

**FINANCE BOARD MEETING  
SEPTEMBER 30, 2013, 6PM  
CITY HALL COUNCIL CHAMBERS  
405 PASEO DE OÑATE, ESPAÑOLA, NM**

**A. CALL TO ORDER**

The meeting was called to order at 6:03 pm by Mayor Alice A. Lucero.

**B. PLEDGE OF ALLEGIANCE/ MOMENT OF MEDITATION/INVOCATION**

Councilor Pedro Valdez led the Pledge of Allegiance & Moment of Meditation/Invocation.

**C. ROLL CALL/DETERMINATION OF QUORUM**

The following Governing Body members were in attendance:

Mayor:	Alice A. Lucero
Mayor Pro-Tem	Dennis Tim Salazar
Councilors:	Elaine Herrera
	Eric Radosevich
	Cory Lewis
	John Hernandez
	Peggy Sue Martinez
	Pedro Valdez
	Robert Seeds

**D. APPROVAL OF AGENDA**

Mayor Lucero presented the agenda for approval.

Agenda as presented:

---Begin---

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**MOMENT OF MEDITATION/INVOCATION**

**ROLL/CALL DETERMINATION OF QUORUM**

**APPROVAL OF AGENDA**

**ITEM FOR COUNCIL CONSIDERATION (ACTION ITEMS)**

1. Resolution 2013-21: Infrastructure Capital Improvements Plan (ICIP)
2. Audit Report
3. DFA Budget Adjustment Resolution 2013-03: \$100,000 for Monetary Lane Improvements.

**EXECUTIVE SESSION**

**ADJOURNMENT**

---End---

Mayor Lucero asked if Council had any changes to the agenda as presented.

***Motion by Councilor Valdez to approve the agenda as presented; seconded Councilor Radosevich.***

***Motion Carried 8-0.***

Mayor Lucero stated that prior to beginning the meeting she wanted to read an email sent by a representative from the Los Alamos National Laboratory (LANL). She reported that the email explained that as a result of non-resolution, the Federal Government shutdown would begin at midnight on September 30, 2013. She continued that in order for critical operations to be maintained at LANL, carryover funds from the previous year would be used.

Mayor Lucero stated that at the last Council Meeting, Councilor Lewis had questioned the passing of Resolution 2013-21: Infrastructure Capital Improvements Plan (ICIP). She stated that Councilor Lewis had been correct when he stated that the resolution must pass by a super majority. She asked that the Council be mindful of passing the ICIP as the city would not qualify for Legislative Appropriations without its passage.

**E. ITEMS FOR COUNCIL CONSIDERATION (ACTION ITEMS)**

**1. Resolution 2013-21: Infrastructure Capital Improvements Plan (ICIP).**

***Motion by Councilor Valdez to approve Resolution 2013-21: Infrastructure Capital Improvements Plan (ICIP); seconded by Councilor Radosevich.***

Councilor Hernandez questioned if the projects on the ICIP could be funded by the state. Mayor Lucero replied in the affirmative. She mentioned that an email had been sent out by the Finance Department requesting that the Council provide input prior to the development of the order of the ICIP list.

Councilor Martinez acknowledged that she had received the email which included the ICIP list and stated that the list was provided by the Grants Administrator. She continued that after receiving the email and reviewing all the recipients, she made a conscious decision to not reply via the internet for fear of creating a rolling quorum. Councilor Martinez stated that after reviewing the list, she was not in agreement with the priority of the projects listed. Councilor Martinez clarified that although she understood the importance of passing the list, she was not in agreement with how the list was presented. She stressed that a physical copy in hand would have been adequate. She further added that the process appeared rushed, which did not allow for appropriate review time.

Mayor Lucero responded that the email sent by the Grants Administrator did not imply or condone any discussion of the Infrastructure Capital Improvements Plan (ICIP). She stressed that the email was sent out with adequate time prior to review. Mayor Lucero thanked Grants Administrator Diahann Jaquez for her efforts and explained that the development of the ICIP was not an easy task.

