



City of Fort Bragg

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Meeting Minutes Special City Council

Monday, February 24, 2014

4:00 PM

Town Hall, 363 N. Main Street

Joint Meeting with Mendocino Coast Recreation & Park District

MEETING CALLED TO ORDER

Mayor Turner called the meeting to order at 4:00 p.m.

ROLL CALL

Mendocino Coast Recreation and Park District Members Present: Bill Hayes, Bob Bushansky, Cesar Yanez and MaryEllen Sheppard; Absent: Mary Weaver.

Staff in attendance: City Manager Linda Ruffing, Assistant City Manager Ginny Feth-Michel, C.V. Starr Community Center Executive Director Ethan Newton and Accountant/Administrative Services Coordinator Lei Sahagun.

Consultant in attendance: Derek Rampone, Moss, Levy & Hartzheim, LLP.

Present: 5 - Vice Mayor Meg Courtney, Councilmember Scott Deitz, Councilmember Doug Hammerstrom, Councilmember Heidi Kraut and Mayor Dave Turner

1. CONDUCT OF BUSINESS

- A. 14-014** Receive Presentation by Moss, Levy & Hartzheim on the C.V. Starr Community Center Financial Report for the Fiscal Year Ended June 30, 2013 and Consider Accepting the Financial Report as Presented

Consultant Rampone reviewed the Financial Statements as of June 30, 2013 with the Council and Board Members. One suggestion the auditors have is to group the operating expenses into fewer categories. The following was noted during discussion of this item:

- The negative cash amount of \$444 at the end of the year did not mean that overdraft fees were incurred. While the Enterprise Fund is designed to zero out any deficits there are a number of reasons this balance could end up negative such as the fact that the financial statements are shown on an accrual basis, accrual of compensated absences, and timing differences between when the money is paid out and when funds come back in to the bank account. A \$10,000 cushion has been implemented to avoid this in the future.
- The Enterprise Fund balance at the end of the year was \$114,739 rather than the projected \$335,707; a reconciliation report is included in the mid-year budget review information. Council and Board Members asked for additional information regarding income and expenses in the Enterprise Fund; staff will provide that information tomorrow for further discussion at Wednesday's mid-year budget review.
- For consistency it would be good to either represent accrued vacation time in hours or in days

- accrued; Rampone stated that he would recommend it be shown in hours accrued.
- The interest charged on the loan is the same as the amount of interest the City would earn if the money was invested (currently .725%).
 - Council and Board Members supported consolidating the Operating Expenses into fewer categories and providing columns for prior year, budgeted, and actual expenses.
 - The Enterprise Fund allocation is made at the beginning of the month to cover the anticipated expenses for that month.
 - Rampone noted that the Management Report commonly has numerous items to address in the first year of operation. These are not intended as criticism but are observations of areas for improvement.
 - As programs are implemented to address the issues raised in the Management Report they will either be reduced from Material Weaknesses to Significant Deficiencies or from Significant Deficiencies to Other Matters or not included in the report at all except in the back with a status update.
 - Regulations require that the audit be presented within nine months of the end of the fiscal year.
 - City Manager Ruffing stated that the City typically does a three year audit contract. The contract with Moss, Levy & Hartzheim was extended for an additional year last year and the City may consider extending it for one more year for continuity for the C.V. Starr Community Center.
 - It was suggested that the auditor look at the monthly financial statements given to the MCRPD Board and make recommendations for improvements.

This Staff Report was received and filed.

ADJOURNMENT

Mayor Turner adjourned the meeting at 4:50 p.m.

DAVE TURNER, MAYOR

Cynthia M. VanWormer, MMC, City Clerk

IMAGED (_____)