CITY OF BURTON

BURTON CITY COUNCIL MEETING

JANUARY 26, 2016

MINUTES

Council Chambers	Council Audit Workshop	6:00 PM

4303 S. CENTER ROAD
BURTON, MI 48519

This meeting was opened by President Steven Heffner at 6:08 PM.

A. CALL TO ORDER

Attendee Name	Title	Status	Arrived
Tom Martinbianco	Councilman	Present	
Duane Haskins	Vice-President	Late	6:28 PM
Dennis O'Keefe	Councilman	Present	
Steven Heffner	President	Present	
Ellen Ellenburg	Councilwoman	Present	
Vaughn Smith	Councilman	Present	
Steven Hatfield	Councilman	Present	

B. STAFF PRESENT

Paula Zelenko, Mayor
Teresa Karsney, Clerk
Sue Warren, Human Resources
Ginger Burke-Miller, Controller
Rik Hayman, Chief of Staff
Bette Bigsby, Benefits

C. AUDIENCE PARTICIPATION

None

D. ADMINISTRATIVE REPORT

Mayor Zelenko turned it over to Mrs. Burke-Miller.

Mrs. Burke-Miller introduced Mr. Doug Deeter and Heather Kuebler from Rehmann.

E. PRESENTATION

1. To receive the Comprehensive Annual Financial Report for June 30, 2015 from Rehmann.

   Mr. Deeter from Rehmann went over the slide presentation and answered question for Council.

Meeting was adjourned at 7:15 PM.

Burton City Council
4303 S. Center Road
Burton, MI 48519

SCHEDULED

Meeting: 01/26/16 06:00 PM
Department: Clerk's Office
Category: Audit
Prepared By: Teresa M. Karsney
Department Head: Teresa M. Karsney

E.1

AGENDA ITEM (ID # 2064)

DOC ID: 2064

To receive the Comprehensive Annual Financial Report for June 30, 2015 from Rehmann.

ATTACHMENTS:

- Burton 6 30 15 Presentation (PPTX)

City of Burton, Michigan
Audited Financial Statements
June 30, 2015

Presented by:
Doug Deeter, Principal
Heather Kuebler, Manager

Rehmann
Business wisdom delivered.