Councilor Valdez stated that he would like to qualify his motion to pass Resolution 2013-21. He explained that if the list was passed, it would allow for funding. He stated that some appropriations had been made for items on the list. Councilor Valdez added that Riverside Drive needed a utility upgrade from a four (4) inch waterline to an eight (8) inch or ten (10) inch waterline.

Councilor Valdez continued that the sewer line on State Road Seventy-Six (76) which led to South McCurdy Lane needed to be restructured in order to allow for growth in neighboring

housing communities. He concluded that he was in favor of passing the ICIP list in order to promote the development alongside and throughout Industrial Park Road. Councilor Valdez stressed that Rio Arriba County Officials had been in support of this development and wished to collaborate with City Officials to revitalize economic development.

Councilor Seeds thanked Councilor Valdez for sharing his insight as well as the Governing Body for their time and presence. Councilor Seeds asserted that the Infrastructure Capital Improvements Plan was a wish list until the City was current with audits through 2013. He expressed the belief that all the projects were equally important but until the city was current, monies were nonexistent. He stated that he would vote in favor of passing Resolution 2013-21: Infrastructure Capital Improvements Plan (ICIP) in order to submit the list on time. Councilor Seeds concluded his statement by encouraging the Governing Body to regroup and discuss the ICIP at a point in time when the funds were available.

Councilor Radosevich echoed the sentiments of Councilor Seeds and stated that the sooner the list was approved, the better it was to move forward.

Mayor Pro-Tem Dennis Salazar stated that he did not agree with the order of the projects on the ICIP and explained that he felt other projects were of higher importance. He continued that he understood it was important to submit the list and confirmed that he was in favor of the Resolution 2013-21 in order to move forward with the process.

Councilor Martinez stated that she sympathized with the residents of North Prince Drive who had been annexed by the City for over twenty (20) years and had to pay city taxes. She stated that she believed the residents from that area should have been of higher priority in incorporating city sewer and water.

Councilor Seeds asked if when funding was appropriated, monies could be used towards different projects on the ICIP list. Mayor Lucero responded in the negative and explained that once the funding had been appropriated it must be used in the manner for which it was initially intended.

Councilor Martinez questioned if the City of Española was in the process of securing a fiscal agent for prior Capital Outlay Appropriations. Mayor Alice A. Lucero responded that she was in communication with the New Mexico Department of Finance and Administration (DFA) regarding that process but had not yet received an answer. She stated that she would communicate with Council when they informed her of their decision.

***Motion Carried 7-1, with Councilor Martinez voting in the negative.***

Councilor Martinez qualified her vote by stating that she fully understood that in order to move the process forward, the list must be approved; however, she felt it was important to stress that the process appeared rushed. She further stated that sensitive information should be handled more cautiously. Councilor Martinez concluded that the way the list appeared made her hesitant from further examining it. Councilor Martinez stressed that she was not in agreement with the priority of the projects on the list.

## **2. 2010-AUDIT REPORT**

Mayor Lucero asked that Certified Public Accountant (CPA) and Auditor Sanwar Harshwal from Harshwal & Company speak from a professional standpoint on the 2010 audit. Mayor Lucero also called upon Administrative Services Director (ASD) Joyce Sandoval to assist Mr. Harshwal

on behalf of the City. Mayor Lucero explained that the audit under discussion was only through Fiscal Year 2010. She added that any fiscal year beyond 2010 would not be entertained for discussion. Mayor Lucero asked that Council be respectful and not interrupt when another individual had the floor.

Auditor Harshwal thanked the Governing Body for the opportunity to serve the City of Española. He explained that he was only prepared to discuss FY 2010 and explained that the City of Española would remain in disclaimer status because adequate information had not yet been provided in order to render an opinion. Auditor Harshwal stated that there were findings from previous year(s) that may also be referred to as deficiencies. He further explained that deficiencies could result from a lack of information and ranged from controlled to significant. Auditor Harshwal explained that a lack of information and/or material weaknesses was the prime component leading to deficiencies.

