



Notice of Regular Meeting
Oceano Community Services District - Board of Directors Agenda
WEDNESDAY, June 28, 2017 – 5:30 P.M.
Oceano Community Services District Board Room
1655 Front Street, Oceano, CA

All items on the agenda including information items, may be deliberated. Any member of the public with an interest in one of these items should review the background material and request information on the possible action that could be taken.

All persons desiring to speak during any Public Comment period are asked to fill out a "Board Appearance Form" to submit to the General Manager prior to the start of the meeting. Each individual speaker is limited to a presentation time of THREE (3) minutes per item. Persons wishing to speak on more than one item shall limit his/her remarks to a total of SIX (6) minutes. This time may be allocated between items in one minute increments up to three minutes. Time limits may not be yielded to or shared with other speakers.

1. CALL TO ORDER: (At 6:00 since no closed session items are on the agenda)
2. ROLL CALL:
3. FLAG SALUTE:
4. AGENDA REVIEW:
5. CLOSED SESSION:
6. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA: **(NOT BEGINNING BEFORE 6:00 PM)**

This public comment period provides an opportunity for members of the public to address the Board on matters of interest within the jurisdiction of the District that are not listed on the agenda. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

7. SPECIAL PRESENTATIONS & REPORTS:

A. STAFF REPORTS:

- i. Operations - Field Supervisor Tony Marraccino
- ii. FCFA Operations - Chief Steve Lieberman
- iii. OCSD General Manager
- iv. Sheriff's South Station - Commander Stuart MacDonald OCSD

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. Director Angello
- ii. Director Brunet
- iii. President White
- iv. Vice President Austin
- v. Director Coalwell

C. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:

This public comment period provides an opportunity for members of the public to address the Board on matters discussed during Agenda Item #7 – Special Presentations and Reports. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

8. CONSENT AGENDA ITEMS:

Public comment Members of the public wishing to speak on consent agenda items may do so when recognized by the Presiding Officer. To facilitate public comment we request persons wishing to speak to fill out a speak request form and give it to the General Manager. Public comment is limited to three (3) minutes.

- A. Review and Approval of Minutes for the Regular Meeting on June 14, 2017
- B. Review and Approval of Cash Disbursements

9. BUSINESS ITEMS:

Public comment Members of the public wishing to speak on public hearing items may do so when recognized by the Presiding Officer. To facilitate public comment we request persons wishing to speak to fill out a speak request form and give it to the General Manager. Public comment is limited to three (3) minutes.

- A. Consideration of a Recommendation to Approve a Resolutions determining the fiscal year 2017/18 Appropriation Limitation pursuant to Article XIII(b) of the State Constitution
- B. Review of Fiscal Year 2016-17 Budget Status, approval of the use of contingencies for the Northern Cities Management Area annual report, final budget adjustments, and encumbrances for previously approved contracts
- C. Review and Discussion of the 2017/18 Budget Adopted on August 24, 2016
- D. Consideration of a Recommendation to Approve the Final Pay-Off of the Water Fund Revenue Bonds
- E. Status Update on the District's 2015-16 Audit

10. HEARING ITEMS:

11. RECEIVED WRITTEN COMMUNICATIONS: Letter from the State Division of Safety of Dams regarding evaluation of Lopez Dam Spillway

12. LATE RECEIVED WRITTEN COMMUNICATIONS:

13. FUTURE AGENDA ITEMS: District Policies Continued; Professional Service Proposals; Roles and Responsibilities with Related Agencies; Emergency Generator.

14. FUTURE HEARING ITEMS: Budgets; July 26 rescinding District Resolution 2014-15 relating to the drought emergency

15. ADJOURNMENT:

AGENDA ADDENDUM MATERIALS:

This agenda was prepared and posted pursuant to Government Code Section 54954.2. Agenda is posted at the Oceano Community Services District, 1655 Front Street, Oceano, CA. Agenda and reports can be accessed and downloaded from the Oceano Community Services District website at www.oceanocsd.org

ASSISTANCE FOR THE DISABLED If you are disabled in any way and need accommodation to participate in the Board meeting, please call the Clerk of the Board at (805) 481-6730 for assistance at least three (3) working days prior to the meeting so necessary arrangements can be made.

ASISTENCIA A DISCAPACITADO Si usted está incapacitado de ninguna manera y necesita alojamiento para participar en la reunión de la Junta, por favor llame a la Secretaría de la Junta al (805) 481-6730 para recibir asistencia por lo menos tres (3) días antes de la reunión para que los arreglos necesarios puedan ser hechos.



Oceano Community Services District

Summary Minutes

Regular Meeting Wednesday, June 14, 2017 – 5:30 P.M.

Oceano Community Services District Board Room

1655 Front Street, Oceano, CA

1. **CALL TO ORDER:** at 6:00 p.m. by President White (No closed session items)
2. **FLAG SALUTE:** led by President White
3. **ROLL CALL:** Board members present Director Angello, Director Coalwell, Vice President Austin, President White. Also present, General Manager Paavo Ogren, District Legal Counsel Jeff Minnery, Business and Accounting Manager Carey Casciola. Director Brunet absent.
4. **AGENDA REVIEW:** Agenda approved as presented.
5. **CLOSED SESSION:** None
6. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA (NOT BEGINNING BEFORE 6:00 PM):**
No public comment.
7. **SPECIAL PRESENTATIONS & REPORTS:**
 - a. **STAFF REPORTS:**
 - i. Operations - Field Supervisor Tony Marraccino reported 12 work orders, 15 USA's, 2 after hour call outs, 0 service orders, hydrant hit, Lopez is currently at 197 acre feet.
 - ii. FCFA - Chief Steve Lieberman – None
 - iii. OCSD General Manager – reported on using an independent contractor during big weekends for trash on Pier, refund received by County for relocation project, RARC income survey in Oceano, CSDA meeting in Paso Robles.
 - iv. Sheriff's South Station - Commander Stewart MacDonald – None
 - b. **BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:**
 - i. Director Angello - None
 - ii. Director Brunet – Absent
 - iii. President White – reported on FCFA
 - iv. Vice President Austin – reported on SSLOCSD
 - v. Director Coalwell – reported on WRAC
 - c. **PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:**
No public comment.

8 CONSENT AGENDA:	ACTION:
<ol style="list-style-type: none"> a. Review and Approval of Minutes for the Regular Meeting on May 24, 2017 b. Review and Approval of Cash Disbursements c. Submittal for approval an Intent to Serve Letter to Michael Fisher; 1358 Strand Way; Assessor's Parcel No. 061-021-081 d. Submittal for approval an Intent to Serve Letter to Michael Fisher; 1362 Strand Way; Assessor's Parcel No. 061-021-082 	<p>After an opportunity for public comment and brief Board discussion, staff recommendations were approved with a motion from Director Coalwell, a second by Vice President Austin and a 4-0 vote.</p> <p>No public comment.</p>

9 A BUSINESS ITEM:	ACTION:
Consideration of a recommendation to approve a Single Day Use Permit for use of District facilities on July 6, 2017 for California Rural Water Association (CRWA).	After an opportunity for public comment and brief Board discussion, staff recommendations were approved with a motion from Vice President Austin, a second by Director Angello and a 4-0 vote. No public comment.
9 B BUSINESS ITEM:	ACTION:
Review and discussion of the Annual Energy Report provided by the County of San Luis Obispo Energy Watch Program	After an opportunity for public comment and brief Board discussion, receive and file no action taken. No public comment.
9 C BUSINESS ITEM:	ACTION:
Consideration of a recommendation to receive and file a report on charges and delinquencies and to set a public hearing for July 12, 2017 to authorize collection on 2017-18 property tax bills	After an opportunity for public comment and brief Board discussion, staff recommendations were approved with a motion from Vice President Austin, a second by Director Coalwell and a 4-0 vote. No public comment.
9 D BUSINESS ITEM:	ACTION:
Approval of recommendation authorizing the President to execute a Resolution establishing the CalPERS Supplemental Income 457 Plan and terminating the Nationwide Retirement Services 457 Plan	After an opportunity for public comment and brief Board discussion, staff recommendations were approved with a motion from Director Coalwell, a second by Director Angello and a 4-0 vote. No public comment.

