



# Agenda

DATE 1/3/14 TIME 1:20p  
PREPARED BY *Jama Uyl*  
APPROVED BY *[Signature]*

CITY OF SANTA FE AUDIT COMMITTEE MEETING  
CITY COUNCILORS' CONFERENCE ROOM  
Wednesday, January 8, 2014 - 2:00 P.M.

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES:
  - November 6, 2013
  - December 4, 2013 (send in advance & attach) (read in only items that change meaning)
5. STATUS REPORT FROM CITY OF SANTA FE, AUDIT & FINANCE DEPARTMENTS:
  - Status of Audits (Internal Audit) (send in advance & attach)
  - Gross Receipts Tax Report, (monthly)
  - Lodger's Tax Report.
7. SUB-COMMITTEE REPORTS:
  - Internal Audit,
    - Discussion of Fraud Waste and Abuse Hotline Bill;
8. OLD BUSINESS
9. NEW BUSINESS
  - CAFR, 2013
  - 2008 Park Bond Issue , updated status
10. OTHER MATTERS FROM THE COMMITTEE
  - Invite Jon Bulthuis, Director, Transit, to discuss Federal Transit Administration, Financial Management Oversight Audit.
  - Invite Lisa Martinez, Presidio Report
11. ITEMS TO REPORT TO THE CITY MANAGER
  -
12. NEXT MEETING DATE:
  - Next meeting scheduled – February 5, 2014
13. ADJOURNMENT

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520 five (5) working days prior to the meeting date.

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**CITY OF SANTA FÉ AUDIT COMMITTEE**  
**January 8, 2014**

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**MINUTES OF THE**  
**CITY OF SANTA FÉ**  
**AUDIT COMMITTEE**

January 8, 2014  
2:00 p.m. – 4:00 p.m.

**1. CALL TO ORDER**

A regular meeting of the City of Santa Fé Audit Committee was called to order by Chair Maurice Lierz on this date at approximately 2:00 p.m. in the City Councilors' Conference Room at City Hall, 200 Lincoln Avenue, Santa Fé, New Mexico.

**2. ROLL CALL**

Roll call indicated the presence of a quorum as follows:

**Members Present:**

Maurice A. Lierz, Chair  
Hazeldine Romero  
Clark de Schweinitz, J.D. [arriving later]  
Randy Randall, Vice-chair  
Marc A. Tupler

**Members Absent:**

**Others Attending:**

Liza Kerr, Internal Auditor  
Marcos Tapia, Finance Director  
Carl Boaz, Stenographer

NOTE: All items in the Committee packet for all agenda items are incorporated herewith to these minutes by reference. The original Audit Committee packet is on file in the Finance Department.

**3. APPROVAL OF AGENDA**

**Mr. Randall moved to approve the agenda as published. Ms. Romero seconded the motion and it passed by unanimous voice vote. (Mr. de Schweinitz was not present for the vote.)**

**4. APPROVAL OF MINUTES**

- **November 6, 2013**

Ms. Romero requested a change on page 12, line 553 where it should say "Monthly Schedule," not "charter."

Chair Lierz requested a change on page 11 where the disclosed amount from Mr. Mathisen for the BDD project should be \$225 million, not \$325 million.

**Mr. Randall moved to approve the minutes of November 6, 2013 as amended. Mr. Tupler seconded the motion and it passed by unanimous voice vote. (Mr. de Schweinitz was not present for the vote.)**

- **December 4, 2013**

Ms. Kerr requested the following changes to the minutes:

On page 2, item 6, second sentence should say "She stated the CAFR was received by the State Auditor.

On page 3, fifth paragraph, it should say, "She got a phone call from the Marriott tax department that they had already disposed of the records since they were more than three years old."

On page 4, second to last paragraph, should say, "There was \$53,000 (not \$253,000) that should be recorded on the books."

In the 8<sup>th</sup> paragraph regarding PSC, the balance should be \$1million, not \$2 million and the last line should be stricken.

