

Pascoag Utility District Board of Commissioners

Finance Subcommittee Minutes- March 26, 2012

A meeting of the Pascoag Utility District was held on Monday, March 26, 2012 at 5:30 PM in the District Office at 253 Pascoag Main Street., Pascoag, RI 02859.

Members Present: Albert Palmisciano and Wallace Lees

Members Absent:

Minutes

1. Review of Audited Financial Statements- Ms. Allaire presented the following information

For fiscal year 2011, Pascoag posted a decrease in Net Assets of \$138,147. This is based on the following:

Table 1: Summary of Net Assets

Operating Loss	Other Revenue	Pension Adjust	Net
Electric (\$87,081)	\$184,955	(\$237,758)	(\$139,884)
Water (\$86,404)	\$ 88,141	\$0	\$ 1,737
Net (\$173,485)	\$273,096	(\$237,758)	(\$138,147)

Based on this, we can clearly see why a COS is needed. Not only did both departments have operating losses in 2011, they also posted operating losses in 2010. The fact that the net income was a positive is due to the "Other Revenue" received by both departments.

Please see "Adjustments for understatement in Revenue - \$66,968": This is the one-time adjustment for open CWIP accounts. This added to the electric department's revenues in 2011, but was earned in previous years. (Statement of Changes in Net Assets)

Before we go any further in the audited statements, this is a good time to compare where we stood with our in-house statements for year-end 2011 vs. the audited statements:

Table 2: In-house Financials vs. Audited Statements

In-house Reports	in-house Reports	Audit	Audit	(CWIP)	Adjusted	Adjusted	in-house	Audit
Difference								
Electric	\$36,051	\$66,968	\$103,019	\$97,874	\$5,145			
Water	\$ 3,756	\$0	\$ 3,756	\$ 1,737	\$2,019			
Total	\$99,611							

This should reinforce that the statements generated in-house are an accurate and reliable source of information for management decision making processes. The net income for 2011 was \$99,611. (This is a correction to Page 3 MDA).

Page 22 and 23 is a summary of Actual Expense to Budget Forecast:

Electric: (Page 22)

- Revenue 1% under budget**
- Expense 5.6% under budget - this is due in large part to lower energy and transmission costs, as well as a reduction in capital expenses.**

Table 3: Electric Department Net Income

Operating Loss (\$87,081)

Other Revenue \$184,955

Net Income \$97,874

Water: (Page 23)

- Revenue 3.5% under budget
- Expense 3.5% under budget

Table 4: Water Department Net Income

Operating Loss (\$86,404)

Other Revenue \$88,141

Net Income \$ 1,737

Electric Balance Sheet Review (Page 24):

Unreserved Net Assets = Total Current and Accrued Assets \$2,165,843

Less: Current and Accrued Liabilities (\$ 901,338)
\$1,264,505

Ratio of Assets to Liabilities 2.4:1. This is a good indication of a healthy balance sheet.

Electric Department – Changes in Net Assets (Page 25):

This is a summary of items we reviewed from Page 3, but is strictly for the Electric Department.

Schedule of Energy Use (Page 29):

Shows kilowatt-hours sold vs. kilowatt-hours purchased. Line losses for 2011 was 3.71%

Water Balance Sheet Review (Page 30):

Invested in Capital, net of Debt = Total Utility Plant \$2,016,686

Less Notes Payable (\$ 277,994)

Less Current Notes (\$ 10,864)

\$1,727,828

Unreserved Net Assets = Total Current and Accrued Assets (Less Restricted Cash) \$249,431

Less Current and Accrued Liabilities (\$117,194)

Plus Current Note Payable \$ 10,864

\$143,101

Ratio of Assets to Liabilities is 2.1:1. Again, this is considered a healthy balance sheet.

Water Department – Changes in Net Assets (Page 31):

This is a summary of items we reviewed from Page 3, but is strictly for the Water Department

Mr. Lees made a motion to recommend that the full Board approve the audited financial statements, seconded by Mr. Palmisciano. The vote in favor was unanimous

2. Adjournment

Mr. Lees made a motion to adjourn the meeting, seconded by Mr. Palmisciano. The vote in favor was unanimous and the meeting was adjourned at 5:54PM.

Wallace Lees, Secretary

Desarae Downs, Recording Secretary