented on water quality and that he does not recommend reverse osmosis.</p> <p>Richard Margetson commented that the budget should have come to this committee and the amount of Admin time spent on Fire.</p>	
9. Schedule FAC Meeting	<p>The next meeting of the Finance Advisory Committee will be held on Monday, November 2, 2015 at 5:30 p.m. at the District Office.</p>	
10. Closing Comments by FAC Committee Members	<p>Committee Member Edwards commented on SRF interest rate reductions and siting a new community well.</p> <p>Committee Member Baltimore commented that mid-year adjustments should be the exception and not the rule.</p> <p>Committee Member Orback commented that committee members need to see reports sooner in order to have adequate review time before meetings.</p> <p>Committee Member Heyer agreed with Mr. Orback's comments.</p>	
11. Adjournment	<p>The meeting adjourned at 7:23 p.m.</p>	