***SECTION II. AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS/ FS 00-003  
Non Compliance – Exceeding Budget Authority.***

ASD Sandoval explained that *FS 00-003* was a repeat finding. She stated that conditions existed in FY 2000 that may have fluctuated and/or exceeded budget. She stated that specifics could not be reported and funds over budget may still exist and reflect on the current FY. ASD Sandoval stated that she was not employed with the City when the findings occurred nor was she in control of any adjustments at the time. She further explained that expenditures reported in the trial balance and financial statement exceeded that which was listed in the budget. She stated that she speculated that a budget adjustment request (BAR) had not been processed.

Mayor Lucero stated that since she was elected to office, it had been a large priority to bring the City out of the disclaimer status which had existed since FY 2004. She acknowledged that becoming current with all audits was a large obstacle and she stated that understood that it had to take place.

Councilor Hernandez asked if the City now had the knowledge, capabilities, software and manpower to enter data from the past onto present records. ASD Sandoval replied in the affirmative and stipulated that final data adjustment(s) must be reviewed and discussed by Council prior to entry. She added that software upgrades had enabled staff to meet current demands as well as address previous issues.

Councilor Radosevich asked if the current financial staff had been adequately trained. He stated that he would never like to see the City overspend.

ASD Sandoval commented that she believed that in the past, the City did not always hire people who understood the responsibilities within financial roles and who also did not understand fiduciary responsibilities. ASD Sandoval stated that these people had neglected procurement policies. She alluded to the notion that due to past circumstances and a transition process from old employees to new, information may have fallen through the cracks.

ASD Sandoval reassured Councilor Radosevich that current procurement procedures were in place and the current financial staff had adequate training and skill. ASD Sandoval concluded that she was very pleased with the software providers of Caselle and the support online and via phone was satisfactory. She expressed that during her employment of the city, she had made efforts to cross train employees as she felt cross training was essential to aid with the continual flow of work.

**SECTION II. AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS  
CONTINUED/ FS 03-01 Non Compliance – Late Audit Report.**

ASD Sandoval explained that a late audit report finding was ordered by the New Mexico State Auditor which required that all Municipalities within New Mexico submit an audit report no later than December 1<sup>st</sup> of the same FY. She stated that because the City was still not current with the audit, this finding would continually appear due to state audit reporting regulations.

**SECTION II. AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS  
CONTINUED/ FS 05-19 Material Weakness – Cash Controls and Monitoring.**

ASD Sandoval stated that bank reconciliations were not completed by June 30, 2010. She explained that the completion date was much later than that. She further explained that book balances differed from bank balances which did not result in any type of reconciliation documentation to explain the difference.

Councilor Hernandez questioned ASD Sandoval as to when monitoring took place. ASD Sandoval replied that accounts were not reconciled for the years 2007, 2008 and 2009. She clarified that she had been hired in 2010 and could account for the documentation as of 2010 because she was made aware of the problem. ASD Sandoval stated that the documentation was reconciled from 2007 to 2012 because she was able to uncover bank documentation / supporting material designated for debt reserve. She expressed gratitude toward supportive finance staff that tirelessly searched the basement files to uncover the necessary documentation. Interim City Manager Joe Duran stated that the process conducted by ASD Joyce Sandoval revealed the hard work and efforts brought forth by finance staff.

Councilor Seeds questioned the capabilities of the audit firm. He asked how it was possible to conduct an audit process without all necessary documentation. Auditor Harshwal agreed with the skepticism expressed by Councilor Seeds. He stated that findings revealed an inadequate reconciliation. He continued that after physical research was conducted, the outcome revealed previous book balances did not match the corresponding bank statements. He added that such findings were considered serious.

Mayor Lucero noted that the scenario which ASD Sandoval explained regarding records management was the exact reason the City Clerk's Department needed a full-time Records Clerk whose main objective was to facilitate and organize past and present records. She stressed the importance of maintaining information and filing documents which could be referenced easily if needed. She commented that the records within the basement were piling up and would continue to be difficult to account for without an individual in that position.

