

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

November 15, 2017

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Wednesday, November 15, 2017, at the District office, 1966 Olivenhain Road, Encinitas, California.

The meeting was called to order at 3:34 p.m. In attendance were Edmund K. Sprague, Treasurer and Division 5 Director; Gerald E. Varty, Board Secretary and Division 4 Director; Kimberly Thorner, General Manager; Rainy Selamat, Finance Manager; Felipe Monasi, Financial Analyst; Leo Mendez, General Ledger Accountant II; and David B. Forman from White Nelson Diehl Evans LLP, the District's independent Auditors.

3. ADOPTION OF THE AGENDA

Director Sprague moved to adopt the agenda, seconded by Director Varty and carried unanimously.

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE AUGUST 8, 2017 REGULAR FINANCE COMMITTEE MEETING

Director Sprague moved to approve the August 8, 2017, meeting minutes, seconded by Director Varty and carried unanimously.

6. REVIEW AND DISCUSS FISCAL YEAR 2016-17 AUDITED FINANCIAL STATEMENTS AND RESULTS

Mr. Forman reviewed and discussed Communication with Those Charged with Governance and the Other Comments Letter with the Finance Committee. Mr. Forman also stated that there were no material findings during the audit and his team did not encounter any difficulties in performing their audit. It was a clean audit. Mr. Forman gave some suggestions for improvements for matters involving internal control structure and operations for improvements. These matters have been reviewed and discussed with Finance Manager Selamat. Finance Manager Selamat reported that changes have been made.

Mr. Forman reported on certain financial highlights of the District during the audit to the Finance Committee, including fluctuations in District's cash and investment accounts,

receivables, payables and net pension liability. Mr. Forman stated he will be available at the December 13 2017 board meeting for a discussion with the Board.

7. REVIEW OF QUARTERLY INVESTMENTS AND CASH POSITION REPORTS (Q3 2017)

Finance Manager Selamat reported that actual investment yield is slightly over the benchmark established in the investment policy and that all investments are in compliance with the investment policy. Finance Manager Selamat reported that all investments follow the District's Board-approved Investment Policy. The District has sufficient funds to meet its financial obligations for the next 120 days.

8. REVIEW OF FUND BALANCES AND INVESTMENT POLICY

Finance Manager Selamat reviewed and discussed staff-proposed changes to the District's investment policy for consideration. Proposed changes were approved by the Committee.

The District's reserves then were discussed by the Committee. Finance Manager Selamat provided to the Committee the District's Board Designated fund balances (audited) as of June 30, 2017 including Board approved target minimum and maximum for each balance.

Based on this year's audit and review of the District's Board Designated (Reserves) Fund Balance, Finance Manager Selamat proposed a transfer of \$2 million from the Recycled Operating Fund to Recycled Capital Improvement Fund for consideration. The Committee gave Finance Manager Selamat the authorization to ask the Board for consideration.

9. REVIEW AND DISCUSS PROPOSED TRAVEL, EXPENSE REIMBURSEMENT,
AND CREDIT CARD POLICY

General Manager Thorner reported that District's travel policy is due for an update. The proposed changes to the policy were taken from other water districts and governmental agencies to make sure they are consistent with other public agencies. If approved by the Committee today, General Manager Thorner said the proposed travel policy will be discussed and presented to the Board at the December 13 meeting.

The Committee approved the proposed changes to the District's travel and expense reimbursement policy as presented by General Manager Thorner.

10. CONSIDER FUTURE AGENDA ITEMS

There were no future agenda items requested.

11. ADJOURNMENT

The meeting was adjourned at 5:27 p.m.