

MINUTES  
Audit Committee Meeting  
March 1, 2018

The meeting was called to order at 3:02 p.m. by Chairman Keith Parker. Present were Chairman Keith Parker and member Allen Dawson. Councilor Betty Bode was absent (excused). Also present were Mayor Denny Doyle; Patrick O'Claire, Finance Director; Dave Waffle, Assistant Finance Director; J.J. Schulz, Financial Reporting Manager; Amber Hubbard, Financial Reporting Manager; Tim Gillette, Talbot, Korvola & Warwick (TKW); Dan Miley (TKW); and Susan Smith, Staff Accountant.

MOVED by Member Dawson and SECONDED BY Member Parker to approve the May 31, 2017, meeting minutes as written. The motion CARRIED (2:0).

### **ANNUAL AUDIT**

Chair Parker turned the meeting over to Mr. Miley and Mr. Gillette to review the following Agenda Items.

FY 2016-17 Audit Review Outline:

- Audit Opinions Issued
- Overview of the City's Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2017
- Overview of the Schedule of Expenditures of Federal Awards and Related Reports for the Year Ended June 30, 2017
- Required Communications

Mr. Miley reviewed the Independent Auditor's Report. He explained management's responsibility of preparing the Comprehensive Annual Financial Report (CAFR) and TKW's responsibility of conducting an audit in accordance with professional standards.

Mr. Miley explained TKW's opinion on the financial statements. He said the financial statements present fairly in all material respects. He said this is the auditor's unmodified opinion.

Discussing the Statement of Net Position, Mr. Miley highlighted the increase in Net Pension Liability to \$67 million which is three times the amount from the prior year. Looking ahead he mentioned future PERS liabilities and contribution rates and their effect on this number.

Mr. Miley pointed out the City's disclosure of GASB Statement 77 on Tax Abatements (page 42) which was implemented for the first time in FY 16-17. Mr. O'Claire mentioned that the Tax Abatement programs will continue in FY 17-18 as well.

Mr. Miley reviewed the Independent Auditor Report required by Oregon Minimum Standards (page 140) and it states the City was in compliance.

Mr. Miley reviewed the Schedule of Expenditures and Federal Awards and Related Reports (SEFA) and stated a material weakness found in the timing of Water Fund revenue reporting. Mr. O'Claire clarified the City's corrective actions in this matter. This was not considered to be material City wide but within the Water Fund was considered so.

Mr. Miley stated that the Report on Federal Compliance showed the City was in compliance and found no control deficiencies regarding compliance. He clarified the above finding and explained that the above material weakness was only a financial statement finding.

Mr. Miley stated the prior audit findings from FY 15-16 and FY 14-15 were not repeated in 2016-17. Mr. O'Claire and Mr. Miley further clarified the resolution of this matter.

Mr. Miley stated that the auditor's opinion on Beaverton Urban Redevelopment Agency (BURA) is unmodified. He highlighted the two tax abatement programs mentioned in the Notes to the Financial Statements. This information is also included in the City of Beaverton Report. Mr. Miley indicated that no internal control or compliance issues were found for the BURA agency.

Mr. Miley then reviewed Other Required Communications (SAS 114 letter). He reviewed the detail of financial misstatements which were not material. Mr. Parker asked about the Auditors' assessment of materiality which was responded to by Mr. Miley. Mr. O'Claire discussed the one item regarding the Westgate property transaction.

He explained GASB Statement 75 and the new requirements of OPEB accounting that affect the presentation on the City's financial statements. In prior years this was only a note disclosure.

Mr. Parker asked the Committee if they have any more questions.

The next section discussed briefly by Mr. Gillette was the work plan for the FY 17-18 audit. He distributed the engagement letter to the Audit Committee and talked about minor changes to same.

Mr. O'Claire said he appreciated the service of the Finance Staff and in particular Amber Hubbard's increased involvement in running the annual audit.

Mr. Parker thanked the Finance staff and the Auditors for their efforts in doing such a good job.

Mr. O'Claire and Mr. Waffle mentioned a few future City projects including the Arts Center and the Ludeman property purchase.

Member Parker adjourned the meeting at 3:45 pm.

Recorded by  
Sue Smith