

**Minutes  
of  
Audit Committee Meeting  
March 26, 2008**

A meeting of the Audit Committee of the Board was convened at 1:00 pm on March 26, 2008. Present were the following Committee Members:

Robert F. Tomeny  
Ferdinand L. Picardi  
Wayne G. Simmons  
I. Holly Rosenthal

Ferdinand Picardi served as Chairperson of the meeting in the absence of Chairperson Claude Incaudo.

Also in attendance were the following persons:

Michael E. Hooker	Executive Director
Anthony J. Geiss, Jr.	Deputy Executive Director
Geoffrey G. Miller	Executive Engineer
Terry R. Pickard	Legal Counsel
Curtis R. Marvin	Finance Department
Janice Hartwell	Finance Department
Brian Dumond	Dermody, Burke & Brown
Lori Ciarla	Dermody, Burke & Brown

Mr. Dumond of Dermody, Burke & Brown distributed and reviewed with the Board the following documents:

1. "Tone at the Top" published by the Institute of Internal Auditors
2. Dermody, Burke & Brown Audit letter dated March 26, 2008

No significant deficiency or material weakness noted. Mr. Dumond invited the Board's attention to the passed Journal Entry Report showing 3 adjustments to the books.

3. Letter of Observations and Recommendations

This document discussed matters that did not rise to a level of deficiency or weakness. The Chairman asked Committee Members to review the Auditor's Letter of Observations and Recommendations for further discussion with staff at the April meeting, if there were questions.

4. Financial Statements for period ending December 31, 2007

The Auditors noted that there were no misstatements revealed by the audit.

The Committee's attention was invited to the section of the Financial Statements entitled "Management's Discussion and Analysis." Management prepared this section, and the audit did not reveal any errors or misstatements in said Discussion and Analysis.

The Auditors thereafter reviewed the Statement of the Net Assets with the Committee. The auditors indicated that a \$60,000 allowance for doubtful accounts was very low as compared to other agencies, and reflects good collection policies.

The auditors reviewed the remaining assets and liabilities on pages 18 and 19 of the Financial Statements, as well as the Statement of Revenues, Expenses and Changes in the Net Assets on page 20. Net income of \$1,636,466 reflected a good year for the Authority, based in large part upon the expenses being contained.

The Auditors also indicated that OCWA had met the requirements of Section 2925(3)(f) of the Public Authorities Accountability Act with respect to investment activities.

A discussion thereafter ensued about GASB-45 standards relative to the reporting of post employment benefits.

The Chairman asked Mr. Dumond to provide a proposed fee structure for the 2008 Audit. Mr. Dumond indicated that Dermody, Burke & Brown was in the process of assembling the information associated with the 2007 Audit, given that the 2007 OCWA engagement involved a high learning curve based on the requirements of the Public Authorities Accountability Act.

On motion by Mr. Simmons, seconded by Ms. Rosenthal, it was unanimously resolved that the Audit Report be approved and that the Audit Committee recommends that the Board accept the same.

The Auditors left the meeting.

Mr. Marvin then reviewed the Annual Investment Report distributed to the Committee. Mr. Marvin indicated that the Authority was in compliance with all Public Authorities Accountability Act requirements.

Mr. Marvin reviewed the 2007 Investment Report with the Committee, previously distributed to the Committee by e-mail. The Investment Advisor was paid \$24,247.49. Interest earnings on investments have been budgeted at 3%.

On motion by Mr. Tomeny, seconded by Mr. Simmons, it was unanimously resolved that the Investment Report was accepted.

Mr. Pickard reviewed the Property Disposal Guidelines previously distributed to the Committee. A list of real property, attached to these minutes, as well as the personal property listed in the on-line Public Authorities Report was reviewed. On motion by Mr. Tomeny, seconded by Ms. Rosenthal, it was unanimously resolved that the Property Disposal Guidelines be approved. Michael Hooker was designated as the Property Disposal Officer.

There being no further business to come before the Audit Committee, the meeting adjourned.

---

Terry R. Pickard, Esq.  
Acting Secretary