

## **AUDIT/FINANCE COMMITTEE**

**March 07, 2017**

After determining that a quorum is present, the Audit/Finance Committee of the City of Denton, Texas, met in a regular meeting on March 7, 2017, at 10:31 a.m., in the City Hall Conference Room, at City Hall, 215 E. McKinney Street, Denton, Texas at which the following items were considered:

**PRESENT:** Committee Chair, Joey Hawkins; Committee Member, Mayor, Chris Watts; Council Member, Sara Bagheri

**STAFF PRESENT:** Todd Hileman, City Manager; Bryan Langley, Deputy City Manager/COO; Jon Fortune, Assistant City Manager; Chuck Springer, Director of Finance; Antonio Puente, Assistant Director of Finance; Phil Williams, General Manager; Tim Fisher, General Manager of Water; Galen Gillum, Executive Manager of Administration; Kenneth Banks, Director of Utilities; Emerson Vorel, Director of Parks and Recreation; Scott Lebsack, Business Development Manager; Roger White, Police Deputy Chief; Robin Paulsgrove, Fire Chief; Kenneth Hedges, Assistant Fire Chief; Keith Gabbard, Streets Superintendent; Terry Kader, Fleet Superintendent; Craig Hametner, City Auditor; Frank Payne, City Engineer; and Kristy Odom, Recording Secretary.

**OTHERS PRESENT:** Nicole Bradshaw and John Manning with Patillo, Brown, & Hill L.L.P.

The following items were considered:

### **OPEN MEETING:**

#### **1. Consider approval of Audit/Finance Committee Minutes of September 27, 2016.**

Mayor, Chris Watts made a motion to approve the minutes. Council Member Sara Bagheri seconded the motion. Motion carried unanimously.

#### **2. Management Report- Annual Debt Report as of September 30, 2016.**

Chuck Springer informed the Committee that the Debt Summary Report as of September 30, 2016 is available on the City's website. The report for this year includes some additional information required under a new state law that is located at the end of the report.

#### **3. Receive a report, hold a discussion, and give staff direction regarding the upcoming issuance of General Obligation Bonds and Certificates of Obligation.**

Assistant Director of Finance, Tony Puente, gave a presentation on the planned General Obligation Bond sale and Certificates of Obligation sale in the current fiscal year. He explained that there are two notices of intent for the Certificate of Obligation planned issuance, one for the utility fund projects and a second notice for general government projects. All of the planned

utility fund projects and a second notice for general government projects. All of the planned projects were approved in the FY 2016-17 budget. He explained that some bond proceeds have been shifted from Fire Station three reconstruction to Fire Station four reconstruction due to the cost of this station. There were concerns from the committee about the cost overrun of Station 4. Puente also mentioned that the planned debt issuance also includes an opportunity to refund some outstanding city debt for savings. City Manager, Todd Hileman, stated the 2014 bond election was a six year program, but we are currently about one year behind on completing these projects. He stated that he should have a plan to bring these projects back to schedule within six months. Deputy City Manager Bryan Langley mentioned that while the 2014 bond election estimated a three-cent debt service tax rate increase, there is currently no plan for a debt service tax rate increase.

Council Member Sara Bagheri made a motion to recommend to take the Certificates of Obligation notices of intent to council for full approval. Mayor, Chris Watts seconded the motion. Motion carried unanimously.

**4. Receive a report, hold a discussion, and give staff direction regarding the FY 2015-16 Comprehensive Annual Financial Report and annual audit.**

John Manning and Nicole Bradshaw with Patillo, Brown, & Hill L.L.P, gave a presentation regarding the results of the City's external audit for FY ending September 30, 2016. They covered the auditor's opinion, single audit report and the required auditor's communication.

**5. Receive a report, hold a discussion, and give staff direction regarding issues, assignments and services that affect the City Auditor.**

City Auditor, Craig Hametner, presenting items to be considered in Internal Audit Work Plan. He discussed items such as a fraud, waste and abuse hotline, different types of auditor reports and a risk assessment plan. Mayor, Chris Watts, recommended that his recommendations for the audit plan be presented to the full City Council for consideration.


**6. Under Section 551.042 of the Texas Open Meeting Act, respond to inquiries from the Audit/Finance Committee or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting**

**AND**

**Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks congratulations or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.**

With no additional business to be addressed, the Committee adjourned at 11:43 a.m.

  
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CHAIR PERSON  
COMMITTEE CHAIR  
CITY OF DENTON, TEXAS

  
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KRISTY ODOM  
RECORDING SECRETARY  
CITY OF DENTON, TEXAS