



**Finance & Audit Committee**

January 26, 2022, 5:30 p.m.

Coburg City Hall

91136 N Willamette St.

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

**STAFF:** Tim Gaines, City Finance Director; Council Lehmann, City Council Liaison.

**1. Call Meeting to Order**

Chair Engebretson called the meeting of the Finance & Audit Committee to order at 5:33 p.m. Everyone present introduced themselves.

**2. Approval of Minutes from October 27, 2021, Meeting**

Chair Engebretson had a question. On the second page there was a mix-up saying that they were talking about hiring an auditor, when that conversation was about hiring a finance contractor. Also, at the end of that section, it said that Mr. Gaines would summarize what happened with the last audit at a future meeting. She clarified that the audit in question was the FY2019-2020.

**MOTION:** Ms. Marshall moved, seconded by Mr. Dawson, to approve the October 27, 2021, Finance & Audit Committee meeting minutes as amended. The motion passed unanimously.

**3. Finance Reporting City of Coburg – November 2021**

Mr. Gaines said that they would no longer be working with their old finance contractor. They would need to start a process to find a new one soon. Chair Engebretson was sad to see that Kathy was leaving since she had done a great job in the past.

Mr. Gaines noted that they were five months into the fiscal year and if everything had stayed even throughout the year, which they had not, they would be at 42% of revenues and expenditures. So far, they had brought in \$2.3 million (last year at this point they had \$1.8 million). He said that there was a 2% difference between revenues and expenditures. They had spent \$2.1 million which was 21% of the budget (last year at this point they had spent \$2.3 million).

Chair Engebretson noted that the document said that the first debt service payment was made December 1, 2021. She assumed that was related to the newer loans that the City had taken out with better interest loans. Mr. Gaines told her she was correct.

Mr. Gaines said that they had not received the Water Project Reimbursement yet, but they should get it soon. He was excited that they were able to add the Public Works Shop to the water project. It would be a huge benefit for the public works department.

#### **4. Review and Discuss FY 2019-2020 Audit (if available)**

Mr. Gaines reminded everyone that for FY 2019-2020 they did not do a supplemental budget, but instead did a reallocation. For some reason, that reallocation was not included in the audit. He pointed to the documents on the audit and how most of the numbers were above where they should have been. The State had flagged them for going over budget. If the audit had been done currently those numbers would have been lower. Mr. Gaines told everyone that he had not reviewed this audit when it was done.

Ms. Marshall noticed that in Anne's letter she was critical of the auditor. However, it seemed like the issue was due to some communication issues with the City.

Chair Engebretson shared that this mistake did not put them at any risk. She understood why City Council had been so alarmed when they received the letter from the State. Since it was a clerical issue, everything was worked out once the auditor sent the State the correct numbers.

Councilor Lehmann remembered voting no on accepting the audit because the auditor did not convey confidence that it was done correctly. Around the same time Councilor Nancy Bell had voiced interest in finding a new auditor. Chair Engebretson understood that concern but did not think they had to look for another auditor. The City had a good relationship with the auditor and she thought they could overlook the mistake. Mr. Dawson agreed.

Mr. Gaines said that they would need to do a request for proposal (RFP) since it they were required to do one. However, the same auditor could go through that process and be selected. He wanted to make it clear that the RFP was not being done because of the FY 2019-2020 audit.

#### **5. Review City Audit Report FY 2020-2021**

Mr. Gaines said that there had been an error. The Street Tree revenue had been put into intergovernmental expenditures instead of charge for services. That was the only error he found. He said that under debt services there was \$579,856 that the result of the loan for city hall. That amount had to be recognized but was not a cause for concern in the budget. Farther down under other financing sources there was a listing for \$579,856 that cancelled it out.

Chair Engebretson asked how difficult it would be to add the percentage variance next to the dollar amount variance. She said it would help them see more easily if the amount was too

high. Mr. Gaines replied that they might need to include that in the RFP, but he could always edit the document just for the Finance & Audit Committee. Chair Engebretson thought it would be helpful for everyone to see. Mr. Gaines said he would look into that.

Councilor Lehmann asked if it was correct that under Fund Balance, the variance of \$170,702 was an overreach of the budgeted amount. Mr. Gaines responded that that was correct. He pointed out that the number being over was a positive outcome. They had wanted to be conservative with their budgeting.

Councilor Lehmann pointed out that, under the water fund timeline from 2015 to 2021 the employer propionate shares of the net pension liability went from -\$117,000 to \$1.389 million. He wanted to know what caused that increase. Mr. Gaines replied that he did not work on that section so he would need to talk to the auditor. He would get back to the Committee afterwards.

Ms. Marshall also had some concern with the employer covered payroll since the numbers did not change much until 2021 (when the number went down). Mr. Gaines responded that those numbers might have fluctuated because of people retiring.

Councilor Lehmann wanted to know if the City Council voted to approve the annexation of Light Industrial and the person who was in escrow with Bigfoot Beverages. He wanted to know if they had any estimates for those twenty acres concerning water fund. Mr. Gaines was unsure since he had not heard about Bigfoot Beverages before that was said at City Council. Councilor Lehmann imagined that the City Council would want an answer before they voted.

Mr. Gaines wanted at least two of the three Finance & Audit Committee meetings to join him and Anne for the RFP interviews. Ms. Marshall volunteered.

## **6. Next Steps for Committee**

Ms. Marshall noted that they still had a vacant seat. She asked if they had any applications come in. Mr. Gaines replied that they had not. Ms. Marshall asked if they could get someone from the Budget Committee. Mr. Dawson mentioned that the Budget Committee had vacancies as well.

Chair Engebretson would scan the questions to ask the auditor and send them to Mr. Gaines to send out to the Committee.

Councilor Lehmann thought it would be helpful when looking at budgets to have a breakdown of the largest increases and decreases.

## **7. Meeting Adjourn**

Chair Engebretson adjourned the meeting at 7:04 p.m.

*(Minutes recorded by Lydia Dysart)*