



Agenda

DATE 3/17/15 TIME 3:25

PREPARED BY Jessie Esparza

APPROVED BY [Signature]

**Parks and Open Spaces Advisory Commission  
The Barn at Frenchy's Field – 2001 Agua Fria Street  
April 21, 2015 3:00 pm– 5:00 pm**

**AMENDED TIME**

1. Call to Order
2. Roll Call
3. Approval of the Agenda
4. Review and Approval of the Minutes: March 17, 2015
5. Citizen Communication from the Floor
6. Reports from Commissioners
7. Reports from Committees
8. Parks and Recreation Department Update: Reorganization, Activities, programming, funding, parks-related issues going to the governing body committees or Council, Resolutions update. SWANN naming. Parks ribbon cutting
9. Old Business
  - a. Parks and Trails 2012 Bond Implementation Report
  - b. 2008 Parks and Trails Bond Audit
  - c. POSAC/PARC Candidates
10. New Business
11. Urban Agriculture Policy/Community Garden Guidelines and Procedures
12. Items for the May Agenda
13. Confirm date, time and location for the next meeting
14. Adjournment

Persons with disabilities in need of accommodations should contact the City Clerk 955-6522 five (5) working days before the meeting date.



# Agenda

CITY CLERK'S OFFICE

DATE 4/15/15 TIME 10:59am

SERVED BY Jessie Espana

RECEIVED BY Aliaia Hartup

**Parks and Open Spaces Advisory Commission  
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**INDEX OF  
CITY OF SANTA FE  
PARKS AND OPEN SPACE ADVISORY COMMISSION**

**April 21, 2015**

| <b>ITEM</b>   | <b>ACTION TAKEN</b>    | <b>PAGE(S)</b> |
|---|------------------------|----------------|
| 1. CALL TO ORDER  |                        |                |
| 2. ROLL CALL  | Quorum                 | 1              |
| 3. APPROVAL OF AGENDA   | Approved               | 5              |
| 4. REVIEW/ APPROVAL OF MINUTES<br>March 17, 2015  | Approved               | 5              |
| 5. CITIZENS COMMUNICATION FROM THE FLOOR  | Discussed              | 5-6,11         |
| 6. REPORTS FROM COMMISSIONERS   | None                   | 11             |
| 7. REPORTS FROM COMMITTEES  | None                   | 11             |
| 8. PARKS AND RECREATION UPDATE  | Not Discussed          | 11             |
| 9. OLD BUSINESS   |                        |                |
| a. Parks and Trails 2012 Bond Implementation Report   | Discussed              | 11             |
| b. Resolution: Funding/Support for Parks and Rec'<br>Master Plan  | Discussed              | 11             |
| c. Resolution: to convert POSAC to PARC   | Discussed              | 14             |
| d. 2008 Parks and Trails Bond Audit   | Discussed              | 10             |
| 10. NEW BUSINESS  |                        |                |
| a. POSAC Membership: Joe Lehm Resignation,<br>Proposal: candidates Damon Archuleta and<br>Jenny Parks and Rachel Wexler.<br>Future membership of PARC | Discussed              | 14             |
| b. Urban Ag' Policy/Community Garden Guidelines<br>and Procedures and Application Process   | Not Discussed          | 14             |
| 11. ITEMS FOR MAY AGENDA  | Discussed              | 14             |
| 11. DATE AND TIME FOR NEXT MEETING  | May 18, 2015           | 14             |
| 12. ADJOURN   | Adjourned at 3:54 p.m. | 14             |

**MEETING MINUTES  
FOR THE  
PARKS AND OPEN SPACE ADVISORY COMMISSION**

**TUESDAY, APRIL 21, 2015**

**1. CALL TO ORDER**

A regular meeting of the City of Santa Fe Parks and Open Space Advisory Commission was called to order by Bette Booth, chair on this date at approximately 2:00 p.m. at Frenchy's Barn, Osage and Agua Fria, Santa Fe, New Mexico.

**2. ROLL CALL**

Roll call indicated quorum as follows:

**Members Present**

Bette Booth, chair  
Oralynn Guerrerortiz, vice chair (arrived later)  
Anna Hansen  
James Stodgel  
Sandra Taylor  
Patrick Torres (arrived later)

**Members Absent**

Daniel Coriz (excused)

(Two vacancies- Joe Lehm & Melissa McDonald)

**Staff Present**

Rob Carter, Parks and Recreation Director  
Richard Thompson, Parks Director  
Isaac Pino, Director, Public Works  
Martin Gabaldon, City of Santa Fe Facilities / Parks

**Others Present**

Daniel Chacon, the *New Mexican*  
Brigitte Russell, Watchdog. org  
Rachel Wexler- New Mexico Department of Health, proposed member  
Mary Schruben, Rancho Siringo Neighborhood Association  
Charmaine Clair, Stenographer

*A sign in sheet is attached herewith as Exhibit 1*

Chair Booth said opened the floor to Councilor Dominguez while awaiting quorum. She thanked him for coming.

Councilor Dominguez thanked Chair Booth for the opportunity. He said he has a working draft of a resolution in raw form, which will decide the next steps with regard to the report from REDW (auditors). He said the Auditor's office wants to test any fixes the City is currently implementing that

are part of the report. The auditors are also interested in getting direction of what to look at from the City and communication that should be clarified from the last few days.

Councilor Dominguez said there are a couple of options not yet finalized that will be included in the resolution. One asks the State Auditor to take an independent look and develop a final report. The second is to make the Parks Bond specific to the Annual Audit with oversight from the State Auditor's Office. He said another option is to hire an independent auditor, but the challenge is how much more the City could learn. He is waiting for correspondence from the State Auditor to clarify what they are interested in beyond testing the policies and procedures REDW recommends. He will make sure the City Attorney communicates to the Governing Body and implements this into the resolution as well.

Councilor Dominguez said it was suggested that staff be able to provide a Staff Report, which is appropriate. He said part of that will be to do some fact finding and POSAC will probably be a part of that and the process will be spelled out in the resolution.

He said commenting as a tax payer and a member of the Governing Body, this comes down to trust on many levels. The public obviously trusts the Governing Body to implement their wishes via the bond appropriately and the Governing Body obviously trusts that it is implemented.

Councilor Dominguez said, *"I want to make this very, very, very clear. I have no trust issues with the current administration. Given the information that has come to light in the report and his experience, there could be some trust issues of the previous administration, but that is water under the bridge, if you will. But there are a couple of things that kind of give me some pause and two of the things are #1) the Finance Director kind of alluded to the idea that there were hundreds of people that would've been laid off, had this not happened. And he kind of retracted that and said 'well it was in the context of CIP'."*

Councilor Dominguez said, *"And then there was a statement from the Public Works Director at one point, saying that we had a whole paper trail of information; and then that was retracted to say 'well, as it pertains to building permits and building documents, etc. It wasn't really financial'."*

Councilor Dominguez said that kind of thing gives him heartburn. He said it is not that there is anything illegal or smoke and mirrors, but not being able to give straight answers raises the red flag. He said there should not be *"I said this, but I meant that"*. That is not clear communication.

Councilor Dominguez said he had 10-15 minutes to answer questions.

Ms. Hansen said she spoke with Councilor Dominguez and with the State Auditor. She said she asked the State Auditor how the City could do an audit without a paper trail. She said the City needs to find the paper trail so there can be an audit; otherwise they would be wasting money.

Councilor Dominguez said he will take into consideration everything Ms. Hansen told him.

Ms. Hansen said one thing she asked from the Auditor's Office and the City is to see the work papers from the audit. She said those papers are different from the report and show how the auditor tested and what they looked at and the places they went.

Councilor Dominguez said that was asked for by the Finance Committee and received the next day.

Chair Booth said a recommendation from POSAC could be that since the City is putting all of the documents related to this on their website, they put that document on the website as well.

Ms. Hansen said she asked for a Final Report when she was chair in 2013 and to this day has never seen anything. She said POSAC has seen Staff Reports, but not a Final Report and that is the most important. She added that POSAC received a report from Jackie in 2011 of what was done even though it was a draft final report.

She said a number of the members looked at the parks and things that were not done got done. She said that 'checks and balance' in 2011 has not happened since. She is frustrated that she has asked since 2013, for a Final Report and it is now 2015 and still has not seen anything. She wants the Report showing the exact percentage of all of the bond money spent on ADA, because that was not in the implementation plan. She said asked when a Final Report will be received.

*Mr. Torres and Ms. Guerrerortiz entered the meeting at this time.*

Councilor Dominguez thanked Ms. Hansen for her calls and service on the Commission and said he appreciates that as well as the service of all of the Commissioners. He said this is an advisory committee and is not easy to take personal time to get involved and to not be given the information they need is obviously frustrating. He said it is even more so for the members of the Governing Body who are the "authority figures" of the City.

He said it is too bad he has to spend his time reading minutes to try to dissect everything instead of working on policy issues like healthy food and poverty, etc. He has been trying to make sense of it all and it is frustrating to him that in 2011 there was specific information. He said it is frustrating to get a report that is a *draft* report, but not the *final* draft report; it is a draft of a draft. He said there were many instances where information was given to the Governing Body that was incomplete, etc.

Councilor Dominguez said what he really wants to get at whether the authority of the Governing Body was undermined, and not only the Governing Body's, but the authority of the advisory committee. He is hoping that some of the questions asked will come out eventually, but he cannot tell them when or if a Final Report will be produced. The ultimate goal is to do fact finding and get to the next phase and depending on the information, the Governing Body will decide the next step if there is one.

Chair Booth said she wanted to clarify a question about ADA that was raised as to why there were cost overruns. She said in the minutes of past meetings; POSAC had been given two different papers that said "minimum" and adequate and asked what *minimum* is. She said Fabian Chavez answered that is "*safety and ADA*". She said ADA was a part of the plan and ADA may have caused cost overruns, but two different sets of minutes show that ADA was considered. The third was irrigation.

Chair Booth said she is also concerned that the Finance Director said there was no implementation plan or that the plan was not clear. She said that was developed by staff and POSAC took pictures and there were designs for every park, etc. and that is where they should be able see the ADA costs.

Ms. Guerrerortiz thanked Councilor Dominguez for being proactive and following through. She said it makes a difference and she is glad he is carrying the torch. She said she hopes things come out for the community, because the City still has other bonding needs and it is hard to move forward.

Councilor Dominguez said that troubles him the most that this impacts the City's ability to bond for amenities that is needed and deserved as taxpayers and community members. He said they need to be sure that the City's ability to get those amenities is not ruined.

Mr. Stodgel asked what the techniques are that allow for transparency.

Councilor Dominguez said he cannot turn back the clock. He said the fact that POSAC was created is one level of transparency; it is citizens looking proactively at details. He said another level of transparency is to get accurate, qualified information from staff as part of the public record. He said going forward there are a few things that can be done. The State Auditor's office has a hotline and he plans to ask if the hotline can be used as another level of transparency. He said it has been suggested as a level of transparency there be a Custodian of Records, independent from the City. The custodian would collect the information from staff and possibly post that on the City website.

He said there is no silver bullet and they need to continue to try to provide transparency as they go through the process and learn from the experience.

Chair Booth said we still do not know who was paid out of the bond. She said she has talked with the Finance Director about publishing the list on the City website.

Councilor Dominguez said he wants to make it clear that no one is in trouble and this is not an opportunity to point fingers. He said from his perspective as a member of the Governing Body, this is about things that are systemic and need to be fixed internally and on the outside and to be sure the Governing Body authority is not undermined. He said there are lessons to be learned and they really want to make sure the City gets to a point where they can maintain and/or reestablish trust with the public, staff and everyone.

Ms. Hansen said she believes that audits are not punitive, but to help make things better. When she has been involved in audits it was to increase transparency and accountability. She said on a positive note, our parks are beautiful and a tremendous amount has been done for our parks and trails and open space. She said we at least know that a substantial amount of money was spent on our parks and is clear that good things have been done in the community with the bond.

