

CITY OF DAHLONEGA

WORK SESSION MINUTES

The Dahlonega City Council held a Work Session on Monday, March 4, 2013 at City Hall. Members present were Johnny Ariemma, Ralph Prescott, Bruce Hoffman, Terry Peters, Gerald Lord and Sam Norton. Also present were City Manager Ron Thomas and City Attorney Doug Parks. Mayor Gary McCullough called the Work Session to order at 5:00 p.m.

AUDIT PRESENTATION:

Mayor Gary McCullough informed that Chris Hollifield and Clay Pilgrim were present from Rushton and Company to give a presentation of the City audit for fiscal year 2011-12. He further informed that he would like to thank Sabrina Cape Financial Consultant and staff for their efforts during the audit process. At this time, Chris Hollifield informed Council that the audit procedures went well. Additionally, he presented a slide show highlighting talking points and emphasized a few significant items in the 2012 Comprehensive Annual Financial Report. These were inclusive of but not limited to the change in General Fund Revenue which was up 3.1% due to the increased insurance premium tax, franchise tax and intergovernmental revenue. Unassigned Fund Balance, which held consistent year to year from 2009 through 2011, with a value of 5.1 months of operating expense and the impact of increased depreciation and interest expense on the Water and Sewer fund, primarily relating to the new water plant. Councilman Peters questioned if they were seeing trends of revenues going back up? Mr. Hollifield informed that governments are struggling with property tax revenues because of declining property values.

One material weakness and no significant deficiencies were noted in the internal controls of the City. The one deficiency was a prior year adjustment which related to the Streetscape project and the upfront cost was expensed. The project continued therefore; the project cost had to be increased and the original entry re-stated. Mr. Hollifield informed that the other adjusting journal entries were evaluated and determined to be immaterial, both individually and in the aggregate, to the financial statements.

Councilman Ariemma questioned if they were comfortable with the depreciation schedule. Mr. Hollifield replied yes, and that the City is using the standard depreciation schedule that most other governments are using.

Mr. Hollifield informed Council that the new GASB 68 rule that will come into effect in 2015 will affect the City financial statements. The defined benefit plan contributions must be shown on the balance sheet in 2015 as a liability. City Manager Ron Thomas informed that as long as the amount is reasonable and manageable the issuers of bonds and bond rating agencies will not see this as a problem. He further informed that the methodology used by GMEBS can be spread over a longer period of time.

Mayor McCullough thanked Mr. Hollifield and Mr. Pilgrim for their audit presentation.

The Work Session was adjourned at 5:52 p.m.