

REGULAR MEETING
BOARD OF DIRECTORS

December 10, 2013

The Board of Directors of Lake Chelan Reclamation District met for their regular Board meeting at the office of the District on December 10, 2013. The meeting was called to order at 8:00 a.m. by Board President Robert Christopher. Those in attendance were:

BOARD

Bob Christopher
Scott Sandum
Brad Barnes
Dave Clark
Paul Mogan

STAFF

Rodney L. Anderson
Mary Lou Brooks

GUESTS

MINUTES – FINANCIAL REVIEW – STATUS OF FUNDS

Director Barnes made a motion and it was seconded to approve the November 8, 2013 minutes, budgets, trial balances and investments, as mailed. Motion carried unanimously.

ACCOUNTS PAYABLE

Secretary-Manager Anderson presented the accounts payable for review and approval. Accounts payable checks 12121 through 12166 (including EFT payment to Dept. of Revenue for Excise Taxes) totaled \$160,441.32 and were broken down as follows:

Irrigation O & M Investment	\$ 53,544.84
Irrigation Construction	\$ 8,685.11
Domestic O & M Investment	\$ 60,868.88
Domestic Construction	\$ 360.23
Sewer O & M Investment	\$ 36,982.26
Sewer Construction	\$ -0-

A motion was made by Director Clark and was seconded to approve the accounts payable as listed. Motion passed unanimously.

MANAGER'S REPORT

Irrigation: Nothing to report at this time.

Domestic: Hookups to date for 2013 are 33.

Sewer: Hookups to date for 2013 are 19.

Administration: Cordell, Neher & Company will be assisting with our bookkeeping conversion from Peachtree to Quick Books beginning next week. They will be assisting our bookkeeper with the year-end reporting to hopefully result in more accurate bi-annual audits.

Our billing software (CBSW) now has the capability for our customers to set up and track their account online, as well as make payments with a credit card.

President Robert Christopher recessed the meeting at 8:15 a.m. and reconvened the meeting as a Board of Equalization.

BOARD OF EQUALIZATION

Manager Anderson presented the proposed 2014 Assessment Roll and reported that our parcel count increased by 17 for 2014, with 3.26 acres of water rights being relinquished by various property owners. There being no questions or comments, Board President Christopher declared the 2014 Assessment Roll to be equalized as presented, adjourned the Board of Equalization at 8:23 a.m., and reconvened the regular Board of Director's meeting.

OLD BUSINESS

Christi from the USBR has given us suggestions on our next step in requesting additional water from the Bureau. Manager Anderson is in the process of drafting a letter to the Bureau, with a copy to Congressman Reichert's office. He will have it available for the Board's review and input by the next board meeting.

The recommendation by the Bureau of a system evaluation should be satisfied with the irrigation model we are contracting with RH2 to accomplish for us within the next two years.

2014 BUDGET ADOPTION

Manager Anderson indicated his continued concerns with the sewer budget and proposed a rate increase of \$2.00 per month. After some discussion, a motion was made by Director Barnes and seconded to increase the sewer rate from \$48 per month to \$50 per month beginning January 2014. Motion carried.

Manager Anderson presented the proposed 2014 Budgets, the proposed 2014 Salary Schedule and the following Rate Schedule:

Irrigation: \$128 per acre plus \$90 per parcel – no changes from 2012
Domestic: \$30 per month per ERU – no changes from 2012
Sewer: \$50 per month per ERU – an increase of \$2 per month per ERU

This proposal would be the 6th year the irrigation and domestic systems rate structure have not been increased. The sewer increase is a direct result of meeting the future debt service needs of the Lake Chelan Reclamation District. Upon review and some discussion, a motion was made by Director Barnes and seconded to approve the 2014 Budgets and Rate Schedule as presented, specifically excluding the 2014 Salary Schedule. Motion passed.

NEW BUSINESS

The management company for HRA VEBA is requesting our renewal of their Plan. As part of their requirements, a policy needs to be added to our policy manual, which is presented below.

HRA Policy

*Lake Chelan Reclamation District ("Employer") has adopted the HRA VEBA plans offered and administered by the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest (collectively the "Plans"): the **Standard HRA Plan**, which shall be integrated with the Employer's or another qualified group health plan and to which the Employer shall remit contributions on behalf of eligible employees who are enrolled in or covered by such qualified group health plan and any other contributions that may be permitted by applicable law from time to time; and the **Post-separation HRA Plan** to which the Employer may remit contributions on behalf of eligible*

employees, including eligible employees who are not enrolled in or covered by the Employer's or another qualified group health plan, and which shall provide benefits only after a participant separates from service or retires. Employer shall contribute to the Plans on behalf of all non-represented employees ("Group") defined as eligible to participate in the Plans. Each eligible employee must submit a completed and signed Enrollment Form to become an eligible participant and become eligible for benefits under the Plans.

