

CALAVERAS COUNTY WATER DISTRICT FINANCE COMMITTEE MEETING

AGENDA

Committee Meeting
Monday September 25, 2023
1:00 p.m. PDT

Calaveras County Water District
120 Toma Court
San Andreas, California 95249

Board Chambers are open to the public and the following alternative is available to members of the public who wish to participate in the meeting virtually:

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ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. **PUBLIC COMMENT:** Comments limited to three minutes per person.
2. **APPROVAL OF MINUTES:** For the meeting of August 15, 2023.
3. **NEW BUSINESS**
 - 3a. Report on the Monthly Financial Reports for August 2023
(Jeffrey Meyer, Director of Administrative Services)
 - 3b. Internal Loan Payment for FY 2022-23
(Jeffrey Meyer, Director of Administrative Services)
4. **OLD BUSINESS**

- 4a. Audit Management Letter
(Jeffrey Meyer, Director of Administrative Services)
- 4b. Discussion* Reminder Notices
(Kelly Richards, Business Services Manager)
- 4c. Discussion* Customer Assistance Plan (CAP)
(Kelly Richards, Business Services Manager)

5. DIRECTOR OF ADMINISTRATIVE SERVICES COMMENTS

6. GENERAL MANAGER COMMENTS

7. DIRECTOR COMMENTS

8. FUTURE AGENDA ITEMS

9. NEXT COMMITTEE MEETING

10. ADJOURNMENT

Minutes

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The following Committee Members were present:

Scott Ratterman	Director
Bertha Underhill	Director

Staff Present:

Jeffrey Meyer	Director of Administrative Services
Mark Rincon-Ibarra	District Engineer
Damon Wyckoff	Director of Operations
Kelly Richards	Business Services Manager

Public Present: None.

ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

Meeting called to order at 1:00 p.m., the Pledge of Allegiance was led by President Ratterman.

1a. Public Comment: none.

2a. Approval of Minutes: For the meeting of July 18, 2023.

3a. New Business:

3a. Tyler Software Costs:

Mr. Meyer provided an overview of the processes for which the District uses Tyler. Mr. Meyer explained that Tyler is used for Utility Billing (UB) and Springbrook is used for Finance, Accounts Payable, Project Management and Fixed Assets. ADP is used for HR/Payroll. The initial plan was to implement Tyler for all processes, however the District has held off until the UB system is fully implemented. The FY22-23 Costs to date for Tyler are \$48,305.30. The Transaction Fees for the year are \$228,985.98, which have been offset with \$56,123.00 collected from credit card and eCheck fees. The District implemented the credit card and eCheck fees in February, 2023.

There was a discussion regarding whether Tyler is working for the District, or whether the District should begin looking for alternative systems. There is still a question as to whether Tyler has caused issues, or if implementation errors caused issues. Per Mr. Minkler the District is still in the process of determining if Tyler is working for the District.

Director Ratterman would like a full accounting of all costs to be brought to the full Board by October and a plan moving forward to be brought to the full Board by the end of the year (December 31).

3b. Item 3b was moved to the next meeting.

4a. Report of Deferred FY23-24 Budget Items

Mr. Meyer reported on the Report of Deferred Budget Items which are on hold until after the Public Hearing regarding the Rate Adjustment. Director Underhill asked if there are any items on the deferred list that would cause a safety concern. Mr. Minkler and Wyckoff explained that the deferred list is mainly made up of vehicles, a vac trailer and ArcFlash. The vehicles and ArcFlash could be considered both efficiency and safety items.

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4b. Update of R&R Rate Ordinance and Policies

Mr. Meyer presented a draft ordinance, 2023-02, using minimum thresholds. Directors Ratterman and Underhill approved bringing the ordinance to the full Board.

4c. Update on Reminder and Penalty Procedures

Ms. Richards presented that the District is fully prepared to move forward with past due reminders and penalties, and staff are working to determine the best time to implement in light of updated rates.

4d. Audit Management Letter

There are no further updates. Director Ratterman asked Mr. Meyer to bring back a list of what has been updated.

4e. Rate Study

Mr. Minkler reviewed the process and dates for the Rate Study.

Public Comment: Ralph Copeland asked the District to expand on Copperopolis projects and describe the reserves needed to continue to obtain funding. Mr. Meyer explained that the ability to get both funding and grants is predicated on having adequate reserves and funding operations.

5. Director of Administrative Services Comments:

None.

6. General Manager Comments:

Mr. Minkler thanked the Administrative Services team for the hard work on the Rate Study, including community meetings.

7. Director Comments:

Director Ratterman had no comments.

Director Underhill stated that Directors have not already made up their mind regarding the Rate Adjustment.

5a. Future Agenda Items:

- a. Social Media Policy.
- b. Tyler Presentation – October.
- c. Budget.
- d. Property Tax placement of Sewer Bills.

6a. Next Committee Meeting:

Tuesday September 25, 2023 at 1:00 pm (subject to change)

7a. Adjournment:

Meeting adjourned at 2:33 p.m.

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Respectfully Submitted,

Catherine Eastburn, Accountant II

Approved:

Jeffrey Meyer, Director of Administrative Services

DRAFT

3a

August 2023 Budget Status Report (Pre-Audit)

The Budget Status Report represents a standard of analysis to identify material issues with the understanding that line-item variances are normal, and the areas of concern are isolated to **Account Types** that are at least 5% over or under the benchmark. These amounts are subject to change pending the District's annual audit.

The following charts analyze the trends related to this fiscal year's revenues and operating expenses. The prior two years are presented as the Full fiscal year and the current year is presented as Actuals through the Period month. The comparison of Year-to-Date activity versus budget further identifies if there are any impending issues.

District Operating Revenues (Water & Sewer Funds)

Non-Operating Account Revenue Summary				Period 2	Benchmark	
Account Type	Fiscal Year			Current OP Budget	Remaining Balance	17% Of Budget
	2022	2023	2024			
W01-Sales & Charges	14,172,301.56	14,497,481.79	2,566,446.28	16,804,612.00	14,238,165.72	15.27%
W02-Water/Sewer Fees	54,599.00	53,900.47	3,823.00	30,000.00	26,177.00	12.74%
W03-Misc. Operating Revenue	232,886.73	176,454.31	65,666.77	162,000.00	96,333.23	40.54%
X01-Property Tax/Assmt Rev	3,145,790.36	3,320,347.20		3,529,992.00	3,529,992.00	0.00%
X02-Grant Revenue	54,442.52			-	-	0.00%
X03-Interest Income	(1,580,903.39)	11,777.53	3,358.53	15,000.00	11,641.47	22.39%
X05-Power Sales	710,135.39	1,032,955.52	210,049.31	1,054,800.00	844,750.69	19.91%
X06-Other Revenue	1,245,812.64	533,203.90		1,040,360.00	1,040,360.00	0.00%
X30-Transfers In	995,065.71	5,902,417.04		4,067,141.00	4,067,141.00	0.00%
Grand Total	19,030,130.52	25,528,537.76	2,849,343.89	26,703,905.00	23,854,561.11	10.67%

Analysis of District Revenues identifies the following accounts to note:

Miscellaneous Operating Revenue

W03-Misc. Operating Revenue	232886.73	176454.31	65666.77	162,000.00	96,333.23	40.54%
4200-Inspection Fees	857	627		5,000.00	5,000.00	0.00%
44200-Backflow Certification Testing	1077	2933	61	4,000.00	3,939.00	1.53%
44500-Repair Labor/Materials	48148.13	12265.31		25,000.00	25,000.00	0.00%
44510-Reimbursable Expense	89915.91	93006.19	25579.64	93,000.00	67,420.36	27.50%
44900-Other Water/Sewer Charges	-435	19.09		-	-	0.00%
48190-Miscellaneous Operating Rev	86160.18	24668.21	37439.81	35,000.00	(2,439.81)	106.97%
54610-Miscellaneous Income	7163.51	42935.51	2586.32	-	(2,586.32)	0.00%

Developer activity is higher than expected. Backflow testing is not completed until later in the year.

