



AUDIT COMMITTEE
Periwinkle Room
Thursday, January 13, 2011
1:30 p.m.

MINUTES

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

Committee members absent: None

Staff present: Stewart Taylor, Finance Director; Mike Murzynsky, Senior Accountant; Anne Baker, 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 JANUARY 14, 2010, MINUTES

MOTION: Sharon Konopa moved to approve the minutes from January 14, 2010. Ralph Reid seconded the motion, and it passed 3-0.

SCHEDULED BUSINESS

Business from the Public

None.

Presentation of the FY2009-2010 Auditor's Report

Brad Bingenheimer discussed the four types of standards that the auditors have to apply when auditing the City's financial statements. He asked if everyone has had a chance to review the Comprehensive Annual Financial Report (CAFR). He said that he is giving a clean audit opinion. He went on to say that there are no deficiencies in the internal controls within the City. He said that the City is in compliance with all of the federal programs including: highway planning and construction (ODOT), public transportation, and the clean water project:

Christman asked if the City is adequately funded for future benefits, health insurance, and pensions. Bingenheimer said that the City's participation in PERS is one issue, and that accrued time and health benefits are another issue. He said that PERS is beyond the control of the City and contribution rates are set by the PERS board. Christman asked if the City has the resources to meet those. Bingenheimer said yes due to the fact that is paid on a year-to-year basis. He said that PERS rates are likely going to go up and that means the cost will go up to municipal governments. Stewart Taylor said that our obligation is the payment of the annual fees. He said that the City made a contribution of 5.6 million dollars to the future unfunded liability in PERS. He said that the liability on accrued vacation is 2.3 million dollars. Taylor said that there is a cap on vacation accrual and they vary based on the union contract.

Bingenheimer said that health insurance rates will continue to increase. He said that in your group plan retirees are allowed to pay for the same group plan as employees. He said that they are paying less than what they would be paying if they had to find their own health insurance. Discussion followed.

Bingenheimer discussed the management letter. He said that all of the different grants that the City receives are essentially funded in a single fund and they operate on a reimbursement basis. He said that the City puts out the

money and waits for reimbursement. He said that there are many different grants running throughout the City, but there is not a process to get timely reimbursement of the funds to minimize the cash deficit. He said that the City could implement a process which would include a person being responsible for monitoring the grants and reimbursements. Christman asked if there is a list or tracking sheet. Mike Murzynsky said that there is not and at this point they are working on an accounts receivable program to make this better. Taylor said that we will not be able to create a position for a grants coordinator so we are working on a way to monitor these grants better for reimbursement. Bingenheimer said that it is important to minimize the time of the cash deficit. He said that the City Recorder's Office is archiving documents for records management. He said that they found duplication of documents, and that there are documents that aren't in the Recorder's files.

Bingenheimer said that the Budget Report is put together by using a series of Excel spreadsheets and textboxes. He said that the detailed general ledger information is pulled into the reports. He said that the information has to be pulled into a few different spreadsheets. He said that it may be time to think about different ways to put the report together. He said that there are better systems for producing the reports. Anne Baker said that she has worked with CAFR 2000 but prefers Excel spreadsheets. Christman asked if these management responses will go to the City Council. Taylor said that they will.

Taylor said that there is a concept of moving to a biennial budget. He said that now is the downtime, but the budget preparation process begins soon. He said that the main reason to switch to a biennial budget is because of the resources. He said that the Budget Committee would still meet annually and a supplemental budget would be created each year. He said that it would change the term of office for the Budget Committee members. He said that there are about six cities and several counties that have biennial budgets. Taylor said that he suggests exploring the idea of a biennial budget. He said that we could create a biennial budget starting in July 2013.

Bingenheimer said that the challenges of a biennial budget are the estimation of resources over a two-year period. He said that a full audit will still be required every year per Oregon law. He said that on the off year, staff can focus on other things and in the operations of the Finance Department it would be nice to have that extra time. For the most part, key revenue sources are fairly predictable.

Transient Room Tax Audit

Taylor said that this has not been done this year. He said that with the tight budget, he is asking that we don't conduct the audit this year. He said that next year he will pursue an intern to complete the project.

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 3:00 p.m.

Respectfully submitted,

Signature on file.

Diana Eilers
Administrative Assistant I

Reviewed by,

Signature on file.

Jeff Christman
Chairman