

CALIFORNIA STATE ASSOCIATION OF COUNTIES
EXECUTIVE COMMITTEE
October 10-11, 2013
Resort at Squaw Creek, Squaw Valley, Placer County, CA

A G E N D A

Presiding: David Finigan, President

Thursday, October 10

8:30am Buffet Breakfast

9:00am **PROCEDURAL ITEMS**

1. Roll Call Page 1

2. Approval of Minutes of August 8, 2013 Page 2

9:05am **SPECIAL PRESENTATION**

3. Update on CSAC Finance Corporation Programs handout
▪ *Mark Saladino, CSAC Finance Corp. President*

10:00am Break

10:15am **ACTION ITEMS**

4. Consideration of Distinguished Service & President's Award Recipients Page 6
▪ *President Finigan*

5. Consideration of Circle of Service Award Nominees Page 10
▪ *Matt Cate, CSAC Executive Director*

6. Approval of Audited Financial Statements for FY 2012-13 Page 19
▪ *Supervisor Terry Woodrow, CSAC Treasurer*

7. Consideration of Request to Form CSAC Women's Leadership Forum Page 39
▪ *Supervisors Susan Adams & Kathy Long*

8. Request for Approval of Proposed Governance Policies Page 45
▪ *Matt Cate, CSAC Executive Director*

12:00pm Lunch

1:00pm **INFORMATION ITEMS**

9. 2013 CSAC Legislative Report handout
▪ *DeAnn Baker, CSAC staff*

10. 2013 CSAC Communications Report Page 51
▪ *David Liebler, CSAC staff*

11. CSAC Annual Meeting Status Report Page 54
▪ *David Liebler, CSAC staff*

12. Update on CSAC Strategic Plan
▪ *Matt Cate, CSAC Executive Director*

13. Other Items

4:00pm Adjourn for the Day

Friday, October 11

8:30am Buffet Breakfast

9:00am **CLOSED SESSION WITH CSAC EXECUTIVE DIRECTOR**

14. Discussion of 2013 Achievements

handout

15. Evaluation of CSAC Executive Director

- *President Finigan*

CALIFORNIA STATE ASSOCIATION OF COUNTIES
EXECUTIVE COMMITTEE
2013

President:	David Finigan, Del Norte
1 st Vice President:	John Gioia, Contra Costa
2 nd Vice President:	Efren Carrillo, Sonoma
Immed. Past President:	Mike McGowan, Yolo

Urban Section

Keith Carson, Alameda
Federal Glover, Contra Costa
Don Knabe, Los Angeles
John Moorlach, Orange
John Tavaglione, Riverside
Kathy Long, Ventura
Greg Cox, San Diego (alternate)

Suburban Section

Susan Adams, Marin
Henry Perea, Fresno
Bruce Gibson, San Luis Obispo
Vito Chiesa, Stanislaus (alternate)

Rural Section

Kim Dolbow Vann, Colusa
Robert Williams, Tehama
Louis Boitano, Amador (alternate)

Ex-Officio Member

Terry Woodrow, CSAC Treasurer, Alpine

Advisors

Bill Goodwin, CAOAC Advisor, Tehama
Charles McKee, County Counsel Advisor, Monterey

CALIFORNIA STATE ASSOCIATION OF COUNTIES
EXECUTIVE COMMITTEE

August 8, 2013
CSAC Conference Center, Sacramento, CA

MINUTES

Presiding: David Finigan, President

1. ROLL CALL

David Finigan, Pres.	Henry Perea, Fresno
John Gioia, 1 st Vice Pres.	Bruce Gibson, San Luis Obispo
Mike McGowan, Immed. Past Pres.	Vito Chiesa, Stanislaus, alternate, (audio)
Federal Glover, Contra Costa	Kim Dolbow Vann, Colusa
John Moorlach, Orange (audio)	Robert Williams, Tehama
John Tavaglione, Riverside (audio)	Terry Woodrow, Alpine, CSAC Treasurer
Kathy Long, Ventura	Bill Goodwin, CAOAC Advisor
Greg Cox, San Diego, alternate	Charles McKee, County Counsel Advisor
Susan Adams, Marin	

2. MINUTES OF APRIL 18, 2013

The minutes of April 18, 2013 were approved as previously mailed.

3. REMARKS BY CSAC PREMIER CORPORATE MEMBER

Paul Mello of Hanson Bridgett LLP addressed the Executive Committee. Hanson Bridgett is a large law firm with offices throughout northern California that has worked with counties on pension cases, and is hoping to expand business as a new Premier of the CSAC Corporate Associates program.

4. PROPOSED SITE FOR 2017 CSAC ANNUAL MEETING

Staff presented a proposal to hold the 2017 CSAC Annual Meeting in Sacramento. It was noted that Sacramento has not hosted a CSAC annual meeting since 2005. Further, it is anticipated that the new downtown sports arena will be completed by that time which should result in significant improvements along the K street corridor. Downtown hotels have promised very competitive room rates for the conference.

Motion and second to approve Sacramento as the location for the 2017 CSAC Annual Meeting. Motion carried unanimously.

5. POLICY REGARDING CSAC AFFILIATES

CSAC affiliate organizations are very diverse and range from representing directly elected county officials to county department heads. The governance and staff support structure also varies significantly with some having significant governance structure with independent executive directors and lobbying staff to those with little or no organizational structure or independent staff.

Staff presented a draft Affiliate Policy which attempts to accommodate these differences and outlines the structure, role and appropriate relationship of the CSAC affiliates to the CSAC Board of Directors and the CSAC organization as a

whole. The intent of the policy is to help CSAC and affiliate organizations more effectively advocate for county government and our members, while supporting the maintenance of a collaborative working relationship. The policy also includes a recommendation to grant the CSAC Executive Director authority to modify an affiliate membership to address instances where affiliates take a legislative or regulatory position of statewide interest that is contrary to CSAC's adopted positions and policies.

A discussion ensued regarding whether the policy may be too heavy-handed or, in some cases, not strong enough. It was suggested that affiliates be given an opportunity to review and comment on the draft policy before it is finalized.

Motion and second to approve the draft Affiliates Policy and direct staff to disseminate among affiliates for comment prior to final adoption by the Board of Directors. Motion carried unanimously.

6. AMENDED POLICY COMMITTEE OPERATING PROCEDURES

Staff presented proposed changes to the Operating Procedures for Policy Committees, as contained in the briefing materials. The proposed changes are primarily technical in nature and more accurately reflect current practice. It was suggested that a review of issues under the purview of the five standing policy committees take place. Staff was directed to report back to the policy committees to ensure there is a full understanding of the various issues under each committee and that the titles reflect the major policy areas.

Motion and second to adopt proposed amendments to Policy Committee Operating Procedures. Motion carried unanimously.

7. POLICY REGARDING CANDIDATE CAMPAIGN CONTRIBUTIONS

Staff presented a draft policy regarding CSAC staff contributions to political campaign, as follows: *"CSAC staff has the right to voluntarily contribute their time or money to any political campaign. However, in order to avoid the appearance that such contributions are compulsory, county supervisors are discouraged from directly soliciting contributions from CSAC staff for all elections."*

The Executive Committee made the following amendments: *"However, in order to avoid the appearance that such contributions are compulsory, county supervisors are discouraged from shall not directly soliciting contributions from CSAC staff for all elections. Mass mailings or email solicitations are not considered direct solicitations."*

Motion and second to approve amendments to CSAC Policy Regarding Candidate Campaign Contributions. Motion carried unanimously.

8. AFFORDABLE CARE ACT UPDATE

Staff provided an update on AB 85, the legislation that implements the Affordable Care Act (ACA) in California. The bill includes the following provisions:

- Counties have a choice of methods to determine savings via resolution by each Board of Supervisors and may choose either a 60/40 calculation of

savings or a cost/revenue-based formula developed mainly for counties with public hospitals;

- Provisions to assist county hospitals, including assignment of Medi-Cal patients to county providers and cost-based payment of Medi-Cal rates;
- Creates a County Health Funding Resolution Committee comprised of CSAC, Department of Health Care Services and Department of finance to hear cost/revenue disputes;
- Specifies the \$300m withholding from the health realignment account in 2013-14 will be done via a schedule developed by Dept. of finance in consultation with CSAC;
- a true-up process for the cost/revenue formula and parts of the 60/40 formula;
- language to allow any county with cash flow issues related to health programs to work with Dept. of Finance and CSAC on implementing procedures to address these issues;
- Legislative intent to review the formulas if the federal government enacts federal immigration reform.

CSAC staff is working with the Department of Finance to ensure that all counties are able to implement AB 85. A few unresolved issues remain such as negotiating a cap on the \$300m in first year payments and calculating growth on the CalWORKS program.

9. NATIONAL ASSOCIATION OF COUNTIES REPORT

Matt Cate reported on the recent National Association of Counties (NACo) conference held in Fort Worth, Texas. He noted that several California county supervisors participated in steering committees. The California Caucus voted as a block to support Commissioner Sallie Clark from Colorado who ultimately won the election for NACo 2nd Vice President. A discussion took place regarding the interview process for NACo 2nd vice president candidates. The CSAC officers will be looking at a process for next year.

10. STATE PRISON OVERCROWDING LITIGATION UPDATE

Staff provided an update on the ongoing litigation in the *Plata* and *Coleman* cases involving challenges to the state's delivery of health and mental health care in the prison system. A federal three-judge court previously found that the overcrowded conditions in the state's prisons were the primary cause of an unconstitutional level of care and directed the state to reduce prison overcrowding to a specified level.

On July 12, CSAC, through the County Counsels' Association, submitted an amicus brief with the U.S. Supreme Court in support of the state's request for a stay on the federal three-judge court's June 20 order. That appeal was denied. The state now has until December 31, 2013 to reduce the state prison population by approximately 10,000.

Although the immediate stay request has been denied. The state is still asking the US Supreme Court to assume jurisdiction over the case. If the Court accepts the case, it would then order a briefing on the merits. Staff requested that the Executive Committee approve filing a CSAC amicus brief urging the US Supreme Court to accept jurisdiction of the *Plata/Coleman* case.

Motion and second to authorize CSAC to file an amicus brief urging the US Supreme Court to accept jurisdiction of the *Plata/Coleman* case. Motion carried unanimously.

11. MISCELLANEOUS

Reports on the CSAC Litigation Coordination program and the CSAC Finance Corporation were contained in the briefing materials.

Executive Committee members were encouraged to participate in the CSAC Finance Corporation's pooled purchasing program.

It was announced that Eraina Ortega, CSAC's Employee Relations Legislative Representative, has accepted a position as Deputy Director of Policy for the Department of Finance.

Meeting adjourned.



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Date: September 25, 2013
To: CSAC Executive Committee
From: Matt Cate, Executive Director
Re: Distinguished Service Award Recipient Recommendation for 2013

Each year the Executive Committee is asked to select a recipient for the CSAC Distinguished Service Award which is presented during the CSAC annual conference. This award is given to the person or persons who have made the greatest contribution to the improvement of government in California, particularly as it relates to county government.

