

RESOLUTION NO. 659

**A RESOLUTION ADDRESSING THE RECOMMENDATIONS MADE
BY GREGOR PROFESSIONAL CORPORATION CONCERNING THE
1986-1987 FISCAL YEAR AUDIT.**

WHEREAS, the city staff has prepared a report on the above captioned subject which is attached hereto as Exhibit "A"; and

WHEREAS, the City Council has duly considered the subject and the recommendation(s) contained in the staff report; and

WHEREAS, interested parties, if any, have had an opportunity to be heard on the subject.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Wilsonville does hereby adopt the staff report attached hereto as Exhibit "A", with the recommendation(s) contained therein and further instructs that action appropriate to the recommendation(s) be taken.

ADOPTED by the City Council of the City of Wilsonville at a regular meeting thereof this 4th day of April, 1988, and filed with the Wilsonville City Recorder this same date.



WILLIAM E. STARK, Mayor

ATTEST:

Vera A. Rojas

VERA A. ROJAS, City Recorder

SUMMARY of Votes:

Mayor Stark	<u>AYE</u>
Councilor Edwards	<u>AYE</u>
Councilor Braymen	<u>AYE</u>
Councilor Clarke	<u>AYE</u>
Councilor Jameson	<u>ABSENT</u>

CITY

OF

Wilsonville

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Wilsonville, Oregon 97070

EXHIBIT "A"

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: RAY SHORTEN, FINANCE DIRECTOR
DATE: MARCH 30, 1988
**RE: AUDITORS' LETTER ON CONDITIONS AND RECOMMENDATIONS ON
FY 1986-87 AUDIT**

The audit team from Gregor Professional Corporation, listed two conditions, and their recommendations to correct these conditions, in their management letter within the audit for the 1986-87 fiscal year.

The following, describes the action taken by the Finance Dept. in regards to these conditions:

CONDITION #1 - Bonded and Unbonded Assessments Receivable

Action taken:

All payments received by the City for assessments for bond payments are being applied to interest first, and then principal second. Part of this problem was due to a prior verbal agreement or misunderstanding as to where and how the payments were to be applied.

Any exception relating to a discrepancy as to how the interest is to be "booked", will be reviewed and documented fully, with appropriate authorized signatures.

CONDITION #2 - Fixed Assets

Action taken:

All construction projects in the FY 1987-88 budget are being maintained in a new filing system in the Finance Dept. This procedure includes that each project be tracked from it's conception to the final payment with a unique line item number. This enables all revenues and expenditures for each individual project to be tracked individually, especially on the monthly financial statement. A detailed summary is maintained in the project file along with a copy of all documentation for each revenue and expenditure, as well as any Council action through resolutions.

This process is time consuming and will require additional staff-time be allotted to maintain these necessary records.

CONDITIONS AND RECOMMENDATIONS

Bonded and Unbonded Assessments Receivable

CONDITION:

During our examination, we found that the the calculation of interest on the bonded assessments was not properly calculated when payments received were less than the total due, including delinquencies. As a result, bonded assessments receivable were understated. Additionally, agreements to waive delinquent interest were not properly documented.

RECOMMENDATION:

We recommend that interest on the bonded assessments be calculated based on the outstanding principal as is currently being done, however all payments received should first be applied to the interest due. If the payment is less than the interest due, the principal should remain unaltered and the delinquent interest should be identified as such and all future payments must first pay the delinquent interest, current interest and then the principal respectively.

All instances of agreements between the City and assessees whereby a waiver of interest has been negotiated or implied must be documented and provisions should be made by the City to commit public monies to repay the forgiven interest so that debt service requirements can be assured.

Fixed Assets

CONDITION:

Construction in process and fixed asset records are inadequately maintained with respect to total expenditures by project and the fund from which the expenditures are made.

RECOMMENDATION:

Detailed schedules should be prepared on a fiscal year basis to show progress for each identifiable project. All project expenditures should be traceable to the contract or the subsequent modifications thereto. The City should be able to immediately determine the remaining work or expenditure commitments required for each project, and that contractor interim invoices properly reflect this amount. Also, these expenditures should be identifiable with respect to the source of the payments. This is a repeat finding.