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Board of Directors

Directors - Beverly Fickes, Committee Chair: Scott McVay

General Manager: Paul Kelley

FINANCE COMMITTEE

March 8th 2023 at 4:30PM : District Office Board Room

Committee Responsibility

The Board's standing Financial Committee shall be concerned with the financial management of the Clear Creek CSD including the preparation and oversight of an annual budget, and oversight of reserve accounts and major expenditures.

MINUTES

- 1. CALL TO ORDER- by Director McVay @ 4:30pm**
- 2. PLEDGE OF ALLEGIANCE- led by Director McVay**
- 3. ROLL CALL- Director McVay, Director Fickes, General Manager Paul Kelley, and Bookkeeper Accountant Melissa Tenney.**
- 4. OPEN TIME/PUBLIC COMMENT: NONE**
- 5. OLD BUSINESS/NEW BUSINESS (Discussion/Action)**

General Manager Paul Kelley mentioned that there have been some updates made since giving out the packet for the meeting and they were available in the back of the boardroom for the community members to look at. He continued to report that Melissa was able to finish the other things she was working on so there are some changes that might be noticed mostly related to the list of accounts. On the list they had previously, a lot of the revenue for customer accounts such as filter plant repayment, state loan repayment, and the WIIN Act, should be identified as designated revenue rather than other revenue. He also identified the incorrect attribution of the purchase of water being categorized in Quickbooks as ordinary income/cost of goods sold. He pointed out that this item should be in expenses. He then referenced the suspense account and what it appeared to consist of. He explained that the \$37,000 in the suspense account appeared to be paid bills out of the old Bucs system and when imported into Quickbooks, the contracted bookkeeper at the time didn't know what accounts they needed to be assigned to. Director McVay asked if they had any idea where

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these expenses are supposed to go. General Manager Paul Kelley said that it has not yet been figured out yet. General Manager Paul Kelley suggested that they start off by diving into the Mid-Year Budget Review. Director McVay agreed and thought that it would probably help answer most of the questions regarding the activity reports.

- a. Activity Reports – July – December 2022 – Discussion
- b. Mid-Year Budget Review – Discussion
 - i. Director Fickes questioned in the income section the base rate charges in the actual column is just a half year. General Manager Paul Kelley confirmed that it was the amount collected. She also asked what the “Water out of District Sales” line was. Director McVay said he thinks it was for Western Industries who ran conduit for internet, and they paid a monthly fee. Director Fickes also asked about Centerville water sales budgeted amount for the whole year was \$95,000 and we already collected \$84,000 so far. General Manager Paul Kelley mentioned that the budget column is for 6 months. Director Fickes asked about our budgeted income for base rates is supposed to be \$773,000 and we have only brought in \$475,000 so far. Melissa answered that there are still two months that have not been split out of water sales yet. Director McVay asked to discuss that a little bit because he calculated the percentages on that, and it’s projected that 85% of that \$773,000 will be collected and his number is 51.2% of that being collected. He also pointed out that he bases his numbers from the 2,710 accounts that is being reported to LAFCO but on the MSR they are showing 2,356 meters. He asked if the board is hearing insufficient information. General Manager Paul Kelley said that to his understanding 2,710 is the total number of dwellings. If there is one meter and multiple dwellings on the property, then they are charged a base rate for each dwelling regardless of the number of meters on the property. He stated that is the current policy and that is where the 2,710 comes from.
 - ii. Director McVay asked about the Filter Plant Repayment, Backwash fee, state loan repayment and the WIIN Act Repayment and why the percentages collected were different. For example, the WIIN Act and State loan seemed to be 83% collected and 17% uncollected, and the backwash and filter plant were both 67% collected. He wanted to know why they were not equally the same collected percentages for all. Melissa responded and said that to her understanding the contracted bookkeeper was given the billing journal and not the AR journal, so she was semi guessing because she was going off the number billed and not the number received. Director McVay then requested to see another 6 months at the end of the fiscal year and combine the two at the end of the year so that they can compare the two and see when and where the corrections happened or whether there are still issues. General Manager Paul Kelley added that as Melissa goes through more of the AR journals and reconciles on the numbers, they may be more balanced out. Director Fickes asked General Manager

