

## 11.15.2010 Audit Committee Meeting Minutes

**To:** Kristi Tomey, Audit Committee Chairman

**From:** Chris Compton, Secretary

**CC:** Sterling Cheatham  
Debra Mack  
Allison Collins  
Stephanie Jacobs  
Bryon Dorey



**Date:** November 15, 2010

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### Call to order:

Kristi Tomey, Audit Committee Chairman, brought the meeting to order at 9:50 am on November 15, 2010 in the City Manager's Conference Room.

### Members Present:

Kristi Tomey  
Earl Sheridan  
Charlie Rivenbark

### Staff Present:

Sterling Cheatham  
Chris Compton  
Allison Collins  
Stephanie Jacobs  
Debra Mack  
Bryon Dorey

### Others Present:

Gary Ridgeway  
James Sergeant  
McGladrey & Pullen,  
LLP

### Summary of Action Items:

- 1. Review for Approval – The approval of the June 30, 2010 Quarterly Loan Approval Confirmations – Released October 20, 2010**
  - Allison Collins reported that the response rate for this set of letters was only 34% as opposed to the usual 50% rate. No errors were identified in the report and the Finance Dept. is working on the September 30, 2010 batch.
  - Kristi Tomey asked if there was any follow-up given to non-responders. Allison Collins reported the second letters are sent only when a letter is returned due to an incorrect or bad mailing address.

- A motion to approve the report was made by Earl Sheridan and seconded by Charlie Rivenbark. Approval of the motion was unanimous.

## **2. Review for Approval – The June 30, 2010 Comprehensive Annual Report (CAFR) (Pending LCG Comments)**

- Gary Ridgeway of McGladrey and Pullen reviewed the audit reports prepared by their firm – partner reports. Wilmington is receiving an unqualified or “clean” opinion.
- James Sergeant reviewed pages 4, 5, 14 and 15 of the Auditor’s handout. There were no material weaknesses. One Compliance Violation relating to the designation of depositories and one violation pertaining to the Purchase Order approval process were noted. Both violations are in the process of being immediately corrected.
- James Sergeant also reviewed the Single Audits (pages 8 and 10) and the City’s Clean Opinion. The City is a “low-risk auditee” which is important to the grant approval process. City bond rating agencies also take this status into consideration.
- He also reviewed the Cash to total assets of the City in relation to similar-sized cities. Wilmington’s rate is lower than the other cities (based on 2009 figures). The review also explored General Fund Analytics as well as Comparative Tax rates for the same cities. The Wilmington tax rate was lowest among cities shown. The Tax Levy Collection Rates were also reviewed.
- James Sergeant also reviewed the SAS 114 letter (page 20), which is a report card for the audit process. There were no issues of concern. He reviewed the Significant Audit and Accounting Issues for the current and future year and the new accounting rules for these periods. Due to these changes, the auditors will need to meet with the Audit Committee earlier than in past years to make sure the impacts are clearly communicated.
- He also reviewed the Rate Covenant for the Storm Water Fee Revenue Bonds Letter (page 27), which shows the City’s rate being higher than most.
- James Sergeant closed with a status report for completing the audit.
  - Outstanding items include the WAVE statement. Bryon Dorey and Kristi Tomey will contact WAVE to encourage delivery of this statement.
  - The New Hanover County Parks Bond from 2006 is also an issue. The auditors are reviewing how this should be reflected in the report. They are trying to determine liability and debt reporting amounts and timing. Need to clarify how NHC is reporting this. This issue should be resolved by close of business today.
  - The CAFR is tentatively planned for presentation at the December 7, 2010 City Council Meeting (pending resolution of the above outstanding items).
- A motion to approve the report was made by Charlie Rivenbark and seconded by Earl Sheridan. Approval of the motion was unanimous.

### **3. City Council Travel Expenditures Update for the FY 2010-2011**

- The City Council Travel Budget was increased by \$3,000 over the last fiscal year from \$16,000 (FY 09-10) to \$19,000 (FY 10-11). This includes 2 special funds: \$3,000 for Special Committee Service and \$3,000 for a General Pooled Fund.
- Each allocation was reviewed. It was noted that two members had exhausted their allocation. The special committee amount is also expended. Any future travel outside of individual allocations will need to be presented to the Audit Committee and Council.

#### **Adjournment:**

A motion to adjourn made by Earl Sheridan and seconded by Charlie Rivenbark. Approval of the motion was unanimous. The meeting was adjourned at 10:48 a.m.

#### **Next Meeting Date:**

Monday, January 18, 2011, in the City Manager's Conference Room, following the Agenda Briefing meeting.