



BUDGET AND FINANCE COMMITTEE MEETING

RAINBOW MUNICIPAL WATER DISTRICT

Tuesday, April 10, 2018

Budget and Finance Committee Meeting - Time: 1:00 p.m.

District Office

3707 Old Highway 395

Fallbrook, CA 92028

Notice is hereby given that the Budget and Finance Committee will be holding a regular meeting beginning at 1:00 p.m. on Tuesday, April 10, 2018.

AGENDA

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL: Harry Stitle (Chair)_____ Randy Ross (Vice Chair)_____**
Members: Peter Hensley _____ Pam Moss_____ Mig Gasca _____
Alternates: Vanessa Martinez _____ Flint Nelson _____
4. **SEATING OF ALTERNATES**
5. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**
6. **PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA (Limit 3 Minutes)**

COMMITTEE ACTION ITEMS

7. **COMMITTEE MEMBER COMMENTS**
- *8. **APPROVAL OF MINUTES**
A. March 13, 2018
9. **TELEPHONE CONFERENCE CALL WITH DISTRICT’S INVESTMENT ADVISOR**
10. **DISCUSSION REGARDING REQUEST FOR PROPOSAL FOR PAYROLL SERVICES**
11. **DISCUSSION REGARDING REQUEST FOR PROPOSAL FOR GASB 75**
12. **ABM**

13. REVIEW THE FOLLOWING:

- A. Income Statement
- B. Balance Sheet
- C. Cash Flow
- D. Treasurer's Report

14. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED BUDGET AND FINANCE COMMITTEE MEETING

15. ADJOURNMENT

ATTEST TO POSTING:



Hayden Hamilton
Secretary of the Board

3-29-18 @ 2:30 p.m.

Date and Time of Posting
Outside Display Cases

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
MARCH 13, 2018**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on March 13, 2018 by Chairperson Stitle in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:02 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Stitle, Member Hensley, Alternate Martinez, Member Gasca.

Also Present: General Manager Kennedy, Executive Assistant Washburn, Accounting Specialist Rubio.

Absent: Member Ross, Member Moss, Alternate Nelson.

4. **SEATING OF ALTERNATES**

It was noted Mrs. Martinez would be participating as an alternate member.

5. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

There were no changes to the agenda.

6. **PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA (Limit 3 Minutes)**

There were no comments.

COMMITTEE ACTION ITEMS

7. **COMMITTEE MEMBER COMMENTS**

There were no comments.

*8. **APPROVAL OF MINUTES**

A. February 13, 2018

Motion:

To approve the minutes.

DRAFT

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Action: Approve, Moved by Member Gasca, Seconded by Member Hensley.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Member Stitle, Member Hensley, Alternate Martinez, Member Gasca.

9. AUDITOR PRESENTATION

Dave Forman, Partner with the accounting firm White, Nelson, Diehl, Evans, expressed he delight to be addressing the committee. He introduced Lindsey, a representative of their firm who recently received her CPA license, pointing out how vital she was in doing the day-to-day work on the RMWD audit. He mentioned challenges involved with the auditors getting familiar with the District staff and vice versa.

Mr. Forman mentioned the many letters issued due to matters that occurred during the audit process. He explained part of the firm's requirements is to have communication with the Board and/or Board Members twice during the audit; once at the start of the process and again at the conclusion. He said except for the Opinion Letter his firm provides, the entire audit belongs to the District. He stated his firm's job is to audit the numbers belonging to the District and the District's job is to operate under Generally Accepted Audited Principles (GAAP) by following GASB standards. He briefly reviewed the content of the letters to which he referred.

Discussion ensued regarding some suggestions made related to RMWD's internal processes.

Mr. Gasca made suggestions for making the audit report information easier to understand for those who are not experienced in them, especially the Board Members and ratepayers.

Mr. Forman addressed some matters of more serious concern carried over from previous audits. He talked about capacity fees, Treasurer Reports being provided to the Board, bank reconciliations, and investments. He noted by fixing these items, preparation for the next audit will be much cleaner.

Mr. Hensley inquired as to what changes staff was making based on the results of this audit process. Mrs. Martinez explained the steps being taken by her department to make changes based on the recommendations given.

Mr. Stitle asked if the vendor contracted to provide RMWD with investment work makes recommendations on investments prior to making the investments. Mrs. Martinez confirmed this does take place.

Mr. Forman reviewed the audit report and Opinion Letter with the committee members. Discussions ensued during the review of each section.

Mr. Forman stated once everything is finalized, RMWD will need to sign a letter representing to the auditors the District has disclosed all their records and have been honest during the audit process. He said once that letter is received by the auditors, they will issue final reports and letters to be brought to the RMWD Board. He stated if internal controls start in June or July, the auditors on-site visit will take place in August/September with anticipation of completing the audit by the end of the year.

10. PARCEL ASSESSMENT/FIXED REVENUE

Mr. Kennedy explained the steps and challenges involved with changing parcel assessments.

11. ABM/ABI PROJECT UPDATE

Mr. Kennedy updated the committee on the ABM/ABI project.

12. ACCOUNTING SYSTEM UPDATE

Mrs. Martinez and Mr. Kennedy gave an update on the accounting system, including the costs involved, benefits, savings, and implementation process.

13. REVIEW THE FOLLOWING:

- A.** Income Statement
- B.** Balance Sheet
- C.** Cash Flow
- D.** Treasurer’s Report

Discussion ensued regarding the variance in water revenues.

Mrs. Martinez pointed out the labor was in line with what has been projected; however, a proposed shift reflecting the actual data produced from the EAM program will be brought to the Board for consideration. Discussion followed.

Mrs. Martinez confirmed the Treasurer’s report would be provided monthly.

14. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED BUDGET AND FINANCE COMMITTEE MEETING

It was noted the Request for Proposal for outsourcing payroll services, Request for Proposal for GASB 75, phone conference with investment advisor, and ABM need to be on the next committee agenda.

15. ADJOURNMENT

The meeting was adjourned with a motion made by Member Gasca and seconded by Member Hensley.

The meeting adjourned at 3:08 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary

