

CAYUCOS SANITARY DISTRICT

200 Ash Avenue
PO Box 333, Cayucos, CA 93430-0333
805-995-3290

FILE COPY

GOVERNING BOARD

R. B. Enns, President
D. Chivens, Vice-President
S. Lyon, Director
M. Foster, Director
D. Lloyd, Director

BOARD OF DIRECTORS REGULAR MEETING AGENDA

THURSDAY NOVEMBER 21, 2013 AT 6:00PM
200 ASH AVENUE, CAYUCOS, CALIFORNIA 93430

1. ESTABLISH QUORUM AND CALL TO ORDER
2. PUBLIC COMMENTS:
This is the time the public may address the Board on items other than those scheduled on the agenda. By conditions of the Brown Act the Board may not discuss issues not posted on the agenda, but may set items for future agendas. Those persons wishing to speak on any item scheduled on the agenda will be given an opportunity to do so at the time that agenda item is being considered. When recognized by the Board President, please stand up and state your name and address for the record (though not required). While the Board encourages public comment, in the interest of time and to facilitate orderly conduct of the meeting, the Board reserves the right to limit individual comments to three minutes.
3. DISCUSSION AND CONSIDERATION OF BLACKBURN FAMILY TRUST APPLICATION FOR ENCROACHMENT OF SEWER EASEMENT PERMIT
4. PRESENTATION AND ACCEPTANCE OF CAYUCOS SANITARY DISTRICT FY 2012/13 FINAL AUDIT
5. DISCUSSION AND CONSIDERATION OF THE NEXT STEPS FOR THE INVESTIGATION AND EVALUATION OF THE CMC SITE FOR WASTEWATER TREATMENT AND DISPOSAL
6. DISCUSSION AND ELECTION OF LOCAL AGENCY FORMATION COMMISSION (LAFCO) ALTERNATE SPECIAL DISTRICT MEMBER
7. CONSIDERATION OF ESTABLISHING AN AD-HOC COMMITTEE TO REVIEW ALLOCATION OF ELIMINATED ADMINISTRATIVE SERVICES OFFICER POSITION FUNCTIONS
8. STAFF COMMUNICATIONS AND INFORMATION ITEMS (NO ACTION REQUIRED):
 - A. District Manager's Report –October 2013
 - B. Financial Reports: October 2013
 1. Check Register
 2. Cash, Savings, and Investment Report
 3. Budget vs. Actual Status Report FY 2013-2014
 4. Capital Improvement Projects Report
 - C. Monthly Customer Satisfaction Survey Submissions
 - D. Will Serves - New
Teixeira, APN 064-262-037, 2813 Orville Ave., SFR Remodel/Addition

Y900 3J17

Will Serves – Finaled

Axtell, APN 064-143-009, 497 Pacific Ave., SFR Demo/Rebuild
Kornreich/Black, APN 064-204-004, 2783 Santa Barbara Ave., New SFR
Mendivil, APN 064-431-030, 3492 Davies Ave., SFR Remodel/Deck
Pope, APN 064-112-029, 12 Ash Ave., SFR Add/Guest Hse

9. CONSENT CALENDAR - Recommend to Approve.

Consent Calendar items are considered routine and therefore do not require separate discussion, however, any item may be removed from the Consent Calendar by a member of the Board of Directors for separate consideration. Individual items on the Consent Calendar are approved by the same vote that approves the Consent Calendar, unless an item is pulled for separate consideration.

A. Approval of Minutes for the October 17, 2013 Board of Directors Meeting

10. BOARD MEMBER COMMENTS (This item is the opportunity for Board Members to make brief announcements and/or briefly report on their own activities related to District business.)

11. SCHEDULED MEETINGS

A. Morro Bay-Cayucos Wastewater Treatment Plant (JPA) Meeting, Date: December 12, 2013
Hosted By: Cayucos Sanitary District, Location: Veterans Hall 10 Cayucos Dr., Time: 6:00 pm.

12. SCHEDULE AGENDA ITEMS FOR THE December 19, 2013 BOARD MEETING

13. ADJOURNMENT

NOTICE OF POSTING:

DATE:

TIME:

PLACE: 200 Ash Ave., Cayucos, CA

BY:

Anita Rebich, Clerk to the Board

This agenda was prepared and posted pursuant to Government Code Section 54954.2. The agenda can be accessed and downloaded from the District's website at www.cayucossd.org/

All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the District's office and are available for public inspection and reproduction at cost. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by the Americans with Disability Act. To make a request for disability-related modification or accommodation, contact the District at 805-995-3290 as soon as possible and at least 48 hours prior to the meeting date.

CAYUCOS SANITARY DISTRICT

To: Board of Directors
FROM: Rick Koon, District Manager
DATE: November 11, 2013
SUBJECT: Discussion and Consideration of Blackburn Family Trust Application for Encroachment of Sewer Easement Permit

DISCUSSION:

Several months ago, Architect/Agent Ruel Czach submitted a will serve application for improvements to the existing house at 3349 Shearer Avenue. This Lot is shown as Lot 6 on our Improvement Plans (See Attachment A).

Upon review of the plans, staff found that the District's easement was not shown on the plans. Mr. Czach was contacted, informed of the requirements and restrictions for building along the District's easements and asked to resubmit the revised plans showing the District's easement and sewer line.

While the plans were being revised, District staff video inspected the line and found that there is a severe offset at an unused lateral (See Attachment B).

In discussions with Mr. Czach regarding the proposed building and foundation encroachments, staff suggested that replacing the existing VCP line with an HDPE line may be one solution. Mr. Czach has now submitted a revised plan set showing the District's easement, the existing sewer line, revised foundation details, and elevations showing a building encroachment of 1' 7".

RECOMMENDATION:

Staff recommends the Board approve the encroachment application with the following requirements:

The existing 6" sewer shall be replaced with 6"HDPE from manhole to manhole.

The District shall prepare its License Agreement and shall be signed by the Legal Owners of the Lot and recorded with the County.

Applicant shall submit final plans to the District for staff review through the District's will serve process and shall pay all fees as required.

ATTACHMENTS:

Attachment A – District map

Attachment B – Video picture

Attachment C – Encroachment Application and Preliminary Elevations

MH MH 31
9/19/2013

TO
Gilbert Ease

MH MH 15
23:34

Offset
90.8 FT

Attachment B

Attachment "C"

CAYUCOS SANITARY DISTRICT

200 Ash Ave.
P.O. Box 333, Cayucos, California 93430-0333
805-995-3290

APPLICATION FOR ENCROACHMENT OF SEWER EASEMENT PERMIT

OWNER NAME: Blackburn Family Trust SERVICE ADDRESS: 3349 Shearer Ave.

APN#: 064 - 427 - 005

The following information must be provided to the District by the owner to enable completion of the encroachment permit application:

1. **Provide a copy of the title insurance policy or lot/book guarantee showing:**

- A. Legal owner's name showing to whom the title to the estate or interest in the land is vested.
- B. Property address, to include Assessor's Parcel Number (APN).
- C. Legal description of the Cayucos Sanitary District's recorded sewer easement.
- D. Legal description of the real property.

2. Provide a written statement describing the nature of the encroachment(s), specifying any and all appurtenances or structures that will encroach into the easement, including but not limited to eaves, decks, footings, fences, retaining walls and drainage facilities. This should include aerial encroachments, as well.


In exchange for replacing about 125 feet of sewer line adjacent to their home, we propose to encroach into the 10' wide easement about 2'-7" for about 36 feet. This includes footings, walls and root overhangs.

3. A plot plan must be provided showing a footprint of all structures and appurtenances, and their relationship to the easement.

4. Once the applicant complies with all of the above items, District staff will issue a conditional will-serve for the project.

5. All costs connected with processing of the application and preparation of the license agreement will be borne by the applicant. Please sign the statement of acceptance that follows.

I hereby consent to payment of all costs connected with processing of the application and preparation of the license agreements, including but not limited to staff time, attorney costs and recording fees. I understand that an accounting of costs shall be made and will be deducted from any sewer will-serve deposit remaining on account. I understand that in the event there is insufficient deposit remaining on account, that I will be separately billed. Furthermore, I understand that all related fees must be paid before issuance and recording of the license agreement, should District approval of my application be granted.

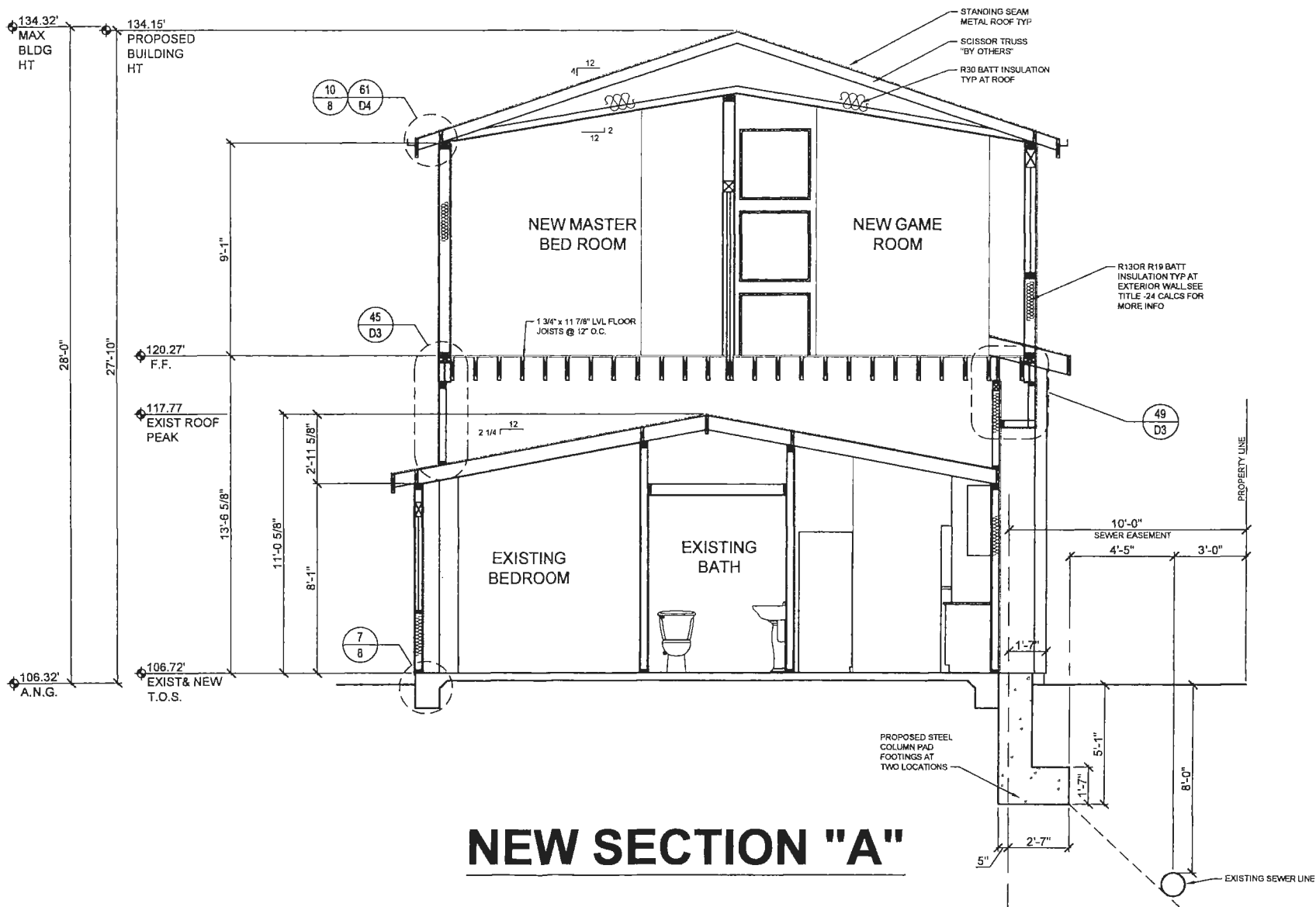
Accepted By: _____
Property owner signature 

LEGAL DECLARATION

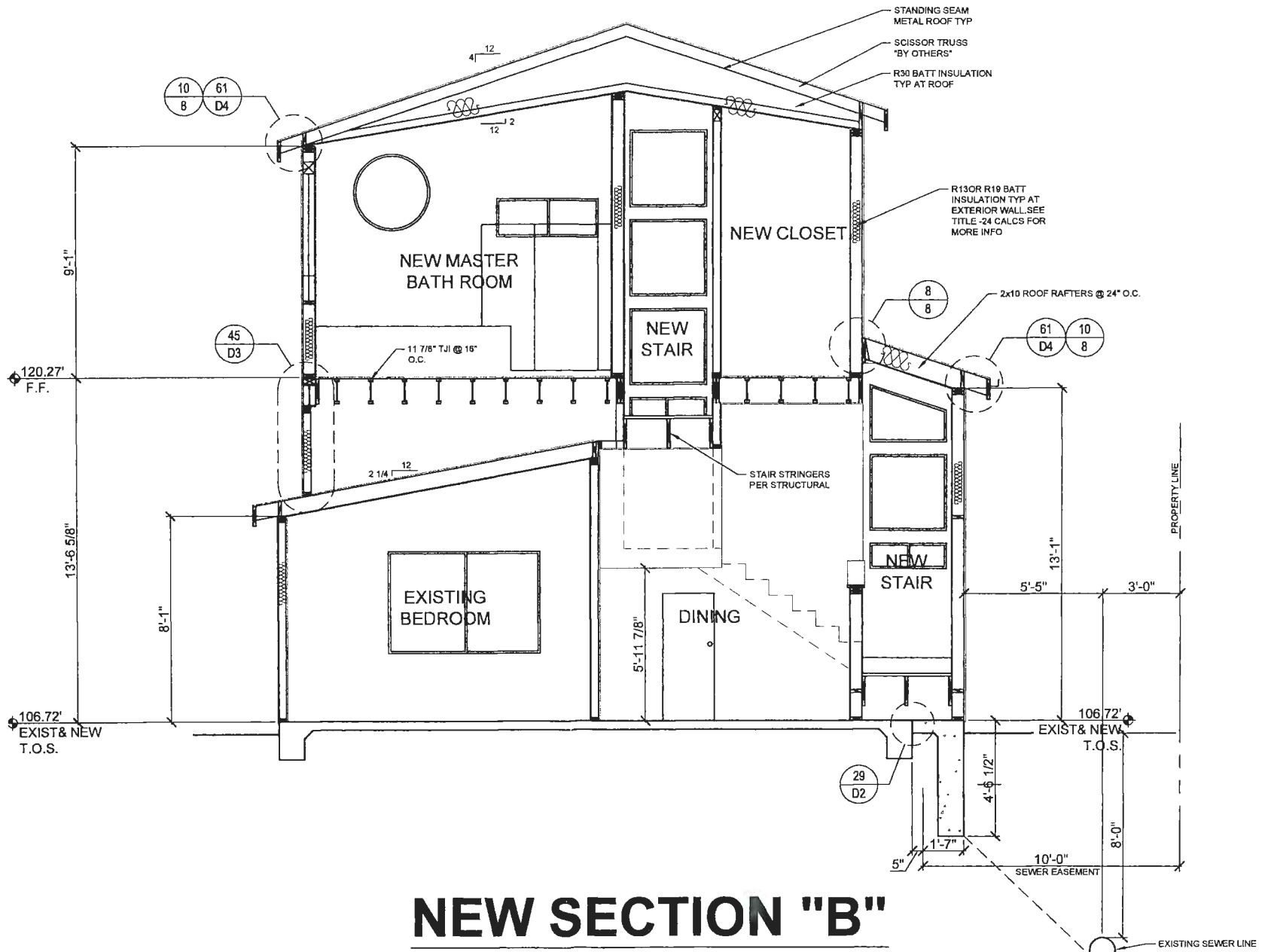
I, the owner of record of this property, acknowledge that I have completed this form accurately and declare that all information provided herein is true.

