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BOARD FINANCE COMMITTEE
January 28, 2015 - 12:30 p.m., Board Room
Peralta Oaks – Board Room

The following agenda items are listed for Committee consideration. In accordance with the Board Operating Guidelines, no official action of the Board will be taken at this meeting; rather, the Committee's purpose shall be to review the listed items and to consider developing recommendations to the Board of Directors.

AGENDA

<u>Status</u>	<u>Time</u>	<u>Item</u>	<u>Page #</u>	<u>Staff</u>
(D)	12:30 p.m.	1. 2015 Finance Committee Work Plan, 2014 Finance Committee Accomplishments	1-5	Auker
(R)	12:50 p.m.	2. 2015 Investment Policy	6-20	Auker
(R)	1:10 p.m.	3. September 30, 2014 Investment Report	21-24	Auker
(I)	1:20 p.m.	4. 2015 Audit Planning Memo	25-35	Auker
(R)	1:40 p.m.	5. 2014 Disposal of Fixed Assets over \$25,000	36-37	Spaulding
(I)	2:00 p.m.	6. Request to Reschedule November 25 meeting to November 18, 2015		Auker
	2:10 p.m.	7. Public Comment		

Status

- (R) Recommendation
- (I) Information
- (D) Discussion

Board Finance Committee Members

Beverly Lane (Chair), Ayn Wieskamp,
Dennis Waespi, Diane Burgis (Alternate)

Future Meetings

- Wednesday, February 25, 2015
- Wednesday, March 25, 2015
- Wednesday, April 29, 2015
- Wednesday, May 27, 2015

Distribution/Agenda Only

Board of Directors
Tim Anderson
Yolande Barial-Knight
Afton Crooks
Norman LaForce

Distribution/Full Packet

Finance Committee
Robert E. Doyle
Dave Collins
Jim O'Connor
Carol Victor
Sukari Beshears
Debra Auker
Mimi Waluch
Kristina Kelchner
Sharon McAleavey (AFSCME 57)

Meadow D'Arcy
Kim Balingit
Cliff Rocha
Allen Pulido
Deborah Spaulding
Pam Burnor
David Sumner
Sharon Corkin
Bruce Kern – PAC

Board of Directors

Whitney Dotson President Ward 1	Doug Siden Vice-President Ward 4	Beverly Lane Treasurer Ward 6	Dennis Waespi Secretary Ward 3	John Sutter Ward 2	Ayn Wieskamp Ward 5	Diane Burgis Ward 7	Robert E. Doyle General Manager
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AGENDA
REGULAR MEETING
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, March 17, 2015

C. BUSINESS BEFORE THE BOARD

6. CONSENT CALENDAR

- b. Finance Committee Minutes and Recommended Actions from the January 28, 2015 (Lane)

Attendees

Board: Directors Beverly Lane, Ayn Wieskamp, Dennis Waespi

Staff: Robert E. Doyle, Dave Collins, Debra Auker, Deborah Spaulding, Pam Burnor, Mark Ragatz, Meadow D'Arcy

Public: None

Committee chair Beverly Lane began the meeting at 12:40 PM with the introduction of committee members.

Agenda Item No. 1
2015 Finance Committee Work Plan

CFO Debra Auker presented the 2014 Finance Committee accomplishments. The Committee held 7 meetings during the year, at which the yreceived reports and reviewed the normal recurring Committee items. Additionally during 2014 the Finance Committee considered and recommended for Board approval the following special items.

- Interim CFO service contract with Kevin Harper, CPA
- Appointment of Vavrinek, Trine, Day & Co., LLP as the District's Independent Outside Auditor

Committee chair Beverly Lane asked if the interim CFO contract with Kevin Harper was approved by the Board. CFO Auker confirmed it was approved by the Board and further explained Kevin Harper was the interim CFO for a very short period between when current CFO was hired and former CFO retired.

CFO Auker presented the 2015 Finance Committee Work Plan, which includes similar recurring items as 2014, as nothing out of the ordinary is foreseen at this point.

CFO Auker also presented the Committee (as a refresher) with responsibilities of Finance Staff and Finance Committee members as outlined in the Board Operating Guidelines.

Recommendation: None. This is an informational item only.

Agenda Item No. 2 **District's 2015 Investment Policy**

CFO Auker 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 outside investment advisors, PFM and Cutwater, review the 2015 policy and recommend changes. The policy is in compliance with California Government Code statues regulating investment of public funds. The revisions included the following:

- Page 2, section 9.8 – for consistency throughout the policy the acronym “NRSRO” replaced the phrase “one of the nationally recognized rating agencies”. This acronym is first used on page 5 and the definition has been added to the glossary of terms.
- Page 8, section 10 – the reference to Section 53601.6 of California code has been corrected; it appears to have had a typo of a missing digit.
- Page 9, section 14 – language pertaining to physical delivery of securities has been deleted to reflect modern practices.
- Page 13, updated glossary – added new relevant term and definition: NRSRO

Committee member Dennis Waespi asked if the District hires Cutwater and PFM for a certain period of time and automatically renews with them or if their continued retention is based on their production. In addition he asked if Finance staff or Cutwater determines return rates. CFO Auker advised there are typical benchmarks set by the industry based on the District's types of investments. CFO Auker noted she will continue to look at returns and fees as part of her assessment of the investment firms and added the District's current contract does allow for cancellation within 30 days. AGM Dave Collins added it is the District's practice to review the investment firm's services every five years and conduct a Request for Proposal process to solicit new proposals, though the same firm may be re-selected through this process.

