

NOVEMBER 25, 2019

MINUTES OF THE REGULAR MEETING
OF THE CITY COUNCIL OF THE
CITY OF OLNEY, TEXAS

6:00 P.M.

The City Council of the City of Olney, Texas, met Monday, November 25, 2019, at 6:00 P.M. Those present were: Mayor Phil Jeske, Mayor Pro-Tem Rue Rogers, Councilmembers Tommy Kimbro, Chuck Stennett, and Harrison Wellman; Absent: Councilmember Terri Wipperman. Staff Present: City Secretary Tim Houston, Chief of Police Conny Clay, Public Works Director K.C. Blasingame, City Attorney William Myers, Water Superintendent Michael Jacoba, Officer Bill Achey, and Officer Dustin Hudson. All agenda items were subject to action.

Mayor Jeske called the meeting to order at 6:03 P.M. Mr. Myers gave the invocation.

CALL TO ORDER

No citizens appeared before the Council to comment.

CITIZEN COMMENT
PERIOD

Mayor Jeske entertained a motion to adopt the minutes from November 11, 2019 Regular Meeting as written. Mayor Pro-Tem Rogers made said motion and Councilmember Kimbro seconded. Council voted unanimously to approve the minutes.

CONSIDER APPROVAL
OF MINUTES FROM
PREVIOUS MEETING(S)

Mr. Houston stated that Resolution R17-19 would assign the City's 146 votes to Mr. Jake Bailey for election to the YCAD Board if Council wished to vote for him since he was nominated by the Council. Mayor Jeske entertained a motion to adopt Resolution R17-19 to assign the City's 146 votes in the YCAD Board Election to Jake Bailey. Councilmember Kimbro made said motion and Mayor Pro-Tem Rogers seconded. Council voted unanimously to approve the minutes.

CONSIDER RESOLUTION
R17-19 TO FORMALIZE
NOMINATION OF JAKE
BAILEY TO YCAD BOARD

Mr. Houston informed Council that Wylie Hughey had approached the City about reappointing Jim Hirsch and Ron Rogers to the Olney Industrial Development Corporation Board. Mr. Hirsch had served one full term and one year of an unexpired term. As Mr. Hirsch had not completed more than half of the preceding terms it was considered not to count toward the two term limitations for the OI DC Board. Ron Rogers had only served one term and was therefore eligible for a second term. Mayor Jeske entertained a motion to reappoint both Jim Hirsch and Ron Rogers to a second term on the OI DC Board to run for three years starting January 2020 until January 2023. Councilmember Stennett made said motion and Councilmember Wellman seconded. Council voted unanimously to approve the motion for reappointment of Mr. Hirsch and Mr. Rogers.

CONSIDER
APPOINTMENTS TO
OIDC BOARD

Mr. Houston stated this was the second reading of the ordinance. Mayor Jeske entertained a motion to approve Ordinance 16-19 on second reading to update the Water Conservation Plan. Mayor Pro-Tem Rogers made said motion and Councilmember Kimbro seconded. Council voted unanimously to approve Ordinance O16-19.

CONSIDER ORDINANCE
O16-19 TO ADOPT
WATER CONSERVATION
PLAN (SECOND
READING)

Mr. Houston stated that he appreciated that Councilmember Wellman had asked for a review of the budget numbers. Upon an in depth and exhaustive search City staff uncovered a system error that had resulted in both an over-projection of utility revenues in the FY 2019-2020 budget and uncovered that City spent closer to the target of \$3.7 million as Council had budgeted for FY 2018-2019. The City's funds were essentially overcounted by a software error to the tune of \$427,311.65. Once the error was corrected the budget performance report reflected that the City drew down on reserves as Council had budgeted in the amount of \$110,373.48.

HEAR FY 2019-2020
BUDGET RESEARCH &
UPDATE

The root of the problem was found in the form of four billing duplication errors over three months causing each affected billing cycle to be posted twice to the general ledger. Mr. Houston did note that no utility customers were overcharged. No other line items were affected by the error. Mr. Houston detailed the errors and how they were listed in the system, why it took so long to catch, and why they were not caught prior to the 2019-2020 budget being passed in a 30-page report to the Mayor and Council.