Property owner name (printed) Maria Blazevic

Property owner signature  Date 11-11-2013



NEW SECTION "A"



NEW SECTION "B"



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

Agenda Item No. 4

11.21.2013

PARTNERS

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October 15, 2013

Board of Directors
Cayucos Sanitary District
PO Box 333
Cayucos, CA 93430

We have audited the basic financial statements of Cayucos Sanitary District for the fiscal year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 17, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cayucos Sanitary District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2013. We noted no transactions entered into by the governmental unit during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of the fourth quarter WWTP payable to the City of Morro Bay, depreciation, and the fair value of investments are based on the WWTP invoice issued after fiscal year end, the estimated useful lives of capital assets, and investment statements, respectively. We evaluated the key factors and assumptions used to develop these estimates in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

OFFICES: BEVERLY HILLS · CULVER CITY · SANTA MARIA

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Some of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 15, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each fiscal year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Comments to Management

As always, your staff was extremely personable, helpful, and efficient in dealing with audit interruptions, with answering our many questions, and with advance preparation for the audit. No findings were noted in our audit testing results.

We assisted your staff with expected accounting adjustments including recording annual depreciation expense, adjusting payroll accruals, adjusting accounts receivable and revenue, investments including gains/losses, prepaid expenses, and accrued interest. The adjustments and audited trial balance were provided to staff on August 27, 2013, after receipt of the fourth quarter WWTP accrual adjustment. As always, it was a pleasure to work with the staff of Cayucos Sanitary District, and we look forward to working with you in the future.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and

reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Cayucos Sanitary District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Moss, Remy & Haugheim LLP

CAYUCOS SANITARY DISTRICT

BASIC FINANCIAL STATEMENTS
June 30, 2013

CAYUCOS SANITARY DISTRICT
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June 30, 2013

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cayucos Sanitary District
Cayucos, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Cayucos Sanitary District (District) as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We were unable to obtain fiscal year 2012/2013 audited financial statements supporting the activities of the wastewater treatment plant. Those financial activities include the cost of the plant representing 13.1% of the District's assets and related depreciation, and operating costs representing 33.6% of the District's operating expenses.

Opinion

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to audit the financial statements of the wastewater treatment plant, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Cayucos Sanitary District, as of June 30, 2013, and the respective changes in financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Cayucos Sanitary District's 2012 financial statements, and our report dated August 27, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Change in Accounting Principles

As discussed in note 2 to the basic financial statements effective July 1, 2012, the Cayucos Sanitary District adopted Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2013, on our consideration of the Cayucos Sanitary District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Moss, Rinz & Hargreaves LLP

Santa Maria, California

October 15, 2013

Cayucos Sanitary District Management's Discussion and Analysis

This section of the financial statements is a highlight of the financial condition and activities for the 2012-2013 fiscal year (FY). The discussion and analysis of the Cayucos Sanitary District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should review the discussion and analysis in conjunction with the basic financial statements as well as the notes to the basic financial statements to enhance their understanding of the District's financial performance.

The District's accounting system is an Enterprise Fund. This is similar to the private sector accounting system. The revenue is primarily generated by service charges with the exception of property tax revenue, investment revenue and other income. Expenses are stated as operating expenses, and capital expenses are capitalized and depreciated over the lives of the fixed assets.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year (FY) 2012-2013 are as follows:

Gross wages, payroll taxes and fringe benefits decreased by \$67,409 or 13.5% in FY 2012-2013 because of the following:

- Elimination of the Administrative Services Officer position resulted in both salary and benefits savings.
- Staff changes in the O&M department resulting in both salary and benefit savings.
- Assumption by employees of an additional 1% of Employer Paid Member Contribution (EPMC).

SOURCES OF REVENUES

The District's total revenue for the fiscal year was \$2,416,606 inclusive of the following:

Sewer Service (User) Charge

The major source of revenue for the District is the sewer service charge assessed to all customers who are users of the District's sewerage facilities. Sewer service charges generated \$1,668,251 in annual revenue to the District, equal to 69% of total revenues.

Sewer Standby (Service Availability) Fee

The District charges its customers who are owners of vacant lots \$7.50 monthly per each vacant, buildable parcel (lot) for the expense of maintaining a sewer system available to vacant properties. Sewer standby (service availability) fees generated \$22,003 in annual revenue to the District, less than 1% of total revenues.

Property Tax

The District receives a pro rata share of property tax (ad valorem) revenues collected by the County of San Luis Obispo for properties located within the District's service boundaries. This portion of revenue includes secured, unsecured, unitary and supplemental property taxes. The secured property tax increases 2% per year. The District's property tax revenue this year was \$600,042 representing 25% of total revenues.

Sewer Connection and Permit Fees

The District currently charges a sewer connection fee of \$7,960 for the privilege of connecting to the District's sewerage facilities for each single residential dwelling unit or equivalent dwelling unit (EDU), in the case of non-residential use. Of the \$7,960, \$100 represents the charge for the sewer connection inspection fee. In FY 2012-2013, the District generated \$10,375 in combined sewer connection fee and sewer permit fees representing less than 1% of total revenues. Other permit fees include charges for processing and issuance of Sewer Will-Serve Letters for new construction and remodel projects and inspections of sewer tie-ins occurring within the District's boundaries.

Interest Income

The District invests surplus monies not required for immediate necessity of the District in accordance with the provisions of California Government Code Sections 5921 and 53601 et. seq. For this purpose, the District maintains an investment account with Shanley Associates, Inc., working through Girard Securities, Inc. The District's investments are primarily in U.S. Treasury Securities, Certificates of Deposit, and Mortgage-Backed Securities such as GNMA's and FNMA's. In addition, the District maintains an account with the Local Agency Investment Fund (LAIF).

The District manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Interest from investment holdings generated \$4,182 in interest or less than 1% of total revenues.

Rental Income

The District derives rental income from long term leases it jointly holds with the City of Morro Bay on parcels of real property adjacent to the Morro Bay-Cayucos Wastewater Treatment Plant that are not needed for current operations nor immediate and future plant expansion purposes. The rental income generated was \$56,360 in annual revenue to the District or 2% of total revenues.

Solid Waste Franchise Fee

The District derives a 10% franchise fee based on gross solid waste and recycling receipts of the franchisee, Mission Country Disposal (a subsidiary of Waste Connections, Inc.) which brought in revenues of \$44,623. In addition, the District received \$5,290 representing annual revenue from Mission Country Disposal for a recycling development program. The combined revenue generated \$49,913 or approximately 2% of total revenues.

SOURCES OF EXPENSES

The total expenses of the District in FY 2012-2013 were \$1,720,573. There was an overall increase of \$18,234 equal to just over 1% increase from prior FY 2011-2012 as shown below.

	FY 2013	FY 2012	\$ CHANGE	% CHANGE
Gross Wages	\$338,992	\$385,944	(\$46,952)	-12.17%
Payroll taxes and Benefits	\$87,184	\$107,641	(\$20,457)	-19.00%
Directors' Fees	\$8,900	\$9,850	(\$950)	-9.64%
Office Expense	\$25,029	\$23,594	\$1,435	6.08%
Dues and Subscriptions	\$4,978	\$3,939	\$1,039	26.38%
Business Expense	\$661	\$1,094	(\$433)	-39.58%
Permits and Licenses	\$4,553	\$4,272	\$281	6.58%
Professional Services	\$125,440	\$54,823	\$70,617	128.81%
Insurance	\$79,654	\$79,027	\$627	.79%
Taxes & Assessments	\$10,761	\$7,285	\$3,476	47.71%
Utilities	\$39,070	\$40,054	(\$984)	-2.46%
Telephone	\$9,139	\$9,107	\$32	.35%
Rent (Storage and meeting rooms)	\$210	\$510	(\$300)	-58.82%
Professional Development	\$4,572	\$4,031	\$541	13.42%
Vehicle Expense	\$6,970	\$6,803	\$167	2.45%
Maintenance and Operations	\$74,693	\$101,836	(\$27,143)	-26.65%
Wastewater Treatment Plant	\$438,062	\$398,104	\$39,958	10.04%
Depreciation	\$428,574	\$425,750	\$2,824	.66%
Total Operating Expenses	\$1,687,442	\$1,663,664	\$23,778	1.43%
Bond Interest Expense	\$33,131	\$38,675	(\$5,544)	-14.33%
Total Non-Operating Expenses	\$33,131	\$38,675	(\$5,544)	-14.33%
Total Expenses	\$1,720,573	\$1,702,339	\$18,234	1.07%

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2012-2013, the District held \$6,104,842 in capitals assets primarily for sewer related infrastructure. This amount represents a net decrease (including additions, deletions and accumulated depreciation) of \$842,382 due primarily to the abandonment of the WWTP project.

	FY 2013	FY 2012	CHANGE
Land	\$157,132	\$157,132	0
Construction in Progress	\$195,964	\$92,599	\$103,365
Construction in Progress-WWTP	\$0	\$804,048	(\$804,048)
Total Non Depreciable	\$353,096	\$1,053,779	(\$700,683)
Facility - Office	\$1,243,019	\$1,243,019	\$0
Conveyance System	\$4,355,180	\$4,177,550	\$177,630
Subsurface Lines	\$1,956,780	\$1,956,780	\$0
Sewage Collection Facilities	\$1,836,108	\$1,757,517	\$78,591
Sewage Treatment Facilities	\$5,542,407	\$5,542,407	\$0
Trucks	\$104,896	\$104,896	\$0
Office Equipment	\$106,930	\$76,277	\$30,653
Collection Equipment	\$405,005	\$405,005	\$0
Total Depreciable	\$15,550,325	\$15,263,451	\$286,874
TOTAL CAPITAL ASSETS	\$15,903,421	\$16,317,230	(\$413,809)
Less: Accumulated Depreciation	(\$9,798,580)	(\$9,370,008)	(\$428,572)
NET CAPITAL ASSETS	\$6,104,841	\$6,947,224	(\$842,383)

This fiscal year major capital projects, equipment purchases and asset acquisitions included are explained below:

CONSTRUCTION IN PROGRESS (CIP):

CIP Additions Representing \$340,007:

- CIP additions of \$177,630 in construction costs are a result of the B Street Sewer Main, Cayucos Creek @ B Street and the Borchard and Cass Alley projects. These projects were completed in FY 2012/13 and the costs were transferred to the Conveyance System category of Capital Assets.
- CIP additions of \$78,591 were for the LS#4 Generator and LS#5 Master Control projects. Both of these projects were completed in FY 2012/13 and the costs were transferred to the Sewage Collection Facility category of Capital Assets.
- CIP addition balance of \$83,786 represents the construction costs to date on the LS#3 Relocation project which is ongoing.

CIP Additions Representing \$30,653:

The District upgraded its computer network with a server, new workstations and billing software totaling \$30,653. This project was completed and the entire project costs were transferred to the office equipment category of Capital Assets.

CIP WWTP-Alternatives Analysis Additions Representing \$19,579:

The District entered into an agreement with Water Systems Consulting for a Wastewater Treatment Alternatives Development Study in the amount of \$18,200. There were associated legal review fees from Carmel & Naccasha totaling \$1,379.

CIP WWTP-Upgrade Additions Representing \$50,132:

CIP additions of \$50,132 are a result of charges from the City of Morro Bay for the WWTP-Upgrade project in the amount of \$22,287 and the remaining \$27,845 in costs are for legal review fees from Carmel & Naccasha in the amount of \$27,317 and consulting fees from McCabe & Co. in the amount of \$528. All expenditures to date on the WWTP-Upgrade project have been written off the CIP portion of the asset schedule, as a result of the abandonment of the project due to California Coastal Commission denial.

Long Term Debt

Funding for the above capital improvement projects (CIP) and equipment acquisitions were from existing reserves.

CURRENT FINANCIAL ISSUES AND CONCERNS

The District is financially stable to meet any increasing operating costs and capital improvement projects.

Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant (WWTP) Project:

Back in 2005, the Morro Bay City Council and Cayucos Sanitary District Board (MBCSD) adopted an eight (8) year full secondary compliance schedule for upgrading the treatment process at their jointly-owned wastewater treatment plant to comply with full secondary treatment standards by no later than March 31, 2014. Carollo Engineers completed the Facility Master Plan for the WWTP Upgrade in final draft form.

On May 28, 2008 a contract was let for environmental review to Environmental Science Associates (ESA) for a not to exceed amount of \$288,770. Their work was progressing at fiscal year-end. A flood analysis was performed by Wallace Group Engineers as a component of the environmental review. As a result of the flood analysis it was determined that the flood mitigation costs to complete the upgrade of the current WWTP were prohibitive and the Upgrade would need to take place adjacent to the existing plant. December 4, 2008, the City and District were granted a final 5 year 301(h) modified NPDES Permit from the State Water Resources Control Board for continued discharge from the WWTP to the ocean outfall. This permit was to cover the majority if not all of the WWTP Project when full secondary treatment standards were achieved.

On January 11, 2011 the Morro Bay City Council conditionally approved a Coastal Development Permit (CDP) for MBCSD's request to upgrade the existing WWTP and certified the Environmental Impact Report (EIR) for the proposed project. The City's approval of the CDP was appealed to the California Coastal Commission (CCC). As a result of the appeal, the CCC asserted jurisdiction over the project's CDP. Per CCC Staff direction, MBCSD conducted an additional WWTP Alternatives Analysis to evaluate whether there is a more appropriate site to locate the WWTP.

On January 10, 2013 at the CCC meeting, the CCC voted to deny the CDP for construction of an upgraded wastewater treatment plant at its existing location. The denial was based in part on inconsistency with the Local Coastal Plan - Zoning, the failure of a major Public Works Infrastructure Project to avoid coastal hazards, the lack of project design to include a reclaimed water component and that the project is located within an LCP-designated sensitive view area. As a result of the CCC denial, the project was abandoned and all expenditures to date written off the Capital Asset schedule.

In February, 2013 the District contracted with Water Systems Consultants (WSC) to prepare a Wastewater Treatment Alternatives Development Study to examine locations and treatment possibilities for the District. In June, 2013 WSC completed their study and the District accepted the final draft. The District has begun discussions with the regulatory agencies for review of the concepts outlined in the WSC study.

Concurrently, the District is waiting for the City of Morro Bay to complete its own Project Planning for a New Water Reclamation Facility (WRF). The City has developed a tentative schedule for the preliminary work effort for the WRF which charts a path of site selection and other important community decisions that are needed to see the WRF project move forward with success. The City's goal is to make these decisions by the end of 2013. At that time, the District will review the City's findings to see if a combined project is feasible.

District's Investment Portfolio and Financial Management Strategy:

The District Board was advised by Financial Advisor, Karen Shanley, for conservative capital preservation to transfer most of its money market holdings to an all US Treasury Money Market for safety and liquidity in an effort to protect the District's cash holdings from the economic downturn plagued by bank and financial institution-related problems, the credit crunch, housing slump, steep sell offs in capital markets, and deep slides with both S&P 500 Index and Dow Jones.

Contacting the District's Financial Management:

This report is a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information please contact Rick Koon, District Manager at (805) 995-3290 or address: P.O. Box 333, 200 Ash Avenue, Cayucos, CA, 93430.

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FINANCIAL SECTION

CAYUCOS SANITARY DISTRICT
STATEMENT OF NET POSITION - ENTERPRISE FUND
June 30, 2013
With Comparative Totals for June 30, 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets:		
Cash and investments - cash equivalents (Note 3)	\$ 3,320,002	\$ 3,581,175
Restricted cash and investments - cash equivalents (Note 3)	<u>43,722</u>	<u>22,081</u>
Total cash and cash equivalents	3,363,724	3,603,256
Cash and investments - non cash equivalents (Note 3)	3,550,801	2,832,604
Accounts receivable	33,820	27,860
Interest receivable	4,124	2,607
Taxes receivable	16,023	24,222
Other receivables	25,934	7,861
Prepaid expenses	<u>6,072</u>	<u>6,021</u>
Total current assets	<u>7,000,498</u>	<u>6,504,431</u>
Capital Assets (Note 4):		
Non depreciable		
Land	157,132	157,132
Construction in progress	176,385	92,599
Construction in progress - WWTP upgrade (Note 10)		804,048
Construction in progress - WWTP alternatives analysis	19,579	
Depreciable		
Subsurface lines	1,956,780	1,956,780
Sewage collection facilities	1,836,108	1,757,517
Conveyance system	4,355,180	4,177,550
Sewage treatment facilities	5,542,407	5,542,407
Trucks	104,896	104,896
Office equipment	106,930	76,277
Collection equipment	405,005	405,005
Office building	<u>1,243,019</u>	<u>1,243,019</u>
	15,903,421	16,317,230
Accumulated depreciation	<u>(9,798,580)</u>	<u>(9,370,006)</u>
Net capital assets	<u>6,104,841</u>	<u>6,947,224</u>
Noncurrent Assets:		
Prepaid pension obligation	<u>96,737</u>	<u>107,485</u>
Total noncurrent assets	<u>96,737</u>	<u>107,485</u>
Total assets	<u>\$ 13,202,076</u>	<u>\$ 13,559,140</u>

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

CAYUCOS SANITARY DISTRICT
STATEMENT OF NET POSITION - ENTERPRISE FUND
June 30, 2013
With Comparative Totals for June 30, 2012

	<u>2013</u>	<u>2012</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 49,934	\$ 121,669
Payable to the City of Morro Bay - WWTP upgrade		43,447
Payable to the City of Morro Bay - operations and maintenance	134,027	108,138
Accrued payroll	15,314	16,758
Accrued interest	5,359	6,124
Customer deposits	2,725	3,000
Security deposit - MCD	25,000	25,000
Compensated absences (Note 7)	16,338	19,713
Loan payable - LS#2, current portion (Notes 5-6)	<u>107,190</u>	<u>102,624</u>
Total current liabilities	355,887	446,473
Long-Term Liabilities:		
Loan payable - LS#2, less current portion (Notes 5-6)	<u>610,716</u>	<u>719,047</u>
Total liabilities	<u>966,603</u>	<u>1,165,520</u>
NET POSITION		
Net investment in capital assets	5,386,935	6,125,553
Restricted for construction	43,722	22,081
Unrestricted	<u>6,804,816</u>	<u>6,245,986</u>
Total net position	<u>\$ 12,235,473</u>	<u>\$ 12,393,620</u>

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

CAYUCOS SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2013
With Comparative Totals for the Fiscal Year Ended June 30, 2012

	<u>2013</u>	<u>2012</u>
Operating Revenues:		
Sewer services fees	\$ 1,668,251	\$ 1,645,339
Permit fees	2,515	3,601
	<u>1,670,766</u>	<u>1,648,940</u>
Operating Expenses:		
Gross wages	338,992	385,944
Payroll taxes and benefits	87,184	107,641
Directors' fees	8,900	9,850
Office expense	25,029	23,594
Dues and subscriptions	4,978	3,939
Business expense	661	1,094
Permits and licenses	4,553	4,272
Professional services	125,440	54,823
Insurance	79,654	79,027
Taxes and assessments	10,761	7,285
Utilities	39,070	40,054
Telephone	9,139	9,107
Rent	210	510
Professional development	4,572	4,031
Vehicle expense	6,970	6,803
Maintenance and operations	74,693	101,836
Treatment plant	438,062	398,104
Depreciation	428,574	425,750
	<u>1,687,442</u>	<u>1,663,664</u>
Total operating expenses		
Net operating loss	<u>(16,676)</u>	<u>(14,724)</u>
Non-Operating Revenues (Expenses):		
Rent income	56,360	48,739
Taxes and assessments	600,042	615,182
Investment income	4,182	43,075
Franchise fees	49,913	46,491
Interest expense	(33,131)	(38,675)
Other revenue	5,480	6,058
Stand by fees	22,003	21,564
Loss on disposal of capital assets		(100)
	<u>704,849</u>	<u>742,334</u>
Total non-operating revenues (expenses)		
Capital contributions - connection fees	<u>7,860</u>	<u>19,650</u>
Extraordinary Item:		
Abandonment of WWTP upgrade project (Note 10)	<u>(854,180)</u>	
Change in net position	<u>(158,147)</u>	<u>747,260</u>
Net position:		
Net position, beginning of fiscal year	12,393,620	11,664,567
Prior period adjustments		(18,207)
Net position, beginning of fiscal year-restated	<u>12,393,620</u>	<u>11,646,360</u>
Net position, end of fiscal year	<u>\$ 12,235,473</u>	<u>\$ 12,393,620</u>

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

CAYUCOS SANITARY DISTRICT
STATEMENT OF CASH FLOWS - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2013
With Comparative Totals for the Fiscal Year Ended June 30, 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 1,646,458	\$ 1,645,409
Payments to vendors	(869,689)	(767,771)
Payments to employees	(429,147)	(634,338)
	<u>347,622</u>	<u>243,300</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	608,241	623,265
Franchise fees	49,913	46,491
Stand by fees	22,003	21,564
Other revenue	5,480	6,058
	<u>685,637</u>	<u>697,378</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(483,818)	(550,724)
Proceeds from sale of capital assets		1,200
Principal paid on long-term debt	(103,765)	(98,254)
Interest paid on long-term debt	(33,896)	(39,408)
Connection fees	7,860	16,050
	<u>(613,619)</u>	<u>(671,136)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,665	46,355
Rent	56,360	48,739
Sale/purchase of investments	(718,197)	(655,546)
	<u>(659,172)</u>	<u>(560,452)</u>
Net (decrease) in cash and cash equivalents	(239,532)	(290,910)
Cash and cash equivalents, July 1	<u>3,603,256</u>	<u>3,894,166</u>
Cash and cash equivalents, June 30	<u>\$ 3,363,724</u>	<u>\$ 3,603,256</u>
Reconciliation to Statement of Net Position:		
Cash and investments - cash equivalents	\$ 3,320,002	\$ 3,581,175
Restricted cash and investments - cash equivalents	43,722	22,081
	<u>\$ 3,363,724</u>	<u>\$ 3,603,256</u>

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

CAYUCOS SANITARY DISTRICT
STATEMENT OF CASH FLOWS - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2013
With Comparative Totals for the Fiscal Year Ended June 30, 2012

	<u>2013</u>	<u>2012</u>
Reconciliation of operating loss to net cash provided		
by operating activities:		
Operating loss	\$ (16,676)	\$ (14,724)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	428,574	425,750
Change in net assets and liabilities:		
Accounts receivable	(5,960)	(11,940)
Prepays	(51)	(3,221)
Other receivables	(18,073)	9,718
Prepaid pension obligation	10,748	(107,485)
Payable to the City of Morro Bay	25,889	(23,850)
Accounts payables	(71,735)	(6,221)
Accrued expenses	(1,444)	(995)
Compensated absences	(3,375)	(22,423)
Customer deposits	(275)	(1,300)
Security deposit		(9)
	<u> </u>	<u> </u>
Net cash provided by operating activities	<u>\$ 347,622</u>	<u>\$ 243,300</u>

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

NOTE 1 - REPORTING ENTITY

The reporting entity is the Cayucos Sanitary District, which began operations in 1942, under the authorization of Section 6400 et. seq. of the Health and Safety Code of the State of California. The District operates under the direction of a board of directors who are elected by the residents of Cayucos. The District provides wastewater disposal services.

The District is a Sanitary District as defined under State Code Section: 61000. A Sanitary District is a public agency (State Code Section: 12463.1) which is a State instrumentality (State Code Section: 23706). State instrumentalities are exempt from federal and state income taxes.

There are no component units included in this report which meet the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and No. 61.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Accounting Policies - The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

- B. Accounting Method - The District is organized as an Enterprise Fund and follows the accrual method of accounting, whereby revenues are recorded as earned, and expenses are recorded when incurred.

- C. Fund Financial Statements - The fund financial statements provide information about the District's proprietary fund.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

GASB Statement No. 34, defines major funds and requires that the District's major business-type fund be identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either assets, liabilities, revenues or expenses equal to ten percent of their fund-type total and five percent of the grand total. The District maintains one proprietary fund.

Proprietary Fund Type

Enterprise Fund

Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District reported its enterprise fund as a major fund in the accompanying basic financial statements.

Sewer Utility Fund is to account for the provision of sewer services to residents of Cayucos.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- D. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash and restricted and unrestricted certificates of deposit with original maturities of three months or less.
- E. Property, Plant, and Equipment - Capital assets purchased by the District are recorded at cost. Contributed or donated capital assets are recorded at fair value when acquired.
- F. Depreciation - Capital assets owned by the District are depreciated over their estimated useful lives (ranging from 5-40 years) under the straight-line method of depreciation.
- G. Receivables - The District did not experience any significant bad debt losses; accordingly, no provision has been made for doubtful accounts, and accounts receivable is shown at full value.
- H. Unearned Revenue - The District bills customers in advance, thus amounts received prior to services being rendered by the District are recorded as unearned revenue.
- I. Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.
- J. Compensated Absences - Accumulated unpaid employee vacation and sick leave benefits are recognized as liabilities of the District. The amounts are included in current liabilities.
- K. Property Taxes
Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations - are established by the Assessor of the County of San Luis Obispo for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Collections - are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments.

Tax Levy Apportionments - Due to the nature of the District-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total District-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees - The State of California FY 90-91 Budget Act, authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.

Tax Levies - are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates - are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Restricted Net Position – Restricted net position are financial resources segregated for a special purpose such as construction of improvements and financing of debt obligations. These financial resources are for the benefit of a distinct group and as such are legally or contractually restricted.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

N. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

O. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 60

For the fiscal year ended June 30, 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to Service Concession Arrangements. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. Implementation of the GASB Statement No. 60, did not have an impact on the District's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 61

For the fiscal year ended June 30, 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 61 "The Financial Reporting Entity: Omnibus." This statement is effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for component units. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. Implementation of the GASB Statement No. 61, did not have an impact on the District's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

For the fiscal year ended June 30, 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This Statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. Implementation of the GASB Statement No. 62, did not have an impact on the District's financial statements for the fiscal year ended June 30, 2013.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 63

For the fiscal year ended June 30, 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement and the impact of the District's financial statements are explained in Note 2 – Net Position.

