

MEMORANDUM

Date: January 18, 2023
To: Board of Directors
From: Paula O'Keefe, Director of Administration
Subject: Administration / Financial Update

On January 10, 2022, the Finance Committee met and discussed the following items:

- Update from PUN Group on Financials
- Developer Deposit Update

The following is the summary of the January 2022 monthly Board Financial Report. The following are highlights from various internal financial reports. Please feel free to call me before the Board meeting regarding any questions you may have relating to these reports.

Accounting Updates

District staff met with the PUN Group to review FY21 audit preparation and discussion with the District's auditor, Richardson CPAs, Inc. Barring any unforeseen delays with Richardson CPAs, the PUN Group reports the FY21 audit will be completed in draft form for the April Finance Committee review. Staff will then begin the preparation for the FY22 audit and expect to conclude the draft audit by September 1, 2023, while concurrently preparing FY23 and finalizing data for the Tyler ERP Pro Core Financial implementation. District staff expect to wrap up FY23 audit immediately after FY22 conclusion.

The following are updates regarding the Task Deliverables:

Task 1 Deliverable: Review for Audit Readiness for the FY 2020-21. Work on the FY 2020-21 Audit Readiness has started. As issues are identified these are escalated to internal staff for joint resolution of the balances and/or support. TPG has a team onsite. We anticipate their evaluation of the District's readiness for audit to be complete by the end of January with an anticipated audit start date following thereafter.

Task 2 Deliverable: Budget and Actual Report for Two Months ending August 31, 2022, to the Finance Committee and Board has been completed and approved. Training date will be set with internal staff to transition the preparation of the update for Quarter 2.

Task 3 Deliverable: Accounting Assistance and Review for Audit Readiness for the FY 2021-22. Work has not started as it is dependent on completion of Task 1.

Task 4 Deliverable: Budget and Actual Report for FY 2021-22. Work has not started as it is dependent on the completion of Task 3.

Tyler Technologies Implementation

The Tyler project team provided staff with a finalized schedule for Utility Billing Module implementation. System testing, updating and validating data and process training will begin the first week of February to conclude with a "go live" date of April 1, 2023.

Initially District staff and the Tyler project team determined the readiness of Core Financial and HR/Payroll implementation of July 1, 2023, however after reviewing the necessary date required to implement the Core Financial module, staff have pushed the timeline back with a January 1, 2024 "go live" date. This will ensure

staff have time to complete FY 21 and FY22 audits, begin audit for FY23 and have reconciled all balances for Tyler system. Staff meet weekly with Tyler project management and will create a new project timeline for the to account for district readiness.

Monthly Budget to Actuals

Monthly Budget to Actuals have been presented by the PUN group for the months of July and August. The PUN Group is working with staff to finalize journal entries to update the monthly budget to actuals for the months of September through December and will provide a preliminary update to the Board during the mid-year Budget report at the February Finance Committee meeting.

Procurement and Contracts

The District recently contracted with the following vendors:

Adkins/Maddaus	Integrated Water Master Plan	\$291,500
Best, Best & Krieger	Email Redaction (PRA Request)	\$220 per hour
Municipal Resources Group (MRG)	General Manager Recruitment	\$19,975
Municipal Resources Group (MRG)	Employee Engagement/Survey	\$13,325
N.J. McCutchen	DAF Bearings	\$40,914

Interfund Borrowing

The following are the updated totals for the repayment of the interfund borrowing as of November 30, 2022.

<i>Inter-fund Borrowing</i>	<i>Fiscal Yr Beg Balance 7/1/2022</i>	<i>Prior Month Ending Balance</i>	<i>Monthly Payment</i>	<i>YTD Repayment</i>	<i>Period End Balance 12/31/2022</i>
WTP Construction Loan from Sewer	444,774	374,320	11,747	82,201	362,573
WTP Construction Loan from WSA	148,264	124,779	3,916	27,400	120,864
Total Inter-fund Borrowing	593,038	499,099	15,662	109,601	483,437

Utility Billing

The District continues to work with residents each month to prevent water shutoffs. District staff continue to enter into new payment installment agreements to resolve outstanding payments and bring these accounts current and in good standing, however there are still residents who are not current on their bills. The District has locked off three residents and continues to work through the most egregious outstanding balances. Currently the district has 24 residents who are 90 days past due. We appreciate the residents who have been proactive in contacting us and working with us to bring their accounts current.

