



FALLBROOK PUBLIC UTILITY DISTRICT
MEETING OF THE FISCAL POLICY AND INSURANCE COMMITTEE

AGENDA

TUESDAY, AUGUST 22, 2017
3:00 P.M.

FALLBROOK PUBLIC UTILITY DISTRICT
990 E. MISSION RD., FALLBROOK, CA 92028
PHONE: (760) 728-1125

If you have a disability and need an accommodation to participate in the meeting, please call the Secretary at (760) 728-1125 for assistance so the necessary arrangements can be made.

Writings that are public records and are distributed during a public meeting are available for public inspection at the meeting if prepared by the local agency or a member of its legislative body or after the meeting if prepared by some other person.

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

II. ACTION / DISCUSSION -----(ITEMS A-C)

A. UPDATE ON AUDIT AND ACTION ITEMS

B. DISCUSSION ON BILLING PERIODS

C. DISCUSSION WITH AUDITOR

III. ADJOURNMENT OF MEETING

DECLARATION OF POSTING

I, Mary Lou West, Secretary of the Board of Directors of the Fallbrook Public Utility District, do hereby declare that I posted a copy of the foregoing agenda in the glass case at the entrance of the District Office located at 990 East Mission Road, Fallbrook, California, at least 72 hours prior to the meeting in accordance with Government Code § 54954.2(a).

I, Mary Lou West, further declare under penalty of perjury and under the laws of the State of California that the foregoing is true and correct.

AUG 17 2017

Dated / Fallbrook, CA


Secretary, Board of Directors

MEMO

TO: Fiscal Policy & Insurance Committee
FROM: Jack Bebee, Assistant General Manager *VRB*
DATE: August 22, 2017
SUBJECT: Update on Audit and Action Items

Purpose

To provide an update to the Fiscal Policy & Insurance Committee on the audit and action items identified in the July 18, 2017 meeting.

Summary

From the meeting on July 18, 2017, the following action items were identified for the August Fiscal Policy & Insurance Committee meeting:

1. Review the process for closing capital jobs and verify why this can't be done immediately after year end.
2. Review the process for unbilled receivables for water to make sure this process doesn't delay the audit and work with auditor to adjust process if it does.
3. Discuss the timing of invoices and if the current approach to capture larger invoices in the current fiscal year is necessary.
4. Determine when the GASB 68 report from PERS is available and if this results in a delay of the audit.
5. Review the billing period and service period on the bills and determine if they could be made the same. This item is not related to the audit.

An update on each of these items is provided below:

Closing Capital Jobs: The previous issues with the closing process was related to jobs that were in progress prior to the implementation of Springbrook, the initial configuration of cost allocation to capital jobs in Springbrook and the fact that some capital expenses were not billed to specific jobs, but instead recorded directed against General Ledger accounts. These issues resulted in delays in reconciling the Capital account at the end of the last fiscal year. The issues related to the configuration of capital expenses in Springbrook has been resolved and now also all capital expenses are billed to a capital job, which will allow for closing of the capital jobs at the end of the year without an extended reconciliation process and will help streamline the audit process.

Unbilled Receivables for Water: The process used to estimate the amount due for water billed during the fiscal year, but not paid has been reviewed and the process does not require significant effort. This process can be completed at the same time the year is closed at the end of July. Currently the budget is based on water sales through June,

so this approach helps ensure the final audited statements are consistent with the adopted budget, which is based on projected sales through June.

Timing of Invoices: Based on discussions with the auditor it is recommended to continue the process of including larger invoices associated with costs incurred in June in that fiscal year and including these costs in the financial statements for the fiscal year. The auditor indicated that it is not critical to capture all invoices, but larger costs should be included, so having a close by late July should ensure all large invoices are included. This approach also helps make sure the final audited statements are consistent with the adopted budget, which is a projection through the fiscal year.

GASB 68 Report: This report is available prior to the close of the fiscal year. It was delayed last fiscal year, but the District has the report for this fiscal year and this report will not delay the audit.

Billing Period and Service Period: While not related to the audit, this item was raised at the last meeting. Currently each bill has a service period which covers the fixed operations charge over a 30-day period and a costs for water use based on the actual meter read dates (see attached example). The operations charge is based on the service period, while the water usage charge is based on the actual meter read dates. There was discussion on the potential of making the service period the same as the meter read period. The primary difficulty with this approach is related to the fact that the meter read dates are not always the same for each account. In some cases the read dates are more or less than 30 days, depending on the meter routes and workload.

To make the service period the same as the meter read dates, it would require adjusting the operations charge for each account each month based on the actual days between the read dates. Based on the way the billing system is currently configured, it required a set service period and having a variable service period would require substantial custom programming to implement. At this time it is suggested to revisit this item as the District finalizes the conversion to AMI metering over the next couple of years. Once AMI metering is in place it may be possible to bill accounts on a set day for both the operations charge and usage and to implement an approach to make the service period and meter read dates consistent without a substantial expense associated with re-programming the system. It is suggested that staff continue to work with the FP&I committee to develop an updated billing approach to be implemented once the AMI meters are implemented.

Audit Update

Staff is on schedule with the audit timetable provided to the FP&I committee at the July meeting. The year-end close has been completed and staff is meeting with the auditors this week. Staff has identified a number of improvements in the process to help streamline the close of the year and improve the process for future audits. Staff is working with the auditor to target preparing a draft audit for review by the end of September.



