

**NOTICE OF A REGULAR MEETING
OF THE OLIVENHAIN MUNICIPAL WATER
DISTRICT'S FINANCE COMMITTEE
1966 Olivenhain Road, Encinitas, CA 92024
Tel: (760) 753-6466 • Fax: (760) 753-1578
VIA TELECONFERENCE ONLY**

Pursuant to AB 3035, effective January 1, 2003, any person who requires a disability related modification or accommodation in order to participate in a public meeting shall make such a request in writing to the District for immediate consideration.

DATE: TUESDAY, MAY 25, 2021

TIME: 10:00 A.M.

PLACE: Remote Regular Meeting

Pursuant to the State of California Executive Order N-29-20, and in the interest of public health, OMWD is temporarily taking actions to mitigate the COVID-19 pandemic by holding Committee Meetings electronically or by teleconference. The Boardroom will not be open to the public for this meeting.

To join this meeting via phone, please dial:

(669) 900-9128 or (253) 215 8782

Meeting ID: 828 3727 2938 and Password: 649326

Note: Items On The Agenda May Be Taken Out Of Sequential Order As Their Priority Is Determined By The Committee

1. CALL TO ORDER
2. ROLL CALL (BOARD MEMBERS)
3. ADOPTION OF THE AGENDA
4. PUBLIC COMMENTS

5. CONSIDER APPROVAL OF THE MINUTES OF THE MARCH 23, 2021 SPECIAL FINANCE COMMITTEE MEETING
6. CONSIDER QUARTERLY INVESTMENTS AND CASH REPORTS (1STQTR 2021)
7. REVIEW AND DISCUSS CONTRACT EXTENSION BETWEEN OMWD AND THE PUN GROUP, LLP FOR PROFESSIONAL AUDITING SERVICES FOR TWO YEARS ENDING JUNE 30, 2022 AND JUNE 30, 2023
8. CONSIDER AND APPROVE PROPOSED MID-TERM ADJUSTMENTS (FISCAL YEAR 2021/22) TO THE GENERAL MANAGER'S RECOMMENDED BIENNIAL OPERATING AND CAPITAL BUDGET AND UPDATE ON THE DISTRICT'S FIRST TWO-YEAR BUDGET PROCESS
9. CONSIDER FUTURE AGENDA ITEMS
10. ADJOURNMENT

**MINUTES OF A SPECIAL MEETING
OF THE FINANCE COMMITTEE
OF OLIVENHAIN MUNICIPAL WATER DISTRICT**

March 23, 2021

A special meeting of the Finance Committee of Olivenhain Municipal Water District was held on Tuesday, March 23, 2021, at the District office, 1966 Olivenhain Road, Encinitas, California via video conference.

President Watt called the meeting to order at 3:32 p.m. In attendance via video conference were Lawrence A. Watt, Board President; Christy Guerin, Board Treasurer; Kimberly Thorner, General Manager; Joseph Randall, Assistant General Manager; Rainy Selamat, Finance Manager; John Carnegie, Customer Service Manager; Leo Mendez, Accounting Supervisor; and Jared Graffam, Financial Analyst. Director Watt announced that Director Bruce-Lane was also in attendance via teleconference to audit the Finance Committee Meeting, but will not participate per the Brown Act.

1. CALL TO ORDER

2. ROLL CALL (BOARD MEMBERS)

3. ADOPTION OF THE AGENDA

Director Watt moved to adopt the agenda, seconded by Director Guerin and carried unanimously.

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE FEBRUARY 2, 2021 REGULAR FINANCE COMMITTEE MEETING

Director Watt moved to approve the February 2, 2021 meeting minutes, seconded by Finance Manager Selamat and carried unanimously. Finance Manager Selamat acted as Deputy Treasurer for the February 2nd committee meeting in Director Guerin's absence.

