



Memorandum

Date: 10/27/2020

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 20-299

Type: Committee Memo

TO: Committee of the Whole - Finance, Administration, and Communications

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Finance	Malisa Files	425-556-2166
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TITLE:

2019 Financial Statement Audit Update

OVERVIEW STATEMENT:

Review the findings from the 2019 Financial Statement Audit including review of the audit findings and timeline for completion.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☒ **Receive Information**

☐ **Provide Direction**

☐ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
State and City of Redmond Fiscal Policy requirements.
- **Required:**
RCW 43.09.230
- **Council Request:**
N/A
- **Other Key Facts:**
N/A

OUTCOMES:

Each year the State Auditor performs an audit of the City's financial statements as well as an accountability audit of various City processes. The 2019 Audit has been delayed due to scheduling difficulties because of the pandemic as well as an appeal of the Auditor's findings.

In the review of the City's 2019 Financial Statements, the Auditor cited three findings, including:

- The incorrect representation of the revenue derived from the sale of the Esterra Park Property.

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- Presenting school impact fees in a fiduciary fund.
- The overstatement of licenses and permit revenue due to posting a 2020 revenue in 2019.

The preliminary Schedule of Audit Findings and Responses detailing the Auditor's opinions and the City's response can be found in Attachment A.

The City appealed the findings on several grounds including historical audited precedent for the handling of City property sales, the interpretation of the Governmental Accounting Standards Board (GASB) regarding fiduciary funds and the immateriality of the findings. The City's appeal can be found in Attachment B.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:

N/A

Approved in current biennial budget:

☐ Yes

☐ No

☒ N/A

Budget Offer Number:

N/A

Budget Priority:

Responsible Government

Other budget impacts or additional costs:

☐ Yes

☐ No

☒ N/A

If yes, explain:

N/A

Funding source(s):

N/A

Budget/Funding Constraints:

N/A

☐ Additional budget details attached

COUNCIL REVIEW:

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Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
	None Proposed at this Time	N/A

Time Constraints:

N/A

ANTICIPATED RESULT IF NOT APPROVED:

N/A

ATTACHMENTS:

Attachment A: Schedule of Audit Findings and Responses

Attachment B: City's Appeal of the Auditor's Findings