In the 10<sup>th</sup> paragraph, it should say, "Ms. Kerr said because it was in the ordinance, the income was reportable."

Ms. Romero requested a change on page 2, last line where the word "audit" should be inserted after "construction."

On page 3, fourth paragraph from the bottom concerning civic housing, the name should be Richie, not Ricky.

On page 5, 5<sup>th</sup> paragraph, it should say, "Ms. Kerr said Presidio was contracted to do services."

**Ms. Romero moved to approve the minutes of December 4, 2013 as amended. Mr. Tupler seconded the motion and it passed by unanimous voice vote. (Mr. de Schweinitz was not present for the vote.)**

## 5. STATUS REPORT FROM CITY OF SANTA FÉ AUDIT AND FINANCE DEPARTMENTS

- **Status of Audits (Internal Audit)**

Regarding the CAFR, Ms. Kerr said it was now posted on the auditor's website without changes. It was released on 12/19, 2013.

Chair Lierz thanked Finance staff for making this happen on time for the first time in about six years.

Mr. Randall agreed. Mr. Tapia proved it could be done.

Ms. Kerr said regarding SWMA that their report was received on December 2 and was still in review January 8<sup>th</sup>.

Chair Lierz noted that the BDD work was deferred and the external auditors were coming back for more work on construction and operation audits.

Mr. Tapia said even today he didn't know if they had done it yet. BDD was waiting for the CAFR but the auditor had other people assigned to it. It would probably be finished as early as next week.

Ms. Kerr reported that they were still working on Lodger's Tax with a completion date of June 30, 2014 and were ahead of schedule. They were running into the same problems with some entities. At least two lodgers didn't have their records. They need to just disclose that and make it public information.

Mr. Tapia asked if it was possible for the City to go to NMTRD to get the records. What they reported was what the City needed.

Mr. Randall thought they need to compare the finances with that.

Ms. Kerr didn't think the State TRD would have the detail.

Mr. Randall said the response from Marriott Corporation pointed out the need to keep up on the schedule.

Ms. Kerr reported that the Civic Housing audit was completed and submitted by December 1 and released on December 27.

For SFRCC, Doug Frazier with Barraclough, said they released a draft and would provide the final audit at the Railyard Corporation's next board meeting.

Chair Lierz reminded her that their audits reports were to be submitted to the City to ensure compliance.

Mr. Tupler asked what the due date was.

Ms. Kerr said it was 12/31/13.

Chair Lierz added that it was a nonprofit so it wasn't submitted to the State Auditor.

Ms. Kerr said they issued the draft audit in mid-December.

Ms. Kerr explained that the latest resolution said the Park audit would be done in conjunction with the 2014 audit.

The City got the Presidio report and Lisa Martinez would present it next month.

Chair Lierz asked if she had the complete report. Ms. Kerr agreed.

Mr. Randall asked about the Strategic Plan.

Ms. Kerr said she presented that plan to the Finance Committee last night. She agreed to try to get the summary to the Audit Committee members.

Chair Lierz asked for her to attach it to an email to the members. Ms. Kerr agreed.

Ms. Kerr said the PSC audit was just about wrapped up and Elevate Media was in progress. The rest of the report showed the completed ones.

Mr. Randall asked her to label the charts that way. Ms. Kerr agreed.

Chair Lierz asked her if she provided that report to the Finance Committee.

Ms. Kerr said she did on a quarterly basis.

- **Gross Receipts Tax Report**

Chair Lierz said the GRT was in the packet.

Mr. Tapia said his biggest concern had been the federal shutdown. But GRT was increasing and with the report last month the City was up \$2.9 million. It was a great number and he was optimistic. Of all the data he got from TRD, he could not see where the shutdown affected Santa Fé.

The Lodger's Tax revenue was slightly down but ahead of last year.

The significance of this GRT report was in looking at the categories - construction, food, and lodging - across the board. It was spread out and a little healthier now. The next significance would be the GRT for February which was that which was collected in December.

Chair Lierz understood the City had reasonable cash flow and at the next review, the one unknown was

the annexation. It didn't appear Mr. Tapia would have major heartburn for mid-year review.

