



REGULAR MEETING OF THE FINANCE ADVISORY COMMITTEE

Thursday, May 14, 2015 at 5:30 p.m.
Los Osos Community Services District
2122 9th Street, Suite 102, Los Osos, CA

COMMITTEE MEMBERS

Jon-Erik Storm, Chairperson
R. Michael Wright, Vice Chairperson
Craig Baltimore, Member
Jeff Edwards, Member
Lisa Gonzalez, Member
Gene Heyer, Member
Gary Orback, Member
Vacant, Alternate Member

STAFF

Kathy Kivley, General Manager
Michael Doyel, District Accountant
Ann Kudart, Administrative/Accounting Assistant III

AGENDA

1. **Opening – 5:30 p.m.**
 - A. Call to Order
 - B. Flag Salute
 - C. Roll Call
2. **Introduction of New Member(s) to FAC and Review Brown Act Guidelines**
Presented By: Chairperson Storm and General Manager Kivley
3. **Approve FAC Minutes of February 2, 2015**
Presented By: Admin/Accounting Assistant Kudart
4. **Review of Board Item Regarding Fiscal Year 2015/2016 Budget and Provide Recommendations**
Presented By: General Manager Kivley and District Accountant Doyel
 - A. Funds 100, 600 and 650
 - B. Fund 301
 - C. Funds 200, 400, 500 and 800
5. **Public Comments on Items NOT on this Agenda:** At this time, the public may comment on items not on this agenda. Each commenter is limited to 3 minutes and shall address the Chairperson.
6. **Schedule FAC Meeting** – FAC meetings are held quarterly and unless otherwise noted the meeting will be held Monday, August 3, 2015.
7. **Closing Comments by FAC Committee Members**
8. **Adjournment**

ITEM 2

INTRODUCTION OF NEW COMMITTEE MEMBER(S) AND REVIEW BROWN ACT GUIDELINES

2015 LOS OSOS COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS BYLAWS AND RULES OF DECORUM

SECTION 11 - COMMITTEES

11.1 The Board may create standing committees at its discretion. Standing committees shall be advisory committees to the Board of Directors and shall not commit the District to any policy, act or expenditure. Each standing committee shall consider District related issues assigned to it by the Board of Directors.

(a) Each standing committee shall meet either monthly or quarterly as determined by the Board of Directors. There are no quorum requirements for standing committee meetings. All recommendations to the Board of Directors shall be supported by a minimum of two voting members.

(b) Subject to the availability of public membership, standing committees shall be comprised of five public voting members and one public alternate, none of whom shall be Directors; and one Director appointed by the President as the non-voting Chairperson and one person appointed by the President as the Vice Chairperson. In the absence of both Chairperson and Vice Chairperson the President may assign a Board Member to temporarily act as the Committee Chairperson in order that the Committee may meet as established by the previously adopted schedule.

Depending on the number of applications, the Board retains the discretion to alter Standing Committee membership on a case-by-case basis.

(c) The General Manager shall be an ex-officio member of all standing committees. The Committee Chairperson and Committee Vice Chairperson are non-voting members appointed for the sole purpose of conducting the meeting, enabling conversation, facilitating discussions, and forwarding recommendations to the Board.

(d) Voting committee members shall hold office for two years, serving without compensation. Two committee member vacancies shall occur in the odd numbered years and three committee member vacancies shall occur in the even numbered years. The alternate shall hold office for a one year term. The District Board of Directors reserves the ability to extend the dates in this paragraph up to 31 days.

(e) On or before January 31st or as otherwise established by the Board of Directors of each year, members of the public who reside within the boundaries of the District are invited to apply for specific committee assignments by completing an application. The General Manager shall prepare an appointments list of all standing committees. This list shall be known as the local appointment list and will be provided to the Board of Directors at the first meeting in February or other date established by the Board of Directors.

(f) The local appointment list shall be made available to the members of the public and shall be posted at the District office and the District's web site.

(g) Whenever an unscheduled vacancy occurs on a standing committee, the alternate shall complete the term of the departing member. A special vacancy notice shall be posted at the District office, the public library, the District's web site, and other places as directed by the Board of Directors, not earlier than twenty days before, or not later than twenty days after the vacancy occurs inviting the public to apply for the alternate position, and if no alternate position is available to fill the vacancy(s).

Final appointment of committee members shall not be made by the Board of Directors for at least ten working days after the posting of the Notice at the District's office.

(h) Notwithstanding Section 11.1(f), above, the Board of Directors may, if it finds an emergency exists, fill the unscheduled vacancy immediately. The person appointed to fill the vacancy shall serve only on an acting basis until final appointment is made pursuant to Section 11.1(f), above.

(i) A committee member will automatically be removed if he/she has three unexcused absences or misses four meetings in one calendar year.

(j) All standing committee members will receive Brown Act training and all meetings shall be conducted as public meetings in accordance with the Brown Act. Summary notes for each meeting of each committee shall be forwarded to the LOCSD Board of Directors as a public record.

(k) At the request of the Chairman, the Board President may appoint persons to a subcommittee to assist a standing committee in making recommendations to the Board of Directors. The duties of the subcommittee shall be outlined at the time of appointment and the subcommittee shall be considered dissolved when its final report has been made to the standing committee.

11.2 Ad Hoc Committees. The Board President shall appoint such ad hoc committees comprised of two or less Directors as may be deemed necessary or advisable by himself/herself and/or the Board. The duties of the ad hoc committees shall be outlined at the time of appointment, and the committee shall be considered dissolved when its final report has been made. Ad hoc committees shall timely provide the District General Manager with their recommendations and/or reports.

Understanding the Ralph M. Brown Act

Disclaimer

The following information is designed to be a general guide to the Brown Act and should NOT be considered legal advice. For questions about specific situations concerning the Brown Act please consult an attorney.

Open and Public



Ralph M. Brown 1959

Photo courtesy The Modesto Bee

"The people, in delegating authority, do not give their public servants the right to decide what is good for the people to know and what is not good for them to know." California Government Code §54950

Meetings

Brown Act Definition: A meeting is a gathering of a majority of members to hear or discuss any item of district business or potential business. A meeting under the brown act does not have to include action. It can simply be the exchange of information.

There are three types of meetings:

Regular - regularly scheduled board meetings. The LOCSD must formally set the time and place for their regular meetings in their bylaws, by resolution or some similar formal rule.

Special - meetings called by the agreement of a majority of the board to discuss a specific issue (ex. Project planning)

Emergency - meetings held, as allowed in Section 54956.5 of the Act, to deal with emergency situations

Collective Briefings

Collective briefings are **not** permitted. Any briefings involving the majority of the directors must be open to the public and satisfy the notice and agenda requirements specified in the Act.

A unilateral written communication to a legislative body such as an informational or advisory memorandum does not violate the brown act. The memo may, however, be public record.

More About Meetings

The Board CAN NOT meet to discuss LOCSD business outside of a meeting that the public has received proper notice about. An agenda must be posted. Generally, LOCSD directors can not meet for coffee or lunch to discuss business outside of a meeting.

Example: In 1968 the Sacramento Newspaper Guild sued the Sacramento County Board of Supervisors because they held a lunch gathering that included five county supervisors, the county counsel, a variety of county officers, and representatives of a union to discuss a strike that was underway against the county. The court ruled that this gathering constituted a meeting and the supervisors were in violation of the act.

If you type "Brown Act violations" into an internet search engine you will get many examples of Brown Act violations or potential violations.

There are a few exceptions.

Meeting Exceptions

Conferences – It is okay to attend a conference together provided you do not discuss LOCS D business. It is permissible to talk about LOCS D business if it is part of the conference program and the conference is open to the public.

More Exceptions

- > Community Meetings – It is okay to attend community meetings together. For example, if there is a meeting to discuss building a new school in your district it is okay if all LOCS D board members attend.
- > Other Legislative Bodies – For example a meeting of the County Board of Supervisors.
- > Social or Ceremonial Events – There is nothing in the Act to prohibit directors from attending purely social or ceremonial gathering. For example, funerals, weddings, etc.

The Bottom Line: With all of these exceptions, the Board must avoid talking about LOCS D business while they are at the event. The only time directors can discuss LOCS D Business outside a meeting is if the business is part of the other organizations agenda and the agenda has been properly posted. For example, if the Board of Supervisors requested that the LOCS D attend their meeting to discuss LOCS D business and the BOS had properly posted notice of the meeting.

Special Meetings

Conditions for a Special Meeting:

- > Written notice must be delivered to each member of the legislative body and to each local newspaper of general circulation, and radio or television station which has requested such notice in writing. (§54956)
- > The written notice must be delivered and posted at least 24 hours prior to the special meeting in a site freely accessible to the public. The notice must include the time and place of the meeting, and a brief description of all business to be transacted or discussed. (§54956)
- > The LOCS D cannot consider business that is not mentioned in the notice.
- > Notice is required even if no action is taken at the meeting.
- > As with regular meetings, every special meeting must allow for a public comment period (§54954.3(b))

Emergency Meetings



Extremely rare

Only call an emergency meeting if there is, in fact, an emergency

An emergency is defined as:

- a crippling activity, work stoppage or other activity which severely impairs public health, safety or both. (§54956.5(a)(1))

Example: a levee that was part of an LOCS D revegetation project is failing as a result of the project.

Generally emergency meetings can not include closed sessions (§54956.5)

- **Exception:** If the LOCS D is meeting with law enforcement officials and at least 2/3rds of the Board determines that it is necessary.

Anyone who has requested notice of meetings must be called one hour before the meeting.

In the event the phones are not working the notice requirement is waived.

Emergency Meetings (continued)

After an emergency meeting the minutes, a list of people who received notice, roll call votes, and any actions taken must be posted in a freely accessible public location for at least 10 days. (§54956.5(e).)

In the case of a dire emergency, the LOCS D would only need to provide notice at or near the time that notice is provided to the members of the body. (§ 54956.5(b).)

Definition: A dire emergency is a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring a legislative body to provide one-hour notice before holding an emergency meeting may endanger the public health, safety, or both, as determined by a majority of the members of the legislative body. (§ 54956.5(a)(2).)

It is extremely unlikely this would ever apply to an LOCS D

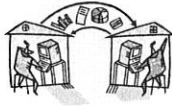
Committees

The Brown Act also applies to meetings of all:

- **Standing Committees** – a committee that has continuing jurisdiction over a particular topic §54952(b) For example: budgets, personnel, etc.
- **Advisory Committees** that include a majority of the Board and are not Standing Committees
- **Advisory Committees** that are standing committees (regardless of the number of directors)

Exception: The Brown Act does not apply to a subcommittee that is made up of less than a majority of directors, is an advisory committee AND is not a standing committee

Serial Meetings



Serial meetings are not allowed

Serial meetings occur when a majority of the directors have communicated about an issue and have developed a collective concurrence.

A collective concurrence is developed when:

- Directors have either directly or indirectly heard each others opinion on a topic enough to collectively develop or begin to develop an agreement on an issue.

Types of Serial Meetings

A daisy chain meeting:

- Example: When director Bob calls director Bill to talk about a project then Bill calls director John to talk about it and finally John calls director Fred. A majority of the directors have talked about the topic and a collective concurrence has been established.

Hub and spoke meeting:

- Example: For instance, if employee Terri calls director John and discusses an LOCSO issue to get his opinion with him then she calls director Robert then calls director Bill and then calls director Tim telling each what the other has said, a majority of the LOCSO has indirectly discussed the topic without public notice and is therefore in violation of the Brown Act.

E-mail

§5492.2(b): Except as authorized pursuant to §54953, any use of direct communication, personal intermediaries, or technological devices that is employed by a majority of the members of the legislative body to develop a collective concurrence as to action to be taken on an item by the members of the legislative body is prohibited

The Attorney General has issued an opinion stating that this section of the act applies to email.

The Attorney General's Opinion Regarding E-mail

In 2001 the CA Attorney General issued an opinion regarding the use of email. (Opinion #00-906, 2001)

The opinion concluded: A majority of the board members of a local public agency may not e-mail each other to develop a collective concurrence as to action to be taken by the board without violating the Ralph M. Brown Act.

- Even if the emails are made public they would still be a violation of the Act because the board would be depriving the public of the deliberative process.
 - The opinion also states, "The term 'deliberation' has been broadly construed to connote 'not only collective discussion, but the collective acquisition and exchange of facts preliminary to the ultimate decision.' [Citation.]" (*Rowen v. Santa Clara Unified School Dist.*, (1981) 121 Cal.App.3d 231, 234; see *Roberts v. City of Palmdale*, *supra*, 5 Cal.4th at p. 376.)
- You can find the opinion at: <http://ag.ca.gov/opinions/published/00-906.pdf>

Meeting Agendas

All meetings of the
Board of Directors
and
Standing Advisory
Committees must have a
properly prepared and
posted agenda



Meeting Agendas

Requirements:

- **Posting requirements** – Agendas must be posted *at least 72 hours* before the regular meeting in a location freely accessible to the members of the public.
- **Content requirements** – The agenda should contain a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session.
- Agendas must have enough information to enable members of the general public to determine the general nature of subject matter of each agenda item to be discussed.

The 1994 revision specified that the brief description generally need not exceed 20 words.

*The Board can not discuss or take action on any item that is not on the agenda. However, there can be responses to questions from the public or other limited routine comments. There are three action exceptions.

The Three Action Exceptions

The three action exceptions are discussed in section 54954.2(b) of the Brown Act.

They are:

- Emergency situations
- A need for immediate action
- Items posted on a previous agenda

Action Exceptions: Emergency Situations

Action can be taken on an item that is not on the agenda if there is an emergency situation

An Emergency situation exists if the legislative body determines a work stoppage, crippling disaster, or other activity severely impairs public health, safety or both.

This exception would generally only apply to LOCSB in very rare occasions.

Action Exceptions: Need For Immediate Action

Action can be taken on an item that is not on the agenda if the board determines by a 2/3rds vote that there is a need for immediate action that can't reasonably wait until the next meeting. (§54954.2(b)(2))

Requirements to use this exception:

- The issue must have come to the attention of the board after the agenda had been posted.
- The board must openly discuss the issue during the meeting.

Example - The day before the LOCSB board meeting a director finds a grant opportunity that is the perfect match for a long planned LOCSB project. The grant proposal is due two days after the regular meeting. The director is willing to put in the extra effort to complete the proposal, however, he needs the approval of the board. In this case the director could bring the proposal up at the meeting for the directors to vote on whether or not to pursue this opportunity. The vote would not be a violation of the Brown Act.

Action Exceptions: The Third Action Exception

The item appeared on a previous agenda and was continued from a meeting held not more than five days earlier.

Example: LOCSD can not come to a resolution on a topic at their regularly scheduled board meeting. So, they agree to continue the discussion on the topic at their already planned budget meeting the next day.

Closed Sessions



Without specific authority in the Brown Act for a closed session, all District business must be discussed in public

Closed Session Requirements

The Attorney General has stated, "If a specific statutory exception authorizing a closed session cannot be found, the matter must be conducted in public regardless of its sensitivity." (§ 54962 [of CA government code]; *Rowen v. Santa Clara Unified School District* (1981) 121 Cal.App.3d 231, 234; 68 Ops.Cal.Atty.Gen. 34, 41-42 (1985).)

Items to be discussed in closed sessions must be on the agenda and must be orally announced before going into closed session. The agenda must include the reason for the closed and a brief description. It is a good idea to cite the section of the Brown Act that allows for the closed session. Section 54954.5 of the Act provides a model format for closed session agendas.

Meetings are either open or closed. The LOCSD can't invite only certain members of the public and exclude others. Closed sessions should include only LOCSD directors plus any additional support staff required, legal counsel, a supervisor involved in a disciplinary matter, consultants, a labor negotiator etc.

