

MINUTES OF THE SPECIAL MEETING

OF THE CITY COUNCIL

BROOKINGS, OREGON

OCTOBER 5, 1961

MEETING CALLED TO ORDER AT 8:05 P. M., MAYOR C. F. CAMPBELL PRESIDING. COUNCILMEN PRESENT; JOHN COX, ERNIE CHRISTENSEN, ROBERT DIMMICK AND BEN FRANKLIN, JR.; OTHERS PRESENT; CITY ADMINISTRATOR DARRELL SWATZEL; REPORTERS, JOHN JENKINS, MARGE BARRETT AND FRANK ECKBLOM; C.P.A.'s ELLIS DOWDEN AND B. E. SMITH, REPRESENTING THE ORVILLE L. SNYDER, CERTIFIED PUBLIC ACCOUNTING FIRM.

THE AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 1961 WAS PRESENTED BY B. E. SMITH AND AFTER CONSIDERABLE STUDY, THE ACCOUNTANT ANSWERED NUMEROUS QUESTIONS PRESENTED BY THE MAYOR AND COUNCILMEN. B. E. SMITH, THEN READ THE AUDITORS RECOMMENDATIONS, IN CONNECTION WITH AUDIT FINDINGS AND THE ADJUSTMENTS, TRANSFERS AND CHANGES NECESSARY TO CORRECT THE RECORDS AND TO REFLECT AND ESTABLISH PROPER ACCOUNTING PROCEDURES FOR THE MUNICIPALITY. AFTER THE RECOMMENDATIONS WERE THOROUGHLY AND INDIVIDUALLY DISCUSSED, COUNCILMAN ERNIE CHRISTENSEN MADE A MOTION THAT THE AUDIT REPORT BE ACCEPTED SUBJECT TO THE FINAL PRESENTATION OF THE AUDITORS LETTER OF RECOMMENDATIONS. MOTION SECONDED BY COUNCILMAN BEN FRANKLIN JR. MOTION CARRIED. IT WAS NOTED THAT THE AUDITORS REPORT WOULD BE DELIVERED THE FIRST OF THE FOLLOWING WEEK AND THAT THE LETTER OF RECOMMENDATIONS WOULD BE PREPARED AND SUBMITTED TO THE COUNCIL ON OR BEFORE OCT. 12, 1961. A COPY OF THE AUDITORS RECOMMENDATIONS IS TO BE ATTACHED TO THESE MINUTES AND MADE A PART HEREOF.

BEFORE EXCUSING THE AUDITORS, THE COUNCILMEN EXPRESSED THEIR APPRECIATION FOR THE EXCESS TIME AND WORK PERFORMED IN ORDER TO DETERMINE A TRUE ACCOUNTING FOR THE PERIOD UNDER REVIEW.

THERE FOLLOVED AN EXTENDED DISCUSSION REGARDING THE AUDITORS FINDINGS AS TO THE APPARENTLY INEFFICIENT AND INADQUATE METHOD IN WHICH THE RECORDS HAVE BEEN KEPT, THE DISCREPANCIES NOTED, AND THE LACK OF SYSTEMATIC DEPARTMENTAL CONTROL IN RELATION TO THE ACCOUNTING SYSTEM AS A WHOLE. IT WAS FURTHER NOTED THAT THE RECOMMENDATIONS MADE IN THE PREVIOUS YEAR AUDIT, AND AS APPROVED BY THE COUNCIL, HAD NOT BEEN CARRIED OUT. IT WAS ALSO BROUGHT OUT THAT THE COUNCILMEN HAVE NOT BEEN PROPERLY NOTIFIED NOR WERE THEY MADE AWARE OF VARIOUS ADMINISTRATIVE AND PUBLIC WORKS MATTERS WHICH SHOULD HAVE BEEN REFERRED TO THEM PRIOR TO ACTION BEING TAKEN. THE MANNER IN WHICH THE ADMINISTRATOR HAS PERFORMED HIS DUTIES AND THE VALUE OF AN ADMINISTRATOR'S SERVICES, AS TO THE BENEFIT DERIVED BY THE COMMUNITY WERE DISCUSSED. COUNCILMAN ROBERT DIMMICK STATED THAT HE FELT THE CITY'S BUDGET WAS TOO SMALL TO SUPPORT THE SALARY OF AN ADMINISTRATOR AND NOTED THAT A PREVIOUS PROPOSAL TO ESTABLISH A CITY MANAGER FORM OF GOVERNMENT, HAD BEEN REJECTED AT THE POLLS.

