



Finance & Audit Committee

July 28, 2021 5:30 p.m.

Coburg City Hall

91136 N Willamette St.

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

MEMBERS ABSENT: John Lehmann, City Council Liaison.

STAFF: Tim Gaines, City Finance Director.

1. Call Meeting to Order

Ms. Engebretson called the meeting to order at 5:34 P.M.

2. Approval of Minutes from April 28, 2021 Meetings

Ms. Engebretson wished to clarify that the minutes should reflect that financing of the SDCs was being discussed and not the SDCs in general.

Ms. Engebretson proposed a change on page two, paragraph 5, that the wording reflect Councilor Lehmann asked what the benefit of allowing for financing of the SDC was. She also noted that it should say Councilor Lehmann asked if financing the SDCs had interest on it, and they could apply for financing their SDCs.

Ms. Engebretson wished to strike the word limit on page 3 where it referenced increasing SDC limit. She also requested to change the term providing to charging.

MOTION: Ms. Marshall moved, Mr. Dawson seconded a motion to approve the minutes as amended. Motion passed unanimously.

Mr. Gaines shared that he had spoken with Cathy Taylor and that she was willing to continue reviewing their financial documents. He noted that terms were up and asked if the members knew anyone who might be interesting in serving. Mr. Dawson asked if residence was required for this committee and Mr. Gaines answered yes.

3. Finance Reporting City of Coburg – May 2021

Mr. Gaines explained that they would like to see their revenues at 92%, however many revenues came in after the 31st of May and therefor they were behind a month for some taxes and fees. He said that everything looked good so far and that taxes were significantly higher than the previous year and had exceeded the budget by over \$92,000 and that all funds were within budget. He added that the water and sewer funds were both above what was expected.

Mr. Gaines noted that some numbers were somewhat inflated including the \$648,000 reimbursement from the water project and the small cities allotment grant of around \$100,000. He said that things were better than expected from the previous year.

Mr. Gaines shared that they had an account with Summit Bank which was required for the City Hall loan but had been rolled into the full faith and credit bond when a refinance was done, saving a significant amount of money. He added that they therefor no longer had an account with Summit Bank.

Ms. Marshall asked if they anticipated anything out of usual for the next month and Mr. Gaines responded no, and thought that they would have a very favorable audit. He added that the water project was a little slow and an extension had to be requested but that the reimbursement would probably come in the middle of August which would help revenues.

4. Discussion of System Development Charges Financing

Mr. Gaines shared that they had done some research and hoped to have a fee of around \$1500 to finance per building instead of having certain levels. He said this would be put on the fee schedule to be reviewed every year and would make sure that they weren't working for free.

Mr. Dawson asked if a higher fee would help dissuade people from using the service and Mr. Gaines agreed to bring this up with Ms. Heath. He noted that he did not like having the money tied up for 10 years. Ms. Engebretson asked if the time frame of 10 years could be reduced and Mr. Gaines agreed. Ms. Engebretson asked if the entire 10 year period had to be used and Mr. Gaines said it could be paid back at any time within that. She noted that the interest rate could also be adjusted.

Ms. Marshall asked if City Council had addressed the ordinance yet and Mr. Gaines responded no, it was still in the future. He added that it would be reviewed when the yearly fee review was done.

Mr. Dawson asked what the motivation would be for someone who would take advantage of this and how to dissuade them. Ms. Engebretson thought that they would go for what was cheapest and would avoid the financing unless they absolutely needed it and Mr. Gaines agreed. Mr. Dawson thought that because only developers were affected then they should go out of their way to dissuade them from using financing. Mr. Gaines noted that if a developer were to take advantage of this then the note would be a lien on the property when it was sold.

Ms. Engebretson asked if the City charged the SDC when a developer begins work on a project and then becomes due. Mr. Gaines responded that it has to be paid off before the property transfers title. He added that the person buying the property had the option to apply for it. Ms. Marshall agreed that it should be made more worth the City's while by having a reasonable fee. Mr. Dawson noted that developers should be charged more than what homeowners were currently paying.

5. Discuss Fiscal Policies and Accounting Procedures Manual

Ms. Marshall recalled that they had begun to review payroll and stopped after adding number 14. Mr. Gaines noted that he added the term financial contractor instead of just an outside contractor to review financial documents. Ms. Engebretson suggested being even more specific about who could review finances, ideally specifying someone with a CPA license and extensive professional experience. Mr. Dawson asked what the appropriate minimum expertise should be and Ms. Engebretson responded at least 10 years of experience as a senior or manager of auditing and accounting or a controller or CFO. Mr. Gaines added governmental accounting experience should be considered. Ms. Engebretson agreed and noted that while there was a lot of similarities between private and governmental accounting, the person brought in should have specific related experience. Mr. Gaines explained that there were not a lot of financial auditing companies and suggested they could put their requirements in the RFP. He added that the financial committee could review the RFP before it went out.

Ms. Engebretson suggested adding to number 6 that the RFP for a new contractor would be reviewed by the audit finance committee and Mr. Gaines suggested placing this in number 7 so it would stand out. Ms. Engebretson said she liked the idea of adding to the wording describing the qualifications a finance contractor should have. Mr. Gaines concluded that the qualifications for a third party financial contractor would be equivalent to a CPA license or 10 years senior or management experience in Oregon governmental financial accounting. He added any RFP for a financial contractor would be reviewed by the Finance Audit Committee.

MOTION: Mr. Dawson motioned, Ms. Marshall seconded a motion to elect Cathy Engebretson as chair. Motion passes unanimously.

MOTION: Ms. Marshall motioned, Chair Engebretson seconded a motion to elect Terry Dawson as Vice Chair. Motion passed unanimously.

6. Adjournment

Ms. Engebretson adjourned the meeting at 6:58 p.m.

(Minutes recorded by Jayson Hayden)