

APPLE VALLEY FIRE PROTECTION DISTRICT

22400 Headquarters Drive ☐ Apple Valley California 92307
(760) 247-7618 ☐ FAX (760) 247-3895

MINUTES OF SPECIAL MEETING BOARD OF DIRECTORS

September 30, 2015

- 1.0 CALL TO ORDER: President Leary at 9:04 AM.
- 2.0 PLEDGE OF ALLEGIANCE: Director Tinsley
- 3.0 ROLL CALL:
Present: Director Alaniz, Director Tinsley, Director Earp, Vice President Jeffs, President Leary
Absent: None
- 4.0 PUBLIC COMMENT: None.
- 5.0 DIRECTORS' RESPONSE TO PUBLIC COMMENT: None.
- 6.0 DISCUSSION ITEMS: Attached to the Minutes is the 'Special Board Meeting September 30, 2015' Power Point presentation by Finance Officer Brown. This is for an accurate reflection of the items discussed during the meeting.

Finance Officer began by briefing the Board on her process for reviewing and obtaining the information for the Board for the fiscal review. She went on to report on her contact with the District's finance program (DacEasy) consultant, Richard Lepor and the review of DacEasy and how it functions with regard to how information is stored and how it can be used for reporting. She noted that the Board is probably aware of how antiquated the system is and the difficulty with being able to obtain adequate reporting from the system.

Ms. Brown also advised she had been in contact with the District's CPA, Jennifer Starbuck and noted Ms. Starbuck did not want to have the FY 2014-2015 closed just yet. However, Finance Officer Brown pointed out not closing out FY 2014-15 made it challenging for making certain the information she was presenting was accurate. She further explained she would be meeting with Ms. Starbuck over the next couple of weeks to find out what information she needs so the previous fiscal year can be closed.

Explaining that her main focus over the last two weeks had been data accuracy and analysis to ensure the information she was presenting to the Board was accurate; Ms. Brown acknowledged she had reviewed the figures vigorously and was confident that the figures she would be presenting were "good numbers".

One of the issues she did observe was how the District manages their financial business and its policies. Finance Officer Brown plans for this to be one of the first things she tackles so there are clear policies on how the District conducts its financial business. Another key issue she pointed out was with regard to the District's different funds noting she would be taking a close look at those and making some recommendations to the Board on how the funds are maintained.

Following her opening remarks Ms. Brown asked the Board for questions. Director Earp queried her on the formatting of the reports and showing the over/under budget amounts. Ms. Brown answered his question noting that she had reviewed all the numbers for accuracy so there was no system error.

.01 Discussion Items.

a) Fiscal Report as of June 30, 2015. Ms. Brown reviewed the highlights of her Staff Report using the power point slides to review specifics on the attachments to the Staff Report.

Each attachment was reviewed and discussed individually as follows:

- 1) Attachment A – Revenue/Expenditure/Budget – General Fund
- 2) Attachment B – Revenue/Expenditure/Budget – Governmental Funds
- 3) Attachment C – Balance Sheet – Governmental Funds
- 4) Attachment D – Investment Activity

At the end of Finance Officer Brown's review of the Attachments Director Earp queried on how overtime and salary and benefits appears on the reports. There was a brief discussion on how the Board would like those numbers to appear. Ms. Brown informed the assembly that she would be working on the system to add a line item to show 'cash in' against the overtime.

There was further discussion on the possibility of doing a Request for Proposal (RFP) in the future for a possible change in CPA to do the District's audit.

b) Fiscal Report as of August 31, 2015. Using the same format as for item 6.01 (a) Finance Officer Brown continued with the Fiscal Report as of August 31, 2015. Each of the following attachments was reviewed individually.

- 1) Attachment A – Revenue/Expenditure/Budget – General Fund
- 2) Attachment B – Revenue/Expenditure/Budget – Governmental Funds
- 3) Attachment C – Balance Sheet – Governmental Funds
- 4) Attachment D – Investment Activity

There was some dialogue between the Board and the Finance Officer regarding cash flow and the strain the recent overtime for strike teams had placed on the District's finances. President Leary reminded that the CIP was available to borrow against, if necessary, and the parameters had been intentionally put in the CIP policy for that purpose.