MOTION BY ERNIE CHRISTENSEN THAT ADMINISTRATOR DARRELL SWATZEL BE FIRED FOR INCOMPETENCY, SAID ACTION TO TAKE EFFECT IMMEDIATELY WITH ACCUMULATED VACATION AND 30 DAY NOTICE ALLOWED. MOTION SECONDED BY BEN FRANKLIN, JR. MAYOR C. F. CAMPBELL DECLINED. MOTION CARRIED.

A DISCUSSION CONTINUED IN CONNECTION WITH THE ADMINISTRATIVE DUTIES WHICH SHOULD NECESSARILY BE DELEGATED IN ORDER TO CARRY ON IN AN EFFICIENT MANNER. MOTION BY ERNIE CHRISTENSEN THAT FRANK HARRISON BE APPOINTED, ON A TEMPORARY BASIS, TO HEAD THE CITY STREET PROGRAM. SECONDED BY BEN FRANKLIN, JR. MOTION CARRIED.

IN CONJUNCTION WITH THE FACTS BROUGHT OUT BY THE AUDIT, IT WAS SUGGESTED BY BOB DIMMICK THAT THE NORTH CITY METERS BE PATROLLED MORE OFTEN AND SOME MORE METERS BE ADDED IN THAT AREA; ALSO IT WAS FURTHER PROPOSED THAT THE COUNCIL ADOPT THE AUDITORS RECOMMENDATIONS IN ALL RESPECTS.

MOTION BY BEN FRANKLIN, JR. THAT THE AUDITORS RECOMMENDATIONS BE ADOPTED AND THE PROVISIONS THEREIN CARRIED OUT. SECONDED BY JOHN COX. MOTION CARRIED.

IT WAS RECOMMENDED THAT PERCY HANKS BE CONTACTED TO DETERMINE IF HE WOULD ACCEPT THE POSITION OF BUILDING INSPECTOR ON A TEMPORARY BASIS.

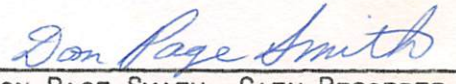
MOTION TO ADJOURN BY JOHN COX. SECONDED BY BEN FRANKLIN, JR. MOTION CARRIED.

MEETING ADJOURNED AT 12:15 A.M.



COUNTERSIGNED:

  
C. F. CAMPBELL, MAYOR

  
DON PAGE SMITH, CITY RECORDER

**ORVILLE L. SNYDER**  
CERTIFIED PUBLIC ACCOUNTANT  
SUITE C MADSEN BUILDING  
732 FIFTH STREET AT EYE  
EUREKA, CALIFORNIA  
HILLSIDE 3-4566

October 5, 1961

Honorable Mayor and Councilmen

City of Brookings

Brookings, Oregon

Gentlemen:

In our opinion the accounting system and system of internal control is not properly maintained. Thus extended auditing procedures were necessary in many cases.

There were several deficiencies noted in the accounting system during our audit. The following recommendations if followed, should correct most of these deficiencies.

At the present time there is no general ledger, just a group of control cards located in several binders and boxes throughout the office. There is nothing to balance these control cards to, thus it is difficult to determine if they are in balance, and it is even more difficult to prepare a correct monthly report for the council. We recommend that a double entry general ledger be established and that all control cards be included as a part of this ledger. This will facilitate the preparation of the monthly report and any special reports required by the council in order to make decisions on financial matters.

During our review of cash receipts we noted the following deficiencies: money was deposited to the wrong account, receipts were not deposited regularly nor intact, in some cases there were no receipts to show who the money was received from or where it was to be recorded, there were several unrecorded deposits, and bail money was not deposited at all. We recommend that there be one petty cash fund at the City Hall and that a receipt be issued for each cash transaction including checks received in the mail. In the case of the sewer use charges, the stub could be used as the receipt. The next day these receipts should be separated by fund and used as the basis for the posting to the cash receipts record in total, thus saving much writing in the cash receipts book. The cash should be deposited intact the day following the day received. The receipts should then be filed by day by fund. The bail money should be deposited to its own account and refund checks issued to the individual or to the general fund for the amount of the fine. The fine money could be transferred once each month to the general fund.