Interest Income

X03-Interest Income	-1580903.39	11777.53	3358.53	15,000.00	11,641.47	22.39%
51100-Interest Income/CCWD Invest	-641.76	11777.53	3358.53	15,000.00	11,641.47	22.39%
51700-Net Mark to Market Value	-1580261.63			-	-	0.00%

Non-Operating Fund Revenue (all funds except Water & Sewer Operating)

Non-Operating Account Revenue Summary			Period 2	
Account Type	Fiscal Year	2022	2023	2024
W01-Sales & Charges		4,618,837.75	4,613,799.72	823,965.05
41010-Capital R&R-Sewer		1,216,996.04	1,222,535.35	204,338.95
41010-Capital R&R-Water		3,401,841.71	3,382,214.39	619,596.73
41300-Water Sales Slurry Line			9,049.98	29.37
W03-Misc. Operating Revenue		136,500.00	861.87	
48190-Miscellaneous Operating Rev			861.87	
54610-Miscellaneous Income		136,500.00		
X01-Property Tax/Assmt Rev		790,891.94	766,869.58	
52100-Property Taxes		555,146.53	585,943.63	
52200-Assessment Revenue		235,745.41	180,925.95	
X02-Grant Revenue		1,808,702.27	1,873,018.88	
54510-Grant Revenue/Federal Agencies		1,131,178.38	419,133.20	
54520-Grant Revenue/State Agencies		541,023.89	1,453,885.68	
54530-Grant Revenues/Other Agencies		136,500.00		
X03-Interest Income		127,376.68	1,146,306.36	259,231.04
51100-Interest Income/CCWD Invest		96,228.85	1,142,059.41	259,231.04
51200-Interest Income/Trusteed Funds		32.44	4,246.95	
51500-Interest Income-Loans		31,115.39		
X04-Expansion/Assemt Fees		1,144,659.56	915,725.50	47,386.00
52410-Expansion Fees		1,144,659.56	915,725.50	47,386.00
X06-Other Revenue		19,286.10	25,000.00	
52210-Assessment Admin.		-		
52230-Prepaid Assessment Revenue		19,286.10		
52270-Redemption Premium Revenue		-		
52220-Assessment Revenue - Forclsur			25,000.00	
X30-Transfers In		25,681,087.16	14,470,942.68	3,703,363.03
59100-Transfer In From Funds		25,681,087.16	14,470,942.68	3,703,363.03
Grand Total		34,327,341.46	23,812,524.59	4,833,945.12

The above table represents all District revenues received to date in the category of non-operating, such as Capital R&R, CIP, and Expansion Funds. These revenues are often restricted to specific purposes. Please note that the historical/prior years are the FULL year, while the current year ACTUALS reflect the beginning of the year through the current fiscal period.

District Operating Expenses

Overall Expenses at the end of August are below the 17% benchmark. Please note that some accounts will track low at the start of the year as invoices are accrued in the prior year. This report is pre-audit, and the amounts are subject to change.

Operating Account Expense Summary					Period 2	Benchmark	
Prior Years=Full Year, Current Year = Actual to Date		Fiscal Year ↕			Current	Remaining	17.00%
Account Type ↕	2022	2023	2024	Budget	Balance	Of Budget	
Y01-Sal/Wage/Benefits	10,140,463	10,821,249	1,822,084	12,554,608	10,732,524	14.51%	
Y02-Utility Service	1,227,616	2,247,173	222,756	2,385,045	2,162,289	9.34%	
Y03-Materials/Supplies	1,611,633	1,556,277	208,686	1,712,030	1,503,344	12.19%	
Y04-Outside Services	944,745	861,393	110,862	1,197,472	1,086,610	9.26%	
Y05-Professional Services	677,921	558,055	52,104	834,750	782,646	6.24%	
Y06-Vehicle/Equipment	599,246	554,214	72,465	538,150	465,685	13.47%	
Y07-Office Expenses	180,272	169,043	24,639	-	(24,639)	0.00%	
Y08-Travel/Training	51,843	108,465	4,416	105,550	101,134	4.18%	
Y10-Purchased Water	477,495	412,075		-	-	0.00%	
Y11-Retired Employee	(7,537,854)	737,017	126,407	767,000	640,593	16.48%	
Y12-Bad Debts	17,585	98,389	14,321	40,000	25,679	35.80%	
Y13-Misc Op Expenses	1,602,674	1,311,174	481,714	-	(481,714)	0.00%	
Y14-Amort/Depr	4,797,158			-	-	0.00%	
Y15-Director Costs	128,092	144,979	20,187	160,494	140,307	12.58%	
Y16-Legal	277,230	301,955	7,515	245,000	237,485	3.07%	
Z02-Debt Repayment	370,223	4,001,756	301,961	3,212,861	2,910,900	9.40%	
Z03-Capital Equipment	658,275	671,359	22,842	808,482	785,640	2.83%	
Z04-Misc Non Operating	16,731	54,175	424	13,500	13,076	3.14%	
Z30-Transfers Out	23,699,740			-	-	0.00%	
Grand Total	39,941,088	24,608,749	3,493,383	26,685,234	23,191,851	13.09%	

As of August 31, 2023, the expenses, *in total*, are below the seventeen percent (17%) benchmark for the fiscal year.

See each department for detailed explanations.

DEPARTMENTAL EXPENSE REPORTS

Dept 50 – Non-Departmental

Operating Account Expense Summary						Period 2	Benchmark
Prior Years=Full Year, Current Year = Actual to Date		Fiscal Year			Current	Remaining	17.00%
Account Type	2022	2023	2024	Budget	Balance	Of Budget	
Y02-Utility Service	29,845	37,669	3,953	30,460	26,507	12.98%	
Y03-Materials/Supplies	54,912	40,757	1,933	40,300	38,367	4.80%	
Y04-Outside Services	72,757	71,921	9,090	139,182	130,092	6.53%	
Y05-Professional Services		1,393		-	-	0.00%	
Y11-Retired Employee	(7,537,854)	737,017	126,407	767,000	640,593	16.48%	
Y13-Misc Op Expenses	280,267	315,059	167,661	-	(167,661)	0.00%	
Z02-Debt Repayment	370,223	4,001,756	301,961	3,212,861	2,910,900	9.40%	
Z03-Capital Equipment	0	23,677		-	-	0.00%	
Z04-Misc Non Operating	13,353	14,924		13,500	13,500	0.00%	
Grand Total	(6,716,497)	5,244,174	611,005	4,750,216	4,139,211	12.86%	

Analysis shows that Non-Departmental (Department 50) expenses are below the benchmark target of seventeen percent (17%). There are no accounts to note.

Dept. 54 - Utility Services

Operating Account Expense Summary						Period 2	Benchmark
Prior Years=Full Year, Current Year = Actual to Date		Fiscal Year			Current	Remaining	17.00%
Account Type	2022	2023	2024	Budget	Balance	Of Budget	
Y01-Sal/Wage/Benefits	7,140,378	7,637,213	1,242,470	7,973,159	6,730,689	15.58%	
Y02-Utility Service	1,197,771	2,209,504	218,803	2,354,585	2,135,782	9.29%	
Y03-Materials/Supplies	1,469,952	1,400,537	203,251	1,527,070	1,323,819	13.31%	
Y04-Outside Services	684,416	588,460	38,514	832,807	794,293	4.62%	
Y05-Professional Services	6,154	135,409	4,365	80,500	76,135	5.42%	
Y06-Vehicle/Equipment	599,246	554,157	72,465	538,150	465,685	13.47%	
Y07-Office Expenses	52,925	40,362	8,489	-	(8,489)	0.00%	
Y08-Travel/Training	27,807	40,251	1,833	35,500	33,667	5.16%	
Y10-Purchased Water	5,837	486		-	-	0.00%	
Y13-Misc Op Expenses	263,067	267,282	3,196	-	(3,196)	0.00%	
Z03-Capital Equipment	658,275	647,682	22,842	801,482	778,640	2.85%	
Z04-Misc Non Operating	1,181	2,829	424	-	(424)	0.00%	
Grand Total	12,107,009	13,524,172	1,816,651	14,455,853	12,639,202	12.57%	

This table shows the Utilities Department (Department 54) expenses are below the benchmark target of seventeen percent (17%). There are no accounts to note.