6. DISCUSS AND RECOMMEND TREATMENT OF A ONE-TIME PAYMENT RECEIVED FROM SAN DIEGO COUNTY WATER AUTHORITY IN THE AMOUNT OF \$2,039,332.40 FOR METROPOLITAN WATER DISTRICT (MWD) RATE CASE REBATE

Finance Manager Selamat reported that the District was awarded a one-time rebate in the amount of \$2,039,332.40 from the San Diego County Water Authority (SDCWA). The amount received is the District's share of \$44.4 million in damages awarded to SDCWA from a lawsuit filed against Municipal Water District of Southern California (MWD) for illegal fees charged between 2011 and 2014.

Director Watt asked if there is any chance for recourse from MWD on the funds paid out from the lawsuit. General Manager Thorner responded that based on SDCWA general counsel's comments at the meeting, any recourse action by MWD is considered unlikely at this point.

Director Guerin inquired if interest is included in the amount awarded. General Manager Thorner responded that the rebate payment does include interest that was accrued in an escrow account. However, it does not include legal fees paid by SDCWA related to the lawsuit so there may be potential for an additional rebate in the future.

Director Watt further inquired if Staff is satisfied with the amount awarded specifically to our District and if any other district has disputed the amounts allocated. General Manager Thorner responded that the percentage allocated to our District is consistent with the percentage of water the District purchased during 2011-2014 and she is not aware of any other district disputing the allocated amounts.

Finance Manager Selamat presented three options for use of rebate payment along with the District's Revenue policy to start the discussion. Option 1 is to place the funds in a rate stabilization fund to offset future rate increases, option 2 is to place the funds in the water capital reserve to fund District local water supply projects, or option 3 is to issue a one-time credit to customers. Challenges on how to fairly issue a one-time credit were discussed. The staff-recommended option is use the rebate to minimize future rate increases over the next four years in order to keep the District's rate increases at or below the planned rate increase of 5% included in the District's Proposition 218 water rate notice.

Director Watt and Director Guerin agreed that using the rebate to offset future water increases seems to be the best approach, especially coming out of the COVID pandemic where many customers have been financially affected. Both Director Watt and Director Guerin agreed to bring the staff-proposed option before the full board for consideration at the April 14th board meeting.

7. DISCUSS AND APPROVE A CUSTOMER ASSISTANCE PROGRAM TO PROVIDE FINANCIAL ASSISTANCE, FROM NON-WATER REVENUE, TO OMWD RESIDENTIAL CUSTOMERS WHO HAVE UNPAID, PAST DUE WATER BILLS AS A RESULT OF FINANCIAL IMPACTS ASSOCIATED WITH THE COVID-19 PANDEMIC

Finance Manager Selamat presented the District's plan for implementing a customer

assistance program to provide financial assistance to residential customers with unpaid water bills as a result of financial impacts associated with the COVID-19 pandemic. Finance Manager Selamat reported that Proposition 2018 does not allow agencies to use water bill revenue to create financial assistance, low-income, or other programs that discount water bills for certain customers. Therefore, Staff is proposing to use non-water revenue from the sale of the District's Gaty parcels to fund this program. Finance Manager Selamat noted the COVID relief program is proposed at not to exceed \$250,000 and would provide financial assistance up to \$300 per customer. The all-inclusive program cost of \$250,000 includes utilizing a not-for-profit agency to screen customer eligibility for approximately \$50,000 based on program length and applications received.

Director Guerin commented she liked the idea of providing financial assistance to customers impacted by the COVID-19 pandemic and that effective screening would be critical to ensure the District is truly helping customers who need it most. Direct Watt expressed concern over using funds from the sale of the Gaty parcels as the initial use for those funds were intended to offset costs of remodeling the District's headquarters. General Manager Thorner commented that only about 7% of the proceeds from the sale of the Gaty parcels would be used for the covid relief program, the remaining 93% would go toward the building remodel.

Director Watt and Direct Guerin agreed to bring the covid relief program to the full Board for discussion and consideration at the April 14th Board meeting.

8. ADJOURNMENT

The meeting was adjourned at 4:23 p.m.

Memo

Date: May 25, 2021
To: Finance Committee
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: QUARTERLY REVIEW OF INVESTMENTS AND CASH REPORT (1st QTR 2021)

Purpose

The purpose of this agenda is to provide a verbal report on the District's investment activities and cash information to the Finance Committee to comply with the annual investment policy approved by the Board.

