

FINANCE COMMITTEE NOTES

March 11, 2020

Attendees:

Committee members: Randall Reed (Chair) and Mark Gibboney

Staff members: John Bosler, Carrie Guarino, Chad Brantley, Agnes Boros, Frank Chu, Robert Kalarsarinis, Jennifer Fillinger, and Andrea Dutton.

Members of the Public: Jonathan Foster, Davis Farr LLP

Call to Order: 10:00 a.m.

Public Comment: None

Additions/Deletions to Agenda: None

I. Audit Services Contract Two-Year Extension

- Staff provided information about the audit services contract including the proposed 2.9% price adjustment for the next two fiscal years.
- Jonathan Foster of the audit firm Davis Farr LLP gave a presentation about the role of auditors as it relates to the District.
 - Mr. Foster explained how auditors maintain independence from the District.
 - Mr. Foster discussed the auditors' relationship to the Board and how they interact with staff.
 - Lastly, he emphasized the importance of internal controls in the audit process and how internal controls can help improve work quality and prevent fraud.
- The Committee moved the contract forward to the full Board for review and approval. Mr. Foster left the meeting at approximately 10:15 am.

2. Mid-Year Financial Results Report

- Staff provided a detailed report on the financial results of District operations for the six months ended December 31, 2019.
 - The report included discussion of the District's success in utilizing the MWD Dry Year Yield program.
 - i. The District has produced about 13,400 acre-feet of groundwater from the MWD storage account in Chino Basin.
 - While water usage is about 5% under the projections, the District has kept operating expenses to 5% under budget for the six-month time period.

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3. Draft Proposition 218 Notice

- Staff provided the Committee with a draft Prop. 218 Notice for review.
- The notice includes details such as:
 - When and where the public hearing will take place
 - Explanation of costs
 - How rates are calculated
 - Proposed five-year rate table
 - How to participate in the process

Meeting Adjourned at 10:50 a.m.