

**STATE OF TEXAS
COUNTY OF DENTON
CITY OF CORINTH**

On this the 21st day of March 2019 the City Council of the City of Corinth, Texas met in Workshop Session at the Corinth City Hall at 5:45 P.M., located at 3300 Corinth Parkway, Corinth, Texas. The meeting date, time, place and purpose as required by Title 5, Subtitle A, Chapter 551, Subchapter C, Section 551.041, Government Code, with the following members to wit:

Members Present:

Mayor Heidemann
Sam Burke, Mayor Pro-Tem
Scott Garber, Council Member
Don Glockel, Council Member
Tina Henderson, Council Member
Lowell Johnson, Council Member

Members Absent:

None

Others Present

Dianne Terrell, Eide Bailly, LLP

Staff Members Present

Bob Hart, City Manager
Kim Pence, City Secretary
Patricia Adams, Messer, Rockefeller, & Fort
Helen-Eve Liebman, Planning and Development Director
Ben Rodriguez, Planning and Development Manager
George Marshall, City Engineer
Lee Ann Bunselmeyer, Finance Director
Shea Rodgers, Technology Services Manager
Chris Rodriguez, Assistant Finance Director
Jerry Garner, Chief of Police
Becky Buck, Controller
Cody Collier, Director of Public Works

CALL TO ORDER:

Mayor Heidemann called the meeting to order at 5:45 p.m.

WORKSHOP BUSINESS AGENDA:

- 1. Receive a report and hold a discussion on the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2018, as presented by Eide Bailly, LLP.**

Bob Hart, City Manager – introduced Lee Ann Bunselmeyer, Finance Director.

Lee Ann Bunselmeyer, Finance Director – introduced Dianne Terrell, partner with Eide Bailly, LLP, who oversaw the audit and will briefly discuss the audit and the financial position of the city. She then introduced Becky Buck, the city comptroller, informing Council she was the lead in charge of the audit and Chris Rodriguez, the Assistant Finance Director, who helped with the audit as well.

The city received an unqualified opinion, which is a clean audit from Eide Bailly, LLP and did comply with all the GAP and GASB guidelines. There were some adjustments that were noted in the management letter to Council. These adjustments are done after we close the books, but before the CAFR is complete, some are routine and some were corrections from the prior year. The General Fund ended with a fund balance of \$5.4 million. The fund balance requirement is 20% of budgeted expenditures. That requirement was \$3.2 million, so the city did end the year substantially higher than required. In the Water/Wastewater Fund, the city has a 25% of fund balance expenditures requirement and finished the year with \$3.8 in the fund balance with a fund balance requirement of \$2.8 million. When staff and Council was going through the budget last year, we were thinking everything was going to come in right at target or below. The reason we exceed in the Water/Wastewater fund was due to a dry summer, so we over collected on water/wastewater, and savings in other area expenditures. The same was for the General Fund there was some savings from other expenditures and salaries.

On the Operating Funds, the fund balance was increased by \$1.9 million; the majority of this is Water and Wastewater at \$1.3 million that went into the fund balance. The next big variance was in the Bond Capital Projects Funds that decreased by \$5.5 million and that was some expenditures; the finishing of the Public Safety Facility; the Lake Sharon Extension had some expenditures to; and also the completion of Fire Station #3. These led to the decrease of this fund. Overall when you look at all of our cash and balances we have, in 2017 the city was at \$32 million and in 2018 the city ended at \$28 million. Looking at the debt at the end of September 2018, the city ended with a total outstanding debt of \$42 million, this does not include the debt issued a few weeks ago, so as of today the city is up at \$62 million, but at the end of 2018 the city ended up at \$42 million. We paid off our annual debt services of a little over \$3 million. This is a consistent debt service payment for us. At the end of September 30th, the General Fund outstanding debt will be \$30 million, the Water/Wastewater Fund had outstanding debt of \$10.7 million, and the Drainage Fund will be \$1.5 million outstanding.

Councilmember Lowell – how much does a penny earn on our property tax?

Lee Ann Bunselmeyer, Finance Director – it is just under \$300,000.

Dianne Terrell, Eide Bailly, LLP – We appreciate the opportunity to perform your audit. We did propose only a few audit adjustments, which demonstrates what an excellent job your finance department does. Our Auditors report in the CAFR presents an unmodified opinion on the financial statements. Below the opinion, there is an Emphasis of Matter paragraph that mentions the city has adopted a new governmental standard GASB 75 to report Other Post Employment Benefit Liability. Following that, there is another Emphasis of Matter paragraph to draw attention to the re-statement of a prior period financial statements for two corrections. The expenses for the Upper Trinity Regional Water District was broken out, per request of Council last year, and is reflected in the financial statements. Due to the level of grant funding this year, the city was not required to have a single audit, which is an audit of federal and state grant compliance; however, many grantors require your audit to be performed in accordance with government auditing standards. There is a separate report for this. There is not a report of noncompliance with laws and regulations; but there is a report of material weakness in the internal control over financial reporting solely due to the prior period adjustments. The comptroller's discovery and the additional controls put in place is part of the management's response and corrective action that was reported in their response to their finding of an error from fiscal year 2017. There were no disagreements with management on accounting issues or regarding estimates made on the financial statements and there were no difficulties in performing the audit.

Lee Ann Bunselmeyer, Finance Director – last year Council requested the finance department to break out the Upper Trinity Regional Water District and several of the schedules; we did this in the audit and additionally in the monthly reports and will format that into the budget for next year, so that those expenditures are very clear. This will also be set up as a category so that future staff member will continue the same set up.

