

CITY OF MCMINNVILLE
AUDIT COMMITTEE MEETING MINUTES
03/09/2023
1:00 pm

Audit Committee: Jessica Payne, City Councilor
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 1:00 p.m.

1. Consider approval of the minutes from the 2/8/2022 Audit Committee Meeting

Kellie moved to approve the February 8, 2022, meeting minutes. The motion was seconded by Jessica and passed 2-0-1 with Jessica abstaining.

2. City of McMinnville Annual Comprehensive Financial Report for the Year Ended June 30, 2022

Tonya Moffit, Merina and Co., stated they had issued the City's financial statement audit for June 30, 2022 on December 29, 2022. She reviewed the additional work the City chose to include in the Annual Comprehensive Financial Report that was not required. The audit was an unmodified, or clean, opinion. She explained the pieces that they did not have an opinion on but were provided as supplemental information. There was also a separate audit for compliance with federal grant requirements and other reporting required for Oregon minimum standards. There were no findings for these items and no restrictions were placed on the audit. She noted one new accounting policy change due to GASB 87 regarding airport leases. She discussed estimates for depreciation, compensated absences, other post employment benefits, and net pension liability in the City's financial statements. She then explained her approach to the audit, which was risk based.

Tonya continued by discussing the City's single audit report. It was also a clean opinion and the City was in compliance for the major federal program. She explained the schedule of expenditures of federal awards for the year that ended on June 30, 2022. The City spent \$2,223,470.00 of federal funding last year and \$1,488,951.00 of federal aviation administration grants. The City qualified as a low-risk auditee.

There was discussion regarding ARPA fund deadlines, interest on the deferred revenue, and restrictions for its use.

3. Urban Renewal Agency Financial Statements for the Year Ended June 30, 2022

Tonya said Urban Renewal was included in the City's annual financial report, but it was a separate legal entity and had to be presented separately. They had a clean, unmodified opinion for the Urban Renewal financial statements. They were also in compliance with the minimum standards in accordance with Oregon state regulations.

She discussed the life of the Urban Renewal District, where the relationship with McMinnville Water & Light showed up on the City's financials, and gave an overview of the statement of net position, statement of activities, governmental funds, and proprietary funds in the City's financial statements.

4. Report to the Honorable Mayor and City Council for Fiscal Year Ended June 30, 2022

- Auditor Communication to Those Charged with Governance

Tonya said there were no findings in the audit, and they were able to get access to all the information needed. Any major estimates or changes were in the management discussion analysis and statistical analysis. She noted they would be doing two more audits for the City, and then their contract would expire. They would not be bidding for renewal as they were getting out of the audit business and focusing on consulting.

5. FY2022-23 Audit Cycle Initial Planning

Tonya discussed new GASB policy changes for long term contracts and financial reporting as well as changes if the new Fire District was approved by voters. She recommended the City do the books for the new Fire District, for at least one or two fiscal years. There would be an Intergovernmental Agreement between the City and new Fire District to reimburse the City for the cost.

6. Other items for discussion

None

The meeting was adjourned at 2:27 p.m.