

ATTACHMENT C
MEMORANDUM

September 9, 2013

**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 2013**

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 changes 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 and produces listings that expedite tracing invoice payments to underlying documents each fiscal year quarter. The results of monitoring 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.

Findings and Conclusions

- A. The Subcommittee's analysis of the District's general ledger record of Measure E expenditures for the period January to June 2013 showed the bond fund outlay was \$4,807,659.53. Revenue (interest earned on invested, i.e. unspent, bond proceeds) for the period was \$ 12,196.43. This interest amount when added to interest earned the first six months of the fiscal year (23,689.56) brought total interest earned for the entire year to \$35,885.99. Measure E expenditures since the beginning of all bond project work until June 30, 2013 is equal to \$21,665,110.08. Also since the beginning of the projects, invested Measure E funds have earned \$215,320. During this reporting period, funding for the bond projects-- specifically the Teen Center-- was increased by a transfer of \$150,000 from the Measure WW fund [East Bay Regional Park District] into the Measure E fund.**

ATTACHMENT C

The Teen Center grand opening took place October 20, 2012. At June 30, 2013, total bond outlay for the Teen Center was \$3,607,219.05. The Senior Center grand opening was delayed until January 5, 2013. At June 30, 2013 total bond outlay for the Senior Center was \$10,281,813.52

Construction of the Community Center continues. Total bond outlay at June 30, 2013 for the Center was \$6,947,824.30. Design and construction work for the Pleasant Oaks Park project is proceeding. Total bond outlay at June 30, 2013 for the Park was \$828,253.21.

- B. The Audit Subcommittee extended the December 2012 examination of invoices (236) paid from Measure E funds. In May 2013, information supporting an additional 146 invoices was examined. These bond fund outlays were deemed proper Measure E expenditures.**

In June 2013, the subcommittee repeated at three selected dates a test of the agreement of cumulative total Measure E expenditures listed on the District's Excel spreadsheet record of bond fund payments with the corresponding total payments shown in the general ledger since the inception of all project work. The Excel spreadsheet is an important tool in matching bond fund payments to the related construction feature in the Master Program budget report kept by the District's construction management contractor to apprise the Pleasant Hill Recreation Board of progress made. The result of the test was favorable. At March 31, 2013, the difference was \$1,159 out of \$19,301,308 of bond fund payments (less than one-hundredth of one percent). At other dates the difference was even less-- \$454 out of \$16,857,451 (December 31,2012) and \$76 out of \$11,969,443 (June 30, 2012).

- C. The audit subcommittee noted that the Pleasant Oaks Park construction contractor has agreed to have the District withhold five percent of each approved construction invoice in lieu of depositing the withheld amount with an escrow holder. The construction contractor's first approved invoice for \$397,007.55 in June 2013 resulted in a bond Measure E payment of \$377,157.17. The District is holding the balance of the approved invoice amount, \$19,850.38, and made an entry for the same amount into its general ledger account for the Pleasant Oaks Park project to reflect all Measure E expenditures for the project.**

Submitted by BOC Audit Subcommittee

Leo Vardas and Harold Jeffrey

Attachment C-1

ATTACHMENT C

**Measure E Expenditure Payments To Contractor/Consultant
Organizations Serving The Bond Measure Construction Projects at
June 30, 2013**