

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

**November 14, 2018**

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Wednesday, November 14, 2018, at the District office, 1966 Olivenhain Road, Encinitas, California.

The meeting was called to order at 10:03 a.m. In attendance were Edmund K. Sprague, Treasurer and Division 5 Director; Lawrence A. Watt, Board President and Division 2 Director; Rainy Selamat, Finance Manager; Kimberly Thorner, General Manager; Leo Mendez, Accounting Supervisor; David B. Forman and Lindsey S. Guidice from White Nelson Diehl Evans LLP, the District's independent auditors.

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

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

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE AUGUST 13, 2018 REGULAR FINANCE COMMITTEE MEETING

Director Sprague moved to approve the August 13, 2018 meeting minutes, seconded by Director Watt and carried unanimously.

6. REVIEW AND DISCUSS FISCAL YEAR 2017-18 AUDITED FINANCIAL STATEMENTS AND RESULTS

Mr. Forman reviewed and discussed the District's audited financial statements with the Finance Committee. Mr. Forman stated that there were no material findings during the audit and his team did not encounter any difficulties in performing their audit. He also stated that the District received a clean audit.

Mr. Forman reported that Governmental Accounting Standards Board No. 75 – Accounting for Post Employment Benefits Other Than Pensions (OPEB), went into effect during the fiscal year and that it did not affect the District because the District does not have OPEB. Mr. Forman also reported on certain financial highlights of the District during the audit to the Finance Committee, including fluctuations in the District’s cash and investment accounts, receivables, payables, and net pension liability.

Mr. Forman reviewed and discussed the Communication with Those Charged with Governance and the Other Comments Letters with the Finance Committee. Mr. Forman gave some suggestions for improvements for matters involving internal control structure and operations. These matters have been reviewed and discussed with Finance Manager Selamat. Finance Manager Selamat reported that changes have been made or are in progress.

7. REVIEW OF QUARTERLY INVESTMENTS AND CASH POSITION REPORTS (Q3 2018)

Finance Manager Selamat reviewed the investment report as of September 30, 2018, with the committee. Cash and investments were discussed. Finance Manager Selamat reported that the percentage limit for U.S. Agency Securities exceeded the percentage allowed by the board-approved investment policy since July 2018. Action was taken in November 2018 to bring the U.S. Agency percentage in the District’s portfolio back in compliance with the investment policy. Finance Manager Selamat reported that the District is in compliance with its investment policy and that the District has sufficient funds to meet its financial obligations for the next 120 days.

8. REVIEW OF INVESTMENT POLICY

Finance Manager Selamat reviewed and discussed staff-proposed changes to the District’s investment policy for considerations. General Manager Thorner reported that most of the proposed changes are to update certain section of the Investment Policy for consistency. A paragraph was also added to indicate that the Treasurer would notify the Board and provide a recommended course of action in the event a security held by the District is subject to a rating change that brings it below the minimum credit ratings specified by the investment policy. The proposed changes were approved by the Committee.

9. REVIEW AND DISCUSS COMPREHENSIVE COST OF SERVICE STUDIES FOR WATER AND WASTEWATER PROPOSALS

Finance Manager Selamat provided an overview of the proposals that the District received for the Cost of Service Study. Finance Manager Selamat presented her ratings

and gave an overview of how she evaluated the received proposals. Finance Manager Selamat recommended that the District use Raftelis for the Cost of Service Study. The recommendation was approved by the Committee.

10. CONSIDER FUTURE AGENDA ITEMS

There were no future agenda items requested.

11. ADJOURNMENT

The meeting was adjourned at 12:04 p.m.