Jesus Ruiz
Mayor

Rene Rodriguez
At Large/Mayor Pro Tem

Vacant
District 1

Gloria M. Rodríguez
District 2

Victor Perez
District 3

Anthony Gandara
District 4

Adriana Rodarte
City Manager

REGULAR COUNCIL MEETING MINUTES
JULY 21, 2016 @ 6:00 P.M.

MEMBERS PRESENT:
Mayor Jesus Ruiz
Victor Perez
Anthony Gandara
Gloria M. Rodriguez

MEMBERS ABSENT:
Rene Rodriguez

STAFF PRESENT:
Adriana Rodarte, City Manager
Olivia Navarro, City Clerk
Jim Martinez, City Attorney
Sam Leony, Planning and Zoning Director

Victor Reta, Recreation Centers Supervisor
Chief Carlos Maldonado
Lt. Eddie Smith
Adriana Rodriguez, Executive Assistant
Anibal Olague, Grants
Daniel Hernandez, Parks Public Works Supervisor
Miguel Rosas, Parks Public Works Director

1. CALL TO ORDER

The meeting was called to order at: 6:12p.m.

2. PLEDGE OF ALLEGIANCE AND A MOMENT OF SILENCE

Pledge of Allegiance was led by Miguel Rosas Parks Public Works Director

3. ESTABLISHMENT OF QUORUM

A quorum was established with four members present.

4. PUBLIC COMMENT

Juan Castañeda. Alberto Ortiz, Sergio Jaime and Daniel Hernandez spoke during Public Comment.

CONSENT AGENDA

5. *EXCUSE* ABSENT COUNCIL MEMBERS. ***OLIVIA NAVARRO***

6. *APPROVAL* OF SPECIAL COUNCIL MEETING MINUTES OF JULY 5, 2016 AND REGULAR JULY 7, 2016. ***OLIVIA NAVARRO***

7. *APPROVAL* ON THE RECOMMENDATION TO APPOINT OSCAR GUTIERREZ TO THE BOARD OF ADJUSTMENTS. ***RENE RODRIGUEZ***

8. *APPROVAL* TO APPOINT MIGUEL MARTINEZ TO THE BOARD OF ADJUSTMENTS. ***ANTHONY GANDARA***

A motion was made by Anthony Gandara seconded by Victor Perez to *approve the Consent Agenda.* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

A motion was made by Victor Perez seconded by Gloria M. Rodriguez to *move up items twenty (20), twenty-one (21) and twenty-three (23).* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

20. *DISCUSSION AND ACTION* TO ACCEPT THE RESIGNATION OF DISTRICT 2 CITY REPRESENTATIVE GLORIA M. RODRIGUEZ.
ADRIANA RODARTE

A motion was made by Victor Perez seconded by Anthony Gandara to *approve item number twenty (20).* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

21. *DISCUSSION AND ACTION* TO HOLD AND ELECTION TO FILL A VACANCY FOR DISTRICT 2 REPRESENTATIVE ON THE SOCORRO CITY COUNCIL AND TO FIX A DATE FOR SAID ELECTION.
ADRIANA RODARTE

A motion was made by Victor Perez seconded by Gloria M. Rodriguez to *call the election for November 8, 2016 and amend the previous order to include District 2.*

Gloria M. Rodriguez withdrew her motion.

An amended motion was made by Victor Perez seconded by Anthony Gandara to *call the election for November 8, 2016 and amend the previous order to include District 2.*

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

23. *DISCUSSION AND ACTION* ON APPROVING THE ISSUANCE OF THE FISCAL YEAR 2015 AUDITED FINANCIAL STATEMENT BY RPC CPA'S & CONSULTANTS LLP. ***ADRIANA RODARTE***

Presentation made by Danny Martinez, CPA and A & A Group Manager see (Exhibit "A"), also present was Mike White of the El Paso Office.