Recommendation

It is recommended that the Committee review and receive the attached report as presented.

Background

The attached reports are presented to provide information to the Finance Committee as required by the District's Annual Investment Policy, which was adopted by the Board at the December 2020 board meeting.

The purpose of the District's Investment Policy is to identify policies and procedures that shall govern the investment of all District funds. The ultimate goal of the policy is to enhance the economic position of the District while protecting its funds. These policies have been followed in making all investment decisions on behalf of the District.

The Annual Investment Policy also states that at least once each quarter, the District's Finance Manager shall provide an oral report on the District's investments for review and discussion.

Discussion

Staff will be available for discussion with the Committee during the meeting.

Attachment: Monthly Cash and Investment Summary Report as of April 30, 2021.

Olivenhain Municipal Water District
MONTHLY CASH AND INVESTMENT SUMMARY
As of April 30, 2021

Active Deposits

	Book Value
Checking Accounts	\$ 10,230,621
Cash Restricted for Specific Use	362,482
Petty Cash/Disaster Preparedness	1,468
Total Active Deposits	\$ 10,594,570

Deposits Not Covered by Investment Policy

Cash with Fiscal Agents	3,842,851
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Investments	Face Value	Market Value	Current Yield	
LAIF	\$ 25,146,357	25,269,895	0.34%	\$ 25,146,357
CAMP	8,032,236	8,032,236	0.06%	8,032,236
Money Market Funds	145,880	145,880	0.01%	145,880
Municipal Bonds	2,371,071	2,554,431	3.20%	2,620,094
U.S. Treasury Securities	2,000,000	2,020,080	0.63%	2,021,162
U.S. Agency Securities	30,401,111	30,203,758	0.49%	30,397,931
Total Investments	\$ 68,096,655	\$ 68,226,281	0.49%	\$ 68,363,660

Total - All Deposits/Investments **\$ 82,801,082**

Maturity Analysis of Investments

	Percent	Balance
Demand Deposits	48.7%	\$ 33,324,473
Maturity within the next two months	2.1%	1,403,334
Maturity within three months and one year	1.5%	1,036,684
Maturity beyond one year	47.7%	32,599,169
Total Investments	100.0%	\$ 68,363,660

Weighted Average Days to Maturity **740**

Other Required Disclosures:

Accrued interest receivable as of 04/30/2021 \$ 56,436

The above investments are in accordance with the portfolio limitations in the Investment Policy approved by the Board in December 2020.

