

MEETING NOTES

BOARD OF DIRECTORS FINANCE COMMITTEE MEETING

DELTA DIABLO

(a California Special District)

190 E. 4TH STREET | PITTSBURG, CA 94565

THURSDAY, DECEMBER 20, 2018

11:00 A.M.

The meeting was called to order by Committee Chair (Alternate), Federal Glover, on Thursday, December 20, 2018, at 11:25 a.m. at the office of Federal Glover, 190 E. 4th Street, Pittsburg, California. Present at the meeting were Vince De Lange, General Manager; Carol Margetich, Business Services Director; Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board; and David Alvey, Vice President, Maze & Associates.

PUBLIC COMMENTS

None

REVIEW OF COMPREHENSIVE ANNUAL FINANCIAL REPORT and MEMORANDUM ON INTERNAL CONTROL, JUNE 30, 2018

Ms. Margetich provided an overview of the annual audit process and stated the District has exceeded its normal audit approach and will be applying for recognition under the Government Finance Officers Association (GFOA) Excellence in Financial Reporting Program. She introduced the District's auditor (Mr. David Alvey, Vice President of Maze & Associates).

Mr. Alvey reviewed key findings from the Fiscal Year 2017/2018 (FY17/18) financial audit. He noted the District continues to maintain a strong financial position and there were no material weaknesses identified in the District's internal controls. He highlighted several opportunities for the District to strengthen internal controls and operating efficiencies. Mr. Alvey noted that the District's net position as of June 30, 2018 is \$158.7 million, a decrease of \$7.4 million from last year, which is attributed to a \$2.3 million increase from positive operating results and a \$9.7 million decrease due to accounting restatements pertaining to Governmental Accounting Standards Board (GASB) 75 (\$7.2 million decrease) and GASB 68 (\$1.2 million increase), as well as the expensing of previously capitalized cost which resulted in a \$3.7 million decrease.

Total revenue equaled \$38.8 million, with service charges being the largest source of revenue at \$32.4 million, an increase of 9.9% from the previous year. Total expenses in FY17/18 were \$36.6 million, with Salary and Benefits being the largest expense at \$18.6 million, which is attributed to salary increases due to cost of living adjustments, merit increases, and new hires, as well as an increase in health care and pension costs.

Mr. Alvey highlighted the net pension liability under GASB 68 is \$17 million, net Other Post-Employment Benefits (OPEB) liability is \$4.8 million under GASB 75, and the District has a



OPEB trust fund balance of \$13.4 million. Chair Glover commented that the District was proactive in addressing the OPEB issue. Mr. Alvey also noted the total net position for the District is tracking very well and the District has realized an increase of \$13.7 million in total net position over the 10-year period (FY09 to FY18).

Chair Glover thanked staff and Mr. Alvey for a job well done. Chair Glover recommended the audit report be brought to the full Board at the January 9, 2019 meeting.

ADJOURNMENT

The meeting was adjourned at 11:40 a.m.

Recording Secretary: Cecelia Nichols-Fritzler