NOTE 3 - CASH AND INVESTMENTS

Investments are carried at fair value in accordance with GASB Statement No. 31. On June 30, 2013 and June 30, 2012, the District had the following cash and investments on hand:

	2013	2012
Cash on hand	\$ 175	\$ 175
Cash in banks	269,615	240,530
Investments	6,644,735	6,195,155
	<u>\$ 6,914,525</u>	<u>\$ 6,435,860</u>

Cash and investments listed above are presented on the accompanying basic financial statements, as follows:

Cash and investments-cash equivalents	\$ 3,320,002	\$ 3,581,175
Restricted cash and investments-cash equivalents	43,722	22,081
Cash and investments-non cash equivalents	3,550,801	2,832,604
	<u>\$ 6,914,525</u>	<u>\$ 6,435,860</u>

Investments Authorized by the California Government Code

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	N/A	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase and Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	5 years	15%	10%
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	N/A	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
State Registered Warrants, Notes, or Bonds	5 years	None	None
Notes and Bonds of other Local California Agencies	5 years	None	None

CAYUCOS SANITARY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Carrying Amount	2013			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
Mortgage pass-through securities	\$ 298,646	\$ -	\$ -	\$ -	\$ 298,646
Federal agency securities	2,027,330			2,027,330	
Negotiable certificates of deposit	1,023,391	1,023,391			
State investment pool (LAIF)	7,805	7,805			
Money market funds	3,287,563	3,287,563			
	<u>\$ 6,644,735</u>	<u>\$ 4,318,759</u>	<u>\$ -</u>	<u>\$ 2,027,330</u>	<u>\$ 298,646</u>

Investment Type	Carrying Amount	2012			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
Mortgage pass-through securities	\$ 355,798	\$ -	\$ -	\$ -	\$ 355,798
Federal agency securities	1,007,950			1,007,950	
Negotiable certificates of deposit	1,267,427	1,019,753	247,674		
State investment pool (LAIF)	7,782	7,782			
Money market funds	3,556,198	3,556,198			
	<u>\$ 6,195,155</u>	<u>\$ 4,583,733</u>	<u>\$ 247,674</u>	<u>\$ 1,007,950</u>	<u>\$ 355,798</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code and the District's investment policy, and the actual rating as of fiscal year end for each investment type.

CAYUCOS SANITARY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk (Continued)

Investment Type	Carrying Amount	Minimum Legal Rating	2013			
			Rating as of Fiscal Year End			
			AAA	A+	Baa	Not Rated
Mortgage pass-through securities	\$ 298,646	N/A	\$ 298,646	\$ -	\$ -	\$ -
Federal agency securities	2,027,330	N/A	2,027,330			
Negotiable certificates of deposit	1,023,391	N/A				1,023,391
State investment pool (LAIF)	7,805	N/A				7,805
Money market funds	3,287,563	N/A				3,287,563
	<u>\$ 6,644,735</u>		<u>\$ 2,325,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,318,759</u>

Investment Type	Carrying Amount	Minimum Legal Rating	2012			
			Rating as of Fiscal Year End			
			AAA	A+	Baa	Not Rated
Mortgage pass-through securities	\$ 355,798	N/A	\$ 355,798	\$ -	\$ -	\$ -
Federal agency securities	1,007,950	N/A	1,007,950			
Negotiable certificates of deposit	1,267,427	N/A				1,267,427
State investment pool (LAIF)	7,782	N/A				7,782
Money market funds	3,556,198	N/A				3,556,198
	<u>\$ 6,195,155</u>		<u>\$ 1,363,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,831,407</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments is as follows:

Investment Type	Reported Amount	
	2013	2012
Federal agency securities	\$ 2,027,330	\$ 1,007,950
Mortgage pass-through securities	\$ -	\$ 355,798

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CAYUCOS SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

As of June 30, 2013, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2013, the District's investments in the following types were held by the same broker-dealer (counterparty) that was used by the District to buy securities:

Investment Type	Reported Amount	
	2013	2012
Federal agency securities	\$ 2,027,330	\$ 1,007,950
Mortgage pass-through securities	\$ 298,646	\$ 355,798
Money market funds	\$ 3,287,563	\$ 3,556,198

Investment in State Pool (LAIF)

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 4 - SCHEDULE OF CAPITAL ASSETS

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2013, is shown below:

	Balance	Additions	Deletions	Transfers	Balance
	July 1, 2012				June 30, 2013
Land	\$ 157,132	\$ -	\$ -	\$ -	\$ 157,132
Building	1,243,019				1,243,019
Subsurface lines	1,956,780				1,956,780
Sewage collection facilities	1,757,517			78,591	1,836,108
Conveyance system	4,177,550			177,630	4,355,180
Sewage treatment facilities	5,542,407				5,542,407
Collection equipment	405,005				405,005
Office equipment	76,277	30,653			106,930
Trucks	104,896				104,896
Construction in progress	92,599	340,007		(256,221)	176,385
Construction in progress-WWTP alternatives analysis		19,579			19,579
Construction in progress-WWTP upgrade	804,048	50,132	854,180		
	16,317,230	440,371	854,180		15,903,421
Less accumulated depreciation	9,370,006	428,574			9,798,580
Net capital assets	\$ 6,947,224	\$ 11,797	\$ 854,180	\$ -	\$ 6,104,841

CAYUCOS SANITARY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2013

NOTE 4 - SCHEDULE OF CAPITAL ASSETS (Continued)

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2012, is shown below:

	Balance July 1, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
Land	\$ 157,132	\$ -	\$ -	\$ -	\$ 157,132
Building	350,427			892,592	1,243,019
Subsurface lines	1,934,605			22,175	1,956,780
Sewage collection facilities	1,760,943		3,426		1,757,517
Conveyance system	4,177,550				4,177,550
Sewage treatment facilities	5,542,407				5,542,407
Collection equipment	405,005				405,005
Office equipment	76,277				76,277
Trucks	104,896				104,896
Construction in progress	761,957	245,409		(914,767)	92,599
Construction in progress-WWTP	584,333	219,715			804,048
	<u>15,855,532</u>	<u>465,124</u>	<u>3,426</u>		<u>16,317,230</u>
Less accumulated depreciation	<u>8,946,385</u>	<u>425,750</u>	<u>2,129</u>		<u>9,370,006</u>
Net capital assets	<u>\$ 6,909,147</u>	<u>\$ 39,374</u>	<u>\$ 1,297</u>	<u>\$ -</u>	<u>\$ 6,947,224</u>

NOTE 5 – LOAN PAYABLE

On April 21, 2004, the District received a loan from Municipal Finance Corporation in the amount of \$1,500,000. The purpose of the loan was to refinance the 1982 Sewer Bonds in the amount of \$174,000, and to finance the reconstruction of pump station #2. The District will make semi-annual payments under the loan agreement of \$68,831 through April 29, 2019. The interest rate for the loan is 4.4%. Future debt service payments are as follows:

Fiscal Year Ending	Principal	Interest	Total
2014	\$ 107,190	\$ 30,472	\$ 137,662
2015	111,958	25,704	137,662
2016	116,938	20,724	137,662
2017	122,140	15,521	137,661
2018	127,573	10,088	137,661
2019	132,107	4,410	136,517
	<u>\$ 717,906</u>	<u>\$ 106,919</u>	<u>\$ 824,825</u>

NOTE 6 – LONG-TERM DEBT

The changes in long-term debt at June 30, 2013, is as follows:

	July 1, 2012	Additions	Retirements	Total	Balance June 30, 2013	
					Current	Long-Term
Loan payable	<u>\$ 821,671</u>	<u>\$ -</u>	<u>\$ 103,765</u>	<u>\$ 717,906</u>	<u>\$ 107,190</u>	<u>\$ 610,716</u>

The changes in long-term debt at June 30, 2012, is as follows:

	July 1, 2011	Additions	Retirements	Total	Balance June 30, 2012	
					Current	Long-Term
Loan payable	<u>\$ 919,925</u>	<u>\$ -</u>	<u>\$ 98,254</u>	<u>\$ 821,671</u>	<u>\$ 102,624</u>	<u>\$ 719,047</u>

NOTE 7 - COMPENSATED ABSENCES

As of June 30, 2013, it is estimated that the District's employees have \$16,338 of accumulated vested vacation time and sick leave. Accumulated unpaid employee vacation and sick leave benefits are recognized as liabilities of the District. The accumulated benefits will be liquidated in future years as employees elect to use them.

NOTE 8 - DISTRICT EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

Plan Description

The Cayucos Sanitary District's (the District) defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The PERS is part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes with the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members in PERS are required to contribute 8% of their annual covered salary and the District is required to contribute the actuarially determined rate. The actuarial methods and assumptions used are those adopted by CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2012/2013 was 13.914%. The contribution requirements of the plan members are established by State statute and employer contribution rate was established and may be amended by CalPERS. The Cayucos Sanitary District's contributions to CalPERS for the fiscal years ending June 30, 2013, 2012, and 2011, were \$49,020, \$50,897, and \$50,621, respectively, and equal 100% of the required contributions for each fiscal year.

In January 2012, the District paid to CalPERS \$107,485 towards its unfunded liability. This prepayment will be amortized over eleven years, beginning fiscal year 2012/13 through fiscal year 2022/23.

NOTE 9 - CONTINGENCIES

According to the District's attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

NOTE 10 - EXTRAORDINARY ITEM

The District and the City of Morro Bay shared costs for studies and planning to demolish the existing wastewater treatment plant (WWTP) and to construct a new WWTP (WWTP upgrade) on the same oceanfront site in the City of Morro Bay. The California Coastal Commission (CCC) subsequently determined the site was not consistent with the Local Coast Program (LCP) and denied the coastal development permit. The District's cost incurred for studies and planning for the WWTP upgrade project totaled \$854,180 at June 30, 2013.

CAYUCOS SANITARY DISTRICT

To: Board of Directors
FROM: Rick Koon, District Manager
DATE: November 11, 2013
SUBJECT: Discussion and Consideration of the Next Steps for the Investigation of the CMC site for Waste Disposal

DISCUSSION:

The Ad-Hoc Committee on Conceptual Alternatives Analysis for the Wastewater Treatment Plant Project has prepared the following outline of the next steps in investigating the Wastewater disposal possibilities for Cayucos.

The next steps may include:

- Identifying cost issues
- Conduct Interviews with Consultants
- Meet with Regulatory agencies
- Meet with Morro Bay representatives
- Develop Additional Alternatives

RECOMMENDATION:

Staff recommends the Board authorize the Ad-Hoc Committee to proceed with the next steps as outlined or modified during the discussion.

ATTACHMENTS:

None.



LAFCO - San Luis Obispo - Local Agency Formation Commission
SLO LAFCO - Serving the Area of San Luis Obispo County

TO: EACH INDEPENDENT SPECIAL DISTRICT
FROM: DAVID CHURCH, AICP, EXECUTIVE OFFICER
DATE: OCTOBER 22, 2013
SUBJECT: BALLOT FOR ALTERNATE LAFCO SPECIAL DISTRICT MEMBER

Three individuals have been nominated for the vacant LAFCO Alternate Special District position. The term for this position would expire in December 2017. The District's Board of Director's may select one of the following nominees:

- Dan Allen Gaddis, Nipomo Community Services District
- Barbara Bronson Gray, Cambria Healthcare District
- Mike Broadhurst, Upper Salinas-Las Tablas Resource Conservation District
- Robert Enns, Cayucos Sanitary District

District: _____

Agenda Date: _____

General Manager or President: _____

E-Mailed Ballot. The Government Code allows for the balloting to be conducted electronically by the LAFCO Executive Officer if it is not possible for the Selection Committee to achieve a quorum. The Special Districts Selection Committee agrees that completing the election electronically is appropriate because attaining a quorum is not possible.

Ballot Instructions. Each Independent Special District may vote for one nominee. The vote by a District must be considered by the District's Board of Directors as an item placed on its agenda. The District's selection must be submitted to the LAFCO office no later than **December 6, 2013** via one of the following ways:

- 1) An email indicating the meeting date, attached agenda, and selection considered by the Board of Directors;
- 2) A scanned pdf of this completed ballot attached to an email with one of the nominees selected and the meeting date it was considered, or
- 3) A fax of the ballot with a cover memo sent to LAFCO with one of the nominees selected and the agenda date of the Board's decision. FAX number 805-788-2072.

Please contact me directly at 788-2096 or dchurch@slolafco.com if you have any questions. Thank you.

cc: Members, Formation Commission

- COMMISSIONERS**
Chairman
MURIL CLIFT
Special District Member
- Vice-Chairman
KRIS VARDAS
City Member
- BRUCE GIBSON
County Member
- FRANK MECHAM
County Member
- TOM MURRAY
Public Member
- DUANE PICANCO
City Member
- MARSHALL OCHYLSKI
Special District Member
- ALTERNATES**
- ROBERTA FONZI
City Member
- DAVID BROOKS
Public Member
- VACANT
Special District Member
- VACANT
County Member
- STAFF**
- DAVID CHURCH, AICP
Executive Officer
- RAYMOND A. BIERING
Legal Counsel
- MIKE PRATER
Analyst
- DONNA J. BLOYD
Commission Clerk

Dan Allen Gaddis

Candidate for LAFCO
Alternative Special District Member

San Luis Obispo County Activities

- Presently Director: Nipomo Community Services District (NCSD) December 2010-Present
- Past Chairman: South County Advisory Council (SCAC) 2009-2010, served on SCAC for six years, 1997-2013
- Served on: Land Use Committee of SCAC for six years
- Served on: Traffic & Circulation Committee of SCAC for six years
- Served on: Nipomo Incorporation Committee for Education (NICE) researching possible incorporation of Nipomo as a city
- Past Big RAM (President): Five Cities Retired Active Men's Club (RAM's) 2011
- Past President of Nipomo Blacklake Gyro Club 2010-2011
- Past President: Kiwanis Club of Greater Nipomo 2005-2006
- Past President: Nipomo Newcomers Club 2004
- Member: American Legion

History

Retired in 1999 from employment in the Aerospace Industry; Raytheon Systems Company; as a Manager of Administration/Facilities. Previously had worked for Hughes Aircraft Company in the same Manager type position until Raytheon purchased Hughes.

