

**CITY OF COFFEE CITY
COUNCIL MEETING MINUTES
7019 Pleasant Ridge Rd.
Coffee City, Texas 75763
November 09, 2020**

The City Council of Coffee City, Council Meeting was held on November 09, 2020, convened at the Coffee City Community Center, 7019 Pleasant Ridge Road, Coffee City, Texas. The following City Officials were present:

Phil Rutledge, Mayor Pro-Tern (Present)	Douglas Davis, City Secretary (Present)
Don Weaver, Alderman (Absent)	Shellena Bivens, Municipal Court Judge (Present)
Riley Standifer, Alderman (Absent)	Chris Moore, Fire Chief (Absent)
Marquis Castleberry, Alderman (Present)	Bryan Miers, Police Chief (Present)
Edward McDaniel (Present)	

1. Call to Order.

The meeting was called to order by Mayor Pro Tem Rutledge at 6:00 pm.

2. Roll Call and announce if quorum is present.

The roll was called by the City Secretary, and it was announced that a quorum was present.

3. Opening Remarks: Welcome to the City Council Meeting of Coffee City Texas

The Mayor Pro Tem welcomed everyone. He said that as you know we just had a Presidential election as well as a city election. He said that he spent a lot of time at the city during the election and it seemed to go great. The people that worked the election worked hard and kept everything clean.

4. Consider and Act upon Consent Items 5 and 6.

Councilman McDaniel made a motion to accept the consent items. Councilman Castleberry seconded the motion. A vote was taken, and was unanimous.

5. Approve the Minutes from the City Council Meeting on October 13, 2020 as written.

6. Approve the City Financials for October 2020.

7. There was not an EDC meeting held in November, so the October financials have not been approved by the EDC.

Mayor Pro Tem Rutledge stated that there was not an EDC meeting held in November due to conflicts with the election being held in the same building.

8. Open Forum:

- Open Forum is limited to items currently on the agenda.
- Speakers must sign in 10 minutes before the beginning of the meeting.

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- Speakers will be given 3 minutes to speak.

Any person that is unable to attend and wishes to submit questions to the council can e-mail the questions to the City Secretary at citysecretary@cityofcoffeecity.com

There were no speakers for open forum.

9. David with DKG CPA will give his audit review for the 2018 - 2019 fiscal year to the council.

Mayor Pro Tem Rutledge introduced David Goodwin with DKG CPA. Mr. Goodwin thanked the city for their time. He stated that the City Secretary was handling the tasks of city very well. He stated that the municipal court was probably one of the cleanest audits that he had performed. He stated that while reviewing the EDC reporting practices, he had noticed that the EDC has been reporting on a calendar year, and that the EDC recognized the calendar year as their fiscal year. He stated that after he had review historical documents, the bylaws for the EDC stated that the EDC will run concurrently with the city. He stated that the amended bylaws for the EDC stated that they would switch to a calendar year as their fiscal year. (Bylaws were never approved by the city council) He stated that GASB (Government Accounting Standards Board) suggests that the EDC fiscal year run concurrently with the city, unless it is impractical for the EDC to run concurrently with the city's fiscal year.

Mr. Beggerly stated that they did not know that when the new EDC bylaws were created, that they had to be approved by the city council. Mr. Beggerly stated that the EDC would make the changes required by the audit and council.

Statement of net position for the city and EDC. He said that the city's net position is about \$ 293,000.00, and the EDCs net position is about \$ 230,000.00. He stated that the city has \$ 112,000.00 in investments (CDs). He stated that the city has \$ 446,000.00 in unrestricted net position, and the EDC has around \$ 240,000.00 in unrestricted net position. He said that the take away was that both the city, and the EDC have a very healthy cash position, with very limited liabilities. He stated that the \$ 293,000.00 is really about eight months of operating income. So, if the city did not bring in any more income in, the city could continue to operate for another eight months just off of the cash on hand. If the city cashed in their CDs, that would give the city another three months. Thus overall, the city has eleven months of operating reserve. For the EDC, they only spend about forty thousand dollars a year, so with their cash balance, they could continue to operate for another six years.

Independent auditor report:

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There were no material issues found during the audit. There were two control issues and two state compliance issues found.

State Compliance:

There were a few things that could not be located during the audit for both the city and the EDC. These items were discussed with the city staff, and a good game plan has been developed.

Internal Control Weaknesses:

The City Secretary and EDC treasurer keep the books, write checks, reconcile the bank statements, and the EDC Treasurer also has signing ability on the checks. The City Secretary is only on the bank signature card for the debit card, and the safe deposit box. He stated that since the City Secretary was preparing checks, and paying the bills, there needs to be an oversight by the council, on all payments. He stated that he knew that that was being done, but it was not being documented. He stated that in the big scheme of things the city needs to be supportive of what the EDC Treasurer and the City Secretary do in their day-to-day operations. This is accomplished by reviewing, verifying and documenting all expenditures. Councilman Castleberry asked the auditor for his recommendation on how the council could accomplish this. The auditor stated that when a check is issued the council member signing the check should sign the invoice attached to the check. He stated that by doing this, it is hard to duplicate, and it will also identify the council member that approved it. This action is to document the review process. Not only do we need to do this for invoices, we also need to do this for bank reconciliations to verify that all debits and electronic drafts have been authorized.