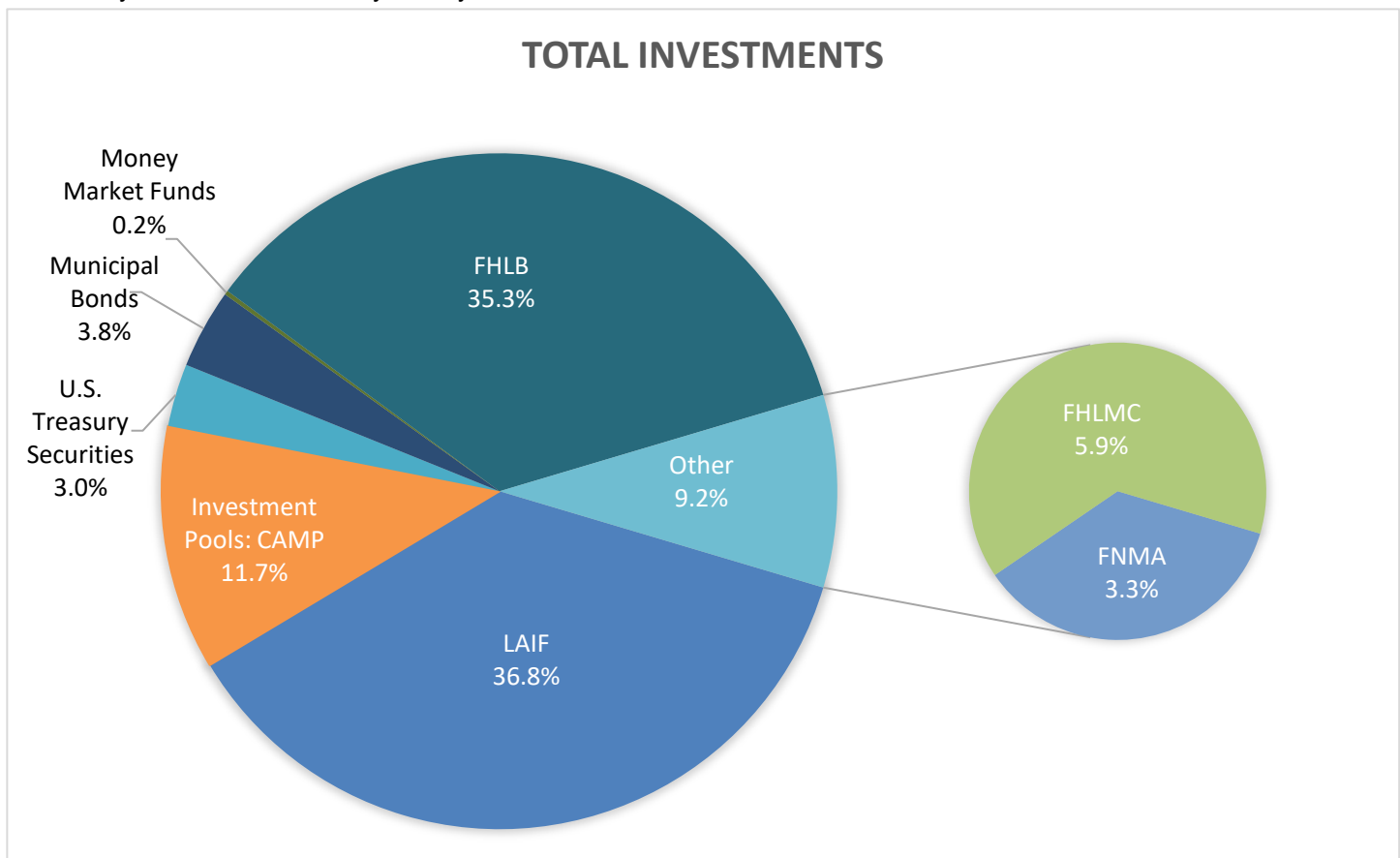
The District has sufficient funds on hand to meet the next 30 days' obligations.

Olivenhain Municipal Water District
PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY
April 30, 2021

	<u>Book Value</u>	<u>Percent</u>	<u>Permitted Percent</u>	<u>In Compliance?</u>
LAIF	\$ 25,146,357	36.8%	40.0% ⁽¹⁾	Yes
Investment Pools: CAMP	8,032,236	11.7%	30.0%	Yes
U.S. Treasury Securities	2,021,162	3.0%	100.0% ⁽²⁾	Yes
Municipal Bonds	2,620,094	3.8%	30.0%	Yes
Money Market Funds	145,880	0.2%	20.0% ⁽³⁾	Yes
U.S. Agency Securities	30,397,931	44.5%	50.0%	Yes
<i>FHLB</i> <i>Federal Home Loan Bank</i>	24,148,111	35.3%		
<i>FNMA</i> <i>Fannie Mae</i>	2,250,000	3.3%		
<i>FHLMC</i> <i>Freddie Mac</i>	3,999,820	5.9%		
Total Investments	\$ 68,363,660	100%		

Note:

- ⁽¹⁾ New limit of 40% approved by the board in May 2020.
- ⁽²⁾ No limit.
- ⁽³⁾ May not exceed 5% in any money market fund.



* Total may not add up to 100% due to rounding.

