



City of Goodyear

See meeting location
below

Meeting Minutes

City Council Subcommittee: Audit

Wednesday, November 28, 2018

3:30 PM

City Hall, Room 204
190 N. Litchfield Rd.
Goodyear, AZ 85338

1. CALL TO ORDER

Finance Manager Askelson called the meeting to order at 3:30 p.m.

2. ROLL CALL

Present: 2 - Councilmember Pizzillo and Councilmember Lauritano

Absent: 1 - Councilmember Hampton

Staff Present: City Manager Julie Arendall, Deputy City Manager Dan Cotterman, Finance Director Doug Sandstrom, Finance Manager Jared Askelson, Accounting Supervisor Christen Wilcox and Management Assistant Amie Gressett

3. CITIZENS COMMENTS/ APPEARANCES FROM THE FLOOR

None.

4. OLD BUSINESS

None.

5. NEW BUSINESS

5.1 Discuss the Fiscal Year 2018 Comprehensive Annual Financial Report (CAFR)

Finance Manager Jared Askelson presented an overview of the findings in the Draft version of the Comprehensive Annual Financial Report (CAFR) prepared by independant auditing firm Heinfeld, Meech & Co. Representative Jill Shaw is present to answer questions. The Final version of the CAFR will be received December 3rd and presented to Council on December 17th.

Mr. Askelson opened the meeting beginning with the Financials section. An overview of the report indicates that the city has presented information fairly and there are no material weaknesses in the city's internal controls.

Mr. Askelson discussed two changes this year referencing the government Accounting Standards Board (GASB) statements. One new change is to include "other than post employment pension

benefits”, referring to items such as future pension liabilities, and long term disability, amongst others. The next is GASB Statement No.86 requiring the reporting of certain debt extinguishing issues, for example the reporting of bond refunding activities.

Mr. Askelson discussed various fund balances and the government wide financial statements which report net position. A presentation was used to chart the city’s net position over the past 5 years, showing an increase in capital assets and a decrease in outstanding debt.

The following questions were raised by the Council members:

Are any of the funds identified in the General Fund part of the replacement equipment funds? Mr. Askelson responded that it does not include assigned funds. Items such as replacement equipment are accounted for in assigned funds. He noted that some funds that are accounted for may be carry forward from the previous year for CIP (Capital Improvement Plan) Projects.

Are we going to discuss any minor (non-material) deficiencies that were discovered? Ms. Shaw explained the following:

- *No deficiencies were found in the internal controls for purchasing cards.

- *There was a small finding that one employee had been overpaid \$300 in overtime due to a manual entry error.

- *Pay increases were approved in accordance with policy.

- *The city needs a Disaster Recovery Plan to formalize written procedures.

5.2 Discuss the Infrastructure Improvement Plan (IIP) Audit

Mr. Askelson explained that what is being reviewed in the draft findings of the Infrastructure Improvement Plan (IIP) Audit and that the final audit report will be presented to Council on December 17th. Findings are being reported on the period of July 1, 2016 through June 30, 2018, by Heinfeld, Meech & Co.

Mr. Askelson reviewed the two findings. The first being less growth than projected, no action needs to be taken; Secondly, the collection and expenditures of fees, one item needs to be reviewed for accuracy with Development Services. Findings will be discussed and brought forth on December 17th.

The following questions were raised by the Council members:

***What caused us to overshoot the growth projection by 20%?** Mr. Sandstrom discussed that it is better to estimate high rather than low, because it becomes more adaptable to adjust CIP (Capital Improvement Plan) Project costs accordingly. Economic factors such as interest rates can also effect growth.

5.3 Discuss and Recommend to the City Council an Audit Committee Charter

Mr. Askelson discussed that there is currently no written charter (bylaws) for the subcommittee. He reviewed a draft Charter with the Council members present.

MOTION BY Councilmember Lauritano, SECONDED BY Councilmember Pizzillo to

ADOPT the Charter with the distinction that there is no need to designate a chairperson, but it would be beneficial to list all supporting members that attend the meetings. The motion carried by the following vote:

Ayes: 2 - Councilmember Pizzillo and Councilmember Lauritano

Absent: 1 - Councilmember Hampton

6. INFORMATION ITEMS

None.

7. NEXT MEETING

The next meeting will be scheduled as needed.

8. ADJOURNMENT

There being no further business to discuss, Finance Manager Askelson adjourned the meeting at 4:03 p.m.

Respectfully Submitted by:

Amie Gressett, Management Assistant

Doug Sandstrom, Finance Director

Date: _____