Independent Auditors' Report
CAFR - pgs. 9 – 11 and pgs. 160 - 161

Financial Statements

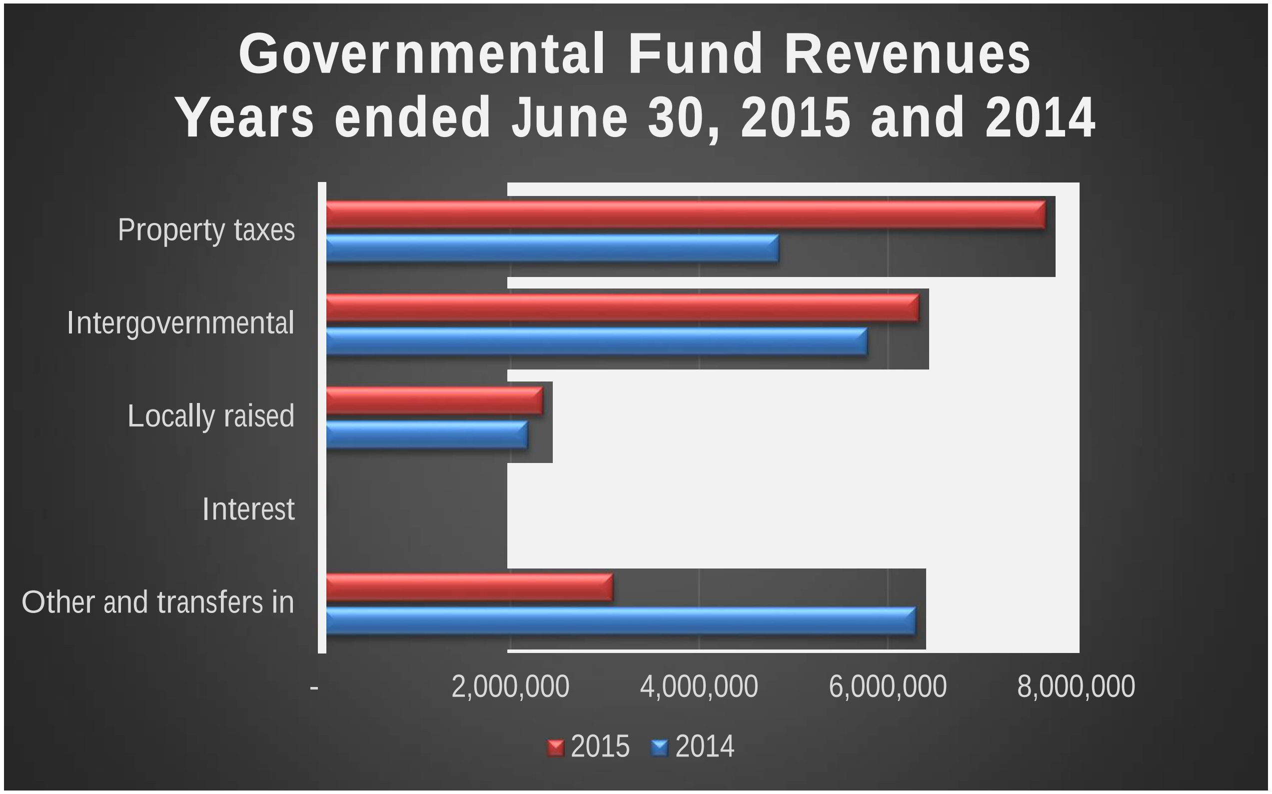
- Unmodified Opinion – Financial statements are fairly presented, in all material respects, in conformity with Generally Accepted Accounting Principles

Single Audit

- Unmodified Opinion – Complied, in all material respects, with types of compliance requirements that could have an effect on major federal programs.

Rehmann
Business wisdom delivered.