**SECTION II. AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS  
CONTINUED/ FS 05-52 Significant Deficiency – Lack of Internal Control over Expenditures.**

ASD Sandoval explained that the finding occurred during a period where overall internal controls within the City were weak. She stated that an example of this instance was the bank reconciliation which did not correspond with book records. ASD Sandoval stated that the work accomplished by the current Finance Department reflected a process of internal control ranging from the beginning of the purchase requisition process until the end. She further explained that the process entailed procurement review as well as signatures by department heads prior to payment. ASD Sandoval expounded that the process could also apply to the expenditure of grants where funding and

spending were both a matter of record. She stated that the Finance Department must ensure that spending on a grant did not exceed the amount provided and the grant closed out. ASD Sandoval stressed that the current process was a good example of internal control.

Mayor Lucero recited the cause of this finding determined by the auditors which stated, "*there is a lack of internal control structure over cash disbursements. Proper internal controls were not implemented to prevent the loss of supporting documentation. The City's purchasing policy is not adequately enforced.*" Mayor Lucero then stressed the Agency Response which stated, "*The City is aware of the importance of document control and record retention.*" Mayor Lucero reaffirmed the need for a Records Clerk to maintain the process and track files when they were pulled for research or public information requests.

Councilor Martinez stated that she understood that the Finance Department had a better handle on the current situation and that the findings reflected instances which occurred in 2010. She then commented that she still believed that the procurement process had not yet proven in 2013 to be running satisfactory due to issues surrounding the recent procurement of baseball equipment. Councilor Martinez stressed that the instance was a current and obvious mishandling of funds. She recommended that a shipping and receiving process be implemented, as well as a cataloged digital file of all incoming merchandise. She commented that the ideas stated may aid with the enhancement of internal control. Councilor Martinez concluded that it may be more valuable to have more than one department head signing off on the procurement documentation so as to avoid instances of isolated misspending.

Councilor Seeds stated that he did not want to point any fingers, but the baseball equipment was not procured on a level of high standards nor was the equipment ever merchandized or catalogued to account for its purpose. He stated that the occurrence was a good lesson to learn from.

Councilor Radosevich stated, for the record, that he had grown tired of his fellow council members choosing to blame the unfortunate experience with the baseball equipment on that of the Finance Department. He stated that a previous Department Head had abused his authority and the procurement process. Councilor Radosevich commented that the former Department Head procured baseball equipment deceptively and fraudulently, but was caught because there was a system in place. He stated that he did not think it was fair to publicly condemn the Finance Department because they found and exposed the problem.

Councilor Seeds replied that it was all a bad mark on the City and it reflected poor accountability from staff. He questioned the whereabouts and storage of the equipment. Interim City Manager Duran stated that the equipment was inventoried and stored at the Lucero Center.

***SECTION II. AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS  
CONTINUED/ FS 08-01 Material Weakness – Accounts Receivables Records and Procedures  
Expenditures.***

ASD Sandoval stated that this problem occurred prior to 2010. She explained that within the Utility Department internal process, there was not a practice where receivables were reconciled on the general ledger or the trial balance. She stressed that it was an important internal control process and currently there was a process to reconcile this activity within the Enterprise Funds.

Mayor Lucero stated that the problem had been resolved and was no longer an issue for the 2011 audit. She stressed the importance of acknowledging and understanding where the City was prior

to the audit process. She extended her gratitude for the Finance Department's hard work and attributed the City's progress to their intellect, experience and servitude.

***SECTION II. AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS  
CONTINUED/ FS 08-04 Material Weakness – Year-end Cutoff***

ASD Sandoval stated that year end cutoff related to monies received and expenditures not yet paid for. She stated that based on recorded expenditures of year(s) prior, a process was not firmly in place. ASD Sandoval continued that cutoff related to whether transactions had been recorded in the correct accounting period. She stated that audit procedures must ensure that transactions occurring near year-end were recorded in the financial statements during the proper period. She clarified that that the previous proceeds accrued income on the balance for the following fiscal year. ASD Sandoval stated that the Finance Department had encountered many setbacks due to non-standard practices conducted in years prior.