Councilor Dominguez agreed. He said there is not a person on the Governing Body that is critical of the work on the parks and they are in much better shape. He said Ms. Hansen is correct that the City does have beautiful parks, but there is a part of our community that is in need of parks. He is concerned not only about the ability to bond in the future, but if the City missed an opportunity to get amenities for parks in need. He wonders what opportunity was missed if there had been proper accounting and the opportunity to reallocate monies to a park that needs amenities.

Chair Booth said there were \$3 million in cost overruns and if extrapolated out for 66 projects, brings it up to \$8 million. She said that would have paid for the second phase of SWAN.

Councilor Dominguez said we don't know. He said he had to leave at this time. He left his contact number and email address for anyone who has suggestions or recommendations.

*Having established quorum the Commission returned to the original agenda order.*

### **3. APPROVAL OF AGENDA**

Item 9 (a) under Old Business was moved forward to continue the discussion on the audit and would then follow the published agenda order.

**Ms. Guerrerortiz a moved to approve the agenda as amended. Mr. Stodgel seconded the motion, which passed by unanimous voice vote.**

### **4. APPROVAL OF MINUTES- March 17, 2015 [incorrect date on the agenda]**

**Mr. Torres moved to approve the minutes of March 17, 2015 as presented. Ms. Taylor seconded the motion which passed by unanimous voice vote as presented.**

### **5. CITIZEN COMMUNICATION FROM THE FLOOR - (Exhibit 2)**

Chair Booth said she was given several letters from citizens. She read them into record as follows:

*"Dear Mayor Gonzales,*

*My vote, a duty I take very seriously, went to fund a bond written specifically to provide money for parks and trails. I didn't cast my vote to have those monies spent by some city official (s) who thought they could allocate those monies elsewhere without full disclosure to the citizens of Santa Fe. Mayor Gonzales, I voted for you and support you 100% in your efforts to move Santa Fe forward, but please don't erode the fabric of our community by overlooking possible corruption-it will undermine hope for any forward movement this city and it's amazing citizen volunteers are so diligently working towards. Santa Fe voted to give parks and trails money. What happened to that money? How was it spent and by whom? This seems to be a simple enough and fairly standard discovery process. Get it done, let us know, and then, by all means, move forward.*

*Sincerely, Nancy Avedisian , Associate Broker, Barker Realty Santa Fe, 530 S Guadalupe , Santa Fe New Mexico 87501 , 505 690-8682 "*

*"I agree completely that the whole story should be brought into the open so the whole city knows what to look for in the future. I understand how the Mayor would like to dampen down the public's attention to an embarrassing situation for city government. But it will set a precedent that other department heads will remember: "oh there's a big stink for a few weeks and then it blows over". The misuse of funds is probably as bad as we have thought-or worse-and the responsible ones are probably tugging at the Mayor's sleeve saying "hey, Mr. Mayor, do us a favor and cool it". So I urge the finance committee to press for the full investigation and let the chips fall where they may.  
Bob McCarthy"*

Via email:

*"Santa Fe has to bite the bullet and come into the 21<sup>st</sup> Century and not oppose or suppress an audit. Now the world expects transparency in all financial matters. Mayor, you are doing so many things right about repositioning the city and prioritizing projects. Not doing an audit at this point could be an Achilles' heel for the reputations of the past and now present administration. It will make it appear there is something to hide. Thank you for your attention.  
Joe Schepps"*

Via email:

*"Dear Bette,*

*I won't be able to be there, but pls. do read my response for the record as follows: I urge the Mayor and city Council to pursue a complete audit of Parks and Trails Bond spending. It is the central to restoring pu... Thank you,  
Barbara Harrelson, 924 Old Taos Hwy, Santa Fe, NM 87501, 505. 989. 4561"*

Via email:

*"I am in class on Tuesday but feel strongly that a full investigation of what happened with the bond is essential and must be made available to the public.  
Marylou Butler"*

*"Hi Bette,*

*I can't make it today but here are my thoughts. With tight budgets and limited funding for Santa Fe's parks and trails, it is imperative that all allocated funds are diligently managed. It is important to understand any inadequacies in order to develop and implement appropriate reforms. Please take the time to identify what happened with the Parks and Trails Bond so that all funds can be managed more responsibly in the future.  
Sarah Pierpont, 505-603 -0558"*

Chair Booth said just for fun she posted questions on her web page. (Exhibit 3) She said asked what people thought, in view of the report, about the use of our parks and trails bond monies:  
Did they think the City should?:

1. Not dig any further, but rather focus on making reforms in procedures and policies so it will not happen again.
2. Complete the audit/conduct more auditing to identify what happened and make reforms.
3. Call in the Attorney General to find out if there was any criminal activity, conduct more auditing to identify what happened and make reforms.

Chair Booth said there were 30 comments: three people said #3; three said # 2 and then move to #3 and four people said #2. She said no one indicated #one.

Chair Booth introduced Lisa Kerr, independent auditor for the City. She thanked Ms. Kerr for her work on the audit and recognized Ms. Hansen for her work on the Audit Task Force.

Ms. Kerr said she isn't sure she is the best person qualified to answer questions about the report. She explained the report was written by REDW and Mr. Rodriguez and Ms. Garcia had been asked to attend this meeting to speak to the findings in that report. She said in a conversation with Mr. Rodriguez, she was told that he had been asked not to come and not to bring Ms. Garcia.

Ms. Kerr said she had nothing to do with that part of the process. Her involvement in the process was to determine the scope of the audit. She offered to speak to that and answer questions if there is confusion about some things.

Chair Booth asked the difference between what was done and an *audit*.

Ms. Kerr said very little, if any. She said there is government auditing standards for audits in Attestation Engagements. (Exhibit 4) She said they are just talking semantics from an audit perspective. When you engage a public accounting firm, which REDW was; there is a Certified Public Accountant, which is different than an internal auditor. She said we are all auditors but there are different focuses. She said you engage a public accounting firm to do a limited scope engagement (which this audit was). A financial audit of all of the City's financial records would be considered a financial audit with a very specific terminology used in that type of audit. Auditors in a Financial Audit are attesting to the numbers in the Financial Statements being materially correct and the materiality is further defined in the regulations as being a percentage of a total percentage.

The Parks Bond is considered a limited scope engagement and a public accounting firm was hired. The auditors were not focused on all of the finances of the City; the focus is just as it applied to the Parks Bond Audit. She noted that page 16 explained what an Attestation Engagement is and basically says it can cover anything you want it to cover and in this case, covered the 2008 Park Bond issue. She said the scope of the audit was determined and the entire Audit Committee agreed on the high level objectives.

She said there was nothing in the Parks Bond Audit that they could not audit and nothing that could not be looked at and there was no limitation. The Committee looked at everything and picked items to look at they felt would give an overall idea of what happened in the Parks Bond and what the underlying issues were. She said they looked at payroll and projects and whether projects were completed and many, many other things. She said to say that they have not done an audit is a misnomer. She thought that the State Auditor understands that and is why he does not say that the City needs to do another audit. She said he understands that this in fact was an audit.

She said the City could throw another \$100,000 at the audit to review every payroll record and the result would be the same, because if there are no payroll records to look at, you can pay a whole team to look at boxes of nothing. She said a concern is if the City would really want to spend another \$200,000 or \$300,000 to go back to try to get staff to create records that are not there.

Mr. Stodgel asked why the records are not there.

Ms. Kerr said she doesn't know. She said money would be better spent to put internal controls in place to ensure this could never happen again and in creating processes.

Ms. Taylor said the City is supposed to have an audit of City finances every year. She said without payroll records, in her mind the City would be out of compliance with the audit requirement.

Ms. Kerr explained that falls under the Comprehensive Annual Financial Report (CAFR) and the audit is conducted by financial auditors. She said she will defer to them. She said certainly the City is bigger than the 53 people who were paid with the Park Bond money. She said it is a point of materiality and if

looking at 53 people versus 1700 in the whole City and the auditors are looking at payroll and asked if payroll is materially correct; if the answer is yes, it is not a finding. Ms. Kerr said it would depend on what the auditors were looking for and again she would defer to them for that answer.

Chair Booth said that goes to the point that Mr. Rodriguez was supposed to be here. She said she would ask him to come when there is more time.

Ms. Taylor said this does not raise her trust level. She said a substantial question is the financial standards by which the City is run.

Ms. Kerr said she thought the current administration has made an effort to get quality people in the financial arena and she would point to Mr. Rodriguez as an example. She said she is confident after talking with Mr. Rodriguez, that he is bringing "a new game to town".

Chair Booth said Mr. Rodriguez told her that he would be able to tell the names of the people who were paid out of the bond and POSAC needs that. She said without that she doesn't know how to move on.

Mr. Stodgel asked if there are banking statements. He said there should be visual copies of documents associated with the bank account; there are computers and this should be digital. Ms. Kerr said again, he would need to ask the auditors (REDW) and Mr. Rodriguez.

Ms. Kerr said she provided has a copy of the Lodger's Tax Audit ( Exhibit 5 ) to point out that is also an agreed upon procedure and there is a federal audit every year or so of the City for any federal monies spent. She said that is also called an Attestation Engagement. She reiterated that is just terminology and does not change the nature or the extent of the work done.

Chair Booth asked when people ask us, we say yes an audit was done.

Ms. Kerr replied yes, absolutely. She said other audits she has looked that say Attestation standards and agreed-upon procedures do not necessarily have that wording, but come from the Government Auditing Standards (GAGAS) and it depends on which standards the CPA follows; AICPA standards versus government standards. She said some of those require you to say 'this is not an audit', but again, it is semantics.

She said regarding the question on the E-1 capabilities that came up when the Audit Committee was defining the scope of the audit. She said the financial reporting system seemed to have all of the capabilities of tracking information down to any level the City wants. She said she asked why the City could not do project management with the E1 system. She learned there are modules the City can purchase that will allow project management within the system, but whether the City wants to go down that path she does not know.

Ms. Kerr said in the report starting with (a) through (f) (Exhibit 6); were questions the Audit Committee wanted answers to. She said the biggest question the auditors had was "did the city fulfill its obligations to the citizens of Santa Fe regarding the original wording put before the voters on March 4, 2008. Did we or did we not do that".

Ms. Kerr said the question put before the voters was: 'Shall the City of Santa Fe issue up to \$30,300,000 of General Obligation Bonds to acquire land for and to approve public parks, trails and open spaces for recreational purposes?' She said the answer is in the paragraph below that and says: 'based on the testing performed during the procedures identified below, no specific exceptions were found relating to the broad statement presented to the voters'. She said on all of the work done by the auditors, they did not see money that was spent on anything else; it was spent on the parks. She said it might not have been on what the implementation plan specified, but the workers fixed what they could.

She said without specifications that go with the implementation plan, she is not sure what else could have been done. She said that was a frustration of the auditors as well, looking at the projects that had been completed and a sample of 25 projects. The auditors couldn't tell what needed to be done now because they did not have project specs'.

Chair Booth said there was a rigorous process to create the implementation plan and Ben Gurule the project supervisor and Richard Lopez the construction supervisor, were involved in the process. She said each project was gone through in detail and they knew what was meant and were both involved in the meetings and the projects.

She said she is glad Ms. Kerr brought up the implementation plan. She said the big projects had a plan design and there were designers and it was a six month process to put the implementation plan together. She said that was developed on staff recommendations; the same people involved in implementing the bond. She said for those involved in creating, which did include the people who were doing the bond, is a story that POSAC needs to let Mr. Rodriguez know, so he can understand the process.

Chair Booth said she is concerned that Mr. Rodriguez was quoted that it was "a hastily developed list of projects" when it was a six-month rigorous process.

Ms. Kerr thanked POSAC for bringing the issue up. She said it shows what concerned citizens can do and kudos to everyone involved. She thought they could look forward to the City tightening the internal controls and ensuring this does not happen again.

Chair Booth asked Mr. Pino to address what staff is doing.

