



FINANCE COMMITTEE MINUTES
Tuesday, July 30, 2019 10:00 A.M.

Present: Committee Members: Chairperson, Melvin Priester, Jr. Ashby Foote, Vice Chair; Charles Tillman, Aaron Banks and Virgi Lindsay, Council President. Directors: Dr. Safiya Omari, Chief of Staff; Kristi Moore, City Clerk and Angela Harris, Deputy City Clerk.

Absent: De'Keither Stamps.

The meeting was called to order by **Chairperson, Melvin Priester, Jr.**

DISCUSSION: PASSPORT FACILITY/REVENUE STREAMS: Chairperson Priester recognized **Kristi Moore**, City Clerk, who stated that the City Clerk's Office has been approved as a Passport Acceptance facility. **Ms. Moore** stated that the City has been approved for TSA PreCheck. As a TSA PreCheck facility, the following additional services will be provided as an additional revenue stream:

- HTAP
- TWIC
- Passport ID's

DISCUSSION: BRIEFING ON THE 2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): Chairperson Priester recognized **Scott Hodges**, a representative of Tann Brown & Russ provided the following information regarding the City's audit for year ending September 30, 2018:

- On page 1 of the September 30, 2018 CAFR, the Auditor's report indicated that the City is in accordance with general accepted accounting principles.
- On page 16, Balance Sheet for Governmental Funds
 - General Fund had \$24 million in unassigned funds
 - 1% Infrastructure Tax Capital Project Fund has \$31 million in restricted funds
 - Federal Grants Special Revenue Fund had \$3 million in restricted funds
- On page 18, Statement of Revenues, Expenditures for Governmental Funds
 - Net change in fund balances, General Fund had \$7 million increase; 1% Infrastructure had \$1 million decrease and Federal Grants had \$157,000 increase
- On page 21, Total Net Position, Water/Sewer had \$14 million; Sanitation had \$974,000 and other Enterprise Funds had a combined total of approximately \$600,000.
- On page 22, Proprietary Funds-Statement of Revenues, Expenses and Changes in Fund Net Position: Water/Sewer had -\$1,721,019; Sanitation -\$1,011,512; other Enterprise Funds had a surplus of +\$53,000. Internal Service Fund (Group Insurance) had a loss of -\$400,000.



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- On page 166, a lot of the findings were repeat findings from the previous year:
 - 2018-001- Material Weakness- Preparation of the CAFR, Tann Brown & Russ had to assist with the preparation.
 - 2018-002- The previous year's audit adjustments weren't properly recorded
 - 2018-003- Unreconciled differences in the Fund Balance
 - 2018-004- Bank account reconciliations did not agree with the general ledger balances.
 - 2018-005- Account receivable totals in the Water/Sewer Sanitation Funds
 - 2018-006- Receivables- Allowance for uncollectible amounts need to be established and adjusted
 - 2018-007- The inventory count of the water meters supply on hand at the warehouse was not reconciled to the accounting system.
 - 2018-008- Reconciliation of liability accounts weren't reconciled to the accounting system.
 - 2018-009- Payroll liability account for payroll taxes, retirement contributions, group insurance premiums and garnishment withholdings weren't reconciled.
 - 2018-010- Customer meter deposits was not periodically reconciled to the accounting system.
 - 2018-011- Police seized and forfeited cash pending court action was not available.
 - 2018-012- Fund Balance- revenue expenses were netted within liability accounts

Chairperson Priester requested that the Administration provide corrective action plan going forward that would prevent the repeated audit findings. **Jillian Caldwell**, Acting Finance Manager, stated that the Finance Department has begun to process reports on a monthly basis and the system issues have been corrected.

Thereafter, **Mr. Hodges** continued with his findings of the 2018 Audit:

- 2018-013- Some federal and state grants received sporadically were not properly identified and posted to appropriate accounts.
- 2018-014- Tower lease tracking system was not in place
- 2018-015- 1% Sales Tax Fund was incorrectly reflected in an agency fund and should be reported in a Capital Improvement Fund.
- 2018-016- The library ad valorem tax millage was incorrectly reflected in the General Fund
- 2018-017- Federal grants cash Management-Mississippi Department of Transportation (MDOT) grants reimbursements.
- 2018-018- Posting of capital outlay and debt service expenditures



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- 2018-019-County fees charged for the collection of the City’s ad valorem taxes were netted from tax revenues rather than being posted as contractual service expense.
- 2018-020-Unclaimed Funds- uncashed checks were still reflected as outstanding in the accounting system and need to be turned over to the State.
- 2018-021-Monthly budget-to-actual financial reports were not submitted to the City Council
- 2018-022-Format of budget and the accounting system- categories were not budgeted separately from other expenditures.
- 2018-023-Budget revisions in excess of 10% of each department were not published in the same manner as the original budget.
- 2018-024- Budget over spending

Chairperson Priester recognized **Council Member Banks** who stated for the record that budget amendments should be made prior to approving claims.

Thereafter, **Mr. Hodges** continued with his findings of the 2018 Audit:

- 2018-025-Sanitation Fund report of revenues, expenses, major contractors, and cost per customer was not published at end year as required.
- 2018-026-Municipal depository being held at a bank that’s not paying the same interest rate as the approved municipal depository.
- 2018-027-Investments- some investments were not in accordance with State statute outlining what can be held by a municipality.
- 2018-028-E-Verify online employment eligibility verifications weren’t completed for new employees.
- 2018-029-Municipal Compliance Questionnaire was not included in the official minutes as required.
- 2018-030-Bond Covenants were below the required amounts.
- 2018-031-State Purchase Laws- some purchases of minivans were not in compliance with State purchasing laws.
- 2018-032- Previous year audit submission was received after the deadline
- 2018-033-Publication of completed and available audit was not done in a timely manner.



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DISCUSSION: FY2019-2020 BUDGET HEARINGS: Chairperson **Priester** stated that the Departmental Budget Hearings will be held on August 12th, 13th, 14th and 15th. The initial publication will be sent on August 19th. A Public Hearing for the proposed budget will be held on September 5, 2019 and Budget adoption will be held on September 12, 2019.

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There being no further business to come before the committee, the meeting stood adjourned at 12:11 p.m.