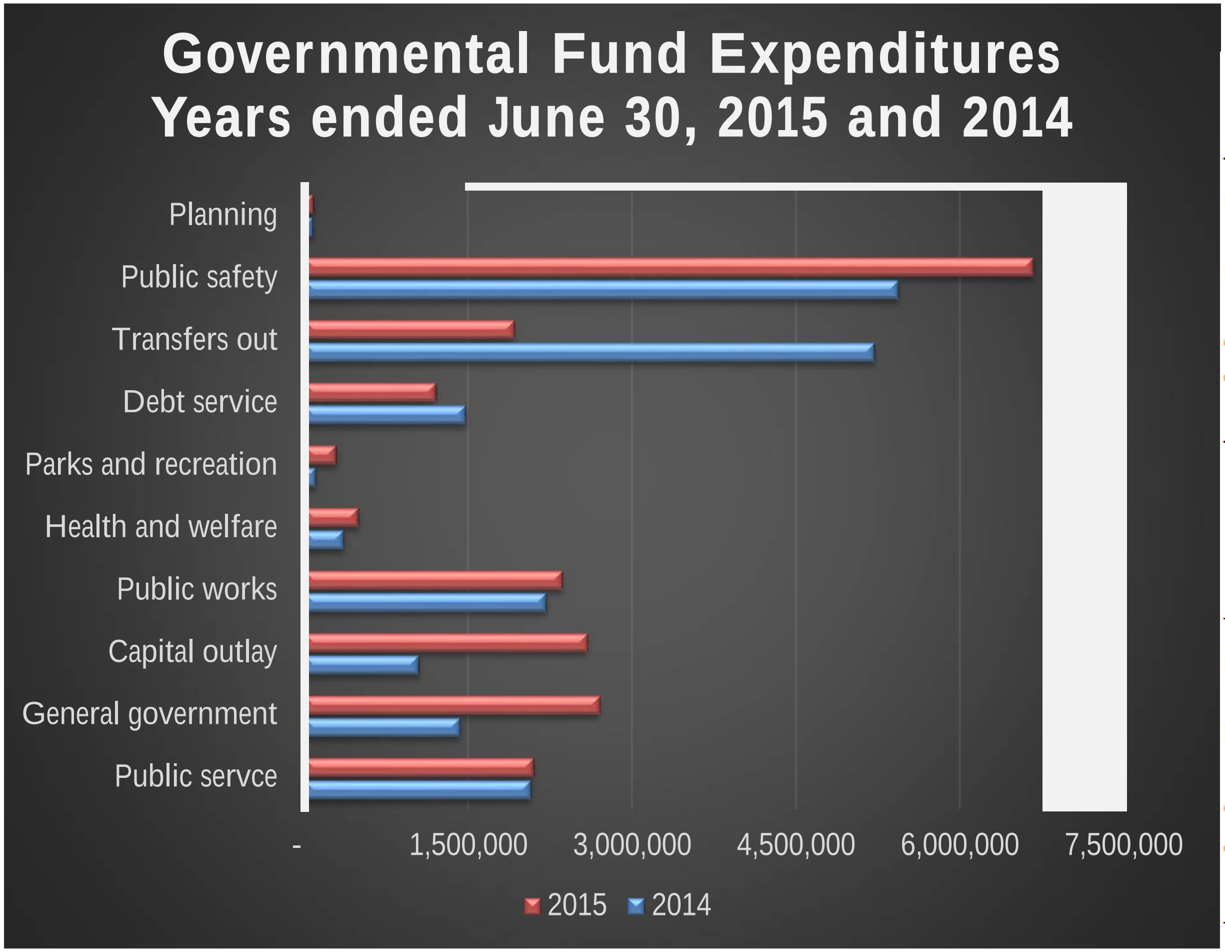
Governmental Fund Revenues CAFR – pgs. 27 - 28



	2015	2014
Property taxes	7,673,540	4,848,216
Intergovernmental	6,332,473	5,784,225
Locally raised	2,345,198	2,186,530
Interest	45,166	18,469
Other and transfers in	3,092,134	6,301,711
Total Governmental Fund Revenue	19,488,511	19,139,151

Rehmann
Business wisdom delivered.

