



**Budget, Governance, and Intergovernmental Relations Council
Committee Meeting Summary**

**Monday, December 2, 2024
CH-14 at 2:00 pm**

COMMITTEE AGENDA TOPICS

- Agenda Overview
- I. Overview of Council's Upcoming Annual Strategy Meeting
 - II. FY 2024 Financial Audit Report
 - III. Federal and State Legislative Agendas

COMMITTEE INFORMATION

Committee Members Present: Tariq Bokhari ,Lawana Mayfield, James Mitchell and Tiawana Brown were present, Dimple Ajmera (Chair) was absent.

Staff Resources: Marcus Jones, City Manager
Shawn Heath, City Manager's Office
Teresa Smith, Chief Financial Officer
Dana Fenton, City Manager's Office

DISCUSSION HIGHLIGHTS

2025 Council Annual Strategy Meeting

Mr. Marcus Jones, City Manager, provided proposed topics for the 2025 Council Annual Strategy Meeting

- Location: Asheville, NC
 - Specific location TBD
- Focus Areas
 - Mobility
 - MWSBE/ Small Business Strategy
 - Workforce Development
- Other Topics
 - FY26 Budget
 - Strategic Priorities

Council members provided feedback and suggestions on additional topics to cover including:

- Speakers that come from cities with council-manager forms of government
- Utilizing existing technology to make decisions around mobility
- Identifying areas that are federally funded that may be impacted in the coming year
- Allowing council to be more hands-on in giving input

Audit Executive Summary

Mr. Daniel Gougherty, Engagement Director, provided an overview of the audit outcome of city's financial statements, including a material weakness identified during the audit, review of city's accounting practices, and upcoming financial reporting changes.

- Results of the Audit
 - The audit was conducted in accordance with GAAP and government auditing standards, and the team issued unmodified (clean) opinions on the financial statements and compliance with federal and state awards.
- Significant Audit Matters
 - One material weakness was identified related to the financial reporting of a FEMA grant. The issue arose because a receivable was recorded before the official grant award document was received. This was a minor issue given the city's large asset base but was addressed by management.
- Internal Control and Compliance
 - While internal controls were reviewed, no opinion on their effectiveness was provided.
 - No audit findings or disagreements with management were noted.
- Internal Control Communication
 - The audit team communicated findings related to control deficiencies, including a material weakness with FEMA grants and some smaller uncorrected adjustments.
- Corrected and Uncorrected Misstatements
 - Corrected misstatements included adjustments for the FEMA grant receivable.
 - Uncorrected misstatements involved issues like a duplicate accrued interest entry and incorrect parking facility revenue recognition, but these did not require restatement.
- Qualitative Aspects of Accounting Practices
 - The city's estimates for pension liabilities, depreciation, and post-employment benefits were reviewed and applied consistently without issue.
- Independence Considerations
 - No independence concerns were raised during the audit, and the audit team had no disagreements or difficulties with management.
- Other Required Communications
 - The audit team did not encounter any fraud, illegal acts, or going concern issues.
- Other Matters
 - There were no significant issues with related parties, arms-length transactions, or other unusual transactions.
- Upcoming Financial Reporting Changes
 - Several GASB standards, including 102, 103, and 104, will impact financial reporting, with 103 likely having the most effect in 2026, primarily related to budget reporting.
- LGC Performance Indicators
 - The city met all financial performance indicators required by the Local Government Commission (LGC). These included:

- Submitting the audit within five months,
- Positive general fund balance,
- Higher-than-expected tax collections,
- No late debt payments or debt covenant issues,
- Compliance with statutory requirements,
- No findings of concern, but a corrective action plan related to the FEMA grant issue will be required for the LGC.

2025 Legislative Agendas

Mr. Dana Fenton from City Manager's Office, provided an overview of the progress of the legislative agenda development process, and discussed suggestions made by Council Members.

- Agenda Development Process
 - Emphasized next steps, including upcoming council consideration and advocacy efforts for federal and state legislative issues in the new year.
- 2025 Federal Legislative Agenda
 - Clarified changes to the federal Workforce Development agenda, replacing vague language with specifics, e.g. the 2019 Charlotte Compact on Immigration.
- 2025 State Legislative Agenda
 - Public Safety and Beer/Wine Establishments:
 - Discussed Council Member Watlington's suggestion regarding additional language regarding the density of establishments serving beer and wine. Due to lack of support by legislators, it will unlikely be considered in 2025 long session. Staff is recommending no changes.
 - Suggested deferring discussion on beer and wine establishments due to entrenched state regulations and the need for consensus among the City Council.
- Next Steps
 - Council will review the proposed updates and consider the legislative agenda at the December 9th Council Business Meeting.

Vote: Motion was made and passed unanimously by the members present for the committee to accept the presentation as written, along with the staff's recommendations stated for the 2025 State Legislative Agenda.

Meeting adjourned at 2:50 p.m.