

GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY

March 10, 2014 – Noticed Agenda Attached

Meeting Convened: 3:02 p.m. in the City Auditorium

Meeting Adjourned: 5:55 p.m.

Council Members present: All except Doody. Staff present: Englehart, Moore, Shaver, Romero, Hazelhurst, Tice, Guillory, Kovalik, Evans, Rainguet, and Tuin.

Agenda Topic 1. Internal Controls in Financial Reporting

City Manager Rich Englehart introduced the topic and then deferred to Financial Operations Director Jodi Romero.

Director Romero introduced Lisa Hemann, a principal at the City's auditing firm Chadwick, Steinkirchner, and Davis (CSD).

Ms. Hemann provided a company history and her credentials. She then provided an overview of CSD's responsibilities relative to the City's annual audit which includes an opinion on the financial statements and a look at risk areas. They provide no opinion on internal controls unless there is a deficiency nor do they look for fraud or abuse. However, if they find any, it is their duty to report it to the City Council.

Councilmember McArthur asked if CSD also audits affiliated entities such as the Airport Authority. Ms. Hemann advised those are apart from the City's audit. CSD must also verify their independence from the entity being audited; Ms. Hemann described the steps to verify that independence.

Ms. Hemann advised that the City's reports have always been clean. She mentioned that a whistleblower program should be in place. Ms. Romero said that although there is not a formal policy in place, any report would go through Human Resources.

Councilmember Chazen noted that Ms. Hemann mentioned that periodic reports are part of financial control and he would like more detail as to the recommendation. Ms. Hemann said those reports can come in many forms and for whatever time period the governing body determines.

Council President Susuras said he is comfortable with the City Council approving the budget and then a quarterly review of revenues and expenses. City Manager Englehart noted that a quarterly report is also presented to City Council and there can be additional items added to that report as Council determines. Councilmember Chazen described the type of information and analysis that he is used to seeing in regular reports. He asked for summarized expense information on a quarterly basis.

In conclusion, Ms. Hemann said their firm works for the City Council and the taxpayers. Ms. Romero advised that, if the Council desires, the firm can come to a City Council meeting and formally present the audit. Councilmember Norris and Council President Susuras agreed with that offer. There were other Councilmembers indicating support.

There was additional discussion on what is expected on the quarterly financial reports. City Manager Englehart indicated that he will work with the City Council to determine the format desired for those reports.

The discussion continued on Internal Controls in Financial Reporting. The first category was Fiscal Stewardship and Accountability. Ms. Romero identified internal control, stewardship, and accountability as the three responsibilities to the citizens/taxpayers. She listed all the guiding documents for the City's fiscal oversight including the City Charter, specific policy direction from City Council through resolutions and ordinances, the adopted budget, the annual independent audit along with the single audit performed on any funds received from the federal government, and then there are the governmental accounting standards, laws, regulations, and reporting requirements for the City to follow.

Financial Operations Director Romero listed and provided a brief description of the adopted policies of the City which also guide the City's practices and include Personnel, Procurement, General Fund Reserves (being worked on), Investment, Accounting and Financial Reporting Principals, Debt Practices, Risk Management, Capital Asset Management, the TABOR Calculation, and an Economic Development Plan (in process).

Ms. Romero explained the City's accounting system through a pyramid structure with the users of the New World system (154 users) up through the Accounting and Budgeting Division and then up to the Department Directors, the City Manager, and the City Council. The Treasury function is separate from accounting and the cash receipting is performed in individual departments.

Ms. Romero then deferred to Accounting Supervisor Evans to address the Control Systems in place. Ms. Evans explained the framework used to ensure against fraud – there are the control activities and then there is the risk assessment and monitoring. Both the individual Departments and the Finance Department monitor the accounting activities.

