



September 27, 2019

TO: Board of Directors

FROM: Ron Munds, General Manager

SUBJECT: Agenda Item 5F – 10/3/2019 Board Meeting

Approval of the Transfer of Funds from the Rabobank General Checking Account into the Pacific Premier Money Market reserve accounts for Water (500) and Fire (301)

President
Marshall E. Ochylski

Vice President
Charles L. Cesena

Directors
Matthew D. Fourcroy
Vicki L. Milledge
Christine M. Womack

General Manager
Ron Munds

District Accountant
Robert Stilts, CPA

Unit Chief
Scott M. Jalbert

Battalion Chief
George Huang

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.losososcsl.org

DESCRIPTION

A report regarding the approval to transfer funds from the District's Rabobank General Checking account to the Pacific Premier Bank Money Market account in the amount of \$595,661.09 for Water (500) Reserves and \$138,887.87 for Fire (301) Reserves.

SUMMARY STAFF RECOMMENDATION

This item will be approved along with the Consent Calendar unless it is requested by a Director for separate consideration. If the item is deliberated on separately, Staff recommends that the Board consider the following motion:

Motion: I move to approve the transfer of funds from the District's Rabobank General Checking account to the Pacific Premier Bank Money Market accounts in the amount of \$595,661.09 for Water Reserves and \$138,887.87 for Fire Reserves.

DISCUSSION

In 2018, separate bank accounts were established for the Fire and Water Reserves at Pacific Premiere Bank. The purpose of establishing these accounts was to provide for better accounting methods to ensure transparency on the use of these funds since the prior practice was to comingle reserves in one or more bank accounts. The General Manager and District Accountant are recommending that the Board approve the transfer of funds from the District's general checking account to the Pacific Premier reserve account in order to reconcile or "true up" of the account balances based on the cash balance in each account at the end of the 2018-19 fiscal year. This would include transferring funds, from the general checking, designated for Water and Fire Reserve amounts budgeted in the 2018-2019 Financial Plan. The following tables summarize the transfer of funds:

Fund 500: Water Reserves	
Aggregated Water Reserve Balance	\$2,624,682.37
Pacific Premier Account Balance (7/5/19)	\$2,029,021.28
Amount to be Transferred	\$595,661.09
<i>Detailed information on reserve balances is provided as an attachment to this report.</i>	

Fund 301: Fire Reserves	
Aggregated Fire Reserve Balance	\$1,815,732.70
Pacific Premier Account Balance (6/30/19)	\$1,676,844.83
Amount to be Transferred	\$138,887.87
<i>Detailed information on reserve balances is provided as an attachment to this report.</i>	

The Water Fund Reserve amount does not include carryover funds associated with Capital Improvement Projects that were not completed during 2018-19 fiscal year. The District's audited financials will be available in December 2019 at which time staff will bring a report to the Board detailing the Fiscal Year 2018-19 reserves and fund balances including carryover monies. Also, once the audited financials are completed and presented to the Board, staff will make a final reserve account reconciliation recommendation if necessary.

FINANCIAL IMPACT

There is no significant fiscal impact with the recommended action. There will be a minimal transfer fee assessed by Rabobank for the transaction. Additionally, there will be increased interest earnings for both the Water and Fire Reserve bank accounts because of the difference in interest rates between Rabobank and Pacific Premiere accounts.

Attachments

ATTACHMENT

Fire 301: Fire Reserve Accounts	Reserve Balance	Prior Balance from June Financials	Variance	Reason for Change
LIABILITIES & EQUITY				
Other Liabilities				
Other Liabilities				
Replacement Reserve - Vehicle, Equip & Fire Engines	924,225.02			
General Contingency Reserve	125,617.43	802,580.82	121,644.20	Budgeted Reserves to transfer
Capital Outlay Reserve	590,107.36	93,676.00	31,941.43	Budgeted Reserves to transfer
Public Facilities Fees Reserve	40,334.00	590,107.36	-	
Total Other Liabilities	<u>1,680,283.81</u>	40,334.00		
Total Other Liabilities	\$ 1,680,283.81			
Equity				
Equity				
Fire Mitigation Fund	135,448.89			
Total Equity	<u>135,448.89</u>			
Total Equity	<u>135,448.89</u>			
Total LIABILITIES & EQUITY (Reserves)	\$ 1,815,732.70			
Water Reserves Bank Account 6/30 Balance	\$ 1,676,844.83			
Variance with Reserves (amount to transfer into reserves account)	\$ 138,887.87			

ATTACHMENT

Fund 500: Water Reserve Accounts	Reserve Balance	Prior Balance from June Financials	Variance	Reason for Change
LIABILITIES & EQUITY				
CURRENT LIABILITIES				
Trust Liability				
Water Quality Trust Reserve	91,517.27	91,517.27	-	
Total Trust Liability	91,517.27			
Total CURRENT LIABILITIES	\$ 91,517.27			
Other Liabilities				
Other Liabilities				
Replacement Reserve - Vehicle & Equip	144,644.25	144,644.25	-	
General Contingency Reserve	471,183.00	414,183.00	57,000.00	Budgeted Reserves to transfer
Capital Outlay Reserve	1,649,562.85	1,246,296.29	403,266.56	Budgeted Reserves to transfer
Water Stabilization Reserve	158,456.00	158,456.00	-	
Basin Management Reserve	50,031.00	50,031.00	-	
Water Conservation Reserve	59,288.00	59,288.00	-	
Total Other Liabilities	2,533,165.10			
Total LIABILITIES & EQUITY (Reserves)	<u>\$ 2,624,682.37</u>			
Water Reserves Bank Account 6/30 Balance	1,058,944.41			
Plus: closing of Money Market account on July 5, 2019	<u>970,076.87</u>			
Total	\$ 2,029,021.28			
Variance with Reserves (amount to transfer into reserve account)	\$ 595,661.09			