

CITY COUNCIL STUDY SESSION

TO: Mayor and City Council

FROM: Mari E. Macomber, City Manager

SESSION DATE: July 20, 2015

TIME: 4:30 pm

PLACE: City Council Chambers

AGENDA:

- **AUDIT REPORT**
- **ANIMAL SHELTER REPORT**
- **PARKING REQUIREMENTS FOR DOWNTOWN**
- **REVIEW CITY COUNCIL AGENDA**
- **REVIEW NEWSLETTERS**

AUDIT AND CAFR REPORT

Each year the City contracts with an independent accounting firm to complete an audit of the City's financial statements in accordance with U.S. generally accepted auditing standards. Not only do the auditors review our financial information, but they evaluate the City's internal controls, considering the policies and practices that we have in place as they relate to our financial statements.

As part of this year end process, the Finance Director prepares a comprehensive financial report. This report is the Comprehensive Annual Financial Report (CAFR). The CAFR is a thorough and detailed presentation of the City's financial condition. It's a report on the City's activities and balances for each fiscal year. The CAFR was established as local government's complete accounting record starting in the mid-1940s through the efforts of the Government Finance Officers Association (GFOA) and by the 1970s became the nationwide model for all local governments on financial reporting. Unlike a budget, a CAFR is complete record of assets, investments and gross income from all sources of the City.

Each of you were given copies of the City's Report on Federal Awards which is part of the Audit, along with a copy of the Comprehensive Annual Financial Report (CAFR) for the year ending December 2014. This report provides a 12 month representation of the City's financial activity. To view this document, please go to http://www.kirksvillegov.com/filestorage/72/122/2606/7672/Final_Version_CAFR_2014.pdf

The CAFR is prepared in conformance with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants. The City contracted with audit firm, Hochschild, Bloom &

Company from Chesterfield, MO, who began working with the City to complete the 2013 audit. On Monday, Jim Pursley with Hochschild, Bloom & Company will be in attendance to discuss the audit and recommendations from the management letter. Lacy King, Finance Director will be presenting the Council with the 2014 CAFR.

The resulting CAFR has been presented to the GFOA, which conducts a peer review of applicant local government CAFRs and upon review awards their Certificate of Achievement Award for Excellence in Financial Reporting to those local governments that are in compliance with their CAFR accounting standards of preparation. The City, through the leadership of the Finance Director has been successfully recognized by GFOA for many years.

The second document you received was a Report of Federal Funds. All non-Federal entities that expend \$500,000 or more of Federal awards in a year are required to obtain an annual audit in accordance with the Single Audit Act Amendments of 1996. A single audit is intended to provide a cost-effective audit for non-Federal entities and that one audit is conducted in lieu of multiple audits of individual programs. To view this document, please http://www.kirksvillecity.com/filestorage/72/122/2606/7672/Report_on_Federal_Awards.pdf

The City Council will have an opportunity to receive a report from our auditing firm Hochschild, Bloom & Company and review the various components of the CAFR with Finance Director Lacy King. The City Council should be aware of the significant contribution made by our Finance Director and her staff in completing this process and doing so with minimal direction. She has demonstrated not only a strong work ethic but a strong command of governmental accounting standards. She is proving to be an exemplary addition to the City's senior management team.

ANIMAL SHELTER REPORT

At the end of June, City staff was notified by the Treasurer for the Adair County Humane Society (ACHS) that this organization would be out of money by the end of July. The reason was a decline in donations and an increase in costs.

Since the City has an agreement with ACHS that spells out our funding, and the ACHS was not asking to renegotiate a new agreement but was asking for a bail out. This request was deemed as a red flag that something needed to be done so that ACHS was able to operate in a consistent matter without having to worry about its finances and not waiting until the last minute to address the issue.

The City was agreeable to provide the requested funds and approved an agreement with ACHS that spelled out the responsibilities of both parties. One of those responsibilities was the participation in a task force to work on a game plan that was intended to assist ACHS. After three (3) meetings, the City received notice that there was no more interest in ACHS to participate. By this time, the City had already paid ACHS the additional funds

in good faith assuming that ACHS was interested in improving their financial position. This was disappointing and the City Council asked that efforts be made to try and get ACHS back to the table. A meeting was held with ACHS and City staff. In preparation for that meeting, written comments were prepared to insure that the City's interest was communicated clearly. Those remarks were shared with the City Council.

At the conclusion of that meeting, the Treasurer for ACHS sent an email with the following message.

It was a consensus of the Board that this attitude of the City will not be easily overcome and that the City should begin planning to take over the operation of the shelter when the present contract is up (March 1, 2017) or sooner if agreed by both parties.

