



CITY OF
GEARHART

Staff Report

For City Council Meeting - 07/11/2018

Subject -Dennis Connor engagement letter

Synopsis: The attached letter describes the audit procedure from our auditor Dennis Connor.

Recommendation: Staff recommends the Council make a motion to engage in auditing services by Dennis Connor. A simple resolution is necessary.

Legal Analysis: The City is required to engage in budget auditing services. Mr. Connors firm has performed this duty at an acceptable cost for many years.

Financial Analysis: The fees are accounted for in the budget.

Respectfully submitted,



Chad

DENNIS R. CONNER

CERTIFIED PUBLIC ACCOUNTANT
365 SOUTH NEHALEM STREET
CLATSKANIE, OREGON 97016

Communication with Those Charged with Governance during Planning

July 5, 2018

To the Mayor & Council
City of Gearhart
Clatsop County, Oregon

I am engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gearhart (the City) for the year ended June 30, 2018. Professional standards require that I provide you with the following information related to my audit. I would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

My Responsibility under U.S. Generally Accepted Auditing Standards

As stated in my engagement letter dated June 26, 2017, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the modified cash basis of accounting. My audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain supplementary information to supplement the basic financial statements. My responsibility with respect to The Management Discussion and Analysis (MD&A), which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the MD&A will not be audited and, because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance, I will not express an opinion or provide any assurance on the MD&A.

I have been engaged to report on the budgetary comparison schedules and other financial schedules listed in the table of contents, which accompany the financial statements. My responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope, Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested.

My audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from

- (1) errors,
- (2) fraudulent financial reporting,
- (3) misappropriation of assets, or
- (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

I will generally communicate my significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. I will also communicate any internal control related matters that are required to be communicated under professional standards.

I expect to begin my audit within 30 days of receiving your data which I have requested and issue my report no later than December 31st. Dennis R. Conner is the engagement partner and is responsible for supervising the engagement and signing the report.

This information is intended solely for the use of the mayor, council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Dennis R. Conner". The signature is written in a cursive style with a large, looped initial "D".

Dennis R. Conner
Certified Public Accountant