Dept 56 – General Management

Operating Account Expense Summary						Period 2	Benchmark
Prior Years=Full Year, Current Year = Actual to Date		Fiscal Year			Current	Remaining	17.00%
Account Type	2022	2023	2024	Budget	Balance	Of Budget	
Y01-Sal/Wage/Benefits	709,781	692,641	145,086	967,520	822,434	15.00%	
Y03-Materials/Supplies	6,423	7,825	2,396	46,100	43,704	5.20%	
Y04-Outside Services	20,092	36,763	2,950	20,500	17,550	14.39%	
Y05-Professional Services	96,047	120,265	2,693	160,800	158,107	1.67%	
Y07-Office Expenses	46,605	49,953	11,304	-	(11,304)	0.00%	
Y08-Travel/Training	9,881	29,559	1,479	26,450	24,971	5.59%	
Y11-Retired Employee	(0)			-	-	0.00%	
Y13-Misc Op Expenses	14,133	11,118		-	-	0.00%	
Y16-Legal	129,895	122,944		125,000	125,000	0.00%	
Grand Total	1,032,856	1,071,068	165,908	1,400,695	1,234,787	11.84%	

Analysis shows that General Management's (Department 56) overall expenses are below the benchmark target of seventeen percent (17%). There are no accounts to note.

Dept 57 – Board of Directors

Operating Account Expense Summary						Period 2	Benchmark
Prior Years=Full Year, Current Year = Actual to Date		Fiscal Year			Current	Remaining	17.00%
Account Type	2022	2023	2024	Budget	Balance	Of Budget	
Y15-Director Costs	128,092	144,979	20,187	160,494	140,307	12.58%	
Grand Total	128,092	144,979	20,187	160,494	140,307	12.58%	

Analysis shows that the Board of Director's (Department 57) overall expenses are below the benchmark target of seventeen percent (17%). Accounts to note are:

Detail of Accounts

Operating Account Expense Summary						Period 2	Benchmark
Prior Years=Full Year, Current Year = Actual to Date		Fiscal Year			Current	Remaining	17.00%
Account Type	2022	2023	2024	Budget	Balance	Of Budget	
Y15-Director Costs	128,092	144,979	20,187	160,494	140,307	12.58%	
60000-Salaries/Wages	26,280	30,840	5,760	43,200	37,440	13.33%	
60100-Benefits	85,362	87,774	13,198	93,544	80,346	14.11%	
60102-Medical Reimbursements	400			-	-	0.00%	
60310-Materials and Supplies	207	483		3,750	3,750	0.00%	
60810-Training Conf and Travel	8,565	20,927	410	17,500	17,090	2.34%	
60820-Other Travel Costs	7,278	4,955	819	2,500	1,681	32.77%	
Grand Total	128,092	144,979	20,187	160,494	140,307	12.58%	

Dept 58 – Engineering

Operating Account Expense Summary						Period 2	Benchmark
Prior Years=Full Year, Current Year = Actual to Date		Fiscal Year			Current	Remaining	17.00%
Account Type	2022	2023	2024	Budget	Balance	Of Budget	
Y01-Sal/Wage/Benefits	794,724	794,056	145,374	1,576,201	1,430,827	9.22%	
Y03-Materials/Supplies	9,333	9,269		20,400	20,400	0.00%	
Y04-Outside Services	18,338	1,196	8,435	27,410	18,975	30.77%	
Y05-Professional Services	83,197	1,520	11	50,000	49,989	0.02%	
Y06-Vehicle/Equipment		57		-	-	0.00%	
Y07-Office Expenses	794	5,652	338	-	(338)	0.00%	
Y08-Travel/Training	10,081	24,653	138	24,600	24,462	0.56%	
Z04-Misc Non Operating		29,250		-	-	0.00%	
Grand Total	916,466	865,654	154,296	1,707,411	1,553,115	9.04%	

The table above shows that Engineering's (Department 58) overall expenses are well under the benchmark target of seventeen percent (17%). Accounts to note are:

Outside Services

Y04-Outside Services	18,338	1,196	8,435	27,410	18,975	30.77%
60400-Outside Services	11,874			-	-	0.00%
60410-Service Maintenance Contracts	6,464	1,196		10,550	10,550	0.00%
60431-Computer Lic Maint Contracts			8,435	16,860	8,425	50.03%

Dept 59 – Administrative Services

Operating Account Expense Summary						Period 2	Benchmark
Prior Years=Full Year, Current Year = Actual to Date		Fiscal Year			Current	Remaining	17.00%
Account Type	2022	2023	2024	Budget	Balance	Of Budget	
Y01-Sal/Wage/Benefits	1,307,304	1,399,164	226,478	1,403,352	1,176,874	16.14%	
Y03-Materials/Supplies	70,699	92,438	1,106	76,660	75,554	1.44%	
Y04-Outside Services	149,143	163,052	50,223	176,173	125,950	28.51%	
Y05-Professional Services	365,660	177,679	49,947	208,080	158,133	24.00%	
Y07-Office Expenses	10,433	9,359	4,509	-	(4,509)	0.00%	
Y08-Travel/Training	2,426	9,784	966	12,500	11,534	7.73%	
Y12-Bad Debts	17,585	98,389	14,321	40,000	25,679	35.80%	
Y13-Misc Op Expenses	210,544	182,730	42,634	-	(42,634)	0.00%	
Y14-Amort/Depr	4,797,158			-	-	0.00%	
Z04-Misc Non Operating	2,196	7,171		-	-	0.00%	
Z30-Transfers Out	23,699,740			-	-	0.00%	
Grand Total	30,632,888	2,139,767	390,184	2,030,015	1,639,831	19.22%	

Analysis shows that Administrative Services (Department 59) expenses are over the benchmark target of seventeen percent (17%). Accounts to note are:

Outside Services

Y04-Outside Services	149,143	163,052	50,223	176,173	125,950	28.51%
60400-Outside Services	24,590			-	-	0.00%
60410-Service Maintenance Contracts	85,737	81,664	19,831	113,558	93,727	17.46%
60431-Computer Lic Maint Contracts	38,817	81,388	30,392	62,615	32,223	48.54%

Professional Services

☒ Y05-Professional Services	365,660	177,679	49,947	208,080	158,133	24.00%
60510-Accounting/Auditing	39,911	39,400		41,600	41,600	0.00%
60590-Professional Services	325,749	138,279	49,947	166,480	116,533	30.00%

Bad Debts

☒ Y12-Bad Debts	17,585	98,389	14,321	40,000	25,679	35.80%
61310-Bad Debt Expense	17,585	98,389	14,321	40,000	25,679	35.80%

Dept 60 – Water Resources

Operating Account Expense Summary						Period 2	Benchmark
Prior Years=Full Year, Current Year = Actual to Date		Fiscal Year <input type="text" value="Y"/>			Current	Remaining	17.00%
Account Type	2022	2023	2024	Budget	Balance	Of Budget	
☒ Y01-Sal/Wage/Benefits	188,276	298,176	62,675	368,563	305,888	17.01%	
☒ Y03-Materials/Supplies	314	5,451		1,500	1,500	0.00%	
☒ Y04-Outside Services			1,650	1,400	(250)	117.86%	
☒ Y05-Professional Services	126,864	121,788	(4,912)	335,370	340,282	-1.46%	
☒ Y07-Office Expenses	69,515	63,717		-	-	0.00%	
☒ Y08-Travel/Training	1,648	4,218		6,500	6,500	0.00%	
☒ Y10-Purchased Water	471,659	411,589		-	-	0.00%	
☒ Y13-Misc Op Expenses	834,664	534,985	268,223	-	(268,223)	0.00%	
☒ Y16-Legal	147,336	179,011	7,515	120,000	112,485	6.26%	
Grand Total	1,840,275	1,618,936	335,151	2,180,550	1,845,399	15.37%	

