



Agenda

5/19/14 TIME 4:56 p.m.

Liza Kerr

P. Ortiz

CITY OF SANTA FE
SPECIAL TASK FORCE PARK BOND AUDIT
ACCOUNTS RECEIVABLE CONFERENCE ROOM, CITY HALL
Wednesday May 28, 2014 – 3:00 to 5:00 P.M.

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES: (10 minutes 1-4) May 15, 2014
5. PUBLIC COMMENT
 - (15 minutes) Open
6. NEW BUSINESS:
 - (5 minutes) Audit Committee –
 - Send a request to audit committee to delegate authority to a Hazeldine Romero and to Marc Tupler to review and recommend – so that we can move forward with the RFP process in between audit committee meetings. If they feel it is necessary to have the full audit committee review the audit committee chair can call a special meeting for this purpose.
 - (10 minutes) Presentation – Bette Booth
 - (10 minutes) Questions from POSAC – To determine if they should be considered in whole or in part for scope.
 - (10 minute) Presentation from staff – what is the process once the money gets funded
 - Plan
 - Changes / Approval Process
 - Final Accounting
 - (10 minutes) Questions and Answers from staff – for clarification
7. OLD BUSINESS: (Assuming 15 minutes above)
 - (10 minutes) Discussion of past minutes from other board meetings
 - (8 minutes) Discussion of other materials issued at last meeting
 - (10 minutes) Trust for Public Lands (TPL) promotion materials
 - (2 minutes) Resolution 2008-22 – Councilor Heldemeyer
 - (20 minutes) Objectives and Scope (15 more if no public comment)
8. OTHER MATTERS FROM THE TASK FORCE
9. NEXT MEETING DATE:
 - TBD
10. ADJOURNMENT

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520 five (5) working days prior to the meeting date.

MINUTES OF THE

CITY OF SANTA FÉ

AUDIT COMMITTEE

May 28, 2014
3:00 p.m. – 5:00 p.m.

1. CALL TO ORDER

An initial meeting of the City of Santa Fé Parks Bond Audit Task Force was called to order by Ms. Kerr, Convener, on this date at approximately 3:00 p.m. in the Accounts Receivable Conference Room at City Hall, 200 Lincoln Avenue, Santa Fé, New Mexico.

2. ROLL CALL

Roll call indicated the presence of a quorum as follows:

Members Present:

Liza Kerr, Internal Auditor, Task Force Leader
Teresita Garcia, Finance Department
Eric Martinez, Public Works Department
Anna Hansen, POSAC Chair
Councilor Patti Bushee, BTAC Chair [arriving later, leaving early]
Hazeldine Romero, Audit Committee
Marc A. Tupler, Audit Committee

Members Absent:

Others Attending:

Carl Boaz, Stenographer
Bette Booth, POSAC

3. APPROVAL OF AGENDA

Ms. Hansen moved to approve the agenda as presented. Mr. Tupler seconded the motion and it passed by unanimous voice vote. Councilor Bushee and Mr. Martinez were not present for the vote.

4. APPROVAL OF MINUTES: May 15, 2014

Ms. Hansen moved to approve the minutes of May 15, 2014 as presented. Ms. Romero seconded the motion and it passed by unanimous voice vote. Councilor Bushee and Mr. Martinez were not

present for the vote.

5. PUBLIC COMMENT

There were no public comments.

Mr. Martinez arrived at this time.

6. NEW BUSINESS

a. Delegation of Authority by Audit Committee for RFP Process

Ms. Kerr explained the process involved. With approval, the Audit Committee would delegate authority to approve the scope of this audit through Ms. Romero and Mr. Tupler in between Audit Committee meetings. She said this was on the Audit Committee agenda.

Ms. Hansen moved that Ms. Romero and Mr. Tupler transmit to the Audit Committee the request for delegation of authority to Ms. Romero and Mr. Tupler to approve the scope of this audit in between Audit Committee meetings. Mr. Martínez seconded the motion and it passed by unanimous voice vote.

b. Presentation by Bette Booth

Ms. Booth provided a handout in addition to what was in the packet. She asked what POSAC's role in this was.

She said POSAC was created to develop the 2008 Parks Bond MP. POSAC made recommendations on what should be included in the bond. She referred to the 2008 Parks Bond Implementation Plan that was distributed at the last meeting. They had asked for several things to be included that POSAC asked not to be included. She put this in context. The second point was the questions in the packet that came out of the historic understanding of the Master Plan. The BTAC and Council minutes were included.

She provided a table on page 3 about what was in the binders and briefly listed them. The Final Report was in the smaller binder. She said when she read the minutes was when she became concerned about how the money was being spent.