In addition to this there was a statement in that email that the City was required to provide land and a building for ACHS. In a final letter to ACHS, ACHS's notice to terminate was acknowledged and since ACHS had an expectation that was markedly incorrect, correction was stated to note that the City would not be obtaining land or constructing a building.

So with the expectation that we will need to move forward with our own shelter, staff has been working to determine requirements, costs, etc. The City would have to adhere to the rules and regulations as they relate to animal shelters for both the State of Missouri and the United States Department of Agriculture (USDA).

Chief Hughes will be present to provide an overview to the City Council and discuss the next steps of what we will need to do to establish this facility.

PARKING REQUIREMENTS FOR DOWNTOWN

Most of the parking issues that were identified by the City Council were addressed and developed into ordinance. The ordinance changes were presented to the Planning and Zoning Commission who held a public hearing, receiving no objections and discussing the merits of the parking changes approved the changes.

The last remaining issue regarding parking that the Council had discussed but reached no consensus concerned the ability of a property owner who owns a property with a store front, would they be allowed to renovate that space into residential space and be required to provide off street parking.

The Council was asked to think about this matter and discuss this again to determine if there was interest in making an ordinance change.

If there is a decision to make an ordinance change, does the Council wish to apply a boundary to that regulation?

REVIEW COUNCIL AGENDA

REVIEW COUNCIL NEWSLETTER

Attachments

- Staff Report CAFR
- Staff Report Animal Shelter
- Addendum with ACHS
- Agreement with ACHS
- ACHS March Report with notice to terminate

KIRKSVILLE CITY COUNCIL STUDY SESSION ATTACHMENT

SUBJECT: Overview of 2014 Comprehensive Annual Financial Report

STUDY SESSION MEETING DATE: July 20, 2015

CITY DEPARTMENT: Finance

PREPARED BY: Lacy A. King, Finance Director

Each year, the City undergoes a comprehensive audit of its financial records, financial statements and internal controls over financial reporting for the prior year. The ultimate goal is to achieve an “unqualified opinion” as a result of the audit, which states that the financial statements are presented fairly in all material aspects and that the statements conform to generally accepted accounting principles. The Comprehensive Annual Financial Report (CAFR) is the end product of the audit and not only represents the financial position of the City but also a dedication of many hours of City staff time. Audit preparation actually starts before year-end with the final product presented for auditor review in late April or early May. The audit team is generally on-site for a week examining City records, work papers and testing of processes. The City staff prepared CAFR introduction, management discussion and analysis, portions of the notes and statistical section. The auditors compiled these financial statements, notes, supplementary information and City-prepared documents into one report, known as the CAFR. The CAFR is sent to the Government Finance Officers Association of the United States and Canada (GFOA) for review and evaluation of City eligibility for a Certificate of Achievement for Excellence in Financial Reporting award. The City has been the recipient of this prestigious award for the past 31 years.

The City solicited bids for auditing services in the fall of 2010. The auditing services were awarded to Hochschild, Bloom & Company LLP of Chesterfield, Missouri for a five year period, ending for the fiscal year end December 31, 2014. On May 18, 2015, the City Council authorized the City Manager to execute a letter of engagement to retain Hochschild, Bloom & Company LLP’s audit services on a multi-year basis. A representative with Hochschild, Bloom & Company LLP will be in attendance to review the results of the audit with the City Council, including the presentation of the CAFR, single audit report and the recommendations to management.

KIRKSVILLE CITY COUNCIL STUDY SESSION ATTACHMENT

SUBJECT: Animal Shelter Update/Discussion

STUDY SESSION MEETING DATE: July 20, 2015

CITY DEPARTMENT: Police Department

PREPARED BY: Chief Jim Hughes

As a result of a budget shortfall, for the Adair County Humane Society (ACHS), and a request by ACHS for additional funding, which was granted by the City Council (with written conditions/expectations); the City has been involved in discussions regarding the future of animal control services.

The ACHS recently notified the City, in writing, that they (the City) “should begin planning to take over the operation of the shelter when the present contracts is up (March 1, 2017) or sooner if agreed by both parties.”

The City needs to fairly quickly develop a plan of action to specifically address the deadline imposed by the ACHS, and, in general, overall City animal control operations.

Staff would like to know Council’s direction on how to proceed.

ADDENDUM

AGREEMENT

City of Kirksville/Adair County Humane Society, Inc.

This addendum, to the City/Adair County Humane Society agreement dated February, 2012, is made and entered into this 11th day of August, 2014, by and between the City of Kirksville, Missouri, and the Adair County Humane Society, Inc.

WHEREAS, the Humane Society has experienced a budget shortfall due to decreases in general contributions resulting in an increase in the cost for services for 2014, and

WHEREAS, the Society, has requested additional funding (\$9,000) from the City, and

WHEREAS, this funding, in the form of service fees, would be used to allow the Humane Society to continue operations, and

WHEREAS, the City by and through its City Council agrees with the Society as to services exchanged between the City and the Society.