In January 2019 staff attempted to post Bill Cycle 1666 for utility books 6-10. The system encountered an error and two transactions were entered for that cycle. Central Square stated the error had been rectified and the duplicate posting eliminated in its notes. February billing encountered no issues until books 1-5 for March's billing cycle would not post to the general ledgers so that the bills could be printed. The system notified City staff that February was not closed out or posted, though the February bills had been sent out. Central Square once again remote accessed our computer and fixed the error issue. However, the duplication error then affected billing cycles 1677 (February books 6-10), 1688 (March books 1-5), and 1690 (March books 6-10). The duplication error essentially entered two transactions for every affected billing cycle and doubled the income recognized by the system. The error persisted because of inadequate training and a failure to have a process in place to check for those types of errors.

Mr. Houston listed ten overall improvements to both detect and safeguard against such an error being made in the future. Including a more in-depth review and analysis during monthly reconciliation, dual controls, cross-training, computer upgrades, general training on accounting practices, software system training, written process and procedure manuals, visiting neighboring cities for process review and best practice integration, joining a professional government finance organization, a review of the financial software and its competitors, and improved communication among City staff. Further, processes would be put into place so that the integrity of the reported numbers could be confirmed each month during reconciliation. Mr. Houston invited comments from the Council following the report.

Councilmember Wellman stated that Mr. Houston needed to redouble his efforts to build a team to help him complete and remember to complete items. Collaboration, teamwork, and double-checks were necessary to the running of the City. Essentially create a backup for each process to ensure completion of processes. Mayor Pro-Tem Rogers asked if there were any improvements that he could undertake to make sure staff were communicating. Mr. Houston replied that crystal clear expectations and involvement were the biggest two things that would help and that he had already started to make that change. Councilmember Wellman stated there were red flags that should have been caught. Mr. Houston agreed and upon reviews spotted where the red flags were that should have been noticed. Mayor Jeske stated the profound disappointment of the Council and himself in the events that transpired and asked that a standard policy of what the City should be doing be developed. Further, he wanted detailed audit, control, and review processes and that future audit adjustment entries should be made immediately upon completion of the review. Further, Mayor Jeske said that he would develop a list of items that he would like to have at future Council meetings. Mr. Houston was asked to contact the new City auditor and request the audit items that they would require, and to set-up a pre- and post-audit meeting to set out questions and identify areas for improvements.

Mr. Houston explained that with the correction in the FY 2018-2019 budget and the subsequent review of the current fiscal year a budget amendment would be required to bring the current budget in line with the new revenue expectations. Revenues were reduced by the following amounts:

BUDGET AMENDMENT
WORKSHOP

01-00-4099 Garbage Services: Reduced by \$76,902 to a total of \$484,837;
02-00-4101 Water Sales: Reduced by \$226,814 to a total of \$1,088,133;
02-00-4601 Treatment Charges (Wastewater): Reduced by \$77,070 to a total of \$512,835.
Total Revenue: Reduced by \$380,786 to a sum of \$3,716,356.

Mr. Houston stated that all capital expenditure funds had been removed from the budget totaling \$264,275. Further, after review by the financial staff a further \$211,842 which included eliminating planned GIS intern, code enforcement/compliance trainee, and an additional police officer among other supplies and expenses. Total expenditures were reduced by \$476,117 to a sum of \$3,620,409. This left the Council with a renewed \$95,331 to allocate out to the numerous projects submitted to them previously during the budget process. Councilmember Wellman suggested keeping a good sum of the money as a cushion just in case. Mayor Jeske requested the original capital outlay requests from the previous budget process be sent to Council for consideration before the next meeting.

There being no further business to come before the Council, the Council adjourned by consent at 7:20 P.M.

ADJOURNMENT

ATTEST:

Mayor

City Secretary

Date Approved