

City of TYBEE ISLAND  
Audit Committee Meeting  
Monday, December 10, 2007  
4:00 PM  
Tybee Old School – Room 7

MINUTES

Member Attendance: John Major, Sam Adams, Freda Rutherford, David Birdwell, Jim Anderson, & Sue Off  
Staff: John Redmond

John Major called the meeting to order at 4:00 PM.

Jim Anderson motioned to approve the minutes from the October 8th meeting, Sam Adams seconded. All approved.

**UPDATE ON FINANCIAL STATEMENTS, PARKING METERS, AND VOIP**

John Redmond passed out the November financial statements and balance sheet. He said everything is pretty much on track except for property taxes which are due today. Charges for services and parking are down. For parking, it was a result of the shut down during an investigation, then, recently, for the South Beach renovation. David and Sue asked about the format change. Redmond said he would use the format with budget vs. actual in the future. He said licenses and permits are down due to the slow-down in building. He commented that the 2008 budget is increased for parking because of planned increases in parking fees, decals and extended hours. Sam asked how the merchants will react? Redmond said they may object. Major asked what new rates will be? Redmond said \$2.00 per hour. Jim Anderson asked about the reaction to the new meters? Redmond responded that he thought people were accustomed to them because they are used in Savannah. Also, payment options have helped. A little over half are credit/ debit card users. The city will be putting out change machines since merchants have objected to visitor requests for change.

Sue asked specifically about the campground. Redmond explained that the campground is an enterprise fund just like a private business. The campaign issue was capital expenditures for the purchase. Sam said people didn't understand that all debt value is not used up in one year. Redmond said if you look at operating costs vs. revenue it is about a 2:1 ratio. Thus, you have an enterprise that drops about \$500,000 to the bottom line. Redmond said he thinks it is a good investment. Major commented that people are focusing on a cash-in - cash-out. Sue asked about revenue growth. Redmond said we are up year-over-year by about 10%.

John Major asked about budget meetings. Redmond said there have been six budget workshops and the first reading at the last council meeting. This Thursday will be the second reading and adoption of the budget. Sue questioned the debt service for the campground which is 50% under budget. Redmond said it was an error in the 2007 budget preparation. Major asked if there was anything that we need to be concerned about for the audit. Redmond said he is always concerned and will spend the rest of the month going over everything before the end of the year. Redmond said he feels confident that separation of duties, cash management for parking and controls are all resolved.

Redmond informed the group that Voice Over Internet Protocol (VOIP) fees were approved by council about two months ago. Only people who have their phone service through the Internet pay the fee. The service provider is responsible for collecting for the City.

### **STATUS OF CONTRACT RENEWAL WITH MAULDIN & JENKINS**

Sam said M & J has confirmed the contract extension. Freda said she thought there should be a contract amendment to the original contract. Redmond said he would prepare one. Sam said he will forward the pertinent e-mails.

### **REVIEW OF SECTION 5 OF GFOA PUBLICATION "AUDIT COMMITTEES"**

Sam reviewed basic tasks for audit committees as outlined in the publication. Discussion followed on the length of audit contracts. The GFOA recommends that auditors not be retained for longer than 5 years. However, he pointed out that there are a limited number of firms that perform government audits. Major raised that there is a difference between the auditor and the audit firm. We might not bar M & J from bidding, but could require a different auditor from their firm.

### **ETHICS COMMITTEE REPORT**

Sue said that the Ethics "Committee" which was an ad hoc committee, has been replaced by the Ethics Commission since the committee had completed its work and the ordinance enacted. She suggested that the AC take the report off the agenda since she is not on the Ethics Commission.

### **REVIEW OF 2008 MEMBERSHIP**

Freda referred to the membership list and said that Sam, Jim and David come up for reappointment in 2008. Sam said he has some pending litigation and will have to assess how much time it will take before he can commit to reappointment. John Major appointed a nominating committee composed for Sue, Jim and David to prepare for the election of officers and recommendations for new members. He reminded the committee that our organizational meeting is in March.

### **OLD BUSINESS**

Freda briefed the members on information that she had learned during the campaign. She noted that the auditors routinely send a letter to the city attorney asking about all pending litigation. That is so that they can assess any risks associated with litigation. Bubba responded to M & J, but the audit committee was not included in the communication. Subsequently, during the campaign, a citizen requested information on pending litigation under FOIA. Bubba forwarded his letter to M & J to the city clerk to give to the citizen and copied all council members on the e-mail communication. Freda asked if the audit committee should be included in any communication between the auditor and the city attorney. After discussion, John Major suggested that we should be notified if there is anything alarming in the information. It was agreed that we would request that the auditors brief the committee on any alarming issues. Sam thanked John Redmond about being so thorough in addressing all the questions about city finances.

John Major informed the committee that he may have a scheduling conflict with our next scheduled meeting – January 14<sup>th</sup>. He said he will notify the committee if there are any changes in the date.

The meeting was adjourned at 5:35 Pm.

*Respectfully submitted,*

Freda Rutherford, Secretary