



City of Jonesboro

900 West Monroe
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Thursday, May 15, 2008

4:00 PM

Huntington Building

Call To Order

Mayor Formon and Ms. Misty Micenhamer from the Mayor's Office were also in attendance.

Present 4 - Darrel Dover; Harold Perrin; Ann Williams and Jim Hargis

Absent 2 - John Street and Judy Furr

Approval of minutes

MIN-08:117 Minutes for the Finance Committee meeting on April 17, 2008.

Attachments: [Minutes](#)

A motion was made by Councilman Harold Perrin, seconded by Councilman Darrel Dover, that this Minutes be Passed. The motion CARRIED by a Voice Vote.

Aye: 3 - Darrel Dover; Harold Perrin and Jim Hargis

Absent: 2 - John Street and Judy Furr

New Business

Finance Report and Update

Chairwoman Ann Williams asked for the financial reports to be put on the agenda every month. Finance Director Jim Barksdale stated he is still waiting to receive the final Crowe Chizek audit report. He added he is also waiting on the Legislative Audit final report. He explained they were hoping to have the exit interview with Legislative Audit either today or tomorrow, but they called and postponed it for another week or two.

COM-08:054 Bank reconciliation summary of fund balances for January - April of 2008 as prepared by the Finance Department and presented to the Finance Committee on May 15, 2008.

Attachments: [Fund Balances Report](#)

Mr. Barksdale explained the summary is for the first four months of the year. He discussed the summary and noted the consolidated account is where most of the concern is. He further explained he asked the City Accountant to document each month the balance per bank statement and the balance per general ledger. He stated differences in the accounts go back to transfer errors and misclassifications. He then discussed the differences and added they should not have unreconciled differences

in that neighborhood. Mr. Barksdale explained they were asked by Legislative Audit to do some adjustments and, which will affect those variances. He stated one area they would need help with is in manpower to help identify the unreconciled differences. He explained it would be worth the expenditure to get the book reconciled as soon as possible. He further explained if the books aren't reconciled quickly then the mistakes will continue to be made. He stated they could fix it but it could take months and he doesn't feel they have months to work on it. Chairwoman Williams questioned whether they need to go back to 2005. Mr. Barksdale explained they would like to start with the 2006 Legislative Audit. He added they have already identified more problems with 2007. Chairwoman Williams questioned whether some transfers were made by phone and didn't have documentation. Mr. Barksdale said he wasn't sure but he thinks that did happen. He added transfers made by phone are fine but there needs to be a paper trail and documentation for the transfers.

Councilman Jim Hargis questioned the difference in the amounts. Councilman Darrel Dover explained the \$34 million probably doesn't include Police Pension because the City doesn't have control over the money. Mr. Barksdale agreed, stating he didn't include the pension because he doesn't have control over those amounts. He added the \$34 million is their main account. Chairwoman Williams questioned whether they would be doing training. Mr. Barksdale explained they have already implemented some changes, but until the problems are fixed no one will have confidence in the financial numbers. He added he can't publish financial reports when there are \$2 million in adjustments Legislative Audit is recommending the City perform.

Councilman Hargis questioned whether Crowe Chizek had been paid for their work and how much they were paid. Mr. Barksdale stated Crowe Chizek is working on getting their final report to him. Councilman Hargis stated Crowe Chizek shouldn't have been paid if the final report hasn't been given to the City yet. Mayor Formon explained someone from the Council signed off on payment to Crowe Chizek, which was for \$80,000. Mr. Barksdale explained the original amount was \$84,000 but the Council only authorized \$80,000, so Crowe Chizek lowered the amount. He added the negotiation letter should've stipulated what the final product would be and at what time the deliverables would be delivered. Chairwoman Williams noted Crowe Chizek was waiting until they spoke with Mr. Barksdale before they finalized their report. Mr. Barksdale then discussed the need to hire someone specifically to work on reconciling the accounts. Councilman Dover questioned whether someone local should be hired or if they should hire a specialty firm. Mr. Barksdale explained he would like to hire someone that has knowledge of fund accounts and knowledge of bank reconciliation, as well as how to track and trace. He further explained the person would need to do some forensic analysis. He added any certified public accountant would be able to perform the work. Chairwoman Williams questioned whether Crowe Chizek could come in and do the work. Mr. Barksdale stated he has no objections to Crowe Chizek performing the work. Councilman Dover questioned the expense of hiring an out of town firm as opposed to someone local.

Councilman Dover motioned, seconded by Councilman Perrin, to draft the requirements to assist the Finance Department in reconciliation of the previous year's accounts and to go back as far as needed. All voted aye.

This item was Read.

COM-08:053

Expenditure vs. appropriation report as prepared by the Finance Department and presented to the Finance Committee on May 15, 2008.

Attachments: [Expenditure v Appropriation Report](#)

Mr. Barksdale discussed the items that needed changing and the items on their

watch list. He explained there could be some concern with some budgets where there is only 11% of the budget left, but they're only ¼ of the way through the year. Councilman Harold Perrin stated he would like to see the amount budgeted, the actual amount spent and the previous year expenditure. He questioned whether departments other than Finance can adjust the General Ledger. Mr. Barksdale stated there's no way one person can key in everything for a \$40 million budget, so each department has one person who is designated to code their expenses. Operations Director Misty Micenhamer noted the people don't key them into the system; rather, they write them up and then forward it on to the Finance Department. Discussion was held concerning the misclassifications in the report. Councilman Hargis stated he would like to see a report that shows how much money came into the City and where it came from along with who spent what amount of money and how much is left.

Councilman Dover questioned whether additional staff is needed to get caught up and to keep the City from further problems. Mr. Barksdale stated at this time it's premature to look at additional staff. He added he is already reorganizing the Finance Department.

Councilman Hargis questioned the cost of sending the IT Director to Portland. Mr. Barksdale stated they left Monday and training would be held on Tuesday, Wednesday, Thursday and Friday. He explained IT Director Bill Jenkins and Mr. William Mathews from the IT Department attended the training. Ms. Micenhamer added Human Resources Director Gloria Roark and Assistant City Accountant HJ Hwang went as well. She added they can get the information regarding the cost and feedback concerning the training and provide it to Councilman Hargis.

Mr. Barksdale discussed the recent visit by Springbrook. He explained they were not able to do training the whole time due to some maintenance that had to be performed. He added there were areas of the system that weren't being utilized. He explained that's why Ms. Hwang went to Portland so she could get the proper training without interruptions. Councilman Hargis stated he would also like to know how many times the previous IT Director went to Portland and how much that cost as well.

This item was Read.

Councilman Perrin and Councilman Dover indicated they needed to leave. Mayor Formon stated they would like to discuss the tornado sirens and present another plan. It was decided to hold a special meeting on Tuesday, May 20, 2008, at 3:30 p.m. to finish business.

Adjournment

The meeting was adjourned.