

**City of Emeryville**  
**Finance Advisory Committee Meeting Minutes**  
**December 16, 2013, 5:30pm**

**Members Present:**

William C Reuter, Chairperson  
Nora Davis, Council Member  
Jac Asher, Council Member  
Benay Curtis-Bauer, Business Rep  
Fran Quittel, Resident  
Stephen Cutty, SEIU 1021

**Staff Present:**

Sabrina Landreth, City Manager  
Debra Auker, Director of Administrative Services  
Michelle Strawson O'Hara, Accounting Supervisor

**Excused:**

None

- I. **Call to Order:** The meeting was called to order at 5:30 p.m.
- II. **Public Comments:** None.
- III. **Minutes from September 23, 2013 and November 18, 2013 Meetings:** Approved with one change to the November minutes to include "equity-linked" to the discussion regarding Investment Advisory Services as requested by member Benay Curtis-Bauer.
- IV. **Agenda Item:**
  - A. **Review of Audited Financial Statements for the Year Ended June 30, 2013 and Transfer of Fund Balances** – Director Debra Auker introduced Bryan Gruber, CPA of audit firm Lance Soll Lunghard (LSL) who joined Ms. Auker in presenting the June 30, 2013 audited financial statements for the City of Emeryville.
    - Ms. Auker discussed the General Fund unassigned balance and confirmed that it exceeds the 25% minimum threshold of budgeted operating expenditures in accordance with the City's policy. Ms. Auker also provided an overview of other funds: Housing Assets, General Capital Improvement, and Affordable Housing Funds. She also discussed the Capital Assets and Long Term Debt as detailed in the Notes to the financials.
    - Mr. Gruber provided an overview of the audit process: in July 2013 an audit team from LSL was onsite to review of the City's internal controls, safeguarding of assets, policies and procedures and to conduct fraud interviews and perform risk assessments. In October, the audit team returned for one week to conduct the audit testing of documentation and review legal, banking and other confirmations.
    - Mr. Gruber explained the audit communications and letters and the overall unmodified audit opinion.
    - Member Jac Asher questioned the history of the City policy of the 25-50% range of unassigned fund balance and when the policy was originally approved. Member Nora Davis explained that the policy goes back to approximately 1995. Member Asher requested a historical picture of how long it took to reach the current 33% threshold of unassigned funds.
    - Ms. Auker confirmed that she would bring back information on the current bond ratings along with an overview of the debt (per member William Reuter's and Curtis-Bauer's request).
    - Ms. Auker explained that the Comprehensive Annual Financial Report (CAFR) is currently being finalized and will be submitted to the Government Finance Officers Association (GFOA) by the end of December 2013 and will be brought to Council for approval in January 2014.

- Member Fran Quittel asked about the top revenues and trends in expenses. Ms. Auker provided a brief overview of the top revenues for the City of Emeryville and explained that aside from the impact of the RDA reimbursement, the expenses were comparable to the prior year.
- Member Reuter questioned the OPEB and Pension liabilities. Ms. Auker explained that the information provided in the Notes to the financials is current based on the last actuarial study and that a new study will be prepared during the upcoming year.
- Member Curtis-Bauer inquired about the status of the Self-Insured Dental Fund. Ms. Auker confirmed the deficit balance in the fund and noted that staff will be analyzing the fund activities to propose a new funding formula for the next budget cycle.
- Ms. Auker provided an overview of the recommended transfer of General Fund Unassigned Fund Balance and noted that staff is requesting a smaller transfer at this time pending the presentation of the Capital Improvement Program (CIP) later this winter.
- Members approved a motion to recommend acceptance of the audits for the fiscal year ending June 30, 2013 by the full City Council and to endorse the recommended transfer of General Fund Unassigned Fund Balance to fund immediate needs.

V. **Staff Comments:** Ms. Auker thanked the Finance division staff and other City staff for their assistance and cooperation during the course of the audit.

VI. **Committee Member Comments:**

- A. Member Davis asked about the timing of next Finance Committee meeting. Ms. Auker confirmed that due to the President's Day holiday, the next meeting would be moved to Monday, February 24, 2014 when the CIP will be presented for discussion.
- B. Member Stephen Cutty announced that his term would be ending December 31, 2013 and that he would not be seeking reappointment. Ms. Auker and committee members thanked him for his contributions.

VII. **Adjournment:** The meeting was adjourned at 6:25 p.m.