Director Gaddis holds a Bachelor of Arts degree from Arizona State University, a Masters of Science in Public Administration from California State University Long Beach, and a Masters in Business Administration from Pepperdine University. He and his wife Betty have lived in Nipomo for 14 years.

Barbara Bronson Gray

Candidate for LAFCO Alternate Special District Member

Trustee, Cambria Community Healthcare District

Barbara Bronson Gray, RN, MN, has served as a trustee of the Oak Park Community Services District in Ventura County and is now a trustee of the Cambria Community Healthcare District. A graduate of UCLA (BS, MN), she is an expert in health care and communications. Barbara has written more than 2,000 articles for publications such as U.S. News & World Report, WebMD, Health, Ladies' Home Journal, Self, Shape, HealthDay, the Los Angeles Times and the Chicago Tribune. She served as vice president of the Amgen Foundation and was a leader of the global corporate communications team at Amgen. Barbara has consulted to the engineering and the sciences departments at UC Santa Barbara and UC Berkeley, California Lutheran University, and the Annenberg Foundation.

Dragon Spring Farm

Mike & Carol Broadhurst, Owners
6115 Santa Rosa Creek Road
Cambria, CA 93428
(805) 924-1260
email: mdbroadhurst@att.net

David Church
SLO LAFCO, Executive Officer
1042 Pacific Street Suite A
San Luis Obispo, CA 93401

Dear Mr. Church,

Currently board president, I have been nominated by the Upper Salinas-Las Tablas Resource Conservation District for the open LAFCO alternate special district member. I thought I would supplement the board's letter of nomination with a brief personal note outlining my experience and qualifications.

I retired early as Head of Research and Development for a major supplier of crop protection products in 2000. Since that time my wife and I have owned and operated a small farm east of Cambria. We sell exclusively at farmers' markets and to local restaurants. Since retiring, I've become increasingly active in the county, including,

- SLO County Farm Bureau since 2001, including a stint on the board of directors.
- I spent four years as President of the board of directors of the North County Farmers Market Association. My wife and I also took over management of Cambria's farmers market in 2007. This business generates the third largest revenue stream of county farmers' markets; the income supports the charitable work of the Cambria Lions Club.
- I have been a member of the WRAC since 2006, first as Alternate Agriculture at Large member and, since 2010, representing the RCD. I have been active on several subcommittees, and most recently the Integrated Regional Water Management subcommittee.
- I am currently a member of the California Department of Food and Agriculture's Certified Farmers Market Advisory Committee. This group advises the Department on farmers' market oversight and regulation statewide.
- I have been a member of the board for the US-LT RCD since 2009.

My personal interests revolve around water, land conservation, agriculture, land use, and creative writing. The US-LT RCD's geography covers roughly fifty percent of the county's agricultural production, and I believe I have a good understanding of the issues facing this group of growers. I further have faith in LAFCO's charge of protecting agriculture by steering development within existing municipal boundaries and feel the commission could benefit from more input from a connected member of the agricultural community.

Thank you for considering my nomination. I look forward to the election.

Sincerely yours,



Michael Broadhurst

Robert B. Enns

Candidate for LAFCO Alternative Special District Member

Board President, Cayucos Sanitary District

Robert has served on the Board of the Cayucos Sanitary District for 21 years and 18 years as the District's Board President. Under his leadership the District has built its reserves to over six times its annual budget in anticipation of required upgrades.

Through his service on the District Board and as President of Enns Construction, Inc.(General Engineering Contractor), Robert is well versed in land development issues and the importance of accountable stewardship of our County's resources.

Robert's past and present contributions to the community include:

Past CSDA Chapter President

Currently a licensed pilot, flies his own plane out of San Luis Obispo

Volunteers in multiple community activities

With a family background in agriculture, Robert holds a Bachelor of Science degree in Industrial Technology (1968) from Cal Poly, San Luis Obispo. He and his wife Lynn have lived in Cayucos since 1988.

CAYUCOS SANITARY DISTRICT

To: Board of Directors
FROM: Rick Koon, District Manager
DATE: November 11, 2013
SUBJECT: Consideration of Establishing an Ad-Hoc Committee to Review Allocation of Administrative Services Officer Functions

DISCUSSION:

As the Board of Directors is aware, the position of Administrative Services Officer has been eliminated. Over the past several months the intent has been to assign all of the duties and responsibilities of this position to other personnel in the District, including the District Manager and the Administrative Services Accounting Manager. In order to assure this has been accomplished, it is recommended that an Ad-Hoc Committee of two Board Members be established to work with the District Manager to review the responsibilities and make sure they have been absorbed by staff. In this respect, Section 4060.20 of the District's Policy Handbook provides that Ad-Hoc committees may be established for specific purposes and the Board is to determine the duties, function and term of the committee. It is suggested that the Ad-Hoc Committee provide the full Board with a report on its conclusions regarding the allocation of the Administrative Services Officer functions, after which it would be dissolved.

RECOMMENDATION:

Staff recommends the Board establish an Ad-Hoc Committee to Review the allocation of the Administrative Services Officer functions to other CSD staff.

ATTACHMENTS:

None.

CAYUCOS SANITARY DISTRICT

Agenda Item No. 8.A
11.21.2013

TO: Board of Directors
FROM: Rick Koon
District Manager
SUBJECT: Monthly Managers Report: October 2013
DATE: November 12, 2013

JPA Related Activities:

- Morro Bay posted the First Public Draft Options Report to the City website on October 29th. I emailed our Board members the web link to the report.

Committee Meetings:

- Ad-Hoc Committee on Conceptual Alternatives for the Wastewater Treatment Plant Project.

Administrative:

- Conducted regular Admin and Operations staff meetings.
- Reviewed conditional will-serves, extensions and inspected will-serve conditions.
- Worked with Rabobank to begin ACH banking for customer bills. We have had 9 customers sign up for ACH debits for the month of October.
- Reviewed Final audit for fiscal year 2012-2013.

Capital Projects:

- The Lift Station #3 Replacement Project was completed by Knowles construction on October 18th. In addition to the base contract costs, the Contractor has asked for approximately \$5,000.00 in extras. These charges are due to adverse soils conditions encountered while digging the wet well, select backfill around the wet well, removal of the original steel sleeve and large concrete structure used to make the transition under the highway. During construction the District added an additional \$8,500.00 for upgrading the fencing material and the addition of two gates. The District also had the Contractor install a permanent bypass line, added more base for off-street access and additional AC slurry coating used in front of neighboring driveways. Staff is still working with CSA-10A to place a water meter at the site.
- Staff is now working on several projects for completion this spring. At the top of the list is the replacement of the 15" siphon in Main street and the relocation of the Ocean street manhole next to the creek.

Operations & Maintenance

CIP:

- Drain old portion of force main and isolate from new force main @ LS #3
- Trench conduit lines for lighting and outlet @ LS #3
- Remove items useful as backups from old LS #3 dry well
- Set up Motor control center and dialer @ LS #3
- Install and set height of float and level indicator @ LS #3
- Upon inspection of portable generator transfer switch @ LS #3 staff found it inoperable due to faulty conduit install by electricians

Daily operations of note:

- Jetted 5,968 ft
- CCTV 1,715ft
- Marked 12 Underground Service Alerts
- Performed Scheduled maintenance at all lift stations; scraping, bleaching, testing generators and emergency dialer operation
- Staff has transitioned from full town jetting to targeting hot spots
- Perform maintenance and inspections on all back up pumps
- Inspect ball check valves @ new LS #3
- During routine CCTV work with new tractor cam staff found Cypress Glenn creek crossing to be choked down to less than 20% with grease. Staff immediately jetted and cleared a potential future SSO
- Staff utilized jetter to wash down new wet well @ LS# 3
- Staff adjusted tolerances on pump #1 @ LS #5
- Staff noticed a build-up of rust on the new generator @ LS #4, staff ground down rust, primed and painted with a high rust resistant metal paint. Also, due to the generator @ LS #3 being made from the same company we preemptively painted its base as well with a high rust resistant metal paint
- Dukes treated 4429 ft

Call outs:

- 10/13/13 Private lateral blockage. Plumbing contractor called out Mike @ 11:55pm

**CAYUCOS SANITARY DISTRICT/MORRO BAY
MONTHLY FLOW REPORT WITH CSD MONTHLY RAINFALL TOTALS**

	CAYUCOS			WWTP		CAYUCOS PERCENT	MORRO BAY PERCENT
	MONTHLY RAINFALL RAIN (IN)	MONTHLY FLOW(MG)	DAILY FLOW(MGD)	MONTHLY FLOW(MG)	DAILY FLOW(MGD)		
2012							
JAN	2.25	7.444	0.240	34.443	1.111	21.61%	78.39%
FEB	0.20	6.440	0.222	30.478	1.051	21.13%	78.87%
MAR	2.40	7.710	0.148	33.971	1.096	22.70%	77.30%
APR	0.45	8.573	0.286	35.523	1.184	24.13%	75.87%
MAY	-	7.390	0.238	33.393	1.077	22.13%	77.87%
JUN	-	7.687	0.256	40.101	1.337	19.17%	80.83%
JUL	-	9.832	0.317	46.989	1.516	20.92%	79.08%
AUG	-	8.192	0.264	34.343	1.108	23.85%	76.15%
SEP	-	6.825	0.228	28.167	0.939	24.23%	75.77%
OCT	1.40	6.788	0.219	27.793	0.897	24.42%	75.58%
NOV	0.70	6.295	0.210	26.892	0.896	23.41%	76.59%
DEC	4.05	8.023	0.259	29.608	0.955	27.10%	72.90%
		91.199	2.886	401.701	13.167	274.81%	925.19%
ANNUAL	11.45						
AVERAGES	TOTAL	7.600	0.241	33.475	1.097	22.90%	77.10%

2013							
JAN	2.50	8.141	0.263	31.654	1.021	25.72%	74.28%
FEB	0.50	6.431	0.230	27.890	0.962	23.06%	76.94%
MAR	0.65	7.342	0.237	30.827	1.027	23.82%	76.18%
APR	0.20	7.122	0.237	28.201	0.940	25.25%	74.75%
MAY	-	6.311	0.204	28.627	0.923	22.04%	77.96%
JUN	-	6.493	0.216	29.489	0.983	22.02%	77.98%
JUL	-	10.290	0.332	34.606	1.116	29.73%	70.27%
AUG	-	8.119	0.262			#DIV/0!	#DIV/0!
SEP	-	6.770	0.226			#DIV/0!	#DIV/0!
OCT	-	6.529	0.211			#DIV/0!	#DIV/0!
NOV						#DIV/0!	#DIV/0!
DEC						#DIV/0!	#DIV/0!
ANNUAL	3.85						

CAYUCOS SANITARY DISTRICT

Check Register

For the Period of Oct 1, 2013 to Oct 31, 2013

Agenda Item No. 8.B.1

11.21.2013

Check #	Date	Check Register		
16382	10/1/13	POSTMASTER	10200	557.22
16383	10/4/13	ADVANTAGE ANSWERING PLUS INC	10200	69.95
16384	10/4/13	CHARTER COMMUNICATIONS	10200	64.95
16385	10/4/13	CAYUCOS GAS & MINI MART	10200	521.15
16386	10/4/13	CHARTER COMMUNICATIONS	10200	30.73
16387	10/4/13	PROJECT SERVICES INC.	10200	6,120.00
16388	10/4/13	EXECUTIVE JANITORIAL, INC.	10200	161.00
16389	10/4/13	FIA CARD SERVICES	10200	28.10
16390	10/4/13	THE GAS COMPANY	10200	18.67
16391	10/4/13	SIMPLOT GROWER SOLUTIONS	10200	6,869.04
16392	10/4/13	MID-STATE CONCRETE PRODUCTS LLC	10200	38,073.11
16393	10/4/13	ANITA REBICH	10200	61.54
16394	10/4/13	N BRENT KNOWLES	10200	24,355.89
16395	10/11/13	DANIEL P. CHIVENS	10200	182.70
16396	10/11/13	ROBERT B. ENNS	10200	182.70
16397	10/11/13	MICHAEL R. FOSTER	10200	182.70
16398	10/11/13	DANIEL R. LLOYD	10200	182.70
16399	10/11/13	SHIRLEY LYON	10200	182.70
16400	10/11/13	PERSHING, LLC	10200	1,305.06
16401	10/11/13	AT&T	10200	512.36
16402	10/11/13	MORRO ROCK MUTUAL WATER CO	10200	62.34
16403	10/11/13	PASO ROBLES BEACH WATER ASSOC	10200	76.80
16404	10/11/13	PG&E	10200	3,086.77
16405	10/11/13	COLONIAL LIFE	10200	107.36
16406	10/11/13	AFLAC	10200	33.42
16407	10/11/13	CITY NATIONAL BANK	10200	68,830.70
16408	10/11/13	FERGUSON ENT. INC	10200	1,896.12
16409	10/11/13	MIRACLE EMBROIDERY	10200	194.40
16410	10/11/13	AL'S SEPTIC PUMPING SERVICE INC	10200	315.00
16411	10/11/13	FASTENAL COMPANY	10200	628.78
16411V	10/11/13	FASTENAL COMPANY	10200	-628.78
16412	10/11/13	OASIS EQUIPMENT RENTAL	10200	120.00
16413	10/11/13	CORELOGIC INC	10200	2.50
16414	10/11/13	FASTENAL COMPANY	10200	628.78
16415	10/15/13	COAST NATIONAL BANK	10200	247,000.00
16416	10/18/13	CAYUCOS SANITARY DISTRICT	10200	156.00
16417	10/18/13	AT&T MOBILITY	10200	112.14
16418	10/18/13	AMERIPRIDE UNIFORM SERVICES	10200	233.26
16419	10/18/13	CRYSTAL SPRINGS WATER	10200	36.60
16420	10/18/13	XEROX CORPORATION	10200	267.05
16421	10/18/13	MINER'S ACE HARDWARE	10200	229.85
16422	10/18/13	CARMEL & NACCASHA LLP	10200	2,737.50
16423	10/18/13	ALLIED ADMIN FOR DELTA DENTAL	10200	518.80
16424	10/18/13	SLO COUNTY TAX COLLECTOR	10200	202.00
16425	10/18/13	MULTI BUSINESS SYSTEMS	10200	1,015.81
16426	10/18/13	ALPHA FIRE & SECURITY ALARM CORP	10200	105.00
16427	10/18/13	STAPLES CONTRACT & COMM'L	10200	63.73
16428	10/18/13	MID-STATE CONCRETE PRODUCTS LLC	10200	1,780.44
16429	10/18/13	CSA 10-A	10200	119.79
16430	10/18/13	STEVE GOLDING	10200	200.00
16431	10/18/13	XYLEM WATER SOLUTIONS USA, INC.	10200	4,289.29
16432	10/18/13	NELSON'S GARAGE INC	10200	266.48
16433	10/18/13	FASTENAL COMPANY	10200	198.70
16434	10/25/13	TekTegrity	10200	329.00
16435	10/25/13	CITY OF MORRO BAY	10200	149,720.88

