



INDEPENDENCE ★ MISSOURI ★

A GREAT AMERICAN STORY

Audit and Finance Committee Minutes

March 19, 2025 3:00 PM

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

CALL TO ORDER

1. Present

Jared Fears, Heather Wiley, Charlie Dissell, Nancy Cooper, Zach Walker,
Melissa Cabrera, Andrew Frazier

2. Absent

John Perkins

3. Additional Attendees

4. Approval of Minutes - January 29, 2025

- Councilmember Wiley made a motion to approve the minutes of January 29, 2025, Councilmember Fears seconded the motion, all present were in favor of approval. Minutes were approved as written.

OLD BUSINESS

1. Utility Billing Review

Utility Billing Review Presentation by Andrew Frazier, Management Analyst:

The primary objective of the review was to assess the effectiveness and efficiency of the utility billing process. The methodology included reviewing relevant documents, conducting interviews with key stakeholders, and analyzing data, all adhering to Generally Accepted Government Auditing Standards (GAGAS). Background information indicates that the City manages three utilities—Water, Sewer, and Electricity—operating through centralized billing at the Independence Utilities Center. Since migrating to Advanced Utility Systems’ CIS Infinity V4 in May 2018, the process has evolved. Rubin Brown provided a detailed overview of the current process, noting that staff manually perform meter readings for water and electric services, as the system is not fully automated. Billing metrics from 2014 to 2016 showed a steady rate increase, which stabilized afterward. From 2016 to 2020, sanitary sewer billing experienced steady growth before plateauing, while the Regulatory Compliance Charge, covering debt service until 2042 and mandated through the Consent Decree, was included in billing. Electricity billing breakdown includes consumption charges, base charges, Power Cost Adjustment (PCA), PILOT fees (which IPL chose to list separately after previously embedding these), and a 1.125% tax. The fuel-based Power Supply Cost Adjustment allows IPL to modify bills based on fuel costs.

The 2018 Rubin Brown review identified several key areas for improvement, including access control, batch closure restrictions, knowledge documentation, cancel-rebill adjustments, and the review process for adjustments. Process improvement opportunities suggested including implementing automated meter reading to enhance efficiency, analyzing skip and trouble codes weekly, improving the timeliness of meter reads, automating handling of negative consumption, and updating procedural documentation for consistency and clarity. Moving into the 2024 Business Process Review, several key recommendations were made, such as applying data restrictions instead of layouts, properly utilizing custom fields and tables, establishing a regular write-off process (covering old balances with procedures like cleanup, collection agency, and bad debt processes), and fine-tuning criteria within the write-off control, including the “Send to Collections” process and setting adjustments on the “Days After” measure. Additional recommendations included reviewing deposit transaction codes, considering the “Keep Original Transaction Code” setting for clarity, evaluating payment allocation configurations, and addressing issues related to cash register balancing, assistance/contributions, taxes, meter reading, and collections management.

Currently, utility billing personnel are actively working on addressing these recommendations, collaborating closely with the Finance Department, especially regarding the write-off process. The Management Analyst has proposed further enhancements, including fully automating meter reading, improving data quality control, streamlining the billing cycle and reconciliation processes, and strengthening internal controls and security measures such as refined access control, improved documentation, staff training, and establishing robust audit trails. Customer service and communication are also targeted for improvement through proactive communication, enhanced dispute resolution, and customer feedback systems. Program initiatives include reassessing the "Revert-to-Owner" program, implementing regular program evaluations,

optimizing personnel recruitment, expanding training, and introducing flexible workforce solutions. Administrative strategies involve reviewing ordinances, streamlining delinquency and disconnection procedures, developing enforcement policies, updating procedures for compliance, evaluating long-term software and infrastructure needs, and establishing monthly performance metrics to support community engagement initiatives.

In conclusion, the review highlighted numerous opportunities for process enhancements and internal control improvements. Additional insights from both RubinBrown's findings and the 2024 Business Process Review underscore the importance of aligning operational practices with best standards to ensure sustainable, efficient, and transparent utility billing. The community stands to benefit greatly from these ongoing improvements.

-Discussions ongoing on questions related to the delinquent/disconnect processes, were raised by Councilmember Wiley.

NEW BUSINESS

1. Council Travel Resolution

Discussion of Council Travel Resolution-adopted in 2019 by Council. Request to City Manager by Councilmember Fears of agreement to put discussion into two pieces and bring it to Study Session.

2. Monthly Financials Update

Financial Overview – Presented by Melissa Cabrera, Finance Director

- **General Fund Focus:** The overview emphasized the General Fund, where the city is currently facing significant budgetary constraints.
- **Revenue Tracking:**
 - As of January 31st, revenues are generally aligning with the budget.
 - **Sales Tax:** Initially down 1.68% from budget, but has improved after additional November payments. Currently, it's only about **0.5% below** over the last 12 months and trending upward.
 - **Use Tax:** Growth rate continues to slow; more volatile compared to sales tax.
 - A noticeable "**waterfall**" effect is beginning as funds start shifting from the Police Use Tax Fund to other sales tax funds—this is happening slightly later than last year.
 - **General Fund Revenues:** Slight lag is observed, primarily due to delayed inflow from large use tax payments.
- **Expenditures:**

- Some departments are over budget:
 - **City Manager’s Office:** Increase due to staff cost allocations.
 - **Police Department:** Higher expenditures mainly from recent salary increases.
 - **Fire Department:** Over budget due to overtime expenses.
 - **Community Development:** Over budget due to transit-related changes.
- **Proposition PD:** Revenue collection is ongoing—motor vehicle revenue was received in January; sales tax revenue is coming in February.
- **Marijuana Sales Tax:** Initially trailing, but now up **4.1% over budget.**
- **Transfers and Grants:**
 - Transfers to capital accounts are being made as scheduled.
 - Most sales taxes are **tracking close to budget.**
 - No significant **delays in grant fund payments** have been reported.
- **Looking Ahead:**
 - Continued monitoring of **real estate property tax** trends and revenue flow.
 - A **budget amendment** will be needed to reflect updated expenditure realities.

-Self Insure Discussion-what things should we be doing as a City to prepare in the event this would be deemed necessary-best approach in beginning to prepare-contingency planning-business plan-this would be time for budget discussions if something were to be put in for next year

-2025-26 Budget gets adopted in June 2025, Fall of 2025 next year’s budget preparation will begin. Presented May 12, 2025 second meeting in June final consideration. Budget presentations in between.

ADJOURNMENT

NEXT MEETING

- Wednesday, June 4, 2025, at 3:00 PM

ADJOURNMENT

- With no other comments, the meeting was adjourned at 4:24 PM.

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