



City of Jonesboro

900 West Monroe
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Thursday, April 17, 2008

4:00 PM

Huntington Building

1. Call To Order

Ms. Misty Micenhamer from the Mayor's Office was also in attendance.

Present 5 - Darrel Dover; Harold Perrin; Ann Williams; Jim Hargis and Judy Furr

Absent 1 - John Street

2. Approval of minutes

[MIN-08:104](#)

Minutes for the Finance Committee meeting on March 27, 2008.

Attachments: [Minutes](#)

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

Aye: 4 - Darrel Dover; Harold Perrin; Jim Hargis and Judy Furr

Absent: 1 - John Street

3. New Business

[COM-08:041](#)

APERS presentation

Attachments: [Handout](#)

Mr. Wyck Nisbett of Friday, Eldridge and Clark Law Firm in Little Rock discussed the APERS program and the current City defined benefit retirement plan. He noted a lot of companies have gotten out of defined benefit retirement plans due to the financial burden. He added some other big companies, such as airline companies, have not been able to get out of defined benefit plans because the promises they made to employees are greater than the assets in the plan. He explained the City's current fund is adequately funded, but if the City stopped the program today then the assumptions are gone which may cause the City to have promised more than is in the account. Mr. Nisbett further discussed the APERS program and the defined benefit plan. Councilman Perrin questioned who would calculate the amount needed to freeze the current plan. Mr. Nisbett explained the City could get Principal to do it or the City could hire an outside actuary. He then discussed the different ways the City could freeze the plan. Councilman Hargis questioned whether Mr. Nisbett was promoting the idea of APERS. Mr. Nisbett answered no, he was hired by the Mayor's Office to look at the two plans and to provide information. Councilman Hargis noted Mr. Nisbett indicated there was a better way for the City to handle the retirement plan

with Principal. Mr. Nisbett stated not necessarily, but he sometimes does not like bundled programs because one person is doing too much. He added some problems they seen occurred when no lawyers were involved. Councilman Dover questioned whether employees' would be able to take the money out and put it into another plan if they left the City. Mr. Nisbett stated once a person is invested in APERS they are locked in, so they would not be able to take the money out. Councilman Perrin questioned whether the 5% contribution for employees used to be a lower amount. Human Resources Gloria Roark stated her coverage was non-contributory but several years ago it was passed that the employee has to contribute 5%. Councilman Perrin then questioned whether the APERS board has control of the plan. Mr. Nisbett answered yes. Councilman Perrin noted Mr. Nisbett indicated the City could stay with the current plan and increase the benefits to match APERS. He stated they should also look at changing the plan to include things such as employee contribution, similar to APERS. Ms. Roark stated she sent information to Principal asking what it would cost to mirror APERS. She explained Principal indicated it would cost \$1.010 million, but hte information did not include four major areas. Councilman Hargis questioned whether Ms. Roark had ever presented the Principal information to the Finance Committee. Ms. Roark stated she thinks they presented it to the committee, but they do have the information. She added that it's been about four months since she received the information. Councilman Dover suggested getitng a study done that shows how much the cost will be to the City to change the defined plan to have the same benefits as APERS. Councilman Dover motioned, seconded by Councilwoman Furr , to authorize the Mayor's Office to consult with Ms. Nisbett to come up with three companies to bring before the Finance Committee to discuss comparisons between the retirement plans. All voted aye. Councilman Dover suggested doing it at the meeting next month. Councilman Hargis suggested advertising for the RFP's so it can be open to everyone.

This item was Read.

RES-08:035

A RESOLUTION AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE A LEASE AGREEMENT FOR PROPERTY LOCATED AT 107 FLINT STREET

Sponsors: Mayor's Office and Public Works

Attachments: [Exhibit A -- Best lease](#)

Ms. Misty Micenhamer explaine the lease will be \$6,500. Councilman Perrin noted the lease originally started at \$5,000. Ms. Micenhamer added the lease will go up to \$7,500 with the next six month term. Councilman Perrin stated there is no lease-purchase in the agreement, yet the amount the City has paid with the lease could've been used to purchase the property. He questioned whether any negotiations take place or if the City just agrees to what the owner proposes. He asked for the lease to be taken back and negotiated. Councilwoman Furr questioned the gas bills on the building. She explained the Mayor had told her in the past that the gas bill was high. Ms. Micenhamer stated she would have to look into it. Councilman Perrin noted the City isn't close to moving the departments to different locations so it could be 36 months before the departments have another location to go to. Ms. Micenhamer noted the lease has already expired on the building. Councilman Perrin asked for it to be brought back to the next meeting and see if Mayor Formon can come up with a different price. He suggested looking into options such as buying the building.

