

MINUTES

FINANCE COMMITTEE MEETING

December 30, 2015 - 10:00 a.m.

Five County Association of Governments, Conference Room
1070 West 1600 South, Building B, St. George, Utah

MEMBERS IN ATTENDANCE

Commissioner Dale Brinkerhoff, Chair
Commissioner Dell LeFevre
Commissioner Jim Matson
Commissioner Victor Iverson

REPRESENTING

Iron County Commissioner Representative
Garfield County Commissioner Representative
Kane County Commissioner Representative
Washington County Commissioner

MEMBERS VIA TELEPHONE

Commissioner Mike Dalton, Vice-Chair
Beaver County Commissioner Representative

OTHERS IN ATTENDANCE

Bryan Thiriot
Allison McCoy
Gary Zabriskie
Jo Seegmiller
Diane Lamoreaux

Five County Association of Governments
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Commissioner Dale Brinkerhoff, Chair, called the meeting to order and welcomed those in attendance. It was noted that a quorum was present for conduct of business.

I. APPROVAL OF MINUTES - NOVEMBER 18, 2015

Commissioner Dale Brinkerhoff, Chair, referenced minutes of November 18, 2015 included in the meeting packet for discussion and consideration.

MOTION WAS MADE BY COMMISSIONER VICTOR IVERSON TO APPROVE MINUTES OF THE NOVEMBER 18, 2015 MEETING OF THE FINANCE COMMITTEE AS WRITTEN. THE MOTION WAS SECONDED BY COMMISSIONER DALE BRINKERHOFF. MOTION CARRIED BY UNANIMOUS VOTE, WITH COMMISSIONER MIKE DALTON VOTING AYE VIA TELEPHONE.

II. 2015 AUDIT REPORT

Mr. Chad Michaeli, Hafen, Buckner, Everett & Graff, reviewed the audit report with committee members. He noted that an unmodified opinion is provided after review and performing specific procedures. Page three of the report contains the management discussion and analysis. Pages 4-5 provide a quick synopsis of things provided by Five County over the past year. This year new accounting standards had to be implemented when performing the audit. A large amount of changes in the standards were reflective of the Utah State Retirement System and the AOG having to assume some more liability for future retirees. Page 10 was referenced as the deferred outflow of resources and assets

which was used to defer some of the liability for benefits that will be used in the future. A total liabilities and assets plan was provided to assist auditors in dividing up the liability between agencies. A pension liability of \$770,000 is estimated to cover future employee retirement. Page 11 contains the net position at the end of the fiscal year which is less than last year because of the pension liability. The fiduciary type of financial statements begins on page 16 to include the Revolving Loan Fund, SUPAC and Down Payment Assistance programs. These funds are not actually owned by the AOG but the funds are administered by staff at the AOG. The audit footnotes are contained on pages 19 through 32 and are provided to help explain numbers in the audit. Extra footnotes are provided because of the retirement liability issue. The fiscal year budget was set at \$8.2 million and the actual budget was \$6.9 million. Page 34 contains a 10-year synopsis of retirement contributions paid by the AOG on behalf of employees. Combining statements for each cost center with budget to actual are presented in the next section to depict how budgets performed during the fiscal year. The single audit check begins on page 84 and includes a government compliance and control letter outlining how programs performed under government standards. This includes the A-133 letter for federal funds received and disbursed. A separate report will be submitted to the single audit clearinghouse as well. The statement of federal expenditure awards is contained on page 89-90.

A summary of federal programs which were examined on page 91 includes the Mutual Self-Help, Weatherization, HEAT and Community Services Block Grant programs. The audit is required to examine 25% of the federal funding received by the organization. Programs receiving over \$300,000 in federal funding must be examined every third year. There was one finding under the Mutual Self-Help program for neglecting to use the federal suspension and debarment process for screening vendors for this program. Staff did not check and/or document if vendors were on this list. Mr. Michaeli explained that page 94 provides followup on the Community Services Block Grant (CSBG) program findings from the previous year audit to ensure that these problems were corrected. The issues with client eligibility for the CSBG program have been corrected. Aging programs were examined in the previous audit as part of the state funding compliance, but there were no state programs which needed to be examined this fiscal year. There were no state findings and/or issues during this budget year. However, the Association of Governments is still out of compliance with posting information on the Utah Public Finance website. Ms. Allison McCoy indicated that a local CPA is in the process of writing a program to facilitate moving information from the AOG accounting system over to the Utah Public Finance website. It is anticipated that this software program will be available for use sometime in January to facilitate this process.