Mr. Pino said at the Finance Committee, City Councilors outlined things they would like done. Councilor Maestes asked for a list of finished and unfinished parks. Staff has completed a list of the 62 projects including trails with the scopes directly from the implementation plan. A field examination was conducted by people not involved with the Parks Bond and every project was inspected. Information was provided on whether the scope of implementation was met and anything missing or any additional work that had been done. Staff is still seeking information on contractors, project managers, project administrators, who were paid by the bond. Staff has established about 40 projects that are undisputedly completed in scope of work and with nothing missing.

He said he has been asked for a Final Report since he became involved and there are still projects from the 2008 Bond in progress, the Acequia Madre under St. Francis Drive is one. The other is the Water History Museum. He said technically on these two projects they cannot say that everything has

been finished. Mr. Pino said there are projects, Peralta Park for instance, where there are three park benches and the implementation plan called for another park bench. The park is at a noisy intersection and the first three benches are never used and he just learned that staff decided not to put the fourth bench in. He said that can be a recommendation and is an example of when he does not feel comfortable saying a project is finished. He said there are many little things on the remaining list and staff will continue to compile the data. He said POSAC can make recommendations possibly at their next meeting.

Mr. Pino invited anyone who would like to come by his office and see what Parks is doing.

Chair Booth said she has heard of questions raised about the irrigation systems and whether they were designed correctly or installed correctly or even installed at all. She said as staff looks at the parks for completion, she would propose that part of the next steps be to audit the irrigation systems to make sure they are functioning.

Ms. Hansen said there should be a diagram for each park of how the irrigation was put in. She said they are all attached to the satellite, which was the main reason for the new irrigation and it was a priority because it would help with manpower and wasted water.

Ms. Taylor thought this tied to what the Water Conservation Board was supposed to do. She asked if anyone knew the status of that. Ms. Guerrerortiz replied before raising the issue they were letting the new people get their feet on the ground. She asked if money is left from the 2008 Bond.

Chair Booth replied there could be and the question is with the money left, do we put in a park bench or a tree, or put in irrigation. She said first they should do water audits. She thought Mr. Thompson was going to put a proposal together.

Mr. Thompson said he has a list of parks with irrigation, but not a lot of detail. Staff is working with Jason Kluck on that. He said there are words being used that may have different meanings, such as *satellite control*. He said a satellite controller is an object in the park. Also the audit they are describing is looking at the plan and then counting the valves and heads. He said the term *irrigation audit* actually is to measure the distribution, efficiency and uniformity of the water.

He said audits can be performed, but Parks has turned their attention to getting irrigation to parks opposed to looking at what was done. The irrigation team has increased from three people to eight and they will produce a list and report things they think were in the 2008 Bond.

Chair Booth asked how expensive that would be to look at design and count heads, etc. She said that could be part of the resolution and a water irrigation audit on some could possibly be done.

Ms. Guerrerortiz said full blown audits do need to be done in the future. She said that is what the Water Conservation Subcommittee would recommend for a few parks. She said the City needs to think ahead about climate change and other issues and raising water rates and that Santa Fe may have to shut down or minimize the irrigation departments. She said that mindset that what staff will be expected to focus on soon and is the direction that the City has to go. She said the issues were put on hold because of other issues, but the focus on water efficiency and use efficiency in parks will probably be the next push.

## 5. CITIZEN COMMUNICATION FROM THE FLOOR

*Paul Rodriguez* said he is the president of the Santa Fe Adult League Softball Association and they use the fields at MRC and he introduced Gilbert [?] the vice president. He said he understands that the fields will be turned over to MRC.

Mr. Carter replied it is part of the Parks and Recreation Department and they share staff between the two areas. He said oversight will be done by the MRC, but Parks staff will maintain the fields.

Mr. Rodriguez said he is concerned about the water efficiency and the day-to-day water problem.

Mr. Carter said the problem is the use of affluent water that is shared with the golf course, ball fields, the landfill and a rancher and controlled by the Department of Game and Fish. He said if the ponds get low, they have to wait for the landfill to give them more water and the rancher shares that.

Mr. Rodriguez said the problem is that the irrigation is busting weekly and flooding the fields. He said he has heard for three years that the City is fixing the problem. Chair Booth added that \$2 million of the bond went to that.

Mr. Thompson said staff replaces the heads there almost daily. He said we don't know what was used when the system was built and we are repairing leaks as they present. They are turning the problem over to the expert at the golf course to apply his expertise in large-scale irrigation.

Chair Booth said the Commission is seeking representatives from the sports league. She invited them both to submit their resumes.

## 6. REPORTS FROM COMMISSIONERS- None

## 7. REPORTS FROM COMMITTEES - None

8. **Parks And Recreation Department Update:** Reorganization, Activities, programming, funding, parks-related issues going to the governing body committees or Council, Memorials in Parks Resolution update. SWAN naming. Parks ribbon cutting. Not discussed at this time.

## 9. OLD BUSINESS

- a. Parks and Trails 2012 Bond Implementation Report (Exhibit 7)

Mr. Martin Gabaldon said he works for Facilities and Parks and is currently working on the 2012 Bond. He said at Franklin Miles Park the shade structure installation is due Friday and will take 3 to 4 days. There is also minor asphalt and concrete patching and the project will be complete.

Mr. Stodgel said they determined there were issues in regard to payroll and the 2012 Bond. He asked about the payroll record keeping, etc. as the 2012 Bond [work] is being done. Mr. Carter replied that John Tennyson has been assigned to track all dollars spent and hourly staff, designers and contractors should all be in the report.

The Commission began an in-depth discussion:

Chair Booth said part of the resolution will probably stop all of the local crew projects except the skate park, until procedures are in place. She asked when the design build RFP letter will go out. Mr. Carter outlined the process and said the RFP will take 30-45 days.

Mr. Stodgel said he could not find the RFP for design for the Dancing Ground Phase II online. Mr. Thompson said if not on the website the RFP has probably closed. Ms. Guerrerortiz said the RFPs are never closed out and even if closed, you can see the old record. She said it should still be there.

Mr. Thompson said he and Mr. Gabaldon did not work on the third party contractor projects. Chair Booth said that concerned her and POSAC should receive a report on every project for the 2012 Bond monies going forward. She said this is why they need to know who is being paid out of the bond now; it needs to go on public record. She said POSAC deserves to know as the advisory committee, how every penny is being spent.

Mr. Stodgel asked if the finances are public knowledge and if people can look at every line item of expenses of the Parks Department; or even City government, not just Parks.

Mr. Carter said that Mr. Stodgel is referring to the Parks and Recreation budget. He said City Council isn't given every line item. He wasn't sure that it is published and thought they have to ask for the information.

Chair Booth said within the POSAC paradigm is the 2012 Bond. She said we want a report on every single project and who is being paid out of that bond.

The Commission discussed the lack of financial records.

Mr. Thompson said as the director of the division he deals with fund balances and does not track purchase orders (PO). He meets weekly with the project administrator to discuss the fund balance and tasks that were accomplished. He said everything was included in this report and that is the information he was asked to share with them. He said he could spend half of his work week combing through POs, but there are people in place to do that.

Chair Booth said then maybe they should be here. Mr. Carter said POSAC should invite the people who can answer those questions, because Parks does not have the information.

Mr. Thompson said the format Parks received from POSAC is broken into four sections: Exhibit One is questions and includes the scope as laid out in the implementation plan and has a column for specific questions. He said Parks will answer any of those on a monthly basis.

Mr. Carter said Exhibit Two shows salaries; the design; construction; the remodel/replacement amounts.

Chair Booth said she thought that Mr. Tennyson is on top of this and the numbers are reasonable, but the Commission should invite the person in charge of contracts to report. She said for now she will continue with Mr. Gabaldon's report.

Mr. Gabaldon said currently there are three active projects: Franklin Miles Park is due to be completed in the next week and the money that was allocated is on target. Los Milagros is getting additional playground equipment and should be completed this week. Patrick Smith Park: the archaeological study is complete and the report is being written and the plans and report will be submitted to the Archaeological Board when received to move ahead with the irrigation upgrade. A water audit was done and proved 64% efficient.

Mr. Gabaldon said Arroyo Sonrisa Park was about \$5100 over estimated budget. Chair Booth asked if that was due to ADA. Mr. Gabaldon replied some of the parks are questionable. He said there are amenities, but the question is how to address those. He said the Bond calls for landscape improvements.

Chair Booth suggested they talk to City Council. She said the original intent was just to mow the park. Ms. Guerrerortiz said there was no anticipation to spend a lot of money on that location. She suggested Mr. Gabaldon discuss that with Councilor Dominguez, because it was his vision.

The Commission discussed the park and improvements.

Mr. Carter said if they do anything, the walking path has to be concreted, etc., because of the trip hazard and the wall in need of repair. Mr. Gabaldon added that if key improvements are made then ADA access will have to be provided.

Private parks in the area were discussed.

Mr. Gabaldon said plans for Escondido Park were just completed and the calls for drainage improvements and park furniture. The park is estimated at \$2 thousand over budget, but meeting with ADA, there are concerns with the existing grade in the cul-de-sac. The drainage occasionally overflows into the street and if improvements are made the grade must be made ADA accessible.

Chair Booth said that project might go on hold and she thought it would need a study. She said there was a question whether this is totally a Parks project or Public Utilities needs to be there. She said it is a safety issue, a sanitation issue and a health problem, because of the flooding and the mosquitoes.

She asked who is doing work with the local crews; who did Franklin Miles Park and what will happen to those people if all of the projects are stopped.

Mr. Carter said they are part of the Parks bond people working at Franklin Miles Park and the locals are under the Facilities staff.

Mr. Gabaldon said he doesn't know what will happen. Mr. Thompson added the Bond construction crew was reduced from 7 to 3 and an additional worker from CIP Park Bond funding was added. He said they are pursuing bond park maintenance projects with that crew, including Franklin Miles Park and Sonrisa. He said we fund some of the work as Parks interprets the maintenance funds.

Mr. Carter said he is sorry that things did not happen the way they were supposed to. He said he is trying to make sure that POSAC has more answers for the 2012 Bond and that tracking is better. He

said he knows that many of the Commission members are an integral part of the 2008 Bond and without their support and hard work some of the questions would not be coming up again.

Mr. Carter said regarding the POSAC to PARC master plan and the Memorial [guidelines] they will go to Public Works on Monday and then the Finance Committee and City Council for final approval.

Mr. Carter said they have also hired a new Administrative Manager, Debra Trujillo who will start on the fourth of May. She will do the agenda and the items under New Business must be listed. He said the City wants all of the agenda documents and there was a mix up this time.

Mr. Carter said lastly, he knew Chair Booth is waiting to hear on candidates and only one has been interviewed thus far and is in the Mayor's lap. He thanked POSAC for their commitment and time and said without volunteers, Parks and Recreation could not stay afloat.

*Ms. Linda Zingle* said she was asked to come to the meeting by Councilor Lindell. She said she sits on the City's Golf Advisory Committee that will become the Municipal Recreation Complex Committee (MRC) and she has offered to be to be a representative of that to Parks and Recreation. She said she is happy to share minutes and reports and would be present every month, although not for the entire meeting.

b. 2008 Parks and Trails Bond Audit -Previously discussed

c. POSAC/PARC Candidates

Chair Booth said in terms of candidates, she placed openings on the City's webpage, the *Journal North*, *Green Fire Times*, Facebook, Next Door, etc. and there are still only four candidates. Mr. Carter added that he sent out 145 letters to every sports league in the community.

**10. NEW BUSINESS-** None

**11. Urban Agriculture Policy/Community Garden Guidelines and Procedures-** Not discussed

**12. ITEMS FOR THE MAY AGENDA-**

Ms. Hansen said the community gardens and the urban agriculture policy were not discussed.

