



## MINUTES

### Finance Audit Committee

April 27, 2022, 5:30 p.m.

Hybrid Meeting In Person & via Zoom

Coburg City Hall

91136 N Willamette St.

**MEMBERS PRESENT:** Cathy Engebretson, Chair; Terry Dawson, and Colleen Marshall.

**STAFF:** Tim Gaines, City Finance Director; Ann Heath, City Administrator.

**GUEST:** Steve Tuchscherer, President and Auditor of Umpqua Valley Financial

#### 1. Call Meeting to Order

Chair Engebretson called the meeting of the Finance & Audit Committee to order at 5:36 p.m.

#### 2. Approval of Minutes from January 26, 2022, Meeting

Chair Engebretson addressed two areas from the previous minutes that needed to be amended.

- On page two, paragraph one, under section four of *Review and Discuss FY 2019-2020 Audit*, Ms. Engebretson concluded that the final sentence reading, *Mr. Gaines told everyone that he had not reviewed this audit when it was done*; should be struck from the minutes.
- On page two, paragraph four of *Review and Discuss FY 2019-2020 Audit*, the final sentence reading, *The City had a good relationship with the auditor, and she thought they could overlook the mistake*. Ms. Engebretson felt it needed further clarification and should read, *The City had a good relationship with the auditor and she thought they should overlook the issue, given that the risk posed by the issue was next to nothing*.

**MOTION:** *Mr. Dawson moved, seconded by Ms. Marshall to accept the Finance & Audit Committee Meeting Minutes for January 26, 2022, as amended. The motion passed unanimously.*

#### 3. Auditor RFP - Committee Recommendation to City Council

Mr. Gaines began by noting that only one proposal had been received and that had been from the current city auditor. The Committee discussed the reason for so few proposals having been submitted. Reasons given were that most financial firms were understaffed, many auditors were not interested in working with small entities, especially with the auditing requirements continuing to grow each year.

Auditor Steve Tuchscherer from Umpqua Valley Financial, addressed The Committee via Zoom.

Topic: Municipal Auditing Services Proposal

Mr. Tuchscherer began by noting that a lot of preliminary work was required. He said it was about completing the audit in a timely manner while documenting everything. He further detailed risk assessments, adjustments of the work according to what bridged the documents, inherent risks and insertions. Mr. Tuchscherer went on to state that each year auditing requirements have become more

complex, yet still need to be completed in a timely manner and within the allotted financial budget. Mr. Tuchscherer concluded by stating that besides the firm having been shorthanded, more documentation of risks had been needed.

Chair Engebretson inquired if there was anything else the staff could have done to help.

Mr. Tuchscherer answered that a lot originated from planning and risk assessments. The Audit letter mentioned the need for GASB (Governmental Accounting Strategies Board). Mr. Tuchscherer said the real challenge was to keep up with government auditing standards. He stated that besides having been understaffed, he had suffered a family loss, admitting this had affected his work. He concluded by stating that he had not been proud of that particular audit and that it was important to him to not have to report differences.

Mr. Dawson stated that The Committee appreciated Mr. Tuchscherer's integrity.

Ms. Heath asked what Coburg could do better to be a financially responsible community.

Mr. Tuchscherer answered that budgetary wise, The City of Coburg did not have much to worry about. He recommended The Committee keep adjustments and balances separate from the budget accounting system and that a scheduling system be set up to reconcile balances, which would make things much easier for the auditor. He concluded by pointing out that Ms. Heath had a good set of awareness of internal controls, and separation of duties, allowing her to monitor what happens within Mr. Gaines' department, which most cities do not have.

Upon exiting the teleconference with Mr. Tuchscherer, Chair Engebretson stated she would like the the previous month's minutes amended to state that *an RFP is required through bylaws to be performed every five years and that is why it was presently being addressed*. She then opened the floor to county members for discussion.

Ms. Marshall asked if the proposed costs were in line with past budgets.

Mr. Dawson said it was stair stepping. If it took three times as long to achieve the same result, then the fee should adjust in some manner as well. He noted that it looked to be only a three percent increase over the previous year's budget fee.

Ms. Heath pointed out that different levels of audits, priced accordingly, existed and changed from year to year. She said that the City of Coburg was currently in a single audit level. She noted that auditors lose revenue the first year, due to having to learn new books, however the following years become easier. She concluded that despite any difficulties that may have risen from over the previous year, Mr. Tushcherer had been very good to work with. City Staff liked and worked well with him.

