

## **Special Meeting of the Board of Directors**

**9751 Merced Falls Road**  
**February 22<sup>nd</sup>, 2017 at 10:00 a.m.**

***Mission Statement:** The Lake Don Pedro CSD is dedicated to providing our customers with ample quantities of high quality water meeting all standards, in a fiscally responsible manner.*

### **AGENDA**

- 1. CALL TO ORDER:** Presiding Officer: Establish Quorum, Pledge of Allegiance:
- 2. DISCUSSION AND ACTION ITEMS**
  - a. Presentation and acceptance of the annual audit of the district's financial statements for the 2015/16 fiscal year.
  - b. Educational presentation covering the District finances and related requirements, standards and policies as well as detailed review of the monthly Treasurer's Report.
- 3. ADJOURNMENT:**

Meeting agendas and written materials supporting agenda items, if produced, can be received by the public for free in advance of the meeting by any of the following options:

- A paper copy viewed at the District office, 9751 Merced Falls Rd., La Grange, CA 95329 during business hours or mailed pursuant to a written request and payment of associated mailing fees
- An electronic copy received by email. Note - a form requesting email delivery of agendas and/or meeting materials must be completed a minimum of one week in advance of the meeting
- Viewed on the Board page of the District's website
- A limited number of copies of agenda materials will also be available at the meeting

Americans with Disabilities Act Compliance: If you require special assistance to participate in Board Meetings, please contact the LDPCSD Board Secretary at (209) 852-2251 Ext. 2.

Advance notification will enable the District to make reasonable arrangements to insure accessibility.

# Lake Don Pedro Community Services District

## Special Meeting of February 22, 2017

### AGENDA SUPPORTING DATA

#### FINANCIAL PRESENTATIONS:

- a. Presentation of the 2016 fiscal year audit - Blomberg & Griffin Accounting Corporation
- b. Presentation of a district financial overview

#### **Background**

The draft 2015/16 Fiscal Year audit has been completed by Blomberg and Griffin Accountancy Corporation, who will also attend our Board meeting to present the audit. The audit is included with this agenda package for your review.

Last minute changes to the audit and MD&A were completed as late as February 21, 2017 and therefore the audit was tardy in delivery to the Board and public. There is no specific legal requirement on how the Board is to receive its audit, and no specific requirement for its approval, since it is an outside entity's audit and the District does not necessarily approve or disprove the content. The Board's action is to "accept" the audit as final and direct its filing with the state, county and other entities.

The Board can ask for clarification, request additional work be completed, or request that the audit be presented and discussed at additional meetings. Additional cost may apply for the auditor attendance at additional meetings.

#### **Recommended Motion**

I move to accept the 2016/17 fiscal year audit as complete for filing.

**LAKE DON PEDRO  
COMMUNITY SERVICES DISTRICT  
ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2016**

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT**

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**JUNE 30, 2016**

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**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2016

This section of the annual financial report of the Lake Don Pedro Community Services District (District) presents the discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2016. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements, including the notes and the supplementary information that immediately follow this section.

**FINANCIAL HIGHLIGHTS**

The following summarizes the District's financial highlights for the year ended June 30, 2016.

- Total assets of the District were approximately \$5,274,423 in 2016 and \$4,858,152 in 2015, an increase of approximately \$416,271.
- Total liabilities decreased by approximately \$99,209 during the same period.
- Operating revenues decreased approximately \$82,072 during the same period.
- Operating expenses decreased by \$270,619.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of the following basic parts: management's discussion and analysis (this section) of the basic financial statements.

The basic financial statements contained in this report are presented using Governmental Accounting Standard's Board (GASB) accounting principles. These statements provide overall information about The District's financial activities on both a short-term and long-term basis. The statement of net position presents information about its assets (resources) and liabilities (the amount obligated to its creditors). The statements of revenues, expenses, and changes in net position present information about the current year revenues and expenses. The statement also provides useful information for determining whether the District's service revenue and other revenue sources were sufficient to allow the District to recover all of its costs. The final financial statement in this report is the statement of cash flows, which provides information about The District's cash from operations, investing, and financing activities. In addition, this statement provides useful information to answer questions such as where cash came from, what cash was used for, and what was the change in cash balance during the reporting period.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2016

**OVERVIEW OF FINANCIAL STATEMENTS (Continued)**

**FUND FINANCIAL STATEMENTS**

Proprietary fund - All of the District's expenses incurred for the provision of Water Services are reported to a proprietary fund, which focuses on measuring the total costs of the service, including depreciation, and primarily recovering those costs through user charges or other revenue sources. This fund is reported using the accrual basis of accounting, which recognizes revenue where earned and expenses when incurred.

