Finance Meeting Summary
11/2/2026
2 pm

Finance committee: Standing board member: John Murphy and Dorienne Johnson

The meeting focused on the Finance Committee's review of the district's financial status and operations. Stephen presented the September payables, which totaled approximately $782,808, and noted that most expenses were standard operations and maintenance, with a large Southland design contract in capital improvements.

The committee discussed the annual Badger meter renewal line item and the rising cost of SCE electricity, which has increased significantly over recent years.

Stephen also reviewed the September bank reconciliations for all operating and investment accounts, including the California class and Charles Schwab funds, and confirmed they were in balance.

A discussion occurred regarding the need for more detailed CIP invoice information, such as project phases and remaining contract balances, to provide better oversight. It should be noted the requested information does appear on the quarterly budget documentation provided to the committee.

The first quarter financial summary showed a cash decrease of $3.45 million due to anticipated capital expenditures, while connection fee revenue was higher than expected due to increased development activity.

Property tax estimates were also higher than budgeted, and the committee noted that these funds must be spent on CIP projects. The district has not historically had any issue with using the conditional funds.

Legal expenses were trending higher than budgeted, partly due to complex construction agreements and a public records request.

Stephen provided an update on the Cal OES reimbursement process, stating that the final report was approved and is now with FEMA. The reimbursement amount is $1.6 MM for expenses associated with 2023 district related weather events

The district received a AA credit rating from S&P. It should be noted S&P noted recent historical audits were late as result of “staff turnover’ and partnership turnover with vendor. Furthermore, “credit strength is supported by recently approved rate increases of 14% annually for the period of 2027–2031, which will enhance future cash flows and bolster financial flexibility. The stable outlook reflects our anticipation that Montecito Sanitary District will maintain its very strong financial profile as evidenced by the district’s proactive rate-setting approach to increase revenue.”

Finally, the ACH payment system is nearing implementation and should be effective and operational at the end of November..