**13. DATE AND TIME FOR NEXT MEETING:** May 18, 2015

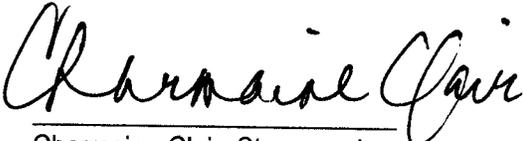
**14. ADJOURN**

*Having no further business to discuss, the meeting adjourned at 3:54 p.m.*

Approved by:

\_\_\_\_\_  
Bette Booth, Chair

Submitted by:

  
\_\_\_\_\_  
Charmaine Clair, Stenographer

POSAC SIGN-IN SHEET  
 April 21, 2015

| Name             | Email                      | Address                   | Signature               |
|------------------|----------------------------|---------------------------|-------------------------|
| Miss Sanchez     |                            |                           | <i>Miss Sanchez</i>     |
| Carol Madley     |                            |                           | <i>Carol Madley</i>     |
| Mary E. Selander |                            | 2415<br>Rancho Singson Rd | <i>Mary E. Selander</i> |
| Linda A. Stetter | LINDA@RAILWAYBANK.COM      | K0124                     | <i>Linda A. Stetter</i> |
| Rebekah Welter   | Rebekah.Welter@state.nm.us | —                         | <i>Rebekah Welter</i>   |
| Terry Lee        | tlee@state.nm.us           |                           | <i>Terry Lee</i>        |
| Lisa Randall     | lrandall@state.nm.us       | SFPS                      | <i>Lisa Randall</i>     |
| Gregory Tomber   | gregorytomber@state.nm.us  | 490 Bishop's Lodge R      | <i>Gregory Tomber</i>   |
| Leroy Pacheco    | Lerpacheco@state.nm.us     | Lerpacheco@state.nm.us    | <i>Leroy Pacheco</i>    |
|                  |                            |                           |                         |
|                  |                            |                           |                         |

Bette,

I cannot be there on the 21st but am in full support of an in depth audit.

Dear Mayor Gonzales,

My VOTE, a duty I take very seriously, went to fund a Bond written specifically to provide money for Parks and Trails. I didn't cast my vote to have those monies spent by some City Official(s) who thought they could allocate those monies elsewhere without full disclosure to the citizens of Santa Fe.

Mayor Gonzales, I voted for you and support you 100% in your efforts to move Santa Fe Forward, but please, don't erode the fabric of our Community by overlooking possible corruption - it will undermine hope for any forward movement this City and its amazing citizen volunteers are so diligently working towards.

Santa Fe voted to give Parks and Trails money. What happened to that money? How was it spent and by whom? This seems to be a simple enough and fairly standard discovery process. Get it done, let us know, and then, by all means, move forward.

Sincerely,  
Nancy Avedisian

Nancy Avedisian  
Associate Broker  
Barker Realty Santa Fe  
530 S Guadalupe  
Santa Fe, NM 87501  
505 690-8682

I agree completely that the whole story should be brought into the open so the whole city knows what to look for in the future.

I understand how the mayor would like to dampen down the public's attention to an embarrassing situation for City government. But it will set a precedent that other Department Heads will remember: "oh there's a big stink for a few weeks and then it blows over". The misuse of funds is probably as bad as we have thought - or worse - and the responsible ones are probably tugging at the mayor's sleeve saying "Hey, Mr. Mayor, do us a favor and 'cool it'". So I urge the Finance Committee to press for the full investigation and let the chips fall where they may.

Bob McCarthy

**From:** "Joe Schepps" <yoder560@gmail.com>  
**To:** "Michael Sparkman, CPA" <michael@sparkmancpa.com>  
**Cc:** "Bette Booth" <ebooth13@comcast.net>  
**Sent:** Monday, April 20, 2015 12:39:00 PM  
**Subject:** Re: Next Steps after the Parks and Trails Bond Report

Santa Fe has to bite the bullet and come into the 21st Century and not oppose or suppress an audit. Now the world expects transparency in all financial matters. Mayor, you are doing so many things right about repositioning the City and prioritizing projects. Not doing an audit at this point could be an Achille's heel for the reputations of the past and now present administration. It will make it appear there is something to hide.

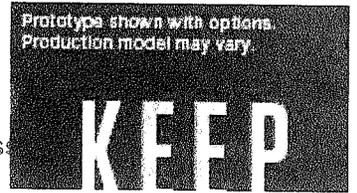
Thank you for your attention.

Joe Schepps

Hello, ELIZABET  
Sign Out

Email

Mail Search



Email Voice Address Book Calendar Text Mes

Close New

Actions

**Re: Next Steps after the Parks and Trails Bond Report**

**Sent By:** Barbara Harrelson **On:** Apr 04/19/15 10:49 PM

Barbara Harrelson

**To:** Bette Booth

Mailboxes

Inbox (489)

Utila

Sent

Drafts

Spam

Trash

Deleted Messages

RFJ

Sent Messages

smtp.comcast.net

UTILA 2

Dear Bette,

I won't be able to be there, but pls. do read my response for t record, as follows:

I urge the Mayor and City Council to pursue a complete audit of Parks and Trails Bond spending. It is essential to restoring pu

Thank you,

Barbara Harrelson

Barbara Harrelson  
924 Old Taos Hwy  
Santa Fe, NM 87501  
505.989.4561

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[The XFINITY Connect App](#)

Ad Info Ad Feedback

**From:** preslou@aol.com

**To:** "Bette Booth" <ebooth13@comcast.net>

**Sent:** Saturday, April 18, 2015 3:26:38 PM

**Subject:** Re: Next Steps after the Parks and Bond Report

I am in class on Tuesday but feel strongly that a full investigation of what happened with the bond is essential and must be made available to the public.

Marylou Butler

Hi Bette,  
I can't make it today but here are my thoughts.

With tight budgets and limited funding for Santa Fe's parks and trails, it is imperative that all allocated funds are diligently managed. It is important to understand any inadequacies in order to develop and implement appropriate reforms. Please take the time to identify what happened with the Parks and Trails Bond so that all funds can be managed more responsibly in the future.

Sarah Pierpont  
505-603-0558

I'm curious what people think (who aren't already calling and emailing me. In view of the negative and incomplete report about the use of our Parks and Trails Bond monies, do you think the City should:

1. Not dig any further into what happened. Rather focus on making reforms in procedures and policies so it won't happen again in the future.
2. Complete the audit/conduct more auditing to identify what happened and make reforms.
3. Call in the Attorney General to find out of if there was any criminal activity, conduct more auditing to identify what happened and make reforms.

You Know You're Old School Santa Fe/ My personal Facebook Page  
30 comments

18 – #3

3 - #2 and then move to #3

4 - #2

Others comments without naming a number

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# Standards for Use and Application of GAGAS

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## Introduction

**2.01** This chapter establishes requirements and provides guidance for audits<sup>9</sup> performed in accordance with generally accepted government auditing standards (GAGAS). This chapter also identifies the types of audits that may be performed in accordance with GAGAS, explains the terminology that GAGAS uses to identify requirements, explains the relationship between GAGAS and other professional standards, and provides requirements for stating compliance with GAGAS in the auditors' report.

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## Types of GAGAS Audits and Attestation Engagements

**2.02** This section describes the types of audits that audit organizations may perform in accordance with GAGAS. This description is not intended to limit or require the types of audits that may be performed in accordance with GAGAS.

**2.03** All audits begin with objectives, and those objectives determine the type of audit to be performed and the applicable standards to be followed. The types of audits that are covered by GAGAS, as defined by their objectives, are classified in this document as financial audits, attestation engagements, and performance audits.

**2.04** In some audits, the standards applicable to the specific objective will be apparent. For example, if the objective is to express an opinion on financial statements, the standards for financial audits apply. However, some audits may have multiple or overlapping objectives. For example, if the objectives are to determine the reliability of performance measures, this work can be done in accordance with either the standards for attestation engagements or performance

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<sup>9</sup>See paragraph 1.07c for discussion of the term "audit" as it is used in chapters 1 through 3 and corresponding sections of the Appendix.

audits. In cases in which there is a choice between applicable standards, auditors should evaluate users' needs and the auditors' knowledge, skills, and experience in deciding which standards to follow.

**2.05** GAGAS requirements apply to the types of audits that may be performed in accordance with GAGAS as follows:

**a.** Financial audits: the requirements and guidance in chapters 1 through 4 apply.

**b.** Attestation engagements: the requirements and guidance in chapters 1 through 3, and 5 apply.

**c.** Performance audits: the requirements and guidance in chapters 1 through 3, 6, and 7 apply.

**2.06** Appendix I includes supplemental guidance for auditors and audited entities to assist in the implementation of GAGAS. Appendix I does not establish auditor requirements but instead is intended to facilitate implementation of the standards contained in chapters 2 through 7. Appendix II includes a flowchart which may assist in the application of the conceptual framework for independence.<sup>10</sup>

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**Financial Audits**

**2.07** Financial audits provide an independent assessment of whether an entity's reported financial information (e.g., financial condition, results, and use of resources) are presented fairly in accordance with recognized criteria. Financial audits performed in accordance with GAGAS include financial statement audits and other related financial audits:

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<sup>10</sup>See paragraphs 3.07 through 3.32 for discussion of the conceptual framework.

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**Chapter 2**  
**Standards for Use and Application of**  
**GAGAS**

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**a. Financial statement audits:** The primary purpose of a financial statement audit is to provide an opinion about whether an entity's financial statements are presented fairly in all material respects in conformity with an applicable financial reporting framework. Reporting on financial statement audits performed in accordance with GAGAS also includes reports on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

**b. Other types of financial audits:** Other types of financial audits conducted in accordance with GAGAS entail various scopes of work, including: (1) obtaining sufficient, appropriate evidence to form an opinion on single financial statements, specified elements, accounts, or items of a financial statement;<sup>11</sup> (2) issuing letters for underwriters and certain other requesting parties;<sup>12</sup> and (3) auditing compliance with applicable compliance requirements relating to one or more government programs.<sup>13</sup>

**2.08** GAGAS incorporates by reference the American Institute of Certified Public Accountants (AICPA)

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<sup>11</sup>See American Institute of Certified Public Accountants (AICPA) *Codification of Statements on Auditing Standards for Auditing (AU-C) Section 805, Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement.*

<sup>12</sup>See AICPA AU-C Section 920, *Letters for Underwriters and Certain Other Requesting Parties.*

<sup>13</sup>See AICPA AU-C Section 935, *Compliance Audits.*

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**Chapter 2**  
**Standards for Use and Application of**  
**GAGAS**

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Statements on Auditing Standards (SAS).<sup>14</sup> Additional requirements for performing financial audits in accordance with GAGAS are contained in chapter 4. For financial audits performed in accordance with GAGAS, auditors should also comply with chapters 1 through 3.

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**Attestation**  
**Engagements**

**2.09** Attestation engagements can cover a broad range of financial or nonfinancial objectives about the subject matter or assertion depending on the users' needs.<sup>15</sup> GAGAS incorporates by reference the AICPA's Statements on Standards for Attestation Engagements (SSAE).<sup>16</sup> Additional requirements for performing attestation engagements in accordance with GAGAS are contained in chapter 5. The AICPA's standards recognize attestation engagements that result in an examination, a review, or an agreed-upon procedures report on a subject matter or on an assertion about a subject matter that is the responsibility of another party.<sup>17</sup> The three types of attestation engagements are:

**a.** Examination: Consists of obtaining sufficient, appropriate evidence to express an opinion on whether the subject matter is based on (or in conformity with) the

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<sup>14</sup>See AICPA *Codification of Statements on Auditing Standards* and paragraph 2.20 for additional discussion on the relationship between GAGAS and other professional standards. References to the AICPA *Codification of Statements on Auditing Standards* use an "AU-C" identifier to refer to the clarified SASs instead of an "AU" identifier. "AU-C" is a temporary identifier to avoid confusion with references to existing "AU" sections, which remain effective through 2013. The "AU-C" identifier will revert to "AU" in 2014 AICPA *Codification of Statements on Auditing Standards*, by which time the clarified SASs become fully effective for all engagements.

<sup>15</sup>See A2.01 for examples of objectives for attestation engagements.

<sup>16</sup>See the AICPA *Codification of Statements on Standards for Attestation Engagements* (AT) Sections.

<sup>17</sup>See AICPA AT Section 101, *Attest Engagements* and AT Section 201, *Agreed-Upon Procedures Engagements*.

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**Chapter 2**  
**Standards for Use and Application of**  
**GAGAS**

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criteria in all material respects or the assertion is presented (or fairly stated), in all material respects, based on the criteria.

