

City of Great Falls  
Audit Committee Meeting  
December 7<sup>th</sup>, 2023 11:00 AM, Rainbow Room  
Meeting Minutes

Mayor Bob Kelly called the meeting to order at 11:00 AM in the Rainbow Room of the Civic Center.

**Introductions.**

Introductions of City Staff, Audit Committee, and Attendees were made. Those present were – Melissa Kinzler – Finance Director, Kirsten Wavra – Deputy Finance Director, Levi Johnson – Financial Analyst, Joe McKenney – City Commissioner, Greg Doyon – City Manager, Tom Hazen – Grant and Program Administrator, Bob Kelly – Mayor, Jeff Heimel - Private Citizen/Audit Committee, Ramilia Proud – Staff Accountant, Chuck Anderson, Deputy City Manager, Sarah Stanger - Auditor

Not Present – Christine Jewitt – Private Citizen/Committee

**Agenda Item 1 – Public Comment**

There was no public comment.

**Agenda Item 2 – Approve Minutes from September 13, 2023 Meeting**

No Comments were made. There was a motion to approve the September 13, 2023 meeting minutes as presented. The motion was seconded by Bob Kelly. The vote was unanimous.

**Agenda Item 3 – Update on Agreed Upon Procedure for Veolia Contract.**

Sarah Stanger gave an update on the agreed upon procedure for the Veolia contract. It has not been performed yet. There is going to be a recalculation of the monthly payments and there will be testing to source documents (payroll, expenses, etc.). The review will be based on 2022 calendar contract.

**Agenda Item 4 – Review and Approve the Fiscal Year 2023 Annual Comprehensive Financial Report (ACFR) with any suggested changes.**

Melissa Kinzler began by thanking Finance Staff. Kirsten Wavra presented highlights of the ACFR, which included:

- Transmittal letter – updated with current economic factors, budget for coming year
- Page 4 – Org chart as of June 30<sup>th</sup>
- Page 10-19 – MD&A
  - Revenue is in excess of expenses.
    - Net position increased \$4.2m due to prior period adjustment (adjustment due to new GASB standard, not due to City error).
      - Adjustment discussed on page 102. Greg Doyon requested that the discussion of the adjustment, or a reference to the note be moved earlier in the document.
- Page 16-17 – Reviewed Government Funds.

- Page 17 – Total Capital Assets increased by 2.72% from prior year.
- Page 18 – This shows what Capital Asset areas increased.
- Page 18 – Long term debt decreased \$4.2 million due to payments and no new debt acquired.
- Moody’s Rating – Aa3
- All bond covenants have been met.
- Page 19 – Economic Factors and Next Year’s Budget
- Page 20 – Beginning of Financial Statements
- Page 40 – Notes to Financial Statements
  - At recommendation of the Auditor, the City bolstered notes by including new GASB standards on page 48.
  - Page 102 – Note 19 – GASB 91 – Kirsten Wavra discussed the implementation of Statement 91 and the impact on the City.
  - Page 70 – Note 7 – Melissa Kinzler described what conduit debt is and what adjustments were made.
  - Payroll fund was included in Health and Benefits Fund.
  - Page 102 – Discussion of Subsequent Events.
- Sara Stanger discussed:
  - Page 7-9 – Independent Auditor’s Note -
    - No findings
  - Page 89
    - Single Audit Section – No Findings
  - Page 233 – Summary of Single Audit
    - No Findings, deficiencies, etc.
    - Tested BSRC and ARPA
- Melissa Kinzler reviewed pages 229-231 of the ACFR, the Federal Schedule.
- Joe McKinney questioned Sarah Stanger about how far does Pinion go into the weeds? Sarah Stanger responded it depends on the program – select a program and then review applicable standards. That will determine whether reporting must be reviewed.
- Reviewed the General Fund Fund Balance. The Fund Balance is \$10,679,388 at year end.
- Major Funds (page 42)
  - Park Maintenance District – newly added because of construction of the new Recreation Center, will likely not always be major fund
  - The Port Authority and State Special Projects funds are no longer Major Funds.
- Review of GFOA Comments from FY22. All comments had been fixed or questions had been answered.
- Greg Doyon questioned the required timeline to have the ACFR before the City Commission. Melissa Kinzler answered the ACFR and Audit need to be completed by the end of the year.
- Greg Doyon requested comfort level of the Audit Committee regarding the presentation given. Jeff Heimel said that he was comfortable moving forward. Sarah Stanger stated that there were some items still to be reviewed by the Peer Reviewers.
- Greg Doyon made a motion to conditionally approve the ACFR pending any material comments received by Monday, December 7<sup>th</sup>, 2023. The motion was seconded by Chuck Anderson. The vote was unanimous.

**Agenda Item 5 – Review and approve Fiscal Year 2023 Draft Required Client Communication Letter and Responses.**

- Melissa Kinzler introduced the Required Client Communication Letter. In the past the letter was submitted to the State. No longer the case. The letter is now only submitted to the Audit Committee.
- Sara Stanger explained the name change from Client Communication Letter to Board Letter is an internal Pinion decision, not formal. This was never required to be forward to the State.
- Sara Stanger reviewed the letter. This was Pinion (Audit Firms) way to communicating to Audit Committee what happened during audit. The letter lists potential risks/exposures. Same from last year.
  - **Page 3** – List of items that were reviewed but did not occur.
  - **Page 4** – Opportunities to tighten up processes.
- Tom Hazen presented the City’s responses to the recommendations.
- There was a motion to accept the 2023 Draft Required Client Communication Letter and Responses by Greg Doyon. A second by Melissa Kinzler. The vote was unanimous.

**Adjourn**

There was a motion to adjourn by Greg Doyon. A second by Chuck Anderson. The vote was unanimous. The meeting was adjourned at 11:55 am.