



SUNSET EMPIRE TRANSPORTATION DISTRICT
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BOARD MEETING MINUTES

March 25th, 2009 9:00 a.m.

Members Present: Chair Bline, Commissioners Goforth, Gannaway, Conner

Members Absent: Commissioners Gaebel, Mendenhall, Fenske

Staff Present: Executive Director Cindy Howe, Roni Shaw, Lori Karl

Meeting called to order 9:03 a.m.

COMMENTS FROM THE AUDIENCE

No audience present.

CHANGES TO THE AGENDA

No changes suggested.

2008-09 AUDIT PRESENTATION BY BOLDT, CARLISLE & SMITH

Brad Bingenheimer, partner from Boldt, Carlisle & Smith reviewed the 2008-09 SETD audit. Specific questions and answers pertaining to the document review were:

Does total assets of the district include property?

No. It includes cash and things close to cash like receivables, along with liabilities.

When SETD files the LB1, it includes both the SETD and NWRC budgets. Does that make it one fund? The NWRC is more like a separate department with its own budget line items. Do the two need to be filed separately?

Even though SETD has filed a single LB1, the budget is designed in a way that SETD and NWRC are divided into two budgets. They can be combined into one fund through SETD's budgetary process, by merging them into a single general fund, but showing them as two unique programs. Under Oregon law, the only time you would be required to show them as separate would be if the district had a property tax levy that was specific for debt repayment, and general obligation bonds were issued. Those funds cannot be comingled with other funds.

Would it be better for the two to be shown in a single budget, considering in the future SETD may be asking for a larger percentage of taxes?

It comes down to how these things are funded. Because the NWRC is funded through Department of Medical Assistance Programs, it is important to identify how that program is

operated throughout the year. If they are shown as a single budget, internal controls must show documentation of the expenses for the specific programs.

Director Howe commented the NWRC was originally kept completely separate due to DMAP's specifications. Now, most brokerages have gone to a all-in-one model to better serve the clients.

Reference page 23-Comment items for Oregon Minimum Standards

Some agencies are not organized or set up in a way that allows them to be properly audited. Every audit considers internal controls, weaknesses, and collateralization of public funds. They also consider indebtedness of the district, the budget for the current audit year, ending cash carryover in the budget, insurance coverage, grant regulation compliance, investments, and award of public contracts (ORS 279).

Reference page 30-Compliance with federal grant regulations. SETD has a grant reference mechanism in place, but currently lacks a tracking system to oversee ongoing compliance.

Reference page 33-Financial Statements. Journal entries were being made without any supervisory review and approval. Financial actions could potentially be completely turned around without the knowledge of anyone else. There is no mechanism in place to make sure the entries are appropriate before they are entered. Someone could make a lot of small journal entries and make a significant misstatement. The entries should be reviewed prior to entry, and a reason for entry should also accompany them.

Reference page 34-Grants. Reimbursements were requested in excess of the grant amount. This simply shows there isn't a good control in place to insure that doesn't occur. Quarterly Reports need to be submitted within 45 days after the end of the quarter, which wasn't consistently occurring.

Director Howe commented that ODOT was audited this past year, and until then transit agencies could wait, and submit multiple quarterly reports only when funds were needed. This year ODOT began enforcing the rule. SETD is putting new controls in place by hiring a Grant Administrator.

Reference page 34-Internal Monitoring. Internal controls should also include some type of monitoring to verify compliance remains in place over time. Even if there are two individuals checking for compliance, a third individual should go through to see if everything was properly approved.

Director Howe commented the new Grant Administrator would also be performing that duty.

Reference page 36-Davis Bacon compliance. Federally funded construction projects over \$5,000 require Davis Bacon compliance. State funded construction projects have a \$50,000 compliance, which is called Baby Davis Bacon. Federal always trumps state compliance.

Director Howe said that was her mistake. She thought we were within compliance because the projects were under \$50,000, however it should have been \$5,000 because federal funds were used.

Commissioner Goforth asked about the item that was tested for \$36,000.

Director Howe said it would not be in compliance, since it is over \$5,000. We may have to go back to the contractor to see if prevailing wages were paid.

Chair Bline asked if it would be SETD's responsibility if it was originally specified in the Request For Proposal (RFP).

Director Howe commented this is an interesting situation. Because these recent projects were funded with stimulus funds, we were required to submit all project information for approval prior to carrying out plans. ODOT approved all SETD's projects, even though Davis Bacon was not specified in the RFP. SETD may have to pay the wage difference from the past projects where Davis Bacon was applicable.

There was a discussion regarding whether SETD would know if the contractor was in compliance.