**b. Review:** Consists of sufficient testing to express a conclusion about whether any information came to the auditors' attention on the basis of the work performed that indicates the subject matter is not based on (or not in conformity with) the criteria or the assertion is not presented (or not fairly stated) in all material respects based on the criteria. Auditors should not perform review-level work for reporting on internal control or compliance with provisions of laws and regulations.<sup>18</sup>

**c. Agreed-Upon Procedures:** Consists of auditors performing specific procedures on the subject matter and issuing a report of findings based on the agreed-upon procedures. In an agreed-upon procedures engagement, the auditor does not express an opinion or conclusion, but only reports on agreed-upon procedures in the form of procedures and findings related to the specific procedures applied.

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**Performance Audits**

**2.10** Performance audits are defined as audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria.<sup>19</sup> Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. The term "program" is used in

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<sup>18</sup>See AICPA AT Sections 501, *Reporting on an Entity's Internal Control Over Financial Reporting* and 601, *Compliance Attestation*.

<sup>19</sup>See paragraphs 6.37 and A6.02 for discussion of criteria.

"29 Years of Excellence"



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(505) 988-2505 FAX  
(800) 983-1040 Toll Free  
[ba@barracough.com](mailto:ba@barracough.com)

Exhibit 5  
POSAC  
April 21, 2015

Sandra M. Shell, C.P.A./A.B.V., C.V.A.  
Rhonda G. Williams, C.P.A.  
Katherine M. Rowe, C.P.A.

**Managers**

Douglas W. Fraser, C.P.A.  
Laura Parker, C.P.A.  
Rick W. Reynolds, C.P.A.  
Christopher Noyes, C.P.A.

**Independent Auditors' Report on  
Applying Agreed-upon Procedures**

City of Santa Fe Finance Committee  
Santa Fe, New Mexico

We have performed certain procedures as discussed in Attachment I, which was agreed to by the City of Santa Fe, solely to assist you with respect to the accounting records of thirty lodgers' tax facilities and eleven short term renting establishments for the lodgers' tax reports filed for the years July 1, 2010 through June 30, 2013. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified parties of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our findings are as follows:

*High Risk Classification Lodgers' Tax Facilities (July 1, 2010 through June 30, 2011):*

Entity #7 had no exceptions noted. It was noted that the City's spreadsheet listing taxes collected for November 2010 showed \$196.04 was collected, however review of a copy of the check showed that \$1,960.04 was remitted to the City of Santa Fe. The City should ensure that payments are being recorded accurately. The City should reconcile the excel spreadsheet of lodgers' tax payments to the general ledger total.

Entity #8 appeared to understate revenue by \$152.64 or taxes underpaid of \$10.69, noted while comparing yearly amounts to the entity's financial statements. Per management of Entity #8 this difference was due to the transition between two accounting software programs in October 2010.

Entity #9 appeared to overstate revenue by \$0.31 or taxes overpaid of \$0.02 noted while comparing yearly amounts to the entity's financial statements. Per management of Entity #9 these differences were the result of rounding caused by the accounting software.

Entity #10 under reported revenue by \$638.98, resulting in taxes owed of \$44.73. These amounts represent tax exemptions which management was never provided documentation to us to substantiate the amount. Two of the four months tested matched without exception. In agreeing amounts to the entity's financial statements, we noted that revenue appeared overstated by \$1,492.71 or taxes overpaid of \$104.49. This difference is due to management including no-show revenue in the room revenue tax calculation on the tax remittance report.

MARCH 30, 2015  
— TENTATIVE AND PRELIMINARY DRA  
FOR DISCUSSION PURPOSES ONLY

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

City of Santa Fe  
Management and City Council

We have performed the procedures enumerated below, which were agreed to by the City of Santa Fe (the "City"), solely to assist the City with respect to determining if the City fulfilled its obligation to the citizens of Santa Fe regarding the issuance of \$30,300,000 of general obligation bonds to acquire land for, and to improve public parks, trails and open spaces for recreational purposes. The related documentation and activities covered the period from March 4, 2008 to June 30, 2014, and included 2008 and 2010 General Obligation Bond Covenants and Arbitrage Agreements and the 2008 Park Bond Implementation Plan. The following objectives were addressed:

- a) Did the City fulfill its obligation to the citizens of Santa Fe regarding the original wording put before the voters on March 4, 2008?
  - i. Shall the City of Santa Fe issue up to \$30,300,000 of general obligation bonds to acquire land for, and to improve, public parks, trails and open spaces for recreational purposes?
- b) Was the 2008 Parks Bond Implementation Plan materially implemented?
  - i. Were changes approved?
- c) A final accounting of what was spent for each project has been requested, including details. Did the City provide a final accounting?
- d) Were relevant City policies and procedures followed? Were expenditures including salaries expense within parameters of policies and procedures?
- e) Were there adequate internal controls in place to ensure monies were spent appropriately? How can internal controls be improved?
- f) Were relevant City, State, and Federal Laws followed, including ADA if specified in project?

Based on the testing performed through the procedures identified below, no specific exceptions were found relating to the broad statement presented to the voters. As it related to procedures performed to address the remaining objectives, REDW did find instances where the 2008 Parks

MARCH 30, 2015  
— TENTATIVE AND PRELIMINARY DRAFT —  
FOR DISCUSSION PURPOSES ONLY

Bond Implementation Plan was not materially implemented and changes were not approved. Additionally, a final accounting was not provided with details to properly assess completion of the projects. REDW also found instances where there were no policies and procedures or policies and procedures were not followed and adequate internal controls were not in place. Due to the nature of testing on a sample basis, REDW cannot assert that all laws were followed; however, for the items tested no exceptions were found as a result of applying the procedures identified below.

*Overall Management's Response*

Your audit of our 2008 Park Bond program and your recommendations for improving it is much appreciated. We read your report carefully and found that your findings and recommendations aptly address the situation as we know it.

From the start, the 2008 program represented a departure from the way the City had traditionally managed capital improvement projects. Until then, these projects were bid out to private contracts, with City project managers supervising the quality of their work and shepherding the projects through the City's existing processes. When the economic recession gripped the local economy and gross receipts taxes plummeted, however, the City tapped the 2008 bond program to avoid laying off hundreds of workers. The circumstances allowed little time to plan and set up the new system. The new policies and procedures to administer the capital program in this new, much more hands-on, way went up even as the at-risk workforce was switched to the bond program. Project plans, which usually included a great level of design and scope detail, were deemed complete and made part of the program even at their conceptual stage. To put the workforce to work immediately and keep the program moving forward without interruption, a general "suspense" account was set up to easily account for the workers' time and allow the project managers to subsequently determine which specific project accounts should be charged. The new way of working was launched parallel to the City's standard project management system and was never institutionalized, as everybody expected the need for it to be temporary.

As we know now, the hastily drawn ad hoc system that was put place in 2008 stayed in place. The workforce that was kept on board by the 2008 program is also still with the City undiminished. The 2008 program has become the standard for how the City manages the capital projects that are implemented with City forces.

REDW's audit provides a helpful independent appraisal of this system. The city readily accepts its findings and recommendations. It is taken as a constructive critique of the system that the City relies on to manage capital force account projects and as a clear roadmap of the changes that have to be made to ensure its efficiency, effectiveness, and transparency.

The City's management is responsible for the entity's accounting records and supporting documentation as it relates to compliance with the 2008 and 2010 park bonds.

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This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Our procedures and findings are as follows:**

- 1) *Implementation Plan Changes, Park Visit and Budget Adjustment Procedures:* We obtained the “Draft 4” version of the implementation plan dated October 31, 2007, which was approved by City Council on June 25, 2008, and performed the following procedures:
  - a) Requested all changes made to the plan to agree them to supporting documentation for approvals.
  - b) Researched voter laws and read relevant documentation from the Attorney General on requirements for how to fulfill duties to the Public based on the bond wording.
  - c) Determined if the criteria as defined in the original bond language was met.
  - d) We selected a sample of 25 projects that included parks, trails, projects and cancelled projects to include 10 random and 15 judgmental (REDW selected 8 projects that appeared to have salary expenses with no service and material expense or an excessive amount of salaries compared to service and materials. The City of Santa Fe selected 7 projects).
    - i. If expenditures were made for improvements we verified that they were completed by visiting the site and observing the improvement; including ADA improvements.
    - ii. We determined if budget allocations and reallocations (including cancelled projects) were approved as required by the Santa Fe City Code Chapter XI Budget & Finance, 11-4 Budget Adjustments. We:
      - a. Compared the project total amounts between the master plan, which outlined a range of suggested improvements and the implementation plan which outlined the recommended improvements, to identify any total cost differences.
      - b. Verified that the approved original budgeted amounts set for each project agreed to the implementation plan and the master plan.
      - c. Compared the breakout costs from the implementation plan to the summary of revenue and expenditures prepared by the Finance Department by project to identify differences between planned and actual costs.
      - d. Compared the original budget from the implementation plan to the total funding approved through the budget adjustment process to identify differences.
      - e. Tested that all budget adjustments and transfers were supported by an approved Budget Adjustment Request (BAR) form, based on approval thresholds identified in the Santa Fe City Code Chapter XI Budget & Finance, 11-4 Budget Adjustments. We then compared those changes against the visual

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inspection of the projects to determine if the scope identified in the implementation plan was completed.

- f. Compared the implementation plan to the summary of revenue and expenditures prepared by the Finance Department to ensure that all projects were listed.

Findings and other recommendations

***Changes to the Implementation Plan and Cost Overruns***

*Condition:* The implementation plan for bond funded projects was never finalized and no formal revisions were made to the scope of work for any project. We determined during the park visits, that the scope of work identified in the implementation plan was not completed as approved by the governing body comprised of the City Council and the City Manager for 14 of the 25 projects tested. Of the 14 identified as not completed according to the implementation plan, three appeared to be mostly completed, eight were partially completed and three were not completed at all. Four of five projects identified with ADA improvements identified in the implementation plan appeared completed; however, the plan was not specific as to what improvements should be completed.

As compared to the original budget identified in the implementation plan:

- The cost of 21 of 25 projects tested exceeded the original budget.
- The cost of 10 of 25 projects tested exceeded the original budget for contracted work.
- The cost of 23 of 25 projects tested exceeded the original budget for in-house work.

For the 25 projects tested, total original planned expenditures from the implementation plan were overspent by \$917,811 and in-house performed work was overspent by approximately \$2 million. Subsequent budget adjustment requests were approved; however, changes to scope of work were not included in the requests and therefore were not approved.

*Effect:* The implementation plan, including costs and planned improvements, was presented and approved by Council. Subsequent reporting to Council only included budget adjustments and did not include changes to the scope of work. Projects were not completed as listed in the implementation plan and there was no comprehensive documentation to support changes.

*Cause:* The implementation plan was never finalized and there were no policies and procedures to address how the implementation plan was to be executed; how changes to the plan were to be documented, implemented and approved; how work were to be monitored for scope of work or cost changes; or results of the completed project were to be communicated.

*Criteria:* The Draft 4 version of the implementation plan dated October 31, 2007, which was approved by City Council on June 25, 2008.

*Recommendation:* The City should consider completing an analysis of all projects to determine if any significant improvements still need to be completed. Policies and procedures should be created and formally adopted to address how projects are to be approved, updated for changes, and monitored to ensure work is completed.

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*Management's Response:* Accepted. A formal program close out report should be the last step in a proper project management system. The City relies on the standard city-private contractor close out procedure to close out individual projects and, in the aggregate, bond programs. It has never instituted a comparable procedure for projects and/or programs where the City served as both the supervisor and contractor. To improve how projects are approved, updated for changes and monitored for completeness, the City will immediately institute a formal closeout procedure for each project. This will consist of a formal and written sign-off of a completed project by the City Manager or his/her designee. This procedure will be applied retroactively to all the projects in the 2008 program and presented as a final status and assessment report to the City Council by December 31, 2015 or when the last project in the 2008 program is completed, whichever occurs first. ] when

***Budget Adjustment Requests***

*Condition:* During our testing of Budget Adjustment Request (BAR) forms, we identified several instances where the form was not properly completed to indicate approvals required by the Santa Fe City Code. Additionally, the information provided to City Council for approval of budget adjustments only included funding changes and did not include information to indicate that any changes would be made to the scope of work.