Governmental Fund Expenditures
CAFR – pgs. 27 - 28

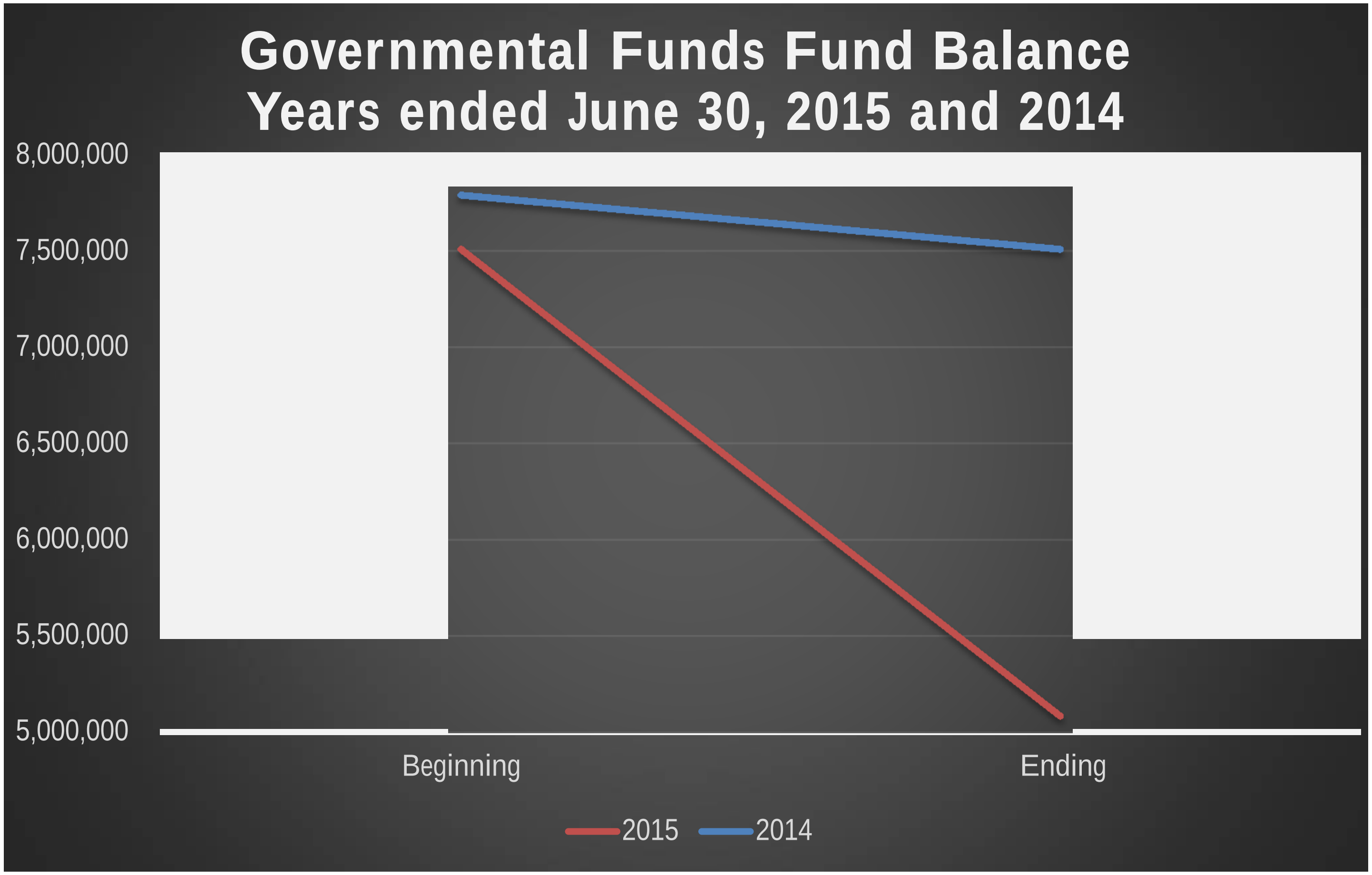


	2015
Planning	86,328
Public safety	6,666,969
Transfers out	1,916,171
Debt service	1,200,387
Parks and recreation	294,490
Health and welfare	494,180
Public works	2,353,048
Capital outlay	2,585,296
General government	2,695,259
Public service	2,091,121
Total Governmental Fund Expenditures	20,383,249

	2014
Planning	80,774
Public safety	5,433,973
Transfers out	5,215,146
Debt service	1,475,182
Parks and recreation	105,421
Health and welfare	360,148
Public works	2,208,090
Capital outlay	1,047,078
General government	1,423,043
Public service	2,071,265
Total Governmental Fund Expenditures	19,420,120

Rehmann
Business wisdom delivered.

