



BUDGET & FINANCE COMMITTEE

Friday February 22, 2019 at 7:30 a.m.
Memorandum

Members Present: Committee Chair Jane Merrill, members Michael McDonald and Carl Mills. Others in attendance: Legal Counsel Anne Poindexter, Utility Director Andrew Williams, Controller Cindy Sheeks, Plant Superintendent Scot Watkins, Utility Billing Specialist Shelly Keefe, and Administrative Assistant Maggie Crediford.

Ms. Merrill called the meeting to order at 7:34 a.m.

PUBLIC COMMENT

Shelly Keefe, TriCo's Utility Billing Specialist, addressed the Committee on behalf of a customer at 10297 Towne Road. The home was purchased by the neighbor, but there is an Irrevocable Living Trust Account on the property. The neighbor cannot take possession until the death of the current owner. Ms. Keefe provided the Committee with a written statement from the customer regarding the trust. The customer provided proof that other utilities to the home have been shut off and the well was winterized. The Utility Director has already authorized Customer Service to take the account to the base charge with no consumption charges. The customer is requesting that the base charge also be waived until the home is occupied. Ms. Merrill and Mrs. Poindexter reviewed the statement provided by the customer and requested more information including the terms of the sale be brought to the Committee before a decision can be made regarding the request.

INTERNAL CONTROL POLICY UPDATE

Ms. Sheeks requested an update be made to the TriCo Internal Control Policy Manual. She asked for an increase to the limit on Purchasing Policy and Procedures. The current policy was drafted in 2016. Ms. Sheeks asked that the threshold for purchase orders be raised from \$500 to \$1000.

Ms. Sheeks explained the State Board of Accounts requires annual internal control training for employees and Board members. The training can be completed online. A link to the training will be going out to all employees and Board members soon. Each person must watch the training and return the signed completion form to Ms. Sheeks.

Mr. Mills asked for an explanation of TriCo's payroll procedures, with regards to checks and balances. Mrs. Sheeks explained that ADP calculates the timecards, which are approved by both the employees and their managers. She then verifies the calculations in ADP are correct before they are submitted. Mr. Mills asked that another employee besides the Utility Director be trained on the ADP processes in the event of Mrs. Sheeks absence. It was decided Ms. Crediford will be trained for backup in payroll processing.

Mr. McDonald had a question regarding a reference in the Internal Control Manual about risk assessments being conducted annually by the Over-site Committee. The Internal Control Policy names TriCo's Executive Committee as the Over-site Committee. The Committee members felt it would make more sense for the Over-site Committee to be the Budget and Finance Committee. The Committee will ask the Board to vote on the update at the March meeting.

Mr. McDonald suggested having a set list of items for the Over-site Committee to review each year making sure risk assessments are completed. It was decided that the Budget and Finance Committee would review the Internal Control Policy Manual each year in January or February to evaluate IT security, payroll procedures and material issues to determine the effectiveness of TriCo's internal controls.

With the review of the Internal Control Manual, the Budget and Finance Committee completed the risk assessment for 2019. The Committee reviewed the controls of the Internal Control Policy Manual as well as IT control policies. Updates will be recommended to the Board of Trustees for approval at the March 2019 meeting, including raising the purchase order limit from \$500 to \$1000 and changing the Oversight Committee from the Executive Committee to the Budget and Finance Committee.

ACE PLC UPGRADE

Mr. Watkins said the 11 Programmable Logic Controllers (PLC's) are what run TriCo's plant operations. They were installed in 2009. The units are aging out. Newer equipment is VDF/Ethernet controlled, instead of running individual wires for each input or output. The proposal from ACE Technologies includes replacement of the 11 PLC's at a cost of \$36,800, PLC/HMI software development and testing for \$6,720 and installation/start-up services for \$4,800; for a total investment of \$48,320. Mr. Williams stated that ACE Technologies is used for all the programming at the plant so that set up and training is consistent. Staff reviewed and verified the pricing on the units.

Mr. Watkins stated that a sub-issue that will also be resolved by replacing the 11 PLC's is an IP addressing issue. Mr. McDonald clarified that when the SCADA system was installed it was given a foreign IP address. The upgrades will allow TriCo to update to private IP addresses, allowing for better security and improved internal communication. Mr. McDonald recommended using a different IP address range from the one used for TriCo's Admin, so only SCADA traffic can go to the SCADA network. Mr. Watkins stated that this project is a 2019 approved Capital Project.

The Committee will recommend approval of the contract to ACE Technologies in the amount of \$48,320 at the March Board meeting.

FINANCIAL STATEMENTS

Ms. Sheeks stated revenue projections are close to actual revenue. Cash balances are coming up. After the transfer of \$550,000 from the Plant Expansion Fund to the Interceptor fund, there is a balance of \$32,000 currently in the Interceptor Fund. The fund

will be negative again by the end of 2019 as more projects come in. Money will be repaid when projects are complete, and customers connect into the system.

Mr. Mills asked about the Money Market Rate TriCo is receiving from Citizens Bank. He suggested looking at rates from other financial institutions which TriCo uses and consider moving some money around to get better interest rates.

The meeting adjourned at 8:20 a.m.

Respectfully Submitted,



Cindy Sheeks
Controller