



# COMMUNITY SERVICES DISTRICT

## Finance Sub-Committee Minutes

November 10, 2020 / 10:00 a.m.

*On March 4, 2020, Governor Newsome declared a state of emergency due to the threat of COVID -19. In light of the ongoing threat of COVID-19, on March 12, 2020, Governor Newsom issued an Executive Order N-25-20 to temporarily grant state and local agencies certain powers to aid in the implementation of social distancing measures recommended by state and local public health officials. In accordance with Executive Order N-25-20, the Grizzly Ranch Community Services District Finance Sub-Committee meeting scheduled on November 10, 2020 will be conducted remotely. Please refer to the call-in availability information for participation access to this meeting.*

Call in is available for this meeting:

User Name	Participant Code	Toll Free Dial-In	Toll/Int Dial-in
Grizzly Ranch CSD	8535951	1-866-906-0040	1-857-288-2640

**A. Roll call:**

Chair Stephen Tange, Director John Reynolds, and Director John Saefke established a quorum. GRCS D Treasurer Bob Coler, General Manager Aaron Corr and Office Administrator Carol Logan also in attendance.

**B. Call to order: 11:00 a.m.**

**C. Approval of minutes from last meeting: August 27, 2020.** There was a procedural issue with the Approval of minutes from August 27,2020. The minutes from August 27, 2020 will be represented in the next scheduled Finance Sub-Committee meeting for proper recording and documentation.

**D. Public Comments: None**

**E. General Business:**

**1. GRCS D Finance Sub-Committee mission statement review for adoption:**

Chair, Stephen Tange called for a motion to adopt **the** GRCS D Mission Statement as presented. Director Reynolds made the motion, Director Saefke seconded the motion and the motion passed unanimously by a roll call vote.

**2. August, September and October 2020 Financial Reports:**

General Manager Aaron Corr Reviewed the Budget Reports covering the months of August through October 2020. He stated that loan principal payments will now be reported on the Balance Sheet per auditor’s recommendation, instead of Budget vs. Actual Reports. Loan principal payments will still be managed as an expense for the annual year budget proposals. AUGUST: We had an expenditure of \$6,321.00 on grinder pump purchases. This was a reactive move as we were still in the process of 1<sup>st</sup> phase of retrofits and we had a few grinder pumps go down in the district, thus trying to be proactive knowing we had them in stock. We have gained 4 grinder pumps due to the retrofit project including 4 control panels. He is confident that this

line item on budget will be covered as we gain these acquisitions. The retrofitted grinder pumps can be reused and should save us estimated projection \$10,000.00 in the next year.

SEPTEMBER: There was an increase in Administrative hours in September due to Office Administrator position transitions as well as audit preparation. We remain on schedule with the budget. OCTOBER: Our SCADA main computer server which is the main component of the SCADA system failed in October. We worked with Tesco and was able to negotiate on some of the dollar amounts. Unfortunately, Dell, the manufacture of the computer could not make any adjustments on the cost. We did have to replace the main server. The total amount was \$9,250.00 which included main diagnostics, shipping, personnel hours, installation and an additional 3-year warranty. This was a covered contingency SCADA electrical item, wells, booster, water treatment plant, water storage plant up to \$6,600.00 which made a difference of \$2,650.00 not covered by contingency as of yet. SUMMARY OF THESE MONTHS: We are at 34% of our annual budget, 1/3 of year and staying within the budget.

**3. Investment accounts update:**

GRCSD Treasurer Bob Coler indicated that there has been no investment activity. Total value in Fidelity and Live Oak Bank investments of \$341,648.14 Originally started at \$655,844.00. The change in values were a result of operations and wastewater project activities. GRCSD Policy has indicated that investments do not jeopardize any principal with CD's and/or T bills.

**4. 12-month projection:**

General Manager Aaron Corr proposed a 12-month projection of operations based on previous years and GRCSD's first year of operation of the new wastewater plant. A revenue projection is based on last 3-year trend and 2019/2020 property tax assessment receivables including default breakdowns. Operation accounts combined Fidelity and Plumas accounts \$254,635.00. Projected revenue of \$210,000.00 which will bring us to \$429,735.00 around January 2021. Through May 2021 revenue collection \$132,080.00 giving GRCSD \$471,315.00 in operations account. August revenue based on penalties, interest and 4 recovered defaulted accounts is \$25,000.00. Looking at October, 31, 2021 projected operating balance of \$301,315.00. 2 CD's maturing in December and would like to meet with Treasurer, Bob Coler and advisory working group. Discussion was held.

**5. FY 19/20 Audit update:**

General Manager Aaron Corr presented Audit worksheets that were created during audit. The annual audit provides for Depreciation Schedules for Water and Sewer. This year we added the wastewater facility additions and related costs to our assets to the Sewer Depreciation schedule. Also, along with the depreciation schedules is a worksheet which reflect the items on the audit which is an outline as how we keep bookkeeping records for all line items as they are divided into water and sewer and combined expenses for the year. One of the items that was decided to be expensed out by discussion of the working advisory group and the auditor was the actual retrofits, the STEP septic tanks that we are retrofitting, we do not own. We are purchasing for the home owner to better the waste water system. This amount was expensed so it is included in this report as an expense item. The depreciation amount on the depreciation schedule is also included in these amounts. With the addition of the retrofits and depreciation items, the total operating expense for the year is \$632,622.64. Total operating expenses minus the depreciation \$171,383.99 and minus the retrofits \$55,505.26 = \$405,733.39 which is 87% of FY 19/20 Budget of \$463,104.36. Total revenues \$347,659.06 and total expenses minus depreciation/retrofits = \$405,733.39 will be a net total of -\$58,074.33. Discussion was held.

**6. Draft Budget Prep Policy review:**

General Manager Aaron Corr presented a draft for discussion. It was discussed that timing of the steps should be implemented in policy. Aaron Corr, the General Manager indicated that he would present to the BOD in December with timeframes.

**7. Draft Fixed Asset-Capitalization Policy review:**

General Manager Aaron Corr presented a draft for discussion. Discussion covered the dollar amount and useful life.

**8. Draft Fixed Asset-Accounting Policy review:**

General Manager Aaron Corr presented a draft for discussion. Discussion covered as how was inventory to be handled, Quickbooks or manual spreadsheets and salvage value. To date only depreciation reports are used for inventory purposes.

**9. Rate Study discussion:**

The Finance Sub-Committee recommends advising the GRCSD Board of Directors to move forward as quickly as possible to perform an Internal Rate Study to acquire data needed to move forward. Chair Stephen Tange called for a motion to move for an Internal Rate Study. Director John Reynolds made the motion, Director John Saefke second. The motion was passed by unanimous roll call vote.

**10. Training Events:**

Chair Stephen Tange encouraged members to attend other RCAC BOD classes.

**11. Propose future agenda items: NONE**

**Motion to Adjourn by John Reynolds, seconded by Director John Saefke and passed unanimously by a roll call vote**

**Adjourned Time: 11:27 a.m.**