



City of Greensboro

Melvin Municipal Building
300 W. Washington Street
Greensboro, NC 27401

Meeting Minutes - Draft Audit Committee

Wednesday, March 23, 2016

4:00 PM

Legislative Conference Room

1. Call To Order

This Audit Committee meeting of the City of Greensboro was called to order at 4:00 p.m. on the above date in the Legislative Conference Room of the Melvin Municipal Office Building with the following members present:

Chairperson Nancy Vaughan, Councilmember Justin Outling, Councilmember Tony Wilkins, and public member Art Winstead.

Also present were City Manager Jim Westmoreland, City Attorney Tom Carruthers, Finance Director Rick Lusk and City Clerk Elizabeth H. Richardson.

Marlene Druga, Deputy Finance Director, Len Lucas, Internal Audit Manager, Michael Schertzinger and Mark Snyder with RSM US LLP were also present.

Finance Director Rick Lusk welcomed everyone to the meeting and introduced Messrs. Schertzinger and Snyder.

2. Approval of Draft Minutes

Moved by Councilmember Wilkins, seconded by Councilmember Outling to approve the minutes of the March 26, 2015 Audit Committee meeting. The motion carried by voice vote.

1. [ID 16-0170](#) Motion to Approve the Minutes of the Audit Committee Meeting of March 26, 2015.

3. Old Business

2. [ID 16-0171](#) Nomination of Vice Chairperson

Moved by Councilmember Outling, seconded by Mayor Vaughan to appoint Councilmember Wilkins as Vice-Chair of the Audit Committee. The motion carried by voice vote.

4. New Business

3. [ID 16-0172](#) Independent Auditors' Presentation

Finance Director Rick Lusk handed out a secondary report outlining auditor required communications; and recognized Messrs. Schertzinger and Snyder for the independent auditor report.

Messrs. Schertzinger and Snyder commended the work of the Finance team for providing materially accurate information; spoke to the three types of opinions that could be rendered; provided the definition of the emphasis of matter information; referenced the CAFR report and changes in LGERS; confirmed that Greensboro had received an unmodified opinion; and reported that the financial statement findings noted in the CAFR were not problematic and had been resolved.

Discussion took place regarding the audit adjustment for water resources; reasons for the double receivable as a result of turnover in a department; how long the item remained on the books; and the threshold for an item to reach the report.

Messrs. Schertzinger and Snyder provided an overview of the secondary report that outlined the required communications; spoke to the summary of significant accounting estimates; verified the estimates could change; explained Exhibit B which was the implementation letter; and stated they enjoyed working with the City staff.

Mr. Schertzinger provided an overview of the financial results for the year ended June 30, 2015; reviewed the charts and graphs in the handout which outlined the audit adjustment; general fund expenditures; expenditures by source and years; general fund unassigned fund balance; general fund expenditures and transfers out; taxes by sources; tax revenues by source and years; and enterprise fund operating expenditures.

Discussion ensued regarding not having the privilege license; revenues in the general fund; and the breakdowns provided in the graphs of the previous report.

Councilmember Wilkins spoke to the tax rate; and the fact that there had not been a tax increase in recent years.

Mr. Winstead inquired if the ABC Board had been a component unit in the City's financial statements.

Mr. Schertzinger responded that it was along with Transit, Housing Development and the Redevelopment Commission.

Mr. Snyder provided the history of the name change from McGladrey LLP to RSM US LLP.

Messrs. Schertzinger and Snyder left the meeting at 4:24 p.m.

(A copy of the reports are filed in Exhibit Drawer Y, Exhibit No. 14, which is hereby referred to and made a part of these minutes.)

4. [ID 16-0174](#) Financial Update

Mr. Lusk provided a handout for the financial update; addressed the reason for changing auditors; and stated the contract was for three years at an annual cost of approximately \$70,000.

Mr. Lusk provided an overview of the revenue and general obligation bonds/bond anticipation notes; provided an overview of the 2006, 2008 and 2009 GO Bonds.

Discussion ensued regarding the upcoming \$20 million for the Coliseum improvements; the \$60 million being tied to projects that had been committed to the community; minimizing debt service; and staff possibly coordinating the repayment over the next seven to ten years to avoid a tax increase.

City Manager Jim Westmoreland spoke to projects that had been committed; expectation of the community for said projects; and to the upcoming November 2016 bond referendum.

Councilmember Wilkins asked for clarification on the Mackay Road improvements for \$3.9 million; and referenced the City debt service being lower than Guilford County.

City Manager Westmoreland outlined what would be included in the Mackay Road improvements project.

Mr. Lusk outlined what was committed to debt service; and confirmed the City's debt service was lower than Guilford County.

5. [ID 16-0175](#) Internal Audit Report

Internal Audit Manager Len Lucas provided the Internal Audit update; spoke to the number of compliance reviews issued; inventory sites; and to the locations the City reviewed where the City provided funds or allocated grants.

6. [ID 16-0176](#) Other Business

There was a brief discussion on the Special Legislative Session that took place today regarding public restroom

use.

City Attorney Tom Carruthers provided an overview of the information he had received regarding the outcome of the Session; reviewed the changes to the City's ordinance regarding construction of non-gender restrooms in City facilities going forward; and stated he would provide an update to Council on Thursday..

5. Adjournment

Moved by Councilmember Wilkins, seconded by Councilmember Outling, to adjourn the meeting. The motion carried by voice vote.

THE AUDIT COMMITTEE ADJOURNED AT 4:45 P.M.

ELIZABETH H. RICHARDSON
CITY CLERK

NANCY VAUGHAN
MAYOR