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Paul Kelley to research the WIIN Act Repayment because it says we are repaying the rest of the contract and that would theoretically be until 2030. She mentioned that is 10 years' worth of prepayment of that fee and questioned if it is based on the 15,300af of water. General Manager Paul Kelley explained that the WIIN Act paid in full to the federal government and that regardless of the delivery each year the District is obligated to pay off that refinance (WIIN Act Loan).

- iii. Director McVay asked about the property tax that should be on the actuals and why it is not there. He asked if the District received the \$170,000 yet. Melissa responded saying we received it in January. Director Fickes added that she remembered seeing somewhere that they are paid in May and January since taxes are due April and December.
- iv. Director Fickes then moved on with questions about the treatment plant expenses. She particularly questioned the vehicle maintenance and why some of the cost for the vehicle insurance was not being charged to Centerville. General Manager Paul Kelley mentioned that she was correct that it should be broken out into that category, and it is a work in progress to get the budget to actuals more granular as possible. Director McVay asked if we were behind on the reconciliation for Centerville. General Manager Paul Kelley said that yes, the district is behind on the reconciliation because the reconciliation is done from the audit. He added that the FY 2021 audit had just been completed and was now working on the FY 2022 audit. So once that is finished the District can then give Centerville the details for them to start working off of.
- v. Director Fickes asked about the safety equipment expenses. Melissa responded that it is the cost for the laundering service from Aramark for the pants. Director Fickes asked that a different vendor be found as that is a ridiculous price to wash pants. General Manager Paul Kelley added that he is pretty sure that \$4,300 for safety equipment expenses does not just have the pants cleaning and that there is another expense in there that needs to be figured out.
- vi. Director Fickes moved on and questioned what the Repair and Maintenance O&M for \$129,000 was and asked if the board approved the additional expenses. General Manager Paul Kelley responded that the O&M was budgeted \$85,000 and he thinks that there are some other maintenance items that didn't quite get picked up on that and he mentioned he had asked Melissa to be prepared to show what that \$129,000 is and he wasn't sure if she was able to get that done. Director McVay noted that he remembered reading invoices before signing checks and he knew the District purchased pipes and valves and had to restock those items. So, that could account for some of those extra costs. General Manager Paul Kelley mentioned that early November, late October break that had a big line that was larger, like 32" and another on Olinda which is 16" had to be repaired. Director McVay added that we had to bring in Axner for those. General Manager Paul Kelley went on and explained that some of the increased cost is that and some of it is we used the last of our

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materials like a remnant piece of pipe to fix a couple of those. He mentioned that back in November, supply chain issues were also a problem so the District ordered more than normal because they were told it would take 6 months to get. General Manager Paul Kelley reported back to Director Fickes' question that he and Melissa will have to supply them with the breakout of all that expenses that have gone to that and figure out if there may be some that need to be attributed elsewhere. Director Fickes asked if whenever it occurred that we're going to go over our expenditures of what was budgeted for, isn't the Board supposed to be approving those expenditure overages. General Manager Paul Kelley said that he didn't believe that he had seen anything in the board policy to do that. But might be something to look at during the next regular meeting. He added that he is concerned about the overage and because of it he has held off on a few expenditures.

