

**AUDIT COMMITTEE**  
**Meeting Minutes**

**November 8, 2018**

**CALL TO ORDER / ROLL CALL**

Chair Cherashore called the Audit Committee meeting to order at 9:34 a.m. Committee members present were Chair Cherashore, Vice Chair Barnum, and Directors Evans, Heinrichs, and Smith. At that time, there was a quorum of the Committee. Staff present was General Counsel Hattam, Assistant General Manager Denham, Director of Finance/Treasurer Harris, Controller Woidzik and Accounting Supervisor Balistrieri. Also present was Jennifer Farr, Partner, and Shannon Ayala, Manager, of Davis Farr, LLP, Certified Public Accountants.

**ADDITIONS TO AGENDA**

There were no additions to the agenda.

**PUBLIC COMMENT**

There were no members of the public who wished to speak.

**CHAIR'S REPORT**

Chair Cherashore and Director Heinrichs thanked the staff and auditors for their hard work on the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2018. Chair Cherashore also thanked staff for their work on pension funding over the past year.

**APPROVE AUDIT COMMITTEE MINUTES**

Approve the Audit Committee minutes from the October 10, 2018 meeting.

Director Heinrichs moved, Director Barnum seconded and the motion to approve the minutes passed unanimously.

**I. CONSENT CALENDAR**

There were no items on the Consent Calendar.

**II. ACTION/DISCUSSION**

1. Follow up on Board Adoption of the Audit Committee November 17, 2018 Recommendation for a Pension Plan Funding Policy.

Ms. Harris commended the Audit Committee for their efforts on a pension plan funding policy to help with a sustainable pension system. Ms. Harris noted that the Board adopted a policy framework for the Water Authority to achieve a target of 75%-85% funded level within 20 years. Staff recommended, and the Board adopted, funding an additional annual amount of \$1,000,000, if there were budgetary savings or anticipated one-time revenues that would be up for consideration. Staff would review the funding level of the Water Authority's pension plan with CalPERS, as well as with the board each year, as a progress update.

2. Report by auditor Davis Farr, LLP, on the final FY2018 audit results.

Ms. Farr provided a presentation on the audit results for Fiscal Year ended June 30, 2018. The presentation included information on audit reports, audit adjustments, government auditing standards results, storage rights, internal controls, areas of audit focus, and Benford's Law results.

Audit Committee members asked questions and Ms. Farr and Mr. Woidzik answered questions.

3. Review of the draft audited Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2018.

Staff Recommendations:

- 1-A. Review and accept the draft audited CAFR
- 1-B. Recommend acceptance of the draft audited CAFR to the Board of Directors

Ms. Balistreri and Mr. Woidzik provided a presentation on the CAFR, including activities that had taken place since the October 10, 2018 meeting, roles and responsibilities, introduction of the engagement team of Davis Farr, and Fiscal Year 2018 highlights. Mr. Woidzik noted next steps would be to complete and publish the CAFR for distribution and deliver it, and the Audit Committee Annual Report, to the Board at the December 6, 2018 board meeting.

Mr. Woidzik reviewed the CAFR explaining each section, focusing on changes that were made from last year to this year.

Draft copies of the CAFR were provided to audit committee members for review and comments. Committee members asked questions. Mr. Woidzik and Ms. Harris answered questions.

4. Review and approve Audit Committee Annual Report and recommendation to accept and file the annual audit and Comprehensive Annual Financial Report (CAFR) for Fiscal Year ended June 30, 2018.

Staff recommendation: Approve the Audit Committee Annual Report and authorize the Chair of the Audit Committee to transmit the report to the Board of Directors.

Director Heinrichs moved items 3 and 4, Director Evans seconded, and the motion to approve the items passed unanimously.

### **III. ADJOURNMENT**

There being no further business to come before the Audit Committee, Chair Cherashore adjourned the meeting at 10:57 a.m.