



AUDIT COMMITTEE  
Calapooia Room  
Wednesday, January 04, 2012  
1:30 p.m.

**MINUTES**

- Committee members present: Sharon Konopa, Jeff Christman, Ray Kopczynski, Sue Folden
- Committee members absent: None
- Staff present: Stewart Taylor, Finance Director; Mike Murzynsky, Senior Accountant; Anne Baker, Accountant
- Others present: Brad Bingenheimer of Boldt, Carlisle, & Smith, LLC; Jim Clausen

**CALL TO ORDER**

Jeff Christman called the meeting to order at 1:30 p.m.

**APPROVAL OF JANUARY 13, 2011, MINUTES**

Ray Kopczynski said that he noticed that a biannual budget was discussed at the last meeting. He asked if this is still on track. Finance Director Stewart Taylor said that due to the budget issues, this is no longer being considered.

**MOTION:** Kopczynski made a motion to approve the minutes from January 13, 2011. Sharon Konopa seconded the motion, and it passed 4-0.

**SCHEDULED BUSINESS**

Business from the Public

Jim Clausen asked if he could interject during the meeting. Christman said that he could ask questions after the report has been presented.

Presentation of the FY2010-2011 Auditor's Report

Brad Bingenheimer said that during the audit process, staff reviews where the City's most at-risk financial statements are. He said that this guides staff as to where they focus their attention. He said that risk procedures are applied in various areas of the audits. Bingenheimer discussed the different types of standards that are followed when conducting the audit.

Bingenheimer said that the City is receiving a clean audit report. He said that Albany is in compliance with the required government standards and internal controls.

Taylor said that a lot of training takes place during the audit. He said that there is not an internal control to verify work was completed properly when using federal dollars. He said that the City documents our compliance, but it would be good to audit the third-parties' file as well. Taylor said this would strengthen our internal controls.

Christman asked who would be doing this type of audit. Taylor said that it would be the staff person who is coordinating the program or project. Christman asked how the grant programs are chosen to be audited. Bingenheimer said that any program/project over \$300,000 is reviewed. They need to be audited every two years. Smaller ones may also be audited as well if they are at a higher risk.

Bingenheimer directed the group to look at page 18. The fund balance is the net equity, and what rolls over to the next year is considered reserved or unreserved. He said GASB 54 took fund balances and recategorized them as to what is the most restricted and least restricted. There are five classifications: unassigned, non-spendable, restricted, committed, and assigned. General Fund dollars would be transferred over and put into a special revenue fund. These should be combined together and put into the General Fund based on GASB 54. He said the change in the fund balance has decreased by two million dollars. The City has spent almost two million dollars more than what it took in last year and net assets went up 3.8 million dollars.

Kopczynski asked if the \$1.4 million dollars listed on page 4 is partly from Wal-Mart. Senior Accountant Mike Murzynsky said that is a big portion of it. Kopczynski asked why the legal debt margin has gone down dramatically (pages 146-147). Taylor said that it has gone down because of accelerated payments. Kopczynski asked about pages 152-153, Employee FTE in positions; he noticed that over the last five years the City has increased from 345 employees to 425 employees. Taylor said that there are actually 390 employees; some positions may be considered authorized but remain unfilled and unbudgeted. Taylor said that it might be good to have this conversation with the City Council to see if they want to remove some of the authorized, unfilled positions.

Sue Folden asked how many years Boldt, Carlisle, & Smith, LLC, have been handling the audit for the City. Bingenheimer said that this is the fifth year. Taylor said that the City's contract with Boldt, Carlisle, & Smith, LLC, is a five-year contract. He said that staff has authorization to approve two one-year extensions to continue with Boldt, Carlisle, & Smith, LLC. Folden said that last year or the year before there were a few issues about internal controls and fixed assets. She said that even though those were small issues, it is nice that nothing came up in this year's audit.

Clausen asked about page 15; he said it indicates that the City has \$135 million dollars of debt. He is concerned with that amount and said it needs to be paid down. He said it equals roughly \$7,000 per Albany taxpayer.

Kopczynski asked if there is a way to look at the trends regarding the debt. Bingenheimer said that a majority of that amount is due to the wastewater treatment plant and water and sewer requirements. He said that those were brought on in response to having infrastructure to support the population. Cities were mandated to make improvements under the Clean Water Act. Clausen said that the money being used for CARA could be used to pay down the debt instead. Christman said that Clausen's concerns would be better addressed at the Budget Committee. The Audit Committee's purpose is to aid staff in the selection of auditors and to assure clear and complete transmittal of audit results to the City Council and community.

Christman said that he thinks it is great that Clausen is taking an interest in the City's budget whether we agree or disagree. He said the budget information is available online and it is in paper form. Clausen said that he will be at the Library on Saturday to distribute flyers regarding City debt so people will be aware.

#### Transient Room Tax Audit

Taylor said that the results have been turning out good because most hotels are computerized. Any inaccuracies have been less than \$30. He said that Albany is still up on revenues compared to last year.

#### BUSINESS FROM THE COMMITTEE

None.

#### NEXT MEETING DATE

No meeting scheduled at this time.

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ADJOURNMENT

There being no further business, the meeting was adjourned at 2:35 p.m.

Respectfully submitted,

*Signature on file.*

Diana Eilers  
Administrative Assistant I

Reviewed by,

*Signature on file.*

Sue Folden  
Chair