More Closed Session Requirements

Decisions reached in closed sessions must be discussed in public immediately after the closed session.

Public comment on closed session business

- In their guide to the Brown Act the attorney general's office has stated, "it would be prudent for legislative bodies to afford the public an opportunity to comment on closed-session items prior to the body's adjournment into closed session." (CA Attorney General's Office, pg. 19)

Closed Sessions are allowed for: Personnel Matters (§54957)

Including:

- Employee appointment or employment
- Evaluation of employee performance
- Employee discipline or dismissal
- Complaints against employees

Closed Sessions are allowed for: Pending Litigation §54956.9

Including:

- Existing Litigation
- Threatened or Anticipated Litigation
- Potential Litigation

Note: The Attorney General has stated that the RCD's lawyer must be present during the closed session.
(71 Ops.Cal.Atty.Gen. 96, 104-105 (1988).)

**Closed Sessions are allowed for:
Real Estate Negotiations**

(§54956.8)



If you are meeting with your negotiator to discuss the purchase, sale, exchange or lease of real property.

Before going into closed session the LOCS D must name its negotiator (it can be someone from the District), describe the property, and name the parties the district is negotiating with.

Closed Sessions are allowed for:

Labor Negotiations (§54957.6)

Closed sessions are permitted for some aspects of labor negotiations.



**Closed Session Minute Book
(§54957.2 (a))**

The LOCS D may designate a clerk to take notes and enter them into a minute book during closed sessions.

The minute book is not public record and must be kept confidential.

The book is exempt from public disclosure under the CA Public Records Act in Chapter 3.5 starting with §6250 of Division 7 of Title 1.



Adjournments and Continuances

§54955 of the Act allows local agencies to adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment.



More on Adjournments and Continuances

If less than a quorum is present, the directors who are present can adjourn the meeting.

If no directors are present, the clerk or secretary of the legislative body may declare the meeting adjourned to a stated time and place. The clerk or secretary must create a written notice.

The Act gives very specific instructions on posting notice of the adjournment. §54955 states, "A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special or adjourned special meeting was held within 24 hours after the time of the adjournment".

Location of Meetings

With a few exceptions, meetings must be held within district boundaries (§54954(b)).

Tropical locations are most likely not allowed for district meetings

A meeting may not be held in any facility that prohibits the admittance of any person on the basis of race, religious creed, color, national origin, ancestry, or sex; which is inaccessible to disabled persons; or where members of the public may not attend without making a payment or purchase.



The Location Exceptions

Meetings can be held outside District boundaries for the following reasons:

- To comply with state or federal law or attend a judicial or administrative proceeding to which the agency is a party. §54954(b)(1)
- To inspect real property that can not be easily brought within the district boundaries. The meeting discussion is limited to the property the district is inspecting. §54954(b)(2)
- To participate as a body in a multi-agency meeting held in another jurisdiction also participating in the meeting. However, the meeting must take place within the boundaries of one of the agencies involved in the meeting. §54954(b)(3)
- If the district does not have a facility within their boundaries, they can meet in the closest facility or at the principal office of the district if the office is located outside the district boundaries. §54954(b)(4)

Location Exceptions (continued)

- To meet with elected or appointed federal or state officials when a local meeting would be impractical. However, discussion must be limited to a legislative or regulatory issue affecting the district that the federal or state officials have jurisdiction over. §54954(b)(5)
- To meet at or nearby a facility owned by the district that is outside district boundaries, if the topic of the meeting is limited to items related directly to that facility. §54954(b)(6)
- To visit the office of the district's legal counsel for a closed session on pending litigation when doing so would reduce legal fees or costs. §54954(b)(7)
- Finally, if there is an emergency that makes the regular meeting location unsafe, the meetings can be held at a location designated by the president or his/her designee in a notice to the local media that have requested notice, by the fastest method of communication available at the time. §54954(e)

Teleconferences



54953(b)(1) permits the use of teleconferencing.

Requirements for teleconferences include:

- Teleconferences must comply with the rest of the Act
- All votes taken during a teleconference must be taken by roll call.
- Agendas must be posted at all teleconference locations.
- Each teleconference location must be identified in the agenda.
- Each teleconference location must be accessible to the public.
- At least a quorum of the board must participate from locations within the district boundaries.
- The agenda must provide for public comment at each teleconference location.

Disruptive Attendees



The District MUST allow for negative public comment however, §54957.9 does address willful interruptions of meetings.

The Act states that the members of the legislative body conducting the meeting may clear the room and continue the meeting. However, all press and other members of the public who were not part of the interruption must be allowed to stay.

Special Situations

The Brown Act also applies to a nonprofit corporation that both (i) includes a board member or councilmember appointed by the agency to serve on the corporation's board, and (ii) receives funds from the district or city.

ITEM 3

**APPROVE FAC MINUTES OF
FEBRUARY 2, 2015**

**Los Osos Community Services District
DRAFT Minutes of the Finance Advisory Committee Meeting
February 2, 2015 at 5:30 p.m. at the District Office**

AGENDA ITEM	DISCUSSION	FOLLOW-UP
<p>1. Call to Order, Flag Salute and Roll Call</p>	<p>Chairperson Storm called the meeting to order at 5:30 p.m. and led the flag salute.</p> <p><u>Roll Call:</u> Jeff Edwards, Committee Member – Present Lisa Gonzalez, Committee Member – Present Gene Heyer, Committee Member – Left at 6:40 p.m. Keith Swanson, Committee Member – Absent 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>	
<p>4. Review of Board Item Regarding FY 2014/15 Mid-Year Budget and Provide Recommendations to the Board</p>	<p>Chairperson Storm moved this item to be heard at this point in the meeting.</p> <p>General Manager Kivley reported that adjustments in categories where total expenditures are under 50% were not addressed; in Fund 100 a separate revenue category was established to report Homeowners Property Tax Relief revenue to the State. She reported reducing Directors Compensation by \$2000; reducing salaries and wages by \$24,659; increasing Temporary Agency Help to cover temporary accounting services; reducing IT Services by \$1,000; reducing Insurance by \$5,200; adding \$2,000 for replacement costs for computer hardware; and increasing General Supplies & Minor Equipment by \$1,000 to cover cost of office supplies. She reported that the outstanding repayment obligation was reduced to \$4,000 in Fund 100 and Fund 600 will transfer \$21,000. Fund 600 is decreasing Bank Service charges by \$4,000 due to no activity in the account for the first six months of the fiscal year.</p> <p>Public Comment: Richard Margetson, Chuck Snead, and Al Barrow spoke.</p> <p>Committee Member Gonzalez made a motion that the FAC recommended that the LOCSD Board of Directors accept the recommended staff changes for the mid-year budget for the Administration 100, Bayridge 200, Fire 301, Vista de Oro 400, Water 500, Wastewater 600 and Drainage 800 for Fiscal Year 2014/2015 as amended. The motion was seconded by Committee Member Heyer and carried with the following vote:</p> <p>Ayes: Gonzalez, Heyer, Edwards, Orback Nays: None Abstain: None Absent: Swanson</p> <p>General Manager Kivley left the dais.</p>	<p>Action: The Committee recommended that the Board accept the recommended staff changes for the mid-year budget for Funds 100, 200, 301, 400, 500, 600 and 800 as amended.</p>
<p>2. Approve FAC Minutes of August 4, 2014</p>	<p>No Public Comment.</p> <p>Committee Member Edwards made a motion to approve the minutes. The motion was seconded by Committee Member Gonzalez and carried with the following vote:</p> <p>Ayes: Edwards, Gonzalez, Heyer Nays: None Abstain: Orback Absent: Swanson</p>	<p>Action: Receive and File.</p>

AGENDA ITEM	DISCUSSION	FOLLOW-UP
<p>3. Review of Board Item Regarding the Warrant Register for the Month of January 2015</p>	<p>The Committee reviewed and discussed various warrants with staff.</p> <p>Public Comment: Al Barrow, Chuck Snead, and Richard Margetson spoke.</p> <p>Committee Member Edwards moved to recommend that the Board receive and file the Warrant Register. The motion was seconded by Committee Member Gonzales and carried with the following vote:</p> <p>Ayes: Edwards, Gonzalez, Heyer, Orback Nays: None Abstain: None Absent: Swanson</p>	<p>Action: The Committee recommended that the Board receive and file the Warrant Register.</p>
<p>5. Review CIP Funding Options and Provide Recommendations to the Board</p>	<p>Committee Member Edwards provided a brief summary and the Committee discussed the CIP priority list and funding sources including pay as you go, a Community Facilities District, and grant funding.</p> <p>Public Comment: Al Barrow and Richard Margetson spoke.</p> <p>Committee Gonzalez moved that the FAC recommend to the Board that the District explore all available options for funding the Capital Improvement Program adopted on September 4, 2014. The motion was seconded by Committee Member Heyer and carried with the following vote:</p> <p>Ayes: Gonzalez, Heyer, Edwards, Orback Nays: None Abstain: None Absent: Swanson</p>	<p>Action: The Committee recommended to the Board that the District explore all available options for funding the Capital Improvement Program adopted on September 4, 2014.</p>
<p>6. Public Comments on Items Not on the Agenda</p>	<p>Al Barrow commented on the need for affordable housing and that we must assist the ratepayers in saving as much water as possible.</p> <p>Chuck Snead commented on District vehicle purchases.</p> <p>Richard Margetson commented on the need to closely review the mid-year and final budgets line by line.</p> <p>Committee Heyer left the dais.</p>	
<p>7. Schedule FAC Meeting</p>	<p>The next meeting of the Finance Advisory Committee will be held on Wednesday, May 4, 2015 at 5:30 p.m. at the District Office.</p>	
<p>8. Closing Comments by UAC Committee Members</p>	<p>Committee Member Gonzalez inquired as to the status of the audit.</p> <p>Committee Member Edwards commented on the wastewater project financing sources suggesting it might be time to revisiting the interest rates.</p>	
<p>9. Adjournment</p>	<p>The meeting adjourned at 6:50 p.m.</p>	

ITEM 4

**REVIEW OF BOARD ITEM REGARDING
FISCAL YEAR 2015/2016 BUDGET
AND PROVIDE RECOMMENDATIONS**

A. FUNDS 100, 600, AND 650



Date: April 23, 2015

TO: Financial Advisory Committee

FROM: Kathy A. Kivley, General Manager

SUBJECT: Agenda Item: Proposed Budget Report Agenda Item –
Special Board Meeting Date: May 20, 2015

DESCRIPTION

Proposed Budget review for Fiscal Year 2015/2016 including detailed sheets for the Funds 100, 600 and 650, revenues and expenditures.

SUMMARY OF STAFF RECOMMENDATION

Staff recommends that the Board adopt the following motion:

Motion: The Financial Advisory Committee recommends that the LOCSD Board of Directors accept the recommended Proposed Budget for the Funds 100, 600 and 650 for Fiscal Year 2015/2016 and authorize staff to transfer funds from the General Contingency Reserve for the proposed shortfall in Fund 600 and Fund 650.

PRESENTERS: General Manager, Kathy Kivley
District Accountant, Michael Doyel

DISCUSSION

The information before you provides an overview of the Administration, Wastewater and Solid Waste Funds proposed budget for Fiscal Year 2015/2016. As previously directed staff made every effort to bring the Board a balanced Proposed Budget. In some cases, staff provided the alternative for funding the shortfall. Staff is pleased to be able to present this information in a timely manner.

For the Fiscal Year 2014/2015 the Board adopted a method for the Allocation of Administrative Cost (Cost Allocation Plan). This methodology is based on actual time spent providing personnel and benefit services, payroll, financial accounting and reporting, and human resources functions to the various funds. Once District staff closes the books in preparation for the audit, the Cost Allocation Plan is adjusted based on the actual expenditures versus the actual cash balance in the Administration Fund 100 and the transfers from the funds are adjusted accordingly. Enclosed is a copy of the Cost Allocation Plan adopted by the Board for FY 2014/2015 and the same recommended methodology for FY 2015/2016. Staff adjusted FY 2015/2016 based on actual time spent.

Salaries/Wages category includes monies to cover potential changes in the budget based on the on-going Miscellaneous Employee negotiations. Staff believes it is necessary to present accurate information based on the Boards' direction. The Payroll Taxes & Benefits also take the negotiations into consideration.

President
R. Michael Wright

Vice President
Marshall E. Ochylski

Directors
Charles A. Cesena
Jon-Erik E. Storm
Louis G. Tornatzky

General Manager
Kathy A. Kivley

District Accountant
Michael L. Doyle

Fire Chief
Robert Lewin

Battalion Chief
Phill Veneris

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www.losososcscsd.org

California Public Employee Retirement System (CalPERS) has notified all public agency employers that Under GASB 68 accounting valuations, there are reports required for the upcoming fiscal year. The District has an unfunded liability due CalPERS of slight over \$90,000. This liability accrued since the District became a member of CalPERS. Based on the recent legislation it may be necessary to begin repayment of the obligation. This obligation directly affects Funds 100, 301 and 500 and through time allocation Funds 200, 400 and 800. By mid-year, more information should be available allowing staff to make the appropriate recommendation on what steps to take to resolve the outstanding liability.

Staff understands the need for financial transparency and the lack of this prior to FY 2013/2014. Fortunately, in the District's efforts to reconcile the financials and implement appropriate tracking mechanisms, several actions by the Board in 2004/2005 and 2006/2007 continue to hamper the efforts to place the District in a positive light with those actions having long-term negative financial implications. Staff presented several negative scenarios for FY 2014/2015 that the Board took the appropriate positive actions. Staff identified additional scenarios for FY 2015/2016 that staff is planning to bring positive resolution before the Board during this year. Under Fund 600, staff identified the negatives.

Fund 100

Salaries/Wages

At the mid-year staff reduced salaries and wages by \$24,659 and increased Temporary Agency Help by the exact dollar to cover the temporary employment agreement for accounting service as previously authorized. Deducting this amount from the increase projected for FY 2015/2016, the increase is \$10,663.

Payroll Taxes & Benefits

Retirees Medical is increasing as of January 2016. During the mid-year budget process any significant increases will be incorporated. Regarding the bottom line savings, all benefits were estimated based on estimated salaries/wages.

Services & Supplies

Staff recommends the appropriate reductions in Legal Services (7326) of \$10,000 as this is a direct cost identified with specific fund operations. During the review of the billing, staff works tirelessly to insure the Fund that requests the services are charged appropriately. Under Election Expense (7343), there is no budget because this is not an election year.

Transfers

As explained under Fund 600, the Administration Fund will no longer be budgeting a \$25,000 repayment of the Improvement Bond Reserve Fund per the bankruptcy order dated October 13, 2015

Fund 600

This Fund 600 collects special assessments on all property owners within the sewer prohibition zone for payment for the amortization of wastewater (WW) bonds authorized in 2002. This fund was used to account for the construction of a proposed sewage treatment plant which was halted. Under special legislation AB 2701, the project was transferred to the County of San Luis Obispo. On March 15, 2011, the County officially accepted the project.

In 2006 a trust account was established and transferred to US Bank to receive the 2002 WW Bond Assessments directly and issue the bond principal and interest debt service payments. All Wastewater Assessments are transferred directly from San Luis Obispo County Auditor-Controller to the US Bank and the bond payments are paid by US Bank. In FY 2006/2007 the

District Board prematurely borrowed from the Bond Redemption Reserve to make the bond payment. A Letter Agreement dated in October 17, 2006, established a repayment plan of \$25,000 per year. Contrary to the agreement, it appears the \$25,000 payments did not begin until FY 2009/2010. From the early analysis the District potentially owes money for FY 2006/2007, 2007/2008 and 2008/2009 totaling \$75,000. At the time of this writing, the reconciliation and analysis with US Bank is on-going. According to a letter dated October 17, 2006, the \$25,000 payment was being held by the District and to be transferred. Subsequent information states the payments of \$25,000 per year for FY 2007/2008 and 2008/2009 were also budgeted. At the time of preparation of these documents this information had not been verified. Staff is in receipt of bank statements dating back to November 2006 in an effort to insure the proper recording of the \$25,000 payments.