Mr. Michaeli referred to the back of the report which contains a letter to management which is signed by the firm. Hafen, Buckner, Everett and Graff is an independent 3rd party that is enlisted to perform the audit in terms of compliance with state and federal requirements. State agencies have the ability to request more specific information and the firm helps to facilitate and answer questions that these agencies may have.

MOTION WAS MADE BY COMMISSIONER JIM MATSON, SECONDED BY COMMISSIONER DELL LEFEVRE, TO ACCEPT THE FY 2015 AUDIT FOR THE FIVE COUNTY ASSOCIATION OF GOVERNMENTS AS PRESENTED. MOTION CARRIED UNANIMOUSLY WITH COMMISSIONER MIKE DALTON VOTING AYE VIA TELEPHONE.

III. FIVE COUNTY AOG - AMEND PURCHASING & PROCUREMENT POLICY

Mr. Gary Zabriskie explained that the previous purchasing policy for Five County was approved in April 2003 mainly for purchase of supplies, equipment and other types of purchases. This policy did not include the hiring of consultant services for data collection and other types of services. Due to the involvement of the AOG with the county resource management plans, it is necessary to modify the policy to include purchasing and procurement to cover professional consulting services. Commissioner Jim Matson mentioned that Kane County reviewed state code in depth in the process of developing their policy. Mr. Zabriskie indicated that he utilized the Kane County policy to assist in amending the policy for Five County. The amended policy includes noncompetitive sole source for contracts less than \$20,000 to select qualified firms and/or individuals in consultation with the Executive Director and the Finance Committee. This will include the designation of the contract duration. Procurement is competitive between \$20,000 and \$40,000 where several firms are contacted to provide a formal quote based on initial criteria of contract amount, expectations and time frame. Formal bids will be required utilizing a Request for Qualifications (RFQ) for purchases and/or services over \$40,000. Commissioner Mike Dalton suggested utilizing \$19,999 and \$20,000 to \$39,999 rather than how it is currently written. The amended policy provides flexibility in selecting firms and/or individuals for specific work to be performed.

MOTION WAS MADE BY COMMISSIONER JIM MATSON, SECONDED BY COMMISSIONER DELL LEFEVRE TO APPROVE THE AMENDMENT TO THE FIVE COUNTY PURCHASING AND PROCUREMENT POLICY AS PRESENTED. MOTION CARRIED BY UNANIMOUS VOTE, WITH COMMISSIONER MIKE DALTON VOTING AYE VIA TELEPHONE.

Chairman Brinkerhoff proceeded to Agenda Item #5.

V. STAFF UPDATES

A. COUNTY RESOURCE MANAGEMENT PLANNING (CRMP)

Mr. Bryan Thiriot provided a brief update regarding the Five County and Six County joint effort with planning staff to compile a consultant pool for development of the county resource management plans. A workshop for writers will be held in early January. A meeting will be held on January 8th to discuss consultant recommendations for presentation to the Finance Committee on January 13th for their approval.

IV. WEATHERIZATION PROGRAM STATUS REPORT

Chairman Brinkerhoff reviewed the course of action regarding the Weatherization Manager that have been ongoing since October when the employee was placed on administrative leave. Initial letters were received from 6-7 former employees of the AOG outlining issues with the program and management. Employee morale within the weatherization crew has been very bad for some time and there has been a high turn-over in employees. The issue has been complicated because of a very good evaluation that was completed for this