Mayor Heidemann – Can you show us when some of the bonds are paid off, or drop off?

Lee Ann Bunselmeyer, Finance Director – This is reported in the budget. The 2010 Certificate of Obligation were for vehicles and equipment was issued on a short term debt that matures February 15, 2020; the 2016 Certificate of Obligation the final maturity is February 15, 2036; the General Obligation refunding matures February 15, 2020; the General Obligation Certificates of 2017 matures February 15, 2027; and the 2017 Certificate of Obligation matures Feb 15, 2037. We always match the debt with the life of the asset; so even though the final maturity may be in 2027 or 2037, if there was a short term asset in there, then that is calculated in, so if debt is drawn out for 20 years some of them may drop off significantly on the debt in 10 years.

2. Receive a report, hold a discussion, and give staff direction on the Water and Wastewater Rates.

Bob Hart, City Manager- requested to re-schedule this discussion for the April 4, 2019 meeting due to the inability for Carolyn Marshall, who is our rate consultant, to be here tonight.

Mayor Heidemann – tabled this item.

3. Discuss Regular Meeting Items on Regular Session Agenda, including the consideration of closed session items as set forth in the Closed Session agenda items below.

Consent Item #4 Discussion:

4. Public Works equipment storage building, site improvements and Fire Department Training facility construction.

Councilmember Glockel – reviewed the numbers outlined for the construction and inquired what the \$14,000 for material testing was for?

Cody Collier, Director of Public Works – they not only test what is coming out of the building but also test what is going into the building for lead and asbestos.

Councilmember Glockel – so you think that engineering at \$235,000; Phase 1 at \$469,000; and \$14,000 in material that we spend \$745,000 of the 1.5 million?

Cody Collier, Director of Public Works - Yes, sir.

Councilmember Glockel – we want to give out this contract for \$677,000, correct?

Cody Collier, Director of Public Works – Yes,

Councilmember Glockel – so if you add these numbers together how much money is left over.

Bob Hart, City Manager – we have approximately \$1,423,000 spent leaving about \$67,000 left over. These are rounded numbers. That is both phase 1, phase 2, engineering and material testing

together.

Councilmember Glockel – so that would account for the \$10,000 that is unaccounted for; rounding, but you are stating the materials are \$17,000 not \$14,000.

Bob Hart, City Manager – Yes, I did not do my numbers to the penny. I have Phase 1 at \$495,000; Phase 2 at \$677,000; Engineering at \$234,000; and Materials testing and change orders about \$17,000 giving us a total of \$1,423,000.

Cody Collier, Director of Public Works - I recognized when I was doing this the water heater that is currently in the building is out. I have had two change orders already, so I estimated about \$10,000 of it going to the anticipated change orders.

Councilmember Glockel – I am okay with that, I was just adding up the numbers and noticed the discrepancy.

Consent Item #7 Discussion:

7. **The Corinth City Council will conduct a public hearing to consider and act upon an amendment to the City's Unified Development Code, Section 2: Zoning, Subsection 2.07: Zoning Use Regulations, 2.07.07 Accessory Buildings and Uses.**

Councilmember Glockel – the first page of this item, the first paragraph under Summary/Background, it talks about the setbacks that are less than 7.5 feet, what was the original? I was unaware we had any smaller.

Ben Rodriguez, Planning and Development Manager – there are several properties that were either zoned as planned developments or over the course of time when the city has changed its requirements; such as when the Unified Development Code was adopted some of the changes occurred, there are a few subdivisions that do have smaller setbacks.

Councilmember Glockel – The last item on page 487, discusses barns and other types of livestock housing; if you have an agricultural project in town, can any kind of structure be built because it is agriculture with no requirements at all of what it is supposed to be?

Ben Rodriguez, Planning and Development Manager – they would be able to have a barn, but still have to follow the accessory building size requirements; for instance they can have a barn of up to 2,000 square feet if they have a up to a half acre or greater lot. The keeping of livestock is not allowed unless you have a lot of 3 acres or greater, so only those that have at least 3 acres would be able to have a barn.

Councilmember Glockel – my questions is not the size really, but do they have to follow any kind of code material wise?

Ben Rodriguez, Planning and Development Manager – the way it is written currently, they would have to follow the same material of whatever the main structure of the house is. The city drastically changed its development standards in 2004 when they adopted the Unified Development Code, so anything that was constructed before that time was built under a complete different set of standards. I am not sure the areas of the city you are referring, but I would venture to guess they were built before then.

Mayor Heidemann recessed the Work Session at 6:09 p.m.

CLOSED SESSION

The City Council will convene in such executive or (closed session) to consider any matters regarding any of the above agenda items as well as the following matters pursuant to Chapter 551 of the Texas

Section 551.071. (1) Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; and/or (2) a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

Section 551.072. To deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Council met in closed session from 6:10 p.m. to 7:04 p.m.

A. Potential land acquisition related to incentives and projects. (Project Daylight)

Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

Section 551.087. To deliberate or discuss regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

After discussion of any matters in closed session, any final action or vote taken will be in public by the City Council. City Council shall have the right at any time to seek legal advice in Closed Session from its Attorney on any agenda item, whether posted for Closed Session or not.

RECONVENE IN OPEN SESSION TO TAKE ACTION, IF NECESSARY, ON CLOSED SESSION ITEMS.

ADJOURN:

Mayor Heidemann adjourned the meeting at 7:05 p.m.

AYES: All

Meeting adjourned.

Approved by Council on the 4th day of April, 2019.





Kimberly Pence, City Secretary
City of Corinth, Texas