



Garden City⁸⁰⁰ audited after citizens petition

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A representative of the state auditor's office detailed the findings of the state audit of the city of Garden City during a public delivery Tuesday night at the Garden City Community Building.

Aquatic center funding was among priorities during the audit process that lasted nearly eight months and comes at an estimated cost of \$20,000.

Audit manager Toni Crabtree, CPA, delivered the report, discussing its findings and recommendations and answered questions concerning the report.

The audit was triggered by a citizen petition that included signatures of 326 registered voters requesting an audit of the city. State law requires the state auditor conduct an audit of any political subdivision if asked to do so by enough registered voters in that political subdivision.

Garden City Alderman Mark Lopez said he didn't think the board was surprised when it learned about the audit. However, he indicated very few of the petitioners had gone before the board to address their concerns.

The scope of the audit included, but was not limited to, the year ended June 30, 2009.

"We wanted to look at the petitioners' concerns, some of the city's internal controls and compliance with legal provisions and state statutes," Crabtree said.

One subject the audit addressed was the city's aquatic center.

"The city did a poor job of planning the financing and construction of the city's aquatic center," the report states. "Due to ineffective planning by city officials, it appears the aquatic center may not be what the citizens expected and/or what was initially intended and the center is not self-sufficient."

As a result, other city funds have

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been used to pay the expenses. The report indicated continued revenue shortfall may result in the reduction of other necessary city services.

Garden City resident Bill Stephens said he began the petition for an audit because of aquatic center concerns.

"What started this is (the board of aldermen) started taking money out of these other funds," Stephens said, referring to the city borrowing

Auditor Toni Crabtree of the Missouri State Auditor's Office, delivers a report on the findings of an audit of Garden City Tuesday. Garden City residents petitioned for the audit.

\$100,000 from its general and sewer funds in 2008 to pay some of the project and construction costs and certificates of participation principal and interest payments.

"I talked to someone at the auditor's office before I ever did this," Stephens said.

The audit report states it is unclear when funds loaned to the aquatic center account will be paid

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back.

"These loans are supposed to be repaid," Crabtree said. "Right now, we find that it's questionable whether they will be repaid anytime soon. Funds aren't available from the aquatic center at this time."

Crabtree said the auditor's office did not think borrowing long-term from another city fund was a good idea and should not be done in the future.

Lopez said he knew the aquatic center was on everyone's mind.

"We are doing what we can," he said. "We lost, last year, nine commercial businesses due largely to the economy. We have to do what we can to stimulate our own economy and get more businesses in. We know that the pool probably is not ever going to be self-sufficient, but if we can help it become more self-reliant, we can help eliminate some of that debt."

The audit also found the city did not adequately document its rationale for assessing operations and maintenance fees to its utility customers beginning in 2006, or for assessing a franchise fee in 2008 against revenues of the water and sewer funds, which was applied retroactively to July 1, 2007.

"Our problem with both these fees is there's no rationale or methodology on how they determine what they charge," Crabtree said.

The auditor also expressed concern that it was improper to apply the franchise fee retroactively.

The audit also identified weaknesses in the city's budgeting and financial reporting.

"The city does not prepare and adopt annual budgets in accordance with state law," the report states. "The budgets do

not include a budget message, actual receipts and disbursements for the two preceding budget years or estimated ending available resources."

The audit also found the city's published annual financial statements to be lacking.

The audit also found issues in the way Garden City Board of Aldermen meetings were conducted and documented.

"What we saw was the agenda said, 'We might go into a closed meeting.' We don't feel that is sufficient," Crabtree said.

Open meeting notice agendas consistently used the same statement to indicate the potential for a closed session even when no closed session was planned. Also, the board did not document how some issues discussed in closed meetings were allowable under the Sunshine Law.

Weaknesses were also noted in the city's policies and procedures including employee compensation. The audit found the city had not established an ordinance for employee compensation, the term of office for the city clerk or the compensation of elected officials.

In addition, the city did not have a formal, written agreement with its attorney and payments made to the attorney had not been properly reported to the IRS.

The report indicated that some of the issues auditors found had already been addressed.

"Instead of waiting to receive the audit report, we wanted to start working on those things," Lopez said.

He said the city began working to resolve several of the issues as soon as they were noted by in-charge auditor Benjamin Douglas.

Lopez said there were cer-

tain issues highlighted by the audit that stood out to the board, including the way meetings were conducted.

"The state expects you to know what to do, but you have no training," Lopez said. "There were some little things that were kind of a surprise to us."

Crabtree indicated that no illegal activity was detected during the audit. She also stated that some of the findings are typical for small municipalities, with the aquatic center being a more specific issue.

State law requires that the entity being audited pay for the audit.

The original estimated cost of the audit was between \$10,000 to \$20,000. Crabtree said the final cost would be close to \$20,000.

Garden City resident Alvin Poisal said he did not sign the petition for the audit because he thought other steps, including conversations with the board of aldermen, could have helped resolve the issues.

"I just think there could have been an entirely better way to go about this," Poisal said. "It cost us \$20,000. We could have spent that on something different."

Crabtree urged citizens to get involved in their local government.

"Citizens, go to the city council meetings and know what is going on," she said. "If they aren't meeting your wishes, vote someone different into office ... You should be involved in the decisions and make your wishes known. As citizens, you will pay for what services the city offers."

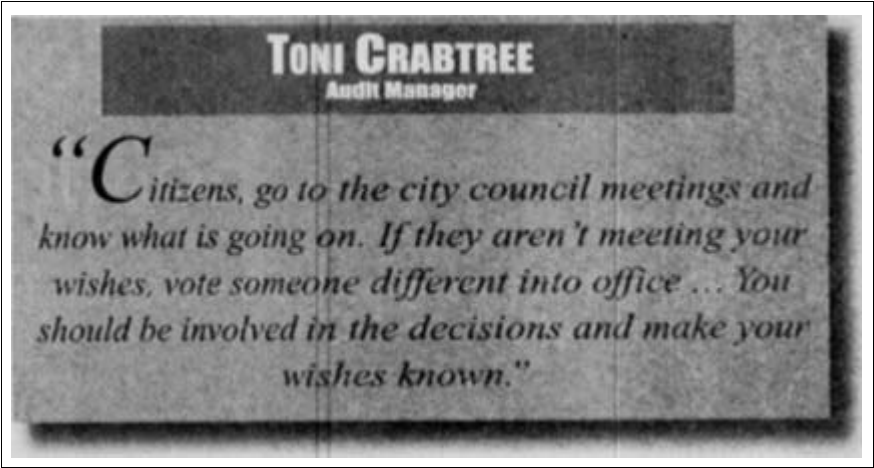
Garden City, located in southeastern Cass County, has a population of approximately 1,800 people.

The full audit report can be viewed online at www.auditor.mo.gov.

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