

MINUTES
Audit Committee Meeting
February 5, 2020

Present were Keith Parker, Chairman, Allen Dawson, Member and Mark Fagin, Member. Also present were Mayor Denny Doyle; Abigail Elder, Mayor's Office Director; Patrick O'Claire, Finance Director; Susan Cole, Assistant Finance Director; JJ .Schulz, Financial Reporting Manager; Amber Hubbard, Financial Reporting Manager; Tyler Spath, Senior Accountant; Tim Gillette, Talbot, Korvola & Warwick (TKW); Jason Romney (TKW); Susan Smith, Staff Accountant.

Keith Parker called the meeting to order at 1:30 pm. All attendees introduced themselves.

MOVED by Member Dawson and SECONDED BY Member Parker to approve the February 6, 2019, meeting minutes as written. The motion CARRIED (3:0).

Chairman Parker turned the meeting over to Mr. Gillette and Mr. Romney to review the following Agenda Items.

FY 2018-19 Audit Review Outline:

- Audit Opinions Issued
- Overview of the City's Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2019
- Overview of the Schedule of Expenditures of Federal Awards and Related Reports for the Year Ended June 30, 2019
- Required Communications

Mr. Gillette discussed the Independent Auditor's report and stated that an unmodified report was issued. He explained that there were no Governmental Accounting Standards Board (GASB) changes this year; however there was a restatement concerning water rights amortization of \$767,000.

Mr. Gillette summarized the Independent Auditor's Report in accordance with Oregon Minimum Standards. The auditors found the city to be in compliance in all areas examined. The Independent Auditor's Report on Internal Control was also issued a clean report with no findings.

Mr. Gillette reviewed the Schedule of Expenditures of Federal Awards (SEFA) and related reports. He stated that the Report on Federal Compliance showed the City was in compliance and found no control deficiencies in this area. He highlighted the SEFA and explained that the Community Development Block Grant was selected to be audited. Allen Dawson requested clarification of criteria examined and Mr. Gillette explained additional detail of the SEFA audit.

Mr. Gillette spoke briefly about the Required Communications and highlighted several future implementation of new GASB Standards and how they may affect the City. In regard to the Representation Letter Mr. Parker asked how the auditors determine materiality and noted that each major fund has a different materiality limit.

Mr. Gillette introduced the Beaverton Urban Redevelopment Agency's Annual Financial Report (BURA). He stated that no findings were found in each of the audit opinions.

Mr. Romney discussed the work plan for the FY 19-20 audit. He highlighted that TKW will be implementing new audit software which initially may cause additional inquiries from the audit staff and should ultimately improve efficiency by streamlining the audit process.

Mr. Parker asked if the City conducts internal audits. Mr. O'Claire responded that the city does not perform internal audits and stated the City's staff implements strict internal controls which in turn are examined by the auditors.

Mr. O'Claire informed the Committee of several upcoming City activities in FY 2020-21. These include the Willamette Water Supply System, Water Revenue Bond Issue, Special Revenue Bond Issue for the PRCA and the establishment of new City Funds.

Mayor Doyle thanked the TKW staff for their service. Mr. O'Claire thanked the financial staff for their work on the CAFR.

Mr. Parker asked for final questions and adjourned the meeting at 2:03 pm

Recorded by
Sue Smith