

AGENDA  
REGULAR MEETING  
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, February 15, 2011

C. BUSINESS BEFORE THE BOARD

7. BOARD COMMITTEE REPORTS

- c. Finance Committee Minutes and Recommended Actions from  
the January 25, 2011 Meeting (Sutter)

Attendees

Board Committee: Director John Sutter (Chair), Ayn Wieskamp

Staff: Bob Doyle, Dave Collins, Cinde Rubaloff, Pam Burnor, Deborah Spaulding, David Sumner, Bill Louie, Meadow D'Arcy, Sharon Corkin

Public: None

**Agenda Item No. 1**

**2011 Finance Committee Work Plan, 2010 Finance Committee**

**Accomplishments:**

CFO Cinde Rubaloff welcomed John Sutter as the new Chairperson and Ayn Wieskamp as member to the Finance Committee.

CFO Rubaloff presented the 2010 Finance Committee accomplishments as follows:

The 2010 Board Finance Committee held 9 meetings. The Committee reviewed annual items as listed below, and recommended, as appropriate, items for Board consideration:

- 2010 quarterly investment reports
- 2010 quarterly unaudited financial reports
- 2010 quarterly budget to actual reports
- 2009 Annual Comprehensive Annual Financial Statement
- 2010 mid-year budget review and amendments
- 2011 proposed budget and appropriation limit
- EBRPD Retirement Plan actuarial report and valuation analysis
- OPEB actuarial report
- 2010 internal audit projects
- 2011 Measure CC expenditure plan

- 2010 closure of completed capital projects
- 2010/2011 tax levy amount for general obligation bonds

In addition to the recurring annual items, during 2010 the Finance Committee considered and recommended for Board approval the following items:

- the contract for Wells Fargo for the District's general banking services, resulting from the RFP process,
- Measure AA project reconciliation, and
- Increased and designated General Fund fund balances for election costs, legal contingency and first quarter expenditures.

Directors Sutter and Wieskamp expressed their appreciation for the 2010 accomplishments. It was also noted that the change to Wells Fargo Bank from Bank of America was a smooth transition and will lower the District banking fees.

CFO Rubaloff presented the 2011 Finance Committee Work Plan and future agenda items, including items of interest where guests have been invited to give presentations:

**Tuesday, February 22, 2011**

- Investment portfolio performance and 2010 market review (Cutwater)

**Tuesday, March 29, 2011**

- EBPRD retirement plan annual performance report (Milliman)
- OPEB annual performance report (PARS)

**Tuesday, April 26, 2011**

- OPEB, EBRPD Retirement Plan and CalPERS actuarial updates (Bartel)

**Tuesday, June 28, 2011**

- Investment portfolio performance and 2011 market update (PFM)

**WEDNESDAY, September 21, 2011**

- East Bay economic update (East Bay Economic Development Alliance)

**Recommendation: None. This is an informational item only.**

**Agenda Item No. 2**

**2011 Internal Audit Work Plan, 2010 Internal Audit Results:**

Audit Manager David Sumner informed the Finance Committee of the Internal Audit staff's role: to assist management in design, implementation, and modification of internal controls through monitoring and evaluating the District's system of internal control in conjunction with the audit of the District activities and related operations. Staff reviews financial transactions, cash handling practices, District-funded grants, concession

agreements, contracts, RFPs, assists with the development of the District's Comprehensive Annual Financial Report (CAFR), and performs other duties as assigned.

The Internal Audit Unit is comprised of an Audit Manager and one Accountant. The Accountant position has been vacant due to a reassignment of the incumbent as Accounts Payable Supervisor as of August 13, 2010.

Director Sutter expressed concern for the need to fill the vacant Accountant position to ensure the audit function is being performed within current District goals.

Audit Manager Sumner then provided a report of the 2010 Internal Audit Plan Projects' Results as follows:

**Payroll Audit.** The District's 2009 payroll records, transactions, and processing practices were reviewed. The objectives were to assess functionality of internal controls, the accuracy of employees' share of medical and vision insurance premium deductions, evaluate revised timecard processing, and look at the timeliness and propriety of quarterly payroll tax returns filed with Internal Revenue Service and Employment Development Department. Major conclusions include:

- Required tax returns and quarterly payments were accurate and timely.
- The revised timecard process is susceptible to processing errors.

The draft audit report has been submitted to the Finance and Human Resources Departments. After their review and response, the report will be finalized.

**Review of Del Valle Concession.** The audit examined the Concessionaire's compliance with financial aspects of their agreement with the District. It was determined that the concessionaire had excluded some revenue, had over-claimed reimbursable expenses, and was not charged late fees when payments were past due. In sum, \$22,682, or 14% of the total revenue received and expense reimbursement paid between 2006 and 2009, are subject to claim by the District.

**Grazing Contracts Audit Follow-up Review.** The original audit of Grazing Contracts was performed in 2005, and this follow-up review focused on assessing whether prior audit recommendations were implemented as well as identifying control weaknesses that should be rectified to ensure safeguarding of the District's assets and proper financial reporting. The conclusions were that prior audit recommendations were generally implemented.

**Review of PCI Compliance.** A preliminary review of Payment Card Industry (PCI) standards was performed. Complete review was performed by Wells Fargo, the District's new bank, as part of their conversion process. The conclusion was that the CLASS reservation system (a third party software and credit card processing system) used by the District was not PCI compliant at the time of the review. CLASS was upgraded January, 2011, thus ensuring PCI compliance.

