



City of Foley, AL

407 E. Laurel Avenue
Foley, AL 36535

Meeting Minutes - Draft City Council

Tuesday, May 6, 2014

3:15 PM

Council Chambers

FY13 Audit Reading

Call to Order

Council President Wayne Trawick called the Special Called meeting to order at 3:15 p.m.

Present: 5 - President Wayne Trawick, Council Member Vera Quaites, Council Member Ralph Hellmich, Council Member Rick Blackwell and Council Member Charles Ebert III

Roll Call

All Council members were present. Others present: Mayor John Koniar, Mike Thompson, Vickey Southern, Sandra Pate, Sue Steigerwald, Miranda Bell, Rachel Keith, Dolly Franks, LaDonna Hinesley, Jeff Rouzie, Kipp Trawick, Kevin Leaser and Jack Rowell (Warren Averett) and Cathy Higgins (The Foley Onlooker).

Presentation of the Audit Report by Warren Averett, LLC

President Trawick introduced Kevin Leaser with Warren Averett, LLC. Kevin Leaser of Warren Averett, LLC reported that since his company merged with O'Sullivan Creel and then again with Warren Averett they were able to provide more resources by employees who had experience and knowledge in municipal accounting. Sue Steigerwald had contacted him in February about doing the Comprehensive Annual Financial Report for FY2013 and had it not been for the mergers he would not have been able to provide the expertise needed for such a report. Jack Rowell's staff has audited the Comprehensive Annual Financial Report. The Non-profit Service Team of Warren Averett has also been working on the CAFFM, Inc. and that has been delivered today. Jack Rowell is the Engagement Partner for Warren Averett. Also working with Jack were some people that have worked on this report that could not be present and they are Valerie Eberlein, Alexis Willis, Mallory Cofield and Kristen McAllister. Mr. Leaser further reported that it takes a great team to put this new report together and the City of Foley has an awesome Finance Department.

Mr. Rowell reported that the Comprehensive Annual Financial Report would be referred to as the CAFR. CAFR'S are usually done by larger cities such as Mobile, Montgomery, etc. Foley has really stepped up on their financial reporting by doing the CAFR and it goes far beyond the normal financial reporting as there is a lot more information contained in the report that goes beyond the minimum requirements and it provides more information to the public. Sue Steigerwald has already submitted the report to the Government Finance Officers Association of the United States and Canada (GFOA) for Certification consideration and the City should get information back in the summer on the certification. A Certificate is usually issued for a "Certificate of Achievement in Financial Reporting" and only 15 cities in the State of Alabama get this award.

Mr. Rowell pointed out that the new report includes an introductory section, combining financial statements, individual fund budgetary comparison schedules, schedule of construction in progress and statistical section for purposes of additional analysis that are not required in the regular annual report. The Introductory Section contains a letter that summarizes the whole report. Warren Averett agreed there were no transaction entered into without the lack of guidance and there were no disagreements with the accounting team. They agreed with everything contained in the audit.

The Financial Section included a letter from Warren Averett that contains the independent auditors report. Opinions issued are broken up in major funds, non major funds, accrual fund accounting, and modified fund accounting. Terms that are different are Expense and Expenditure, which means two different things. Warren Averett's opinion showed "the financial statement presented fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Foley, as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America." Page 3 is the MD&A (Management's Discussion and Analysis) Unaudited. Sue Steigerwald drafts this and Mike and the Accountants review it. The MD&A provides financial information about the City. The Statement of Net Position is new to the report. Going forward you will notice a change in terminology regarding the "City's Net Position", which is the assets minus liabilities, which

was formerly referred to as "Net Assets".

Page 5 contains a Summary of Statement of Net Position that shows the City's assets that can easily converted into cash. Sue did a great job on the charts on Page 7 depicting economic recovery and FY13 Governmental Revenues and on Page 8 with the description of the change in fund balances.

Page 13 contains the Statement of Net Position showing the City's worth at over \$97 million. Page 14 contains the Statement of Activities and shows the cost of running the City.

Page 15 contains the Governmental Funds Balance Sheet and you can look on page 24 for the definitions and explanations of fund balances.

Page 19 contains "Notes to the Financial Statement" as in prior years that contain more details.

A "Required Supplementary Information" section is included in this report and shows the budget using budgetary basis of accounting to show taxpayers the budgetary schedule for the City. On page 61 there is a "Schedule of Construction in Progress" that shows the construction in-progress by project. This is part of the new report as well as the Statistical Section. The Statistical Section will be good for bond ratings and Sue did a great job in getting this together. Page 79 is a letter from Warren Averett stating they did not identify any material weaknesses in internal controls. There are many rules and laws regulating accounting procedures and they did not find any instances of non-compliance.

Page 81 through 84 is a letter from Warren Averett reporting on compliance for each major program and on internal control over compliance required by OMB Circular A-133 for the City's major federal programs. They identified two major programs and the City complied in all material respect on its Federal programs and gave a clean opinion on this. There were no issues on grant compliance. In conclusion Mr. Warren reported that he enjoyed doing the audit. Councilman Hellmich stated that he thought it was a really good audit.

City Administrator Mike Thompson reported that he was excited about getting this audit as it will be helpful in the future for obtaining bonds. It is a very good audit and he was proud of Sue and her team. Some things that can be taken away from the report are that revenues came in \$800,000 above budget and expenses were well below the budget. Net Capital Assets value of our City was up \$1.2 million; Benefit Plan funding was up from 71% to 81.5% funded. The cash balance did go down but the City is investing in the City on projects, such as purchasing the Peavey Building and making improvements at a cost of \$1.4 million; purchased 55 acres, the Alston Street building; developed a Skate Park; spent \$350,000 on Streetscape Project; Over \$1 million was spent for Capital Equipment such as a garbage truck; and Pride Drive engineering work. Cash is on a downward trend and a reimbursement resolution was done so some of that will be reimbursed to us. I give all the credit to Sue and her staff. Mike likes the growth of Warren Averett and the City is growing and the City gets a lot of support from Warren Averett.

Councilwoman Quaites reported the report was very well presented and she thanked Jack Rowell's, his staff, Sue and her staff for all the work they did on it. Councilman Ebert also thanked Jack for walking through the report with the Mayor and Council and also thanked Sue and her staff for the work they did on the report. Sue Steigerwald thanked all the other Departments for obtaining the Statistical Information included in the report.

14-0316

A Resolution Accepting the first Comprehensive Annual Financial Report (CAFR) for FY2013 as Audited by Warren Averett, LLC (Warren Averett O'Sullivan Creel Division)

Attachments: [Audit Report Ending FY Sept 30 2013 as Issued](#)

Councilman Ebert made a motion to adopt the resolution as presented and Councilman Hellmich seconded the motion. The vote passed unanimously.

Enactment No: 14-0182-RES

Mayor's Comments

None to report.

Visitor Comments

None to report.

Adjourn

The meeting adjourned at 3:58 p.m.