City of Yachats

FINANCE COMMITTEE

November 13, 2019

Approved Minutes

I. Call to Order

Chair Shannon Beaucaire called the November 13, 2019 meeting of the Finance Commission to order at 10:00 am in Room 1 of the Yachats Commons. Members present: Shannon Beaucaire, Don Groth (Public Works), Jacqueline Danos (Planning), John Purcell (Parks and Commons), Jim Tooke (Council), David Rivinus (Library), and Mayor John Moore. Absent: none. Staff present: Sue Forty. Audience: 3.

II. Minutes October 9, 2019

1. Page 1, Line 16: Should read, "September 11, 2019"
2. Page 2, Line 31: Change to read, "noted the loan repayment options she outlined"

Moore clarified they were still researching the credit for LID principle balances.

Purcell moved to approve the October 9, 2019 minutes as Corrected: Aye – 7; No – 0.

III. Continuing Business

A. Financial Planning: Interfund Loans and URD

Beaucaire reported this item would be on hold until Item III.B bellowed was addressed.

B. Update on Audit

Beaucaire reported the auditor needs to complete a full audit on the URD.

Forty explained that if URD Boards members are the same as Council, they become a "component unit" of the City which requires full audits. She indicated the URD needs to have the same number of citizens as members of Council. Forty was not certain what previous financial persons had filed with the State. Forty explained that if the URD Board was different from the Council, the City would need a financial review every year and a full audit every three years.

Forty noted the auditor indicated the previous financial person filed something, but Forty was not aware of what was in that audit. Purcell asked why they were just learning about the situation if nothing was filed since 2010. Groth suggested the audit report does include the URD.

Moore clarified that the full audit was only necessary every year if the URD Board was the same as the Council.

Purcell clarified that the City needed two separate Boards and two separate audits. Beaucaire clarified audits on the URD were needed for FY17 and FY19. She noted the trigger for an audit was $150,000 and the City has previously treated the URD money as a transfer and not a direct expense from the URD.

Forty explained returns to the fund must be made in the same fiscal year to not be considered part of the total expenses.

Moore clarified Councilors can be on the Board but should not be the Board. Beaucaire indicated that Budget Committee members would not automatically be part of the URD Board. Groth noted that it would need to be clear who was on the particular Board for recording votes.

Beaucaire summarized:

1. The City needs to complete two audits on the URD (in progress)
2. The Finance Committee needs to put on hold continuing discussions on interfund loans until the audits for the URD are cleared
3. The City needs to create a separate URD Board
4. The City needs to ascertain whether URD funds need to be further separated in the financial system

Forty highlighted the same people who are deciding what to spend cannot be the ones deciding to receive the money.

Vaaler asked what the requirements for the URD Board would be. Forty indicated these criteria would be set by the bylaws or ordinances. Forty suggested a composition of four citizens and four City persons. She noted the Depoe Bay URD Board has two Councilors, the Mayor, and the rest citizens.

Beaucaire clarified that if citizens ask about the situation, members can state that the audits have been done internally and the City was correcting some issues.

D. Update on Financial Forecasting

Beaucaire reported she, Forty, Groth and Danos would be meeting to discuss what Springbook can do for the financial forecasting worksheets.

IV. New Business

A. Update on SDC and Transient Lodging Tax Classes

Forty reported that she and Martha attended the Oregon Government Finance Officers Association conference. Martha went to a session on Transient Lodging Taxes and Forty went to SDCs. Forty learned that if the City was charging SDCs for new construction, they could also charge a Parks SDC to be used for rehabilitation and enhancement of parks.

B. Financial Reports

Beaucaire reported the City was switching from a cash to modified accrual accounting system, which means they do not close the books until after the end of the month. She explained this process creates difficulty in getting final monthly statements to Commissions and Committee that meet during the first two weeks of the month. Beaucaire explained that groups that meet early could either get complete September statements for the November meeting or they can get October reports that are 95% accurate. She proposed they have a heading on each report to indicate they were around 95% accurate.

Forty explained that bills for the previous month can arrive during the first week or two of the month. These bills need to be included as part of the report for the prior month. She noted COG does not close their books until the 12th of the month.

