

**FINANCE COMMITTEE MEETING**  
**APPROVED MINUTES**

April 8, 2011

DIRECTORS PRESENT: Lou Reinkens and Judy Friedman

COMMITTEE/STAFF PRESENT: Jim Dykstra, Treasurer/Director of Accounting & Employee Services  
Cindy Gustafson, General Manager  
Bob McClintock, Audit Committee Consultant  
Bob Bolton, Director of Parks and Recreation  
Tony Laliotis, Director of Utilities  
Ginger Charlton, District Clerk

OTHERS PRESENT: Priscilia Octarina, Caporicci and Larson Manager  
Cathy Zhai, Caporicci and Larson Senior Accountant

The meeting was called to order at 8:35 a.m. Mr. Dykstra introduced the auditors and passed out information from the preliminary exit interview.

**5. 2010 Financial Audit Status**

Priscilia Octarina reviewed what has taken place with the audit over the past two weeks and reported that there have been no significant observations this year. She said that since Caporicci and Larson joined with Markham this year, an EQR process will be done by an independent partner from Florida so that a fresh set of eyes will review everything that was done.

Ms. Gustafson said that this is the District's last year under contract with Caporicci and Larson and the committee needs to decide if they want to do an RFP or not. Mr. McClintock said that he feels it is old school to think about mandatory rotation and pointed out that when auditors are switched, a lot of institutional knowledge is lost and the process becomes more cumbersome for staff. He also asked that the District try to have a one-on-one with Carmen Wilson so that the committee can give her their expectations including a report of the second review by the second partner and what he/she saw. The committee decided to have a Finance Committee meeting before the April Board meeting for the one-on-one and to enable Carmen to answer questions.

**8. CalPERS Pension Side Fund Refinancing Presentation**

Mr. Dykstra handed out additional information for this item. He explained that since we have less than 100 participants in our pension plan, CalPERS required that we go into a pool with about 180 other agencies. He explained the District's side fund obligations and did an in-depth review of each of the options available to pay it off. His recommendation was for pay-off with pension refunding bonds. Mr. McClintock agreed and said that that is consistent with the District's approach. Mr. Dykstra answered questions of the committee and will clarify some of the information before the Board meeting.

**6. Review of 2011 Appropriations Limit Calculation**

Mr. Dykstra said that this resolution is a yearly requirement out of the California Constitution. It limits the growth and spending for operations of local governments to growth in population of their area and cost of living increases. He said that we are way below our limit. This is the first year that

he has seen the appropriations limit go down and that is due to low population growth and the negative inflation factor. Mr. Dykstra reviewed the calculations and answered questions.

## **7. Walk Through of 2010 Financial Statement Draft**

Mr. Dykstra passed out a draft of the Financial Statement and noted that a final one will be delivered to the Board at the end of next week. He did a walkthrough of the packet and explained the statements to the committee.

Ms. Gustafson left the room for this discussion. On the related party transaction footnote, Director Reinkens asked how many small contracts are being done by Auerbach with the signature authority of our engineer and not being approved by the Board. Mr. Dykstra said maybe the Lake Forest boat ramp work, the Highlands Park TRPA BMP's, Squaw Valley bike trail, and the fish habitat. He said that there is a certain amount that the engineer can designate without coming to the committee. The committee will think about if Auerbach needs another level of review when formulating the contracting policy because of the related party situation. Mr. Dykstra said that he will work with Mr. Homolka on that aspect of the issue.

Regarding the Lake Forest eminent domain footnote, Mr. Dykstra said that Mr. Dewante is filing papers to receive the money that the District deposited with the state treasurer. If that comes about in this timeframe, Mr. Dewante waives his right to take but can still argue valuation.

Mr. Dykstra collected the drafts at the conclusion of the item.

## **1. Department Activity Report**

The committee did not have any questions.

## **2. Bills Paid and Payable Approval**

Director Reinkens asked about the check for \$6,990.00 to Tahoe Marine & Excavating. My Dykstra explained that it was for snow removal.

## **3. Investment Schedule**

The committee did not have any questions.

## **4. 2011 Cash Flow Projection**

The committee did not have any questions.

## **9. Public Forum**

There was no public input.

## **12. Meeting Review and Staff Direction**

Mr. Dykstra noted that the ACWA conference in May will conflict with the next Finance Committee meeting. It was suggested that the meeting be changed to 8:30 a.m. on Monday the 16<sup>th</sup>. Staff will check with committee members and see if the date and time work.

## **13. Adjournment**

The meeting adjourned at 10:40 a.m.

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Ginger Charlton, District Clerk