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BOARD OF COUNTY COMMISSIONERS Minutes of Special Meeting July 24, 2018

The Board of Morgan County Commissioners met on Tuesday, July 24, 2018 at 10:54 a.m. with Chairman Mark Arndt, Commissioner Laura Teague and Commissioner James Zwetzig in attendance. Chairman Arndt called the meeting to order.

GENERAL BUSINESS AND ADMINISTRATIVE ITEMS

Consideration of Approval – CONTRACT – Morgan County Audit for the fiscal year ending December 31, 2017

Morgan County Finance Director Michelle Covelli presented to the Board for approval the Morgan County Comprehensive Annual Report for the fiscal year ending December 31, 2017. Ms. Covelli introduced Kelly Watson with Watson, Coon and Ryan.

Ms. Watson summarized information she presented to the Board stating the audit went very well, was able to receive the help she needed stating they did not find any significant issues there should be concern about. At this time, she moved into the operational stating they rotate the various departments wanting to be sure controls are being handled appropriately. She explained the process used to be sure that things are being done ethically, non-pressured and did not get that there are any issues at all.

She spoke about some things that were discussed in the Planning and Zoning Department as to issues with locking up cash, controls being put in place as to issuances of permits and how those are handled and processed feeling there are some minor things that can be taken care of. Ms. Covelli stated that the Planning and Zoning Department is now bringing their deposits more timely and are locking their cash up on a daily basis and will continue to work with that department as to changing their procedure as to the number of permits being issued and the amount of funds being accepted. Commissioner Teague inquired about the practicality of the Planning Department turning in a deposit on a daily basis with Ms. Covelli stating she does not see it as an issue.

Discussion followed as to applications that require the Planning Department to hold funds asking how long that should be on hold. Mr. Connor Woodall, Morgan County Intern, who assisted with the department, stated those funds have been on hold for anywhere from one month to three months and how this should be handled feeling that this does not seem to be a very good accounting measure. Discussion followed regarding in the need for technology to be put in place for when a permit is received so this information is provided. Ms. Watson stated that it could be treated as a damage deposit and held until a future date, and given it is not that high of an amount being held, from the auditor's standpoint, it is minimal in nature. Discussion followed regarding the controls in place at the Extension Office which are being worked through with better financial controls being put in place. Ms. Watson also discussed her visit at the Solid Waste Department and her findings, explaining she felt comfortable with the reconciliation procedures they are utilizing, feeling there were pretty solid controls on the cash side and the fact there are more credit card transactions being done which reduces the amount of cash that is kept on hand, and they do turn in their deposit weekly. At this time, Ms. Watson stated she will discuss with Ms. Covelli which departments she will visit for next year's audit.

Chairman Arndt suggested that the Assessor's Office and the Sheriff's Office be reviewed given personnel/elected officials will be changing at the first of the year. Discussion followed with the Board stating this was completed prior to the new Clerk and Recorder taking office.

Ms. Watson commented regarding updated technology referencing the South Metro Fire Department implemented an electronically purchase requisition/voucher system called Koupa. Ms. Covelli stated she has been working with Karol Kopetzky, Information Systems Manager, in attempting to put this kind of process in place stating the software company they currently use can implement this type of service.

Ms. Watson also recommended that the Board is comfortable with their IT Department as to risks, and can provide information to the Board for assistance on maintaining security for the County.

Ms. Watson moved onto what she stated as the most valuable section of the CAFR stating it being the D&N. She stated in general she believes that things are going well and are in good shape. Commissioner Zwetzig asked about the inclusion of the revenue sources asking if it is indicated that we do rely on one state assessed power plant for revenue and feels this should be noted to the citizens when we receive revenue of 7 million from one revenue source that could be shut down, could be detrimental to the County. Discussion followed where Ms. Covelli pointed out in the information provided to the Board where this data is being indicated.

Ms. Watson further stated that Ms. Covelli had asked her to speak specifically about the fund level, referencing page 30 and 31 of the audit report. She stated she considers Morgan County a pretty conservative county indicating the fund balance is healthy and does not see any issues.

She referenced page 34 and 35, statement of revenues, indicating the net change is down somewhat compared to last year explaining she had seen there was some increase in expenses that did not quite keep up with revenues but still a very healthy fund balance remains.

Page 37 and 38, the proprietary funds, ambulance, solid waste funds, explaining the ambulance fund is more difficult given it is tied to insurance funds, stating both of these funds are covering themselves, generating funding

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for the County feeling their fund balances are healthy stating everything overall appears to be healthy and put the County in good shape for any future issues that may arise.

Ms. Covelli spoke about the County's reserves and the ability to do a five year salary increase and decide what that would be wanting to know what the County is going to be with the new jail proposal if there will be financing and what kind of payment that may be. She stated there are a lot of general fund revenue coming in that could be put towards salary increases. She stated there is some planning that needs to be done with capital projects and the salary survey will be completed this year. Discussion followed with what is being discussed in regards to the new jail facility and what direction that is going to take. Discussion followed that attracting talent is an issue in every industry feeling the County is in good shape and could weather it if needed.

Ms. Watson stated they did not see any big changes in standard changes in comparing with last year. She does not believe there is anything as to large estimates that are of concern and did mention the closure of the landfill as being a large expenditure but the County does have a professional firm assisting with that.

Commissioner Zwetzig asked about page 64, the retirement plan, asking where the County just went through a change in the retirement plan if there were any concerns. Ms. Watson stated they did review this carefully and found no issues.

At this time, Chairman Arndt opened the matter for public comment at which time there was no comment.

A motion was made by Commissioner Teague to accept the Morgan County Audit as presented in the CAFR for the fiscal year ending December 31, 2017 as outlined above. Commissioner Zwetzig seconded the motion commending the finance department for their efforts and their work throughout the year. At this time, the motion carried 3-0.

After no further discussion, the special meeting adjourned at 11:29 a.m.

Respectfully submitted,
Susan L. Bailey
Clerk to the Board

(Minutes ratified July 31, 2018)

**THE BOARD OF COUNTY COMMISSIONERS
MORGAN COUNTY, COLORADO**

s/Mark A. Arndt
Mark A. Arndt, Chairman

s/ Laura D. Teague
Laura D. Teague, Commissioner

s/ James P. Zwetzig
James P. Zwetzig, Commissioner

(SEAL)

ATTEST:

s/ Susan L. Bailey
Susan L. Bailey, Clerk to the Board