

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

August 12, 2024

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Monday, August 12th, 2024, at the District office, 1966 Olivenhain Road, Encinitas, California via teleconference and in person.

Director Meyers called the meeting to order at 9:01am. In attendance were Neal Meyers, Board Treasurer; Lawrence A. Watt, Board Secretary; Kimberly Thorner, General Manager; Rainy Selamat, Finance Manager; Leo Mendez, Accounting Supervisor; Jared Graffam, Financial Analyst II; Georgeanna Clark, Financial Analyst I.

1. CALL TO ORDER

2. ROLL CALL (BOARD MEMBERS)

3. ADOPTION OF THE AGENDA

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

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE MAY 13, 2024, SPECIAL FINANCE COMMITTEE MEETING

Director Meyers moved to approve the May 13th, 2024, meeting minutes, seconded by Director Watt and carried unanimously.

6. REVIEW OF DISTRICT INVESTMENTS AND CASH REPORT FOR SECOND QUARTER 2024

Finance Manager Selamat reviewed the investment report as of June 30, 2024, with the committee. Cash and investments were discussed. Finance Manager Selamat reported that the current yield on the District's investment portfolio has increased slightly compared to the last quarter due to replacing matured securities with higher yields available in the market. Finance Manager Selamat reported that District investments are

in compliance with the District's Investment policy and that the District has sufficient funds to meet its financial obligations for the next 60 days.

Director Watt asked if the recent market volatility affected the District investments. Finance Manager Selamat explained that the District holds securities to maturity so the yield on District investments were not affected by the recent fluctuations. General Manager Thorner added that the District's Investment policy focuses on protecting the principal of the investment, so only the potential amount of interest that can be earned is at risk, not the initial principal investment.

Director Meyers asked if staff could present the change in the average rate of return and quarterly investment balances over the last 3 years at the next finance committee meeting. Finance Manager Selamat responded that staff would compile the requested data to present at the next finance committee meeting. Director Meyers also asked if the District's water sales trend above budgeted sales, could the District lower its proposed rate increases for calendar year 2025. Finance Manager Selamat explained that the January 1st, 2025, rate increases could not be adjusted once approved by the Board. General Manager Thorner added that if sales continue to increase over budgeted throughout the current fiscal year, it could help mitigate the amount of future rates adjustments, such as calendar 2026 onward.

Finance Manager Selamat next presented the draft summary of fund balances over the previous five years. Finance Manager Selamat explained that, once the fiscal year 2024 audit is complete, any fund balance over the maximum allowed per the District's Fund Balance (Reserves) policy will be brought to the finance committee then the Board for review. Any handling of excess funds will be discussed with the finance committee.

7. CONSIDER INFORMATIONAL REPORT REGARDING FY 2024 FINANCIAL AUDITS

Finance Manager Selamat informed the committee that Kenneth Pun will be stepping down as principal auditor and will be replaced by Sophia Kuo. General Manager Thorner added that the District will still be in compliance with auditing standards requiring an agency to change principal auditors every 5 years. Director Watt commented that it would be good to have a new set of eyes on our audit.

8. FUTURE AGENDA ITEMS/INFORMATION

Future agenda items for the next finance committee meeting were discussed. Director Meyers requested staff to continually update the member agency bill survey graph to ensure the District is capturing the current rates for other agencies, and to help keep the comparison as up-to-date as possible. Director Meyers also requested a report on budgeted vs actual water sales, and for staff to present the change in the average rate of return and quarterly investment balances over the last 3 years. Finance Manager

Selamat responded that staff will compile the requested information for presentation at the next committee meeting. Finance Manager Selamat also mentioned that staff is looking into an option of using a loan to fund the prepurchase of water in December, which may also be brought before the committee at the next meeting.

9. ADJOURNMENT

The meeting was adjourned at 9:35am.