This item was Tabled until the next meeting.

RES-08:075

RESOLUTION TO AUTHORIZE THE POLICE DEPARTMENT TO HIRE 5 ADDITIONAL POLICE OFFICERS BEYOND THE AUTHORIZED STRENGTH IN

THE CURRENT 2008 BUDGET AND TO HIRE A CRIMINAL GANG INTELLIGENCE CIVILIAN ANALYST IN A TEMPORARY PART-TIME CAPACITY

Sponsors: Police Department

Police Chief Michael Yates explained the additional officers should not require any appropriation of funds due to natural attrition. He added the other position is basically for secretarial work. He further explained the positions hired will replace seasoned officers who will be used to combat the gang activity. Councilman Hargis questioned what is occurring that leads the City to believe there is a problem. Chief Yates explained they are looking at demographics and intelligence from different sources that show there is some gang behavior in the City.

A motion was made by Councilman Darrel Dover, seconded by Councilwoman Judy Furr, that this Resolution be Recommended to Council. The motion CARRIED by a Voice Vote.

Aye: 4 - Darrel Dover; Harold Perrin; Jim Hargis and Judy Furr

Absent: 1 - John Street

COM-08:046

Statement as read by Councilman Perrin to the Finance Committee at the meeting on April 17, 2008.

Attachments: [Statement](#)

This item was Read.

4. Pending Items

COBRA insurance for employees

5. Other Business

COM-08:034

Mr. Larry Colbert of Colbert Lawn Service requests payment for back taxes not previously charged for lawn services he performed for the City from 2002 to 2006.

Attachments: [Letter from Mr. Colbert](#)
[Schedule of services](#)
[Additional Information](#)
[Opinion as given by Councilman Frierson](#)

Ms. Micenhamer explained Mr. Colbert was a vendor for the City and was told by a former city employee that he did not have to collect taxes for work performed. She further explained Mr. Colbert has found out from the state that he should've had the taxes collected. She added Mr. Colbert feels he was given the wrong information and that he should be paid for the taxes. Councilman Hargis questioned whether other vendors collect taxes. Ms. Micenhamer answered yes, as far as she knows. Councilwoman Furr stated she spoke with Purchasing Agent Steve Kent. Chairwoman Williams explained Mr. Kent stated the bids taken did not include sales tax and because of that Mr. Colbert thought he didn't have to charge sales tax. Mr. Kent added Mr. Colbert is correct in that he did not charge sales tax. Chairwoman Williams stated she had some concerns about paying the sales tax. She noted the vendor is responsible for collecting the sales tax, not the customer. Councilman Perrin motioned, seconded by Councilman Dover, to turn the information over to City Attorney Phillip Crego. All voted aye.

Read

COM-08:044

Statement of receipts, disbursements and changes in fund balances as provided to the Finance Committee by Finance Director Jim Barksdale at the meeting on April 17, 2008.

Attachments: [Statement of Receipts](#)

Finance Director Jim Barksdale explained they reconciled 2005 up through the end of 2007. He further explained they are going to try and make sure the deadline isn't missed again. Councilman Perrin questioned whether Mr. Barksdale will be able to give the City Council financial statements during the first meeting of the month. Mr. Barksdale stated that is his goal. He added once they get things to where he likes them, then that should not be a problem. He explained one of the things the audit brought up is that the cash receipts and disbursements are not being reconciled back to the bank statements, which they are currently doing on a daily basis. He then discussed the financial statement.

Mr. Barksdale explained one thing they've discovered is significant issues is budgetary controls because there is nothing to prevent overspending. He stated they will be working on that so the information can be managed better. He added not all the information is in the system.

This item was Read.

COM-08:045

Report of expenditures on furniture, accessories and fixed assets for 2005-2007 as provided by Finance Director Jim Barksdale to the Finance Committee at the meeting on April 17, 2008.

Attachments: [Report of expenditures](#)

