

GOVERNING BODY WORKSHOP MINUTES
Roeland Park City Hall
4600 W 51st Street, Roeland Park, KS 66205
Monday, May 15, 2017 6:00 P.M.

- Joel Marquardt, Mayor
- Becky Fast, Council Member
- Tim Janssen, Council Member
- Ryan Kellerman, Council Member

- Teresa Kelly, Council Member
- Sheri McNeil, Council Member
- Michael Poppa, Council Member
- Michael Rhoades, Council Member
- Erin Thompson, Council Member

- Keith Moody, City Administrator
- Jennifer Jones-Lacy, Asst. Admin.
- Kelley Bohon, City Clerk
- John Morris, Police Chief
- Jose Leon, Public Works Director

Admin
Fast
Kelly

Finance
Janssen
Thompson

Safety
Rhoades
Kellerman

Public Works
McNeil
Poppa

CMBR Fast called the meeting to order. CMBRS Poppa and Thompson were absent.

I. APPROVAL OF MINUTES

- 1. April 3, 2017**
- 2. April 10, 2017**

The minutes were approved as presented.

II. DISCUSSION ITEMS

1. 2016 Audit Presentation by Auditors

Ms. Jones-Lacy said the results of the audit have been given to the Governing Body. She introduced Kristen Hughes, an auditor from RSM.

Ms. Hughes directed the Governing Body to look at the beginning of the report which is the required communication and it defines their responsibilities over the financial statements and standards the auditor is following.

When GASB (Governmental Accounting Standards Board) is implemented it adds some additional disclosures about how investments are fair valued and the City has implemented all the required disclosures as a part of that implementation.

Page 2 - There were no uncorrected misstatements.

Page 3 - Significant accounting estimates were reviewed such as balances or transactions in the financials where management has come up with a process for their estimates. They ensure management is following the process that it has developed, as well as whether they are consistent with what they would expect to see in the industry.

There was one significant deficiency reported as an audit adjustment. Management was tracking funds related to some ongoing construction as payments. In full accrual or governmental activities those are capitalized as construction in progress and that entry had not been made. Management had the cost tracked, but it was not fully accounted for. An adjustment has been made to capitalize that construction in progress.

Included in the report is a letter that management has signed that attests the financials are complete and accurate to the best of their knowledge as well the information they were provided during the audit.

A few items to note in the Comprehensive Financial Report (CAFR) is an unmodified audit opinion stating that financials are presented in accordance with GAAP (Generally Accepted Accounting Principles) which is the highest opinion they can give.

A couple highlights of the CAFR are the Transmittal Letter required to be submitted by management. The City receives a GFOA (Government Finance Officers Association) certificate which is a positive. Bondholders look at that for ratings. It was mentioned that management was awarded the certificate last year. The transmittal letter is a good analysis of what is transpiring in the City. Management's Discussion and Analysis goes through and compares 2016 results to 2015 and highlights any significant differences in funds. There are no significant changes when comparing this year's report to last year's.

After the footnotes is required supplementary information. There is information on the City's net pension liability into the KPERS plan. There is a required ten-year history for areas such as debt and revenue. This is also a good place to look for trend analysis on the City's revenues and debt.

CMBR Fast felt the bottom of page 6 gave a good overview and asked for a description of that page, noting that the City's total revenue increased \$576,000. She added that expenses decreased \$330,000. She asked for a further explanation of beginning net and ending net position. Ms. Hughes said these numbers are all of the City's funds combined. Net position is the GASB term for equity and page 6 is actually an income statement for the City. The City's net position (equity) did increase from \$14 million to \$16 million during 2016.

Ms. Hughes directed everyone to page 48 of the report. There are several budget to actual schedules that the City is required to report in the RSI (required supplementary information). It is required to show the General Fund and any major special revenue funds. This reflects the actual results compared to what the City budgeted for in the current year.

On pages 11 and 12 are the City's financials as a whole, which shows all governmental funds combined. It further breaks out current assets, long-term assets. Of the \$16.6 million in equity, \$15 million of that is invested in capital assets.

CMBR McNeil asked about where the figure for art assets was derived from. Ms. Jones-Lacy said staff keeps track of all the City's assets that depreciate as well as those that do not depreciate. Art work does not depreciate and was based upon original value when it was installed or donated or put into place.

CMBR Rhoades said the report states a monetary goal of the City is to issue \$2 million in general obligation bonds every three years and did not feel that reflects a goal of the Governing Body last year. Ms. Jones-Lacy said that should have been stricken as that would probably not be occurring.

CMBR Kellerman felt that it should be removed or maybe add a letter to the report amending the bond as a stated goal. Ms. Jones-Lacy said this is a finalized document and it is not the place to put an amended letter removing the goal. City Administrator Moody said that the Governing Body has not historically adopted the audit on an annual basis and did not see it as a problem to remove the language from the document.

CMBR Kellerman said he would like to see it moved to New Business at the Council meeting to formalize removal of the line.

CMBR Kelly said since the Governing Body does not adopt the budget she sees no reason to take formal action on it and they cannot bind future councils to any decisions the current Governing Body makes.

There was majority consensus to place this on the Council agenda under New Business.

Ms. Hughes continued her review with Major Funds. The City has approximately 20 governmental funds. Major funds are usually classified as those that have ten percent of the City's activity which could include the City's assets, revenues or expenditures. Pages 14 and 15 reflect the balance sheet of the City's major governmental funds.

Pages 17 and 18 show the income statement for those major funds.

Page 31, Footnote 4 details information on the City's outstanding bonds at year's end.

Page 35, Footnote 6 is detailed information about the City's participation in the KPERS pension plan and risk required disclosures.

CMBR McNeil asked for what the City's final debt number owed on bonds and debt service. Ms. Hughes said on the top of page 31 is the long-term debt roll-forward. It begins with the outstanding debt beginning of year, any new debt incurred, payments down on the debt and the ending balance. This is further broken down by category.

CMBR Fast inquired about how long the City had to carry the TDD debt. Ms. Jones-Lacy said one TDD was issued in 2005, two were issued in 2006 and they were 20-year issues set to expire in 2025.

III. ADJOURNMENT

CMBR Fast adjourned the meeting.

(Roeland Park Governing Body Workshop Adjourned at 6:54 p.m.)