

SQUAW VALLEY PUBLIC SERVICE DISTRICT

FINANCE COMMITTEE MEETING

DATE: November 26, 2018

Call to order at 3:00 P.M.

Public comment – none

Attendees: Directors Eric Poulsen and Fred Ilfeld; Kendall Galka and Bob McClintock of McClintock Accountancy; Mike Geary, General Manager; Kathryn Obayashi-Bartsch & Jessica Asher, Secretary to the Board; Danielle Grindle, Finance & Administration Manager; Brandon Burks, Operations Superintendent, and Jessica Grunst; Account Clerk II/HR Specialist.

F-1 Audit Report for Fiscal Year 2017-2018.

McClintock Accountancy Corporation reviewed the Audit Report for Fiscal Year 2017-2018.

McClintock Accountancy Corporation provided a third party audit of the financial statements prepared by the District representing fiscal year 2017-2018 (Government Wide Financial Statements, Notes to the Financial Statements, Fund Financial Statements and the California Special Districts Financial Transaction Report.) This audit assures the annual financial statements of the District are reported without any material misstatement, and are performed in accordance with Generally Accepted Accounting Principles (GAAP).

The Financials and Management Discussion and Analysis was reviewed, specifically financial highlights of material activities throughout the fiscal year, management’s explanations of material movement in various account categories, and the future financial outlook.

FY 2017-2018 is the second year in which the District completed the financial reporting independently, allowing McClintock to perform only the audit. This is a best practice as an audit firm should not provide accounting services and then audit that work. This is and an exciting accomplishment for the staff. This process also helps each department head best manage their responsibilities and financial planning.

Notably, this is the first year of Government Accounting Standards Board (GASB) Statement 75 implementation which requires government agencies to quantify Other Post-Employment Benefits (OPEB). While this benefit and liability is not new, this is the first year in which it is quantified within the financial reports. It is an actuarially determined number and this year is estimated at approximately \$616,000.

Director Ilfeld requested that the acronym “OPEB” be spelled out in parenthesis the first time it used. The update to the Independent Auditors Report does not need to be updated, but the direction should be noted for future reference.

The schedule on Page 67 will be important to review year over year to see how OPEB liability changes.

The “Management Discussion (pages 3-11) is a very helpful to summarize financials.

The finance committee discussed pension liabilities. Director Ilfeld said it would be helpful to see delta between employees on Classic pension compared with the reformed pension plan (PEPRA) to understand difference in funding and liabilities. The goal is to be 90% funded for pension, the District is at approximately 75% funded for Governmental activities and 73% for Enterprise activities.

Cal PERS suggests special districts attend their board meetings as members of CalPERS elect their board and to hear from districts about their concerns.

The highlights of the capital assets, page 40, include purchase of a Type 3 Fire Engine, purchase of a backhoe, Plumpjack Well and Truckee River Siphon Projects.

Ms. Grindle stated that we are in a healthy position with a \$534,000 increase in our Net Position. We are moving forward with a lot of big district projects. Tax revenue increased 2.8% over the prior year, to \$3.4 million dollars in tax revenue which is back to pre-recession values. There are many activities which have increased revenue such as the bike trail snow removal and performing operations and maintenance for Squaw Valley Mutual Water Company.

Mr. Geary noted that we achieved as much in rates as in property tax revenues this year. Almost all of property tax revenue is directed to the fire department, however, the fire department is charged for administrative services.

Other matters noted include GASB 87: to bring operating leases onto balance sheets and GASB 88 for disclosures requirements related to debt.

Ms. Grindle will need to update signers for the Fire petty cash account.

In FY2017 McClintock recommended using a fixed asset software, which was noted to have been completed in FY2018.

Items reviewed by the Committee include the following:

D-1 Operating Account Check Register: Ms. Grunst reviewed the Operating Check Register numbers 46436-46494 and ACH payments. Staff reviewed payments of more than \$800 and provided an explanation of the following payments and a summary of electronic payments (ACH).

Check Payments:

46443 Bank Card Center – Bar of America holiday party deposit, Indeed, Board Secretary recruiting

46444 Bank Card Center – Cal Chiefs Conference Hotel Stay, Shift Calendars, Fire West Training

46447 California Special Districts – 2019 CSDA Membership

46448 Capitol Elevator Company, Inc. – Remaining 50%- completion of door operator

46449 Brad K. Chisholm – Hotel and Registration Fee for Chief Officer Leadership, Fire West Training

46450 Cisco Air Systems, Inc – Fire Department Air Compressor Service and Repairs

46451 Angela M Costamagna – Office and Community Room Cleaning, October and November

46454 D&D Roofing and Sheet Metal, Inc – Roof Repairs for 1810

46459 Helly Hansen (US) Inc. – Helly Hansen Personal Orders – Is booked as a receivable from employees

46464 MassMutual Retirement Services – Deferred Compensation
46470 Sierra Controls, LLC – Upgrade SCADA system (pad configuration between Main Well and Well)
46471 Sierra Nevada Media Group – Job Advertising for the Board Secretary Position
46473 Standard Insurance Company- Dental Insurance November
46474 Truckee Tahoe Propane – Heating fuel- 305 SV Road
46476 Western Nevada Supply Co. – 24 Rolls Manhole Sealants, and Snow Poles (1810 and 305)
46477 Alsea Geospatial, Inc. – November 2019-October 31st 2019 (Incidentview software)
46482 Liberty Utilities – Monthly Electric, all locations
46484 MassMutual Retirement Services – Deferred Comp
46485 McClintock Accountancy Corp – Payment #3 FY 17/18 Audit
46492 Tahoe Forest Health System – Annual Health and Wellness Testing, Fire Department

Director Ilfeld noticed a typo on the D-1 recurring ACH payment. Ms. Grunst fixed the error and provided the updated report to the committee.

There was a discussion regarding the fit test standard, and SCBA test. The wellness testing is part of the Memorandum of Understanding (MOU) to identify any health issues so that firefighters can be aware and work to resolve any health concerns.

Ms. Grindle reviewed exhibits D-2 through D-9:

D-2 Operations Enterprise Fund, Revenue vs. Expenditure/Balance Sheet

The statement shows 33% of the year has elapsed. Revenue is at 90% of the budget and expenditures are at 30% of the budget. When compared to the prior year at this time, the District's net surplus is \$21,000 lower, mostly due to making additional payment to CalPERS.

Cash is nearly \$300,000 less than previous month. Ms. Grindle explained that this is because we mostly receive our rate revenue funds in the beginning of the year and they had not needed to transfer funds for operating expenses from the Placer County account.

D-3 Fire Government Fund, Revenue vs. Expenditure/Balance Sheet

The statement shows 33% of the year has elapsed. Revenue is at 41% of the budget and expenditures are at 36% of the budget. Compared to last year at this time, the District's net surplus is \$26,000 less, primarily due to making additional payments to CalPERS.

D-4 Capital Reserve Fund Balance Sheet/Income Statement

The income statement shows 33% of the year has elapsed. Revenue is at 3% and expenditures are at 33%. Revenue received year to date is primarily connection fees. At the time of publishing this report, bank statements from Placer County have not been received. This is due to a new accounting software and transferring all accounts.

Director Ilfeld and Ms. Grindle discussed inter-company transactions and that tax revenue is always saved in capital reserves account, even though it will be distributed to the fire department.

D-5 Combined Revenues/Expenditures/Balance Sheet

This report is for internal use only as a tool but is not intended to be an audited financial report. The report captures the District's position as a whole including enterprise funds (Operations/Administration Dept.), governmental operations (Fire Dept.), and Capital Reserves. The statement shows 33% of the year has elapsed, revenue is at 52% and expenditures are at 33%.

D-6 Fund Balance Statement

The statement shows the highest yielding funds are Pro Equities Certificate of Deposit #2 at 3.10% and the Pro Equities Certificate of Deposit #1 is at 2.40%.

Payments: Mr. Geary reviewed the following payments with the Committee:

D-7 Progress Payment – McClintock Accountancy – Fiscal Year 2017-2018 Audit

D-8 Progress Payment – Farr West Engineering – Truckee River Siphon

D-9 Progress Payment – Farr West Engineering – Sewer Manhole Inspection

No further business coming before the Finance Committee, the meeting was adjourned at 4:51 P.M.

By, JA/DG