



TO: Budget & Long Range Planning
FROM: Janette Stuart, Adm. Serv. Super.
SUBJECT: October 20, 2011 BLRP Meeting
DATE: October 21, 2011

On October 20, 2011 at 4:00 p.m. CVSan Directors Timothy McGowan and Harry Francis met as the Budget & Long Range Planning Committee. General Manager, Roland Williams (at 4:30 p.m.) and Administrative Services Supervisor, Janette Stuart were also in attendance. Mr. Ahmed Badawi, CPA, Partner of Caporicci & Larson (C&L) was in attendance through Item 4.

1. *Call to Order.*

Chair McGowan called the meeting to order at 4:00 p.m.

2. *Items from the Public.*

There were no items from the public.

3. *2011 Draft Audit Presentation.*

Mr. Badawi made a formal presentation of CVSan's financial audit to the Committee. He provided a copy of his presentation to the Committee. Mr. Badawi stated there were no findings in this recent audit. Overall the process went very well and was improved from the previous year. CVSan was given a clean unqualified opinion. The financial statements are fairly presented in all material respects and there are no material weaknesses, nor significant deficiencies. CVSan had addressed all of C&L's auditor findings from the previous year and made recommended implementations. Mr. Badawi congratulated CVSan's Board and Management's "tone at the top" for dealing with the recommendations in a proactive manner.

Mr. Badawi then reviewed the draft audit report in detail with the Committee. Chair McGowan asked a question about CVSan's side fund in the CalPERS funding status. This item will be discussed at the next Committee Meeting. Chair McGowan asked about the EBDA estimates and Ms. Stuart answered his question satisfactorily. Chair McGowan asked questions about the Jensen Road Assessment District and the long term investments. Both were answered to his satisfaction. Chair McGowan inquired about the Custodial Credit Risk and the waiving of the FDIC requirement. CVSan had recently waived this requirement and a change in the footnote will be noted. Chair McGowan inquired about employee dishonesty insurance coverage of \$100,000, wondering if this is sufficient. Staff will investigate and report back at the next Committee Meeting.

C&L will meet the schedule for presentation of the final draft audit report for the Board Meeting on November 1, 2011 per Mr. Badawi. The Committee thanked him for his presentation and he departed the meeting at 5:15 p.m.

4. Discussion of Monthly Statement of Operations for June 2011.

This item was discussed in detail at the Board Workshop on October 18, 2011. The existing format will be used until staff can develop the new process. A draft format will be presented at the next Committee Meeting.

5. Capital Improvement and Renewal & Replacement funds spent at Oro Loma Sanitary District during 2011.

The Committee reviewed the audited amounts versus the budgeted amounts. After a brief discussion, the topic was concluded with no action necessary.

6. Actuarial Update.

Staff reported the current valuation was underway and is on schedule for a November 1, 2011 completion date. A tentative date of Monday, November 28, 2011 at 4 p.m., for the presentation of the report was scheduled pending confirmation of the actuary's schedule.

7. CalPERS 120-day Retirement Regulation.

This item was brought up in the previous Committee Meeting. After a brief discussion, it was determined this matter should be brought to the Personnel Committee for their review.

8. Miscellaneous Comments from Committee Members and Staff.

Manager Williams stated that during the Actuarial process an issue was raised as to health premium cost sharing for current employees that retire. This item will go to the Personnel Committee for clarification.

Chair McGowan asked staff to investigate a recent case in the San Diego Courts regarding health premiums as non-vested benefits within the last 12 months entering retirement.

9. Adjournment of Meeting.

Chair McGowan adjourned the meeting at 5:45 p.m.