In December, 2013, Public Works came back with additional questions. The answers were also in the smaller binder. It was wrong. They also gave a notebook to POSAC, BTAC and Public Works. That has the same material as in the larger binder. The POSAC minutes were a duplication.

Then at the BTAC meeting, there was a third staff report that was not in here. It was presented at BTAC's January 5, 2014 meeting. It dealt with how much was budgeted in the Master Plan.

From that, at the March 18 meeting, POSAC asked a series of questions that were in the meeting binder. They were the questions that POSAC would really like to be looked at. There were basically three major questions which she listed on page 2.

The Master Plan was approved by Council as the governing document for it. So she didn't need to ask specific questions on that. On page 51, there were questions. The Finance Committee Chair asked which staff members had been paid out of the bond and there was still no answer to that.

On budget adjustments, only a few were in the binder.

c. Questions from POSAC on Scope of Audit

The list of questions were on page 5-6.

She referred to page 15 about the pending information requests about bond implementation.

She asked what happened with the remaining money when the project work left budgeted funds unspent.

She hoped that report was helpful.

Mr. Tupler asked if there was an individual report for each park.

Ms. Booth said only part of them had individual reports.

Ms. Hansen said they got a report from Fabian (former staff) on the parks that were completed by that date.

Ms. Kerr referred to her spreadsheet. That listed the budget by individual park as of 6/30/2007. The bottom line was tied to the Implementation Plan document. It was actually Ms. Garcia's budget. The difference between column's one and two was \$2 million. She explained on page 1 that the first column was the budget that tied to the bond arbitrage documents. (The long spreadsheet). There were certain expenses that had to be paid and \$20 million became \$18,502,037. The first page was the beginning budget.

Ms. Garcia clarified that it was the number the Council approved. This spreadsheet was a reconciliation of budget with arbitrage.

Ms. Kerr pointed out that the balances on 6/30/2008 showed the adjustment. The second bond issue brings it up to the total approved bond.

Ms. Garcia said the number came when the City made the bond sale. She set up the budget with the dollar amount that came in. The plan was not a true dollar amount and the changes moved forward to Finance and Council. That was the way the adjustment was approved.

Ms. Kerr said she was able to make the reconciliation. They are not apples and oranges but the same thing.

Ms. Garcia had all the columns to show where each adjustment was made and the auditors could review that.

Mr. Tupler said they needed to use consistent terms for the scope.

Ms. Romero said she was told that the Implementation Plan was the Master Plan.

Mr. Martínez said the Master Plan came first.

Ms. Hansen agreed. After POSAC went through everything, then they did the implementation plan.

Ms. Kerr said the Master Plan and Implementation Plan were basically the same. They were what staff hoped to achieve. So the Implementation Plan had everything in it. The Implementation Plan had more information. It was a working document we were given.

d. Staff Presentation on Process

- **Plan**
- **Changes / Approval Process**
- **Final Accounting**

This was Mr. Martínez's report.

Mr. Martínez had the list of actions taken and quoted the Council actions a chronology.

The first resolution was February, 2007 with 20 priorities in the recreation MP developed in 2000.

Ms. Kerr asked if Mr. Martinez could formalize that chronology and bring it back.

Mr. Martínez agreed. He said it was part of the City's General Plan. After October, 2007 the Parks Master Plan requested a change from \$27 million to \$30 million to include the Northwest Quadrant. That started the conversation about the bonds.

In November, 2007 Council approved the resolution for \$31.3 million bond election to the voters. Mr. Tupler asked if there had been any disagreement over that amount.

Mr. Martínez said there was none.

Ms. Kerr added that those were tied to the minutes. So \$20 million of the bonds were sold first and that takes us to the spreadsheet.

Mr. Martínez said in June, 2008, Council approved the Implementation Plan that included the trails. September 2010 was the second bond sale for \$10.2 million.

Ms. Hansen said part of the money was from Governor Richardson to be used only on trails and had a deadline for spending first.

Ms. Garcia said on January 14, 2009, Council approved the amendment to the 2008 Park Bond Implementation Plan.

Mr. Martínez said probably there were other adjustments too.

Ms. Kerr asked if the Task Force was comfortable with the starting numbers. (Everyone agreed.)

She said they didn't have to ask the auditors to spend time searching for that then. The re-allocations within the budget were not important. They needed to spend more time on the direct salaries.

Ms. Garcia reasoned that the critical question was about any misappropriation of money in the bond.

Ms. Kerr agreed.

Ms. Garcia said it was whether the City spent the money legally and whether the City spent it based on the Implementation Plan was another question. They needed to answer that and give confidence that it was spent on what it should have been spent for. She wanted no doubt in anyone's mind that it was spent all on parks and then whether it was spent appropriately.

