

MINUTES OF DECEMBER 17, 2007

The council of the city of Burlingame, Kansas met in regular session in the council chamber at city hall at 7:00 p.m., December 17, 2007.

Presiding: Mayor Dorr
Present: Councilmember's: Bloomquist, Strohm, DeMars, Fry, Swander
Present also: City Administrator Hutfles, City Attorney Godderz, Assist. City Clerk Patti Gilbert.

Citizens Present: Paul Trueblood, Gerry Grandstaff, Teri Swander, and Adam Carrier.

Approval of Agenda with the addition of deletion of item # 11 and the replacement of subject matter of the Power Plant also including 12a listed as executive session for non-elected personnel to discuss applicants for the Public Works Dept. by DeMars and second by Swander. Ayes 5/ Nays 0

Citizen's Comments: No comments at this time.

Minutes of the regular meeting of December 3, 2007 and special meeting for December 10, 2007 were read and approved by DeMars and second by Strohm. Ayes 5/ Nays 0

Approval of November 2007 Financial Statement was requested after Mayor Dorr questioned on the balance of general government fund, Mr. Hutfles stated we still have the fund transfers that needed to be applied for 2007. He explained funds come from the utility funds. Mayor questioned on the Capital Improvement fund and the monies that were moved from the Ramskill Fund to cover the repairs to the pool. Motion to accept given by Fry and second by DeMars. Ayes 5/ Nays 0

Before the approval of Claims Ordinance No. 2115, Mayor Dorr offered questions. She asked the City Administrator what the Gerald Britschge's mileage was for with Mr. Hutfles responding Gerald had attending the KMEA meeting. The Mayor's next question was regarding the phone charges totaling over \$500.00. Mr. Hutfles said it was for only local service and Assistant City Clerk Patti Gilbert was looking into an economical alternative. Councilmember DeMars wanted to know about the utility refund with Mr. Hutfles stating it was a utility deposit. Councilmember Strohm questioned the refund to Dannie Smiley in the amount of \$819.00. She stated \$600.00 and \$185.00 did not add up to that amount. Administrator Hutfles stated it was \$634.00 for the surveying not \$600.00 with Cronister refunding \$300.00 of the cost. Motion was given by Swander and DeMars placing the second motion. Ayes 5/ Nays 0

Steven Connelly C.P.A. presented the Council with the independent auditor's report and financial statements for 2006. Mr. Connelly started off with the cash balance has increased, stating a better job was done not spending everything that came in. Noting that \$2 million was spent in capital projects (Water Improvements I) and capital equipment purchase. Two statutory violations were noted, one being the Treasurer's report published in 2007, and record of money on hand. Mayor Dorr asks why it was not done. Mr. Connelly stated it's a common problem with some cities but it is required. Councilmember DeMars questioned that we are not keeping track of money on hand. Mr. Connelly stated a physical record is not kept. Asst. City Clerk stated we no longer keep petty cash but a flat amount of \$225.00 for making change on utility payments. Mr. Connelly stated the sewer sales far exceeded our cost. There was a turnaround from the year before. There was \$920,950 in general obligation bonds issued to help with the water project. His suggestion also included the City concentrate on improving the operating ratio of the utility funds. City Attorney Godderz asked what would the auditor recommend. Mr. Connelly replied a benchmark is 365 days worth of operating funds. Mr. Connelly pointed out the trends from past years to present with showing the years of 2003, 2004 and 2005 the city had spent more money than it received. However in 2006 the trend changed, Ms. Gilbert asked if the monies that were received as grants and loans from CDBG and USDA were counted in the receipts with Mr. Connelly response as a yes. City Attorney asked is there an explanation as to why 3 years in a row the expenditures exceeded the receipts. Mr. Connelly replied that we had spent more money than what came in. Mr. Godderz stated Mr. Connelly's company did the budget and was there any explanation of why there was more spending than what was brought in. Mr. Connelly said to be honest he didn't do the audit the past 2-3 years but he would check into it. Mr. Godderz said the next sheet that will be shown is totally bothersome where the money is going, with heading in the wrong direction. Mr. Connelly agreed, also began showing were some of the revenue had dropped. Attorney Godderz wanted to know if there was a reason why the city's revenue had dropped from 1.2 million in 2002 to less than a million in 2005, stating we had the water project so where did the money go. Mr. Connelly explained he could do some research and come up with more details. Mr. Connelly stated some of the revenue drop is in the utility funds over time has taken some of the cash balance, also in 2005 one utility brought in \$695,000 and spent \$763,000 remarking it's a \$72,000 difference. Mr. Connelly stated the questions were good ones and they will help the council make changes for the future. Mayor Dorr stated to Mr. Connelly she would like him to check on the items he stated he would look into. Councilmember DeMars asked what the Bond and Interest fund was specifically for. The auditor stated it was to pay for the general interest bonds. Attorney Godderz wanted to know if the Employee Benefit Fund had wages included, which it does not. Which added another question of why it was so large. Both Administrator Hutfles and Ms. Gilbert responded with the breakdown of health insurance, retirement and all taxes. Councilmember Swander wanted to know where the money came from, such as general