Mr. Tapia agreed. During mid-year we look at budgets which were estimates. From looking at it, the revenues were above projections which was okay. At this point he didn't see a need to make big adjustments.

He said they would do the report in a binding. And at a summary level for the leadership. Right now it looked like only slight adjustments and nothing Council would need to approve.

Mr. Tupler compared it with 2008 and it looked like the City was about on par with 2008 again.

Mr. Tapia agreed. It was within .037%.

- **Lodger's Tax Report**

Ms. Kerr reported that she didn't get the report in time to include it in the packet.

Mr. Tapia said it didn't track with GRT. He knew there were federal cancellations but he didn't see it as significant.

Mr. Randall understood but said the City was in reliance on the federal government for the economy.

## **7. SUB-COMMITTEE REPORTS**

- **Internal Audit - Discussion of Fraud, Waste and Abuse Hotline Bill**

Ms. Kerr reported that in discussion with Melissa Byers, the bill had gone through the process for ordinances. Now she needed to put in a request to fund and have a budget for it. It was only about \$3,000 per year. The internal audit ordinance required that she have a budget. She asked if she should start preparing it now.

Mr. Tapia felt the sooner, the better. She would be dealing with cash handling in Transit and start on that next. They didn't need any amendments yet. The Finance Committee would want an update on the hotline just to let them know how it would be done - probably in February.

Chair Lierz asked the public attendees to introduce themselves.

Ms. Bette Booth and Ms. Sandra Taylor introduced themselves as POSAC members.

Ms. Romero said the City approved Ms. Kerr to go to a conference but they were unwilling to pay for her travel or lodging.

Ms. Kerr explained that she was required to get 25 CEUs in accounting as a CPA. The conference fee

was \$750.

Mr. Tapia asked her to bring the request to him.

Chair Lierz reminded her that when she had a separate budget, she could include that.

Mr. Tapia said some of his staff needed CEUs as well and he would get some support.

Chair Lierz said the Committee would encourage making those accommodations.

**Mr. Randall moved to support having Ms. Kerr attend this conference. Ms. Romero seconded the motion and it passed by unanimous voice vote. (Mr. de Schweinitz was not present for the vote.)**

## **8. OLD BUSINESS**

There was no old business.

## **9. NEW BUSINESS**

- **CAFR - 2013**

Ms. Kerr said the CAFR was now posted on the website. She provided each member a hard copy and said she could provide it on disk if needed.

- **2008 Parks Bond Issue - updated status**

Chair Lierz gave quick summary. He noted that Ms. Booth was here last month talking about the potential of an audit. He met with Councilor Wurzbarger and what he found in the process was that she had proposed the resolution that was passed. He had asked Councilor Wurzbarger if she wanted the Audit Committee to handle it. Out of that process he prepared a page and a half memorandum. He found that there were several conditions that were changing. So he attended the Public Works Committee meeting and indicated to them that his memo had not been reviewed by anyone. He walked through the steps to give Councilors where the Audit Committee was on it at that time and the new conditions that were imposed.

Ms. Kerr provided copies of his memo to the Committee members.

He talked with Councilor Wurzbarger afterward and didn't know if she got to the Finance Committee last night. But the information was just informational. On page 2, the one thing discussed at Public Works Committee meeting was the idea of forming a special committee and Councilor Wurzbarger suggested at the meeting about adding someone from POSAC and it would be a Council decision. This was talking about the concept of process.



Mr. Randall asked if no action was needed at the moment. Chair Lierz agreed.

Mr. Tupler asked if the Audit Committee wanted to make a recommendation to Council.

Mr. Randall said he was thinking of that too. The Committee could at least endorse what Chair Lierz suggested in his memo and make it the Committee's recommendation to Council. He was looking only at section 2. It would be that there be a special audit done separately from the 2014 CAFR because delaying it would make it more complicated.

Chair Lierz said he had talked with Mr. Tapia earlier about Atkinson not being eligible for providing the CAFR.

