

AUDIT COMMITTEE MEETING
APPROVED MINUTES

December 4, 2009

DIRECTORS PRESENT: Lou Reinkens, Judy Friedman (committee members)
Ron Treabess

STAFF PRESENT: Jim Dykstra, Treasurer/Director of Accounting & Employee Services
Cindy Gustafson, General Manager
Bob McClintock, Advisor for the Committee
Ginger Charlton, District Clerk

The meeting was called to order at 9:35 a.m. and Mr. Dykstra did introductions.

1. Presentation by Caporicci & Larson, Certified Public Accountants

Gary Caporicci, Senior Partner and Co-Founder of Caporicci and Larson, walked the committee through his power-point presentation on the audit process and answered questions. Mr. McClintock said that risk management is one of the big things for Board members and they should hear the risk assessment straight from the auditors in January. A committee meeting will be set up in January for this purpose.

2. Review and Approval of 2009 Audit Engagement Letter from Caporicci & Larsen

Mr. Caporicci reviewed the Audit Engagement Letter including its explanation of what the auditor's and the District's responsibilities are and the role of the Committee. Mr. McClintock added that the auditors were provided with the legal opinions of counsel on the conflict of one Director and the General Manager in regards to the Lake Forest Water System. Mr. McClintock also asked to be sure that the auditors would look at the compliance of grant money being spent correctly. Mr. Caporicci assured him that grants are looked at for compliance separately.

Mr. Caporicci updated the committee on what the Government Accounting Standards Board (GASB) is doing and the impact on this District. The titles of funds will be changed in the financial statements but he doesn't think it will be a big implementation issue. Mr. Caporicci said that GASB has undertaken a five-year project to review pensions and may recommend booking the entire amount of unfunded liability.

4. Annual Review of Audit Committee Charter

Mr. Dykstra said that he put this item on the agenda because the charter says that the committee will review the charter annually. Mr. Sexton sent Mr. Dykstra several edits to the charter because it hasn't been the District's practice to delegate as much authority to committees as this charter does for this committee. The committee reviewed Mr. Sexton's edits and commented. Director Friedman asked to recommend approval of the revised charter to the Board. There was a discussion on if the audit committee should be the committee in charge of conducting special investigations. Mr. McClintock added that instead of saying the committee wouldn't meet less than three times per year, the wording in the charter should be changed to "at least two".

5. Public Forum

There was no input.

6. Meeting Review and Staff Direction

There was no further direction.

3. Meeting between Committee Members and Representatives of Caporicci & Larson without Management Present

Management members excused themselves from the meeting so that the committee could meet independently with the auditor.

7. Adjournment

The meeting adjourned at 10:40 a.m.

Prepared by Ginger Charlton

Ginger Charlton, District Clerk