

RESOLUTION NO. CLVIII (158)

A RESOLUTION ACCEPTING THE AUDITOR'S REPORT AND DIRECTING THE FINANCE DEPARTMENT TO CORRECT DELINQUENT POSTINGS.

WHEREAS the City of Wilsonville has employed Certified Public Accountant Susan K. Sause to audit the City's finances, and she has, in fact, prepared an audit report for the fiscal year 1979 - 1980, together with her Auditor's Opinion as to whether or not the City is in compliance with generally accepted accounting principles and what, if anything, she determines are deficiencies, and

WHEREAS, the City Council for the City of Wilsonville as its governing body has reviewed and studied the Sause Audit Report for 1979 - 1980 fiscal year, and

WHEREAS, the City Council for the City of Wilsonville has directed that its Senior Accountant provide his memorandum report in summary of the Auditor's Report and Opinion and further in said Memorandum Report by the City's Accountant to make recommendations as to any deficiencies noted and the steps to be taken to correct same, including the timing for implementation of the corrections, and

WHEREAS, Clyde Gideon, Jr., Senior Accountant, has prepared such a Memorandum and recommendation of January 21, 1981, which the City of Wilsonville City Council has reviewed the study at its regularly called public meeting of February 2, 1981, and said meeting having been continued to February 3, 1981, and

this item being one of several items continued to the February 3, 1981, date, a copy of said Memorandum, marked Exhibit "A" is incorporated herein as if fully set forth herein,

NOW, THEREFORE, THE CITY OF WILSONVILLE HEREBY RESOLVES, as follows:

1. The City of Wilsonville accepts the Auditor's Report filed by CPA Susan K. Sause for the 1979 - 1980 fiscal year.
2. The City of Wilsonville, through its governing body, the City Council, accepts the Memorandum of Clyde Gideon of January 2, 1981.
3. The City Council hereby directs as to Items 1 and 2 of the aforementioned report, Exhibit "A", that the Financial Department maintains close attention to those matters.
4. That the City Council directs Senior Accountant and Budget Officer to take the necessary steps to cause a supplemental budget hearing to be held on March 11, 1981, for, among others, the purpose of correcting the 1979 - 1980 over-expenditure in the Road Fund as noted in the 1979 - 1980 Audit Report.
5. That the City Council recognizes the final solution of Item 4, set forth in the January 21, 1981, Memorandum is an adjustment reallocation of personnel and resources which can only be accomplished at the beginning of the fiscal year

through the budget process; however, the Finance Department has been directed to continue with the training of its new employee and to catch up to a daily posting level and to have same accomplished by mid-April, 1981.

ADOPTED by the Wilsonville City Council at a regular meeting thereof this 2nd day of March 1981, and filed with the Wilsonville City Recorder this same date.

  
WILLIAM G. LOWRIE, Mayor

ATTEST:

  
DEANNA J. THOM, City Recorder

CITY OF WILSONVILLE

# MEMO

January 21, 1981

DATE

TO: ED DAVIS, CITY ADMINISTRATOR *ED*

FROM: CLYDE GIDEON, JR., SENIOR ACCOUNTANT *CG*

SUBJECT: 1979/1980 AUDIT DISCREPANCIES REQUIRING ACTION BY  
COUNCIL AND STAFF

Oregon Revised Statutes require that the governing body of a City receive an Audit Report together with the Auditor's opinion as to whether or not the City is in compliance with generally accepted accounting principles. ORS further states that the governing body shall determine the measures it considers necessary to correct any deficiencies and adopt a resolution setting forth the corrective measures it proposes and the period of time estimated to complete them.

The 1979/1980 Audit Report for the City of Wilsonville references four (4) areas where deficiencies were, or are still, in need of correction.

1. Collateral Pool Certificates are necessary to protect the City's bank deposits which exceed the \$100,000 FDIC protection. Nothing can be done about past periods of exposure but additional certificates were issued in October, 1980 for inadequately covered deposits as of that date. Steps have been taken to collateralize all subsequent deposits or, in the event of deposits with savings and loans, to secure a waiver sufficient to satisfy ORS requirements.
2. The preparation of the 1980/1981 budget did not meet all legal requirements, as you know. Council action on January 5th of this year adopted a revised budget, levied taxes and authorized appropriations in a manner which should be acceptable.
3. The Road Fund repaid a loan during the 1979/80 fiscal year with sufficient cash but insufficient revenues to do so. The solution to this problem is a loan to the Road Fund which should be authorized in a 1980/81 supplemental budget.

EXHIBIT A

4. The last area of concern deals with adequacy of the accounting system and condition of records. The Finance Department has implemented a new Purchase Order and Payment Authorization system which solves the expenditure control problem and introduces an encumbrance accounting program to the system which facilitates the budget monitoring process.

Timely posting of transactions is a goal of the department which was realized in November after more than a year of concentrated effort. During December, however, one employee took two weeks well deserved vacation and the other was absent for five days due to an unforeseen emergency. The resulting drop in productivity (more than a 50% drop) set the department back approximately two months.

#### SUMMARY

Items 1 and 2 above require no Council action and only maintenance attention from the Finance Department.

Item 3 is the primary component of the 1980/81 supplemental budget.

The final solution to Item 4, though worsened by recent declines in productivity, has been, and still is, an adjustment and re-allocation of personnel and resources which can only be accomplished at the beginning of a fiscal year through the budget process.

The short-term solution to Item 4 will be in effect when the Finance Department has trained a new employee and caught up to a daily posting level which should be by mid-April.

#### RECOMMENDATION

That Council adopt a resolution accepting the Auditor's Report for fiscal year 1979/1980 and direct the Finance Department to correct the delinquent posting of financial transactions by April 15, 1981. And to monitor the corrections of other noted deficiencies in the Audit Report to ensure that no recurrence exists.

That Council direct the Budget Officer to take the necessary steps to cause a supplemental budget hearing to be held during the month of February for, among others, the purpose of correcting the 1979/1980 over-expenditure in the Road Fund as noted in the 1979/1980 Audit Report.

cc:

Dee Thom, City Recorder  
Mike Kohlhoff, City Attorney

CG:vr