

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Board Finance and Budget Workshop
October 22, 2018

Directors Present: David Fenn, President
Lenny Stephenson, Treasurer
Blair Ball, Director
David Castaldo, Director
Steve Lehtonen, Director
Mike Thompson, Director

Directors Absent: Ron Duncan, Vice President

Staff and Consultants Present:

Jeff Davis, General Manager
Tom Todd, Jr., Finance Manager
Eden Casareno, Eadie + Payne, Auditors
Brandon Ferrell, Eadie + Payne, Auditors

1. **Call to Order, Flag Salute and Roll Call:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by Chair Lenny Stephenson at 1:30 pm, October 22, 2018, in the Agency Board Room at 1210 Beaumont Avenue, Beaumont, California. Chair Stephenson led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of Agenda:** The agenda was adopted as published.
3. **Public Comment:** No members of the public requested to speak at this time.
4. **New Business:**
 - A. Review of Draft Audited Financial Statements for FY 2017-18: General Manager Jeff Davis introduced Eden Casareno, partner at Eadie + Payne LLP, and Brandon Ferrell, audit manager at Eadie + Payne LLP. This is the second year Eadie + Payne has completed the financial audit for the Agency. Ms. Casareno and Mr. Ferrell reviewed the draft version of the audited financial statements for the Agency for the fiscal year 2017-18. They answered questions from the Board. The audited statements will be presented again for acceptance at the Board meeting on November 5. Director Fenn asked that the Board review the Management Discussion and Analysis prior to the November 5th meeting, so that the auditors could answer any questions from the Board at that time.
 - B. Ratification of Paid Invoices and Monthly Payroll for September, 2018 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Fenn, seconded by Director Thompson, to

recommend that the Board ratify paid monthly invoices of \$9,772,991.83 and payroll of \$35,756.43 for the month of September, 2018, for a combined total of \$9,808,748.26. The motion passed 6 in favor, no opposed, with Director Duncan absent.

- C. Review Pending Legal Invoices: After review and discussion, action on this item was postponed until Item I was discussed.
- D. Review of September, 2018 Bank Reconciliation: After review and discussion, a motion was made by Director Fenn, seconded by Director Lehtonen, to recommend that the Board acknowledge receipt of the Wells Fargo bank reconciliation for September, 2018 as presented. The motion passed 6 in favor, no opposed, with Director Duncan absent.
- E. Review of Budget Report for September, 2018: After review and discussion, a motion was made by Director Castaldo, seconded by Director Thompson, to recommend that the Board acknowledge receipt of the Budget Report for September, 2018. The motion passed 6 in favor, no opposed, with Director Duncan absent.
- F. Review of Reserve Allocation Report for June 30, 2018: General Manager Davis introduced this item by pointing out that the amounts listed on the report are unaudited, meaning the report was completed before the audited financial statements were completed, therefore, there may be minor differences once the audited financial statements had been approved and accepted by the Board. Finance Manager Tom Todd reviewed the report and answered questions. After further review and discussion, a motion was made by Director Fenn, seconded by Director Thompson, to recommend that the Board accept the Reserve Allocation Report for June 30, 2018 as presented. The motion passed 6 in favor, no opposed, with Director Duncan absent.
- G. Review of Cash Reconciliation Report for June 30, 2018: General Manager Davis pointed out that this report also uses unaudited amounts, so there may be minor differences when the audited financial statements are approved and accepted by the Board. Finance Manager Todd reviewed the report and answered questions from the Board. After further review and discussion, a motion was made by Director Lehtonen, seconded by Director Fenn, to recommend that the Board accept the Cash Reconciliation Report for June 30, 2018. The motion passed 6 in favor, no opposed, with Director Duncan absent.
- H. Review of Investment Report for June 30, 2018: General Manager Davis pointed out that this report also uses unaudited amounts, so there may be minor differences when the audited financial statements are approved and accepted by the Board. Finance Manager Todd reviewed the report and reminded the Board that all the reported interest rates were effective at June 30, 2018. Director Fenn asked that additional analysis be available when the Investment Report is presented for the quarter ending September 30, 2018. After further review and discussion, a motion was made by Director Thompson, seconded by


Director Fenn, to recommend that the Board accept the Investment Report for June 30, 2018. The motion passed 6 in favor, no opposed, with Director Duncan absent.

- I. Review of General Counsel Memo – Public Policy & Ethics Program: The Board discussed the memo included in the Agenda from Legal Counsel Jeff Ferre. After review and discussion, a motion was made by Director Lehtonen, seconded by Director Castaldo, to recommend that the Board authorize payment of the Public Policy & Ethics Program for FY 2018-19 invoice for \$4,600. The motion passed 4-2, Directors Castaldo, Fenn, Lehtonen and Stephenson in favor, Directors Ball and Thompson opposed, with Director Duncan absent. After additional review, a motion was made by Director Fenn, seconded by Director Thompson, to recommend that the Board approve payment of the pending legal invoice for September, 2018 for \$13,622.74. The motion passed 6 in favor, no opposed, with Director Duncan absent.
- J. Review of Costs Associated with MWQI Program: General Manager Davis answered the questions asked by the Board contained in a memo from General Counsel Ferre. The consensus of the Board was to add this item to the agenda for the November 5 Board meeting for action.

5. Announcements

- A. San Gorgonio Pass Regional Water Alliance, October 24, 2018, 5:00 pm
Banning City Hall
- B. Regular Board Meeting, November 5, 2018, 1:30 pm
- C. Added: the Agency will be closed Monday, November 12, 2018 in observance of Veterans' Day.
- D. Corrected: Engineering Workshop, Tuesday, November 13, 2018, 1:30 pm

6. Adjournment: The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was adjourned at 3:13 pm.



Jeffrey W. Davis, Secretary of the Board