

March 17, 2014
5:30 P.M.
Newport, Oregon

The City Council, Urban Renewal Agency, and the Audit Committee of the City of Newport met in a joint meeting on the above date in the Council Chambers of the Newport City Hall. On roll call, City Council and Urban Renewal Agency members present were: Beemer, Allen, Roumagoux, Sawyer, Saelens, Busby, and Swanson. Audit Committee members present were: Allen, Swanson, Springsteen, and Saelens (alternate).

Staff present was City Manager Nebel, City Recorder Hawker, Interim Finance Director Gazewood, and Police Chief Miranda.

COMMUNICATION

Audit Committee - Report and Acceptance of the Independent Auditor's Report of the Financial Statements for the Fiscal Year Ending June 30, 2013, for the City Council and the Newport Urban Renewal Agency. Allen reported that the Audit Committee had met four times since last year. He reviewed the "Communication to the Governing Body" for the city and Urban Renewal Agency audits. He noted that both audits contained an unmodified opinion of the financial statements, and that the audits were "clean." He added that there are some items that need to be corrected. Allen noted that the Committee had reviewed items identified as significant deficiencies with the auditors, and that these are not as significant as material weaknesses.

Gazewood reviewed the city's financial audited report and the URA's financial audited report. He reviewed the EMMA filings which are related to city debt issues.

Springsteen reviewed the capital assets portion of the financial statement.

Saelens addressed the exit conference document, and explained the definitions of material weaknesses and significant deficiencies. He reported that the auditors had found three significant deficiencies related to the timely reconciliation of cash, separation of duties, and account reviews.

Allen noted that a best practice would involve issuing an RFP for auditing services every five years or so, even if the city is satisfied with the current auditor. He added that the city has been using the same auditing firm for five or six years, but perhaps an RFP process could be instituted during the summer or late fall. He added that the LOC Bulletin contains a good article related to this issue. Swanson noted that the auditors supported the issuance of an RFP.

Allen noted that in smaller cities, internal controls and segregation of duties is more difficult due to small staff size.

Busby reported that Gazewood has made many financial corrections in the last six months.

Nebel noted that it is his recommendation to have the Urban Renewal Agency and the City Council accept the audit reports.

MOTION was made by Allen, seconded by Saelens, that the audited financial report from Pauly, Rogers and Company, P.C., for the Newport Urban Renewal Agency

be accepted for the fiscal year ending June 30, 2013. The motion carried unanimously in a voice vote.

MOTION was made by Swanson, seconded by Allen, that the audited financial report from Pauly, Rogers and Company, P.C., for the City of Newport be accepted for the fiscal year ending June 30, 2013. The motion carried unanimously in a voice vote.

Allen thanked Gazewood, Brown, the Finance Department staff, auditors, and the Audit Committee.

ADJOURNMENT

Having no further business, the meeting adjourned at 6:15 P.M.

Margaret M. Hawker, City Recorder

Sandra N. Roumagoux, Mayor

Richard Beemer, URA Chair