

City of TYBEE ISLAND
Audit Committee Meeting
Monday, June 9, 2008
4:00 PM
Tybee Old School – Room 7

MINUTES

Member Attendance: John Major, Freda Rutherford, Bill Blakey, Sue Off, Alfie Waite &
Jim Anderson

Council Liaison: Dick Smith

Staff: Bonnie Kline

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

Bill Blakey moved, Alfie Waite seconded, to approve the minutes from the May 12, 2008 meeting. All approved

John Major passed out the audit committee page from the city's web site. Freda said she would get corrections to Michael Bodine.

2007 AUDIT REPORT FROM M & J:

John said that he would not be at the council meeting this Thursday to give the audit report and has asked Bill as Vice Chair to take his place on the agenda. He said that he spoke with Craig Moyer today and he still has one thing that he needs from the city. Bonnie said accounts payable is still due because she is was in the process of interpreting some of the late-year entries made by the previous CFO. John informed the committee that there are seven findings - none that Craig characterized as serious.

John said that there are only two weeks left in the fiscal year and asked Dick to update the committee on the budget process. Dick said there were two budget workshops last week and three more this week plus the council meeting to approve the budget. Dick said council is working on a new 12-month budget. John asked if it would be a good idea to run a parallel budget with the 6-month FY 08 budget to track expenditures? Bonnie said she would consider maintaining a parallel 12 month actual-to-budget through December for comparison. Dick said revenues are down drastically for the first 3 months because of the Strand project and the parking lots being closed. Dick then asked Bonnie about the tax digest. She said that it has increased by 11.45%. She said beachfront property is increasing in value while mid-island is declining.

Freda asked about the undesignated fund balance. She said she saw \$1.7 million in the contingency fund and wondered if it was the same thing. Should the undesignated fund balance equal ½ annual revenues, which was the goal for catastrophic events? Bonnie said this was not the contingency fund and that she would check on the amount and report at the next meeting. Sue asked where year-end surpluses went? Bonnie said into the undesignated fund balance.

John asked to have the Municode contract on the next agenda. He said it is budgeted this year but does not seem to be functioning. Sue commented that when the audit committee was reviewing the contract she worked very hard to ensure that the code changes were up-to-date and gave the information to Vivian. John said while changes in the code are noted on the first page on the city's website, changes since 2005 have not been integrated into the website code. Dick said it was Vivian's job to keep it updated; she is in charge of sending information to Municode. Sue reiterated that she put many, many hours into this project.

John encouraged committee members to attend the budget workshops this week.

AUDIT SCHEDULE:

John said the next audit would occur in late September or early October and would cover the six months from January through June, 2008.. Bonnie said she would prepare the corrective action plan for the audit, but not until she receives the audit report from Mauldin and Jenkins. Bill asked about monthly reviews of staff work. Bonnie said she would be making that a part of the plan.

BUDGET REVIEW:

Bonnie passed out the *Financial Statements – unaudited as of May 31st, 2008*. Freda asked about capital expenditures in the 6- month budget. Discussion followed about seasonal expenditures. Bill asked about management charges for the enterprise funds. Bonnie said each fund is charged for costs incurred for servicing them. Freda asked is there a cost allocation plan. Bonnie said she was not sure how the costs for services was developed. Discussion followed about the campground costs. Freda asked if revenues would eventually catch up with expenditures. Dick said not until the debt is fully retired.

OLD BUSINESS:

Sue asked Dick if another member had been appointed to the audit committee. Dick said not that he remembered. John complimented the CAFR (Comprehensive Annual Financial Report) from Sewanee that Bonnie shared with the committee. Bonnie said she planned to prepare this kind of report for Tybee, but not until after the first 12 month cycle on our new fiscal year.

Dick said the city is looking at additional revenue sources but they are not firmed up yet. Brannyn is working with Courtney Powers on the project.

Freda noted that the city had approved auditing liquor sales. Bonnie said the city staff is doing a lot of the legwork which will keep costs down. Dick said the council will have hotel/motel taxes on the agenda in July. The audit will also include short-term rentals and rental by owners.

John said the next meeting would be July 14th

The meeting was adjourned at 5:05 PM.

Respectfully submitted,

Freda Rutherford, Secretary