Analysis shows that Water Resources (Department 60) expenses are below the benchmark target of seventeen percent (17%). Accounts to note are:

Outside Services

☒ Y04-Outside Services		1,650		1,400	(250)	117.86%
60431-Computer Lic Maint Contracts		1,650		1,400	(250)	117.86%

CCWD - Fund Balance Report

As of August 31, 2023

Account	Description	Unaudited	Transactions	Unaudited	Unrestricted	Restricted	Agency
		6/30/2023	FY23-24	8/31/2023	8/31/2023	8/31/2023	8/31/2023
104-00-13101	Admin Replacement	18,779.89	-	18,779.89	-	18,779.89	-
108-00-13101	Interest Reserve	11,651,909.55	21,107.66	11,673,017.21	-	11,673,017.21	-
120-00-13101	CIP - Water	-	-	-	-	-	-
123-00-13101	CIP Loan - Water	18,805,975.27	112,789.25	18,918,764.52	-	18,918,764.52	-
125-00-13101	Capital R&R - Water	3,910,115.02	(486,919.67)	3,423,195.35	-	3,423,195.35	-
127-00-13101	USDA RD AMI/AMR	(129,318.23)	-	(129,318.23)	-	(129,318.23)	-
130-00-13101	CIP - Sewer	-	-	-	-	-	-
133-00-13101	CIP Loan - Sewer	7,861,396.76	(474,979.95)	7,386,416.81	-	7,386,416.81	-
135-00-13101	Capital R&R - Sewer	4,468,170.63	(1,164,959.24)	3,303,211.39	-	3,303,211.39	-
300-00-13101	Water Fund	3,125,102.73	(1,062,257.04)	2,062,845.69	2,062,845.69	-	-
302-00-13101	Slurry Line	11,634.37	-	11,634.37	-	11,634.37	-
304-00-13101	Water Expansion Fund - West Point	712,806.66	2,377.36	715,184.02	-	715,184.02	-
354-00-13101	Water Expansion Fund - Ebbetts Pass	784,857.97	21,382.10	806,240.07	-	806,240.07	-
356-00-13101	Water Expansion Fund - Sheep Ranch	25,684.87	90.15	25,775.02	-	25,775.02	-
364-00-13101	Water Expansion Fund - Jenny Lind	1,043,435.54	32,352.05	1,075,787.59	-	1,075,787.59	-
374-00-13101	Water Expansion Fund - Copper Cove	4,901,334.30	(25,038.30)	4,876,296.00	-	4,876,296.00	-
394-00-13101	Water Expansion Fund - Wallace	18,378.22	64.52	18,442.74	-	18,442.74	-
500-00-13101	Sewer Fund	(1,906,211.63)	(120,992.25)	(2,027,203.88)	(2,027,203.88)	-	-
524-00-13101	Sewer Expansion Fund - Forest Meadows	679,729.54	2,261.26	681,990.80	-	681,990.80	-
526-00-13101	Sewer Expansion Fund - Big Trees Village	12,172.89	42.73	12,215.62	-	12,215.62	-
534-00-13101	Sewer Expansion Fund - Vallecito	1,277,371.95	3,990.76	1,281,362.71	-	1,281,362.71	-
536-00-13101	Sewer Expansion Fund - Six Mile Village	26,408.99	92.70	26,501.69	-	26,501.69	-
544-00-13101	Sewer Expansion Fund - Arnold	929,631.10	3,019.15	932,650.25	-	932,650.25	-
564-00-13101	Sewer Expansion Fund - La Contenta	591,040.72	2,184.59	593,225.31	-	593,225.31	-
565-00-13101	Sewer Expansion Fund - Southworth	282,820.59	992.72	283,813.31	-	283,813.31	-
584-00-13101	Sewer Expansion Fund - Copper Cove	2,716,353.40	(80,592.87)	2,635,760.53	-	2,635,760.53	-
594-00-13101	Sewer Expansion Fund - Wallace	18,378.22	64.52	18,442.74	-	18,442.74	-
624-00-13101	Sewer Expansion Fund - West Point	874,168.72	2,824.48	876,993.20	-	876,993.20	-
722-00-13101	Assessment District - West Point Acres	15,427.44	54.15	15,481.59	-	-	15,481.59
732-00-13101	Assessment District - Wilseyville	5.36	0.01	5.37	-	-	5.37
752-00-13101	Assessment District - Arnold	64,316.93	(22,986.92)	41,330.01	-	-	41,330.01
812-00-13101	Assessment District - La Contenta (604)	95,830.67	186.97	96,017.64	-	-	96,017.64
822-00-13101	Assessment District - Lake Tulloch	-	-	-	-	-	-
832-00-13101	Assessment District - Saddle Creek	121,185.41	(1,393.41)	119,792.00	-	-	119,792.00
842-00-13101	Assessment District - DaLee/Cassidy	-	-	-	-	-	-
852-00-13101	Assessment District - Fly In Acres	-	-	-	-	-	-
862-00-13101	Assessment District - Wallace	157,389.59	2,832.62	160,222.21	-	160,222.21	-
920-00-13101	Advance Grant Fund	4,629.49	16.25	4,645.74	-	4,645.74	-
	TOTAL	63,170,912.93	(3,231,393.65)	59,939,519.28	35,641.81	59,631,250.86	272,626.61

Fund Activity Report as of 08.31.2023

	Water Fund	Sewer Fund
Revenue	1,962,003.02	1,040,192.54
Expenditure	(3,024,260.06)	(1,161,184.79)
Net Fund Activity	(1,062,257.04)	(120,992.25)

Sewer CIP Loan

Date of Issuance: June 15, 2022

Area	Project	FY 2023-2024 Budgeted Cash Flow	Prior FY	July 23	Aug 23	Sept 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	June 24	Total	% Complete
CC	CC L/S 6,8 & Force Main Bypass	3,000,000.00	2,730,057	2,335	98,800	-	-	-	-	-	-	-	-	-	-	2,831,192	47%
CC	CC WW Lift Station 15 & 18 Rehab	715,566.00	815,347	6,187	432,909	-	-	-	-	-	-	-	-	-	-	1,254,444	39%
CC	CC Sec/Tertiary & UV Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
EP	Arnold Secondary Clarifier	-	493,886	-	94	-	-	-	-	-	-	-	-	-	-	493,980	22%
	Total	3,715,566.00	4,039,291	8,522	531,803	-	-	-	-	-	-	-	-	-	-	4,579,616	50%

Loan Proceeds **10,993,725**
Remaining Principal Balance **6,414,109**

Water CIP Loan

Date of Issuance: June 1, 2022

Area	Project	FY 2023-2024 Budgeted Cash Flow	Prior FY	July 23	Aug 23	Sept 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	June 24	Total	% Complete
CC	Copper Cove Tank B / Clearwell	2,613,557.00	464,041	-	-	-	-	-	-	-	-	-	-	-	38,125	502,166	14%
CC	Lake Tulloch Submerged Water Line	-	28,362	36,302	-	-	-	-	-	-	-	-	-	-	-	64,663	32%
CC	CC Tank B Pump Station Renovation	-	24,874	-	-	-	-	-	-	-	-	-	-	-	-	24,874	6%
CC	CC Zone B-C Trans Line/Pump Station	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
JL	Jenny Lind A-B Transmission Line	2,000,000.00	570,587	-	-	-	-	-	-	-	-	-	-	-	-	570,587	15%
	Total	2,613,557.00	1,087,863	36,302	-	-	-	-	-	-	-	-	-	-	38,125	1,162,289	63%