A motion was made by Anthony Gandara seconded by Victor Perez to *approve item number twenty-three (23).* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

PUBLIC HEARING/ORDINANCE

9. *INTRODUCTION, FIRST READING AND CALLING FOR A PUBLIC HEARING* OF AN ORDINANCE AMENDING THE CITY OF SOCORRO MASTER PLAN AND CHANGING THE ZONING OF TRACT 4-F, BLOCK 3, SOCORRO GRANT AT 1000 BERRY RD., FROM A-1 (AGRICULTURAL) TO C-2 (GENERAL COMMERCIAL) PLUS A CONDITIONAL USE PERMIT TO SELL BEER AND WINE. ***SAM LEONY***

A motion was made by Victor Perez seconded by Anthony Gandara to *approve the recommendation of the Planning and Zoning Commission with the condition of only 2 (two) structures.*

An amended motion was made by Victor Perez seconded by Anthony Gandara to *rescind their previous motion and postpone item number nine (9).* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

10. ***PUBLIC HEARING*** **OF ORDINANCE 391 OF THE CITY OF SOCORRO FOR THE PROPOSED REZONING OF LOT 6, BLOCK 2, MCADOO ACRES, FROM R-1 (SINGLE FAMILY RESIDENTIAL) TO R-2 (MEDIUM DENSITY RESIDENTIAL).** ***SAM LEONY***

Public Hearing opened at 7:02 p.m.
No Speakers
Public Hearing closed at 7:02 p.m.

11. ***SECOND READING AND ADOPTION*** **OF ORDINANCE 391 OF THE CITY OF SOCORRO FOR THE PROPOSED REZONING OF LOT 6, BLOCK 2, MCADOO ACRES, FROM R-1 (SINGLE FAMILY RESIDENTIAL) TO R-2 (MEDIUM DENSITY RESIDENTIAL).** ***SAM LEONY***

A motion was made by Anthony Gandara seconded by Victor Perez to *approve the recommendation made by the Planning and Zoning Commission not to build more than 2 (two) dwellings and fine them for being out of compliance.* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

12. ***PUBLIC HEARING*** **OF ORDINANCE 392 OF THE CITY OF SOCORRO FOR THE PROPOSED REZONING OF LOT 1, VISTA BONITA COMMERCIAL #1, FROM UNCLASSIFIED TO M-1 (LIGHT INDUSTRIAL).** ***SAM LEONY***

Public Hearing opened at 7:04 p.m.
No Speakers
Public Hearing closed at 7:04 p.m.

13. ***SECOND READING AND ADOPTION*** **OF ORDINANCE 392 OF THE CITY OF SOCORRO FOR THE PROPOSED REZONING OF LOT 1, VISTA BONITA COMMERCIAL #1, FROM UNCLASSIFIED TO M-1 (LIGHT INDUSTRIAL).** ***SAM LEONY***

A motion was made by Victor Perez seconded by Anthony Gandara to *approve the recommendation made by the Planning and Zoning Commission, with no junk yard to be established and a solid wall be erected around perimeter of property except the front.* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

14. ***PUBLIC HEARING*** **OF ORDINANCE 393 OF THE CITY OF SOCORRO AN ORDINANCE OF THE CITY OF SOCORRO, TEXAS REPEALING CHAPTER 2, ARTICLE IV, DIVISION 4, SECTIONS 2-208 TO 2-212, OF THE CODE OF ORDINANCES OF THE CITY OF SOCORRO, TEXAS ELIMINATING THE PARKS AND RECREATION BOARD.**

ADRIANA RODARTE

Public Hearing opened at 7:06 p.m.
No Speakers
Public Hearing closed at 7:06 p.m.

15. ***SECOND READING AND ADOPTION*** **OF ORDINANCE 393 OF THE CITY OF SOCORRO AN ORDINANCE OF THE CITY OF SOCORRO, TEXAS REPEALING CHAPTER 2, ARTICLE IV, DIVISION 4, SECTIONS 2-208 TO 2-212, OF THE CODE OF ORDINANCES OF THE CITY OF SOCORRO, TEXAS ELIMINATING THE PARKS AND RECREATION BOARD.**

ADRIANA RODARTE

A motion was made by Victor Perez seconded by Anthony Gandara *to approve item number fifteen (15).* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

REGULAR AGENDA

16. ***SWEARING*** **IN OF NEWLY APPOINTED COMMISSIONERS.**

ADRIANA RODARTE

Mayor Ruiz swore in the newly appointed commissioners Miguel Martinez and Oscar Gutierrez.