ASD Sandoval stated that the same situation had been faced and managed by the Grants Administrator. She provided the example that if a grant had not been drawn down prior to the fiscal year cut-off date and placed into an accounts receivable fund, the monies would carry forward and reflect negatively on the grant process. She stated that this instance of poor practice also reflected negatively on future grant requests. ASD Sandoval stated that there was a current process practiced by the Grants Administrator to ensure a compliant, positive outcome.

***SECTION II. AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS  
CONTINUED/ FS 08-05 Non Compliance – Insufficient Controls over Payroll.***

ASD Sandoval stated that there was a finding which reflected a personnel file that was not located. She stated that there was another finding where two (2) timesheets did not have the required signatures. She continued that another finding had revealed that a leave request was not properly authorized.

ASD Sandoval stated that a payroll policy had been rendered and enforced. She stated that the document complied with federal regulations and reinstated strict internal controls as well as close supervision in accordance with GAAP. ASD Sandoval stated that the City had a controlled process which exercised retention of all documents related to Personnel and Payroll and was a matter of current and accurate record.

***SECTION II. AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS  
CONTINUED/ FS 08-07 Non Compliance – Deficits in Budgeted and Actual Fund Balances***

ASD Sandoval stated that findings revealed actual monies and actual expenditures were more than acquired revenue. She continued that the approval process was not followed and receivables were not accounted for which led expenditures to exceed available resources. ASD Sandoval stated that the City's budget process resulted in several budgeted fund balance deficits ending on June 30, 2013. ASD Sandoval further explained that the City's deficit fund balances were not budgeted which was due in part to fluctuating budget controls. She stated that negative cash flow had been reclassified and expenditures were not paid by the General Fund. She concluded that further adjustments had been made to accommodate grant receivables and trial balances so that accurate balances were currently reflected.

**SECTION II. AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS  
CONTINUED/ FS 09-01 Significant Deficiency – Lack of Formal Information Technology  
(IT) Policies**

ASD Sandoval stated that the condition revealed that the City did not previously have a formal (IT) policy which governed data backup, data security, password rotation, permissions or scheduled maintenance; nor did the City have a personnel policy which covered the importance of data integrity or password security. ASD Sandoval confirmed that the adoption date of the current Information Technology (IT) Policy was July 1, 2010. ASD Sandoval concluded that the conditions stated within the 2010 Audit pertained to a time where the IT policy was not yet in effect.

**SECTION II. AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS  
CONTINUED/ FS 10-01 Significant Deficiency – Lack of Internal Control over Travel  
Expense**

ASD Sandoval stated that findings revealed that out of twenty five (25) travel expenditures tested prior to July 1, 2010, twenty five (25) transactions revealed the use of fuel cards and no method(s) of receipt for documentation. She stated that during this previous time a "P Card" was used, which was a method of credit card payment. She stated that this method was useful in tracking recipients. ASD Sandoval stated that the use of the "P Card" was now nonexistent and the current method of payment was a singular gas card which could be tracked by Honstein Oil Company, business that provided a bill containing pertinent information. She stated that fuel cards were tracked and logged as travel expenses and receipts were required by Department Heads. ASD Sandoval stressed that employees were not permitted use of gas cards for their personal vehicles.

Mayor Lucero stated that each year, DFA worked to develop a travel plan policy which stipulated travel guidelines. She stated that the City could not go beyond what DFA would not allow. She reminded the Council that the instance in question took place prior to July 2010 and had since been remedied to comply with DFA standards.

Councilor Seeds stated that it was irresponsible to hand out credit cards. He stated that the City was asking for trouble and stated that he was pleased to hear about the measures taken to facilitate the use of fuel.

**SECTION II. AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS  
CONTINUED/ FS 10-02 Non Compliance – Violation of Open Meeting Act**

ASD Sandoval stated that meeting minutes were not made available to the Auditors during a period from July 2010 until September 2010. ASD further stated that, in accordance with the Open Meetings Act, a draft of the minutes must be made available within ten (10) days subject to review prior to adoption. ASD Sandoval stated that the violation of the Open Meetings Act existed because of a gap of time where minutes were not completed at all.