**NET POSITION**

As of June 30, 2016, the District had net position totaling \$3,099,621. Below is a table showing the District's net position at year end with comparative numbers for 2015.

**TABLE 1: NET POSITION**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>Assets</b>		
Cash and Investments	\$ 624,244	\$ 1,290,355
Other Assets	502,499	265,139
Capital Assets-Net	<u>4,147,680</u>	<u>3,302,658</u>
 Total Assets	 <u>5,274,423</u>	 <u>4,858,152</u>
 <b>Liabilities</b>		
Long-Term Liabilities	965,406	1,034,065
Other Liabilities	<u>1,209,395</u>	<u>1,239,945</u>
 Total Liabilities	 <u>2,174,801</u>	 <u>2,274,010</u>
 <b>Net Position</b>		
Invested in Capital Assets, Net of Related Debt	3,182,274	2,268,593
Restricted - Debt Service	-	-
Unrestricted	<u>(82,653)</u>	<u>315,549</u>
 Total Net Position	 <u>\$ 3,099,621</u>	 <u>\$ 2,584,142</u>

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2016

**NET POSITION (Continued):**

The District has invested 102.67% of its total net position in capital assets, which total \$3,182,274, net of related debt.

After stabilizing the District's financial position, we have returned to policy specifications where the LAIF account cannot be accessed without Board approval.

**GOVERNMENTAL ACTIVITIES**

The District's total revenues exceeded expenses by \$515,479. Total revenues for the year were \$2,096,197. Of this, \$1,412,684 was received from operating revenues, \$585 from investment earnings, \$21,153 from miscellaneous sources and \$661,775 from various grants. Prior year's total revenue was \$1,522,531.

Expenses totaled \$1,580,718 attributable to water service. Prior year's expenses were \$1,854,753.

**CAPITAL ASSETS**

During fiscal year 2016, the District purchased a net amount of \$1,010,569 in capital assets with District and grant funds. The majority of capital asset additions were drought emergency wells.

**TABLE 2: CAPITAL ASSETS**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>Capital Assets</b>		
Land	\$ 157,325	\$ 157,325
Plant and Structures	8,878,826	8,068,538
Equipment and Vehicles	855,792	855,792
Construction in Progress	920,955	720,674
Less: Accumulated Depreciation	(6,665,219)	(6,499,671)
 Total Capital Assets -Net	 \$ 4,147,679	 \$ 3,302,658

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2016

**LONG-TERM DEBT**

The Water District also had a loan with Municipal Finance Corporation for the Treatment Plant Upgrades with a balance of \$965,406. Payments of principal for 2016 and 2015 totaled \$68,659 and \$65,413, respectively. Interest paid for 2016 and 2015 totaled \$50,347 and \$52,783, respectively.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances of those funds maintained by the District and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Lake Don Pedro Community Service District at 9751 Merced Falls Road, La Grange, CA 95329.





Blomberg & Griffin Accountancy Corporation  
Certified Public Accountant

## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
Lake Don Pedro Community Services District  
La Grange, California

We have audited the accompanying financial statements of governmental activities of Lake Don Pedro Community Services District, as of and for the years ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the District's 2015 financial statements which were audited by other auditors whom expressed an unqualified opinion.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Lake Don Pedro Community Services District, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of required supplementary information on pages 1 through 4 and page 26, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Lake Don Pedro Community Services District's, basic financial statements. The introduction section is presented for purposes of additional analysis and is not a required part of the financial statements.

