



INDEPENDENCE ★ MISSOURI ★

A GREAT AMERICAN STORY

Audit and Finance Committee Minutes

January 29, 2025 3:00 PM

IUC, Room 117, 17221 E. 23rd St. S., Independence, MO 64057

CALL TO ORDER

1. Present

Jared Fears, John Perkins, Heather Wiley, Charlie Dissell, Tom Scannell, Nancy Cooper, Zach Walker, Melissa Cabrera, Andrew Frazier, Chester Moyer

2. Absent

None

3. Additional Attendees

4. Approval of Minutes - November 20, 2024

Councilmember Perkins made a motion to approve the minutes of November 20, 2024, Councilmember Wiley seconded the motion, all present were in favor of approval. Minutes were approved as written

OLD BUSINESS

1. Utility Billing & Animal Shelter Update

Current Projects: Utility Billing – about 90% complete, essentially complete power point needed

Animal Shelter Project – about 20% complete; went on off-site tour with CM'S & City staff on other animal shelters including KC Pet Project and others before diving in too deep with our

shelter; Contract reviews continue; working on an Annual Report

2. County ARPA Funds Update

The update from the City Manager regarding Jackson County's allocation of approximately \$71 million in ARPA funds highlights several challenges and complexities in the decision-making process. These funds were distributed to municipalities and local jurisdictions about three years ago, with a deadline of December 31, 2024, for them to be fully spent or earmarked for intended purposes. Jackson County's Administration and Finance Committee initially sought proposals from various entities for fund allocation across different categories, which the City of Independence participated in. However, the County Executive vetoed the committee's recommendations, citing concerns about adherence to federal laws and guidelines regarding fund distribution.

The county has since made ongoing recommendations about how to use the funds, including projects like McCoy Park. To avoid returning the funds to the federal government, the county decided to reimburse itself for qualified prior expenses, thus freeing up the \$71 million in its General Fund for future allocation. Despite a few meetings in 2025, there remains a lack of consensus on the allocation process and the specific projects that will qualify for funding.

Theoretically, the County could opt not to allocate these funds at all after reimbursing themselves. However, should a significant amount of the funds remain idle, they will continue to accrue interest, potentially increasing the available balance for future projects. A key point of contention involves the County's decision to purchase a building in downtown Kansas City for renovation and use as county offices. There is disagreement among County legislators, with a division in votes that prevents any veto-proof majority against the County Executive's stance. This ongoing debate over the building's future and how ARPA funds should be allocated signifies the complexities faced by the County in decision-making among elected officials and the need for a clear plan moving forward.

NEW BUSINESS

1. Monthly Financial Statements

- **Audit Presentation by Chester Moyer with Rubin Brown, external auditor for the City presented findings of City Audit:**

A visual of the financial document of the City was presented as what was audited, prepared by the Finance Department as of June 30, 2024, and the only thing in there that is Rubin Brown's is the Audit Report Letter which provides Rubin Brown's opinion on this information and to summarize Rubin Brown issued a clean opinion or an unmodified

opinion which is the highest level of opinion they give as auditors so that's a clean opinion and they had one finding to report that was discussed in the presentation. No findings to report from the Federal Funds Audit. Question from CM Perkins, how is this worked into our Bond rating? Credit rating looks at totality of factors, debt load, etc. and this would serve as one component and important to maintain a good annual report. General overall City rating, Economic incentive bond where we have backed projects, and utilities as a whole have a credit rating. A- stable rating is for economic development projects. Melissa Cabrera, Finance Director-We have not undergone a rating process for General for quite some time, that would something that would have to happen ahead of the GO Bond issue. Question: CM Perkins-is there a formal process to start that? City Manager-We have had some conversations with our financial advisor, Columbia Capital, particularly in light of the Bonds we've been talking about for public safety, the fire stations and this facility as police utilization, but Melissa is right, if we start issuing GO debt we are going to have to seek a credit rating to assign with those bonds as well. CM Fears-Do we initiate that ahead of the April vote or do we initiate that after? City Manager-Afterwards, it would come after we've got authority from the voters to issue debt but before we start drawing down on that.

- **Review of Monthly Financial & Operating Report:** Presentation by Melissa Cabrera, Finance Director, one of Director's early directives was to add overview to financial statements and she focused heavily on the General Funds, typically one of the hotter topics when talking to Council and the public since it does fund so many of our services, providing more detail, and back analysis and open if there is any additional direction on what is to be seen in this overview and how to put it into practice. Overall, we have received our Real Estate tax estimates from the County, what they have actually sent out in bills, which was approximately \$59,000 below what we had budgeted for fiscal year 24-25, most due to reassessments that occurred after we made projections for this budget year. This being an odd year, the County will be doing assessments again and coming up with a new assessed value for the City, we should start getting early estimates, the initial one comes in March, then we get one in June, then the final one comes at the end of August before we bring our tax levy to you for approval in September. Overall overview provided with additional information/discussion.

- **Previous Project for City Manager from Councilmember Perkins:**

Councilmember Perkins Request: Put something a little more formal on what the lobbyist work

would entail from Washington and some of the costs and the benefits for that and what we would

possibly be leaving on the table.

Update provided by Zach Walker-City Manager and information shared on recommendation for analysis of research provided by John Mayfield on lobbying at the Federal level to be shared with full Council in consideration of budget development as a new funding item. Benefits discussion.

- Discussion of Follow-Up Audit to Rental Ready Request-Council just adopted new Code requirements for that Program, how administered and the inspection process. CM'S Fears and McCandless discussed-Tom Scannell will present on Rental Ready at the March Audit & Finance Meeting-discussed holding off until after that presentation in March to add to Management Analyst Project Schedule.

ADJOURNMENT

NEXT MEETING

- Wednesday, March 19, 2025, at 3:00 PM

ADJOURNMENT

- With no other comments, the meeting was adjourned at 3:54 PM.

PENDING ITEMS FROM SEPTEMBER 25, 2024 MEETING:

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NEXT PROJECTS FOR MANAGEMENT ANALYST

- Animal Control-second top priority
- Work Comp/Safety
- Santa Cali Gon
- Utility Billing-top priority
- Rental Ready
- Currently working on Enterprise Funds with Municipal Services