

MINUTES OF APRIL 16, 2019

SANITARY DISTRICT NO. 2
A SUBSIDIARY DISTRICT OF THE TOWN OF CORTE MADERA

President Ravasio called the Sanitary District No. 2 Meeting to order at Town Hall Council Chambers, 300 Tamalpais Drive, Corte Madera, CA on April 16, 2019 at 8:25 p.m.

1. CALL TO ORDER, SALUTE TO THE FLAG AND ROLL CALL

Board Members Present: President Ravasio; Vice President Andrews and Board Members Bailey, Beckman and Kunhardt

Board Member Absent: None

Staff Present: Corte Madera Town Manager Todd Cusimano
District Attorney Teresa Stricker
Sanitary District Manager Peter Brown
Senior Civil Engineer R.J. Suokko
District Clerk/Assistant to the Town Manager Rebecca Vaughn

2. OPEN TIME FOR PUBLIC COMMENT - None

3. PRESENTATIONS – None

4. CONSENT CALENDAR

President Ravasio opened the public comment period, and there were no speakers.

A. Waive Further Reading and Authorize Introduction and/or Adoption of Resolutions and Ordinances by Title Only.
(Standard procedural action – no backup information provided)

B. Approval of Minutes of April 2, 2019 Sanitary District Board meeting

MOTION: Moved by Andrews, seconded by Beckman, and approved unanimously by the following vote: 5-0 (Ayes: Andrews, Bailey (abstain on Item B), Beckman, Kunhardt and Ravasio; Noes: None).

To approve Sanitary District No. 2 Consent Calendar Items A and B.

5. PUBLIC HEARINGS – None

6. BUSINESS ITEMS

A. Acceptance of Sanitary District No. 2 Of Marin County Annual Independent Audit Report For Fiscal Year Ending June 30, 2018

Bryce Rojas, Cropper Accountancy, presented the audit results, stating they gave an unmodified opinion on the Sanitary District No. 2. They gave a clean opinion for the beginning of the financial statements and the second opinion was on internal controls.

They found an internal journal entry which indicated a material weakness and have discussed this with management and arrived at a way to mitigate future risk and weaknesses on this. He stated they worked well with Town staff and said they show commitment to ethics and integrity.

He reported assets are about \$26 million and liabilities are \$140,000 which results in a \$26 million net position or an increase of about \$2.5 million from the previous year. In taking all assets, remove fixed assets and pay off all liabilities the District is left with an unrestricted net position of \$10 million.

Lastly, he described the various documents used in conducting the audit, the work conducted with Ms. Carrillo on changes implemented, chart of accounts, the new accounting software, financial statements, opinions, and a comparison of profits and loss. Revenues were the same year to year and expenses were reduced by almost \$1 million which resulted in a greater net position over the year.

Boardmember Bailey asked for an explanation on the issue Mr. Rojas worked with staff to fix.

Mr. Rojas explained they sometimes find errors and have journal entries to correct those errors. If there is a large material journal entry this indicates there is a material weakness in the control. They found a single entry related to the depreciation of fixed assets and he confirmed this has been corrected.

Mr. Cropper further explained that sanitary districts are very different in that they operate with accrual basis accounting whereas modified accrual accounting is what governments use. Because of the software transition, their fund balance was also affected.

Boardmember Kunhardt noted the buildup of the unrestricted net position and he asked for an estimate of future CIP for Sanitary District No. 2.

Mr. Brown stated staff is working on their next CIP and they are looking at \$6 million/year for capital improvement projects. There will be some future high cost projects that could be \$5 to \$8 million projects alone and the funding stream will need to be reviewed

President Ravasio opened the public comment period, and there were no speakers.

MOTION: Moved by Bailey, seconded by Beckman, and approved unanimously

by the following vote: 5-0 (Ayes: Andrews, Bailey, Beckman, Kunhardt and Ravasio; Noes: None).

To accept Sanitary District No. 2 Of Marin County Annual Independent Audit Report For Fiscal Year Ending June 30, 2018

7. BOARD MEMBER AND DISTRICT MANAGER REPORTS

District Manager Report – None

Boardmember Reports

- Boardmember Kunhardt reported on his attendance to the Home and CDBG Board session and stated they approved a series of recommendations for projects throughout the County which will be recommended to the Board of Supervisors.

8. REVIEW OF DRAFT AGENDA FOR UPCOMING SANITARY DISTRICT BOARD MEETING - NONE

There were no comments.

9. ADJOURNMENT

MOTION: Moved by Bailey, seconded by Beckman, and approved unanimously by the following vote: 5-0 (Ayes: Andrews, Bailey, Beckman, Kunhardt and Ravasio; Noes: None).

To adjourn the Sanitary District No. 2 Meeting at 8:30 p.m. and reconvene the regular Town Council meeting.