

City of Tybee Island
Audit Committee Meeting
Tuesday, July 7, 2009
8:00 a.m.
Room 7 – Old School

APPROVED MINUTES

Member Attendance: Bill Blakey, Alfie Waite, Sallie McClelland, Steven Bryan, Gavin Murphy

Council Liason: Dick Smith

Staff: Bonnie Kline

Bill Blakey, chair, called the meeting to order 8:03 a.m.

There was a motion by Sallie, seconded by Steve, to approve the minutes from the March 18 meeting. All approved the minutes as written.

REVIEW OF THE AUDITOR'S FINANCIAL REPORT FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

Bill noted there were several typographical errors in the report, particularly inaccurate dates. Bonnie noted the errors.

Bill asked about the overall profit or loss status of the city reflected in the financials indicating that the city had experienced a decline in net assets during the period covered. Bonnie noted that there were only six months of figures in the report given that the city had switched from a December end of fiscal year to a June end. Therefore the numbers did not completely reflect seasonal cash flows. She said the report for the fiscal year ended June 30, 2009 would present a more complete picture.

There was a discussion about the accounting for beach re-nourishment costs.

Steve inquired about the accounting of revenue and expenses related to the city-owned campground. This was followed by a discussion about debt service for the bonds issued by Chatham County to finance acquisition of the campground. Bonnie explained scheduled debt service payments. Steve asked if there were any studies on the campground's financial impact on local businesses. Alfie noted that the overall return on the campground for the city would be positive if it were not for the debt structure. Dick noted that costs associated with the campground and its impact on the city's finances would continue to be a political issue.

Gavin asked about notes in the financial report indicating that the city was not in compliance with debt service covenants related to its water and sewer debt. Bonnie said recent rate increases had resolved the situation.

Bill asked about the status of the water and sewer and solid waste collection accounts showing expenses in excess of revenues. Bonnie said increased water rates would be reflected in future figures. Bonnie said the city had retained a new service provider that should lower costs for waste collection for the city. There was discussion about the city dump being accounted for under the sanitation account and Dick said the city is considering shifting the account to public works.

Bill asked about the city's cash position. Bonnie explained the city has cash in various accounts. Gavin noted that the report showed the general fund's unreserved and undesignated cash balance showed an increase during fiscal 2008. Dick noted that the public sometimes has the mistaken notion that the city has no cash reserves. Bill asked about the collateralization for city accounts and Bonnie said they were all collateralized.

STATUS OF THE CITY'S PENSION PLAN

Bill asked about the financial status of the pension plan. Bonnie explained that city is accounting for its required contributions to the state managed pension fund as required for its employees. She noted that accounting for pension costs in future reports would offer more details. Dick noted that there is confusion among the public about the amount the city will have to pay to help meet its unfunded liability and the amounts suggested often are exaggerated.

AUDIT REPORT'S NOTES ON INTERNAL FINANCIAL CONTROLS

Bill asked about the city management's response to the report's findings related to the city's internal controls and accounting and if the problems addressed were being resolved. Bonnie noted that there were still some adjustments from prior years that needed to be made. She said she had made 75% percent of the suggested adjustments herself.

Gavin asked about staffing in Bonnie's department. Bonnie explained the structure of the staffing.

PRESENTATION OF THE AUDIT REPORT TO CITY COUNCIL

Dick said he wanted Bill and Bonnie to present the audit report to the city council. Bill said he would work on a presentation. Dick said he would schedule the presentation for the second council meeting in July.

Steve made a motion to adjourn. Gavin Seconded. All agreed.

Gavin Murphy
Secretary