Olivenhain Municipal Water District
MONTHLY INVESTMENTS DETAIL
April 30, 2021

ACTIVE DEPOSIT

	Book Value
Checking A/C California Bank and Trust for General Purpose	10,230,621
California Bank and Trust for Specific Purpose	362,482
Petty Cash/Disaster Preparedness	1,468
Total - Active Deposits	10,594,570

DEPOSITS NOT COVERED BY INVESTMENT POLICY

Cash with Fiscal Agents:

Union Bank - RAD 96-1 Refunding Bond	712,058
Union Bank - 2015A Refunding Bond	1,462,983
SRF Loan	750,381
Union Bank - 2016A Refunding Bond	499,023
Union Bank - 2018 Revenue Bond	418,407

Total Deposits Not Covered by Investment Policy

3,842,851

RATING	DATE				Weighted Average Days to Maturity	Call	Stated Coupon	Current Yield	Market Value	Face Value	Book Value
	Moody's	S&P	Purchase	Maturity							

INVESTMENTS

Invest. Pools Calif. Asset Mgmt Prgm (CAMP)				Demand		1		0.06%	\$ 8,032,236	\$ 8,032,236	\$ 8,032,236
State Local Agency Investment Fund (LAIF)				Demand		1		0.34%	25,269,895	25,146,357	25,146,357
JP Morgan US Gov't Money Market Fund Premier Class SHS				Demand		1		0.01%	145,880	145,880	145,880

U.S. Treasury Notes/Bills

912828YH7	U.S. Treasury Notes	Aaa	-	03/09/21	02/28/26		1,766	0.46%	0.44%	1,035,470	1,000,000	1,036,684
91282CBQ3	U.S. Treasury Notes	Aaa	-	03/09/21	09/30/24		1,250	0.82%	0.83%	984,610	1,000,000	984,478
							101	0.64%	0.63%	\$ 2,020,080	\$ 2,000,000	\$ 2,021,162

U.S. Agency Securities

3134GXKH6	FHLMC Callable	Aaa	AA+	01/27/21	01/27/23	10/27/21	638	181	0.13%	0.13%	998,400	1,000,000	999,820
3134GW2F2	FHLMC Callable	Aaa	AA+	08/25/20	05/25/23	08/25/21	756	118	0.30%	0.30%	2,000,620	2,000,000	2,000,000
3130AJZJ1	FHLB Callable	Aaa	AA+	09/02/20	08/25/23	Anytime	848	1	0.32%	0.32%	1,151,128	1,151,111	1,151,111
3136G4P56	FNMA Callable	Aaa	AA+	08/26/20	02/26/24	08/26/22	1,033	484	0.40%	0.40%	1,250,150	1,250,000	1,250,000
3130ALHM9	FHLB Callable	Aaa	AA+	03/10/21	06/10/24	03/10/22	1,138	315	0.33%	0.33%	997,180	1,000,000	999,000
3136G4A29	FNMA Callable	Aaa	AA+	07/30/20	07/30/24	07/30/21	1,188	92	0.55%	0.55%	1,000,520	1,000,000	1,000,000
3130AKEW2	FHLB Callable	Aaa	AA+	11/04/20	11/04/24	05/04/21	1,285	5	0.43%	0.43%	1,993,700	2,000,000	2,000,000
3130ALPC2	FHLB Callable	Aaa	AA+	03/29/21	11/29/24	06/29/21	1,310	61	0.65%	0.65%	1,000,030	1,000,000	1,000,000
3134GWAQ9	FHLMC Callable	Aaa	AA+	07/28/20	07/28/25	07/28/21	1,551	90	0.65%	0.65%	995,250	1,000,000	1,000,000
3130AKGX8	FHLB Step-up Callable	Aaa	AA+	12/15/20	12/15/25	06/15/21	1,691	47	0.20%	0.20%	1,987,180	2,000,000	2,000,000
3130AKMD5	FHLB Callable	Aaa	AA+	01/26/21	01/26/26	07/26/21	1,733	88	0.51%	0.52%	983,740	1,000,000	999,500
3130AKU53	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	07/28/21	1,735	90	0.52%	0.53%	982,710	1,000,000	1,000,000
3130AKN69	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	01/28/22	1,735	274	0.50%	0.51%	983,760	1,000,000	1,000,000
3130AKVN3	FHLB Callable	Aaa	AA+	01/29/21	01/29/26	07/29/21	1,736	91	0.52%	0.53%	982,550	1,000,000	1,000,000
3130AKWK8	FHLB Callable	Aaa	AA+	02/12/21	02/12/26	11/12/21	1,750	197	0.51%	0.52%	981,840	1,000,000	1,000,000
3130AKX43	FHLB Step-up Callable	Aaa	AA+	02/24/21	02/24/26	11/24/21	1,762	209	0.30%	0.30%	1,984,520	2,000,000	2,000,000
3130AL7M0	FHLB Callable	Aaa	AA+	02/24/21	02/24/26	08/24/21	1,762	117	0.63%	0.63%	989,360	1,000,000	1,000,000
3130AKYR1	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/22	1,763	302	0.55%	0.56%	985,800	1,000,000	1,000,000
3130AL6K5	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/22	1,763	302	0.58%	0.59%	984,570	1,000,000	1,000,000
3130ALD76	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	05/25/21	1,763	26	0.70%	0.71%	987,910	1,000,000	1,000,000
3130ALCW2	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/22	1,763	302	0.66%	0.66%	988,120	1,000,000	998,500
3130AL6Q2	FHLB Callable	Aaa	AA+	02/26/21	02/26/26	05/26/21	1,764	27	0.22%	0.22%	997,150	1,000,000	1,000,000
3130ALGJ7	FHLB Callable	Aaa	AA+	03/23/21	03/23/26	10/23/21	1,789	177	1.00%	1.00%	999,210	1,000,000	1,000,000
3130ALNN0	FHLB Callable	Aaa	AA+	03/30/21	03/30/26	06/30/21	1,796	62	1.05%	1.05%	1,000,020	1,000,000	1,000,000
3130ALPQ1	FHLB Step-up Callable	Aaa	AA+	03/30/21	03/30/26	09/30/21	1,796	154	0.50%	0.50%	998,730	1,000,000	1,000,000
3130ALVC5	FHLB Step-up Callable	Aaa	AA+	04/14/21	04/14/26	10/14/21	1,811	168	0.60%	0.60%	999,610	1,000,000	1,000,000
							1,498	4,480	0.48%	0.49%	\$ 30,203,758	\$ 30,401,111	\$ 30,397,931