GRANTS

17. ***DISCUSSION AND ACTION*** **TO AUTHORIZE THE CITY OF SOCORRO TO SUBMIT AN AMERICORPS VISTA GRANT APPLICATION TO THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS) TEXAS STATE OFFICE FOR A THREE YEAR PROJECT. THE CITY WILL COMMIT A GRANT MATCH IN THE AMOUNT OF $11,500.00 FOR YEAR TWO AND $11,500.00 FOR YEAR THREE OF PROJECT.**

ANIBAL OLAGUE

A motion was made by Victor Perez seconded by Gloria M. Rodriguez to *approve item number seventeen.* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

PARKS AND PUBLIC WORKS

18. ***DISCUSSION AND ACTION* TO APPROVE THE AWARD OF BID 16-005 REMOVAL OF CONTAMINATED SOIL, USED OIL AND OTHER CONTAMINATED SOLUTIONS TO ADVANCE ENVIRONMENTAL SOLUTIONS, INC. IN THE AMOUNT OF $8,675.00.** ***MIGUEL ROSAS***

A motion was made by Victor Perez seconded by Gloria M. Rodriguez to *approve item number eighteen (18).* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

CITY MANAGER

19. ***DISCUSSION AND ACTION* TO APPROVE MAYOR, AT LARGE CITY REPRESENTATIVE, CITY MANAGER AND A STAFF EMPLOYEE TO ATTEND TML REGION IV QUARTERLY MEETING ON AUGUST 12, 2016 IN FORT STOCKTON.** ***ADRIANA RODARTE***

Mayor Ruiz stated he would not be able to attend.

A motion was made by Gloria M. Rodriguez seconded by Anthony Gandara to *approve the attendance for City Manager and At Large Representative and no staff member to save the city money.* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

22. ***DISCUSSION AND ACTION* TO AUTHORIZE THE CITY OF SOCORRO TO SUBMIT A HISTORIC PRESERVATION FUND GRANT TO UNDERREPRESENTED COMMUNITIES FOR FISCAL YEAR 2016 IN THE AMOUNT OF $20,000.00 NO MATCH REQUIRED.** ***ADRIANA RODARTE***

A motion was made by Victor Perez seconded by Anthony Gandara to *approve item number twenty-two (22).* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

MAYOR AND COUNCIL

24. *DISCUSSION AND ACTION* TO SELECT A LOCATION FOR SOCORRO VETERANS PARK AND RENAME THE 2ND LOCATION.
GLORIA M. RODRIGUEZ

A motion was made by Gloria M. Rodriguez seconded by Anthony Gandara to *name the park on Moon Rd. Socorro Veterans Park and postpone the name for the park at 11501 Flor Margarita for the next regular meeting.* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

25. *DISCUSSION AND ACTION* TO AUTHORIZE CITY MANAGER TO NEGOTIATE AN AGREEMENT FOR THE EXCHANGE OF A PORTION OF BURT RD. FOR A PARCEL OF LAND LOCATED IN TRACT 4-E, BLOCK 27, SOCORRO GRANT TO BE USED FOR THE EXPANSION OF A PORTION OF SYLVIA CT., AND TO OBTAIN APPRAISALS FOR THE RESPECTIVE PARCELS. ***ANTHONY GANDARA***

A motion was made by Anthony Gandara to *approve.*

Anthony Gandara rescinded his motion.

A motion was made by Anthony Gandara seconded by Victor Perez *to move item number twenty-five into Executive Session for discussion with counsel.*

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

THE CITY COUNCIL CONVENED INTO EXECUTIVE SESSION AT 7:18 P.M.

EXECUTIVE SESSION

THE CITY COUNCIL RECONVENED IN OPEN SESSION AT 7:36 P.M.

