

City Council Action Item Cover Sheet

DATE: May 2, 2018 _____

Agenda Item:

Audit Resolution Draft

Question Before Council:

New regulations draft

Person/Group Initiating Request:

Shannon Beaucaire

Item Summary/Background:

A plan of action must be adapted by the governing body when the auditor reports deficiencies.

This plan must include a time line for corrective action and be filed within 30 days with the
Secretary of State.

**City of Yachats
Resolution No 2018-05-11**

A RESOLUTION ADOPTING A PLAN OF ACTION AND RESPONSE TO THE AUDIT FINDINGS OF THE AUDITORS REPORT FOR FISCAL 2016-2017 FINANCIAL STATEMENTS.

WHEREAS, the City of Yachats has received and reviewed the 2016-2017 Financial Statement audit from the City Auditors (the Audit) ; and

WHEREAS, the Audit notes commented "Management is responsible for maintaining its accounting records in accordance with Generally Accepted Accounting Principles (GAAP) and Government Accounting Standards Board (GASB). A complete system of internal control determines the systems adequacy for preparing the financial statements.

An adequate system of internal controls is the responsibility of the government's management. The preparation of the financial statements in accordance with GAAP and GASB requires internal controls over both 1) recording, processing and summarizing accounting data (i.e. maintaining internal books and records) and 2) reporting government-wide and fund/accounting financial statements including the related footnotes and supplemental schedules for external reporting.

The City of Yachats has elected not to have an internal control system designed to provide for the preparation of the financial statements and related footnotes being audited."

WHEREAS, the Audit notes also commented, "During the FY 2017 year the City transitioned to a new accounting system. During this transition, the previous fund structure was eliminated, and a new structure was designed. This new structure was not compliant with governmental fund accounting and resulted in the financial data requiring restatement. This resulted in significant time and resources from City staff.

The current fund structure does not properly segregate restricted revenues to ensure that monies are spent in accordance with their restricted purpose."

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF YACHATS, OREGON AS FOLLOWS:

- 1) The City has evaluated the cost v. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and GASB and determined that it is in the best interests of the government to outsource this task to its qualified accountant and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation on a continuous timely basis.
- 2) Fund structure changes will be made at the earliest possible opportunity which is July 1, 2018. Therefore financial data for fiscal 2018-2019 will conform with GAAP and GASB. In the meantime, funds will be restated to comply with fund reporting requirements.
- 3) City personnel responsible for accounting and reporting functions will update fund structures to be compliant with governmental fund accounting and will receive ongoing training in GAAP and GASP principles.

PASSED AND ADOPTED BY THE City Council May 2, 2018.

Attested:

Gerald Stanley, Mayor

Shannon Beaucaire, City Manager