Committee member Waespi requested clarification of the differences between LAIF and CAMP. CFO Auker replied that the Local Agency Investment Fund (LAIF) is managed by the Treasurer of the State of California. The State of California has their own investments (they use a portion of the states' general fund as well as all the funds they manage and open up some of the investing opportunities for other governments). Thus cities and special districts throughout the State of California use this local agency investment fund. They typically have strong rates, is liquid, and its guaranteed money, so we want to utilize this option. California Asset Management Program (CAMP) is also a JPA in compliance with the government code, establishing a different pool which local governments and special districts also belong to; it is another investment vehicle.

Recommendation: Motioned by Ayn Wieskamp and seconded by Dennis Waespi that the Finance Committee recommends to the full Board of Directors for approval of the 2015 Investment Policy for District funds. Motion approved.

Agenda Item No. 3
September 30, 2014 Investment Report

CFO Auker 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, 2014 was \$296,637,779. Pooled cash managed by CFO/Controller decreased approximately \$55.5 million from June 30th; this is typical as the majority of property tax revenue is received twice a year, in June and December. Between July and September, the District draws down on the District funds. Also over \$30 million in scheduled bond payments were paid in September reducing the CAMP short-term investment pool. Funds managed by fiscal agents' decreased \$2 million during the third quarter. The majority of the difference was attributed to the spending of WWV project funds.

Year-to-date revenue at the end of third quarter totaled \$1,442,024, which exceeds the prior year and exceeds 2014 budgeted estimates.

Committee member Waespi wanted to know if, when securities mature, the District automatically reinvests in the same ratio. CFO Auker advised the District's investment advisors are continually monitoring the District's portfolio; the CFO receives a weekly report of the cash flow coming in and any investments maturing. CFO Auker added that the investment advisors recommend the best investment vehicle available, but if the market isn't changing greatly, the District may reinvest in a similar type security if the rates are comparable in order to stay diversified.

Recommendations: Motioned by Dennis Waespi and seconded by Ayn Wieskamp that the Finance Committee recommends to the full Board of Directors for approval of the September 30, 2014 Investment Report. Motioned approved.

Agenda Item No. 4
2015 Audit Planning Memo

CFO Auker advised the Committee that each year the District prepares financial statements that are audited by an independent auditor (Vavrinek, Trine, Day and Company, LLP) and the auditors have provided a standard planning/engagement letter for the audit year ending December 31, 2015.

CFO Auker summarized the Audit Engagement / Planning memo as follows:

- Audit services will be provided in accordance with the proposal and contract issued in 2014 for services beginning for the 2015 calendar year.
- Auditors will perform the audit in accordance with Government Audit Standards and list all disclaimers of what they are not required to do as part of audit.
- Auditors will express an opinion as to whether the basic financial statements are fairly presented, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles.
- Auditors will comment on internal controls that could have a material effect on the financial statements.
- Auditors will comment on internal controls that relate to major federal grant programs.

Committee chair Lane asked for confirmation that one of the firm's partners is signing the letter.

CFO Auker responded affirmatively, that partner Mr. Major has been on site and signed the letter.

Committee chair Lane requested clarification on "non-licensee owners". CFO Auker replied they are members of the partnership that are either seeking their CPA license, perhaps getting a license in another state or administrative owners. AGM Collins advised there may be people within the partnership that are not licensed; however all supervisors working on District services are licensed.

Committee chair Lane asked if overseeing Operation staff's use of credit cards is an internal or external audit. CFO Auker replied that the external auditors review a sample of District purchase card areas and in addition the District internally, every quarter, reports to the AGM's on any staff violations of purchase card policies. The District has strict rules about credit cards. Committee chair Lane was glad to hear that controls and procedures are in place.

Recommendation: None. This item is for information only.

Agenda Item No. 5 **2014 Disposal of Fixed Assets over \$25,000**

Assistant Finance Officer Deborah Spaulding reported that the District annually performs an inventory of assets, identifies items that have been disposed, surplus, etc., and records an accounting adjustment to "write-off" the remaining net book value of any equipment no longer in the District's possession. Per Board Operating Guidelines, items with a book value (cost less accumulated depreciation) of over \$25,000 are subject to Board review and action. In 2014, no items with a book value over \$25,000 were disposed. A list was provided to Committee for information only summarizing assets disposed in 2014:

- 25 assets were disposed through Board approved auction process. These items were fully depreciated so the next book value was \$0, however \$135,471 was received at auction for these items.

- 15 assets were determined not to be auction-able, and were disposed of. Net book value of these items combined was \$6,579 at time of disposal.
- 2 assets were used as trade-ins to reduce the cost of new equipment. These items were fully depreciated so had \$0 net book value.
- 3 items were stolen. These items were fully depreciated having a \$0 net book value.

Committee chair Lane asked what the District is doing to keep other assets from being stolen. Chief of Operations Mark Ragatz replied the District is working with Public Safety to enter into a contract with Bay Alarm Company to take over monitoring the alarm systems in the corporate yards, service yards and interpretive facilities.

Committee member Waespi asked if the \$135,471 made from auction was net profit. Asst. CFO Spaulding confirmed it is net profit and the revenue goes into General Fund.

Recommendation. None. This item is for information only.

Agenda Item No. 6

Request to Reschedule November 25 meeting to November 18, 2015

CFO Auker requested to reschedule November 25, 2015 meeting to November 23, 2015.

November 23, 2015 was approved by all committee members. CFO Auker will confirm with Clerk of the Board on meeting change.

Agenda Item No. 7

Public Comment

No Public Comment

Agenda Item No. 8

Board Comments

Committee chair Lane requested information on the pros and cons on doing a two-year budget. Lane is specifically looking for a way to possibly have the Board be more effective in their responses to the budget. CFO Auker advised Finance will gather information for committee.

Meeting adjourned at 2:15 p.m.

Respectfully submitted
Connie Swisher