Loan Proceeds **19,740,919**
Remaining Principal Balance **18,578,630**

CALAVERAS COUNTY WATER DISTRICT
Capital Improvement Program
Expenditure Report - Water Projects
Year-to-Date through 08/31/2023

Funding Source	Area	Description	Total Estimated Cost	FY 23-24 Budgeted Cash Flow	FY 23-24 YTD Expenditures	FY 23-24 Remaining Balance	Prior Years Expenditures	Total Project Expenditures
R&R	ALL	Tank Rehabilitation Program	6,000,000	-	-	-	-	-
Expansion	CC	Copper Cove O'Byrnes Water Line Extension	60,000	-	-	-	23,958	23,958
22 Bond/Expansion	CC	Clearwell & Tank B / Repair & Paint	8,600,000	4,000,000	373	3,999,627	432,354	432,728
22 Bond	CC	Lake Tulloch Submerged Water Line Cross	750,000	-	-	-	28,362	28,362
R&R	CC	Reeds Turnpike Pump Station Repl	-	-	-	-	6,161	6,161
22 Bond	CC	Copper Cove Tank B Pump Station Renov	-	-	29,786	(29,786)	22,147	51,933
Expansion	CC	CC Zone B-C Trans Pipeline & Pump Stn	10,000,000	1,000,000	-	1,000,000	95,257	95,257
R & R	CC	Copper Cove Ozone Unit Replacement	300,000	300,000	-	300,000	-	-
Reserve	Districtwide	District Corp Yard	2,350,000	-	69,843	(69,843)	2,535,607	2,605,450
R&R	EP	Sawmill/Hunter's Tanks / Repair & Paint	3,050,000	-	-	-	10,751	10,751
R&R/Grant	EP	EP Redwood Tanks Replacement	4,000,000	-	3,070	(3,070)	3,722,350	3,725,420
R&R/Grant	EP	Hunter's Raw Water Pumps Renovation	2,400,000	2,000,000	1,595	1,998,405	173,772	175,367
R&R	EP	Big Trees Pump Stations 4 & 5 Repl	2,100,000	-	5,667	(5,667)	249	5,916
R&R	EP	White Pines Tule Removal/Spillway	96,715	96,715	-	96,715	10,983	10,983
R&R	FM	Larkspur Tank / Repair & Paint	576,522	-	3,475	(3,475)	475,939	479,414
R&R	FM	EP Larkspur Pump Station Rehab	1,500,000	-	-	-	-	-
22 Bond	JL	Jenny Lind Tank A-B Trans Line	13,500,000	2,000,000	7,966	1,992,034	577,800	585,766
R&R/Expansion	JL	JLWTP - Rehab Filters 1&2	960,000	510,000	245,553	264,447	450,618	696,170
R&R	JL	Clearwell #2 / Repair & Paint	350,000	350,000	-	350,000	16,625	16,625
R&R	JL	JL Tanks A,B,E,F Rehab	1,500,000	-	-	-	-	-
R&R	JL	JL Tank C Replacement	-	-	-	-	-	-
R&R	Wallace	Wallace Tanks / Repair & Paint	1,500,000	-	-	-	7,020	7,020
USDA/Reserve	WP	WP AMR/AMI Meter Program	5,000,000	-	7,813	(7,813)	5,061,608	5,069,421
R&R	WP	West Point Backup Water Filter	2,380,000	530,000	118,346	411,654	2,116,844	2,235,190
R&R	WP	WP SCADA Improvements	-	-	-	-	434	434
R&R	WP	WP Regulator Repair/Tule Removal	200,000	200,000	-	200,000	-	-
TOTALS			67,173,237	10,986,715	493,487	10,493,228	15,768,838	16,262,325

CALAVERAS COUNTY WATER DISTRICT
Capital Improvement Program
Expenditure Report - Wastewater Projects
Year-to-Date through 08/31/2023

Funding Source	Area	Description	Estimated Cost	FY 23-24 Budgeted Cash Flow	FY 23-24 YTD Expenditures	FY 23-24 Remaining Balance	Prior Years Expenditures	Total Project Expenditures
CIP Loan	CC	CC L/S #6, 8 & Force Main Bypass	5,500,000	3,000,000	101,135	2,898,865	3,022,298	3,123,433
CIP Loan/R&R	CC	CC L/S #15 & 18 Renovations	3,600,000	3,100,000	438,277	2,661,723	1,121,327	1,559,604
R&R/Expansion	CC	CC Secondary	15,000,000	-	-	-	127,772	127,772
Exp	CC	CC Tertiary/UV Improvements	1,996,190	735,238	4,220	731,018	405,922	410,142
R&R	CC	Copper Cove Pond 6	4,543,810	667,619	635	666,984	111,329	111,965
R&R	CC	CC Lower/Upper X-Country Gravity/Force Main	1,000,000	-	-	-	-	-
R&R	Districtwide	Headworks Screen Unit	-	-	655	(655)	-	655
R&R	Districtwide	Collection System Rehab and I&I Mitigation	850,000	150,000	-	150,000	133,955	133,955
Exp/R&R	EP	Arnold Secondary Clarifier	8,000,000	1,000,000	94	999,906	592,878	592,972
TBD	EP	Arnold Lift Station 2	500,000	-	-	-	-	-
Exp/R&R	FM	FM UV Disinfection System Replacement	500,000	300,000	41,493	258,507	333,706	375,199
R&R	Jenny Lind	Jenny Lind Force Main	-	-	1,461	(1,461)	5,697	7,159
Expansion	La Contenta	LC Biolac, Clarifier & UV Improvements	5,500,000	500,000	-	500,000	1,717	1,717
R&R	La Contenta	LaContenta Sand Filter Rehab	-	-	-	-	50,000	50,000
TBD	La Contenta	Huckleberry Lift Station Improvements	1,123,038	-	-	-	-	-
R&R	Vallecito	Vallecito WWTP System Improvements	100,000	-	-	-	108,266	108,266
AD	Wallace	Wallace Treatment Plant Renovations	50,000	-	-	-	193,502	193,502
Grant	WP	West Point/Wilseyville Consol Constr	10,000,000	5,000,000	440,234	4,559,766	2,168,424	2,608,658
TOTALS			58,263,038	14,452,857	1,028,204	13,424,653	8,376,794	9,404,999

3b

Agenda Item

DATE: September 25, 2023
TO: Finance Committee
FROM: Jeffrey Meyer, Director of Administrative Services
SUBJECT: Discussion / Action Approving Repayment of the Loan from the Special Project Fund to the Jenny Lind Water Expansion Fund

RECOMMENDED ACTION:

Discussion / Action Approving Repayment of the Loan from the Special Project Fund to the Jenny Lind Water Expansion Fund.

SUMMARY:

On February 1, 2013, the District obtained a loan from Compass Mortgage Corporation in the amount of \$7,499,000 to refund the 2004 Enterprise Refunding Revenue Bonds. The 2004 bonds, which totaled \$19,625,000, were used to refund the 1994 Certificates of Participation, the 1995 Certificates of Participation and prepay a capital lease with LaSalle National Bank. The 2013 refunding loan matured in September 2017.

The prior debt issuances were used to fund infrastructure improvements for operations and the expansion service areas listed below. The debt service obligations were based on the following loan share percentages:

- Operations, Water and Wastewater – Funds 300/500 (33.33%)
- Ebbetts Pass Water Service Area – Fund 354 (29.56%)
- Jenny Lind Water Service Area – Fund 364 (20.80%)
- Copper Cove Water Service Area – Fund 374 (13.55%)
- Copper Cove Wastewater Service Area – Fund 584 (2.76%)

The annual debt service for this loan was paid for from both operating and expansion funds. The operating improvements were funded by operating funds, and the debt service attributed to the expansion related improvements were paid from capacity fees (new connection fees) collected in the individual water and wastewater service areas.