For 25 BAR forms tested we determined that:

- Eight BAR forms tested were not completed to evidence that the City Council approved the request; however, they were included in the Council packet for approval.
- One BAR form indicated that City Council approval was not required; however, the BAR amount was over \$50,000 and therefore their approval was needed.
- Four BAR forms did not include all required authorizations.

13/25 [Effect: Budget Adjustment Requests were not properly completed to indicate that all authorizations were obtained as required by the Santa Fe City Code.

*Cause:* City personnel did not complete the BAR forms as required. Additionally, all relevant supporting documentation was not included with the BAR to indicate proper approvals were obtained.

*Criteria:* The Santa Fe City Code Chapter XI Finance & Budget, Section 11-4 Budget Adjustments Paragraph C., states that the governing body shall approve budget increases or decreases in revenue or transfers-in or in expenditures, expenses or transfers-out, that reflect increases or decrease in the budget that are over fifty thousand dollars (\$50,000).

Budget adjustments approved by the city manager and the governing body shall be included by fund in quarterly budget resolutions approved by the governing body comprised of the City Council.

*Recommendation:* A process should be implemented to ensure that City personnel complete all required sections of the BAR forms and attach all supporting documentation including the resolution detail, City Council minutes indicating approval, and other relevant information as needed.

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*Management's Response:* Accepted. The City already requires all budget adjustment requests (BARs) to be supported by a completed form and supporting documentation, including related City Council resolutions and minutes, before funds are transferred between business units, funds, and major capital projects. This requirement was not imposed on the 2008 park bond projects because the entire park bond program was treated as a general business unit. In this way, fund transfers between projects within the program were not seen as full transfers, although some project managers relied on BARs to track transfers between projects. At the time, this represented a new, more expeditious way of doing business. It was left an ad hoc approach, however, and never fully promulgated in the organization. As a result, there were inconsistencies in the BAR's that emanated from the program. To correct this, the City will immediately begin requiring a complete BAR with supporting documentation and Council resolution and minutes, and signoff by the City Manager or his designee before funds are transferred between bond projects.

Other recommendations

- On future plans similar to the park bond projects, the status should be clearly documented whether it is a draft or final version.
- On future plans similar to the park bond projects, a change process should be developed and documented to ensure that all changes are captured (changes to project scope of work, cancelled projects, etc.) and updated in the plan for reference.
- A monitoring and reporting process should be developed with established criteria and timelines (i.e. monthly or quarterly), with positions responsible identified. Information communicated should at minimum include project scopes, timelines and costs with status of completion and any changes needing approval. All project documentation should be maintained in a project file for ease of retrieval.
- A process to close projects should be developed. This should include evaluation of the outcome and whether the completion of the project met expectations, including financial reporting to City Council and the City Manager to ensure that public funds were spent appropriately. Close procedures should include a site visit by the project manager to ensure all planned work was completed. The project manager's visit should be documented including signoff on completed work and documentation of work not completed as planned.
- Implementation plans and/or scopes of work should have enough detail for individuals not familiar with the project to verify that the work was completed. This is critical when there are existing items of a similar nature at the park prior to the completion of the improvements. This would alleviate any issues from turnover of staffing, where new staff would have to follow through on verification due to multi-year planning and projects.
- Project names should follow consistent naming conventions throughout the course of the project on all documentation (full names versus abbreviations or alternate names), some of the issues identified include the following:
  - Genoveva Chavez vs. GCCC
  - Northwest Quad vs. NWQ
  - Acequia Trail vs. St. Francis/Cerrillos Pedestrian Crossing vs. St. Francis Crossing

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*Management's Response:* All six recommendations are accepted in their totality and will be immediately implemented.

- 2) *Final Accounting Procedures:* Final accounting for each project was not completed timely by the Finance Department or ever provided to Parks and Open Space Advisory Committee (POSAC) as originally requested by the scope of work. Final accounting was not provided to the REDW audit team until after our on-site fieldwork was completed; therefore, no testing was done on this data. As an alternative procedure we obtained five project summaries prepared by the Public Works department in December 2013 and examined each. We compared the Parks Advisory Committee (PAC) Recommendation which listed out what the committee recommended be completed at the location to the actual improvements made at the location and the cost.

Findings and other recommendations

*Final Accounting for Projects*

*Condition:* A final accounting was not prepared within the requested timeframe for each project, and was not prepared in a format that would allow for comparison of the original scope of work identified in the implementation plan to the work completed and related costs. For the five project summaries examined we determined that:

- Four projects had costs of actual work performed that exceeded the projected cost in the implementation plan.
- Two projects had work completed that was different from the original scope identified in the implementation plan.
- Three projects had work completed that exceeded the original scope.

*Effect:* City stakeholders were unable to determine if projects were completed as requested and within the budgeted costs.

*Cause:* There was no process to prescribe the format and information to include in the final accounting to allow for a comparison of work identified in the implementation plan to work completed and the associated costs.

*Criteria:* Project close out (or final accounting) documentation should be prepared to compare original costs and plans to what was actually done. This would ensure that projects are reviewed for proper completion and analysis and if projects were not completed as planned, changes were documented.

*Recommendation:* A process should be implemented to close out projects. This process should include the required format and information needed to compare budgeted costs and planned work to actual costs and work completed. A timeline for completing the project close out should also be documented in the policy including who this information should be presented to.

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*Management's Response:* A formal close out procedure is vital to any proper project management system, especially when the City workforce serves as both project manager and contractor such as the 2008 park bond projects. Until 2008 when it decided to implement the bond program primarily with City workers, the City had relied on the standard project manager-contractor relationship to lead all projects to final close out, with the contractor submitting a request for final payment after a final inspection is completed by the City. This procedure is well established and rehearsed in the organization. This is not the case for City force account projects. The City will immediately begin implementing a formal close out procedure for all force account projects. This procedure will include a comparison of budgeted costs and planned work to actual costs and work completed.

Other recommendations:

- A formal procedure should be developed to guide personnel of the steps involved in the project management process to include the following with guidelines for monitoring and signing off on completed work, which may be in the form of a schedule of values with percentage of completion or an inspection checklist for each project that identifies original scope areas and status of completion:
  - Professional services
  - Contracted work
  - Work performed by City personnel

*Management's Response:* Accepted in its totality and will be immediately implemented, starting with a training and communication program to guide the staff through the new procedure, form, and reporting standards.

- 3) *Vendor Expenditure Procedures:* From the sample of 25 projects identified in item 1 above, we obtained a listing of all expenditures paid through park bond proceeds and extracted all vendor expenditures to verify that monies paid for contract labor followed City policies, and City, State and Federal law, especially as in regards to nepotism or conflicts of interest. From the expenditures identified, we selected a judgmental sample of 25 vendor expenditures posted to the general ledger between October 2008 and December 2014. To stratify the sample, we selected six vendors with accumulated costs greater than \$100,000 and 16 with less than 100,000. We tested for the following:
- a) Procurement procedures were followed, including approvals and requirements outlined in the City's Purchasing Guidelines.
  - b) Purchase requisition and purchase order were properly approved, and receiving documents were signed for receipt of goods or certification to indicate completion of the work.
  - c) If the transaction was associated with a reclassification journal entry, support was maintained to indicate that reclassification was needed and appeared reasonable.
  - d) If potential conflicts of interest were identified, employee properly disclosed according to City's Code of Ethics for compliance with nepotism and conflict of interest policies. To assess for conflicts we compared employee addresses to vendor addresses and also checked for similar last names between vendor and City employees to investigate further.

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Findings and other recommendations

***Compliance with the City's Purchasing Manual***

***Condition:*** One of the 25 vendor transactions tested for professional services in the amount of \$23,809.36 did not comply with the City's Purchasing Manual's requirement to obtain three written quotes.

***Effect:*** The City may not have received the best price as required in the Purchasing Manual since only one quote was obtained.

***Cause:*** Personnel did not follow the requirements outlined in the City's Purchasing Manual, because they were following the State of New Mexico procurement code which does not require three quotes for this size of professional services contract.

***Criteria:*** The City's Purchasing Manual section 4.1.6 Procurement Requirements, states that "purchases of tangible personal property and services, including professional services that exceed \$5,000 but not more than \$50,000, require at least three written quotes".

***Recommendation:*** The City's Purchasing Manual should be dated for proper revision tracking and assessed to determine if changes should be made to align with the State of New Mexico procurement requirements. Alternatively, the City should ensure that the Purchasing Manual is followed.

***Management's Response:*** Accepted. The City follows a duly approved Purchasing Manual that, while aligned with that of the State of New Mexico, sets out its own standards and procedures in accordance with its home-rule city status. The City requires all procurements to abide by the city of Santa Fe Purchasing Manual, whether individual or project-related. This manual has been under revision for the past couple of years, as some aspects of require updating to conform to the new market place and modern best practices. The City will expedite the revision process and present an updated proposal to the City Council for its approval by September 30, 2015.

***Project Completion Procedures***

***Condition:*** For 18 of 25 vendor transactions tested there was not documentation to determine if goods were properly received or services properly completed prior to payment.

- Seven of 25 invoices had scheduled values and percentage of completion to show what stage the project was in related to the billing, but it did not include a reference to an inspection completed by a project manager to verify that the work was completed prior to payment.
- Three of 25 invoices did not have scheduled values and percentage of completion to show what stage the project was in related to the billing and did not include a reference to an inspection completed by a project manager to verify that the work was completed prior to payment.
- Five of 25 invoices were for goods only; however, no receiving ticket was on file to indicate goods were inspected upon receipt.

***Effect:*** The goods or services that were paid for by the City may not have been received or completed.

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\* *Cause:* Although the current process requires City personnel to note exceptions for goods not received or work not performed, there is no documented verification of goods received or work performed. It is unclear if the employee actually completed the verification.

*Criteria:* The current policy does not address what documentation is needed to support that items were received and verified or work was performed. It was not clear on the invoices tested if employees were actually verifying that the items were received or completed the verification.

*Recommendation:* An inspection form should be required for all projects to ensure work was completed as specified. It should include a schedule of values and percentage of completion which can be signed off to indicate work performed and date of inspection. This form should be completed prior to authorization of payment. Receiving documentation should be submitted with invoices approved for payment with indication that items were verified upon receipt. Alternatively, verification could be documented on the invoice to indicate goods were inspected upon receipt.

*Management's Response:* Accepted. Proper checks and balances should be in place for all construction projects, bond-funded or otherwise. This is particularly important for projects being implemented by City workforce. The City will immediately begin implementing a procedure that will ensure all of the elements of a plan are completed as specified and goods received as requisitioned. The implementation effort will include the introduction of a new form, staff training, and posting requirements. In addition, receiving documentation will be required to be submitted with invoices approved for payment with indication that items were verified upon receipt.

Other recommendations:

- In order to complete testing of vendor transactions, we received information from multiple sources in order to obtain complete procurement documentation. A process should be established to maintain documentation to support procurement procedures in a central location to ensure consistent information and ease of retrieval.
- According to the City's Purchasing Manual, departments are not required to maintain or submit receiving documents to Accounts Payable with invoices for payment. A formal process should be implemented to consistently document that goods were verified. This could include maintaining copies of receiving documents with the invoice and payment documentation with verifications documented.
- The City should consider expanding the conflict of interests procedures included in the City's Code of Ethics to include a process for vendors to disclose potential conflicts and a process to communicate new vendors to employees to facilitate identifying possible conflicts of interest. A process should also be implemented to track potential conflicts to include a procedure to follow up on disclosed conflicts.
- The Purchasing Manual should include effective and revision dates.

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*Management's Response:* Accepted in its totality and will be immediately implemented, starting with a training and communication program to guide the staff through the new procedure, form, and reporting standards.

