

AGENDA
REGULAR MEETING
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, February 18, 2014

C. BUSINESS BEFORE THE BOARD

7. CONSENT CALENDAR

- a. Finance Committee Minutes and Recommended Actions from the
January 22, 2014 (Wieskamp)

Attendees

Board: Directors Ayn Wieskamp (Alt Chair for Radke) Whitney Dotson,
Doug Siden

Staff: Robert E. Doyle, Dave Collins, Cinde Rubaloff, David Sumner, Deborah
Spaulding, Pam Burnor, Kim Balingit, Meadow D'Arcy,

Public: None.

Alternate committee member Ayn Wieskamp began the meeting at 12:45 PM with the introduction of committee members.

Agenda Item No. 1

2014 Finance Committee Work Plan, 2013 Finance Committee Accomplishments

CFO Cinde Rubaloff presented the 2013 Finance Committee accomplishments, which included holding 9 meetings. The Committee received reports and reviewed the normal annual items. Additionally during 2013 the Finance Committee considered and recommended for Board approval the following special items:

- Approved updates to the Auditing, Balance Budget and Internal Control Policies,
- Recommended the General Fund Reserve (Unassigned) Fund Balance Policy,
- Approved the 2013 revision of the Internal Audit Charter,
- Received review of the District's internal audit function as well as peer review report and the District's responses. These produced a revision in the Audit Manager's job description and the Board Operating Guidelines.
- Received notification of intended request for proposal for EBRPD Retirement Plans administration services, which resulted in no RFP being issued. Instead Transamerica was retained as administrator with changes implemented to decrease costs and improve investment returns.
- Approved the selection of the new purchase card program administrator.
- Recommended issuance of \$80 million in second series of Measure VVW bonds.

CFO Rubaloff presented the 2014 Finance Committee Work Plan, which is basically the same as 2013, as nothing out of the ordinary is foreseen at this point.

CFO Rubaloff notified the Committee members that the November meeting has been rescheduled to November 19, 2014 to enable submission of budget Board materials prior to deadline for the first Board meeting in December as required. Committee members agreed with the date change for November meeting.

Committee member Doug Siden thanked the CFO for her review and informed the committee he will not attend the February 2014 meeting.

Recommendation: None. This is an informational item only.

Agenda Item No. 2
2014 Internal Audit Plan, 2013 Internal Audit Results

Audit Manager David Sumner provided a report of the 2013 Internal Audit Plan project results as follows:

Follow-up Review of Tilden Merry-Go Round

The audit examined the concessionaire's financial records to verify functionality of internal controls, compliance with the financial aspects of Concession Agreement, regulatory requirements, and report status of prior audit findings. The auditors concluded that the concessionaire's internal controls related to revenue-generating activities were not properly functional. Daily journal of transactions were not retained along with gaps in revenue reporting and financial records are still inadequate and unreliable. Concession fees were underpaid, owing the District \$18,484.25 for unpaid concession and maintenance fees; and a total of \$23,497.15 in overdue concession fees and charges identified in the 2006 audit has remained uncollected.

GM Robert E. Doyle complimented Audit Manager Sumner on the detailed evaluation of the Tilden Merry-Go-Round. A problem with financial reporting was noted in 2006 audit. GM Doyle noted even though District is proceeding with a RFP (the current concessionaire's term has expired) the District needs to address the money that this concessionaire owes.

Committee member Siden noted he read that staff is awaiting responses from Operations on both the Merry-Go-Round and shooting range. GM Doyle advised this is the audit and Operations has time to respond as part of the District process.

Committee member Wieskamp asked if staff was getting current comparables to other Merry-Go-Rounds operations. Audit Manager Sumner advised of one in Santa Monica that belongs to the City with a separate operator. It is Audit Manager Sumner's understanding that the City pays the operator for their labor. It is not profitable for the city; however, losses are recouped through taxes collected from surrounding businesses. GM Doyle advised this matter will go to Operations.

Audit Manager Sumner continued his report:

Review of Chabot Gun Club

The auditors examined the Club's financial records to assess functionality of internal controls and compliance with the concession agreement. The concessionaire had not reported its gross income from recycling activities, along with a few other items of concerns notes by auditor.

Fleet Credit Cards Audit Follow-up Review

The auditors reported that since the prior audit performed in 2004 controls over Fleet Credit Cards assigned to the part-time employees have improved. The auditor made a few recommendations to Fleet Management to ensure propriety of reported charges, transactions coding and documentation; and to close terminated employees' fuel cards promptly.

Review of Roberts Cash Handling Procedures

The auditors noted that kiosk attendants were not in compliance with cash handling policies. Auditors recommended Park Supervisor require documentation and enhance his review of the propriety of daily collections.

Review of YMCA Camp Arroyo Concession: The auditors concluded that internal controls were functional, and YMCA was compliant with financial aspects of the Camp Arroyo Operators License Agreement.

Review of Employee Expense Reports: The auditors reported internal controls were functional, and most of the prior audit recommendations were implemented.

