



**FINANCIAL COMMISSION  
MEETING MINUTES**

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**5:30 P.M., December 18, 2008**

Hillview Community Center, Room 2  
97 Hillview Avenue, Los Altos, California 94022

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**Call to Order**

The meeting was called to order at 5:30 P.M.

**Roll Call**

**Commission members Present:** Chairperson Frank Emery, Vice-Chairperson Kevin Thompson Alan Hubbard, John Dixon, David Byrne, Donald Korn, and

**Commission members Absent:** Paul Van Buren

**Staff Present:** Russell Morreale & Tracy Kwok

**Pledge of Allegiance**

Call for the pledge made by Chairperson Frank Emery

**Public Comment**

No members of the public attended.

**Consent Items:**

- Approval of the Minutes of November 17, 2008 and October 14, 2008 – Minutes were approved unanimously

**Discussion**

- Presentation of the Draft Comprehensive Annual Financial Report (CAFR) For June 30, 2008 - Audit Partner & Staff Presentation – CAFR Overview

Mr. AJ Majors, audit partner for Vavrinek, Trine, Day & Co LLP, presented the June 30, 2008 CAFR to the Financial Commission members. Mr. Majors discussed the audit

process indicating the general move of the industry towards a scrutiny of internal control systems under the new auditing standards. That being said, the development and maintenance of internal control systems remain the responsibility of management. Mr. Majors extended his accessibility to the group as the audit partner on the City's engagement.

The audit results were discussed highlighted by the fact that the City again received an unqualified or "clean" opinion and favorable internal control testing resulting in no findings of note. Mr. Majors did comment on a pending single audit finding dealing with the verification of disbarred vendors in the application of federal grant funds. Staff responded to this point indicating that changes are being made in the up-front evaluation process as we move ahead. Although findings were noted, no city fiscal impact resulted.

In a nutshell, Mr. Majors reported a successful and well run audit acknowledging staff in the process.

Commissioner Korn moved to recommend delivery of the CAFR to City council at the next meeting. Commissioner Hubbard seconded the motion.

- Discussion of Proposed 2009 Financial Commission Work Plan

Commissioner discussed the proposed 2009 workplan and made no changes. Some resulting questions included:

Clarification on the inclusion of "Portfolio Review" items on the work plan, Finance Director Russell Morreale responded that as we move forward with the engagement of an investment advisor and/or broker dealer, the review of investment results and the make up of the portfolio is proposed to become a core duty of the financial commission – one that would add great value from staff's perspective. The commissioners concurred.

Clarification as to if the work plan should include an item related to the Community master Plan. Commissioners discussed that this particular assignment should await council direction as the design and survey process evolves.

Commissioner Thompson moved to adopt the workplan and commissioner Bryne seconded.

### Adjournment

Commissioner Korn moved adjournment of the meeting, with a second from Commissioner Hubbard. The motion passed unanimously. The meeting was adjourned at 6:45 P.M.

Respectfully Submitted,

Russell J. Morreale  
Staff Liaison to the Financial Commission