



Calwa Recreation & Park District

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Mary L. Rosales	Raul Guerra	Sandra Celedon	Paul H. Garcia	Felicia Salcido
Board Member Chair	Board Member Vice-Chair	Board Member Secretary	Board Member	Board Member

Luis O. Mendoza
District Administrator

www.calwarecreation.org

REGULAR MONTHLY BOARD MEETING MINUTES

Thursday, January 15, 2015

(Approved at the February 19, 2015 Meeting)

6:30 PM

The Calwa Recreation and Park District Board of Directors welcomes you to its meetings and encourages you to participate. This agenda contains a brief general description of each item that will be considered by the Board.

Disclaimer: This agenda includes proposed actions and activities with respect to each agenda item as of the date of posting. As such, it does not preclude the Board from taking other actions on any item on the agenda that is different or in addition to what may have been recommended.

CALL TO ORDER

INVOCATION

Board Member Garcia gave the invocation

FLAG SALUTE

1. ROLL

Board Members Present: Chairwoman Mary L. Rosales, Vice Chairman Raul Guerra and Paul H. Garcia

Board Members Absent: Sandra Celedon and Felicia Salcido

Also present were District Counsel Paul Pimentel and District Administrator Luis Mendoza

2. APPROVE THE AGENDA

District Administrator Mendoza asked that item 5A be removed from the agenda to give staff more time to prepare it.

Board Member Garcia made a motion to approve the balance of the agenda.

ACTION TAKEN:

Motion: P. Garcia

2nd: R. Guerra

Vote: 3-0

3. APPROVAL OF MEETING MINUTES

A. October 28, 2014

B. November 13, 2014

C. December 18, 2014

C. ACTION ITEM: Approve audit of the District's 2012-2013 Financial Statement and direct district administrator to execute audit recommendations

Administrator Mendoza reviewed the recommendations in the auditor's report and indicated that he had already implemented many of them and others were in the process of being formalized. He specifically outlined the following recommendations:

1. Increased oversight by the Board of Directors helps to alleviate the lack of controls due to the lack of duty segregation. It is recommended that the Board receive monthly reports of financial performance from the accounting system as well as monthly bank reconciliations along with bank statements for review. Any discrepancies or variances should be investigated.

Mr. Mendoza indicated that the board had not been receiving reports from the District's accounting system (QuickBooks) at their monthly board meetings. Instead, he said they were receiving reports generated on Excel spreadsheets that were not audited by the auditor. He said that situation left room for staff to erroneously or purposely mislead the board because staff simply entered information they wanted, without being held accountable for what they reported.

2. Often, personnel of small special districts have the expertise to run the district's normal operations however lack the accounting background to also record and maintain accounting records. In addition to personnel not having the skills to handle both, it also creates a conflict due to lack of segregation of duties and provides the possibility of the Board not receiving proper reports and a greater possibility of theft or misreporting. The District should hire staff qualified to perform the accounting functions and/or ensure that the staff is receiving the proper education and knowledge to perform these functions. This may include the District paying for costs to send staff to proper meetings, conferences or classes to stay up to date on the requirements of their job. If the District is unable to hire an individual with sufficient accounting knowledge, the District should consider contracting out significant portions of the accounting function.

Administrator Mendoza answered questions from board members and Mr. Pimentel about the experience of staff members currently working on the District's finances and expressed confidence in his and staff member Veronica Luchessa's ability to handle the job proficiently. He said that Mr. Cuttone wasn't specifically referring to formal education but rather staff's experience with QuickBooks and them having the opportunity to attend trainings and seminars to keep up with current accounting practices.

Board Members Guerra and Garcia asked whether the board should consider outsourcing the accounting operations of the district because of their concern with staff continuity. Vice Chairman Guerra indicated that Mr. Cuttone estimated in the past that it would cost the District about \$18,000 per year. Mr. Mendoza responded that because two people (Veronica and he) are currently doing the accounting work, a redundancy was being created that would provide for continuity should either cease to be employed by the District. He also noted that if the Board was not satisfied with their work, they had the authority to direct him to hire someone with more experience or outsource the work altogether.

3. I recommend that operating guidelines for fiscal activities be prepared including a description of each fiscal procedure, such as invoice paying, maintenance of accounts receivable and accounts payable subsidiary records, the handling of cash transactions and recording those transactions, and preparation of and review of bank reconciliations, and

payroll procedures. Consistency in staff, policies and procedures will help with internal controls and reliability of information presented to the Board.

Mr. Mendoza indicated that some of this was already in writing but more was being done so that it can be included in an operations manual for the District.