fund. Mr. Hutfles responded it comes from all utility funds and tax rolls. A question from Mr. Swander inquiring as to where the funds come from for the Special Highway Fund. Mr. Hutfles responded with it is tax based and what the monies are spent on such as salt and materials to patch streets. Mr. Connelly went thru the funds showing the Utilities Fund analysis, showing receipts and disbursements including the cost of personnel to sales. Councilmember DeMars asked on the transfers between funds and the timing of it. Administrator Hutfles responded that it is transferred yearly and the fund it is removed from is considered into the expenses. After much discussion on transfers and year-end account balances and how transfers are governed by statute, Councilmember Bloomquist stated every fund should take care of itself, if not fix the problem. Mr. Connelly suggested opportunity for improvement, continue to segregate the internal control. Suggestion of someone independent reconciling the bank statements each month, a person that isn't involved into the day to day running of city business. Recommendation of putting a tracking and sign-in system on each computer to aid in accountability of checks and balances. The city should track all inventory including all repairs to vehicles, tracking assets including gas purchases is suggested. Improving the understanding on gas pricing for natural gas customers, making sure the we are charging what we are paying for. Included the request to assure our insurance coverage is adequate for our assets. At the end of the auditor's report Mayor Dorr questioned what it meant by the Cash Basis System with Mr. Connelly adding most cities are on this system. Mayor Dorr asked regarding the Treasurer's Report and the consequences from not reporting for 2006, Mr. Connelly's direction was he has never seen anyone penalized from not reporting but it is a requirement. No other questions were added, with that motion to accept was by Strohm with a second by Fry. Ayes 5/ Nays 0

Charter Ordinance No. 10 was tabled with a motion by DeMars and second by Fry after deciding more information was needed for them to make a decision regarding to repeal it. Councilmember Bloomquist would like to go back to the state statute where officers (Superintendent and City Clerk) would be appointed on a yearly basis as the Treasurer, City Attorney, City Judge. Councilmember Strohm and Fry stated they did not want to repeal the Ordinance with the City Attorney explained the difference between the what the city follows now and how it is handled under the state statute. Ayes 5/ Nays 0

Discussion was given over pulling the Power Plant separate from the Public Works department as the workers don't share the same responsibilities. Motion by DeMars then second by Bloomquist to also table the item until more information could be obtained. Ayes 5/ Nays 0

Council entered into executive session for the period of 15 minutes to discuss attorney-client privilege with the City Attorney and Administrator. Motion by Fry with a second by Swander. Ayes 4/ Nays 1- Bloomquist.

Council entered into executive session at 8:40 pm.

Council returned to open session at 8:55 pm.
Per Mayor Dorr no action taken in executive session.

Motion to return to executive session relating to attorney-client privilege with the City Attorney and Administrator for the period of 15 minutes by DeMars and second by Fry. Ayes 4/ Nays 1-Bloomquist

Council entered executive session at 8:56 pm.
Council returned to open session at 9:11 pm.
Mayor Dorr stated no action taken in executive session.

Motion by DeMars to settle the claim with Kansas Department of Labor in the amount of \$2,443.04 on Josh Welch's behalf with a second by Strohm. Ayes 5/ Nays 0

Motion to enter into non-elected personnel executive session for the period of 15 minutes by DeMars and second by Fry. Ayes 4/ Nays 1-Bloomquist

Council entered executive session at 9:12 pm
Council returned to open session at 9:27 pm.
Mayor Dorr reported no action taken in executive session.

Reports

City Administrator Hutfles updated the Council on the opening with the Rec. Commission. Paula Lawless resigning is an at-large position, and they are having a hard time filling the position. The utilities are being checked on, such as, are the customer paying for the utilities. Public Works has been working overtime to assist on clearing up this problem.

Assistant City Clerk Patti Gilbert reported the cost saving measures such as cancelling T-Mobile service to the GPS system, since there is not an employee that is experierced in that system. Suggestion was made to look at the system and see if they wanted to pay to have someone trained or sell the equipment.

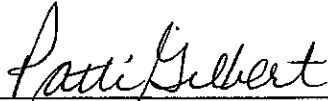
Councilmember Strohm inquired if we were available for any funds pertaining to the recent ice storm. Administrator Hutfles stated he didn't think so, but would check to make sure.

Councilmember Bloomquist congratuated the workers on a good job and also noted to Assistant City Clerk to keep them informed on the meter progress.

Mayor Dorr also wanted to thank Councilmember Swander for all the assistance he gave to the Public Works Department on the recent snow fall. Also asked Administrator Hutfles if a year end meeting was neccesary. Mr. Hutfes suggested an end of the year meeting would be beneficial. Mayor Dorr also mention regarding the on-

call as a reminder on-call personnel needed to be available and staying close by taking care of the city. She ended her report wishing everyone a Merry Christmas.

Motion to adjourn was given by DeMars with a second by Bloomquist. Ayes 5/
Nays 0

A handwritten signature in cursive script that reads "Patti Gilbert". The signature is written in black ink and is positioned above a horizontal line.

Assistant City Clerk