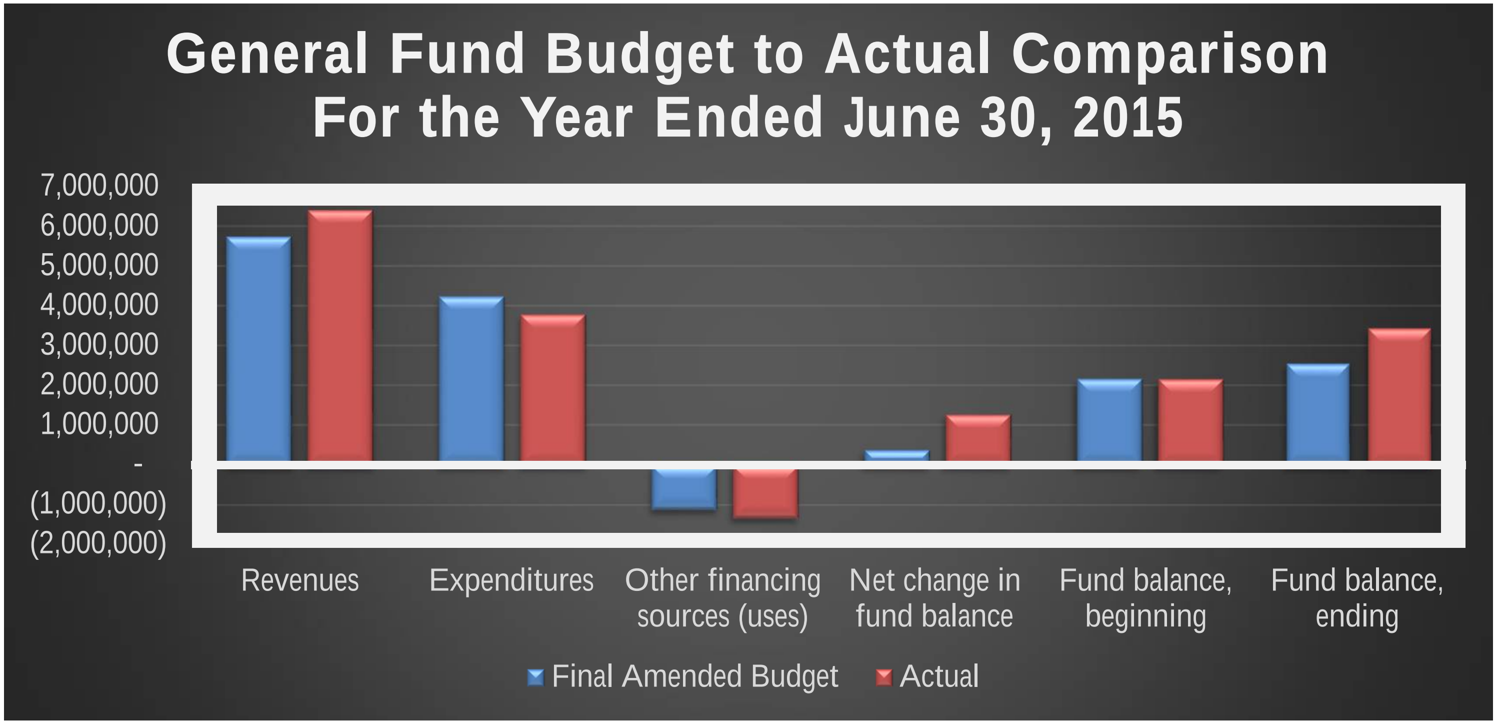
Governmental Funds Fund Balance
CAFR – pg. 28



	2015	2014
Beginning	7,511,438	7,792,407
Ending	5,086,526	7,511,438

Rehmann
Business wisdom delivered.

General Fund Budget to Actual CAFR – pg. 30



	Final Amended Budget	Actual	Actual Over (Under) Final Amended Budget
Revenues	5,732,100	6,399,635	667,535
Expenditures	4,236,820	3,792,915	(443,905)
Other financing sources (uses)	(1,114,880)	(1,331,642)	(216,762)
Net change in fund balance	380,400	1,275,078	894,678
Fund balance, beginning	2,170,650	2,170,650	-
Fund balance, ending	2,551,050	3,445,728	894,678

