

MINUTES OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, DECEMBER 5, 2016 AT 3:30 P.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

Director Martin called the meeting to order at the hour of 3:30 p.m.

Present: Director Martin
Director Sannella
General Manager Pruim
Assistant General Manager Scaglione
Finance Manager Fusco
Accounting Supervisor Owen
Administrative Secretary Johnson

Others: Scott Manno, Rogers, Anderson, Malody & Scott, LLP

ITEM FOR DISCUSSION

REVIEW FINAL DRAFT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED
JUNE 30, 2016

General discussion took place during which Director Martin asked about the audit process and what assurances the audit gives the District.

Scott Manno of Rogers, Anderson, Malody & Scott, LLP stated his firm complies with best practices and explained the audit process. He stated no issues were found during the interim, control testing and year-end phases of the audit.

Finance Manager Fusco provided copies of the draft Annual Financial Report for the fiscal year ended June 30, 2016 for review and discussion.

Director Martin suggested the Finance/Investment Committee meet once per month to keep abreast of financial matters.

Finance Manager Fusco provided an overview of the Management's Discussion and Analysis and discussed the financial highlights of the fiscal year ended on June 30, 2016 that impacted, or have the potential to impact, the finances of the District.

General discussion took place regarding cash payments the District receives, possible future debt, reserve funds, cost of water purchased from Olivenhain Municipal Water District and SDCWA, infrastructure access charges, fixed and variable charges the District pays and the District's investment in Encina Wastewater Authority.

Director Sannella requested the Committee be provided with five and ten-year trending data and balance information on reserve deficits.

Finance Manager Fusco reviewed the Statement of Cash Flows and Statement of Revenues, Expenses and Changes in Net Position in more detail.

Director Sannella asked staff to provide a breakdown of fixed costs that SDCWA charges per acre foot of water and commodity and fixed charges. Assistant General Manager Scaglione stated this information will be provided to the full Board.

Director Martin requested data on the District's Workers' Compensation such as the number of claims and accidents. Assistant General Manager Scaglione stated this information would be provided at the next Finance Committee meeting.

Mr. Manno stated that the evidence obtained during the audit is sufficient and appropriate to render an unmodified opinion without exceptions.

General discussion took place.

The Finance/Investment Committee recommended the audited Financial Statements be presented to the Board at the next Regular Board meeting.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 5:03 p.m.