**Review of Measure WW Grants Audits:**

1. **City of El Cerrito Vista Park Playground Equipment Replacement** - \$186,492.35.
2. **City of Concord Maintenance Building at Hillcrest Park Replacement** - \$129,756.25.
3. **City of San Ramon Central Park Playground and Participatory Fountain Renovation and Red Willow Playground Renovation** - \$580,000 and \$50,000 respectively.

Directors Sutter and Wieskamp expressed their appreciation of the audit function and the need for continued follow-up and implementation of effective controls.

**Recommendation. None. This is an informational item only.**

**2011 Internal Audit Work Plan:** Audit Manager Sumner presented the 2011 Internal Audit Plan. This item, including a list of projects, will be submitted as a consent item to the entire Board of Directors.

**Recommendation:** By Unanimous vote by Director John Sutter and Director Ayn Wieskamp, the Finance Committee recommended favorable consideration of the 2011 Internal Audit Plan to the full board.

### **Agenda Item No. 3**

#### **2011 Finance Department Projects and 2010 Finance Department Accomplishments:**

CFO Cinde Rubaloff presented a report covering the 2010 Finance Departments' special project accomplishments as follows:

- Issuing a request for proposal for banking services which resulted in a change in banking relationship - the first in over 20 years. The intent of the change is to decrease banking costs while ensuring banking services the District requires are provided and customer service is readily available.
- The completed accounting review of closed and ongoing Measure AA projects; however, older projects that were closed last century were generally not rolled to the current accounting system and were therefore not reviewed. The results have previously been presented to Management and the Board.
- Dividing the 2011 budget into two documents, for ease of use and increased space, improved public information and allowed space for the expanded use of performance measures. The work undertaken by all District staff on 2011 performance measures was commendable and appreciated by the Finance Department.
- Although the goal of testing and implementing time cards on-line with the Finance and Management Services Division had not been achieved by end of 2010 as planned, implementation of this complex project is still moving forward. In the meantime, the payroll function's progress toward efficiency, accuracy, problem

resolution, customer service and teamwork has been outstanding during 2010. For the first time in recent years no amended W-2s were required to be issued for 2009.

Other highlights were shared as follows:

- The accounts payable function has implemented one step towards modifying their process to eliminate paper invoice shuffling through enhanced use of technology and electronic invoice images, towards their goal of centralized ININ invoice processing.
- During 2010, the internal audit function began issuing engagement letters for all projects to clarify scope of work, as well as prioritizing projects based upon risk.
- Progress was made on updating Finance procedures, with 14 completed by year end, which is about 25% of the total procedures that need updating.
- The Finance Department provided multiple training opportunities and outreach to District staff: Three full-day overviews and four half-day intensive trainings, as well as attracting 60 participants to budget workshops, two presentations to the Operation Division's "Breakfast Club", and a presentation to the District's 2010 "Supervisor Academy.

For the first time in 2010, a Finance and Management Services Division customer service survey was conducted, to be used both to provide information on areas needing improvement and as a benchmark for where we are now compared to progress we make in the future. Response to information provided will continue as well as annual follow up surveys, which will function as report cards.

Major initiatives for 2011 are detailed on the attachment and include:

- Popular Budget
- OPEB and EBRPD Retirement Plan Administrator RFP
- Progress on time card online
- Progress in accounts payable productivity, efficiency and full utilization of technology
- Customer Service
- IFAS CDD Report Cleanup

**Recommendation. None. This is an informational item only.**

#### **Agenda Item No. 4**

#### **2011 Investment Policy:**

CFO Cinde Rubaloff reported that annually the East Bay Regional Park District's Board of Directors approves the District's Investment Policy for District's funds. Finance staff

reviews and updates the policy as required each year before it is presented to the Finance Committee.

CFO Rubaloff then noted the changes from the 2010 investment policy were as follows:

- The category of “permanent funds” was added to page I.
- The maximum investment amount with LAIF was updated to \$50 million on page II.
- Section 9.9, Medium Term Notes, was corrected to remove the erroneous reference to 397 days for the maximum maturity and replaced with “a final maturity not exceeding five years from date of purchase”.

**Recommendation.** By Unanimous vote by Director John Sutter and Director Ayn Wieskamp, the Finance Committee recommended favorable consideration to the full board of the 2011 Investment Policy for District funds.

### **Agenda Item No. 5**

#### **2010 Asset Disposals over \$25,000:**

Assistant Finance Officer Deborah Spaulding reported that annually, the District performs an inventory of assets and records an accounting adjustment to “write-off” the remaining net book value (original cost less accumulated depreciation) of any equipment no longer in the District’s possession. The Equipment Superintendent reviews and determines the disposal method for surplus equipment. This item will come to the Board of Directors and will include details of items to be written off.

**Recommendation.** By Unanimous Consent by Director John Sutter and Director Ayn Wieskamp, the Finance Committee recommends that the fixed assets items be written off and reflected in the 2010 financial statements for favorable consideration at a future Board of Directors meeting.

### **Agenda Item No. 6**

#### **Public Comment.**

None to report.

Meeting was adjourned at 1:50PM