

FINANCE COMMITTEE MEETING
APPROVED MINUTES

April 18, 2012

DIRECTORS PRESENT: Lou Reinkens and Judy Friedman

COMMITTEE/STAFF PRESENT: Cindy Gustafson, General Manager
Ramona Cruz, Treasurer/Director of Accounting & Employee Services
Kelli Twomey, Dir. of Resource Development & Community Relations
Matt Homolka, District Engineer
Tony Laliotis, Director of Utilities
Bob Bolton, Director of Parks and Recreation
Terri Viehmann, District Clerk

The meeting was called to order at 8:05 a.m.

1. Department Activity Report

Ms. Cruz highlighted the Springbrook V7 migration status. Staff will be extremely busy with the migration during the first two weeks of May. Migration should be complete by May 15th. A calendar containing the migration action steps was distributed.

The email migration process was completed this past weekend. There were no major issues.

2. Audit Progress

Ms. Cruz reported that we will have a draft audit report by the end of next week. She distributed and reviewed the tentative and preliminary financials.

3. Draft Unaudited Financial Statement

Ms. Cruz reviewed the general fund balance. The reporting format is now in the required GASB 54 format. This is slightly different than last year's audit format. The net change is a positive change of \$500,000 to the government funds. The discussion for the Board is how much of these funds do we want to reserve for long term capital reserves. In the past the Board has transferred some of these unassigned funds to the Enterprise Fund. To meet our GASB 54 Policy over \$700,000 must be left as our minimum unassigned fund balance. That amount will cover around 90 days of expenditures. Staff will come back in May with recommendations regarding cash flow and reserve balances. The Lake Forest Water Company arbitration will affect the recommendations.

The property tax reserve is money put away for non-water customers. The major

We will need to conduct a public notice and hearing in May to set the District appropriation limits for 2012.

4. Investment Schedule

There was no discussion.

5. Grant Status Report

Ms. Cruz reported that the District has \$1.2 million dollars of outstanding grant funding to collect. The majority of the outstanding billing is for the Lake Forest Water Company acquisition. Ms. Gustafson commented that the \$450,000 from the Prop 50 grant cannot be billed until 90 days after the grant has been received and the project has begun. She also noted that the grant would have to be reimbursed if the District does not acquire the Lake Forest Water Company. It was noted that staff has implemented a process to bill grant reimbursables on a consistent schedule.

6. 2012 Cash Flow Projection

Ms. Cruz highlighted the comments at the bottom of the spreadsheet which highlight major capital items in the spreadsheet. Actual capital numbers are put into the spreadsheet. Ms. Cruz has spoken with Plumas Bank regarding a line of credit. It will cost \$5,000 to open the line of credit. She is not going to open the line of credit until it is needed because of the cost involved. It can be established quickly.

7. CalPERS – Change in long term earnings rate

CalPERS lowered their earnings rate. The rate goes into effect July 2013, so we have time to plan for the impact. The District may see up to a 2% hike. Ms. Cruz is closely monitoring the long-term impact of this change. It will be reviewed with the 2013 budget.

8. Bell's Landing Contract – Possessory Interest

Ms. Cruz noted that all tax exempt property rented by a private enterprise is required to pay possessory interest taxes. The District annually reports all leases held by the District to the County Assessor's office. The lease for Bells Landing has never been reported. The County is required by County Code to assess and collect back taxes for the past 7 years. The estimated outstanding possessory fee payment is approximately \$8,000. Staff recommends that the District consider paying the \$8,000 for back taxes. The lessee's will pay all taxes going forward. It was the District's responsibility to report to the county. The lessee was unaware of the requirement. The committee agreed to support this recommendation.

9. Bills Paid and Payable Approval

There were no questions.

10. General Manager Expense Report Approval

It was noted that the District credit card number was published with the backup documents for the expense report. The card will be cancelled immediately and reissued.

11. Public Form

There was no public input.

12. Meeting Review and Staff Direction

Auditors will present (via conference call) an update at the May Finance Committee.

Ms. Cruz distributed a check that was received by staff that contained profanity. Staff's concern is that a hostile work environment is not created. Director Friedman suggested that the sheriff's office be contacted when written threats are received by staff.

13. Adjournment

The meeting was adjourned at 8:48 a.m.

Prepared by Terri Viehmann

Terri Viehmann, District Clerk