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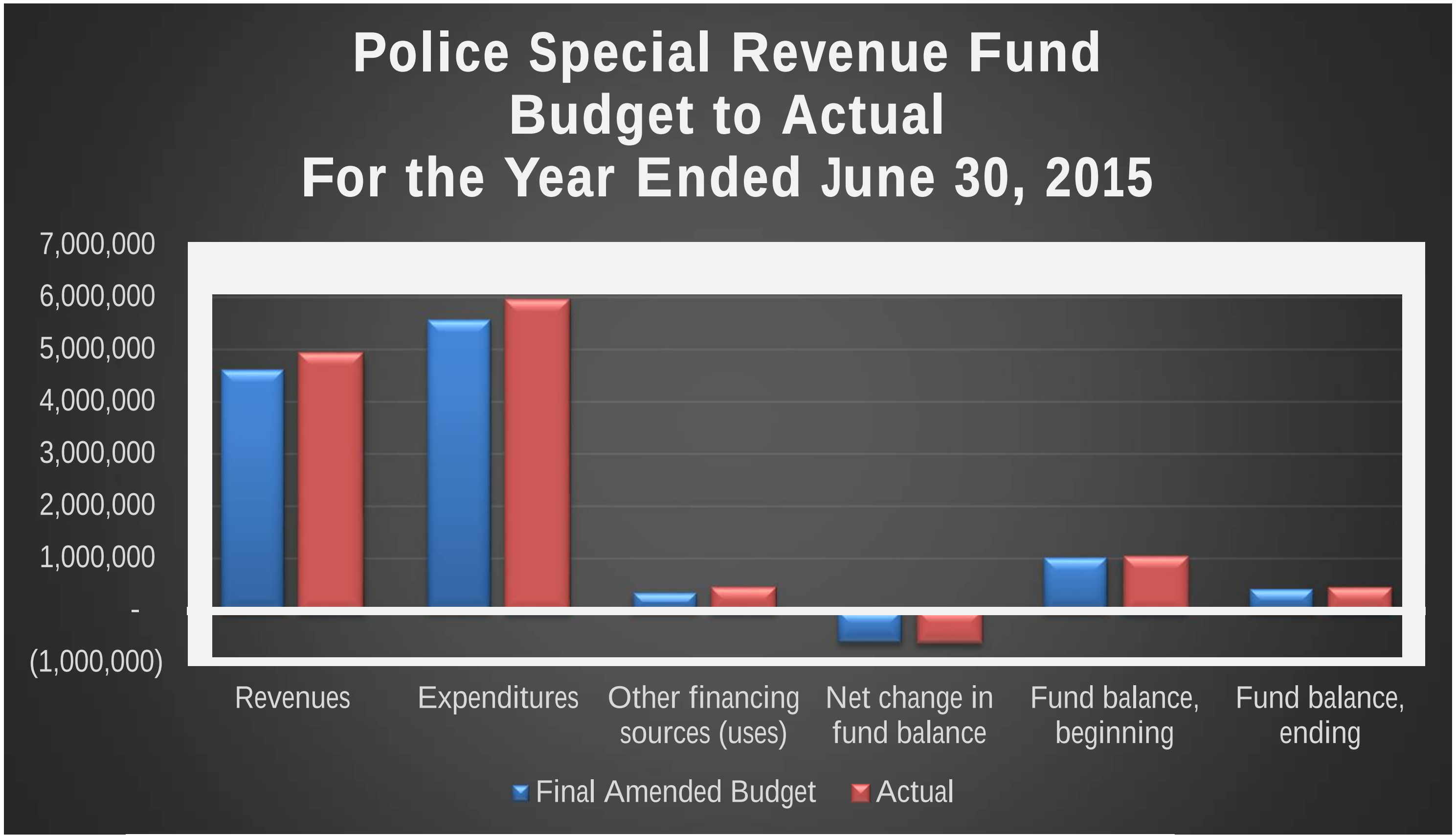
Police Special Revenue Fund Budget to Actual CAFR– pg. 33



	Final Amended Budget	Actual	Actual Over (Under) Final Amended Budget
Revenues	4,622,200	4,924,359	302,159
Expenditures	5,573,900	5,947,068	373,168
Other financing sources (uses)	350,000	433,112	83,112
Net change in fund balance	(601,700)	(589,597)	12,103
Fund balance, beginning	1,022,133	1,022,133	-
Fund balance, ending	420,433	432,536	12,103

Rehmann
Business wisdom delivered.

