

Bowling Green Audit Committee
Special Meeting
November 20, 2014

The Bowling Green Audit Committee convened in a special meeting at 3:30 p.m. on November 20, 2014 in the City Hall Commission Chamber. The meeting was called to order by Chair Cristi Pruitt. Members of the Committee present were: Audit Professionals David McKillip and Cristi Pruitt, General Business member Tony Witty, Commissioner Joe Denning and Ex-Officio member City Manager Kevin DeFebbo. Absent: General Business member Scott Gary. Also present were Debbie Smith and Brad Smith of Mountjoy Chilton Medley, LLP, Chief Financial Officer Jeff Meisel, Chief Accountant Sean Weeks, Internal Auditor Deborah Jenkins and Assistant City Clerk Ashley Jackson. There was a quorum of the board present.

Approval of Minutes.

Chair Pruitt announced that the first item of business was to approve the minutes of the July 14, 2014 regular meeting, which were mailed with the agenda to the members for their review prior to the meeting. Motion was made by Mr. McKillip and seconded by Mr. Witty to accept the minutes as written. The minutes were approved as written by unanimous vote.

Review and discuss the Comprehensive Annual Financial Report (CAFR) of the City of Bowling Green for the Fiscal Year Ending June 30, 2014 presented by Mountjoy Chilton Medley, LLP.

Ms. Jenkins introduced Finance Department staff and Mountjoy Chilton Medley, LLP representatives Debbie Smith and Brad Smith. Ms. Smith explained that this was the first year for the City staff to prepare the CAFR document and Ms. Jenkins stated it was initiated to reduce costs. Mr. Smith provided a brief overview from the auditor's standpoint and he explained that the report was pending approval by the Committee. In addition, he described that this report provided opinions and reviewed the responsibilities of the City versus responsibilities of the auditor. The Management's Discussion and Analysis was a review of how the year was overall and the budgetary data. Ms. Smith reviewed the financial statements, notes to financial statements, budgetary comparison schedules – major funds (general and special revenue) and pension schedules, non-major governmental funds and the Debt Service Fund as well as Capital Projects Fund, all of which included in the Comprehensive Annual Financial Report (CAFR).

Mountjoy Chilton Medley, LLP reported that there were no disagreements with staff, no need for communications with other financial entities, no major issues or difficulties, and Ms. Smith further thanked the City staff for their assistance and cooperation. Mr. Meisel commented that due to significant cuts from Golf expenditures in prior years, there was a positive net cash flow. Lastly, it was discussed that new standards would be forth coming in Fiscal Year 2015 that is directly related to the Police and Firefighter Retirement Fund Pension requirements and its unfunded liability status would begin appearing on the City's balance sheet. This would directly affect the numbers in the City's CAFR so it would be something to keep in mind for the future.

Commissioner Denning asked Mountjoy if there was a management letter indicating any issues or concerns, and Ms. Smith responded that there was not, the only mentioning of anything was business points one of which was related to Information Technology (IT). It was recommended to change physical controls in the IT Department and this was currently being addressed with the remodel at the City Hall Annex. Ms. Smith reiterated that there were no deficiencies with the Financial Audit. Chair Pruitt remarked that this audit wasn't designed to detect fraud either. There was further discussion related to the differences of internal and external audits.

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Ms. Smith stated that the Single Audit Report was provided as a requirement each year. This report included the following: Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements, Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133, Schedule of Expenditures of Federal Awards, Notes to the Schedule of Expenditures of Federal Awards, Schedule of Findings and Questioned Costs, and Schedule of Prior Year Audit Findings.

Chair Pruitt questioned the reduction in charges for services line item of the Governmental Activities from Fiscal Year 2013 to 2014, on the Statement of Activities. Upon discussion and review, it was determined that in Fiscal Year 2013 a building and land sale occurred for approximately \$2.35 million, also there was a reduction of interest earnings of approximately \$150,000 from Fiscal Year 2013 to Fiscal Year 2014.

With no further comments, motion was made by Mr. Denning and seconded by Ms. Pruitt to approve **Resolution No. 2014 - 1 of the City of Bowling Green Audit Committee approving the Comprehensive Annual Financial Report for Fiscal Year Ending June 30, 2014, as prepared by Mountjoy Chilton Medley, LLP.** Resolution No. 2014 - 1 was approved by unanimous vote.

Ms. Jenkins additionally noted that the Finance Department would soon be applying for the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year 2014.

The next quarterly meeting is scheduled at 3:30 p.m. on January 12, 2015.

Ms. Jenkins announced the next quarterly meeting date.

Adjournment.

There being no other business to be conducted, at 4:15 p.m. Chair Pruitt declared the meeting adjourned.

Date Approved

Cristi Pruitt, Chair

Ashley Jackson, Assistant City Clerk