



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

**Monday, December 5, 2022**

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### **COMMITTEE AGENDA TOPICS**

Agenda Overview

- I. Council Infrastructure Meeting Planning
- II. FY 2022 Financial Audit Report
- III. Consideration of Changes to Forms of Government
- IV. Federal and State Legislative Report

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### **COMMITTEE INFORMATION**

**Committee Members Present:** Dimple Ajmera (Chair), James Mitchell (Vice Chair), Dante Anderson, Tariq Bokhari, and Lawana Mayfield.

**Staff Resource:**

Ryan Bergman, Strategy & Budget  
Teresa Smith, Chief Financial Officer  
Patrick Baker, City Attorney  
Lina James, Deputy City Attorney  
Dana Fenton, City Manager's Office

**Meeting Duration:** 12:00 p.m. – 1:30 p.m.

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### **ATTACHMENTS**

- I. Agenda
- II. Infrastructure Meeting Referral
- III. Audit Executive Summary
- IV. Consideration of Changes to Form of Government
- V. Federal & State Report

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### **DISCUSSION HIGHLIGHTS**

**Council Infrastructure Meeting Summary**

The Committee had discussion on the issues related to infrastructure in line with the charge and focus of the Budget, Governance, and Intergovernmental Relations Committee, to assess and make recommendation on specific to topics and issues to cover at an upcoming Infrastructure meeting.

## **Committee Charge**

Each council committee should record a portion of its meeting on December 5 discussing infrastructure in line with the charge and focus of their committee.

Assess and make recommendations specific to topics and issues to cover at the incoming infrastructure meeting

Through a discussion led by Mayor Pro Tem, report to full Council on suggestions and recommendation at the December 5 council committee discussion meeting.

## **Infrastructure Meeting Topics**

The committee had discussion on topics, activities, polices and outcome that related to the focus of the Budget, Governance, and Intergovernmental Relations Committee. Committee input included:

- Wanting to have a facilitator for the discussion,
- Having pre-read materials on:
  - Current infrastructure investments including ones in planning phase, in map form.
  - Economic growth centers
  - Mobility criteria
  - High injury network
  - School capacity
  - Overlay of projected growth
- Starting with the end in mind, what are we trying to accomplish
- Identify areas for targeted investments
- A focus on Intergovernmental work for example with State maintained roads, and with County on greenways connection with transportation.
- Define sub-categories under infrastructure
- Determine how are we going to measure progress and results.
- Determine how to align investments with priorities
- Maintaining environmental stewardship as a focus with infrastructure strategy
- Good milestones in terms of short- and long-term goals to include advancement of equity

## **FY 2022 Financial Audit Executive Summary**

The Committee received an overview and result of the FY2022 Financial Audit from external auditor.

Teresa Smith, CFO, provided an introduction of the external auditor reminder that this item is a standing item for the BGIR Committee.

- North Carolina general statutes (§ 159-34) require an annual independent audit by a certified public accountant.
- Local Government Commission (LGC) rules require the auditor to present the audited financial statements to the governing body or audit committee as soon as the audited financial

statements are available but not later than 45 days after the submission of the report to the LGC.

The committee heard from Cherry Bekaert LLP who audited the financial statements for the fiscal year ended June 30, 2022:

results of the audit, which is an unmodified or “clean” opinion, the highest level of opinion the city can receive.

discussed internal controls, including one finding related to financial reporting processes along with the Finance department’s corrective action plan.

Under LGC rules, the governing body must submit a response memo signed by a majority of the members of the governing body and submitted to the LGC within 60 days of the auditor’s presentation. Committee members will be asked to sign this memo concluding the presentation.

- Result of the Audit – The auditor had issued an unmodified opinion on the financial statements and reported no findings related to Uniform Grant Guidance and NC State Single audits.
- Internal Control Communication – One material weakness was noted across the audit, related to the Financial Reporting and Close.
- Corrected and Uncorrected Misstatements – Adjustment of \$26 million of unrealized loss in investment and restatement of notes receivable disbursed in the prior year of approximately \$19.3 million. No uncorrected misstatements.
- Qualitative Aspects of Accounting Practices – Noted no inappropriate accounting policies or practices. Noted no issues with City’s identification of, accounting for, and disclosure of City’s relationships and transactions with related parties. Noted no significant, unusual transactions. Key factors and assumptions used to develop estimates are reasonable in relation to the financial statements. The financial statement disclosures are neutral, consistent, and clear.
- Independence Consideration – The auditors have prepared the appropriate sections of and signed the Data Collection form. The auditors are independent of the City.
- Other Required Communications – The auditors encountered no significant difficulties in dealing with management. No disagreements arose during the audit. Noted one (1) matter regarding the restatements that the auditor consulted outside the engagement team. Received the management representation letter dated November 4th, 2022. No fraud, illegal acts, or violations of laws and regulations noted. No substantial doubt about the City’s ability to continue as a going concern.
- Other matters – RSI and Introductory and Statistical Section were not audited. Accompany combining and individual fund financial statements and schedule of expenditures of federal and state awards complies with accounting principles generally accepted in the USA.
- Upcoming Financial Reporting Changes – GASB94 and 96 will apply next year while GASB 100 and 101 will apply in future years.
- LGC Performance Indicators – No performance indicator concern. One material weakness requiring response to Local Government Commission (within 60 days).