All interest earned on that Bond Redemption Reserve bank account is required to be reinvested into the Bond Redemption Reserve bank account and the District is able to calculate that interest towards the repayment. Based on the Board's direction, Wallace Group includes an administrative charge to repay the Bond Reserve. The Administrative Charge is added to the wastewater assessments as allowed by the Bond Resolution to fund direct costs of maintaining this assessment (FY 2007/2008 budget statement).

On October 15, 2013, the Honorable Robin L. Riblet, Judge, United States Bankruptcy Court, Central District of California, Northern Division issued an order granting the motion for approval of the Second Amended Plan for Adjustment of Debts (Amended Plan). This Amended Plan as stipulated to by all the parties resolves all the lawsuits and claims arising from the District's former Wastewater Project. Under Section 7.1 Class 5(B) MBIA filed a claim (119) arising out of the bonds that were issued by LOCSD to fund part of the OLD Project (WW 2002 Bonds). The bond indenture required LOCSD to maintain certain bond proceeds in reserve and segregate them into the Debt Service Reserve Fund (LOCSD Improvement Bond Reserve Fund-US Bank). "Instead, LOCSD pooled the reserve funds and spent them for other purposes"¹. In full satisfaction of its Allowed Secured Claim, the trustee shall be paid \$25,000 per year from the annual assessment overhead charges collected by San Luis Obispo County until the Secured Claim is paid in full without interest. The inclusion of this repayment plan in the Bankruptcy Order substitutes for the Letter Agreement dated October 17, 2006. This annual payment will be made by the County of San Luis Obispo at the time the County collects the assessments and makes payments to the US Bank. With this knowledge, it is recommended to raise the Administrative Charge to \$12.00 per parcel to allow total repayment to the Bond Redemption Reserve account. That equates to one dollar per month per parcel. This allows the District to make the missing payments for the three fiscal years as outlined above over a three year period and make the \$25,000 payment per year as order by the Court. After the three year period and payment for the missing years, the Board could choose to reduce the Administrative Charge to \$6 per parcel to cover the \$25,000 payment. The 2002 Wastewater Bond reserve was established at \$1,158,500. At the rate of \$25,000 per year, it will take approximately six to eight years to repay the Improvement Bond Reserve Fund. All monies generated from the Administrative Charge must be transferred as repayment to the Improvement Bond Reserve Fund per the bankruptcy order until the required Reserve balance reaches the total of \$1,158,500.

Staff is presently working with US Bank to reconcile the two accounts: Improvement Bonds Redemption Fund and Improvement Bonds Reserve Fund. In preparing the reconciliation, staff determined the District records reflect the totaled required payments were never paid. In January 2015, the FY 2013/2014 payment was made. In February 2014 the payments for FY

¹ Amended Plan, Section 7.1 Class 5(B)

2009/2010, 2010/2011 and balances due for FY 2011/2012 and 2012/2013 were paid. Fiscal Year payments for 2006/2007, 2007/2008 and 2008/2009 were never paid according to the Districts financial records. It is the Districts responsibility to make the past due payments and reestablish the District credit worthiness. The District records do not reflect payment. Staff is currently reviewing the bank records to determine if this lack of payment is accurate.

On April 12, 2004, the LOCSD Board of Directors authorized the execution of a Main Installation Agreement between the Los Osos Community Services District and Bonaire Investments (Agreement). This Agreement involved transfer to the District once designed and constructed a Sewer Mainline Extension and associated facilities within South Bay Boulevard (Bay Oaks Drive to Los Osos Valley Road) to serve the Bonaire Property and properties located up-slope from the Mainline Extension. The Bonaire Property is located within the Prohibition Zone and the District's Wastewater Treatment District No. 1. District No 1 is an Assessment District established by the District to partially finance the design and construction of the District's Wastewater Treatment Project. The Bonaire Property has a total assessment of thirty thousand three dollars and thirty-nine cents (\$30,003.39). The 2004 District Board agreed to transfer, operation and maintenance of the Mainline Extension and to provide services to the collection system for the Wastewater Treatment Project. This 2004 District Board agreed to reduce the assessment attributed to the Bonaire Property in the amount of thirty thousand three dollars and thirty-nine cents (\$30,003.39) in exchange for the completed infrastructure project thereby making the District liable for the payments. The LOCSD is paying the current assessment for the Bonaire Properties, APN 074-314-10 and APN 074-314-011 and has made the payments since Fiscal Year 2005/2006 or Year 4 of the assessments. To date the LOCSD made payments totaling \$15,235.18. The payment for Fiscal Year 2013-2014 paid normally at the beginning of following fiscal year, was not paid. The payment amount is \$1,688.80. Staff reconciled the Assessor Parcel No. accounts since the first payment was paid in FY 2005/2006. In order to accurately reflect any assessment payments due, the respective commitment to pay the on-going assessment requires a budgeted expenditure. In other words, this expense should be budgeted yearly as a cost to the LOCSD. This expense was never incorporated within any budget since its inception. Until staff completed the reconciliation this on-going expenditure was unidentified and paid from prepaid assessments (those assessments paid off after placed on the various APN on the tax rolls).

In addition to necessity for budgeting for this ongoing assessment payment, there were five common area parcels that were no longer subject to tax collection and required payment by the District. It appears from the reconciliation the payments were excluded from the budgets as identified above and the assessment payments were made for the parcels. The assessment payments for the five parcels since Year 6 or Fiscal Year 2007/2008 is \$998.50. As with the two larger assessment payments, the payment of \$132.30 remains outstanding at this time.

Once the analysis is complete regarding the District's commitment to make the Bond assessment payments as identified, the appropriate budget considerations identified, on-going obligations resolved and payment options determined, the cash payments will be processed. It is important to note the correct dollar balances are in the Prepaid Assessment Reserves. Staff made the required cash transfers and general ledger adjustments to insure adequate funds. It is important to note, staff is conducting on-going conversations with the US Bank Trustee and the Trustee is now aware the District is retaining a Prepaid Assessment Reserve. According to the bank Trustee, there is question as to the validity of the District retaining these funds. Once the bank account reconciliations from 2006 forward are completed, there will be discussion on handling the Prepaid Reserve Fund

As stated above, staff is presently working to determine the actual balance for the Improvement Bond Reserve Fund. The staff is working with the trustee from US Bank and currently reviewing

old bank statements to determine the dollar value of the appropriate deposits for each of the respective accounts. Once complete, together the trustee and staff will determine the dollar value of the Improvement Bond Reserve Fund. All other funds belong to the Bond Redemption account. Unfortunately for the District, Standard & Poor's underlying rating (SPUR) is based on multiple factors including the ability to maintain the required Improvement Bond Reserve balance. At the time of this report dated March 13, 2015, the Improvement Bond Reserve Fund reflected a balance of \$751,664 of the required \$1,158,500. Because of this situation and other factors (recent bankruptcy) the rating service issued a rating of BBB- and views the outlook for this rating as stable. It is staff's goal over FY 2015/2016 to show exceptional progress in the reconciliation and repayment based on the Court-ordered decision.

This Wastewater Fund 600 currently functions for two purposes: 1) to service the debt associated with the aborted project and 2) to repay the "spent for other purposes" monies from the Improvement Bond Reserve Fund. Now that the bankruptcy case is closed, this fund officially changes to a debt service fund for the Wastewater Assessment District No. 1. Beginning FY 2014/2015 this fund functions as the debt service fund for the bonds; however there are costs associated with the financial management and reporting of the fund, continued inclusion on the San Luis Obispo County Tax Rolls and reconciliation with US Bank. As such the time associated with this fund from a cost allocation perspective still remains. The fund will continue to operate at a deficit and therefore the District needs to cover the costs associated with this operation.

Revenues

The total value of the bond assessments was unknown at the time of printing this information. The assessments will be updated upon receipt of the information from the Wallace Group. The budget dollar value shown is the total collected in FY 2013/2014 per the County information.

Services & Supplies

There are expenditures to this fund for the on-going preparation of the yearly bond payments to be placed on the County tax rolls. There are trustee costs associated with administration of the two funds: Bond Redemption principal and interest and Improvement Bond Reserve Fund. Those costs will continue until the 2002 WW Bond is completely paid. As parcels owners continue to pay off their respective assessment balances, staff time remains a factor in processing the payments, lien release and other documents. This information remains reportable to all entities.

Fund 650

Transfers

There is a current Reserve balance in this fund. Until all Reserves are eliminated financial accounting and reporting both from the District's perspective as well as the State of California, financial information is required. There is money reflected which is associated with the on-going reporting of the financial operations of this fund.

FINANCIAL IMPACT

The Fund 600 continues to incur costs associated with the operation and reconciliation of this fund. Until the scheduled repayment plan is financially completed with the Bond Reserve Fund fully funded at \$1,158,500, the Administrative Charge must be allocated to the repayment plan. This means the District must fund any costs associated with the operation including the administrative allocation. Once the Bond Reserve is fully funded, the District may recoup its costs previously incurred over time. Staff plans to bring an interfund loan agreement before the Board for this purpose.

Fund 650 incurs only minor costs because of the requirement to continue to report the General Contingency Reserve.

Attachment:

Copy of Administrative Fund 100 Proposed Budget Fiscal Year 2015/2016
Copy of Wastewater Fund 600 Proposed Budget Fiscal Year 2015/2016
Copy of Solid Waste Fund 650 Proposed Budget Fiscal Year 2015/2016
Copy of Cost (Administrative) Allocation Plan for FY 2014/2015 & 2015/206
Copy of Reserve Statement Effective January 1, 2015

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
100 - 100 - Administration

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
4035	17,147	0	0	0	0	0.00%
	17,147	0	0	0	0	0.00%
Grant Revenue						
4944	30,000	(656)	0	0	0	0.00%
	30,000	(656)	0	0	0	0.00%
Service Charges & Fees						
4005	0	110	0	0	0	0.00%
	0	110	0	0	0	0.00%
Other Revenues						
4929	11	0	0	0	0	0.00%
4935	200	0	0	0	0	0.00%
4989	44	32	0	0	0	0.00%
	255	32	0	0	0	0.00%
Use of Money & Property						
4501	(8)	0	0	0	0	0.00%
	(8)	0	0	0	0	0.00%
	47,393	(515)	0	0	0	0.00%
Expenditures						
Personnel						
Salaries/Wages						
7322	13,900	12,900	15,000	15,000	0	0.00%
8018	11,616	7,828	0	0	0	0.00%
8035	0	3,152	0	0	0	0.00%
8045	8,699	11,406	7,503	3,402	(4,101)	(54.66)%
8050	2,933	5,211	0	0	0	0.00%
8051	1,373	1,724	0	0	0	0.00%
8054	226,970	179,766	200,177	239,600	39,423	19.69%
8056	0	343	0	0	0	0.00%
8060	5,941	9,534	0	0	0	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
100 - 100 - Administration

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
8066	155	0	0	0	0	0.00%
8081	12,237	21,705	0	0	0	0.00%
	283,823	253,569	222,680	258,002	35,322	15.86%
	Payroll Taxes & Benefits					
5020	862	2,814	1,054	930	(124)	(11.76)%
5030	3,123	1,724	1,670	2,560	890	53.29%
5050	4,076	3,884	3,992	4,150	158	3.96%
5060	26,150	17,011	24,000	22,500	(1,500)	(6.25)%
5070	30,326	13,057	21,788	9,000	(12,788)	(58.69)%
5071	14,045	5,768	0	1,600	1,600	0.00%
5075	1,525	2,394	2,070	2,700	630	30.43%
5120	4,402	2,588	7,805	3,800	(4,005)	(51.31)%
5124	0	3,983	0	11,844	11,844	0.00%
8511	1,200	3,400	4,800	4,800	0	0.00%
8530	0	7,000	0	0	0	0.00%
	85,709	63,622	67,179	63,884	(3,295)	(4.90)%
	Employment Services					
5100	2,513	3,411	3,500	3,500	0	0.00%
6200	793	1,573	500	500	0	0.00%
6230	0	220	220	220	0	0.00%
6250	8,488	2,448	24,659	0	(24,659)	(100.00)%
7347	0	0	175	175	0	0.00%
	11,794	7,651	29,054	4,395	(24,659)	(84.87)%
	381,326	324,843	318,913	326,281	7,368	2.31%
	Services & Supplies					
	Contract Services					
6100	24,217	24,969	5,000	7,300	2,300	46.00%
6110	3,701	21,938	15,000	15,000	0	0.00%
7100	12,450	7,105	12,000	7,000	(5,000)	(41.67)%
7255	720	942	750	1,200	450	60.00%
7321	1,863	1,781	2,200	2,200	0	0.00%
7342	13,790	14,155	13,500	12,500	(1,000)	(7.41)%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
100 - 100 - Administration

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Total Contract Services	56,741	70,891	48,450	45,200	(3,250)	(6.71)%
Financial Services						
7309 Late Fees	0	30	0	0	0	0.00%
7310 Bank Service Charges	0	8,218	100	2,000	1,900	1,900.00%
9154 Losses and Damages	307	0	0	0	0	0.00%
Total Financial Services	307	8,248	100	2,000	1,900	1,900.00%
Insurance, Licenses & Regulatory Fees						
6120 Computer Licenses	6,035	2,842	6,000	3,000	(3,000)	(50.00)%
6340 Misc Fees	0	3,121	3,200	1,000	(2,200)	(68.75)%
6341 LAFCO Fees	17,229	18,256	29,977	20,000	(9,977)	(33.28)%
7325 Insurance	21,231	21,355	19,800	20,000	200	1.01%
Total Insurance, Licenses & Regulatory Fees	44,494	45,574	58,977	44,000	(14,977)	(25.39)%
Legal & Professional						
7305 Auditing Services	30,800	16,450	17,900	18,000	100	0.56%
7317 Settlements	5,000	0	0	0	0	0.00%
7319 Other Professional Services	92	0	0	0	0	0.00%
7320 Professional & Consulting Services	3,210	0	0	0	0	0.00%
7326 Legal Services	70,635	50,335	85,000	75,000	(10,000)	(11.76)%
7340 Legal Notifications & Mandated Advertising	1,081	846	500	1,100	600	120.00%
7343 Election Expense	283	0	15,000	0	(15,000)	(100.00)%
Total Legal & Professional	111,102	67,632	118,400	94,100	(24,300)	(20.52)%
Office/Operations						
6121 IT-Supplies & Miscellaneous	0	0	500	500	0	0.00%
6130 Computer Hardware	0	0	2,000	2,000	0	0.00%
7110 Copier Supplies	0	(2)	0	0	0	0.00%
7140 General Supplies & Minor Equipment	4,855	7,827	6,000	5,500	(500)	(8.33)%
7160 Postage, Shipping & Mail Supplies	3,307	3,951	4,000	2,500	(1,500)	(37.50)%
7226 Membership & Dues	4,901	5,124	5,400	5,400	0	0.00%
7332 Office Supplies	0	596	0	0	0	0.00%
Total Office/Operations	13,063	17,496	17,900	15,900	(2,000)	(11.17)%
Other Expense						
7025 Significant Value Purchase-General Use	0	917	0	0	0	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
100 - 100 - Administration