CUSTOMERS ARE RESPONSIBLE FOR WATER PIPE BREAKS ON THEIR PROPERTY
 Service is subject to interruption and applicable fees if not paid by 7/20/2017

MESSAGE CENTER

Name: [REDACTED]
 Service Address: [REDACTED]
 Due Date: 7/20/2017 Amount Due: \$3,143.63

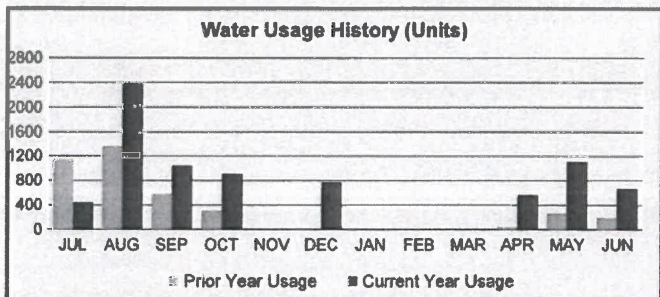
Our annual "Consumer Confidence Report" on water quality sampling performed in 2016 water meets or exceeds regulatory standards and exceeds all state and federal requirements. www.fpud.com/ccr. If you would like a paper copy someone about the report, call (760)728-1111. Este reporte contiene las instrucciones más recientes e importante sobre su agua potable. Traducción: [REDACTED]

New Bill ↓

SEE REVERSE FOR IMPORTANT BILLING INFORMATION

CURRENT CHARGES DETAIL

Account Number	Class	Meter Serial #	Meter Readings Current	Meter Readings Previous	Total Units	Service Period	6/6/2017 - 7/5/2017
[REDACTED]	R	[REDACTED]	58241	57573	668	Meter Read Dates	Prev: 5/31/2017 - Curr: 6/30/2017
PREVIOUS BALANCE							\$5,083.97
PAYMENTS/CR -THANK YOU							\$5,078.97
ADJUSTMENTS THIS PERIOD							\$5.00 CR
BALANCE FORWARD							\$0.00
WATER USAGE = 668 Units							
668 Units @ Tier 1							\$2,959.24
TOTAL WATER CHARGE							\$2,959.24
OPERATIONS CHARGE							\$184.39
TOTAL CURRENT CHARGE							\$3,143.63
TOTAL DUE							\$3,143.63



Current Usage this month (Unit = 1000 gallons): 668
 Usage last month (Unit = 1000 gallons): 1106

MAKE CHECKS PAYABLE TO:



PO BOX 2290 FALLBROOK, CA 92088-2290
 PHONE: (760) 728-1125 (24 Hrs)
 FAX: (760) 728-6029 Website: www.fpud.com

Check here for change of address or phone number. Enter the changes on the reverse side.

NAME:

FBS0705A
 2000000018 2/6



Please detach and return bottom portion with your payment.

Due Date:	Amount Due:
7/20/2017	\$3,143.63
Account Number	Meter Serial
[REDACTED]	[REDACTED]
Discount if received by 7/20/2017	Enter Amount Enclosed:
\$5.00	

REMIT TO:

FALLBROOK PUBLIC UTILITY DISTRICT
 P.O. BOX 2290
 FALLBROOK, CA 92088-2290

0121250040031386300314363

CUSTOMERS ARE RESPONSIBLE FOR
WATER PIPE BREAKS ON THEIR PROPERTY
Service is subject to interruption and applicable fees if not paid by 7/20/16

MESSAGE CENTER

Our annual "Consumer Confidence Report", or CCR, is available online beginning July 1. This report exceeds regulatory standards. Every year, our water quality sampling performed in 2015. To view your CCR, please be available online beginning July 1. If you would like to speak with someone about the report, contact Jason Cavender at Jason@fpud.com.

Este reporte contiene las instrucciones mas recientes e importante sobre su agua potable. Traducir, o hacer



Name: [REDACTED]

Service Address: [REDACTED]

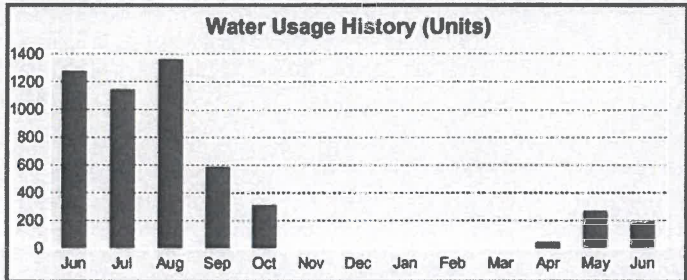
Due Date: 7/20/16 Amount Due: \$950.11

SEE REVERSE FOR IMPORTANT BILLING INFORMATION

CURRENT CHARGES DETAIL

Account Number	Class	Meter Number	Meter Readings		Total Units
			Current	Previous	
[REDACTED]	R	[REDACTED]	50318	50122	196

Service Period	5/31/16 - 6/30/16
PREVIOUS BALANCE	\$ 1,239.19
PAYMENTS/CR -THANK YOU	\$ 1,239.19 CR
BALANCE FORWARD	\$ 0.00
WATER USAGE = 196 units	
196 @ 3.96	\$ 776.16
TOTAL WATER CHARGE	\$ 776.16
OPERATIONS CHARGE	\$ 173.95
TOTAL CURRENT CHARGE	\$ 950.11
TOTAL DUE	\$ 950.11



Current usage this month (Unit = 1000 gallons): 196
Usage last month (Unit = 1000 gallons): 269

MAKE CHECKS PAYABLE TO:



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FAX: (760) 728-6029 Website: www.fpud.com

Check here for change of address or phone number. Enter the changes on the reverse side.

NAME:

Please detach and return bottom portion with your payment.

Due Date:	Amount Due:
7/20/16	\$950.11
Account Number:	Meter Number:
[REDACTED]	[REDACTED]
Discount if Received by 7/20/16	Enter Amount Enclosed:
\$5.00	

REMIT TO:

FBK0705A
2000000049 7/5

FALLBROOK PUBLIC UTILITY DISTRICT
PO BOX 2290
FALLBROOK, CA 92088-2290

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