Review of Measure WW Grants: 21 local agency projects funded by Measure WW grants were completed. Auditors found that grantees were compliant and approved their final payments requests in accordance with the established procedures.

Limited Review of Anthony Chabot Daily Collections. Auditors concluded there were no obvious signs of misappropriation of collected funds, but documentation supporting adjustments made needed improvements.

Transportation for Clean Air Grant Audit. Auditors found District to be in compliance with everything except the first semi-annual report submission deadline.

Committee member Wieskamp wanted to know which department is responsible for the Clean Air Grant. Audit Manager Sumner replied that it's the Grants Department.

Audit Manager Sumner advised that the 2014 internal audit projects were selected based on the level of financial risk.

Committee member Siden complimented Audit Manager Sumner on being thorough. Committee member Siden added that cash handling issues at parks seems to be reoccurring problem. CFO Rubaloff advised that staff does numerous front line trainings; in addition, the Accounting Manager this year visited 18 sites in person to go over procedures. The external

auditors also test cash handling as does Audit Manager Sumner. Staff is diligent that Supervisors handbooks, training and procedures are being provided.

Committee member Siden asked Audit Manager Sumner for an update on the open auditor position. Audit Manager Sumner brought committee up to date on selection process.

RECOMMENDATION: Motioned by Whitney Dotson and seconded by Doug Siden that the Finance Committee recommends to the full Board of Directors approval of the 2014 Internal Audit Plan. Motion approved.

Agenda Item No. 3 **District's 2014 Investment Policy**

CFO Rubaloff advised that each year the East Bay Regional Park District Board of Directors approves the District's Investment Policy for District funds. Finance staff reviews and updates the policy as required each year before it is presented to the Finance Committee. Finance staff also requested that both of the District's investment managers, PFM and Cutwater, review the 2014 policy and recommend changes. The policy is in compliance with California Government Code statues regulating investment of public funds. CFO Rubaloff specifically asked for the addition of interest rate risk and custodial credit risk (a GFOA requirement). The revisions included the following:

- Page 2, sections 4.3 and 4.4 – specifically address interest rate risk and custodial credit risk tolerances. This is required to be reported in the District's Comprehensive Annual Financial Report by the Government Accounting Standards Board.
- Page 3, section 5.3 – added term "return" to current title of "yield" to clarify that this objective relates to both yield and return.
- Page 4, section 8.4 – clarifies that investment advisors use their list of authorized broker/dealers.
- Page 4, section 9 – statement that any revision to the California Government Code is assumed to be part of the District's investment policy immediately when enacted has been deleted.
- Page 6, section 9.4, 9.5 added– modified segment on Certificates of Deposits has been divided into two sections, 9.4 and 9.5 to distinguish between non-negotiable CDs and negotiable CDs.
- Page 7, section 9.7 – a sentence added to point out that the maximum amount of LAIF investment is limited by statute.
- Page 8, section 9.11 -- expanded, (a) has been added which specifically allows the District to invest in EBRPD bonds. This section has also been expanded to specify the types of municipal notes that are permitted by code.
- Page 10, section 16 – corrected wording related to quarterly investment report submission, which is presented to the Finance Committee and then the Board of Directors.
- Pages 12-15 – updated Glossary – added new relevant terms and definitions and deleted non-applicable ones.

Committee member Whitney Dotson inquired about the blue line amendments in the 2014 Investment Policy, redlined version hand out. CFO Rubaloff advised the different colors show who made the changes. The red line amendments came from PFM; the blue line amendments from CFO Rubaloff.

Recommendation: Motioned by Whitney Dotson and seconded by Doug Siden that the Finance Committee recommends to the full Board of Directors for approval of the 2014 Investment Policy for District funds. Motion approved.

Agenda Item No. 4
September 30, 2012 Investment Report

CFO Rubaloff presented a report of the District's investment activity. The report is in accordance with State Law and the District's Investment Policy. Total cash and investment as of September 30, 2013 was \$296,637,779. Pooled cash managed by CFO/Controller decreased approximately \$22 million from June 30th; this is expected as third quarter expenditures exceeded third quarter revenue by approximately this amount. Funds managed by fiscal agents increased as a result of the Measure WW 2013 series bond issuance, \$79.8 of bond proceeds plus \$4.5 million in capitalized interest, which will be used for future debt service payments.

CFO Rubaloff reported that the 2013 investment earnings budget is \$1.6 million for all funds. Year-to-date revenue at the end of the third quarter totals \$1.1 million, 70% of the budget.

Recommendations: Motioned by Whitney Dotson and seconded by Doug Siden that the Finance Committee recommends to the full Board of Directors for approval of the September 30, 2013 Investment Report. Motioned approved

Agenda Item No. 5
Public Comment

There were no public comments.

Committee member Wieskamp adjourned the meeting at 1:30 pm.

Respectively Submitted,

Connie Swisher
Confidential Secretary, Finance