Ms. Hansen said the question was incredibly broad as the questions on the ballot were.

Mr. Tupler thought there must have been some legal precedence on it.

Ms. Hansen said there was. It was some opinion from the AG.

Ms. Romero asked if the Task Force was satisfied that the appropriations were approved by Council.

Ms. Hansen said Ms. Garcia was setting up the hierarchy toward that.

Ms. Booth went back to the POSAC questions that were in the packet.

Ms. Garcia said the questions were vague.

Mr. Martínez asked if the auditor would have to review every park transaction to determine that.

Ms. Romero didn't know how they would achieve that.

Mr. Tupler asked if any of the bond rating agencies had that protocol.

Ms. Garcia said they had no protocol for an audit. She wanted the auditors to clarify in the hierarchy that the city properly expended the bond monies. She said the questions were in bold and went through the written list.

Ms. Booth said it was claimed that doing things in-house saved considerable money. But in-house crews were almost all over budget except for trails. The irrigation system at GCCC was done by an in-house team. What was done in the brand new park was insufficient.

Ms. Kerr said that was good information. She asked to go back to the Staff part of the agenda.

Ms. Garcia said she got involved in it to answer specific questions.

Councilor Bushee arrived at 4:00.

Ms. Garcia pointed out that nonfinancial persons would be responding to questions.

Ms. Hansen agreed that was a problem. When she became President of POSAC, she asked for a final report.

Ms. Garcia said when they asked for a final report, they didn't make sure that all of the bills were paid so she didn't know how to give them a complete picture of the Park Bond. So she asked them why they needed it and who it was to go to. It was all hit or miss depending on who was asking for the information. It became obvious there were many questions so she did a summary report.

Ms. Hansen said that the project reports dealt with project completions.

Ms. Garcia clarified that she had questions about the requests and pointed out that project accounting might have leveraged different funding sources in the report. But the Implementation Plan was only from the GO Bond funding. So that was the first initial problem - whether it was only bond money or several sources. There was confusion about the water park.

Ms. Hansen said there was a balance allocation but it was out of the 2012 bond. None of it was from the 2008 Parks Bond. Robert Romero wanted a \$4 million fund to draw from for direct labor for park work. But it had to be allocated to a specific park and those allocations were a little off.

Councilor Bushee asked if that fund was for contract labor.

Ms. Garcia agreed. There were only 3 or 4 city employees among that and they were temporary city employees. She couldn't tell the difference between temporary or permanent in the report.

Mr. Martínez said that was one of the questions.

Councilor Bushee agreed and it seemed like a sleight of hand on Robert Romero's part. When Kathryn Raveling was Finance Director, it was not salaries. That was her philosophy. They did a 5% administrative fee but there was no direct labor.

But then the City was in tough times and it seemed more beneficial to hire people. Most contracts were not with local companies. She said it came up last night with the Bond Counsel.

Mr. Tupler pointed out the City had to maintain its parks and also improve them.

Ms. Garcia said she stopped summarizing the direct labor because she couldn't make that determination. She didn't know if the expense was contract or not.

Ms. Kerr acknowledged that but the auditors could make that determination.

Councilor Bushee said it also had to be clear whether they were directly related to the park.

Ms. Garcia explained that in the payroll, one staff member's time could be charged to ten different projects.

Ms. Hansen felt it was a big loss when they lost Jackie. She was project manager for parks. She was able to keep track of all of that and we lost her in 2011. The auditors could help us develop policies to do proper project accounting. We need direction on how to do that.

Mr. Tupler asked Ms. Garcia if the City had the software to do project accounting.

Ms. Garcia agreed. The problem was when you have someone filling out a time sheet who doesn't know how to account for their time. The records could be weak at that point.

Councilor Bushee asked about the administrative costs in the bond.

Ms. Garcia said there were no administrative charges against the GO bond. They were all absorbed by the City.

Mr. Martinez said as part of the 2010 budget there were administrative things that were included.

Ms. Kerr explained to Councilor Bushee how she had tied out the numbers in the spreadsheet with the arbitrage agreement. There was a problem with Salvador Perez Park. She wasn't sure where the money came from on the spread sheet.

Ms. Booth asked if the request for salary expenses in 2009 included Jackie or not.

Ms. Garcia said she just knew they were directly related to that project. She went to the spreadsheet for today.

Mr. Martínez said the report was not final but a point in time.

Ms. Garcia said there were also hidden columns.

Ms. Kerr explained the actuals on spreadsheet that totaled \$15,802,137.

The other total was a little over \$18 million but it was a difference in timing rather than an error.

Ms. Garcia said she went ahead and allocated the money by projects and by each allocation and it tied into the amount approved by the voters. She made sure the entire \$30 million was accounted for.

