



**Meeting Minutes - Draft
City Council**

Tuesday, May 12, 2015

4:30 PM

Council Chambers

Special Called Meeting/Audit Reading

Call to Order

Council President Wayne Trawick called the Special Called meeting to order at 4:30 p.m.

Roll Call

All Council members were present. Also present: City Administrator Mike Thompson, City Clerk Vickey Southern, Katy Taylor, Sue Steigerwald, Miranda Bell, Kevin Lesser, Valerie Eberlein and Jack Rowell (Warren Averett). Mayor Koniar was absent due to illness.

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

Presentation of the Audit Report by Warren Averett, LLC

President Trawick reported Warren Averett, LLC. will be giving a presentation of the FY2014 Audit Report. Kevin Lesser of Warren Averett, LLC reported there were four auditors on their team this year, Jack Rowell, who is the engagement partner and also the Gulf Coast Audit Practice Leader for Warren Averett. He has significant experience and expertise in governmental accounting. Mr. Lesser also reported Kristen McAllister, Valerie Eberlein and Mallory Cofield were audit team members. The team spent a total of 550 hours performing the City's audit. The City's Finance Department (Sue Steigerwald, Miranda Bell and the rest of Sue's Staff) did a great job on getting the documentation together.

Mr. Lesser introduced Jack Rowell to give the formal presentation of the audit report.

Mr. Rowell reported their team did not have to make any adjustments to the City's accounting books, which is a compliment to the City's Accounting Department. He reported all the transactions had proper guidance. There were no difficulties with management during the audit and there were no disagreements over accounting matters. The City's Finance Department answered all their questions.

He reported the City received a Certificate of Achievement for Excellence in Financial Reporting. The City of Foley is one of few cities that meets a certain level of excellence in financial reporting. The report gets filed with the Government Finance Officers Association of the United States and Canada

(GFOA). It then gets sent to other professionals such as other partners in CPA firms that audit governments or someone in academia that is very knowledgeable in governmental financial accounting reporting who grades the report and sends it back to the GFOA. If the report meets certain criteria, it will receive a certificate.

Mr. Rowell reported the audit this year covered nine (9) separate opinion units. Not every fund is audited, only certain funds are audited based upon their size. There were sixteen funds that were incorporated into the audit, three of which were new enterprise funds related to CAFFM, Inc, the Athletic Sports Complex and the Cultural Entertainment Districts.

Page 2 contains the Auditor's Opinion.

Page 4 contains Management's Discussion Analysis, which is a 11 page document that gives a summary overview and it identifies certain financial highlights that occurred during the year.

Page 16 is the first statement that was audited, which is the Statement of Net Position that is prepared on an accrual basis of accounting.

Page 17 contains the Statement of Activities that shows the cost of running the City.

Page 18 contains the Governmental Funds Balance Sheet. The General Fund will always be a major fund. The Capital Projects Fund, in certain years, may be major and in some years it may not be major. This year, the General Obligation Warrant Fund is a new fund. That fund contained \$15 Million in cash on the balance sheet as of September 30, 2014 because of the bond issuance that occurred late in the year and that money has not been spent yet.

Page 20 contains the Statement of Revenues, Expenditures and Changes in Fund Balances, which shows the General Fund's revenue and expenditures for the year. The net change in fund balances had a positive change and increase in the fund balance of \$3,253,830.00 for last year.

Page 22 contains the Proprietary Funds Statement of Net Position, which is new this year.

Page 23 contains the legal and professional fees.

Page 25 contains Notes to the Financial Statements, which provide more information.

Page 35 contains a note discloser regarding the New Market Tax Credits.

Page 37 contains a list of the City's outstanding debt, which is approximately \$56,568,750.00.

Page 43 contains a note disclosure regarding the Pension Plans.

Page 50 is the Required Supplementary Information - Schedule of Funding Progress.

Page 53 contains more detailed information.

Page 76 contains information if you want to see how the City has progressed over the last 10 years in terms of revenues, expenditures and debt.

Page 93 through 101 is a letter from Warren Averett reporting on compliance for each major program and on internal control over financial reporting and compliance required by OMB Circular A-133 for the City's major federal programs. They identified that there were no deficiencies or any internal control that would be considered material weaknesses. There were no areas of non-compliance with any regulations, statutes or laws.

Councilman Hellmich asked in regards to the Public Facilities Cooperative District, if the City's indebtedness is at 49% because of the borrowing capacity on the general fund. Mr. Rowell reported the Cooperative District is not counted toward the debt limit. Mr. Thompson reported the general obligation warrant that was issued in July of last year is what moved the percentages up

from 2013 to 2014 because it was a warrant that is applied against the debt limit. When the City issues those warrants the percentages are higher and as those debts are paid down, the percentages drop.

Mr. Thompson reported he was not expecting the \$8 Million on CAFFM, Inc. to be recognized as a debt because it is to be forgiven at the end of the seven years New Market Tax Credit cycle but it is considered a debt until the end of the seven years and then it will be forgiven. Mr. Rowell reported they cannot recognize a transaction that will not happen for seven years. The \$8 Million is owed by CAFFM, Inc. to Pacesetter, which is an outside entity. Pacesetter owes the money to the Chase Investment Fund. There are separate outside entities that stand between the Cooperative District and CAFFM. Until the seven year compliance ends, the City will own roughly 100% of the entity that holds that note receivable. The City will have the note payable to the City and that is when the act of debt forgiveness will occur.

[15-0298](#)

A resolution accepting the second Comprehensive Annual Financial Report (CAFR) for FY2014 provided by Warren Averett, LLC (Warren Averett O'Sullivan Creel Division)

Attachments: [2014 CAFR - Revised SEFA](#)

A motion was made by Council Member Charles Ebert III to accept the second Comprehensive Annual Financial Report (CAFR) for FY2014 provided by Warren Averett, LLC. The motion was seconded by Council Member Rick Blackwell and carried by an unanimous vote.

Enactment No: 15-2167-RES

Comments By Mayor and Council

None to report.

Comments from Staff

Mike Thompson reiterated the level of sophistication and complexity in which the CAFR is done and that is a credit to Sue Steigerwald and her staff. Most cities do not have this complex reporting. Foley had an outstanding audit report.

Visitor Comments

None to report.

Adjourn

A motion was made by Council Member Ralph Hellmich to adjourn the meeting. The motion was seconded by Council Member Charles Ebert III and carried by an unanimous vote.

The meeting adjourned at 4:59 p.m.