



DATE APPROVED: 01/23/15

AUDIT COMMITTEE
Calapooia Room
Wednesday, January 27, 2014
3:00 p.m.

MINUTES

Committee members present: Sue Folden, Sharon Konopa, Ray Kopczynski, and Bessie Johnson [arrived at 3:12 p.m.]

Committee members absent: None

Staff present: Stewart Taylor, Finance Director; Mike Murzynsky, Senior Accountant

Others present: Brad Bingenheimer of Boldt, Carlisle, & Smith, LLC, City Councilor Dick Olsen

CALL TO ORDER

Chair Sue Folden 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 25, 2013, MINUTES

MOTION: Ray Kopczynski made a motion to approve the minutes from January 25, 2013. Sharon Konopa seconded the motion, and it passed 4-0.

SCHEDULED BUSINESS

Business from the Public

None.

Presentation of the FY2012-2013 Auditor's Report

Brad Bingenheimer directed everyone to the Independent Auditor's Report on page one. He said the financial statements present fairly the position of the City and the financial information can be relied upon. He said the City of Albany has received a clean audit report. There have been changes in the terminology used. For example, net position now replaces the term net assets. He said the reason for this is a new accounting standard implemented by GASB 63 and GASB 65. He said there are also two new categories: deferred outflows of financial resources and deferred inflows of financial resources.

Bessie Johnson asked if these changes are good or bad. Senior Accountant Mike Murzynsky said they are good because it is one less schedule that has to be worried about.

Bingenheimer highlighted portions of the Auditor's Report. He said the General Fund had a slight decrease of \$475,000. The General Fund is the City's operating fund. He said it is important to watch the General Fund to see if there is a trend toward a decreasing fund balance. He said the Parks & Recreation Fund decreased by \$288,000.

Finance Director Stewart Taylor said these trends will also be discussed at the Budget Committee meeting. He said decreasing fund balances mean more money has been spent than what has been brought in. He said this has been occurring for the past four years and those funds need to be watched. Konopa asked if the numbers will be

discussed at the Budget Committee. Taylor said the information will be discussed and staff is preparing a chart and table explaining the changes.

Bingenheimer said the total revenues are on target. Konopa said the franchise fees are beyond the cities control. Taylor said the total budgeted expenditures were \$28 million and the City only expended \$26 million which is a good thing. He said \$1.2 million in the budget is for contingency. He said the Municipal Court revenue didn't cover court costs this year and they are down 1.5 FTE. The Court is closed on Fridays in order for staff to process paperwork.

Bingenheimer said the Parks & Recreation budget included a substantial increase for SDCs, but it is a one-time thing. Konopa said revenues for the Northwest Art & Air Festival and RiverRhythms were up, but that would have been for 2012. She is curious to see what the numbers will be for 2013 because the attendance was up at both events.

Bingenheimer said the PERS fund has a large unfunded liability. He said GASB 68 wants municipalities to report their unfunded PERS liability. He said the issue is how to audit the information. Taylor said there are about 30 cities participating in a conference call to see how to get the information provided by PERS.

Transient Room Tax Audit

Taylor discussed the 2014 Transient Room Tax Audit report. He said the four hotels that were audited this year included Phoenix Inn, Comfort Suites, EconoLodge, and Comfort Suites. He said Comfort Suites had an overpayment for the month of December, so they will receive a credit on next month's form. Konopa said auditing the hotels ensures that they are reporting their revenues correctly. Taylor said there were no compliance issues found.

MOTION: Kopczynski made a motion to accept the Audit Report. Konopa seconded the motion and it passed it. Approved 4-0.

Participation on the RFP Selection Review Committee

Taylor said this process will include the review of proposals and interviewing the finalists. He said he would like to have representation from the Audit Committee. There are five proposals which include Boldt, Carlisle, & Smith; Grove Mueller and Swank; TKW in Portland; Kenneth Koontz; and Marine Company. He said the tasks will include reviewing proposals from the five firms, evaluating the strengths, meeting as a group to review and discuss, and interviewing the top two or three firms. Kopczynski said he is interested in being a part of the review committee, but said he doesn't have the background. Folden said she is willing to serve. The group agreed to have Folden be on the selection review committee.

Taylor said the City also engaged Boldt, Carlisle, & Smith, LLC, to audit different operations in which the City receives cash. He hasn't received the report yet, but he will forward it to the Audit Committee when it is available.

BUSINESS FROM THE COMMITTEE

None.

NEXT MEETING DATE

No meeting scheduled at this time.

ADJOURNMENT

Audit Committee
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There being no further business, the meeting was adjourned at 4:25 p.m.

Respectfully submitted,

Signature on file.

Diana Eilers
Administrative Assistant I

Reviewed by,

Signature on file.

Sue Folden
Chair