Prior to the 2008 recession, the Jenny Lind Water Expansion Fund (Fund 364) collected enough capacity fee revenue to pay its share of the annual debt service. However, as new construction slowed, the reduced capacity fee revenues were not adequate to pay the Jenny Lind Water Expansion Fund's portion of the debt service. Beginning in FY 2011-12, the District backfilled the revenue shortfalls with a loan from the Special Project Fund in the Interest Reserve Fund (Fund 108).

Subsequent loans were required to cover all or part of the annual debt service payments as the downturn in home construction in the Jenny Lind service area continued through the life of the loan. The current amount due from the Jenny Lind Water Expansion Fund (Fund 364) to the Interest Reserve Fund (Fund 108) is \$1,522,736 as outlined below. The status of this outstanding loan has been noted in recent audits, including the FY 2021-2022 Audited Financial Statements (Note E attached).

- FY 2011-12 – \$393,077
- FY 2012-13 – \$393,559
- FY 2013-14 – \$306,000
- FY 2014-15 – \$276,000
- FY 2015-16 – \$ 51,000
- FY 2016-17 – \$ 88,100
- FY 2017-18 – \$ 15,000

As of June 30, 2023, there is \$1,043,436 in the Jenny Lind Water Expansion Fund 364 (attached). The current Five-Year Water Capital Improvement Program (CIP) does not include any Jenny Lind expansion related projects, therefore funds are available in the Jenny Lind Water Expansion Fund to begin repayment of the loan from the Special Project Fund. Staff recommends transferring \$400,000 from the Jenny Lind Water Expansion Fund (Fund 364) to the Special Project Fund in the Interest Reserve Fund (Fund) 108 and record the transfer in FY 2022-23. Future repayments will be assessed annually based on new connection revenues and any new Jenny Lind CIP expansion-related projects.

FINANCIAL CONSIDERATIONS:

A transfer of \$400,000 from the Jenny Lind Water Expansion Fund (Fund 364) to the Special Project Fund in the Interest Reserve Fund (Fund 108) will reduce the fund balance of Fund 364 to \$643,436. The unaudited projected FY 2022-23 fund balance in the Special Project Fund (Fund 108) will increase from \$373,667 to \$773,667.

*Attachments: FY 2021-22 Audited Financial Statements – Note E, Internal Loans
- Fund 364 Trial Balance Report, June 30, 2023*

CALAVERAS COUNTY WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE E – LONG-TERM LIABILITIES (Continued)

2061. Annual principal and interest on the loans and bonds are expected to be 75% or less of net revenues as required by the loan and bond covenants. Total principal and interest remaining to be paid on the loans and bonds are reported in the “Total” column for the Water Fund and Sewer Fund in the table above. Total principal and interest paid on all debt payable from net revenues in the Water and Sewer Funds related to the Debt Service Coverage Ratio was \$621,379 and \$171,067, respectively, and total water and sewer system net revenues were \$8,149,312 and \$3,780,769 for the year ended June 30, 2022. At June 30, 2022, the District’s total water and sewer system net revenues were 1,303% and 2,199% of debt service payments, respectively, as described in the debt service coverage ratio calculation in the Other Supplementary Information section of the financial statements.

NOTE F – INTERNAL LOANS

On January 11, 2012, the Board of Directors approved a building loan of \$3,000,000 from certain water and sewer expansion funds to pay for the construction of the District’s operations headquarters. After segregating the joint cost fund, a loan of \$1,970,000 from the Sewer Fund to the Water Fund resulted. The internal loan will be repaid with operating funds over ten years at an interest rate of 2.5% or the weighted average of the District's current return on investments each year, whichever is higher. The internal loan will be repaid on an "interest only" basis for the first five years and then principal payments of \$645,741 will be made each year thereafter in addition to yearly interest payments. As part of the fiscal year 2017-18 budget adoption (June 28, 2017), the Board approved delaying the start of the principal pay down one year (to fiscal year 2018-19), which extends the “interest only” period to six years. Thus, the revised term will be eleven years, including six years with interest only payments and five years with principal and interest payments. The remaining balance at June 30, 2022 was \$406,604.

On June 13, 2012, the Board of Directors approved a loan from special project funds in the District’s interest reserve funds to cover debt service payments for the Jenny Lind water expansion funds loan. The transaction resulted in an internal loan of \$1,522,736 from the Sewer Fund to the Water Fund after segregating joint costs. The Jenny Lind water expansion funds debt service obligation ended September 2017. The internal loan is non-interest bearing and will be repaid from new water connection fees from the Jenny Lind service area as available. The outstanding loan balance as of June 30, 2022 was \$411,139.

On August 8, 2018, the Board of Directors approved a loan from the Water Fund to the Sewer Fund to fund a cash deficit of \$1,126,267 at June 30, 2018. The internal loan will be repaid by the Sewer Fund each June 30 from June 30, 2019 to June 30, 2028 in amounts of \$125,383, including interest at 2% per year. The outstanding balance at June 30, 2022 was \$767,399.

NOTE G – INTERFUND TRANSACTIONS

Interfund transfers were as follows for the year ended June 30, 2022:

Fund Receiving Transfer	Fund Making Transfer	Amount
Water Fund	Sewer Fund	\$ 236,052 (a)
Water Fund	Sewer Fund	17,295 (b)
Water Fund	Sewer Fund	18,361 (c)
Water Fund	Sewer Fund	<u>2,487 (d)</u>
Total interfund transfers		<u>\$ 274,195</u>

- (a) Transfer to adjust reserve balances
- (b) Transfer to correct prior year transfer to reflect Water Fund only
- (c) Deposit adjustment to Sewer Funds
- (d) Transfer to correct prior year transfers to reflect Water Fund only

General Ledger

Detailed Trial Balance

User: JeffreyM
 Printed: 09/19/2023 - 10:48AM
 Period: 01 to 13, 2023



CALAVERAS COUNTY WATER DISTRICT
 120 Toma Court
 San Andreas, California 95249
 (209) 754-3543
 www.ccwd.org

Account Number	Description	Budget	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
364	JLW Expansion/Replacement 364					
ASSETS						
364-00-13101	Cash in Bank (Umpqua)	0.00				
7/31/2022 GL 1 25	Record LAIF Interest/Offset June Accruals			447.98	0.00	
7/31/2022 GL 1 42	July 2022 Chandler Interest (Net)			62.71	0.00	
8/31/2022 GL 2 35	Chandler Net Interest August 2022			139.19	0.00	
8/31/2022 GL 2 36	Tyler/Incode August 2022 Adjustment			13,347.27	0.00	
9/30/2022 GL 3 34	Tyler UB September 2022			7,078.23	0.00	
9/30/2022 GL 3 37	Chandler Interest September 2022 - 10767			405.00	0.00	
10/31/2022 GL 4 19	LAIF Interest July - September			1,203.09	0.00	
10/31/2022 GL 4 29	Chandler Interest October 2022 - General 10767			348.17	0.00	
10/31/2022 GL 4 31	Tyler UB October 2022			13,617.00	0.00	
11/30/2022 GL 5 35	Tyler UB November 2022			13,617.00	0.00	
11/30/2022 GL 5 39	Chandler Interest November 2022			313.50	0.00	
12/31/2022 GL 6 24	Tyler December 2022			28,066.00	0.00	
12/31/2022 GL 6 27	Chandler Interest, General 10767 December 2022			205.43	0.00	
1/31/2023 GL 7 31	Chandler Interest, General 10767 January 2023			148.83	0.00	
1/31/2023 GL 7 34	LAIF Interest Oct - Dec 2022			1,565.59	0.00	
2/28/2023 GL 8 37	Chandler Interest, February 2023, General 10767			0.00	13.36	
3/31/2023 GL 9 38	Tyler UB, March 2023			27,234.00	0.00	
3/31/2023 GL 9 47	Chandler Interest, March, 2023, General 10767			434.13	0.00	
3/31/2023 GL 9 51	Chandler Nov Interest Correction - Chandler stateme			5.13	0.00	
4/30/2023 GL 10 19	LAIF Interest January - March 2023			1,993.51	0.00	
4/30/2023 GL 10 26	Chandler Interest, April 2023 General (10767)			426.35	0.00	
5/31/2023 GL 11 34	Tyler ERP Pro May 2023			13,617.00	0.00	
5/31/2023 GL 11 34	Tyler ERP Pro May 2023 adjustment from 300-00-2			13,613.35	0.00	
5/31/2023 GL 11 35	Chandler Interest General 10767 May 2023			536.92	0.00	
6/30/2023 GL 12 33	Tyler ERP Pro (Incode) June 2023			27,237.65	0.00	
6/30/2023 GL 12 35	Chandler Interest June 2023			630.51	0.00	
6/30/2023 GL 12 59	Capacity Fee Component Transfer In to Fund 104 (1			0.00	1,620.00	
364-00-13101 Totals:		0.00	878,775.36	166,293.54	1,633.36	1,043,435.54

