

**Minutes/Audit Committee**  
**Monday, July 11, 2016 – 5:00 p.m.**

**The Audit Committee met on Monday, July 11, 2016 at 5:00 p.m. in Room A102 in City Hall. Present at roll call were: Weigel, Schneider, Weber, Mock, Marshall, Sande, and Vein - 7. Absent: None – 0.**

The meeting was called to order at 5:00 p.m. by President Sande.

**2.1. The Comprehensive Annual Financial Report (CAFR) of the City of Grand Forks for the year ended December 15, 2015 and the Independent Auditor's Report**

Maureen Storstad, Finance Director, introduced Janelle Mulroy, Brady, Martz & Associates, PC, provided a brief overview of the sections of the CAFR and made comments on various items included in the report. Comments included:

- 1) Pension reporting – This is the first year that governmental entities are required to report their pension liability according to Government Accounting Standards Board Statement (GASB) Statement 68, which changes the way that governmental entities must report their pension liability. This statement requires that the full liability now be included in the annual financial report, while in past years only the current year information was included. There is no overall change in the actual liability as actuarially determined, it is just reported differently in the financial statements. Storstad explained that the City has a plan in place to bring the defined benefit pension plan to full funding and that we have 19 years remaining on the plan.
- 2) Reviewed the statements on revenue, expenditures and general fund commitments for both the general fund of the City, as well as the business type activities. She noted larger transactions including the Minnkota land transfer and how that is reported between the various funds, as well as noting the build up of cash in the Water fund, which is a planned saving to cover the large costs associated with the construction of the new water treatment plant that will be coming.
- 3) She encouraged the members to particularly read through the Management Discussion and Analysis and the notes to the financial statements as they provide a good summary of all the information contained in the detailed statements.
- 4) Storstad stated that the document also contains good statistical information about the City and pointed them to Page 174 which shows the historical tax breakdown for all the taxing entities included on the property tax bill. This is a statistic that comes up frequently and provides good information.

Mulroy stated that there were no management concerns detected as a result of the audit so there is not a management letter to review with the committee. The City received a clean unqualified opinion.

Mulroy stated that as a part of the audit, a Statement of Exenditures of Federal Awards (SEFA) is also prepared. This process reviews the use of all federal funds which the City receives to ensure that they are accounted for properly according to various federal requirements of the programs from which they were obtained. The City also received a clean opinion in this area. She noted that pages 6-9 of the SEFA includes a full listing of all federal funds received by the City.

Weber asked if Housing Authority is also included. Stjern explained that they are not a part of the City and are a separate legal entity and as such would prepare their own statements and reports.

**Motion by Weber, second by Vein, to recommend City Council receive and file the report and authorize staff to forward it to the State Auditor. Carried 7 votes affirmative.**

**Meeting adjourned at 5:25 p.m.**

Respectfully submitted,

Sherie Lundmark  
Asst. City Clerk