

MEMORANDUM

Date: May 17, 2022
To: Board of Directors
From: Paula O'Keefe, Director of Administration
Subject: Administration / Financial Update

On May 3, 2022, the Finance Committee met and discussed the following items:

- Update on the FY 2020-21 annual audit
- Update on Tyler Technologies Implementation plan
- Staffing updates
- LIHWAP federal funding
- Prop 218 Protest Letters
- CIP list

The following is the summary of the May 2021 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.

Monthly Budget to Actuals

No updates at this time.

Procurement and Contracts

No updates at this time.

Capital Improvement Projects Updates

Staff provided the updated FY 2022-23 CIP list at the May 3 Finance Committee meeting. The total cost of the proposed projects totals \$8,152,250, this includes a request of state funding in the amount of \$3,932,500.

Reserve Fund Purchases authorized by the General Manager

In the month of April, the General Manager brought two items for Board approval in the amounts of \$14,052 for Lift Station Replacement and \$17,480 for a Pump Replacement, both for Lift Station #6.

FY 2021-22 Audit

District staff are still working to correct the General Ledger and provide updated materials to Richardson CPAs to prepare final draft of the audit. Staff intends to onboard Eide Bailly within the next couple of weeks to assist with the audit draft as well as continued Accounting services to bring the District current and assist with day to day operations.

Reserve Funds Balance Sheet

Staff are presenting the current totals as of April 30, 2022. 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.

FY 2021-22 - Draft Reserve Beginning Balances

TB run ending 04/30/2022

<i>Reserve Descriptions</i>	<i>Account #</i>	<i>FY 2021-22 Beginning Balance July 1, 2021</i>	<i>YTD Total Debit</i>	<i>YTD Total Credit</i>	<i>Year to Date Ending Balance April 30, 2022</i>
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	1,990,869	165,093	618,666	2,444,442
Capital Improvement Reserves Fees - Admin Alloc	200-2505-99	39,990	0	0	39,990
Capital Improvement Reserves Fees - Water	200-2510	(115,491)	0	4,716	(110,775)
Capital Improvement Reserves Fees - Admin Alloc	200-2510-99	210,003	0	0	210,003
Water Supply Augmentation	200-2511	2,008,948	7,832	51,772	2,052,889
WTP Construction Fund Reserve	200-2513	(794,549)	282,942	266,174	(811,317)
Unreserved Fund Balance	200-2800	1,340,521	886,245	400,784	855,060
	<i>Subtotal</i>	<i>4,680,292</i>	<i>1,342,112</i>	<i>1,342,112</i>	<i>4,680,292</i>
Sewer Capital Improvement Connection	250-2500	4,342	0	0	4,342
Sewer Capital Replacement	250-2505	3,139,652	256,195	643,811	3,527,268
Capital Replacement Reserve Admin	250-2505-99	29,236	0	0	29,236
Capital Improvement Reserves Fees - Sewer	250-2510	73,246	0	3,601	76,847
Capital Improvement Reserves Fees - Admin Alloc	250-2510-99	159,077	0	0	159,077
Unreserved Fund Balance	250-2800	1,448,601	647,412	256,195	1,057,384
	<i>Subtotal</i>	<i>4,854,154</i>	<i>903,606</i>	<i>903,606</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	764	764	344,134
Capital Improvement Reserves Fees - Admin Alloc	260-2510-99	35,262	0	0	35,262
Unreserved Fund Balance	260-2800	98,254	764	764	98,254
	<i>Subtotal</i>	<i>560,049</i>	<i>1,528</i>	<i>1,528</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	(41,393)	0	3,043	(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	339,551	9,634	0	329,916
	<i>Subtotal</i>	<i>538,280</i>	<i>9,634</i>	<i>3,043</i>	<i>531,690</i>
Total Reserves		10,883,668	2,256,880	2,250,289	10,877,077

Interfund Borrowing

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

<i>Inter-fund Borrowing</i>	<i>Fiscal Yr Beg Balance</i>		<i>YTD Repayment</i>	<i>Period End Balance</i>
	<i>7/1/2021</i>	<i>YTD Interest</i>		
WTP Construction Loan from Sewer	573,950	1,137	117,429	456,521
WTP Construction Loan from WSA	191,323	379	39,143	152,179
<i>Total Inter-fund Borrowing</i>	765,273	1,516	156,572	608,700

Utility Billing

The State of California water shut off moratorium expired on December 31, 2021. District staff are continually working with residents who have significantly large past due balances through the payment plan to assist with repayment and potentially prevent water shut offs. Over the last couple of weeks, the District has entered into new payment installment agreements to resolve outstanding payments and bring these accounts current and in good standing, however there are still 72 residents who are not current on their bills.

The District initiated the first round of water shutoff notifications during the month of March. Thankfully, those customers either brought their accounts current, or entered into a payment agreement, allowing District staff to move on to the next round of outstanding accounts. Currently the district has 51 residents who are 90 days past due. The district continues to reach out to residents who are beyond the 90 past due and are working with them to bring their accounts current. We appreciate the residents who have been proactive in contacting us and working with us to bring their accounts current.

The District reminds all residents with past-due accounts that the District offers a payment plan to assist with bringing 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.

Aging Report

The total amount due to the District for outstanding balances is \$14,490, down from \$125,623 last month. There are 96 residents who are 60 days past due (down from 132 in February) and 51 residents 90 days past due (up from 46 in April). The 90 days past due balances ranging from \$2 to \$3,969 for a total outstanding amount of \$38,024.

Security Opinion Poll Survey

Three thousand letters were sent to registered voters on Wednesday, February 2nd. As of February 22nd, the survey wrapped up data collection with 673 interviews – which is impressive considering the small size of the community. Using four recruiting methods in combination (mail, email, text, and telephone) allowed True North to reach more people and ultimately generate a higher response than anticipated. The District held a Special Finance Committee meeting on April 14 to discuss the results of the security opinion poll survey. Finance staff will take direction from the committee. On the April 20, 2022, Board meeting, the Board of Directors approved the District to move forward with securing services with Clifford Moss, who is assisting the District with the educational outreach and tax measure language.