

MEMORANDUM

July 11, 2014

(Revised in September 2014)

Norm Vanhole, Chair

Pleasant Hill Recreation & Park District
Citizen's Bond Oversight Committee for
Measure E Projects

**Subject: BOC Audit Subcommittee Report of Monitoring Measure E
Financial Activities January to June 2014**

Subcommittee Responsibilities

The role and responsibilities of the Audit Subcommittee are to 1) monitor bond expenditures and review an annual Measure E financial report, 2) review any major change in costs previously approved by the District and 3) report to voters and people of the District semi-annually regarding revenues and expenditures of Measure E funds.

Background and Activity

Pleasant Hill Recreation & Park District (District) prepares a general ledger that is the official accounting system for revenues and expenditures and keeps a separate record of Measure E outlays for each construction project and for each fiscal year ending June 30. The Audit Subcommittee developed and enhanced a software application that analyzes the details recorded in the general ledger accounts set aside for Measure E projects and produces listings that expedite tracing invoice payments to underlying documents each fiscal year quarter. The results of monitoring outlays assigned to Measure E expenditures for two consecutive quarters are incorporated in the BOC semi-annual report to the District Board of Directors (Board) and made available to the general public. The BOC notes that the District has added other funding sources to complete Measure E project work.

Findings and Conclusions

A. The Audit subcommittee's analysis of the District's general ledger record of Measure E expenditures for the period January to June 2014 shows the bond fund outlay was \$1,003,884.65. There was no revenue (interest earned on invested, i.e. unspent, bond proceeds) received during the period because Measure E expenditures by December 2013 had exhausted the \$28,000,000 received from Measure E bond sales as well as the interest revenue from the invested bond funds. Since the beginning of all bond project work in 2010 until June 30, 2014 payments for these projects are a total of \$29,817,315.08. Also since the beginning of the projects, invested Measure E funds have earned \$221,061. In the last BOC six months report we stated that the District had applied Measure WW funds received from the East Bay Regional Park District to make Measure E project expenditures for the Community Center. In the current reporting period the District has

ATTACHMENT C

also used some of its own reserves and General Fund to make additional Measure E project expenditures.

The Audit subcommittee calculated the \$29,817,315 total payments for bond project work to June 30, 2014 were made possible by funds received from the \$28,221,061 Measure E bond sales and interest plus the \$1,353,985 Measure WW distribution plus \$89,568 provided from District reserves and \$152,701 from the General Fund. Total payments for constructing the Community Center at June 30, 2014 are \$11,706,228.23. The District held a grand opening of the center on January 26, 2014. Six weeks later, the District held a grand opening [March 2, 2014] of the Pleasant Oaks Park sports facility. Total project expenditures for constructing the Park at June 30, 2014 are \$4,190,523.50.

- B. During Fiscal Year 2013/2014 the Audit subcommittee examined 85 invoices recorded as Measure E project expenses during the months July to December 2013 and another 85 invoices recorded during the months of January to June 2014. All 170 invoices are deemed proper Measure E expenditures. The subcommittee noted in its preceding six months report that additional authorized work for many contractors often was arranged by work tasks [under \$5,000 each] issued on a direct invoice basis without formal modification to the contractor's written contract. These invoices occurring in the current reporting period were part of the group the subcommittee examined and deemed proper Measure E expenditures. As a further indication of official authorization of the work done, the subcommittee noted that the District Board by formal resolution in its Notice of Completions accepted the costs for all four Measure E bond projects—the Teen and Senior Centers in early 2013, the Pleasant Oaks Park facility in January 2014 and the Community Center in March 2014. Upon such acceptance, the District has released 1) funds held in escrow to the Teen and Senior Center construction contractor and 2) funds retained as guarantee of work performance to the Pleasant Oaks Park construction contractor. At June 30, 2014, the District has also released all but about \$50,000 of the funds held in escrow to the construction contractor for the Community Center. The project management contractor, Critical Solutions, Inc. has submitted and received payment for its final invoice. The small amount of remaining Measure E project responsibility has been assumed by the District which does not assign and has not assigned payroll costs to the bond expenditures.

Submitted by BOC Audit Subcommittee

Leo Vardas and Harold Jeffrey

Attachment C-1

Measure E Expenditure Payments To
Contractor/Consultant Organizations Serving The Bond
Measure Construction Projects at June 30, 2014