Check #	Date	Check Register		
16436	10/25/13	CITY OF MORRO BAY	10200	171.32
16437	10/25/13	HEALTHSMART BENEFIT SOLUTIONS	10200	155.36
16438	10/25/13	MARTIN CROAD	10200	52.00
16449	10/18/13	MOSS, LEVY & HARTZHEIM CPAs LLP	10200	880.00
DD101113-1	10/11/13	JONATHAN W. COLLINS	10200	1,628.80
DD101113-2	10/11/13	DANIELLE C. CRAWFORD	10200	1,257.70
DD101113-3	10/11/13	NICK E. LAKEY	10200	1,174.79
DD101113-4	10/11/13	NANCY J. MARTIN	10200	254.68
DD101113-5	10/11/13	MIKE J. MERRILL	10200	1,311.72
DD101113-6	10/11/13	ANITA L. REBICH	10200	781.18
DD101113-7	10/11/13	ROBERT S. TENNENT	10200	1,421.42
DD102513-1	10/25/13	JONATHAN W. COLLINS	10200	1,589.40
DD102513-2	10/25/13	DANIELLE C. CRAWFORD	10200	1,257.70
DD102513-3	10/25/13	NICK E. LAKEY	10200	1,174.79
DD102513-4	10/25/13	NANCY J. MARTIN	10200	254.68
DD102513-5	10/25/13	MIKE J. MERRILL	10200	1,351.69
DD102513-6	10/25/13	ANITA L. REBICH	10200	781.18
DD102513-7	10/25/13	ROBERT S. TENNENT	10200	1,421.42
EPYMT DEFCOMI	10/11/13	PERS	10200	918.00
EPYMT DEFCOMI	10/25/13	PERS	10200	918.00
EPYMT EDD PR10	10/11/13	EMPLOYMENT DEVELOPMENT DEPT	10200	390.99
EPYMT EDD PR10	10/25/13	EMPLOYMENT DEVELOPMENT DEPT	10200	377.61
EPYMT EDD PR8/	10/23/13	EMPLOYMENT DEVELOPMENT DEPT	10200	6.00
EPYMT FED PR10	10/11/13	RABOBANK	10200	2,835.33
EPYMT FED PR10	10/25/13	RABOBANK	10200	2,671.49
EPYMT FED PR8/	10/23/13	RABOBANK	10200	91.82
EPYMT PERS PR	10/11/13	PERS	10200	2,170.82
EPYMT PERS PR	10/25/13	PERS	10200	2,170.82
EPYMT352352	10/10/13	CalPERS	10200	3,566.78
Total				597,636.27

**CAYUCOS SANITARY DISTRICT
SUMMARY OF CASH, SAVINGS & INVESTMENTS
OCTOBER 31, 2013**

Agenda Item No. 8.B.2
11.21.2013

	BEG. BALANCE INVESTMENTS 10/01/2013	INCOME	DEPOSITS	(WITHDRAWALS)	UNREALIZED CHANGE	END BALANCE INVESTMENTS 10/31/2013
RESERVE FUND	\$ 5,700,967	\$ 1,270	-	-	\$ 3,743	\$ 5,705,980
CAPITAL FUND	49,029	0	1,305	-		50,334
CD INVESTMENTS	1,000,255	407	-	-		1,000,663
LAIF	7,805	5	-	-		7,810
TOTAL INVESTMENTS	6,758,056	1,683	1,305	-	3,743	6,764,787
RABOBANK CHECKING/CAF	288,784	5	483,641	(611,838)		160,592
RABOBANK - MCD Security Deposit	25,000	1		(1)		25,000
TOTAL CASH & INVESTMENTS	\$ 7,071,840	\$ 1,689	\$ 484,946	\$ (611,839)	\$ 3,743	\$ 6,950,379

	BALANCE 6/30/2013	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL YTD
INVESTMENTS BEGINNING BALANCE	6,619,785					6,619,785
INCOME		6,970	1,683			8,653
DEPOSITS		130,306	1,305			131,611
WITHDRAWALS		-	-			
UNREALIZED GAIN/LOSS		994	3,743			4,737
INVESTMENTS TOTALS	6,619,785	138,271	6,731	-	-	6,764,787

**CAYUCOS SANITARY DISTRICT
SUMMARY OF CASH, SAVINGS & INVESTMENTS
OCTOBER 2013**

	BEGINNING ACCT VALUE 10/01/2013	INCOME			PRINCIPAL PAY DOWNS (SWEEP)	DEPOSITS	3RD PARTY CKS DRAWN/ CHARGES	INTER-ACCT TRANS	MATURED SECURITIES (REDEMPTIONS)	INVESTMENT PURCHASES	CHNG IN MARKET VALUE	ENDING ACCT VALUE 10/31/2013
		INTEREST/ DIVIDENDS	BOND INTEREST (SWEEP)	CDs INTEREST								
ASSOC. SECURITIES CORP. (SHANLEY):												
- CORE INVESTMENTS												
Cash, Money	\$3,183,291.59	\$0.00	\$1,269.48	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$3,309.29	\$3,187,870.36
Funds, FDIC Deposits												
Fixed Income	\$2,316,239.28	\$0.00	\$1,269.48 (\$1,269.48)		\$0.00		\$0.00	\$0.00		\$0.00	\$0.00 \$433.43	\$2,316,672.71
Mutual Funds	\$201,435.96	\$0.90					\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$201,436.86
Sub-Total	\$5,700,966.83	\$0.90	\$1,269.48	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,742.72	\$5,705,979.93
LAIF:	\$7,805.03	\$5.05						\$0.00				\$7,810.08
RABOBANK:												
Checking Account	\$288,695.76	\$4.68				\$483,641.43	(\$611,838.03)	\$0.00				\$160,503.84
Cafeteria Plan Account	\$88.22					\$0.00	\$0.00	\$0.00				\$88.22
GIRARD SECURITIES (SHANLEY):												
- CAPITAL FACILITIES FUND												
Cash, Money	\$49,028.66	\$0.00				\$1,305.06		\$0.00				\$50,333.72
Funds, FDIC Deposits						\$0.00						
Mutual Funds	\$0.00	\$0.11										\$0.11
Sub-Total	\$49,028.66	\$0.11				\$1,305.06	\$0.00	\$0.00				\$50,333.83
MCD SEC.DEPOSIT	\$25,000.00	\$0.94					(\$0.94)	\$0.00				\$25,000.00
SUBTOTAL	\$6,071,584.50	\$10.74	\$1,269.48	\$0.00	\$0.00	\$484,946.49	(\$611,838.97)	\$0.00	\$0.00	\$0.00	\$3,742.72	\$5,949,715.90

Note: Beginning and ending balances reflect asset value of District's account on a settlement date basis using a market value approach.

**CAYUCOS SANITARY DISTRICT
SUMMARY OF CASH, SAVINGS & INVESTMENTS
OCTOBER 2013**

	PURCHASE DATE	TERM	INTEREST RATE	BEGINNING BALANCE 10/01/2013	CD's INTEREST	3RD PARTY CKS DRAWN/ CHARGES	INTER-ACCT TRANSFERS	MATURED SECURITIES (REDEMPTIONS)	INVESTMENT PURCHASES	ENDING ACCT BALANCE 10/31/2013
CoastHills Credit Union CD	12/30/11	1 Year	0.50%	\$251,433.73	\$106.77			\$0.00	\$0.00	\$251,540.50
CoastHills Credit Union C/A	12/30/08			\$5.00						\$5.00
1st California Bank CD	12/31/11	1 Year	0.39%	\$248,493.70	\$82.31			\$0.00	\$0.00	\$248,576.01
Coast Nat'l Bank-SLO CD	10/15/13	2 Years	0.55%	\$247,000.00	\$62.08			\$0.00	\$0.00	\$247,062.08
Heritage Oaks Bank CD	05/30/12	2 Years	0.75%	\$250,006.46	\$156.26			\$0.00	\$0.00	\$250,162.72
Heritage Oaks Bank C/A	12/31/08			\$50.00						\$50.00
Heritage Oaks/Coast Nat'l CD	10/06/11	2 Years	1.25%	\$250,266.54	\$848.75			(\$251,115.29)	\$0.00	\$0.00
SUBTOTAL				\$1,000,255.43	\$1,256.17	\$0.00	\$0.00	\$0.00	\$0.00	\$997,396.31
TOTAL CASH, SAVINGS & INVESTMENTS				\$7,071,839.93						\$6,947,112.21

Note: Beginning and ending balances reflect asset value of District's account on a settlement date basis using a market value approach.

CD = Certificate of Deposit
C/A = Checking Account

Cayucos Sanitary District
YTD BUDGET OVERVIEW FY 13-14
 10/31/2013

Agenda Item No. 8.B.3
 11.21.2013

	PRIOR YEAR ACTUAL FY 12-13	APPROVED BUDGET FY 13-14	ACTUAL REV / EXP FY 13-14	MAJOR ACCRUAL ESTIMATES	ACT/ACCR REV / EXP FY 13-14	PERCENT YTD FY 13-14	PROJECTED ANNUAL FY 13-14
SEWER RELATED INCOME	\$ 1,700,629	\$ 1,637,320	\$ 569,846		\$ 569,846	35%	\$ 1,637,320
TAX INCOME	588,863	596,000	62,827		62,827	11%	596,000
INVESTMENT INCOME	37,460	30,000	9,574		9,574	32%	30,000
OTHER INCOME	97,939	95,000	22,132		22,132	23%	95,000
TOTAL INCOME	\$ 2,424,891	\$ 2,358,320	\$ 664,379	\$ -	\$ 664,379	28%	\$ 2,358,320
PAYROLL - ADMIN	284,300	237,883	77,705		77,705	33%	237,883
PAYROLL - MAINT	191,775	209,091	68,741		68,741	33%	209,091
PAYROLL - PERS SAVINGS PAYDOWN	10,749	10,749	-	3,583	3,583	33%	10,749
PROFESSIONAL SERVICES - ADMIN	82,530	93,000	18,270	6,435	24,705	27%	93,000
TOTAL PAYROLL	\$ 569,354	\$ 550,723	\$ 164,716	\$ 10,018	\$ 174,734	32%	\$ 550,723
OPERATIONS & MAINT EXP	105,614.0	248,800.0	29,417		29,417	12%	248,800
WWTP EXPENSE	306,593	825,000	149,721	125,279	275,000	33%	825,000
WWTP CORRECTIONS	-	-	-		-		-
OTHER OPERATING EXP	180,524	173,972	69,605		69,605	40%	173,972
DEPRECIATION EXPENSE	469,200	510,000	170,000		170,000	33%	510,000
TOTAL EXPENSES	\$ 1,631,285	\$ 2,308,495	\$ 583,459	\$ 135,297	\$ 718,756	31%	\$ 2,308,495
NET INCOME/(LOSS)	\$ 793,606	\$ 49,825	\$ 80,920	\$ (135,297)	\$ (54,377)		\$ 49,825

As of: 10/31/13 The annual percent completion is :