We encourage residents to work with the District to prevent additional late fee assessments and highly encourage all residents with past-due balances to contact the District immediately to rectify their account status. If entering into a payment plan, you are required to pay your monthly balance (including past due balance) in full or it will void the terms of the payment plan agreement. This means the account is now due and payable immediately and District staff will initiate the 10-day shut off notification. The District has encountered several residents who entered into payment agreements and subsequently voided them after nonpayment, however those residents brought their accounts current immediately in order to prevent utility shut offs.

Aging Report

The total amount due to the District for outstanding 60 and 90 day past due balances is \$51,857.23. There are 95 residents who are 60 days past due and 43 residents 90 days past due. The 90 days past due balances ranging from \$0.50 to \$5,265.25.

Reserve Funds Balance Sheet

Staff are presenting the projected beginning balances of FY 2022-23. It is important to note that the final reserve totals are dependent upon year end close and are not finalized for FY 2020-21 at this time. Additionally, due to minimal staffing capacity, July and August entries are pending at the time of this report.

FY 2022-23 Beginning Balances – Draft

TB run ending December 31, 2022

Reserve Descriptions	Account #	FY 2022-23 Beginning Balance July 1, 2022	YTD Total Debit	YTD Total Credit	Year to Date Ending Balance December 31, 2022
Capital Improvement Reserve Fees - Admin	100-2510	0	0	0	0
Unreserved Fund Balance	100-2800	0	0	0	0
	<i>Subtotal</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Water Capital Replacement	200-2505	2,494,807	0	0	2,494,807
Capital Improvement Reserves Fees - Admin Alloc	200-2505-99	39,990	0	0	39,990
Capital Improvement Reserves Fees - Water	200-2510	(110,775)	0	0	(110,775)
Capital Improvement Reserves Fees - Admin Alloc	200-2510-99	210,003	0	0	210,003
Water Supply Augmentation	200-2511	2,052,957	0	0	2,052,957
WTP Construction Fund Reserve	200-2513	(795,927)	0	0	(795,927)
Unreserved Fund Balance	200-2800	789,033	0	0	789,033
	<i>Subtotal</i>	<i>4,680,088</i>	<i>0</i>	<i>0</i>	<i>4,680,088</i>
Sewer Capital Improvement Connection	250-2500	4,342	0	0	4,342
Sewer Capital Replacement	250-2505	3,568,135	0	0	3,568,135
Capital Replacement Reserve Admin	250-2505-99	29,236	0	0	29,236
Capital Improvement Reserves Fees - Sewer	250-2510	76,847	0	0	76,847
Capital Improvement Reserves Fees - Admin Alloc	250-2510-99	159,077	0	0	159,077
Unreserved Fund Balance	250-2800	1,016,517	0	0	1,016,517
	<i>Subtotal</i>	<i>4,854,154</i>	<i>0</i>	<i>0</i>	<i>4,854,154</i>
Drainage Capital Replacement	260-2505	78,534	0	0	78,534
Capital Improvement Reserves Fees - Admin Alloc	260-2505-99	3,866	0	0	3,866
Capital Improvement Reserves Fees - Drainage	260-2510	344,134	0	0	344,134
Capital Improvement Reserves Fees - Admin Alloc	260-2510-99	35,262	0	0	35,262
Unreserved Fund Balance	260-2800	98,254	0	0	98,254
	<i>Subtotal</i>	<i>560,049</i>	<i>0</i>	<i>0</i>	<i>560,049</i>
Capital Improvement Reserves Fees - Admin Alloc	400-2505-99	6,418	0	0	6,418
Unreserved Fund Balance	400-2800	244,476	0	0	244,476
	<i>Subtotal</i>	<i>250,894</i>	<i>0</i>	<i>0</i>	<i>250,894</i>
Capital Replacement Reserve Security	500-2505	58,468	0	0	58,468
Capital Improvement Reserves Fees - Admin Alloc	500-2505-99	7,701	0	0	7,701
Capital Improvement Reserve Fees - Security	500-2510	(38,350)	0	0	(38,350)
Capital Improvement Reserves Fees - Admin Alloc	500-2510-99	135,466	0	0	135,466
Security Impact Fee Reserves	500-2513	38,488	0	0	38,488
Unreserved Fund Balance	500-2800	329,916	0	0	329,916
	<i>Subtotal</i>	<i>531,690</i>	<i>0</i>	<i>0</i>	<i>531,690</i>
Total Reserves		10,876,873	0	0	10,876,873