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
7348	0	35	0	0	0	0.00%
8735	858	729	500	500	0	0.00%
	858	1,681	500	500	0	0.00%
	Rent & Utilities					
6000	326	0	0	0	0	0.00%
6025	4,063	4,261	4,300	4,100	(200)	(4.65)%
7350	5,063	6,582	6,000	6,000	0	0.00%
7352	13,640	13,440	14,880	28,980	14,100	94.76%
8610	3,163	2,925	3,600	3,600	0	0.00%
8620	172	161	240	240	0	0.00%
8630	0	270	0	0	0	0.00%
	26,426	27,640	29,020	42,920	13,900	47.90%
	Repairs & Maintenance					
6405	59	80	100	100	0	0.00%
6750	856	95	200	200	0	0.00%
6900	0	95	0	0	0	0.00%
7130	0	13	0	0	0	0.00%
	915	282	300	300	0	0.00%
	Travel & Training					
7323	513	199	0	0	0	0.00%
7324	525	138	1,000	750	(250)	(25.00)%
7334	550	0	0	0	0	0.00%
8510	1,076	585	1,000	1,000	0	0.00%
8512	674	351	0	0	0	0.00%
8539	39	166	1,000	1,000	0	0.00%
8541	1,210	884	0	0	0	0.00%
8550	865	619	750	750	0	0.00%
8551	285	152	0	0	0	0.00%
8563	822	0	0	0	0	0.00%
	6,559	3,093	3,750	3,500	(250)	(6.67)%
	260,465	242,537	277,397	248,420	(28,977)	(10.45)%
	Allocation of Administrative Costs					

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
100 - 100 - Administration

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
5132 Benefits Charges by Admin	(238)	0	0	0	0	0.00%
5133 Benefits Charged by Water	5,644	0	0	0	0	0.00%
5197 Benefits Billings to Other Funds	(14,070)	0	0	0	0	0.00%
8153 Labor Charged by Water	16,268	0	0	0	0	0.00%
8197 Labor Billings to Other Funds	(36,010)	0	0	0	0	0.00%
8810 Admin Cost Allocation to 200	(8,604)	0	0	0	0	0.00%
8811 Admin Cost Allocation to 301	(107,544)	0	0	0	0	0.00%
8812 Admin Cost Allocation to 400	(3,744)	0	0	0	0	0.00%
8813 Admin Cost Allocation to 500	(464,976)	0	0	0	0	0.00%
8815 Admin Cost Alloc to 650	(35,892)	0	0	0	0	0.00%
8817 Admin Cost Allocation to 800	(22,668)	0	0	0	0	0.00%
Total Allocation of Administrative Costs	(671,833)	0	0	0	0	0.00%
Capital Outlay						
9057 Computer Hardware- Capital	26,357	0	0	0	0	0.00%
9059 Vehicles, Equipment, & Fixtures	15,483	13,861	5,000	5,000	0	0.00%
Total Capital Outlay	41,840	13,861	5,000	5,000	0	0.00%
Debt Service						
9806 Internal Loan	1,517	0	0	0	0	0.00%
Total Debt Service	1,517	0	0	0	0	0.00%
Reserves						
9572 *General Contingency (Operations) Reserve	20,873	0	0	0	0	0.00%
9574 *Year-end Fund Reservation(contra to 3200)	14,517	0	0	0	0	0.00%
9981 *Information Tech Reserve	30,000	0	0	0	0	0.00%
9982 *Septic System Decommission Reserve	17,300	0	0	0	0	0.00%
Total Reserves	82,691	0	0	0	0	0.00%
Transfers						
9410 Transfer In	0	(705,597)	(605,310)	(579,701)	25,609	(4.23)%
9465 Transfer in from SW	(44,748)	0	0	0	0	0.00%
9508 Transfer Out from Reserve	0	0	17,947	0	(17,947)	(100.00)%
9511 Interfund Transfer Out	25,000	25,000	4,000	0	(4,000)	(100.00)%
Total Transfers	(19,748)	(680,597)	(583,363)	(579,701)	3,662	(0.63)%
Total Expenditures	76,257	(99,356)	17,947	0	(17,947)	

LOS OSOS COMMUNITY SERVICES DISTRICT
 Statement of Revenues and Expenditures - Unposted Transactions Included In Report
 100 - 100 - Administration

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Net Revenues over Expenditures	(28,864)	98,842	(17,947)	0	17,947	

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
600 - 600 - Wastewater

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Service Charges & Fees						
4062	14,718	14,700	21,000	25,200	4,200	20.00%
	14,718	14,700	21,000	25,200	4,200	20.00%
Special Taxes & Assessments						
4061	1,149,895	1,148,730	1,144,375	1,146,490	2,115	0.18%
4063	7,065	0	0	0	0	0.00%
	1,156,960	1,148,730	1,144,375	1,146,490	2,115	0.18%
Other Revenues						
4350	0	26,839	0	0	0	0.00%
4800	0	(27,971)	0	0	0	0.00%
4928	0	30	0	0	0	0.00%
4935	1,653	0	0	0	0	0.00%
4958	0	3,572,029	0	0	0	0.00%
	1,653	3,570,927	0	0	0	0.00%
Use of Money & Property						
4501	227	0	0	0	0	0.00%
4504	0	8,456	0	0	0	0.00%
	227	8,456	0	0	0	0.00%
	1,173,557	4,742,813	1,165,375	1,171,690	6,315	0.54%
Expenditures						
Services & Supplies						
Financial Services						
7310	33,903	6,637	3,000	3,000	0	0.00%
	33,903	6,637	3,000	3,000	0	0.00%
Insurance, Licenses & Regulatory Fees						
6341	0	0	500	500	0	0.00%
6343	95	30	0	0	0	0.00%
6345	260	261	0	0	0	0.00%
	355	291	500	500	0	0.00%
Legal & Professional						

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
600 - 600 - Wastewater

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
7317 Settlements	0	4,994,712	0	0	0	0.00%
7320 Professional & Consulting Services	5,700	11,700	500	6,000	5,500	1,100.00%
7326 Legal Services	45,774	11,266	3,000	500	(2,500)	(83.33)%
8705 Attorney Costs - Bankruptcy	0	13,378	0	0	0	0.00%
Total Legal & Professional	51,474	5,031,056	3,500	6,500	3,000	85.71%
Office/Operations						
7160 Postage, Shipping & Mail Supplies	0	20	0	0	0	0.00%
Total Office/Operations	0	20	0	0	0	0.00%
Total Services & Supplies	85,732	5,038,004	7,000	10,000	3,000	42.86%
Debt Service						
9022 Debt Service - Principal	400,000	415,000	455,000	480,000	25,000	5.49%
9023 Debt Service - Interest & Annual Fee	749,000	730,625	698,500	675,750	(22,750)	(3.26)%
9806 Internal Loan	0	0	25,000	25,000	0	0.00%
Total Debt Service	1,149,000	1,145,625	1,178,500	1,180,750	2,250	0.19%
Reserves						
9502 *Debt Reserves	25,000	0	0	0	0	0.00%
Total Reserves	25,000	0	0	0	0	0.00%
Transfers						
9505 Transfers In - Other Funds	0	(27,971)	(17,947)	0	17,947	(100.00)%
9508 Transfer Out from Reserve	(44,454)	0	0	0	0	0.00%
9511 Interfund Transfer Out	0	48,592	19,147	8,907	(10,240)	(53.48)%
9512 Transfer In	(25,000)	(1,430,977)	(4,000)	0	4,000	(100.00)%
Total Transfers	(69,454)	(1,410,356)	(2,800)	8,907	11,707	(418.11)%
Total Expenditures	1,190,278	4,773,272	1,182,700	1,199,657	16,957	1.43%
Net Revenues over Expenditures	(16,721)	(30,459)	(17,325)	(27,967)	(10,642)	

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
650 - 650 - Solid Waste

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Other Revenues						
4600	0	1,597	0	0	0	0.00%
4800	157,101	45,432	0	0	0	0.00%
4928	15	366	0	0	0	0.00%
	<u>157,116</u>	<u>47,395</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
	<u>157,116</u>	<u>47,395</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Expenditures						
Services & Supplies						
Insurance, Licenses & Regulatory Fees						
6343	50	0	0	0	0	0.00%
	<u>50</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Legal & Professional						
7326	1,126	0	0	0	0	0.00%
7340	234	0	0	0	0	0.00%
	<u>1,361</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Other Expense						
7330	74	0	0	0	0	0.00%
	<u>74</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Rent & Utilities						
7352	3,080	1,680	0	0	0	0.00%
	<u>3,080</u>	<u>1,680</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Travel & Training						
8550	41	0	0	0	0	0.00%
	<u>41</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
	<u>4,606</u>	<u>1,680</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Allocation of Administrative Costs						
5132	6,169	0	0	0	0	0.00%
8152	15,622	0	0	0	0	0.00%
8801	35,892	0	0	0	0	0.00%
	<u>57,684</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
650 - 650 - Solid Waste

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Reserves						
9156	20,665	0	0	0	0	0.00%
9572	7,260	0	0	0	0	0.00%
	Total Reserves	0	0	0	0	0.00%
Transfers						
9508	0	0	0	1,616	1,616	0.00%
9511	44,748	67,320	46,660	0	(46,660)	(100.00)%
	Total Transfers	67,320	46,660	1,616	(45,044)	(96.54)%
	Total Expenditures	69,000	46,660	1,616	(45,044)	(96.54)%
	Net Revenues over Expenditures	(21,605)	(46,660)	(1,616)	45,044	

Cost Allocation Plan for FY 2015/2016

BASED ON ADMINISTRATION STAFF'S TIME:	Vista de							TOTALS	
	Fire	Water	Solid Waste	Oro	Bayridge	Drainage	Wastewater		
General Manager	22.56%	61.20%	0.37%	2.34%	3.72%	8.65%	1.15%	100.00%	
Administrative Sec./Acctg Asst. III	18.95%	73.76%	0.14%	0.72%	1.01%	4.04%	1.38%	100.00%	
District Accountant	15.58%	70.15%	0.32%	2.02%	2.37%	7.50%	2.07%	100.00%	
Total Time	57.08%	205.11%	0.84%	5.07%	7.10%	20.19%	4.61%	300.00%	
Average % Time Spent by Fund	19.03%	68.37%	0.28%	1.69%	2.37%	6.73%	1.54%	100.00%	
Projected Expenditures FY 2015-2016	\$579,701.00								
TOTAL AMOUNT TO BE ALLOCATED	\$579,701.00	110,306.17	396,344.17	1,616.41	9,798.80	13,711.63	39,016.84	8,906.99	579,701.00
		110,306	396,344	1,616	9,799	13,712	39,017	8,907	579,701

Cost Allocation Plan for FY 2014/2015

BASED ON ADMINISTRATION STAFF'S TIME:	Vista de							TOTALS	
	Fire	Water	Solid Waste	Oro	Bayridge	Drainage	Wastewater		
General Manager	22.27%	57.11%	6.20%	2.60%	2.59%	7.50%	1.73%	100.00%	
Administrative Sec./Acctg Asst. III	15.00%	68.85%	5.77%	0.00%	0.00%	4.04%	6.34%	100.00%	
District Accountant	15.00%	57.69%	10.38%	0.00%	0.00%	5.77%	11.16%	100.00%	
Total Time	52.27%	183.65%	22.35%	2.60%	2.59%	17.31%	19.23%	300.00%	
Average % Time Spent by Fund	17.42%	61.22%	7.45%	0.87%	0.86%	5.77%	6.41%	100.00%	
Projected Expenditures FY 2014-2015								\$626,310.00	
TOTAL AMOUNT TO BE ALLOCATED	\$626,310.00	109,124.08	383,406.11	46,660.10	5,428.02	5,407.14	36,138.09	40,146.47	626,310.00
		109,124	383,406	46,660	5,428	5,407	36,138	40,146	

RESERVE STATEMENT
Effective January 1, 2015

Account Code	Category & Fund	Beginning BALANCE 06/30/2013	Budget FY 2013/2014	Gain/ (Use) FY 2013/2014	Subtotal FY 2013/2014	Adopted Budget FY 2014/2015	Gain/ (Use) FY 2014/2015	Projected Ending BALANCE
100 - Administration								
3111	General Contingency Reserve	20,918			20,918	(17,947)		2,971
3164	Information Technology Reserve	28,741			28,741		175	28,916
3166	Septic Maintenance Reserve (Fire Station)	15,801			15,801			15,801
Total - 100 - Administration		\$65,460	\$0	\$0	\$65,460	(\$17,947)	\$175	\$47,688
200 - Bayridge Estates								
3109	Septic System Decommission Reserve	0	\$8,000		\$8,000	\$8,000	21	\$16,021
301 - Fire								
3110	Replacement Reserve - Vehicle, Equip & Fire Engines	247,962	109,099	35,792	392,853	92,441		485,294
3111	General Contingency Reserve	61,381			61,381		1,942	63,323
3115	Public Facilities Fee Reserve	51,193			51,193		153	51,346
3160	Capital Outlay Reserve	613,873			613,873			613,873
Total - 301 - Fire		\$974,409	\$109,099	\$35,792	\$1,119,300	\$92,441	\$2,095	\$1,213,836
400 - Vista de Oro								
3193	Reserve - Internal Loan	1,517.00	² \$30,000		\$31,517			\$31,517
500 - Water								
3050	Water Quality Trust Reserve (0331)	91,517			91,517			91,517
3110	Replacement Reserve - Vehicle, Equip & Fire Engines	42,197			42,197		(42,197)	0
3111	General Contingency Reserve	178,783	25,000	(30,000)	173,783	25,000	(30,478)	168,305
3160	Capital Outlay Reserve	493,407	65,000	665	559,072	65,000	(60,000)	564,072
3163	Water Stabilization Reserve	128,856	32,000		160,856	32,000		192,856
3165	Basin Management Plan Reserve	39,288			39,288			39,288
3167	Water Conservation Reserve	25,031			25,031		(20,000)	5,031
Total - 500 - Water		\$999,079	\$122,000	(\$29,335)	\$1,091,744	\$122,000	(\$152,675)	\$1,061,069
600 - Wastewater								
3091	Restricted-2002 Bond Redemption Reserve	726,664	¹ 25,000	6,435	758,100	25,000		783,100
3120	LOCSD Community Fund	0	⁴	173,995	173,999			173,999
3159	Prepaid Assessment Reserve						142,670	142,670
3161	Disputed Reserve Fund						103,013	103,013
3191	Restricted Funds-SRF	1,407,913		(1,405,977)	1,936			1,936
Total - 600 - Wastewater		\$2,134,577	\$25,000	(\$1,225,547)	\$934,035	\$25,000	\$245,683	\$1,204,717
650 - Solid Waste								
3111	General Contingency Reserve	\$185,486	⁷ (\$21,605)	\$283	\$164,164	(\$46,660)	\$529	\$118,033
800 - Drainage								
3111	General Contingency Reserve	27,238	5,000		32,238	5,000	553	37,791
3160	Capital Outlay Reserve	184,995	10,000	60	195,055	10,000		205,055
Total - 800 - Drainage		\$212,233	\$15,000	\$60	\$227,293	\$15,000	\$553	\$241,620

RESERVE STATEMENT
Effective January 1, 2015

Account Code	Category & Fund	Beginning BALANCE 06/30/2013		Budget FY 2013/2014	Gain/ (Use) FY 2013/2014	Subtotal FY 2013/2014	Adopted Budget FY 2014/2015	Gain/ (Use) FY 2014/2015	Projected Ending BALANCE
900 - Parks & Recreation									
3090	Restricted Pool Funds	\$303,838	5	\$0	\$918	\$304,756	\$0	\$0	\$304,756
						\$3,946,270			\$4,239,258

- 1 Managed by US Bank - ongoing analysis
- 2 Internal Loan from Water Reserves
- 3 CD Matures 03/18/2015
- 4 Managed by Community Foundation
- 5 Beginning Balance adjusted based on LAIF deposit
- 6 Authorized use: \$32,803; interest: \$2,325
- 7 Balance Bankruptcy franchise fee transfer

ITEM 4

**REVIEW OF BOARD ITEM REGARDING
FISCAL YEAR 2015/2016 BUDGET
AND PROVIDE RECOMMENDATIONS**

B. FUND 301



Date: April 15, 2015

TO: Financial Advisory Committee

FROM: Kathy A. Kivley, General Manager

SUBJECT: Proposed Budget Report Agenda Item – Special Board Meeting Date: May 20, 2015

DESCRIPTION

Proposed Budget review for Fiscal Year 2015-2016 including detailed sheets for the 301 fund, revenues and expenditures.

