

Minutes of the Independence City Commission's August 14, 2018 Meeting

The Independence City Commission met for a special meeting on August 14, 2018 at 5:30 P.M. in the Veterans Room at the Memorial Hall. Mayor Leonhard Caflisch, Commissioner Louis Ysusi, and Commissioner Gary Hogsett were present. Others present included:

City Staff

Craig Whitehead, City Manager
Kelly Passauer, Assistant City Manager
Jeff Chubb, City Attorney
David Cowan, Director of Public Safety
Shawn Wallis, Fire Chief
Michael Borovetz, Finance Director
Jerry Harrison, Police Chief
Terry Lybarger, Utilities Director
Mike Passauer, Public Works Director
Barbara Beurskens, Park and Zoo Director

Visitors

Andy Taylor
Debbie Miller
Jerry Bright
Larry McHugh
Tony Royse

I. SPECIAL SESSION

A. Call to Order

Mayor Caflisch called the meeting order at 5:30 p.m.

II. PUBLIC HEARING

A. Public Hearing regarding the revised 2018 and proposed 2019 budget; and consider adopting the revised 2018 and proposed 2019 budget.

The Finance Director, Michael Borovetz, reviewed the modifications to the budget as requested by the Commission. The Finance Director further reviewed the attached presentation.

The Mayor opened the public hearing.

Debbie Miller requested to speak. Key points included contracting out ambulance and sanitation services to save taxpayer funds, so they could be used for other projects, such as street maintenance; redirecting funds for the Public Safety Director position to hire a City Engineer; and replacing the City Clerk and City Manager.

Andy Taylor requested to speak. Key points included that he was impressed with the budget information provided as he had attended several

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budget hearings of other taxing entities and City of Independence staff provided the most thorough budget information; he handed out a spreadsheet showing the mill levies from 2014 through 2018 for all the taxing entities which the total mill rate has increased from 170.151 to 201.808, or 18.6% which he believes is too much of an increase over a short period of time.

Tony Royle thanked staff for providing detailed information. Key points included questioning the use of the "Non-Appropriated Balance" on the form filed with the County Clerk based on his 28 years of experience preparing budgets for the City as he never used that box; questioning how the numbers were calculated; and concerns regarding exceeding the 5% limit in some funds which he believed was a budget violation.

The Mayor closed the public hearing and opened it for Commission discussion. Considerable discussion ensued regarding the "Non-Appropriated Balance" and concerns that utilizing that box inflated the mill rate over what it should be. The Finance Director indicated that the amount included in the "Non-Appropriated Balance" represented the ending fund balance, and that years prior to the 2018 budget the ending fund balance was incorporated as a cash reserve expense in the budget. He further stated that by showing it as "Non-Appropriated Balance" authority was not provided to spend it without revising the budget, whereas showing it as an expense authority was provided to spend it without revising the budget. He further stated that if the "Non-Appropriated Balance" was removed it would reduce the ad valorem taxes, however, you would be left with no cash in hand.

After additional conversation on the topic, the Mayor indicated it would be nice to have the documentation prior to meeting so that the Commission could come prepared. He further indicated that he had tried to match the ending fund balance with the Treasurer's reports and was unable to do so and questioned where the number was coming from. The Mayor clarified that the authorized expenditures are set without the 5% for the ending balance, which the Finance Director agreed with. The Finance Director added that the "Non-Appropriated Balance" could not be spent without amending the budget and thus provided a safety net.

The Mayor asked that this method be clarified on the State level as other entities he checked with do not use the "Non-Appropriated Balance" box. The Mayor further asked about tracking this from year to year and asked about the non-appropriated balance in 2018 and where the carry over is shown. The Finance Director indicated that it would be shown in the next year as the beginning cash balance. The Mayor asked if at the end of 2018 the unencumbered cash balance will be what is shown January 1, 2019. The Finance Director indicated that it is a budget, and if everything works out as budgeted then that will be your beginning balance. It was briefly

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discussed that increased expenditures or increased revenues could affect the numbers which would require them to be modified in the revised budget.

The Mayor indicated that he wanted to be clear since changing words to non-appropriated, and that in essence it represented a contingency fund, which statute allows a 5% contingency and the non-appropriated balance is a projected ending balance you are trying to create and that is understandable.

Motion:

Commissioner Hogsett moved to adopt the 2018 revised and 2019 budget as presented. Commissioner Ysusi seconded.

Aye: Cafilisch, Ysusi, Hogsett

Nay: None

III. DISCUSSION

- A. Item added at the request of the Mayor, discussion of the 2018 budget document filed with the County Clerk.

The Mayor stated his questions had been answered on the earlier item with the exception of the overage of 5%. The Finance Director indicated that there had been a 5% overage last year, which was the first year he completed that form and they had to go with it the way it was as it was too late to modify it. The Mayor stated that it was punishable by statute by removal of office of the governing body, so he requested that we self-report. The City Attorney advised that he has seen minor budget violations occurring for several different taxing entities, which many times is identified in annual audits, and he was not aware of such punishment being served in the past. Commissioner Ysusi also stated he saw that statute and was concerned. The Mayor reiterated self-reporting, stating as an example that if open meetings or open records statutes are violated it is best to self-report before a complaint is filed. The City Attorney recommended bringing the overage to the attention of the auditors, which the Commission and staff appeared to agree with. The Mayor further questioned some additional forms that were filed in 2017 that were not filed in 2018. The Finance Director indicated he would check into that.

IV. ADJOURNMENT

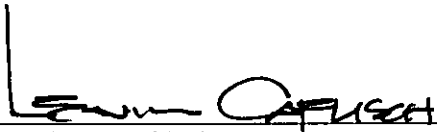
Motion:

Commissioner Ysusi moved to adjourn. Commissioner Hogsett seconded.

Aye: Cafilisch, Ysusi, Hogsett

Nay: None


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Leonhard Caflisch, Mayor



Louis Ysusi, Commissioner



Gary Hogsett, Commissioner

Attest:



Kelly C. Passauer
Assistant City Manager