The introductory section and pension plan required disclosure have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Blomberg & Griffin A.C.*

Blomberg & Griffin A.C.  
Stockton, California  
November 18, 2016

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT**  
**Statement of Net Position - Proprietary Funds**  
**June 30, 2016 and 2015**

	<b>Business-Type Activities</b>	
	<b>Enterprise Fund</b>	
	<b>2016</b>	<b>2015</b>
<b>Asset</b>		
Cash And Invesments	\$ 624,244	\$ 1,290,355
Accounts Receivable	157,695	150,305
Grants Receivable	218,926	-
Prepaid Expense	48,365	43,791
Inventory	69,932	69,931
Land	157,325	157,325
Construction In Progress	920,955	720,674
Fixed Assets	9,734,619	8,924,330
Accumulated Depreciation	(6,665,219)	(6,499,671)
Deferred Outflows of Resources- Pension (Note-6)	7,580	1,112
<b>Total Assets</b>	<b>5,274,422</b>	<b>4,858,152</b>
<b>Liabilities</b>		
Accounts Payable	46,004	113,112
Interest Payable	13,930	14,910
Accrued Payroll	3,863	10,258
Compensated Absences	37,285	25,569
Post Retirement Benefit Obligation	932,016	830,950
Net Pension Liability (Note-6)	131,415	188,741
Loans Payable	965,406	1,034,065
Deferred Inflows of Resources- Pension (Note-6)	44,882	56,405
<b>Total Liabilities</b>	<b>2,174,801</b>	<b>2,274,010</b>
<b>Net Position</b>		
Invested In Capital Assets -		
Net of Related Debt	3,182,274	2,268,593
Restricted	-	-
Unrestricted	(82,653)	315,549
<b>Total Net Position</b>	<b>\$ 3,099,621</b>	<b>\$ 2,584,142</b>

See accompanying notes to basic financial statements.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT**  
**Statements of Activities and Changes in Net Position - Proprietary Funds**  
**For the Years Ended June 30, 2016 and 2015**

	<b>Business-Type Activities Enterprise Fund</b>	
	<b>2016</b>	<b>2015</b>
<b>Operating Revenues</b>		
Water Sales And Assessments	\$ 1,351,384	\$ 1,422,959
Transfer Connection and Meter Fees	39,840	50,099
Interest and Penalties On Delinquent Accounts	21,460	21,698
<b>Total Operating Revenues</b>	<b>1,412,684</b>	<b>1,494,756</b>
<b>Operating Expenses</b>		
Salaries And Benefits - Plant	191,013	256,748
Salaries And Benefits - Administrative	107,049	136,002
Post Retirement Benefit	127,742	117,151
Supplies And Services - Plant	690,007	802,233
Supplies And Services - Administrative	249,992	313,798
Depreciation	165,548	176,038
<b>Total Operating Expenses</b>	<b>1,531,351</b>	<b>1,801,970</b>
<b>Operating Income (Loss)</b>	<b>(118,667)</b>	<b>(307,214)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Grant Income (Drought Emergency)	661,775	-
Investment Earnings	585	771
Miscellaneous	21,153	27,004
Interest Expense	(49,367)	(52,783)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>634,146</b>	<b>(25,008)</b>
<b>Change In Net Position</b>	<b>515,479</b>	<b>(332,222)</b>
<b>Total Net Position - Beginning</b>	<b>2,584,142</b>	<b>3,171,456</b>
<b>Prior Period Adjustment- Note 6</b>	<b>-</b>	<b>(255,092)</b>
<b>Total Net Position - Ending</b>	<b>\$ 3,099,621</b>	<b>\$ 2,584,142</b>

See accompanying notes to basic financial statements.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT**  
**Statements of Cash Flows - Proprietary Funds**  
**For the Years Ended June 30, 2016 and 2015**

