

**Finance, Expenditure & Legal
Subcommittee Meeting Minutes
June 7, 2005**

A meeting of the Papio-Missouri River Natural Resources District's Finance, Expenditure and Legal Subcommittee was held at the Natural Resources Center, 8901 South 154th Street, Omaha, Nebraska, on June 7, 2005. The meeting was called to order by Chairperson Connealy at 8:00 p.m.

QUORUM CALL: Quorum call was taken. The following subcommittee members were in attendance.

Subcommittee Members Present	Subcommittee Members Absent	Other Directors Present	Others in Attendance
Dick Connealy		Joe Neary	Steve Oltmans
Tim Fowler		Rich Jansen	Marlin Petermann
John Conley			Paul Woodward
Dorothy Lanphier			Dick Sklenar
Jim Thompson			Martin Cleveland
			Trent Heiser
			Paul Peters
			Ralph Puls
			Laurie Zook
			Barb Nichols
			Mike McNaney
			Emmett Egr
			Pat Teer
			Jack Lawless
			Gerry Bowen
			Shawn Melotz
			Julie Thacker
			Todd Andersen
			Jim Becic
			Jerry Herbster
			Jean Tait

ADOPTION OF AGENDA

❖ **It was moved by Director Conley and seconded by Director Thompson that the agenda be adopted.**

Roll call was taken on the motion. The motion carried on a vote of 5 to 0.

Voting Yea: Conley (John), Connealy, Fowler, Lanphier, Thompson

Voting Nay: None

Abstaining: None

Absent: None:

PROOF OF PUBLICATION: Public notice of the meeting was posted at all District offices and published in the Omaha World-Herald on June 2nd, 2005.

ACCOUNTS OVER 110%:

- Acct#-010100 4391 – Accounting Fees – Jack Lawless explained that this year we have had more requests for information that were not generated in the normal accounting/auditing reports which caused the Accounting Fees account to go over 110%. Shawn Melotz addressed the Subcommittee. A copy of her statement is attached to the file copy of the minutes
 - Acct#-010304 4810 – Equipment Allocation – Martin Cleveland explained this is a “book” entry account and there is no direct cash outlay. This account, along with salary reimbursement accounts, were added to help Board/staff determine the value of District equipment/time when working on specific projects. There was discussion regarding the need for these accounts.
 - Acct#-010313 4400 – Papio Dam Sites, Professional Services – Paul Woodward stated that the account has not gone over budget yet, but he anticipated that \$200,000 would be expended instead of the \$100,000 budgeted. He indicated that the design and construction of Dam Site 13 has progressed at a more rapid pace than anticipated.
 - Acct#-010708 4400 – Missouri River Corridor, Professional Services – Jim Becic stated that the Missouri River Corridor, Professional Services has not gone over budget but it is anticipated that that it will exceed 110% of budget by the end of the fiscal year. He explained that the trail plan from N.P. Dodge Park north to the Washington County Line has been accelerated causing the overrun.
- ❖ **It was moved by Director John Conley, and seconded by Director Fowler, that the Subcommittee recommend to the Board of Directors that the following accounts be allowed to exceed 110% of the budgeted amount:**
- Acct#-010100 4391 – Accounting Fees
 - Acct#-010304 4810 – Equipment Allocation
 - Acct#-010313 4400 – Papio Dam Sites, Professional Services
 - Acct#-010708 4400 – Missouri River Corridor, Professional Services

Roll call was taken on the motion. The motion carried on a vote of 5 to 0.

Voting Yea: Conley (John), Connealy, Fowler, Lanphier, Thompson

Voting Nay: None

Abstaining: None

Absent: None:

REVIEW OF FY 2006 BUDGET - DRAFT 1:

GM Steve Oltmans reviewed the first draft of the P-MRNRD FY 2006 budget with the Subcommittee. He noted that the total operating budget was \$31.63 million, with a tax levy of 0.040620, which is the same as FY 2005. He also noted that budget assumes a 5% increase in property valuations. He then reviewed the major projects contemplated for the year.

The following individuals addressed the Subcommittee in opposition to Account # 03 13 4400, Papio Reservoirs – Professional Services, showing a \$625,000 expenditure for preliminary design for dam sites 1 and 3C:

- Todd Andersen, 7272 County Road 15, Kennard, NE
 - Julie Thacker, 16506 Dutch Hall Road, Bennington, NE
- ❖ **It was moved by Director John Conley, and seconded by Director Fowler, that the Subcommittee amend the draft budget to change Account # 02 00 4226 – Educational Programs/Materials by reducing the Earth Day contribution from \$5000 to \$1000 and increasing Outdoor Classroom Grants from \$10,000 to \$14,000, and that the FY 2006 Draft 1 budget be forwarded for review at the Public Input Meeting at the July 14, 2005 Board Meeting.**

Roll call was taken on the motion. The motion carried on a vote of 3 to 2.

Voting Yea: Conley, Connealy, Fowler
Voting Nay: Lanphier, Thompson
Abstaining: None
Excused Absence:

CALIFORNIA BEND CONDEMNATION APPEAL:

- ❖ **It was moved by Director John Conley and seconded by Director Thompson that the Subcommittee go into Executive Session to discuss litigation regarding the California Bend condemnation appeal.**

Roll call was taken on the motion. The motion carried on a vote of 5 to 0.

Voting Yea: Conley (John), Connealy, Fowler, Lanphier, Thompson
Voting Nay: None
Abstaining: None
Absent: None:

The Subcommittee went into Executive Session at 9:09 p.m.

The Subcommittee returned to Regular Session at 9:20 p.m.

- ❖ **It was moved by Director Thompson, and seconded by Director Fowler, that the Subcommittee recommend to the Board that the District appeal from the verdict and judgment made in the Washington County District Court involving the award to Willie Arp Farms, Inc. in the California Bend Project eminent domain case.**

Roll call was taken on the motion. The motion carried on a vote of 5 to 0.

Voting Yea: Conley (John), Connealy, Fowler, Lanphier, Thompson

Voting Nay: None

Abstaining: None

Absent: None:

OTHER ITEMS OF INTEREST: None

ADJOURNMENT: Being no further business, the meeting adjourned by acclamation at 7:30 p.m.

Papio-Missouri River Natural Resources District
Statement to the Finance, Expenditures & Legal Subcommittee
June 7, 2005

I am requesting that the Staff Liaison to this Subcommittee include the following statement in the permanent written minutes:

It is totally inappropriate for this Subcommittee and Jack Lawless to target an individual with respect to the budget over runs on Accounting Fees. The inquiries I made were to clarify public information for which the P-MRNRD staff should have been able to respond as part of their regular duties without engaging an outside CPA firm. Thus, an increase in Accounting Fees was the result of your staff's failure to have working knowledge of public records. In the future when responding to my or any requests from the public, I would hope that your staff will be better prepared to provide complete and accurate answers in a timely manner.

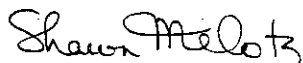
May I remind you, I am still waiting for Mr. Oltmans to fully respond to the requests for information made in November 2004 and again in December 2004. I have attached a copy of my December request as well as Mr. Oltmans' January 2005 incomplete response. Again, please provide the following within the next 30 days:

- Item #2: A detailed list that totals the \$476,078 "prior period adjustment to accounts payable" included in the June 30, 2004 Audit Report. This list should include the vendor, date of original vendor invoice, and dollar amount for each transaction.

- Item #3: According to the June 30, 2004 Auditor's Management Letter, the P-MRNRD does **not** track capital assets. According to the CPA's finding, this would be considered a deficiency in the internal control system. Again, please provide a date when the P-MRNRD intends to establish a system of tracking the \$32 million of capital assets.

As a taxpayer, I am concerned about lost or misplaced accounts payable and the lack of tracking property and equipment.

Thank you,



Shawn Melotz
10404 North 132nd Street
Omaha, NE 68142

Shawn Melotz

10404 North 132nd Street
Omaha, NE 68142

December 9, 2004

Steve Oltmans
General Manager
Papio-Missouri River NRD
8901 South 154th Street
Omaha, NE 68138-3621

COPY

Dear Mr. Oltmans:

Thank you for the packet of data furnished in response to my November 19th request for information. Although informative, I am requesting additional explanation and/or greater detail regarding the following:

1. *Item #3b - Response: The balance of the P-MRNRD's unrestricted cash and cash equivalents was \$9,070,496 as of October 31, 2004. The District's balance was \$6,678,932 of this total.*

Is the \$2,391,564 difference the amount of cash and cash equivalents in the "Business-Type Activities"?

Please provide a copy of the October 31, 2004 Statements of Net Assets (Balance Sheet) for all funds.

2. *Item #3c - Response: The Prior Period Adjustment resulted from an accumulation of understatements of accounts payable as of June 30, 2003.*

Please provide detail - vendor, date of vendor invoice, and dollar amount for each transaction. This list should total the \$476,078 adjustment.

3. *Item #4a - concerning the (non)tracking of (\$31,922,735 of) capital assets...*

Will this issue be corrected before June 30, 2005?

At what date did the auditing firm begin tracking these assets?

Please provide a copy of the capital asset listing maintained by the auditing firm.

4. *Item #5 - concerning the Papio Creek Watershed transactions...*

Who maintains the financial records for the Papillion Creek Watershed **Partnership**?

If the P-MRNRD maintains the financial records for the Papillion Creek Watershed Partnership, please provide a copy of the October 31, 2004 Statements of Net Assets (Balance Sheet) and Statement of Revenue and Expense for all funds. Also, provide a copy of the FY 2004 and FY 2005 Budgets.

If the P-MRNRD does not maintain the financial records, please direct me to where I can obtain this information.

Steve Oltmans
December 9, 2004
Page 2

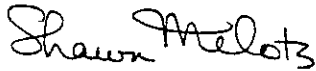
In addition to the above, the following is an inquiry I made at a prior Subcommittee and/or Board meeting. I realize I have not provided a written request; therefore I am doing so now. Please provide written response to the following:

On the June 30, 2004 Audit Report; Note B; pages 20 through 22:

- Why is the "Total Cash and Investments" of \$10,374,023 greater than "Total Deposits" of \$10,191,346? Please provide a reconciliation of these two numbers.

Thank you in advance for your immediate attention to this matter. I appreciate the efforts you and your staff have made in responding to my inquiries.

Sincerely,



Shawn Melotz

cc: Board of Directors
Papio-Missouri River NRD

PAPIO-MISSOURI RIVER
NATURAL
RESOURCES
DISTRICT



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January 11, 2005

Shawn Melotz
10404 North 132nd Street
Omaha, NE 68142

Dear Ms. Melotz:

This letter is in response to your inquiries listed in your letter of December 9, 2004. The numbers listed below correspond to those used in your letter.

1. A breakdown of the \$9,070,496 is included, as are the Balance Sheets for each division.
2. The Prior Period Adjustment appears to have resulted from an accumulation of understatements of accounts payable culminating as of the year ended June 30, 2001 and are not fully explained. Our auditors, Bland & Associates, are continuing to examine this issue. It is unlikely that it has any impact on the budgetary reporting process.
3. The District has always tracked its capital asset acquisitions and disposals internally year by year. Bland & Associates has merely maintained the complete listing of assets and related depreciation of District assets. Bland's listing of District assets extends back to July 1, 1972. A copy of the capital asset listing is included.
4. The Papio Creek Watershed Partnership transactions are recorded in a separate group of accounts within the District's General Fund. The cash account is listed as 01-05-00-1020 on the District's Balance Sheet. The page from the District's Revenue and Expense Report for October 31, 2004 relating to the Papio Creek Watershed Partnership is enclosed.
5. The reconciliation of "Total Cash & Investments" and "Total Deposits" is included.

We are hopeful this information is helpful and fulfills your requests.

Sincerely,

Steven G. Oltmans