

## AUDIT COMMITTEE

Video via Zoom  
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## MINUTES

JANUARY 20, 2022

### **Stilson called the Audit Committee meeting to order at 4:01 p.m.**

**Present:** Matt Dake, Mona Henry, Kathy Hyzy, and Mack Stilson

**Absent:** Mary Rowe

**Merina & Co.:** Tonya Moffitt

**Staff:** Finance Director Bonnie Dennis  
Assistant Finance Director Keith McClung  
Accountant Judy Serio

### **1. CALL TO ORDER AND INTRODUCTIONS**

### **2. APPROVAL OF THE APRIL 19, 2021 MINUTES**

Stilson made a motion to approve April 19, 2021 minutes as written.

Motion passed with the following vote: Dake, Henry, Hyzy, Stilson voting “aye.”  
(4:0)

### **3. COMMUNITY COMMENTS**

None

### **4. FISCAL YEAR 2021 FINANCIAL AUDIT**

Moffitt began by stating the city received an unmodified clean opinion for their FY21 audit. An explanation of the financial statements and schedules not audited were provided to the committee. The report is now called the ACFR (Annual Comprehensive Financial Report) the previous acronym was derogatory. The city was commended for pursuing the GFOA (Government Finance Officers Association) award once again for their annual report; additional sections to apply for the report include the introduction and statistical sections, these two sections are not audited. There were no management disagreements regarding the city assumptions of the following financial data: depreciation, compensated absences, allowance for doubtful accounts, other post-employment benefits (an actuary provides the calculation) and pension liability. There were no material misstatements or misrepresentations, and no external consultations with other auditors.

Moffitt continued by directing the committee to the independent auditor’s report, page 123. There were no findings related to the legislative rules governing municipal audits.

Moffitt announced Merina & Co. is pivoting away from governmental auditing and focus on advising and consulting services. As auditors, they cannot offer

guidance; this change will allow the firm to assist agencies with their engineering, organization structure and financial planning needs. This change will require the city to hire new auditors for the FY22 audit.

Dennis stated the city respects Merina's business decision and is excited to work with their firm in their new capacity; it is a good opportunity for both parties.

Stilson asked if staff will be excusing themselves in order for committee members to speak to auditors privately.

Dennis responded this usually occurs at the audit kick-off meeting.

Committee members acknowledged they did not have any items to discuss with the auditors privately.

Stilson recognized there were no new pronouncements this year that would change the financial reporting. Asked if Moffitt could summarize what was looked at for internal controls.

Moffitt responded auditors perform a risk-based audit and verify compliance standards are met. City Council members and staff are asked by auditors if there are any concerns related to internal controls. ARPA (American Rescue Plan Act) funds were reviewed. Auditors also look at the prior year's high-risk areas.

Stilson added the statistical section provides interesting city information.

Stilson made a motion to approve the audit results and it was seconded by Henry.

Motion passed with the following vote: Dake, Henry, Hyzy, Stilson voting "aye." (4:0)

Stilson mentioned the FY21 audit will be presented to the City Council at the February 1, 2022 meeting.

## **5. AUDIT SERVICES REQUEST FOR PROPOSAL**

Stilson stated the RFP process will need to move quickly to be in place by June 30<sup>th</sup>; members should be ready to attend a few more meetings.

Dennis confirmed it will be a tight timeline.

McClung acknowledged it will require additional time from committee members; it is a big process to go through along with the budget cycle. The RFP solicitation will be for similar services.

Dennis added the RFP will be very similar to the previous one when the city selected Merina & Co; audits for the urban renewal district and single audits (SEFA) will be included in the RFP solicitation which should be issued in the next few weeks. Submitted proposals will be reviewed by staff first to verify firms meet the requirements. Committee members will review the proposals, interview the firms, and select the audit firm. Ideally, if the selection is completed by mid-June, it will allow the city to schedule interim and final audits with the firm selected.

Stilson will forgo reviewing the RFP solicitation.

Henry will forgo reviewing the RFP solicitation since it was done a few years ago.

Dennis explained the process for the interviews and told members to anticipate either March or April for the interviews.

Dake asked how many firms were interviewed last time.

Dennis responded three firms were interviewed; there are not a lot of municipal auditors in Oregon.

## **6. COMMITTEE BYLAWS REVIEW**

Dennis informed the committee that Rowe is taking sabbatical. Currently, Rowe is serving as Interim Human Resources Director due to a retirement and will not be able to participate in the RFP process given Rowe is under contract with the city until June 30<sup>th</sup>.

McClung asked members if there were any updates to the bylaws. Bylaw #1 will be updated from two to three citizen members. This change was already approved by the City Council.

Hyzy clarified this review process is being done by all the city committees.

Dennis stated this item can be added to the next meeting's agenda to give members time to review.

Dake asked if bylaw #5 refers to Hyzy bringing to the committee what the City Council wants audited.

Dennis responded that at the beginning of the audit there is a kick-off meeting where the audit scope is discussed. Committee members and City Council can add items to the scope of the audit. The purpose of the audit is to make sure city's financial statements comply with GAAP (Generally Accepted Accounting Principles) and internal controls.

Stilson stated the bylaw review will be tabled until the next meeting so that bylaws #5 and #7 can be clarified.

Henry asked how often an audit kick-off meeting occurs.

Dennis responded every year.

Stilson directed members to send bylaw questions to Bonnie; discussion will continue at the next meeting.

## **7. COMMITTEE MEMBER TERM LIMITS HAVE BEEN MOVED FROM MARCH TO JUNE OF RESPECTIVE YEARS**

Dennis explained how the term limits being moved to June will affect committee members.

Dake asked if this change will cause turnover during the audit.

Dennis responded that it is a possibility.

Hyzy added that terms are staggered.

## **8. ADJOURN**

**Stilson made a motion to adjourn the meeting and Hyzy seconded.**

**Motion passed with the following vote: Dake, Henry, Hyzy, Stilson voting “aye.”  
(4:0)**

**The meeting was adjourned at 5:04 p.m.**

Respectfully submitted,

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Judy Serio, Secretary / Accountant