The City uses New World financial software which handles the General Ledger functions and provides reports for making financial decisions. There are a number of sub modules that integrate with the New World General Ledger System. There are also a number of specialized software programs used to support other functions in the City. All of these sub modules and software systems interface with the General Ledger system but every posting is reviewed by the Accounting Division before a posting takes place. The New World System has been in use since 2008 and has a complex security structure which requires approvals at various levels and is reviewed daily. This complex security structure includes the use of passwords, access permissions, and approval levels.

That concluded this portion of the Internal Controls review.

Agenda Topic 2. Discussion with Grand Junction Economic Partnership (GJEP)

The Grand Junction Economic Partnership was represented by Director Kelly Flenniken and board members Ed Forsman, Tom Benton, Tim Fry, Randall Cupp, Jay Seaton, Clark Atkinson, and John Williams.

City Manager Englehart began the discussion by explaining the City Council is looking at an Economic Development Plan and wanted to have a discussion with the GJEP on marketing. He asked Director Flenniken to provide an overview from GJEP.

Ms. Flenniken reviewed the organization's budget, funding, an overview of 2013 activities, and their current goals and priorities. One of their goals is to develop collateral for trade shows and conventions. On April 1st, they will launch their new website. They will be working on expanding the branding for the community. She listed the number of their contacts, leads, prospects, and successes.

Board member Tom Benton advised that they had an active board retreat where they developed an outreach plan and identified what areas are lacking.

Board member Ed Forsman mentioned that internet connectivity is limited in this area. Councilmember Norris agreed with that noting it's important in recruiting business.

There was a discussion between GJEP and City Council with an exchange of ideas for marketing the community and what things had been tried including developing a tactical scout package, the digital billboard in Times Square, cold calling, booths at various trade shows, use of social media, magazine advertising, and following up on contacts made by board members.

When Ms. Flenniken was asked what GJEP would do with another \$60,000 in funding she replied that the funds would be added to the incentive pool. Board member Jay Seaton noted that recruiting business is a very competitive environment with many communities able to offer ten times the amount of incentives than the Grand Junction community can offer.

Board member Forsman said what is needed is a 100 acre property with a 200,000 square foot move-in ready building to attract a large industry.

That concluded the discussion. There is an Economic Development Partners meeting the following day at 1:30 p.m.

Agenda Topic 3. Other Business

Council President Susuras distributed a thank you letter from Karis which received a Community Development Block Grant to purchase a home for homeless teens called the House.

Council President Susuras asked for Council's opinion of a letter of support of the Red Cliff Coal Mine in Loma. Councilmembers expressed their concerns. Five Councilmembers were favor of sending a letter of support with Councilmember Boeschstein declining and voicing concern over the railroad crossing.

Council President Susuras brought up the pending Airport Authority interviews noting that he received information that four Councilmembers support scheduling three interview sessions so all of Council can participate. After further discussion, it was the consensus to have one session and the other Councilmembers could observe and send questions in advance to the Council President. Interviews will be scheduled for March 17th at 6:00 p.m. Thirty minute interviews will be scheduled.

Also on the topic of the Airport Authority, Council President Susuras referred to the bill from Aviation that was in dispute at the Airport Authority meetings. Council President Susuras said he would provide the bill for the Council to review but the Airport Authority has so far refused to pay the bill. The City Clerk was asked to scan the bill and distribute it to the other Councilmembers. There was more discussion on the financial condition of the Airport and how much access the City Council has to the Airport's financial reports.

On the topic of the pending lawsuit relative to the 7th Street Gas Explosion, City Attorney Shaver said there will be a motion to dismiss the City from the lawsuit in August.

The City Council briefly discussed the earlier conversation with GJEP.

There was no further business and the meeting adjourned.

**GRAND JUNCTION CITY COUNCIL
WORKSHOP**

**MONDAY, MARCH 10, 2014, 3:00 P.M.
CITY AUDITORIUM
250 N. 5TH STREET**

To become the most livable community west of the Rockies by 2025

- 1. Internal Controls on Financial Reporting**
- 2. Discussion with Grand Junction Economic Partnership**
- 3. Other Business**