**SECTION II. AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS  
CONTINUED/ FS 10-03 Material Weakness – Deficiencies in Internal Control Structure  
Design, Operation, and Oversight**

ASD Sandoval stated that the finding revealed failures in system. She explained that it indicated that the City's internal controls were not operating effectively throughout the audit period. She

stated that accounting records were not reconciled and the City was not ready for the audit process. ASD Sandoval stated that the problems in accounts were also not reconciled in a timely manner and were primarily due to finance department vacancies.

***SECTION II. AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS  
CONTINUED/ FS 10-04 Material Weakness – PY AJE's recorded in Trial Balance***

ASD Sandoval stated that the City did not record prior year adjustment entries totaling \$449,005. ASD Sandoval stated that the Finance Department had worked diligently to research and enter all journal entries to ensure the account balances were correct. ASD Sandoval also stated that the City's general ledger would reflect accurate balances in all accounts. She added that findings did reveal inadequate internal controls in preparing the financial statements and measures were being taken to ensure accuracy and review the trial balance after recording reconciliations.

***SECTION II. AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS  
CONTINUED/ FS 10-05 Material Weakness – Allowance for Doubtful Accounts***

ASD Sandoval explained the Utilities Department had not been aware of the aging accounts receivable and had no real control over the uncollectible portion of receivables. She stated that the allowance was not determined as a solution until the problem was discovered. ASD Sandoval continued that the City had failed to correctly appropriate funds toward Water, Wastewater and Solid Waste. She stressed that the Finance Department was currently adjusting the individual accounts to reflect true collectable balances and had created an allowance for utility funds.

***SECTION III. AUDIT FINDING AND QUESTION COSTS IN RELATION TO FEDERAL AWARDS/ FS 03-01 Material Weakness – Late Audit Report***

Mayor Lucero stated that this finding was discussed previously and the City now understood the importance of having audit submission by the statutory deadline. She emphasized to the Council how important it was to have a Finance Department that was fully staffed. Mayor Lucero stated that she was hopeful that progress would be made in completing the backlog of audits.

***SECTION III. AUDIT FINDING AND QUESTION COSTS IN RELATION TO FEDERAL AWARDS/ FS 10-02 Schedule of Expenditures of Federal Awards (SEFA)***

ASD Sandoval stated that due to all the hard work throughout the past year, the City could move forward with the audit and not repeat past mistakes. She added that the lessons learned had been critical and costly. ASD Sandoval cited the Schedule of Expenditures of Federal Awards and stated that the proper process was now in place to acquire potential federal funding. ASD Sandoval asserted that the City could currently attempt to gain comprehensive internal control while implementing critical changes. She urged the Council to consider fully staffing the Finance Department so that future audit deadlines could be met in a timely manner. She stated that humans made mistakes but it was important to learn from them and try not to repeat them.

Councilor Hernandez stated that he would like to commend ASD Sandoval for solving such massive problem(s) which were inherited upon her hire. He thanked the Finance Department for being the stillness in the eye of the storm. He stated that he understood that the City was not yet out of disclaimer status and the audit process would continue for FY 2011. He expressed a feeling of optimism for the upcoming year.

***SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS YEAR ENDED June 30<sup>th</sup> 2010***

Mayor Lucero stated that upon reviewing this page, the Council could account for the majority of the finding(s) and see that they had been resolved. She stated that the State Auditor had already approved the audit and explained that the City must now advertise that the audit was available for inspection. Mayor Lucero added that the 2011 audit process would begin in November with the newly approved Auditor.

Councilor Seeds stated that previous mismanagement of funds occurred during Mayor Lucero's term and he could only hope that the process was more honest and efficient. He stated that on page one hundred and seventy one (171), the term "Repeated Findings" appeared. He stated that he hoped change would come after the next mayoral election.

