

Audit Committee
City of Newport/Newport Urban Renewal Agency
July 8, 2019 Minutes

1. CALL TO ORDER

Chair, Councilor David Allen, called the special meeting to order at 2:00 p.m.

INTRODUCTIONS

In Attendance: Chair Councilor David Allen, Public Audit Committee Member Glenda Rhodes, Committee Member Councilor Dietmar Goebel, Alternate Public Committee Member Martin Desmond, City Manager Spencer Nebel, Finance Director Mike Murzynsky, Assistant Finance Director Steve Baugher, Recording Secretary Capital Projects and Grant Accountant Linda Wertman.

2. REVIEW OF AUDITOR ENGAGEMENT LETTERS

Chair Allen stated this would be a very short meeting where we will be reviewing the auditor engagement letter for the upcoming year. Chair Allen asked Nebel to go over the staff report so the committee can move forward on what they need to do today. Manager Nebel stated he would give a brief summary and then turn it over to Director Murzynsky who can go over any details. Nebel stated that when the City went out for proposals we contracted with Boldt Carlisle +Smith with a three-year base contract and an option of two one-year extensions for auditing services. This will be the second and final extension year coming up. The recommendation is to continue with the auditor for this year and extend the contract this final time. We will then be in a position where we will need to go out with a Request for Proposals (RFP) prior to the next audit to secure audit services for another three-year period with two one-year extension options. Manager Nebel asked Director Murzynsky if he had anything to add. Murzynsky stated we would probably go out with an RFP in January sometime.

Chair Allen asked if the extension request would need to go to the city council for approval. There was general discussion as to the need to take the extension to council. Murzynsky stated that he took the previous year's extension to council. Nebel stated that typically council authorizes him to sign the contracts and would have done so in the initial authorization. Nebel said he would confirm the authorization and if not he will run it by the council at the July 15, 2019, council meeting.

Member Rhodes asked Director Murzynsky what the fee progression was during the five-year period; surely, it was not \$39,000 flat for each of the five years. Member Rhodes asked if they define a CPI increase. Director Murzynsky confirmed there was a CPI; the Cost of Living Adjustment (COLA) is a three and a half percent plus an additional fee of .15 percent of federal expenditures for a single audit, if required. Chair Allen asked Director Murzynsky to explain to Member Goebel what a single audit was, and when it is required. Director Murzynsky stated we would be required to have a single audit if the City received federal grants in an amount which exceeds \$750,000. There was general discussion on the current federal projects and related federal grants and expenditures. Manager Nebel explained that

the audit cost, could not be reimbursed from the grant. Member Rhodes stated she felt this was a reasonable fee. Member Goebel asked about the Urban Renewal prepayment amount, and Director Murzynsky explained he just missed an overpayment on the last bill for the URA so it would be deducted from the amount due for this year's audit. **MOTION:** Member Rhodes moved to approve the URA and City Agreements for Manager Nebel's signature **SECONDED:** by Member Goebel. The motion carried in a unanimous voice vote.

3. AUDIT COMMITTEE GENERAL COMMENTS & QUESTIONS

Chair Allen discussed the meeting schedule for July 30, 2019 from 2:30 – 4:30 p.m., and October 24, 2019 10:00 a.m. – 12:30 p.m., also discussed was the auditor on site schedule. Manager Nebel discussed next year's schedule, which will include going out for a RFP for auditing services. There was general discussion on the previous RFP

4. PUBLIC COMMENT

No members of the public were present, and no comments provided.

5. ADJOURNMENT

Committee Chair Allen adjourned the meeting, at 2:20 p.m.