

December 16, 2014

The Finance Committee of Novato Sanitary District held a meeting at 2:00 p.m., Tuesday, December 16, 2014, at the District office, 500 Davidson Street, Novato.

COMMITTEE MEMBERS PRESENT: Members William C. Long and Jerry Peters.

STAFF PRESENT: Manager-Engineer-Secretary Sandeep Karkal, Finance Officer Laura Creamer and Administrative Secretary Julie Swoboda.

ALSO PRESENT: Vikki Rodriguez, Vice President (Tax/Audit), Maze and Associates

AGENDA APPROVAL: The agenda was approved as presented.

REVIEW OF MINUTES: The December 12, 2013 meeting minutes were approved by acclamation as written.

FISCAL YEAR (FY) 2013-14 DRAFT ANNUAL AUDIT:

-Receive report from independent auditor, Maze and Associates. The Manager-Engineer introduced Vikki Rodriguez of Maze and Associates who was present to review the audit documents with the Committee. Ms. Rodriguez stated that Maze and Associates had performed an independent audit which involved examining evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. She stated that Maze and Associates had concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the District's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with the generally accepted accounting principles (GAAP). Ms. Rodriguez noted that this opinion is the highest rating given.

Ms. Rodriguez discussed details of the audit with Committee Members Long and Peters and responded to their questions.

Committee Member Peters questioned why the District's Net OPEB (Other Post Employment Benefits) Obligation is increasing, as shown on page 41 of the Comprehensive Annual Financial Report. Ms. Rodriguez and Finance Officer Laura Creamer explained that the annual required contribution was determined as part of the July 2012 actuarial valuation. Ms. Creamer added that the District budgets the obligation annually but has not set up an irrevocable or trust account and consequently carries it on its financial statements. Discussion followed.

-Review draft Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2014, and 2013, including draft audited financial statements. There were no questions or comments.

-Consider making a recommendation to the District Board that, subject to minor edits, the Board accept the audit and CAFR. The Manager-Engineer requested that the Committee make the recommendation to the Board to accept the audit, subject to minor edits.

Committee Members Long and Peters unanimously agreed to make the recommendation to the District Board that, subject to minor edits, the Board accept the audit and CAFR.

DISTRICT POLICY 3120 – INVESTMENT OF PUBLIC FUNDS:

-Review District Statement of Investment Policy, District Policy 3120 – Investment of Public Funds, and recommend its ratification by the District Board. The Manager-Engineer stated that the policy was originally adopted in its current form in December 2012 and updated at the March 24th 2014 Board meeting. He stated that it is a good practice for the Board to review this policy periodically.

Committee Members Long and Peters unanimously agreed to bring District Policy 3120 before the District Board for review and ratification.

ADJOURNMENT: The meeting was adjourned at 2:36 p.m.

Respectfully submitted,

Sandeep Karkal
Secretary

Julie Swoboda, Recording