Chair Engebretson stated that she leaned towards recommending Mr. Tuchscherer because through The Committee's experience with him he proved himself to be quite knowledgeable and highly professional. She said the budget makes sense because the RFP in the proposal is for a particular audit structure for which the council commits to annually for the next five years.

Mr. Dawson was in agreement with Ms. Engebretson. He wanted it known that their decision was based on Mr. Tushcherer's overall track record, demeanor and response to questions posed to him and not because only one proposal had been received.

**MOTION: *Mr. Dawson moved, seconded by Ms. Marshall to recommend the RFP proposal submitted, be embraced and approved to continue moving forward with Umpqua Valley Financial. The motion passed unanimously.***

Chair Engebretson asked if there were any further questions or comments. There were none presented.

Ms. Heath suggested The Committee take a few minutes that evening to discuss the continuation of the previous set Committee goals and or the addition of new ones, that would then be presented to the Budget Committee.

Chair Engebretson noted that they still did not have a full Committee and inquired if it was acceptable for them to recruit and or advertise online for a finance person.

Ms. Heath replied that an application for a finance person had been received, and in regard to advertising she would discuss the matter further with Ms. Egbert. In the meantime, the Council could type up an advertisement that would be placed on the City's Facebook page by Ms. Egbert.

Ms. Heath exited the meeting at 6:37 p.m.

The Committee engaged in discussion regarding The Committee's goals.

Ms. Engebretson suggested retaining the first goal; *To participate in trainings on Oregon land use, including public meetings law, ethics law, and other timely and relevant topics.*

Mr. Dawson said that the current explicit language used in goal two, should only imply what was wished to be accomplished, due to continual changes. He suggested amending the language and setting attainable goals.

Ms. Marshall asked how attainable goals would be measured.

Chair Engebretson, impressed the importance of each member, continuing to self-educate. She noted that self-education would be relied upon by an honor system, until or if a new system were installed.

Mr. Dawson reminded all, of the need to recognize that educating themselves on each and every one of the many matters that come before The Committee was their primary goal and task.

The Committee agreed to retain goal number one and to remove goal number two, then would be presented at a later date to The Council, as the new annual goal chosen by The Committee.

#### **4. Finance Reporting City of Coburg February - 2022**

Mr. Gaines began his financial presentation pointing out that the year to date ran from July through February of 2022. He was pleased to announce that as of February 28, 2022, tax receipts were \$819, 498, which was ninety-eight percent of the budget for current taxes received. He noted that they were in the eighth month and revenue was good, tax receipts had been exceeded and expenditures were less. Mr. Gaines stated that since he had been there, sewer and water exceeded budget. This year water would exceed budget, however while sewer would come in higher than the previous year, it still would not hit budget. This was due to having previously budgeted too high on an assumption.

Ms. Engebretson requested clarification of the February 28, 2022 City Wide Revenues and Expenses. She wondered if that was year to date or just for that month. Mr. Gaines explained that it was year to date, from July through February of 2022, although it was somewhat difficult to explain because some numbers would still roll in through March for the previous month. This would cause a change in the final numbers but would provide an idea of where the finances were at.

Ms. Marshall inquired as to why Administrative Fees listed in the Balance Sheets, under the Financial Statements on page 304, had such a large increase. Mr. Gaines, stated that Councilman Lehmann had explained that during 2015 - 2021 the employee proportionate shares went from \$117 thousand to \$1.389 million. Mr. Gaines believed that it had included engineering costs as well, since administrative fees cover a large array of employees.

Chair Engebretson stated that it was a future liability estimate.

Mr. Gaines noted that retired employees continue to receive pay. He believed that it had to do with how many retirees were on staff during the year.

The Committee decided to conclude the meeting and to revisit the remaining topics on the agenda at another time.

**5. Adjournment**

Chair Engebretson adjourned the meeting at 7:06 p.m.

*(Minutes recorded by Trenay Ryan)*

**APPROVED** by the **Finance Audit Committee** on this \_\_\_\_ day of \_\_\_\_\_ 2022.

\_\_\_\_\_  
Cathy Engebretson, Chair

ATTEST: \_\_\_\_\_  
Sammy L. Egbert, City Recorder