**MINUTES**

**FRITCH CITY COUNCIL CALLED SESSION**

**TUESDAY JANUARY 24, 2017**

**CITY ANNEX 509 W. BROADWAY FRITCH, TEXAS**

**6:30 P.M.**

**1. Call to order.** Mayor W. Kelly Henderson called the meeting to order at 6:30 p.m. Councilmembers present: Denise Campbell, Richard Hein, Arturo Gutierrez and Arlin Audrain. Absent - Dwight Kirksey. City Employees present: City Manager Drew Brassfield, City Secretary Cindy Cook and Interim Manager Jeff Howell.

**2. Invocation and Pledge of Allegiance.**  Prayer led by Councilmember Audrain. Pledge – all.

**5. Discuss and take action on Fritch at Lake Meredith Economic Development Corporation budget for FY2016-2017.** (EDC President Kendal Glover requested this item be moved to the number 3 position. There were no objections.) Council reviewed EDC budget as presented. Mayor Henderson inquired about the item on the budget labeled “amount remaining owed from City (approx.) - $4600.00.” Mayor wanted to know where the discrepancy was since previous City Manager had said we were completely caught up. Mr. Glover explained that the EDC had paperwork from Bob Layton where he had researched where the misappropriated funds were. The City had paid $15,214 based on information given from city auditor Tracy Lambert. Interim Manager Jeff Howell informed the Council that he was in process of re-reconciling those accounts. Motion made by Mayor Pro Tem Hein to approve the Fritch at Lake Meredith Economic Development Corporation budget for FY2016-2017. Second made by Councilmember Gutierrez. Vote 4/0.

**3. Presentation of audit for 2015-2016 by Tracy Lambert of Foster and Lambert.** Tracy Lambert of Foster and Lambert was present to review the audit with members of the Council, staff and audience. Pages reviewed: Pages 1-2: Independent Auditor’s Report which is given every year which states we believe these financials are fairly presented. Page 3-8: Management’s Discussion and Analysis which is required verbiage must be included. It gives a summary of the financial statements. Page 9: Statement of Net Position or balance sheet. This is on full accrual accounting so it does include debt and fixed assets. This is not the same basis of accounting on which the budget is done. The budget is done on modified accrual. Ms. Lambert pointed out that since the city is caught up on the bonds, with regards to liabilities there is only a $165,000 certificate of obligation payable. Pages 10-11: Statement of activities. Pages 12-13: Balance Sheet of Governmental Funds on modified accrual showing the different funds. Ms. Lambert said the city is going in the right direction. Cash and cash equivalents for this budget year is $64,563 as compared to $4,186 in the previous year. Ms Lambert reiterated, considering all of the debt that has been paid off this past year, you have everything going in the right directions. Interim Manager Howell pointed out the unassigned fund balance amount of $36,867 needs to grow by about ten times. This is the policy amount discussed in previous council meeting. Pages 15-16: Statement of Revenues and Expenses. Ms. Lambert pointed out that the City added $44,008 to the fund balance. She again stated that all the way across, we have things going in the right direction. Page 18: Budget to actual. Revenues budgeted $927,619 but collected $976,954 leaving $49,335 to the good. On the expenditure side, we budgeted $1,108,728 but only spent $1,086,251 leaving $22,477 to the good. It was originally anticipated to lose $181,109 but only lost $109,297. This is still a loss on the General fund before transfers but still came into the good by $71,812. Ms. Lambert stated your people did a good job in not spending. Pages 19-22 are numbers for the Water-Sewer Departments that must be disclosed separately. Pages 23-44 are required note disclosures.

As far as the EDC is concerned Ms Lambert allowed of course she is in disagreement with Mr. Glover. She prepared a schedule with the payments that did not get made and that’s the base and the city was paying Bob’s salary. She shared on the schedules Bob [Layton] prepared, she could never figure out where his figures were coming from. It was pointed out the city still owes Crime Control $32,621. identified on page 32. The auditor does not believe the city owes any more money to the Fritch EDC.

It was also noted the city has a net pension asset of $523,523. City Secretary Cook identified we are highly overfunded resulting from when employees leave before vesting and withdraw their funds, the city funds remain and accumulate.

Mayor Pro Tem Hein made mention of the March 2016 purchase of a John Deere Utility Tractor, listed on page 33. He stated this is the first time Council had actually seen documentation on the purchase. Mayor Henderson stated he did not find out about the purchase until August of 2016. Mayor stated that we have an ordinance that any purchase over $10,000 must come before the Council for approval. A correction will be needed on page 33 – city instead of county. Comments were also made about the purchase of the 2015 Impala, an outright purchase, for $19,893 listed on page 7. Mayor Henderson asked if there was anything that would lead the auditor to believe that any money was being taken out from under the city without anyone knowing it other than the two purchases. The auditor said no.

**4. Discuss and take action on presented audit and authorization of payment.** Motion to approve the 2015 – 2016 audit as amended and authorization of payment for the audit made by Mayor Pro Tem Hein. Second made by Councilmember Audrain. Vote 4/0.

**6. Adjourn.** Motion made by Mayor Pro Tem Hein to adjourn. Second made by Councilmember Campbell. Vote 4/0.

**READ, PASSED AND APPROVED on this \_\_\_\_\_ day of\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2017.**

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**Mayor W. Kelly Henderson Cindy Cook, City Secretary**