

**MINUTES OF THE CITY COUNCIL
OF THE CITY OF FONTANA
SPECIAL CITY COUNCIL MEETING
February 18, 2015**

CALL TO ORDER/ROLL CALL:

A. Call the Meeting to Order at 4:00 p.m.

The Special Meeting of the City of Fontana City Council was held on Wednesday, February 18, 2015 in the Executive Conference Room at 8353 Sierra Avenue, Fontana, California. Mayor Warren called the meeting to order at 4:07 p.m.

ROLL CALL:

Present: Mayor Warren, Mayor Pro Tem Tahan, Council Members Roberts, Salazar-Wibert and Sandoval.

Absent: None.

City Clerk Tonia Lewis left the meeting at 5:26 p.m.

B. Public Communications

There were no Public Communications received.

C. Financial Review

A. Account Structure

Management Services Director Lisa Strong presented the staff report.

Management Services Director Strong outlined the Chart of Accounts, which provided the basis for effective accounting and financial reporting structure and was developed according to statement requirements and reporting needs.

Management Services Director Strong summarized the City funds, types and purpose, and stated that the City currently had 183 active funds.

Management Services Director Strong explained the budget units and object codes.

B. Internal Controls

Management Services Director Lisa Strong summarized the City's internal controls, which was a system of checks and balances. Mrs. Strong stated that the internal controls must be in place in any accounting environment, which provided reasonable assurances rather than absolutes.

Management Services Director Strong stated that the City's independent auditors performed tests on the internal controls, assessed their adequacy, and reported the identified deficiencies. Mrs. Strong stated that the objectives of the internal controls were to ensure the orderly and efficient conduct of business, to safeguard the assets of the City, to prevent and detect fraud, to ensure the completeness and accuracy of accounting records and to ensure the timely preparation of financial information.

Management Services Director Strong summarized that the basic elements of an internal control were a controlled environment, ongoing risk assessment, the design, implementation and maintenance of effective control activities, effective communication of information, and the ongoing maintenance of the effectiveness of internal control.

Management Services Director Strong summarized the City's policies and procedures, which included approvals, authorizations, verifications, reconciliations, segregation of duties, documentation and record retention.

C. Financial Reporting

Management Services Director Strong presented the staff report on financial reporting, which included a budget summary and detail, and the Capital Improvement Program (CIP).

Management Services Budget and Payroll Manager Fabiola Barrita and Accounting Manager Dawn Brooks outlined the quarterly budget reviews, monthly financial performance reports and the Comprehensive Annual Financial Report (CAFR).

D. Department Overview

Management Services Budget and Payroll Manager Fabiola Barrita outlined the budget and payroll.

Accounting Manager Dawn Brooks outlined accounting and accounts payable, internal audit, purchasing, and customer service, which included cashing and accounts receivable, business license and sewer billing.

Discussion:

Mayor Pro Tem Tahan asked whether special revenue funds were tracked separately.

Management Services Director Strong stated that the special revenue funds were tracked separately.

Mayor Pro Tem Tahan asked whether the funds were currently tracked separately by each department.

Management Services Director Strong stated that the Management Services Department staff tracked the funds.

Mayor Pro Tem Tahan asked whether the details of a grant were provided.

Management Services Director Strong stated that the details of a grant must be provided before an account was set up.

Discussion ensued regarding tracking grant funds.

Mayor Pro Tem Tahan inquired if a parcel were owned by the City how was it tracked.

Management Services Director Strong stated that if land were acquired by the City it would appear in the capital project fund. Mrs. Strong stated that the City could buy land for resale or for the City to own, and land that was bought by the City to own would be placed in an asset account.

Discussion ensued regarding land that was purchased by the City.

Management Services Director Strong stated that sometimes land that was acquired by the City was acquired without paying cash, such as, a remnant parcel, but was placed in an asset account.

Mayor Pro Tem Tahan inquired whether the general fund was backed up with the assets that the City owned.

Management Services Director Strong stated absolutely not.

Discussion ensued regarding land that was owned by the City.

Mayor Pro Tem Tahan inquired about records retention.

Management Services Director Strong stated that the retention of records was dependent upon the type of document.

Mayor Pro Tem Tahan asked whether accounts payable records were retained for two years.

Management Services Director Strong stated that after an audit was done, there was an additional four years that the accounts payable records were retained.

Discussion ensued regarding records retention periods.

Mayor Pro Tem Tahan stated that he was concerned that the two year records retention period was too short.

City Manager Ken Hunt stated that the purpose of the retention schedule was to provide the City the legal authority for the destruction of records.

Mayor Pro Tem Tahan inquired about the Comprehensive Annual Financial Report (CAFR).

Management Services Director Strong explained that the CAFR was not an easy document to follow but contained the same information that was in the budget. Mrs. Strong stated that the CAFR was a document that was mandated by the state, and that the City must follow the state's instructions on the format of the document.

Council Member Salazar-Wibert inquired about the fees that were collected for graffiti abatement and whether the collected funds were placed in the general fund.

Management Services Director Strong stated that any revenues that were not tied to a special revenue fund must be placed in the general fund.

