

MINUTES OF THE WORK SESSION MEETING OF
THE SPRINGFIELD CITY COUNCIL HELD
MONDAY, FEBRUARY 7, 2005.

The City of Springfield council met in a work session in the Jesse Maine Meeting Room, 225 Fifth Street, Springfield, Oregon, on Monday, February 7, 2005 at 6:29 p.m., with Mayor Leiken presiding.

ATTENDANCE

Present were Mayor Leiken and Councilors Fitch, Ballew, Ralston, Lundberg, Woodrow and Pishioneri. Also present were City Manager Mike Kelly, Assistant City Manager Cynthia Pappas, City Attorney Joe Leahy, City Recorder Amy Sowa and members of the staff.

1. Library Board Application Review.

Library Director Bob Russell presented the staff report on this item. The Library Board has one vacancy, due to the expiration of the term of Mark Danburg-Wyld. Mr. Danburg-Wyld has moved to Eugene, and is not eligible for reappointment.

To be eligible for appointment to the Library Board, applicants must be registered voters and live within the city limits. (One member of the board may live outside the city if he or she owns property within the city.) Both applicants are registered voters living within the city limits.

There were two applicants for this position. The Library Board interviewed both applicants at its January 13 meeting, and unanimously recommended the appointment of Betty Adams for a term to expire December 31, 2008.

Mr. Russell said Ms. Adams is a long-time Library user, formerly worked for the Library and has been a Library volunteer for a number of years.

Councilor Lundberg said she has gotten to know the other applicant, Jo Floyd. Ms. Floyd has expressed a great deal of interest in serving on any of the many boards, committees and commissions (BCC's) of the city. Councilor Lundberg asked staff to send Ms. Floyd any applications for upcoming vacancies. Ms. Floyd would do a very fine job on any of the BCC's.

Mr. Russell said that although Ms. Floyd did not have an extensive background with libraries, she was very interested in getting involved with the community.

2. 2004 Annual Financial Report.

Accounting Manager Valerie Warner presented the staff report on this item. In accordance with Oregon statutes and the City's Charter, the city is required to complete an annual audit and financial statement. The report will be presented to the City Council at the February 7, 2005, work session and is scheduled for formal acceptance by the consent calendar the same evening. Grove, Mueller & Swank, PC, the city's independent auditors, have completed their audit of the city's 2003/2004 Comprehensive Annual Financial Report (CAFR) and have issued their opinion thereon. Mr. Glogau from Grove, Mueller & Swank, PC will review the audit process and discuss the management letter.

As a preliminary summary for the council's information, the auditors found no material weaknesses in the city's internal financial controls and they issued a "clean opinion" on the city's annual financial report. This means staff is properly accounting for the city's financial resources and are using adequate financial controls to help prevent any improper use of those resources.

Ms. Warner introduced Tom Glogau from Grove, Mueller & Swank, PC. Mr. Glogau was in charge of the audit of the city's books ending June 30, 2004. This was the city's first year with Grove, Mueller & Swank after five years with Moss Adams. Ms. Warner felt the city made an excellent choice with Grove, Mueller and Swank. The audit fee was lower than in the past, the city received a thorough audit and the Management Letter suggestions were significant issues that were very helpful. This firm was timely, especially towards the end of the audit, and she appreciated that very much.

Mr. Glogau reviewed the audit process and discussed the management letter. He referred to the Comprehensive Annual Financial Report. He said his purpose tonight was to discuss the highlights from this report. He said that although council does not need to read the entire report, it would be beneficial to read pages 3 through 15 which is the Management's Summary of what happened during the year. He referred to page 7 in the Annual Report, which showed a comparison of the city's net assets from June 30, 2003 to June 30, 2004. The net assets give an indication of the city's financial position and ability to continue to provide services to the citizens.

Mr. Glogau discussed the increase in the city's net assets and liabilities. These figures show that the city will not have difficulty paying their bills as they come due. These figures also show that the city's overall financial situation has not changed significantly, which is a good thing. He discussed the figure under Total Liabilities and noted that the city got out of debt by approximately \$2M.

Mr. Glogau referred to page 8 in the Annual Report, which was basically the city's profit and loss statement for the year. He discussed the Increase in Net Assets of approximately \$10M. He explained this increase. The increase was due to donations of property and infrastructure and does not translate into cash for the city to pay for services. The funds that went along with the jurisdictional transfer of South 42nd Street were also included in the assets, but are designated for the maintenance of that road only and cannot be used for other services. He discussed the need to continue the levies for Police and Fire.

Mr. Glogau referred to pages 126 and 127 of the Annual Report, which is the auditor's report on compliance with state requirements. He explained the findings in their report. Mr. Glogau said they were very pleased with the efforts of the Finance Department. The agreement between the auditors and the city includes answering questions. Mr. Glogau said that if any of the councilors had additional questions, they could call him or anyone else in their company at no additional charge. Mr. Glogau referred to the letter of suggestions submitted by the auditing firm.

Councilor Ballew asked about the Governmental Accounting Standards Board (GASB) commonly known as GASB34.

Ms. Warner said that information was located on page 14 in the Annual Report.

Councilor Ballew questioned the need for these figures.

Mr. Glogau explained it was a way to allocate costs of acquiring an asset over an estimated useful life. Depreciation is an attempt to allocate the cost over the years that are benefited by the use of an asset. The purpose for the city is to try to give a feel for the overall cost of providing services to citizens.

Mr. Kelly acknowledged the hard work by Ms. Warner and her staff on this Annual Report. The audit consumes a great deal of their time. He complimented Finance Director Bob Duey, Ms. Warner and the staff on their work.

ADJOURNMENT

The meeting was adjourned at 6:52 pm.

Minutes Recorder – Amy Sowa

Sidney W. Leiken
Mayor

Attest:

Amy Sowa
City Recorder