



DATE APPROVED: January 13, 2011

AUDIT COMMITTEE
Periwinkle Room
Thursday, January 14, 2010
1:30 p.m.

MINUTES

Committee members present: Jeff Christman, Ralph Reid, Jr., Sue Folden (via phone)

Committee members absent: Sharon Konopa (excused)

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 1:30 p.m.

APPROVAL OF APRIL 11, 2008, MINUTES

MOTION: Ralph Reid moved to approve the minutes from January 15, 2009. Sue Folden seconded the motion, and it passed 3-0.

SCHEDULED BUSINESS

Business from the Public

None.

Presentation of Findings for the FY2008-2009 Audit

Brad Bingenheimer said that the financial statements present the operations of the City clearly. He said that there are no findings to report and no noncompliance issues. Brad said that it was a clean audit. Brad discussed what was contained in the Independent Auditors' Report. Jeff asked what would be considered a business-type activity. Brad said that water and sewer operations are business-type activities. He said that anything that is self-sustaining through user fees would describe a business-type activity, and all others are considered a governmental activity. Stewart said that there were additional auditing standards last year which included the internal controls within the City. He said that the City's obligation is that the bank of record is on file at the Oregon State Secretary's Office. Brad said that the budget was prepared and adopted within the ORS rules. Ralph asked if the insurance rate was raised in 2008-2009. Brad said that most stayed the same except for buildings and equipment going up, but that is normal.

Brad said that the auditors issued two other reports: The Internal Control Report and the Single Audit Report. Discussion followed. Brad said that different grants have different requirements: for example, there may be a 25 percent money match or the monies can only be used for purchasing land only. John said that in these cases, staff keeps track of the grants depending on the rules; it is easier to separate the grants out of the budget lines. Brad said that, with regards to the grants, everything looks great in the general ledger, it just seems to be poor communication about the grants within the departments. Ralph asked why the communication is not there. Brad said that there is recognition of a need for specific information. Sue asked how many grants the City received. Brad said that there are 11 different grants (federal) and that number fluctuates year to year. He said that grants \$500,000 or more require a special audit. Stewart said that there are additional reporting requirements for stimulus dollars. Stewart said that this is Mike Murzynsky's first year taking the lead in the preparation of these financial reports; John helped with the process. Stewart said that Mike did an excellent job.

Jeff asked about the review of the budget process. The legal compliance of the process is what they look at, Brad said. He said that CARA was also audited; it is a separate entity, but it is an integral part of the City. Brad said that there was a clean opinion on these as well. Brad talked about the PERS and GASB 45. Discussion followed.

Transient Room Tax Audit

Stewart handed out room tax information reports (see agenda file). Stewart said that the final audit was done yesterday. He said that two years ago, audits were conducted on all of the hotels in Albany. Last year, four hotels were audited. This year, three different ones were audited: Holiday Inn Express, Super 8, and Knox Butte RV.

Holiday Inn Express – certificate not displayed, correct amount of taxes paid.
Knox Butte RV Park – certificate displayed and correct amount of taxes paid.
Super 8 – certificate not displayed, correct amount of taxes paid.

Jeff said that the certificate of authority isn't displayed very often and wondered why. Brad said that he didn't know why, because the certificate is fairly small and nondescript. Ralph asked if it would be minimal to the City to provide a frame to the hotel. Stewart said that he would check with Barbara about who generates the certificate. Jeff asked if this would come to the City Council. Stewart said that he didn't think it would come to the City Council.

BUSINESS FROM THE COMMITTEE

Sue asked about auditing franchise fees. Jeff said that he remembers the conversation from the last meeting, but he didn't think it went anywhere. Brad said that there were a number of cities that got together to look into Qwest's franchise fees. Ultimately, they realized Qwest had underpaid. Brad said that auditing franchise fees is a real challenge because you are dealing with large corporate entities. He said that cable, electrical, and telephone franchise fees are very difficult to audit without expending a lot of resources. Brad said that for a city to do this, it would be very costly. Jeff said that it sounds like it is something we leave on the table for now. Stewart said that if there were enough questions, it would probably be a multi-city task.

NEXT MEETING DATE

No meeting scheduled at this time.

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:45 p.m.

Respectfully submitted,

Signature on file.

Diana Eilers
Administrative Assistant I

Reviewed by,

Signature on file.

Jeff Christman
Chairman