



**JOINT CITY COUNCIL, URBAN RENEWAL AGENCY, AND AUDIT COMMITTEE
MEETING AGENDA**

Monday, March 07, 2016 - 5:15 PM

169 SW Coast Highway, Newport, Oregon 97365

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to Peggy Hawker, City Recorder at 541.574.0613.

The agenda may be amended during the meeting to add or delete items, change the order of agenda items, or discuss any other business deemed necessary at the time of the meeting.

1. CALL TO ORDER

2. PUBLIC COMMENT

This is an opportunity for members of the audience to bring to the Council's attention any item not listed on the Agenda. Comments will be limited to three (3) minutes per person with a maximum of 15 minutes for all items. Speakers may not yield their time to others.

3. DISCUSSION/ACTION ITEMS

3.A. 2014-15 Audit Committee Report to City Council

[City Manager's Report and Recommendation - Audit Committee Report to the City Council.pdf](#)

[Audit Committee Assignments - TOC.xlsx](#)

[2014-15 Debt Service Budget before and After Consolidation.xlsx](#)

- 3.B. Consideration and Possible Adoption of Resolution No. 3743, a Resolution Adopting a Plan to Correct the 2014-15 Overspent Appropriations**
[City Manager's Report and Recommendation -Consideration and Possible Adoption of Resolution No. 3743, a Resolution Adopting a Plan to Correct the 2014-15 Overspent Appropriations.pdf](#)
[March 7th 2016 Staff Report for Audit Overages.pdf](#)
[Supplemental Resolution No. 3743 for March 7 2016.docx](#)
[2014-15 Debt Service Budget before and After Consolidation.xlsx](#)

4. ADJOURNMENT

CITY MANAGER'S REPORT AND RECOMMENDATION



Agenda #:3.A.
Meeting Date: 3-7-16

Agenda Item: Audit Committee Report to the City Council

Background:

The City of Newport Audit Committee has met with the city's auditors, Boldt, Carlisle, Smith, CPAs throughout the audit process including a review of the final audit financial statements for the 2014-15 Fiscal Year. The Audit Committee will walk the Council through the annual financial statements for the City of Newport and the Newport Urban Renewal Agency which is a component unit of the City of Newport.

Please note that the independent auditor has issued an opinion that the financial statements referred to above present a fairly, in all materials respects the financial position of the City of Newport and Newport Urban Renewal Agency.

From a financially standpoint the general fund finished the fiscal year with an ending fund balance of \$2,995,163. This was an improvement from the ending fund balance of \$2,158,427 on June 30, 2014, an increase of fund balance of position of \$836,736. This was the result of revenues running \$493,815 higher then what was anticipated with property tax and transient room tax accounting for the majority of that overage and expenditures and transfers to over funds running \$1,390,227 under the amount appropriated for the fiscal year. Please note that the lion's share of the difference between budget and expended account was limited use of contingency in the general fund throughout the fiscal year and with Police and Fire running significantly under budget at close of the fiscal year.

Copies of the audits can be found on the city's website at the following sites:

City of Newport

http://www.newportoregon.gov/dept/fin/pdfs/City_of_Newport_Financials_2014-15.pdf

Newport Urban Renewal Agency

http://www.newportoregon.gov/dept/fin/pdfs/2014-15_NURA_AFR.pdf

Recommendation:

I recommend following the presentation of the audited financial statements to the City Council by the Audit Committee that the City Council consider the following motion:

I move acceptance of the audit financial annual statements for the fiscal year ending June 30, 2015 for the City of Newport.

I recommend following the presentation of the audited financial statements to the Urban Renewal Agency by the Audit Committee that the Urban Renewal Agency consider the following motion:

I move acceptance of the audit financial annual statements for the fiscal year ending June 30, 2015 for the Newport Urban Renewal Agency.

Joint City Council, Urban Renewal Agency, and Audit Committee Meeting March 7, 2016

Fiscal Effects:
None by accepting the report.

Alternatives:
None recommended.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "S. R. Nebel". The signature is written in a cursive, flowing style.

Spencer R. Nebel
City Manager

City of Newport, Oregon
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015
Table of Contents - Committee Assignments

