

**CITY OF MCMINNVILLE**  
**AUDIT COMMITTEE MEETING MINUTES**

**02/08/2021**

**4:00 pm**

**DATE CORRECTION:**  
**2/8/2022**

**Audit Committee:** Scott Hill, Mayor  
Kellie Menke, City Councilor  
Meredith Maxfield, Budget Committee member

**Staff:** Jennifer Cuellar, Finance Director  
Ronda Gretzon

**Also present:** Tonya Moffit, Merina and Co.

The meeting was called to order at 4:00 p.m.

1. Consider approval of the minutes from the 4/23/2021 and 5/11/2021 Audit Committee Meetings

Scott moved to approve the April 23 and May 11, 2021 meeting minutes. The motion was seconded by Kellie and passed 2-0.

2. Welcome Meredith Maxfield to the Audit Committee
3. City of McMinnville Annual Comprehensive Financial Report for the Year Ended June 30, 2021

Tonya Moffit, Merina and Co., stated they had issued the City's financial statement audit for June 30, 2021 on December 13, 2021. It was a clean, unmodified opinion. She explained the pieces that they did not have an opinion on. She then reviewed the financial statements. The statement of net position showed the City in a positive position. However, the Unrestricted Fund was negative due to the net pension liability. Pension liability was a future estimated amount that would be paid out over time to retirees and the schedule of contributions for pensions was supposed to cover the pension liability.

There was discussion regarding the pension liability, future of PERS, and discount rate. Tonya said it was difficult to determine what the future liability would be and the City would not have to pay it all at once.

Scott noted they were annually paying it down by \$3.6 million, which was approximately 24% of what they were paying annually for payroll.

Tonya said the Other Post Employee Benefits fund was similar to the net pension liability. It was for employees to stay on the City's healthcare until they went on

Medicare/Medicaid. The former employee had to pay for it, but because they were older it increased the rate for the entire pool.

Tonya then discussed the Statement of Activities. For Government Activities they spent more than they brought in, but on the Enterprise Fund they brought in more than was spent. McMinnville Water & Light was included because it was related to the City, but their finances were separate.

Meredith joined the meeting at 4:28 p.m.

Jennifer introduced everyone.

Tonya reviewed the negative net position and government activities discussion for Meredith. She then discussed the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance, and Proprietary and Enterprise Funds.

There was discussion regarding mistakes found during past audits. Tonya said there were no mistakes for the current year. Any mistakes would be reported and they shared best practices and recommendations as well.

#### 4. Urban Renewal Agency Financial Statements for the Year Ended June 30, 2021

Tonya said they had a clean, unmodified opinion for the Urban Renewal Agency financial statements as well. It was included in the City's financial statements in the Governmental Fund because it was an integral part, but it had to be presented separately.

Mayor Hill noted Urban Renewal began seven years ago. It was a 25 year plan with a \$30 million anticipated amount to use for economic stimulus in the Urban Renewal District.

Tonya said when the City expended over \$750,000 of federal funds, the City had what was considered a single audit where they did a compliance audit. She explained the Schedule of Expenditures of Federal Awards Report which showed the City spent \$1.5 million of federal funds. They had tested the Coronavirus Relief Fund program, and had a clean report for that.

#### 5. Report to the Honorable Mayor and City Council for Fiscal Year Ended June 30, 2021

- Auditor Communication to Those Charged with Governance

Tonya said the auditors had full access for the audit and there was nothing unusual in the City's or Urban Renewal's financial statements. They also looked at compliance with the Oregon Minimum Standards and there were no findings for either the City or Urban Renewal for that.

There was discussion regarding better accounting software.

6. Merina and Company transition update

Tonya said the company was pivoting away from financial statement audits to advisory services. She explained the type of services they would provide. They would complete their contract with McMinnville in 2025.

7. FY2021-22 Audit cycle initial planning

8. Other items for discussion

The meeting was adjourned at 5:08 p.m.