Mr. Barksdale explained they did their own audit of the furnishing expenditures as similarly reported by Crowe Chizek and they came up with different numbers. He further explained they only used numbers they could authenticate and the difference is probably caused by a communication breakdown with Crowe Chizek. He added Crowe Chizek is a good company, so he doesn't think they would intentionally do anything. Councilman Hargis stated he believes there is a benefit to working with Crowe Chizek. He noted there was a lot of misimpressions they could've gotten from the information and staff. Mr. Barksdale explained they met with Legislative Audit and they found three significant findings that were the same findings year after year but they did not mention any kind of misuse of funds. He informed the committee the final report will be made available to the general public. Councilwoman Furr noted ever since Councilman Province brought the resolution to Council asking for an audit this was the first time she had heard anyone mention fraud or misappropriation of funds. She explained she thought they were looking at business practices. Councilman Dover stated he thinks whoever wrote the resolution wanted to check compliance with the laws, which can be interpreted to mean illegal use of funds. Councilman Hargis noted there was a problem with compliance with state law in that reports were not published as prescribed by law. Councilwoman Furr stated she just wanted to clarify the intentions due to Councilman Perrin's earlier statement. Mr. Barksdale discussed their findings on City expenditures from furniture and accessories. He then stated next week the Finance Department will be getting training on Springbrook. He discussed other things they are changes in the Finance Department, such as cross-training. Councilman Dover stated the public needs to know how much was actually spent on furniture and accessories. Councilman Hargis explained Crowe Chizek should be given the opportunity to review the information as well. Mr. Barksdale noted Crowe Chizek has indicated they will be reviewing their information

and will be updating numbers if needed. He added there was simply a breakdown in communication. He further discussed the findings about furniture. Councilwoman Furr expressed concern over the Crowe Chizek findings being accessible to the administration and Council members for a period of time and no one said anything about having concerns over the figures in the report. She said she even asked a department head about the findings and the department head indicated that they didn't read that part of the report. Ms. Micenhamer stated she never saw the preliminary report until it was handed out at the meeting. Mr. Barksdale explained he has always known auditors to have exit interviews after their work is done, but he did not meet with Crowe Chizek after they finished their work.

This item was Read.

Legislative Audit findings

Mr. Barksdale noted several items have been reported in the audits since 2005 and were even reported by Crowe Chizek and the former Council Internal Auditor. Chairwoman Williams explained that was the basis of their concerns because nothing changed over the years. Mr. Barksdale stated Legislative Audit had a concern over opportunities for fraud because the funds weren't balanced. He then discussed the three significant findings. The first finding being excessive application access privileges due to flaws in how the system was setup. He stated he has asked staff to inform him or City Accountant Kortney White of all changes to the General Ledger. The second finding was bank reconciliations were not prepared timely or accurately on consolidated accounts. He stated they have reconciled through 2007 and are working to reconcile through March, 2008. The third finding being the city's financial statements contained classification and posting errors that resulted in adjustments of \$1,743,643 to the General Fund; \$69,929 to the Street Fund; and \$1,526,408 to the other aggregate funds. Mr. Barksdale noted they have changed this for 2008, but the same problem will exist for the 2007 audit because nothing changed to 2008.

ORD-08:026

AN ORDINANCE TO AMEND THE 2008 ANNUAL BUDGET AND THE PAY PLAN FOR THE CITY OF JONESBORO TO UPGRADE THE POSITION OF HUMAN RESOURCES TECHNICAL IN THE HUMAN RESOURCES DEPARTMENT

Sponsors: Human Resources

Attachments: [HR Presentation for Council](#)

Councilman Dover questioned whether there is a manpower shortage. Ms. Roark explained she is going to re-allocate duties so that the two full-time positions can do some of the work for the audit, while the part-timers pick up some of the work from the full-time employees. Chairwoman Williams questioned why the item was not on the agenda. Ms. Roark stated the item was not approved by City Attorney Crego until yesterday. Ms. Roark discussed Rule 32 and the consequences of being under it. Chairwoman Williams noted there has to be a line drawn with items being walked-on to the agenda. Councilman Perrin agreed, saying some things are emergencies while others are not.

A motion was made by Councilman Harold Perrin, seconded by Councilman Darrel Dover, that this Ordinance be Recommended to Council. The motion CARRIED by a Voice Vote.

Aye: 4 - Darrel Dover; Harold Perrin; Jim Hargis and Judy Furr

Absent: 1 - John Street

COM-08:042

Handout as provided by Mr. Dan Melton at the Finance Committee meeting on April

17, 2008.

Attachments: [Retired Firefighters](#)

Mr. Melton asked the Council consider a \$250 a month across the board raise. He stated if anyone has any questions he would be glad to meet with them.

This item was Read.

COM-08:043

Letter from State Representative Chris Thyer to Mayor Formon regarding the City of Jonesboro share of the natural gas severance tax revenue distribution dated April 4, 2008.

Attachments: [Letter from State Representative Thyer](#)

This item was Read.

6. Public Comments

7. Adjournment

A motion was made by Councilman Harold Perrin, seconded by Councilman Jim Hargis, that this meeting be Adjourned. The motion CARRIED by a Voice Vote.

Aye: 4 - Darrel Dover; Ann Williams; Jim Hargis and Judy Furr

Absent: 1 - John Street