10. **HEARING ITEMS:** None

11. **RECEIVED WRITTEN COMMUNICATIONS:** None

12. **LATE RECEIVED WRITTEN COMMUNICATIONS:** CA Water Board failed to apply

13. **FUTURE AGENDA ITEMS:** District Policies Continued; Professional Service Proposals; Roles and Responsibilities with Related Agencies, Emergency Generator, Senate Bill 249, Revenue Bond Day Off

14. **FUTURE HEARING ITEMS:** Budgets (June 28th); Collection of delinquent water, sewer, garbage and other charges on 2017-18 property tax bills (July 12th) ; Rescinding the drought emergency (July 26th)

15. **ADJOURNMENT:** at approximately 6:54 pm



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 28, 2017

To: Board of Directors

From: Carey Casciola, Business and Accounting Manager

Subject: **Agenda Item #8B: Consideration of a Recommendation to Approve Cash Disbursements**

Recommendation

It is recommended that your Board approve the attached cash disbursements.

Discussion

The following is a summary of the attached cash disbursements:

Description	Check Sequence	Amounts
<u>Disbursements Requiring Board Approval prior to Payment:</u>		
Regular Payable Register – paid 06/28/2017	56311 - 56331	\$34,002.47
Regular Payable Register to be paid 07/01/2017	Pending 7/1	\$401,611.55
Refund – Hydrant Meter Deposits – paid 6/28/2017	56332 - 56333	\$900.72
Refund – Connection Fees – paid 6/28/2017	56334	\$1,000.00
Subtotal:		\$437,514.74
<u>Reoccurring Payments for Board Review (authorized by Resolution 2016-07):</u>		
Payroll Gross Wages - period ending 06/10/2017	N/A	\$22,138.78
Reoccurring Health/Benefits – paid 06/08/2017	56309 - 56310	\$190.35
Reoccurring Utility Disbursements – paid 06/08/2017	56299 - 56308	\$6,877.82
Subtotal:		\$29,206.95
Grand Total:		\$466,721.69

Other Agency Involvement: n/a

Other Financial Considerations: Amounts are within the authorized Fund level budgets.

Results

The Board's review of cash disbursements is an integral component of the District's system of internal controls and promotes a well governed community.

6/23/2017 11:23 AM
 COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK RECONCILIATION REGISTER

CHECK DATE: 0/00/0000 THRU 99/99/9999
 CLEAR DATE: 0/00/0000 THRU 99/99/9999
 STATEMENT: 0/00/0000 THRU 99/99/9999
 VOIDED DATE: 0/00/0000 THRU 99/99/9999
 AMOUNT: 0.00 THRU 999,999,999.99
 CHECK NUMBER: 056311 THRU 056331

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK:	-----							
1-1001-000	6/23/2017	CHECK	056311	TYLER TECHNOLOGIES	6,063.79CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056312	PETTY CASH	13.07CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056313	BRENNTAG PACIFIC, INC.	479.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056314	ARROYO GRANDE CHEVROLET	107.02CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056315	ADAMSKI MOROSKI MADDEN CUMBERL	9,245.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056316	ARAMARK	302.50CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056317	WINEMA INDUSTRIAL & SAFETY SUP	312.25CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056318	INDUSTRIAL CHEM LABS	194.50CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056319	BRUNET, ANDREW J.	250.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056320	GSI WATER SOLUTIONS, INC.	1,943.94CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056321	BARTEL ASSOCIATES, LLC	3,000.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056322	CLINICAL LAB OF SAN BERNARDINO	535.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056323	RABOBANK VISA CARD	200.61CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056324	J.B. DEWAR, INC.	327.90CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056325	FERGUSON ENTERPRISES, INC #135	62.41CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056326	MINER'S ACE HARDWARE, INC.	20.88CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056327	OCSD	371.41CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056328	SLO CO DEPT OF PUBLIC WORKS	1,692.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056329	CARQUEST AUTO PARTS	62.53CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056330	SWRCB ACCOUNTING OFFICE	8,392.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056331	CHAPARRAL BUSINESS MACHINES, I	426.66CR	OUTSTND	A	0/00/0000

COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
 CLEAR DATE: 0/00/0000 THRU 99/99/9999
 STATEMENT: 0/00/0000 THRU 99/99/9999
 VOIDED DATE: 0/00/0000 THRU 99/99/9999
 AMOUNT: 0.00 THRU 999,999,999.99
 CHECK NUMBER: 056311 THRU 056331

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL: 34,002.47CR			
				DEPOSIT	TOTAL: 0.00			
				INTEREST	TOTAL: 0.00			
				MISCELLANEOUS	TOTAL: 0.00			
				SERVICE CHARGE	TOTAL: 0.00			
				EFT	TOTAL: 0.00			
				BANK-DRAFT	TOTAL: 0.00			
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL: 34,002.47CR			
				DEPOSIT	TOTAL: 0.00			
				INTEREST	TOTAL: 0.00			
				MISCELLANEOUS	TOTAL: 0.00			
				SERVICE CHARGE	TOTAL: 0.00			
				EFT	TOTAL: 0.00			
				BANK-DRAFT	TOTAL: 0.00			

COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
 CLEAR DATE: 0/00/0000 THRU 99/99/9999
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 VOIDED DATE: 0/00/0000 THRU 99/99/9999
 AMOUNT: 0.00 THRU 999,999,999.99
 CHECK NUMBER: 056332 THRU 056333

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK: -----								
1-1001-000	6/23/2017	CHECK	056332	THE JF WILL CO. INC	395.72CR	OUTSTND	A	0/00/0000
1-1001-000	6/23/2017	CHECK	056333	NARAN, PERRY	505.00CR	OUTSTND	A	0/00/0000
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	900.72CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	900.72CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		

COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
 CLEAR DATE: 0/00/0000 THRU 99/99/9999
 STATEMENT: 0/00/0000 THRU 99/99/9999
 VOIDED DATE: 0/00/0000 THRU 99/99/9999
 AMOUNT: 0.00 THRU 999,999,999.99
 CHECK NUMBER: 056334 THRU 056334

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK: -----								
1-1001-000	6/23/2017	CHECK	056334	WILLIAM CHARLTON	1,000.00CR	OUTSTND	A	0/00/0000
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	1,000.00CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	1,000.00CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		

Pay Period Ending

06/10/2017

Wages:

Net Wages Paid to Employees	\$16,614.55
Employee Paid Ductions for Taxes & Benefits	\$6,127.67
Gross Wages*	<u>\$22,742.22 *</u>

District Costs:

CalPERS	\$2,734.11
Health Benefits	\$2,472.01
Federal & State Taxes	\$318.11
Distirct Paid Benefits and Taxes	<u>\$5,524.23</u>
Total Personnal Costs this Payroll	<u><u>\$22,138.78</u></u>

*Gross Wages Breakdown:

Regular	\$21,551.68
Overtime Wages	\$490.54
Stand By	\$700.00
Gross Wages*	<u>\$22,742.22 *</u>

COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
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 VOIDED DATE: 0/00/0000 THRU 99/99/9999
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ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK: -----								
1-1001-000	6/08/2017	CHECK	056309	TASC -CLIENT INVOICES	53.33CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056310	SEIU LOCAL 620	137.02CR	OUTSTND	A	0/00/0000
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	190.35CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	190.35CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		

6/23/2017 11:29 AM
 COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK RECONCILIATION REGISTER

PAGE: 1
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 AMOUNT: 0.00 THRU 999,999,999.99
 CHECK NUMBER: 056299 THRU 056308

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK:								
1-1001-000	6/08/2017	CHECK	056299	NORCAST TELECOM NETWORKS	401.83CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056300	ADVANTAGE ANSWERING PLUS, INC	161.68CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056301	AGP VIDEO INC.	1,320.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056302	CHARTER COMMUNICATIONS	130.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056303	DIGITAL WEST NETWORKS, INC.	50.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056304	VERIZON WIRELESS	206.42CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056305	PACIFIC GAS & ELECTRIC	4,342.20CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056306	THE GAS COMPANY	16.17CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056307	STANLEY CONVERGENT SECURITY SO	86.52CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056308	ELECSYS INTERNATIONAL CORP	163.00CR	OUTSTND	A	0/00/0000
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	6,877.82CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	6,877.82CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 28, 2016

To: Board of Directors

From: Paavo Ogren, General Manager

Subject: **Agenda Item # 9(A) : Consideration of a Recommendation to Approve a Resolution determining the fiscal year 2017/18 Appropriation Limitation pursuant to Article XIII(b) of the State Constitution**

Recommendation

It is recommended that your Board adopt the attached resolution determining the 2017-18 Appropriations Limitation

Discussion

Article XIII(b) of the California State Constitution was approved by voters in November 1979 and places limits on the level of appropriations from tax sources that are permitted in any given year. The limitation is modified every year for increases in population and per-capita income.

