



**CITY OF NEWPORT BEACH
FINANCE COMMITTEE
STAFF REPORT**

Agenda Item No. 5A
March 12, 2020

TO: HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE

FROM: Finance Department
Dan Matusiewicz, Finance Director
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SUBJECT: FINANCIAL STATEMENT AUDIT RESULTS AND RELATED COMMUNICATION

SUMMARY:

In connection with the City's financial statement audit, the auditors have expressed an "unmodified" opinion of the City's FY 2018-19 financial statements, meaning they are presented fairly without reservation, in all material respects. In connection with the Single Audit, a compliance audit of federally assisted grant programs, the auditors did not note any findings of non-compliance or questioned costs. The attached letters from the City's auditors, White Nelson Diehl Evans, fulfill those obligations for the required communication.

RECOMMENDED ACTION:

Receive and file.

DISCUSSION:

The first audit letter, included as Attachment A, is intended to communicate matters of particular significance that City Council should be aware of including:

- Qualitative Aspects of Accounting Practices
- Difficulties Encountered in Performing the Audit
- Corrected and Uncorrected Adjustments
- Disagreements with Management
- Management Representations
- Management Consultations with Other Independent Accountants

- Other Audit Findings or Issues

The auditors reported no significant difficulties encountered in connection with the performance of the audit, disagreements with management or other audit findings or issues. They did report one audit adjustment that was waived because it was immaterial both individually and in the aggregate, to the financial statements taken as a whole.

The second letter, included as Attachment B, entitled “Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters” is intended to communicate deficiencies, significant deficiencies or material weaknesses in internal control and instances of non-compliance or other matters. We are pleased to report that the auditors did not identify any deficiencies in internal control considered to be a material weakness that would result in more than a remote likelihood of a material misstatement of the financial statements or would not otherwise be prevented by the City’s internal controls. They also did not identify any instances of noncompliance or other matters that require specific communication to the governing body as promulgated by Government Auditing Standards.

You will have the opportunity to speak to the auditors, without staff present, to answer any questions that you might have concerning the FY 2018-19 Audit.

Prepared by:

Submitted by:

/s/ Rukshana Virany

Rukshana Virany
Accounting Manager

/s/ Dan Matusiewicz

Dan Matusiewicz
Finance Director

Attachments:

- A. Auditor’s “Audit Committee Letter”
- B. Auditor’s “Report on Internal Control Over Financial Reporting and on Compliance and Other Matters”