7.0 ACTION ITEMS:

.01 Budget Adjustments for Fiscal Year 2014-2015. The Finance Officer reviewed the year-end budget adjustments explaining that having fiscal policies and procedures in place help with making the day to day decisions about budget adjustments. She went on to explain her intention to bring quarterly adjustments to the Board and eventually this may be reduced to twice a year.

M/S Earp/Tinsley to approve Fiscal Year 2014-2015 Budget Adjustments as presented. Motion carried by unanimous roll call vote of the Board members present.

.02 Final Budget for Fiscal Year 2015-2016. Ms. Brown reviewed revenues and explained that the beginning balance had changed due to budget adjustments made in FY 2014-15. She went on to note variances in the FY 2015-16 budget pointing out that 'Wages & Benefits' was trending high due to the strike teams. Facilities Maintenance was also running slightly over budget due to unexpected repair expenditures.

Director Earp had questions showing CIP transactions followed by discussion on how transfers will appear in future reporting. There was additional discourse on fund transfers, policies and budgets for individual funds like the CIP and DIF funds. Ms. Brown assured the Board that if they approved a fund transfer, future reporting would reflect the transfer going out of one fund

and into another. President Leary pointed out that the revenue forecast was very conservative but was shown as the forecast where the figures reflected on the Total Expenditures included some of the current year actual expenses which was skewing the picture of the budget. There was additional conversation on how this can be remedied in future reporting. President Leary called for any other questions or comment. There was no further discussion.

M/S Earp/Tinsley to approve Fiscal Year 2015-2016 Final Budget as presented. Motion carried by unanimous roll call vote of the Board members present.

8.0 STAFF COMMENTS: None.

9.0 DIRECTORS' COMMENTS:

.01 Director Alaniz:

- a) Thanked Finance Officer Brown for her work expressing her appreciation for keeping the format the same.
- b) Appreciated the and for her openness and willingness to make changes and improvements that the Board requests regarding the finance reporting.
- c) Stated her anticipation in hearing Ms. Brown's recommendations on fiscal policies.

.02 Director Tinsley:

- a) Agreed with Director Alaniz' comments.
- b) Welcomed Ms. Brown to the District.
- c) Asked Ms. Brown to let the Board know if she needed any help.

.03 Vice President Jeffs:

- a) Commended Ms. Brown on her work.

.04 Director Earp:

- a) Thanked Finance Officer Brown for her work.

.05 President Leary:

- a) Congratulated Ms. Brown on a great job.

10.0 FUTURE AGENDA ITEMS: None.

11.0 ADJOURNMENT: The meeting was adjourned at 10:21 AM M/S/P Tinsley/Jeffs.

ATTEST:



ROSE MARIE GARRISON
Recording Secretary



DAN LEARY
President



APPLE VALLEY FIRE PROTECTION DISTRICT

22400 HEADQUARTERS DRIVE APPLE VALLEY, CA 92307

"COMMITMENT TO SERVICE EXCELLENCE"

Special Board Meeting September 30, 2015



Overview

Finance Transition

- Financial system
- 2014-15 Close out
- Reports
- Moving Forward



Discussion Item 6.01(a) 2014-15 Year-End Fiscal Report

Revenue/Expenditure/Budget – General Fund Attachment A

2015-16 Investment Activity

LAIF	Interest Income	Withdrawals	Deposits	Balance
Beginning Balance				\$ 1,456,251
5 Activity	\$ 725	\$ (880,000)		
Balance				\$ 576,976

TRAN	Interest Expense	Draws	Repayments	Available Balance
Beginning Available Balance				\$ 1,400,000
5 Activity		\$ (900,000)		
Available Balance				\$ 500,000

LAIF	RATE	Interest Income	Withdrawals	De
	Total	\$ 725	\$ 880,000	\$

Note: LAIF earned .26% or \$724.90 in interest for the quarter ending 6/30/2015.

July	\$ 400,000
August	\$ 500,000
September	



Discussion Item 6.01(a) 2014-15 Year-End Fiscal Report

Revenue/Expenditure/Budget – Governmental Funds Attachment B

2015-16 Investment Activity

LAI F	Interest Income	Withdrawals	Deposits	Balance
Beginning Balance				\$ 1,456,251
5 Activity	\$ 725	\$ (880,000)		
Balance				\$ 576,976

TRAN	Interest Expense	Draws	Repayments	Available Balance
Beginning Available Balance				\$ 1,400,000
5 Activity		\$ (900,000)		
Available Balance				\$ 500,000

LAI F	RATE	Interest Income	Withdrawals	De
	Total	\$ 725	\$ 880,000	\$

Note: LAIF earned .26% or \$724.90 in interest for the quarter ending 6/30/2015.