The limitation for fiscal year 2017-18 is \$2,209,823. The adopted 2017-18 budget includes estimated tax revenues of \$935,000. As a result, the District is allowed to appropriate 100% of its tax revenues while remaining under the appropriation limitation by \$1,274,823. Article XIII(b) does not place a limitation on non-tax revenues such as water and wastewater charges that are locally generated.

Exhibit "A" to the attached resolution illustrates a restatement of the 2016-17 Appropriation Limitation – decreasing it from \$7,989,122 to \$2,124,217. Several errors were found in calculations from prior years, the most significant of which occurred in fiscal year 2006-07 when a 5.1% increase was supposed to be used to increase the 2005-06 amount. Instead, the error caused the 2005-06 amount to increase 436%. Other errors also occurred, which are highlighted in the attachment.

It is important to recognize that errors in prior years had no effect because the correct amounts in prior years still far exceeded tax revenues. If taxes had exceeded the appropriation limitation, then potential refunds may have been required.



Other Agency Involvement

The Appropriation Limitation is provided annually to the State Controller's Office with the Financial Transactions Report and to the County Auditor with the budget.

Other Financial Considerations

None

Results

Reviewing and adopting the District's Appropriation Limitation is required by the State, and helps to ensure that the financial management of the District promotes a well governed community. Correcting errors in prior years helps to ensure compliance with the State Constitution in the event that the taxes ever exceeded the limitation.

Attachments:

- Resolution Adopting the 2017-18 Appropriation Limitation

OCEANO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2017- __

DETERMINATION OF APPROPRIATION LIMITATION
FOR FISCAL YEAR 2017-2018

WHEREAS, Article XIII B of the California Constitution specifies that appropriations made by governmental entities may increase annually by the change in population and the change in U.S. Consumer Price Index or California per-capita income, whichever is less; and

WHEREAS, it has been determined by the State Department of Finance that the California per-capita income increase shall be used; and

WHEREAS, the percent change in the California per-capita income is 1.0369% and the percent change in the population of the unincorporated area of San Luis Obispo County is 0.33% (Population converted to a ratios is computed as $(0.33+100)/100=1.0033$; and,

WHEREAS, errors in prior year calculations were identified and Exhibit "A" was prepared to illustrate the restatement of the 2016-17 Appropriation Limitation.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Directors, Oceano Community Services District, San Luis Obispo County, California, as follows:

1. That the ratio of change is and is determined as follows: $1.0369 \times 1.0033 = 1.0403$
2. That the 2017-2018 appropriation limit is and is determined as follows:

2016-2017 Limitation - Restated	\$2,124,217
2016-2017 Ratio of Change	1.0403
2017-2018 Appropriation Limitation	\$2,209,823
2017-2018 Appropriations Subject to Limitation	(\$935,000)
2017-2018 Appropriations Under Limit	\$1,274,823

3. No further adjustment to the 2017-2018 appropriation limitation has been made for mandated costs. However, any new mandated costs or increases in existing mandated costs would increase the limitation by the amount of "Proceed of Taxes" used to finance mandates in fiscal year 2017-2018.

Upon motion of _____, seconded by _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

the foregoing Resolution is hereby adopted this _____ day of _____, 2017.

President of the Board of Directors

ATTEST:

Secretary for the Board of Directors

(SEAL)

APPROVED AS TO FORM AND LEGAL EFFECT:

Jeffrey Minnery
District Counsel

By: _____
District Legal Counsel

Dated: _____

Oceano Community Services District

Appropriation Limitation - Restatement of Prior Year Errors

		Prior Year Limitation Used	Percentage Increases			Factor Used	Prop 4 Limitation Adopted	Prop 4 Limitation Restated	Difference
			Per Capita Income	Unincorporated Population	Combined Factor Percentage				
2004-05	2004-21	\$ 1,270,288	1.0231	1.0169	1.040	1.040	\$ 1,321,596	\$ 1,321,712	\$ (116)
2005-06	2005-19	\$ 1,321,712	1.0526	1.015	1.068	1.068	\$ 1,412,103	\$ 1,411,978	\$ 124
2006-07	2006-13	\$ 795,374	1.0396	1.011	1.051	4.360	\$ 3,467,831	\$ 1,484,170	\$ 1,983,661
2007-08	2007-13	\$ 6,156,831	1.0442	1.0147	1.060	1.065	\$ 6,556,840	\$ 1,572,552	\$ 4,984,288
2008-09	2008-12	\$ 6,556,840	1.0429	1.0112	1.055	1.048	\$ 6,871,896	\$ 1,658,383	\$ 5,213,514
2009-10	2009-13	\$ 6,871,896	1.0062	1.0144	1.021	1.021	\$ 7,014,071	\$ 1,692,693	\$ 5,321,378
2010-11	2010-08	\$ 6,556,840	0.9746	1.0087	0.983	(0.020)	\$ 6,543,726	\$ 1,664,051	\$ 4,879,675
2011-12	N/A	\$ 6,543,726	1.0251	1.0085	1.034	1.099	\$ 7,189,253	\$ 1,720,319	\$ 5,468,934
2012-13	2012-10	\$ 7,189,253	1.0377	1.0086	1.047	1.047	\$ 7,524,446	\$ 1,800,527	\$ 5,723,919
2013-14	2013-08	\$ 7,524,446	1.0512	1.0079	1.060	1.060	\$ 7,972,151	\$ 1,907,667	\$ 6,064,484
2014-15	2014-10	\$ 7,175,049	0.9977	1.0051	1.003	1.003	\$ 7,195,139	\$ 1,912,986	\$ 5,282,153
2015-16	2015-05	\$ 7,195,139	1.0382	1.009	1.048	1.047	\$ 7,536,908	\$ 2,003,936	\$ 5,532,972
2016-17	2016-05	\$ 7,536,908	1.0537	1.006	1.060	1.060	\$ 7,989,122	\$ 2,124,217	\$ 5,864,905
2017-18	Proposed	\$ 2,124,217	1.0369	1.0033	1.0403	1.0403	\$ 2,209,823	\$ 2,209,823	\$ -

	No Resolution adopting the 2011-12 Appropriation Limitation was adopted.
	Errors where the prior year Limitation did not match.
	Errors where the Factor Used did not match the Combined Factor Percentage
	Restated Limitation for fiscal year 2016-17



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 28, 2016

To: Board of Directors

From: Carey Casciola, Accounting and Business Manager

Via: Paavo Ogren, General Manager

Subject: **Agenda Item # 9(B): Review of Fiscal Year 2016-17 Budget Status, approval of the use of contingencies for the Northern Cities Management Area annual report, final budget adjustments, and encumbrances for previously approved contracts.**

Recommendation

It is recommended that your Board:

- A. Review the Fiscal Year 2016-17 Budget Status.
- B. Approve the use of contingencies in the amount of \$3,465 established for the Northern Cities Management Area annual report in the existing agreement with GSI Water Solutions Inc.
- C. Approve the following final budget adjustments:
 - a. Increase \$28,400 for Administrative Appropriations funded by the Administrative Cost Allocation.
 - b. Decrease Sewer Fund Revenues \$8,000 and reduce Appropriations \$8,000.
- D. Approve establishing encumbrances for previously approved contracts as illustrated in Exhibit "A."

Discussion

On August 24, 2016 your Board approved the District's budgets for fiscal years 2016/17 and 2017/18. Exhibit "A" provides a chronology of mid-year 2016/17 adjustments and related approval of work. Review of the 2017/18 adopted budget is provided as a separate agenda item, and includes budget schedules for both years and the current year estimates - see detailed attachments for Agenda Item # 9(C).

2016/17 Budget Highlights

The following tables provide a summary of the 4th quarter final budget review in comparison to the 3rd quarter budget review provided to your Board on April 12, 2017.