4. The Board should ensure that accounting records are being kept up to date. Since there is no other person to oversee the accounting functions and the work performed, the Board should review the work of the person doing the accounting. At a minimum, monthly bank reconciliations should be reviewed and financial reports from the accounting system should be produced. The Board should also develop a calendar of important dates that documents dates when reporting deadlines to ensure that important deadlines are not missed.
5. The District, with consultation from the County Clerk, should identify ways to lower the costs of election for Board members.

Administrator Mendoza reported that the Board passed a resolution at its last meeting asking the Fresno County Board of Supervisors to approve their request to move District elections so that they coincided with General Elections in even-numbered years. Mr. Mendoza indicated that the Board of Supervisors would consider that matter at its February 10, 2015 meeting.

Counsel Pimentel indicated that a few more things were required before the elections are moved, including an up-front payment to the Fresno County Elections Office for the cost of notifying voters in the District about the change. Mr. Mendoza committed to getting an exact figure for the cost and report back to the Board.

6. The District Board and management should perform an evaluation of any kind of possible risk may exist to the District. The analysis of those risks should be documented. Plans should then be developed to minimize those risks. Periodically, this risk analysis should be reviewed and updated. The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the District to provide oversight and independent review functions.

Administrator Mendoza outlined the need for the District to make contingency plans for when unexpected and damaging events occurred, such as loss of a certain revenue stream (Hmong New Year, dramatic tax revenue reductions, etc.) and staff changes that require succession planning.

Vice Chairman Guerra made a motion to direct the District Administrator to implement all of the audit recommendations.

ACTION TAKEN:

Motion: R. Guerra

2nd: P. Garcia

Vote: 3-0

D. ACTION ITEM: Discussion and direction to staff to create a finance policy that addresses who and under what circumstances can use District credit cards, debit cards, write checks or complete other financial transactions.

Administrator Mendoza indicated that Board Member Celedon requested that the board take up the matter and explained that she wanted a clear plan for who and how financial transactions are handled when the district administrator is away from the office. He described the current policy on the District's bank and credit accounts and how it didn't outline a contingency plan should he be away. He said it wasn't clear whether and how board members and others could execute financial transactions in his absence. He shared his idea to have the policy expanded to permit additional staff members to use the District's debit and credit cards. He said that it would save him a lot of time if he could empower other staff members to make purchases which they were more familiar with. He said that the facilities staff knew more about the specifications of the things they needed than he did and could process those purchases much faster if they had the authority to do it on their own. He noted that should staff members be entrusted with that authority it would be his responsibility (as administrator) to ensure that the cards were being used appropriately, for items he authorized.

All three board members agreed with the administrator's recommendation but asked for limits. They asked that specific staff members be given the authority to use the District debit and credit cards up to a limit of \$500. Vice Chairman Guerra asked that purchase orders be submitted before expenditures are authorized by the administrator.

Board Member Garcia made a motion to give the district administrator the authority to deputize the maintenance supervisor and office assistant to purchase items up to \$500 if the district administrator approves a purchase order with a justification submitted in advance of a purchase.

ACTION TAKEN:

Motion: P. Garcia

2nd: R. Guerra

Vote: 3-0

6. NEW BUSINESS

A. INFORMATIONAL ITEM: Financial Reports

1. Account reconciliations for December

Administrator Mendoza reviewed the reconciliation reports for each of the District's accounts, including the new account opened at Bank of the West, which will replace the soon-to-be-closed account at Bank of America (for District income – rent and fees collected)

2. Current account balances

Mr. Mendoza reported that the Fresno County bank account had a balance of \$140,340.23, Bank of the West account (used for payroll) had a balance of \$4,622.81, Bank of the West account (used for income) had \$117.04, Bank of America account (also for income) had \$2,408.70 and he had \$2,460 in checks he will deposit that week in the Bank of the West income account.

3. Status of FY2014 Financial Statements

i. Report to State Controller's Office

Administrator Mendoza reported that the District's accountant, Michael Cuttone, submitted preliminary 2014 Fiscal Year Financial Statements to the State Controller's Office, eliminating the threat of a \$5,000 fine for non-compliance with that office's reporting requirements. Mr. Mendoza indicated that all FY2014 (July 1, 2013 to June 30, 2014) financial transactions were entered into QuickBooks and ready to be audited.

ii. Preliminary findings

Mr. Mendoza reported that in preparation for the FY2014 audit, staff found a number of discrepancies in the amount of money received and the quantity deposited. He indicated that even after making corrections for late deposits (money collected in one month but deposited a month or two later), staff could not account for more than \$11,000. He said that he couldn't say with certainty that all of it had been stolen because he attributed some of the money flow to the use of petty cash for purchases but he couldn't rule it out. He said it was suspicious to see voided receipts for concession stand rent payments which may have been received but stolen because the payments were made with blank money orders. He indicated that the current renter, Domingo Mota, made payments with blank money orders, which Mr. Mendoza then fills in with the District's name. He also said that even if the cash was used to purchase things the staff submitted receipts for, the items purchased were questionable. He referred the Board to the list (in the board packet) of purchases made in months where cash was still handled in the office (through January 2014) which included expenses which he could not justify as official expenses. Finally, he indicated that even after cash transactions were eliminated, there was no documentation of what happened with the final \$600 that were expected in the register on a regular basis. There wasn't a record of that money being deposited into any bank account.