- vii. Director Fickes asked which vehicle is broken. General Manager Paul Kelley answered that he wasn't sure which unit, but he knew that it needed a new engine. Director Fickes said that she was just curious because she thought that none of the vehicles were older than 2015. She then asked how many miles were on that vehicle. General Manager Paul Kelley stated that there is somewhere around 128,000 miles on that truck.
- viii. General Manager Paul Kelley pointed out an account that was concerning to him and stated that he hasn't been able to figure out what was intended in the old budget, but under utilities he wouldn't consider waste management to be considered a utility and mentioned that should be under building maintenance. Bookkeeper Accountant Melissa Tenney stated that 50535 is the Building and Ground maintenance office. And suggested that if they want waste management to be with that, she can make the change.
- ix. General Manager Paul Kelley talked about the telephone expense on the budget. He mentioned that we have an agreement that is about to expire that we need to renegotiate with Com-Pair in which they have a tower on our booster station to serve a few of their customers. And in exchange, we get internet. Currently looking into some sort of back up type of thing or maybe fiber as an option. He continued that is a high expense for a telephone and it is most likely an error of something else being included in that account that shouldn't be.
- x. Director McVay questioned the line item 5420 for vehicle insurance seemed rather high. Director Fickes asked if it is for six months or for the whole year. General Manager Paul Kelley confirmed and stated it was for the whole year. Director Fickes asked for the GM to investigate a different insurance company because the Insurance cost of \$42,350 seems high.
- xi. Director Fickes asked about the 5705-Water Fee Other account and what it was. Bookkeeper Accountant Melissa Tenney answered that it was City of Redding finance division GSA annual report share. Director McVay asked about another fee (item

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number 5710) for \$18,005. Bookkeeper Accountant Melissa Tenney stated it was the State Water Board Fees. She mentioned that \$17,000 of that is due. General Manager Paul Kelley added that it was the annual fee, and it is the State Water Board's small community water fee and it's a per connection fee that they charge for administering their programs and the District is obligated to pay for that.

- xii. Director Fickes asked for a list of all the regulatory fees that the District has and the amounts that are paid. General Manager Paul Kelley stated that he would get the list and send it to both Directors. Director McVay also asked that at the end of the budget identify annual fees to that it is more transparent to the full board and the community.
 - xiii. Director Fickes asked what we pay property taxes on. Bookkeeper Accountant Melissa Tenney responded saying it is from our mailing machine and for whatever reason they added property taxes onto the lease. General Manager Paul Kelley added that this expense is something he wanted to fight not to pay, but unfortunately it has to be paid. He explained that the private company in which the District leases the piece of machinery from gets charged property taxes by the county, and they then passed those charges on to the District.
 - xiv. Director Fickes asked General Manager Paul Kelley what his end of the year projections were. General Manager Paul Kelley answered and said that he projects the District to be "in the black" in the next 6 months. He stated that \$340,000 in property taxes had not hit as revenue yet. There are a few expenses that also need to be paid such as insurance and other things such as our WIIN ACT payment.
 - xv. Director McVay then moved on and asked about the total employee benefits amount. He stated they were not quite matching up. He mentioned that it was showing \$55,893 as the total, but he had noticed on the original copy it was off by \$25,007. Bookkeeper Accountant Melissa Tenney responded and explained that there is an issue with having those expenses in that section because the rest of the payroll expenses are shown in liabilities.
- c. Water Shortage/Drought Ordinance and Rates Ordinance (2023-24 water year) – Discussion
- i. It was decided to table this item as they were running out of time and the March 8th Special Meeting was scheduled directly after this meeting.
 - ii. Community Member Pam Beaver from the audience asked that as the District looks into the laundry expenses if the District could limit the guys to three pairs of pants a week? She expressed that she felt that this would save as an expense to the District because if the pants weren't getting super muddy then they would not drop them in the laundry basket to get cleaned. Director McVay acknowledged that she had a good point. And stated that without knowing how often they are getting muddy versus just being worn. Director Fickes said that the pants and laundry service is something that in the MOU that is paid for, and it isn't something we can take away, but needed to

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investigate cheaper ways. She agreed that maybe the guys could be asked to only send the pants that are dirty to be picked up for cleaning.

6. ADJOURN THE MEETING- @ 5:46pm

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