July	\$ 400,000
August	\$ 500,000
September	



Discussion Item 6.01(a) 2014-15 Year-End Fiscal Report

Balance Sheet – Governmental Funds Attachment C

AS OF JUNE 30, 2015

	<u>General Fund</u>	<u>Capital Improvements</u>	<u>Development Impact Fees</u>	<u>Total Government Funds</u>
ASSETS	2,745,456	653,179	10,228	3,408,863
LIABILITIES AND FUND BALANCES				
LIABILITIES	276,297	0	0	276,297
FUND BALANCES	2,469,158	653,179	10,228	3,132,565
Total Liabilities and Fund Balance	<u>2,745,456</u>	<u>653,179</u>	<u>10,228</u>	<u>3,408,863</u>



Discussion Item 6.01(a) 2014-15 Year-End Fiscal Report

Investment Activity Attachment D

2015-16 Investment Activity

LAIF	Interest Income	Withdrawals	Deposits	Balance
LAIF <td></td> <td></td> <td></td> <td></td>				
5 Activity	\$ 725	\$ (880,000)		\$ 1,456,251
Balance				\$ 576,976
<hr/>				
TRAN	Interest Expense	Draws	Repayments	Available Balance
TRAN				
5 Activity		\$ (900,000)		\$ 1,400,000
Available Balance				\$ 500,000

LAIF	RATE	Interest Income	Withdrawals	Dr
		\$ 725	\$ 880,000	\$
Total		\$ 725	\$ 880,000	\$

Note: LAIF earned .26% or \$724.90 in interest for the quarter ending 6/30/2015.

Month	Withdrawals
July	\$ 400,000
August	\$ 500,000
September	



Discussion Item 6.01(b) Fiscal Report as of August 31, 2015

Revenue/Expenditure/Budget – General Fund Attachment A

	This Period	YTD Balance	Total Budget	Percent of Budget
Total Revenues	34,354	100,859	8,451,988	1%
Total Expenditures	761,379	2,073,032	8,447,328	25%
Net Change in Fund Balance	(727,025)	(1,972,174)	4,660	-42321%
Beginning Fund Balance, 7/1/15		2,469,158		
Ending Fund Balance, 8/31/15		496,984		



Discussion Item 6.01(b) Fiscal Report as of August 31, 2015

Revenue/Expenditure/Budget – Governmental Funds Attachment B

	General Fund	Capital Improvement	Development Impact Fees	Total Governmental Funds
Total Revenues	100,859	0	0	100,859
Total Expenditures	2,073,032	0	0	2,073,032
Net Change in Fund Balance	(1,972,173)	0	0	(1,972,173)
Beginning Fund Balance	2,469,158	653,179	10,228	3,132,565
Ending Fund Balance	496,985	653,179	10,228	1,160,392



Discussion Item 6.01(b) Fiscal Report as of August 31, 2015

Balance Sheet – Governmental Funds Attachment C

	General Fund	Capital Improvements	Development Impact Fees	Total Government Funds
ASSETS				
	2,576,765	653,179	10,228	3,240,172
LIABILITIES AND FUND BALANCES				
LIABILITIES	1,057,978	0	0	1,057,978
FUND BALANCES	2,469,158	653,179	10,228	3,132,565
Year to Date Earnings	(950,371)	0	0	(950,371)
Total Fund Balances	1,518,787	653,179	10,228	2,182,194
Total Liabilities and Fund Balance	2,576,765	653,179	10,228	3,240,172



Discussion Item 6.01(b) Fiscal Report as of August 31, 2015

Investment Activity Attachment D

LAIF	Interest Income	Withdrawals	Deposits	Balance
Beginning Balance				\$ 1,456,251
2015-16 Activity	\$ 725	\$ (880,000)		
Ending Balance				\$ 576,976

TRAN	Interest Expense	Draws	Repayments	Available Balance
Beginning Available Balance				\$ 1,400,000
2015-16 Activity		\$ (900,000)		
Ending Available Balance				\$ 500,000