FINANCIAL SECTION

Independent Auditors Report.....	Mark
Management's Discussion and Analysis.....	Mike
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	Mike
Statement of Activities.....	Mike
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	Don
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position.....	Mike
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	Don
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities.....	Mike
Major Governmental Funds:	
Statements of Revenues and Expenditures, Budget and Actual	
General.....	Laura
Parks and Recreation.....	Laura
Agate Beach Closure Fund.....	Laura
Proprietary Funds:	
Statement of Net Position.....	Don
Statement of Revenues, Expenses, and Changes in Net Position.....	Don
Statement of Cash Flows.....	Don
Fiduciary Funds:	
Statement of Net Position.....	Don
Statement of Revenues, Expenses, and Changes in Net Position.....	Don
Notes to the Basic Financial Statements.....	See Separate sheet
Required Supplementary Data	
City Pension Related Schedules	
Schedule of Proportionate Share of Net Pension Liability.....	Mike & Spencer
Schedule of Contributions.....	Mike & Spencer
Schedule of Net Pension Liability and Changes in Net Pension Liability.....	Mike & Spencer
Schedule of Employer Contributions.....	Mike & Spencer
Schedule of Investment Rate of Return.....	Mike & Spencer
Supplementary Data	
Schedules of Revenues and Expenditures - Budget and Actual	
Debt Service Newport Urban Renewal Agency Fund (A Major Fund).....	Laura
Capital Projects Fund (A Major Fund).....	Laura
Nonmajor Governmental Funds	
Combining Statements	
Combining Balance Sheet.....	Don
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	Don
Special Revenue Funds	
Combining Balance Sheet.....	Don
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	Don

City of Newport, Oregon
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015
Table of Contents - Committee Assignments

Supplementary Data (continued)

Nonmajor Governmental Funds (continued)

Special Revenue Funds (continued)

Schedules of Revenues and Expenditures - Budget and Actual

Public Parking..... Laura

Housing..... Laura

Airport..... Laura

Room Tax..... Laura

Building Inspection..... Laura

Street..... Laura

Line Undergrounding..... Laura

Systems Development Charges (SDC)..... Laura

Newport Urban Renewal Agency..... Laura

Public Works Fund..... Laura

Debt Service Fund

Schedule of Revenues and Expenditures - Budget and Actual

Debt Service..... Laura

Capital Projects Fund

Schedule of Revenues and Expenditures - Budget and Actual

Reserve..... Laura

Proprietary Funds

Enterprise Funds

Schedules of Revenues and Expenditures - Budget and Actual

Water..... Laura

Schedule of Revenues, Expenses, and Changes in Net Position

Wastewater..... Laura

Schedules of Revenues and Expenditures - Budget and Actual

Debt Service - Water..... Laura

Schedule of Revenues, Expenses, and Changes in Net Position

Debt Service - Wastewater..... Laura

Schedule of Revenues, Expenses, and Changes in Net Position.....

Capital Project - Proprietary..... Laura

COMPLIANCE SECTION

Independent Auditor's Report Required by the Minimum

Standards for Audits of Oregon Municipal Corporations..... Mark

Government Auditing Standards Reports

Independent Auditors Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with Government Auditing Standards..... Mark

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133..... Mark

Schedule of Findings and Questioned Costs..... Mark

Schedule of Expenditures of Federal Awards..... Mark

CITY MANAGER'S REPORT AND RECOMMENDATION



Agenda #:3.B.
Meeting Date: 3-7-16

Agenda Item:

Consideration and Possible Adoption of Resolution No. 3743, a Resolution Adopting a Plan to Correct the 2014-15 Overspent Appropriations

Background:

During the last fiscal year, the finance staff consolidated and rearranged the expenditures of the Debt Service Fund in order to group the appropriate types of debt together according to generally accepted accounting principles. Unfortunately, it was an oversight not to address these changes with appropriations by the new categories of the debt services accounts. There were sufficient funds appropriated to cover all of these debts, however because some of the debts were move to different categories and the appropriations were not similarly adjusted for those categories some accounts ended up being over budget while other categories remain substantially under budget. Please note that we had enough funds appropriated for debt services but not in the right categories after finance adjusted the debt categories to meet appropriate accounting standards. Resolution No. 3743 outlines our action plan to avoid this type of omission in the future.

Recommendation:

I recommend the City Council consider the following motion:

I move adoption of Resolution No. 3743, a resolution adopting a plan to correct future overspent budget appropriations.

Fiscal Effects:

None.

Alternatives:

None recommended.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "S. Nebel".

Spencer R. Nebel
City Manager



**STAFF REPORT
CITY COUNCIL AGENDA ITEM**

Prepared by: Mike Murzynsky, Director of Finance

Title: Resolution for 2014-15 Over-spend Appropriations

Recommended Motion:

I move to adopt Resolution No. 3743, a resolution adopting a plan to correct future overspent budget appropriations.

Background Information:

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 - Local Budget Law). A City Council resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Unexpected additional resources may be appropriated through the use of a supplemental budget and City Council action. The original and supplemental budgets require hearings before the public, publications in newspapers, notice postings, and approval by the City Council. Original and supplemental budgets may be modified during the fiscal year by use of appropriation transfers between legal categories. Such transfers require approval of the City Council.

