

CALLAWAY AUDIT COMMITTEE WORKSHOP  
SEPTEMBER 22, 2011  
TIME: 6:00 P.M.

Called to order by Chairman Mike Jones at 6:00 P.M.

ROLL CALL – PRESENT: Chairman Jones, Citizens – Harry Johnson, Pam Henderson, and Linda Schwartz, and Utilities Superintendent Doug Smith

ALSO PRESENT: Angela Balent, Richard Martin, City Clerk Jennifer Vigil, and Nancy Rowell.

**BUSINESS ITEM #1 – Overview of Audit Procedures and Accounting Standards**

Chairman Jones introduced Angela Balent and Richard Martin, from O’Sullivan Creel LLP, to make a presentation regarding the upcoming audit process for FY11.

Linda Schwartz inquired as to the status of the AWT audit and the timeliness of its submittal. Angela Balent stated that Alice Bennett had been in contact with Carr, Riggs and Ingrahm (Gainesville branch) staff responsible for the AWT audit and that a timeline had been emailed to Alice.

Angela Balent presented information and a timeline for the upcoming City of Callaway audit, stating that preliminary work had been completed in July, field work would begin in November, and the anticipated presentation to the Audit Committee would be in February 2012. A summary copy of the full engagement letter was provided to the members of the Audit Committee. New accounting and auditing standards for GASB 54 and GASB 61 were discussed along with some terminology changes. In response to Chairman Jones request for a glossary of terms, Angela Balent stated that she would email a copy of a Moody’s article. Angela Balent will specifically be looking into how GASB 54 and GASB 61 will impact AWT debt reporting.

Angela Balent polled the members of the audit committee regarding a suggested ethics training course for management and supervisor level employees. Conversation ensued regarding the method of delivery and which employees should attend and when to schedule the training. Angela Balent stated the ethics presentation would need to be tailored for the City of Callaway, that the example provided was for a different municipality.

Lastly, there was discussion about how to determine the target unreserved net assets; an exact dollar value, or an estimated amount to cover a specified period of time (ex. 4 months of operating costs).

Chairman Jones thanks Angela Balent and Martin Richard for making the presentation.

There were no questions from the members of the Audit Committee.

### **APPROVAL OF MINUTES**

Linda Schwartz moved to approve the Amended Minutes of the April 5, 2011 Audit Committee Workshop. The motion was seconded by Pam Henderson. The motion passed unanimously.

### **COMMITTEE MEMBER COMMENTS**

Chairman Jones requested a summary of talking points from this meeting be provided to him before the Regular Commission meeting on September 27, 2011 so that he can report to the rest of the Commission.

Linda Schwartz asked for clarification about the letter / questionnaire provided by Angela Balent. Specifically, asking how to respond if she were unaware of the current internal control measures.

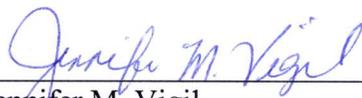
Pam Henderson spoke about the value of educating the Audit Committee members regarding the internal control measures at the City.

Chairman Jones asked if Pam Henderson and Linda Schwartz would be volunteering to review the policy manuals for the City.

Harry Johnson suggested that the Audit Committee as a whole review the policy manuals for the City and tackle one at a time, beginning with the Purchasing Manual, with a goal of reviewing one manual every six weeks.

Chairman Jones asked staff to provide copies of the Purchasing Manual to all members of the Audit Committee for review.

There being no further business, Chairman Jones moved to adjourn the meeting at 7:25 P.M.

  
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Jennifer M. Vigil  
City Clerk