Oceano Community Services District

Board of Directors Meeting

Governmental Fund	Variance Estimates @ 3/31/2017	Final Variance Estimates Positive / (Negative)
Revenues	On Budget	\$ 22,000
Administrative Labor Expenditures	On Budget	(\$ 28,400)
Administrative Non Labor Expenditures	Slightly Under Budget	\$ 3,400
Administrative Cost Recovery	On Budget	\$ 25,000
Fire Department Expenditures	On Budget	\$ 500
Lighting Expenditures	Under Budget	\$ 3,000

Variance Estimates:

- Total estimated Governmental Fund positive budget variance for 2016/17 is \$500.
- The budget was based on cancelling \$25,000 in reserves. With the unanticipated property tax revenues of \$22,000, and savings in Fire and Lighting funds, actual reserves in 2016/17 are anticipated to stay constant or slightly increase, with a balance of approximately \$200,000.
- The Governmental Fund positive variance of \$22,000 is based on additional property taxes received through May 31, 2017.
- Administrative Labor costs are estimated at \$28,400 over budget. Since this budget variance was not identified during the 3rd quarter report, staff reviewed details and identified that administrative labor costs are running high due to the following:
 - Operator time charged to vacation, sick leave, holidays and related non-working time are charged to the administrative budget rather than water, sewer or other operating funds. Labor cost savings in those budgets therefore exist, and in total, exceed \$57,000.
 - An increase of approximately 280 hours of accrued leave (vacation and sick time not taken).
 - **Note:** The budget adjustment increasing Administrative labor costs results in an increase in the Administrative Cost allocation, but not an increase in the operating budgets since those budgets (particularly water and sewer) have corresponding labor cost savings.



Oceano Community Services District

Board of Directors Meeting

Water Fund	Variance Estimates @ 3/31/2017	Final Variance Estimates Positive / (Negative)
Revenues	On Budget	\$ 28,000
Labor Expenditures	Savings Anticipated	\$ 44,900
Non Labor Expenditures	Significant Savings Anticipated	\$ 101,700
Contingencies		\$ 40,000

Variance Estimates:

- Overall water fund revenues are expected to exceed budget. Operating revenues are under budget and development related revenues are over budget.
- Although a budget adjustment reducing reserves was approved on January 25, 2017 in the amount of \$71,390 in order to relocate waterlines for the County's Highway One drainage project, overall Water Fund reserves for fiscal year 2016/2017 are now anticipated to increase by approximately \$100,000. Total estimated water fund reserves are anticipated to be approximately \$1 million.
- The funds sent to the County to relocate District utilities were returned to the District since the County is intending on rejecting all bids. The estimated cost of \$71,390 is, however, included in the cost estimates since the funds will need to roll over to fiscal year 2017/18.
- The estimated cost for the utility yard site planning is included in cost estimates to illustrate sufficient savings exist to fund those efforts. A recommended budget adjustment for fiscal year 2017/18 will be placed on your Board agenda in the near future.

Sewer Fund	Variance Estimates @ 3/31/2017	Final Variance Estimates Positive / (Negative)
Revenues	On Budget	\$ 8,000
Labor Expenditures	Savings Anticipated	\$ 30,600
Non Labor Expenditures	On Budget	\$ 64,500

Variance Estimates:

- The \$8,000 estimated revenue shortfall is the basis for the recommended final budget adjustment.
- Approximately \$36,000 in reserves was cancelled to fund development of the lateral program, but with a savings of \$95,100 in expenditures, an increase in reserves is not estimated at slightly more than \$50,000. Ending reserves are estimated at approximately \$925,000.



Oceano Community Services District

Board of Directors Meeting

Garbage Fund	Variance Estimates @ 3/31/2017	Final Variance Estimates Positive / (Negative)
Revenues	Minor Unanticipated Revenues	\$ 7,600
Labor Expenditures	On Budget	\$ 6,000
Non Labor Expenditures	On Budget	\$ 1,100

Variance Estimates:

- The district received unanticipated revenues of \$7,600 from South County Sanitary Inc. for the Landfill Savings Payment which is provided for in the franchise agreement but was not included in the budget.
- The garbage fund budget was adopted utilizing about \$7,600 in reserves, and a budget adjustment on November 9, 2016 was approved to use another \$9,193 for fall clean-up week. With the positive estimated variances in both revenues and expenditures, the District's reserve are anticipated to stay consistent with the beginning of the year in an amount of slightly less than \$350,000.

Facilities Fund	Variance Estimate @ 3/31/2017	Final Variance Estimate Positive / (Negative)
Revenues	On Budget	\$ 6,200
Labor Expenditures	On Budget	\$ 3,800
Non Labor Expenditures	On Budget	(\$ 500)

Variance Estimates:

- Even with the non labor expenditures going over budget by \$500 the reserves in the facilities fund will see an increase of \$9,500. Estimated reserves were approximately \$350,000, of which approximately \$180,000 is restricted for Public Facilities Fees.
- The facilities fund reserves will likely significantly decrease due to the change in accounting for the Sheriff's building once the 2015/16 audit is complete. Likewise, the estimated reserves in the water and sewer funds would increase correspondingly; above the amounts stated above. After audit, the facilities fund reserves that are not attributable to public facilities fees are anticipated to be in the range of \$80,000 - \$100,000.



Oceano Community Services District

Board of Directors Meeting

Equipment Fund	Variance Estimate @ 3/31/2017	Final Variance Estimate Positive / (Negative)
Revenues	On Budget	(\$6,000)
Labor Expenditures	On Budget	n/a
Non Labor Expenditures	On Budget	\$6,000

Variance Estimates:

- Equipment Fund expenditures are paid by water, sewer and garbage and savings reduce charges to those funds. As a result, minor savings to the operating funds should exist in addition to the budget variances described above.

Recommendation to approve use of GSI contract contingencies for NCMA

On September 14, 2016, your Board approved a contract with GSI Water Solutions Inc. to prepare the 2016 Annual Report for the Northern Cities Management Area. The cost of the work, which includes ongoing groundwater monitoring, is illustrated in the following table:

Agency	Groundwater Allocation	%’s	2016 Base Costs	Contingencies	Total
Oceano	900	21%	\$ 34,747	\$ 3,465	\$ 38,212
Arroyo Grande	1,323	31%	\$ 51,293	\$ 5,115	\$ 56,408
Grover Beach	1,407	32%	\$ 52,948	\$ 5,280	\$ 58,228
Pismo Beach	700	16%	\$ 26,474	\$ 2,640	\$ 29,114
Totals	4,330	100%	\$165,462	\$ 16,500	\$ 181,962

Approval of the contract obligated the District to \$34,747 in costs as compared to a budget estimate of \$35,000. Although it was anticipated that the water fund would have sufficient contingencies or cost savings to cover the contract contingencies of \$3,465, Board approval to use the contingencies was deferred until it was determined that the water fund did not incur unforeseen costs that would create budgetary shortfalls. Attached is correspondence from GSI requesting use of contingencies for groundwater monitoring equipment. With the final budget review illustrating sufficient funds, staff is seeking approval to utilize contingencies in the event they are needed for the duration of the contract term, which extends to September 30, 2017.



Recommendation to establish Encumbrances

The purpose of establishing encumbrances is to recognize that contracts and purchase orders, or other agreements, have been approved but costs have not been fully incurred. Encumbering the unexpended balances created a restriction so that the unexpended funds are not spent in the subsequent year for other purposes. (See Exhibit "A").

Other Agency Involvement

None

Other Financial Considerations

None

Results

Establishing good budget monitory procedures will help ensure that the District's costs are managed in a financially prudent manner and helps to promote a prosperous and well governed community.

Attachments:

Exhibit A – 2016/2017 Encumbrances

NCMA Correspondence



EXHIBIT "A" – List of Encumbrances

- The Board approved the purchase order for the backhoe on August 24, 2016. The Governmental share is \$25,000, Water Fund is \$25,000, Sewer Fund is \$25,000, and the Garbage is \$10,500 for a total of \$85,500. The purchase order was approved by the Board on May 10, 2017 in the amount of \$85,473.66. The item is on order and payment will be made upon delivery.
- The Highway One/ 13th Street Drainage Project budget adjustment was approved on January 25, 2017 with \$71,390 from the water fund and \$38,478 from the sewer fund. Since the County is rejecting bids, approval of this item will allow the funds to rollover into fiscal year 2017/18.
- The meter reading handheld devices were approved by the Board on April 26, 2017 for \$10,491 and are on order.
- The website purchase order that was approved by the Board on April 12, 2017 of \$9,500 has been issued and work is progressing.
- The Water Resource Reliability Program was budgeted in the amount of \$198,397 on December 14, 2016 and will roll over to 2017/18.
- On September 14, 2016, your Board approved a contract with GSI Water Solutions Inc. for the 2016 Northern Cities Management Area report and continuing groundwater monitoring in the amount of \$38,212. Unexpended funds at June 30, 2017 will rollover into fiscal year 2017/18.
- On November 9, 2016 your Board approved a contract with Caliber Audit for the fiscal year 2015/16 audit in the amount of \$24,000. Unexpended funds at June 30, 2017 will rollover into fiscal year 2017/18.