Ms. Hansen said from her view, this audit would help policies to come out of it - guidelines and assurances.

Ms. Garcia said the budget never included the project manager oversight.

Mr. Martínez said that was because staff did all time sheets by hand. It was very archaic. They had to fill out a separate time sheet for each project.

Ms. Garcia argued with him that the system was capable of doing that but they had not implemented it. They no longer had to do a G/L entry for project.

Ms. Garcia said the next tab was the amount spent for each project and explained it.

Mr. Tupler felt that answered a lot of questions and concluded that they had \$3 million left to spend on parks.

Ms. Garcia disagreed. She explained that they finally got an answer on an unknown and found out that money was for the Water Park Museum.

Ms. Hansen called it the power plant park.

Ms. Garcia agreed to add another line onto 2013.

Ms. Hansen noted on the water park budget on page 7 there was a \$149 balance in parentheses and asked if that meant it was positive or negative.

Ms. Garcia said there was additional funding for it.

Ms. Hansen agreed. It had other money appropriated to them from the legislature.

Ms. Garcia said for 2014 you would see that extra appropriation. The expenditure was miscoded there.

e. Questions and Clarifications

There were no further questions or clarifications.

7. OLD BUSINESS

a. Discussion of past minutes from other board meetings

There was nothing to discuss on past minutes.

b. Discussion on materials issued at last meeting

Mr. Tupler said these reports needed to have totals. They also needed to have the formats standardized for the Task Force to digest. Ms. Kerr agreed.

Ms. Romero said she couldn't find the Council minutes for the February 26 meeting.

Ms. Kerr said it was in the big binder. She agreed to locate it.

c. Trust for Public Lands (TPL) promotion materials (under the AG tab)

Ms. Kerr met with the attorneys and had the AG opinion. The opinion was rendered for a school district. It gave the City permission to not follow exactly the promotion materials requirements. She concluded that unless the auditors found the money was spent for something other than a park purpose, it would be a violation.

Councilor Bushee felt they had to be clear about the policies where a promise was made to Council and not followed.

Ms. Kerr agreed regarding the policies. With a change of personnel there were shifts in the thinking. Without written policies, there was often a lot of latitude taken.

Ms. Hansen said at Gregory López Park, only city staff did the irrigation project. It was all salaries.

Mr. Tupler asked if the irrigation project was in the original budget.

Ms. Hansen agreed. And even more was done. They put in a light.

Mr. Tupler asked, if it wasn't in the budget, how that would happen.

Ms. Garcia said they had a total budget and money was left over so they included things that could be done within the budget.

Ms. Kerr added that it improved the park too.

Mr. Tupler understood.

Ms. Garcia said whatever scope they provided for the auditors would take care of it and could estimate the time needed to do it.

Ms. Kerr hoped the Task Force could crank out the scope at the next meeting.

Councilor Bushee left the meeting at 4:49 p.m.

Mr. Martinez thought that any bond promotions done outside of the City were a waste of money.

Ms. Booth agreed. That would be a policy recommendation.

Ms. Kerr said she talked to the TPL CEO, Milton Combs, who said they did the feasibility study but didn't pay for any promotion.

Ms. Hansen thought it was paid for by the Santa Fé Conservation Trust.

Ms. Kerr said they could talk about recommendations on the language in the AG opinion but she would prefer the auditors not deal with promotional materials.

Mr. Tupler agreed.

Ms. Booth said in that regard, it would be critical to look at Council minutes to see when they approved the bond. The other members agreed.

Ms. Kerr said with the spread sheet she could show that it tied to the Implementation Plan (except for Salvador Perez). She did not to a similar spread sheet on the second bond sale.

Ms. Garcia - said her spread sheet had both sales included.

d. Resolution 2008-22 – Councilor Heldmeyer

Ms. Kerr wasn't sure what needed to be said about that. It was outside the bond issue.

Ms. Booth said Ms. Heldmeyer proposed the resolution because she understood the bond monies could not be used for maintenance.

The Task Force members felt that was outside their scope.

e. Objectives and Scope

This item was skipped.

8. OTHER MATTERS FROM THE TASK FORCE

There were no other matters from the Task Force.

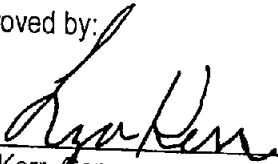
9. NEXT MEETING DATE

The Task Force agreed to meet on June 11, at 3:00.

10. ADJOURNMENT


The meeting was adjourned at 5:00 p.m.

Approved by:



Liza Kerr, Convener

Submitted by:



Carl Boaz for Carl G. Boaz, Inc.