

**DRAFT Audit Commission Minutes  
(Municipal Audit Commission AMC 2.11.010)  
December 3, 2019 at 3:00 p.m.  
Siskiyou Room  
51 Windburn Way, Ashland OR**

**Call to Order/Opening Remarks:**

Meeting called to order at 3:14 p.m. by Commission Chair Thom Hepford

**Roll Call**

Hepford	Present
Slattery	Present
Everson	Present
Hunter	Present

*Others:*

Kelly Madding	City Administrator, Interim Administrative Services and Finance Director
Cindy Hanks	Deputy Finance Director
Michael Black	Parks Director
Tara Kiewel	Parks Administrative Analyst
Amanda McCleary-Moore	Moss Adams, LLP
Kim Reno	Moss Adams, LLP

**Approval of Minutes:**

**Everson/Slattery moved the approval of the meeting minutes of November 28, 2018.**

**Discussion: None. Roll Call Vote: Hepford, Slattery, Everson, Hunter: YES. Motion passed unanimously.**

**Presentation by Independent Auditors – Moss Adams, LLP**

Amanda McCleary-Moore and Kim Reno from Moss Adams, LLP presented Audit Results as presented in the attached presentation and audio for the Audit of the Parks Comprehensive Annual Financial Report (CUFR) and City Comprehensive Annual Financial Report (CAFR).

Dee Anne Everson, Commission Member asked about the IT portion mentioned in the Nature of Services provided. Amanda McCleary-Moore stated this was part of the Financial Statement Audit, adding that when this area is audited it is done so to identify areas of risk, and to design audit procedures subsequent to year end. She also explained what testing would like within the IT environment.

Everson also questioned if the City uses any cloud based software to which Hanks stated that they currently did not for financial related matters.

Kelly Madding, City Administrator, Interim Administrative Services and Finance Director asked If the team currently handling the Audit would continue to be the same team going forward. McCleary-Moore stated yes it would be same and that practice is typically to make sure that team members have worked government audits prior. She also stated in response to this that they want to have a meeting to go over topics related to the closing of the Audit materials and preparation of the next year.

Hepford asked of the Independent Auditors what their response was to having fresh sets of eyes look at the report. McCleary-Moore responded that they have what is called a concurrent review or someone who is removed from the engagement that is involved in the review process. She also added that if in the bid process this something that is noted, Moss Adams does offer partner rotation.

Hepford also asked if everything this is presented to the commission has been looked at. To which McCleary-Moore explained what parts were reviewed and which parts an opinion was expressed or not expressed.

The independent auditors and commission also discussed Communications to Those Charged with Governance and details surrounding it. Cindy Hanks, Deputy Finance Director also discussed the changes within in this in relation to internal controls.

The commission also commented on the usefulness of being presented the upcoming new standards.

Hepford questioned if Moss-Adams had a uniform materiality threshold for the audit. McCleary-Moore stated that they did not, and explained what materiality they did look at.

#### **Report from Staff-**

Hanks asked the Commission if they had minor edits that these could be done after the meeting, adding that if major questions needed to be asked they could be addressed. Madding confirmed this and the Hepford agreed that most changes had been minor in the past. McCleary-Moore explained the updates and process that is used in the final editing process.

#### **Discussion**

Everson stated that she was impressed with report.

Dennis Slattery, Commission Member added that it was much improved presentation.

Madding asked that those commission members with changes meet with Hanks to make any minor changes, unless the changes or questions were substantive.

Shane Hunter, Commission Member and Hepford noted that he did have changes and but that they could meet with Hanks separately to make these changes.

Hepford added though that he did have one question on page 25 of the Parks CUFR that may be substantive. The question was he stated was in the looking at the increases of 60% and 85% increase that included no notes as to its explanation. Hanks explained that there is now a higher cash amount and that there is better interest then has happened in the past. Stating also that although the cash is restricted the City is earning almost \$80,000 in its pooled invest. Hanks added that a bullet point to explain this difference could be added. Hanks also reported under miscellaneous revenue a new program is now being used to sell assets which has yielded more profit. Madding added that the thought is that more will be paid for vehicles owned by the government. Hanks also clarified what is being sold through this program. Michael Black, Parks Director referenced page 78 and 79 in the Parks CUFR adding the varying changes that happen with asset sales.

Hepford also asked about the asset additions and reclasses on page 45 of the Parks CAFR. This he stated looks as if the amount of assets and accumulated depreciation are equal. Hanks explained that only a small portion of new equipment is being depreciated within this number.

Hepford noted that after knowing that the report reflected total numbers of depreciation that it now made sense.

As the commission was looking at deciding how to handle changes McCleary-Moore added what times lines looked like for how Moss Adams would date their report.

Hunter added that on page 74 of the Parks CUFR he believed it should match page 31 and it does not. Hanks added that there was a last minute change. He also added that this also something that he saw in the City CAFR as well. McCleary-Moore also responded that these would not be considered significant changes as the statistical section is unaudited. He noted on page 33 of the City CAFR under Capital Assets that there was no reference to where the number originated from. Hanks noted that this was on the next page's table. Hunter added there was also another place where this was not noted as well. McCleary-Moore responded that this should be in the notes to the basic financial statements under business type activities. Hanks added that this was page 164 of the City CAFR. Hepford suggested adding Net Capital Assets to make this understandable.

McCleary-Moore asked that all changes as they are made are sent to her as a list.

