

Minutes of the Centerville City Council **work session** held Tuesday, January 31, 2017 at 6:00 p.m. in the Centerville City Council Chambers, 250 North Main Street, Centerville, Utah.

MEMBERS PRESENT

Mayor	Paul A. Cutler
Council Members	Tamilyn Fillmore William Ince Stephanie Ivie George McEwan Robyn Mecham

STAFF PRESENT

Steve Thacker, City Manager
Blaine Lutz, Finance Director/Assistant City Manager
Lisa Romney, City Attorney
Jeannine Teel, City Accountant
Katie Rust, Recording Secretary

STAFF ABSENT

Jacob Smith, Assistant to the City Manager

VISITORS

Marcus Arbuckle, Keddington & Christensen, LLC
Angie Broadhead, Keddington & Christensen, LLC

AUDIT WORK SESSION

Marcus Arbuckle and Angie Broadhead, auditors with Keddington & Christensen, presented the FY 2016 Audit Report. Mr. Arbuckle explained findings and areas of concern – described in the auditors' Supplemental Report – including discrepancies found between the general ledger and bank records over a period of several years. Mr. Arbuckle noted there were quite a few problems with the financial close and reporting process. Jeannine Teel, City Accountant, commented she has found discrepancies as far back as 1997. Ms. Teel explained the difference between the financial statements and the general ledger. Blaine Lutz, Finance Director, stated the discrepancies have been corrected, and that he will review financial statements monthly with Ms. Teel to prevent the same issues in the future. Mr. Arbuckle confirmed that all cash is accounted for.

Councilwoman Fillmore asked what the impact of the additional monthly reviews will be on accounting staff. Mr. Lutz responded that it would be nice to have additional staff, but much of the problem is actually the fact that Ms. Teel works in the front office with frequent interruptions. He said it would be nice to be able to isolate the accounting staff at certain periods of time. Mr. Arbuckle and Mr. Lutz explained the rest of the audit findings, and answered questions from the Council. Mr. Arbuckle noted there were probably 10 or 11 prior year adjustments and acknowledged it is uncommon to have that many adjustments. Councilman Ince asked if the significant number of findings will catch the attention of the State Auditor's Office. Mr. Arbuckle responded that the State Auditor's Office is more concerned about compliance with State rules. They do not usually become involved in issues of prior-year adjustments to the financial statements.

Mr. Arbuckle recommended that department heads not have final approval control for charges on their own City-issued credit cards. Credit card spending should be checked and controlled. Mr. Thacker explained the second-level review process now in place for department head credit card spending. He explained that he asked Mr. Arbuckle at the beginning of their fieldwork to look closely at the use of credit cards, and that improvements were implemented as soon as Mr. Arbuckle reported weaknesses to him during the fieldwork phase.

1 Mr. Arbuckle noted that when they were going through the audit there were significant
2 errors in pretty much every balance sheet and account. Mr. Arbuckle emphasized the
3 recommendation that every single month every single balance sheet account is reviewed and
4 reconciled, and that the sub-ledger matches the general ledger. He also recommended the City
5 close out accounts with no activity.

6
7 Mr. Thacker asked Councilman Ince to meet with staff and the auditors to evaluate the
8 cash balance in the Water Fund. Councilwoman Fillmore mentioned that the previous auditor
9 commented that the City's finance department is stretched thin, and asked Mr. Arbuckle if he
10 agrees. Mr. Arbuckle responded it is certainly possible, but hard to say. Mr. Lutz said he
11 appreciates the detail provided by the auditors. He said the increased monthly reporting will
12 take more staff time, and suggested the possibility of changing the physical layout of the front
13 office in the future to allow Ms. Teel to work without as many distractions.

14
15 Mayor Cutler thanked Councilman Ince for sharing his professional knowledge, and
16 thanked Mr. Arbuckle and Ms. Broadhead for their time and explanations.

17
18 The Council took a break at 7:45 p.m., returning at 8:00 p.m.

19
20 Councilwoman Ivie suggested trading Ms. Teel's desk location with the part-time
21 Recreation Director's office space to give Ms. Teel the ability to work uninterrupted. Mr. Lutz
22 and Mr. Thacker responded that the City Recorder's office has an extra desk that Ms. Teel
23 could use when needed. Councilman Ince asked if staff has considered opening a part-time
24 position in the front office to help with some of the customer service responsibilities of existing
25 staff.

26 27 FINANCIAL REPORT

28
29 Mr. Lutz presented a FY 2017 financial report for the six-month period ending December
30 31, 2016, and answered questions from the Council.

31 32 REVIEW FUNDING AND PRIORITIES FOR 2017 PROJECTS

33
34 Mr. Thacker provided the Council with a summary of FY 2017 Capital Projects
35 (attached). While discussing potential street rebuild projects, Councilwoman Fillmore pointed
36 out that the City does not yet have a street tree policy. She said she would like the City to have
37 a street tree policy in place before proceeding with the rebuild of a major thoroughfare.

38
39 Mr. Thacker presented a cash flow analysis for Community Park Expansion Phases 2
40 and 3, assuming an August 2017 completion. He explained that the Parks Department has
41 experienced a water shortage at Community Park, and desires to tap into the Weber Basin
42 water line on the Frontage Road to improve irrigation. The projected cash flow shortfall to
43 complete Phases 2 and 3 is \$407,265, which may be funded by a loan from the South Davis
44 Recreation District. Councilman McEwan questioned whether the funding would line up with the
45 proposed construction schedule. Mayor Cutler and Councilwoman Fillmore agreed to follow up
46 with Recreation District representatives.

47
48 City Manager Thacker described planned drainage projects and water main projects and
49 projected funding. Councilwoman Ivie emphasized the need for improved parking and
50 walkways at the Whitaker Museum.

ADJOURNMENT

Mayor Cutler adjourned the work session at 8:58 p.m.

Marsha L. Morrow
Marsha L. Morrow, City Recorder

4-4-2017
Date Approved

Katie Rust
Katie Rust, Recording Secretary

