

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
APRIL 15, 2008**

CALL TO ORDER: The meeting was called to order by the Chair, Director Barkhurst, at 1935 hours. He noted that there was a quorum of the Board present. The Agenda was approved as presented.

MEMBERS PRESENT: Directors Barkhurst, Griffith, Kilburn, Pickard, and Sorell

STAFF PRESENT: Chris Burt, Facilities Supervisor
Shirley Burt, Administrative Assistant
Melvin Matthews, General Manager

PUBLIC COMMENT: No one wished to comment at this time.

REVIEW OF 2007 DRAFT AUDIT:

The **Chair** introduced Gail Egan, Auditor, who reviewed the 2007 Draft Audit and made the following comments --

- The Draft document being presented has been in circulation for about a month
- The Document incorporates the management statements of Mr. Matthews and the Treasurer
- The Financial Statements are those of the District
- Page seven is the only portion of the document provided by the Auditor
- This meeting is treated as an audit committee meeting.
- There were no new disclosures and no new accounting rules that affected the District
- Some issues of concern were presented in a draft letter to the District which included comments about electronic payments and bank statements

Director Barkhurst questioned Mrs. Egan as to whether any of the issues presented in the draft letter needed to be discussed with her present or did she think that the kinds of recommendations that were being made in the letter could be discussed and resolved by the Director's and Staff.

Mrs. Egan replied that she thought the issues could be resolved under the Treasurer's oversight without her presence. She also stated that electronic payment is not a requirement for public entities and that the current two signature process works well since before disbursement leaves the office it is initiated by the signatures of the two Board Members whereas the electronic payment is initiated by a staff person. And thus in a small district unless there is a separation of duties, the same person puts in the bill for payment and initiates the payment.

The **General Manager** stated that he does present the bills for approval before he makes the electronic payment and **Director Griffith** stated that he had understood that when he signed the electronic payment memo that the payment had already been made.

Director Sorell noted that the problem is that it would be just as easy to issue an electronic payment without asking anybody.

Director Barkhurst requested that these items be placed on the next Agenda.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
APRIL 15, 2008**

Page 2

REVIEW OF 2007 DRAFT AUDIT (continued)

Director Griffith questioned the date of the last rate increase and **Director Sorell** replied that it occurred in 2007.

Director Griffith suggested that an addition should be made on page 2 under the heading of Financial Highlights to include “that the increase was also due to a rate increase.”

The **Auditor** stated that the addition could easily be made.

Director Griffith questioned whether there were questions that had been raised regarding the report before it was presented and had the Board seen all the documents related to the report.

Director Sorell replied that he had seen this report and that it had been handed out at the end of the last meeting.

It was M/S/C- (Sorell/Pickard-5/0) – **“That the Auditor’s Report be accepted as presented with the addition of the words “and the effect of the modest rate increase” to be included in the last sentence of the first paragraph under the Financial Highlights heading.”**

NOMINATION OF LAFCO BOARD MEMBER:

Director Barkhurst noted that there were three candidates up for nomination and asked if anyone wished to nominate any one of the three.

Director Griffith nominated Mr. Apodaca but the nomination died for want of a second.

Director Barkhurst then gave his personal analysis of the biographical material provided by each contestant and stated that he was inclined to nominate Mr. House.

Director Griffith stated that after listening to Director Barkhurst’s analysis he agreed with his nomination.

Followed extensive discussion as to which candidate could best represent the interests of the District, **Director Barkhurst** called for a motion.

It was M/S/C- (Griffith/Pickard-4/1 with Mr. Sorell dissenting)- **“That the Board nominate Mr Vincent House for the position on the LAFCO Board”**

GENERAL MANAGER’S REPORT:

The **General Manager** reviewed his report as presented in the Board Packet noting that he had also provided both his Monthly Report and the Annual Report for the Board’s review.

At **Director Barkhurst’s** request the **General Manager** gave a brief review of the NPDES Permit problem noting that the suggested permit process being promoted by the Water Quality Board is facing vigorous opposition.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
APRIL 15, 2008**

Page 3

REVIEW OF THE MINUTES :

The minutes of March 18, 2008 were unanimously approved as presented.

REVIEW OF THE FINANCIAL REPORTS:

The Financial Reports of March 31, 2008 were reviewed by the **Treasurer, Steve Sorell**. **Director Sorell** questioned the amount spent for maintenance supplies as that category is currently over budget and the **Facilities Supervisor** stated that a large portion of those expenses are items for the new trucks, and also items for the warehouse facility that is being organized for better inventory control. The **General Manager** noted that the expense also included circuit breakers, fuses and motor starters for various facilities which are big ticket items.

Director Sorell noted that Contractor Expense was high and the **General Manager** stated that he may be reclassifying some of that amount as it included the hot taps and installation of gate valves that were installed for the Pasadena Interconnect Project.

Director Sorell stated that he thought the Pasadena Interconnect Project had been budgeted as a project but the **General Manager** stated that it had not been a budgeted project because a figure had never been determined as to what was Pasadena's responsibility and what was the District's.

Director Barkhurst commented that just because there isn't a firm number doesn't mean that something should not be budgeted.

The **General Manager** replied that he will make adjustments in the projects budget to meet the budget and he doesn't think there is any need to be concerned about that amount at this point in time.

Director Sorell questioned whether there will be other costs for this project; and the **General Manager** stated that he does not think so because Pasadena did not bill the District before the project was started.

Director Sorell stated that it will become a project because of the size of the expenditure and the **General Manager** replied in the affirmative.

Director Barkhurst questioned how often Workers' Compensation Insurance is paid and the **General Manager** stated it is paid quarterly in arrears.

Director Barkhurst questioned who handled the District's insurance and **Director Sorell** replied that the District's insurance is handled by JPIA.

The Financial Reports were unanimously approved for filing.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
APRIL 15, 2008**

Page 4

ITEMS FOR NEXT AGENDA

Director Barkhurst noted that the **Public Agency Source Book** written by ACWA had valuable information for all Board Members and requested that the topic **Ethics Training for 2008** be placed on the Agenda. He noted that he had information regarding a source for this training and would have the General Manager provide this information to all Board Members. He requested the Administrative Assistant to notify all Board Members that need to meet this requirement in 2008.

Director Barkhurst requested that the Auditor's letter be presented for discussion at the next meeting.

ADJOURNMENT:

The meeting was adjourned at 2058 hours. The next meeting will be on May 20, 2008. Director Griffith notified the Board that he would not be available for the next meeting.

Respectfully submitted,

Shirley L. Burt
Secretary to the Board