President
R. Michael Wright

SUMMARY OF STAFF RECOMMENDATION

Staff recommends that the Committee adopt the following motion:

Vice President
Marshall E. Ochylski

Motion: *It is recommended by the Financial Advisory Committee that the LOCSD Board of Directors accept the Proposed Budget for the Fire Fund 301 for Fiscal Year 2015-2016 and authorize staff to transfer funds from the General Contingency Reserve to cover the proposed revenue shortfall as necessary.*

Directors
Charles Cesena
Jon-Erik Storm
Luis Tornatzky

PRESENTER: Kathy A. Kivley, General Manager
Michael L. Doyel, District Accountant

General Manager
Kathy Kivley

DISCUSSION

District Accountant
Michael L. Doyel

The information before you provides an overview of the Fire Fund proposed budget for Fiscal Year 2015/2016. Staff is pleased to be able to present this information in a timely manner.

Fire Chief
Robert Lewin

As stated in the mid-year report, the District is complying with the State Controller request to separately report the Homeowners Property Tax Relief revenue. This Tax Relief revenue is reported via the Special Districts Financial Transactions Report that is completed at the end of each fiscal year.

Battalion Chief
Phill Veneris

It is important to note there is a projected Schedule A Contract increase of 12.6% over Fiscal Year 2014/2015. The Schedule A in the prior year was \$1,709,966. The proposed Contract for FY 2015/2016 is \$1,926,749 which equates to an increase of \$216,783. This increase creates a budget shortfall. Staff proposes to handle the effect of this dramatic increase by two methods. In preparing this budget, staff recommends deferring numerous expenditures for this fiscal year and proposes the Board of Directors cover the immediate shortfall for this fiscal year from the Contingency Reserve. The current balance in the General Contingency Reserve is \$63,322.99. The current proposed budget shortfall is \$41,824. It is staff's intention with authorization from the Board of Director's to use the Reserve only when necessary and when the FY 2013/2014 audit is finally completed, any excess revenues replace any Reserves allocated to cover the budget shortfall.

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The more important issue for consideration and future discussion is the lack of revenues to cover the expenditures. Staff could not anticipate the 12.6% increase in the Schedule A Contract for FY 2015/2016. The secondary question is what level of increase should the District expect in the Schedule A

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Contract for FY 2016/2017 and what effect will the continued increases have on the District's ability to fund services and supplies at an appropriate level? Staff is unable to answer these two pertinent questions at this time. However, it is important the ESAC Committee and Board of Directors recognized increases in assessments in the Special Fire Tax maybe necessary in the foreseeable future to allow adequate funding for continuing the current operations or funding for any improvements in the operations.

For the Fiscal Year 2014/2015 the Board adopted a method for the Allocation of Administrative Cost (Cost Allocation Plan). This methodology is based on actual time spent providing personnel services, payroll, financial reporting and human resources functions to the various funds. Once District staff closes the books in preparation for the audit, the Cost Allocation Plan is adjusted based on the actual expenditures versus the actual cash balance in the Administration Fund 100 and the transfers from the funds are adjusted accordingly. For FY 2015/2016, the allocation is \$110,306 or an increase of only \$1,182.

In preparation for the presenting this budget to the Board of Directors, staff proposed two budget alternatives—proposed budget 50% reduction and proposed budget 80% reduction. A proposed budget with 50% reductions is not feasible nor does it provide the services, supplies and training necessary for fire emergency services. This budget is proposed at 80% and does include the level of training necessary for effective and efficient operations, purchase of minimal supplies, deferment of numerous expenditures and the full complement of twenty-five Reserve Firefighter positions.

Revenues

The property tax revenue projections were prepared using the annual property tax increase rate of 2%. The adjusted figures are made available by San Luis Obispo County during the month of September of each fiscal year. Any additional estimated increases by the Auditor Controller are included during the mid-year budget process. The special fire tax revenue projections were prepared using the figures as projected by Wallace Group. This information is before you this evening for your review. The County estimates the property tax may rise as high as 5% over the prior year, however, staff has chosen a more conservative approach. It is estimated based on the County information, any CPI increase is only 1.998%.

Salaries and Wages

With respect to staff, this year the Reserve Firefighters are eligible for a \$1.00 per hour salary increase to compensate for the adjustment in the minimum wage. This adjustment is effective January 1, 2016 and is included in the proposed budget. It is important to note the Reserve Firefighters are employees of the District and as such the District is responsible for human resources and payroll functions.

Services and Supplies

Information Technology Services (6110) are a direct cost. The Fire Fund has a total of five computers. The cost for contract services which provide security, storage and technical support is allocated based on the number of District computers in each fund. Additionally, this pays for Website hosting and support. This cost is allocated per computer per fund.

The Emergency Services Advisory Committee reviewed the information currently before the Financial Advisory Committee. There is no recommendation at this time.

FINANCIAL IMPACT

The Fire Fund 301 is experiencing a dramatic increase in the Schedule A Contract and therefore a shortfall in the proposed budget for FY 2015/2016.

Attachments: Copy of Fire Fund 301 Proposed Budget FY 2015/201

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
301 - 301 - Fire

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
4035	1,518,765	1,625,572	1,620,321	1,652,727	32,406	2.00%
	<u>1,518,765</u>	<u>1,625,572</u>	<u>1,620,321</u>	<u>1,652,727</u>	<u>32,406</u>	<u>2.00%</u>
Grant Revenue						
4955	18,415	7,549	1,500	2,500	1,000	66.67%
4957	14,399	0	0	0	0	0.00%
	<u>32,814</u>	<u>7,549</u>	<u>1,500</u>	<u>2,500</u>	<u>1,000</u>	<u>66.67%</u>
Special Taxes & Assessments						
4015	23,358	0	22,500	24,000	1,500	6.67%
4050	487,467	488,606	506,710	516,834	10,124	2.00%
	<u>510,825</u>	<u>488,606</u>	<u>529,210</u>	<u>540,834</u>	<u>11,624</u>	<u>2.20%</u>
Other Revenues						
4000	65,088	66,031	67,134	67,134	0	0.00%
4055	0	8,700	4,000	4,000	0	0.00%
4655	10,000	1,000	0	0	0	0.00%
4935	0	62	0	0	0	0.00%
4989	0	2,849	0	0	0	0.00%
	<u>75,088</u>	<u>78,641</u>	<u>71,134</u>	<u>71,134</u>	<u>0</u>	<u>0.00%</u>
Use of Money & Property						
4501	(103)	(23)	5	0	(5)	(100.00)%
4505	0	0	1,963	1,963	0	0.00%
4934	0	34,765	0	0	0	0.00%
	<u>(103)</u>	<u>34,742</u>	<u>1,968</u>	<u>1,963</u>	<u>(5)</u>	<u>(0.25)%</u>
	<u>2,137,390</u>	<u>2,235,110</u>	<u>2,224,133</u>	<u>2,269,158</u>	<u>45,025</u>	<u>2.02%</u>
Expenditures						
Personnel						
Salaries/Wages						
8290	207	0	450	525	75	16.67%
8295	7,263	8,360	3,330	3,885	555	16.67%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
301 - 301 - Fire

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets	
8310	Resv FF-Emerg Resp-Off Duty	4,129	8,728	7,770	9,072	1,302	16.76%
8330	Resv FF- Mutual Aid Coverage	64	241	100	100	0	0.00%
8340	Resv FF-Shift Coverage	71,251	72,499	88,000	92,891	4,891	5.56%
8345	Resv FF-Special Projects	4,072	3,925	3,500	4,074	574	16.40%
8355	Resv FF- Training & Drills	16,974	16,014	12,000	14,007	2,007	16.73%
8360	Resv FF-Weed Abatement	582	1,353	1,500	1,753	253	16.87%
	Total Salaries/Wages	104,542	111,119	116,650	126,307	9,657	8.28%
	Payroll Taxes & Benefits						
5021	FICA - Fire - ER	5,130	5,215	7,590	5,195	(2,395)	(31.55)%
5030	Life Insurance	2,223	0	3,000	2,700	(300)	(10.00)%
5031	Disability Insurance	0	0	200	1,279	1,079	539.50%
5051	Medicare - Reserves - ER	1,352	1,607	1,775	1,215	(560)	(31.55)%
5120	Workers Comp Insurance - ER	5,486	5,060	5,720	4,050	(1,670)	(29.20)%
5124	Retirement - ER - Tier 2	0	0	4,284	8,163	3,879	90.55%
	Total Payroll Taxes & Benefits	14,191	11,882	22,569	22,602	33	0.15%
	Employment Services						
5000	Medical Exams & Procedures	638	145	1,300	1,300	0	0.00%
5101	Unemp. Costs - Reserves	5,375	6,439	8,680	8,680	0	0.00%
6200	EE Hiring, Advertising & Other Costs	70	69	0	0	0	0.00%
6230	Medical Exam	2,730	4,218	4,400	4,400	0	0.00%
	Total Employment Services	8,813	10,871	14,380	14,380	0	0.00%
	Total Personnel	127,547	133,872	153,599	163,289	9,690	6.31%
	Services & Supplies						
	Clothing & Uniform						
7246	Uniform & Gear	2,352	2,212	2,500	2,000	(500)	(20.00)%
7248	Uniform Safety Boots	8,504	1,159	2,000	1,000	(1,000)	(50.00)%
	Total Clothing & Uniform	10,856	3,371	4,500	3,000	(1,500)	(33.33)%
	Contract Services						
6110	IT Purchased Services	0	977	1,200	6,024	4,824	402.00%
7100	Copier Contract-Maint & Usage	791	1,700	1,380	1,617	237	17.17%
7202	Building Alarms & Security	756	334	450	450	0	0.00%
7204	Cleaning Supplies, Laundry & Towel Service	3,187	2,594	2,700	2,700	0	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
301 - 301 - Fire

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
7222 Hazardous Materials CW JPA Cost	0	0	1,050	2,000	950	90.48%
7499 CSA 9-I Payments for Services to Area Served	23,358	0	0	0	0	0.00%
7500 Schedule A Charges	1,600,618	1,625,286	1,709,966	1,926,749	216,783	12.68%
Total Contract Services	1,628,709	1,630,890	1,716,746	1,939,540	222,794	12.98%
Equipment & Tools						
6055 Radios -Non Capital	7,549	2,111	1,750	1,000	(750)	(42.86)%
6440 Fire Personal Protection Equipment	18,629	10,281	14,198	10,500	(3,698)	(26.05)%
6460 Self-Contained Breathing Apparatus	4,936	2,507	5,500	5,500	0	0.00%
6610 Rescue - Extrication Equipment	0	2,068	1,500	900	(600)	(40.00)%
6630 Rope & Climbing Equipment	876	542	500	300	(200)	(40.00)%
7234 Oxygen Supplies & Cylinder Rent	4,297	4,866	1,300	500	(800)	(61.54)%
7238 Paramedic & EMT Small Tools & Supplies	14,820	12,428	14,500	14,500	0	0.00%
7242 Minor Tools, Accessories & Field Machines	2,185	930	1,000	800	(200)	(20.00)%
7252 Misc Hardware	0	0	8,200	0	(8,200)	(100.00)%
7307 Office Tools, Accessories & Machines	584	135	0	0	0	0.00%
Total Equipment & Tools	53,876	35,867	48,448	34,000	(14,448)	(29.82)%
Financial Services						
7310 Bank Service Charges	0	0	100	100	0	0.00%
7401 Discounts Taken	(9)	0	0	0	0	0.00%
8734 Commissions & Other Sales Expenses	0	5,040	0	0	0	0.00%
Total Financial Services	(9)	5,040	100	100	0	0.00%
Insurance, Licenses & Regulatory Fees						
6120 Computer Licenses	1,960	1,637	2,000	500	(1,500)	(75.00)%
6340 Misc Fees	0	0	600	300	(300)	(50.00)%
6345 Property Taxes & Assessments Costs	1,407	1,408	2,400	1,500	(900)	(37.50)%
7325 Insurance	16,534	20,354	21,000	21,000	0	0.00%
Total Insurance, Licenses & Regulatory Fees	19,900	23,400	26,000	23,300	(2,700)	(10.38)%
Legal & Professional						
7320 Professional & Consulting Services	2,404	2,720	200	200	0	0.00%
7326 Legal Services	598	1,654	1,800	1,400	(400)	(22.22)%
7340 Legal Notifications & Mandated Advertising	376	438	440	440	0	0.00%
Total Legal & Professional	3,378	4,812	2,440	2,040	(400)	(16.39)%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
301 - 301 - Fire

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Office/Operations						
6121	IT-Supplies & Miscellaneous	579	0	0	0	0.00%
7140	General Supplies & Minor Equipment	2,516	2,493	2,420	(820)	(33.88)%
7160	Postage, Shipping & Mail Supplies	179	578	400	0	0.00%
7200	Batteries - Common Sizes	930	544	800	(450)	(56.25)%
7216	Fire Prevention Education Materials	2,042	677	1,200	(250)	(20.83)%
7226	Membership & Dues	0	1,175	1,300	0	0.00%
7230	Misc Small Parts & Supplies	861	669	1,500	(400)	(26.67)%
7240	Propane	393	330	650	(250)	(38.46)%
	Total Office/Operations	7,500	6,467	8,270	(2,170)	(26.24)%
Other Expense						
7016	Significant Value Purchase-Field Use	3,439	1,951	0	0	0.00%
7025	Significant Value Purchase-General Use	2,433	3,481	0	0	0.00%
7201	Bedding	497	469	500	(300)	(60.00)%
7209	District Operating Center Expense	0	407	450	0	0.00%
7218	Food/Drink	306	161	350	0	0.00%
7224	Kitchen Supplies - Dishes, Pots	523	11	500	(300)	(60.00)%
7345	Outreach- Program Give-away Items	1,132	91	0	0	0.00%
8735	Misc Department Admin	500	1,550	0	0	0.00%
9072	AFG Grant 5% Match	0	0	2,700	(2,700)	(100.00)%
	Total Other Expense	8,829	8,122	4,500	(3,300)	(73.33)%
Rent & Utilities						
6000	Cell Phones	2,409	2,308	2,500	0	0.00%
6025	Telephone	2,961	3,606	3,800	0	0.00%
8610	Electric	3,874	4,248	6,000	(4,900)	(81.67)%
8620	Gas Service	1,092	1,045	1,600	0	0.00%
8630	Trash Services	1,088	1,021	1,100	0	0.00%
8640	Water and Water Services	2,159	3,237	3,300	0	0.00%
8670	Street Lighting	120	124	100	32	32.00%
	Total Rent & Utilities	13,703	15,588	18,400	(4,868)	(26.46)%
Repairs & Maintenance						
6400	Maintenance- Air Compressors	0	337	500	0	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
301 - 301 - Fire