Account Number	Description	Budget	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
364-00-13110	Cash in Bank (US Bank-Invest)	0.00				
	364-00-13110 Totals:	0.00	0.00	0.00	0.00	0.00
364-00-14000	CCWD Distributed Investments	0.00				
	364-00-14000 Totals:	0.00	0.00	0.00	0.00	0.00
364-00-14090	Invest Mark to Market	0.00				
	364-00-14090 Totals:	0.00	0.00	0.00	0.00	0.00
364-00-14095	Cash in Bank (US Bank-Invest)	0.00				
7/31/2022	GL 1 30 July 2022 Chandler Interest			253.34	0.00	
7/31/2022	GL 1 41 Reverse JE# 30 July 2022 Chandler Interest			0.00	253.34	
	364-00-14095 Totals:	0.00	0.00	253.34	253.34	0.00
364-00-15000	A/R- Utility Svcs - Applied	0.00				
8/31/2022	GL 2 36 Tyler/Incode August 2022			269.73	0.00	
9/30/2022	GL 3 34 Tyler UB September 2022			0.00	269.73	
12/31/2022	GL 6 24 Tyler December 2022			0.00	832.00	
5/31/2023	GL 11 34 Tyler ERP Pro May 2023			3.65	0.00	
6/30/2023	GL 12 33 Tyler ERP Pro (Incode) June 2023			0.00	3.65	
	364-00-15000 Totals:	0.00	832.00	273.38	1,105.38	0.00
364-00-15490	Accounts Receivable	0.00				
	364-00-15490 Totals:	0.00	0.00	0.00	0.00	0.00
364-00-15800	Accrued Interest Receivable	0.00				
7/31/2022	GL 1 25 Record LAIF Interest/Offset June Accruals			0.00	447.98	
6/30/2023	GL 12 54 Accrue LAIF Interest Receivable Apr-June 2023			2,321.92	0.00	
	364-00-15800 Totals:	0.00	447.98	2,321.92	447.98	2,321.92
364-00-18500	Loan Receivable-Motherlode 603	0.00				
	364-00-18500 Totals:	0.00	0.00	0.00	0.00	0.00
364-00-19085	Due From Other Funds	0.00				
	364-00-19085 Totals:	0.00	0.00	0.00	0.00	0.00
	364-00 ASSETS Totals:	0.00	880,055.34	169,142.18	3,440.06	1,045,757.46
	ASSETS Totals:	0.00	880,055.34	169,142.18	3,440.06	1,045,757.46

LIABILITIES

Account Number	Description	Budget	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
364-00-20200	Accounts Payable	0.00				
364-00-20200 Totals:		0.00	0.00	0.00	0.00	0.00
364-00-29025	Loan Payable/Fund 108	0.00				
364-00-29025 Totals:		0.00	-1,522,735.63	0.00	0.00	-1,522,735.63
364-00 LIABILITIES Totals:		0.00	-1,522,735.63	0.00	0.00	-1,522,735.63
LIABILITIES Totals:		0.00	-1,522,735.63	0.00	0.00	-1,522,735.63
FUND BALANCE						
364-00-38000	Retained Earnings/Unreserved	0.00				
364-00-38000 Totals:		0.00	591,878.30	0.00	0.00	591,878.30
364-00-38001	Retained Earnings/Reserved	0.00				
364-00-38001 Totals:		0.00	0.00	0.00	0.00	0.00
364-00-38009	Fund Balance Available	0.00				
364-00-38009 Totals:		0.00	0.00	0.00	0.00	0.00
364-00-38090	Prior Year Adjust/Unreserved	0.00				
364-00-38090 Totals:		0.00	50,801.99	0.00	0.00	50,801.99
364-00 FUND BALANCE Totals:		0.00	642,680.29	0.00	0.00	642,680.29
FUND BALANCE Totals:		0.00	642,680.29	0.00	0.00	642,680.29
REVENUE						
364-59	Finance/Customer Service					
364-59-51100	Interest Income/CCWD Invest	0.00				
7/31/2022	GL 1 30			0.00	253.34	
7/31/2022	GL 1 41			253.34	0.00	
7/31/2022	GL 1 42			0.00	62.71	
8/31/2022	GL 2 35			0.00	139.19	
9/30/2022	GL 3 37			0.00	405.00	
10/31/2022	GL 4 19			0.00	1,203.09	
10/31/2022	GL 4 29			0.00	348.17	
11/30/2022	GL 5 39			0.00	313.50	
12/31/2022	GL 6 27			0.00	205.43	
1/31/2023	GL 7 31			0.00	148.83	
1/31/2023	GL 7 34			0.00	1,565.59	

Account Number		Description		Budget	Beginning Balance	Debit This Period	Credit This Period	Ending Balance		
2/28/2023	GL	8	37 Chandler Interest, February 2023, General 10767			13.36	0.00			
3/31/2023	GL	9	47 Chandler Interest, March, 2023, General 10767			0.00	434.13			
3/31/2023	GL	9	51 Chandler Nov Interest Correction - Chandler stateme			0.00	5.13			
4/30/2023	GL	10	19 LAIF Interest January - March 2023			0.00	1,993.51			
4/30/2023	GL	10	26 Chandler Interest, April 2023 General (10767)			0.00	426.35			
5/31/2023	GL	11	35 Chandler Interest General 10767 May 2023			0.00	536.92			
6/30/2023	GL	12	35 Chandler Interest June 2023			0.00	630.51			
6/30/2023	GL	12	54 Accrue LAIF Interest Receivable Apr-June 2023			0.00	2,321.92			
			364-59-51100 Totals:		Var: -10,726.62	0.00	0.00	266.70	10,993.32	-10,726.62
364-59-51500			Interest Income-Loans			0.00				
			364-59-51500 Totals:			0.00	0.00	0.00	0.00	0.00
364-59-51700			Net Mark to Market Value			0.00				
			364-59-51700 Totals:			0.00	0.00	0.00	0.00	0.00
364-59-52410			Expansion Fees			0.00				
8/31/2022	GL	2	36 Tyler/Incode August 2022			0.00	13,617.00			
9/30/2022	GL	3	34 Tyler UB September 2022			0.00	6,808.50			
10/31/2022	GL	4	31 Tyler UB October 2022			0.00	13,617.00			
11/30/2022	GL	5	35 Tyler UB November 2022			0.00	13,617.00			
12/31/2022	GL	6	24 Tyler December 2022			0.00	27,234.00			
3/31/2023	GL	9	38 Tyler UB, March 2023			0.00	27,234.00			
5/31/2023	GL	11	34 Tyler ERP Pro May 2023			0.00	27,234.00			
6/30/2023	GL	12	33 Tyler ERP Pro (Incode) June 2023			0.00	27,234.00			
			364-59-52410 Totals:		Var: -156,595.50	0.00	0.00	0.00	156,595.50	-156,595.50
364-59-52430			Area of Benefit Reimbursement			0.00				
			364-59-52430 Totals:			0.00	0.00	0.00	0.00	0.00
364-59-54600			Other Non-Operating Revenue			0.00				
			364-59-54600 Totals:			0.00	0.00	0.00	0.00	0.00
364-59-54800			Loan Principal			0.00				
			364-59-54800 Totals:			0.00	0.00	0.00	0.00	0.00
364-59-59100			Transfer In From Funds			0.00				
			364-59-59100 Totals:			0.00	0.00	0.00	0.00	0.00
			364-59 REVENUE Totals:			0.00	0.00	266.70	167,588.82	-167,322.12