Hunter continued that on page 49 of the City CAFR under tax equivalents and internal service funds there was an error. Hanks responded that this was off the line in multiple times throughout the book.

Hunter asked about the scheduled of covered payroll on page 7 in column. McCleary-Moore responded that this is stated correctly as this is measured off the prior fiscal year.

Hunter also asked on page 98-99 about the beginning fund balance and if it should 0 for both pages. Hanks agreed that the change should be made.

The commission discussed options to have reviews done prior to the meeting. McCleary-Moore suggested that an internal review would be a step in that direction and other recommendation to avoid edits in the future. Slattery suggested another meeting of the commission, with Hanks adding details of time constraints. Slattery added that there are commission members who could be used if needed in the review roll, to which Hanks responded that a schedule could be created to accommodate this.

Madding ended by thanking Hanks and her staff, as well Parks staff for providing information as this year was a bit more time consuming with new auditors.

Hepford then confirmed with the commission that there were no other comments that would delay approving the reports, all agreed that there were no material issues with what would be suggested later on for edits.

Slattery also discussed the presentation to City Council, suggesting that the report also been sent to the Budget Commission as well.

The Commission then signed letters confirming the reports.

**Public Input**- None

**Everson/Hunter moved the accept of the Parks Comprehensive Annual Financial Report as amended through discussion and the City Comprehensive Annual Financial Report as amended through discussion.** Discussion: None. **Roll Call Vote: Hepford, Slattery, Everson, Hunter: YES. Motion passed unanimously.**

**Adjournment: 3:14 p.m.**

*Respectfully Submitted:  
Natalie Thomason  
Administrative Assistant*

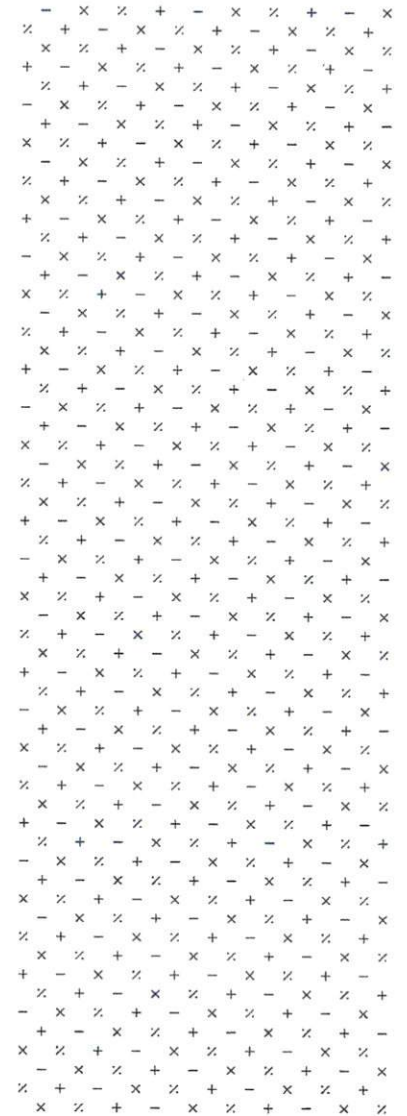


# City of Ashland, Oregon Audit Results

COMMUNICATION WITH THOSE CHARGED WITH  
GOVERNANCE

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December 3, 2019





# Agenda

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1. Engagement Team
2. Nature of Services Provided
3. Auditor Opinions / Reports
4. Internal control related matters
5. Communications to Those Charged with Governance
6. New Standards





# Engagement Team

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# Nature of Services Provided

**1** Audit the City and Parks and Recreation Commission financial statements in accordance with GAAS and GAGAS

**2** Assistance with, and technical review of each respective CAFR for compliance with GAAP as well as GFOA Certificate of Excellence requirements

**3** Compliance testing/reporting under Oregon Minimum Audit Standards

**4** Single Audit of federal grant programs under Uniform Guidance

**5** Agreed upon procedures – Transient and Occupancy Tax  
Agreed upon procedures – Food and Beverage Tax

**6** Reporting – Overall audit plan, audit results, communicating internal controls findings and noncompliance





# Critical Audit Areas

- Internal Controls / IT Environment
- Cash & Investments
- Revenues & Receivables
- Capital Assets
- Long Term Debt
- Accrued Liabilities – PERS, OPEB
- Grants
- Financial Close & Reporting
- Oregon Minimum Standards







# Audit Opinion / Reports

Financial Statements

Unmodified (clean) opinion on financial statement

Oregon Minimum Standards

No reportable findings

Government Auditing Standards Report

No reportable findings

Uniform guidance

City was found in compliance

Agreed Upon Procedures

Still in progress





# Communications to Those Charged with Governance

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- Planned scope and timing
- Significant accounting policies
- Management judgments & accounting estimates
- Audit adjustments made and passed
  - None in current year
- Management's consultation with other accountants
- No disagreements with management
- No difficulties in performing the audit



# Communications to Those Charged with Governance

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- Best practices
- Financial close and reporting process



# New Standards

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GASB Statement No. 83, Certain Asset Retirement Obligations – effective for June 30, 2019 fiscal year

GASB Statement No. 84, Fiduciary Activities – effective for June 30, 2020 fiscal year

GASB Statement No. 87, Leases – effective for June 30, 2021 fiscal year

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements – effective for June 30, 2019 fiscal year





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THANK  
YOU