



AUDIT COMMITTEE
Calapooia Room
Friday, January 25, 2013
3:00 p.m.

MINUTES

Committee members present: Sue Folden, Bessie Johnson, Sharon Konopa, and Ray Kopczynski

Committee members absent: None

Staff present: Stewart Taylor, Finance Director; Mike Murzynsky, Senior Accountant; Anne Baker, Senior Accountant; Diane Wood, Purchasing Coordinator

Others present: Brad Bingenheimer and Oren Hampton of Boldt, Carlisle, & Smith, LLC

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 3:00 p.m.

Ray Kopczynski was selected to continue as the Vice Chairperson and Sue Folden was selected to be the Chairperson of the Committee.

APPROVAL OF JANUARY 4, 2012, MINUTES

MOTION: Ray Kopczynski made a motion to approve the minutes from January 4, 2012. Sharon Konopa seconded the motion, and it passed 4-0.

SCHEDULED BUSINESS

Business from the Public

None.

Presentation of the FY2011-2012 Auditor's Report

Brad Bingenheimer said that City of Albany has received a clean audit report. He said the City's total net assets increased approximately \$2.6 million dollars and that there was a small decrease in City activities. He said the total revenue was \$48 million, which is slightly down from last year's revenue of \$52 million. Finance Director Stewart Taylor asked what contributed to the change. Bingenheimer said that property taxes only increased \$300,000 from last year and that revenue compression was a factor. He said payroll and health insurance rates have continued to increase while revenue has not. Taylor said that although property tax revenues were less than expected, adjustments made it possible to stay in line with the budget. Bingenheimer outlined some of the City funds. He said the City is doing as good as expected in this type of economy.

Bessie Johnson asked how the City is doing in comparison to last year. Taylor said that this year, estimates are in line with assessed property values. Bingenheimer said a small decrease in governmental activities is not something to be concerned with and that there is a good increase in proprietary funds which is a positive.

Bingenheimer said that Albany is in compliance with the required government standards and internal controls.

Kopczynski asked how the City is doing on debt limitations. Bingenheimer said that pages 148-149 indicate a ten-year history of lending. He said \$117 million is what is available to loan and just \$3 million has been used for this.

Taylor said that Cathy Ingalls, *Albany Democrat-Herald* reporter, contacted him and asked him to define debt. Taylor said that is difficult to do because it can mean different things depending upon what it falls under. He said page 51 is a summary of all of the debt for the City. That is what is in the financial reports, but it may be too inclusive or exclusive. Bingenheimer described employees who accrue vacation time is considered a debt. Johnson asked if a liability is a debt. Bingenheimer said that he considers liabilities to be a debt, but that will have to be determined by the courts. Johnson asked if grants that have matching funds would be considered a debt before or after the City receives it. Bingenheimer said it wouldn't be a debt item; it would be considered a contractual obligation.

Konopa asked if Talking Water Gardens is a debt because the City received federal stimulus money for it. Bingenheimer said once the project is completed, there will be no ongoing type of debt obligation.

Bingenheimer said selected federal grant programs are reviewed for compliance and internal controls. He said because of the different departments coordinating these grants, it is difficult to get the information needed to the Finance Department. He said centralized monitoring is suggested. Konopa recalled that this was mentioned last year as well and that personnel changes have caused some issues.

Senior Accountant Mike Murzynsky said that having backup has been difficult. He said that procedures are being done to reduce issues and that the process has been formalized. Bingenheimer said Finance will see the revenue come in, but it is sometimes difficult to find what expenditures correlate with the revenue. Good documentation will help show what expenditures go with the revenues. Taylor said that the approach that staff has used will be susceptible to this. Staff is addressing controls to help properly identify the information. He said that a centralized grants employee in Finance would be helpful, but there is not funding available for this position at this time. It will continue to be a challenge; and staff relies on the project manager to handle the documents. Oren Hampton said that this issue isn't unique to Albany; it is common among cities of Albany's size. Johnson said it would be great to have an employee who could do this even if it is part-time. She wondered if there is a computer program that could flag the different projects utilizing federal grant funds. Bingenheimer said that it works with the general ledger system and that there can be coding for each project. He said it is a good system when it is utilized 100 percent of the time. Taylor said that even with the program that the City has, it is about getting the information into the system. Senior Accountant Anne Baker said that another part of the problem is that employees working on the projects don't always know if it is state or federal funds that are being utilized because some projects are split funded.

Sue Folden asked if the Committee recommends acceptance of the Audit Report. Kopczynski made a motion to accept the Audit Report. Johnson seconded the motion, and it passed 4-0.

Transient Room Tax Audit

Taylor distributed the 2013 Transient Room Tax Audit report. He said the four hotels that were audited were the Super 8, Knox Butte RV Park, Holiday Inn Express, and Best Western Plus Prairie Inn. He said the Best Western is under new ownership.

Folden noticed that Knox Butte didn't seem to have a drop in rent for the month of December.

Konopa said that doing the yearly audits have really paid off. Taylor noted that the Holiday Inn Express has their certificate in a binder instead of on the wall because of franchise requirements. Konopa said this fiscal year is looking good and tourism is doing well in Albany.

BUSINESS FROM THE COMMITTEE

None.

NEXT MEETING DATE

No meeting scheduled at this time.

ADJOURNMENT

There being no further business, the meeting was adjourned at 4:10 p.m.

Respectfully submitted,

Signature on file.

Diana Eilers
Administrative Assistant I

Reviewed by,

Signature on file.

Sue Folden
Chair