Municipal Bonds

13066YTY5	CALIF ST DEPT REV	AA1	AA	12/02/16	05/01/21		2		1.71%	1.71%	371,071	371,071	366,874
052476N79	AUSTIN TEX WTR REV	AA2	AA	11/15/16	05/15/21		16		2.54%	2.54%	1,000,700	1,000,000	1,036,460
882724RA7	TEXAS ST PUB FIN AUTH	Aaa	AAA	10/30/20	10/01/25		1,616		5.00%	4.23%	1,182,660	1,000,000	1,216,760
							757		3.45%	3.20%	\$ 2,554,431	\$ 2,371,071	\$ 2,620,094
Total Investments							740		0.49%	0.49%	\$ 68,226,281	\$ 68,096,655	\$ 68,363,660

TOTAL - ALL DEPOSITS AND INVESTMENTS

\$ 82,801,082

**Olivenhain Municipal Water District
INVESTMENTS TRANSACTION
April 30, 2021**

PURCHASED

DATE				Investment Description	Stated Coupon	Current Yield	Face Value	Book Value
Purchase	Maturity	Call	Step-Up					
04/14/21	04/14/26	10/14/21		FHLB Step-up Callable	0.600%	0.600%	1,000,000	1,000,000

MATURED / REDEEMED / CALLED

DATE				Investment Description	Stated Coupon	Current Yield	Face Value	Book Value
Redemption	Maturity	Call	Step-Up					
04/01/21	04/01/21			CALIFORNIA ST GO	2.625%	2.625%	1,000,000	999,620

Olivenhain Municipal Water District
UNAUDITED CASH POSITION BY FUNDING SOURCES
As of April 30, 2021

