



CALIFORNIA
SOCIETY *of* MUNICIPAL
FINANCE OFFICERS

Dedicated to Excellence in Municipal Financial Management

2010 ANNUAL REPORT

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RONNIE CAMPBELL, PRESIDENT

2010 Board of Directors

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President Elect

Scott Johnson, City of San Jose

Past President

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Elizabeth Cardwell, Meetings & Membership Specialist

Justin Lewis, Director of Technology

Michelle McIntosh, Association Services Assistant

“We promote excellence in financial management through innovation, continuing education and the professional development of our members. CSMFO members are deeply involved in the key issues facing cities, counties, and special districts in the State of California....”

2010 Annual Report

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President's Message

Ronnie Campbell, City of Camarillo

“A leader is best when people barely know that he exists. When his work is done, his aim fulfilled, they will all say, ‘We did it ourselves.’” - Lao-tzu

It takes effective leadership to operate an organization such as CSMFO. For the past year, I have had the awesome opportunity to serve as President of this 53-year-old association of finance professionals encompassing all parts of this great state of California. In this capacity, I have been capably assisted by an incredibly talented Executive Committee, Board of Directors, Committee Chairpersons, Committee Vice-Chairs, Chapter Representatives and administrative staff from Smith Moore & Associates. Collectively, this is the leadership that has allowed CSMFO to accomplish many great things detailed in this Annual Report.

Following are just a few of the major accomplishments for 2010:

- (February 2010) Produced an Annual Conference in Los Angeles that provided “Exceptional Education and Training” to an audience in excess of 700. Keeping in tradition, the conference featured several keynote speakers including Former Speaker of the Assembly, the Honorable Willie Brown, Los Angeles Mayor Antonio Villaraigosa, Noted Economist Christopher Thornberg, and a host of others. As you will note on the financial portion of this report, this conference was well within budget and subsequently provided an economic return to the general operations of CSMFO.
- (April 2010) Partnered with Michael Coleman to provide consultant services to CSMFO. The general scope of services provides for training and educational presentations at our Annual Conference, Weekend Training, Legislative Symposium and selected Webinars. Additionally, he responds to CSMFO listserv inquiries related to the state budget, fiscal legislation and revenue and taxation law, practice, and history.
- (April 2010) Partnered with the League of California Cities to once again provide support to effectively pass legislation to protect local government revenues. With the passage of Proposition 22, this represents a two-time effort that CSMFO has been in a supportive role in helping the League to protect local government revenue. Back in 2005, we were very supportive of its efforts with Proposition 1A.
- (August 2010) Convened a Budget Sub-Committee to focus on the operational budget of the organization. This sub-committee, led by Margaret Moggia, was tasked to focus on a minimum five-year horizon and provide revenue options to President-Elect Scott Johnson for consideration when developing his budget for the upcoming year. New and innovative solutions were the result of this sub-committee's effort.
- (September 2010) Presented a clean (unqualified) opinion on the financial statements for the year that ended December 31, 2009 to the Board of Directors.
- (October 2010) Launched a newly redesigned website that represents the collective efforts of our Technology Committee. Details of tremendous accomplishment are contained within the “Committee Activities” section of this report.

The Annual Report lists the major goals and objectives that were adopted by your leadership for the year 2010. In summary they focused on three points:

1. Training and Professional Development
2. Organizational Vitality
3. Strategic Relationships

Each member of the Executive Committee provided leadership on accomplishing those objectives and provides detail of their progress throughout this report. Goals for the year 2011 will focus on the following broad areas:

1. Organizational Vitality
2. Strategic Relationships
3. Training and Professional Development

The Annual Report represents the cumulative efforts of your leadership team and the general membership, accomplishments of the past year. Please take a moment to review each section. In the Finance section, you will see the programs your resources enabled this organization to accomplish on an annual basis. Review the varied activities of the regional chapters to see the wide range of training that takes place across this state on a monthly basis. Peruse the Committee and League Policy Committee sections to see what the appointed leadership of this organization is accomplishing throughout the year. You will be, as I was, amazed at the tremendous amount of work that is performed throughout the year, largely due to volunteer efforts.

Continued on next page

President's Message continued

I have discovered that the leadership of this organization has a passion for CSMFO. I originally became involved because I have a passion for education and learning. With more than 13 years of involvement, that passion has not grown dim.

As I close, I would encourage you to become a part of the leadership of CSMFO. There are many ways that you can become involved at a level that is both comfortable for you and manageable with your current workload. If you are in attendance at the Annual Conference, stop by the CSMFO booth. Find out from other volunteers how you can become involved and assist us in making a difference. Thank you for the opportunity and privilege of having served as your President for 2010. This has been an incredible experience.

“To accomplish great things, we must dream as well as act.” - Anatole France

About CSMFO

While CSMFO is largely a volunteer organization, we also contract for administrative and other services as needed. We could not, however, be as successful as we are without the dedication and assistance of finance professionals like you who volunteer your time to strengthen municipal financial management throughout the state.

The following is a summary of how CSMFO is organized and how the delivery of high quality, affordable services is accomplished.

Board of Directors:

CSMFO is governed by a nine-member Board composed of three officers – President, President-Elect and immediate Past President – along with six at large Board members (three from Northern California and three from Southern California), who are elected by active membership. The role of the Board of Directors is to set the course and direction for the organization. Since 1989, this has been accomplished at the Board's Annual Retreat or Goal-Setting Workshop. In recent years, this workshop has resulted in the adoption of goals and formal objectives with detailed work programs that clearly identify what we are going to do, who is going to do it, and when it will be accomplished.

Committees:

Much of the work of CSMFO is accomplished through eight standing committees: Administration; Annual Seminar; Budget & Management Reporting; Career Development; Fiscal Policy; Membership Benefits; Professional & Technical Standards; and Technology. Each committee is led by a chair, senior advisor and at least one vice-chair. The President appoints these positions.

Chapters:

Regional chapters are the backbone of our organization. There are 20 chapters that meet on a regular basis and provide an opportunity for exchanging ideas, learning through technical presentations and discussing professional problems with colleagues. Each chapter elects their Chapter Chair who plans, coordinates and presides over meetings.

Contractual Services:

Although CSMFO is primarily a volunteer organization, we contract for services when we need specialized help or expertise. Teri Anticevich of Meetings and Management Services, Inc., provided support for the Annual Seminar. Beginning January 2009, Smith Moore & Associates was hired to help CSMFO accomplish its mission and goals. CSMFO evaluated its professional association services needs and determined our organization needed an association management company with a broader base of full-time staff available to help meet the complex needs of our growing organization.

Summary of CSMFO Goals for 2011

Results of Strategic Planning Session, September 30, 2010.

Action Objectives	Follow-up Roles and Resources	Key Factors for Success
1. Training and Professional Development <ul style="list-style-type: none"> Research opportunities available elsewhere for like-organization collaboration Think strategically about where and how to deliver services to expand audiences Market CSMFO to other organization and buy from others 	<ul style="list-style-type: none"> Create liaisons with other organizations Coordinate with Thomas Fil and connections with CMTA Career Development Committee to lead Use Resource Matrix as a tool 	<ul style="list-style-type: none"> Learn more about one another Clearly identify alternatives Provide right training programs Buy in from other organizations Agreements
2. Boosting Chapters as focal point and deliver vehicle <ul style="list-style-type: none"> Complete “census” or survey within Chapters of agency membership and participation 100% of Chapters holding events 	<ul style="list-style-type: none"> Past President and Board members Ask Chapter Chairs to contact agencies within Chapter for participation Chapter Chair Support Program Roll out of CSMFO-wide there (e.g. new website) to stimulate interest 	<ul style="list-style-type: none"> Personal commitment of Board Seed funding to renew /boost a Chapter’s vitality Be creative about alternative or virtual delivery
3. Marketing CSMFO membership to non-participating agencies <ul style="list-style-type: none"> Complete database (including non-participants) Clarify target audience Contact 25 agencies without members to determine interest in joining 	<ul style="list-style-type: none"> Membership Committee Chapter Chairs to implement Career Development information about resources available to serve needs Offer clear tracks at conferences Review membership drive 	<ul style="list-style-type: none"> Database of finance directors in California Clarify target: mid and senior finance managers (clear value proposition)
4. Expanding pool of CSMFO volunteers <ul style="list-style-type: none"> Each Board member and Chapter Chair identify one volunteer 	<ul style="list-style-type: none"> Committee Chairs and Board Liaisons MiniNews Chapter meetings E-mail blasts Conference booth - raffle prize 	<ul style="list-style-type: none"> Personal contacts Easy to engage Clear and rewarding roles to play
5. Identifying and reviewing cost-saving efficiencies <ul style="list-style-type: none"> Identify and implement three cost-saving measures 	<ul style="list-style-type: none"> Smith Moore & Associates identify options Administration Committee to decide Host Committee 	<ul style="list-style-type: none"> Balanced budget
6. Increase revenues to support member benefits <ul style="list-style-type: none"> Identify and evaluate potential revenue models and feasibility 	<ul style="list-style-type: none"> Admin and Board Host Committee Smith Moore & Associates develop options for membership fees with Membership Committee 	<ul style="list-style-type: none"> Clear values proposition for the revenues Effective cost recovery Sustained or increased participation

Major CSMFO Goals for 2010

Results of Strategic Planning Session, October 1, 2009.

Action Objectives	Follow-up Roles and Resources	Ideas and Comments
1. Training and Professional Development a. Review survey results and develop plan for 2010. b. Evaluate the idea of certification for para-professionals c. Provide CPEs to support members' CEU needs and provide recognition for completion of training. d. Explore expansion of more convenient access to GFOA training and testing.	▪ President - Elect Scott Johnson a. Career Development Committee b. Leverage other groups e.g. CAPO, CMRTA, PARMA, CMTA	a. Expand webinars, webcasts. b. Explore para professional training to boost skills and knowledge as well as involvement, e.g. payroll, purchasing, project mgmt., federal grant reporting [need Fin. Dir. leadership or mentoring]; consider PARMA model of certification and training and track at conference to support certification. b. Survey Fin. Dirs. for interest in outline of para-professional training and certification.
2. Organizational Vitality a. Enhance marketing of profession and benefits of membership in CSMFO. b. Develop succession planning for CSMFO organizational leadership and ways to engage retirees productively.	▪ President Ronnie Campbell a. Membership Committee; "Pipeline" group, GFOA Review article b. Executive Committee and Past Presidents Group	a. Explore work-study opportunities with universities a. Consider making CPE credit eligibility contingent on membership in CSMFO. a. Explore group membership rates for agencies. a. Clarify roles of Board members, senior advisors, and liaisons. b. Develop "governance" handbook. b. Mentor new leaders.
3. Strategic Relationships a. Continue to pursue CSMFO-CMTA collaboration. b. Strengthen links with League of CA Cities. c. Examine relationship with GFOA and opportunities to contribute to and guide direction of policy. d. Cross-link professional development opportunities. e. Continue support for enhanced role and effectiveness of Chapters.	▪ Past President Thomas Fil a. Executive Committee; Thomas Fil b. Executive Committee	b. Be proactive on policy direction; e.g. tax reform, State budget. b. Clarify roles of liaisons and communication with membership. b. Establish strategic perspective. b. Strengthen link with CA GFOA representatives.
Continuing Objectives ▪ Complete website redesign to enhance functionality for members and integration.	▪ Technology Committee	

Goal Progress Reports

President's Goal Report

Ronnie Campbell, City of Camarillo

Annually, the leadership of CSMFO, (Officers, Directors, Committee Chairs, Vice-Chairs, Senior Advisors and Chapter Representatives) is invited to collectively participate in a Strategic Planning Session. In October 2009, the group met and discussed the current status of the association and collectively established goals that would guide this organization into the future. In September 2010, the Board adopted the following priorities:

- Training and Professional Development
- Organizational Vitality
- Strategic Relationships

Consistent with past practice, each member of the Executive Committee was then tasked to champion one of the priorities toward completion in the year 2010. President-Elect Scott Johnson was responsible for the first; Past President Thomas Fil for the third; and I was responsible for the second. Each of them will provide you a synopsis of their accomplishment in the sections that follow.

One of the primary objectives of my goal was to enhance marketing of the procession and benefits of membership in CSMFO. Brent Mason and members of the Membership Benefits Committee deserve a great deal of credit in helping to achieve this goal. A membership brochure was revised during 2010. Brenda Charles, Member of the Career Development Committee, Agnes Walker, Vice-Chair of the Administration Committee, and several others, utilized this brochure as an outreach tool at several local college career fairs. Additionally, we utilized this brochure as a marketing tool at the CSMFO booth that was unveiled at the 2010 Conference in Los Angeles. Christy Pinuelas, Board Member-South, spearheaded the design and production of a CSMFO booth, that is now annually a part of the Exhibitors Showcase at our Annual Conference, to provide non-members information about the member benefits of CSMFO. Additionally, this booth can be taken to display and provide membership information at other organizations that the Board would deem appropriate.

A secondary objective of this goal was to develop succession planning of the CSMFO Organizational Leadership, and engage retirees more productively in this transition phase. With that, we have “retained” the professional talent and involvement of several of our recent retirees through continued involvement with our committee appointments and training programs. Additionally, several of our recent retirees have been working on special projects with our Executive Committee to augment the archives of our organization so that valuable knowledge is retained in our CSMFO database for appropriate retention.

A third emphasis of this goal was to retain a strong financial model for CSMFO to utilize in the future. To accomplish this goal, a progressive plan was launched to review all major contractual relationships in which the association was or is engaged, and to ensure relevant economic benefit to both parties. Major contracts that are routinely negotiated during the Annual Conference were reviewed in detail for 2010, and renegotiated to the economic benefit of CSMFO when and where possible. Additionally, a Budget Subcommittee was formed in September 2010, led by Margaret Moggia, to provide input into the budget process for 2011. Several of the suggestions of that subcommittee have been incorporated into the 2011 Budget, or referred to the Executive Committee for further discussion and appropriate action in the future.

Thank you to the Executive Committee, Committee Chairs and Vice-Chairs, 2010 Host Committee, and all members of CSMFO for your participation in achieving the objectives of this goal. Collectively each of you has helped to advance and ensure “Organizational Vitality” for this CSMFO organization. As we move ahead in 2011, I look forward to transitioning into my role as Past-President, and look forward to supporting Scott Johnson and Laura Nomura as they lead this organization forward as 2011 President and 2012 President-Elect, respectively.

President-Elect's Goal Report

Scott Johnson, City of San Jose

As President-Elect for CSMFO, I was responsible for maintaining training and professional development for our members, as well as serving as the Co-Chair of the Host Committee for the 2011 Annual Conference. First, I would like to extend a special note of thanks to Margaret Moggia, the current chair of the Career Development Committee, as well as the other members of the Committee who have done an outstanding job continuing to provide and facilitate excellent training resources for our membership. The results of the efforts completed in 2010 by the Career Development Committee include:

- Technical training courses for introduction and intermediate government accounting
- The Annual Weekend Training
- Webinars and video conferences
- Hot topic bridge calls
- The Coaching Program
- Presentation skills

These training resources have been invaluable to all of us in the municipal finance profession in enhancing our professional development skills. More specific details about these programs, as well as what to expect in the future regarding the training programs, are included in the Career Development Report. Regarding the Annual Conference in February, it has been an honor and privilege to work with such a great group of folks on the Host Committee in conjunction with the Conference Program Committee. I am very excited about the Annual Conference, which has developed into a great training venue to our members and will prove to be a very successful training opportunity, as well as provide some much needed “fun time” for all of us.

Finally, I am thankful and continue to be honored to participate in such an outstanding association, and I am excited as the incoming President for the 2011 year to continue our mission in promoting excellence in financial management through innovation, continuing education and the professional development of our members. I look forward to continuing to participate in this great group of professionals and in enhancing each member's professional development opportunities with CSMFO.

Past President's Goal Report

Thomas Fil, City of Belmont

Annually, the CSMFO Board performs a strategic planning effort and adopts goals and objectives for the organization. For the past few years, those objectives have been assigned to members of the Executive Committee to lead and manage with support coming from Board members, Committees, Chapters and Smith Moore & Associates.

For 2010, the Board identified strategic relationships as a major goal with the following action steps for the Past President to help guide:

1. Continue to pursue CSMFO-CMTA collaboration
2. Strengthen links with League of CA Cities
3. Examine relationship with GFOA and opportunities to contribute to and guide direction of policy
4. Cross-link professional development opportunities
5. Continue support for enhanced role and effectiveness of Chapters

I'm pleased to report that our strategic relationships with CMTA, League of California Cities, CalPSA, CDIAC, MMANC/MMASC, GFOA and others are excellent. Much time and resources were spent on joint collaboration and problem solving with these organizations during the year.

CSMFO-CMTA Collaboration:

The Board adopted a recommendation leading to CSMFO and CMTA jointly holding their conferences in 2014 with integration and cooperation beginning as soon as 2012.

League of California Cities:

CSMFO assisted the League with the passage of Proposition 22. Regular triennial meetings are being held to share information for the betterment of the members.

Continued on next page

Past President's Goal Report continued

GFOA:

Outreach has taken place between our Executive Committee and GFOA's Executive Board. GFOA is now actively recruiting our members to serve in their organization. Most notably, our own Julia Cooper, Assistant Director of Finance for the City of San Jose, is serving on GFOA's Executive Board.

Cross-linking professional development opportunities continues to be a long-term objective. I'm very encouraged by the progress made so far by the Membership Committee to connect with colleges and universities throughout the state to get the word out about the high calling of our service. These efforts will bear fruit in the future, as graduates consider municipal government finance as a career path.

Last year, Past President Viki Copeland raised the bar for CSMFO in providing guidance, direction and support to our CSMFO chapters. As a consequence of her efforts, I found the effectiveness of the Chapters during 2010 to be truly remarkable. The devotion of the Chapter Chairs to the mission of this organization and enhancement of the member experience was top notch.

Joint Chapter Meetings:

Many chapters are holding joint meetings, either with another chapter or with CMTA, and, as an outcome, members are enjoying network and educational opportunities that otherwise would not be possible.

Inter Chapter Collaboration on Topics and Speakers:

Again, building upon the success of last year, the inter chapter collaboration on suggesting meeting ideas has been phenomenal. The information flow resulting in the exchange of topics, sharing of best practices and programmatic brainstorming has been superb. It has been a year of remarkable chapter success and we should all give credit to our Chapter Chairs for their efforts. To that end, I would be remiss if I didn't point out Josh Betta, Agnes Walker, Carrie Corder, Ronnie Wong, Stefani Daniell, Catherine Haywood, and Pamela Arends-King for special recognition. These folks are amazing and they have been tireless in their efforts to bring the members the very best chapter experience possible. In fact, I can't wait to join Josh at a San Gabriel Valley Chapter meeting for a little impromptu musical gig!

In closing, I want to thank the Executive Committee, Board, Committee members, Chapter Chairs, Melissa Dixon and the Smith Moore & Associates staff, and all of you for making my term as your Past President a wondrous journey. It was an honor to serve you in 2010!

Membership and Financial Information

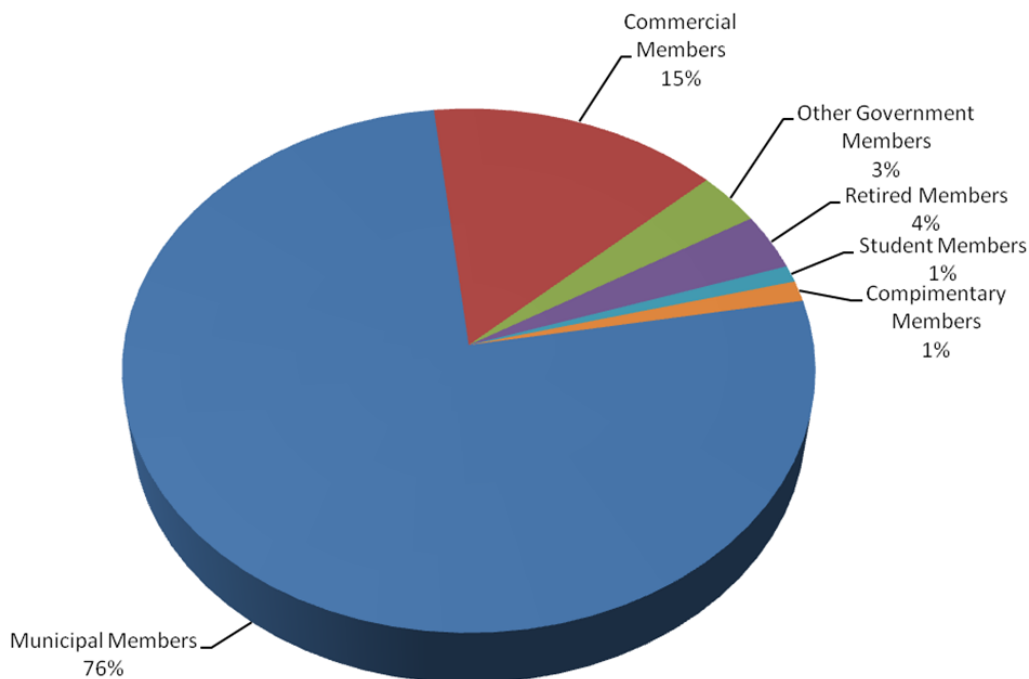
CMSFO Annual Membership

Year	Municipal Member	Commercial Member	Other Gov't Member	Retired	Student	Complimentary	Total
2010	1,264	248	55	58	17	21	1,663
2009	1,288	255	45	45	14	18	1,665
2008	1,362	268	40	41	9	17	1,737
2007	1,158	204	21	28	1	14	1,426
2006	986	204	4	17	1	22	1,234

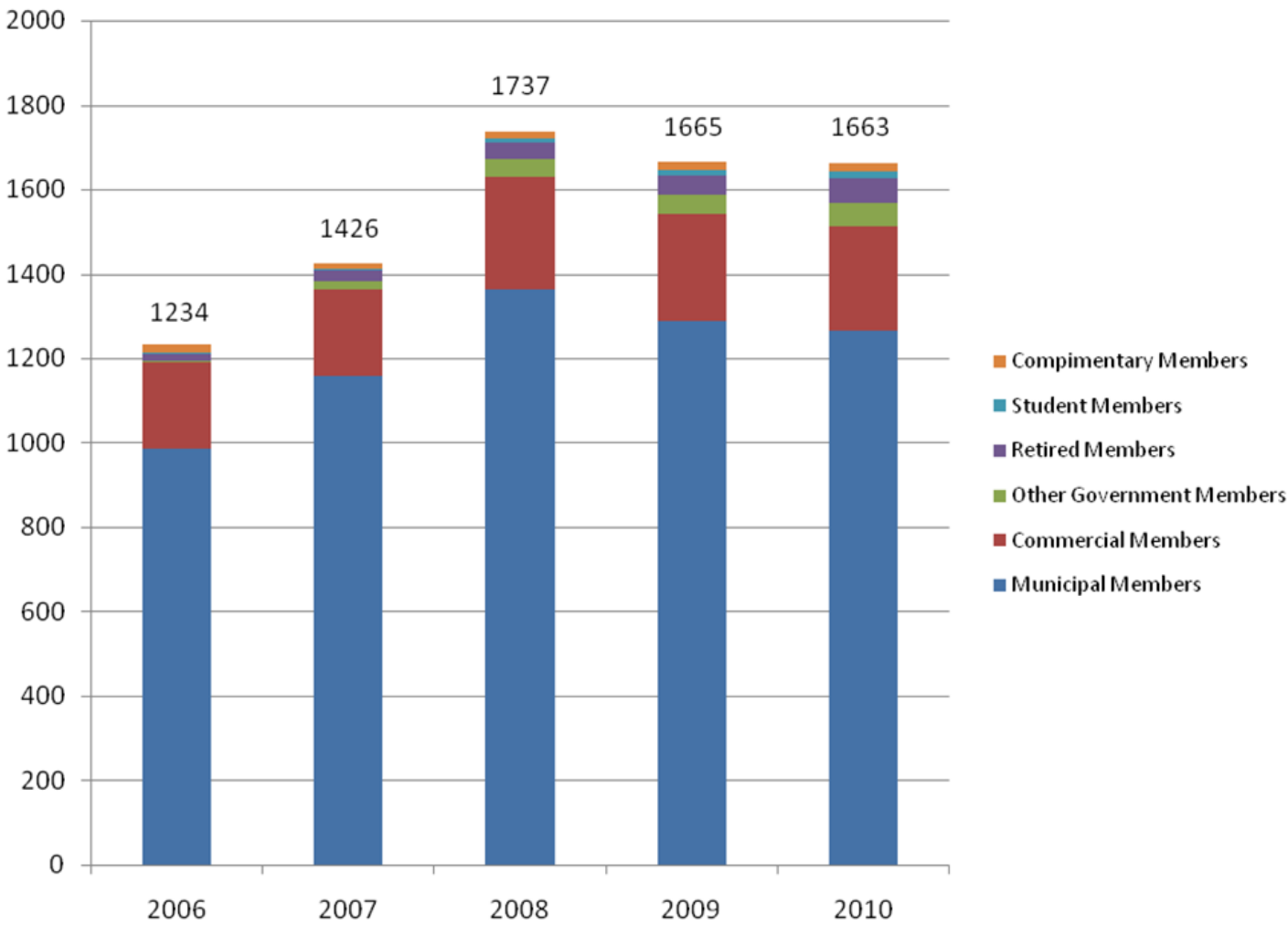
Year	Active	Special District	Commercial	Gov't City	Gov't Other	Retired	Student	Total
2005	580	106	185	182	66	18	1	1,138
2004	595	111	206	137	68	17	2	1,117
2003	569	101	203	127	71	16	2	1,089
2002	576	92	203	141	159	16	1	1,188
2001	617	*	207	*	262	19	2	1,107
2000	635	*	226	*	209	21	1	1,092
1999	614	*	210	*	190	20	2	1,036
1998	572	*	178	*	178	27	3	958

Since 2006, membership information is separated into different categories. This was because of the bylaws change in August of 2006, which amended the CSMFO membership structure.

2010 Membership Composition



2010 Membership Totals



CSMFO Balance Sheet

Statements of Financial Position (December 31, 2010 and 2009)

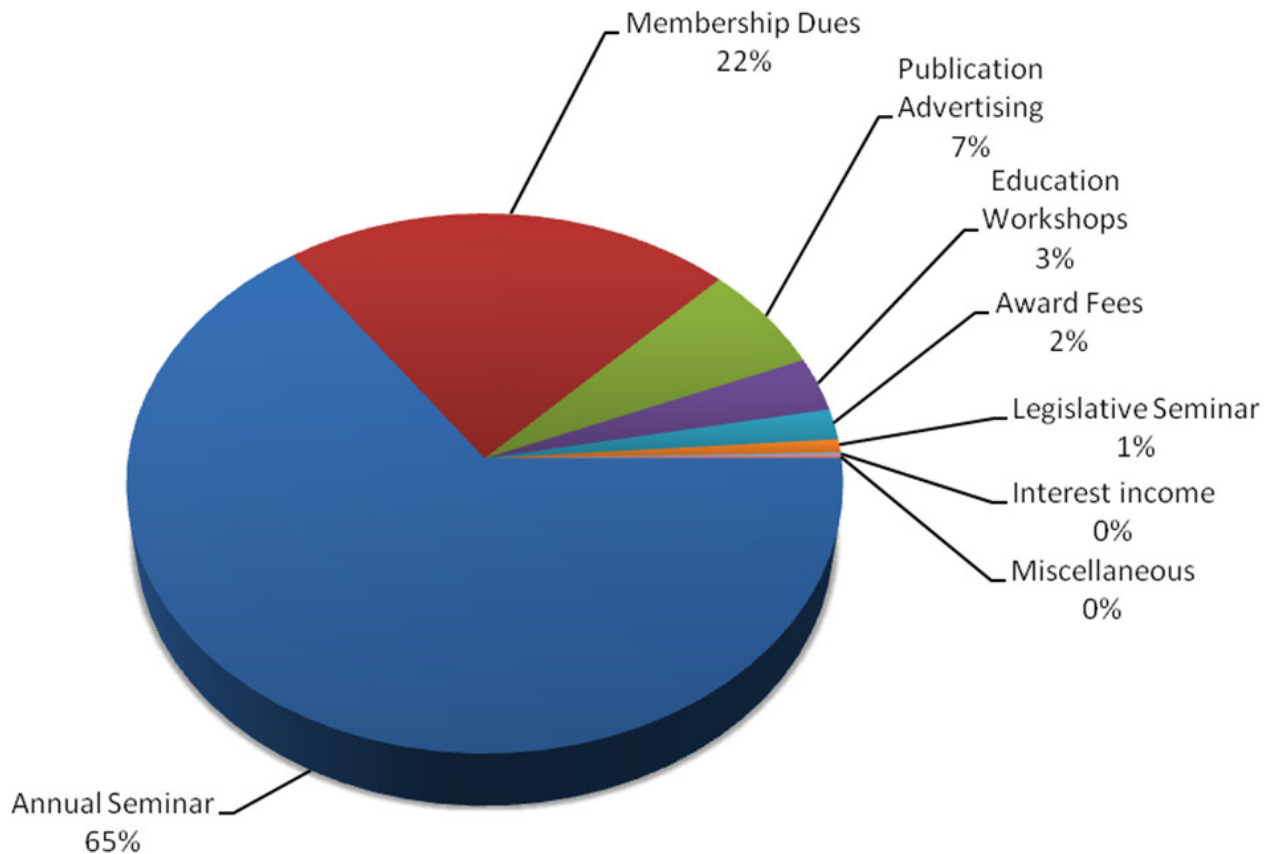
	<u>2010</u>	<u>2009</u>
Assets		
Current Assets		
Cash and Investments	461,024.35	501,128.11
Accounts Receivable	19,985.35	24,138.10
Other Current Assets	26,936.51	37,874.48
Total Assets	507,946.21	563,140.69
Liabilities and Net Assets		
Liabilities		
Accounts Payable	3,783.54	7,307.88
Other Current Liabilities	257,016.00	322,271.00
Total Liabilities	260,799.54	329,578.88
Net Assets		
Restricted	0.00	0.00
Unrestricted	247,146.67	233,561.81
Total Net Assets	247,146.67	233,561.81
Total Liabilities and Net Assets	507,946.21	563,140.69

Finance Officers' Statement of Activities

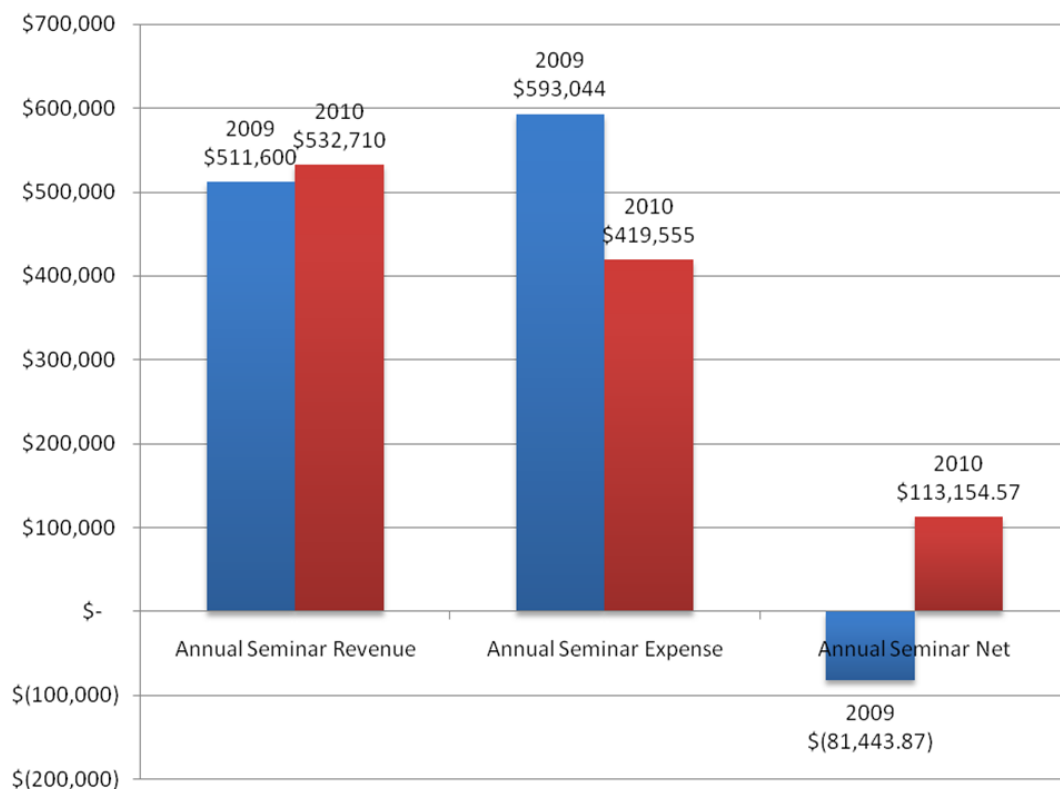
Statements of Financial Position (December 31, 2010 and 2009)

		<u>2010</u>	<u>2009</u>
Revenue & Support			
	Annual Seminar	532,710.00	511,600.00
	Membership Dues	181,530.00	190,540.00
	Publication Advertising	52,555.00	54,492.00
	Education Workshops	26,350.00	48,050.00
	Legislative Seminar	6,465.00	7,615.00
	Award Fees	15,000.00	14,657.54
	Interest Income	1,106.86	3,717.51
	Miscellaneous	1,822.47	3,762.08
	Total Revenue & Support	817,539.33	834,434.13
Expenses			
Program Services			
	Annual Seminar	419,555.43	593,043.87
	Education Workshops	67,552.80	74,946.60
	Legislative Seminar	5,967.40	10,964.40
	Total Program Expenses	493,075.63	678,954.87
Supporting Services			
	Management Services	125,462.36	121,753.09
	President's Expenses	1,362.25	3,627.70
	Board & Committee Meetings	29,154.70	39,192.18
	Office Supplies & Telephone	1,273.03	1,467.24
	Printing	11,241.39	12,057.90
	Postage & Shipping	5,644.27	5,306.05
	Web & Technology Initiatives	10,472.46	21,336.25
	Audit	9,322.11	11,975.00
	Insurance	2,430.00	1,808.33
	Miscellaneous	24,053.52	49,882.87
	Donations	50,000.00	200.00
	Website Redesign	32,464.00	0.00
	Total Supporting Services	302,880.09	268,606.61
	Total Expenses	795,955.72	947,561.48
	Total Revenues Over Expenses	21,583.61	(113,127.35)

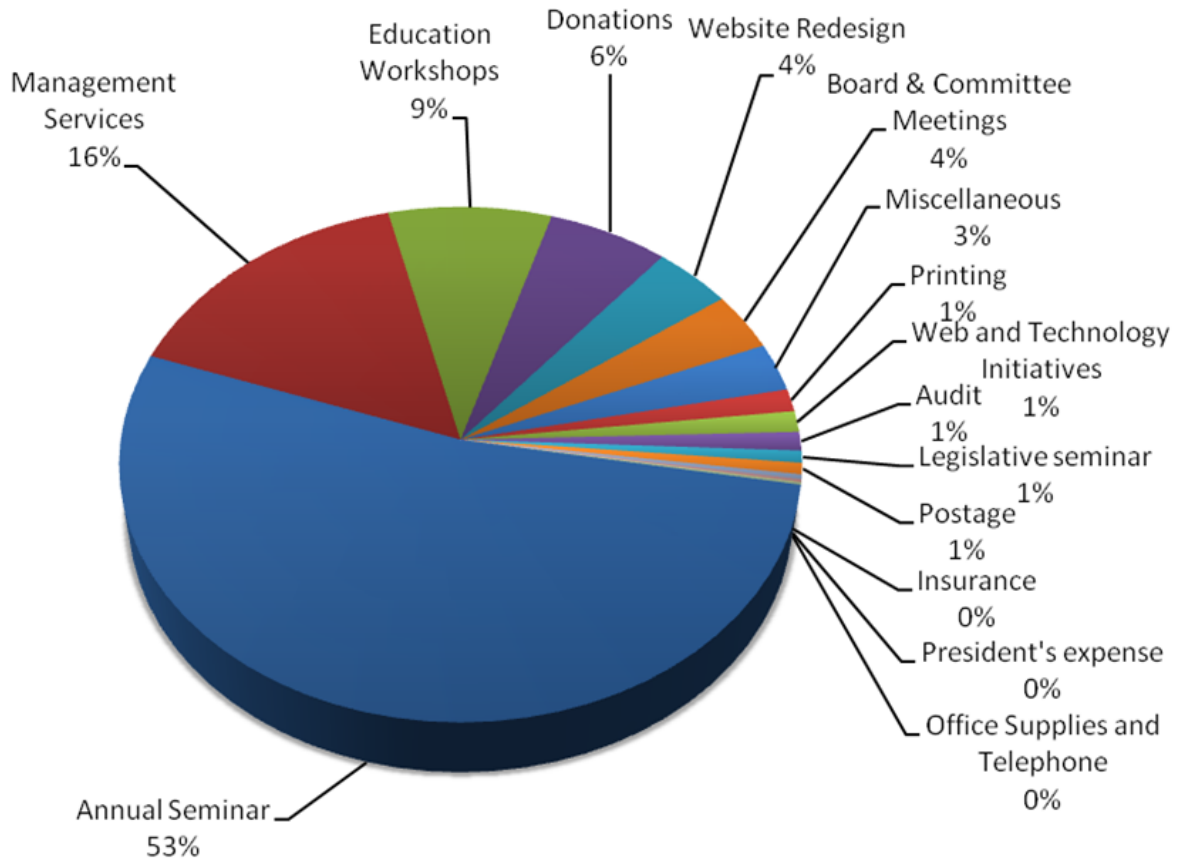
2010 Revenue



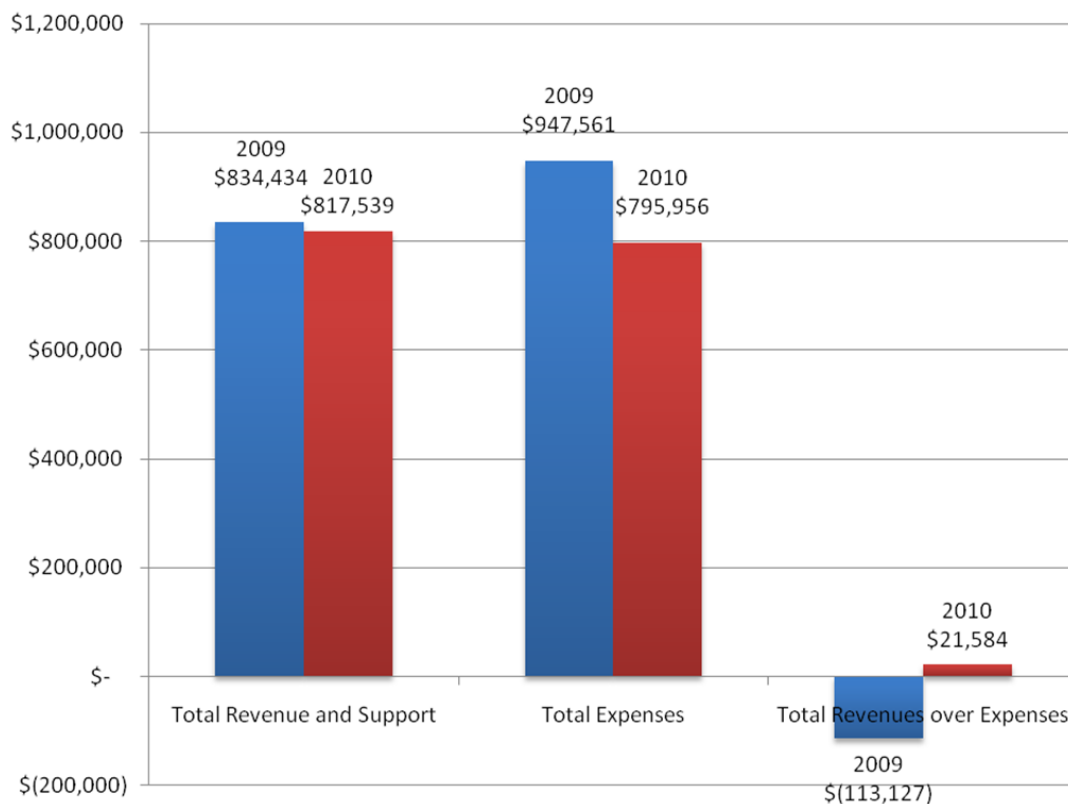
Annual Seminar



2010 Expense



Fiscal Year



Chapter Activities

Central Coast

Jennifer Sorenson, City of Paso Robles

2010 Chapter Chair

The Chapter held five luncheon meetings in 2010, which hosted speakers from various walks of municipal finance life.

- Bill Morgan, CPA, Director of Consulting Services, Diehl, Evans & Company, LLP presented Critical Tax Developments Affecting Cities and Other Governmental Agencies.
- Denise D. Callahan, MPA with IntelliBridge Partners presented Assessing Fiscal Health of Enterprise Operations.
- Anna Van Degna with Stone & Youngberg discussed Financing Options for Public Agency Renewable Energy Projects.
- Andrea McGarvey with the San Luis Obispo County Auditor Controller's Office provided the chapter with a general outlook for our county revenues and what they see as trends for the near future, including sales and property tax declines at the macro level, triple flip, and AB 811.

The luncheon meeting without a scheduled speaker had an active roundtable discussion on various topics affecting our agencies.

2011 promises to be another challenging year for municipal finance officers.

Central Los Angeles

Maurina Lee, City of Downey

2010 Chapter Chair

The Central LA Chapter held several joint meetings with South Bay Chapter in 2010. The Chapter hosted a luncheon on April 1, 2010 at Rio Hondo Golf Course, in Downey. Seventeen members attended the luncheon to listen to Mr. Bill Morgan's Redevelopment discussion (Diehl, Evans and Co.), all of the attendees were with the Central LA chapter. Most of the attendees did not participate in chapter meeting last year. This year, they were glad to have an opportunity to network with the peers.

The Chapter plans to hold quarterly meetings in Central LA area in 2011.

Central Valley

Kathleen VonAchen, City of Stockton

2010 Chapter Chair

The Central Valley Chapter consists of more than 30 cities and special districts across seven counties. The chapter meetings offer an excellent opportunity for networking, hearing what's happening in surrounding cities and learning the most up-to-date information from professionals throughout the state.

The Central Valley Chapter meets bimonthly on the third Thursday of the month starting in January. We have lunch meetings that are hosted by members who sign up and volunteer to be responsible for arranging the location, menu and speaker. This gives us an opportunity to visit other cities in our chapter and for the hosts to showcase special projects or venues in their cities.

This year we had a wide variety of topics that included Central Valley Economic Update, Cash Management Practices, GASB 54 – The New Fund Balance Implementation, CalPERS Pension Provisions Related to Early Retirement Incentives, Furloughs and Opportunities to Augment Staffing Resources through Internships. Meetings were held in Stockton, Merced, Manteca, Modesto and Galt.

Channel Counties

Catherine Haywood, City of Thousand Oaks

2010 Chapter Chair

The Channel Counties Chapter encompasses the County of Ventura, the northern area of Los Angeles and the southern area of Santa Barbara County. Our chapter participation continues to be strong with attendance ranging from 26 to 38 for each meeting. We have a large number of attendees from the County of Ventura, various local cities, several special districts, and commercial members. Members from other chapters are also welcome.

Our monthly meetings were held at the City of Thousand Oaks, Los Robles Greens, Golf Course banquet facility on the second Thursday of each month and included a buffet lunch catered by the golf course restaurant. Meetings in 2010 featured the following speakers and topics:

- Tax Collection: The Second Oldest Profession, presented by Ventura County Treasurer-Tax Collector Lawrence L. Matheney
- The Assessor's Office & New Assessments for 2010 +, presented by Ventura County Assessor Dan Goodwin
- Seven Deadly Sins of Public Investing, presented by David W. Witthohn, CFA, CIPM, Director of Cutwater Asset Management
- Calculation and Apportionment of Property Tax, presented by County of Ventura Chief Deputy Auditor-Controller Sandra Bickford, CPA
- Putting Pension and OPEB Reform to work in Your City – Techniques to Mitigate Skyrocketing Retirement Plan Costs, presented by Girard Miller, Senior Strategist with PFM Asset Management, LLC
- Critical Tax Developments Affecting Cities and Other Governmental Agencies, presented by William S. Morgan III, CPA of Diehl, Evans and Company, LLC.

At our Chapter business meeting held December 9, 2010, members unanimously elected City of Thousand Oaks Deputy Finance Director, Carole Wilson, and City of Camarillo Accounting Manager, Licette Maldonado, as Co-Chairs, effective January 1, 2011. In addition, members elected to change the Chapter meeting frequency from monthly to bi-monthly, beginning with the January 13, 2011 Chapter meeting.

We are fortunate to have a diverse group of individuals from a variety of governmental agencies, who actively participate in our meetings and bring their diverse perspectives to the group. As outgoing Chapter Chair, I'd like to extend my appreciation to the management and staff of the City of Thousand Oaks Finance Department for their support and topic recommendations. These last two years have been very engaging, and it has truly been a pleasure to serve as Chapter Chair.

Coachella Valley

Jason Simpson, City of Temecula

2010 Chapter Chair

Desert Mountain

Terri A. Willoughby, City of Barstow

2010 Chapter Chair

The CSMFO Desert Mountain Chapter held two meetings in 2010, after a long hiatus. The initial meeting was held July 29, 2010 with a presentation by Macias, Gini & O'Connell, LLP on implementing GASB Statement #54. The second meeting was held October 28, 2010 with a presentation by Drew Ciocca of Stern Brothers & Company regarding the outlook for municipal funding opportunities. The Chapter averages about 12 attendees at each meeting, and will continue to meet quarterly in 2011. We also hosted a session of CSMFO Introduction to Governmental Training, which was well-attended. I will continue to try and enhance participation in 2011.

East Bay (S.F.)

Debra Auker, City of Hayward
2010 Chapter Chair

Imperial County

Rosa Ramirez, City of Holtville
2009 Chapter Chair

Inland Empire

Carrie Corder, City of Rancho Cucamonga
2010 Chapter Chair

The Inland Empire chapter was very active in 2010. The chapter met six times throughout the year and partnered with CMTA Division 8 for all meetings. We had very interesting speakers who shared important information such as:

- 2010 Inland Empire Economic Outlook (Dr. John Husing, Economics & Politics, Inc.)
- Successful Leadership Skills, Traits & Characteristics: Creating Your Leadership Legacy (Neil Kupchin)
- Five Big Picture Issues in 2010 and Six Steps to Financial Recovery (Girard Miller, PFM)
- Impact of Health Care Reform Act on Municipal Agencies (Daniel Kopti, Wells Fargo Insurance Services)
- Critical Tax Developments Affecting Cities and Other Governmental Agencies (Bill Morgan, Diehl Evans & Company, LLP)
- Seven Deadly Sins of Public Investing (Dave Witthohn, Cutwater Asset Management)

Our chapter meetings were held at Dave & Buster's in Ontario and average attendance in 2010 was 85 members per meeting. In 2011, the chapter meetings will be conducted on the third Thursday of each odd month from 11:30 a.m. to approximately 1:30 p.m.

Thanks to all of our municipal and commercial members for attending and making our meetings time well spent.

Monterey Bay

Marc Pimentel, City of Watsonville
2010 Chapter Chair

The Monterey Bay Chapter is an upbeat, welcoming and warm group that strives to provide exceptional networking opportunities along with timely topics and very informative speakers.

Our chapter holds casual, quarterly luncheon meetings in Watsonville with attendance of 25-40 attendees from 15 active cities in addition to four active service districts and several private sector companies. We hold joint meetings with the local CMTA Chapter, Division 4, led by Marissa Duran from the City of Watsonville. Meetings are held within the Community Room of the new Watsonville Civic Center (top floor; 275 Main Street) on Thursdays, generally from 10:45 a.m. to 2:00 p.m.

We had an amazing run during the 2010 year of quality events and with timely sessions as follows:

- The annual and more often depressing state of the State address from our fabulous League of California Cities Representative Deanna Sessums.
- A break the mold topic of creating a regional collaborative to promote Economic Development and support critical public safety by building a new regional broadband infrastructure, as presented by Joel Staker from the City of Watsonville and the Central Coast Broadband Consortium.

[Continued on next page](#)

Monterey Bay Chapter continued

- The investment opportunities and diversification from using CDARS, presented by Warren Blom of the Promontory Interfinancial Network
- A very real and informative session about fraud detection and prevention in today's financial climate by David Kepper of U.S. Bank.
- A GASB update about upcoming changes by Bryan Gruber of LSL Certified Public Accountants.
- A subsequent presentation by Deanna Sessums of the League of California Cities about the impacts of the budget impasse and the November election cycle.
- An always fun and interesting session on useful tips, tricks and secrets buried deep within Excel & Outlook provided by Paul Farmer of Officestart Training.
- We again hosted the one-day workshop for Introduction into Government Accounting by Caporicci & Larson CPA's. Our area also hosted the Intermediate Government Accounting one-day workshop by Macias, Gini & O'Connell LLP, thanks to the City of Hollister's Brett Miller.
- We received an information session from Sarah Meacham of PFM Asset Management about how we arrived in the current investment climate and what options agencies could consider to improve their portfolio.
- Douglas Robinson of RCM Capital Management LLC concluded the 2010 year with a timely and fun but extremely interesting look into the near and distant future to predict the next several economic cycles for municipal finance and our regional and nation economy using demographic trend analysis.

We are very excited about our 2011 year ahead, if only to have 2010 financial mess behind us. We look to 2011 as another year of finding opportunities in all the challenges that are to come. We hope our sessions will continue themes that include how to become a more efficient agency using tools you already have, how to adapt to the new realities of public services and funding (like surviving without Redevelopment Agencies), updates on the State Legislature, budget proposals and special elections and GASB updates amongst other general sessions.

We are fortunate to have such depth of government finance knowledge within our membership and thank our members for their wonderful and warm attitudes, participation and support. We thank our speakers for their professional knowledge, insight and concern for the betterment of our local government agencies. We extend an open invitation to anyone to come to the home of the strawberry in Watsonville for one of our meetings and to spend the weekend visiting our area and the rest of the Monterey Peninsula.

If you would like to be added to our mailing list or have any questions about our Chapter, please don't hesitate to contact me at the City of Watsonville Finance Department, 250 Main Street, Watsonville, CA 95076 or mpimentel@ci.watsonville.ca.us or 831-768-3470.

North Coast

Bill Mushallo, City of Calistoga
2010 Chapter Chair

Northeast Counties

Steve Strong, City of Redding
2010 Chapter Chair

Northwest Counties

Stephanie Beauchaine, City of Rio Dell
2010 Chapter Chair

I was appointed the Northwest Counties Chapter Chair late January 2009. The Chapter had been without a chair for nearly three years, and has experienced decreasing membership and no activity. The economic challenges continue to affect membership participation as employers tighten their budgets and limit training opportunities for staff. We have held meetings and member trainings on topics including, investing for security in a volatile market, state budget and legislative updates, benefit assessments, Cal Card, and intro to governmental accounting.

To date, all of the meetings have been sponsored by the City of Rio Dell. However, this year I would like to encourage other cities planning participation. In addition, I would like to spend the upcoming year working on membership development and I will be seeking guidance from my fellow chapter chairs on the subject.

I have enjoyed serving as Chapter Chair this past year and I am looking forward to developing the Chapter, and networking with my finance colleagues this coming year.

Orange County

Pamela Arend-Kings, City of Tustin
2010 Chapter Chair

The following informative lunch meetings were held in 2010. Two of the meetings were held jointly with CMTA Division IX.

MARCH 4, 2010 (Joint Meeting)	“Communicating with the Municipal Bond Marketplace” Presented by James Ward, MBA/Sr. Project Analyst with Willdan Financial Services. The meeting was held at the Tustin Ranch Golf Club with 50 in attendance.
MAY 6, 2010	“Governmental Accounting & Auditing Update 2010 – An Overview” Presented by Rich Kikuchi, CPA / Managing Partner and Bryan Gruber, CPA/Audit Manager both with Lance, Soll & Lunghard, LLP. The meeting was held at Dave & Buster’s in Irvine with 45 in attendance.
AUGUST 25, 2010	“Critical Tax Developments Affecting Cities & Other Governmental Agencies” Presented by Bill Morgan, CPA/Director of Consulting Services with Diehl Evans & Company, LLP. The meeting was held at the Tustin Ranch Golf Club with 53 in attendance.
OCTOBER 7, 2010 (Joint Meeting)	“Seven Deadly Sins of Public Investing” Presented by David Witthohn, CFA/CIPM/Director and Relationship Manager with Cutwater Asset Management Group. The meeting was held at the Tustin Ranch Golf Club with 32 in attendance.

Peninsula

Stuart Schillinger, City of Brisbane
2010 Chapter Chair

Sacramento Valley

Stefani Daniell, City of Citrus Heights

2010 Chapter Chair

The Sacramento Valley Chapter encompasses 12 counties in the region. In 2010, our chapter met quarterly. We alternated meetings between speaker meetings and roundtable meetings, at the suggestion of the membership.

Our meetings were held at the City of Citrus Heights' Council Chambers, Garden Room and Trellis Hall. We had the following four meetings in 2010:

- March 18, 2010 – Speaker meeting – Michael Coleman, Fiscal Policy Advisor for the League of California Cities. Michael discussed hot topics related to the state budget, proposals from reform groups, legislation and other critical issues in California state and local government finance. We had 30 members in attendance and lunch was graciously provided by Commerce Bank.
- June 17, 2010 – Roundtable meeting with Fran Mancia from MuniServices, LLC, who gave a Policy Update. We had 28 members in attendance and lunch was graciously provided by Bank Up Corporation.
- September 16, 2010 – Speaker meeting - Douglas C. Robinson, President of RCM Robinson Capital Management LLC - Economic and Demographic Trends Update: When's the next boom? We had 18 members in attendance and lunch was graciously provided by Bank of the West.
- December 15, 2010 – Roundtable meeting. We had 30 members in attendance and lunch was graciously provided by MuniServices, LLC. A survey was distributed to the attendees to get a feeling of how often they would like to meet, the structure of the meetings, suggestions of vendors who would be willing to sponsor one of our meetings and future topics desired. Our members brought nonperishable food items and toys for Citrus Heights' Annual Holiday Giving Campaign for underprivileged families.

In 2011, we will be holding our meetings on the third Thursday of the third month of each quarter. We will continue with the same format, alternating between a mixture of speaker meetings and roundtable meetings. If you would like more information regarding the Sacramento Valley Chapter or would like to be added to the mailing list, please contact Stefani Daniell at sdaniell@citrusheights.net.

San Diego County

Dennis Coleman, City of Solana Beach

2010 Chapter Chair

San Gabriel Valley

Josh Betta, City of Glendora

2009 Chapter Chair

South Bay (LA)

Agnes Walker, City of Hawthorne
2010 Chapter Chair

The South Bay Chapter continued to hold joint meetings with the Central Los Angeles Chapter and with CMTA Division II, headed by Mike Whitehead of Rolling Hills Estates. The first meeting was held in May at the Manhattan Beach Marriott with Kevin Klowden, Managing Economist and Director of the California Center at The Milken Institute. Mr. Klowden's topic was "Keeping California in the Game While We're Short on Chips." More than 50 members attended the meeting.

The next meeting was held in July at Torrance Marriott Hotel with Mike Coleman as speaker. Mike's engagement for this event was made possible with the financial assistance received from CSMFO, which Tom Fil secured from the Board. Mike spoke on the "hot topics" affecting municipal finance, especially about the State's budget crisis. As testimony to Mike's popularity, 132 members (from many chapters) attended the event – the highest attendance ever for a chapter meeting.

In August, John Chiang, State Controller, came to talk about "Putting California's Fiscal House in Order." This meeting was also held at the Torrance Marriott Hotel. More than 60 members attended the event. Unfortunately, due to Mr. Chiang's tight schedule, he was only able to discuss the problems causing the State's budget gridlock and was unable to address the specifics in fixing it.

The final meeting was a combination holiday luncheon and election of officers. (Because of the lack of volunteers, Tom Fil asked me, along with Eleanor Manzano, City Clerk of Redondo Beach, to serve as "temporary" co-chairs for this chapter as well. For the past two years, members from Central LA have been invited to the South Bay meetings.)

The December meeting was held at the Redondo Beach Chart House (I started this event in 1999 and it has now become an annual tradition.) The weather cooperated and provided a great view of the ocean, which made the event more fun and successful. Eighty-eight members and guests registered. Brian Perry of Chandler Asset Management gave an "Economic Overview at the Year Ahead." All attendees had four menu choices plus appetizers and each received a small gift, compliments of CSMFO/CMTA. In addition, many gifts, some of which were provided by vendors, were raffled.

Providing good food and meeting facility greatly helped the Chapters' successful events. As a token of our appreciation, we gave a small gift to all speakers. In addition, we held gift raffles at the end of each meeting. Many gifts were purchased from the Chapter's "excess" funds. A heartfelt "thank you" to the following commercial members who consistently provided gifts: BNY Mellon, Bond Logistix, Cabrera Capital Markets, Chandler Asset Management, Feldman Rolapp LLP, MuniServices LLC, PFM Asset Management, US Bankcorp, Wells Fargo Bank and Willdan Financial Services.

Last but not least, a big "thank you" is extended to Eleanor Manzano, City Clerk of Redondo Beach, and Margaret Moggia, Chief Financial Officer of West Basin Municipal Water District, who provided assistance with the registration during the meetings.

South San Joaquin

Ronney Wong, City of Fowler
2010 Chapter Chair

Scheduling conflicts continue to hamper 2010 meetings for the South San Joaquin Chapter.

The first meeting was in August at the Lamplighter Inn in Visalia. Anna VanDegna from Stone & Youngberg spoke on Financing Options for Public Agency Renewable Energy Projects.

The Ridge Creek Golf Club in Dinuba was the setting for November's joint meeting with CMTA. Don Hester of Maze & Associates addressed Payment Card Industry requirements.

Our chapter continues to hold joint meetings with CMTA Division III to bring valuable information for both sides.

Committee Activities

Administration Committee

Chair: Robert Burns, City of Chino

Vice Chairs: Steve Heide, Chino Valley Independent Fire District;

Agnes Walker, South Bay Regional Public Communications Authority

Senior Advisor: Bob Biery, City of Westlake Village

Board Liaison: Jesse Takahashi, City of Campbell

The Administration Committee was assigned the task of evaluating responses to an RFP issued in 2010 for contract audit services for the CSMFO annual audit. The scope of the RFP included audit services for the 2009 audit, as well as an alternate bid covering annual audits for 2010 through 2012. After evaluating proposals and interviewing three finalist firms, the Administration Committee recommended award of an audit contract covering the years 2009 through 2012 to Richardson & Company from Sacramento. The Administration Committee further recommended that the Executive Committee be the designated point of contact for entrance and exit conferences with the audit firm, as well as for other required communications with the auditors. The Board approved the Administration Committee's recommendations and awarded the multi-year contract to Richardson in May.

The Administration Committee was also charged with conducting a review of consultant contracts during 2010, including CSMFO contracts with Smith Moore & Associates for management services, Meeting and Association Management Services for conference and meeting planning, Michael Coleman for local government finance training, and Don Maruska for coaching program services. The review included the completion of a consultant satisfaction survey with the CSMFO Board, as well as the solicitation of contract status reports from each consultant. The results of the review were favorable and were reported to the Board in November.

Additionally, in late 2010, the Administration Committee was tasked with working in conjunction with the Membership Committee on an accounts receivable evaluation, as well as reviewing the feasibility of opening up conference breakout sessions for possible sponsorship for the 2012 annual conference and for future conferences thereafter. These initiatives are currently pending, and will be a focus of the Administration Committee's efforts in 2011.

Annual Conference Committee

Chair: Jesus Nava, City of Burlingame

Vice Chair: Mark Alvarado, City of Monrovia

Senior Advisor: Viki Copeland, City of Hermosa Beach

Board Liaison: Harriet Commons, City of Fremont

The Annual Conference Committee completed the request for proposals (RFP) process and site tours for the future 2012 state seminar, scheduled for Southern California. The RFP process included:

- Researching various areas in Southern California for suitable facilities
- Forwarding our conference specifications/history to convention & visitors' bureaus in various cities and to national sales representatives for the major hotel chains
- Compiling results to determine the best location for the CSMFO Conference

Committee members Mark Alvarado, and staff members Melissa Dixon, Elizabeth Cardwell (Smith Moore & Associates), and Teri Anticevich and Dennis Danner (M&AMS) made site visits to the following venues:

- Renaissance Palm Springs/Palm Springs Convention Center
- Westin Mission Hills in Rancho Mirage
- Hyatt Grand Champions in Indian Wells
- Renaissance Esmeralda in Indian Wells

Continued on next page

Annual Conference Committee continued

Site visits to the Riverside Convention Center, Riverside Marriott and Riverside Mission Inn were made by Ronnie Campbell, Viki Copeland, Melissa Dixon and Elizabeth Cardwell (Smith Moore & Associates), Teri Anticevich and Dennis Danner (M&AMS).

Those on the site visits and involved in the discussion process included:

- Ronnie Campbell, CSMFO President
- Viki Copeland, CSMFO Annual Conference Committee
- Mark Alvarado, CSMFO Annual Conference Committee
- Melissa Dixon, CSMFO Executive Director (Smith Moore & Associates)
- Elizabeth Cardwell, CSMFO Registration Services (Smith Moore & Associates)
- Teri Anticevich, CSMFO Meeting Planner (M&AMS)
- Dennis Danner, Special Projects (M&AMS)

Chairperson Nava could not attend the site visits. He was out of the country doing work on behalf of ICMA Latino America and the World Bank.

The Annual Conference Committee considered various factors, but CSMFO core requirements were determined to be:

1. Meeting space that is conducive to our program as an educational opportunity for our attendees (including General Session and at least five concurrent sessions of sufficient size)
2. Exhibit space to include 60+ 10x10 booths in one area and near the General Session and concurrent sessions
3. Room rates that are within our consideration as “acceptable” to our government members (under \$200)

The Committee did not take factors such as perception of city or “resort” type areas into consideration in their rating, but the Board may want to consider it as part of their decision. The Committee did consider other factors, such as transportation to/from the facility to other areas of the state, quality of sleeping rooms, etc.

After careful review and site tours of five facilities in Southern California, the Committee recommended the Renaissance Esmeralda in Indian Wells, due to the very workable and extensive nature of the meeting space. If CSMFO intends to combine with CMTA in 2014, the Esmeralda would work perfectly for combining both conferences without either losing desired breakouts or meeting space.

If CSMFO intends to move forward with CMTA combining in 2014, then the Committee would recommend returning to the Disneyland Hotel as CSMFO’s next (and equally appealing) option. Although CSMFO recently held its conference at the Disneyland Hotel (2008), the Committee believes that by 2012, sufficient time will have gone by to make the venue attractive to our members. This facility has lowered the room rate and removed the resort fee to account for the current economy, which makes the bottom line for our members an easier sell to their organizations and demonstrates to the membership that the Board is being fiscally responsible in choosing a host site. The selection of this alternative would not rule out the Renaissance Esmeralda as a host site in 2014, even if the merging of the CSMFO/CMTA conferences did not occur.

Career Development Committee

Chair: Margaret Moggia, West Basin Municipal Water District

Vice Chairs: Terrence Beaman, City of San Bernardino; Drew Corbett,

City of Sunnyvale; Brenda Charles, City of San Jose

Senior Advisor: Mary Bradley, City of Sunnyvale

Board Liaison: Christy Pinuelas, City of Agoura Hills

To achieve CSMFO's mission statement of promoting excellence in financial management through innovation, continuing education and the professional development of our members, the Career Development Committee continues to offer one day trainings and weekend training seminars, along with coaching webinars and hot topic calls to assist municipal staff and officers in enhancing their knowledge base. In addition, the Coaching Program continues to add value through one-on-one coaching and offering targeted topics through telephone panels and webinars. More information about the program is listed below.

2010 Board Strategic Goals

To continue to enhance the deliverables to its membership, the Board's strategic planning provided some additional goals for the Career Development Committee to focus on in 2010.

1. Review survey results and develop plan for 2010.

Last year CSMFO conducted a survey of its membership regarding training. Among general questions about training, logistics and current satisfaction levels, the survey asked about potential courses offerings that CSMFO could potentially develop or cross-promote with other organizations. The following six courses had the highest interest level:

Investments	Developing Long Range Financial Plans
Debt Financing	Developing Fiscal Policies
Annual GASB Update	Financial Statement Analysis

Based on the success of the webinar, "The Power of Fiscal Policies – Protecting Your Long Term Fiscal Health," a new training opportunity was approved by the CSMFO Board October 1, 2010 where Bill Statler will cover best practices in establishing fiscal policies and long term financial planning. The course will be first taught as one of the Pre-Conference sessions in Burlingame, and then course offerings will be made throughout the state as the Committee sees demand. In addition, the Committee continues to explore other opportunities to develop new materials that add value to the membership and seek ways to compliment its training by cross-promoting to other organizations that can fill this gap.

2. Evaluate idea of certification for para-professionals.

In recognition that a certification is the mark of a dedicated professional and can provide a personal and professional investment of tremendous value to the employee and their employer, the Committee discovered that several organizations already address specific career development needs and offer certifications for individuals who are within the Accounts Receivable, Accounts Payable, Purchasing and Payroll arena. The Committee summarized its research and published in the January 2011 MiniNews: "Boost Your Career Assets."

3. Provide CPEs to support members' CEU needs and provide recognition for completion of training.

In response to this goal, the Committee confirmed that CPE credit is made to members who seek training through the Introduction to Governmental Accounting, Intermediate Accounting and also through the webinars.

4. Explore expansion of more convenient access to GFOA training and testing.

Initial conversations with GFOA have indicated that they have two in-state training opportunities. The Committee will continue to explore where additional opportunities can be made.

Continued on next page

Career Development Committee continued

Ongoing Programs

Introduction to Governmental Accounting

This course is targeted to professional and non-professional staff with little or no accounting background and focuses on an introduction of general and governmental accounting principles. The year 2010 marked another impressive year. These one-day training sessions were facilitated by Ahmed Badawi of the audit firm Marcum Stonefield LLP (formerly Caporicci and Larson). A total of eight training sessions were offered in various locations throughout the state during the year, with more than 200 people participating.

Intermediate Government Accounting

Since 2002, Kathryn Beseau of the audit firm Macias Gini & O'Connell, LLP has facilitated this popular and well-received training program. This course is based on GFOA's "Government Accounting, Auditing, and Financial Reporting" guide (the Blue Book) and includes fund accounting, financial reporting and the new reporting model. This course is ideal for staff desiring to increase their knowledge along with finance officers wanting to keep current on the changing requirements of governmental accounting. For the calendar year of 2010, a total of 203 participants attended the six classes offered throughout the state.

Presentation Skills

Program Coordinator: Kim Nakamura, City of Camarillo

Neil Kupchin, a Management & Training Consultant and Motivational Business Speaker, presented a one-day skill based workshop designed to help finance professionals make presentations to city councils, deliver department briefings, speak to community organizations, etc. Due to the format of the workshop, class size was limited to 15 participants. In May 2010, this course was offered at the City of Alameda with 11 participants.

Weekend Training

Program Coordinator: Mark Uribe, City of Camarillo

The Annual Weekend Training, which alternates annually between locations in Northern and Southern California, took place in November 2010 in Sacramento. Class size was limited to 40 and we had 30 in attendance. The group was intentionally kept small to enhance the learning experience and ensure a more interactive session. Session titles include Legislative Update, Investing in Public Funds, Communicating with the Public, Ethics and the Finance Professional, Bond Financing, Redevelopment and the Finance Professional, Financial Analysis and Reporting, Long-term Financial Planning, and Developing an Operating Budget.

Planning has begun for the 2011 Southern California location. Contact Mark Uribe for more information about course participation.

Coaching Program

Program Coordinator: Pete Gonda, City of Sunnyvale

With guidance and strong support from the Career Development Committee, Don Maruska (Master Certified Coach) led the program to record participation. Overall, the six sessions garnered approximately 1,400 members. With Web recordings, the total estimated audiences increased 200 participants for an overall total of over 1,600. The 2010 program presented the following topics:

- How to Develop an Operating Budget
- Best Practices for the New Normal (webinar cosponsored with Cal-ICMA)
- Key Career Competencies and Strategies to Develop Them (webinar co-sponsored with Cal-ICMA)
- Establishing Sound Fiscal Policies
- Revenue 101
- Bond Financing

Through the coordination efforts of Mary Bradley, we also provided important and timely hot topic calls to the members including the recent follow-up to the 2010 election with Proposition 22 and Proposition 26.

The Coaching Program continues to respond to requests for the management style profile report, which produces a personalized 24-page report for each requestor. Volunteer coaches also provide support for networking events at the chapter level, add valuable face-to-face personal connections, and showcase excellence in the finance profession. We are looking for these personal encounters to boost coaching value. The Coaching Program continues to provide innovations—mega telecom bridges, digital recordings, pod casts, etc. to other activities of the Career Development Committee which, in turn, benefits our CSMFO members-at-large. Many of these recordings can be found at the CSMFO website under "Careers."

Membership Benefits Committee

Chair: Brent Mason, City of Riverside

Vice Chairs: David Cain, Moulton Niguel Water District

Senior Advisor: Pauline Marx, City of San Francisco

Board Liaison: Mary Dodge, City of El Cerrito

The Membership and Benefits Committee had a fairly quiet year. The efforts made in previous years to improve the efficiency of the annual renewal process have paid dividends as the process is now handled primarily through Smith Moore & Associates' staff with only minor involvement with the Membership & Benefits Committee.

Our Committee is in the process of working with the Administration Committee to develop a guiding policy to assist with the collection of old receivables, and then actually do the follow up with these accounts where funds are still due to CSMFO for past services provided. This task will flow into 2011 as schedules have been difficult to align.

Progress was made on a project being coordinated by the Past President, working with the Membership Committee in which CSMFO will reach out to colleges and universities throughout the state offering our members as a resource to help make a positive impression on young accounting/finance students considering a career in municipal finance/accounting. The objective is to raise awareness about our industry as viable and worthwhile consideration as they contemplate career options. This is an ongoing effort that will also continue into 2011.

Committee members participated in the various Board meetings throughout the year and the Planning Retreat held the first part of October in Burlingame at the conference hotel and look forward to a more active 2011 based on the Board's goals and objectives established for the new year!

Professional Standards & Recognition Committee

Chair: Chu Thai, City of South Pasadena

Vice Chairs: Sandra Schmidt, Las Virgenes Municipal Water District;

Teri Willoughby, City of Barstow

Senior Advisor: Pamela Arends-King, City of Tustin

Board Liaison: Laura Nomura, City of Irwindale

The Professional Standards and Recognition Committee embraces the information age! This year, agencies were asked to also submit applications and documents electronically. Then, we asked the volunteer reviewers to evaluate the application and budget/CIP/public information/CAFR documents on their computer screens. The goal is to one day have everything done electronically. Doing so would reduce costs for everyone, make the process move more efficiently, and provide us all with better record keeping. We will begin to keep your applications, reviews, documents and awards on CSMFO's website.

The Professional Standards and Recognition Committee was also busy with restructuring, as the Professional Standards and Recognition Committee was created this year by combining the Budget Award and CAFR Award Committees. The Chair and Vice Chairs worked to improve the award application process and update the award rating requirements. Seven of the ten members are new to the Committee and efforts were made to make sure Professional Standards and Recognition programs maintain its high level of professionalism.

The Budget Awards Program had another busy year – 110 applications for the Budget Awards Program were submitted broken down as follows: 89 from cities and 21 from special districts. Of the applications received, seven were for Public Communications; 16 for Capital Budget; and 87 for Operating Budget. About 120 volunteered as reviewers this year. Getting reviewers and getting some of the reviews back in a timely manner is a constant challenge for the Committee. Final numbers are not yet available.

The CAFR Awards Program is not yet complete. Each year, 10 to 20 applications are received and reviewed Professional Standards and Recognition Committee members. This year, the City CAFR and Special District CAFR applications were combined into one.

Technology Committee

Chair: Barbara Boswell, City of Lancaster

Vice Chair: Vacant

Senior Advisor: Vacant

Board Liaison: John Adams, City of Thousand Oaks

This was an exciting year for CSMFO, and the Technology Committee, as the update of the website was completed after many years of discussion and planning. The new website provides easier navigation and a fresh look for our members.

League Policy Committee Appointees

Administrative Services Policy Committee

Yolanda Rodriguez, Senior Accountant, City of Chico

Community Services Policy Committee

Rick Teichert, Deputy Director of Administrative Services, Sacramento Public Library Authority

Employee Relations Policy Committee

Thomas Bachman, Finance Director, City of West Covina

The Employees Relations Committee held three regular meetings in 2010 with the fourth scheduled meeting at the Annual Conference being cancelled. The major topic for the Committee continued to be, and will be in the future, pension related items. OPEB, Federal Health Care Legislation and the IRS audit of contract instructors in the City of Dana Point were also major topics of discussion.

Pensions:

In January, the Committee held a wide-ranging discussion on League policy and the White Paper, both related to pension reform. The Committee voted to recommend that the Employee Relations, Public Employees Retirement System section of the Summary of Existing Policy and Guiding Principles be amended as follows: "The League supports retaining the Defined Benefit Plan as the primary retirement model for public employment any locally negotiated retirement system programs that are fair to the taxpayers and to the employees, and that provide long-term stability and sustainability."

The discussion on the Pension Reform White Paper that was originally produced in 2005 and updated in 2010 was carried over to the April meeting. The Committee discussed a number of modifications to the update but after a narrow vote, the Committee adopted the 2010 White Paper as-is and presented it to the League board.

The Committee also addressed CalPERS reform bills and voted to support AB 1743 related to placement agents if amended to: 1) ban the revolving door for CalPERS Board Members; and 2) prohibit bonuses and performance awards. The Committee also voted to oppose AB 1987 related to final compensation computation unless it was amended to eliminate the provision that would have required a "bona fide separation" in service of at least six months before returning to work. Based on a very lively discussion, there is wide usage of the 960 plan that allows many agencies to achieve significant cost savings in a very tough economic climate.

Continued on next page

Employee Relations Policy Committee continued

IRS Audit of City Contract Instructors:

The Committee received a presentation from the City of Dana Point on the IRS payroll audit that determined the City misclassified part-time instructors as independent contractors instead of employees, resulting in fines and reclassification as employees. The City is appealing the determination. The Committee recommended this issue be referred to the League's Legal Advocacy Committee.

Other Post Employment Benefits (OPEB):

The Committee received a detailed presentation from Keenan & Associates and RPM Consultant Group on Managing your OPEB Liability After the Implementation of GASB 45 & 43. This presentation covered assumptions and valuation methodology, GASB compliance, and tools to deal with the growing future liability.

Federal Health Care Legislation Update:

The Committee received a comprehensive webinar presentation on Federal Health Care Legislation that covered: a summary of significant issues, what the legislation does and does not cover, the challenges in implementation the legislation, health insurance market reforms, the American Health Benefits Exchange and employer responsibility.

And Finally...

The Committee wrapped up with a discussion led by Dwight Stenbakken on how the Committee would like to move forward on the pension topic. Some suggestions included bringing representatives from TIAA CREF to speak about what they offer and making the League a clearing house for pension information. This is clearly a topic that will be passionately discussed for many years.

Environmental Quality Policy Committee

Chu Thai, Finance Director, City of South Pasadena

The Environmental Quality Policy Committee is charged with reviewing and recommending policy to the League of California Cities Board of Directors on issues related to environmental quality. The Environmental Quality Policy Committee met four times this year and discussed and/or voted on the following issues:

- Environmental Quality Policy Committee Work Program
- California Taxpayers Right to Vote Act
- League Water Task Force Update/Guidelines Discussion
- California Energy Commission (CEC) Briefing on Generation and Transmission Guideline
- League's Institute for Local Government (ILL) Commercial Recycling/Green Fleet Update
- Commercial Recycling Draft Regulations
- AB 1805/SB 1010 to enact the CEQA Litigation Protection Pilot Program of 2010
- AB 7x8 addressing the fiscal deficit of the Beverage Container Recycling Fund
- Assessment of Single-Use Bags
- Cal Recycle's Proposed Mandatory Commercial Recycling Regulation

Details about these issues are available on the League's website.

Housing, Community & Economic Development Policy Committee

Bob Torrez, Assistant City Manager, City of Lynwood

The League's Housing, Community and Economic Development (HCED) policy committee met for its last quarterly meeting of the calendar year on September 15, 2010 at the League of California Cities Annual Conference in San Diego, CA.

All League policy committees met during the Annual Conference for the last time this year to take formal action on six resolutions for consideration to adopt by the League's General Assembly and was structured as follows. First, each policy committee met on the first day and discussed assigned resolutions, and adopted a formal recommendation. Next, the General Resolutions Committee met the following day and considered all resolutions (with all adopted policy committee recommendations) for subsequent action and recommendation. On the last day of the conference, all approved resolutions go to vote and ratification under the League's General Assembly. Of the six resolutions considered, four were passed and ratified by the General Assembly.

The Housing, Community and Economic policy committee (HCED) met on Wednesday morning and were assigned two resolutions, Resolution No. 3 and Resolution No. 4, to take action upon and adopt a formal recommendation. The following discussion surrounding both resolutions and actions taken are summarized below:

Resolution No. 4 – Relating to Responsible Banking

Resolution No. 4 was the first resolution taken up and was led in discussion by Councilmember Richard Alarcon from the City of Los Angeles. Resolution No. 4 requires financial institutions with which cities do business with to provide an annual "report card," which will detail each institution's investment and lending activity within each respective city. The main purpose of this is to identify which institutions are reinvesting within their respective city, serving as an incentive for banks to reinvest within that community to spur their local economy. Further, this may serve as a mechanism for cities to reward banks or decrease business with certain banks that are/aren't reinvesting within their locality.

The HCED policy committee voted to refer this resolution to the Revenue and Taxation policy committee. The same actions were taken by that committee and the General Resolutions Committee and did not make it to a General Assembly vote.

Resolution No. 3 – Relating to AB 32/SB 375

Resolution No. 3 was taken up for discussion and voted upon shortly after Resolution No. 4. As you are well aware, AB 32 and SB 375 have been hot issues ever since passage and adoption into law. Updates to AB 32/SB 375 have been a mainstay on the agenda at all HCED meetings this year. Please recall that SB 375 authorizes the California Air Resources Board (CARB) to work with local metropolitan planning organizations (MPOs) to implement sustainable community strategies (for each respective region) to achieve the reduction targets set forth by AB 32 and establish viable greenhouse gas emission reduction strategies by the years 2020 and 2035.

Generally speaking, AB 32 and SB 375 implementation strategies have not been viewed favorably by local governments alike. These emission reduction targets are commonly seen as unrealistic and aggressive, as well as nearly impossible to fund and will fiscally distress local governments. Essentially, in response to AB 32 and SB 375 implementation measures, Resolution 3 calls for three legislative actions to be taken up and adopted by the policy committee:

- (1) Requests the Governor to exercise his executive authority to delay AB 32 implementation guidelines; and
- (2) Requests that CARB revisit their economic and strategic assumptions and re-calculate the targets accordingly to accurately reflect the current economic state and also, consider scarce local government resources and financial states in their forecast; and
- (3) Support any legislation that would suspend or delay implementation of SB 375 until there is adequate funding made available.

The HCED policy committee voted to "Approve As Amended" to the General Resolutions Committee. This same resolution was also taken up by three other policy committees and approved unanimously as well. However, although supported laterally by all policy committees, the General Resolutions Committee and General Assembly did not approve Resolution 3.

HCED Policy Committee Year-End Report

In addition to highlighting my policy committee's last quarterly meeting for the year, this letter shall serve as my Year-End report for my participation on this year's Housing, Community and Economic Development policy committee. For 2010, the HCED policy

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Housing, Community & Economic Development Policy Committee continued

committee addressed several key issues confronting local agencies today. The policy committee was extremely active this year and took action on several bills and issues.

In closing, I would like to take this opportunity to personally thank the Board of Directors and CSFMO for my appointment to the League's HCED policy committee this past year. Furthermore, I would like to formally express my interest in representing the CSFMO on next year's HCED policy committee for 2011.

Public Safety Policy Committee

Kelly Sessions, Business Manager, City of Fremont

The League Public Safety Policy Committee met three times during the year covering a variety of issues salient to all California communities. Issues discussed included state budget updates, state management of sex offender programs, narco-terrorism along the U.S. Border, federal disaster response (Stafford Act Reform), clarification on statewide authority for building inspection, status of the Next Generation 9-1-1 program, and status of the California Volunteers Disaster Corps Program. The Committee took positions on a number of important issues as follows:

AB 196 (Committee on Budget) – Insurance Fee to Support Emergency Services

By far, the most divisive issue faced by the committee this year was AB 196. In response to large-scale fires in Southern California, this initiative would fund a portion of the Department of Forestry and Fire Protection's baseline firefighting operations and provide assistance to local first responder agencies that have signed the Master Mutual Aide agreement with the State, by establishing a 4.8 percent surcharge on all residential and commercial property insurance in high-risk areas. Estimated at an average of \$48 per insurance policy, the bill would also provide funding to local agencies to enhance or sustain fire and rescue mutual aid capacity. While some members stated that this was just another way for the State to push costs down to locals, others contended that the bill was necessary to increase firefighting capacity to prevent large scale fires from becoming fire disasters. On a 19-17 roll-call vote, members voted to "support if amended," requiring that the bill include, among other things, maintenance of effort measures by the State.

November 2010 Ballot Measure: The Regulate, Control, and Tax Cannabis Act of 2010

The committee took up the Regulate, Control, and Tax Cannabis Act of 2010 for review and consideration. The measure's proponents argued that prohibition of marijuana does not work, its criminal cases clog up courts and prisons, and that bringing it under the law will help fight organized crime, gangs, and juvenile delinquency. Opponents argued that the initiative is poorly written; conflicts with local control over zoning and land use; would expand marijuana usage exponentially, and bring with it the associated community safety risks; and it could challenge current safe workplace requirements that make cities eligible for federal program funding. In the end, the committee voted to oppose with one dissenting vote.

SB TBD (R. Calderon) – Increased Fines for Traffic Enforcement

With the bill number yet "to be determined," this bill would provide more flexibility in the use of funds in the Traffic Safety Fund as well as allow cities, by ordinance or resolution, to levy an additional fee on traffic violations to be used for traffic enforcement costs. The committee stated that traffic fines were already onerous, and that the guiding principle for traffic enforcement should not be about increasing revenue but improving public safety, which this proposal does not take into consideration. The committee, therefore, voted unanimously to oppose.

Sale of the Nationwide Public Safety Radio Communications Spectrum

The portion of the radio communications spectrum reserved for public safety and state/local government use (D-block) is up for bid auction by commercial carriers. The D-block spectrum provides 20 MHz of the entire 700 MHz spectrum to construct the wireless broadband data networks required for local government first and second responders. The committee voted unanimously to oppose the auction or sale of the D-block and support the dedication of the D-block for exclusive use by public safety.

AB 1858 (Blumenfield) & SB 1029 (Yee): Regulation of Needle Exchange Programs

These bills would revise the approval processes associated with needle exchange programs and increase the number of needles/syringes a person can buy without a prescription. The committee unanimously voted to oppose both bills.

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Public Safety Policy Committee continued

SB 1281 (Padilla): Good Samaritan Protections for Emergency Medical Defibrillators

This bill extends Good Samaritan protections to businesses that have an automated external defibrillator (AED) on their premise and also removes the training, maintenance, and reporting requirements that proponents say have been an impediment from more businesses participating in the program. The motion to support SB 1281 was approved unanimously.

AB 1443 (Huffman): Increased Penalties for Repeat DUI Offenders

This bill would increase penalties for repeat offenders driving under the influence (DUI), including permanent revocation of drivers' licenses and ability to register a vehicle. This item was brought to the committee as an informational item and without full League staff analysis, but upon learning the parameters of the bill, the committee voted to make it an action item. The committee then voted unanimously to support AB 1443 so long as a full analysis is provided to the League Board of Directors at the time of their review.

SB 1265 (Dutton): Local Police Notification of Conditional Release Program Participants

This bill would allow the courts' forensic Conditional Release Program (CONREP) operators to inform local police departments of the names and addresses of CONREP program participants who live in an unlicensed facility within their jurisdiction. This notification of personal information to law enforcement would not remove any current responsibility of the CONREP operators. The committee voted unanimously to support SB 1265.

Revenue & Taxation Policy Committee

Bob Biery, Finance Officer/City Treasurer, City of Westlake Village

This committee is charged with reviewing and recommending policy to the League of California Cities Board of Directors on issues related to revenue and taxation. There is a Summary of Existing policy and guiding Principles that outlines standing policy direction for the Committee.

The League's Revenue & Taxation Committee met four times during the year and addressed issues such as:

- 2010 League Strategic Goals
 - Protect local control and funding for vital local services
 - Support reform of the structure, governance, management and financing of state government
 - Promote economic stimulus, infrastructure investment, business development and job creation
- Suspending SB375 and AB32
- Issues relating to Redevelopment funds
- City, County, School Budget & Fiscal Reform Task Force
- Pension reforms
- Gas Tax transportation swap
- Annual Conference Resolutions
 - No. 3 - AB32/SB375
 - No. 4 - Responsible Banking,
 - No. 5 - Unfunded State Mandates
- General Election November 2010 – Proposition 22
- Budget/Budget/Budget

The Committee received presentations from the Department of Finance, the Legislative Analyst's Office, Legislators and League Staff on these issues and others, followed by discussion, debate, and recommendations.



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