

AGENDA
CITY OF GREAT FALLS AUDIT COMMITTEE
2024 KICK OFF MEETING
September 17, 2024 3:30 PM
Convention Center Atrium, Civic Center

1. Public Comment
2. Introductions of City Staff, Audit Committee, and Auditors
3. Approve minutes from December 7, 2023 meeting
4. Review of GFOA Certificate of Achievement Award and Comments for FY 2023 ACFR
5. Discussion regarding the anticipated FY 2024 audit schedule
6. Discussion regarding FY 2023 special emphasis. Did the Audit Committee want an area of special emphasis this year FY 2024? Did Pinion have time for this?
7. Request for Proposal for Audit Services for FY 2025 and Beyond

Attachments:

Draft Audit Committee Minutes December 7, 2023

GFOA Certificate of Achievement Award and Comments for FY 2023 ACFR

Fiscal Year 2024 Tentative Audit Schedule

Area of Special Emphasis for Fiscal Year Audits

City of Great Falls
Audit Committee Meeting
December 7th, 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 Heibel - 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 30th
- 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 7th, 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.



Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 fax: 312.977.4806

6/27/2024

Kirsten Wavra
Deputy Finance Director
City of Great Falls, Montana

Dear Kirsten:

Congratulations!

We are pleased to notify you that your annual comprehensive financial report for the fiscal year ended June 30, 2023 has met the requirements to be awarded GFOA's Certificate of Achievement for Excellence in Financial Reporting. The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (Certificate Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. Congratulations, again, for having satisfied the high standards of the program.

Your electronic award packet contains the following:

- **A "Summary of Grading" form and a confidential list of comments and suggestions for possible improvements.** We strongly encourage you to implement the recommended improvements in your next report. Certificate of Achievement Program policy requires that written responses to these comments and suggestions for improvement be included with your 2024 fiscal year end submission. If a comment is unclear or there appears to be a discrepancy, please contact the Technical Services Center at (312) 977-9700 and ask to speak with a Certificate of Achievement Program in-house reviewer.
- **Certificate of Achievement.** A Certificate of Achievement is valid for a period of one year. A current holder of a Certificate of Achievement may reproduce the Certificate in its immediately subsequent annual comprehensive financial report. Please refer to the instructions for reproducing your Certificate in your next report.
- **Award of Financial Reporting Achievement.** When GFOA awards a government the Certificate of Achievement for Excellence in Financial Reporting, we also present an Award of Financial Reporting Achievement (AFRA) to the department identified in the application as primarily responsible for achievement of the Certificate.
- **Sample press release.** Attaining this award is a significant accomplishment. Attached is a sample news release that you may use to give appropriate publicity to this notable achievement.

In addition, award recipients will receive via mail either a plaque (if first-time recipients or if the government has received the Certificate ten times since it received its last plaque) or a brass medallion to affix to the plaque (if the government currently has a plaque with space to affix the medallion). Plaques and medallions will be mailed separately.

As an award-winning government, we would like to invite one or more appropriate members of the team that put together your annual comprehensive financial report to apply to join the Special Review Committee. As members of the Special Review Committee, peer reviewers get exposure to a variety of reports from around the country; gain insight into how to improve their own reports; achieve professional recognition; and provide valuable input that helps other local governments improve their reports. Please see our website for [eligibility requirements](#) and [information on completing an application](#).

Thank you for participating in and supporting the Certificate of Achievement Program. If we may be of any further assistance, please contact the Technical Services Center at (312) 977-9700.

Sincerely,

A handwritten signature in black ink that reads "Michele Mark Levine". The signature is written in a cursive style with a large initial "M".

Michele Mark Levine
Director, Technical Services

Certificate of Achievement for Excellence in Financial Reporting Summary of Grading

City of Great Falls, Montana
Member ID: 76314001
Report #: COA-2023-00807

The Certificate of Achievement Program Special Review Committee (SRC) has completed its review of your annual comprehensive financial report. The grades awarded for each grading category are listed below, followed by comments and suggestions for improvement grouped by category.

| Grading Category | Grade |
|---|------------|
| 101 - Cover, table of contents, and formatting | Proficient |
| 102 - Introductory section | Proficient |
| 103 - Report of the independent auditor | Proficient |
| 104 - Management's discussion and analysis (MD&A) | Proficient |
| 105 - Basic financial statements (preliminary considerations) | Proficient |
| 106 - Government-wide financial statements | Proficient |
| 107 - Fund financial statements (general considerations) | Proficient |
| 108 - Governmental fund financial statements | Proficient |
| 109 - Proprietary fund financial statements | Proficient |
| 110 - Fiduciary fund financial statements | Proficient |
| 111 - Summary of significant accounting policies (SSAP) | Proficient |
| 112 - Note disclosure (other than the SSAP and pension-related disclosures) | Proficient |
| 113 - Pension-related note disclosures | Proficient |
| 114 - Required supplementary information (RSI) | Proficient |
| 115 - Combining and individual fund information and other supplementary information | Proficient |
| 118 - Statistical section | Proficient |
| 119 - Other considerations | Proficient |

Certificate of Achievement for Excellence in Financial Reporting Detailed Listing of Comments and Suggestions for Improvement

City of Great Falls, Montana
Member ID: 76314001
Report #: COA-2023-00807

101 - Cover, table of contents, and formatting

Comment Number: 3638

Pages 26, 29, 43, 159-161, and 215 - Or use the term "financed purchases," if applicable.

