



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 11/3/2011

Agenda Placement: 7C

Napa-Vallejo Waste Management Authority Board Agenda Letter

TO: Board of Directors
FROM: Luthy, Richard - Executive Director
Napa-Vallejo Waste Management Authority
REPORT BY: Tracy Schulze, AUDITOR-CONTROLLER - 299-1733
SUBJECT: Fiscal Year 2010-11 Financial Audit Report and Debt Service Coverage Ratio

RECOMMENDATION

ANNUAL FINANCIAL AUDIT

REQUESTED ACTION: Accept the Authority's annual audit and agreed-upon procedures report from Gallina, LLP for the fiscal year ended June 30, 2011.

EXECUTIVE SUMMARY

The Auditor-Controller will provide a summary report on the Authority's annual audit and debt service coverage ratio report prepared by Gallina, LLP for the fiscal year ended June 30, 2011.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The Auditor-Controller will provide a summary report on the Authority's annual audit prepared by Gallina, LLP for the 2010-2011 fiscal year. The report issued by the Independent CPA firm contains an unqualified, or "clean", opinion, with no management recommendations. In addition, the Authority contracts with Gallina, LLP to determine the debt service coverage ratio for the Authority as of the end of the fiscal year to ensure compliance with our Bond Requirements. The Authority is required to have a debt service coverage ratio of 1.25. The report issued, based on the audited financial statements, calculated the coverage ratio of the Authority as of June 30, 2011 to be 1.36. Therefore, acceptance of these reports today satisfies both the Authority's annual audit and debt service coverage requirements.

SUPPORTING DOCUMENTS

A . FY 2010-11 Audit Report

Executive Director: Approve

Reviewed By: Martha Burdick