individual one year ago. In working with the Washington County Attorney and their Human Resource Director, the long list of problems and issues has been reviewed extensively. Members of the Finance Committee have reviewed and discussed the various issues in depth over the past few months. Notice was provided to all staff members at the Association that the use of agency vehicles for personal use is prohibited. The Washington County Attorney's office and Human Resource Director have concluded that there is not sufficient grounds for termination at this point and the employee must be afforded the opportunity to right his wrongs. The Association of Governments does not have legal counsel or funding for litigation. Therefore the recommendation is to bring the employee back to work in his supervisor position without changing the job description or salary. When he is brought back to work, the employee will be required to work at the St. George Office and from 8:00 a.m. to 5:00 p.m., Monday through Friday. He will have to use his personal vehicle to travel from Cedar City to St. George. Ms. Jo Seegmiller, Human Resource Director, and Mr. Bryan Thiriote will be required to develop a corrective plan of action for the employee. The employee will be written up for the violations, and he will be under the director supervision of Mr. Thiriote. The job status and expectations need to be reviewed very thoroughly with the employee. He will be required to work in St. George for at least a month to get things in order.

Chairman Brinkerhoff recommended a new job description and title of Operations Manager for Ms. Danna Alvey, to include a \$1.00 per hour wage increase. It is also recommended that a wage market analysis be completed to determine where Five County weatherization employee wages compare with other weatherization workers. Staff was instructed to develop a new job description for Danna Alvey. Instructions were provided to Mr. Thiriote to proceed with a salary survey for the remaining weatherization employees. The position held by Scott Bolander needs to be re-examined and reclassified to inventory and quality control rather than the current classification of Weatherization Coordinator. A new job description for this position will need to be developed. The entire weatherization department will need to be reorganized and job descriptions will need to be evaluated and modified as applicable. The job shift for Ms. Alvey will need to occur prior to bringing the Weatherization Manager back to work. Commissioner Victor Iverson indicated that there will need to be meticulous documentation on the employees performance once he returns to work. The process outlined must be followed very carefully with documentation to back up progress and/or problems in complying with the corrective action plan. Commissioner Mike Dalton pointed out that the employee is being brought back under the same title, job description and salary. The only change would be the work station located at the St. George office. Some of the items in the corrective action plan would include development of policies and procedures for the weatherization department, obtaining a contractor license, working in the field to weatherize homes, etc. Monthly performance reviews would be appropriate to monitor progress. This all needs to be included in the corrective action with very specific expectations outlined.

Committee members suggested that Five County use this as a learning experience and contract with an outside firm to re-write the policies and procedures. As per the Finance Committee request, Mr. Bryan Thiriote will provide a copy of the letter prior to sending it out to the employee. The Washington County Human Resource office will be reviewing the letter as well. Members cautioned staff to make sure that requiring the employee to drive in his own vehicle to St. George is something that can be done under the current policies and procedures. It was pointed out that the employee would need to communicate with Ms.

Danna Alvey, who as Operations Manager would carry out the work details with the crew. If the employee creates a hostile work environment in anyway, he would need to be written up with specific documentation. If the behavior persists over a period of time and it is documented, then appropriate actions could be taken.

MOTION WAS MADE BY COMMISSIONER DELL LEFEVRE, SECONDED BY COMMISSIONER JIM MATSON, TO APPROVE THE NEW TITLE, JOB DESCRIPTION AND APPROXIMATE \$1.00 PER HOUR INCREASE FOR MS. DANNA ALVEY AS OPERATIONS MANAGER. THIS ACTION WILL OCCUR PRIOR TO DELIVERY OF THE LETTER REINSTATING THE WEATHERIZATION MANAGER. MOTION CARRIED BY UNANIMOUS VOTE, WITH COMMISSIONER MIKE DALTON VOTING AYE VIA TELEPHONE.

VI. OTHER BUSINESS

Mr. Bryan Thiriot reported that the Utah Local Governments Trust has requested time on the next Steering Committee agenda to discuss Five County's departure from the Trust. Committee members agreed that this would not be something that they would entertain. Commissioner Dale Brinkerhoff indicated that he would be happy to discuss this decision with representatives of the Trust via telephone.

MOTION TO ADJOURN WAS MADE BY COMMISSIONER VICTOR IVERSON, SECONDED BY COMMISSIONER DELL LEFEVRE. MOTION CARRIED BY UNANIMOUS VOTE, WITH COMMISSIONER MIKE DALTON VOTING AYE VIA TELEPHONE.

The meeting adjourned 11:00 a.m.