	<b>Business-Type Activities</b>	
	<b>Enterprise Fund</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash Flows From Operating Activities</b>		
Receipts From Customers	\$ 1,405,298	\$ 1,513,831
Payments To Suppliers	(1,038,367)	(1,097,648)
Payments To Employees	(369,032)	(405,421)
Net Cash Provided By (Used In) - Operating Revenues	<u>(2,101)</u>	<u>10,762</u>
<b>Cash Flows From Non- Capital Financing Activities</b>		
Miscellaneous Income	21,153	27,004
Net Cash Provided by (Used In) Non-Capital - Financing Activities	<u>21,153</u>	<u>27,004</u>
<b>Cash Flows From Capital And Related - Financing Activities</b>		
Grants Income	442,849	-
Capital Asset	(810,288)	-
Construction In Progress	(200,281)	(155,856)
Principal Payments On Long Term Debt	(68,659)	(65,382)
Interest Paid	(49,367)	(53,623)
Net Cash Provided by (Used In) Capital - And Related Financing Activities	<u>(685,746)</u>	<u>(274,861)</u>
<b>Cash Flows From Investing Activities</b>		
Interest Received	583	771
Net Cash Provided by (Used In) Investing Activities	<u>583</u>	<u>771</u>
Net Increase (Decrease) In Cash	(666,111)	(236,324)
Cash and Investments - Beginning	1,290,355	1,526,679
Cash and Investments - Ending	<u>\$ 624,244</u>	<u>\$ 1,290,355</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	\$ (118,667)	\$ (307,214)
<b>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities</b>		
Depreciation	165,548	176,038
<b>Change in Assets and Liabilities</b>		
Accounts Receivable	(7,390)	19,075
Prepaid Expenses and Other Current Assets	(11,042)	(2,686)
Accounts Payable	(67,108)	56,411
Accrued Expenses and other liabilities	(64,508)	(12,674)
Post Retirement Benefits Obligation	<u>101,066</u>	<u>81,812</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (2,101)</u>	<u>\$ 10,762</u>

See accompanying notes to basic financial statements.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Lake Don Pedro Community Services District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*. Certain of the significant changes in the statement include the following:

The financial statements include:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations.
- Financial statements prepared using the full accrual accounting for all of the District’s activities, including infrastructure.
- A change in the financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The more significant of the Districts accounting policies are described below:

**A. Financial Reporting Entity**

The Lake Don Pedro Community Services District was incorporated in August 1980. The District was formed to supply the inhabitants of the District with water for domestic use, irrigation, sanitation, industrial use, fire protection, and recreation.

The District operates under a Board of Directors form of government. The Board of Directors consists of five members elected at large for overlapping four year terms. The district appoints legal counsel.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The proprietary fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows: The District reports the following major proprietary funds:

The **Water Fund** accounts for the activities of the District’s water service.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities, Net Position or Equity**

**1. Cash and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the District. The District follows the practice of pooling the cash from all funds for investment purposes.

California State statute authorizes the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments are stated at fair value.

**2. Receivables and Payables**

Billings for water services are sent monthly and are reflected on the accrual basis of accounting. Delinquent accounts are submitted to the Counties of Mariposa and Tuolumne and are attached to the County tax roles.

**3. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2016 are recorded as prepaid items.

**4. Restricted Assets**

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**5. Capital Assets**

Capital assets are defined by the District as assets with an initial, individual cost of \$2,500 for equipment and \$25,000 for buildings and infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is recorded in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service life using the straight-line method.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Compensated Absences**

District employees earn vacation leave, and compensation time. It may be either taken or accumulated with prior approval of the general manager. Vacation is paid upon termination or retirement. Vacation and sick leave may be accumulated without limitation. Sick leave is not paid if an employee quits or is terminated, however, a 100% credit is allowed for eligible employee for longevity of service on retirement. In accordance with generally accepted accounting principles, an accrual for compensated absences is reflected in the accompanying general purpose financial statements.

**7. Long-term Debt**

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds

**8. Net Position & Fund Equity**

In proprietary fund financial statements, net position is reported in three categories: net position invested in capital assets, net of related debt; restricted net position and unrestricted net position. Restricted net position represents net position restricted by parties outside the District (such as creditors, grantors, contributors, laws and regulations of other governments).

All other net position is considered unrestricted.

Proprietary funds contributed capital represents equity acquired through capital grants and capital contributions from developers, customers, or other funds.

**9. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end.

Prior to June 30th, the proposed budget is presented to the Board of Directors for review. The Board of Directors holds public hearings and may add to, subtract from or change appropriations.

