



February 22, 2018

TO: LOCSD Board of Directors

FROM: Renee Osborne, General Manager

SUBJECT: Agenda Item 6E – 3/1/2018 Board Meeting
Approve the Allocation of Budget Surplus in the Amount of \$292,873 to Water Reserve Accounts

President
Vicki L. Milledge

Vice President
Marshall E. Ochylski

Directors
Charles L. Cesena
Jon-Erik G. Storm
Louis G. Tornatzky

General Manager
Renee Osborne

District Accountant
Robert Stilts, CPA

Unit Chief
Scott M. Jalbert

Battalion Chief
Greg Alex

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

Offices:
2122 9th Street, Suite 102
Los Osos, CA 93402

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

www.losososcsd.org

DESCRIPTION

This item is requesting Board approval of budget surplus to water reserve accounts as recommended by the General Manager and the Utilities Advisory Committee.

STAFF RECOMMENDATION

This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, Staff recommends that the Board adopt the following motion:

Motion: I move that the Board approve the following allocations to each Water Reserve and/or project: \$100,000 towards the Utility Building, \$100,000 towards the Water Vehicle Reserve, and \$92,873 towards the Capital Improvement Fund.

DISCUSSION

At the end of the audited fiscal year 2016-2017, there remained \$292,873 of unallocated Water Funds. The approved 2016-2017 Original Budget had the majority of the budget allocated to the 8th Street Well project and \$50,000 allocated to the vehicle reserve fund.

Currently, the Water Yard is in need of a building to house current equipment and tools which are deteriorating fast. Staff is asking for \$100,000 to be set aside for the building. Vehicle reserves are currently at \$12,042 per the 2016-2017 Audit; staff would like to allocate \$100,000 towards the Vehicle Reserves. Some of the utility vehicles are in desperate need of maintenance, upgrades and replacement. The remaining \$92,873 should be allocated to the Capital Outlay Reserve account.

This recommendation was presented to the Utilities Advisory Committee at their February 21, 2018 meeting. They recommended approval of the allocations, as long as the Finance Committee also approved the allocations. This item was discussed at the February 26th FAC meeting. A verbal update will be added with the Committee's recommendation.

FINANCIAL IMPACT

There is no financial impact to the 2016-2017. The Capital Improvement Reserve will not be impacted since Staff had set aside \$75,000 from the Reserve towards the building. The \$75,000 can go towards another water reserve fund.

Attachment

LOS OSOS COMMUNITY SERVICES DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 For the Fiscal Year Ended June 30, 2017

	Water Fund	Wastewater Treatment Project Fund	Totals
Operating Revenues: ✓			
Utility	\$ 1,983,590 ✓	\$ -	\$ 1,983,590
Total operating revenues	<u>1,983,590</u>		<u>1,983,590</u>
Operating Expenses: ✓			
Personnel	686,461		686,461
Clothing and uniforms	1,958		1,958
Contract services	51,095		51,095
Equipment and tools	37,654		37,654
Financial services	381	135	516
Insurance, licenses and regulatory fees	56,224	269	56,493
Legal and professional	155,741	10,481	166,222
Office expenses	58,369		58,369
Other expenses	2,359		2,359
Rent and utilities	121,318		121,318
Repairs and maintenance	13,009		13,009
Travel and training	4,536		4,536
Vehicle maintenance and repairs	8,673	339	9,012
Depreciation	258,763		258,763
Total operating expenses	<u>1,456,541</u> ✓	11,224	<u>1,467,765</u>
Operating income (loss)	<u>527,049</u> ●	<u>(11,224)</u>	<u>515,825</u>
Non-Operating Revenues (Expenses):			
Property taxes and assessments	221,449	25,000	246,449
Investment income	4,238	10	4,248
Other non-operating revenue	10,985		10,985
Intergovernmental revenues	1,522		1,522
Interest expense	(123,843)		(123,843)
Total non-operating revenues (expenses)	<u>114,351</u>	<u>25,010</u>	<u>139,361</u>
Income before transfers	641,400	13,786	655,186
Transfers:			
Transfers (out) <i>to Admin</i>	(348,527) ✓	(25,296)	(373,823)
Total transfers	<u>(348,527)</u>	<u>(25,296)</u>	<u>(373,823)</u>
Change in net position	<u>292,873</u>	<u>(11,510)</u>	<u>281,363</u>
Net position (deficit) - July 1	3,464,965	(102,861)	3,362,104
Net position (deficit) - June 30	<u>\$ 3,757,838</u>	<u>\$ (114,371)</u>	<u>\$ 3,643,467</u>

The notes to basic financial statements are an integral part of this statement.