During the 2014-15 Fiscal Year the Finance staff consolidated and rearranged expenditures and fund in preparation for the conversion to the comprehensive annual financial reporting model and inadvertently moved actual debt issues and related costs into the four funds listed above. However, the budgets were not moved during supplemental budgets and thus the funds are over budget due to this oversight.

We do not foresee any more accounting consolidations but Finance staff has added a note to the file regarding any such accounting issues. And will continually monitor the budget to actual comparisons by appropriation category and propose transfer appropriations or supplemental budgets as appropriate.

Fiscal Notes:

No budget impact

Alternatives and attachments:

None

**CITY OF NEWPORT
RESOLUTION NO. 3743**

**A RESOLUTION ADOPTING A PLAN TO CORRECT 2014-15 FISCAL YEAR
OVERSPENT APPROPRIATIONS**

WHEREAS, under the provisions of Oregon Local Budget Law, fund accounts are required to reflect sufficient authorized appropriations consistent with available resources; and

WHEREAS, ORS 294.473 requires a supplemental budget with a public hearing when the estimated expenditures differ by 10 percent or more from the most recent amended budget prior to the supplemental budget, the governing body may adopt the supplemental budget with a public hearing at a regular meeting, and

WHEREAS, the audit report for 2014-15 Fiscal Year reported that the four Debt Services were overspent due to the consolidation of funds and accounts; and

WHEREAS, whenever an entity overspends their appropriations the Secretary of State Audits Division sends that entity a note requesting a resolution which outlines a corrective action plan;

THE CITY OF NEWPORT RESOLVES AS FOLLOWS:

City management will regularly monitor the budget to actual comparisons by appropriation category to evaluate the risk that an over expenditure may occur and propose resolutions to the City Council to transfer appropriations or make supplemental budgets as appropriate.

This resolution will become effective immediately upon passage.

Adopted by the Newport City Council on March 7, 2016.

Sandra N. Roumagoux, Mayor

Attest:

Margaret M. Hawker, City Recorder

CITY OF NEWPORT - DEBT SERVICE BEFORE CONSOLIDATION

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
BONDED DEBT - 201			
WWTP GO Bond	933,400	933,400	B
WTP GO Bond	842,225	842,225	A
Swim Pool GO Bond	476,908	476,908	C
	<hr/>		
To become 301 - Water debt	2,252,533	2,252,533	-
PROPRIETARY DEBT - 202			
Wastewater General Debt (2010A Series Obligation-Wastewater)	571,407	571,407	B
Water General Debt (2007 Seal Rock Water)	60,000	60,000	A
	<hr/>		
To become 302 - Sewer debt	631,407	631,407	-
GENERAL DEBT - 203	346,194	343,006	
GENERAL DEBT - Materials (2007 LoCap) (2009 LoCap) (North Side Fire Hall)			
To become 303 - General debt			
REVENUE BOND DEBT - 204	331,080	331,080	-
URA DEBT - 270-9130	1,215,079	1,215,078	D
So Beach Urban Renewal Debt (2007 SB Bond - 4b Project) (2008 So Beach Improvements) (2010B Series Obligation-URA)			

CITY OF NEWPORT - DEBT SERVICE AFTER CONSOLIDATION

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
WATER DEBT - 301			
WTP Bond (2009 GO WTP Bond)		842,225	A
Water Debt (2007 Seal Rock Water)		60,000	A
WWTP GO Bond	933,400		
WTP GO Bond	842,225		
Swim Pool GO Bond	476,908		
	<u>2,252,533</u>	<u>902,225</u>	
WASTEWATER DEBT - 302			
WWTP GO Bond (2008 GO Wastewater Bond)		933,400	B
Wastewater General Debt (2010A Series Obligation-Wastewater)	571,406	571,406	B
Water General Debt	60,000		
	<u>631,406</u>	<u>1,504,806</u>	
GENERAL DEBT - 303			
Swim Pool GO Bond (2013 GO Swim Pool Bond)		476,905	C
General Debt		343,006	
Materials & Services (2007 LoCap)	1,972.00		
(2009 LoCap)	24,584		
(North Side Fire Hall)	294,965		
	<u>24,673</u>		
	<u>346,194</u>	<u>819,911</u>	
NURA DEBT - 304			
So Beach Urban Renewal Debt (2007 SB Bond - 4b Project) (2008 So Beach Improvements) (2010B Series Obligation-URA)		1,215,078	D
2014 Water Revenue Bond	331,080		
	<u>331,080</u>	<u>1,215,078</u>	
Newport Urban Renewal Agency - 270			
Personal Services	62,028	34,132	
Materials & Services	111,717	117,139	
Debt service	1,215,079	-	
Capital Outlay	1,790,000	1,649,123	
Contingency	575,296		
	<u>3,754,120</u>	<u>1,800,394</u>	