

TVCSD Financial Advisory Committee  
MEETING MINUTES  
December 17, 2012

In attendance:

Deborah Parrish, Chair

Sue Sims, Board Member

Members of the Ad Hoc Committee:

Donna Clavaud

Venta Leon

Bruce Bramson

Terry Duffy

Paul Duffy



Meeting was called to order at 6:35 pm.

Agenda Items:

- Efficiency Audit
- District Contracts
- Contacting Accountants

**EFFICIENCY AUDIT:** The committee is very excited about the Board's decision to move forward with an efficiency audit. We believe that this will help guide the Board with regard to administrative needs for the future. It is most timely because we will begin working on next year's budget very soon.

Members of the Ad Hoc Committee have contacted Hank to gauge his interest and availability for such an audit. He seems to have a lot of experience and everyone believes he

has a good reputation in the community. He has asked for input with regard to concerns, and places for him to focus. It is agreed that we must find several other potential auditors and ask them for proposals for such an audit.

Concerns listed are:

- What does the audit look for? What is an efficiency audit? We'd like to have a general idea of what this type of audit would focus on.
- Would like the audit to review the entire system as a whole to see if we are operating efficiently.
- We will provide the auditor with survey results and the 5 recommendations from the FAC to the Board.
- Request the audit focus on essential tasks of administrative support for a district such as TVCSD.
- The audit should answer the question: what costs should TVCSD expect to pay for essential administrative functions, relative to our size, the area, and other districts.
- Regarding division of tasks – How should tasks be distributed between administrator and operator? Who should handle what tasks so that there are no overlaps and added expenses?
- Regarding separation of duties – administrative and financial. How could this structure be developed so that appropriate checks and balances exist between administrative and financial duties to ensure that controls are in place and concerns about checks and balances are addressed on a continual/ongoing basis?
- Should the accountant report to the Board or the administrator? Does the answer to this question depend upon whether the administrator is a contractor or an employee?
- What tasks should be performed by the TVCSD Board of Directors, such as annual review and approvals for 1099s that are submitted on behalf of the district?

- What TVCSD tasks are not currently being performed that should be performed? Are there gaps that should be addressed?
- What TVCSD tasks are being performed that could be considered non-essential, and therefore inefficient?
- Would like to have the auditor's opinion on the status of administrative support – should this be an employee or a contractor? How can TVCSD continue to protect the district against issues related to confusion with status of administrative support?
- Are our guiding documents adequate or making us less efficient?

Additional questions that were posed: How do we compare to other districts with regard to grants obtained and received? (As discussed in the Special Meeting, the FAC would like to review a break down of grants from the TVCSD historical documents over the past years. Some of these grants were specifically for the park.)

Potential auditors:

- Hank
- Current CPA may have some referrals
- Phillips may also know some people who do this kind of work

We are looking for at least 3 potential auditors to present to the board. This will provide a good “pool” of potential resources. Several other qualified local resources in the water/wastewater field will be asked to provide recommendations for excellent efficiency audit providers.

The FAC requests that the Board immediately undertake an efficiency audit and request that the 3 auditors present their bids to the board for their consideration.

**CONTRACTS:** Both the administrator's contract and the

operator's contract are currently pending. The FAC would like to ask the Board to wait to move forward on all contracts until after the result of the efficiency audit are completed and reviewed. This will ensure that the Board has performed a complete due diligence effort to address the concerns of the community and the FAC.

FAC concerns are that the contracts are linked to the current systems and processes of the TVCSD and we want the audit to include a review of contracts. This would show ultimate good faith on the part of the Board, and that all efforts were made to fairly negotiate these outstanding contracts.

In order to protect the district and the Board from further risks, the FAC would like to hold all contracts until these steps were taken and show maximum due diligence.

Concerns about the contracts currently under negotiation:

- Contracts should have an end date.
- Contracts should have a waiver releasing the district from all claims. If the administrator becomes an employee then any claims from prior independent status are also waived.
- Annual performance reviews are included.

**BOOKKEEPING SERVICES:** The FAC would like to request that a hold be put on hiring someone for bookkeeping services until the completion of the efficiency audit. Due to the value of this audit, it could yield important information about how this position should be structured.

There was discussion about the process and how to locate the resources to address this audit. In addition, how best to let the ratepayers know about the results of the audit and help the Board use it as a wonderful PR tool – to let the