25. *DISCUSSION AND ACTION* TO AUTHORIZE CITY MANAGER TO NEGOTIATE AN AGREEMENT FOR THE EXCHANGE OF A PORTION OF BURT RD. FOR A PARCEL OF LAND LOCATED IN TRACT 4-E, BLOCK 27, SOCORRO GRANT TO BE USED FOR THE EXPANSION OF A PORTION OF SYLVIA CT., AND TO OBTAIN APPRAISALS FOR THE RESPECTIVE PARCELS. ***ANTHONY GANDARA***

A motion was made by Anthony Gandara seconded by Victor Perez to *authorize the city manager to engage with an appraisal firm to do appraisals on both property with a cap of $7,500.00 and to bring back to council for approval.*

Ayes: Victor Perez and Anthony Gandara
Nays: Gloria M. Rodriguez
Absent: Rene Rodriguez

26. *DISCUSSION AND ACTION* ON ADVICE RECEIVED FROM CITY ATTORNEY IN CLOSED SESSION, AND ACTION TO APPROVE REAL ESTATE TRANSACTION; AUTHORIZE FILING OR SETTLEMENT OF LEGAL ACTION; AUTHORIZE EMPLOYMENT OF EXPERT WITNESSES AND CONSULTANTS, AND EMPLOYMENT OF SPECIAL COUNSEL WITH RESPECT TO PENDING LEGAL MATTERS. ***ADRIANA RODARTE***

27. *DISCUSSION AND ACTION* ON QUALIFICATIONS OF INDIVIDUALS FOR EMPLOYMENT AND FOR APPOINTMENT TO BOARDS & COMMISSIONS, JOB PERFORMANCE OF EMPLOYEES, REAL ESTATE ACQUISITION AND RECEIVE LEGAL ADVICE FROM CITY ATTORNEY REGARDING LEGAL ISSUES AFFECTING THESE MATTERS.
ADRIANA RODARTE

28. *DISCUSSION AND ACTION* REGARDING PENDING LITIGATION AND RECEIVE STATUS REPORT REGARDING PENDING LITIGATION.
ADRIANA RODARTE

A motion was made by Victor Perez seconded by Anthony Gandara to *delete items twenty-six (26), twenty-seven (27) and twenty-eight (28).* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

38. *ADJOURN*

A motion was made by Anthony Gandara seconded by Victor Perez to *adjourn at 7:38 p.m.* Motion passed.

Ayes: Victor Perez, Anthony Gandara and Gloria M. Rodriguez
Nays:
Absent: Rene Rodriguez

Jesus Ruiz, Mayor

Olivia Navarro
City Clerk

August 4, 2016
Date minutes were approved

CITY OF SOCORRO 1691 TEXAS

#23 7-21-16 "Exhibit A"

CITY OF SOCORRO

Presentation of the Financial Statement Audit

July 21, 2016

Timeline, Financial Statement Highlights, Opinion, Communication to Those Charged with Governance

RPC CPAs + CONSULTANTS, LLP

Timeline of the Financial Audit

- **Signed Engagement Letter** → January 20, 2016
- **Planning** → Began in Late April 2016
- **Fieldwork** → Began June 6, 2016
- **Independent Auditors' Report** → Dated July 6, 2016
- **Board Presentation**→ July 21, 2016

RPC CPAs + CONSULTANTS, LLP

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Financial Statement Highlights

Statement of Financial Position

- Total Assets decreased by $3 million from 2014.
  - This decrease can be attributed to a increase in allowance for doubtful accounts related to Municipal Court Receivable (about $1.8 mil decrease) AND decrease in cash not related to capital asset additions (about $0.9 mil decrease).
- Total Liabilities decreased by $1.3 million from 2014.
  - This decrease is attributed mainly to the decrease in bonds payable.

RPC CPAs + CONSULTANTS, LLP

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Financial Statement Highlights

Statement of Activities

- Revenue and Support
  - FY 2015 total revenue was $9.1 million compared to $9.2 for FY 2014, a decrease of $100k
- Expenses
  - FY 2015 total expense was $9.6 compared to $8.7 for FY 2014, an increase of $900k.
    - This increase is attributed mainly to the increase in capital outlay expenditures.

RPC CPAs + CONSULTANTS, LLP

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Financial Statement Highlights

- Net Position
  - Decrease in net position of $1.8
    - $1.2 million attributed to restatement
  - A majority of net position are restricted
    - $8.4 million of net position is restricted for debt service, capital projects and special revenue.

