

# NOVATO SANITARY DISTRICT

Finance Committee Meeting Minutes

Meeting Date: December 5, 2016

A regular meeting of the Finance Committee of Novato Sanitary District was held at 3:00 p.m., Monday, December 5, 2016, at the District office, 500 Davidson Street, Novato.

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

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

ALSO PRESENT: Erik Brown, Technical Services Manager  
Vikki Rodriguez, CPA, Vice President, Maze and Associates

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

APPROVAL OF MINUTES: The April 18, 2016 meeting minutes were approved as presented.

## FISCAL YEAR (FY) 2015-16 DRAFT ANNUAL AUDIT:

- Receive report from independent auditor, Maze and Associates and review draft Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2016, and 2015, including draft audited financial statements. The General Manager introduced Ms. Vikki Rodriguez of Maze and Associates and stated that she would present the Comprehensive Annual Financial Report for the fiscal years ended June 30, 2016 and June 30, 2015.

Ms. Rodriguez presented an overview of the District's Annual Audit and stated that Maze and Associates had concluded, based on their audit, that there was a reasonable basis for rendering an unmodified (unqualified) opinion. She stated that the District's financial statements for the fiscal year ended June 30, 2016 are fairly presented, and conform to Generally Accepted Accounting Principles (GAAP). Ms. Rodriguez noted that the unmodified opinion is the highest rating given (cleanest possible opinion). She stated that there were no major reporting changes, no new pronouncements, and no material weaknesses when internal controls were reviewed.

Discussion followed between Committee Members Peters and Long, and Ms. Rodriguez. Minor edits were noted and the General Manager stated that these edits would be reflected in the final CAFR. Committee Members Peters and Long thanked Ms. Rodriguez for her presentation.

- Consider making a recommendation to the District Board to accept the audit and CAFR, subject to minor edits. Committee Member Long made a recommendation that the District Board accept the audit and CAFR, subject to minor edits, and Committee Member Peters concurred.

- Receive draft "Memorandum on Internal Control and Required Communications for Year ended June 30, 2016" from the District's independent outside auditor, Maze and Associates. Committee Member Long made a recommendation to receive the draft "Memorandum on Internal Control and Required Communications for Year ended June 30, 2016" from the District's independent outside auditor, Maze and Associates and Committee Member Peters concurred.

The General Manager stated that Ms. Rodriguez would return to the December 12<sup>th</sup> regular Board meeting to review the CAFR with the full Board.

UPDATE ON POST-EMPLOYMENT BENEFITS TRUST:

- Receive update on implementation of the combined Post-Employment Benefits Trust to address the District's liabilities related to Governmental Accounting Standards Board Statement No. 45 ("GASB 45") for Post Employment Benefits Other than Pensions, and GASB 68 for Net Pension Liability (NPL). The General Manager stated that at its November 14, 2016 meeting, the District Board approved implementing a combined Post-Employment Benefits Trust with Public Agency Retirement Services (PARS) to address the District's GASB 45 and 68 liabilities. He stated that subsequently, PARS has provided the District with the necessary agreements and legal documents to implement the Trust Program. He stated that District Counsel Kent Alm has reviewed these documents and that they are now ready to be executed by the District. He anticipates that the trust program will be in place by the end of the current year or early in 2017. The General Manager continued, and provided details of how the District intends to fund the GASB 45 and GASB 68 programs, as authorized by the District Board at their November 14, 2016 meeting.

ADJOURNMENT: There being no new business to come before the Committee, the meeting was adjourned at 3:23 p.m.

Respectfully submitted,

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Sandeep Karkal  
Secretary

Julie Hoover, Recording