

ATTACHMENT C  
**MEMORANDUM**

**February 26, 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 July to December 2012**

**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 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 July to December 2012 showed the bond fund outlay was \$4,888,007.85 and revenue (interest earned on invested, i.e. unspent, bond proceeds) was \$ 23,689.56. Measure E expenditures since the beginning of all bond project work until December 31, 2012 amounted to \$16,857,450.55.**

**The Teen Center grand opening took place October 20, 2012. Final costs for the center are being determined. At December 31, 2012, total bond outlay for the Teen Center was \$3,764,164.01. The Senior Center grand opening was delayed until January 5, 2013. Final costs are also being determined. At December 31, 2012 total bond outlay for the Senior Center was \$9,573,061.62.**

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**Construction of the Community Center continues. Total bond outlay at December 31, 2012 was \$3,313,502.03. Design and development work for the Pleasant Oaks Park project is proceeding. Total bond outlay at December 31, 2012 was \$206,722.89.**

- B.** The Audit Subcommittee adjusted two amounts reported in its Semi-annual Report for January to June 30, 2012. The total Measure E expenditures since the beginning of all bond project work (last line of page 1) should read \$11,969,442.70. Earned interest (on page 3, item D.) should read "...on invested (unspent) bond funds was \$24,186.61 for the six months..." The Audit Subcommittee total Measure E expenditures and revenues (interest earned) for the fiscal year ending June 30, 2012 agree with the District's external auditors' reports prepared on the basis of the District's financial statements including Measure E.
- C.** The Audit Subcommittee conducted an interim examination of invoices paid from Measure E funds to determine that the payments were made according to bond Measure E. From late June to mid December 2012, 236 invoices were examined. Some invoices were considered valid bond fund payments after District staff provided additional information. A few invoices in the October to December 2012 time frame involve work temporarily paid from Measure E funds that will be later credited when rebilled to a bond project contractor. These invoices will be rechecked when the rebilled items are settled and recorded in the general ledger. All other invoices examined had information supporting the payment from Measure E funds.

The Subcommittee updated change order listings for each new or continuing Measure E contractor organization that had one or more approved changes during the contract term. The listings separate change orders where an organization has more than one contract with the District for Measure E projects. We asked District staff to look for an additional contract/change orders covering one contractor, Pacific General Engineering. The District staff supplied documents showing Measure E authorized dollars for the contractor exceeded accumulated payments recorded in the general ledger through December 2012. Total dollars authorized for selected contractor organizations are shown in Attachment C-1.

- D.** The Subcommittee's monitoring of bond Measure E revenues posted to the general ledger for the period July to December 2012 showed the amount was \$13,710.66 for July to September 2012 and \$9,978.90 for October to December 2012.

**Submitted by BOC Audit Subcommittee**

**Leo Vardas and Harold Jeffrey**

**Attachment C-1**

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**Measure E Expenditure Payments To Contractor/Consultant  
Organizations Serving The Bond Measure Construction Projects at  
December 31, 2012**