Board Members and Counsel Pimentel questioned the purchase of items such as fish net stockings, dog and cat grooming supplies, mascara, deodorant and receipts for places like Ross and Denny's.

Vice Chairman Guerra asked that this be investigated further and asked Counsel Pimentel for his opinion. Mr. Pimentel stated that if the money wasn't used for purposes associated with the promotion of the park or operations, it was embezzlement or theft. He said at the very least a report should be submitted to the police department for an investigation and potential charges which would be pursued by the District Attorney. He also said that the most affordable option (in addition to the police report), to avoid expensive legal fees, would be to file a claim in small claims court against the perpetrators because the District has a civil right to recover the money.

Administrator Mendoza advised the board that the auditor had not yet made a conclusion about the significance of the findings but that he (the administrator) would return to the board with more detailed information and a recommendation.

B. ACTION ITEM: Direct district administrator to communicate Board's position on proposed changes to schedule of rates, fees and charges for public water service by the City of Fresno

Mr. Mendoza gave a brief overview of the material outlined in the agenda packet (from the City of Fresno) and described the District's seasonal independence and reliance on the city's water supply. He said that District used a small amount (\$20 in the December water bill) but much larger volumes in the summer when more water is needed to keep the water tank pressure high (when watering the grounds). He said the situation was even more complicated because the water tank was turned off and on, and had several small holes that had sprung and been patched up – off and on throughout the past year. Board Members Guerra and Garcia asked questions that Mr. Mendoza indicated required the opinion of a water system expert. Mr. Mendoza said he started

consultations with a few and would report further at the next board meeting. Citing the complex nature of the District's water system, Board Member Garcia voiced his opposition to a rate increase.

Vice Chairman Guerra made a motion to oppose the City of Fresno's proposed changes to the schedule of rates, fees and charges for public water service.

ACTION TAKEN:

Motion: R. Guerra

2nd: P. Garcia

Vote: 3-0

C. INFORMATIONAL ITEM: Report on payment made to David Bethea of Youth Ops for beer garden held on September 15, 2013.

In response to a request from David Bethea of Youth Ops, District Administrator Mendoza researched Mr. Beathea's assertion that he was not paid for a beer garden to which he lent his organization's name in 2013. Mr. Mendoza reported that Mr. Bethea was paid \$2,971.64 on November 27, 2013 to fulfill an agreement he made with former Administrator Rosie Flores. The check was issued from the District's Fresno County account and the county has since confirmed it was cashed. Mr. Mendoza referred to a copy of the check that was honored by the county.

D. ACTION ITEM: Board to discuss creation of grievance/complaint process to resolve allegations of wrong-doing against board and staff members

Mr. Mendoza indicated that Board Member Celedon asked that the agenda item be considered by the board. He and Mr. Pimentel outlined the process already in place:

- If members of the public have a complaint against a board member, they can ask that the board consider their allegation at a board meeting.
- If the District Administrator is accused of wrong-doing, a member of the public can bring the matter to the attention of the board.
- And if a staff member is believed to have behaved improperly, a complaint can be made to the district administrator.

The supervising authority (the board in the case of the administrator and the administrator in the case of a staff member) can decide if corrective measures are appropriate, but the board cannot institute a grievance procedure for a board member.

Mr. Pimentel further stated that it would be improper for the board to consider a grievance process for the board that would take the matter outside of the open forum of the Brown Act or an election.

No action was taken.

7. COMMENTS

A. COMMENTS FROM THE PUBLIC

No comments were made

B. BOARD MEMBER COMMENTS AND ANNOUNCEMENTS

Board Members Rosales, Guerra and Garcia commended Administrator Mendoza for his commitment, the work he put into the agenda, the policies and procedures he's putting in place for the District and the information he's brought forth since he was hired.

8. CLOSED SESSION

A. Government Code Section 54957: PUBLIC EMPLOYEE RELEASE

After a brief session, Chairwoman Rosales announced that the Board had nothing to report as a result of the Closed Session.

9. ADJOURNMENT

The meeting was adjourned

Minutes approved at the February 19, 2015 Meeting