



CITY OF INDEPENDENCE FINANCES

Information about the current status of the
City of Independence's Finances

November 17, 2018

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The Independence Daily Reporter has once again graciously offered this editorial space as a forum for providing meaningful, factual information related to City of Independence operations, policies and procedures. This particular column is dedicated to information about the City's finances, which has been the subject of criticism from some in the community, including letters to the editor and paid advertisements in this publication.

The topic seems to have inspired a curiosity among a few citizens, with, unfortunately, a less than accurate or complete understanding. On numerous occasions, we have invited concerned citizens to meet with us at City Hall to thoroughly discuss their worries first-hand. Unfortunately, those invitations have not been accepted, so this space is the next best alternative for providing information, and this way, all readers have equal access and opportunity to be informed.

The 2016 Audit

As a municipal corporation, the City must have an audit completed each year by an outside, professional accounting firm to ensure finances are accounted for in a professional manner. In August 2017, soon after I arrived, I met with the then City's auditing firm, charged with completing the 2016 audit, and was informed that they, the auditors, would not be able to complete the audit before the end of the year due to the financial accounting situation in FY2016.

The City, however, in July and August of 2017, still had to prepare a proposed budget for FY2018. A crucial part of preparing a budget for the coming year is to have some good numbers from the audit of the previous year; in 2017, however, we did not have any preliminary numbers from the auditing firm, so we proceeded with the unaudited fund balances.

The 2016 audit was not completed and presented to the City Commission until March 2018. Once we finally had the ending balances for FY2016, the staff then had to redo the monthly balance sheets and quarterly treasurer's reports for FY2017 and FY2018 to date. All reports that had been published in 2017 and 2018 were rendered inaccurate as they had been completed with estimated ending fund balances. They were published with the best information we had in the system at that time.

Catching Up

So, we began the process of redoing all the monthly financial bank reconciliations for each month in order to get the accurate balance for each month through 2017 and also up to the current date in 2018.

In 2018, we published quarterly treasurer's reports as required. We realized that we would have to publish them again once we had audited ending fund balances for the 2016 year, which would change the numbers slightly. We believed, however, that it was

important to publish the known numbers to demonstrate that the City was in stable financial condition.

Once we had the audited ending fund balances for 2016 and 2017 (working with our new auditing firm for 2017), we were able to bring the accounting up to date for all of 2017 and through October 2018. We then published four corrected quarterly treasurer's reports on October 31, 2018. To achieve this, we brought in outside help to bring these books up to date as quickly as possible. Without this help, the monthly bank reconciliations would have taken months longer, as the current staff could not have devoted their full time to the effort. Also, a huge help came when we hired a new Clerk/Treasurer, a former municipal auditor. He was able to finish the process and bring us up to date through October.

Please note: while the legitimacy of the Clerk/Treasurer position has been questioned, you should understand that this is not only a very common role in municipal governments across the country, it also was a huge step toward fulfilling the requirements of the 2016 Audit Corrective Action Plan (described below).

2016 Audit Corrective Action Plan

In addition to "catching up" with the bank reconciliations, we had a "Corrective Action Plan" to complete to solve the problems noted in the 2016 audit. This plan identified areas where the City needed to improve its financial management. Also, the staff provides a monthly progress report to the City Commission on this plan. One of the requirements of the plan was for the City to develop written financial policies, which in years past had not been developed. We have now drafted financial policies to remedy that.

Open Government and Financial Transparency

Financial transparency is important to us. We strive to provide you with easy access to your City's information. There are various definitions of "transparency." We are using nationally accepted guidelines to build you a better, more informative website.

Since I came here as City Manager, I have talked incessantly about open government and transparency because it is important. I firmly believe in the City being transparent. We have made unprecedented strides in this area. For the first time, the City of Independence has placed the following financial documents on its website:

- Operating Budget Documents – FY2018 and FY2019
- Six-year Capital Improvement Program (FY2018-2023 and FY2019-2024)
- Citizen's Budget Documents – FY2018 and FY2019
- Quarterly Treasurer's Reports
- Quarterly Operating Financial Reports
- Audits – FY2011 through FY2016
- FY2016 Audit Corrective Action Plan
- FY2016 Audit Corrective Action Plan – Monthly Status Update Reports

In fact, the City had never even printed and/or posted on-line a budget document before the FY2018 document. I changed that. Now we have professional financial documents for our operating and capital budgets that explains how your tax dollars are being spent. I also developed a "Citizen's Budget," which gives a summary of the budget that residents could quickly review.

Another part of our financial transparency is the City's monthly check register that is published with the Commission Meeting Agenda packet. This shows all City expenditures for the month and also is available on our website.

Contact Us

The City staff is made up of regular people just like you or me. We are committed to having an organization with people that demonstrate our core values of ***Integrity, Commitment, Excellence, and Teamwork.***

We are also committed to providing citizens of Independence open and easy access to our financial information. If you should have any questions about City finances, please do not hesitate to call me or the Finance Director. Our door is always open. If you have concerns about any aspect of City operations and would like to receive accurate information, we want to help. Please make the effort to visit with us in person.

D. Craig Whitehead
City Manager
City of Independence