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Cash and Investments**

Cash and investments as of June 30, 2016 and 2015 are classified in the accompanying financial statements as follows:

**Statement of Net Position**

	<b>2016</b>	<b>2015</b>
Cash and Investments	\$ 62,424	\$ 1,290,355

Cash and investments as of June 30, 2016 and 2015 consist of the following:

Cash on Hand	\$ 125	\$ 125
Deposits with Financial Institutions	461,444	1,128,138
Local Agency Investment Fund	162,675	162,092
Total Cash and Investments	\$ 624,244	\$ 1,290,355

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS  
(Continued)**

**Investments Authorized by the District's Investment Policy**

The District's investment policy authorizes investment in the local government investment pool administered by the State of California (LAIF). The District's investment policy also authorizes cash to be invested in Certificates of Deposits, Bankers Acceptances, and Passbook Savings Demand Deposits. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of year-end, the weighted average maturity of the investments contained in the LAIF investment pool is approximately 7.92 months.

		Maturity Date
State Investment Pool	<u>\$ 162,675</u>	7.92 months average maturity
Total	<u><u>\$ 162,675</u></u>	

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS  
(Continued)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

**Concentration of Credit Risk**

The investment policy of the District's contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2016, the District's deposits with financial institutions were covered by Federal Depository Insurance Corporation (FDIC) or the multiple financial institution collateral pool that insures public deposits. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS  
(Continued)**

**Investment in State Investment Pool**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Deferred Compensation Plan**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The District deposits deferred compensation plan assets with the California Public Employees Retirement System (PERS). Federal legislation requires that the assets of such plans be held in trust for the exclusive benefit of the plan participants and their beneficiaries. PERS act as the trustees for the plan assets and the District is considered to have limited fiduciary responsibility for the plan assets. As such, the District does not report the deferred compensation plan assets on its financial statements.

**B. Accounts Receivable**

Receivables at June 30, 2016 and 2015 for the District's water services are sent monthly and are reflected on the accrual basis of accounting. Delinquent accounts are submitted to the Counties of Mariposa and Tuolumne and are attached to the County tax roles. All receivables are expected to be collected within one year.

	Water	
	2016	2015
Business-Type Activities		
Utility Billings	\$ 376,621	\$ 150,305
Total	\$ 376,621	\$ 150,305

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS  
(Continued)**

**C. Payables And Other Liabilities**

Payables at June 30, 2016 and 2015 for the District's individual major funds in the aggregate are as follows:

	<u>2016</u>	<u>2015</u>
Business-Type Activity		
Vendors	\$ 46,004	\$ 113,112
Salaries and Benefits	3,863	10,258
Accrued Compensated Absences	37,285	25,569
Interest Payable	13,930	14,910
	<u>101,082</u>	<u>163,849</u>
Total	<u>\$ 101,082</u>	<u>\$ 163,849</u>

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2016 was as follows:

Depreciation was charged to functions/programs of the primary government as follows:

	<u>Balance 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 2016</u>
Business-Type Activities				
Capital Assets not Being Depreciated:				
Land	\$ 157,325	\$ -	\$ -	\$ 157,325
Construction	720,674	200,281	-	920,955
Total Capital Assets not Depreciated	<u>877,999</u>	<u>200,281</u>	<u>-</u>	<u>1,078,280</u>
Capital Assets Depreciated:				
Plant	7,648,519	810,288	-	8,458,807
Equipment	724,282	-	-	724,282
Structure	420,019	-	-	420,019
Vehicles	131,510	-	-	131,510
Total Capital Assets Depreciated	<u>8,924,330</u>	<u>810,288</u>	<u>-</u>	<u>9,734,618</u>
Less Accumulated Depreciation	<u>(6,499,671)</u>	<u>(165,548)</u>	<u>-</u>	<u>(6,665,219)</u>
Net Capital Assets Depreciated	<u>2,424,659</u>	<u>644,740</u>	<u>-</u>	<u>3,069,399</u>
Total Net Capital Assets - Business-Type Activities	<u>\$ 3,302,658</u>	<u>\$ 845,021</u>	<u>\$ -</u>	<u>\$ 4,147,679</u>

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS  
(Continued)**

**D. Capital Assets (continued)**

Depreciation was charged to functions/programs of the primary government as follows:

Business-Type Activity	Water	
	2016	2015
Depreciation Expense	\$ 165,548	\$ 176,038
Total	\$ 165,548	\$ 176,038

**E. Long-Term Debt**

The District secured financing with board approval on July 17, 2006 in the amount of \$1,500,000 for the improvements for the water treatment plant. Repayment will be made to the Municipal Financial Corporation in semi-annual payments of \$59,503 including interest at 4.95% through 2026. Note is secured by all net revenues.