33%

	PRIOR YEAR ACTUAL	APPROVED BUDGET	ACTUAL REV / EXP	PERCENT YTD	PROJECTED ACTUAL
ACCOUNT TYPE	FY 12-13	FY 13-14	FY 13-14	FY 13-14	FY 13-14
SEWER RELATED INCOME	\$1,700,629	\$1,637,320	\$569,846	34.80%	\$1,637,320
TAX INCOME	588,863	596,000	62,827	10.54%	596,000
INVESTMENT INCOME	37,460	30,000	9,574	31.91%	30,000
OTHER INCOME	97,939	95,000	22,132	23.30%	95,000
TOTAL INCOME	\$2,424,891	\$2,358,320	\$664,379	28.17%	\$2,358,320
Gross Wages - Admin	213,840	176,983	56,447	31.89%	176,983
Employee Health - Admin	25,803	24,068	8,684	36.08%	24,068
Employee Retirement - Admin	28,925	24,670	8,304	33.66%	24,670
Payroll Taxes - Admin	15,732	12,162	4,270	35.11%	12,162
TOTAL PAYROLL - Admin	\$284,300	\$237,883	\$77,705	32.67%	\$237,883
Gross Wages - Maint & Op	139,593	155,498	51,748	33.28%	155,498
Employee Health - Maint & Op	22,699	22,000	7,283	33.10%	22,000
Employee Retirement - Maint & Op	18,550	19,900	5,819	29.24%	19,900
Payroll Taxes - Maint & Op	10,933	11,693	3,891	33.28%	11,693
TOTAL PAYROLL - Maint & Op	\$191,775	\$209,091	\$68,741	32.88%	\$209,091
PAYROLL - PERS PAYDOWN	\$10,749	\$10,749	\$0	0%	\$10,749
Professional Services Admin	\$82,530	\$93,000	\$18,270	20%	\$93,000
O & M Expenses	64,385	207,100	16,752	8.09%	207,100
Telephone - Maint	6,673	6,700	1,975	29.48%	6,700
Utilities - Maint	34,556	35,000	10,690	30.54%	35,000
Total Maintenance Cost	\$105,614	\$248,800	\$29,417	11.82%	\$248,800
WWTP	306,593	825,000	149,721	18.15%	825,000
WWTP - Corrections	-	-	-	-	-
Auto & Trucks	6,893	8,000	1,366	17.08%	8,000
Dues & Subscriptions	4,978	5,050	965	19.11%	5,050
Commercial Ins/Wrk Comp	38,091	34,000	23,410	68.85%	34,000
Interest	33,896	30,472	15,819	51.91%	30,472
Misc Business	661	1,000	28	2.80%	1,000
Office Admins	25,028	32,100	7,374	22.97%	32,100
SUTA	990	2,000	-	0.00%	2,000
Professional Services	42,910	29,900	11,476	38.38%	29,900
Business Exp	-	500	-	0.00%	500
Permits & Licenses	4,553	4,900	-	0.00%	4,900
Rent	210	350	210	0.00%	350
Taxes & Assessments	10,761	7,900	7,517	95.15%	7,900
Telephone - Admin	2,467	2,400	461	19.20%	2,400
Prof. Development Admin + Board	4,572	11,000	-	0.00%	11,000
Utilities - Admin	4,514	4,400	979	22.25%	4,400
TOTAL OTHER OPERATING EXP	\$180,524	\$173,972	\$69,605	40.01%	\$173,972
Depreciation	\$469,200	\$510,000	\$170,000	33.33%	\$510,000
TOTAL EXPENSE	\$1,631,285	\$2,308,495	\$583,459	25.27%	\$2,308,495

	A	B	D	AB	AC	BC	BD	BE	BF
1	CAYUCOS SANITARY DISTRICT								
2	YTD BUDGET OVERVIEW FY 13-14								
3	10/31/13								
4							33.00%		
5				PRIOR YEAR	APPROVED	ACTUAL	Percent		PROJECTED
6				ACTUAL	BUDGET	REV / EXP	YTD		ANNUAL
7	G/L Account ID	Account Description	Account Type	FY 12-13	FY 13-14	FY 13-14	FY 13-14		FY 13-14
8	40000, 40500	Sewer User Fee (net of refunds)	Income	\$1,668,251	1,600,000	\$554,299	35%		1,600,000
9	41000, 41500	Sewer Standby Fee (net of refunds)	Income	22,003	21,600	6,512	30%		21,600
10	42000, 43000	Sewer Connection and Permit Fees	Income	10,375	15,720	9,035	57%		15,720
11			SEWER RELATED INCOME	1,700,629	1,637,320	569,846	35%		1,637,320
12									
13	44000	Rent Income	Income	42,815	42,000	10,580	25%		42,000
14	45000, 45100	Solid Waste Franch and Recycl Dev Pgm Fe	Income	54,974	53,000	11,552	22%		53,000
15	46000	Taxes & Assessments	Income	588,863	596,000	62,827	11%		596,000
16	47000	Interest Income	Income	37,460	30,000	9,574	32%		30,000
18	47500,51000, 51500,60	Other Income	Income	150	-	-	0%		-
19	60500		TAXES & OTHER INCOME	724,262	721,000	94,533	13%		721,000
20									
21			INCOME TOTAL	\$2,424,891	\$2,358,320	\$664,379	28%		\$2,358,320
22									
23									
24	600M0	Autos&Trucks (Gas & Oil)	Expenses	6,142	5,500	1,246	23%		5,500
25	601M0	Autos&Trucks - Repairs	Expenses	751	2,500	120	5%		2,500
26			AUTOS&TRUCKS SUB-TOTAL	6,893	8,000	1,366	17%		8,000
27									
28	61000	Depreciation	Expenses	469,200	510,000	170,000	33%		510,000
29	63000	Dues & Subs	Expenses	4,978	5,050	965	19%		5,050
30									
31	650A0	Gross Wages-Regular	Expenses	177,066	147,556	49,681	34%		147,556
32	651A0	Gross Wages-Overtime & Extra Hours	Expenses	-	-	-	0%		-
33	653A0	Gross Wages-CafPlan Pay	Expenses	18,139	11,427	4,367	38%		11,427
34	65400	Gross Wages-Directors	Expenses	8,900	15,000	2,400	16%		15,000
35	657-9A0, 657-9M0	Accrued Leave (Vac & SL) Payout	Expenses	9,735	3,000	-	0%		3,000
36			GROSS WAGES ADMIN SUB-TOTAL	213,840	176,983	56,447	32%		176,983
37									
38	650M0	Gross Wages-Regular - Maint	Expenses	118,606	130,708	43,667	33%		130,708
39	651M0, 654M0	Gross Wages-Overtime & Callout - Maint	Expenses	1,556	3,000	811	27%		3,000
40	65200	Gross Wages-Standby Pay - Maint	Expenses	14,670	15,300	5,110	33%		15,300
41	653M0	Gross Wages-CafPlan Pay - Maint	Expenses	4,761	6,490	2,160	33%		6,490
42			GROSS WAGES -M&O SUB-TOTAL	139,593	155,498	51,748	33%		155,498
43									
44	66000	Ins-Comm'l Pkg	Expenses	21,697	20,500	20,259	99%		20,500
45	66100	Ins-Wkrs Comp	Expenses	16,394	13,500	3,151	23%		13,500
46	662A0, 670A0	Ins - Hlth (Incl Emplr-Pd CafPlan)- Admin	Expenses	25,803	24,068	8,684	36%		24,068
47	662M0,670M0	Ins - Hlth (Incl Emplr-Pd CafPlan)- Maint	Expenses	22,699	22,000	7,283	33%		22,000
48			INSURANCE SUB-TOTAL	86,593	80,068	39,377	49%		80,068
49									
50	68000	Interest	Expenses	33,896	30,472	15,819	52%		30,472
51									
52	68500,68600	Misc Business Exp	Expenses	661	1,000	28	3%		1,000
53									
54	79000	WWTP	Expenses	306,593	825,000	149,721	18%		825,000

	A	B	D	AB	AC	BC	BD	BE	BF
1	CAYUCOS SANITARY DISTRICT								
2	YTD BUDGET OVERVIEW FY 13-14								
3	10/31/13								
4							33.00%		
5				PRIOR YEAR	APPROVED	ACTUAL	Percent		PROJECTED
6				ACTUAL	BUDGET	REV / EXP	YTD		ANNUAL
7	G/L Account ID	Account Description	Account Type	FY 12-13	FY 13-14	FY 13-14	FY 13-14		FY 13-14
55	79100	WWTP - Corrections	Expenses	-	-	-			-
56									
57	69000	Contract Labor	Expenses	4,539	10,000	-	0%		10,000
58	69500	Empl Training	Expenses	1,948	3,500	-	0%		3,500
59	70000	Equip Rent	Expenses	-	2,500	-	0%		2,500
60	71000	Equipment (Critical Parts Inventory)	Expenses	-	10,000	-	0%		10,000
61	71500	Equip R & M (incl repl parts)	Expenses	13,776	10,000	308	3%		10,000
62	71700	Pump Replacement	Expenses	-	26,500	4,289	16%		26,500
63	72000	Generator Fuel	Expenses	1,733	2,000	-	0%		2,000
64	73000,74000,78000	Hdw & Supp (incl sm tools)	Expenses	4,787	5,000	911	18%		5,000
65	74100	Laundry (incl boot allowance)	Expenses	5,024	4,400	1,061	24%		4,400
66	75000	Line Cleaning	Expenses	8,956	13,000	96	1%		13,000
67	76000,66200	Safety Supp & Mat'l's	Expenses	1,593	3,000	434	14%		3,000
68	80000	Chemicals	Expenses	19,344	20,000	6,869	34%		20,000
69	81000	USA Alert	Expenses	150	200	153	76%		200
70	82000	Video Lines	Expenses	2,535	7,000	-	0%		7,000
71		Operating Contingency Reserve (10%)	Expenses	-	58,000	-	0%		58,000
72			O&M SUB-TOTAL	64,385	175,100	14,121	8%		175,100
73	83100	Special Projects:							
74		Air Relief Valves	Expenses	-	-	-			
75		Manhole Reconditioning	Expenses	9,384	15,000	1,961	13%		15,000
76		Flow Metering - Lift Station #'s 1 and 4	Expenses	-	-	-			
77		WW Flow I&I Analysis:							
78		Engineering	Expenses	-	1,500	-	0%		1,500
79		Equipment-Video	Expenses	-	10,000	-	0%		10,000
80		Sewer Map Replacement Sheets	Expenses	310	1,000	-	0%		1,000
81		Capital Reserve Study	Expenses	-	2,500	-	0%		2,500
82		Solid Waste Clean Up	Expenses	1,000	2,000	670	33%		2,000
83			SPECIAL PROJ SUB-TOTAL	10,694	32,000	2,631	8%		32,000
84									
85			O&M TOTAL	75,079	207,100	16,752	8%		207,100
86									
87	84000	Ans Svc	Expenses	839	1,000	280	28%		1,000
88	84100	Copy & Dup	Expenses	680	1,000	160	16%		1,000
89	84210	Office - Equip Rent	Expenses	2,675	3,000	893	30%		3,000
90	84300	Office - Equip Repr/Repl	Expenses	406	1,000	-	0%		1,000
91	84400, 83200	Janitorial & Bldg Maintenance	Expenses	2,286	5,000	803	16%		5,000
92	84500	Postage	Expenses	9,025	11,600	2,747	24%		11,600
93	84600	Print & Advtg	Expenses	3,845	4,000	1,366	34%		4,000
94	84700	Supplies	Expenses	4,371	4,500	883	20%		4,500
95	84800, 84900, 85300	Svc Chg, Misc Exp	Expenses	901	1,000	241	24%		1,000
96			OFFICE ADMIN SUB-TOTAL	25,028	32,100	7,374	23%		32,100
97									
98	851A0, 852A0, 855A0	Payroll Taxes (Emplr-Pd) - Admin	Expenses	15,732	12,162	4,270	35%		12,162
99	851M0, 852M0	Payroll Taxes (Emplr-Pd) - Maint	Expenses	10,933	11,693	3,891	33%		11,693
100			PAYROLL TAXES SUB-TOTAL	26,665	23,855	8,161	34%		23,855

	A	B	D	AB	AC	BC	BD	Bf	BF
1	CAYUCOS SANITARY DISTRICT								
2	YTD BUDGET OVERVIEW FY 13-14								
3	10/31/13								
4									
5									
6									
7	G/L Account ID	Account Description	Account Type	PRIOR YEAR ACTUAL FY 12-13	APPROVED BUDGET FY 13-14	ACTUAL REV / EXP FY 13-14	33.00% Percent YTD FY 13-14		PROJECTED ANNUAL FY 13-14
101									
102	853A0	PERS Retirement - Admin	Expenses	28,925	24,670	8,304	34%		24,670
103	853M0, 854M0	PERS Retirement - Maint	Expenses	18,550	19,900	5,819	29%		19,900
104	85301	PERS Paydown Cost Savings Measure		10,749	10,749	-	0%		10,749
105			PERS RETIRE SUB-TOTAL	58,224	55,319	14,123	26%		55,319
106									
107	85400	SUTA	Expenses	990	2,000	-	0%		2,000
108									
109	86000	Professional Svcs-Acctg	Expenses	4,740	5,000	2,880	58%		5,000
110	86100	Professional Svcs-Engineer	Expenses	-	3,000	-	0%		3,000
111	86200	Professional Svcs-Legal	Expenses	31,218	15,000	7,280	49%		15,000
112	86300	Professional Svcs-Computer Prog	Expenses	6,559	6,500	1,316	20%		6,500
113	86400	Professional Svcs-Other	Expenses	393	400	-	0%		400
114			PROF SVCS SUB-TOTAL	42,910	29,900	11,476	38%		29,900
115									
116	86600	Professional Svcs-Administration	Expenses	82,530	93,000	18,270	20%		93,000
117									
118	87000	Business Exp	Expenses	-	500	-	0%		500
119	87500	Permits & Licenses	Expenses	4,553	4,900	-	0%		4,900
120	88000, 71600	Rent	Expenses	210	350	210	60%		350
121	88500	Taxes & Assessments	Expenses	10,761	7,900	7,517	95%		7,900
122			OTHER BUSINESS EXP-TOTAL	15,524	13,650	7,727	57%		13,650
123									
124	890A0	Telephone	Expenses	2,467	2,400	461	19%		2,400
125	890M0	Telephone	Expenses	6,673	6,700	1,975	29%		6,700
126			TELEPHONE SUB-TOTAL	9,140	9,100	2,436	27%		9,100
127									
128	90000	Professional Development (BOD)	Expenses	-	6,500	-	0%		6,500
129	900A0	Professional Development (ADMIN)	Expenses	4,572	4,500	-	0%		4,500
130			PROF DEVELOP SUB-TOTAL	4,572	11,000	-	0%		11,000
131									
132	910A0, 930A0, 940A0	Utilities: Elect, Gas, Water, Sewer, Cable	Expenses	4,514	4,400	979	22%		4,400
133	910M0, 930M0, 940M0	Utilities: Elect, Gas, Water, Sewer, Cable	Expenses	34,556	35,000	10,690	31%		35,000
134			UTILITIES SUB-TOTAL	39,070	39,400	11,669	30%		39,400
135									
136		EXPENSES TOTAL		\$1,641,979	\$2,308,495	\$583,459	25%		\$2,308,495
137									
138			Revenue	\$2,424,891	\$2,358,320	\$664,379	28%		\$2,358,320
139			Expenses	\$1,641,979	\$2,308,495	\$583,459	25%		\$2,308,495
140			Net Income	\$782,912	\$49,825	\$80,920			\$49,825

