



AUDIT COMMITTEE MINUTES

DATE: January 27, 2021

LOCATION: Zoom

<https://zoom.us/j/99531560781?pwd=WE5kbnQrOWR5cjJhZUdzcmp1bWJhQT09>

Join by Phone - 1 312 626 6799

Meeting ID: 995 3156 0781

Passcode: 363280

TIME: 3:00 PM

- I. CALL TO ORDER – Director of Internal Audit
The meeting was called to order by Stephanie Fox at 3:02 PM.
- II. ANNOUNCE MEMBERS IN ATTENDANCE (VERIFY QUORUM)
Audit Committee members present: Dr. Brandon Di Paolo Harrison, Peter Reyman, Joel Wallace, and Dr. Jennifer Thayer
Audit Committee members absent: None
Quorum verified? Yes
Internal Audit attendees: Stephanie Fox, Cassie Wheeler, and Cala Knight
Other Attendees:
 - Laurie Matta, City of Clarksville Chief Financial Officer
 - David Johns, CDE Chief Financial Officer
 - Fred Klein, CGW Chief Financial Officer
 - Christen Wilcox, City of Clarksville Finance Director
 - Lori Wallis, Transit Finance Director
 - Deborah Johnson, Housing and Community Development Finance Director
 - Dennis Newburn, Housing and Community Development Director
 - Matt Wood, ATA Partner
- III. MOTION TO CONDUCT MEETING ELECTRONICALLY
In order to comply with the technical aspects of the Governor’s Executive Order regarding holding open meetings in a forum other than in the open and in public, this body determines that meeting electronically is necessary to protect the health, safety, and welfare of its citizens due to the COVID-19 outbreak.

Stephanie Fox called for a motion to conduct the meeting electronically. Dr. Brandon DiPaolo Harrison made the motion, and Joel Wallace seconded. The motion was approved unanimously by roll call vote.

IV. ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON

- A. Chairperson - Be knowledgeable of Audit Committee functions and responsibilities, chair meetings, represent the Audit Committee before City Council or any other official body as necessary, correspond as necessary in regard to Audit Committee issues, prepare Director's annual performance evaluation and obtain the annual ethics acknowledgement, and coordinate with Human Resources to hire (or terminate) in regard to the Director's position.

Dr. Brandon DiPaolo Harrison made a motion to elect Joel Wallace as chairperson. Peter Reyman seconded. Joel Wallace abstained from the vote. The motion was approved unanimously by roll call vote.

- B. Vice Chairperson - Be knowledgeable of Audit Committee functions and responsibilities, fill in for or provide assistance to the Chairman related to any of the duties listed above.

Joel Wallace made a motion to elect Peter Reyman as vice chairperson. Dr. Brandon DiPaolo Harrison seconded. Peter Reyman abstained from the vote. The motion was approved unanimously by roll call vote.

V. FINANCIAL STATEMENT AUDIT PRESENTATION BY ATA

Matt Wood with ATA presented the FY 2020 audited financial statements for the City of Clarksville, CDE Lightband, Clarksville Gas, Water, and Wastewater Departments, and Natural Gas Acquisition Corporation (NGAC). Highlights included:

- An unmodified opinion was issued for each of the financial statements. There were no internal control findings for CDE Lightband, Clarksville Gas, Water, and Wastewater Departments, or NGAC, and no management letter was issued.
- Total government wide net position increased in FY 2020 to \$1.01 billion from \$940.72 million in FY 2019.
- The City refunded \$49 million of bonds, and retired \$55 million of bonds in FY 2020.
- The City had \$9.68 million of federal grant expenditures in FY 2020.
- City of Clarksville had four audit findings:
 - Auditors proposed a material journal entry to properly record the new refunding bond.
 - The debt service fund exceeded approved budget and authorized appropriations, due to the new refunding bonds issued.
 - The auditors noted instances where funds were not deposited within three business days, as required by state law.
 - Cash at the golf course was not properly safeguarded, resulting in approximately \$500 stolen. This was identified during an internal audit. The financial statements were revised to include the cash shortage.
- The net position for CDE Lightband electric division increased by \$10 million and CDE Lightband broadband division increased by almost \$5 million from FY 2019 to FY 2020.

