



AUDIT COMMITTEE
Willamette Room
Wednesday, January 16, 2008
8:30 a.m.

MINUTES

Committee members present: Jeff Christman, Sharon Konopa, Ralph Reid, Jr.

Committee members absent: Sue Folden

Staff present: Stewart Taylor, Finance Director; John Stahl, Assistant Finance Director; Mike Murzynsky, Senior Accountant; Diane Wood, Purchasing Coordinator

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

CALL TO ORDER

Jeff Christman called the meeting to order at 8:36 a.m.

APPROVAL OF NOVEMBER 26, 2007, MINUTES

MOTION: Sharon moved to approve the minutes from November 26, 2007. Ralph seconded the motion, and it passed 3-0.

SCHEDULED BUSINESS

Business from the Public

None.

Review of Management Report from Auditors

Brad discussed the issues they found during the audit. The items included internal controls, ambulance, interfund transfers, and the amortization of the prepaid pension contribution.

Internal Controls – Brad suggested creating a policies and procedures manual for all accounting procedures. A manual is a tool for analyzing and reviewing processes. There is a manual for EDEN, but there should be something that shows how the accounting process works. The day-to-day operations, the monthly processes, and the types of reports that need to be created should be included in the manual. Stewart agreed this needs to be done for succession planning, and this will be a great tool for new hires. Stewart asked Brad if he had knowledge of some good models for creating a manual. Brad said he does. Sharon asked if employees should be documenting their tasks. This can be included in the manual. John said this would be good for all departments to do. John said he works in Excel a lot to create reports and the next person may have a different way that they want to do things. Sharon said that it would be useful to know where each person keeps their documents saved on the computer. John said that all of his spreadsheets are accessible to everyone, but it would be good for him to make notes regarding what they are used for.

Ambulance Fund – Brad suggested the City create a process to figure out the actual cost of personnel services based on the time employees spend on Ambulance Fund activities. He said another option is to bring the Ambulance Fund into the General Fund.

Interfund Transfers – Brad suggested that the City provide only a general description of routine transfers.

Amortization of the Prepaid Pension Contribution – Brad said the City is treating this as a negative net pension obligation. This had to do with bonds that were issued several years ago, and the City paid more than it needed to in order to keep the rate low. In 2002, the bonds were sold to make a prepayment to PERS. The City then joined the PERS State and Local

Government Rate Pool. Ralph said he believed that the bonds were sold to repay the debt and it was for current debt not future debt. Brad said there are two different types of accounting – budgetary and financial. Brad suggested making a cumulative adjustment to beginning net assets.

Transient Room Tax Audit Proposals

Stewart said Finance staff has done an internal review of the two auditors' proposals. Sharon asked if there would be an interfund transfer from Economic Development to pay for Finance staff time for the review. Stewart said no. Diane discussed the criteria used during the review which included technical proposal, experience, references, and fees. Koontz and Perdue received 75 points and Boldt, Carlisle & Smith received 85 points. Diane said we could formally interview each firm and they could gain additional points. Sharon didn't think this would be necessary as both firms have done work for the City. The staff recommended Boldt, Carlisle & Smith because they have direct experience performing transient room tax audits.

MOTION: Ralph moved to select Boldt, Carlisle & Smith to perform the audit. Sharon seconded the motion, and it passed 3-0.

Jeff asked if the audit would be done by the 28th of February 2008. It would be nice to get it done by the 28th so a recommendation can be made to the Budget Committee and it can be included in the annual budget. Ralph said we should wait and see what the outcome of the audit is before deciding on an annual schedule; we may just need to spot-check every two years. Sharon said there should be a set policy regarding the transient room tax audit and the audit should occur every year. After the first year, the City should audit random hotels/motels. Ralph said we could figure out what the cost would be for auditing one-third or one-half of the hotels/motels. Jeff said he would report which auditor had been selected to the rest of the City Councilors at the next Work Session meeting. Diane said there is a seven-day waiting period for anyone wishing to protest the auditors selected; after that, a report can be made to the Council. Jeff said he would wait until the next City Council Work Session to make his report.

BUSINESS FROM THE COMMITTEE

None.

NEXT MEETING DATE

It will be scheduled sometime in March.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:50 a.m.

Respectfully submitted,

Signature on file

Diana Eilers
Administrative Assistant I

Reviewed by,

Signature on file

Jeff Christman
Chairman