

**CITY OF BROOKINGS
COMMON COUNCIL MEETING MINUTES
City Hall Council Chambers
898 Elk Drive, Brookings, OR 97415
November 24, 2003
7:00 p.m.**

I. Call to Order

Mayor Bob Hagbom called the meeting to order at 7:00 p.m.

II. Pledge of Allegiance

Led by Paul Hughes

III. Roll Call

Council Present: Mayor Bob Hagbom, Council President Rick Dentino, Councilors Larry Curry and Craig Mickelson, a quorum present.

Council Absent: Frances Johns Kern

Staff Present:

City Manager Leroy Blodgett, City Planner John Bischoff, Finance Director Paul Hughes and Administrative Secretary Linda Barker

Media Present: Curry Coastal Pilot Reporter Bill Lundquist

Other:

Chamber of Commerce Executive Director Les Cohen, and approximately 7 other citizens

IV. Scheduled Public Appearances

A. *Rob Wall, Wall and Wall CPA—Report on Comprehensive Annual Financial Report for Fiscal Year 2002-2003*

Finance Director Hughes introduced Rob Wall, the City's auditor for the last three years. This is the last year of the Wall and Wall CPA contract and Hughes recommended renewing this contract when it comes before the Council at a later meeting.

Rob Wall, 750 Central Avenue, Coos Bay, said the City has a good accounting record and produces good reports. He summarized the main points of his management letter which is attached and made a part of these minutes. Four members of the Budget Committee (Stanley Baron, Sally Laasch, John Johnson and Harold Thiesen) were present in the audience and also heard the auditor's report.

enter into the Intergovernmental Agreement with ODOT adopting that portion of the management plan that is located within the City and its urban growth boundary.

Councilor Dentino moved, a second followed, and the Council voted unanimously to approve an Intergovernmental Agreement with ODOT adopting that portion of the Access Management Plan that is located within the City of Brookings and its Urban Growth Boundary.

B. *City Manager*

1. *City Manager Evaluation Criteria*

City Manager Blodgett said the Council must evaluate the job performance of the City Manager yearly, either in a public or executive session. To be done in an executive session the Council must first adopt the criteria for the evaluation in a public meeting. The proposed evaluation criteria are the same that have been used in the past.

Councilor Dentino moved, a second followed, and the Council voted unanimously to approve the City Manager evaluation criteria as presented.

An executive session to evaluate the City Manager's performance was set for December 22.

2. *League of Oregon Cities Annual Conference summary*

City Manager Blodgett summarized the 78th LOC Annual Conference. He said 238 Oregon cities represented by approximately 1200 elected and appointed officials were in attendance at the Conference held in Eugene November 13-16. The City participated in work sessions, business meeting, and three very special events:

- The City received a bronze safety award from CIS.
- Blodgett was elected to a three year term on the League's Board of Directors
- Mayor Hagbom was surprised when Bob Gilmore, Department of Oregon Commandant for the Marine Corps League drove from Brookings with Bill Cochran and presented Hagbom with the Legion of Honor Award from the Chapel of Four Chaplains.

Mayor Hagbom said the secret was well kept and he was totally surprised by the honor and its presentation.

3. *Other*

City Manager Blodgett said the City continues to work on the hospital project. There have been preliminary discussions with Asante, Curry General and Sutter Coast Hospitals.

Mayor Hagbom, Economic and Urban Development Director Ed Wait, and City Manager Blodgett gave a presentation to the Oregon State Parks and Recreation Commission regarding transfer of Harris Beach State Park to the City. The next meeting of the Commission is January 8 and the City has asked to be on the agenda.

VII. Consent Calendar

- A. *Approval of Council Meeting Minutes of November 10, 2003, regular Council meeting*
End Consent Calendar

Councilor Mickelson moved, a second followed, and the Council voted unanimously to approve the Consent Calendar as presented.

VIII. Ordinances/Resolutions/Final Orders

A. *Ordinances*

1. *In the matter of Ordinance No. 03-O-559, amending the zoning map of the City of Brookings by rezoning from R-2 (Two Family Residential) to R-3 (Multiple Family Residential) 2.6 acres located on the north side of Highway 101. Assessor's Map 41-13-6 BD, Tax Lots 2300 and 2302*

Before discussion on this agenda item began, City Manager Blodgett said that since the order of the agenda is set by Ordinance consideration of an Ordinance is scheduled before the Final Order on the item has been approved. He concluded that this needs to be addressed by the Council in a future meeting.

As, by Ordinance, the presiding officer may revise the order of business, Mayor Hagbom said the Council would consider the Final Order before the Ordinance. After consideration of Final Order for File No. CZ-1-03 the following occurred.