- For Clarksville Gas, Water, and Wastewater the net position increased by \$4.6 million for the gas department, almost \$16 million for the water department, and \$21 million for the wastewater department from FY 2019 to FY 2020.
- NGAC is nearing the end of the original prepaid natural gas arrangement. Debt will be paid off in FY 2022.

Joel Wallace asked if there were any issues outside the findings that the committee should be concerned about. Mr. Wood responded that they were seeing similar findings at other entities they have audited this year. He also said the State required a finding on the reported cash shortage, even though the dollar amount was low and existing controls caught it. Joel Wallace thanked Mr. Wood for his time and ATA for the work performed on behalf of the City.

VI. ADOPTION OF MINUTES

A. December 10, 2020 Audit Committee meeting

Joel Wallace called for a motion to adopt the minutes. Dr. Brandon Di Paolo Harrison made the motion, and Peter Reyman seconded. The motion was approved unanimously.

VII. DEPARTMENT REPORT

A. Budget Reports

Stephanie presented the year to date budget report for FY 2021. There is still training money left in the budget, some of which will be used for conferences and CPE opportunities in the spring. There is \$28,000 remaining in the Accounting/Auditing line, which will cover any interim work performed by the City's new external audit firm, Mauldin and Jenkins.

B. Update on Internal Audit Activity

i. Audit schedule status and metrics

Stephanie presented the audit schedule status and department metrics. We are currently wrapping up test work for the Vendor Analysis Audit, and will be moving into the reporting phase. We started planning on Community Development and are working to narrow the scope of this audit. We started a follow-up for the Payroll Audit performed a couple years ago. In February, we plan to conduct a city-wide Ethics Survey, similar to the one conducted last year.

Stephanie informed the committee she is planning on changing the utilization presentation on the department metrics to report utilization by month and also an aggregate total for the year.

C. APSU Internship

Our new intern, Rebie Campbell, is starting next week. She will be working with us on the Ethics Survey.

VIII. NEW BUSINESS

A. None

IX. COMMITTEE ACTION REQUIRED

None

X. CITY COUNCIL ACTION REQUIRED

A. None

XI. ADJOURNMENT OF PUBLIC MEETING

Joel Wallace called for a motion to adjourn the public meeting and go into the executive session. Dr. Brandon Di Paolo Harrison made the motion, and Dr. Jennifer Thayer seconded. A roll call vote was conducted which resulted in a unanimous yes. The public meeting was adjourned at 3:33 pm.

XII. PUBLIC COMMENTS (5 minutes each)

None

XIII. NEXT MEETING - April 28, 2021 3:00 PM

XIV. EXECUTIVE SESSION – Vote by the Committee to go into executive session.

During the executive session and for the remainder of the meeting, the Audit Committee will be discussing only matters that are considered confidential under TCA Section 9-3-405 (d). These items may include:

- A. Items deemed not subject to inspection under TCA Section 10-7-503 and 10-7-504
- B. Current or pending litigation and pending legal controversies
- C. Pending or ongoing audits or audit related investigations
- D. Information protected by federal law
- E. Matters involving information under TCA Section 9-3-406 where the informant has requested anonymity.

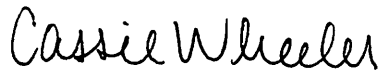
At this point in the meeting everyone other than Audit Committee members and those asked to attend by the Audit Committee to address an item related to the categories above will be asked to leave.

The following topics were discussed:

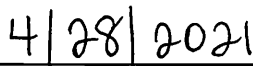
- A. Investigations/Audit findings
- B. Ongoing Audits
- C. Audit Plan

XV. ADJOURNMENT OF EXECUTIVE SESSION

Executive session was adjourned at 3:55 pm.



Cassie Wheeler



Date of Committee Approval