There were several checks drawn on the wrong fund bank balance. There were also checks issued when there was a deficit in the cash account thus causing overdrafts which are contrary to Oregon law. There were entries in the cash book with inadequate supporting detail and it was difficult to determine if they were properly classified. The following recommendations would correct these deficiencies. Stamp all invoices with a rubber stamp marked paid and indicate on the invoice the account classification, fund, and proper initials authorizing payment. Prepare a voucher jacket for all checks where there are no invoices and indicate the same information as on the invoices. These should

then be entered in the cash disbursements book at time check is written. These invoices should then be filed by month, by fund. There should be a separate book bank account for each fund cash account so the amount available for expenditure can be determined at any time and thus avoid overdrafts.

The Payroll Revolving Fund is not being operated properly. The present balances should be cleared out by issue of checks between the funds. There were many clerical errors in the preparation of the payroll. Most of these were corrected in the following month. The proper method of operating the fund is to prepare the payroll journal computing the total payroll and employer's share of payroll taxes and to distribute these on a work sheet to the proper fund. Then a check should be made from each fund for that funds share of the cost of the gross payroll and taxes. The individual pay checks and payroll taxes should be remitted from this fund. The balance of the fund should clear out to the \$100.00 net balance after all checks have been issued. The check numbers can be entered on the payroll journal and thus do away with the recopying of the information in the check book. Job cost time cards should be used by the sewer and street departments so that proper allocations can be made to the appropriate fund. Personal phone calls should be shown in the other deductions column on the check.

There are many businesses operating without business licenses and building permits are not always obtained. A closer follow up is recommended as the city is missing out on revenue.

The revenue on the parking meters is below the average. The average take per week per meter is \$.89. The average for shopping areas of comparable size

is \$1.15 per week. It would appear that if the cost of operating the meter system was compared with the revenue it would show a loss. The parking meter receipts are held in the unlocked vault over night and are then counted the day following collection. The money is then sold to a coin collector. We recommend that the meter receipts go directly to the bank after collection.

The records of the Municipal Court were not properly maintained. There were items omitted from the court docket, tickets were not properly filled out showing disposition of the case, copies were not always filed with the Department of Motor Vehicles as required by law. There were no jail records to determine the time served in jail in lieu of payment of fine or to satisfy a jail sentence. The court permitted time payments. As a result there are fines receivable in excess of \$4,000.00, the major portion of which is believed uncollectible. It is recommended that the tickets be properly filled out and recorded in the court docket and a copy remitted to the Department of Motor Vehicles. We recommend that a follow up be made on all unpaid tickets in a reasonable time after the fine has been levied or even to do away with the time payment plan except in certain cases. We recommend that a jail record be kept to determine time served in the municipal jail. We also recommend that no fines be collected by the police officers and that bail be accepted by them only in unusual circumstances.

There is no adequate records maintained on fixed assets. We recommend that a plant ledger be prepared and maintained. As a starting point, a physical inventory could be taken and the cost on the books allocated to the assets on hand. Then all future additions could be made at cost and deletions at cost or assigned value whichever the case may be.

Some disposition should be made of deficit fund balances. This has been recommended by the last several audit reports. Resolution #61 dated December 13, 1960, authorized the clearing of some of the dificit balances, but it was not recorded in the records.

Cash cannot be allocated between the sewer districts having cash deficits and those having cash balances unless it can be proved that the costs were improperly allocated. In the case of general obligations the excess cash should be transferred to the fund that is responsible for the retirement of the bonds.

All of the salary of the city administrator should not have been allocated to the Sewer Fund during 1960-61 since his duties also are required in the administration of the general city affairs.

We would like to thank the city personnel for their help during the audit.

Yours very truly,

A handwritten signature in cursive script that reads "B. E. Smith". The signature is written in dark ink and is positioned above the printed name.

B. E. Smith

Certified Public Accountant