NOW, THEREFORE, IT IS MUTUALLY AGREED, AS AN ADDENDUM TO THE ORIGINAL AGREEMENT (Dated 6/2012) AS FOLLOWS:

1. The society shall participate in a community-wide collaborative task force type process that will create a broad based and long range plan to eliminate future budget shortfalls. Unless mutually agreed to, this process, and subsequent written report, will be completed no later than December 31, 2014.
2. The society shall develop a comprehensive multi-year marketing plan to improve fundraising and the ability of that fundraising to sustain operations in the future. Unless mutually agreed to this plan will be completed no later than December 31, 2014.
3. The society shall provide, in accordance with appropriate accounting and reporting methods, special shelter finance information and/or reports (beyond what is required in the original agreement) as identified by the City's Finance Director.
4. The agreed price to be paid by the City to the Society for the performance of the services set forth herein, and in the original agreement, and as consideration for this Agreement/Addendum, shall be the sum of \$2,250 per month, in addition to funding already agreed to, for August, September, October and November, 2014.
5. The City and the Society shall each have the right to void this addendum without cause with ninety days written notice to the other party. If this addendum is voided the Society shall reimburse the City the \$9,000 (or portion paid up to that termination).

- 1 consent.
2
3
4 3. The Society shall have the right to sublease the premises only after obtaining the
5 prior written approval of the City.
6
7 4. It is agreed that the City will continue to provide and maintain a sanitary sewerage
8 treatment system for the benefit of the Society and in a manner consistent with all
9 pertinent state and federal environmental laws and regulations.
10
11 5. The Society shall provide at its expense all utilities at the shelter.
12
13 6. The Society shall provide full maintenance of the buildings and animal care
14 facilities and will provide all necessary repairs thereto to keep them in a reasonable
15 state of repair and sanitation.
16
17 7. The City shall provide full maintenance and upkeep of the grounds and shall
18 remove the snow on the entrance road to the shelter as soon as practicable, except
19 for Sundays and City Holidays.
20
21 8. The Society is responsible for management and control of the shelter, except as
22 otherwise provided herein.
23
24 9. While maintaining proper care and shelter for all animals coming into its custody,
25 the Society agrees to maintain suitable office hours at the shelter for the purposes of
26 responding to citizen=s inquires regarding animals, animal care, for receiving and
27 placing animals and for inquiries regarding other shelter functions.
28
29 10. The Society agrees to provide care, at the owner=s expense for a period of ten days,
30 for an animal known or suspected to have bitten a person or animal or for an animal
31 suspected of being rabid. The Society further agrees to appropriately investigate
32 any indications of rabies, to keep the suspected animal isolated from other animals,
33 and to provide a written report of observations of the animal=s behavior to the City
34 at the end of the isolation period.
35
36 11. The Society shall maintain, in accordance with appropriate accounting and
37 reporting methods, records of Shelter finances and of numbers of animals admitted,
38 euthanized and submitted for disposal; said records to be subject to City inspection
39 and audit at reasonable times and places and at reasonable office hours. The Society
40 will provide to the City written Shelter financial reports on a quarterly basis and
41 written monthly reports regarding the number of animals accepted, the number
42 euthanized and the number disposed. Said reports shall include the same
43 information above categorized by City, County and out-of-County, and shall be
44 provided simultaneously to the city and the county.

- 1 12. The Society and the City agree to work together to initiate and maintain a program
2 of education designed to promote the proper humane care and treatment of animals
3 and to stimulate public support for such treatment.
4
- 5 13. The Society will indemnify and save harmless the City from all demands, claims,
6 causes of action or judgments, and from all related expenses growing out of any act
7 of neglect of the Society, its contractors, agents or servants in connection with the
8 operation of the Animal Shelter, or in the performance of related duties. The
9 Society shall at its own cost and expense, carry insurance in the amount of
10 \$1,000,000 for General Liability and Worker=s Comp for the benefit and
11 protection of itself and the City, against all claims, demands, causes of action or
12 judgments, and from all expenses that may be incurred investigating, or resisting
13 the same. Current copies of said insurance policies shall be filed with the Clerk of
14 the City.
15
- 16 14. The agreed price to be paid by the City to the Society for the performance of the
17 services set forth herein and as consideration for this Agreement shall be the sum of
18 \$2,250 per month on or before the 10th day of each month.
19
- 20 15. All court related fines and costs resulting from the enforcement of the City animal
21 related ordinances shall be the sole property of the City.
22
- 23 16. It is agreed and understood that the Society has constructed buildings designed to
24 serve as animal shelters, and it is agreed and understood that these building, even
25 though affixed to the realty, shall remain the sole property of the Society, and that
26 these buildings may be removed at the insistence and cost of the Society at the end
27 of this Agreement or at the termination of this Agreement, and shall not become a
28 part of the real property.
29
- 30 17. It is agreed and understood that should the Society elect not to exercise its option to
31 remove the building aforesaid within a six month period, the demised premises
32 shall revert to the City, and that the Society will not claim any right, title, or interest
33 in or to said real property.
34
- 35 18. It is agreed and understood that the city reserves the right to sell or change the use
36 made of the promises, and it is agreed and understood that in the event the City
37 chooses to sell or change the use of the premises, the Society agrees to be moved at
38 the cost of the City to another mutually satisfactory site, under the same terms and
39 conditions herein set forth, or the City may construct a new mutually satisfactory
40 facility, and the Society will then dedicate all old facilities owned by it to the City.
41
- 42 19. In addition to the maintenance of the buildings the Society shall keep said premises
43 free from filth, danger or fire, and agrees to keep the premises free from nuisance,
44 and shall not use or permit the use of the premises, or any part thereof, for any
45 purpose forbidden by law or by this Agreement. The City shall keep the grass