Purcell asked if the Commissions could change their dates to help with situation. Beaucaire stated that Commissions and Committees need to be understanding of the situation.

Purcell asked what the harm was for getting the final September report in November. Forty indicated her concern was to not have several versions of a report in circulation.

Beaucaire recommended that the Committee recommend to Council that they state the Commissions get the most recent completed financial report. Groth asked if they could get partial reports when the budgeting process started. Forty stressed that it was essential to have only one version of a report.

Forty reported all Council members have been set up to log into the system to look at data.

Purcell moved recommend to Council that the City distributes completed month end reports: Aye -7; No - 0.

Forty explained that the new financial system can generate very complete reports. She noted the sample reports handed out combined the expense and revenue components. Forty reviewed some of the basic nomenclature, such as periods 1 through 12 indicate the months of July to June of the fiscal year, and period 13 denoted an audit. She noted the general categories were for Government Funds, Enterprise Funds, Urban Renewal Funds expenses and revenues.

Forty reviewed the Governmental fund reports in detail, noting what was contained in the subtotaled sections. Forty explained she was recommending having beginning balances for all unrestricted, restricted, grants, contracts, and other dedicated funds or reserves.

Forty suggested they move away from line items indicating miscellaneous revenue. She also noted they were still cleaning up some of the budget information. She noted the summary items would be helpful for budgeting purposes and for filing documents with the State.

Forty explained the report handed out today contained a merging of revenue and expense reports.

Forty explained that there is a backend allocation of hours across areas setup for payroll for each worker, meaning when enter 8 hours for a day, it is split according to the areas. She noted that CIP hours are treated separately. Forty noted that the City still needs paper time sheets to get signatures for the files. She expected in the future they can have staff electronically input their time, but they would still need signed time sheets until the City had electronic signature capabilities.

Forty highlighted that one can see what the actual employee costs are. She also noted they have broken out the contract work for specific service areas.

Forty explained negative transfers were not allowed and that she has been working with Beaucaire to work this out.

She noted the City must keep enterprise and governmental funds separate. She indicated that as soon as audit is complete, they will import the beginning balance numbers into the system.

Groth urged they separate Visitor Amenities out of Fund 100 and into the old Fund 200. Forty indicated they are moving toward recording revenues in the areas they belong so that there was no need to have so many transfers. She noted transfers are not transparent.

Groth suggested they need to keep Visitor Amenities separate in the way they keep the URD separate. Forty noted there was a department number for Visitor Amenities. Forty did not understand why they needed a separate fund. Groth stated they needed to keep it separate because of the importance of showing the public how they money is used. Forty noted by having a department for Visitor Amenities, they can run a report to show all revenues and expenses for that department. Forty indicated the Visitor Amenities report would look identical if it were a department report or a separate fund report.

Forty noted they will only transfer amounts needed so that transfers do not have to be transferred back at the end of the year.

Moore asked about the Hall Bequest line item and how the Library Commission could track expenditures. Forty explained the project management software enables tracking. Beaucaire added the Library would get an expense report like what was shown for visitor amenities.

Danos clarified each Commission would get reports on departments relevant their work.

Craig Berdie asked for clarification on staff time for capital projects. Forty indicated that staff has already been noting their allocations by project so this system would not be requiring any additional work.

Rivinus asked how a library expense was tracked. Forty noted every expense goes through accounts payable and will show up in the reports.

Forty noted the credit cards are currently attached to personal social security numbers. Forty explained the City can get bank cards that are only attached to the City, and they expect to have that setup by next month.

Danos clarified there is a way to create additional consolidated reports if needed. Forty demonstrated how a specific item report could be run.

Forty noted the ability for direct deposits has been great for vendors. Forty reported they have asked all vendors to complete W-9 so they can run 1099s from the system. She noted the City can now electronically file all tax related stuff from W-2s.

V. Other Business

A. From the Committee – none

B. From the Staff – none

C. From the Floor – none

With no further business before the Committee, Beaucaire adjourned meeting at 11:37 am.

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Shannon Beaucaire, Chair

Minutes prepared by H.H. Anderson on November 18, 2019.