City Manager Blodgett read Ordinance No. 03-O-559 in its entirety. Planning Director Bischoff said there were typographical errors in two sections of the draft Ordinance: In Section 1 the zone was listed as R-2 but should be R-3 and the word *range* was missing an "e" in the legal description.

Councilor Mickelson moved, a second followed, and the Council voted unanimously to have the second reading of Ordinance No. 03-O-559 by title only.

City Manager Blodgett read Ordinance No. 03-O-559 by title only.

Councilor Dentino moved, a second followed, and the Council voted unanimously to adopt Ordinance No. 03-O-559, amending the zoning map of the City of Brookings by rezoning from R-2 (Two Family Residential) to R-3 (Multiple Family Residential) 2.6 acres located on the north side of Highway 101. Assessor's Map 41-13-6 BD, Tax Lots 2300 and 2302 with typographical errors corrected as noted.

B. Final Orders

1. *In the matter of Planning Commission File No. CZ-1-03; application for a zone change from R-2 (Two Family Residential) to R-3 (Multiple Family Residential) on 2.6 acres located on the north side of Highway 101. Assessor's Map 41-13-6 BD, Tax Lots 2300 and 2302; Jerry Norman applicant*

This item was handled before Ordinance No. 03-O-559 was approved. See Item VIII. Ordinances/Resolutions/Final Orders of these minutes.

Councilor Mickelson moved, a second followed, and the Council voted unanimously to approve the Final Order and Findings of Fact for File No. CZ-1-03, an application for a zone change from R-2 (Two Family Residential) to R-3 (Multiple Family Residential) on 2.6 acres located on the north side of Highway 101. Assessor's Map 41-13-6 BD, Tax Lots 2300 and 2302; Jerry Norman applicant

2. *In the matter of Planning Commission File No. SUB-6-02/MC-1; an application for a change of conditions of approval for a subdivision; Assessor's Map 41-13-7A Tax Lot 409; Noah Bruce, applicant*

Planning Director Bischoff said the Final Order and Findings of Fact approving an application for a minor change of a condition of approval for a subdivision (File No. SUB-6-02/MC-1) in the Council packet had been modified. The Councilors were given the final draft at the beginning of the meeting. In the current Final Order Findings #1, 5 and 7 had been added to the draft contained in the packets. These additions had been reviewed by City Attorney John Trew.

Councilor Dentino moved, a second followed, and the Council voted unanimously to approve the Final Order and Findings of Fact for File No. SUB-6-02/MC-1.

After the Final Orders were acted upon the Council approved Ordinance No. 03-O-559. See above for details.

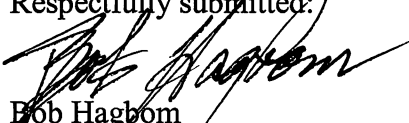
IX. Remarks from Mayor and Councilors

- A. *Council*-None
- B. *Mayor*-Mayor Hagbom wished everyone a Happy Thanksgiving.

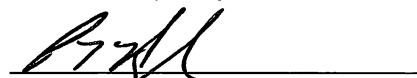
XIII. Adjournment

By unanimous voice vote the Council adjourned at 8:02 p.m.

Respectfully submitted,


Bob Hagbom
Mayor

ATTEST by City Recorder this 9 day of December, 2003.


Paul Hughes
Finance Director/City Recorder

October 9, 2003

To the Mayor and City Council
City of Brookings, Oregon

In compliance with Oregon Municipal Audit Law, we were engaged to audit the fiscal affairs, accounts and financial statements of the City of Brookings (City), for the year ended June 30, 2003.

Our audit was designed to comply with the requirements of:

- Generally accepted auditing standards
- Oregon Municipal Audit Law and related administrative rules
- Government Auditing Standards
- Government Finance Officers Association
Certificate of Achievement for Excellence in Financial Reporting

Our audit included examining on a test basis evidence supporting the amounts and disclosures in the general-purpose financial statements. We also assessed the accounting principles used by the City and evaluated the overall financial statement presentation and internal controls.

In your audit report under Auditor's Comments, you will note that the City of Brookings's accounting system is adequate and the accounting records are properly maintained. The internal control report noted no material weaknesses.

However, during our audit process we noted several recommendations and suggestions whose implementation could strengthen internal controls and enhance the City's accounting system.

1. Control Policies and Procedures

- **Accounting System**
 - **Cash Controls**

Effective internal controls and careful monitoring of cash activity should be emphasized in the Summer Recreation Program. Receipts for all cash expenses, even though immaterial, should be readily available and reconciled to subsidiary records. Also, the cash register tape provided by the Swim Program was generally illegible. We recommend purchasing a new cash register.