- 1 mowed and weeds and other vegetation cleaned out. The Society agrees to keep
2 all of the outside premises, including parking and driveway area, free from trash
3 and debris at all times and all sidewalks free from accumulation of snow, ice, or
4 other obstructions or safety hazards.
5
- 6 20. The Society shall obtain all necessary licenses or permits to do business on the
7 leased premises, which may be required by an municipal ordinance, county
8 ordinances, state law, or regulations, governmental authority, or otherwise, and
9 shall pay all fees in connection therewith, as well as fees imposed by reason of
10 inspection of the leased premises, or the equipment situated thereon.
11
- 12 21. If any default shall be made in the obligation of this Agreement as set forth herein
13 and if, after ten days= written notice setting forth the default, the default shall
14 continue by Society in the performance, term or condition herein, the City may, at
15 its election, terminate this Agreement by giving Society written notice, and
16 thereafter the disposition of the buildings and improvements located upon the
17 premises shall be the subject of mutual good faith negotiations between the parties
18 to this Agreement.
19
- 20 22. No prior stipulation, agreement, or understanding, verbal or otherwise between the
21 parties, or their agents, shall be valid or enforceable unless contained in the
22 provisions of this Agreement.
23
- 24 23. Wherever the word city is used here is shall be construed to include its successors
25 and assigns and the word Society shall include its successors and assigns.
26
- 27 24. The Society will provide notice to the City of all called Society meetings. The
28 Society agrees to furnish the City copies of Humane Society Board Meeting
29 minutes.
30
- 31 25. Whenever the Shelter reaches near maximum animal capacity reception of animals
32 from the City will be given priority acceptance.
33
- 34 26. The City and the Shelter agree that the city=s monthly support shall include, at no
35 extra charge euthanasia and disposal costs for those animals submitted from the
36 City. The shelter shall have no obligation to provide euthanasia or disposal costs
37 for those animals received from outside the City. Should a separate agency or
38 organization within the City regularly present animals to the Humane Society for
39 sale or disposal, the City shall not be responsible for those disposal costs. Those
40 costs should be solicited from the agency or organization.
41
- 42 27. The City agrees to respond within an appropriate time to all emergencies involving
43 animals within its jurisdiction based on a reasonable availability of labor and time.
44 Further, the City agrees to work diligently with the Society in educating the public

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34

in applicable laws and in appropriate animal care, treatment and population control.

28. The City and the Society shall each have the right to void this Agreement without cause with ninety days written notice to the other party.

IN WITNESS WHEREOF, the parties hereto have duly executed the foregoing instrument in duplicate, the day and year first above written.

CITY OF KIRKSVILLE

By: *Richard L. D. Strickler*
Mayor

ATTEST:

Vickie Brumbaugh
Vickie Brumbaugh, City Clerk

(City Seal)

ADAIR COUNTY HUMANE SOCIETY, INC.

By: *Neta M. Jeffries*
President

By: *Jacqui Eaton*
Treasurer

ADAIR COUNTY HUMANE SOCIETY

P.O. Box 481

Kirkville, Missouri 63501

March 9, 2015

REC'D MAR 19 2015

TO: Kirkville City Manager

FROM: Adair County Humane Society

RE: February Shelter Report

Brought In (City)	Dogs	8
	Cats	7
	Puppies	0
	Kittens	0
Euthanized (City)	Dogs	3
	Cats	4
	Puppies	0
	Kittens	0
Brought to Shelter Dead	Dogs	0
	Cats	0
	Kittens	0
	Others	3
Returned to Owner	Dogs	0

Reminder: The contract the City has with the Adair County Humane Society will expire March 1, 2017.


Jackie Eaton, Treasurer