Contributions on behalf of each eligible employee shall be based on the following funding source/formula.:

Sick leave, vacation, personal, and other leave cash-out annually. *Eligibility is limited to employees with annual leave cash-out rights during the term hereof. Employer contributions shall include the entire cash-out value of leave days (sick, vacation, personal, PTO, etc.) accrued and available for annual cash-out per Employer policy.*

During the month of December, employees may convert vacation allowances into the above stated plan at their hourly rate provided, however, that the maximum annual conversion shall be limited to 50% of the annual accrual. Likewise, sick leave may also be converted to the plan at the rate of three sick leave hours to one paid hour contribution.

After some discussion, a motion was made by Director Clark and seconded to renew the contract with HRA VEBA, as well as approve the above policy to be added to the Employee Manual. Motion passed.

Manager Anderson presented a Capitalization Policy and Capital Purchases Policy, as recommended by the State Auditors.

Capitalization Policy

GENERAL POLICY

In general, costs meeting the following criteria will be capitalized as fixed assets:

- 1. Generally, an individual purchase cost must exceed \$2,500. Grouping of individual costs less than \$2,500 is not appropriate unless the costs are individual components of an entire project (e.g. machine components purchased with the machine as a unit).*
- 2. The expected useful life must exceed five years.*
- 3. Expenditures must result in something of physical existence or substance supporting District operations; or expenditures must benefit future years through increased revenues or reduced expenses.*

In addition, "small attractive assets", such as personal computers and peripherals, certain shop equipment and radios, which the District wishes to track, are capitalized for tracking purposes as determined by the Secretary-Manager.

GUIDELINES

- 1. All costs associated with obtaining a fixed asset (land, buildings, landscaping and paving, equipment) and getting it ready for its intended use are capitalized.*

2. *In general, costs incurred to achieve greater future benefits are capitalized, whereas expenditures that simply maintain a given level of services are expensed. In order for costs to achieve greater future benefits, one of three conditions must be met: (1) the useful life of the asset must be increased from its original estimated life and not restoring an asset in poor condition to its original estimated life; (2) the quantity of services produced from the asset must be increased; (3) the quality of the units or services provided must be enhanced. If costs do not meet this criteria or are less than \$2,500 then they are expensed.*

3. *Generally, existing facilities have the following three major types of costs: additions, improvements and replacements, and repairs/maintenance.*

4. *Commissions owed on leases shall be capitalized at the inception of the lease, and amortized over the term, excluding any options to renew or extend the lease.*

5. *Studies, master plans, strategic plans, development plans, updates to plans and other such costs may be capitalized as an intangible asset and amortized over the period of usefulness, generally for not more than 5 years.*

Asset lives, for depreciation purposes, are assigned by the accounting assistant or internal auditor.

Depreciation begins in the accounting month following purchase or month placed in service.

If costs are incurred with original capitalization intent, and the decision is later made to abandon the project, costs incurred will be expensed in the current period.

Capital Purchases

The Secretary-Manager is responsible for approving all capital purchases over \$250. A capital purchases budget will be developed each year outlining the overall approved expenditures. The Secretary-Manager has authority to make any and all capital purchases under \$20,000 and within the overall capital purchases budget. Any purchases over \$20,000 or over the capital purchase budget shall be approved by the Board of Directors. The Secretary-Manager shall determine which purchases will be capitalized along with its depreciation schedule.

A motion was made by Director Sandum and seconded to accept the new Capitalization Policy and Capital Purchases Policy as stated above. Motion passed.

Board President Christopher indicated that he would like to see information regarding investments for our funds with a greater return than the current interest received through the Local Government Investment Pool (LGIP). Manager Anderson indicated that he has spoken with an investment broker that assists the City of Chelan and he will invite him to a future Board meeting to discuss our options.

PUBLIC COMMENT

There was no public comment at this meeting.

EXECUTIVE SESSION

Being no additional new business or public comment Board President Robert Christopher recessed the meeting at 8:47 a.m. as allowed under RCW 42.30.110 to review the performance of a public employee. The regular meeting was reconvened into open session at 9:32 a.m.

A motion was made by Director Sandum and seconded to approve the 2014 Salary Schedule as presented. Motion passed.

ADJOURNMENT

Being no further business to come before the Board, Board President Robert Christopher adjourned the meeting at 9:38 a.m.

Signed: _____
President

Attest: _____
Secretary-Manager

December, 2013