

**MINUTES**  
**BEXAR METROPOLITAN WATER DISTRICT**  
**2047 W. MALONE, SAN ANTONIO, TEXAS 78225**  
**P.O. BOX 245994, SAN ANTONIO, TEXAS 78224**

**FINANCE / AUDIT COMMITTEE MEETING**  
**September 3, 2009**

In accordance with Chapter 551 of the Texas Government Code, Vernon's Annotated Civil Statutes, Section 31, the Board of Directors for the BEXAR METROPOLITAN WATER DISTRICT held a **Finance / Audit Committee Meeting at 5:15 p.m. on the 3<sup>rd</sup> day of September 2009**, in Conference Room B of Bexar Metropolitan Water District, 2055 W. Malone, San Antonio, Texas 78225.

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**COMMITTEE MEMBERS PRESENT:** John Shackelford, Debra Eaton; Guadalupe Lopez.

**STAFF MEMBERS PRESENT:** Jesse Morin; Edward Garza; Robert Pina; Gary Lofthouse; Liliana Oranday; Carl Daylong.

**GUESTS PRESENT:** Garza/Gonzales & Associates: Rene Gonzales; Kim Lopez-Gonzales; and Michelle Gonzales.

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**MINUTES**

The meeting was tape recorded. These minutes are a summary record of the Committee's discussions at the meeting. For a detailed record of discussions and statements made by persons speaking at the meeting, please consult the audio files at the District's office.

**Item 1. Meeting Called to Order.**

Mr. Shackelford called the meeting to order at 5:15 PM.

**Item 3. Briefing and deliberation regarding the Finance Audit for FY 2008-2009 and the Report on the Conduct of the Audit.**

Mr. Morin reported that the audit has been completed for the fiscal year. The independent auditors of Garza/Gonzales & Associates will be presenting their audit findings to the Board at the meeting scheduled for September 8, 2009.

Mr. Rene Gonzales introduced Ms. Kimberly Lopez-Gonzales and Michelle Gonzales, auditors and CPA's who will discuss the "Report on the Conduct of Audit - Management Responses: FY 2009: and the "Financial Statement with Auditor's Report Fiscal Year ended: April 30, 2009." Highlights will include fiscal year 2007 vs. 2008 vs. 2009.

Mr. Gonzales stated that it was not the objective of Garza/Gonzales & Associates to address the findings of either the TCEQ audit or the state auditor's report, which are being addressed internally. Ms. Lopez-Gonzales and Ms. Gonzales explained the audit process which began in June with interim field work and ended in August with year-end field work and an audit of the financial statements balances taking place. It was noted that this year District staff responded to all inquiries in a timely manner and were better prepared when the audit started. Mr. Morin commented that this was due to the Finance Department implementing recommendations made during the numerous audits this year, including hiring accounting staff and an internal auditor.


A review of the Independent Auditors' Report which accompanies the adjusted Financial Statements was discussed including five years of Comparative Schedule of Revenues and Expenses.

The "Report on the Conduct of Audit" was then presented which noted no material weaknesses, but indentified deficiencies in internal control within the areas of surplus property, accounts receivable and inventory. A review was made of the "three-year trend schedule of internal control and other matters" which illustrates the District's progress. Concerns were addressed and management responses in the report were discussed.

Mr. Shackelford adjourned the meeting at 7:30 PM.

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Minutes approved this 21 day of October, 2009

  
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John Shackelford  
Chair