- 4) *Salaries and Benefits Expenditures Procedures:* There were no capabilities to allow the City to run a report of all salaries and benefit costs charged to bond projects by employee. As an alternative procedure, we obtained a report for the period of October 23, 2009 through December 26, 2014, of all employees paid with wages posted to a suspense account, which was a temporary holding place for expenditures related to employee salaries and benefits until they could be allocated to specific funds, based on the period from when the suspense account was in effect. From this report we selected a sample of 25 employee payroll entries. Due to difficulty in obtaining relevant information needed to test employee salaries charged to the park bonds the sample was reduced to five. Of the five employees selected we were able to determine that only three of the five were actually charged to the park bond funds. For the three employees we tested that:
- a) Salaries were for direct labor on approved projects only, and no salaries were paid for ongoing operations, or maintenance which was not allowed to be charged to the bond funds.
  - b) Employee job responsibilities were in line with work done (for example not paying for an administrative secretary's salary as a direct cost).
  - c) Maintenance workers were not paid.
  - d) Pay rates were properly supported and approved.

Findings and other recommendations

***Employee Wages Charged to Bond Funds***

*Condition:* The City used a suspense account as a temporary holding place for expenditures related to employee salaries and benefits and subsequently allocated the time to specific park bond funds through a manual batch journal entry; however, the employee time was not consistently documented to support what time was allocated and that the time was for direct labor on bond funded projects. For the three employees tested:

- One employee appeared to have duties beyond park bond projects, but all time was charged to the suspense account for every pay period between October 23, 2009 to December 26, 2014; however we could not verify if all time was charged to bond funded projects or not.
- One employee's timesheet was not signed or approved; therefore, we were unable to determine that the employee's time was verified as accurate prior to payment of wages from the bond fund.
- One employee had multiple approved pay rates within the same period included in their personnel file. We were able to verify that the employee was paid the correct rate.
- One employee's position was not correct in the suspense account detail which had them listed as a library technician instead of a parks maintenance worker.

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- Two employees had been paid for comp time for the pay period tested which was charged to the park bond; however, we could not verify that the comp time was based on direct labor for a park bond funded project.
- One employee's time was not allocated to the correct bond funds based on the projects listed as worked on included on the time detail.
- One salaried employee had an additional 0.50 hours charged to the bond fund.

*Effect:* Due to the process in place to hold expenditures in a suspense account and subsequently allocate it to bond funds, time could not be consistently verified as accurately charged to the bond funds.

*Cause:* A process was not in place to outline how bond proceeds may be used to pay employee wages or how to properly document and support employee time for payroll allocation. The use of a suspense account to charge time complicated the process which resulted in an allocation of salaries and benefits to bonds that could not be supported easily.

*Criteria:* The New Mexico State Board of Finance Rule on Bond Project Disbursements 2.61.6.8 G (6) - Operating expenses – states that “unless expressly provided for by statute, bond proceeds may not be used to pay for operating expenses (e.g. salaries and in-house labor)”. Additionally, New Mexico Attorney General Opinions 2010-04 states, “required use of funds for the purposes specified in the ordinance passed by the governing body for issuing the bonds, the notice of election on the bond issuance and in the question posed on the ballot. It is not bound by representations of district officials and employees regarding the use of bond proceeds that are not reflected in the resolution, notice and ballot question.”

*Recommendation:* A formal policy should be developed to specify what wages are allowed to be charged to bond funds. Procedures should be implemented to include how time records are to be maintained to support what projects are worked on, and a process for monitoring employee time to ensure that time worked on each project was accurate with approvals from supervisors. Employee time should be charged directly to the funds and not maintained in a suspense account. Timesheets should properly reflect allocations for costs to specific projects for review and signature by supervisors and division directors. Alternatively, personnel could be assigned to specific crews that only work on certain types of projects (i.e. bond funded). Additionally, the latest formally adopted Finance Manual from December 1993 should be updated to reflect payroll procedures to support these efforts.

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*Management's Response:* Accepted. The City established a suspense account for the park bond program in 2008 as a means of expediting the process so it could quickly put the City workforce to work. This practice was put in place on an *ad hoc* basis until recently. The City eliminated the practice of using a suspense account for project accounting when the auditors identified it as a significant internal control issue. The City has now begun to charge staff time directly to the projects as it occurs with reconciliation done each pay cycle. We will support this change with a planned communication and training program for all of the staff involved, including projects managers, payroll, and department administration.

Other recommendations:

A process should be implemented to assure that only labor costs related to bond capital projects is charged to bond funds, which should include procedures that verify all labor costs were related to capital expenditures and not maintenance.

*Management's Response:* Accepted in its totality and will be immediately implemented. Although this requirement is already in place, the City will immediately launch a training and communication program to make clear to staff what labor costs can be charged to a bond project.

***Changes to work plan***

Due to the unorganized and incomplete condition of the documentation provided there were several items in the original scope of work that could not be addressed within the budget allotted. Below is a summary of those items. These tests could still be completed if the City felt it would be beneficial, and documentation was prepared, gathered and verified as complete in advance, and additional funding was allocated. The items removed or samples reduced were selected based on the overall value to the project and where documentation were not going to be available in an auditable format.

1. Formal changes to the implementation plan Draft 4, after City Council approval, were not tested since there was none documented.
2. Final accounting was not tested since it was not provided until the end of the audit and was not completed in a format that allowed for comparison to the implementation plan.
3. All 25 employees were not able to be selected to verify that salaries were for direct labor only on approved projects with responsibilities in line with work completed. There was no comprehensive or consistent tracking of what employees worked on. Additionally, there were no reports available that could be used to verify employee time since employee time was charged through a journal entry process each pay period. Supporting documentation in these journal entry packets consisted of approximately 100 pages of detail where it was difficult to locate the employee selected for testing. This sample was reduced to three employees.
4. A report was not available to determine who was paid out of the park bond monies; therefore, we were unable to verify that salaries were for direct labor on approved projects only with responsibilities in line with work completed. Based on discussions with various personnel, park bond monies were not spent on direct labor only.
5. E-1 system capability analysis was unable to be performed due to lack of available time.

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6. There were not adequate controls to ensure monies were spent appropriately and a lack of supporting documentation available for us to perform audit procedures. Throughout the report we incorporated recommendations on where controls should be implemented or improved.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records or 2008 or 2010 General Obligation Bond expenditures or internal control. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Santa Fe and is not intended to be and should not be used by anyone else.

Albuquerque, New Mexico  
March 30, 2015

| DISTRICT                      | Park                                     | PM                                | Comments and Questions:   | Answers and Comments:  | FY 14/15 Operating Bond Amount | FY 14/15 Adjusted Bond Amount (due from Carryforwards & Bar Adjustments) | Bond Implementation Plan Improvement Description  |
|-------------------------------|--|-----------------------------------|---|--|--------------------------------|--|---|
| <b>1ST BOND SALE (Page 1)</b> |  |                                   |   |  |                                |  |   |
|                               | Armijo                                   | Martin Gabaldon                   |   | Completed ADA accessible sidewalk to community garden.   | \$ 10,921.00                   | \$ 8,668.00  | Community Garden  |
|                               | Trigo                                    | Frank Archuleta                   | Is this project now closed or will maintenance or other expenses continue to be charged as with the 2008 Bond?  | We have not established close-out procedures. For all intents and purposes the Bond Implementation Plan has been completed.                          | \$ 111,394.00                  | \$ -   | Resurface Basketball Courts, Irrigation upgrade to existing system, ADA Playground update                                       |
|                               | gas West                                 | Bryan Drypolcher                  |   | Recent completed expenditures for removing crusher fines and installing brick pavers around skate area.  | \$ 136,513.00                  | \$ 136,513.00  | Lighting Upgrade, Finish skate feature  |
|                               | Smith                                    | Martin Gabaldon                   | What is the status of this project in view of the need for Archeological Review?  | PSA for Archeologic Review has been signed. Project will proceed as described in Bond Implementation Plan  | \$ 160,539.00                  | \$ 160,539.00  | ADA Parking Ramp, Irrigation System upgrade   |
|                               | History                                  | Leann S. Valdez                   | What is the status of the project? What exactly is being done? Were the funds repaid to the Water Fund?   | 90% Design Drawings were sent to Structural Engineer for review. Contract Bidding to be advertised by March 15th.                                    | \$ 189,802.00                  | \$ 189,802.00  | Complete build renovation and Interpretive Master Plan and reimbursement to the Water Fund for a design charrette.              |
|                               | Prisma Martinez                          | Mary MacDonald                    | Is this project now closed or will maintenance or other expenses continue to be charged as with the 2008 Bond?  | Expected completion 3/15.  | \$ 273,025.00                  | \$ 273,025.00  | Build new park  |
|                               | Rancho Siringo                           | Jason Kluck                       | Is this project now closed or will maintenance or other expenses continue to be charged as with the 2008 Bond?  | Completed approx. May 2014   | \$ 32,763.00                   | \$ -   | New basketball hoops, resurface court, new fence  |
| 4                             | Dancing Ground Phase II (Nava Ade South) | Mary MacDonald                    | Is this project now closed or will maintenance or other expenses continue to be charged as with the 2008 Bond?  | Renovation Completed. No programmed expenditures.  | \$ 163,815.00                  | \$ 1,768.00  | Complete renovation   |
|                               | Franklin Miles                           | Jason Kluck                       |   | RFP out for Design   | \$ 10,047.00                   | \$ 10,047.00   | Skate park renovation   |
|                               | Ragle Park                               | Frank Archuleta / Martin Gabaldon | In view of the increased expenditures of the basketball court (from the proposed \$75,000.00 to more than \$250,000.00), we would like a detailed financial statement and explanation about this project. | We will work up a detailed financial statement for your review, upon your return.  | \$ 611,576.00                  | \$ 383,255.00  | Skate park feature, basketball courts, and griddle with range hood complete. (Grease trap, walk through/equip. training req'd.) |
|                               | SWAN Park                                | Mary MacDonald                    |   | Design Phase I   | \$ 5,000,000.00                | \$ 3,332,256.00  | Build Phase I   |
|                               |  |                                   |   | Phase I Complete, Spring 2015  |                                |  | Entire BOND amount was actually \$5,000,000 with \$500,000 spent on Ph. I Design and \$500,000 on Ph. II Design                 |
|                               |  |                                   |   | Phase II Design RFB for Design mid March 2015  |                                |  | Design Phase II   |
|                               |  |                                   |   | <b>TOTAL</b>   | <b>\$ 6,755,000.00</b>         | <b>\$ 4,550,478.00</b>   |   |
| <b>2ND BOND SALE (PAGE 2)</b> |  |                                   |   |  |                                |  |   |
|                               | Cross of the Martyrs                     | Martin Gabaldon                   | Proposed Payroll 35%. What exactly will be done at this project?  | Site survey, Determination Erosion Control through modest engineering and directed planting  | \$ 17,474.00                   |  | Erosion Control Planting  |
| 1                             | Thomas Macione                           | Martin Gabaldon                   | Proposed Payroll 32%  | We still plan to install a drinking fountain, subject to available funding.  | \$ 8,737.00                    |  | Drinking Fountain   |
| 3                             | Arroyo Sonrisa                           | Martin Gabaldon                   | Proposed Payroll 31%. What exactly is planned for this project?   | Renovation of existing trail (with attention to Accessibility). Renovation of existing rock wall. Introduction of native and adapted plant material. | \$ 19,658.00                   |  | Landscape Upgrade   |

Exhibit 7  
POSAC  
April 21, 2015

ADA sidewalk to garden required, water hydrants to & for garden, parking lot grading, access drive to garden, reshape surroundings and acequia.