<u>Water Funds (Potable & Recycled)</u>		<u>Balance</u>
10050-100	Cash - Petty Cash Fund	\$ 1,468
10030-100	Cash - Capital and Equipment Fund	33,098,259
10010-100	Cash - Operating Fund	16,265,788
10060-100	Cash - Deposit Work for Other	426,470
10040-100	Cash - Rate Stabilization	10,487,810
14000-500	Restricted Cash - Capacity Fee Fund	4,714,757
Total Water Funds (Potable & Recycled)		<u>\$ 64,994,551</u>
<u>Wastewater Funds</u>		
10010-110	Wastewater - Operating Fund	2,024,515
10030-110	Wastewater - Capital Replacement Fund	8,976,371
10040-110	Wastewater - Rate Stabilization Fund	2,600,312
Total Wastewater Funds		<u>\$ 13,601,198</u>
<u>Non Fiscal Agent Debt Service Cash</u>		
14020-570	Cash non-agent - RAD 96-1	349,671
10070-561	Cash non-agent - Bond 2015A	621
10070-581	Cash non-agent - Bond 2016A	10,580
14020-512	Cash non-agent - Bond 2018	1,610
Total Non Fiscal Agent Debt Service Cash		<u>\$ 362,482</u>
<u>Debt Service Funds</u>		
14030-510	SRF Loan - Fiscal Agent	750,381
14105-570	Redemption fund - RAD 96-1	651,444
14110-570	Reserve fund - RAD 96-1	60,614
14100-561	Redemption fund - Bond 2015A	1,462,983
14100-581	Redemption fund - Bond 2016A	499,023
14100-512	Redemption fund - CB&T 2018	418,407
Total Debt Service Funds		<u>\$ 3,842,851</u>
 TOTAL FUND BALANCES		 <u>\$ 82,801,082</u>

Memo

Date: May 25, 2021
To: Finance Committee
From: Leo Mendez, Accounting Supervisor
Via: Kimberly Thorner, General Manager
Subject: **REVIEW AND DISCUSS CONTRACT EXTENSION BETWEEN OMWD AND THE PUN GROUP, LLP FOR PROFESSIONAL AUDITING SERVICES FOR TWO YEARS ENDING JUNE 30, 2022 AND JUNE 30, 2023**

Purpose

Staff is requesting that the committee review and discuss an extension to the existing audit services agreement with the Pun Group, LLP. The contract extension for professional auditing services is for the two fiscal years ending June 30, 2022 and June 30, 2023 and for a total cost of \$52,000, or \$26,000 per fiscal year.

Recommendation

Staff recommends that the committee approve the attached contract extension. If the extension is approved by the committee, it will be presented to the board at the July 14, 2021 meeting for consideration and approval. The current agreement with The Pun Group, LLP is set to expire following the District's fiscal year 2021 audit (December 2021.)

Alternative

The District could solicit proposals from other Certified Public Accountant (CPA) firms via the Request for Proposal (RFP) process where the committee would review qualified firm proposals, interview finalist firms, and recommend their selection to the Board.

Background

The District's Board of Directors approved an agreement between OMWD and The Pun Group, LLP in the amount of \$76,500 for professional auditing services for fiscal years 2019, 2020, and 2021 at its April 17, 2019 Board meeting following the District's RFP (Request for Proposal) process to select new auditors.

The Finance Committee recommended The Pun Group LLP, one of the three firms interviewed by the committee at its March 13, 2019 meeting, and following a review of six proposals received from qualified CPA firms. All six proposals received were distributed to the Finance Committee (Director Watt and Director Sprague) at its January 30, 2019 meeting, where firm qualifications, experience, audit approach, bid amounts, and reference check findings were discussed as part of the selection process.

The Pun Group, LLP has served as the District's auditors for fiscal years 2019 and 2020. Prior to the District's selection of The Pun Group, LLP, the District was audited by White Nelson Diehl Evans CPAs from fiscal years 2009 through 2018. Caporicci & Larson CPAs served as the District's auditors from fiscal years 2004 through 2008.

Fiscal Impact

The total cost of auditing services for fiscal years 2022 and 2023 would be \$52,000, or \$26,000 per fiscal year. This represents a \$500 increase per fiscal year over the annual amount of \$25,500 per the District's existing contract with the Pun Group, LLP for fiscal years 2019 through 2021.