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
6405 R & M - Extinguishers	339	393	400	400	0	0.00%
6640 Maint - Equip & Other Non-Structural Fixed Assets	621	7,482	3,000	2,800	(200)	(6.67)%
6750 R & M - Minor Tools & Equipment	4,457	1,861	2,100	1,800	(300)	(14.29)%
6775 Maintenance Contract-Oper/Field Equip	765	765	800	800	0	0.00%
6800 R & M - Grounds & Collection Systems	247	223	700	450	(250)	(35.71)%
6900 Maint-Buildings & Structures	6,516	8,289	5,000	4,000	(1,000)	(20.00)%
Total Repairs & Maintenance	12,945	19,349	12,500	10,750	(1,750)	(14.00)%
Travel & Training						
6300 DMV Driv Lic Class B	0	0	200	200	0	0.00%
7141 CERT Training Supplies	0	0	300	100	(200)	(66.67)%
7323 Books, Publications & Subscriptions	215	215	300	175	(125)	(41.67)%
7324 Education & Training Fees	375	434	800	350	(450)	(56.25)%
8405 Reserve FF Training Costs	1,170	5,479	5,000	2,500	(2,500)	(50.00)%
8410 Certifications	184	726	400	400	0	0.00%
8510 Lodging & Meals - Local	0	0	300	100	(200)	(66.67)%
Total Travel & Training	1,944	6,854	7,300	3,825	(3,475)	(47.60)%
Vehicle Maintenance & Repairs						
7017 Routine Maintenance	0	162	0	0	0	0.00%
Total Vehicle Maintenance & Repairs	0	162	0	0	0	0.00%
Total Services & Supplies	1,761,632	1,759,922	1,849,204	2,037,387	188,183	10.18%
Allocation of Administrative Costs						
8801 Admin Cost Allocation	107,544	0	0	0	0	0.00%
Total Allocation of Administrative Costs	107,544	0	0	0	0	0.00%
Capital Outlay						
9074 Fire Engine Purchase	479,911	1,353	0	0	0	0.00%
9076 Capital Equipment & Accessories	0	35,661	20,000	0	(20,000)	(100.00)%
9086 Fire Engine Equipment & Accessories	66,809	4,174	0	0	0	0.00%
Total Capital Outlay	546,720	41,188	20,000	0	(20,000)	(100.00)%
Reserves						
9504 *Vehicle Replacement Reserve	175,754	109,099	92,206	0	(92,206)	(100.00)%
9571 *Capital Outlay Reserve	30,219	0	0	0	0	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
301 - 301 - Fire
From 7/1/2013 Through 6/30/2014
(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
9572 *General Contingency (Operations) Reserve	23,518	0	0	0	0	0.00%
9573 *Year-end Encumbrance(contra to 3200)	<u>6,902</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total Reserves	236,393	109,099	92,206	0	(92,206)	(100.00)%
Transfers						
9511 Interfund Transfer Out	<u>0</u>	<u>103,158</u>	<u>109,124</u>	<u>110,306</u>	<u>1,182</u>	<u>1.08%</u>
Total Transfers	<u>0</u>	<u>103,158</u>	<u>109,124</u>	<u>110,306</u>	<u>1,182</u>	<u>1.08%</u>
Total Expenditures	<u>2,779,836</u>	<u>2,147,240</u>	<u>2,224,133</u>	<u>2,310,982</u>	<u>86,849</u>	<u>3.90%</u>
Net Revenues over Expenditures	<u>(642,446)</u>	<u>87,870</u>	<u>0</u>	<u>(41,824)</u>	<u>(41,824)</u>	

ITEM 4

**REVIEW OF BOARD ITEM REGARDING
FISCAL YEAR 2015/2016 BUDGET
AND PROVIDE RECOMMENDATIONS**

C. FUNDS 200, 400, 500, AND 800



Date: April 15, 2015

TO: Financial Advisory Committee

FROM: Kathy A. Kivley, General Manager

SUBJECT: Proposed Budget Report Agenda Item – Special Board
Meeting Date: May 20, 2015

DESCRIPTION

Proposed Budget review for Fiscal Year 2015/2016 including detailed sheets for the Funds 200, 400, 500 and 800, revenues and expenditures.

SUMMARY OF STAFF RECOMMENDATION

Staff recommends that the Committee adopt the following motion:

Motion: The Financial Advisory Committee recommends that the LOCSD Board of Directors accept the Proposed Budget for the Utility Funds 200, 400, 500 and 800 for Fiscal Year 2015/2016 and authorize staff to transfer funds from the Capital Outlay Reserve for the proposed projects in Fund 500, direct staff to prepare an amended interfund loan document for Fund 400, and take the action as recommended to balance Fund 200.

PRESENTERS: General Manager, Kathy Kivley
District Accountant, Michael Doyel

DISCUSSION

The information before you provides an overview of the Utility Funds proposed budget for Fiscal Year 2015/2016. As previously directed staff made every effort to bring the Board a balanced Proposed Budget. In some cases, staff provided the alternative for funding the shortfall. Staff is pleased to be able to present this information in a timely manner.

As stated in the mid-year report, the District is complying with the State Controller request to separately report the Homeowners Property Tax Relief revenue. This Tax Relief revenue is reported via the Special Districts Financial Transactions Report that is completed at the end of each fiscal year. Fund 400 is the only fund where this process is not applicable.

For the Fiscal Year 2014/2015 the Board adopted a method for the Allocation of Administrative Cost (Cost Allocation Plan). This methodology is based on actual time spent providing personnel services, payroll, financial reporting and human resources functions to the various funds. Once District staff closes the books in preparation for the audit, the Cost Allocation Plan is adjusted based on the actual expenditures versus the actual cash balance in the Administration Fund 100 and the transfers from the funds are adjusted accordingly. Enclosed is a copy of the Cost Allocation Plan adopted by the Board for FY 2014-2015 and the same recommended methodology for FY 2015/2016.

President
R. Michael Wright

Vice President
Marshall E. Ochylski

Directors
Charles Cesena
Jon-Erik Storm
Luis Tornatzky

General Manager
Kathy Kivley

District Accountant
Michael L. Doyel

Fire Chief
Robert Lewin

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Revenues

The property tax revenue projections for Fund 200, 500 and 800 were prepared using the annual property tax increase rate of 2%. The adjusted figures are made available by San Luis Obispo County during the month of September of each fiscal year. Any additional estimated increases by the Auditor Controller are included during the mid-year budget process.

Services and Supplies

Information Technology Services (6110) are considered a direct cost and necessary for the operation of all funds. The cost for contract services which provide security, storage and technical support is allocated based on the number of District computers in each fund. Additionally, this category pays for Website hosting and support. This cost is allocated per computer per fund.

Reserves

Based on the District's adoption of the Capital Improvement Project list, projects were included in the adopted Water Rate Study. Upon completion of the FY 13/14 Audit, it may be necessary to address the remaining cash balances in Funds 200, 400, 500 and 800, and allocate appropriately. The adopted Water Rate Study for Fund 500 states the minimum Fund Reserve target should be established by projecting 25% of the total operating, maintenance and debt service expenses for the prior year plus \$500,000 for emergency capital reserves. During the upcoming year, with the drought, water conservation efforts and potential loss of revenues, staff will analyze this formula and present information to the Board including modification to the existing Reserve Policy.

FUND 200, Bayridge Estates

Revenue

The District operates and maintains gravity wastewater septic collection system for the Bayridge Estates. This system collects wastewater via sewer mains within the public right of way and disposes of the waste into a septic system. The Board approved Resolution No. 2015-08 dated March 5, 2015, authorizing an Interfund Loan to the Bayridge Fund 200 from the Water Fund 500 Capital Outlay Reserve in an amount not to exceed \$125,000 to cover Phase 1 Maintenance Improvement Projects for the community septic system. It is necessary for the Fund 200 to borrow from another fund to cover the estimated cost for the Phase 1 Improvement Projects. The maintenance improvements were necessary prior to the connection to the new County facility. Once the improvements are completed and upon completion of the County project providing sewer collection services to the subdivision, the septic system will be abandoned at a cost. The assessments will remain on the parcels until the fund settles all liabilities due to the District for providing the Phase 1 Maintenance Improvement Projects, septic transition and abandonment services. As you will recall in June 2013, a Prop 218 Protest Hearing was unsuccessfully challenged. This allowed the District to increase the annual assessment from \$201/parcel to \$373/parcel. The current charge per parcel is \$373/parcel with 147 parcels which equates to receipts of \$54,831. This fund receives General Property Taxes which were grandfathered into the Proposition 13 allocation since the Fund was receiving general taxes before the proposition passed. Repayment of the interfund loan is slated to begin after the transition and abandonment of the community septic system is complete. Staff estimates the repayment will take approximately two years. The Loan Agreement states Fund 200 will borrow the funds at the time of construction. The prior year budget reflected funds available for engineering services. Using the FY 2014/2015 budget allowed staff to reduce the total dollars necessary from an interfund loan. The assessment remains in full force and effect until all funds are repaid to the Water Fund 500.

Personnel Services

Salary and Fringe Benefit allocations are calculated at mid-year and at the end of the fiscal year. The current budget amount is based on the Fiscal Year unaudited salary and fringe benefit cost estimates average for the total year from the eight months of actual costs. District staff directly charges the hours on their time sheet per employee per fund with the fringe benefit costs based on the fringe rate for the respective employee. This method provides the accurate information based on actual costs. There is an increase proposed for FY 2015/2016. As the time nears closer for the transition to the County facility, more and more staff time is necessary to address the upcoming Phase 1 Maintenance Improvement Project. Staff plans to initiate the proposal to the County for funding to complete the Phase 2 Maintenance Improvement Project which is estimated to cost approximately \$325,000. Phase 2 must be completed prior to the connection to the County facility.

Services and Supplies

Under Legal & Professional Services any additional Capital Expenses requiring Engineering or Consultant Services will need Board consideration to determine the available funding recommendation.

Capital Outlay

Under this category, any future project require Board consideration in order to determine the appropriate funding recommendation.

FUND 400, Vista de Oro

Revenue

The District operates and maintains gravity wastewater septic collection system for Vista De Oro. This system collect wastewater via sewer mains within the public right of way and disposes the waste into a septic system. Regarding Fund 400, it is important to understand this fund will continue to reflect a deficit until the septic system conversion occurs and over a period of years the District will recoup its prior costs for maintaining the system. The Board approved Resolution No. 2014-13 dated August 7, 2014, authorizing an Interfund Loan for FY 2012/2013, 2013/2014 and 2014/2015 to the Vista de Oro Fund 400 from the Water Fund 500 General Contingency Reserve in an amount not to exceed \$30,000 to cover operating deficits. Because of the necessity to assess the conversion and connection to the new County facility for services, staff hours and expenses are increasing. Due to the residents' successful challenge to the proposed increases in June 2013 through the Proposition 218 process, there are insufficient revenues to cover expenses. The residents will continue to pay the assessment until the fund settles all its liabilities. The District needs to amend the Interfund Loan Agreement during FY 2015/2016 to appropriately cover the shortfall in the revenues from Water Fund 500.

Personnel Services

Salary and Fringe Benefit allocations are calculated at mid-year and at the end of the fiscal year. The current budget amount is based on the Fiscal Year unaudited salary and fringe benefit cost estimates average for the total year from the eight months of actual costs. District staff directly charges the hours on their time sheet per employee per fund with the fringe benefit costs based on the fringe rate for the respective employee. This method provides the accurate information based on actual costs. It is important to note that as the District moves closer to transiting the septic system to the County facility, the system requires more attention to ensure a smooth transition. These costs will continue to rise.

Capital Outlay

In order to provide the connection to the County facility for waste disposal, it is necessary for the District to contract for clean-out of all the lines. This may require Board action in the upcoming fiscal year. On a positive note, in review the tapes of the televised gravity wastewater septic collection system it does not appear any major capital improvements are necessary prior to the connection to the County facility.

FUND 500, Water

Revenues

In February 2015, the Board of Directors adopted the increases in water rates effective July 1, 2015. This rate structure also includes emergency drought rates which the Board will be considering at a future date. Finally in April the Board enacted Stage 3 of the Water Shortage Contingency Plan. These actions directly affect the rates by the number of gallons used by the customers. Estimating any new revenue with the seriousness of the drought and implementation of Stage 3 with a potential consideration of Stage 4 in November 2015, is impossible. Any increased adjustments in revenues will be considered during the mid-year budget review.

Personnel Services

Salary and Fringe Benefit allocations for Funds 200, 400 and 800 are calculated at mid-year and at the end of the fiscal year. The current budget amount reflects the appropriate reductions based on the estimates shown in the other funds. The salary and fringe benefit cost estimates include the information from the prior MOU negotiations, merit increases due and any other adjustments authorized by the Board. District staff directly charges the hours on their time sheet per employee per fund. This information is used to charge Fund 200, 400 and 800 with the proper credit to Fund 500.

Services and Supplies

Under Equipment & Tool, staff recommends the purchase of a minor tool called an electric valve turning tool for use by the crews for the proper valve exercising program. The current practice of using hand held equipment contributes to safety hazards as well as the potential valve stripping requiring replacement. All valves are turned annually.

Under Insurance, Licenses & Regulatory Fees, there is a \$9,000 increase proposed for FY 2015/2016. The fees are increasing for San Luis Obispo County Environmental and Public Works, SWRCB (water permit), Air Pollution Control District and various other regulatory agencies.

Under Legal & Professional, \$25,000 is discussed under the Capital Outlay description and the balance is relative to staff's intent to finalized the ISJ during the this fiscal year if not prior to the end of Calendar Year 2015.

Under Rent and Utilities, the majority of the recommended increase is for Brine Disposal for the Nitrate Treatment Facility.

Under Repairs and Maintenance, the reduction in maintenance on wells separates the cost from maintenance of distribution system for better tracking. Any extensive repairs to the District's well are reflected under professional services.

Capital Outlay

As a reminder the Board adopted a Water Capital Improvement Project (CIP) in September 2014. This list delineates multiple projects in various categories. This CIP was also incorporated in the Water Rate Study adopted in February 2015. The Capital Improvement Project for Infrastructure includes two items from the Basin Plan (ISJ) and the approved Capital

Improvement Projects List from the Water Master Plan. Staff budgeted \$50,000 for the intertie project with Golden State Water Company (GSWC). That project's design is in the hands of GSWC at this time for slight modifications. The District intended to complete the intertie project prior to this fiscal year (14/15). The \$150,000 is to allow staff to work towards construction of the upper aquifer well at 8th Street and El Moro. The design and permitting is estimated at \$60,000 according to Table 6 of the Water Rate Study. This project is on the list of the high scoring priority projects for the County of San Luis Obispo's Integrated Regional Water Management (IRWM) Plan. Staff plans to apply for third round of available grant funding (Prop 84). In order to score higher points on the District's application, the District project must be "shovel ready" by April 1, 2016. Staff previously initiated the environmental process on this CIP in order to facilitate obtaining a coastal development permit. In the FY 2015/2016 budget staff allocated monies for the engineering process. Should the District be successful in securing the grant, this money will offset construction costs and possibly some engineering services cost. Approximately \$30,000 (5% of estimated total) is available for matching funds. Any matching fund commitment of up to 25% earns additional points on the grant application which helps in the decision process by California Department of Water Resources (DWR). The grant applications are due to DWR in August 2015. These two projects are budget in Infrastructures in an amount of \$150,000 and Professional and Consulting Service in the amount of \$25,000 both funded from the Capital Outlay Reserve.

The District continues the on-going replacement of water meters. This replacement is part of the recently adopted CIP list. Staff is recommending \$50,000 under Equipment & Tools, Meters Purchases & Replacements. This project is listing as a multi-year project in the CIP and is funded from the Capital Outlay Reserve.