Action Item 7.01 2014-15 Year-End Budget Adjustments

Revenue/Expenditure Category	Description	Adjustment Amount	Increase/Decrease
Wages and Benefits	Salaries	100,300.00	Increase
Wages and Benefits	Benefits	238,107.00	Increase
	Total Wages and Benefits Adjustments	338,407.00	
Operating Costs	Food	301.00	Increase
Operating Costs	General Household Expense	1,372.00	Increase
Operating Costs	Facility Maintenance	19,536.00	Increase
Operating Costs	Materials and Supplies	(50,000.00)	Decrease
Operating Costs	Communications	(77,000.00)	Decrease
Operating Costs	Equipment Maintenance	(46,000.00)	Decrease
	Total Operating Costs Adjustments	(151,791.00)	
Property Taxes	Property Taxes	(17,000.00)	Increase
Property Taxes	Other Taxes	(26,316.00)	Increase
	Total Property Tax Adjustments	(43,316.00)	
Special Assessments	Special Taxes	(36,000.00)	Increase
	Total Special Assessments Adjustments	(36,000.00)	
Charges for services and other revenue	Permit/Inspection Fees	(23,500.00)	Increase
Charges for services and other revenue	Other Revenue	(83,800.00)	Increase
	Total Charges for Services and Other Revenue Adjustments	(107,300.00)	
	Net Adjustment	0.00	



Action Item 7.01 2014-15 Year-End Budget Adjustments

2014-15					
	Budget	Unaudited Actuals	Variance	Adjustment Inc/(Dec)	Modified Budget
Revenues					
Property Taxes	\$5,075,053	\$5,119,169	\$44,116	\$43,316	\$5,118,369
Special Assessments	2,285,087	2,321,474	36,387	36,000	\$2,321,087
Intergovernmental	50,411	500	(49,911)	0	\$50,411
Use of Property and Money	217,131	216,363	(768)	0	\$217,131
Charges for services and other revenue	538,331	645,791	107,460	107,300	\$645,631
Total Revenues	8,166,013	8,303,297	137,284	186,616	8,352,629
Expenditures					
Wages and Benefits	6,076,687	6,415,073	338,386	338,407	6,415,094
Operating Costs	1,356,009	1,174,183	(181,826)	(151,791)	1,204,218
Administrative Costs	454,102	382,625	(71,477)	0	454,102
Capital Outlays	0	0	0	0	0
Debt Service	6,754	6,683	(71)	0	6,754
Appropriations for Contingencies	10,000	0	(10,000)	0	10,000
Total Expenditures	7,903,552	7,978,565	75,013	186,616	8,090,168
Excess Revenues Over/(Under)	262,461	324,733	62,272	0	262,461
Other Financing Sources (Uses)	(13,000)	(13,601)	(601)	0	(13,000)
(Use of)/Contribution to Fund Balance	249,461	311,132	61,671	0	249,461
Fund Balances, beginning of year	2,158,026	2,158,026			2,158,026
Fund Balances, end of year	\$2,407,487	\$2,469,158			\$2,407,487



Action Item 7.02 2015-16 Final Budget

	2014-2015 Final Budget	2014-2015 Unaudited	2015-2016 Final Budget	Increase (Decrease)
Revenues				
Property Taxes	\$5,075,053	\$5,119,169	\$5,281,202	\$206,149
Special Assessments	2,285,087	2,321,474	2,330,789	\$45,702
Intergovernmental	50,411	500	500	(\$49,911)
Use of Property and Money	217,131	216,363	222,131	\$5,000
Charges for services and other revenue	538,331	645,791	605,366	\$67,035
Total Revenues	8,166,013	8,303,297	8,439,988	273,975
Expenditures				
Wages and Benefits	6,076,687	6,415,073	6,581,113	504,426
Operating Costs	1,356,009	1,174,183	1,286,277	(69,732)
Administrative Costs	454,102	382,625	513,184	59,082
Capital Outlays	0	0	0	0
Debt Service	6,754	6,683	6,754	0
Appropriations for Contingencies	10,000	0	10,000	0
Total Expenditures	7,903,552	7,978,565	8,397,328	493,776
Excess Revenues Over/(Under)	262,461	324,733	42,660	(219,801)
Other Financing Sources (Uses)	(13,000)	(13,601)	(38,000)	(25,000)
(Use of)/Contribution to Fund Balance	249,461	311,132	4,660	(244,801)
Fund Balances, beginning of year	2,158,026	2,158,026	2,469,158	
Fund Balances, end of year	\$2,407,487	\$2,469,158	\$2,473,818	