

This item is to discuss the status of District finances. The Board Chairperson and District General Manager feel it important to inform the entire ECSD Board of Directors of this recent information, while additional information and investigation is underway.

We appear to have an immediate cash flow problem with our General Fund Cash account (Account # 466 on County Ledgers). The following information is taken from the 01/31/11 County Ledgers:

466-01-0000 (Cash in Treasury) is currently in the negative = (\$ 32,790.92)

466-04-0010 (Restricted Cash-Equip Replace) = \$ 148,119.36

466-04-0100 (Land-Restricted Cash) = \$ 445.33

466-04-0102 (Restr Cash CDBG Loan/Grant) = \$ 970.23

466-11-0001 (Prop Tax Rec-Curr Sec) = \$ 20,324.94

Note that these numbers (especially for the Cash in Treasury account) are after end of the month deposits into the County Funds, prior to payment of claims/warrants. The mid-month balance of the #466-01-0000 account has dipped as low as (negative \$ 200,000) over the course of the past month.

We have other funds in restricted or designated accounts as follows (as of 01/31/11):

472 – Sewer Construction Fund = \$ 88,173.96

469 – Development Fees (Restricted) = \$ 605,750.67

We have met with Mark Krummenacker (Yolo County Auditor) to go over the District's budget, ledgers, and tracking of funds. We are also reviewing the District's internal budget documents to see if there are anomalies in the calculations or projected expenditures. At this time, we are investigating the potential causes for the cash shortfall. Until we gather the necessary information and evaluate the trail of expenditures, budget preparation/calculations, and/or other possible causes; any conclusions at this time would be speculation.