Water Solutions, Inc.

June 6, 2017

Northern Cities Management Area Technical Group
c/o Dan Heimel
Water Systems Consulting, Inc.

**Subject: Transducer Replacement Costs,
Planning for Unforeseen Transducer Failure
Northern Cities Management Area Monitoring Program**

As directed at the May 8, 2017 Northern Cities Management Area (NCMA) Technical Group (TG) meeting, we are providing you with a summary of the anticipated agency costs to replace a failed downhole transducer in one of the sentry wells, in case an existing transducer fails. As we discussed at the TG meeting, several of the existing transducers are aging and, in fact, have operated beyond their warranty period and beyond their normal anticipated operating life span.

Three of the six transducers utilized in the NCMA monitoring program are more than 5 years old (with a 3-year warranty period), and may need replacement in the near future. The 3 older transducers are placed in the Deep Well Index wells, that is, 24B03 (North Beach Campground deep well), 30F03 (Highway 1 deep well), and 30N02 (Pier Avenue deep well).

The strategy, as conceived at the TG meeting, is to obtain pre-authorization from all four agencies for transducer replacement in case we realize during a monitoring event that one has failed some time in the previous 3 months since the last monitoring event. If we have pre-authorization, we can conceivably order a new transducer that same day and, hopefully, replace it while we are still in the field. At worst, we would have to make a separate field visit a day or two later to replace it. This strategy avoids the current situation whereby we notify you, develop a cost estimate, wait for approval, then replace the transducer 3 months later during the next monitoring event.

The costs to purchase a new transducer and the labor to calibrate and replace it are \$2,900. This is the same cost for replacing the recently failed transducer in 32C03 (County MW#3).

The cost, if necessary, will be prorated among the NCMA group pursuant to the normal ratio of work associated with the Annual Report. The pro-rata basis for project fee cost-sharing is shown below:

	Transducer Replacement, Unforeseen Transducer Failure	Fraction
Arroyo Grande	\$899.00	31%
Grover Beach	\$928.00	32%
Oceano CSD	\$609.00	21%
Pismo Beach	\$464.00	16%
Total	\$2,900	100.00%

These charges, if required, will come out of the previously approved contingency fees that you all have agreed on as part of the GSI 2016 Annual Report agreements.

For your reference, the approved contingency fees equaled \$16,500. Including this request, the charges against the contingency fee include:

Transducer replacement, MW #3	\$2,899.02
Barometric transducer	\$1,210.00 (est.)
Unforeseen transducer replacement	<u>\$2,900.00 (est.)</u>
Total	7,009.02

If these potential charges are acceptable to you, please acknowledge your approval by email.

If you have any questions, please do not hesitate to call.

Sincerely,
GSI Water Solutions, Inc.



Paul Sorensen. PG, CHG
Principal Hydrogeologist



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 29, 2016
To: Board of Directors
From: Carey Casciola, Business and Accounting Manager
Via: Paavo Ogren, General Manager
Subject: **Agenda Item # 9(C): Review and Discussion of 2017/18 Budget Adopted on August 24, 2016**

Recommendation

It is recommended that your Board review and discuss the 2017/18 Budget Adopted on August 24, 2016 and provide staff direction as you deem appropriate.

Discussion

The attached budget schedules include the following information:

- The Fiscal Year 2016-17 budget, including adjustments.
- The estimated 2016-2017 actual revenues and expenditures.
- The Fiscal Year 2017-18 adopted budget

The three column format has been developed to provide user-friendly comparisons of the two budgets as well as estimated costs for the current fiscal year. Since the 2017/18 budget was previously adopted on August 24, 2016, no formal action is needed at this time. Nevertheless, reviewing the budget in comparison to the 2016/17 budget and estimated actual columns helps in comparing the two years (which were adopted at the same time as “two one-year budgets.”) Some adjustments can be anticipated for the 2017/18 budget, and can be generally characterized in the following three categories:

1. Changes in accounting and cost allocations as the District’s accounting practices and procedures are refined.
2. Anticipated budget adjustment in 2017/18 based on issues that were discussed in 2016/17 but deferred.



3. Changes in Estimates.

Category #1: Changes in accounting and cost allocations as the District's accounting practices and procedures are refined

Recommendations on the following items can be anticipated for the first quarter budget review in October or November 2017.

Wages and Salaries – As discussed in agenda item 9(B), holiday, vacation and other non-paid time is charged to the Administrative Fund and allocated to the operating funds through the Administrative Cost allocation. Refining the estimates for each fund will help to refine the labor budgets.

Utility Billing Mailing Expense – Amounts are budgeted in the Administrative, Water and Sewer Funds which, when combined, significantly exceed actual costs. Actual costs are only being incurred in the Administrative Fund and charged to the operating funds through the Administrative Cost allocation.

Workers Compensation Insurance – Similar to "Utility Billing Mailing Expense," workers compensation insurance was budgeted in multiple funds, and in total, exceed costs. Each budget will continue to be allocated costs based on the insurance invoices but should decrease overall.

Category #2: Anticipated budget adjustment in 2017/18 based on issues that were discussed in 2016/17 but deferred

The timing of budget adjustments recommended will depend on the timing of the work to be performed.

Roof repairs – Staff is currently obtaining quotes for 1655 Front Street (Administrative offices and Fire Station) with an estimated cost of \$45,000. Funding recommendations will likely be to use existing reserves in the facilities fund for the portion of the roof covering the fire station and charged to other funds through the Administrative Cost allocation for the portion of the roof covering the administrative offices.

Site planning for the utilities yard – As previously discussed with your Board, costs for the site planning are estimated at \$25,000 and can be funded with savings in the water and sewer funds.



Emergency Generator Project – Staff continues to evaluate options, including separate generators for each facility which may provide reduced costs. The costs for the Fire Station are anticipated to be funded with Public Facilities Fees as previously reviewed with your Board.

Category #3: Changes in Estimates.

Overall, actual costs for the District are within budget. Changing estimates often reflect increases in some items while others decrease. Refining the estimates will be ongoing during the normal quarterly budget review process, or as otherwise identified, and recommendations provided to your Board if needed and as appropriate.

Property tax revenues – The 2017/18 estimate is about 1% higher than actual 2016/17 revenues and estimates from the County Auditor's office is anticipating at an increase of approximately 4%. Adjusting for a higher estimate may help fund slightly higher costs budgeted for the Five Cities Fire Authority.

Audit – Actual costs are higher than budget but staff prefers to keep the current estimates. With the details that are currently being addressed, it is still hoped that future year audit costs will decrease.

Information Technology (IT) – Although IT cost were high for 2016/17, they have leveled off in recent months and staff will continue to monitor.

NCMA Expense – Costs in 2016/17 were high as a result of litigation related efforts after the cities filed a motion but are not anticipated to continue at that rate of expenditure in 2017/18.

Contract Engineering – Costs in 2106/17 were high due to the utility relocation engineering associated with the County's Highway One drainage project and Airpark Drive Bridge replacement project. These costs will continue to be monitored.

Water sales estimates – The 2017/18 estimates include a 2.556% inflation factor plus \$60,000 for additional costs that had been anticipated for State Water drought buffer costs. This revenue item should be adjusted to a lower number and will be evaluated while considering the termination of the drought and the transition to the post-drought rate structure.

Other Agency Involvement



Oceano Community Services District

Board of Directors Meeting

The 2016/17 and 2017/18 budgets were provided to the County Auditor for informational purposes after adoption on August 24, 2016.

Other Financial Considerations

The budget adjustments that were approved by your Board for the fiscal year 2016/17 have been incorporated into the budget schedules.

Results

The review of the 2017/18 in comparison to the 2016/17 budgets and actual costs helps to understand and evaluate trends and potential budget adjustments. It supports good financial management and a well governed community.

