

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
SEPTEMBER 8, 2020**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on September 8, 2020 by Chairperson Nelson in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:03 p.m. Chairperson Nelson, presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Nelson, Member Gasca, Member Hensley (*via video conference*)
Member Johnson (*via video conference*).

Also Present: General Manager Kennedy, Executive Assistant Washburn, Finance Manager Largent, Information and Technology Specialist Espino.

Absent: Member Moss, Member Ross.

Two members of the public were present via teleconference or video teleconference.

4. **INSTRUCTIONS TO ALLOW PUBLIC COMMENT ON AGENDA ITEMS FROM THOSE ATTENDING THIS MEETING VIA TELECONFERENCE OR VIDEO CONFERENCE**

Mr. Nelson read aloud the instructions for those attending the meeting via teleconference or video conference.

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.

7. **GENERAL MANAGER COMMENTS**

There were no comments.

8. **FINANCE MANAGER COMMENTS**

There were no comments.

9. **COMMITTEE MEMBER COMMENTS**

Mr. Hensley stated after reading the financials, the hot weather has certainly resulted in increased water sales. Ms. Johnson concurred.

***10. APPROVAL OF MINUTES**

A. August 11, 2020

Motion:

To approve the minutes as written.

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

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

Ayes: Member Gasca, Member Hensley, Member Johnson, Member Nelson.

11. WATER SERVICE UPGRADE PROJECT (WSUP) UPDATE

Mr. Kennedy reported the project was 17% complete. He mentioned it was acknowledged back in December 2019 there were some unknown costs associated with the project as well as some costs that were identified since the onset of the project which will all be brought to the Board for consideration. He pointed out staff believes these additional costs will cover the all the costs associated with completing this project.

Mr. Kennedy noted the Communications and Customer Service Committee has looked at signage for this project which seems to have been effective.

Mr. Nelson asked whether expediting staff would be an option. Mr. Kennedy said the process of exchanging 100-200 meters per week has been daunting on the customer service staff and to increase that could be too much.

12. AUDIT UPDATE

Ms. Largent gave a presentation updating the committee on the finance department in terms of the software as well as the audit. She pointed out in mid-February it was decided to manually input cash entries to assist with reconciling the account for the year which has since been completed. She stated the process has started process of transitioning some tasks to the Senior Accountant position. She reported staff was overall in a good place in preparation for the audit and had their first interview call with the new audit earlier today.

Mr. Hensley inquired as to the name of the new auditor firm. Ms. Largent stated it was LSL (Lance, Soll & Lunghard).

Ms. Johnson gave a shout out to Ms. Largent and her team for their recognizing the importance of the first impression RMWD makes with the auditor.

***13. REVIEW THE FOLLOWING:**

- A.** Budget vs. Actuals
- B.** Fund Balance Projections
- C.** Treasury Report
- D.** Five Year Demand Chart
- E.** Water Sales Summary
- F.** Check Register
- G.** Directors' Expense Report
- H.** Credit Card Breakdown

- I. Developer Projections
- J. RMWD Properties

Ms. Largent pointed out a set of attachments were emailed to the committee members with the cover letter included in the first two pages. She stated this was the first month of the new fiscal year in the software; therefore, she would appreciate any committee feedback or input.

Mr. Gasca inquired as to the GASB68 pension and whether this was everything summed up for funding pensions. Ms. Largent reported this was paid up front to receive a considerable discount for advance payment.

Mr. Gasca asked about the computer-related expenses and whether the costs were due to leasing. Ms. Largent explained this was likely annual software license costs.

Mr. Gasca inquired about the backflow expenses and how WSUP will affect these costs. Mr. Kennedy stated some of these costs may be related to backflow devices being installed correctly and may not be in use; however, he would need to research this further and report back to the committee.

Mr. Gasca made an inquiry about professional services. He requested some insight to understand the regular department annual costs. Ms. Largent explained this covers a vast area of costs; however, clarification is provided in the budget with breakdowns.

Mr. Gasca expressed concern with the supplies and services costs. Mr. Kennedy noted these are costs associated mainly for pipes and supplies purchased for inventory.

Mr. Gasca asked if the right-of-way expenses were a total annual cost budgeted to address right-of-way activities. Ms. Largent explained this was for right-of-way or road maintenance and offered to change this title to right-of-way maintenance expenses.

Mr. Gasca asked about the return on investment should RMWD's wastewater start to go through FPUD. Discussion ensued.

Mr. Gasca inquired as to why fuel and vehicles were included in last month's report. Ms. Largent explained these are capital expenses and have been removed from the budget versus actuals report. She confirmed this was not income.

Mr. Gasca suggested using a line chart as opposed to a bar chart on the customer class FY 20-21 report.

Mr. Gasca inquired about the RMWD properties table and asked for those not in use be highlighted in yellow. He also asked if there was a way to find out where these properties are located on the District website. Mr. Nelson expressed concern with posting District properties on a public forum and potentially opening RMWD up to risk.

Mr. Hensley appreciated the questions raised to help better understand the financials.

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

It was noted the WSUP update, audit update, a discussion regarding rate changes, as well as a breakdown of each of RMWD's five divisions showing their uniqueness should be on the next committee agenda.

15. ADJOURNMENT

The meeting was adjourned by Chairperson Nelson.

The meeting adjourned at 1:48 p.m.

Flint Nelson, Committee Chairperson

Dawn M. Washburn, Board Secretary