

M E M O R A N D U M

TO: CEPD Board of Commissioners

FROM: B. Gray

DATE: July 11, 2008

RE: Approach to cleaning up CEPD General Ledgers

On July 4 2008, a working session was held in the CEPD offices that focused on the development of an approach to cleaning up and reconciling the current CEPD General Ledgers (Capital Projects and Ad Valorum) so that the information contained therein is an accurate reflection of financial transactions and balances to date.

The working session participants were:

Mike Mullins
Sherril Sims
Doris Holzheimer
Bob Gray

The working session participants developed the following approach to clean up and reconcile the CEPD General Ledgers:

1. Search for and hire appropriate resource to perform this project
 - a. Mike and Rene to develop list of candidates
 - b. Bob to call and screen candidates and schedule for interviews
 - c. CEPD committee to conduct interviews, select resource and hire
 - d. Mike to orient resource to project so that resource can perform the remainder of the tasks in the approach
2. Examine existing Capital Projects records (for the most part, these exist in supporting materials put together by Russ, Bill Strong and CP&E and distributed at past CEPD Board meetings)
3. Interview Russ, CP&E and Bill Strong and others, as necessary, to clarify or obtain additional information about Capital Projects records
4. Reconcile the records to the Capital Projects GL
5. Report Capital Projects reconciliation results to a to-be-established Board Committee (Mike, Sherril, Dave) for further direction in the refinement of the reconciliation. Additionally, present Board Committee with alternatives for addressing reconciliation gaps. The Board Committee will decide, at this point, whether or not to bring in external auditors to evaluate those alternatives.
6. Refine Capital Projects reconciliation results, as directed by Board sub-committee

7. Report refined Capital Projects reconciliation results to full CEPD Board, along with alternative/recommended approaches to addressing unreconciled differences
8. Obtain Board approval of approaches to addressing unreconciled Capital Projects differences
9. Implement those approaches and produce a reconciled, in proof Capital Projects GL
10. Work with Mike, Sherril, Kelsey and Nicole to examine existing records relative to the Ad Valorum GL (existing records can be found in Quikbooks, bank statements and paper files).
11. Reconcile the records to the Ad Valorum GL
12. Report Ad Valorum reconciliation results to a to-be-established Board Committee (Mike, Sherril, Dave) for further direction in the refinement of the reconciliation. Additionally, present Board Committee with alternatives for addressing reconciliation gaps. The Board Committee will decide, at this point, whether or not to bring in external auditors to evaluate those alternatives.
13. Refine Ad Valorum reconciliation results, as directed by Board sub-committee
14. Report refined Ad Valorum reconciliation results to full CEPD Board, along with alternative/recommended approaches to addressing unreconciled differences
15. Obtain Board approval of approaches to addressing unreconciled Ad Valorum differences
16. Implement those approaches and produce a reconciled, in proof Ad Valorum GL

It should be noted that, since this working session took place, a meeting was scheduled with Russ Baker for Saturday, July 12. This approach will not be implemented until after that meeting takes place and a determination is made as to whether or not Russ is going to be the resource to execute this approach.