

Moraga Audit and Finance Committee

ACTION MINUTES

Tuesday, March 6, 2007

9:00 to 11:20 am

The Preschool Room at the Hacienda de las Flores

2100 Donald Drive

Moraga

I. CALL TO ORDER

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The meeting was called to order by Mike Metcalf @ 11:00 a.m.

II. ROLL CALL

Metcalf, Kennedy, Buchman, Comprelli present at the beginning of the meeting.
Bird came in at the beginning of agenda item IV.

III. ELECTION OF CHAIR AND VICE-CHAIR

Robert Kennedy, Town Treasurer, was elected, by unanimous vote of the members present, to the position of Chair.

Rochelle Bird, Town Councilmember, was elected, by unanimous vote of the members present, to the position of Vice-Chair.

IV. FISCAL YEAR 2005/2006 AUDIT

Michele Nelson from Mann, Urrutia & Nelson reviewed the Statements on Auditing Standards (SAS) No. 61 to provide the Committee with an overview of what are the auditor's responsibilities.

Katie Williams from Mann, Urrutia & Nelson reviewed the Lamorinda Fee & Financing Authority (LFFA) Annual Financial Report. This report will also be submitted to the LFFA Board.

Katie Williams reviewed the Management Report which contained three items. The following summarizes actions to be taken as a result of the auditor's recommendations:

- 1) Bank Reconciliations will now be prepared by the Finance Director and reviewed by the Town Treasurer.
- 2) The Finance Director will review cash receipting processes in all departments and determine a procedure that will ensure greater internal control over cash.
- 3) The Finance Director will prepare a request to the LFFA for reimbursement of Town staff costs for the management of this fund since its inception. The Finance Director will work with the Town's Planning Director on a strategy for presenting this request to the LFFA Board.

Michele Nelson and Katie Williams presented the audited financial statements and the statements were accepted with the only one change to Note 11 on page 22. This note is to contain a reference to the potential that the Town may have to reimburse the State for monies received that the Town was ineligible for based upon the Town's Maintenance of Effort Requirement.

The Management's Discussion & Analysis was discussed in detail. The following changes are to be made:

- The 5 Year Comparison of Property and Sales Taxes on Roman numeral page iv is to be eliminated.
- A section headed "Trends in Revenues and Expenditures" will be added. This section will discuss the fact that expenditures are growing faster than revenues.

- On Roman numeral pages v and vi, increases and decreases of significant amount year over year will be footnoted and explained.
- On Roman numeral page viii the paragraph regarding Fees for Services will be expanded to provide a clearer explanation of staff billability.
- A paragraph regarding the 329 Rheem Fund will be added to Roman numeral page x explaining the fact that the building rents are not covering the building costs.
- The report will be revised to assure consistency in the way property and sales taxes are listed.
- Various typos and other minor corrections will be made.

The MD&A will be redrafted by the Finance Director and submitted to the Town Treasurer for approval before it is resubmitted to the auditing firm for inclusion in the final Annual Financial Report.

The AFC is recommending that the 329 Rheem Boulevard Fund be changed from an enterprise fund into a Department or Program within the General Fund. When the audit is submitted to the Town Council a request will be made to make this change beginning with in fiscal year 2008.

The final Annual Financial Report is to be submitted to the Town Council on 4/11/07.

V. FISCAL YEAR 2006/2007 AUDIT SCHEDULE

No discussion.

VI. INVESTMENT POLICY

Discussion related to the desire to establish an appropriate policy to handle the influx of significantly large one time monies expected. This discussion will be addressed more fully at the next AFC meeting.

VII. REVIEW OF PROPOSED 08 BUDGET FORMAT

Committee accepted proposed FY08 Budget Format changes as outlined by the Finance Director.

VIII. ESTABLISHMENT OF NEXT MEETING DATE, TIME, AGENDA

The next meeting date was set for 4/26/07 @ 8:30 a.m. The meeting is expected to run 2-1/2 hours. The agenda will include the FY08 Budget and an Investment Policy.

IX. PUBLIC COMMENTS

No comments.

X. ADJOURN

The meeting adjourned at 11:20 a.m.

Notices of Audit and Finance Committee meetings are posted at the Hacienda (2100 Donald Drive), the Moraga Commons, and the Moraga Public Library. Copies of the agenda packets can be viewed prior to the meeting at the Town Clerk's Office, 2100 Donald Drive.

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