

CLEAR CREEK COMMUNITY SERVICES DISTRICT

Board of Directors: Cedric Twight - Chair; Dave Zabaldano - Vice;
Johanna Trenerry - Director; Irwin Fust - Director;
Director
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FINANCE STANDING COMMITTEE MEETING

Tuesday, November 23, 2021, 6:00 pm
District Board Chamber
5880 Oak Street, Anderson CA 96007

Minutes were transcribed via video. Full recording may be found on YouTube at Happy Valley CCCSD.

MINUTES

DIRECTORS: Cedric Twight and Dave Zabaldano

STAFF: IGM Bill Palmaymesa

AUDIENCE: Joanne Blomquist, Scott McVay, TJ Ray, Beverly Fickes, Dennis Possehn, Chuck Jones, Kaitlyn Patrick, Terri Lincoln.

CALL TO ORDER: Director Twight called the meeting to order at 6:00 p.m.

PLEDGE OF ALLEGIANCE: Director Twight led the pledge.

OPEN TIME: Beverly Fickes voiced displeasure with the Finance Committee directors with backtracking on reported findings with the finances at the last Finance Committee meeting. She stated that the Committee wasn't even going to report their findings at the regular board meeting until a community member asked about it. Beverly thought it presented deceptive and non transparent actions on the part of the Committee. Scott McVay asked the Committee to review Ordinance 2008-11 and it's revision in 2016 regarding reserve accounts. Chuck Jones stated that Director Zabaldano made five findings regarding the bookkeeping and ongoing issues. Chuck asked that we continue to work on the issues if still not resolved. Dennis Possehn agreed if problems are identified, document them, and then present to auditor when funds are available for review. Dennis asked when financial reports were going to be made available again. Director Zabaldano indicated that past months are not closed yet but will be available soon.

Director Twight agreed that they should have done a better job of discussing the findings at the last Board meeting. Director Twight thought the reason it was forgotten was that the meeting was long and the Board lost their flow. He apologized for not reporting the information properly and promised to do better.

OLD BUSINESS/NEW BUSINESS:

- A. WIIN LOAN UPDATE** - IGM Palmaymesa gave a report on loan options for our WIIN Act obligations. He stated the financed amount, if a loan was secured, was going to be around \$400,000. IGM Palmaymesa indicated that the next loan payment was due January 1, 2022. The Committee and community discussed options with loans, our credit score, and early payoff penalties. Joanne Blomquist asked what the WIIN Act acronym stands for. IGM Palmaymesa stated Water Infrastructure Improvement for the Nation.
- B. FINANCE REPORT** - Director Zabaldano indicated that there were employees working on the finances that clearly had no idea what they were doing. He explained that some postings were done in separate years which threw off the accountability. After tracking down those amounts, it doesn't appear that the difference is as large as originally thought. Director Zabaldano stated he was trying to save the District money by finding the discrepancies ourselves. He reported that there were very poor accounting practices. Some funds were put into accounts with zero balance but had nothing to do with the account subheading. Director Zabaldano shared that he did not see any abnormal transfers from the bank account and water receivables which would be the mechanism to use if anyone was trying to take money out. Joanne Blomquist asked whether the prior auditor had some responsibility for this mess as they were suppose to do the review. She asked whether they should have been able to pick up on these errors. Director Zabaldano noted that the review at a higher level just shows expenses and not all the sub account expenses where the errors are occurring. TJ Ray stated, so in essence, no audit was really done if all the auditor did was briefly review. She said if it doesn't balance, a proper audit was not completed. Director Zabaldano indicated it was the sub accounts that contained the errors which an auditor would not investigate due to the scope of the audit. Scott McVay indicated that when funds are switched to all these wrong accounts it gives the perception that malfeasance is going on. Director Zabaldano stated that when he first looked at the books it appeared that there was a shell game going on but the further he reviewed, he felt it was just bad accounting practices. Beverly Fickes asked how soon before Director Zabaldano would have things "sort of" right in the office. Director Zabaldano stated that the last FY should be ready to go this week. The Committee discussed audit options and costs and whether prior Board could be held accountable for their failed oversight of the District. Director Zabaldano stated he was morally outraged at the things he saw on the timecards that was presented to the Board. He would like to punish someone but there is no proper policies and procedures to hold an individual's feet to the fire.
- C. GRANT UPDATES** - IGM Palmaymesa indicated that the distribution improvement project has cleared the environmental from the state but we are still in the waiting process. He stated that this project is about two years out. There is no news on the backwash pond repair project. We have a new assigned project manager from the state but still waiting. The project is 90% designed and the District is ready to go when we get word. Funding is through the Carr Fire FEMA/Cal-OES grant. IGM Palmaymesa stated that we may be able to break ground late 2022. He also reported that he applied for a \$500,000 grant that would be used to upgrade the well electronics. This upgrade will increase pressure and flow. IGM Palmaymesa stated

he can log into the computer and check everything at the Filter Plant but because of the old system that is not possible at the well fields. He also reported on a post-chlorine line at the Filter Plant that was installed in the 70's. He stated that the line is too small to handle the capacity and is scouring the steel lined concrete line. Centerville has started budgeting for their share of the cost to replace this line but Clear Creek has not. IGM Palmaymesa reported that the arrearage program grant was submitted and the District should receive some money soon. This is arrearages due to non payment during COVID and the requested amount is just under \$140,000. Any left over amount goes back to the State. Director Twight thanked IGM Palmaymesa for all his efforts in securing funding. The committee talked more about grant funding and the possibility of an ad-hoc committee to search and apply. Scott McVay asked about employees who may be working outside their job descriptions and MOU. Chuck Jones indicated one project at a time and that this could be tabled. Director Twight indicated that this topic was for the Personnel Committee.

QUESTIONS/PUBLIC COMMENTS: Joanne Blomquist asked about the overall financial picture for the District. Director Zabaldano stated the District lost about \$175,000 for the month of July and broke even for August. IGM Palmaymesa said there always seems to be a bill that was not budgeted for but the bills are being paid. Joanne asked about the meeting times, as this meeting was listed at 5:30 p.m. and then 6:30 p.m. and then 6:00 p.m. She asked that they all be at 6:30 p.m. IGM Palmaymesa stated the Board approved all regular meetings at 6:30 p.m. but special meetings and committee meetings were left off so that they could be flexible. IGM Palmaymesa wanted to clear up discussion on the bookkeeper/accountant. He stated she was taught by the previous accountant and she just continued forward those practices. There was no one to tell her that these practices were not incorrect. IGM Palmaymesa said she is a really good person and would not have done anything wrong intentionally. He stated he didn't want to mislead anyone that she was the issue with the bookkeeping errors.

ADJOURNMENT: Director Twight adjourned the meeting at 7:53 p.m.

Submitted by

Beverly Fickes, Volunteer

Cedro Twight, Director

Dave Zabaldano, Director



William Palmaymesa, Interim
Manager/Chief Plant Operator