#### **Consideration of Changes to Form of Government**

For the third agenda item, the committee heard from Amy Peacock on an overview of the process and work to develop recommendations from the Citizen Advisory Committee on Governance that she co-chaired.

City Attorney Patrick Baker and Deputy City Attorney Lina James gave an overview of the Budget and Governance Committee's prior actions related to 4 YEAR CITY COUNCIL TERMS, STAGGERED TERMS (ASSUMING 4 YEAR TERMS), and CREATING AN 8th CITY COUNCIL DISTRICT.

- **Committee Charge**

Follow up on pending Citizens Advisory Committee on Governance (CAGC) recommendation referrals to committee

- Four-year terms
- Staggered elections
- Add 8<sup>th</sup> district representative and remove one at-large

- **Active Considerations by Committee**

To take up the process of moving towards a referendum in 2023, which include a vote on four-year and staggered terms for the City Council and Mayor (from current status of two-year terms and no staggered elections).

- **City Council Representatives**

CAGC recommends moving forward with full Council eight (8) districts and three (3) at-large seats with a referendum in 2023 (from current status of seven district representatives and four at-large seats).

The committee had several questions on the options and legal considerations for changing the form of government and choose to defer consideration until additional background and legal clarifications were provided and discussed at the January committee meeting.

### **Federal & State Report**

Dana Fenton presented the fourth item on the agenda for consideration of proposed Federal and State legislative agendas, and next steps for Engagement Planning with the General Assembly.

- **Overview**

- Staff-proposed Legislative Agenda Requests
- Engagement Strategy
- Next Steps

- **Staff-proposed Legislative Agenda Request**

- **Federal: Destination CLT**

Continue working with Congress and the Administration to secure federal resources for the build-out of the Destination CLT capital program at Charlotte Douglas International Airport

- Secure a Letter of Intent for the federal government to provide federal funding for construction of the fourth parallel runway and north and south end around taxiways
  - Secure competitive grant funding through the federal Airport Terminal Program for Destination CLT projects
- **Federal: 2030 Transit Corridor System Plan**  
Continue working with Congress and the Administration to secure federal resources for the build-out of the 2030 Transit Corridor System Plan
  - Maintain liaison with the Congressional Delegation to keep them informed of progress in advancing the 2030 Plan
  - Secure competitive grant funding through public transportation and multi-modal opportunities for capital improvements
- **Federal: Immigration**  
Support federal immigration policies that strengthens our economy and workforce, immigrant families and communities
  - Continue the H-1B Visa Program and make program changes to address issues related to spouses and dependent children
  - Support merit-based solutions to allow participants in the asylum, parole, temporary protected status, and deferred action for childhood arrivals programs to earn and keep legal status that eventually leads to citizenship
  - Support increased funding and support of resettlement organizations as they work with refugees in our community
- **Federal: Sustainability and Resilience**  
Support federal funding and policies that enable the City to reach its Strategic Energy Action Plan goals
  - Fleet Electrification and Infrastructure
  - Energy Efficiency
  - Environmental Justice
  - Workforce Development
- **State: Mobility**  
Continue working with regional stakeholders and the General Assembly to secure mobility legislation
  - Enables the voters of Mecklenburg County to authorize the Mecklenburg County Commission to levy dedicated, stable, and permanent sources of revenues for regional and local public transportation, roadway, bicycle, pedestrian, passenger rail, greenway, and safety projects
  - Enables local governments to issue revenue bonds for projects that would be backed by the new local sources of revenue
- **State: State Transportation Funds**  
Support data-driven approaches to the distribution of State transportation funding that are fair and consistently applied
  - Support the Strategic Transportation Investments program for prioritization of State transportation construction funding
  - Restore statutory funding levels for all municipalities receiving local street maintenance funding through the Powell Bill Program

- **State: Safe Charlotte**

Support policies and increased resources that further initiatives to lower crime, increase public safety, and redeploy resources to areas of highest and best use

- Authorize police departments to convert low risk sworn duties to non-uniform units, such as investigations of non-lethal traffic accidents by trained civilians

### **Meeting Wrap Up**

Committee chair noted that the next BGIR meeting will be held on January 3, 2022, with continued discussion planned on Charlotte's Legislative Agenda and Engagement Strategy, and potential changes to our form of government, along with discussion on the FY 2024 Budget Development process and timelines.

Meeting adjourned at 1:45 p.m.

**Next Meeting:** The next meeting is scheduled for January 3, 2023, at noon.