A list of past recipients is attached for your reference, as well as list of President's Award recipients.

For 2013, staff is recommending the following nominees for your consideration. You are welcome to select a different recipient if you so choose.

Governor Jerry Brown

Since the day Governor Brown took office, he has remained true to his word in partnering with counties to better serve Californians. We have worked through some difficult realignment proposals, but the results have provided counties with flexibility and resources to address some of the State's most pressing problems from public safety to implementation of the Affordable Care Act. Governor Brown and his administration have worked with us in good faith on securing constitutional protections of revenues provided to counties for realignment and the passage of Proposition 30. We have enjoyed many successes together and greatly appreciate the Governor's accessibility to CSAC and our member counties through these difficult financial times. As the State's economy improves and these important reforms take shape, we look forward to a healthy state/county relationship for years to come.

The Honorable Darrell Steinberg

Senate President pro Tempore Darrell Steinberg has served as the Senate leader since 2008 and represented the Sacramento area in the Legislature since 1998. Senator Steinberg is known as a passionate advocate for mental health care services, led the charge to modernize local zoning to combat urban sprawl and global warming, and has led the Senate in budget negotiations during the state's most recent fiscal crises. As leader of the Senate, he has always had an open door to CSAC and regularly welcomes the contribution of county voices to policy dialogue. His willingness to maintain communications, even when we disagree, is notable among legislators.

Diana S. Dooley, Secretary, California Health and Human Services Agency

Secretary Diana Dooley oversees thirteen departments that provide a range of health care services, social services, mental health services and public health services. In her role as California's leader on these issues, she has worked closely with counties to ensure these services are delivered efficiently and effectively. Secretary Dooley also played a key role in negotiations regarding AB 85 and SB 98 this year and worked hard to maintain lines of communication and understanding with CSAC and counties open throughout the sometimes rocky process. She remained committed to, and was ultimately successful in achieving a Medicaid expansion in California under the Affordable Care Act, a position which counties strongly supported. She understands the role of counties as health care providers and proved to be a strong ally on the eve of health care reform.

Distinguished Service Award	
2012	
Valerie Brown	Sonoma County Supervisor
2011	
Peter Detwiler	Former Consultant, Senate Local Government Committee
2010	
Tony Oliveira	Kings County Supervisor
Valerie Brown	Sonoma County Supervisor
Roy Ashburn	Senator
Juan Arambula	Assembly Member
Dan Wall	Los Angeles County Legislative Advocate
2009	
No Award Given	
2008	
Diane Cummins	Chief Fiscal Policy Advisor, Office of Senate President Pro Tempore
Casey Kaneko	Executive Director, Urban Counties Caucus
Darrell Steinberg	Senator, President Pro Tem
2007	
Jim Tilton	California of Corrections and Rehabilitation
Will Kempton	California Department of Transportation
Roger Niello	Assembly Member
Ellen Corbett	Senator
2006	
Don Perata	Senator
Bob Dutton	Senator
Wes Chesbro	Senator
Joseph Dunn	Senator
Bruce McPherson	Secretary of State
2005	
Denise Ducheny	Senator
Hector De La Torre	Assembly Member
Pat Dando	Office of Governor Schwarzenegger
Terry Watt	Planning Consultant, California Environmental Protection Agency
2004	
Tom Torlakson	Senator
Jackie Speier	Senator
Cassandra Pye	Office of Governor Schwarzenegger
2003	
Herb Wesson	Assembly Speaker
John Laird	Assembly Member
Steve Westly	State Controller
Joe Canciamilla	Assembly Member
Keith Richman	Assembly Member

2002	
Betty Yee	Chief Deputy of the State Department of Finance
Darrell Steinberg	Assembly Member
Dick Dickerson	Assembly Member
Maurice Johannessen	Senator
Alan Lowenthal	Assembly Member
2001	
Tom Torlakson	Senator
Kevin Murray	Senator
Charles Pochigian	Senator
John Dutra	Assembly Member
Dean Florez	Assembly Member
George Runner	Assembly Member
2000	
Dion Aroner	Assembly Member
1999	
John Burton	Senator
1998	
Bill Leonard	Assembly Member
1997	
Pete Wilson	Governor of California
Bill Lockyer	Senator
Curt Pringle	Assembly Member
Martha Escutia	Assembly Member
1996	
William Hauck	Chairman, California Constitution Revision Commission
1995	
No Award Given	
1994	
Elizabeth Hill	Legislative Analyst
1993	
Patrick Johnston	Senator
1992	
John Vasconcellos	Assembly Member
1991	
Barbara Shipnuck	Monterey County Supervisor
Sunne McPeak	Contra Costa Supervisor
Clark Channing	Merced County Administrative Officer
1990	
Russ Gould	Director, California State Department of Finance

President's Award	
2012	
Sue Ronkowski	CSAC Staff
Greg Cox	Supervisor San Diego County
2011	
Jerry Brown	Governor, State of California
2010	
Ron George	Chief Justice
2009	
Lois Wolk	Senator
2008	
Arnold Schwarzenegger	Governor, State of California
2007	
Steve Keil	CSAC Staff
2006	
Cynthia Bryant	Gov., Schwarzenegger's Chief Deputy Leg. Secretary
Sunne McPeak	Secretary of Business, Transportation and Housing Agency
2005	
Dianne Feinstein	United States Senator
2004	
Arnold Schwarzenegger	Governor, State of California
2003	
DeDe Alpert	Senator
2002	
Bill & Pat Dennison	Supervisor Plumas County
Pat Leary	CSAC Staff
2001	
Dave Cox	Assembly Member
Justice Daniel Kremer	Chair, Gov. Trial Court Facilities Task Force
2000	
Dede Alpert	Senator
John Burton	Senator
1999	
Steve Peace	Senator
John Longville	Assembly Member
1998	
Helen Thomson	Assembly Member
1997	
Phil Isenberg	Assembly Member
Tom Torlakson	Assembly Member
Dick Sweeney	Assembly Member
1996	
Victor Pottorff	CSAC Staff
1991	
Pete Wilson	California Governor



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Date: September 25, 2013
To: CSAC Executive Committee
From: Matt Cate, Executive Director
Re: Circle of Service Award Recipient Recommendations for 2013

CSAC staff has developed a list of fourteen individuals who we believe are deserving of the Circle of Service Award this year. This award was created to recognize county officials, department directors, staff, Corporate Associates and other CSAC members whose service to CSAC and counties sets them apart. You are welcome to choose from this list or select your own recipients for this award.

Merita Callaway, Supervisor, Calaveras County

Supervisor Callaway is a long-time and dedicated member of the Administration of Justice policy committee. She served as vice-chair to the committee from 2010 to 2012. In addition, she served on several Executive Steering Committees, advising the Board of Corrections and the Corrections Standards Authority – predecessor agencies to the Board of State and Community Corrections – on critical regulatory and funding programs of significance to counties. In addition, she has represented CSAC on the California Water Plan Update Advisory Committee since 2003.

Mary McMillan, Retired Deputy County Manager, San Mateo County

Mary McMillan has been a stalwart supporter of California counties during her career. Her legislative expertise goes back to when she worked in the Legislature for Speaker Willie Brown and as principal consultant to the Assembly Local Government Committee. Her career then continued with her advocacy for San Mateo County in Sacramento and Washington, DC. CEO John Maltbie says this about Mary: “She advocated for civic engagement and transparency before it was cool and can recite the whole history of realignment.” Mary retired earlier this year after more than 20 years of service to San Mateo County.

Pete Parkinson, Retired Director, Permit & Resources Management Dept., Sonoma County

Peter Parkinson has represented CSAC on two Housing Element Working Group efforts with HCD and affordable housing advocates to streamline the housing element process and ensure state review of local plans is consistent with statute. He reviews legislation on a variety of housing, land use and planning issues for us on an annual basis and draft amendments as requested. He was critical to us in our five-plus years’ work on the housing element statute of limitations bills and also worked closely with CSAC staff on SB 375. He was also helpful to us in our efforts on SB 226, infill streamlining.

Pat Proano, Assistant Deputy Director of Public Works, Los Angeles County

Mr. Proano was CSAC's active partner on our co-sponsored legislation this year dealing with solid waste management. He spent countless hours with staff, testified at numerous legislative policy committee hearings and worked closely with the Senator Lara's staff to help advance a CSAC priority to co-sponsor legislation with LA County on solid waste conversion technology. Pat has been an active member of the County Engineers Association of California (CEAC), where he chairs

the solid waste management policy committee and the conversion technology working group. In addition, he reviews legislation and provides helpful feedback to CSAC staff on solid waste and environmental legislation.

Leonard Kaye, Retired SB 90 Coordinator, Auditor-Controller's Office, Los Angeles County

Mr. Kaye has long been a statewide leader in the never-ending quest to obtain funding for state mandates, and was a key member of CSAC's SB 90 Committee. Over the course of his career, and even after his retirement, he was the lead claimant on dozens—if not hundreds—of test claims, arguing vigorously on behalf of his county for the benefit of all counties. He was as successful as he was because of his ability to think as both a lawyer and an accountant, and because of his accumulated knowledge about mandates.

Nick Warner, Legislative Advocate, California State Sheriffs' Association

Nick Warner has been a great partner to counties for two decades. After serving as part of the CSAC Administration of Justice policy team in the 1990s, Mr. Warner has gone on to build one of the premier advocacy firms in Sacramento. He skillfully represents the California State Sheriffs' Association – along with a number of other notable public safety clients – in the Capitol. He is an authoritative voice on local public safety matters and works diligently and thoughtfully to maintain a strong and committed partnership with CSAC, especially in these recent years of far-reaching and historic change. This year, Nick marshaled the substantial voice of the state sheriffs in advocating on SB 594, a measure that threatened to silence local officials on important policy issues. CSAC recognizes Nick for his friendship to counties, his commitment to public safety, and for his keen ability to identify and negotiate workable solutions to often sensitive political problems.

Karen Pank, Executive Director, Chief Probation Officers of California

Karen Pank has served as the Executive Director for the Chief Probation Officers of California (CPOC) since 2006 – a period of extraordinary change in the public safety system. Under her leadership, Chief Probation Officers have become a trusted voice on evidence-based public safety response and a potent force in the Capitol. Nowhere is this more evident than with CPOC's investment in community corrections prior to realignment and their successful sponsorship of probation incentive funding under SB 678 (Leno and Benoit, 2009). CPOC's efforts have resulted in enormous successes both in improving offender outcomes and driving down prison commitments. Today, CPOC is recognized as a thoughtful, outcome-oriented organization dedicated to improving public safety and smart criminal justice investments. Their successes and the growth of their influence in the last decade are in large part due to the tactical and skillful leadership of Karen. She's a great partner to counties, a tireless advocate for probation, and a committed friend to CSAC.

The following individuals all played a key role in the negotiation and implementation of AB 85 and SB 98, this year's county health realignment savings measures.

This complex issue required significant input on the political, fiscal, and technical strategies needed to negotiate a realistic deal with the Legislature and Brown Administration. From late night negotiations to long days of technical implementation, each of the above nominees rearranged their schedules and workload to consult in real time on sensitive negotiations.

All of the following nominees possess a critical understanding of county budgets and health realignment funding, the role of public health in our communities, and the importance of sharing that knowledge in a constructive way with all 58 counties. They range from elected supervisors to

CSAC affiliates to county staff, but each went above and beyond in 2013 to assist CSAC and improve outcomes for California's counties.

- **Kathy Long, Supervisor, Ventura County, CSAC Executive Committee, Board of Directors and Chair of the Health and Human Services Policy Committee Chair**
- **Lee Kemper, Director of Policy and Planning, County Medical Services Program (CMSP)**
- **Judith Reigel, Executive Director, County Health Executives Association of California (CHEAC)**
- **David M. Souleles, MPH, Deputy Agency Director, Health Care Agency, Public Health Services, Orange County**
- **Graham Knaus, MPA, Assistant Director, Health and Human Services Department, Placer County**
- **Andy Pease, Executive Finance Director, Health & Human Services Agency, San Diego County**
- **Eileen Cubanski, Senior Fiscal and Policy Analyst, County Welfare Directors Association (CWDA)**

Attached a list of previous Circle of Service Award winners for your reference.

Circle of Service Awards	
2012	
Patrick Blacklock	Yolo County Administrative Officer
Veronica Ferguson	Sonoma County Administrative Officer
Walt Ekard	San Diego County Chief Administrative Officer
Susan Adams	Marin County Supervisor
Tim Snellings	Butte County Department of Development Services
Jennifer Henning	County Counsels Assoc. Executive Director
William McClure	Los Angeles County Retiree
Mike Penrose	Sacramento County Director of Transportation
Howard Dashiell	Mendocino County Director of Transportation
Susan Cash	Inyo County Supervisor
Liz Kniss	Santa Clara County Supervisor
Steve Keil	CSAC Interim Executive Director
2011	
Bryan Barr	2011 CSAC Corporate Associates President
Larry Combs	Merced County Executive Officer
Diane Cummins	Special Advisor, Governor Brown
David Finigan	Del Norte County Supervisor
Mike Johnson	Retired Solano County Administrator
Pat Leary	Yolo County Assistant County Administrator
Ana Matosantos	Director, Department of Finance
Susan Mauriello	Santa Cruz County Administrative Officer
Nancy McFadden	Executive Secretary, Governor Brown
Mark Pazin	Merced County Sheriff
Linda Penner	Fresno County Chief Probation Officer
Rick Robinson	Stanislaus County Chief Executive Officer
Donna Vaillancourt	San Mateo County Director of Human Services
	CSAC Legislative Staff
2010	
Rich Gordon	San Mateo County Supervisor
Roger Dickinson	Sacramento County Supervisor
Mike McGowan	Yolo County Supervisor
Greg Cox	San Diego County Supervisor
Helen Thomson	Yolo County Supervisor

Kathy Long	Ventura County Supervisor
Matt Rexroad	Yolo County Supervisor
Jane Dolan	Butte County Supervisor
Liz Kniss	Santa Clara County Supervisor
Tom Ford	CSAC Finance Corporation President
Michael Brown	Santa Barbara County Executive Officer
William McIntosh	Retired Lassen County Public Works Director (In Memoriam)
Verne Davis	Retired Merced County Public Works Director (In Memoriam)
John Sansone	San Diego County Counsel
Steven Woodside	Sonoma County County Counsel
Bruce Goldstein	Sonoma County Assistant County Counsel
Graham Knaus	Director of Administrative Services, Placer County Health and Human Services Department
Kirk Kleinschmidt	Kaiser Permanente, Corporate Associates President
2009	
Terry Woodrow	Alpine County Supervisor
Mary McMillan	San Mateo Deputy County Manager
Bob Fisher	CSAC Corporate Associates President
Pat DeChellis	Los Angeles County Deputy Public Works Director
	Contra Costa Public Works Department
	Santa Barbara County Public Works Department
2008	
Jeff Morris	Trinity County Supervisor
Connie Conway	Tulare County Supervisor and former CSAC President
Harry Ovitt	San Luis Obispo County Supervisor and former CSAC President
Tim Smith	Sonoma County Supervisor and former CSAC President
Matt Rexroad	Yolo County Supervisor
John Tavaglione	Riverside County Supervisor
Diane Dillon	Napa County Supervisor
John Gioia	Contra Costa County Supervisor
John Silva	Solano County Supervisor
Stephen L. Weir	Contra Costa County Clerk-Recorder
Michele Vercoutere	Court Facility Transfer Coordinator, Los Angeles County Chief Executive Office
Stuart Wells	Franchise & Fees Manager, The Gas Company/SDG&E Sempra Energy Utilities
Andy Morgan	Vanir Construction Management
Michael Rattigan	Santa Clara County Lobbyist

Greg Norton	Executive Director, Regional Council of Rural Counties (RCRC)
2007	
Helen Thomson	Yolo County Supervisor
Mike McGowan	Yolo County Supervisor
Tony Oliveira	Kings County Supervisor
Bill Powers	Plumas County Supervisor
Brian Lee	San Mateo County Deputy Director of Public Works
Mike Silacci	CSAC Corporate Associates Member, AT&T
Rob Bilo	CSAC Corporate Associates Member, Nationwide Retirement Solutions (NRS)
Roger Dickinson	Sacramento County Supervisor
Bran Dahle	Lassen County Supervisor
Rubin Lopez	CSAC Staff
2006	
Bob Fletcher	Vanir Construction Management
David Janssen	Los Angeles County Chief Administrative Officer
Richard Vinson	Amador County Supervisor
Gary Freeman	Glenn County Supervisor
Gary Gilbert	Madera County Supervisor
Bill Dennison	Plumas County Supervisor
Greg Cox	San Diego County Supervisor
Duane Kromm	Solano County Supervisor
Ray Simon	Stanislaus County Supervisor
Peter Rei	Tuolumne County Public Works Director
Pat DeChellis	Los Angeles, Deputy Director Public Works
Chantal Saipe	San Diego County, Tribal Liaison
Jennifer Henning	Executive Director, County Counsels' Association of California
Mary Wallers	CSAC Corporate Associate Member, Sierra West Group
Lori Panzino	San Bernardino County, Division Chief, Franchise Programs
Paul Valle-Reistra	City of Walnut Creek, City Attorney
Rich Esposto	Consultant, Sacramento Metro Cable Television Commission
David Wooten	San Joaquin County Supervisor and Chair, Assistant County Counsel, County Counsel Working Group on Court Facilities
Kathleen Felice	Los Angeles County, Principal Deputy County Counsel
Diane Bardsley	San Diego County and Member, Special Assistant County Counsel, County Counsel Subcommittee on SB 10
Tom Ford	Sonoma County Treasurer
Norma Lammers	CSAC Finance Corporation Executive Director

2005	
Mitch Avallon	Contra Costa County Deputy Director - Flood Control
Dennis Barry	Contra Costa County Community Development Dept.
Valerie Brown	Sonoma County Supervisor
John Freedman	Analyst, Los Angeles County Chief Administrator's Office
Steve Keil	CSAC Legislative Coordinator
Rod Kubamoto	Los Angeles County Assistant Deputy Director
Andrea McGarvey	San Luis Obispo County Auditor-Controller's Office
Michael Moele	Buck Consultants
Bob Palmer	Retirement Administrator San Joaquin County
Dave Solaro	Retired CSAC Board Member & Administration of Justice Policy Committee chair
John Sweeten	Contra Costa County Chief Administrative Officer
Steve Swendiman	Managing Director, NACo Financial Services
Kit Wall	Local Government Relations, Eli Lilly & Company
2004	
John Garcia	Kaiser Permanente
Jim Lindholm	San Luis Obispo County Counsel
Steve Woodside	Sonoma County Counsel
Steve Basha	Yolo County Counsel
Jim Beall	Santa Clara County Supervisor
Tonly Oliveira	Kings County Supervisor
Duane Kromm	Solano County Supervisor
Susan Adams	Marin County Supervisor
Rose Jacobs Gibson	San Mateo County Supervisor
Brad Clark	Alameda County Registrar of Voters
Mischelle Townsend	Riverside County Registrar of Voters
Julie Rodewald	San Luis Obispo County Clerk Recorder
Ann Reed	Shasta County Registrar of Voters
Richard Robinson	Stanislaus County Administrative Officer
Walt Ekard	San Diego County Administrative Officer
Larry Parrish	Riverside County Executive Officer
Stephen Shane Stark	Santa Barbara County County Counsel
John Sansone	San Diego County Counsel
Robert Ryan , Jr.	Sacramento County Counsel
Buck Belventhal	San Francisco City & County

Ray Fortner	Los Angeles County
Richard Arrow	Marin County Auditor
Rod Dole	Sonoma County Counsel Auditor-Controller
Mark Norris	Sacramento County Finance Department
Steve Ybarra	Contra Costa County
Dave Elledge	Santa Clara County
Valerie Brown	Sonoma County Supervisor
Paul Stein	Calaveras County Supervisor
Frank Mecca	County Welfare Directors Association
Pete Parkinson	Sonoma County Planning Director
2003	
Kevin Juhring	US Communities
Tom Ford	Sonoma County Treasurer
Ann Reed	Shasta County Clerk/Registrar of Voters
Roger Dickinson	Sacramento County Supervisor
Bill McClure	Los Angeles County Workers' Compensation Specialist
Shane Stark	Santa Barbara County Counsel
Mike McGowan	Yolo County Supervisor
Denny Bungarz	Glenn County Supervisor
Governor's Trial Court Facilities Task Force Members:	
Patricia Clarke	Shasta County Supervisor
Joan Smith	Siskiyou County Supervisor
John Tavaglione	Riverside County Supervisor
2002	
Tom Stallard	CSAC 1st Vice President
Gary Freeman	CSAC Immediate Past President
Barbara Pletz	San Mateo County Emergency Services Director
Jim Beall	Santa Clara County Supervisor
Kathleen Bales Lange	Tulare County Counsel
John Sansone	San Diego County Counsel
Frank Mecca	County Welfare Directors Association Executive Director
Richard Fitzmaurice	SBC/Pacific Bell Director of External Affairs
Cathy Bando	RBC Dain Rauscher Director of Public Finance
Chris McKenzie	League of California Cities Executive Director
Catherine Smith	California Special Districts Association Executive Director
Ted James	Kern County Planning Director
Tony Hughes	Salomon Smith Barney
2001	
Paul Stein	Calaveras County Supervisor
Larry Parrish	Riverside CEO
Les Brown	Former CSAC President
Governor's Trial Court Facilities Task Force Members:	
Jerry Eaves	San Bernardino County Supervisor

Gary Freeman	Glenn County Supervisor
Charles Smith	Orange County Supervisor
Robert Doyle	County Sheriff
David Janssen	Los Angeles CAO
Steven Woodside	Sonoma County Counsel
2000	
Trish Clarke	Shasta County Supervisor
David Janssen	Los Angeles Chief Administrative Officer
Tom Bamert	Amador County Supervisor
Governor's Trial Court Employees Task Force Members:	
Steve Perez	Kern County Supervisor and CSAC President
John Sansone	San Diego County Counsel
Larry Spikes	Kings County Administrative Officer
Charles Plummer	Alameda County Sheriff
Pete Kutras	Santa Clara County Asst. Executive Officer
1999	
Muriel Johnson	Sacramento County Supervisor
Dean Shores	Imperial County Supervisor
Keith Carson	Alameda County Supervisor
Tom Stallard	Yolo County Supervisor
Jim Beall	Santa Clara County Supervisor
Jim Lindholm	San Luis Obispo County Counsel
Jay Hull	Napa County Administrator
Owne Clements	San Francisco Deputy Attorney
Terry Henry	Fresno County Dept. of Health Services
Louise McGinnis	Corporate Associate Member
Art Goulet	Ventura County Public Works Director
John Michaelson	San Bernardino County Social Services Director
Penelope Clarke	Sacramento County Public Protection/Human Assis. Admin.



September 16, 2013

To the Board of Directors
California State Association of Counties

We have audited the financial statements of California State Association of Counties for the year ended June 30, 2013, and have issued our report thereon dated September 16, 2013. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 8, 2013, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by California State Association of Counties are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the estimate of the liability for the supplemental pension plan.



As disclosed in Note 6, CSAC implemented a supplemental defined benefit pension plan covering the former Executive Director during the year ended June 30, 2012. An actuarial study has not been performed to determine the net periodic benefit cost or the accumulated benefit obligation resulting from the plan, which is contingent on IRS approval. As also disclosed in Note 6, CSAC over-contributed to the SBCERA plan for the former Executive Director and a few other key employees during the years 2008 – 2012. The portion related to the Executive Director was considered the best estimate of the liability to the supplemental plan since the refund was related to excess compensation and the supplemental plan was designed to be linked to the SBCERA plan to provide an additional benefit on excess compensation. We determined that this estimate of the liability to the supplemental plan was reasonable in relation to the financial statements taken as a whole given the absence of an actuarial study.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive disclosures affecting the financial statements.

The financial statements and disclosures were drafted by us with management's oversight.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The majority of the adjustments made were standard closing entries to convert the financial statements from the modified cash basis to the accrual basis of accounting, such as to record depreciation, reclassify principal debt payments, etc. The non-closing audit adjustments that were recorded and their impact on the change in net assets were as follows:

	Increase (Decrease) Change in Net Assets
Adjust Corporate Associates dues for 2013/2014 member	\$ (20,000)
Write-off uncollectible sponsorship	(5,000)
Record liability to supplemental retirement plan	(92,970)
	<u>\$ (117,970)</u>



The only uncorrected misstatement involved recording revenue and expense for salaries paid by another entity of \$11,374 that were netted, which had no impact on the change in net assets. This misstatement was not corrected because it was considered immaterial to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 16, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Board of Directors
California State Association of Counties
September 16, 2013
Page 4



This information is intended solely for the use of Board of Directors of California State Association of Counties and is not intended to be and should not be used by anyone other than these specified parties.

John Waddell & Co., CPAs

September 16, 2013



INDEPENDENT AUDITORS' REPORT

Board of Directors
California State Association of Counties
Sacramento, California

We have audited the accompanying financial statements of California State Association of Counties, which comprise the Statement of Financial Position as of June 30, 2013 and 2012, and the related Statements of Activity and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3416 American River Dr.
Suite A
Sacramento, CA 95864
916/488/2460
Fax/488/2466



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the California State Association of Counties at June 30, 2013 and 2012, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Revenue and Expenses by Fund for the year ended June 30, 2013 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

John Waddell & Co., CPAs

CALIFORNIA STATE ASSOCIATION OF COUNTIES

**Statements of Financial Position
June 30, 2013 and 2012**

ASSETS

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 125,974	\$ 709
Investments	1,078,357	1,521,152
Accounts receivable	545,650	826,725
Prepaid expenses	113,969	257,798
Due from affiliates	27,131	161,679
Deferred charges	-	7,811
Funds held in custodial accounts	670,221	620,027
Property and equipment, net	<u>5,827,456</u>	<u>6,130,380</u>
	<u><u>\$ 8,388,758</u></u>	<u><u>\$ 9,526,281</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 534,377	\$ 1,198,162
Deferred revenue	372,984	409,872
Accrued vacation and vested sick leave	365,573	314,202
Estimated pension obligation	92,970	-
Funds held in custodial accounts	670,221	620,027
Tenant security deposits	24,297	27,647
Notes payable	<u>2,830,293</u>	<u>2,936,375</u>
Total Liabilities	<u>4,890,715</u>	<u>5,506,285</u>
Net Assets		
Unrestricted	<u>3,498,043</u>	<u>4,019,996</u>
	<u><u>\$ 8,388,758</u></u>	<u><u>\$ 9,526,281</u></u>

See accompanying notes to financial statements.

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Statements of Activity For the Years Ended June 30, 2013 and 2012

	2013	2012
Revenue		
Membership dues	\$ 2,799,506	\$ 2,799,506
Litigation dues	299,362	309,175
Corporate associates dues and sponsorships	389,000	241,850
SB-90 dues	69,620	65,420
Program revenue	129,555	133,623
Meetings	432,745	395,647
Management fees	293,015	322,364
Rental income, net of expenses of \$650,087 and \$709,696	3,660	2,334
Interest and investment income	11,085	14,845
Contribution from CSAC Finance Corp.	3,550,000	3,300,000
Institute	104,892	80,827
Other revenue	88,059	85,625
	8,170,499	7,751,216
Expenses		
Program Services		
Legislative affairs	3,270,584	3,208,552
Meetings	800,676	733,696
Litigation program	309,775	311,319
SB-90	58,592	55,607
Federal policy development	238,244	244,777
Public affairs	477,177	425,419
Institute	213,303	182,803
Campaign contributions and expenses (non-public funds)	-	495,639
Other programs	265,058	385,061
	5,633,409	6,042,873
Supporting Services		
General administration	2,728,668	2,576,707
Corporate associates	330,375	209,233
	3,059,043	2,785,940
	8,692,452	8,828,813
Change in Net Assets	(521,953)	(1,077,597)
Net Assets, Beginning of Year	4,019,996	5,097,593
Net Assets, End of Year	\$ 3,498,043	\$ 4,019,996

See accompanying notes to financial statements.

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Statements of Cash Flows For the Years Ended June 30, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Change in net assets	\$ (521,953)	\$ (1,077,597)
Noncash items included in change in net assets:		
Depreciation and amortization	368,848	371,835
Loss on disposal of equipment	5,961	9,960
Interest reinvested	(9,146)	(15,917)
Unrealized loss on investments	1,747	3,563
Changes in certain operating assets and liabilities		
Accounts receivable	281,075	(253,037)
Prepaid expenses and deferred charges	151,640	(81,057)
Accounts payable	(663,785)	825,074
Estimated pension obligation	92,970	-
Deferred revenue	(36,888)	65,974
Other liabilities	48,021	40,861
	(281,510)	(110,341)
Cash Used by Operating Activities		
Cash Flows from Investing Activities		
Purchases of property and equipment	(71,885)	(109,078)
Changes in due to/from related entities	134,548	(132,616)
Purchase of investments	(1,000,000)	(1,500,000)
Sale of investments	1,450,194	2,006,458
	512,857	264,764
Cash Provided by Investing Activities		
Cash Flows from Financing Activities		
Payments on notes payable	(106,082)	(158,679)
	(106,082)	(158,679)
Cash Used by Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	125,265	(4,256)
Cash and Cash Equivalents, Beginning of Year	709	4,965
Cash and Cash Equivalents, End of Year	\$ 125,974	\$ 709

See accompanying notes to financial statements.

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Notes to Financial Statements June 30, 2013 and 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The California State Association of Counties (CSAC) is an association representing the elected county supervisors of the 58 California counties. The purpose of the association is to advance the vital public interest in effective, efficient and responsive local government. Its principal function is representation of county government before the California legislature, administrative agencies and the federal government.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted demand deposits.

Investments

Investments consist of shares in the CalTrust short-term portfolio and are stated at fair value as reported by CalTrust based on quoted market prices of the underlying assets (Level One inputs in the fair value hierarchy established by generally accepted accounting principles). Investment income consisted of interest of \$9,146 and unrealized losses of \$1,747 (FYE 12/13) and interest of \$15,917 and unrealized losses of \$3,563 (FYE 11/12).

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Management believes all balances are collectible; accordingly, no allowance for doubtful accounts has been established. Receivables are determined to be past due based on contractual terms and are charged off when management determines the receivable will not be collected.

Property and Equipment

Property and equipment purchases in excess of \$1,000 and computer equipment in excess of \$500 are capitalized at cost. Depreciation is provided on a straight-line basis over the estimated useful lives, which range from 3 to 40 years. Contributions that must be used to acquire property and equipment are reported as restricted contributions. CSAC reports expirations of donor restrictions when the acquired assets are placed in service and reclassifies temporarily restricted net assets to unrestricted net assets at that time.

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Notes to Financial Statements June 30, 2013 and 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Funds Held in Custodial Accounts

CSAC performs accounting services for the County Administrative Officers (CAO) and Case Data System Management (CDSM). Investments owned by these organizations, which are included in CSAC's investment account, are recorded as offsetting assets and liabilities.

Membership Dues

Membership dues, which are calculated based on each county's population, are paid annually and are recorded when received. Dues collected for the next fiscal year are recorded as deferred revenue.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are temporarily restricted are then reclassified to unrestricted net assets upon satisfaction of the restrictions. Contributions whose restrictions are met within the same fiscal year are recorded as unrestricted.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

CSAC is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. It is subject to tax on its unrelated business income. Income taxes are provided for the tax effects of unrelated business income reported in the financial statements. There are no significant differences between amounts reported in the financial statements and amounts reported in the tax return; accordingly, there are no deferred taxes.

CSAC believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. CSAC's federal and state tax returns are subject to examination by the IRS and FTB generally for three and four years, respectively, after they were filed.

Concentrations and Credit Risk

Approximately 12% of the membership dues are paid by one county. Approximately 36% of the accounts receivable are due from the two largest customers.

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Notes to Financial Statements June 30, 2013 and 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, which was September 16, 2013.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Land	\$ 1,960,384	\$ 1,960,384
Buildings	2,395,280	2,414,805
Building improvements	4,242,046	4,222,521
Tenant improvements	1,070,982	1,070,982
Equipment	695,046	649,735
Furniture	238,085	254,731
	<u>10,601,823</u>	<u>10,573,158</u>
Less accumulated depreciation	<u>(4,774,367)</u>	<u>(4,442,778)</u>
	<u>\$ 5,827,456</u>	<u>\$ 6,130,380</u>

Depreciation expense amounted to \$368,848 (FYE 12/13) and \$371,835 (FYE 11/12).

CALIFORNIA STATE ASSOCIATION OF COUNTIES

**Notes to Financial Statements
June 30, 2013 and 2012**

NOTE 3 NOTES PAYABLE

Notes payable at June 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Note payable to Bank of Sacramento. Through December 2011, monthly principal and interest payments of \$21,826, interest at the 5-year treasury rate plus 2.2%, adjustable every 5 years, which was 7.05%. Effective January 2012, monthly principal and interest payments of \$7,623 with interest at 3.01%. Secured by a deed of trust; due February 2017.	\$1,298,305	\$ 1,349,307
Note payable to Bank of Sacramento. Through December 2011, monthly principal and interest payments of \$12,427, interest at the 5-year treasury rate plus 2.2%, adjustable every five years, which was 6.77%. Effective January 2012, monthly principal and interest payments of \$9,066 with interest at 3.08%. Secured by a deed of trust; due December 2016.	<u>1,531,988</u>	<u>1,587,068</u>
	<u>\$ 2,830,293</u>	<u>\$ 2,936,375</u>

Future minimum payments on notes payable are as follows:

6/30/2014	\$ 114,508
6/30/2015	118,096
6/30/2016	121,583
6/30/2017	<u>2,476,106</u>
	<u><u>\$ 2,830,293</u></u>

Total interest incurred on notes payable amounted to \$94,183 (FYE 12/13) and \$161,174 (FYE 11/12). Interest paid in cash amounted to \$97,428 (FYE 12/13) and \$157,929 (FYE 11/12).

The notes payable to Bank of Sacramento contain various covenants and financial requirements. CSAC was in compliance with the agreements at June 30, 2013 and 2012.

CALIFORNIA STATE ASSOCIATION OF COUNTIES

**Notes to Financial Statements
June 30, 2013 and 2012**

NOTE 4 LEASES AND OTHER COMMITMENTS

CSAC leases five copiers under operating leases. Total rent expense from these leases amounted to \$47,577 (FYE 12/13) and \$46,776 (FYE 11/12). Future minimum lease payments under these leases are as follows:

6/30/2014	\$	44,682
6/30/2015		41,532
6/30/2016		11,378
6/30/2017		6,852
6/30/2018		3,259
		<u>107,703</u>
	\$	<u>107,703</u>

CSAC leases office space to tenants in its office building at 1100 K Street. CSAC also leases the majority of the Ransohoff building to tenants. Future minimum rental income under noncancelable operating leases is as follows:

	<u>Ransohoff</u>	<u>1100 K St.</u>	<u>Total</u>
6/30/2014	\$ 143,454	\$ 125,901	\$ 269,355
6/30/2015	139,673	48,065	187,738
6/30/2016	111,331	36,794	148,125
6/30/2017	71,547	30,357	101,904
6/30/2018	55,161	-	55,161
	<u>\$ 521,166</u>	<u>\$ 241,117</u>	<u>\$ 762,283</u>

The cost and carrying amount of property held for leasing as of June 30, 2013 are as follows:

	<u>Ransohoff</u>	<u>1100 K St.</u>	<u>Total</u>
Land, building & improvements	\$ 6,246,761	\$ 2,956,607	\$ 9,203,368
Accumulated depreciation	(2,064,696)	(1,867,585)	(3,932,281)
	<u>\$ 4,182,065</u>	<u>\$ 1,089,022</u>	<u>\$ 5,271,087</u>

The cost and carrying amount of property held for leasing as of June 30, 2012 are as follows:

	<u>Ransohoff</u>	<u>1100 K St.</u>	<u>Total</u>
Land, building & improvements	\$ 6,246,761	\$ 2,956,607	\$ 9,203,368
Accumulated depreciation	(1,882,253)	(1,785,503)	(3,667,756)
	<u>\$ 4,364,508</u>	<u>\$ 1,171,104</u>	<u>\$ 5,535,612</u>

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Notes to Financial Statements June 30, 2013 and 2012

NOTE 4 LEASES AND OTHER COMMITMENTS – CONTINUED

CSAC has a contract for federal affairs services which was extended through December 31, 2014. Future contract payments are as follows:

6/30/2014	\$	243,060
6/30/2015		124,500
		<hr/>
	\$	367,560
		<hr/>

CSAC has entered into contracts for meetings to be held in fiscal 2013 – 2017. These contracts contain deposits, room and food and beverage commitments, and cancellation fees. The maximum cancellation fee under the contracts if the contracts were cancelled as of the date the financial statements were available to be issued was \$653,944.

CSAC is self-insured for unemployment claims. CSAC was not aware of any potential claims for unemployment as of the date the financial statements were available to be issued.

NOTE 5 DEFERRED COMPENSATION

Substantially all employees are eligible to participate in a deferred compensation plan. Employees, at their sole discretion, can set aside a portion of their salary, up to the maximum amount allowed by the Internal Revenue Service. Participants can select from two investment plans, one sponsored by the Nationwide Investment Foundation and the other by Aetna Life Insurance and Annuity Company. Both plans offer various investment options. CSAC does not make contributions to the plans and incurred no expenses in connection with the plans. In accordance with the Small Business Job Protection Act, the assets are held in trust for the exclusive benefit of plan participants. Accordingly, the assets and liabilities related to the plan, which amount to \$8,555,395 (FYE 12/13) and \$7,505,743 (FYE 11/12), have not been included in these financial statements.

NOTE 6 DEFINED BENEFIT PENSION PLANS

Substantially all employees are eligible to participate in the San Bernardino County Employees' Retirement Association. The San Bernardino County Employees' Retirement Association is a cost-sharing multi-employer defined benefit pension plan (the SBCERA Plan) operating under the California County Employees Retirement Act of 1937, EIN#95-6193238. The SBCERA Plan provides a monthly retirement benefit based upon length of service, salary, and age at retirement. The SBCERA Plan also provides disability benefits to members and death benefits to beneficiaries of members. The risks of participating in a multiemployer plan are different from single employer plans. Specifically, CSAC may be liable, on termination or withdrawal from the SBCERA Plan, for allocated shares of the plan's unfunded vested benefits. CSAC currently has no intention to terminate or withdraw from the SBCERA Plan.

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Notes to Financial Statements June 30, 2013 and 2012

NOTE 6 DEFINED BENEFIT PENSION PLANS – CONTINUED

Participating members and the employers are required to contribute a percentage of covered salary to the SBCERA Plan based on the member's age at entry and actuarial assumptions; however, CSAC pays the employees' contribution.

Total contributions to the SBCERA Plan amounted to \$1,438,517 (FYE 12/13) and \$1,246,550 (FYE 11/12), which represented 39% and 36% of covered payroll, respectively. CSAC's contributions represented less than 5% of total plan contributions per SBCERA Plan's most recently available annual report, which was for the year ended June 30, 2012 (available at www.sbcera.org/financial_info/CAFR.html). As of June 30, 2012, total plan assets were \$6,646,439,000, the actuarial accrued liability was \$8,606,577,000, and the plan was 79% funded.

During the year ended June 30, 2012, CSAC determined that it had over-contributed to the SBCERA Plan for four employees whose contributions exceeded IRS annual compensation limits under Section 401(a)(17) for calendar years 2008 - 2012 and requested a refund from the SBCERA Plan. The amount to be refunded, if any, could not be reasonably estimated at that time. In May 2013, SBCERA determined the overpayment was \$150,411, which was used to reduce current year contributions to the Plan.

Effective July 1, 2011, CSAC implemented a supplemental defined benefit pension plan covering one key employee (the Supplemental Plan). The Supplemental Plan provides an annual accrued benefit of \$10,000 for life with survivorship benefits. The Supplemental Plan includes a provision that it is subject to approval by the IRS. A determination letter has been requested from the IRS, but had not been received at the time the financial statements were available to be issued. The net periodic benefit cost and the accumulated benefit obligation have not been actuarially determined, and no contributions have been made to the Plan. During the year ended June 30, 2013, CSAC accrued \$92,970 refunded from the SBCERA Plan for the covered employee as an estimate of the liability to the Supplemental Plan. It is reasonably possible that this estimate could change within one year and the change could be significant.

NOTE 7 RELATED-PARTY TRANSACTIONS

CSAC is affiliated with CSAC Finance Corporation (the Finance Corporation) and the California Counties Foundation (the Foundation). The Executive Director of CSAC is on the Board of Directors of both organizations. CSAC provides management, accounting and other administrative services to the Finance Corporation and to the Foundation without charge. CSAC also provides payroll services for the Finance Corporation without charge.

The Finance Corporation rents office space from CSAC on an annual basis. Rent received from the Finance Corporation amounted to \$13,950 (FYE 12/13 and FYE 11/12).

Printing revenue received from the Finance Corporation amounted to \$5,082 (FYE 12/13) and \$5,324 (FYE 11/12).

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Notes to Financial Statements June 30, 2013 and 2012

NOTE 7 RELATED-PARTY TRANSACTIONS – CONTINUED

The Finance Corporation has a policy whereby CSAC can request grants of net assets in excess of the designated operating reserve. Total funds available under this policy amounted to \$169,042 (FYE 12/13) and \$533,842 (FYE 11/12). The Finance Corporation contributed \$3,550,000 (FYE 12/13) and \$3,300,000 (FYE 11/12) to CSAC.

The Finance Corporation together with the League of California Cities sponsors CalTrust, a Joint Powers Authority for the purpose of pooling and investing local agency funds. Cash and cash equivalents in CalTrust's short-term portfolio (a portion of which is classified as funds held in custodial accounts) amounted to \$1,748,578 (FYE 12/13) and \$2,141,179 (FYE 11/12).

In 1997, CSAC, the League of California Cities and the California School Boards Association formed the CCS Partnership, a nonprofit partnership. Contributions to the CCS Partnership amounted to \$35,000 (FYE 12/13 and FYE 11/12). Contributions to the Institute for Local Government, an affiliate of the League of California Cities, amounted to \$80,000 (FYE 12/13 and FYE 11/12).

Contributions to the California Counties Foundation amounted to \$25,000 (FYE 11/12).

CSAC is affiliated with the County Counsels' Association of California (the Association). The Director of CSAC's Litigation Program is also the Executive Director of the Association. Approximately 80% of the Director's salary and benefits are funded by CSAC's Litigation Program and 20% are paid by the Association. CSAC's Litigation Program also funds a portion of two other Association staff members' salary and benefits. CSAC's Litigation Program funds 75% of the Association's office lease with a third party, which expired March 31, 2012, and was amended to a month-to-month lease with the landlord required to provide a 90-day notice to vacate. Rent expense under the lease amounted to \$20,096 (FYE 12/13) and \$27,086 (FYE 11/12).

NOTE 8 INCOME TAXES

CSAC is subject to income taxes on certain unrelated business income, primarily management fees and debt-financed income. Income tax expense for the years ended June 30, 2013 and 2012, which is included in general and administration expense, amounted to \$11,273 and \$25,615, respectively.

Cash payments for taxes amounted to \$36,923 (FYE 12/13) and \$25,710 (FYE 11/12).

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Statement of Revenue and Expenses by Fund
For the Year Ended June 30, 2013

	General	Building	Corporate Membership Associates	Meetings	Litigation	CEAC	Ransohoff Building	Institute	Eliminations	Total
Revenue										
Membership dues and sponsorships	\$ 2,799,506	\$ -	\$ 389,000	\$ -	\$ 299,362	\$ -	\$ -	\$ -	\$ -	\$ 3,487,868
SB-90 dues	69,620	-	-	-	-	-	-	-	-	69,620
Program revenue	1,560	-	-	-	-	127,995	-	-	-	129,555
Meetings	-	-	-	432,745	-	-	-	-	-	432,745
Management fees	299,690	-	-	-	-	-	-	-	(6,675)	293,015
Rental income	-	384,085	-	-	-	-	460,118	-	(190,456)	653,747
Institute	-	-	-	-	-	-	-	104,892	-	104,892
Investment income	11,085	-	-	-	-	-	-	-	-	11,085
Miscellaneous	112,794	-	-	-	-	-	-	-	(24,735)	88,059
Contributions	3,550,000	-	-	-	-	-	-	-	-	3,550,000
Total Revenue	6,844,255	384,085	389,000	432,745	299,362	127,995	460,118	104,892	(221,866)	8,220,586
Expenses										
Salaries	3,214,963	-	177,004	63,531	160,753	56,657	-	-	-	3,672,908
Benefits	1,925,024	-	104,466	46,678	112,935	48,770	-	-	-	2,237,873
Travel	332,706	-	41,702	892	982	11,708	-	-	-	388,000
Communications	150,414	118	2,178	1,857	4,250	1,686	12,553	859	-	173,925
Utilities	-	82,332	-	-	-	-	39,531	-	-	121,863
Insurance	3,427	25,326	-	-	-	-	15,592	-	-	44,345
Publications	13,028	-	-	-	1,249	-	-	-	-	14,277
Legislative bill service	10,170	-	-	-	485	-	-	-	-	10,170
Membership fees	74,808	-	25	54	59	586	(109)	7,311	-	16,944
Office supplies	13,878	-	-	539	539	1,025	-	387	-	82,734
Postage and delivery	13,922	-	-	-	1,742	3,102	-	-	-	15,829
Printing	81,887	64,985	-	10,989	-	96	61,847	13,666	(16,969)	15,463
Repairs and maintenance	559,651	68,678	-	-	-	995	9,163	6,451	-	226,255
Professional services	1,223	43,113	-	-	-	-	46,608	130,535	-	769,022
Property & business tax	231,793	-	-	-	20,096	4,800	-	-	(190,456)	90,944
Rent	58,145	-	-	-	-	-	-	-	-	66,233
Public affairs	135,623	-	131,676	544,635	-	-	-	53,886	(7,766)	58,145
Program expenses	72,724	94,890	-	-	-	-	94,183	-	-	858,054
Interest expense	4	-	-	39	-	-	201,234	-	-	94,183
Depreciation	-	-	-	-	-	-	-	208	-	368,648
Miscellaneous	-	-	-	-	6,675	-	-	-	(6,675)	251
Management fees	-	-	5,000	-	-	-	-	-	-	5,000
Bad debt	-	-	-	-	-	-	-	-	-	-
Income taxes	11,273	-	-	-	-	-	-	-	-	11,273
Total Expenses	6,920,797	379,442	462,051	669,000	309,775	129,435	480,602	213,303	(221,866)	9,342,539
Excess of Revenue Over (Under) Expenses	\$ (76,542)	\$ 4,643	\$ (73,051)	\$ (236,255)	\$ (10,413)	\$ (1,440)	\$ (20,484)	\$ (108,411)	\$ -	\$ (521,953)

September 16, 2013



To the Board of Directors
and Management of California State Association of Counties

In planning and performing our audit of the financial statements of California State Association of Counties as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered California State Association of Counties' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in California State Association of Counties' internal control to be a significant deficiency:

Credit Card Receipts

CSAC's personnel handbook requires that all reimbursable expenses including credit card charges be supported by receipts. It further requires that all expense reports include adequate documentation, including copies of credit card receipts, receipts for



Page 2

hotel expenses, and receipts for meals, parking and beverages. However, during our tests of cash disbursements and credit cards, we noted several credit card charges that were not supported by receipts. While most of the unsupported charges were for less than \$75, one employee credit card bill selected for testing had four charges over that threshold with no supporting documentation, including a charge for \$758.06 and another for \$7,531.45. To improve the controls over credit cards and ensure that IRS documentation requirements are met, we recommend that CSAS enforce its current policy of requiring receipts for all business expenses, particularly those over \$75.

In addition, we have the following recommendations for strengthening controls and operating efficiencies that are not related to significant deficiencies:

Whistleblower Policy

CSAC currently does not have a whistleblower policy. The Senate's Panel on the Nonprofit Sector, as well as many other groups including the IRS and the National Council of Nonprofits, recommends that all nonprofits have a whistleblower policy. We recommended one several years ago, but with the change in management and changes in the Executive Committee, we would like to once again recommend that CSAC adopt a policy. While employees are protected by law from retaliation by employers without one, the existence of a policy creates transparency and fosters an open and ethical work environment.

Supplemental Pension Plan

The supplemental pension plan established in the prior year still has not received a determination letter from the IRS. If the plan is approved, we recommend that CSAC consider terminating the plan and paying the value of the benefits accrued under the plan to the beneficiary upon termination by purchasing an immediate annuity. That way, CSAC will avoid the cost of an annual actuarial valuation and the costs of establishing and administering the trust fund required for plan funding under the terms of the plan.

■ ■ ■ ■ ■

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

John Waddell & Co., CPAs

August 8, 2013

Summary notes from the Women Supervisors meeting

Supervisors in attendance: Supervisors Susan Adams, Kathy Long, Kim Dolbow Vann, Roberta McGlashan and Geri Byrne

There was consensus on the following:

The name of the CSAC Group is proposed to be:

CSAC Women's Leadership Forum (CSAC-WLF)

Mission Statement:

The CSAC Women's Leadership Forum focuses on welcoming, networking, mentoring and supporting elected women supervisors in engagement and empowerment to take on leadership roles within the organization and in their roles as county supervisors.

Goals:

To welcome, network, mentor and support elected women supervisors in the *California State Association of Counties (CSAC)*.

To engage and empower women supervisors to take on leadership roles within the CSAC organization.

To incorporate leadership and educational training opportunities.

Structure:

Semi-structured organization (not as formal as a caucus; not as loose as a social club).

Meetings will occur at each of the biannual CSAC general and legislative assemblies with at least one extra separate meeting per year specifically for the forum's purposes of training, mentoring and support.

There will be three divisional co-chairs, one representing rural, one suburban and one urban.

Co-chairs will be chosen at the legislative conference each year.

Other women leaders are welcome to attend the meetings.

Work Plan for 2013-2014:

Co-chairs will make a personal contact to each elected woman supervisor in their division. CSAC will provide current lists of each woman supervisor in each division annually, after November elections are completed.

Supervisor Adams' office will set up a CSAC-WLF FB page and each co-chair will have access as administrators.

Supervisor Adams will contact California Women Lead to inform them of the new organization at CSAC.

Supervisor Adams and Supervisor Long will develop an invitation to join the forum and include factoids about why the forum is important...e.g. the number of women who have been CSAC presidents over the past 110 years; the number of women who are elected county supervisors; the number of women serving on CSAC committees, etc.

Supervisor Long will work with the Leadership Institute to develop a training program specifically for elected women supervisors.

Supervisor Vann will access sponsorships and speakers for the Fall general assembly (which will help provide food and beverage for the meeting).

CSAC Leadership Network of Women Supervisors

Report from inaugural meeting 5-29-13

Introductions were made among the 16 participants in attendance. There was a sense of excitement and anticipation that we were organizing.

Consensus was reached on the following:

The establishment of a women's leadership network within CSAC is long overdue and will be important in fostering support and leadership among women supervisors.

There was not support for having a Network that would be as formal as an official caucus, nor as informal as a social gathering. The CSAC organization has agreed to support this effort. The group agreed to start small and evolve.

There would be an annual nomination for chair and co-chair. For this current year, Supervisor Adams will continue working in this capacity. But it will be important to institutionalize the network so that it doesn't disappear if someone leaves office.

Time would be set aside at both the legislative assembly and the general assembly for a meeting (and not at the crack of dawn).

Time would also be set aside at least one other time during the year in Sacramento for a CSAC women supervisor meeting which could occur following one of the Board of Director's meetings or be scheduled on a completely different day, for example: a Women Supervisor's retreat.

The Network would primarily serve as a welcoming, supportive environment for women supervisors with the goal of improving communication and education to facilitate an improved leadership presence of women in the CSAC organization.

Tasks to accomplish this would include:

- **Accessing a yearly updated contact list of all women supervisors in the state from CSAC staff.**
- **Contacting each newly elected woman supervisor with a welcome and information about how she can connect to the network.**
- **Providing a “mentor” or buddy system contact for women in the network**
- **Providing information electronically re: how to maneuver and navigate around and through CSAC, how to participate in committee work (there is a misconception that committee membership requires appointment to the Board of Directors), and other updates. Perhaps this means a quarterly email newsletter update or a Facebook page.**
- **Creating a profile page for our women Supervisors (again, perhaps through Facebook) and include the type of work we do in our counties and the areas we are interested in as policy makers.**
- **Requesting that the CSAC Institute provide some educational opportunities specifically directed toward issues of interest to women.**
- **Supporting women who wish to compete for leadership positions in CSAC whether it's a committee chair appointment or entering the officers' line-up.**

There was no interest at this time in looking at CSAC policy through the women's network other than to encourage more women to participate on committees and provide the lens through that already established mechanism.

Also, if there is any creative person out there who can come up with a better name for our group, we are open to suggestions.

Supervisor Carole Groom (San Mateo County) has kindly offered to help make calls.

Meeting regarding CSAC Women's Caucus, February 21, 2013
CSAC Conference Center

Present:

Susan Adams, Marin
Carre Brown, Mendocino
Merita Callaway, Calaveras
Doreen Farr, Santa Barbara
Carole Groom, San Mateo
Karen Mitchoff, Contra Costa
Judy Morris, Trinity
Susan Peters, Sacramento
Norma Santiago, El Dorado (by telephone)
Linda Seifert, Solano
Terry Woodrow, Alpine

Background:

Women supervisors met with Matt Cate and Jim Wiltshire to discuss the possible formation of an organization for women supervisors specifically for CSAC to address the need to create a stronger presence in the leadership of the organization from the many talented elected women. This initial conversation identified some commonalities, e.g. Lack of a personalized welcome call to newly elected supervisors, especially women supervisors. Women supervisors observed that women were not well integrated into the leadership of the organization (of 109 presidents in the history of CSAC, eight have been women). "It is intimidating whether you are male or female going through the first year; there is no welcome phone call from CSAC officers or delineation of guidelines on how to be part of the institution, join committees of interest and grow as an individual." When the officers are at functions with the board of directors or the body at large, there is a sense of being disconnected generally from the leadership who congregate to areas away from the rest. Some women expressed a sense of feeling ignored or marginalized at CSAC meetings.

During CSAC's past, there were informal gatherings for women at the biannual meetings. CEWAER played a big role in connecting with women supervisors, but they have morphed into the California Women Lead organization and have played less of a role for CSAC women supervisors. When Muriel Johnson was president of CSAC she hosted networking receptions for women supervisors and they discussed topics such as how to be successful in a male dominated environment.

Other than outreach by some women leaders in the organization over time, there has been no formalized attempt to address an underlying feeling many women have of isolation and elitism within the leadership. There hasn't been any concerted effort on the part of the organization to address women's issues specifically in the Leadership Institute or New Supervisors Orientation.

All agreed that some type of formalized group through CSAC should be available to the women supervisors with the goal of 1. improving gender representation in leadership positions in the organization and 2. allowing easier access for networking and information sharing specific to the concerns of the elected women supervisors. Matt Cate agreed to provide a venue and refreshments at a convenient time and within the conferencing locations for the Legislative assembly and for the General

assembly. He also agreed to look into adjusting some of the programming at the New Supervisors Orientation as well as the Leadership Institute.

Continued discussion needs to occur at the May Legislative conference about what form this group should take; e.g. a formal caucus with a formal structure and agenda, a loosely grouped gathering for networking and socializing or creating a hybrid of something in between. Should the group be organic and developed and led from within or should the group latch onto an already existing organization to create the framework? Who leads the group? How is she chosen? What is the line of communication to the staff and officers? Should there be formal presentations on topics of interest?

Possible tasks/goals:

1. Creating a template for a welcoming environment through a personal call and welcome to each new supervisor.
2. Creating networking opportunities.
3. Positioning women in the organization so that their voices and strengths are equally heard and incorporated.
4. Supporting leadership development on issues of importance to elected women through the Institute, training opportunities and New Supervisors orientations as well as mentoring by more senior women supervisors.
5. Enhancing existing programs to make women supervisors more welcome in the organization and knowledgeable on how to move into committee assignments and leadership positions.
6. Bringing in new women and supporting them when they are competing for leadership positions within the organization e.g. running for an officer position.
7. Setting policy within the CSAC organization that works toward gender balance and diversity in the appointments to committee leadership positions.

There are many qualified women in the organization but often not a proportionate number of them appointed to committee chairs or as officers.

Next steps

Staff will consider how to enhance the New Supervisors Orientation, Leadership Institute and provide programming at annual meetings to support integrating women into the organization more effectively and build leadership capacity. They will make room for meetings of a women's group at the meetings, starting with the meeting in May.



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95814

Telephone
916.327-7500

Facsimile
916.441.5507

To: CSAC Executive Committee
From: Matt Cate, Executive Director
Jennifer Henning, Litigation Counsel
Date: October 10, 2013
Re: Proposed Governance Policies

Background:

Changes in the tax code for non-profit associations include additions to the Form 990 tax form that inquire about governance policies for non-profit corporations. CSAC recently underwent its annual audit, and the audit report noted that CSAC has not adopted some of the policies that the IRS asks about on the Form 990. Adoption of the following policies is, therefore, recommended:

- Board of Directors Conflict of Interest Policy (Note that CSAC staff is already subject to a conflict of interest policy, which is included in the Employee Handbook.)
- Whistleblower Policy
- Form 990 Review Policy
- Executive Compensation Policy

While there is no statutory requirement that a mutual benefit non-profit corporation like CSAC have any of these policies, the IRS will be considering whether or not the policies are in place in determining which organizations to audit, the idea being that organizations with weaker governance policies have a greater risk of fraud or other abuses.

Recommended Action: Adopted the attached Conflict of Interest, Whistleblower, Form 990 Review, and Executive Compensation policies.

California State Association of Counties
Conflict of Interest Policy

Article I
Purpose

The California State Association of Counties (“CSAC”) is a California nonprofit mutual benefit corporation. Members of the Board of Directors (“Board Members”) of CSAC are subject to certain legal obligations in the performance of the duties of their position. For this reason, CSAC is establishing this Conflict of Interest Policy for its Board Members.

CSAC Board Members are required to exercise good faith in all transactions involving their duties, and they are subject to certain obligations not to use their position, or knowledge gained through their position, for their personal benefit. In their dealings with CSAC, Board Members should be mindful of potential conflict of interests.

Article II
Standard of Care

In determining potential conflicts of interest, the following standard of care shall be applicable:

- A. Board Members shall perform their duties in good faith, in a manner they believe to be in the best interest of CSAC, with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under the circumstances.
- B. Board Members are required in their capacity as members of a Board of Supervisors to receive training on ethics and conflicts of interest that satisfies the requirements of AB 1234. Board Members shall perform their duties in a manner consistent with the principles addressed in this training.
- C. Board Members are entitled to rely on the information, opinions, reports or statements (including financial statements and other financial data) prepared or presented by officers or employees of CSAC, independent accountants, and other experts who provide professional services to CSAC, provided that Board Members believe such individuals are reliable and competent, and that the matters on which they present are within their professional or expert competence. Board Members may also rely on the information, opinions, reports or statements of any committee of the Board of Directors with respect to matters within that committee’s designated authority if Board Members believe the committee merits their confidence. Board Members are entitled to rely on the information, opinions, reports or statements of any person, firm, or committee if, after reasonable inquiry when the need therefore is indicated by the circumstances, they have no knowledge that would cause such reliance to be unwarranted.

Article III
Conflicts and Disclosure

- A. Board Members are necessarily involved in the affairs of other institutions and organizations. Effective boards and organizations will include individuals who have relationships and affiliations that may raise questions about perceived conflicts of interest. Although many such potential conflicts are and will be deemed inconsequential, every Board Member has the

responsibility to ensure the entire Board of Directors is made aware of situations that involve personal, familial, or business relationships that could create a real or perceived conflict of interest. Every Board Member is also a member of a Board of Supervisors for a County in the State of California, and their counties pay dues to support CSAC. Decisions by Board Members related to setting dues for CSAC membership is deemed not to be a conflict of interest. Board Members are required annually to be familiar with the terms of this policy, and to acknowledge by his or her signature that he or she is acting in accordance with the letter and spirit of this policy.

B. Board Members are required to make a full disclosure to the Board of Directors of all material facts regarding any possible conflict of interest, to describe the transaction, and to disclose the details of their interest. CSAC shall, as appropriate, seek the opinion of legal counsel and such other authorities as may be required, before entering into any such transaction. Before approving a transaction in which a Board Member may have a conflict of interest, the Board of Directors will attempt, in good faith and after reasonable investigation under the circumstances, to determine that:

- (1) CSAC is entering into the transaction for its own benefit;
- (2) The transaction is fair and reasonable as to CSAC at the time CSAC entered into the transaction;
- (3) The Board of Directors has knowledge of the material facts concerning the transaction and the director's or officer's interest in the transaction; and
- (4) CSAC cannot obtain a more advantageous arrangement with reasonable effort under the circumstances.

The Board of Directors must then approve the transaction by a vote of a majority of the Board of Directors then in office, without counting the vote of any director who may have a conflict of interest due to the transaction under consideration.

**CALIFORNIA STATE ASSOCIATION OF COUNTIES
CONFLICTS OF INTEREST DISCLOSURE STATEMENT**

I hereby certify that I have carefully read and hereby acknowledge receipt of a copy of this Conflict of Interest policy. In signing this Disclosure Statement, I have considered not only the literal expression of the policy, but also what I believe to be the spirit of the policy as well. To the best of my knowledge, information and belief, I hereby certify that, except as stated in the exception below, neither I nor any of my relatives by blood or marriage has any direct or indirect interest that conflicts with the interests of CSAC.

The exceptions are as follows (if more space is required, please attached additional page[s]; if no exceptions, please leave space blank):

If any situation should arise in the future that, as discussed in the policy, may involve me or my relatives by blood or marriage in a conflict of interest, I will promptly disclose the circumstances to the Board of Directors of CSAC.

Date: _____

Signature

CALIFORNIA STATE ASSOCIATION OF COUNTIES
EXECUTIVE COMPENSATION POLICY

I. Purpose

The California State Association of Counties ("CSAC") is a California nonprofit mutual benefit corporation. The Executive Director of CSAC is CSAC's principal representative and the person responsible for CSAC's efficient operation. Therefore, it is the desire of CSAC to provide a fair yet reasonable and not excessive compensation for the Executive Director

II. Setting and Reviewing Compensation

CSAC's Executive Committee has the authority to set the Executive Director's compensation. The initial salary is set in the terms of an employment contract, and is reviewed annually by the Executive Committee. In setting and reviewing the Executive Director's salary, the Executive Committee will, to the extent reasonably available, rely upon appropriate data that documents compensation levels and benefits for similarly qualified individuals in comparable positions at similar organizations. This data may include the following:

1. Salary and benefit compensation studies by independent sources;
2. Written job offers for positions at similar organizations;
3. Documented telephone calls about similar positions at both nonprofit and for-profit organizations;
and
4. Information obtained from the IRS Form 990 filings of similar organizations.

If the Executive Committee does not have data as to comparability, it should document in the minutes any other bases for believing the executive compensation is reasonable.

CALIFORNIA STATE ASSOCIATION OF COUNTIES
FORM 990 REVIEW PROCESS AND DISCLOSURE POLICY

The California State Association of Counties (“CSAC”) is a California nonprofit mutual benefit corporation, which is required to annually file a Form 990 with the Internal Revenue Service. This policy establishes the process for Board of Directors review of the Form 990.

The Form 990 will be completed annually and copies will be provided to the Executive Committee of the Board of Directors, including significant schedules, prior to the submission of the form to the Internal Revenue Service. CSAC staff and professional accountants will update the form as necessary to respond to comments from the Executive Committee members. Once all of the necessary changes are made, the Form 990 will be signed by CSAC’s Executive Director, dated and submitted by the filing deadline. A copy of the final Form 990 will be provided to the Board of Directors, and will be made available to the public upon request.