Discussion

Following the aforementioned RFP process, The Pun Group, LLC was recommended by the committee for their qualifications, expertise in auditing special districts and cities, their approach, use of technology, and for their competitive price. Staff at the Pun

Group, LLP have also developed an understanding of the District's operations which has aided them in providing quality auditing services to the District.

Per Section 3.4 of the District's Administrative and Ethics Code, the Board shall give consideration to the employment of a different auditor every 4 to 5 years. Staff's proposal for a two-year extension of the existing professional auditing services agreement with the Pun Group is consistent with Section 3.4 of the District's Administrative and Ethics Code.

District staff will be available during the meeting for further discussion.

Attachment: A copy of the Audit Services Contract Extension with the Pun Group, LLP – Fiscal Years Ending June 30, 2022 and June 30, 2023



April 6, 2021

Olivenhain Municipal Water District
Ms. Rainy Selamat
1966 Olivenhain Rd,
Encinitas, CA 92024

RE: Audit Services Contract Extension – Fiscal Years Ending June 30, 2022, and June 30, 2023

Dear Ms. Selamat:

I would like to take this opportunity to thank you for the confidence and support the Olivenhain Municipal Water District (the “District”) have provided to us over the past years, and present this letter for your consideration regarding extending The Pun Group, LLP’s audit contract with the District.

We have developed an understanding of the District’s operations that has aided us in providing quality audit services. With that knowledge, we have been able to expand our audit efforts and provide observations that have assisted the District’s staff. We have also demonstrated our ability to respond to requests of the District and our ability to deliver quality services. It is our understanding the Olivenhain Municipal Water District has been satisfied with our efforts.

We would like to propose an extension of our Audit Services contract to include Fiscal Years Ending June 30, 2022, and June 30, 2023. The objective of our audits is to issue an opinion regarding the fairness of the presentation of the District’s financial statements in accordance with generally accepted accounting principles. The proposed fees will be as follows:

Services Provided:	Optional Years	
	2021-22	2022-23
Financial Audit of the District	\$ 22,000	\$ 22,000
Single Audit - if needed (1 Major Program)	\$ 4,000	\$ 4,000
Grand Total:	\$ 26,000	\$ 26,000

- (1) If Single Audit is required, fees to audit major programs will be \$4,000 each. The number of programs determined to be “major” will be based on OMB Uniform Guidance. The Engagement Team will discuss this with the District’s Management before starting Single Audit work.
- (2) Supplemental reports, audits, or agreed-upon procedures must be added in a written agreement prior to commencing audit work. The Firm and the District will discuss and approve the scope and associated costs of these tasks.

If the District agrees with the foregoing, please sign the copy of this letter in the space provided and return it to us.

We would very much like to continue our relationship with the Olivenhain Municipal Water District and stand ready to provide the level of service and commitment to which the District has become accustomed.

If you have any questions, please feel free to call me at (949) 777-8801.

Sincerely,
The Pun Group, LLP

Kenneth H. Pun, CPA, CGMA
Managing Partner

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This letter correctly sets forth the understanding of the Olivenhain Municipal Water District as described.

Acknowledged by:

Olivenhain Municipal Water District

Signature

Name and Title

Date

Memo

Date: May 25, 2021
To: Finance Committee
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER AND APPROVE PROPOSED MID-TERM BUDGET ADJUSTMENTS (FISCAL YEAR 2021/22) TO THE GENERAL MANAGER'S RECOMMENDED BIENNIAL OPERATING AND CAPITAL BUDGET AND UPDATE ON THE DISTRICT'S FIRST TWO-YEAR BUDGET PROCESS**

Staff will present to the committee staff's proposed adjustments to the District's Biennial Operating and Capital Budget (fiscal year 2022) for consideration and approval. Staff will also provide an oral report to the committee on the District's first two-year budget process.

Following the committee review and approval, the proposed budget adjustments will be brought forward to the full Board on June 16, 2021 for consideration and approval.

Attachment: Mid-term Budget Adjustments Presentation