

**FINANCE COMMITTEE MEETING**  
APPROVED MINUTES

August 17, 2010

DIRECTORS PRESENT: Dan Wilkins and Lou Reinkens

STAFF PRESENT: Jim Dykstra, Treasurer/Director of Accounting & Employee Services  
Cindy Gustafson, General Manager  
Craig Trumbull, Risk Manager  
Tony Laliotis, Director of Utilities  
Matt Homolka, District Engineer  
Bob Bolton, Director of Parks and Recreation  
Ginger Charlton, District Clerk

The meeting was called to order at 3:00 p.m.

**1. Department Activity Report**

Mr. Dykstra reviewed the report and added information on the following items:

*Supporting operating managers in recruitment of Recreation Coordinator and Utilities Superintendent positions and processing replacement full-time Operations Specialist I.* Mr. Dykstra reported that the District had some good candidates for the Recreation Coordinator position. An offer went out and was accepted. Staff is very close to making an offer for the Utilities Superintendent position.

*Continued work on installation of Granicus system to have Board meetings available for viewing on the Web.* Mr. Dykstra reported that the system is a lot more complicated than originally thought. The audio and camera are great but it is taking a lot of unexpected staff time because some of the items that we have received don't go with our system and we have to wait for replacements. Since Craig has had to spend so much time on the Granicus system, he hasn't been able to finish up the preparation for the installation of security cameras.

*Received safety inspection report from KWA Safety Consulting and reviewed with managers and Finance Committee.* The report will be reviewed later in this meeting. Staff will ask Pam Murcell if, along with the next regular report, an executive summary could be prepared that could be released to the public.

Mr. Dykstra added that he will pull together information regarding a discount for the elderly and will bring it back to the committee later.

**2. Bills Paid and Payable Approval**

There were no questions on this section.

**3. Expense Report Approval**

Director Reinkens asked how much the PUD made on the 4<sup>th</sup> of July barbeque. Mr. Bolton responded about \$3,000.

#### **4. Investment Schedule**

Mr. Dykstra reported that the District's balance looks really good but our cash position will go down over the next several months.

#### **5. 2010 Cash Flow Projection**

Mr. Dykstra reported that the cash reserves during the first half of the year were the highest the District has had since he's been here. As we move into the second half of the year we go lower because of the work on capital projects. Property tax money brings us back up in December.

#### **6. Updated 2010 Sewer and Water Rate Revenue Projections**

Mr. Dykstra reported that we are dead on with the sewer budget. With water, we picked up a lot in the August billing and are looking at being down only about \$65,000 against the 2010 budget. He said the condos are picking up, also. Mr. Dykstra pointed out that the August billing showed that 33% of the residential revenue and 68% of the commercial was from consumption.

#### **7. Review of June 30, 2010 Unaudited Financial Statements**

Mr. Dykstra said they are coming in as expected and the District is doing really well against budget.

#### **8. Review of \$500,000 Transfer from the General Fund to the Enterprise Fund**

Mr. Dykstra said that this transfer will come to the Board at the next meeting. He reported that the District has transferred almost \$20 million from the General Fund to the Enterprise Fund over the last seven years.

#### **9. Annual Review of Pension Trend Information**

Mr. Dykstra reported that over the past ten years CalPERS investment returns have fallen significantly short of their actuarial assumptions. Along with the stock market drop, it has put a lot of stress on the pension situation. He reviewed information he received while attending both a pension seminar at CalPERS and a pension-related accounting conference and said that there will be a lot of changes in this area in the future. He reviewed some initiatives that he believes the District should consider moving forward and answered questions of the committee.

Mr. Dykstra explained the side fund (loan) that originated based on the District's unfunded liability at the time it was placed in a pool. The District has to repay this amount to CalPERS. He recommended doing a financing to pay off the \$2.5 million balance in the side fund to save the District money on the 7.75% interest currently being charged. He handed out information on historical debt, medical, and pension liabilities and reviewed the information with the committee. Director Reinkens was concerned with the critical path that we're going through regarding the employee pension fund. He wondered if the full Board should have some dialogue on it. Ms. Gustafson suggested bringing it back during the budget process so that some analysis can be run on the side fund first. She also said that Director Reinkens could bring this issue up at this evening's meeting.

#### **10. Review of Draft 2011 Budget Assumptions and Schedule**

Mr. Dykstra reviewed the assumptions and answered questions of the committee. The committee agreed that the reserve level target for parks and recreation should be bumped up from the listed \$50,000 to start building it up. That issue will be discussed at future budget development workshops. Mr. Dykstra reviewed the budget development meeting schedule and noted that the November 4 Board Workshop is critical to the budget and the date may need to be changed to ensure that the full Board can participate.

**11. Review of KWA Safety Inspection Report**

Mr. Dykstra reviewed the findings in the audit report and noted that KWA does one every other year for the District. He said there were no major deficiencies found and explained the priority one item that was found at Marie Sluchak Park. He noted that there were a total of 31 items written up of which 19 have already been corrected. The other 12 items have either been scheduled or are in progress. Craig Trumbull reviewed some of the work orders that have been scheduled for these items and explained what KWA does for the District.

**12. Public Forum**

There was no public input.

**13. Meeting Review and Staff Direction**

There was no further direction.

**14. Adjournment**

The meeting adjourned at 4:40 p.m.