



1. CALL TO ORDER

Mayor Ruede called the meeting of the Dunes City Budget Committee to order at 4:00 pm.

2. ROLL CALL

Roll Call was taken by City Administrator/Budget Officer Fred Hilden.

Present: Mayor Rebecca Ruede, Council President Jamie Mills, Councilor Dick Anderson, Councilor Maurice Sanders, Councilor Sheldon Meyer, Councilor Ed Scarberry, Councilor Duke Wells, and Budget Officer Fred Hilden, and citizen members George Burke, Wally Shoults and Paul Floto.

Absent and Excused: Citizen member April Dumas (three citizen member vacancies).

3. PLEDGE OF ALLEGIANCE

All who were present stood for the Pledge of Allegiance.

4. INTRODUCTION OF NEW MEMBERS

Mayor Ruede introduced and welcomed the newest member of the Budget Committee, Mr. Wally Shoults.

5. MOTION TO APPROVE THE AGENDA

Councilor Sanders made a motion to approve the Agenda. Council President Mills seconded the motion. The motion passed by unanimous vote.

6. APPROVAL OF THE MEETING MINUTES FOR NOVEMBER 7, 2013

Paul Floto made a motion to approve the November 7, 2013 meeting minutes as submitted. George Burke seconded the motion. The motion passed by unanimous vote.

7. PRESENTATION OF 2012-2013 AUDIT

Budget Officer Hilden announced that the annual Dunes City financial review for the fiscal year ending June 30, 2013 was completed and distributed copies of the CPA's report. Budget Officer Hilden read the report cover letter from Hough, MacAdam & Wartnik LLC, and highlighted key points:

- As noted in prior years, the City has a very small accounting staff which limits the amount of segregation of duties that is possible, common in small municipalities, but procedures appear to be in place that allow the City to mitigate this situation;
- An extension until January 31st to complete the review was requested and approved by the Secretary of State;
- Fiscal year 2011-2012 adjusting journal entries were posted and equity accounts adjusted to prior year fund balances;

- The City has properly set aside State Street Tax as required for walkways, bikeways as reserved. However, State Statutes require that these funds be used within ten years of receipt. The City has twenty (20) years or more of reserves and, as noticed in prior years, the City should plan a project or contact ODOT for a waiver; and
- Overall the City's accounting records are in good shape and City staff is very knowledgeable about the City's operations and finances.

Budget Officer Hilden pointed out that, overall, the CPA review was a positive one and did not identify any material modifications that needed to be made in order for the City to be in conformity with general accounting principles. Additionally, the CPA firm recognized that City staff's internal controls and procedures continue to improve.

After reading the CPA's letter, Budget Officer Hilden went on to point out highlights of the CPA's Management Discussion and Analysis, noting that the City qualifies for a review as opposed to full audit because the City's expenses are below the level set by the State Revenue Department for auditing. Highlights of the review included the following bulleted items:

- City-wide, total net assets as of June 30, 2013 showed an increase of about \$125,000 from the prior year (including \$151,000 from land dedicated to the City by Woahink Ridge Estates), street maintenance and brushing accounted for a \$15,000 net reduction in assets and \$11,000 was spent from the RTMP fund that reduced unearned income.

Budget Officer Hilden noted that it could be possible that the City's street assets are undervalued. There was some discussion about this issue and the historical valuation of roads, but it was generally agreed that staff and the Road Commission would research to make sure that all of the City's public streets were on the books.

- The CPA firm found that the General Fund balance favorably increased, the State Street Tax Fund showed a minor decrease in the fund balance as a result of less maintenance being done than was budgeted and the Building Code Fund balance improved due to an increase in the number of new home starts.

Budget Officer Hilden went on to discuss highlights of the City's financial statements.

Moving on to discuss the actual financial statements from the CPAs, Budget Officer Hilden pointed out, as previously noted, that the year end fund balances have been adjusted by the CPAs and staff should be able to provide fund balances to the Budget Committee on a regular basis going forward, as had been requested by the Committee. There was some discussion about the fund balances, particularly the Street Fund which appeared to be reduced as a result of adjusting entries by the CPAs. Budget Officer Hilden distributed supplemental spreadsheets showing the fund balance adjustments and further discussion ensued. Of note, Budget Officer Hilden pointed out that the City's month-to-month cash flow can fluctuate significantly due to the seasonality of some revenue and expense items.

Budget Officer Hilden responded to questions from Committee members about specific line items, administrative processes, accounting systems, and the fund balances. Staff agreed to look into WorldVision, an accounting system mentioned by Mr. Floto, as an alternate to Quickbooks.

8. REVIEW OF 2013-2014 BUDGET vs ACTUAL (7/2013-12/2013)

Mayor Ruede directed the Committee's attention to review of the draft July – December 2013 budget vs. actual, and asked Budget Officer Hilden for an overview.

Of note on page two, Budget Officer Hilden reported: in the General Fund, Lien Search Fees are up significantly due to catching up with billing; in the State Street Fund the ODOT grant is not expected to be awarded; Personal Services expenses are tracking about right; Building Department Services expenses are a little high as a result of increased building permit activity but can be absorbed by the School Excise Tax; and, Contracted Consulting is high, also due to the increased permit/plat activity and LCOG's work on those.

Councilor Scarberry requested permission to leave at 5:05 pm. Mayor Ruede noted that a quorum was still present.

Discussing page three, Budget Officer Hilden noted that Street Maintenance expenditures are significantly less than budgeted due to the volunteer efforts of the City's Road Commission.

Other points of note from Budget Officer Hilden: the RTMP County Tourism Grant was received; staff has been working to collect water rights fees and is on track to reach the budgeted goal; and, the Emergency 911 Fund Revenue dollars now go to Florence, so that line item will likely drop off.

There were no additional questions for Mr. Hilden and no further discussion about the budget as presented.

9. ADJOURNMENT

Councilor Sanders made a motion to adjourn the meeting. Councilor Anderson seconded the motion. There was no vote taken. Mayor Ruede adjourned the Dunes City Budget Committee meeting at 5:15 pm.

The proceedings of the Dunes City Budget Committee meeting were recorded, and are on file at Dunes City Hall. Upon approval by the Dunes City Budget Committee, these minutes will be available at Dunes City Hall and online at www.dunescity.com

APPROVED BY THE BUDGET COMMITTEE ON THE 29th DAY OF APRIL 2014.

[Signed copy available at City Hall]

Rebecca Ruede, Mayor

ATTEST:

[Signed copy available at City Hall]

Fred Hilden, City Recorder/Budget Officer