

City of TYBEE ISLAND
Audit Committee Meeting
Monday, October 20, 2008
1:30 PM
Tybee Old School – Cafeteria

MINUTES

Member Attendance: John Major, Freda Rutherford, Bill Blakey, Alfie Waite & Jim Anderson
Council Liaison: Dick Smith
Staff: Bonnie Kline, Diane Schleicher
Auditor: Craig Moye

Bill Blakey, vice chair, called the meeting to order at 1:30 PM. John commented that Bill would be chairing the meeting because by the time the audit is final, he, Freda and Sue will no longer be on the committee. The annual meeting is in March when new officers will be elected. Bill, as one of the continuing members, would chair this meeting as part of the process of selecting new officers. John was specific that no decisions had been made as to who the new officers would be.

There was a motion by Bill Blakey, seconded by Alfie Waite, to approve the minutes from the September 8th meeting. Diane Schleicher said that she had a comment on previous minutes that referenced room tax on the campground. She said the City had a legal opinion that room tax should not be charged for campsites, but would be charged for cabins. All approved the minutes as written.

Old Business:

Municode ordinance update: Diane said she knew that Vivian had sent stuff to Municode through 2007. John asked if it would be on the web site? Diane said she thought everything had been codified through 2007. Freda asked if codification will continue to lag. Diane said yes, most community's update on a quarterly or semi annual basis. John said that quarterly updates would be great! Diane explained the process involved in codification and discussion followed. John asked if new ordinances could be put "whole" in the summary until they were codified. Diane said it might be difficult since sometimes sections have moved.

Audit Letter: Freda informed members that the audit letter from Bubba was in their packets and thanked Dick for providing it. Bill asked if anyone had questions? None did.

Bill asked for an update on the issues in the audit letter concerning daily cash and fraud management. Bonnie said daily cash had been fixed. Diane added that her assistant, Sarah, has been cross-trained with the cashier. Bonnie said she is researching a fraud risk policy for the city. Craig commented that if Bonnie completes a final policy statement Tybee would be the first community (*audited by M & J*) to have done so.

Motion by John, seconded by Alfie to adjourn. The meeting adjourned at 2:01 PM

Auditor Entrance Conference with Craig Moyer

Audit committee members introduced themselves to Craig Moyer, auditor. Craig said that the field auditors would be David Irwin and Trey Scott. Craig said that 6/30 is a huge year-end for Mauldin and Jenkins since most communities have 7/1 – 6/30 as their fiscal year. Bill asked if municipal audits are M & J's main business. Craig said it's about 30% of their business.

John reminded the committee that this is the last audit under the M & J contract extension. The committee must decide whether to rebid soon.

Bill asked Craig to go through the schedule and to inform the group when the audit will be completed. Craig said he expected the audit to go more smoothly because we are over the growing pains of the new standards. M & J will be here for the fieldwork for one week, and then the report should be ready between December 1st and 15th. He said getting the attorney's letter could cause it to take a little longer. Bill asked if there is a regular process to get a list of open issues to the City to keep the audit on track. Craig said he would let Bonnie know about anything outstanding. Bill will get an email on the status of the audit.

Bill explained that as a CPA he is familiar with for-profit organizations, but is having some difficulty determining what's important in a municipal audit and what the committee should be focusing on. Craig said council wants to know if the general fund is making money. It's hard to produce a cash flow statement by department. Bill asked about departments being over/under budget? Craig said yes and that's covered in the audit. For enterprise funds, the auditors evaluate whether they are producing revenues to support themselves. Diane said the community is trying to break even on water and sewer. The auditors were asked if the committee should be reviewing this? Craig said there is no requirement to break even, but most communities try to come out even. Dick said he is worried about the city being in better financial shape. He said that some of the bonds have covenants requiring both water and sewer and the campground to be self sufficient). Craig agreed. Dick said that they have adjusted to garbage increases but complaints are coming in about the water and sewer increases.

Bill asked if the net general fund balance is cash? Craig said not exactly. John asked how they would handle expenses being front-loaded and revenues back-loaded in the six-month fiscal year? Craig said they would be guided by the budget.

Freda said she understood that the budget vs. actual would be the activity that the committee should focus on. Diane asked questions about the fund balance and how to explain it to council members. Discussion followed.

Freda asked that if in this time of declining revenues would the auditors be assessing risk management? Craig responded that they would not look at day-to-day expenses.

Bill asked what was most important for the Committee to focus on. Craig responded that the Committee should go back to the general fund to see if departments are overspending. Bill asked about comparative (period end to period end) debt balances? Craig directed the committee to page 37, Note 7 for the debt schedule. Craig said that the Comprehensive Annual Financial Report (CAFR) that Bonnie wants to do would provide citizens with more detail.

Bill asked when the audit is due to the State? Craig responded that it's due six months after the end of the fiscal year.

Craig informed the committee that the auditors would be available to meet each day at about 5:30PM. Bill said he would be by each day and Alfie said he also would be there.

Bill announced the next meeting will be on the regular schedule: November 10th @ 4PM.

The meeting adjourned at 2:45PM.

Respectfully submitted,

Freda Rutherford, Secretary