

**Minutes of the Special Meeting of the Milford City Council held on Wednesday, January 7, 2015 at 5:00 p.m. at the City Offices located at 26 South 100 West, Milford, Utah.**

---

**Present:** Mayor Nolan Davis, Council Members Aaron Cox, Karrie Davis, Wayne Hardy, Troy Netto, and Russell Smith, City Administrator Makayla Bealer, City Recorder Monica Seifers, Administrative Assistant Lisa Thompson, Attorney Leo Kanell.

**Visitors:** Chad Atkinson-Hinton Burdick

**MEETING CALL TO ORDER**

Mayor Davis called the meeting to order at 5:03 PM

**The purpose of the meeting was to hold the Presentation of the Audit for Fiscal Year 2013-2014.**

Chad Atkinson presented the Audit for FY 2013-2014. He thanked the city staff for their assistance in preparing the audit.

- Managements Discussion and Analysis is essentially the Executive Summary, highlighting what happened during the year. The members of the Council were encouraged to read through it.
- Milford City's General Fund operated within the approved budget. This is important in helping the city gain ground in the General Fund.
- Fiscal Year 2014 there was a repayment of \$219,719.00 in interfund loans. This is a very positive sign.
- Milford City received lots from Advanced Development with an estimated value of over \$97,000.00. The accumulated interest and penalties were written off to the tune of \$68,000.00.
- Government Wide Change in Net Position took a rebound in 2014. There was a large capital grant received in Fiscal Year 2011. There was also a \$47,000.00 donation from the Travel Council. The stretch between 2011 and 2014 saw an improvement of over \$237,000.00 is, which is an amazing improvement. For a city of Milford's size this is amazing. You did a very good job of cutting your budget, getting your expenses in line, and rebound.
- Major Revenue Trend -10 Year Trend - All revenues were consistent with exception of charges of services. Charges dropped in 2014 due to fuel not being purchased like it was the year before. City Administrator Bealer explained that it was due to Bill Dare not re-seeding.
- Council Member Netto inquired why the property taxes were down. Attorney Kanell explained that the tax rates did not increase and there is no growth within the city limits.
- Council Member Cox asked if the taxes were for residential only, or businesses. Attorney Kanell said it was for all properties.
- Change in Fund Balance in General Fund - Did a great job staying under budget, and made a great increase to the General Fund from prior year. Overall revenues were up and total expenses were down slightly.
- Due to Other Funds/Due From Other Funds - This graph shows the loans between the internal funds. Water and Sewer Funds have essentially been loaning cash to the other funds. Mr. Atkinson is hoping that the interfund loans will be closed out within 3-4 years.
- Fund Equity, Excluding net Investment in Capital Assets - Water and Sewer Funds did have a slight increase. The budget cuts that have been put in to place have helped, but there are some cost allocations that can be put into place to help as well.
- Water Fund - Revenues were up slightly while we had a reduction in expenses. Went from a loss of over \$22,000.00 to an increase of \$40,000.00. Good positive year, turn around year from prior year.
- Water Cash Fund - Total Cash - getting back to a state of replenishment. Unrestricted Cash remains at 0.
- Sewer Fund - Operation revenue was consistent. Expenses were up due to payroll allocations. One crew member was moved from the General Fund to 75% sewer fund and 25% parks.
- Sewer Fund -Total Cash - good trend, anticipated going forward.
- Overall audit opinion was unmodified, or clean opinion.

- There were some internal control findings pertaining to the year-end accounting
- Compliance findings pertaining to Interfund Transfers/Interfund Services Provided, Interfund Loans, and General fund Balance (Fund Deficits)
- Mr. Atkinson asked if the Council had questions.
- Mr. Atkinson will meet with City Administrator Bealer to review and adjust cost allocations.
- Council Member Cox asked what the total debt amount was. The total debt balance as of June 2013 was \$1,085,696 and as of June 30, 2014 was \$910,747. This does not include operating expenses.
- Attorney Kanell asked about the bond repayments, asking about an equity transfer. Mr. Atkinson replied that Milford City could do the equity transfer.
- Attorney Kanell cited that the city wasn't doing as well this year, looking at the financials. City Administrator Bealer replied that she just prepared the December financials, and all though we didn't make as big of a jump as the prior year, it is improving. Attorney Kanell said this was supposed to be a three year plan to get back to where we need to be. Mayor Davis responded that the City actually said it was a five year plan. City Administrator Bealer pointed out that this year there was street maintenance budgeted whereas the prior year the City completely shut down any projects
- Discussed the General Fund Balance and the State Treasury Account Balance. Council Member Cox asked how much was in the Treasury Account compared to last year. City Administrator Bealer stated it went from \$58,000.00 to \$380,000.00. Discussed setting goal for rainy day fund.
- Council Member Netto inquired if the airport fund has made any impact on the city's financial state. Mr. Atkinson explained that the cash drain on the city was \$47,000.00 the prior year and this year it was only \$10,000.00 so there was a great improvement made.
- Council Member Cox asked what else the City could do? Mr. Atkinson - Cost allocations, Selling AD property, and Closing MBA fund will help with reporting issues.
- Council Member Cox asked about annexation to gain the out of town businesses. He watched Minersville take in the geothermal. Attorney Kanell explained that the property owners around Milford City do not want to annex. It takes 51% of the property owners supporting the annexation.
- Council Member Netto wanted to summarize the General Fund - last years audit showed we were roughly \$400,000.00 in the hole. This year we are roughly \$200,000.00 in the hole. Our plan for this current year is to gain another \$70,000.00 by the end of the fiscal year, which would put us at a deficit of roughly \$130,000.00.
- Mr. Atkinson presented an Engagement Letter for 2015 for Councils consideration. Mayor Davis thanked Mr. Atkinson and his staff for their assistance during the audit year. Their efforts in assisting the staff with re-entry of data following the governmental accounting system crash are appreciated.

**MOTION:** Council Member Russell Smith moved to retain Hinton Burdick as the auditing firm for Milford City for the current fiscal year. Motion was seconded by Council Member Troy Netto. Motion passed, all were in favor.

### **MEETING ADJOURNMENT**

As there was no further business the meeting adjourned at 6:04 p.m.

**APPROVED** by City Council this 20<sup>th</sup> day of January, 2015

  
 \_\_\_\_\_  
 MONICA D. SEIFERS, City Recorder