Attachments:

- Budget Schedules

**GENERAL FUND
REVENUE WORKSHEET
FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Revenues and Other Sources:	2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Prop Tax: Current Secured	884,860	903,413	911,406
Prop Tax: Current Unsecured	21,144	21,434	21,778
Unitary Taxes	14,711	14,477	15,152
Homeowners' Prop Tax Relief	6,470	6,500	6,664
Will Serve Letter Fee		600	
Fire: Weed Abatement		(70)	
Miscellaneous Income		1,409	
Firework Permit Fees	1,500	1,540	1,500
CO Collection Chg: SB2557	(20,000)	(17,639)	(20,000)
Cancellation of Reserves (Board Approved 1/11/2017)	3,300	3,300	0
Cancellation of Reserves (Board Approved 9/28/2017)	5,000	5,000	0
Cancellation of Reserves (Board Approval 8/24/2016)	25,000	25,000	0
Total Revenues	941,985	964,964	936,500

**ADMINISTRATIVE BUDGET
EXPENDITURE WORKSHEET
FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Operations & Maintenance:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Expenditure Accounts 4100				
Personnel				
010	Wages and Salaries	379,420	417,548	390,028
020	Overtime	7,265	3,353	7,673
061	PERS	47,813	50,511	48,666
	PERS UAL Payment	17,851	17,851	22,735
070	SUI (Unemp Ins)	3,038	3,167	3,038
071	Medicare Employer Portion	5,607	5,639	5,767
072	FICA		129	
075	State Compensation Ins	14,166	6,889	14,454
080	Boot Allowance	750	750	750
090	Employee Insurances	38,400	36,868	38,400
097	Cell Phone Allowance	900	900	900
Total Personnel		515,210	543,605	532,411

**ADMINISTRATIVE BUDGET
EXPENDITURE WORKSHEET
FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Operations & Maintenance:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Expenditure Accounts 4100				
Services and Supplies				
110	Communications & Dispatch	5,000	9,670	5,125
100	Clothing	0	3,415	0
150	Insurance (100% in Admin, then allocated, in 2015-16)	23,515	36,331	24,100
170	Maint: Equipment	3,500	1,490	3,600
173	Maint: Structures	10,000	6,323	10,250
180	Memberships	6,000	6,026	6,150
190+191	Over and Short + misc	200	43	200
192	Penalties and Interest	0	42	0
193	Bank Fees	2,000	175	2,000
200	Office Expense	6,150	5,104	6,300
205	Outside UB Mailing Expense	7,500	17,676	7,688
210	Postage	500	497	500
218	Audit	20,000	38,530	20,500
220	Professional Services (AGP, Chapparel, other)	18,500	20,412	19,000
221	Information Technology	5,000	10,966	5,000
223	Legal Services	84,000	59,321	84,000
226	Annual Software Maint.	13,000	9,958	13,325
225	Board Member Stipends	18,000	12,660	18,000
230	Legal Notices	2,000	343	2,000
235	Books/Journals/Subsc	1,500	1,324	1,500
241	Rents/Leases: Equip	3,000	0	3,000
247	LAFCO 15-16 charged to Admin then allocated	14,552	14,439	15,000
248	Permits Licenses and Fees	1,000	170	1,000
250	Small Tools/EQ		0	
260	Elections Expense	5,000	4,871	0
280	Private Vehicle Mileage	500	74	500
283	Job Advertising Expense	1,500	0	1,550
285	Classes/Seminars	5,000	3,892	5,125
286	Board Member Training/Travel/Expense	1,500	2,881	1,550
290	Utilities	9,500	10,961	9,750
Total Services and Supplies		267,917	277,594	266,713

**ADMINISTRATIVE BUDGET
EXPENDITURE WORKSHEET
FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Operations & Maintenance:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Expenditure Accounts 4100				
Other Expenditures				
	(Backhoe approved funded from reserves 8/24/16)	25,000	25,000	0
	Website	0	9,500	0
376	Allocation/Adm Exp			
	Fire	(31,325)	(32,291)	(31,965)
	Lighting	(7,831)	(8,073)	(7,991)
	Water	(352,407)	(363,275)	(359,605)
	Sewer	(313,251)	(322,911)	(319,649)
	Garbage	(46,988)	(48,437)	(47,947)
	Facilities	(31,325)	(32,291)	(31,965)
382	Contingency			
499	Claims & Settlements			
	PY Accounts Payable		(18,974)	
	PY Prepaid		13,808	
	CY Accounts Payable			
	CY Prepaid		(17,656)	
		(758,127)	(795,600)	(799,122)
Reserve Designations				
	Contingencies	3,113	0	1,180
		3,113	0	1,180
Total Expenditures		28,113	25,599	1,182

**FIRE BUDGET
OPERATIONS AND MAINTENANCE WORKSHEET
FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Operations & Maintenance:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Expenditure Accounts 4200				
Personnel				
010	Wages and Salaries	1,500	500	1,750
020	Overtime	500	385	600
062	PERS (including Unfunded Liability for pre FCFA service)	4,851	4,851	4,955
071	Medicare Employer Portion	30	0	45
090	Employee Insurances	250	100	300
Total Personnel		7,131	5,836	7,650
Services and Supplies				
077	JPA Quarterly Pmts	779,965	779,965	806,464
110	Communications & Dispatch	29,900	29,900	30,650
170	Maint: Equipment		50	
173	Maint: Structures		1,000	
200	Office Expense		50	
290	Utilities	5,000	3,750	5,125
291	Sandbags		500	
Total Services and Supplies		814,865	815,215	842,239
Other Expenditures				
	Allocation/Adm Exp	31,325	32,291	31,965
	Infrastructure/Capital Outlay (Board Approval 9/28/2016)	5,000	4,406	0
Total Other Expenditures		36,325	36,697	31,965
Reserve Designations				
			0	0
Total Reserves		0	0	0
Total Expenditures		858,321	857,748	881,854

**LIGHTING BUDGET
 OPERATIONS AND MAINTENANCE WORKSHEET
 FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Operations & Maintenance:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Expenditure Accounts 4195				
Personnel				
010	Wages and Salaries	600	400	620
020	Overtime	400	0	420
061	PERS	100	50	105
071	Medicare Employer Portion	20	20	20
090	Employee Insurances	300	100	310
Total Personnel		1,420	570	1,475
Services and Supplies				
175	Sys Parts/Oper Supplies	1,000	1,500	1,000
295	Lighting	42,000	38,954	43,000
Total Services and Supplies		43,000	40,454	44,000
Other Expenditures				
376	Allocation/Adm Exp	7,831	8,073	7,991
	Equipment Replacement (Board Approval 1/17/2017)	3,300	3,300	0
Total Other Expenditures		11,131	11,373	7,991
Reserve Designations				
Total Expenditures		55,551	55,697	53,466

**FACILITIES FUND
REVENUE WORKSHEET
FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Revenues and Other Sources:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Revenues				
3260	Sheriff Substation Rent	113,940	113,940	113,940
	New Fire Station	15,000	15,000	15,000
	Old Fire Station	11,700	11,700	11,700
	Public Facilities Fees	15,000	21,250	15,000
	Utility Reimbursements	0	767	0
	Interfund Repayment from Water	31,500	31,500	31,500
Total Revenues and Other Sources		187,140	194,157	187,140

**FACILITIES BUDGET
OPERATIONS AND MAINTENANCE WORKSHEET
FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Operations & Maintenance:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Personnel				
010	Wages and Salaries	2,500	150	2,500
020	Overtime	500	0	500
061	PERS	250	100	250
071	Medicare Employer Portion	100	10	100
090	Employee Insurances	750	25	750
Total Personnel		4,100	285	4,100
Services and Supplies				
163	Maint: Structures/Improvements	15,000	7,111	15,000
173	Maint Structures	2,000	1,200	2,000
Total Services and Supplies		17,000	8,311	17,000
Other Expenditures				
376	Allocation/Adm Exp	31,325	32,291	31,965
366	Emergency Generator Project	15,000	2,500	
	Repayment to Sewer Fund	113,940	113,940	113,940
	HVAC	0	13,275	
		160,265	162,006	145,905
Reserve Designations				
	Contingencies	5,775	0	20,135
Total Reserves		5,775	0	20,135
Total Expenditures		187,140	170,602	187,140

**EQUIPMENT FUND
REVENUE WORKSHEET
FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Revenues and Other Sources:	2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Revenues			
Contribution from Gov't Fund (Board Approval 8/24/2016)	25,000	25,000	
Truck Rental from Water	6,545	6,545	6,545
Vehicle Charges to Water	10,000	10,000	10,000
Contribution from Water (Board Approval 8/24/2016)	25,000	25,000	0
Total From Water	66,545	66,545	16,545
Truck Rental from Sewer	6,545	6,545	6,545
Vehicle Charges to Water	5,000	5,000	5,000
Contribution from Sewer (Board Approval 8/24/2016)	25,000	25,000	0
Total From Sewer	36,545	36,545	11,545
Vehicle Charges to Garbage	1,000	1,000	1,000
Contribution from Garbage (Board Approval 8/24/2016)	5,000	5,000	0
Total From Garbage	6,000	6,000	1,000
Total Revenues and Other Sources	134,090	134,090	29,090