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Financial Statement Highlights

- Restatements related to Fund Financials
  - Property tax revenue received within 60 days of year end, increase of $157,809 for the General Fund and $98,461 for the Debt Service Fund
  - Accounts payable balances carried forward, increase of $226,266 for the Capital Projects Fund
  - Municipal court warrants incorrectly reported revenue, decrease of $152,250 for the Special Revenue Fund
  - Municipal court warrants correction of accounting estimate, decrease of $512,105 for the General Fund

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Financial Statement Highlights

- Restatements related to Government Wide Statements
  - Bond issuance costs decrease of $72,993
  - Property tax revenue received within 60 days of year end, increase of $256,270
  - Accounts payable balances not clearing out, increase of $226,266
  - Municipal court warrants incorrectly reported revenue, decrease of $152,250
  - Municipal court warrants correction of accounting estimate, decrease of $1,396,595

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Independent Auditors' Report

Opinions on the Financial Statements

- Qualified – Governmental Activities, General Fund, and Special Revenue Fund
  - Municipal court warrant receivable
  - Deferred inflows
  - Due to State
  - Revenues
  - Changes in fund balance
  - Change in net position

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Independent Auditors' Report

- **Opinions on the Financial Statements**
  - Unmodified – Capital Projects Fund and Debt Service Fund

Communications to Those Charged with Governance

AU-C 260/265 Communications

- Required Communications in Audit Reporting Package
- Material Weaknesses
  - Internal Control over Financial Reporting
    - No review of journal entries prepared by Chief Financial Officer
    - Insufficient documentation supporting journal entries tested
    - No review of bank reconciliations by employee other than the person that prepares them
    - Inadequate restrictions over the Accounts Payable module for the Account Payable Clerk, who can make changes to the vendor master file and cut checks.

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Communications to Those Charged with Governance

- Material Weaknesses (continued)
  - Internal Control over Financial Reporting (continued)
    - No monitoring of debt covenants
    - No review of wire transfers performed by the Chief Financial Officer
    - Inadequate restrictions in the accounting software for the Chief Financial Officer. The Chief Financial Officer was a "super user" on the accounting software which allowed for access to all user areas
    - No restrictions on the Planning and Zoning department licensure information. It is kept on an open Excel file with no password protection
    - Inadequate controls to identify all commitments the City is entered into at year end.

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Communications to Those Charged with Governance

- Material Weaknesses (continued)
  - Municipal Court Warrants Accounts Receivable
    - Reports of the outstanding warrants accounts receivable for Municipal Court
  - Municipal Court Allowance for Doubtful Accounts
    - No documented policy regarding the estimation of allowance for doubtful accounts for the Municipal Court Warrants
  - Liability Account Balances
    - Two accrual accounts, Accounts Payable Clearing and TEC Payable, had unsupported liability balances in the amounts of $226,266 and $59,982, respectively

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Communications to Those Charged with Governance

- Material Weaknesses (continued)
  - Capital Assets
    - Construction in progress additions of $2,173,461 and deletions of $63,243 were not identified in initial list provided
    - Eleven assets which were fully depreciated in prior years had a zero balance in accumulated depreciation. The total amount of the assets was $161,302
    - A bus in the amount of $57,900 was incorrectly listed as being an addition for the fiscal year 2015, however this bus was not obtained by the City until after fiscal year end
    - A capital asset inventory was initiated at the City, however no written documentation indicated that the final list was approved by management or compared to the listing of capital assets in the City's software

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Communications to Those Charged with Governance

- Significant Deficiency
  - Special Revenue Restricted Equity
    - No process in place to track the restricted revenue and expenditures by type of restriction
- Other Matters
  - Unclaimed Checks
    - Stale dated check which are over 3 years old at year end. These amounts are required to be reported to the Texas Unclaimed Property Division.
  - Expenditures in Excess of Budget
    - Expenditures in excess of approved budget for departments/functions in the General Fund, Special Revenue Fund, and the Capital Projects Fund

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Concluding Comments

- Adriana and her team were very helpful and great to work with
- Thank you for the opportunity to serve City of Socorro
- We value our relationship and hope to continue to build on it

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RPC CPAs + CONSULTANTS, LLP

At RPC We ACHIEVE

A ppreciation
C ollaboration
H umanitarianism
I nnovation
E njoyment
V igilance
E xcellence

Thank You

Danny Martinez, CPA
A&A Group Manager
dmartinez@rpcllp.com
(505) 883-2727

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