Account Number	Description	Budget	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
	REVENUE Totals:	0.00	0.00	266.70	167,588.82	-167,322.12
EXPENSE						
364-54	Utility Services					
364-54-60000	Salaries/Wages	0.00				
	364-54-60000 Totals:	0.00	0.00	0.00	0.00	0.00
364-54-60030	Overtime	0.00				
	364-54-60030 Totals:	0.00	0.00	0.00	0.00	0.00
364-54-60310	Materials and Supplies	0.00				
	364-54-60310 Totals:	0.00	0.00	0.00	0.00	0.00
364-54-60400	Outside Services	0.00				
	364-54-60400 Totals:	0.00	0.00	0.00	0.00	0.00
364-54-60530	Inspection Fees	0.00				
	364-54-60530 Totals:	0.00	0.00	0.00	0.00	0.00
364-54-60590	Professional Services	0.00				
	364-54-60590 Totals:	0.00	0.00	0.00	0.00	0.00
	364-54 EXPENSE Totals:	0.00	0.00	0.00	0.00	0.00
364-56	Manager					
364-56-60590	Professional Services	0.00				
	364-56-60590 Totals:	0.00	0.00	0.00	0.00	0.00
	364-56 EXPENSE Totals:	0.00	0.00	0.00	0.00	0.00
364-58	Engineering					
364-58-60000	Salaries/Wages	0.00				
	364-58-60000 Totals:	0.00	0.00	0.00	0.00	0.00
364-58-60030	Overtime	0.00				
	364-58-60030 Totals:	0.00	0.00	0.00	0.00	0.00
364-58-60310	Materials and Supplies	0.00				
	364-58-60310 Totals:	0.00	0.00	0.00	0.00	0.00
364-58-60400	Outside Services	0.00				

Account Number	Description	Budget	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
364-58-60494	364-58-60400 Totals: Right of Way Services	0.00 0.00	0.00	0.00	0.00	0.00
364-58-60520	364-58-60494 Totals: Engineering	0.00 0.00	0.00	0.00	0.00	0.00
364-58-60530	364-58-60520 Totals: Inspection Fees	0.00 0.00	0.00	0.00	0.00	0.00
364-58-60590	364-58-60530 Totals: Professional Services	0.00 0.00	0.00	0.00	0.00	0.00
	364-58-60590 Totals:	0.00	0.00	0.00	0.00	0.00
364-59	364-58 EXPENSE Totals: Finance/Customer Service	0.00	0.00	0.00	0.00	0.00
364-59-60590	Professional Services	0.00				
364-59-79100	364-59-60590 Totals: Transfers Out	0.00 0.00	0.00	0.00	0.00	0.00
6/30/2023 GL	12 59 Capacity Fee Component Transfer In to Fund 104 (1			1,620.00	0.00	
364-59-79200	364-59-79100 Totals: Transfer Out For Projects	0.00 0.00	0.00	1,620.00	0.00	1,620.00
	364-59-79200 Totals:	0.00	0.00	0.00	0.00	0.00
	364-59 EXPENSE Totals:	0.00	0.00	1,620.00	0.00	1,620.00
	EXPENSE Totals:	0.00	0.00	1,620.00	0.00	1,620.00
	364 Totals:	0.00	0.00	171,028.88	171,028.88	0.00
	Report Totals:	0.00	0.00	171,028.88	171,028.88	0.00

4a

Agenda Item

DATE: September 25, 2023

TO: Finance Committee

FROM: Jeffrey Meyer, Director of Administrative Services

SUBJECT: Discussion Regarding the Audited Financial Statements and Management Letter for the Fiscal Year Ending June 30, 2022, by Richardson & Company

RECOMMENDED ACTION:

Discussion of staff responses to the Audited Financial Statements and Management Letter for the Fiscal Year ending June 30, 2022.

SUMMARY:

Through the course of an audit several internal controls are tested by the outside Audit Firm and identified. Areas that would cause a material weakness are presented in the form of a Management Letter from the Audit Firm to the Board of Directors.

The identification of these areas is meant to be opportunities for the District to undertake changes to provide for better internal controls and easier audit performance.

The findings identified in the FY 2021-22 audit and the District's corrective action responses were presented to the Board on March 8, 2023. The Board accepted the Auditor's Management Letter and the District's responses at the March 8th meeting. Furthermore, the Board directed staff to provide updates to the Finance Committee.

Finding 1: Payroll Disbursements

We continue to recommend entry of new employees be protected with password approval by someone other than employees that process the payroll as a control to prevent the entry of fictitious employees.

Corrective Action Response 1:

The District is working to implement an alternative HR/Payroll software to allow for more oversight and reporting capabilities. The District currently use ADP to process payroll and the use of it is cumbersome and the reporting is difficult to utilize.

Finding 2: Cash Receipts

We recommend the Customer Service Manager should periodically produce and review a system report that shows active versus billed accounts and should investigate any discrepancies.

Corrective Action Response 2:

The District is migrating to a new utility billing system. Once completed, segregation of duties will be easier and reporting capabilities will be available to complete this task.

Finding 3: Payable and Wire/Bank Transfer Procedures

We recommend detailed payable and wire/bank transfer procedures be documented to provide new staff.

Corrective Action Response 3:

The District will create detailed procedures.

Update on Finding 3:

The District updated the payable and wire/bank procedures in FY 2022-23.

Finding 4: Whistle Blower Policies

We recommend the District develop a whistleblower policy to complement the District's fraud policy.

Corrective Action Response 4:

The District will create and adopt a whistle blower policy.

Finding 5: Investment Policy

We recommend the District perform an annual review of the investment policy in order to adhere to the District's Financial Management Policy.

Corrective Action Response 5:

The District will perform annual reviews of the Investment Policy.

Update on Finding 5:

The District reviewed and updated the Investment Policy, which was adopted by the Board of Directors on June 14, 2023.

Internal Loan

On August 8, 2018, the Board of Directors approved a loan from the Water Fund to the Sewer to cover a cash deficit of \$1,126,267 at June 30, 2018. The internal loan was to be repaid by June 30, 2028, but annual payments have not been in accordance with the approved payment schedule. We recommend that the Board update the payment schedule to reflect the current outstanding balance of the loan amounting to \$767,399 as of June 30, 2022. In developing the internal loan payment schedule the Board should consider the Sewer fund's current negative cash position as of June 30, 2022, amounting to \$3,208,627.

Corrective Action Response to Internal Loan:

The District will resume annual loan payments from the sewer fund to the water fund and will update the loan agreement to reflect the current cash position.

Update on Internal Loan:

The District resumed the annual loan payments in FY 2022-23 and will provide an annual summary of all loan positions between the Water and Sewer Funds.

Other Items

The District recently closed fund 101 used for most joint costs into the Water and Sewer Fund. Funds 104 and 108 are still used for joint resources and are split for financial reporting. We recommend the District create separate Water and Sewer sub-funds for the activities reported in these funds to avoid manually splitting the funds during the audit. Splitting the funds would allow the District to track the use of the resources by the Water and Sewer Fund more easily, which will provide decision-useful information. It will also reduce the reconciliation time spent to make the funds balance for reporting in the financial statements.

Corrective Action Response to Other Items:

The District will continue its post Fund 101 split work to separate water and sewer, including Funds 104 and 108.

Update on Other Items:

The District closed Fund 101 in FY 2022-23 and all expenditures are posted directly to the Water and Sewer Funds.

FINANCIAL CONSIDERATIONS:

None.