Mayor Lucero stated that while she was a City Councilor, she understood the problems the City was having because she was the City Clerk for many years. She stated that because of this awareness, she had decided to run for Mayor and help the City clear their debt and get out of declaimers. Mayor Lucero asserted that when she won the election, it was time to take the bull by the horns and fix problems and reinforce accountability within City Hall.

Councilor Radosevich thanked Mayor Lucero for her foresight.

***Motion by Councilor Radosevich to approve the 2010 Audit Report; seconded by Councilor Valdez.***

Councilor Martinez asked Auditor Harshwal if there was any advice that he could offer the City in order to enable a smoother audit process in the future.

Auditor Harshwal stated that the City must provide adequate staffing. He specified that the staff should have experience, degrees and/or licenses. He urged the City to continue cross training as well as upgrading software. He advised the Governing Body to listen and not just hear the problems that were explained. Auditor Harshwal stated that a wise man would always ask questions that he presumably may know the answer to.

Mayor thanked Auditor Harshwal and his company for their time and efforts throughout the audit process.

**Roll Call Vote:**

<b>Mayor Pro-Tem:</b>	<b>Dennis Tim Salazar</b>	<b>In Favor</b>
<b>Councilors:</b>	<b>Elaine Herrera</b>	<b>In Favor</b>
	<b>Eric Radosevich</b>	<b>In Favor</b>
	<b>Cory Lewis</b>	<b>In Favor</b>
	<b>John Hernandez</b>	<b>In Favor</b>
	<b>Peggy Sue Martinez</b>	<b>In Favor</b>
	<b>Pedro Valdez</b>	<b>In Favor</b>
	<b>Robert Seeds</b>	<b>Against</b>

***Motion Carried 7-1, with Councilor Seeds voting in the negative.***

***DFA Budget Adjustment Resolution 2013-03: \$100,000 for Monterrey Lane Improvements.***

Councilor Valdez stated that the measure was previously passed by the Public Works Committee in order to be moved to full council. He explained that he was diligently working on the right-of-way utility easements in order to help this project move forward. Councilor Valdez further stated that the monies would be used to replace damaged water lines.

***Motion by Councilor Radosevich to approve the DFA Budget Adjustment Resolution 2013-03: \$100,000 for Monterrey Lane Improvements; seconded by Councilor Lewis.***

Councilor Seeds questioned if Monterrey Lane was a public or private street. He then asked if the easement for the water line needed to be at least ten (10) feet for installation.

Interim City Manager Duran stated that construction required a twenty to thirty foot (20-30) easement. He also stated that the easement, if not resolved, would continue to cost the City an average of five to six thousand dollars (\$5,000 - \$6,000) per month. He added that the line was installed several years prior to enable water to flow freely. Interim City Manager Duran stated that the piping was on private land and needed to be repaired in order to continue the amount of water flow without further problems.

Councilor Valdez stated that the owner of the trailer on the property was reluctant to move.

Councilor Martinez expressed the belief that the amount of five to six thousand dollars (\$5,000 - \$6,000) per month was a disappointing figure and urged the Council to rethink all possibilities prior to making the decision.

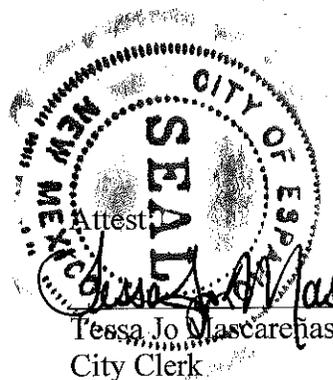
***Motion Carried 6-2, with Councilor Seeds and Councilor Martinez voting in the negative.***

***Motion by Councilor Lewis to adjourn; seconded by Councilor Radosevich.***

***Motion carried 8-0.***

***The meeting was adjourned at 8:07 pm.***

PASSED, ADOPTED AND APPROVED THIS 19<sup>th</sup> DAY OF NOVEMBER, 2013.



  
 Honorable Alice Lucero, Mayor  
 City of Española