

MEMORANDUM

Date: May 15, 2019
 To: Board of Directors
 From: Tom Hennig, Director of Administration
 Subject: Administration / Financial Update

For your review is a scaled down version of the monthly Board financial reports. This report contains a limited amount of financial reports. The reason for the lack of current financial reports remains the lack of confidence in the financial reporting software utilized by the District. In response to this critical issue, District Administration entered into a consulting agreement with The Pun Group, to provide financial accounting services. The Pun Group team (Team) began their work on Wednesday, April 3, 2019. Staff is working with the Team to establish sustainable accounting practices and procedures throughout District operations. Our goal is for this work to be completed in time to begin utilizing the new accounting management strategies before the start of the FY 2019-20 budget year.

This information is provided to the Board to assist in answering possible questions regarding under or over-budget items. In addition, other items of interest are included.

Residential Water Consumption – Year-to-date residential water usage was approximately 7% below budget through March. Listed below are year-to-date water consumption numbers using weighted averages.

	12 month rolling % increase	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Residences	0.2%	2,542	2,542	2,542	2,543	2,545	2,545	2,546	2546	2541	2546		
	Weighted Average	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Cubic Feet	1,560	2,672	2,659	2,566	1,930	1,522	797	678	584	569	837		
Gallons per day	396	666	663	640	481	379	199	169	146	142	209		
Planned Usage GPD	627												

Commercial/Other Water Consumption – Year-to-date commercial water usage was approximately 1% below budget. Listed below are year-to-date water consumption numbers in cubic feet.

	YTD Totals	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Commercial	495,036	136,243	134,170	128,218	96,405	74,880	50,290	39,726	45,277	39,987	53,880		
Parks	240,537	88,540	68,739	50,519	32,739	16,480	878	501	758	602	3,561		
Raw Water	308,351	37,475	126,163	93,612	51,101	10,110	100	-	100	15,622	611		
CSD	74,863	21,501	19,548	18,782	15,032	12,703	11,057	11,663	10,925	9,269	5,330		
Totals	1,118,787	283,859	348,620	291,131	195,277	114,173	62,325	51,890	56,985	53,700	63,382		

Lock-Offs – During the month of April 2019, there were fifteen (15) lock-offs.

Connection Fees – There were no connection fees received in April 2019.

Aging Report – Accounts past due of more than sixty (60) days totals \$165,493. Of the total amount of the sixty (60) days past due, \$162,692, 98.3%, is attributed to four (4) undeveloped commercial properties. The amount due represents fees for Security, Drainage, and late payment penalties.

Summary of Reserve Accounts as of February 28, 2019 – The District’s reserve accounts began the 2018-19 fiscal year with a balance of \$5,825,224 and have a net increase of \$280,876 through the end of February 2019. Staff continues to validate all reserve contributions and expects there will be additional adjustments as we continue to identify past practices for allocation of monthly interest and sales revenue. Staff is also working to complete a detailed analysis of all reserve funds and plans to prepare a report for the June Board meeting.

Reserve Fund Balances

<i>Reserve Descriptions</i>	<i>Fiscal Yr Beg Balance July 1, 2018</i>	<i>YTD Collected & Interest Earned</i>	<i>YTD Spent</i>	<i>Period End Balance Feb 28, 2019</i>
Water Capital Replacement (200-2505)	1,375,775	136,437	78,981	1,433,231
Sewer Capital Replacement (250-2505)	2,745,922	250,039	98,476	2,897,485
Drainage Capital Replacement (260-2505)	108,771	21,103	507	129,366
Security Capital Replacement (500-2505)	121,869	30,773	16,354	136,288
Admin Capital Replacement (xxx-2505-99)	87,096	75	(0)	87,171
Sewer Capital Improvement Connection (250-2500)	4,134	68	19	4,183
Capital Improvement (xxx-2510)	349,075	28,608	13,710	363,972
Water Supply Augmentation (200-2511)	1,744,938	71,007	22,509	1,793,436
WTP Construction Fund Reserve (200-2513)	(702,387)	130,700	157,258	(728,945)
Security Impact Fee Reserves (500-2513)	(9,969)	1,246	1,364	(10,087)
Total Reserves	5,825,224	670,056	389,178	6,106,100

Inter-fund Borrowing Balances

<i>Inter-fund Borrowing</i>	<i>Fiscal Yr Beg Balance July 1, 2018</i>	<i>YTD Interest</i>	<i>YTD Repayment</i>	<i>Period End Balance Feb 28, 2019</i>
WTP Construction Loan from Sewer	996,749	13,826	93,700	903,050
WTP Construction Loan from WSA	332,250	4,609	31,227	301,022
Security N. Gate Loan from Drainage Fund	40,367	484	15,224	25,143
Total Inter-fund Borrowing	1,369,366	18,919	140,151	1,229,215

Budget to Actual Comparison Details (year-to-date through February 28, 2019)

Revenues

Water Charges, year-to-date, are **below** budget \$46,562 or (0.03%)

Sewer Charges, year-to-date, are **above** budget \$955 or 0.001%

Drainage Charges, year-to-date, are **below** budget \$1,352 or (0.06%)

Solid Waste Charges, year-to-date, are **above** budget \$3,838 or 0.009%

Security Charges, year-to-date, are **below** budget \$1,149 or (0.002%)

Expenses

Expense details are not available for this report due to unplanned issues with the -modifications to our reporting software. We have elected to hold back on publishing financial information we do not feel is accurate. These issues are being addressed by staff and are being elevated to a higher priority through a consulting contract with The Pun Group.

Finance Committee Update

During the May 8, 2019, Finance Committee meeting, staff was requested to develop an agreement with The Pun Group for additional services beyond the financial accounting services work currently nearing completion. This additional agreement would be designed to allow the District to utilize the expertise of The Pun Group to complete the transition to current governmental accounting standards. Because the current work is not yet completed, staff and The Pun Group agreed to delay initiation of a second project. Staff will return to the Board in June to recommend a workplan to accomplish this work.