The auditor stated that he did not consider any of the items' material, they were just improvements that needed to be addressed in the city's internal processes.

Councilman Castleberry asked if he recommended that any transactions that the EDC had, that they give an update to the city council, because the city council is in control of that? The auditor stated that typically the way that the council governs the EDC is through the budget process. The EDC will present the council with a budget, then the council will approve the budget and leave the EDC to do their operations. If the EDC wants to do anything outside of the budget, then they will need to present an amended budget to the council for approval. The EDC board should monitor the EDC daily operations, and the city council will monitor EDC expenses through the budget process.

Mayor Pro Tem Rutledge stated that in the past the EDC has a budget for normal operations, but anything outside of that has to come to the council to be approved. He went on to say that was the way it had been, and might change. He stated that right now

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the EDC had a great deal of cash, and that hopefully they would come up with some great new projects for the city like finishing out the community center.

The City Secretary stated that a lot of the process that the auditor has spoken about have been put in place, but there were a few that were outstanding. The one thing that we found during the audit process was that there were too many hands in the mix. He stated that the reason that there were missing documents, was because there was not good control on the documents. Since it is the responsibility of the City Secretary, we are coming up with a process to ensure that the documents are kept safe, and to reduce the amount of access to the physical documents. All of the documents are being scanned, and we can get you copies of the documents as needed.

The auditor thanked the council, and said that if there were any questions reach out.

10. Mayor's Report.

- **Reminder that a special council meeting will be held on Thursday, November 12, 2020 to canvas the election results.**

The Mayor Pro Tem said that we have a special called meeting this Thursday (Nov. 12, 2020) to canvas the ballots. He said that they had been advised that there were several provisional votes that had not been counted and there would probably be changes in the final count. "On a personal note, this is my last meeting as a regular council meeting, and I want to thank the staff especially. You guys have been amazing since I have been acting. Doug Shellena, Brian all of you guys have just been amazing. It's a great team." He thanked everyone that has been on the council for his eight years, and he said that he will still be around to help in any way, but I just need some time.

11. EDC Report.

Jim Beggerly thanked David for his assistance, and stated that they see areas where they could improve, they see a couple of areas where they have to change a little, and a couple of areas where they have to make themselves more transparent in what they are doing. One of my directions to the treasurer Sandy is when giving the report to the council, is to announce where they started and ended in that reporting cycle. As well as any significant expenditures during that time period. The city council at that time has the opportunity to see what the EDC is doing. It's not an approval thing, it is for status purposes. If the city council has any questions, we can address them at that time. Mr. Beggerly stated that the audit report also pointed out that there were some statutory requirements, and generally accepted practices that the EDC were not following. Mayor Pro Tem Rutledge asked Mr. Beggerly to give a status update on the business center. Mr. Beggerly stated that the Lake Palestine Business Center has been sold. The digital sign

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remains to be city property. The buyer is currently making repairs, and has a business plan in place for how he is going to use it.

12. Municipal Court Report.

Judge Bivens reported that there were 193 new cases for the month of October. Twenty-four were dismissed after completion of driver's safety, thirteen were satisfied by deferred disposition, one after proof of insurance, three miscellaneous dismissions, one was partially satisfied after community service, two cases satisfied by community service, one case satisfied after jail credit, four cases of indigency for a total of \$ 1,336. The total fines collected for the month of October was \$ 26,658. GHS collected \$ 3,928 in fines., Inhouse warrants was \$ 1,699, Chris Moore cleared 4 warrants, and officer Cate arrested one person with an outstanding warrant.

13. Police Report

Police Chief Brian Myers stated that the new "Citizen Self Reporting" module was now live. (There is a link on the city website) There were thirty-seven calls for service, thirteen agency assists, one hundred eighty-nine traffic citations, nine arrests, two felony possession of methamphetamines, one felony arrest for possession of a dangerous drug, two thefts, one felon in possession of a dangerous fire arm, three unauthorized use of motor vehicle, one assault. He stated that Officer Cate and Chief Miers recovered all three of the motor vehicles. They also recovered two of the firearms that were stolen.

Mayor Pro Tem Rutledge stated that all of the paperwork for the CARES act reimbursement of CopSync had been submitted to the state.

14. Fire Department Report

Lt. Walter Kern reported that in the month of October, the Coffee City Fire Dept. responded to 4 building fires, 5 grass fires, 13 medical calls, 2 rubbish fires, 3 boat calls, 1 illegal burn, 1 MVA, and 1 police assist.

15. Consider and Act Upon naming DKG CPA (David Godwin) as the city's auditor, and extend his services for the 2020-2021 fiscal year.

Councilman McDaniel made a motion to name DKG CPA as the city's auditor, and extend his services for the 2020-2021 fiscal year. Councilman Castleberry seconded the motion. A vote was taken and was unanimous.

16. Adjournment.

Councilman McDaniel made a motion for adjournment, and Mayor Pro Tem Rutledge seconded the motion. A vote was taken, and was unanimous.

Attestation:

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These minutes were approved on:

Mayor Pro Tem

City Secretary