In FY 2014/2015 budget, funds were allocated for architectural design for Phase 1 of the renovation of the Water Yard Facility at 953 El Morro Avenue, Los Osos. As the Board is aware the house serves as facilities for the Utility Crew. The final drawings for the Phase 1 construction are under review--bathroom, kitchen/staff break area and office space renovation and Title 24 improvements. Phase 2 includes additional Title 24 improvements, roof expansion and crew office renovation. Phase 3 includes remodel of the existing shop. This project was included on the recently Board adopted CIP in September 2014. As incorporated in the CIP, this is a three to four year phased project and is funded through the Capital Outlay Reserve in the amount of \$45,000 and reflected in the budget under Building, Structures & Improvements category.

Fund 800, Drainage

Personnel Services

Salary and Fringe Benefit allocations are calculated at mid-year and at the end of the fiscal year. The current budget amount is based on the Fiscal Year unaudited salary and fringe benefit cost estimates average for the total year from the eight months of actual costs. District staff directly charges the hours on their time sheet per employee per fund with the fringe benefit costs based on the fringe rate for the respective employee. This method provides the accurate information based on actual costs.

Services and Supplies

Under Legal & Professional additional funds are required for the additional work necessary for compliance on the MS4 permit.

Under Repairs & Maintenance, Grounds & Collection Systems, staff recommends the funding of the annual chipping event for the Fire Department. Staff was potentially notified the Fire Safe Council may not be able to provide adequate funding for FY 2014/2015 and FY 2015/2016.

Staff feels this program is extremely important in reduction of drainage issues in the Los Osos community.

The Utilities Advisory Committee recommended the budget and the budget be reviewed by the Financial Advisory Committee.

FINANCIAL IMPACT

Fund 200, Bayridge Estates – Based on the proposed budget, the expenditures exceed the revenues. It is important to note as with FY 2014/2015, the Board authorized staff to only fund the Decommission Reserve after covering the expenditures with the existing revenues and utilizing prior revenues to cover the remaining shortages. Kindly note, affecting this same direction this year, removing the Decommission Reserve, the Proposed FY 2015/2016 Budget balances. Staff requests the Proposed Budget be adopted as shown with this direction to staff. This allow the staff after covering the expenditures to place the remaining funds in the Decommission Reserve.

Fund 400, Vista de Oro – Based on the proposed budget, the expenditures exceed the revenues. Currently Fund 400 is operating on monies loaned from the Water Fund 500 per Board authorization in August 2014. Fund 400 has exceed the \$30,000 limit and it will be necessary for staff to present amended documents to increase the borrowing authority to the Board in the near future. Staff recommends adopting this budget as presented with direction to staff to return with amended interfund loan documents. An alternative to providing additional loan funds is attempting to conduct another Proposition 218 process. Staff does not recommend this alternative as connection to the County facility appears to be in the very near future.

Fund 500, Water -- Based on the proposed budget, the expenditures exceed the revenues. The Capital Outlay Reserve for Fund 500 is recommended to reimburse the operating fund in the amount of \$270,000 for the on-going and new CIP recommended allocation. Should the Board approve this direction, the Proposed Budget for FY 2015/2016 for Water Fund 500 reflects an estimated positive balance of \$10,708.

Fund 800, Drainage – Based on the proposed budget, the revenues exceed the expenditures. Staff recommends adopting this budget as presented.

Attachments:

- Copy of Bayridge Estates Fund 200 FY 2015/2016 Proposed Budget
- Copy of Vista de Oro Fund 400 FY 2015/2016 Proposed Budget
- Copy of Water Fund 500 FY 2015/2016 Proposed Budget
- Copy of Drainage Fund 800 FY 2015/2016 Proposed Budget

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
200 - 200 - Bayridge

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
4035	6,731	7,412	7,227	7,372	145	2.01%
	6,731	7,412	7,227	7,372	145	2.01%
Special Taxes & Assessments						
4550	29,547	56,331	54,831	54,831	0	0.00%
	29,547	56,331	54,831	54,831	0	0.00%
Use of Money & Property						
4501	(4)	0	0	0	0	0.00%
	(4)	0	0	0	0	0.00%
	36,274	63,743	62,058	62,203	145	0.23%
Expenditures						
Personnel						
Salaries/Wages						
8054	0	8,393	8,400	12,000	3,600	42.86%
	0	8,393	8,400	12,000	3,600	42.86%
Payroll Taxes & Benefits						
5010	0	2,971	2,500	4,000	1,500	60.00%
	0	2,971	2,500	4,000	1,500	60.00%
	0	11,364	10,900	16,000	5,100	46.79%
Services & Supplies						
Contract Services						
7250	650	165	850	850	0	0.00%
	650	165	850	850	0	0.00%
Equipment & Tools						
7242	0	111	100	100	0	0.00%
	0	111	100	100	0	0.00%
Insurance, Licenses & Regulatory Fees						
6342	760	970	1,044	1,044	0	0.00%
6345	257	260	260	260	0	0.00%
	1,017	1,230	1,304	1,304	0	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
200 - 200 - Bayridge

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Legal & Professional						
7320	840	1,250	500	1,000	500	100.00%
7326	451	0	0	0	0	0.00%
	<u>1,291</u>	<u>1,250</u>	<u>500</u>	<u>1,000</u>	<u>500</u>	<u>100.00%</u>
Office/Operations						
7160	64	0	70	70	0	0.00%
7249	0	30	0	0	0	0.00%
	<u>64</u>	<u>30</u>	<u>70</u>	<u>70</u>	<u>0</u>	<u>0.00%</u>
Rent & Utilities						
6000	169	129	160	200	40	25.00%
7352	0	0	0	800	800	0.00%
8610	2,911	2,550	2,500	2,500	0	0.00%
8645	5,500	6,240	12,000	10,000	(2,000)	(16.67)%
8670	4,587	4,704	6,100	5,100	(1,000)	(16.39)%
	<u>13,167</u>	<u>13,623</u>	<u>20,760</u>	<u>18,600</u>	<u>(2,160)</u>	<u>(10.40)%</u>
Repairs & Maintenance						
6405	12	18	12	12	0	0.00%
6640	13	100	150	150	0	0.00%
6750	27	51	100	100	0	0.00%
6800	7,490	0	11,000	5,000	(6,000)	(54.55)%
6900	2,175	457	4,000	4,000	0	0.00%
	<u>9,718</u>	<u>626</u>	<u>15,262</u>	<u>9,262</u>	<u>(6,000)</u>	<u>(39.31)%</u>
Vehicle Maintenance & Repairs						
7211	484	504	500	500	0	0.00%
7220	647	648	800	800	0	0.00%
	<u>1,131</u>	<u>1,152</u>	<u>1,300</u>	<u>1,300</u>	<u>0</u>	<u>0.00%</u>
	<u>27,038</u>	<u>18,186</u>	<u>40,146</u>	<u>32,486</u>	<u>(7,660)</u>	<u>(19.08)%</u>
Allocation of Administrative Costs						
5133	3,127	0	0	0	0	0.00%
5197	122	0	0	0	0	0.00%
8153	7,705	0	0	0	0	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
200 - 200 - Bayridge

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
8801 Admin Cost Allocation	8,604	0	0	0	0	0.00%
Total Allocation of Administrative Costs	19,558	0	0	0	0	0.00%
Capital Outlay						
9006 Infrastructures	0	0	7,700	0	(7,700)	(100.00)%
Total Capital Outlay	0	0	7,700	0	(7,700)	(100.00)%
Reserves						
9982 *Septic System Decommission Reserve	0	8,000	8,000	8,000	0	0.00%
Total Reserves	0	8,000	8,000	8,000	0	0.00%
Transfers						
9511 Interfund Transfer Out	0	6,798	5,407	13,712	8,305	153.60%
Total Transfers	0	6,798	5,407	13,712	8,305	153.60%
Total Expenditures	46,595	44,348	72,153	70,198	(1,955)	(2.71)%
Net Revenues over Expenditures	(10,321)	19,395	(10,095)	(7,995)	2,100	

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
400 - 400 - Vista de Oro

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Special Taxes & Assessments						
4550	15,768	16,531	15,768	15,768	0	0.00%
	15,768	16,531	15,768	15,768	0	0.00%
	15,768	16,531	15,768	15,768	0	0.00%
Expenditures						
Personnel						
Salaries/Wages						
8054	0	9,339	9,330	12,000	2,670	28.62%
	0	9,339	9,330	12,000	2,670	28.62%
Payroll Taxes & Benefits						
5010	0	3,336	3,300	4,000	700	21.21%
	0	3,336	3,300	4,000	700	21.21%
	0	12,674	12,630	16,000	3,370	26.68%
Services & Supplies						
Contract Services						
7250	650	165	840	840	0	0.00%
7342	0	100	0	0	0	0.00%
	650	265	840	840	0	0.00%
Equipment & Tools						
7242	0	111	50	50	0	0.00%
	0	111	50	50	0	0.00%
Insurance, Licenses & Regulatory Fees						
6342	760	970	1,044	1,044	0	0.00%
6345	18	18	20	20	0	0.00%
	778	988	1,064	1,064	0	0.00%
Legal & Professional						
7320	840	200	500	500	0	0.00%
7326	522	0	0	0	0	0.00%
	1,362	200	500	500	0	0.00%
Office/Operations						

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
400 - 400 - Vista de Oro

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
7160 Postage, Shipping & Mail Supplies	33	0	0	0	0	0.00%
7249 Safety Supplies	0	30	0	0	0	0.00%
Total Office/Operations	33	30	0	0	0	0.00%
Other Expense						
7016 Significant Value Purchase-Field Use	780	0	0	0	0	0.00%
Total Other Expense	780	0	0	0	0	0.00%
Rent & Utilities						
6000 Cell Phones	169	129	200	200	0	0.00%
7352 Rent - Offices & Other Structures	0	0	0	730	730	0.00%
8610 Electric	315	326	300	400	100	33.33%
8645 Septage Handling	7,445	4,690	7,500	7,500	0	0.00%
8670 Street Lighting	1,647	1,840	2,000	2,000	0	0.00%
Total Rent & Utilities	9,576	6,985	10,000	10,830	830	8.30%
Repairs & Maintenance						
6405 R & M - Extinguishers	12	18	12	12	0	0.00%
6750 R & M - Minor Tools & Equipment	0	6	0	0	0	0.00%
6800 R & M - Grounds & Collection Systems	8,808	25	3,000	3,000	0	0.00%
6900 Maint-Buildings & Structures	25	0	0	0	0	0.00%
Total Repairs & Maintenance	8,845	50	3,012	3,012	0	0.00%
Vehicle Maintenance & Repairs						
7211 Misc Fuel & Diesel	242	252	300	300	0	0.00%
7220 Gasoline	323	324	700	700	0	0.00%
Total Vehicle Maintenance & Repairs	565	576	1,000	1,000	0	0.00%
Total Services & Supplies	22,588	9,204	16,466	17,296	830	5.04%
Allocation of Administrative Costs						
5133 Benefits Charged by Water	3,237	0	0	0	0	0.00%
8153 Labor Charged by Water	7,656	0	0	0	0	0.00%
8801 Admin Cost Allocation	3,744	0	0	0	0	0.00%
Total Allocation of Administrative Costs	14,637	0	0	0	0	0.00%
Debt Service						
9807 Interfund Loan Proceeds	(1,517)	0	0	0	0	0.00%
Total Debt Service	(1,517)	0	0	0	0	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
400 - 400 - Vista de Oro

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Transfers						
9511 Interfund Transfer Out	0	9,502	5,428	9,799	4,371	80.53%
Total Transfers	0	9,502	5,428	9,799	4,371	80.53%
Total Expenditures	35,708	31,380	34,524	43,095	8,571	24.83%
Net Revenues over Expenditures	(19,940)	(14,849)	(18,756)	(27,327)	(8,571)	

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
500 - 500 - Water

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
4035	176,269	188,431	187,249	191,000	3,751	2.00%
	Total Property Taxes	188,431	187,249	191,000	3,751	2.00%
Service Charges & Fees						
4030	1,703,073	1,927,525	1,850,000	1,757,500	(92,500)	(5.00)%
4102	0	35,515	0	50,000	50,000	0.00%
4103	0	94,640	0	100,000	100,000	0.00%
4104	0	3,482	0	0	0	0.00%
4111	0	891	1,000	0	(1,000)	(100.00)%
4112	0	1,625	0	0	0	0.00%
4114	0	44,587	0	0	0	0.00%
4931	12,350	9,085	14,000	15,000	1,000	7.14%
4932	36,577	36,275	35,000	20,000	(15,000)	(42.86)%
4933	0	10,320	5,400	5,400	0	0.00%
4937	0	410	0	0	0	0.00%
	Total Service Charges & Fees	2,164,356	1,905,400	1,947,900	42,500	2.23%
Other Revenues						
4928	30	0	300	300	0	0.00%
4929	383	0	0	0	0	0.00%
4930	6,638	514	5,000	500	(4,500)	(90.00)%
4935	430	58	100	100	0	0.00%
4936	1,066	2,828	2,000	1,000	(1,000)	(50.00)%
	Total Other Revenues	3,400	7,400	1,900	(5,500)	(74.32)%
Use of Money & Property						
4500	580	0	0	0	0	0.00%
4501	255	150	0	0	0	0.00%
4934	3,800	0	1,000	2,000	1,000	100.00%
	Total Use of Money & Property	150	1,000	2,000	1,000	100.00%
	Total Revenues	1,941,451	2,101,049	2,142,800	41,751	1.99%

Expenditures

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
500 - 500 - Water

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Personnel						
Salaries/Wages						
8012	Call Back Pay	1,025	138	1,000	500	(500) (50.00)%
8018	Holiday Pay	11,832	15,276	0	0	0 0.00%
8045	Overtime Pay	2,247	4,072	17,728	6,000	(11,728) (66.16)%
8051	Floating Holiday Pay	2,056	2,213	0	0	0 0.00%
8054	Salaries & Wages - Regular	224,452	283,927	365,852	379,433	13,581 3.71%
8056	Retroactive Pay	0	348	0	0	0 0.00%
8060	Sick Leave Pay	9,894	13,028	0	0	0 0.00%
8063	Standby Pay	17,052	17,254	17,446	23,800	6,354 36.42%
8066	Comp Time Used	14,146	15,267	0	0	0 0.00%
8081	Vacation Pay	10,590	13,086	0	0	0 0.00%
	Total Salaries/Wages	293,293	364,609	402,026	409,733	7,707 1.92%
Payroll Taxes & Benefits						
5010	Total Fringe Benefits	0	(10,886)	(10,300)	(13,500)	(3,200) 31.07%
5030	Life Insurance	4,107	5,418	5,061	5,600	539 10.65%
5050	Medicare - ER	4,117	5,609	5,050	6,650	1,600 31.68%
5060	Cafeteria Plan	39,654	58,913	73,500	60,000	(13,500) (18.37)%
5070	Retirement ER - Regular	33,232	39,621	43,642	51,605	7,963 18.25%
5071	Retirement ER - Addl Pick-up	14,997	17,143	0	9,642	9,642 0.00%
5075	Retirees Medical - ER	1,395	3,295	690	2,760	2,070 300.00%
5120	Workers Comp Insurance - ER	18,440	18,213	13,863	15,534	1,671 12.05%
5124	Retirement - ER - Tier 2	39	3,782	0	5,300	5,300 0.00%
	Total Payroll Taxes & Benefits	115,981	141,108	131,506	143,591	12,085 9.19%
Employment Services						
5100	Unemployment Insurance - ER	2,537	5,216	0	0	0 0.00%
6200	EE Hiring, Advertising & Other Costs	0	0	100	100	0 0.00%
6230	Medical Exam	0	270	200	200	0 0.00%
6250	Temporary Agency Help	19,261	2,321	2,500	2,500	0 0.00%
7347	Pension Services Expense	0	0	100	100	0 0.00%
	Total Employment Services	21,797	7,807	2,900	2,900	0 0.00%
	Total Personnel	431,071	513,524	536,432	556,224	19,792 3.69%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
500 - 500 - Water