The annual debt service requirements of the notes payable are as follows:

Year Ending June 30,	Muni	
	Principal	Interest
2017	\$ 72,100	\$ 46,906
2018-2021	326,387	149,638
2022-2026	508,854	86,177
2027	58,065	1,437
Total	\$ 965,406	\$ 284,158

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS  
(Continued)**

**E. Long-Term Debt (Continued)**

The following is a summary of changes in the District's long-term debt and other long-term liabilities during the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities					
Loans Payable	\$1,034,065	\$ -	\$ (68,659)	\$ 965,406	\$ 72,100
Compensated Absences	<u>25,569</u>	<u>11,716</u>	<u>-</u>	<u>37,285</u>	<u>3,728</u>
<b>Total Long-Term Liabilities</b>	<b><u>\$1,059,634</u></b>	<b><u>\$11,716</u></b>	<b><u>\$ (68,659)</u></b>	<b><u>\$1,002,691</u></b>	<b><u>\$ 75,828</u></b>

**NOTE 4 - OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss to torts; theft of, damage of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District joined together with other special districts for insurance coverage under Special District Risk Management Authority (SDRMA). The District pays an annual premium to SDRMA for its general insurance coverage.

The District continues to carry commercial insurance for all other risks of loss, including workers' compensation, and employee health and accident insurance.

**B. Commitments and Contingencies**

The District is a party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District that the matters are defensible. In the case that the District does not prevail the potential loss to the District is unknown at this time.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 - OTHER INFORMATION (Continued)**

**C. Post-Employment Benefits**

Lake Don Pedro Community Services District provides lifetime postretirement medical coverage to employees (and their dependents) who retires at age 50 or older with at least five years of service from the District. The District pays a portion of the cost of the benefit, up to a predetermined cap. Retirees are responsible for costs in excess of the cap. The employees of the District also participate in the retiree health plan.

<b>Obligations and Funded Status Change in Benefit Obligation</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
Benefit Obligation Beginning of Year	\$ 830,950	\$ 749,138
Annual Required Contribution	139,490	132,006
Interest Cost	32,478	28,958
Benefits Paid	(37,986)	(50,364)
Adjustment for NOO	<u>(32,916)</u>	<u>(28,788)</u>
Benefit Obligation End of Year	<u>\$ 932,016</u>	<u>\$ 830,950</u>

**NOTE 5 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 18, 2016 the date which the financial statements were available to be issued.



**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 6 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**

**DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan**

The District provides eligible employee's pension plans benefits through the Lake Don Pedro Community Services District – Miscellaneous Plan (The Plan).

*Plan Description, Benefits Provided and Employees Covered*

The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees; Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2014 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

*Contribution Description*

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and contribution rate of employees. For the measurement period ended June 30, 2015 (the measurement date), the active employee contribution rate is 6.246 percent of annual pay, and the average employer's contribution rate is 8.041 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)**

*Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

For the measurement period ending June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. Both the June 30, 2014 total pension liability and the June 30, 2015 total pension liability were based on the following actuarial methods and assumptions.

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	3.25%
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment.
Payroll Growth	3.00%
Individual Salary Growth	A merit scale vaying by duration of employment coupled with an assumed annual growth of 2.75% and an annual production growth of 0.25%.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely results in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)**

The following presents the net pension liability/(assets) of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	<b>Discount Rate - 1% (6.65%)</b>	<b>Current Discount Rate (7.65%)</b>	<b>Discount Rate + 1% (8.65%)</b>
Unfunded Accrued Liability	\$220,392	\$131,415	\$57,945

**PENSION EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS**

For the fiscal year ended June 30, 2016, pension expense recognized is as follows:

	<b>2015</b>	<b>2016</b>
Service Cost:		
Covered Payroll	\$ 285,296	\$ 178,425
Contribution Rate	8.567%	8.041%
Total Employer Contribution	24,443	18,621
Amortization of Deferred Outflows	370	6,468
Amortization of Deferred Inflows	(16,958)	(15,863)
Pension Expense Recognized	\$ 7,855	\$ 9,226

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ -	\$ (9,737)
Difference between Expected and Actual Experience	1,029	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>24,958</u>	<u>(29,839)</u>
Total	<u>\$ 25,987</u>	<u>\$ (39,576)</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2017	\$1,895
2018	\$1,895
2019	\$1,895
2020	\$1,895

Amounts reported as deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Deferred (Inflows) of Resources</u>
2017	(\$11,221)
2018	(\$11,221)
2019	(\$11,221)
2020	(\$11,221)

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)**

*Subsequent Events*

There were no subsequent events that would materially affect the results presented in this disclosure.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT**  
**Schedule of Required Supplementary Information- Pension Plan**  
**For the Years Ended June 30, 2016 and 2015**

**Schedule of the Plan's Proportionate Share of the Net Pension Liability**

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.0030%	0.001%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 188,741	\$ 131,415
Plan's Covered-Employee Payroll	\$ 72,312	\$ 77,723
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	41.18%	55.03%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	0.00%	0.00%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ -	\$ -

**Schedule of Plan Contributions**

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Actuarially Determined Contribution	\$ 21,011	\$ 18,621
Contributions in Relation to the Actuarially Determined Contribution	<u>(21,011)</u>	<u>(18,621)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 72,312	\$ 72,723
Contributions as a Percentage of Covered-Employee Payroll	29.06%	25.61%

**Notes to Schedule**

**Change in Benefit Terms:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact.

**Change in Assumptions:** None



Blomberg & Griffin Accountancy Corporation  
Certified Public Accountant

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Governing Board  
Lake Don Pedro Community Services District  
La Grange, California

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Lake Don Pedro Community Services District as of and for the year ended June 30, 2016, which collectively comprise Lake Don Pedro Community Services District's basic financial statements and have issued our report thereon dated November 18, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Lake Don Pedro Community Services District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lake Don Pedro Community Services District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lake Don Pedro Community Services District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake Don Pedro Community Services District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the governing board, management, and the State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.

*Blomberg & Griffin A.C.*

Blomberg & Griffin A.C.  
Stockton, CA  
November 18, 2016



The background of the slide is a golden-yellow color with a repeating pattern of various currency symbols (Dollar, Euro, Pound, Yen) in a 3D, embossed style. The symbols are arranged in a dense, overlapping pattern.

# LDPCSD Finance 101

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Board of Directors  
Special Meeting of February 22, 2017

# What Governs Finances

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- Laws
  - Prop 218
  - California Government Code 61000 et seq
  - Ethics laws
  - Conflict of Interest Laws and FPPC
  - Uniform Construction Cost Accounting Act (UCCAA)- Public Contract Code
- Standards
  - Government Accounting Standards Board (GASB)
  - UCCAA Manual



# What Does the Board Need to Know?

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- District Financial Policies
- Budget Creation and Monitoring
- Financial Reporting
- Long-Term Financial Planning
- Cash Management and Investments
- Capital Financing & Debt Management
- Purchasing and Contracting Practices
- Finance Terminology



# Influence of Operations on Finances

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- State Permits
  - More strict (and costly) every year
  - Compliance and related expenses are mandatory
- Staffing
- Master Planning
  - Capital Improvements
- Long Term Debt/Obligations
  - Retiree medical
  - CalPERS retirement
  - Loan

# Board's Role in Finance –Policies

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Financial policies can provide a solid foundation for sound public agency fiscal practices. Adopted by the governing body, such policies provide:

- A means through which the governing body can communicate its collective policy judgments and goals to staff, the public and others.
- Direction to staff and standards against which current practices can be measured, and proposals for changes in practices can be evaluated.

