**CITY OF** **SPENCER**

**Regular Joint City Council & Utility Authority Meeting**

**Thursday, April 16, 2020 at 7:00 p.m.**

Pursuant to legal notice required by the Oklahoma Open Meeting Act, including posting of an agenda as required by the terms, thereof, the Spencer City Council & Utility Authority met in regular session on April 16, 2020 via Zoom virtual meeting.

**Minutes**

**Item No.**

1. Meeting was called to order at 7:00 p.m.
2. Roll Call and declaration that a quorum is present.

|  |  |  |
| --- | --- | --- |
|  | **Present** | **Absent** |
| Chairman/Mayor Calvin | X |  |
| Vice Chairman/Mayor Scanlan | X |  |
| Trustee/Council Member Talley | X |  |
| Trustee/Council Member Andrews | X |  |
| Trustee/Council Member Canaday | X |  |

**A quorum was declared and the meeting went forward.**

1. The Flag Salute and Invocation by Mayor Calvin
2. Citizens desiring to be heard: Citizens desiring to be heard will be given three (3) minutes to speak on any item on the agenda. Citizens must have signed up by 12 Noon the Wednesday before the meeting in order to be recognized. Public Participation Resolution # 35-07-05. Postponed until the next meeting

Dorcine Redo – 3711 Redbud Dr. Spencer, OK 73084 – Banning Fireworks in the City of Spencer.

1. **NEW BUSINESS.** Discussion, consideration, and possible of New Business item/s, and direct City Staff to take appropriate action... (“New Business,” as used herein, shall mean any matter not know about or which could not have been reasonably foreseen prior to the time of posting.)

**None**

**6. CONSENT DOCKET:** (individual items may be deleted from the Consent Docket under item #6).

6.1. Approval/Ratification of the Joint City Council & Utility Authority meeting minutes from March 19, 2020. (GG)

**\*Remove items #6.1 and move them to item # 7.**

6.2. Approval/Ratification of March 2020 bi-weekly Payroll and Accounts Payables. (GG)​

**Vice Chairman/Mayor Scanlan motioned to approve the CONSENT DOCKET items 6.2. Trustee/Council Member Andrews seconded the motion. The vote was as follows. Yeas: Trustee/Council Member Andrews, Trustee/Council Member Talley, Vice Chairman/Mayor Scanlan and Chairman/Mayor Calvin Abstain: Trustee/Council Member Canaday, Trustee/Council Nays:**

7. Discussion on items to be removed from the Consent Document. (GO & UA)

6.1. Approval/Ratification of the Joint City Council & Utility Authority meeting minutes from March 19, 2020. (GG)

**\*Table until May 2020 Meeting.**

8. BUSINESS AGENDA: The following items are hereby designated for discussion and consideration which requires individual action.

8.1. 2017-2018 Audit – Linda Bourne

Discussion: Mrs. Bourne started off by saying that this may seem as a bad audit but from where we’ve been, we are now making great progress.

The findings from the 2017-2018 Audit Data which is now 21/2 years old and not a current year. This audits has 8 findings and responses for them.

Auditors can give one of four opinions:

1. Unqualified or Unmodified: All financial statements are materially correct. No big issues with the financial statements.
2. Qualified: Meaning everything is correct with an exception in an area.
3. Adverse Opinion: Meaning the records were poorly put together and you can’t offer an opinion. Mrs. Bourne stated that you rarely see this opinion.
4. Disclaimer: Auditor will just walk away from the report. Not even try to do a report.

The 2017-218 Audit Findings:

Mrs. Bourne was pleased to say that the City of Spencer had an Unqualified Opinion. Which means stating that our financial statements in this report are materially correct. That’s the good news. Now an auditor can also put a paragraph in that opinion which points out an issue or concern that they may have. This year we have an emphasis of matter which called the going concern. That’s because we had a going negative working cash position at the end of June of 2018. That does not mean that we were not in a positive position but with the city there are so many restricted accounts that the actual unrestricted part was in a deficit. So she put in a going concern. It’s probably meaningless because we are now 2½ years down the road and we are still functioning and improving each and every year.

Findings:

1. Pooled Cash

Currently a master account is being used to report transactions from both the City side and Public Works. These funds should actually be separated into two different bank accounts. We have always records through bookkeeping entries the separate funds. Separate accounting charts for the City and separate accounting charts for Public Works. Accounts should be in separate bank accounts. As of May 1 we will have that separated out. The new bank accounts has been setup and waiting on checks for the accounts. Starting at the beginning of the month will allow the City to start fresh and clean. She expects that since we are so late in implementing this in 2020, this finding will not go away until fiscal year 2021. But should go away once we get the second bank account up and going.

