

## **CITY OF SANGER, TEXAS**

**MINUTES: CITY COUNCIL WORK SESSION**  
**February 4, 2019 – 6:00 PM**  
**502 Elm Street, Sanger, Texas**

**COUNCIL MEMBERS PRESENT:** Mayor Thomas Muir, Mayor Pro Tem Gary Bilyeu, Councilman Bill Boutwell, Councilman Lee Allison, Councilman Allen Chick Councilman David Clark.

**COUNCIL MEMBERS ABSENT:** None.

The Mayor and all five (5) Council Members were present constituting a quorum.

**STAFF MEMBERS PRESENT:** City Manager Alina Ciocan, Finance Director Clayton Gray; City Secretary Cheryl Price.

### **1. Call Meeting to Order.**

Mayor Muir called the Work Session to order at 6:01 PM on February 4, 2019.

### **2. Overview of the Annual Financial Report and Related Audit by Brooks Watson & Co., for the Fiscal Year Ending September 30, 2018.**

Finance Director Clayton Gray introduced Jon Watson with Brooks Watson & Company to present the Financial Report and Audit. He noted that the City received an unmodified opinion which is the highest opinion which can be received.

Jon Watson, Brooks Watson & Company was recognized and presented the 2018 Annual Financial Report and Audit. He reiterated that for the audit, the City received an unmodified opinion. The four possible outcomes are Unmodified, Modified, Disclaimed, and Adverse. An unmodified opinion is the highest level of assurance. He summarized the processes of the Audit and provided a detailed power point presentation of the information provided in the Council agenda packet. Miscellaneous discussion came up and questions were posed by City Council during the presentation. Some major points of discussion were: New this year OPEB Schedule which is “other post-employment benefits. This is a supplemental post-employment benefit through TMRS which was chosen by the City to be provided employees upon retirement. It was noted that this could be a liability if all or several of the employees passed away at the same time after retirement. The supplemental death benefit is \$7,500. He noted the following financial highlights:

- Total assets exceeded total liabilities by \$40,225,842.
- City’s governmental funds reported a combined ending fund balance of \$6,251,457, an increase of \$2,174,302.
- Unassigned fund balance in the general fund was \$4,420,906 or 76% of annual general fund expenditures. It was noted that 76% is very healthy fund balance for the general fund and it puts the City in a very good position and it does help if the City is considering bonding, etc.
- The City had an overall increase in net position of \$7,507,345 for the year.
- Net pension liability was \$674,878, a decrease of \$460,135. He noted that the pension is well funded.

Mr. Watson summarized the revenue and pointed out that in most every category exceeded expectations. There were some grants that were unbudgeted that came in. He summarized the Governmental funds revenues, expenditures and changes in fund balance and net position figures. He complemented the City Staff and noted that staff was very helpful and quick to provide information. That as an auditor, if they ask for things and don't receive the information relatively quickly, they start to wonder and red flags go up. With the City of Sanger they have received everything they want pretty quickly. He also noted the letters provided and that there is specific information provided in them and he encouraged the Council to read them. If they have any questions, he would be glad to provide answers and provided Council Members with his contact information.

There was some discussion regarding recommendations, and the expedient way that staff handles them, also the way that staff is proactive with issues. Mr. Watson noted through prompting by Mayor Muir that they do and will continue to share anything they see happening or that works at another City if it would be beneficial to the City. Mayor Muir noted that we are a growing City and will at some point have to issue debt. He asked if with this improvement it would be a pretty good time to think about getting a re-rate. Mr. Watson noted that the changes have all been positive and everything from a financial prospective has been positive. He noted the leverage ratios look good and the City is hitting the budget targets. He advised that the City's bond advisor would be the best person to ask the rate question. If the City could save a point on a bond it could be huge. Mr. Watson touched briefly again on the OPEG and there was a brief discussion on it being a liability as being unfunded. He noted that it is not a concern right now, but in the future as staff grows and has more retirees it could become a situation when it becomes about \$300,000 and the City may look at funding it so we do not get behind. It was noted that this was the first year it was required. Mayor Muir thanked Jon Watson for coming to the meeting, providing such a thorough overview and answering all of their questions.

### **3. Adjourn.**

There being no further business, Mayor Muir adjourned the Work Session at 6:58 PM.