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Services & Supplies						
Clothing & Uniform						
7246	1,712	2,366	3,000	3,000	0	0.00%
	1,712	2,366	3,000	3,000	0	0.00%
Contract Services						
6100	14,249	6,370	10,000	10,000	0	0.00%
6110	1,199	3,453	12,000	14,000	2,000	16.67%
6142	860	0	0	0	0	0.00%
7204	370	46	300	300	0	0.00%
7250	33,637	37,021	50,000	50,000	0	0.00%
7255	4,907	4,907	9,000	9,000	0	0.00%
7301	0	0	10,000	10,000	0	0.00%
7321	1,599	2,057	1,800	1,800	0	0.00%
7342	575	0	0	0	0	0.00%
	57,396	53,853	93,100	95,100	2,000	2.15%
Equipment & Tools						
7242	5,426	1,478	3,000	6,000	3,000	100.00%
7253	0	2,190	3,000	3,000	0	0.00%
7256	4,128	23,457	0	50,000	50,000	0.00%
	9,554	27,125	6,000	59,000	53,000	883.33%
Financial Services						
7310	0	0	200	200	0	0.00%
7401	(288)	(224)	0	0	0	0.00%
7600	(1,000)	0	0	0	0	0.00%
9153	0	2,368	3,000	3,000	0	0.00%
	(1,288)	2,144	3,200	3,200	0	0.00%
Insurance, Licenses & Regulatory Fees						
6120	3,625	6,408	5,000	5,000	0	0.00%
6340	1,373	0	3,000	3,000	0	0.00%
6342	13,113	12,294	6,000	15,000	9,000	150.00%
6343	137	(9)	100	100	0	0.00%
6345	2,135	2,144	3,000	3,000	0	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
500 - 500 - Water

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
7325 Insurance	17,501	15,683	20,000	20,000	0	0.00%
Total Insurance, Licenses & Regulatory Fees	37,884	36,520	37,100	46,100	9,000	24.26%
Legal & Professional						
7318 Professional & Consulting Srvcs-ISJ	9,930	4,305	28,000	30,000	2,000	7.14%
7319 Other Professional Services	250	5,786	15,000	30,000	15,000	100.00%
7320 Professional & Consulting Services	26,158	42,916	45,000	100,000	55,000	122.22%
7326 Legal Services	9,794	10,947	30,000	30,000	0	0.00%
7336 Legal Services- ISJ	17,318	41,674	0	20,000	20,000	0.00%
7340 Legal Notifications & Mandated Advertising	221	0	1,000	2,000	1,000	100.00%
9155 ISJ - Inter-Agency Cost Sharing	68,001	29,782	45,000	45,000	0	0.00%
Total Legal & Professional	131,673	135,410	164,000	257,000	93,000	56.71%
Office/Operations						
6121 IT-Supplies & Miscellaneous	0	0	1,000	0	(1,000)	(100.00)%
6130 Computer Hardware	0	369	3,200	5,000	1,800	56.25%
6140 Computer Software	0	336	2,000	5,000	3,000	150.00%
7140 General Supplies & Minor Equipment	1,890	2,764	3,000	3,000	0	0.00%
7160 Postage, Shipping & Mail Supplies	13,184	15,884	15,000	15,000	0	0.00%
7170 Special Purpose Forms and Printing	444	0	0	0	0	0.00%
7180 Billing Supplies, Forms & Printing	370	431	1,000	1,000	0	0.00%
7225 Mapping Costs	123	0	0	0	0	0.00%
7226 Membership & Dues	413	80	200	200	0	0.00%
7230 Misc Small Parts & Supplies	2,212	2,921	4,200	1,000	(3,200)	(76.19)%
7237 Process Control & Treatment Supplies	3,046	5,375	6,000	6,000	0	0.00%
7239 Water Treatment Chemicals	7,803	10,640	13,000	13,000	0	0.00%
7249 Safety Supplies	2,600	3,452	3,000	3,000	0	0.00%
Total Office/Operations	32,085	42,251	51,600	52,200	600	1.16%
Other Expense						
7016 Significant Value Purchase-Field Use	18,663	0	0	0	0	0.00%
7330 Misc Operating Expenses	0	0	100	100	0	0.00%
7348 Water Conservation Program	760	11,996	0	30,000	30,000	0.00%
8650 Clean-Up Costs	642	0	0	0	0	0.00%
8735 Misc Department Admin	0	768	1,000	1,000	0	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
500 - 500 - Water

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Total Other Expense	20,065	12,765	1,100	31,100	30,000	2,727.27%
Rent & Utilities						
6000 Cell Phones	1,886	1,546	1,700	1,700	0	0.00%
6025 Telephone	6,362	6,558	6,000	9,000	3,000	50.00%
7352 Rent - Offices & Other Structures	5,280	8,880	12,000	25,158	13,158	109.65%
8610 Electric	92,992	96,675	130,000	130,000	0	0.00%
8620 Gas Service	265	202	400	400	0	0.00%
8630 Trash Services	1,207	1,212	1,500	1,500	0	0.00%
8644 Disposal Services	0	375	30,000	80,000	50,000	166.67%
8670 Street Lighting	262	295	650	650	0	0.00%
Total Rent & Utilities	108,255	115,744	182,250	248,408	66,158	36.30%
Repairs & Maintenance						
6405 R & M - Extinguishers	236	328	400	400	0	0.00%
6422 R & M - Hydrants	0	57	100	100	0	0.00%
6640 Maint - Equip & Other Non-Structural Fixed Assets	7,206	6,107	20,000	3,000	(17,000)	(85.00)%
6641 R & M - Wells	13,523	29,976	60,000	6,000	(54,000)	(90.00)%
6750 R & M - Minor Tools & Equipment	4,914	510	2,000	2,000	0	0.00%
6800 R & M - Grounds & Collection Systems	350	2,085	2,000	2,000	0	0.00%
6900 Maint-Buildings & Structures	8,490	8,917	10,000	10,000	0	0.00%
7241 Maint-Water Distribution System	12,060	12,829	12,000	15,000	3,000	25.00%
Total Repairs & Maintenance	46,779	60,809	106,500	38,500	(68,000)	(63.85)%
Travel & Training						
7323 Books, Publications & Subscriptions	0	50	150	150	0	0.00%
7324 Education & Training Fees	60	114	500	500	0	0.00%
8410 Certifications	60	265	500	1,000	500	100.00%
8539 Meals	0	52	0	0	0	0.00%
8541 Meals- Local Area - DIR	0	21	0	0	0	0.00%
8550 Mileage Reimbursement & Parking - EE	130	402	500	500	0	0.00%
Total Travel & Training	250	903	1,650	2,150	500	30.30%
Vehicle Maintenance & Repairs						
7211 Misc Fuel & Diesel	3,952	3,378	5,500	5,500	0	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
500 - 500 - Water

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
7220 Gasoline	4,107	4,509	6,000	5,000	(1,000)	(16.67)%
7228 Markings & Other Misc Services	1,151	1,590	1,000	1,000	0	0.00%
7232 Vehicle Repairs - Parts, Tires & Lubricants	0	6,659	7,500	7,500	0	0.00%
Total Vehicle Maintenance & Repairs	<u>9,210</u>	<u>16,136</u>	<u>20,000</u>	<u>19,000</u>	<u>(1,000)</u>	<u>(5.00)%</u>
Total Services & Supplies	453,575	506,026	669,500	854,758	185,258	27.67%
Allocation of Administrative Costs						
5132 Benefits Charges by Admin	8,139	0	0	0	0	0.00%
5197 Benefits Billings to Other Funds	(16,867)	0	0	0	0	0.00%
8152 Labor Charged by Admin	20,387	0	0	0	0	0.00%
8197 Labor Billings to Other Funds	(42,744)	0	0	0	0	0.00%
8801 Admin Cost Allocation	<u>464,976</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total Allocation of Administrative Costs	433,892	0	0	0	0	0.00%
Capital Outlay						
9000 Building, Structures & Improvements	146,432	2,850	10,000	45,000	35,000	350.00%
9006 Infrastructures	9,585	0	90,000	150,000	60,000	66.67%
9058 System & Software - Capital	0	21,285	0	0	0	0.00%
9059 Vehicles, Equipment, & Fixtures	<u>52,038</u>	<u>33,857</u>	<u>75,000</u>	<u>0</u>	<u>(75,000)</u>	<u>(100.00)%</u>
Total Capital Outlay	208,056	57,992	175,000	195,000	20,000	11.43%
Debt Service						
9022 Debt Service - Principal	134,335	138,432	142,655	147,005	4,350	3.05%
9023 Debt Service - Interest & Annual Fee	<u>144,871</u>	<u>140,308</u>	<u>135,607</u>	<u>130,761</u>	<u>(4,846)</u>	<u>(3.57)%</u>
Total Debt Service	279,206	278,741	278,262	277,766	(496)	(0.18)%
Reserves						
9504 *Vehicle Replacement Reserve	38,800	0	0	0	0	0.00%
9571 *Capital Outlay Reserve	199,619	65,000	65,000	65,000	0	0.00%
9572 *General Contingency (Operations) Reserve	25,000	25,000	25,000	25,000	0	0.00%
9573 *Year-end Encumbrance(contra to 3200)	39,398	0	0	0	0	0.00%
9574 *Year-end Fund Reservation(contra to 3200)	6,610	0	0	0	0	0.00%
9980 *Basin Management Reserve	39,200	0	0	0	0	0.00%
9983 *Water Conservation Reserve	25,000	0	0	0	0	0.00%
9988 *Water Rate Stabilization Reserve	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>0</u>	<u>0.00%</u>
Total Reserves	405,627	122,000	122,000	122,000	0	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
500 - 500 - Water

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Transfers						
9505 Transfers In - Other Funds	0	10,000	0	0	0	0.00%
9511 Interfund Transfer Out	0	452,758	383,406	396,344	12,938	3.37%
Total Transfers	0	462,758	383,406	396,344	12,938	3.37%
Total Expenditures	2,211,426	1,941,041	2,164,600	2,402,092	237,492	10.97%
Net Revenues over Expenditures	(269,975)	415,296	(63,551)	(259,292)	(195,741)	

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
800 - 800 - Drainage

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Revenues						
Property Taxes						
4035	0	18,310	18,172	18,536	364	2.00%
	0	18,310	18,172	18,536	364	2.00%
Special Taxes & Assessments						
4400	95,422	97,681	95,424	95,424	0	0.00%
	95,422	97,681	95,424	95,424	0	0.00%
Other Revenues						
4935	49	226	300	200	(100)	(33.33)%
	49	226	300	200	(100)	(33.33)%
	95,471	116,217	113,896	114,160	264	0.23%
Expenditures						
Personnel						
Salaries/Wages						
8045	0	287	0	0	0	0.00%
8054	0	12,905	13,000	16,000	3,000	23.08%
	0	13,192	13,000	16,000	3,000	23.08%
Payroll Taxes & Benefits						
5010	0	4,580	4,500	5,500	1,000	22.22%
	0	4,580	4,500	5,500	1,000	22.22%
	0	17,771	17,500	21,500	4,000	22.86%
Services & Supplies						
Clothing & Uniform						
7246	0	0	200	200	0	0.00%
	0	0	200	200	0	0.00%
Equipment & Tools						
7242	219	236	300	300	0	0.00%
	219	236	300	300	0	0.00%
Financial Services						
7349	453	0	0	0	0	0.00%
	453	0	0	0	0	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
800 - 800 - Drainage

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Insurance, Licenses & Regulatory Fees						
6120	0	519	500	500	0	0.00%
6342	7,671	5,244	6,000	6,000	0	0.00%
6345	100	101	1,000	1,000	0	0.00%
	<u>7,771</u>	<u>5,864</u>	<u>7,500</u>	<u>7,500</u>	<u>0</u>	<u>0.00%</u>
Legal & Professional						
7320	5,782	3,633	6,000	7,000	1,000	16.67%
	<u>5,782</u>	<u>3,633</u>	<u>6,000</u>	<u>7,000</u>	<u>1,000</u>	<u>16.67%</u>
Office/Operations						
7230	177	83	100	100	0	0.00%
7249	25	55	0	0	0	0.00%
	<u>201</u>	<u>138</u>	<u>100</u>	<u>100</u>	<u>0</u>	<u>0.00%</u>
Other Expense						
7330	250	250	300	300	0	0.00%
7346	50	0	0	0	0	0.00%
	<u>300</u>	<u>250</u>	<u>300</u>	<u>300</u>	<u>0</u>	<u>0.00%</u>
Rent & Utilities						
6000	1,014	773	1,000	1,000	0	0.00%
6025	191	197	200	200	0	0.00%
7352	0	0	0	1,100	1,100	0.00%
8610	878	872	1,000	1,000	0	0.00%
8670	462	549	900	900	0	0.00%
	<u>2,545</u>	<u>2,390</u>	<u>3,100</u>	<u>4,200</u>	<u>1,100</u>	<u>35.48%</u>
Repairs & Maintenance						
6640	228	262	300	300	0	0.00%
6750	241	97	300	300	0	0.00%
6800	91	408	100	3,000	2,900	2,900.00%
6900	739	603	100	500	400	400.00%
	<u>1,298</u>	<u>1,370</u>	<u>800</u>	<u>4,100</u>	<u>3,300</u>	<u>412.50%</u>
Travel & Training						
8550	13	13	50	50	0	0.00%

LOS OSOS COMMUNITY SERVICES DISTRICT
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
800 - 800 - Drainage

(In Whole Numbers)

	Actuals FY 2012/2013	Unaudited Actuals FY 13/14	Total Revised Budget FY 14/15	Total Proposed Budget FY 15/16	Difference in Budgets	Percentage Difference in Budgets
Total Travel & Training	13	13	50	50	0	0.00%
Vehicle Maintenance & Repairs						
7211 Misc Fuel & Diesel	980	908	1,000	1,150	150	15.00%
7220 Gasoline	1,164	1,166	1,250	1,350	100	8.00%
Total Vehicle Maintenance & Repairs	2,143	2,074	2,250	2,500	250	11.11%
Total Services & Supplies	20,726	15,968	20,600	26,250	5,650	27.43%
Allocation of Administrative Costs						
5133 Benefits Charged by Water	4,737	0	0	0	0	0.00%
8153 Labor Charged by Water	11,115	0	0	0	0	0.00%
8801 Admin Cost Allocation	22,668	0	0	0	0	0.00%
Total Allocation of Administrative Costs	38,520	0	0	0	0	0.00%
Capital Outlay						
9100 Pump Purchase	17,574	0	0	0	0	0.00%
Total Capital Outlay	17,574	0	0	0	0	0.00%
Reserves						
9571 *Capital Outlay Reserve	27,958	10,000	10,000	10,000	0	0.00%
9572 *General Contingency (Operations) Reserve	5,000	5,000	5,000	5,000	0	0.00%
Total Reserves	32,958	15,000	15,000	15,000	0	0.00%
Transfers						
9511 Interfund Transfer Out	0	45,440	36,138	39,017	2,879	7.97%
Total Transfers	0	45,440	36,138	39,017	2,879	7.97%
Total Expenditures	109,777	94,179	89,238	101,767	12,529	14.04%
Net Revenues over Expenditures	(14,306)	22,038	24,658	12,393	(12,265)	