1. Cash Balances Omitted from Accounting System

The only cash account that was on the computer was the master account. There were some entries for the now account. We have multiple accounts that were never placed on the computer and the majority of those accounts were tracked manually. Mrs. Bourne has now placed those accounts on the computer system. This was prior to the auditor report being issued. But they were not being track in 2018 and this was a finding. She anticipates that this finding will be gone on our next audit for 2019.

1. Bank Reconciliations

The bank accounts were not being reconciled monthly. Also, not being reconciled on an ongoing bases. All bank accounts are now reconciled and completed through 2018. Mrs. Bourne is currently working on 2019 and going straight into 2020 as soon as that is complete. We will probably not have this finding on the 2019 because she can reconcile and she can input those monthly transaction into the computer and she has already setup the charts for all of those accounts.

1. Deficit Fund Balance

This finding stands from pooling the cash because you can’t tell from the report how much is owed to the general funds and how much is owed to public works. Mrs. Bourne anticipate that once the pooling of the cash process finding mentioned in finding #1 is separated out we will be able to make the transfers as needed, so this will never happen again. She did mention that since we are late into 2020 we may see this findings for another couple years. But it should go away once we the implemented separation of accounts is setup and working.

1. Purchase Orders; Support for Payments

Oklahoma statue requires that you prepare a purchase order and have it signed by authorize individuals prior to ordering materials. Then an invoice should be received and matched with this purchase order and also thee receipt showing items has been received. All should be placed together as a packet attached to the check stub showing proof of payment. That entire voucher packet should be filed either by numerical order using the purchase order number or alphabetically by vendor. Organization is key to losing this finding. We have worked to rectify this and this finding may go away in 2019.

1. Utility Billing; Cutoff Procedures

The public works has implemented several new policies. The policies are now been enforced and collection are been pursued. The utility office has been reorganized and seems to be working better since the audit. The billing policy didn’t go into effect until 2020 and she expects this will go away in 2020.

1. Segregation of Duties

This finding often happens in smaller industries and having in place good segregation of duties is a must. No one person has authority to all of these duties. You need a person to collect the money, do the billing and make the deposit. You will need at least four or five individual operating each position. We now have a City Manager, Mrs. Bourne’s firm acting as the treasurer and preparing the bank reconciliation, City Clerk doing the deposit, Billing Clerk that taking the money and doing the billing, Payroll and Account Payable Clerk that separate. She anticipate that this finding should go away in either 2019 or 2020.

1. Internal Control Over Financial Reporting

This finding has to happen whenever you have findings 1 – 6. So once rectify some of these finding that she discussed, this will go away. Because we are refining our reconciliation and we are going to begin to have reliable monthly reports. This finding should go away.

A copy of this is available on the Oklahoma State Auditors website (<https://www.sai.ok.gov/>). We are now in compliance for 2018. Anyone can go out to the website to view the report.

Updated Mrs. Bourne’s firm is preparing the 2019 paperwork for the 2019 audit report.

**Vice Chairman/Mayor Scanlan motioned to approve the 2017-2018 Audit. Trustee/Council Member Talley seconded the motion. The vote was as follows. Yeas: Trustee/Council Member Canaday, Trustee/Council Member Andrews, Trustee/Council Member Talley, Vice Chairman/Mayor Scanlan and Chairman/Mayor Calvin Abstain: Trustee/Council Nays:**

8.2. Large Animal Ordinance – Tonni Canaday.

Council requested to **table** Large Animal Ordinance discussion**.**  Mayor Calvin asked Trustee/Council Member Canaday to work with the city staff on verbiage to bring back to the Council in order to move forward on this issue.

**9. EXECUTIVE SESSION:**

9.1. Discussion, consideration, and possible action to enter into Executive Session pursuant to and authorized by 25O.S. Section 307(B)(4) Confidential communications between a public body and its attorney concerning a pending investigation, claim, or action if the public body, with the advice of its attorney, determines that disclosure will seriously impair the ability of the public body to process the claim or conduct a pending investigation, litigation, or proceeding in the public interest. (GG & UA)

**None**

1. Possible Action on Executive Session Items. (GG & UA)

**None**

11. Remarks and Comments.

* No Comment: Council Members Canaday and Talley
* Council Member Andrews: Is praying for everyone and ask everyone to stay safe.
* Vice Mayor Scanlan: Pleased to see the report from our Fire Department that they has not had to treat anyone with the Coronavirus. Prayers are with everybody.
* Mayor Calvin: Proud that we the City of Spencer has been proactive with our approach to COVID-19 and asked everyone to stay safe.

12. Adjournment

**The meeting adjourned at 8:19 p.m.**

Respectfully Submitted,

Tanya Mustin

Tanya Mustin, Minute Taker