# Board's Role in Finance – Financial Planning Policies

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- Budget
- Long Range Planning
- Asset Inventory
- Long Term Obligations
- Reserves and Fund Balance



## Board's Role in Finance – Revenue Policies

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- Revenue Diversification
- User Fees and Charges
- One Time and Unpredictable Revenues
- Limited Purpose Revenue

# Board's Role in Finance – Expense Policies

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- Financial Reporting
- Debt Financing
- Expense Reimbursement
- Credit/credit cards
- Petty cash





## Board's Role in Finance – Other Policies

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- Investment
  - Policy and reporting to Board required by law
- Purchasing and Procurement
  - Who the district does business with
  - Competitive bidding requirements
  - Which staff has authority



# Board's Role in Finance - Performance

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- Set financial performance expectations
  - Adopt budget and understand performance indicators
  - Establish operational (service) expectations
  - Adopt rates adequate to cover operations and CIP
  - Adopt Capital Improvement Plans and ensure funding for them
  - Establish and fund reserves
  - Understand Financial Red Flags
  - Monitor performance



## Board's Role in Finance - Audit

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- Set standards for auditor, meeting attendance requirements and contract tenure, selection standards
- Understand audit requirements
- Understand and ensure adequate internal controls
- Meet with auditor and express any concerns
- Adjust policies and operations based on results

# Monthly Treasurer's Report

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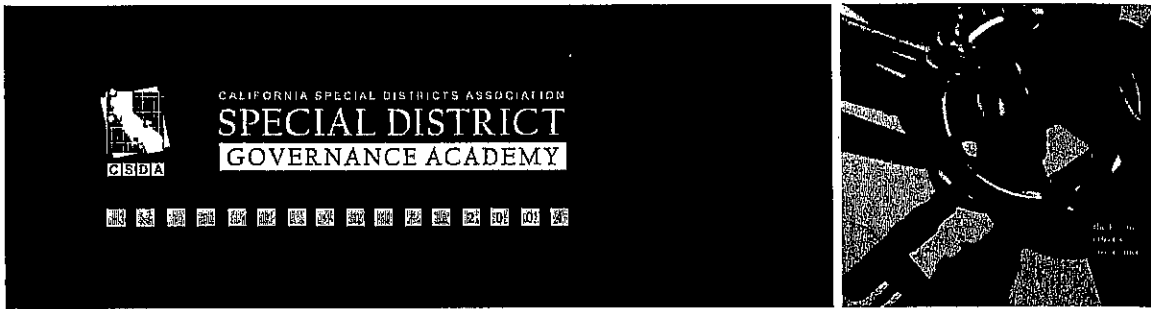
- Chart of Accounts
- Expense Authorization policy
  - Performance to Budget
  - Authorized transfers
- Investment Report (+snapshot of month's performance)
- Accounts receivable and accounts payable
- Statement of Revenue and Expense (Profit and loss)
- Balance Sheet
- Warrant list (check paid)



# Resources

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- Financial Management for Elected Officials (Institute for Local Government)
- CSDA Leadership Academy
  - Board's Role in Finance and Fiscal Accountability
- Government Finance Officers Association (GFOA)
- CSDA Board Handbook



## Board's Role in Finance and Fiscal Accountability

### **How does the Board Judge the Financial Health of the District?**

#### Red Flags

##### **Financial Indicators**

- Are reserves being depleted? Is the depletion planned?
- Are reserves being used to fund operations?
- Has the district borrowed money to meet operating expenses?
- Is the debt service as a percentage of operating expenses too high?
- Has scheduled maintenance been deferred?
- Is the district unable to finance projects that are critical to its mission?
- Did the district receive an unfavorable audit and management letter?
- Have district voters repeatedly failed to pass requests for fee increases?

##### **Non-Financial Indicators**

- Has the district been the subject of regulatory body investigations?
- Has the district received numerous citizen complaints regarding service levels, or expenditure, or other financial issues
- Has the district experienced votes of no confidence from other entities, or citizens?

##### **Organizational Indicators**

- Does the district have high employee turnover?
- Does the district's provide the services and programs it set out to provide?
- Are claims or litigation increasing?

Please visit the following link to view the Institute for Local  
Government's

**Financial Management for Elected Official's: Questions to Ask**

<http://www.ldpcsd.org/2017-02-22-special-morning-meeting-10am>

Because of the size of this document it will be easier to access on the  
Lake Don Pedro Website.