

**Yukon City Council Minutes
October 20, 2016 – Special Meeting**

The Yukon City Council met for a special meeting on October 20, 2016 at 6:30 p.m. in the Council Chambers of the Centennial Building, 12 South Fifth Street, Yukon, Oklahoma.

The meeting was called to order by Mayor Alberts.

ROLL CALL: (Present) John Alberts, Mayor
 Michael McEachern, Vice Mayor
 Earline Smaistrila, Council Member
 Donna Yanda, Council Member
 Richard Russell, Council Member

OTHERS PRESENT:

Jim Crosby, City Manager	Mike Segler, City Attorney
Tammy DeSpain, Asst. City Manager	Doug Shivers, City Clerk
Cheryl Dunn, Deputy City Treasurer	Philip Merry, City Treasurer
Josh Gotcher, IT	Arnold Adams, Public Works Director
Jenna Roberson, PIO	Jason Beal, Deputy City Clerk
Jan Scott, Parks & Recreation Director	Terri Peak, Utility Billing Supervisor

Mayor Alberts explained the meeting will consist of two presenters with the City Council having the opportunity to ask questions followed by comments by the City Manager. After adjournment, the media will be able to ask questions.

(Recess as Yukon City Council and Reconvene as Yukon Municipal Authority)

1A. Presentation and acceptance of the Forensic Audit performed by Crawford & Associates

The motion to accept the Forensic Audit performed by Crawford & Associates, was made by Trustee McEachern and seconded by Trustee Russell.

Frank Crawford, Crawford & Associates, read the Executive Summary of the Forensic Accounting report for Fiscal 2015. Mr. Crawford stated their scope of work and answered questions from the City Council.

Mr. Crawford made the following statements in response to questions from Council Member McEachern: Fiscal Year 2015 had to be re-audited due to the large number of misstatements. Based on cooperation, internal parties within the city were of significant help, but the predecessor auditor and financial consultant assistance was not ideal. He believes the problems causing issues in Fiscal 2015 have now been corrected.

Regarding Council Member Yanda's question regarding financial communication, Mr. Crawford stated he doesn't believe it was communicated to the City Council in the correct manner or at all. Mr. Crawford also explained the purpose of the Oklahoma Accountancy Board in response to holding the firms responsible. Mr. Crosby stated this will be addressed.

Mr. Crawford stated this is the worst mess he's ever seen, in response to a question from Mr. Crosby.

Mr. Crawford made the following statements in response to questions from Mayor Alberts: All the money was accounted for, there was no missing money, but a misuse of restricted funds. The Council was not made aware of certain things, but does not know the reason why. But if Council had been aware, it may have changed the way Council voted on any particular issue. It was apparent to Crawford and Associates that the City Council was not made aware of the decline in cash. The current financial health of the city has stabilized. The city has adopted a more conservative fiscal approach. It could take a few years to recover the reserve fund. Regarding the undetected misstatements in the 2015 financial statement, Mr. Crawford stated the aggregate summary of misstatements included approximately 104 adjustments to the subtotal line items. The financial statements of the city are used by numerous users including: City Council, grant funds, creditors, State Auditor, etc. The 2015 Financial Statement was prepared by RS Meacham. It could not be determined where the disconnect occurred because what was prepared was not what the City's financial records showed. The numbers could not be reconciled therefore had to be restated. The 2015 Audit was prepared by FSW&B, which stated the financial statements were free of material misstatements, which was untrue. Several City policies and procedures were reviewed from the past, while some were in place and followed, others were not.

FSW&B gave a report on December 1, 2015, stated the financial health of the city was great and no difficulties were discussed especially regarding cash flow or the reserve funds. The re-audit had over 150 adjustments to the internal and prepared financial statements.

Council Member Russell asked a question regarding the adjustments. Mr. Crawford stated that if you are familiar with government accounting, there were several items that should have been noticed.

Mr. Crosby stated the report would be available through an open records request.

The vote:

AYES: Russell, Yanda, McEachern, Alberts, Smaistrila

NAYS: None

VOTE: 5-0

MOTION CARRIED

2A. Presentation and acceptance of the revised 2014-2015 Financial Audit performed by HBC CPAs & Advisors

The motion to accept the revised 2014-2015 Financial Audit performed by HBC CPAs & Advisors, was made by Trustee McEachern and seconded by Trustee Yanda.

Lonnie Heim, HBC CPAs & Advisors, read the audit summary of the reissuance of the June 30, 2015 Financial Statements, highlighted bulleted points and reviewed the findings.

Mr. Heim answered questions from the City Council assuring them the Fiscal 2015 Audit is now complete and the City is ready for the Fiscal 2016 Audit.

Mr. Heim reiterated the comment earlier that no money is missing. It has all been accounted for.

The vote:

AYES: McEachern, Russell, Alberts, Smaistrila, Yanda

NAYS: None

VOTE: 5-0

MOTION CARRIED

1. Acceptance of the Forensic Audit performed by Crawford & Associates

The motion to accept the Forensic Audit performed by Crawford & Associates, was made by Council Member McEachern and seconded by Council Member Yanda.

The vote:

AYES: Alberts, Smaistrila, Yanda, Russell, McEachern

NAYS: None

VOTE: 5-0

MOTION CARRIED

2. Acceptance of the revised 2014-2015 Financial Audit performed by HBC CPAs & Advisors

The motion to accept the revised 2014-2015 Financial Audit performed by HBC CPAs & Advisors, was made by Council Member Russell and seconded by Council Member Yanda.

The vote:

AYES: Yanda, McEachern, Smaistrila, Alberts, Russell

NAYS: None

VOTE: 5-0

MOTION CARRIED

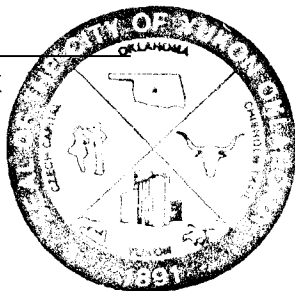
Mr. Crosby addressed several items not in the 2014-2015 Forensic Accounting Report. They have been examined, addressed and turned over to the proper authorities.


Mayor Alberts read bank account balances compared to April 2016 to present. The City Council is receiving monthly reports on account balances.

3. Adjournment



Doug Shivers, City Clerk





John Alberts, Mayor
Michael McEachern, Vice Mayor