**EQUIPMENT BUDGET
 OPERATIONS AND MAINTENANCE WORKSHEET
 FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Operations & Maintenance:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Services and Supplies				
171	Maint Vehicles	6,500	4,000	6,500
172	Gas and Oil	9,500	6,000	9,500
Total Services and Supplies		16,000	10,000	16,000
Other Expenditures				
320	Equipment Lease	9,067	9,067	9,067
	Backhoe Purchase (Board Approval 8/24/2016)	80,000	80,000	0
Total Other Expenditures		89,067	89,067	9,067
Reserve Designations				
	Equipment Replacement	4,023	4,023	4,023
Total Reserves		4,023	4,023	4,023
Total Expenditures		109,090	103,090	29,090

**WATER FUND
REVENUE WORKSHEET
FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Revenues and Other Sources:	2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Water Sales	1,685,976	1,620,000	1,789,070
Lopez Remediation: Sales	462,808	440,000	474,378
Water Connection Fees - Reimbursables	10,000	25,000	10,000
Water Front Footage Fees	12,500	30,000	12,500
UB Courtesy Notice Fees	4,700	5,135	4,700
UB Sec Notc/Door Hgr Fees	27,000	27,000	27,000
Capacity Charges	17,500	85,000	17,500
Connection / Meter Fees	8,100	6,490	8,100
Lopez / SWP Connection Fees	4,000	17,000	4,000
New UB A/C Setup	4,000	2,880	4,000
CYN Crest /Christie/ AG Wheeling	25,000	25,000	25,000
Inspection Fees	200	200	200
Interest	2,500	2,500	2,500
Misc	0	528	0
Claims and Settlements		3,703	0
Other Income		1,587	
WRRP Grant Revenue (Bdgt AJE 12/14/16)	198,397	198,397	0
Cancellation of Reserves (Drainage Project Bdgt AJE 1/25/2017)	71,390	71,390	0
Cancellation of Reserves (Backhoe approved 8/24/16)	25,000	25,000	0
Total Revenues	2,559,071	2,587,239	2,378,948

**WATER BUDGET
 OPERATIONS AND MAINTENANCE WORKSHEET
 FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Operations & Maintenance:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Personnel				
010	Wages and Salaries	119,891	116,114	126,483
020	Overtime	29,422	13,484	31,096
	Standby	12,227	0	12,227
061	PERS	15,430	13,268	16,253
071	Medicare Employer Portion	2,342	1,781	2,462
075	State Compensation Ins	13,528	5,092	14,276
090	Employee Insurances	19,296	17,472	19,296
Total Personnel		212,136	167,211	222,093
Services and Supplies				
100	Clothing	2,500	250	2,563
110	Communications & Dispatch	5,500	3,127	5,638
163	Maint: Wtr/Swr Struct	5,000	13,880	5,125
170	Maint: Equipment	5,000	5,000	5,125
171	Maint: Vehicles		824	0
173	Maint: Structures	10,000	0	10,250
175	Sys Parts/Oper Supp	16,000	12,965	16,400
176	Water Meters	10,000	9,897	10,250
177	Safety Expense	500	0	520
178	Chemicals / Operating Supplies		713	
180	Memberships	1,500	1,871	1,550
190	Misc	250	0	250
200	Office Expense	750	559	800
205	Outside UB Mailing Expense	6,000	0	6,150
210	Postage	0	101	0
220	Professional Services (Water Quality: Backflow Program)	17,000	16,663	17,425
221	Information Technology	500	0	550
222	Contract Engineering	5,000	7,972	5,125
226	Engineering & Other Reimburse	10,000	25,000	10,000
230	Legal Notices	1,000	64	1,025
231	Bad Debt	500	0	525
241	Rents/Leases: Equip	2,000	0	2,050
248	Permits, Fees, Licenses	8,500	7,742	8,750
250	Small Tools	2,500	773	2,500
261	Water Supply - Lopez	462,808	457,315	474,378
398	State Water Project Pmts	914,912	764,628	1,057,704
285	Classes/Seminars	5,000	1,454	5,125
290	Utilities	25,000	11,306	25,625
Total Services and Supplies		1,517,720	1,342,104	1,675,403

**WATER BUDGET
 OPERATIONS AND MAINTENANCE WORKSHEET
 FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Operations & Maintenance:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Other Expenditures				
297	Pass-Thru: Crest/Christie	25,000	25,000	25,000
349	Drainage Improvement Project (Board Approval 1/25/2017)	71,390	94,634	0
362	Litigation: SMVWCD	8,000	8,000	8,200
376	Allocation/Adm Exp	352,407	363,275	359,605
	Charges from the Equipment Fund	16,545	16,545	16,545
380	NCMA Expense	35,000	50,000	35,875
	General Fund Loan Payment	31,500	31,500	31,500
391	Garbage Fund Loan Payment	7,500	7,500	7,500
393	1979 Revenue Bond Pmts	18,375	18,375	18,375
442	CIP - Air Park Dr Relocation	0	10,379	0
499	Claims & Settlements		(3,703)	
	WRRP Program (Bdgt AJE approved 12/14/16)	198,397	198,397	0
	Contribution of Reserves (Backhoe approved 8/24/16)	25,000	25,000	0
	Meter Reading Handhelds	0	10,000	0
	Facility CIP - Utilities Yard	0	12,500	0
	CY Prepaid Expense		208	
	PY Accounts Payable		(12,010)	
	PY Prepaid Expense		7,368	
Total Other Expenditures		789,114	854,902	502,600
Reserve Designations				
	Contingencies	40,101		(21,148)
Total Reserves		40,101	0	(21,148)
Total Expenditures		2,559,071	2,372,283	2,378,948

**SEWER FUND
REVENUE WORKSHEET
FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Revenues and Other Sources:	2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Sewer Sales	400,000	390,136	400,000
Connection Fees	4,000	4,000	4,000
Inspection Fees	200	200	200
FOG Program Inspections	800	1,680	800
Repayment from General Fund	113,940	113,940	113,940
Other Income		1,229	0
Use of Reserves	35,597	35,597	23,114
Cancellation of Reserves (Backhoe approved 8/24/16)	25,000	25,000	
Cancellation of Reserves (Drainage Project Bdgt AJE 1/25/2017)	38,478	38,478	
Total Revenues	618,015	610,260	542,054

**SEWER BUDGET
OPERATIONS AND MAINTENANCE WORKSHEET
FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Operations & Maintenance:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Personnel				
010	Wages and Salaries	59,051	50,000	62,297
020	Overtime	14,491	6,000	15,316
	Standby	6,022	0	6,022
061	PERS	7,600	6,500	8,005
071	Medicare Employer Portion	1,153	1,000	1,213
075	State Compensation Ins	7,295	2,995	7,698
090	Employee Insurances	9,504	8,000	9,504
Total Personnel		105,116	74,495	110,055
Services and Supplies				
100	Clothing	675	675	692
110	Communications & Dispatch	2,000	2,000	2,050
163	Maint: Wtr/Swr Struct	10,000	5,000	10,250
170	Maint: Equipment	3,000	4,500	3,075
171	Maint: Vehicles		250	
173	Maint: Structures	1,000	1,500	1,025
175	Sys Parts/Oper Supp	7,500	7,149	7,688
177	Safety Expense	2,500	500	2,550
180	Memberships	0	150	0
200	Office Expense	1,000	500	1,025
205	Outside UB Mailing Expense	6,000	0	6,150
210	Postage	0	50	0
220	Professional Services	2,500	2,500	2,550
222	Contract Engineering	2,500	4,500	2,550
226	Engineering & Other Reimburse		1,000	0
231	Bad Debt	250	250	250
241	Rents/Leases: Equip	2,500	1,500	2,550
248	Regulatory Permits and Fees	3,700	3,000	3,800
250	Small Tools		1,000	0
285	Classes/Seminars	2,500	500	2,550
290	Utilities	2,000	1,500	2,050
	Facility CIP - Utilities Yard	0	12,500	0
Total Services and Supplies		49,625	50,524	50,805