CALIFORNIA STATE ASSOCIATION OF COUNTIES
EMPLOYEE PROTECTION (WHISTLEBLOWER) POLICY

(to be added to the CSAC Employee Handbook)

The purpose of this policy is to support the California State Association of Counties' (CSAC) goal of legal compliance. The support of all employees is necessary to achieve compliance with various laws and regulations. An employee is protected from retaliation when the employee brings the alleged unlawful activity, policy, or practice to the attention of CSAC and provides the CSAC with a reasonable opportunity to investigate and correct the alleged unlawful activity.

If any employee reasonably believes that some policy, practice, or activity of CSAC is in violation of law, a written complaint must be filed by that employee with CSAC's Executive Director or with the President of the Board of Directors. The employee will be notified about what actions will be taken. If no further action or investigation is to follow, an explanation for the decision will be given to the employee.

CSAC will not retaliate against an employee who in good faith has made a protest or raised a complaint against some practice of CSAC, or of another individual or entity with whom CSAC has a business relationship, on the basis of a reasonable belief that the practice is in violation of law, or a clear mandate of public policy.

CSAC will not retaliate against employees who disclose or threaten to disclose to a supervisor or a public body, any activity, policy, or practice of CSAC that the employee reasonably believes is in violation of a law, rule, or regulation mandate by law, or is in violation of a clear mandate of public policy concerning the health, safety, welfare, or protection of the environment.



**California State Association of Counties
1100 K Street, Suite 101
Sacramento, CA 95814
(916) 327-7500**

Date: September 25, 2013

To: CSAC Executive Committee

From: David Liebler, Deputy Director, Public Affairs & Member Services

Re: CSAC Communications Unit Report -- 2013

CSAC Communications Unit has had a busy 2013, working to support the efforts of our legislative team, highlight our member counties' most innovative and effective programs, and keep our members informed of important issues in Sacramento and elsewhere that impact county work.

Our media efforts were enhanced with the hiring of Gregg Fishman as our communications coordinator in the fall of 2012. His strong media background, combined with the media savvy of Executive Director Matt Cate and our senior legislative team, has increased CSAC's visibility and reliability with the Capitol Press Corps and media statewide. Our numerous communications activities undertaken this year have helped to enhance CSAC's position as the "Voice of California Counties."

Ongoing Media Work

In light of the significant legislative issues facing CSAC this year, a strong media strategy and implementation was vital. Pro-active news media work in 2013 has centered on two main issues: the Affordable Care Act (ACA) and the SB 594. In both cases, CSAC helped form coalitions that worked cooperatively to bring media attention to bear on the issue. However, during the past year, we also issued 18 press releases or media statements on topics ranging from hiring a new Executive Director to Board support for the Governor's plan to reduce prison overcrowding.

CSAC planned and conducted a full-on media campaign around the ACA issue, including editorial board meetings and placing dozens of stories and op-ed pieces in most of the State's major newspapers. CSAC's subject-matter experts were in frequent demand by the news media to explain and comment on the intricacies of the issue. We believe strongly that the overwhelmingly positive media coverage over the course of the ACA negotiations helped soften the Administration's stance leading to a far more positive outcome than the original proposal.

Similarly, branding SB 594 as a gut-and-amend power play, rather than as the "transparency" bill its proponents claimed played a key role in getting the proponents to negotiate an agreement that is far better for CSAC than the original bill. CSAC-conducted joint news conference a few days before a key legislative hearing and the sheer

size and scope of the coalition was a significant factor in getting the opposition to the negotiating table. The resulting amendments allowed CSAC to move from vociferous opposition to supporting the bill.

CSAC strives to be helpful, responsive and timely with the news media, in the firm belief that we get better coverage in the long run through this approach. Media work in 2013 included responding to hundreds of requests for information and interviews on topics ranging from the Affordable Care Act, Public Safety Realignment and Redevelopment to Proposition 30 and the California Public Records Act and unfunded mandates.

We also wrote more than a dozen letters-to-the-editor of various newspapers on behalf of CSAC President David Finigan in praise of county programs that had been previously mentioned in articles in that paper. This new "Letters for our Friends" program have been very successful and resulted in positive feedback from the local media as well as county supervisors and staff members. We plan to enhance this program in the months ahead.

Enhanced Use of Technology & Social Media

CSAC enhanced our use of social media outlets as a regular and effective method for reaching our targeted audiences.

- **Twitter** – This has rapidly become one of the most effective and influential communication tools CSAC uses to reach various audiences, particularly within the Capitol and Capitol Press Corps. CSAC now has 3,000 followers and the number increases daily. CSAC tweets are often retweeted, significantly magnifying the delivery of our messages, press releases, etc.
- **YouTube** – CSAC Communications has been increasingly using video as a tool to connect with our members, media and public. In 2013, we produced 28 videos, and we have a number more planned over the next few months. Overall, the CSAC YouTube Channel has had more than 14,700 views. Beyond videos highlighting our major conferences and the Challenge Award-winning programs, we have produced a series on Smart Justice and have begun using video to provide legislative updates and calls to action.
- **Facebook** – We continue to use Facebook, but recognized that its audience can be fairly limited. Nonetheless, it is a good place to provide links to more of the county related human-interest stories, as well as to promote CSAC photos.
- **The County Voice** – CSAC's blog continues to be an avenue for staff and other contributors to discuss county-related issues and news in a more personal writing style. Content has covered a wide variety of issues, from legislative, to CSAC programs, to upcoming CSAC events and courses. Blog postings are usually posted on our Facebook page, as well as posted on our Website's home page.
- **Website** – The newly redesigned and packaged CSAC Website, rolled out last fall, continues to assist us significantly in our ongoing communications efforts. The new site provides us an opportunity to post latest news, our blog postings, photos, videos and upcoming events. It provides a great opportunity to spotlight our legislative activities, Institute courses, Finance Corporation and major meetings. Since the first of the year, we have had more than 100,000 visitors to the site, and more than 425,000 pages views.

Keeping our Members Informed

CSAC utilizes a number of communications methods, primarily through email, in order to keep our membership informed. This allows us to reach a vast readership quickly, efficiently and inexpensively.

- **The CSAC Bulletin** – This continues to be our primary source of communication with our members and other interested in county government. Through August of this year, we had produced 29 bulletins; each electronic publication is distributed via email to approximately 3,200 individuals. Major content focuses on legislative and state budget issues; latest information on CSAC Conferences and Institute courses is also regularly highlighted.
- **Regular Email Blasts** – CSAC sends our membership regular eblasts on a variety of important events, including upcoming Institute Courses, major CSAC Conferences and events (eg. Challenge Awards). This is the primary – and effective – way of alerting our membership. For example, we often see spikes in registration for Institute courses and major conferences immediately after a blast.

Telling the County Story

The challenge for County communicators throughout California and the country is how to effectively tell the “county story.” We have learned that video is an extremely useful media to enhance our storytelling.

- **Smart Justice Video Series** – In 2013, CSAC began developing its own Smart Justice video series that was rolled out in conjunctions with National County Government Month, which had a theme this year of Smart Justice. In Phase 1, we produced videos featuring AB 109 best practices developed by four counties (Glenn, San Bernardino, San Mateo and San Joaquin). We are currently producing videos featuring specific programs developed by Colusa, Contra Costa, Marin, Merced, San Bernardino and Ventura. These videos show how counties are being innovative and proactive in reducing recidivism and making our communities safer. They were widely viewed in California, received recognition from NACo as well as the Governor’s Office and Administration.
- **Challenge Awards** – CSAC once again used our annual awards program as a venue for spotlighting county best practices. During the summer, CSAC Communications rolled out videos and accompanying blogs for each of the top award-winning programs. Overall, 13 programs from 10 counties were profiled. This provided a great opportunity to highlight a wide variety of innovative work conducted by counties in departments ranging from social services and parks to probation and housing.

Summary

The CSAC Communications Unit continues to explore new ways to reach our internal and external audiences. For example, we plan to boost our in-house video capabilities so we can increase our usage of this communications tool at little cost. We are testing a mobile app for our Website to make it easier for individuals to find information on our website via their smart phones. It is our goal to continue to be on the cutting edge of communications techniques and technology as we complement our legislative efforts and promote the great work of our counties.



**California State Association of Counties
1100 K Street, Suite 101
Sacramento, CA 95814
(916) 327-7500**

Date: September 25, 2013

To: CSAC Executive Committee

From: David Liebler, Deputy Director, Public Affairs & Member Services

Re: CSAC 119th Annual Meeting – Status Report

CSAC staff is excited about the program that has been developed for our 119th Annual Meeting, scheduled for November 19-22 in San Jose, Santa Clara County. The theme this year is “Healthy Counties, Healthy California.” During the week, we will look at the many ways we can enhance and maintain our counties’ health: through the programs they offer, through the economy, through technology, and through county leadership and their staffs. Attendees will have an opportunity to receive updates on landmark programs, such as public safety realignment and the Affordable Care Act; they can join the ongoing discussion on vital issues that impact our communities, such as water and homelessness; and you can learn about ways to improve the health of county employees and communities.

We are pleased to have a dynamic lineup of speakers:

- Tuesday Kick-Off Session: **Herschel Walker**, Former NFL star/mental health awareness advocate
- Wednesday, General Session: **Maria Hinojosa**, Emmy Award-winning journalist
- Thursday General Session: **David Berson**, Economist from our Corporate Partner Nationwide
- Thursday Luncheon: **Kamala Harris**, California Attorney General

We are also pleased to have **Inocente**, the subject of an Academy Award-winning documentary focusing on a homeless teen struggling to turn her dreams into reality, be part of our workshop on homelessness. We are also working to get approval to show the film the evening before.

Our workshop lineup features eight sessions that focus on key issues to counties:

- Affordable Care Act: Preparing for Change on the Eve of Health Care Reform
- A CSAC Dialogue on Water
- 2011 Realignment: Exploring Innovative County Approaches
- Healthy Communities: Improving Wellness and the Bottom Line
- Homelessness in California: What's Working?
- Leveraging Funding and Tools to Create Safe and Healthy Communities
- Travel and Tourism: An Important Part of a Healthy Economy
- Social Media: Balancing Risk, Transparency and Innovation

Other key elements of the Conference:

- The **2nd Annual Innovation Summit** is set for Tuesday morning.
- The **CSAC Institute** will be conducting four courses in conjunction with the meeting.
- We will be providing useful technology, such as an **Annual Meeting app and free Wi-Fi.**
- We will help to kick off the **County Engineers Association's 100th Anniversary Celebration.**
- Our **major affiliates** – Clerks of the Board, County Engineers, CAOs and County Counsels – will once again be meeting in conjunction with CSAC.

Attendance is right on track for past two years. We are optimistic we will hit our attendance and revenue projections.

We look forward to seeing you in Santa Clara County!