



Minutes of the City of Arlington Audit Exit Zoom Conference

Executive Conference Room
238 N. Olympic Avenue
October 26, 2020

Councilmembers Present: Mike Hopson, Debora Nelson, Jan Schuette, Don Vanney, Marilyn Oertle and Michele Blythe.

Council Members Absent: Jessica Stickles.

Staff Present: Mayor Barb Tolbert, Paul Ellis, Kristin Garcia, Sheri Amundson and Ashleigh Scott.

Also Known to be Present: Assistant Audit Manager Courtney Amonsens, Audit Lead Dalton Nield and Program Manager Kristina Baylor.

The special meeting was called to order at 11:30 a.m. Finance Director, Kristin Garcia introduced City of Arlington staff that was present.

DISCUSSION

Annual State Audit Exit Conference

Kristina Baylor started the meeting with introducing the audit staff and their roles with the Auditor's Office. The report describes the overall results and conclusions for the areas that were examined. In those selected areas, City operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources. In keeping with general practices, they did not examine every transaction, activity, policy, internal control, or area. As a result, no information was provided on the areas that were not examined.

Dalton Nield stated that the audit report was based on a risk assessment for the year ending December 31, 2019, and the areas were those representing the highest risk of fraud, loss, abuse, or noncompliance. The risk-based audit approach focused on accounts payable (general disbursements, credit cards, and EFTS), procurement (purchasing exemptions), cash receipting (timeliness and completeness of deposits), financial condition and the open public meetings (documents of minutes, executive sessions and special meetings).

Courtney Amonsens reviewed the Independent Auditor's Report that states – in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the City of Arlington, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued the report thereon dated October 26, 2020.

They issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. They issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by state law and the State Auditor's Budgeting, Accounting and Reporting System (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

As discussed in Note 6 to the financial statements, during the year ending December 31, 2019, the City adopted new accounting guidance for presentation and disclosure of postemployment benefits other than pensions, as required by the BARS Manual.

As discussed in Note 11 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City.

Ms. Amons continued to discuss the Internal Control and Compliance over Financial Reporting by stating no material weaknesses or significant deficiencies in internal control, and there were no instances of material noncompliance identified.


Closing remarks entailed the audit cost came in about \$4,500 less than anticipated due to minimal travel expenses and being able to communicate virtually over in-person due to the COVID-19 pandemic. The next audit is scheduled for the summer of 2021, and will cover Accountability, Financial Statement and Federal Programs. The report will be made public in the next 1-2 weeks and located through their website, following an audit survey to be completed by City staff.

The meeting concluded with Mr. Nield thanking City officials and staff for timely communications throughout the audit process. He also thanked Kristin Garcia, Sheri Amundson and Colette Campbell and recognized all other staff who maintain well organized records.

The meeting was opened for questions and/or comments with Councilmember Jan Schuette asking if during the audit process, they found things that worked well, and if they would have options for future audits moving forward. Kristina Baylor, the Program Manager replied that there have been discussions on this topic and stated the alternatives could be virtual, in-person or hybrid – a mix of both, depending on the circumstances.

ADJOURNMENT

With no further business to be conducted, the special meeting was adjourned at 12:00 p.m.


Barbara Tolbert, Mayor