

## MEMORANDUM

Date: September 21, 2022  
To: Board of Directors  
From: Paula O'Keefe, Director of Administration  
Subject: Administration / Financial Update

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On September 6, 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
- Water Shut Off Information

The following is the summary of the September 2022 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.

### ***Accounting Services***

The District recently onboarded the PUN Group to assist with District accounting functions. These accounting needs have been broken down into four core tasks:

- Task 1 – 2021 Audit Readiness
- Task 2 – Budget and Actuals for July 2022 and August 2022
- Task 3 – 2022 Financial Analysis/Transaction and Audit Readiness
- Task 4 – Budget and Actual for FYE 2021-22

Currently there are three senior level partners and other advisors completing various levels of analysis and two staff consultants who are working on the financial analysis. The District has also contracted with a consultant with Municipal Resource Group (MRG) to evaluate banking transactions against the general ledger for reconciliations. Vanessa Burke, a partner with the Pun Group, has met with Board members individually to discuss project scope, timeline and potential concerns that may guide their work. Additionally, the consultant team has met with District staff, Tyler Technologies, and Great Plains to review processes, projects and

The following is an update provided by the Pun Group and MRG consultants:

Progress on the tasks are as follows:

### **Task 1 – 2021 Audit Readiness**

- All files that have been provided to the auditor to date have been collected and are being reviewed.
- Evaluation and organization of the data is underway.
- Opening trial balances provided to the auditor contain issues not previously identified such as beginning balances not agreeing with the prior completed audit (FY 19-20).
- Additional work is being done on the opening balances as a result of those issues.

- Preliminary evaluation by the Pun Group is that the 2021 audit data which began being provided in July may be ready by mid-October and will follow a normal six month audit cycle and complete by end of the year.

#### **Task 2 – Budget and Actuals for July 2022 and August 2022**

- Budget and actual templates have been developed utilizing the existing District format plus enhancements.
- Amounts are being validated and several issues have been identified such as revenues and expenditures not being recorded in a timely manner.
- MRG has been tasked to reconcile July and August of 2022 using their standard bank reconciliation format.

#### **Task 3 – 2022 Financial Analysis/Transaction and Audit Readiness**

- MRG has performed an evaluation of the bank transactions to the general ledger for the complete fiscal year 2021-22 for the main operating funds.
- They are working with District staff and the Pun Group to obtain additional information and understand differences.
- Transactions to be posted have been identified and will be proposed once additional research is completed.

#### **Task 4 – Budget and Actual for FYE 2021-22**

- Not started. Task 4 is dependent on task 3.

#### ***FY 2021-22 Audit***

District staff finalized the majority of the general ledger accounts and provided information to the auditors. The Pun Group consultants are assisting with the District fund balance reconciliation, CFD reconciliation and final submissions and expect to have them to the auditor within the next couple of weeks. Staff will continue to provide updates Finance Committee meetings.

#### ***Monthly Budget to Actuals***

No monthly budget to actuals will be presented for the first quarter at this time. The Pun Group team are currently working with District staff to finalize monthly A/R journal entries and A/P processing to ensure all revenue and expenses are properly booked.

#### ***Procurement and Contracts***

There are no updates at this time.

#### ***Reserve Fund Purchases authorized by the General Manager***

No purchases at this time.

## Reserve Funds Balance Sheet

Staff are presenting the projected beginning balances of FY 2022-23. 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. Additionally, due to minimal staffing capacity, July and August entries are pending at the time of this report.

### FY 2022-23 Beginning Balances – Draft

TB run ending August 31, 2022

Reserve Descriptions	Account #	FY 2022-23 Beginning Balance July 1, 2022	YTD Total Debit	YTD Total Credit	Year to Date Ending Balance August 31, 2022
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	2,494,807	0	0	2,494,807
Capital Improvement Reserves Fees - Admin Alloc	200-2505-99	39,990	0	0	39,990
Capital Improvement Reserves Fees - Water	200-2510	(110,775)	0	0	(110,775)
Capital Improvement Reserves Fees - Admin Alloc	200-2510-99	210,003	0	0	210,003
Water Supply Augmentation	200-2511	2,052,957	0	0	2,052,957
WTP Construction Fund Reserve	200-2513	(795,927)	0	0	(795,927)
Unreserved Fund Balance	200-2800	789,033	0	0	789,033
	<i>Subtotal</i>	<i>4,680,088</i>	<i>0</i>	<i>0</i>	<i>4,680,088</i>
Sewer Capital Improvement Connection	250-2500	4,342	0	0	4,342
Sewer Capital Replacement	250-2505	3,568,135	0	0	3,568,135
Capital Replacement Reserve Admin	250-2505-99	29,236	0	0	29,236
Capital Improvement Reserves Fees - Sewer	250-2510	76,847	0	0	76,847
Capital Improvement Reserves Fees - Admin Alloc	250-2510-99	159,077	0	0	159,077
Unreserved Fund Balance	250-2800	1,016,517	0	0	1,016,517
	<i>Subtotal</i>	<i>4,854,154</i>	<i>0</i>	<i>0</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	0	0	344,134
Capital Improvement Reserves Fees - Admin Alloc	260-2510-99	35,262	0	0	35,262
Unreserved Fund Balance	260-2800	98,254	0	0	98,254
	<i>Subtotal</i>	<i>560,049</i>	<i>0</i>	<i>0</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	(38,350)	0	0	(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	329,916	0	0	329,916
	<i>Subtotal</i>	<i>531,690</i>	<i>0</i>	<i>0</i>	<i>531,690</i>
<b>Total Reserves</b>		<b>10,876,873</b>	<b>0</b>	<b>0</b>	<b>10,876,873</b>

### **Interfund Borrowing**

The following are the updated totals for the repayment of the interfund borrowing as of August 31, 2022.

<i>Inter-fund Borrowing</i>	<i>Fiscal Yr Beg Balance 7/1/2022</i>	<i>Monthly Payment</i>	<i>Period End Balance 8/31/2022</i>	<i>YTD Interest</i>	<i>YTD Repayment</i>
WTP Construction Loan from Sewer	432,620	11,714	421,267	841	23,475
WTP Construction Loan from WSA	144,213	3,905	140,428	280	7,825
<b>Total Inter-fund Borrowing</b>	<b>576,833</b>	<b>15,619</b>	<b>561,695</b>	<b>1,122</b>	<b>31,300</b>

### **Utility Billing**

The District continues to work with residents each month to prevent water shutoffs. District staff continue to enter into new payment installment agreements to resolve outstanding payments and bring these accounts current and in good standing, however there are still residents who are not current on their bills. The District has locked off three residents and continues to work through the most egregious outstanding balances. Currently the district has 24 residents who are 90 days past due. We appreciate the residents who have been proactive in contacting us and working with us to bring 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. If entering into a payment plan, you are required to pay your monthly balance (including past due balance) in full or it will void the terms of the payment plan agreement. This means the account is now due and payable immediately and District staff will initiate the 10-day shut off notification. The District has encountered several residents who entered into payment agreements and subsequently voided them after nonpayment, however those residents brought their accounts current immediately in order to prevent utility shut offs.

### **Aging Report**

The total amount due to the District for outstanding 60 and 90 day past due balances is \$26,521.25, down from \$36,436.07 last month. There are 64 residents (down from 96) who are 60 days past due and 24 residents 90 days past due. The 90 days past due balances ranging from \$20.84 to \$4603.01, for a total outstanding amount of \$20,770.44.

### **Bills Paid List**

Attached is the "Bills Paid" check register and PayChex reports that reflect all of the checks (including voided checks) ran between the month of August 2022.