

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
SEPTEMBER 13, 2016**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on September 13, 2016 in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:00 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Stitle, Member Ross, Member Hensley, Member Clyde, Member Moss.

Also Present: General Manager Kennedy, Executive Assistant Washburn. Alternate Martinez.

One member of the public was present.

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

It was noted Item #11 would be delayed due to the report not being ready.

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

There were no comments.

COMMITTEE ACTION ITEMS

6. **COMMITTEE MEMBER COMMENTS**

There were no comments.

*7. **APPROVAL OF MINUTES**

A. August 9, 2016

Mr. Clyde pointed out the adjournment should be two hours later than the time noted due to the recording stopping in the middle of the meeting as noted in the minutes.

Motion:

Approve the minutes as revised.

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

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Member Stitle, Member Ross, Member Hensley, Member Clyde, Member Moss.

8. DISCUSSION AND POSSIBLE ACTION REGARDING ASSET VALUATION

Mr. Kennedy explained the services to be provided by the consultant and asked if the Committee was comfortable with moving forward with a restatement of the District's balance sheet to reflect the numbers.

Mrs. Martinez talked about how a restatement could be done with the consultant having the proper certifications and documentation.

Discussion followed.

It was decided to wait until October to make a recommendation to the Board for consideration.

9. MONTHLY FINANCIAL REPORT

- A.** Balance Sheet
- B.** Financial Statement
- C.** Developer Update
- D.** Water and Sewer Sales Update
- E.** Cash Flow and Reserves Report

Mrs. Martinez reviewed each of the reports provided including noting the revisions, updates, means of showing additional information, and newly created reports to provide more detailed information.

Mr. Kennedy talked about trending and how the weather impacts water sales and usage.

Mrs. Martinez provided a developer update noting Golf Green Estates has begun, Pala Mesa Highlands has started some activity, and Horse Creek Ranch was still undecided as to when they will start.

10. REVIEW OF ADMINISTRATIVE CODE FINANCIAL POLICIES

- A.** Chapter 5.03

Mr. Kennedy suggested looking at the investment policies first and then the reserves policy.

It was determined the committee will look at the investment sections and be prepared to discuss these at the October committee meeting.

11. REVIEW DRAFT CAPACITY FEE STUDY

This item has been delayed per Item #4 herein.

12. UPDATE ON AUDIT PROCESS

Mrs. Martinez announced the auditors would be at RMWD the week of October 10, 2016.

13. DISCUSSION REGARDING 2017 WATER RATE CHANGES

Mr. Kennedy explained this was to discuss 30-day notices to be sent out in relation to any rate changes effective January, 2017. He talked about what these rate changes may be and how they would be in accordance with the 2016/2017 budget.

14. STRATEGIC PLAN UPDATE

Mr. Kennedy pointed out the review of the Administrative Code Sections mentioned in Item #10 was part of the strategic plan update.

Mrs. Martinez gave an update on Springbrook.

Discussion ensued.

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

It was noted the asset valuation, administrative code policy review, draft capacity fee study, and water rate changes should be on the October agenda.

16. ADJOURNMENT

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

The meeting adjourned at 2:10 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary