MINUTES

COUNCIL FINANCE & HUMAN RESOURCES COMMITTEE

Thursday, November 29, 2018 – 9:00 AM
City Hall Administrative Conference Room

Members Present:	Maureen Copelof, Chair, Council Member Gary Daniel, Vice Chair, Council Member Jim Fatland, City Manager Kelley Craig, Human Resources Director
Staff Present:	Tom Whitlock, Deputy Finance Director Denise Hodsdon, Executive Assistant
Guests:	Dan Mullinix, Gould Killian CPA Group, P.A.

A. Welcome & Call to Order

Committee Chair Maureen Copelof called the meeting to order at 9:00 AM.

B. Certification of Quorum

Quorum was certified by Executive Assistant Denise Hodsdon.

C. Approval of Agenda

Motion by Mr. Daniel, seconded by Mr. Fatland to approve the agenda as presented. Motion carried unanimously.

D. Approval of Minutes February 1, 2018

Motion by Ms. Copelof, seconded by Mr. Daniel, to approve the February 1, 2018 meeting minutes as presented. Motion carried unanimously.

E. Auditors' Report for Year Ended June 30, 2018

Mr. Fatland introduced Dan Mullinix from Gould Killian CPA Group. Mr. Mullinix gave an overview of the auditing process and the services which Gould Killian CPA Group have and will provide for the City of Brevard. He thanked the Committee, as well as, Mr. Fatland for the opportunity to serve as the City's auditors.

Mr. Mullinix discussed the following:

- Liabilities went down compared to the previous year

- General Fund Balance – June 30, 2018 General Fund Balance is above 30%. The current policy is 30%.

- CDBG – Restatement for $68,000 from previous year to adjust down for developer's final construction cost

- Pedestrian Path Fund – Deficit fund balance is intended and will be paying back the General Fund over time for the Probart Street sidewalk

- Billing System – Any activity in the billing system should go through the General Ledger. A/R & GL for 6/30/2017 agreed, but since then there was about $5,000 per month that was not getting posted correctly, so at the end there was a $50,000 adjustment to A/R to what should be the receivable balance. They suggest looking at this at least every quarter and working with the City's financial software vendor to figure out why it is not getting posted.

- Pension Engagement – The State selected Brevard for a pension attestation engagement this year. A few Fire Department employees had worked over the 1,000 hour requirement for the retirement system but were not included. Kelley Craig reported that a system has been put in place to monitor 1,000 hour limit for employees.

Mr. Mullinix provided handouts, attached as Exhibit A, regarding General Fund Balance Summary, Water and Sewer Fund, and Items for Consideration – Suggestions. Mr. Mullinix will present an audit report to the City Council on December 17th.

F. Set Date For Next Meeting

It was decided that the Committee would meet again when needed.

G. Adjourn

There being no further business, the meeting adjourned at 10:09 AM.

X Maureen Copelof

Maureen Copelof
Chair, Council Member

Minutes Approved: February 27, 2019

X Denise Hodsdon

Denise Hodsdon
Executive Assistant

EXHIBIT A

General Fund Summary

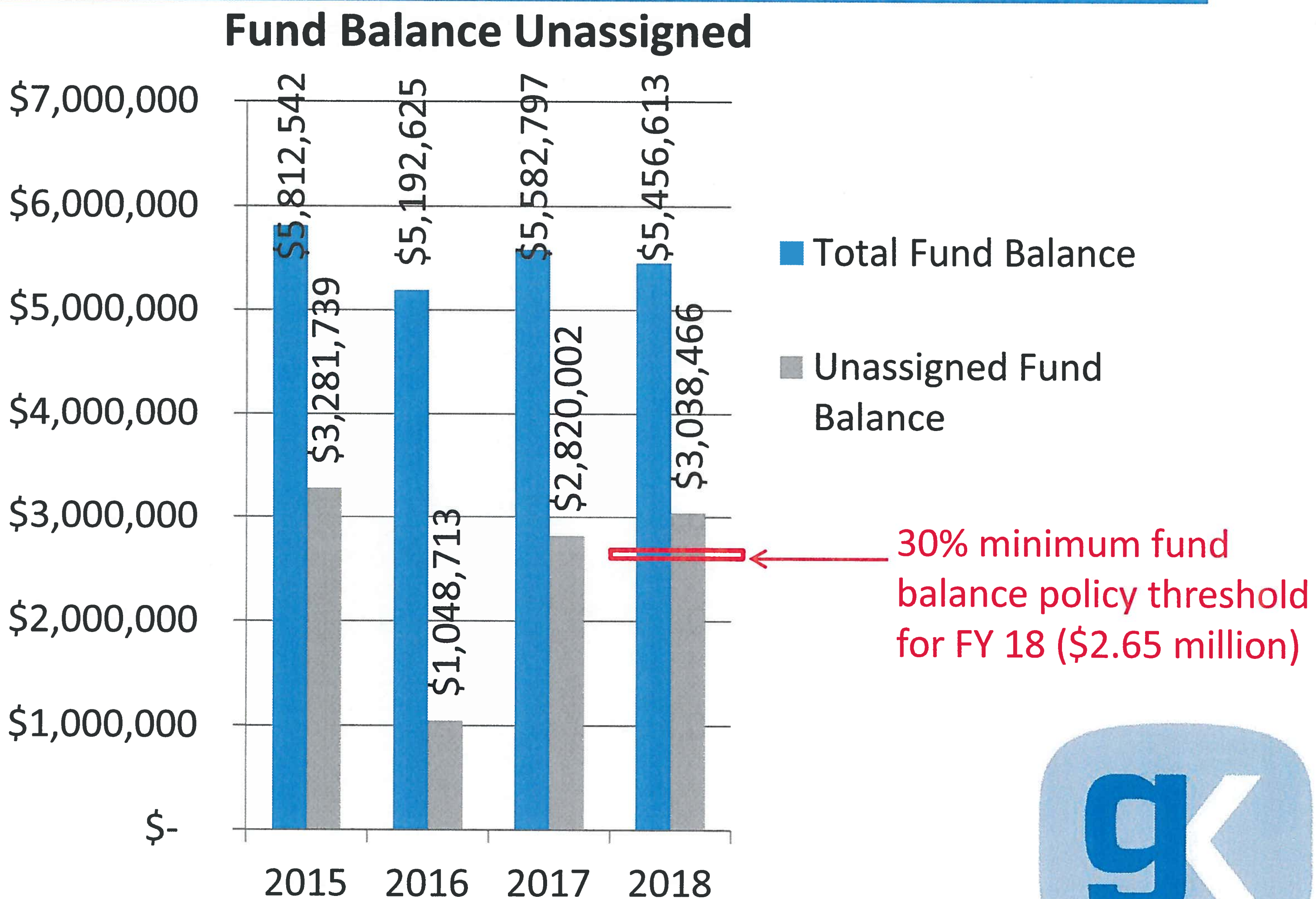

EXHIBIT A

Water and Sewer Fund

Water and Sewer Fund	2015	2016	2017	2018
Unrestricted net position	$1.4 M	$1.0 M	$938,000	$934,000
Change in net position	170,000	248,000	355,000	487,000
Cash flows from operating activities	1.3 M	534,000	1.2 M	1.39 M
Construction - Cash Out	(3.4 M)	(5.3 M)	(10.5 M)	(5.9 M)
Debt Issuance - Cash In	$1.6M	$4.5 M	$11 M	$3.2 M

Items for Consideration – Suggestions

Consideration	Suggestion
System/Process to monitor 1,000 hour limit for employees.	As part of our pension attestation engagement – we found there were a few employees that had worked over the 1,000 hour requirement for the retirement system but was no included. These were employees within the Fire Department. We suggest management create a system to monitor 1,000 hour limit for employees on a calendar year basis. This impacts potential employees for consideration in participating in the state's retirement system.
Policy/communication with contractors to separately state the sales tax paid on all invoices.	Management should require their contractors to separately state the sales tax paid on all invoices so that they are not paid for and sent to the state for reimbursement. Instead they should break out and report on E-585. Currently, Management is paying for the sales tax effectively twice (and only being reimbursed once) They pay the vendors, claim reimbursement through the grant process (which is consolidated in the loan) and then are required to pay back the loan which includes the S&UT + any interest
Include in provision in contract language.	There is currently no contract provisions that allow the City to cancel the contract in the event a vendor (with a multi year contract) is found to have been subsequently debarred or suspended. Management should have contract language in place that allows for a breach of contract if a vendor is found debarred or suspended.
Reconciliation of A/R system to GL	Management should reconcile (on a regular monthly basis) the system generated A/R with the City's GL to ensure accuracy. Currently, Harris System is not posting 100% of accounts receivable to the general ledger. There was a total difference of approximately $50,000 between the general ledger and A/R module. This is a reporting difference. This in no way infers monies were lost or collected in error.
Budget monitoring process improvement	No budgetary controls are in place on the client's system to prevent expenditures in excess of budget. Implement controls to ensure that expenditures in excess of budget are not made. Easiest way to do this would be upgrading Harris software to include a budgetary control in the A/P module. Outside of that, budget to actual reports should be run after invoices are posted but before checks are cut to ensure that departmental budgets are not overdrawn. In addition, it appears the budgetary controls feature is turned off in the accounts payable function.
Review of bank reconciliations	The City has a separate person contracted to perform the bank reconciliations. We recommend a separate person review these reconciliations for accuracy and note their review by initialing it, etc.
Unnecessary access to payroll module	The accounts payable function has access to payroll module and the related reporting function. This access allows for changes in employee pay rates, etc. This represents a potential segregation of duties issue. Harris system should be reviewed to have this access to payroll prevented.