



Agenda Date: 1/9/2017

Agenda Placement: 4C

## Napa Sanitation District Finance Committee Board Agenda Letter

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**TO:** Finance Committee

**FROM:** Jeff Tucker - Director of Administrative Services/CFO  
NS-Administration

**REPORT BY:** Jeff Tucker, Director of Administrative Services/CFO - 707-258-6000

**SUBJECT:** Review Proposed Changes to Financial Policies

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### **RECOMMENDATION**

Review proposed changes to the District's Financial Policies to conform with changes in state law, and make recommendation to the Board of Directors.

### **EXECUTIVE SUMMARY**

Senate Bill 1029 (Hertzberg), signed into law on September 12, 2016, requires the state to track and report on all new state and local government debt. Included in the law is a requirement that local governments who issue debt have debt policies that include specific statutorily required elements. NapaSan'S current financial policies include most of the required elements already, but some changes are necessary to comply fully. A summary of changes is as follows:

- | The policy now includes language requiring that the intended use of debt be included in NapaSan Capital Improvement Plan and long-range financial forecasts.
- | The policy now includes the types of debt that NapaSan can issue, including general obligation bonds, certificates of participation, revenue bonds, direct placements with banks, and loans from the state or federal governments. The policy also allows other forms of debt deemed appropriate by the Board of Directors.
- | The policy clarifies the criteria for when credit enhancements, such as bond insurance or a letter of credit, may be used to include when it is required as a condition of loan or debt issuance.
- | The policy includes the internal controls that NapaSan will implement to ensure proper accounting and fiduciary control over the expenditure of debt proceeds.

Staff requests that the Finance Committee review the attached redline version of the Financial Policies, and provide

a recommendation to the Board of Directors regarding approval.

**FISCAL IMPACT**

Is there a Fiscal Impact?                      No

**ENVIRONMENTAL IMPACT**

None.

**BACKGROUND AND DISCUSSION**

None.

**SUPPORTING DOCUMENTS**

A . Draft Edits to Financial Policies

Napa Sanitation District Finance Committee: Approve

Reviewed By: Jeff Tucker