The auditor said this could be a situation where SETD was in compliance and didn't know it. Unless internal controls were in place to make sure, SETD would not know. Typically, at some point in time during the project, someone is supposed to ask the employees what wage they are being paid.

The auditor also discussed the financials, and the fact that there are always many estimates that are factored in. The biggest estimate for SETD is likely the depreciation cost of the buses. He suggested the district review its depreciation process. There are standardized estimates for depreciation on district assets. If an asset is nearing full depreciation, ideally the district should adjust the amount of depreciation left to cover the additional years left in the assets useful life.

Is the entire cost of the vehicle depreciated, or just the portion the district paid for?

The entire cost of the vehicle, because the district received the federal monies to pay for them, so the entire amount is deemed reasonable.

The auditor also explained budget changes. Appropriations can be transferred between budget categories and from the General Fund to the NWRC by a resolution of the board. However, the budget can't simply be changed without a supplemental budget process, even if the change is less than 10% of the overall budget.

Director Howe explained her thought regarding this was this was all one fund, and moving from one line item to another within the same category was not a big deal. Because this is shown as two separate funds, it should have been considered as a change in the budget.

There was a discussion about whether the Director's salary should be split between the NWRC and SETD. It is the opinion of the auditor that it should. It can be any size of split, but will need to have documentation over time to support it.

The auditor concluded with an explanation of why the audit report was late. Typically they do not like to extend audit reports. However the employee doing the field work with SETD has been very ill, and he was needed in order to finish the report.

Director Howe had one last question regarding investment policy. A statement is usually included in the audit report saying the district does not have an investment policy. Currently the district does not have any money to invest, but do they recommend having a policy that says what to do in case they did?

The auditor said yes. Right now SETD uses the local government investment pool and right now the return on that is abysmal, but there aren't very many other options either.

The auditor thanked the board for inviting him, and excused himself from the meeting.

Director Howe wanted to add that some of the items discussed have already been addressed, such as hiring a Grant Administrator. Also, Brenda and Tammy S. from Warrenton will be moving into the Astoria office, while the NWRC will move to the Warrenton Administrative office. Lori Karl will be moving to the Operations staff building. There are more ideas and changes currently being discussed. One change she suggested is for the officers of the board to have a financial meeting to review the financials.

Commissioner Goforth asked if the Grant Administrator would be able to do everything necessary within 2 weeks.

Director Howe said the meeting between the Grant Administrator and Brenda went well. Sharon said she learned lots of good information, and she will provide some recommendations soon. Sharon will be working up to 20 hours per month, and can do most everything remotely. She also has some recommendations for switching our accounting software, but does not want to change anything until she has been working with our financials for awhile. Quickbooks is not designed for non-profits or larger size companies, so working within the program has become difficult.

APPROVAL OF FEBRUARY MINUTES

Changes to the February minutes:

The NWACT meeting is a regular, not annual meeting. The special meeting was in Seaside (and has already occurred).

On page 4 of the minutes there is no name after 'Commissioner' for the motion made. It should be Commissioner Fenske making the motion for approval of the January 2010 financials.

COMMISSIONER GOFORTH MADE A MOTION TO APPROVE THE FEBRUARY 2010 MINUTES WITH THE PROPOSED CHANGES. COMMISSIONER CONNER SECONDED. ALL WERE IN FAVOR AND MOTION PASSED.

REPORTS FROM CHAIR AND COMMISSIONERS

Chair Bline reported riding the bus to the meeting, and there being approximately 15 other riders.

Commissioner Goforth reported attending the North Point bus service ribbon cutting. Director Howe had prepared a Bus bag full of goodies for the Mayor of Portland and there was a fairly large crowd in attendance. A couple photos were also taken.

FINANCIAL REPORTS FOR FEBRUARY

Commissioner Goforth did not find anything outstanding. She thanked staff for reducing the amount in Miscellaneous. She thinks it would be a great idea to have the board officers review the financials a week prior to the board meeting.

Commissioner Gannaway asked about the amount on page 9 for preventative maintenance expenses.

Director Howe said the amount is the total used through this point from the Preventative Maintenance grant.

There was a discussion about the Donations and Contributions line item is at 173%. This is due to the Chamber of Commerce dues being put into that line item, rather than Dues, Fees and Subscriptions, after the budget had already been adopted. In the future, when planning budget we need to make adjustments in the amounts for some line items, as well as making sure the budgeted expenses come out of the line items originally planned. At times there has been a perception that expenses should come out of areas they should not.

Commissioner Gannaway asked what WOMF is, and whether it costs us \$5,000. He recently signed a check, and the attached information was about WOMF.

