



Audit and Finance Committee Minutes

January 31, 2024 3:00 PM

Council Chambers - 111 E. Maple Ave.

CALL TO ORDER/ ROLL CALL

- Meeting called to order at 3:02 PM by Mayor Pro-Tem Hobart.

Present: Dan Hobart, Jared Fears, Zach Walker, Cindy Gray, Nancy Cooper, Stephanie Harris, Kim Osborne, Melissa Sills, Turner Adams, Jamie Rouch, Chester Moyer

Absent: John Perkins

APPROVAL OF 11/01/2023 MINUTES

Councilmember Fears made a motion to approve the minutes, Mayor Pro Tem Hobart seconded the motion, the vote was Ayes - All. Noes – None. The minutes were approved

CARRYOVER BUSINESS

- Crackerneck Creek update from City Manager Zach Walker-the Committee will recall that one of the prior assignments given by the Committee to the then Management Analyst was to review the financial documents related to the Crackerneck Creek Tax Increment Financing project. Recently, the City received notification of litigation from the developer of that TIF, Crackerneck Creek LLC, so on advice of legal counsel it's our recommendation that we suspend that review right now pending outcome of that

litigation given the confidentiality of that matter. Suspended indefinitely.

PRESENTATION BY CHESTER MOYER-PARTNER, RUBIN BROWN-INDEPENDENT AUDITORS OF THE CITY

- Presented City of Independence audit results for the end of June 2023

NEW MANAGEMENT ANALYST

- Andrew Frazier, starting February 12, 2024

FINANCE AND ADMINISTRATIVE ITEMS

- Cindy Gray presented financials for period ending December 31, which is our six months-half way through the year. Have met our profit reserve balance percentage-16% goal.
- Melissa Sill presented-from a budget perspective for this fiscal year we are sitting in a pretty good place right now. With the December 31st financials we are sitting at about a 16½% reserve. Projecting we hang onto that 16% reserve-watching expenditures & personnel because that is such a large percentage of our general fund. Sales tax-4.1% growth, in analyzing the City had about a 4.2% right now takes us back to October. In looking at financials we are about spot on with our real estate taxes keeping in mind we still have appeals going on through March 31st at the County level. We could see come clawback there if more appeals go through and people have already paid. City Manager shared the latest update we have is there are 1,968 appeals outstanding in Independence. We are told that 90% of those are residential. Sales tax in each of the funds is hovering anywhere from 47-50%, tracking pretty close to what was budgeted for being half a year in. Use tax, we expect to see the waterfall go through this month to the other funds. Around \$65,000 due to the Police then all the other funds will start seeing those revenues come in. So the Department of Revenue now looks at those sales tax receipts from those businesses to determine if they have \$100,000 or more of sales within a rolling 12 month period. When budget entry opens will have a better idea as far as projections, will be by line item. Watching Marijuana Sales Tax for proper budgeting. CM Fears questioned the City Manager on the Street Improvement Sales Tax Fund having a big fund balance at this point, which is assumed it is going to get used up. City Manager explained that is exactly right, citing some things this Spring. Councilmember Fears expressed it might be nice at some point to ask Municipal Services to come back (maybe a Study Session) and talk just to recap and revisit with some changes in systems being made as far as what we are doing in terms of overlays and seals, to see if what they had planned on is working with hearing some feedback from citizens that they don't like it too well but that doesn't mean it's not good. City Manager agrees it might work well to give an overview on that and also to highlight what the summer's activity plan is going to look like so the Council and community can be come aware of what roads are going to be impacted this year.

Mayor Pro-Tem questions/discussion on effects on budget including hiring chill. City Manager shared an updated version of the five year forecast will be presented at February Study Session. Priority based budgeting is in the peer review process-peer departments. Mayor Pro Tem asked when the first Council Budget Presentation will take place. City Manager answered with the first Study Session in May (13). Mayor Pro Tem stated he would like to do here first and see what this looks like but doesn't want to rush or pressure. Melissa Sill shared that last year once projections were in and overview was done at that point to give a really good idea of where we were ending. Departments are still going through their meetings with the City Manager through the end of March and we are still making decisions up until that point. That's the time constraint.

NEW BUSINESS

- Procurement Changes discussion
- New Management Analyst-beginning projects discussion

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ADJOURNMENT

- With no other comments or objections, Mayor Pro Tem Hobart adjourned the meeting at 4:26PM.

NEXT MEETING

- Wednesday, April 24, 2024, at 3 PM at the IUC.