

**ADMINISTRATION AND FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
February 22, 2012, 1:05 pm**

Members present: Cynthia Wolken, Chair; Jason Wiener, Bob Jaffe, Alex Taft, Dick Haines, Caitlin Copple, Ed Childers, Mike O'Herron.

Members absent: Adam Hertz, Jon Wilkins, Dave Strohmaier

Others present: Rod Austin, Leigh Griffing, Brentt Ramharter, Paul Sepp, Anne Guest, Ellen Buchanan, Cindy Wulfekuhle, Chase Jones, Jil Lee, Dee Andersen.

I. Administrative Business

A. Approve committee minutes dated: will be submitted at a later date.

B. **Public Comment on items not listed on the agenda-None**

II. Consent Agenda

A. Approve claims (accounts payable). -Consent Agenda (Brentt Ramharter)

MOTION: The committee recommends the City Council approve claims totaling \$436,093.91 (Detailed claims)

III. Regular Agenda

A. Review of City prepared Comprehensive Annual Financial Report and hear presentation of 2011 independent audit of the financial condition of the City, the Missoula Redevelopment Agency (MRA) and the Missoula Parking Commission (MPC) from Paul Sepp of Anderson Zurmuehlen & Co., P.C. (memo)—Regular Agenda (Brentt Ramharter) (Referred to committee: 02/13/12)
REMOVE FROM AGENDA

NO MOTION –PRESENTATION ONLY

Paul Sepp, Anderson Zurmuehlen, reviewed a presentation of the annual analysis of the audit results. He said the scope of the audit remains the same and includes all City Funds and Component Units; Missoula Parking Commission, Missoula Redevelopment Agency and the Business Improvement District.

He listed the summary of audit highlights as follows:

- A Clean opinion on financial statements.
- No internal control findings related to financial reporting.
- One finding related to major federal programs considered to be a material weakness which had to do with the reporting on a certain recovery act grant.

He discussed Net Assets and said they have been increasing over the years and explained the new classifications for 2011 under GASB 54.

Jason Wiener asked if new classifications resulted in a larger fund balance than we have seen in last three years.

Brentt Ramharter, Finance Director, explained that the larger fund balance is a result of an overall reduction in expenditures and yes, the reclassification of certain funds to the general fund per GASB 54.

Bob Jaffe asked what the general fund balance is.

Mr. Ramharter said it was at \$3.7 million.

Mr. Sepp then discussed the MRA, MPC and BID. They all had a clean opinion and no internal control or compliance findings.

Mr. Wiener thanked Mr. Sepp and requested the tables in excel. He said there were a few items listed in the letter to management he would like discussed.

Mr. Sepp said they are items that don't rise to a high level of concern and that management will or already has addressed them. He listed them as follows:

- Grant compliance and monitoring.
- Time card approval.
- Pay rate approval.
- Invoice cut off dates.

The committee also discussed the potential for data entry errors when compiling the audit data for the CAFR. It was explained that the CAFR is not created in Eden's accounting software. Eden's keeps track of the accounting on a day to day basis. Once the annual audit is final, the CAFR is created with the data from Eden's dropped into Microsoft programs manually.

Mr. Ramharter said there are spreadsheets used for this and they all balance back to Eden's to the penny; however the potential for error when transferring data is a minor concern.

Mr. Sepp pointed out that it is standard to produce the CAFR this way. He doesn't know of any other municipality who link their internal accounting system to their CAFR.

The committee also discussed the auditor's recommendation of implementing a Whistle Blower Policy, which the Administration will be bringing forward before the end of FY12.

IV. Held in committee

- A. Approve claims. (Ongoing) (Consent Agenda)
- B. Approve journal vouchers. (Ongoing) (Consent Agenda)
- C. Approve budget transfers. (Ongoing) (Consent Agenda)
- D. Amend Council rules to change the Council's regular meeting schedule to two meetings per month ([memo](#)).—Regular Agenda (Marty Rehbein) (Referred to committee: 06/07/10)
- E. Discuss the disposition of surplus city land. ([memo](#))—Regular Agenda (Nancy Harte) (Referred to committee: 10/25/10)
- F. Review the city's current policy for charging the public for various city-produced documents ([memo](#))—Regular Agenda (Dave Strohmaier) (Referred to committee: 12/06/10)
- G. Review Missoula's insurance experience, particularly work comp; propose improvements if warranted. ([memo](#))—Regular Agenda (Ed Childers) (Referred to committee: 05/09/2011)

V. Adjournment

The meeting was adjourned at 1:45 pm

Respectfully submitted,

Dee Andersen
Administrative Secretary