

**AUDIT COMMITTEE
COUNCIL BRIEFING ROOM, CITY HALL
203 E. WHEATLAND ROAD
SEPTEMBER 4, 2019 @ 9:00 A.M.**

A meeting of the Audit Committee was held on Friday, September 4, 2019, at 9:00 a.m. with a quorum present to wit:

Patrick Harvey	Chair and Councilmember	Present
Don McBurnett	Mayor Pro Tem	Absent
Joe Veracruz	Councilmember	Present
James Talley	Commissioner	Present
Steve Rutherford	Commissioner	Present

The meeting convened in the Council Briefing Room and was called to order at 9:00 a.m. by Chair Patrick Harvey.

The following staff members were also present: Richard Summerlin, Finance Director; Tia Pettis, Asst. Finance Director; Lauren Tesmer, Accountant; Georcha West, Accountant; Jennifer Otey, Budget Analyst; Kristin Downs, City Secretary; and Marlon Williams, representing McConnell & Jones LLP.

Approval of Minutes:

A motion was made by Commission James Talley; seconded by Commissioner Steve Rutherford to approve the minutes from the July 18, 2019 Regular Meeting, passing 4-0 in favor.

Discuss the upcoming FY19 external financial audit and areas of special focus with McConnell & Jones LLP:

Director Summerlin stated management is committed to an internal audit and the focus this year will be on the IT Department. Chair Harvey spoke on the importance of the IT Department and current ransomware issues that are affecting cities.

Mr. Williams, McConnell & Jones LLP spoke on the following; engagement scope and objectives, engagement milestones and timelines, risks of material misstatement and noncompliance, planning and risk assessment, and required communication.

Implementation of New Accounting Pronouncements:

Effective in 2019

GASB Statement No. 83, Certain Asset Retirement Obligations:

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

Effective in 2019-2020

GASB Statement No. 87, *Leases*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

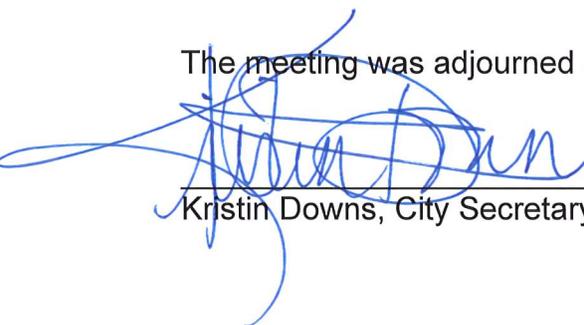
Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 84, *Fiduciary Activities*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Commissioner Talley expressed his concerns for the employees that would be working overtime during the audit process. Chair Harvey requested Mr. Williams look into the Hotel & Motel taxes; making sure the proper paperwork is filled out, submitted in a timely manner and providing a follow up once the monies have been received.

The meeting was adjourned at 10:02 a.m.



Kristin Downs, City Secretary



Audit Committee Chair