Mr. Randall understood they still could use Atkinson for this separate audit and it would be less than the threshold of an RFP requirement.

Mr. Tapia said they had to define the scope and once they got more information from Ms. Garcia it could go forward. He supported going with the previous auditor. It was not that they could not do an audit for the City again but they had to abide by the State Auditor's rules.

**Mr. Randall moved to endorse points A, B and C under 2 of Chair Lierz's memo and add the need to define the scope for the audit. Mr. Tupler seconded the motion and it passed by unanimous voice vote. (Mr. de Schweinitz was not present for the vote.)**

Chair Lierz commented that since Councilor Wurzbarger was the authorizing councilor, we should send that wording to her so she knows.

Chair Lierz invited comments from POSAC representatives.

Ms. Booth thanked him and appreciated the Audit Committee's recommendation. She noted that several people had asked whether or not salaries should be paid out of the funds. POSAC believed it could not be used that way. But in 2009 they began paying staff. The City Attorney supported it and many people were not happy with that opinion. POSAC felt they should ask the auditor.

Mr. Tupler asked if it was a written document.

Chair Lierz said that had not been seen yet. The language was in the questions put to the voters. But no one had provided the Committee with the language of the bond. We probably should read what the bond issue said and its restrictions. We were talking about restricted and what that definition said.

The first level of auditing was done and now it was the expenses being applied to the bond and that would be the scope of the audit and the work of the committee. To answer what constituted a restriction, they would have to have that as guidance before the auditor looked at the facts.

Mr. Randall agreed. It was the definition in the bond issue.

Mr. Tupler said Geno Zamora probably studied that before issuing his opinion.

Mr. Randall noted that with the state bonds he was involved with, state employees could be paid from those bonds.

Ms. Kerr said that information was available. Helene Hausman had those documents.

Chair Lierz thought the Committee didn't want to presuppose that wording. He was trying to start at square one on it.

Ms. Booth thanked them for their concerns and actions on it.

## **10. OTHER MATTERS FROM THE COMMITTEE**

- **Invite Jon Bulthuis to discuss Federal Transit Administration Financial Management Oversight Review**
- **Invite Lisa Martínez - Presidio Report**

Chair Lierz said they were deferring the invitation to have these two people come today and he would ask them to come to the next meeting. He would be gone for that meeting.

Mr. Randall said there might be another item that Councilor Bushee might bring to the Audit Committee. He asked that they pick one of the two people as a definite and the other as a possibility. He reasoned that probably Presidio was more pressing. Ms. Kerr agreed.

Mr. Randall said they might have both if there was time.

## **11. ITEMS TO REPORT TO THE CITY MANAGER**

Mr. Randall said they should send their recommendation to support Chair Lierz's memo.

Chair Lierz agreed.

Mr. Randall added that Ms. Kerr's audit report should be sent and include our comments and changes. It should go after our meeting.

Ms. Romero asked if Ms. Kerr got any response on the 1% BDD administration charge and whether it had been paid to the City yet.

Mr. Tapia said it was not up in the air. The City was the fiscal agent. Right now they were meeting with the County on rules and regulations so they could choose a new fiscal agent. If it continued to be the City,

the administration fee was in place.

Chair Lierz understood it was in the agreement so was it being billed. Mr. Tapia agreed.

Chair Lierz asked, if there was money left over from construction work, if there would be fees paid to the City to compensate for it.

Mr. Tapia said no. He explained that the BDD Board was composed of County and City elected officials. They had established a fund for emergencies but there was not any understanding that money for that would come to the City.

Mr. de Schweinitz joined the meeting at this time.


**12. NEXT MEETING DATE: February 5, 2014**

Chair Lierz announced he would be out of town for the month of February.

**13. ADJOURNMENT**

The meeting was adjourned at 3:04 p.m.

Approved by:

  
\_\_\_\_\_  
Maurice Lierz, Chair

Submitted by:

  
\_\_\_\_\_  
Carl Boaz for Carl G. Boaz, Inc.