Arch. is reviewing proposed scope reshaping top of hill to minimize erosion or reshaping along hillside path. (P Will probably require Arch. monitoring and hand digging if approved. Plans at 98%

| DISTRICT                              | Park                   | PM              | Comments and Questions:  | Answers and Comments:   | FY 14/15 Operating Bond Amount | FY 14/15 Adjusted Bond Amount (Due from Carryforwards & Bar Adjustments) | Bond Implementation Plan Improvement Description   |
|---------------------------------------|------------------------|-----------------|--|---|--------------------------------|--|--|
| 3                                     | Los Hermanos Rodriguez | Jason Kluck     | Proposed Payroll 31%. \$7,000.00 to install exercise stops? The sidewalk is already there.   | Accessibility Improvements to existing circular path, with accessible pad sites and exercise equipment.   | \$ 21,842.00                   |  | Walking Path with exercise stops   |
| 3                                     | Los Miliagros          |                 | Proposed Payroll 31%. Los Miliagros project is to install new playground equipment in the same spot that the old equipment is in. This usually done by certified playground equipment installers. Why is there a payroll of \$20,000.00 for a project that will be implemented by contractors? | Additional play structures in close vicinity to existing playground equipment. Demolition of a portion of existing headwall and extension of same. Moving trees and shrubs from critical zones. | \$ 65,526.00                   |  | Playground equipment   |
| 3                                     | Las Acequias IV        |                 | Proposed Payroll 31%. The proposed fence has already been built. What decisions have been made about this project and funding?   | YTBd - Payroll is required for Parks and or Locals crews, inhouse planning, design and or administration.   | \$ 163,815.00                  |  | Large open turf area   |
| 4                                     | GCCC Park              | Martin Gabaldon | Proposed Payroll 31%. The proposed fence has already been built. What decisions have been made about this project and funding?   | YTBd - Payroll is required for Parks and or Locals crews, inhouse planning, design and or administration.   | \$ 54,605.00                   |  | Chain link park fence, prairie dog   |
| 4                                     | La Resolana            | Martin Gabaldon | Proposed Payroll 31%. There is already a bridge across the arroyo into La Resolana. What decisions have been made about this project and its funding?  | YTBd - Payroll is required for Parks and or Locals crews, inhouse planning, design and or administration.   | \$ 98,289.00                   |  | Arroyo stabilization, new pedestrian bridge  |
| 4                                     | Monica Lucero          | Martin Gabaldon | Proposed Payroll 31%. The proposed large shade structure has already been built. What decisions have been made about this project and its funding?   | YTBd - Payroll is required for Parks and or Locals crews, inhouse planning, design and or administration.   | \$ 60,066.00                   |  | Large shade structure, improve connectivity to arroyo chamiso, Improve turf condition                          |
| <b>2ND BOND SALE (PAGE 3; CONTD.)</b> |                        |                 |  |   |                                |  |  |
| 4                                     | Escondido              | Martin Gabaldon | Proposed Payroll 31%. In 2014, there were discussions about cancelling this project. What decisions have been made about this project and its funding?   | Drainage flows appear adequate. Volumetric and Topographic surveys will provide a more accurate assessment. Proposed aesthetic improvements including amenities.                                | \$ 21,842.00                   |  | Improve existing drainage, park furniture  |
|                                       | Franklin Miles         | Jason Kluck     |  | Currently in progress as per approved plans. (Conc. curb, plaza area, seating areas, shade area, skate feature repairs to be complete as warmer weather prevails)                               | \$ 153,768.00                  |  | Skate park renovation  |
|                                       | Salvador Perez         | Jason Kluck     | Proposed Payroll 31%   | Staff predicts Scope of Work will be adjusted by fund availability.   | \$ 514,379.00                  |  | Playground, east parking lot, concession and restroom upgrades, irrigation and grass slope by multi-use field. |
|                                       | <b>2nd Sale</b>        |                 |  | <b>TOTAL</b>  | <b>\$ 1,200,001.00</b>         |  |  |

Plans in routing

Engineering req'd for bridge footing and placement

Developing plans to improve retention/drainage area and existing pathway and ADA access to at least a portion of the park.

| UPDATED FINANCIALS FOR BOND PARKS PROJECTS |      |                         |            |                      |  |                |                                   |                        |                          | ACTUAL EXPENDITURES TO DATE |  |  |                  |  |  | Updated 03/12/15 |  |
|--|------|-------------------------|------------|----------------------|--|----------------|-----------------------------------|------------------------|--------------------------|-----------------------------|--|--|------------------|--|--|------------------|--|
| DISTRICT                                   | PARK | Business Unit           | Subsidiary | FY 14/15 Bond Amount | FYE 6/30/2014 Balance to Carry Forward | Fund Transfers | FY 14/15 Adjusted First Bond Sale | SALARIES               | WIP DESIGN               | WIP CONST                   | Remodel/ Replace                                 | TOTAL Expenditures/ commitments to date 03/12/15 | FY 14/15 BALANCE |  |  |                  |  |
|  | 1    | Adam Arujo              | 113400     | \$ 10,921.00         | \$ 2,897.00                            | \$ 8,668.00    | \$ 11,565.00                      | 500110 \$ (15,035.36)  | 572960 \$ -              | 572970 \$ (3,029.38)        | 572500 \$ (1,002.72)                             | \$ (19,067.46)                                   | \$ (7,502.46)    |  |  |                  |  |
|  | 1    | John Grego              | 113400     | \$ 111,394.00        | \$ -                                   | \$ -           | \$ -                              | \$ -                   | \$ -                     | \$ -                        | \$ -   | \$ -   | \$ -             |  |  |                  |  |
|  | 2    | De Vargas West          | 113400     | \$ 136,513.00        | \$ 136,513.00                          | \$ -           | \$ 136,513.00                     | \$ (20,404.34)         | \$ -                     | \$ (9,633.36)               | \$ -   | \$ (30,039.70)                                   | \$ 106,473.30    |  |  |                  |  |
|  | 2    | Patrick Smith           | 113400     | \$ 160,539.00        | \$ 98,498.96                           | \$ -           | \$ 98,498.96                      | \$ (10,175.77)         | \$ -                     | \$ (18,273.47)              | \$ -   | \$ (28,449.24)                                   | \$ 70,049.72     |  |  |                  |  |
|  | 2    | Water History           | 113400     | \$ 189,802.00        | \$ 189,802.00                          | \$ -           | \$ 189,802.00                     | \$ -                   | \$ -                     | \$ -                        | \$ -   | \$ -   | \$ 189,802.00    |  |  |                  |  |
|  | 3    | Colonna Fitness         | 113400     | \$ 273,025.00        | \$ 262,153.73                          | \$ -           | \$ 262,153.73                     | \$ (18,818.82)         | \$ (240,421.79)          | \$ -                        | \$ -   | \$ (259,240.61)                                  | \$ 2,913.12      |  |  |                  |  |
|  | 4    | Herb Martinez           | 113400     | \$ 32,263.00         | \$ 8,668.00                            | \$ (8,668.00)  | \$ -                              | \$ (1,349.34)          | \$ -                     | \$ -                        | \$ -   | \$ (1,349.34)                                    | \$ (1,349.34)    |  |  |                  |  |
|  | 4    | Rancho String           | 113400     | \$ 163,815.00        | \$ 16,649.00                           | \$ (16,649.00) | \$ 1,768.00                       | \$ (2,261.28)          | \$ -                     | \$ (43.67)                  | \$ -   | \$ (2,304.95)                                    | \$ (536.95)      |  |  |                  |  |
|  | 4    | Dancing Ground Phase II | 113400     | \$ 54,605.00         | \$ 54,605.00                           | \$ -           | \$ 54,605.00                      | \$ -                   | \$ -                     | \$ -                        | \$ -   | \$ -   | \$ 54,605.00     |  |  |                  |  |
|  | 4    | Los Wilperos            | 113400     | \$ -                 | \$ -                                   | \$ (14,881.00) | \$ -                              | \$ -                   | \$ -                     | \$ (14,881.00)              | \$ -   | \$ (14,881.00)                                   | \$ -             |  |  |                  |  |
|  |      | Regional Parks          |            | FY 14/15 Bond Amount | FYE 6/30/2014 Balance to Carry Forward | Fund Transfers | SALARIES                          | WIP DESIGN             | WIP CONST                | Remodel/ Replace            | TOTAL Expenditures/ commitments to date 03/12/15 | FY 14/15 BALANCE                                 |                  |  |  |                  |  |
|  |      | Franklin Miles          | 423018     | \$ 10,047.00         | \$ 10,047.00                           | \$ -           | 500110 \$ (6,134.49)              | 572960 \$ -            | 572970 \$ -              | 572500 \$ -                 | \$ (6,134.49)                                    | \$ 3,912.51                                      |                  |  |  |                  |  |
|  |      | Ragle Park              | 423044     | \$ 611,576.00        | \$ 383,255.00                          | \$ -           | (25,583.55)                       | (11,941.8)             | (38,202.94)              | -                           | \$ (64,980.67)                                   | \$ 318,274.33                                    |                  |  |  |                  |  |
|  |      | SWAN Park               |            | FY 14/15 Bond Amount | FYE 6/30/2014 Balance to Carry Forward | Fund Transfers | SALARIES                          | WIP DESIGN             | WIP CONST                | Remodel/ Replace            | TOTAL Expenditures/ commitments to date 03/12/15 | FY 14/15 BALANCE                                 |                  |  |  |                  |  |
|  |      | SWAN Park               | 423062     | \$ 3,000,000.00      | \$ 3,332,256.00                        | \$ -           | 500110 \$ -                       | 572960 \$ (255,547.43) | 572970 \$ (2,825,702.68) | 572500 \$ -                 | \$ (3,081,250.11)                                | \$ 251,005.89                                    |                  |  |  |                  |  |



Parks Bond Expenditures Ragle Park

| Company     | Business Unit     | Object Account | Subsidiary | Account Description | Budget 2013 | Actuals 2013 | PO's 2013 | Balance 2013 | Budget 2014 | Actuals 2014 | PO's 2014 | Balance 2014 |
|-------------|-------------------|----------------|------------|---------------------|-------------|--------------|-----------|--------------|-------------|--------------|-----------|--------------|
| 43044       | 423044 - JOB Rag  | 500110         | 0113400    | Salaries            |             | 0.00         |           | 0.00         |             | 20,704.93    |           | (20,704.93)  |
| 43044       | 423044 - JOB Rag  | 503100         | 0113400    | FICA                |             | 0.00         |           | 0.00         |             | 1,571.36     |           | (1,571.36)   |
| 43044       | 423044 - JOB Rag  | 503150         | 0113400    | Retirement (PERSA)  |             | 0.00         |           | 0.00         |             | 2,355.91     |           | (2,355.91)   |
| 43044       | 423044 - JOB Rag  | 503200         | 0113400    | Employee Health I   |             | 0.00         |           | 0.00         |             | 691.54       |           | (691.54)     |
| 43044       | 423044 - JOB Rag  | 503250         | 0113400    | Retiree Health Cai  |             | 0.00         |           | 0.00         |             | 229.90       |           | (229.90)     |
| 43044       | 423044 - JOB Rag  | 503350         | 0113400    | Workers' Comp       |             | 0.00         |           | 0.00         |             | 2.17         |           | (2.17)       |
| 43044       | 423044 - JOB Rag  | 503400         | 0113400    | City Share Denial   |             | 0.00         |           | 0.00         |             | 27.74        |           | (27.74)      |
| 43044       | 423044 - JOB Rag  | 572960         | 0113400    | W/P Design          | 73,000.00   | 7,407.60     | 0.00      | 65,592.40    | 64,542.00   | 143.30       | 1,050.88  | 63,347.82    |
| 43044       | 423044 - JOB Rag  | 572970         | 0113400    | W/P Construction    | 538,576.00  | 219,445.66   | 0.00      | 318,690.78   | 318,713.00  | 37,951.33    | 251.51    | 280,510.16   |
| 43044       | Total 423044 - JO |                |            |                     | 611,576.00  | 226,853.26   | 439.56    | 394,283.18   | 383,255.00  | 63,678.18    | 1,302.39  | 318,274.43   |
| Total 43044 |                   |                |            |                     | 611,576.00  | 226,853.26   | 439.56    | 394,283.18   | 383,255.00  | 63,678.18    | 1,302.39  | 318,274.43   |
| Grand Total |                   |                |            |                     | 611,576.00  | 226,853.26   | 439.56    | 394,283.18   | 383,255.00  | 63,678.18    | 1,302.39  | 318,274.43   |