- **Subsidiary Journals**

Compiling computerized summaries and journals for fixed assets and depreciation schedules should continue to be emphasized. This process has already been initiated by the City (see fixed assets section on next page).

- **Accounts Payable**

Expenditures accruing to each of the City's funds should be recorded as an obligation to each separate fund under the modified accrual basis of accounting. Rather than the General Fund presenting all of the accounts payable liability, with a similar amount of cash allocations to the respective fund incurring the expenditures (which is done correctly), the City's individual funds should each report their share of these obligations. The total overall reporting of the City, however, would not be affected.

- **Fixed Assets**

The City has expended great efforts and made strides in identifying, summarizing, and reconciling individual capital items. In addition, fixed asset monitoring could be furthered by the use of fixed asset tag numbers for all City-owned property. Annual physical inventories verifying completeness, existence, and additions or deletions of specific fixed asset items, should be maintained. These procedures, along with accurate depreciation records, are all important with the implementation of *Governmental Accounting Standards Board's (GASB) Statement No. 34*, (see attached Exhibit A on page 3). The City's finance director and auditors must now continue to work together to fully comply with the standard's required implementation date of fiscal June 30, 2004. Meetings between the City's Finance Director and Audit Firm have already occurred in this regard.

- **Small Tools and Supplies**

Similar to fixed asset tracking, smaller items in value and size, are also important to the City to safeguard. Computer journals listing acquisition dates, amounts, and descriptions of small tools, minor equipment, and supplies, with an individual original cost of over an established threshold (for example, \$1,000) could enhance effective controls. Physical inventories identifying existing items in certain City Departments could enhance the safeguarding of these acquisitions and aid in monitoring control over their intended use.

2. Office Management

- **Accounting Manual**

The City should further develop and update office procedures, checklists and manuals. Other qualified personnel could also become knowledgeable and proficient in the regular specific tasks performed by those in the finance director's and other accounting positions. We would be willing to work with the City on development in these areas.

- **Computer Software**

The City may want to consider off-site storage for the accounting system and computer records that are backed up on a continuous and timely basis.

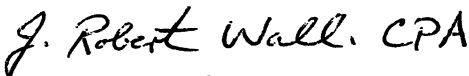
- **Codification of Ordinances**

The codification process is almost complete with the final review currently in process.

The City's finance department and management should be commended for efforts and steps taken during the year ended June 30, 2003 to improve and maintain the City's financial recording, reporting, and overall accounting system.

Thank you for your consideration in these matters, which are recommendations and suggestions, intended only for the internal use of the City of Brookings's management, finance department personnel, Mayor, and City Council members.

Sincerely,



J. Robert Wall, CPA

Wall & Wall P.C., Certified Public Accountants

New Pronouncements – GASB Statement No. 34

In order to help prepare the City of Brookings for accounting and reporting changes that will occur due to the adoption of GASB Statement No. 34, Wall & Wall P.C., Certified Public Accountants have included the following summary:

Effective Date – The effective date of this standard for the City of Brookings is the 2003-2004 fiscal period, with the year ending June 30, 2004.

Measurement Focus – The Standard requires several new Government Wide Statements that will be presented using the accrual basis of accounting, as well as retaining previous Fund Statements using the modified accrual basis of accounting. The accrual basis of accounting differs from the modified accrual basis as it measures not only current assets and liabilities, but also long-term assets and liabilities (such as capital assets, including infrastructure, and general obligation debt.) The accrual basis is currently used by commercial and not-for-profit entities. The City's water and sewer activities' reportings will require revisions and reformatting.

This change will eliminate the use of the general fixed asset and long-term debt account groups as well as necessitate that governments begin depreciation of capital assets.

Infrastructure – GASB Statement No. 34 requires infrastructure assets be recorded along with other capital assets. This means you will be required to inventory all your roads, bridges, utility systems, etc. and estimate the associated historical costs of these assets. The City has already expended much effort in this area. Condition assessments of infrastructure are required to be performed at least every three years as well as an estimate of the annual amount to maintain and preserve the assets at their current condition. These new requirements will necessitate certain adjustments to the City's books of record.

More Information – A complete copy of GASB Statement No. 34 can be ordered directly from the GASB at (800) 748-0659, or online at www.gasb.org, or we can obtain this for you along with other pertinent information.

Conclusion:

With the adoption of GASB Statement No. 34, it is even more important that accounting policies be established and followed. If the City needs any help in developing, revising or implementing required accounting policies, we can assist as our audit contract regarding Supplemental Professional Accounting Services addresses these issues.