**SEWER BUDGET
OPERATIONS AND MAINTENANCE WORKSHEET
FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Operations & Maintenance:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Other Expenditures				
320	Fixed Assets - CIP	25,000	0	0
	Sewer Lateral Program	50,000	0	50,000
	Drainage Improvement Project (Board Approval 1/25/2017)	38,478	38,478	0
376	Allocation/Adm Exp	313,251	322,911	319,649
	Rental Payments to Equipment Fund	11,545	11,545	11,545
	Contribution of Reserves (Backhoe approved 8/24/16)	25,000	25,000	0
	PY Accounts Payable		-354	
	PY Prepaid		242	
Total Other Expenditures		463,274	397,822	381,194
Reserve Designations				
		0	0	0
		0	0	0
Total Expenditures		618,015	522,841	542,054

**GARBAGE FUND
REVENUE WORKSHEET
FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Revenues and Other Sources:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Revenues				
3501	Garbage Franchise Fees	80,000	80,000	80,000
	Landfill Savings Payment	0	7,679	0
	Interfund Loan Repayment from Water	7,500	7,500	7,500
	Use of Reserves (Budget Adjustment 11/09)	7,685	7,685	10,333
	Cancellation of Reserves (Backhoe approved 8/24/16)	5,000	5,000	
	Cancellation of Reserves (Budget Adj Clean Up Week 11/08)	9,193	9,193	0
Total Revenues and Other Sources		109,378	117,057	97,833

**GARBAGE BUDGET
OPERATIONS AND MAINTENANCE WORKSHEET
FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Operations & Maintenance:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Personnel				
010	Wages and Salaries	17,017	15,500	18,363
020	Overtime	2,440	1,500	2,605
061	PERS	1,567	400	1,679
071	Medicare Employer Portion	293	293	315
072	FICA & SUI		800	0
075	State Compensation Ins	808	200	852
090	Employee Insurances	3,072	500	3,072
		25,197	19,193	26,886
Services and Supplies				
100	Clothing	250	250	250
110	Communications & Dispatch	500	500	500
170	Maint: Equipment	500	0	500
173	Maint Shared Structures	0	50	0
175	Sys Parts/Oper Supp	1,500	500	1,500
200	Office Expense	1,000	100	1,000
210	Postage	500	1,200	500
219	Special Admin Expense		600	
220	Professional Services	2,000	5,500	2,000
230	Legal Notices	250	250	250
290	Utilities	500	0	500
290	Utilities (Bdgt AJE \$9,193.17 11/9/16)	9,193	9,193	0
Total Services and Supplies		16,193	18,143	7,000
Other Expenditures				
376	Allocation/Adm Exp	46,988	48,437	47,947
351	Contribution of Reserves (Backhoe approved 8/24/16)	5,000	5,000	0
	Signage & Cans	15,000	5,000	15,000
	Vehicle Charges from Equipment Fund	1,000	1,000	1,000
	Garbage Claw	0	5,500	0
		67,988	64,937	63,947

**GARBAGE BUDGET
 OPERATIONS AND MAINTENANCE WORKSHEET
 FISCAL YEAR 2016/2017 AND 2017/2018 BUDGET REVIEW**

Operations & Maintenance:		2016-17 Budget	Projected 2016-17	Final Budget 2017/18
Reserve Designations				
	Unassigned Reserves	0	0	0
Total Reserves		0	0	0
Total Expenditures		109,378	102,273	97,833



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 28, 2017

To: Board of Directors

From: Paavo Ogren, General Manager

Subject: **Agenda Item #9(D): Consideration of a Recommendation to Approve the Final Pay-off of the Water Fund Revenue Bonds**

Recommendation

It is recommended that your Board:

- A. Approve Final Pay-Off (Redemption) of the outstanding 1979 revenue bonds.
- B. Authorize the District President to execute any documents necessary to redeem the District's 1979 revenue bonds.
- C. Direct the General Manager to reflect any changes in the final 2017/18 budget prior to September 1, 2017.

Discussion

In 1979, prior to the District's formation and while the water system was governed by the County of San Luis Obispo, revenue bonds were issued for improvements in the amount of \$318,300. The outstanding balance on the bonds is \$45,000. The budget previously adopted for fiscal year 2017/18 includes \$15,000 of principal reduction plus interest. Water Fund budgetary savings for fiscal year 2016/17 provides the District with the ability to pay-off the additional principal amount of \$30,000 on the upcoming regular debt payment date scheduled for November 1, 2017.

Other Agency Involvement

The County of San Luis Obispo administers normal debt payments since the County originally issued the revenue bonds. Staff has been working with the County and their financial advisor on the steps needed to redeem the remaining bonds.



Oceano Community Services District

Board of Directors Meeting

Other Financial Considerations

The revenue bonds accrue interest at 5% per year. The anticipated savings in interest and fees is between \$2,000 and \$2,500.

Results

Redeeming the 1979 Revenue Bonds reflects the District's improving financial management. Together with changes in accounting relating to inter-fund debt, and resolution 2017-04 which established repayments terms, the District's internal and external debt will be redeemed and/or restructured in a manner that ensures continued improvement in financial management and supports a well governed community.



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 28, 2017

To: Board of Directors

From: Paavo Ogren, General Manager

Subject: Agenda Item #9(E) – Status Update on the District’s Fiscal Year 2015/16 Audit

Recommendation

It is recommended that your Board receive an update on the status of the District’s audit for fiscal year 2015/16

Discussion

The District’s audit for fiscal year 2015/16 is ongoing with significant progress made – approximately 91% of the fees have been paid and completion is anticipated shortly. The completed audit for fiscal year 2015/16 is due to be submitted to the County auditor on or before June 30, 2017 but will not be done by that date.

No items have been identified that would indicate any significant problems or irregularities. Consistent with the prior year, the audit is addressing some detailed evaluations that relate to historical accounting, and which have been previously reviewed by your Board. The timing of the current audit is a result of technical evaluations, staffing shortages during the year under audit, and from the timing of prior work.

The following is a summary of issues affecting the timing of the audit, and current status:

- Staffing shortages –
 - The position of Office Manager, which included significant support on bookkeeping and accounting functions, was vacant as of the beginning of the period under audit (July 1, 2015 – June 30, 2016). The vacancy impacted timing of the 2014-15 as well as the 2015-16 audit. Unless unforeseen circumstances arise, it will not affect the timing of the audit for the fiscal year ending June 30, 2017.



- In December 2015, your Board approved the deletion of the Office Manager and vacant District Accountant positions and the creation of the Business and Accounting Manager position. The reorganization was important to establish long-term direction on staffing but the staffing vacancy that existed continued for the short-term. The position was filled in June 2016. The Business and Accounting Manager has now taken the lead on working with the auditors and is engaged in all aspects of the current efforts while making significant progress on both accounting details and procedures.
- Technical details –
 - The most significant technical evaluation for fiscal year 2015-16 is a “Change in Accounting” that relates to the Sheriff’s building and inter-fund loans. Your Board was initially informed of this issue on April 13, 2016 and approved a change in accounting at that time. In the prior year audit, the auditors conceptually reviewed the change in accounting, and concurred with the new District position. On April 26, 2017 your Board approved resolution 2017-04, which represented final approval of the change in accounting and established the inter-fund debt repayment and debt amortization schedules.
- Current efforts –
 - A substantial amount of audit testing has been complete by Caliber and much of the work that remains relates to final audit tasks, the preparation of the financial statements and the notes to those statements that provide disclosures that are customary. No conclusions can be implied on the auditor’s opinion until all work is complete and the audit report has been issued. Nevertheless, staff has prepared supplemental information that has not been included in prior year audits, the omission of which has been noted in prior year auditor reports. Specifically excluded from many, if not all, of prior years audits was “Management’s Discussion and Analysis.”
 - Inclusion of Management’s Discussion and Analysis and budget to actual comparisons will result in the most comprehensive audited financial statements for the District that it has had in numerous years, if not forever.



Other Agency Involvement

The County Auditor has been apprised of the status and staff has encouraged open communication between Caliber and the County Auditor.

Other Financial Considerations

None

Results

Receiving an update on current audit efforts helps to promote well governed communities. The conclusion of the fiscal year 2015-16 audit will be a milestone in the District's financial management that reflects significant work in progress over the past few years. Additional refinement in accounting practices and procedures will continue, and in the near future, additional fiscal policies will be placed on your agenda for consideration.