Water and Sewer Funds
Revenue and Expense Comparison
CAFR – pg. 37

	Water Fund		Sewer Fund	
	2015	2014	2015	2014
Operating revenue	4,198,746	4,077,533	5,177,546	4,439,311
Operating expense	4,321,615	3,635,963	4,765,898	4,661,521
Operating expense - depreciation	350,334	337,474	535,522	546,482
Operating income (loss)	(473,203)	104,096	(123,874)	(768,692)
Nonoperating revenue (expense)	(41,586)	(16,161)	58,030	563,678
Capital contributions	310,084	-	308,569	-
Transfers, net	(32,667)	(34,075)	(47,316)	(49,409)
Change in net position	(237,372)	53,860	195,409	(254,423)

Rehmann
Business wisdom delivered.

Water and Sewer Funds
Fund Balance Comparison
CAFR – pg. 36

	Water Fund		Sewer Fund	
	2015	2014	2015	2014
Net investment in capital assets	13,783,572	13,286,723	25,322,698	25,439,896
Restricted for bond reserve	201,200	221,000	-	-
Unrestricted (deficit)	(146,752)	2,569,328	9,193,268	10,578,270
Total net position	13,838,020	16,077,051	34,515,966	36,018,166

Rehmann
Business wisdom delivered.

GASB 68 – Accounting and Financial Reporting for Pensions

- Implementation required in fiscal year 2015

- Restatement of City's beginning net position as follows

- Governmental activities	$24,453,455
- Business-type activities	$ 3,699,268
- Water	$ 2,001,659
- Sewer	$ 1,697,609

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Business wisdom delivered.

Employees' Retirement System Trust Fund CAFR – pgs. 74 - 75

BURTON

Schedule of the Net Pension Liability (Measured as of December 31, 2014)

Year Ended	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability
June 30, 2015	$ 47,027,658	$ 18,468,681	$ 28,558,977	39.3%

Schedule of Contributions

Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as Percentage of Covered-Employee Payroll
June 30, 2015	$ 2,418,198	$ 3,418,198	$ 1,000,000	$ 4,989,418	68.50%

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Business wisdom delivered.

OPEB Funding Progress and Employer Contributions - pg. 76

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	% Funded
December 31, 2011	$ 2,043,542	$ 26,152,255	$ 24,108,713	7.8%

Year Ended	Annual Required Contribution	Actual Annual Contribution	Percent Contributed
June 30, 2015	$ 1,587,116	$ 309,402	19%

Rehmann
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GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

- Implementation required in fiscal year 2017
- Similar to GASB 68 but for Other Postemployment Benefits (OPEB)
  - Requires identification of Net OPEB Liability
  - Mirrors the requirements of GASB 68

Rehmann Business wisdom delivered.

Comments and Recommendations

- Policies and Procedures
  - We recommend documentation of council's review of budget and actual reports be retained.
  - We recommend a policy be considered for forfeiture of site permit deposits.
  - Finally we recommend controls and procedures be addressed to ensure required tax collection distribution dates are met.

Audit Findings

- 2015-001 – Preparation of Financial Statements in Accordance with GAAP / Material Audit Adjustments (Repeated from Prior Year)

- Criteria – Required to prepare and present financials in accordance with GAAP.
- Condition – Significant adjustments to net pension liability, recording of capital leases and capital outlay, capitalization of MDOT projects, and interfund advances.

- Cause –City's limited resources and size of accounting staff
- Effect – City financials were materially misstated. Correcting entries were posted to report appropriate balances.
- Recommendation – Actively seek ways to strengthen review of year end balances and adjustments to ensure proper recording in accordance with GAAP.

Who has the first question?

Thank you for the continued support and confidence you have placed in our team. We look forward to continuing to serve the City of Burton.