The term "leases" (rather than "capital leases") should be used throughout the annual comprehensive financial report, since the government has implemented GASB Statement No. 87.

Comment Number: 3702

Page 46.

Use the term "lease asset" or "intangible right-to-use asset" rather than "leased asset" throughout the report. Note that an intangible right-to-use asset or a lease asset is a capital asset. [GASB Cod. Sec. L20.117; GASB-S87: 20]

105 - Basic financial statements (preliminary considerations)

Comment Number: 3707

Page 21 - For the OPEB plan. Refer to pages 69 and 95. A similar comment was provided last year and not implemented. Please re-read the guidance.

It is unclear why the government does not report any portion of the total pension/OPEB liability as "due within one year." Normally, for a postemployment defined benefit plan that is not administered through a trust, there would be a portion of total pension/OPEB liability that is "due within one year," which would be the full amount of benefit payments expected to be paid within one year. [GASB Cod. Sec. P52.708-2, .727-1, .745-1, and .756-1]

109 - Proprietary fund financial statements

Comment Number: 9999

In the Sewer Fund on page 34, it is unclear why a cash inflow rather than a cash outflow is reported for "payments to others." Please clarify.

111 - Summary of significant accounting policies (SSAP)

Comment Number: 3559

Page 44.

Modify the disclosure to indicate that custodial funds use the economic resources measurement focus (rather than having no measurement focus). [GASB-S84: 21]

112 - Note disclosure (other than the SSAP and pension-related disclosures)

Comment Number: 1759 **Checklist Question: 12-200-05**

Page 69 - Disclose the governmental fund(s) (e.g., the General Fund).

The notes should disclose which governmental funds typically have been used in prior years to liquidate pension/OPEB liabilities (i.e., net pension/OPEB liability or collective net pension/OPEB liability). [GASB Cod. Sec. 2300.120d; GASB-S34:119d; Q&A 7.85.6; eGAAFR Chapter 30 - Liabilities, Schedule of long-term liabilities]

113 - Pension-related note disclosures

Comment Number: 3334 **Checklist Question: 13-610-04**

Page 96 - For the OPEB plan. The net amount disclosed does not agree with the net amount in the schedule.

The notes should include a schedule that presents the net amount of deferred outflows and inflows of resources for each defined benefit plan that will be recognized in the employer's pension/OPEB expense for each of the subsequent five years, and, at a minimum, in the aggregate for subsequent years. [GASB Cod. Sec. P20.145h and .182h; P50.153h and .196h; GASB-S68: 45i(1) and 80i(1); GASB-S75: 44-45, 96, and 105; eGAAFR Chapter 30 - Liabilities-Single-employer and agent plans, Cost-sharing plans]

120 - New Pronouncements

Comment Number: 3739

The GASB has issued the following statements and implementation guides:

1. Statement No. 100, "Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024.
2. Statement No. 101, "Compensated Absences." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024.
3. Statement No. 102, "Certain Risk Disclosures." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025.

4. Implementation Guide No. 2023-1, "Implementation Guidance Update—2023." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2024.

Earlier application of these statements and implementation guides is encouraged. For the original pronouncements and the implementation guides, please visit the GASB's website, www.gasb.org.

***** END OF COMMENTS FOR COA-2023-00807 *****

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| Fiscal Year 2024 Tentative Audit Schedule |
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| <u>Event</u> | <u>Tentative Date</u> |
|---|--------------------------|
| 2024 Fiscal Year End | 06/30/24 |
| Last day to apply expenses back | 07/31/24 |
| Close of Fiscal Year 2024 | 09/13/24 |
| Send Trial Balance to Auditors | 09/16/24 |
| Audit Committee Meeting | 09/17/24 |
| Field Work for Audit Begin | 09/23/24 |
| 1st Draft ACFR to Auditors | Early/ Middle of October |
| ACFR presented to Audit Committee | Early December |
| City Commission accepts ACFR and Audit Report | 12/17/24 |
| Deadline to submit ACFR to GFOA | 12/31/24 |
| Deadline to submit ACFR to MT Dept of Administration | 12/31/24 |
| Submit required filings to EMMA, Federal Audit Clearing House, etc. | 12/31/24 |

ACFR= Annual Comprehensive Financial Report
GFOA=Government Finance Officers Association
EMMA= Electronic Municipal Market Access

Areas of Special Emphasis for Fiscal Year Audits

| <u>Fiscal Year</u> | <u>Area of Emphasis</u> |
|--------------------|--|
| 2023 | Veolia contract for management of Waste Water Treatment Plan |
| 2022 | None |
| 2021 | None |
| 2020 | None |
| 2019 | Continuation of Developer Fees |
| 2018 | Developer Fees |
| 2017 | None |
| 2016 | None |
| 2015 | Park & Recreation cash operations |
| 2014- 2015 | Electric Utility Fund |
| 2013 | Electric Utility Fund |
| 2012 | None |
| 2011 | None |
| 2010 | Electric Utility Fund |
| 2009 | Electric Utility Fund |
| 2008 | Electric Utility Fund |
| 2007 | None |
| 2006 | Cash procedures for all departments |
| 2005 | Electric Utility Fund |
| 2004 | Electric Utility Fund |
| 2003 | GASB 34 Reporting Model |
| 2002 | Swimming Pool operations follow-up |