Mayor Warren asked whether a department could request that the revenues that came in be transferred to another account to pay off expenditures.

Management Services Director Strong stated that the revenues would not be transferred and would stay in the general fund.

Discussion arose concerning the general fund revenues.

City Manager Hunt stated that the graffiti fee was a fee that could include Code Compliance or Public Works, and would help pay to find people that were responsible for the graffiti. Mr. Hunt stated that the fees come into the general fund and none of those fees would flow back to the department, unless approval was granted by the City Manager.

Council Member Salazar-Wibert inquired about the use of grant funds for new police officers.

Management Services Director Strong stated that last year

a problem had occurred regarding funding new police officers, because the City could not use the grant funds for everyone. Mrs. Strong stated that the grant funds were moved around because of the state's requirements for the grant.

Police Chief Jones stated that the grant funding was related to the COPS Hiring Program (CHP) grant.

City Manager Hunt stated that the issue was that the grant was dropped and the City had to pick up the costs of the police officers, and then became a policy issue for the City Council to deal with.

Discussion arose concerning grant funding for several police officers.

City Manager Hunt stated that those type of grants sometimes double and triple but the problem arose when the bottom dropped off.

Council Member Salazar-Wibert asked whether there was a policy on grants.

City Manager Hunt stated that a grant was not implemented without City Council approval; however, the timing of grants played a role.

Council Member Salazar-Wibert stated that it was in the City Council's best interest that the Council be asked whether a grant should be pursued.

City Manager Hunt stated that typically the City Council was asked but sometimes because of the type of grant the City needed to move forward.

Mayor Warren stated that sometimes a resolution was required before a grant could be submitted.

Mayor Warren stated that it was critical that the City Council communicate with City Manager Hunt regarding issues and then direction could be provided to bring the item forward to the City Council.

Council Member Salazar-Wibert thanked Management Services Director Strong and her staff for a great presentation and doing a great job.

Mayor Pro Tem Tahan asked whether extra revenues that came in after July 1 were considered extra revenue.

Management Services Director Strong stated that staff would present the extra revenues during a quarterly report.

Mayor Pro Tem Tahan asked what happened when grants ended and whether the general fund was impacted.

Discussion ensued regarding the general fund and grants.

City Manager Hunt provided an example that involved a grant for three bicycle patrol police officers and the City having the ability to cancel the bike patrol. Mr. Hunt stated that if the grant had been canceled, the police officers would have been moved into vacant positions or they would have been laid off.

Mayor Pro Tem Tahan stated that he wanted to make sure there were checks and balances.

Council Member Salazar-Wibert asked whether a grant could be approved by the City Council when it came before them.

City Manager Hunt stated that the only time a grant did not come forward to the City Council was for the FLIP program (Fontana Leadership Intervention Program). Mr. Hunt explained that the FLIP grant was not brought forward to the City Council was because of the timing of the grant.

Mayor Warren stated that staff's work on obtaining grants should not be hindered. Mayor Warren added that a lot of grants were based on demographics or per capita.

City Manager Hunt stated that per capita grants were coming in because of the housing grants.

Mayor Pro Tem Tahan stated that he just wanted to make sure about the short and long term impacts.

City Manager Hunt stated that the City Council's job was to make policy but the decision would be made by the City Manager as to whether the City would apply for a particular grant.

Discussion ensued regarding whether every grant would come forward to the City Council for consideration and whether there would be an impact on the City's flexibility to apply for a grant.

Council Member Sandoval thanked Management Services Director Strong and her staff for a very informative presentation.

City Treasurer Janet Koehler-Brooks thanked Management Services Director Strong and her staff for a very informative presentation.

Mayor Warren thanked Management Services Director Strong and her staff for a very informative presentation.

City Manager Hunt thanked Management Services Director Strong and her staff for a very informative presentation and added there were many

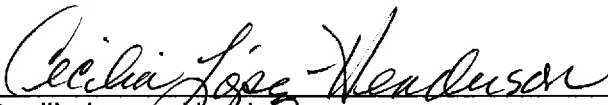
wonderful things that came from Management Services.

City Manager Hunt stated that PERS costs would be increasing, which was through the California PERS system.

Discussion ensued regarding the PERS unfunded liability that the City had in place for its employees.


ADJOURNMENT:

The Special City Council Meeting adjourned at 5:40 p.m. to the Adjourned Regular City Council Meeting to be held on Saturday, February 21, 2015, with a workshop at 8:00 a.m. at the Jessie Turner Center located at 15556 Summit Avenue, Fontana, California; and to the next Regular City Council Meeting to be held on Tuesday, February 24, 2015, with a Workshop at 5:30 p.m. in the City Hall Executive Conference Room and the Regular Meeting at 7:00 p.m. in the Grover W. Taylor Council Chambers located at 8353 Sierra Avenue, Fontana, California.



Cecilia Lopez Henderson
Deputy City Clerk

**THE FOREGOING MINUTES WERE APPROVED BY THE CITY COUNCIL
ON THE 14TH DAY OF APRIL, 2015.**



Tonia Lewis
City Clerk