CAYUCOS SANITARY DISTRICT
CAPITAL IMPROVEMENT PROJECTS SUMMARY
 10/31/2013

	Budget FY 13-14	Actual thru 10/31/2013	Accruals	Year to Date Actual & Accrued	Percent YTD 10/31/2013	Projected District Actuals 10/31/2013
<u>CAPITAL OUTLAY:</u>						
O & M Work Order/Inventory Computer Program	17,000	0		0	0.00%	17,000
GIS System Program	9,000	0		0	0.00%	9,000
Main Line Camera System	63,000	62,209		62,209	98.74%	63,000
Sub-Total	89,000	62,209	0	62,209		89,000
<u>CAPITAL IMPROVEMENT PROJECTS:</u>						
Force Main Air Relief Valve Liftstation #5	15,000	0		0	0.00%	15,000
15" Siphon Redesign Liftstation #5	8,000	0		0	0.00%	8,000
Cypress Glenn Easement & Creek Crossing	10,000	0		0	0.00%	10,000
LS#4 Multismart Meter Install	9,000	0		0	0.00%	9,000
Liftstation #3 Upgrade	307,628	90,216	65,851	156,067	50.73%	307,628
Sewer Main Creek Crossing Refurbishments	50,000	0		0	0.00%	50,000
Lucerne Main and Manhole Realignment	150,000	0		0	0.00%	150,000
Freeway Crossings Cleaning & Repair	110,000	0		0	0.00%	110,000
Main Street Line Cleaning & Video Inspection	10,000	1,948		1,948	19.48%	10,000
Main Street Manhole Repair	15,000	0		0	0.00%	15,000
Sub-Total	684,628	92,164	65,851	158,015		684,628
DISTRICT CAPITAL PROJECTS	TOTALS	773,628	154,373	65,851	220,224	773,628

CAYUCOS SANITARY DISTRICT														
CAPITAL IMPROVEMENT PROJECTS														
FY 2013/2014														
	PRIOR	DISTRICT	TOTAL PROJECT	BUDGET	DISTRICT	PROJECTED	FY 2013/2014					FY 2013/2014	TOTAL PAID	TOTAL PROJECT
	YEARS'	BUDGET	COST	CARRYOVER	BUDGET	ACTUAL	JUL 2013	AUG 2013	SEP 2013	OCT 2013	NOV 2013	DEC 2013	FY 13-14	COSTS TO DATE
	COSTS	FY 12/13	THRU FY 12/13	FROM FY 12/13	FY 13/14	FY 2013-2014								
CAPITAL OUTLAY:														
O & M Work Order/Inventory Computer Program	\$ 0	\$ 17,000	\$ 0	\$ 17,000	\$ 17,000	\$ 17,000							\$ 0	\$ 0
GIS System Program	\$ 0	\$ 9,000	\$ 0	\$ 9,000	\$ 9,000	\$ 9,000							\$ 0	\$ 0
Main Line Camera System	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,000	\$ 63,000		\$ 62,209					\$ 62,209	\$ 62,209
PROJECT TOTAL	\$ 0	\$ 26,000	\$ 0	\$ 26,000	\$ 89,000	\$ 89,000	\$ 0	\$ 62,209	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,209	\$ 62,209
CAPITAL IMPROVEMENT PROJECTS:														
Force Main Air Relief Valve Liftstation #5		\$ 15,000		\$ 15,000	\$ 15,000	\$ 15,000							\$ 0	\$ 0
15" Siphon Redesign Liftstation #5		\$ 8,000		\$ 8,000	\$ 8,000	\$ 8,000							\$ 0	\$ 0
Cypress Glenn Easement & Creek Crossing		\$ 10,000		\$ 10,000	\$ 10,000	\$ 10,000							\$ 0	\$ 0
LS#4 Multismart Meter Install		\$ 0		\$ 0	\$ 9,000	\$ 9,000							\$ 0	\$ 0
PROJECT TOTAL	\$ 0	\$ 33,000	\$ 0	\$ 33,000	\$ 42,000	\$ 42,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Liftstation #3 Upgrade														
Equipment	\$ 81,370	\$ 185,000	\$ 81,370	\$ 103,630	\$ 103,630	\$ 103,630		\$ 4,425	\$ 4,168	\$ 42,753			\$ 51,345	\$ 132,715
Construction and Demolition	\$ 54	\$ 180,000	\$ 54	\$ 179,946	\$ 179,946	\$ 179,946				\$ 24,871			\$ 24,871	\$ 24,925
Environmental Studies/Permits/Engineering	\$ 10,949	\$ 35,000	\$ 10,949	\$ 24,051	\$ 24,051	\$ 24,051		\$ 14,000					\$ 14,000	\$ 24,949
PROJECT TOTAL	\$ 92,372	\$ 400,000	\$ 92,372	\$ 307,628	\$ 307,628	\$ 307,628	\$ 0	\$ 18,425	\$ 4,168	\$ 67,623	\$ 0	\$ 0	\$ 90,216	\$ 182,588
Sewer Main Creek Crossing Refurbishments	\$ 0	\$ 50,000	\$ 0	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PROJECT TOTAL	\$ 0	\$ 50,000	\$ 0	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lucerne Main and Manhole Realignment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 150,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PROJECT TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 150,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Freeway Crossings Cleaning & Repair	\$ 0	\$ 0	\$ 0	\$ 0	\$ 110,000	\$ 110,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PROJECT TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 110,000	\$ 110,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Main Street Line Cleaning & Video Inspection	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,000	\$ 10,000	\$ 0	\$ 0	\$ 1,948	\$ 0	\$ 0	\$ 0	\$ 1,948	\$ 1,948
PROJECT TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,000	\$ 10,000	\$ 0	\$ 0	\$ 1,948	\$ 0	\$ 0	\$ 0	\$ 1,948	\$ 1,948
Main Street Manhole Repair	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,000	\$ 15,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PROJECT TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,000	\$ 15,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
DISTRICT CAPITAL PROJECTS TOTAL	\$ 92,372	\$ 509,000	\$ 92,372	\$ 416,628	\$ 773,628	\$ 773,628	\$ 0	\$ 80,633	\$ 6,116	\$ 67,623	\$ 0	\$ 0	\$ 154,373	\$ 246,745

CAYUCOS SANITARY DISTRICT

200 Ash Avenue
P.O. Box 333, Cayucos, California 93430-0333
805-995-3290

Customer Satisfaction Survey

The Cayucos Sanitary District is committed to providing the best customer service possible to persons doing business with the District. Please take a moment to fill out the following survey. Your feedback is greatly appreciated.

1) Date: 10/24/13

2) Please circle the item that best describes your recent interaction with the District:

Bill Payment (Sewer Lateral) Will Serve

Encroachment Permit Change of Address Other: VIDEO INSP. OF LATERAL

3) Please rate the following based on:

1 = Poor; 2 = Fair; 3 = Good; 4 = Excellent; N/A = not applicable

- Promptness: 4

- Courtesy: 4

- Efficiency: 4

- Helpful Attitude: 4

- Knowledge: 4

- Information given about the process: 4

- How would you rate our service overall? (4+)

4) Do you have any suggestions to improve our service?

NONE. THE GUYS WERE VERY PROMPT AND EFFICIENT. FOR BOTH INSPECTIONS, JON AND HIS CREW ARRIVED ON-TIME AND COMPLETED THE INSPECTION IN MINUTES.

5) Please use the additional space for any other comments you may have. Your suggestions, ideas, and feedback are appreciated.

THANKS FOR PROVIDING THE VIDEO INSPECTION & LATERAL LOCATION. YOU GUYS SAVED ME MANY HOURS OF HARD WORK AND PROVIDED EXCELLENT SERVICE AND ADVICE.

6) Would you like to have someone from the District contact you at this time to clarify any questions or concerns you now have? NOT NEEDED, BUT THANKS

Name: ZEKE DELLAMAS Address: 2939 ORVILLE AVE, CAYUCOS

Contact #: 748-1903

Anita Rebich

From: Zeke deLlamas [zcd0528@sbcglobal.net]
Sent: Friday, October 25, 2013 12:28 PM
To: clerk1csd@cayucossd.org
Subject: Video inspection and locating at 2939 Orville Ave
Attachments: dellamas cust survey.pdf

Hi all

Just wanted to say thanks for all of the help. By providing the video inspection, you saved me countless hours of digging when trying to find the lateral. By providing a complete view of the system, I was able to remedy the situation for the short term and now have some good info to develop a long term game plan.

Jon and his crew were great to work with. They responded to my first request on very short notice and did the job promptly and efficiently. Once I installed a new cleanout and did a more complete cleaning, they came back out on short notice for a follow up inspection in which they were able to access a section of pipe that couldn't be reached.

Jon was easy going and was able to answer all of the question that I had. We are lucky to have a crew like that in town. It's this kind of service that makes Cayucos such a great place to live. Keep up the great work guys.

Thanks again

Zeke

CAYUCOS SANITARY DISTRICT
200 Ash Avenue
PO Box 333, Cayucos, CA 93430-0333
805-995-3290

GOVERNING BOARD
R. B. Enns, President
D. Chivens, Vice-President
S. Lyon, Director
M. Foster, Director
D. Lloyd, Director

**REGULAR MEETING
MINUTES
Thursday, October 17, 2013
6:00 p.m.**

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 6:00 p.m.
Board members present: President Robert Enns, Vice-President Dan Chivens, Director Shirley Lyon and Director Dan Lloyd. Director Michael Foster was absent.
Staff present: District Manager Rick Koon and Administrative Services Accounting Manager Anita Rebich

2. PUBLIC COMMENTS

President Enns opened the meeting to Public Comments.
Sandy Tannler, Morro Bay - Mentioned the upcoming Supervisor race and new candidate Muril Clift, she asked if we had thought about having him here to talk to the Board.
Sue Moyer, Cayucos and Sandy Tannler, Morro Bay – Inquired on where we're at with the WWTP

3. UPDATE FROM THE AD-HOC COMMITTEE ON CONCEPTUAL ALTERNATIVES ANALYSIS FOR WASTEWATER TREATMENT PLANT PROJECT

It was reported that we are awaiting Morro Bay's report and have no further information to provide at this time.

4. CONSIDERATION TO APPROVE INVOICES FROM THE CITY OF MORRO BAY

A. 4TH QUARTER 2012/13 WWTP UPGRADE INVOICE IN THE AMOUNT OF \$171.32

The Board inquired as to why we are getting a bill this late in the game, Manager Koon explained it was due to a late invoice submittal by Dudek to the City of Morro Bay.

MOTION: 1st by Lloyd, 2nd by Chivens to Approve the Payment of \$171.32 for 4th Qtr 2012/13 WWTP Upgrade Invoice from the City of Morro Bay.

VOTE: 4-0 Motion passed

B. 4TH QUARTER 2012/13 WWTP OPERATIONS AND MAINTENANCE INVOICE IN THE AMOUNT \$149,720.88

MOTION: 1st by Chivens, 2nd by Lloyd to Approve the Payment of \$149,720.88 for 4th Qtr 2012/13 WWTP Operations and Maintenance Invoice from the City of Morro Bay.

VOTE: 4-0 Motion passed

5. DISCUSSION AND CONSIDERATION TO ADOPT INVESTMENT POLICY FOR FISCAL YEAR 2013/14

Manager Koon highlighted the main changes and clarifications to the policy, and stated that we worked closely with Heather at Tim Carmel's office on the changes. Manager Koon further clarified that the Finance Committee is a standing committee and public notice of all meetings will be required. Manager Koon added

that Finance Committee members must remain engaged due to the time sensitive matter of investments. Director Lloyd inquired on a definition in the language of the policy and also if we were looking at hiring an outside consultant to audit policy compliance. Manager Koon said that could be done and would be up to the Finance Committee to decide.

MOTION: 1st by Lloyd, 2nd by Lyon to Adopt the Investment Policy for Fiscal Year 2013/14

VOTE: 4-0 Motion passed

6. STAFF COMMUNICATIONS AND INFORMATION ITEMS (NO ACTION REQUIRED):

A. Manager Koon's report was accepted as presented. An update was given on the MMRP progress at the WWTP, and the automatic bill pay via ACH is progressing through Rabobank. Lift Station #3 is fully functional with the punch list items being fencing and water meter installation. President Enns was overjoyed to finally see this project get done and applauded Manager Koon on his knowledge, procedure and tenacity to get it done right and in a timely manner. President Enns stated he would like to revisit the flow totals that MWH worked with for the WWTP Upgrade project; our July flow of .332 is a significant number.

7. CONSENT CALENDAR

A. Approval of Minutes for the September 19, 2013 Board of Directors Meeting

MOTION: 1st by Lloyd, 2nd by Chivens to Approve the 9/9/2013 Minutes as presented.

VOTE: 4-0 Motion passed

8. BOARD MEMBER COMMENTS

Director Chivens said our siphon at the north end of Morro Bay would be a good project to look at soon. Manager Koon stated we've cleaned it, next we'll video then we can evaluate what needs to be done. This project is part of the CIP budget for this fiscal year.

9. SCHEDULED MEETINGS

A. **Morro Bay-Cayucos Wastewater Treatment Plant (JPA) Meeting:** *Date:* TBA,
Hosted by City of Morro Bay, *Location:* TBA, *Time:* 6:00pm

10. SCHEDULE AGENDA ITEMS FOR THE November 21, 2013 BOARD MEETING

Lisa McGrath from MLH will be here to present the FY 2012-13 Final Audit.

11. ADJOURNMENT

The meeting adjourned at 6:42 p.m.

Minutes recorded by: _____
Anita Rebich, Clerk to the Board