Director Howe explained it stands for Word Of Mouth Forum. It is an online discussion forum that allows people to ask questions and get information from other people in the community. She said it should not cost \$5,000, and it may be the funds were lumped together with another charge from the radio station. The great thing about office space relocation is that Cindy will be available to sign checks.

There was a discussion that two signatures would still be needed. Director Howe said it is only for checks over \$2,500 and that it can be two staff people. According to the resolution of the board, a board member signature is not necessary.

COMMISSIONER CONNER MADE A MOTION TO APPROVE THE FEBRUARY FINANCIALS. CHAIR BLINE SECONDED. MAJORITY IN FAVOR; COMMISSIONER GAEBEL OPPOSED. MOTION PASSED. [Per a discussion at the March 2008 Board Meeting: Commissioner Gaebel votes no because she states she feels she has no control over what is happening as far as line items. She disagrees with a past motion made by the majority of the board that allows fluctuation outside of the line items up to \$5,000. She feels

she doesn't know where anything is at any one time. She feels she is abdicating her own responsibility and believes the board has abdicated their responsibility for oversight. She feels staff should not spend above and beyond the line items without first coming to the board. Therefore she states she is voting no to protect herself.]

OLD BUSINESS

a. Board Policy Manual

Chair Bline said he spoke with Special Districts regarding public hearings. Typically boards do not hold a special meeting to adopt board policy. One of the questions that Commissioner Gaebel has previously asked was whether SETD would have to follow the policy manual exactly. They confirmed that as policy, it is a guide, not a statute.

COMMISSIONER CONNER MADE A MOTION TO ADOPT THE NEW SETD BOARD POLICY MANUAL. COMMISSIONER GOFORTH SECONDED. ALL WERE IN FAVOR. MOTION PASSED.

CORRESPONDENCE

There was nothing to discuss.

NEW BUSINESS

a. Joint SETD Board Meeting with the Astoria Senior Center

Director Howe and Sarah Dailey met with Paula Fisher from the Astoria Senior Center to discuss hosting an event together to celebrate their new bus. The idea of holding the April SETD Board Meeting at the Astoria Senior Center, jointly with their board was discussed. The group could discuss the updated draft of the SETD Coordinated Plan, common issues faced by both boards, and seniors in the community. A celebration of the new bus with light foods and refreshments could follow the meeting. The NWRC Advisory Board and the membership of the Astoria Senior Center will also be invited. The meeting time will be the same, except there will be extra time after the meeting to visit and celebrate the bus at 12:00.

b. Military Transport on Dial-A-Ride

On SETD fixed routes Military personnel in uniform ride for free. They also receive reduced monthly passes with military I.D. At a recent planning meeting, staff proposed we also allow military personnel to utilize Dial-A-Ride for free when traveling to medical appointments. These particular clients do not have coverage under the Medicaid program.

Director Howe commented that small things such as this go a long way in helping further the benefits and future of veterans programs.

There was a discussion about the free Dial-A-Ride benefit needing to be specifically for senior and disabled veterans.

COMMISSIONER CONNER MADE A MOTION TO APPROVE MILITARY TRANSPORT ON DIAL-A-RIDE FOR SENIOR AND DISABLED VETERANS TO MEDICAL APPOINTMENTS ONLY, FOR NO COST. COMMISSIONER GOFORTH SECONDED. ALL WERE IN FAVOR. MOTION PASSED.

OTHER ITEMS

a. Operations, Human Resources, and NWRC Reports

Commissioner Goforth asked how the Recipe Book for the Relay For Life Fundraiser is coming along.

It was noted that Tammy Slaughter is heading that project, and the progress is currently unknown.

Director Howe reported on several areas. Ridership is remaining the same. The district's decision to add more routes, redesign others and retain a low fare structure has really encouraged ridership. Monthly pass sales are continuing to increase. RIDEPAL is gearing up for its program launch in May. Elisabeth Pietila recently got the Ticket Bank established, for agencies to request tickets to give to clients. The tickets are special and color-coded brown for tracking purposes. She recently visited the Women's Resource Center to attend the party of new location. Roni Shaw and Elisabeth Pietila visited Headstart and gave a presentation to the kids and adults. Website revamping is currently being considered. Bob Goldberg has provided some plans to consider. The district has grown to a point where the site needs to be redone. We've received comments the site is not user-friendly. The cost to have it outsourced would be \$1,800 per year.

Meeting Adjourned at 10:55 a.m.

Executive Director Cindy Howe
Recording Secretary

Commissioner Goforth, Secretary/Treasurer